Ofcom
OFFICE OF COMMUNICATIONS

The Communications Market: Digital Progress Report

Digital TV, Q4 2007

This is the seventeenth Ofcom Digital Progress Report covering developments in digital television. The data are the latest available at the time of writing and include quarterly figures provided by platform operators as well as from market research surveys.

Publication date: 27 March 2008

Contents

Section 1

Overview

1.1 In the three months to the end of December 2007 (Q4) there were 524,500 net UK household conversions to digital television (DTV), following 361,700 additions in the previous quarter. The DTT equipment market experienced its strongest quarter so far, with four million units sold, while the digital cable and satellite platforms together added over 280,000 digital households.

1.2 This means that **86.7% of households now receive digital television services** on their primary set, up 1.6 percentage points since September 2007.

1.3 With a further 0.9% of households subscribing to analogue cable, the total number of homes receiving multi-channel television at the end of Q4 2007 has risen to **87.6%.**

Other key findings

1.4 Other key findings in the fourth quarter of 2007 include:

- 22.2 million households had digital TV equipment connected to their primary television set by the end of the period.

- DTT sales reached over four million over the period, making Q4, the strongest quarter for sales so far, 69% higher than in the preceding year. Of these, integrated digital television sets (IDTVs) accounted for almost 2.3 million units - up 132% on Q4 2006 – and set top boxes accounted for almost 1.8 million, up 25% on the previous year. Across the whole of 2007, DTT sales exceeded 10.2 million, compared to around 6.2 million in 2006.

- DTT-only households accounted for almost half (49%) of all growth in digital TV homes in Q4, rising by 243,000 to around 9,575,000 by the end of the quarter.

- With just over 1 million homes using free-to-view digital satellite services by the end of Q4, 10.6m homes now watch free-to-view digital television (satellite or DTT) on their main set.

- The number of BSkyB subscribers rose by 145,000 to reach almost 8.3 million by the end of the year. Taking account for free-to-view satellite, there were over 9.3 million satellite homes by the end of Q4 2007.

- Net cable households overtook analogue terrestrial during the quarter to become the third most commonly used platform on main sets. This followed cable's fastest growth rate for seven years, with 61,100 net additions during the quarter, taking the total subscriber base to 3.5 million, also the highest level of take-up since 2002. Digital cable subscribers increased by over 86,500 in Q4 to nearly 3.3 million; meaning 94% of all cable subscriptions are now digital.

1.5 The following assumptions are made in this report:

- In calculating platform totals, DTT-only homes are defined as those where DTT is the only digital TV platform in the home. (Figures for all homes with DTT are included in section 3 of the report).

- A household with either a satellite or cable subscription in addition to DTT equipment is counted primarily as a satellite or cable home.

- In other words, for the purposes of calculating primary set conversion we assume that pay subscription services such as cable and satellite are generally in use on the *main* set in the home.

Section 2

Platform figures Q4 2007

Figure 1: Platform take-up

	Q3 2007	Q4 2007	Net additions	Growth rate
Pay TV digital subscribers				
Digital cable	3,174,271	3,260,771	86,500	2.7%
Digital satellite (BSkyB) [1]	8,152,000	8,297,000	145,000	1.8%
TV over ADSL [2]	36,000	36,000	-	-
Total digital pay TV subscribers [3]	**11,362,271**	**11,593,771**	**231,500**	**2.0%**
Free-to-view digital households				
DTT (Freeview) only homes [4]	9,332,000	9,575,000	243,000	2.6%
Free-to-view digital satellite [5]	1,005,000	1,055,000	50,000	5.0%
Total Free-to-view households	**10,337,000**	**10,630,000**	**293,000**	**2.8%**
Total UK digital households	**21,699,271**	**22,223,771**	**524,500**	**2.4%**
Digital penetration	**85.1%**	**86.7%**	**1.6 pp [6]**	
Other multi-channel households				
Analogue cable	251,154	225,754	-25,400	-10.1%
Multi-channel penetration	86.1%	87.6%	1.5pp [6]	

Source: Platform operators, GfK research, Ofcom market estimates.

[1] BSkyB subscriber figures include commercial premises and also TV over ADSL households that subscribe to Sky packages. There is therefore an element of overstatement in these areas.

[2] The Q4 figure for TV over ADSL refers to ADSL subscribers from Tiscali's Q3 results in November 2007. ADSL figures do not include BT Vision customers, (60,000 subscribers by Q3 2007), to whom live scheduled programming is delivered via DTT (in Freeview coverage areas) rather than by broadband.

[3] Pay TV households do not include figures for Top Up TV which are not in the public domain. Top Up TV subscribers are therefore counted in free-to-view digital terrestrial homes.

[4] Ofcom uses survey data from GfK for the number of homes where DTT is the only digital platform. The total number of all homes with DTT is therefore higher, as some homes have more than one multichannel platform. See Section 3 (page 19) for details on all homes using DTT.

[5] Ofcom estimates the number of viewers using satellite equipment to receive the free-to-view channels.

