

# **DAB – the bigger picture**

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# INTRODUCTION

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- **The first DAB services were launched in 1995**
  - **when few people had heard of the Internet!**
- **Since then, the landscape has been transformed by new technologies or by new services:**
  - **HDTV, ~~interactive TV~~, ~~3DTV~~, hard-disk recorders**
  - **smart-phones, tablets, 3G + 4G networks, Wi-Fi**
  - **e-mail, SMS, Facebook, Twitter, WhatsApp, etc.**
  - **iTunes, Netflix, Spotify, etc.**

# NEW COMPETITORS

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- Many politicians and regulators believe that “broadcasting will be replaced by the Internet”
- In 1994, I demonstrated audio-on-demand using content streamed from the USA
- Will streaming services replace traditional radio?
  - Spotify: 35 million subscribers
  - Apple Music: 15 million subscribers
- Rapid growth of paying subscribers
  - BUT how many hours per listener per month?

# CONFIDENTIAL?

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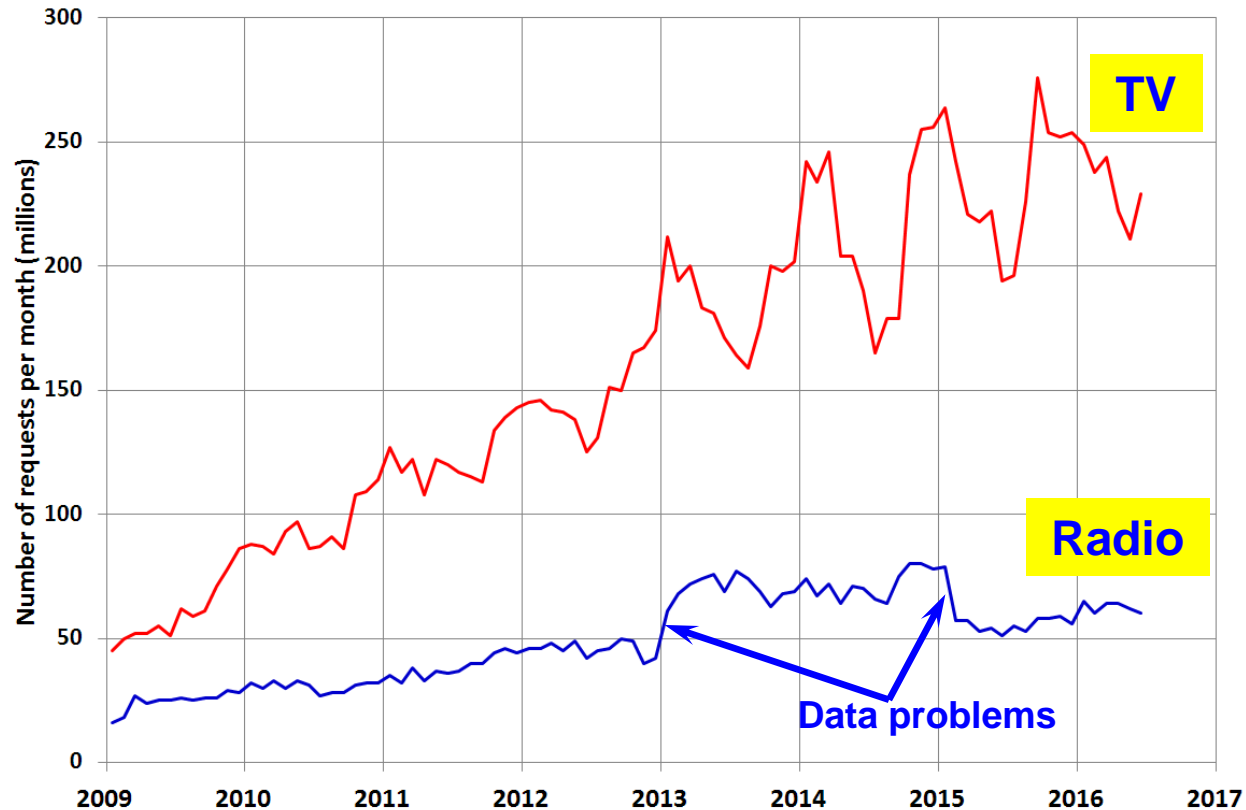
- For “commercial reasons”, almost all operators of streaming services do not reveal information about the behaviour of their audiences
  - if people pay a monthly fee, they must think that the service is value for money
- The Netflix video service is profitable, but Spotify and Apple Music do not yet make money ...