[6] pp = percentage points.

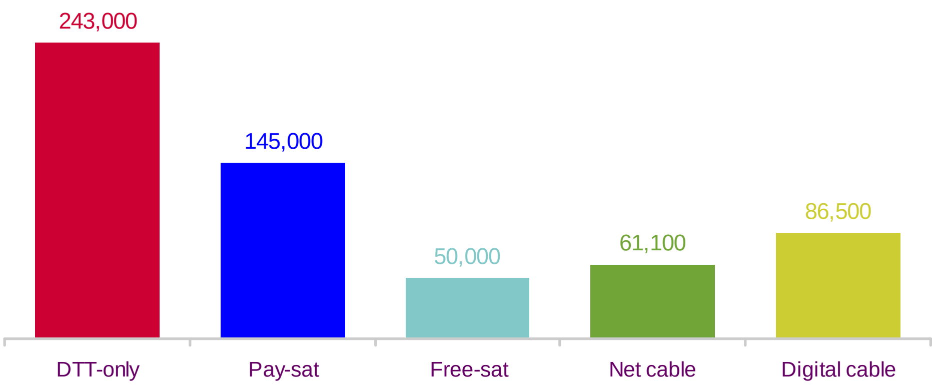
Note: Percentages may be rounded.

Q4 net platform additions

2.1 We estimate that there were 243,000 net DTT-only additions in Q4, DTT-only households therefore accounted for around half (49%) of the growth in DTV homes over the quarter. BSkyB added 145,000 net subscribers and we estimate that the number of homes using free satellite equipment rose by 50,000. Cable showed a net increase of 61,100 homes, and, when including migrations from analogue cable, digital cable additions reached 86,500 in Q4 (Figure 2).

Figure 2: Net quarterly growth

Subscribers / homes added during Q4 (actuals)



Source: Platform operators, GfK research, Ofcom estimates.

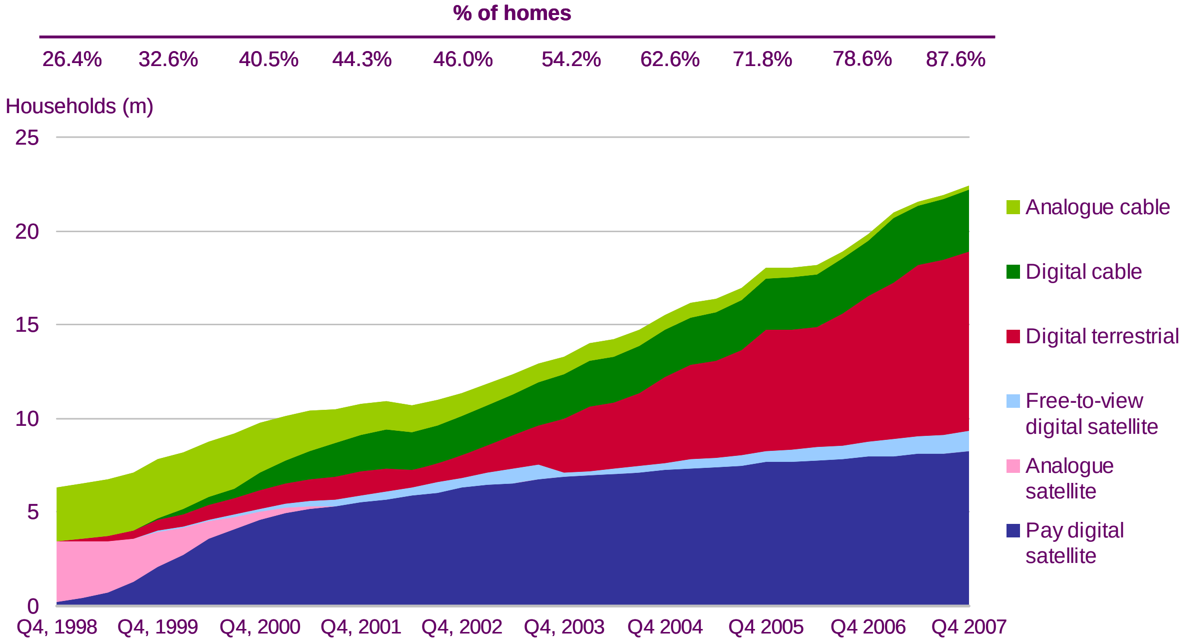
Multichannel growth

2.2 The total number of homes with multichannel TV exceeded 22.4 million by the end of Q4 2007. This was up by around 500,000 on the previous quarter and by over 2.5 million on the year.

2.3 Multichannel take-up increased by 1.5 percentage points during Q4 to 87.6%. Over the past year take-up has risen by nine percentage points, from 78.6% in Q4 2006, and by almost 16 percentage points from two years ago (71.8%) (Figure 3).

2.4 Of the 87.6% homes with multichannel, digital television accounts for 86.7% with the remaining 0.9% made up by analogue cable. Twenty to thirty thousand analogue cable homes are converting to digital each quarter.

Figure 3: Multichannel growth



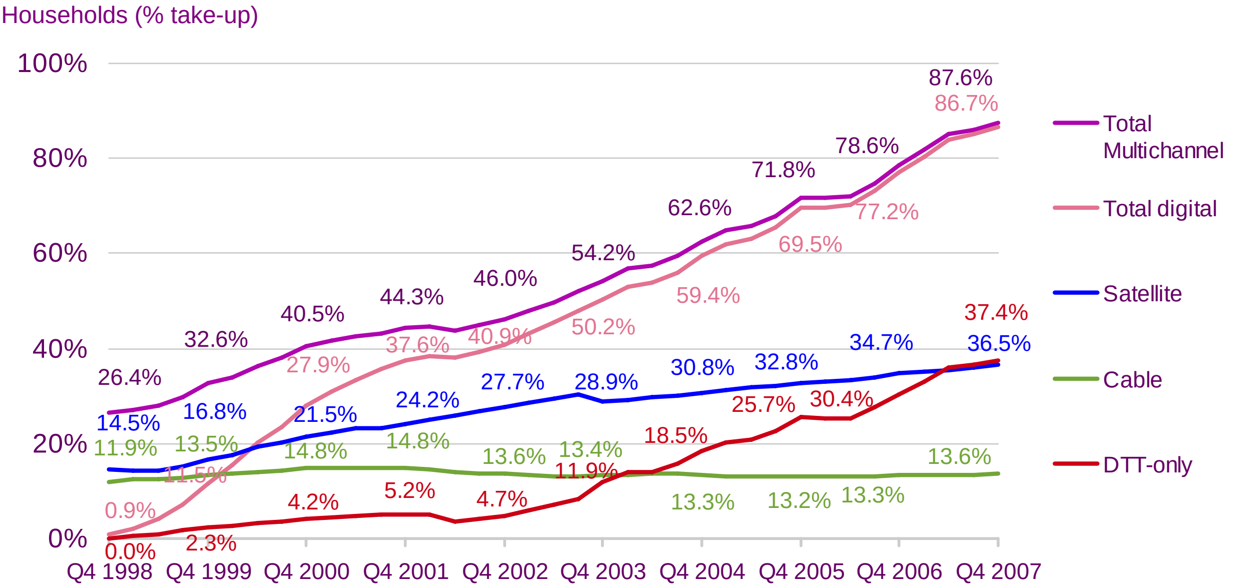
Source: Platform operators, GfK research, Ofcom estimates.

Platform-by-platform growth

2.5 DTT is the most commonly-used digital platform on main sets, accounting for almost 9.6 million homes, up by almost 1.9 million over the year. Satellite (free or pay) is the main platform in over 9.3 million homes, up by around 560,000 during 2007. The number of cable TV homes neared 3.5 million by the end of Q4 as a result of 124,000 net additions over the year.

2.6 In take-up terms, DTT-only increased by 0.8 percentage points in the quarter and was the primary platform in 37.4% of homes; over the past twelve months 6.9 percentage points of UK homes have converted their main set with DTT. Satellite penetration grew by 0.6 percentage points during Q4 and 1.8 percentage points over the year, partly assisted by the growth in free satellite. Satellite was the primary platform in 36.5% of homes by the end of 2007. Cable take-up continued to grow in 2007 adding 0.3 percentage points over the year, and accounted for main-set viewing in 13.6% of homes by the end of Q4 (Figure 4).

Figure 4: Multichannel take-up by platform 1998 - 2007

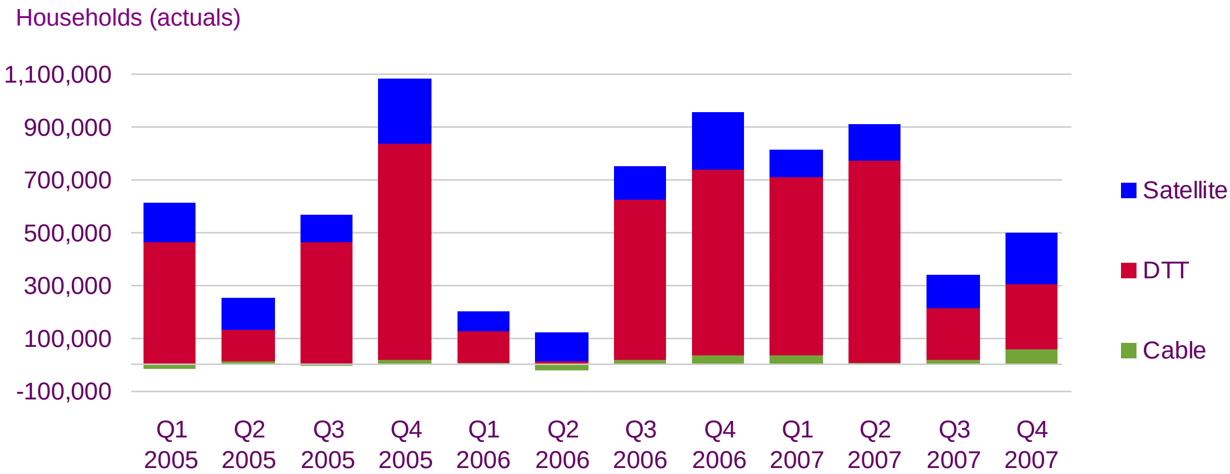


Source: Platform operators, GfK research, Ofcom estimates.