# A CASE STUDY

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- **The BBC's iPlayer offers live simulcasting and on-demand versions of its TV and radio services**
- **Unlike commercial services, the BBC publishes data on usage of the iPlayer**
- **Each month, it receives about:**
  - **250 million requests for TV content**
  - **60 million requests for radio content**

# BBC iPlayer: requests per month (millions)



# BBC iPlayer usage

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- For TV services: on-demand 90%, live 10%
- For radio services: on-demand 35%, **live 65%**
- Although the iPlayer is successful, its peak audience is very small compared with TV or radio
  - radio: 13.9 million
  - iPlayer radio: 0.14 million (1% of radio peak)
  - TV: 24 million
  - iPlayer TV: 0.61 million (2.5% of TV peak)

# COSTS

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- **Unlike Spotify and other streaming services, the BBC iPlayer is free to users**
- **Despite a wide range of attractive content, the actual number of iPlayer users is trivial compared with traditional broadcasting**
- **Even so, the costs to the BBC are not trivial ...**
  - **in 2013, 12% of the BBC's TV transmission budget was spent on the iPlayer for just 2% of the audience\***

\* See [http://www.bbc.co.uk/bbctrust/news/press\\_releases/2014/bbc\\_distribution.html](http://www.bbc.co.uk/bbctrust/news/press_releases/2014/bbc_distribution.html)



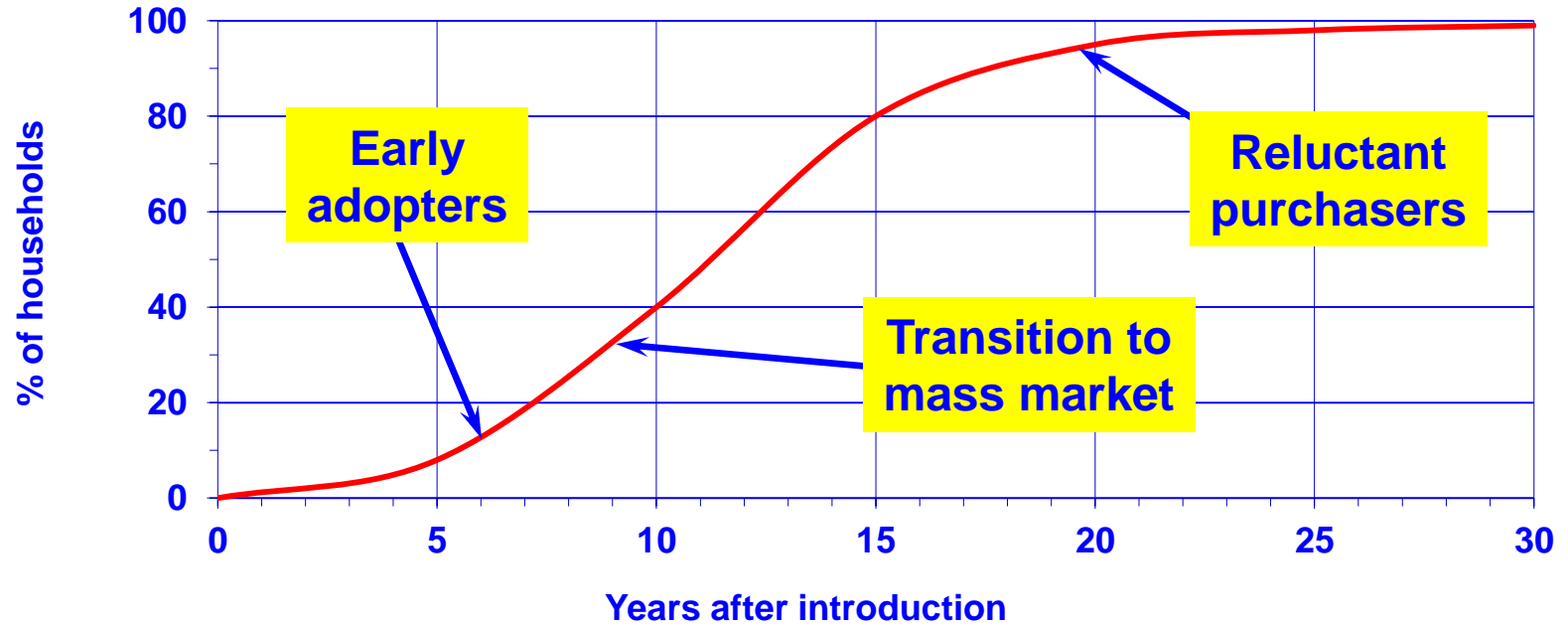
# TRANSITION TO DIGITAL RADIO

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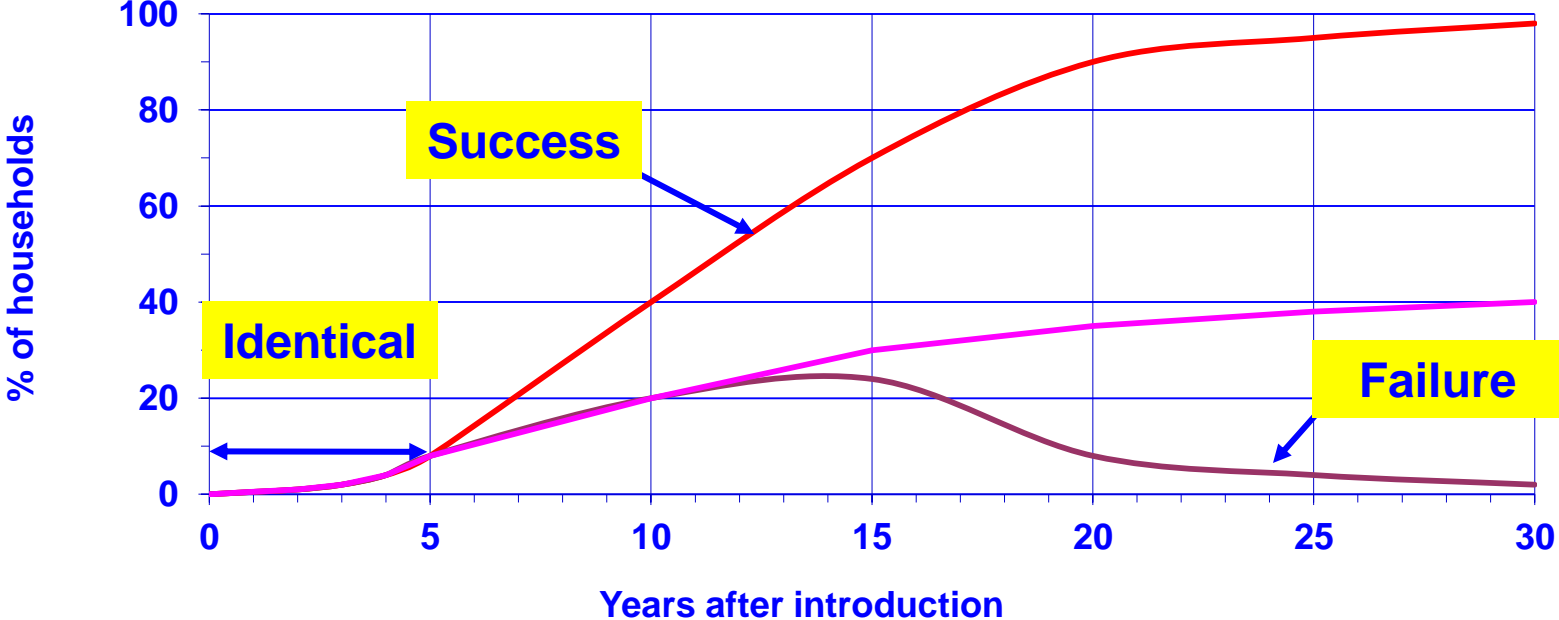
- A key issue for digital radio is how quickly consumers change from AM/FM to digital radio
- Some earlier transitions were very slow
  - FM started in the UK in 1953, but 50% listening on FM was not achieved until 1986 (33 years)
- How quickly can transitions occur?