Drivers of multichannel growth

2.7 Since 2003, satellite and DTT have been the main drivers of multichannel growth. However, with 61,100 homes added, cable TV experienced its highest rate of growth since Q4 2000 and contributed over 12% of multichannel additions in the quarter. Total satellite (free and pay) additions accounted for 39% of multichannel growth in Q4 with DTT making up the other 49%. (Figure 5)

Figure 5: Net quarterly additions

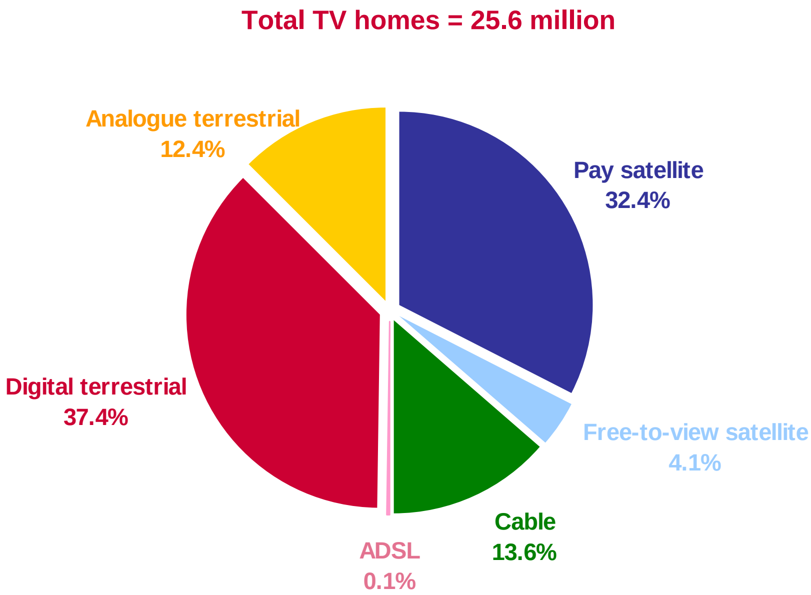


Source: Platform operators, GfK research, Ofcom estimates.

TV platform share on primary sets, Q4 2007

2.8 Figure 6 shows the means of reception on primary sets in the UK's 25.6 million television homes in Q4 2007.

Figure 6: Platform shares among main television sets, Q4 2007



Source: Platform operators, GfK research, Ofcom estimates.

2.9 Developments in the fourth quarter of 2007 include:

- The number of homes receiving analogue terrestrial television on their primary set fell by 1.5 percentage points during Q4 2007, from 13.9% in Q3. Across 2007, analogue television take-up fell by nine percentage points, from 21.4% in Q4 2006 down to 12.4% by Q4 2007.

- Digital terrestrial is now used on main sets by 37.4% of UK homes in Q4 2007, 25 percentage points higher than analogue terrestrial and 0.9 percentage points higher than satellite (pay and free combined).

- Pay satellite take-up rose by 0.4 percentage points in Q4 to 32.4% of UK homes, while free-to-view satellite take-up rose by 0.2 percentage points to stand at 4.1% of primary sets.

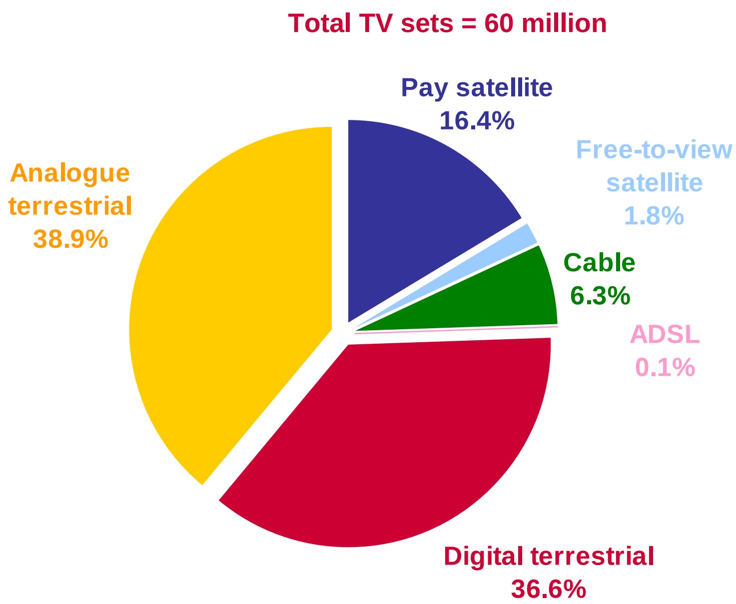
- The number of homes with cable television was up by 0.2 percentage points to 13.6% in Q4, overtaking analogue terrestrial for the first time.