# AN IDEALISTIC “S-CURVE”

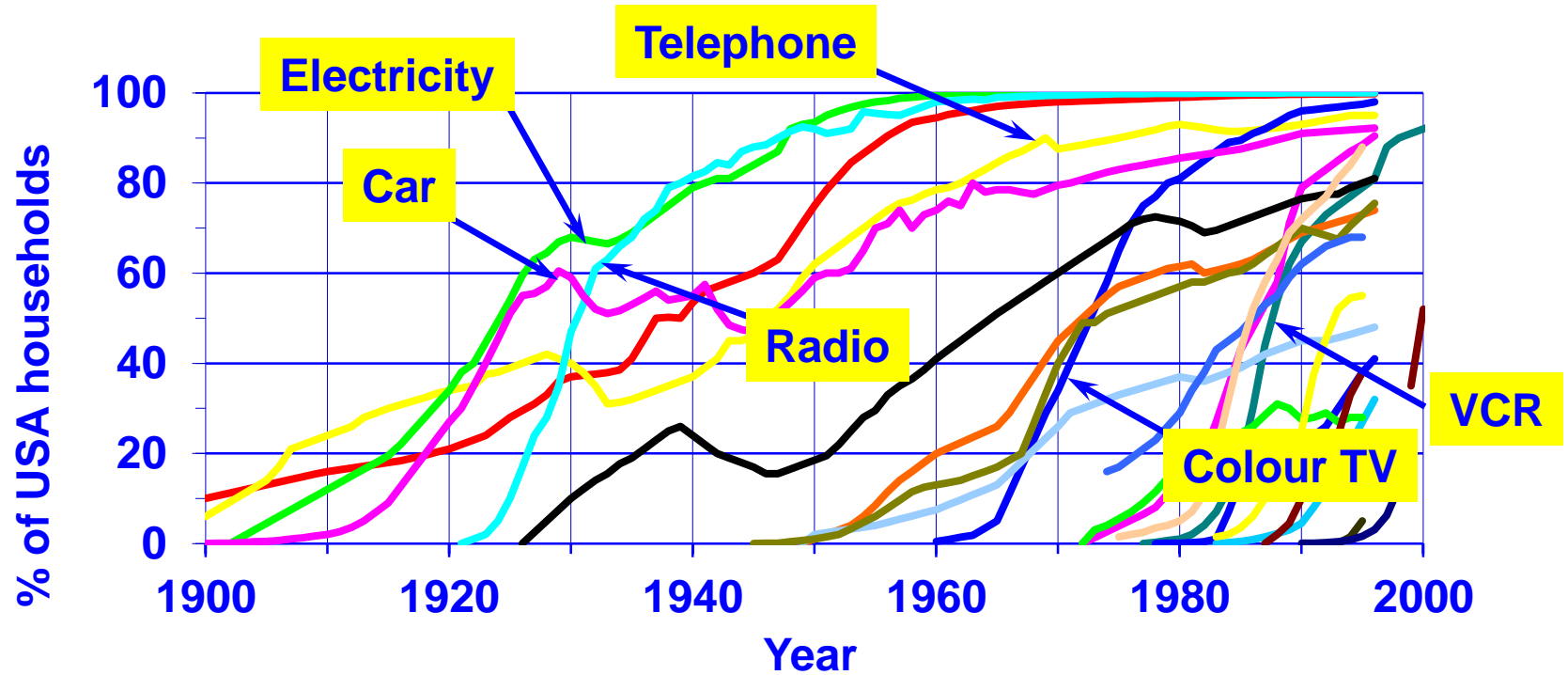
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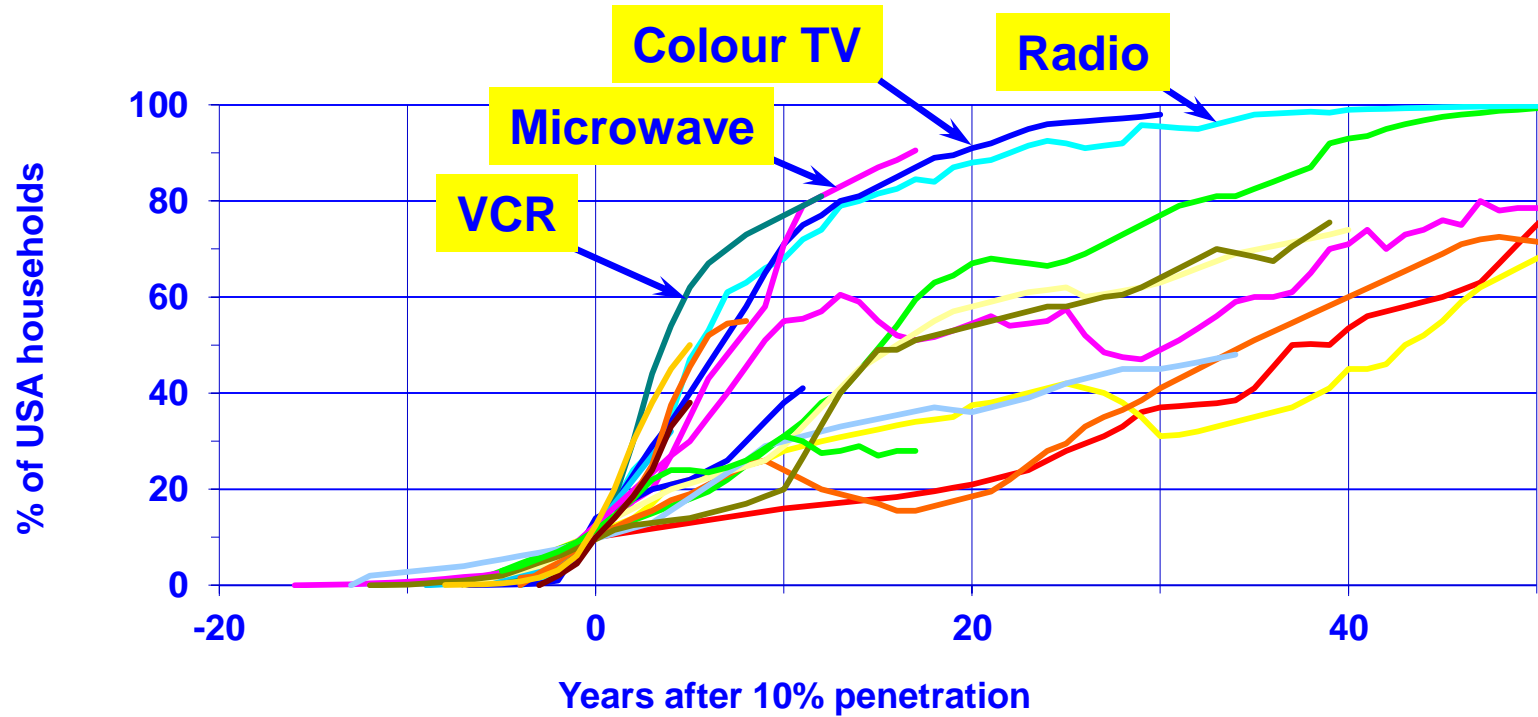
# 3 DIFFERENT S-CURVES



# REAL S-CURVES



# FROM 10% PENETRATION



# **SPEED OF ADOPTION**

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- **The rate of adoption of digital radio depends on many factors, such as:**
  - **availability of radios at sensible prices**
  - **attractive content (e.g. digital-only services)**
  - **good transmitter coverage**
  - **public awareness**
- **It is possible to achieve 50% adoption rate within 5 years (e.g. Switzerland)**

# CONCLUSIONS

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- **Radio will remain ubiquitous because it:**
  - offers mobility and portability
  - is easy to use
  - is cheap for broadcasters and for consumers
- **Rapid transition to digital radio is essential**
  - we must learn from analogue TV switch-off
- **Streaming services will NOT replace broadcasting**
  - beware of the costs of streaming ...