- The remaining 0.1% of households used an ADSL connection receive digital television.

TV platform share on all sets, Q4 2007

2.10 The *total* number of television sets (main or secondary) converted to multichannel reached around 61.1% by the end of Q4, up by 4.8 percentage points (from 56.3%) at the end of the previous quarter and up by 12.6 percentage points over the year (from 48.5%), (Figure 7).

Figure 7: Platform shares among all TV sets



Source: Platform operators, GfK research, Ofcom estimates.
Note: Research from GfK estimates the total number of TV sets to be approximately 60 million.

2.11 Other key headlines at the end of Q4 2007 included:

- During 2007 analogue terrestrial's share of all sets fell by 12.6 percentage points; it fell by 4.8 percentage points in Q4 alone from 43.7% to 38.9%. Of this total 5.3 percentage points were primary sets and 33.6 percentage points were secondary (for example in a bedroom or kitchen).

- Digital terrestrial share rose by 4.2 percentage points over the quarter to 36.6% of all TV sets. Year on year, DTT's share of TV sets has increased by 11.0 percentage points, from just over a quarter of sets (25.6%) in Q4 2006. Growing sales of IDTV sets and DTT set top boxes led to increased conversion of both primary and secondary sets in 2007.

- Pay satellite took a 16.4% share of all sets in Q4, up by 1.0 percentage point in 12 months, with both main-set subscriptions and Sky Multiroom increasing over 2007. Free-to-view satellite (1.8% of all sets) pushed the total satellite figure up to 18.1%, up by 1.4 percentage points in 2007.

- Cable share rose by 0.2% over 2007 to 6.3% of TV sets in Q4, with ADSL making up the remaining 0.1%.

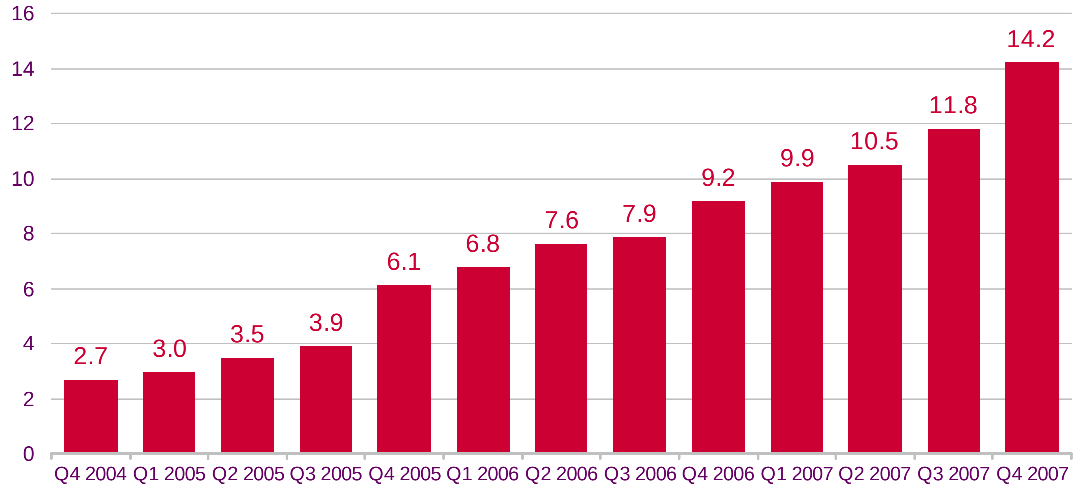
Growth in secondary digital sets

2.12 With the average home owning 2.4 TV sets, there are around 34.4 million secondary sets in the UK market. Around 14.2 million of these have been converted to digital using either the Sky Multiroom service, a second cable box or through a DTT reception device. Q4 saw an increase of around 2.4 million secondary sets on Q3 2007, with DTT the main growth driver, accounting for over 2.3 million of these conversions.

2.13 Homes converting secondary TV sets to digital rose by 5.0 million over the last year, up from around 9.2 million at the end of Q4 2006 to around 14.2 million by Q4 2007.

Figure 8: Total secondary digital sets across all platforms

(Sets millions)



Source: Platform operators, GfK research, Ofcom estimates.
Note: this chart also includes a small number of analogue cable second sets.

Summary of trends in digital take-up and market share in UK homes

Figure 9: Market share, take-up and additions on primary TV sets

	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Digital take-up									
Digital cable	10.8%	11.1%	11.3%	11.6%	11.9%	12.2%	12.3%	12.4%	12.7%
Digital satellite	32.8%	33.1%	33.4%	33.9%	34.7%	35.0%	35.5%	35.9%	36.5%
DTT	25.7%	25.3%	25.3%	27.7%	30.4%	33.0%	35.9%	36.6%	37.4%
ADSL	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Total digital	**69.5%**	**69.7%**	**70.2%**	**73.3%**	**77.2%**	**80.5%**	**84.0%**	**85.1%**	**86.7%**
Analogue cable	2.4%	2.1%	1.8%	1.6%	1.4%	1.2%	1.1%	1.0%	0.9%
Total multichannel	71.8%	71.8%	72.0%	74.8%	78.6%	81.7%	85.0%	86.1%	87.6%
Pay TV take-up*									
Cable	13.2%	13.2%	13.1%	13.1%	13.3%	13.4%	13.4%	13.4%	13.6%
Pay digital satellite	30.5%	30.5%	30.7%	30.9%	31.5%	31.6%	31.8%	32.0%	32.4%
ADSL	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Total	**43.8%**	**43.9%**	**43.9%**	**44.2%**	**45.0%**	**45.2%**	**45.4%**	**45.5%**	**46.1%**
Share of digital TV market									
Cable	15.6%	15.9%	16.0%	15.8%	15.4%	15.1%	14.7%	14.6%	14.7%
Digital satellite	47.3%	47.5%	47.6%	46.2%	45.0%	43.6%	42.3%	42.2%	42.1%
ADSL	0.2%	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%	0.2%	0.2%
DTT	36.9%	36.4%	36.1%	37.8%	39.4%	41.0%	42.8%	43.0%	43.1%
Share of multichannel TV market									
Cable	18.4%	18.4%	18.1%	17.5%	16.9%	16.4%	15.7%	15.6%	15.5%
Digital satellite	45.7%	46.1%	46.4%	45.3%	44.2%	42.9%	41.7%	41.7%	41.7%
DTT	35.7%	35.3%	35.2%	37.0%	38.7%	40.4%	42.2%	42.5%	42.7%
Share of MC net additions									
Cable	2.0%	6.2%	0.0%	3.0%	4.3%	4.3%	0.7%	6.0%	12.2%
Digital satellite	22.6%	84.3%	87.7%	17.0%	22.9%	12.3%	15.1%	37.3%	39.1%
DTT	75.2%	0.0%	12.3%	80.0%	73.1%	81.0%	84.1%	56.7%	48.7%
ADSL	0.2%	9.5%	0.0%	0.0%	0.0%	2.3%	0.0%	0.0%	0.0%

Source: Platform operators, GfK research, Ofcom estimates.

* Figures for the pay DTT service, Top Up TV, are not in the public domain. Subscribers to Top Up TV also receive free-to-view DTT, and are therefore included in the DTT market shares.

Note: Some figures in the table may not add exactly due to rounding.

Section 3

Update by platform

Digital satellite – pay TV households

Figure 10: BSkyB Q3 2007 and Q4 2007 results

Pay digital satellite – BSkyB	Q3 2007	Q4 2007
Pay-TV satellite subscribers	**8,152,000 ***	**8,297,000 ***
ARPU (annualised)	£411	£421
Churn	11.3%	10.0%
Basic package price	£16.00	£16.00
Sky Multiroom	1,411,000	1,531,000
Sky +	2,697,000	3,131,000
Sky HD	358,000	422,000

Source: BSkyB Q4 2007 results.

* These figures are for the UK and exclude BSkyB's subscribers in the Republic of Ireland.

3.1 BSkyB's subscriber base increased by 145,000 during the quarter to 8,297,000, with over 321,000 net additions over the whole of 2007.

3.2 The number of BSkyB subscribers taking the Multiroom service (which converts an additional set in the home to receive BSkyB services) rose by 120,000 during Q4 (305,000 over 2007) to 1,531,000. This means that 17% of Sky customers now have at least one extra set connected in addition to the primary set.

3.3 BSkyB's digital video recorder service (DVR, also known as PVR – personal video recorder), Sky+, saw another strong quarter of growth, with 434,000 subscribers added in Q4. This took the total to over 3.1 million Sky+ homes or around 35% of its customer base. BSkyB's HD service also added 64,000 subscribers, taking the total number to 422,000 or 4.8% of Sky subscribers by the end of Q4.

3.4 Annualised average revenue per user (ARPU) in Q4 was up by £10 on the previous quarter to £421, the highest on record for Sky. Churn decreased quarter on quarter from 11.3 to 10.0%.

3.5 In November 2007, Sky launched a new package in 'Sky Pay Once', following an earlier trial in the summer of 2007. For a one-off fee of £75, customers can have Sky satellite equipment installed and gain access to four of Sky's TV package 'mixes' for six months. After this period customers can choose to keep the four 'mixes' for a subscription of £19 per month or alternatively opt to receive the 200 free-to-view channels available on satellite at no monthly cost. The offer is currently available through third-party retailers rather than directly from Sky.

Digital satellite - free-to-view households

Figure 11: Free satellite

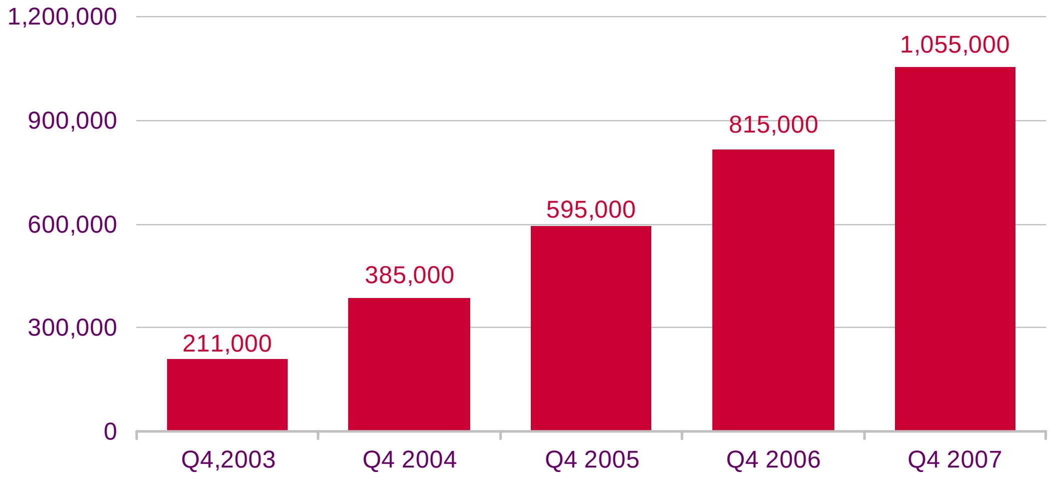
Free-to-view digital satellite	Q3 2007	Q4 2007
Free-to-view satellite households	1,005,000	1,055,000

Source: Ofcom

3.6 An increasing number of homes now receive free-to-view channels on satellite reception equipment. These homes generally fall into three categories: (i) those which have churned from BSkyB pay services but have retained their satellite equipment so that they can continue to receive free-to-view channels; (ii) users of BSkyB's own non-subscription services including 'Freesat from Sky', which requires a one-off installation payment of £150 (or, more recently, BSkyB's 'Pay Once' offer costing £75); and (iii) those which have obtained satellite receiving equipment from other retailers and also have a viewing card which allows them to receive free-to-view channels. The BBC and ITV are also planning to launch their own free satellite service during 2008.

3.7 We estimate that use of free-satellite equipment has increased steadily over the last three years and by the end of Q4 2007 just over a million homes were able to receive free-to-view channels in this way.

Figure 12: Estimated free-satellite households 2003 - 2007



Source: Ofcom

Cable

Figure 13: Virgin Media Q3 2007 and Q4 2007 results

Cable – Virgin Media	Q3 2007	Q4 2007
Digital TV homes connected	**3,167,000**	**3,253,500**
Total TV homes connected	3,417,000	3,478,100
Total residential subscribers (TV, telephony, internet)	4,750,300	4,774,700
Homes passed and marketed	12,701,500	12,586,800
TV penetration rate *	26.9%	27.6%
ARPU ** (annualised)	£499	£507
Churn **	20.4%	16.8%
Basic package price	£11.00	£11.00
Virgin DVR (V+)	190,200	262,400

Source: Virgin Media Q4 2007 results.

* TV penetration rate is the percentage of take-up based on the number of homes passed by the cable network.

** Virgin Media ARPU and churn rates relate to their total consumer division.

3.8 Fourth quarter results for Virgin Media showed additions of 86,500 digital TV subscribers (41,700 in Q3 2007). After allowing for the migration of analogue subscribers to digital cable, 61,100 net cable TV homes were added in Q4, compared to 20,400 in Q3 2007. Q4 was the highest quarter for net additions to cable TV since Q4 2000. Virgin added over 124,200 net new TV homes during 2007, to reach almost 3.5 million homes. This was the highest level of take-up for cable television since Q1 2002. Within this total, there were 262,400 subscribers to Virgin Media's digital video recorder (DVR) service V+, up by 72,200 on Q3.

3.9 The total number of UK cable households in Q4 stood at 3,486,525 (when including the smaller cable operators); 3,260,771, or nearly 94%, of these were digital.

3.10 Six new Setanta sports channels were added to the Virgin Media service during Q3, while Q4 saw the launch of a further two channels. In October 2007 the 'Virgin 1' entertainment channel was launched on cable, DTT and satellite. Another new channel, Setanta Sports News, was launched in November.

3.11 Virgin reported that 47% of its customer base, (equivalent to approximately 1.5 million TV customers), were using its Video on Demand (VoD) service on a monthly basis by Q4, with viewing up by 45% on Q3.

Digital terrestrial television (DTT) sales

3.12 DTT equipment sales in Q4 were the highest yet at over 4.0 million (up by almost 70% year on year). Growth was, as in the previous quarter, fuelled mainly by increasing sales of IDTVs, where sales increased by 132% year on year. Meanwhile, DTT set top box sales also continued to rise, up by 25% year on year. Altogether in 2007, over 10.2 million DTT units were sold, compared to 6.2 million in 2006. IDTV sales exceeded those of set top boxes by a significant margin for the first time in Q4 2007.

3.13 IDTV sales reached almost 2.3 million in Q4, the quarterly highest sales figure so far, and up by 1.3 million on the 984,000 sold a year ago. Total sales in the last 12 months reached almost 5.3m, compared to 2.4m the preceding year. The growing popularity of IDTV sales means that 70% of all TVs sold are now digitally-enabled. IDTVs accounted for over half (56%) of all DTT equipment sales in Q4, the highest proportion to date.

3.14 Set top box sales reached almost 1.8 million in Q4 2007, also the highest quarterly figure so far, up by 25% on last year's Q4 figure of 1.4 million. In 2007 almost 5 million set top boxes were sold, compared to 3.8 million in 2006.

Figure 14: DTT equipment quarterly sales

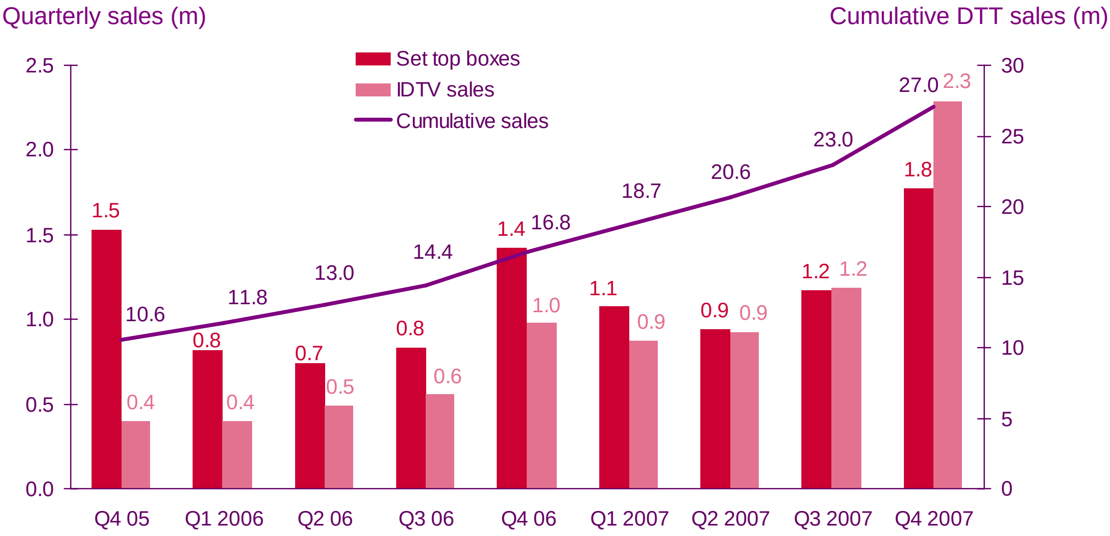
DTT quarterly sales (actuals)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Freeview set-top boxes	1,416,765	1,084,650	942,690	1,170,855	1,775,130
Integrated Digital Televisions (IDTV's)	984,060	869,715	921,900	1,187,130	2,286,900
Total sales	**2,400,825**	**1,954,365**	**1,864,590**	**2,357,985**	**4,062,030**

Source: Sales figures from GfK, as adjusted by Freeview.*

* Freeview adjusts the sales figures upwards by 5% to represent its estimate of the number of DTT set-top boxes and IDTVs sold in Northern Ireland and offshore islands.

3.15 Accounting for all DTT device sales since Freeview's launch in October 2002 over 27.0 million units have been sold, comprising 9.5 million IDTVs and 17.5 million DTT set top boxes.

Figure 15: DTT cumulative sales since launch of Freeview



Source: Sales figures from GfK, as adjusted by Freeview.

DTT households and DTT equipment sales

3.16 An important 'overlap' factor must be taken into account when evaluating the impact of IDTV sales on digital conversions. IDTV purchases are not always motivated by the integrated DTT tuner, but often for other reasons such as a desire for a bigger screen or high-definition capability.

3.17 As a result, IDTVs can in some cases be connected to satellite or cable receiving equipment. This leads to an overlap with the integrated DTT tuner, and therefore to a lower rate of digital conversion than IDTV sales alone would imply. The survey used for measuring DTT take-up on main sets, conducted by GfK, takes account of this effect by recording homes where DTT is the sole digital platform.

3.18 Furthermore, an increasing number of DTT purchases are being made with the purpose of converting secondary sets in the home to digital, or as replacements for existing DTT set top boxes on the primary set. Replacement purchases are often motivated by a desire to add new features such as seven-day programme guides or DVR functionality. This can therefore lead to a divergence between DTT sales and homes converted to DTT. Q4 saw the highest ratio of additional or replacement sales of DTT so far.

3.19 The Q4 GfK ownership survey estimated the total number of DTT-enabled TV sets to be approaching 22.0 million, an increase of over 2.5 million sets in the quarter and 6.6 million over the year.

3.20 After allowing for DTT homes which also use another digital platform, such as satellite or cable, the estimate for homes where DTT is the only digital platform stood at almost 9.6 million at the end of Q4, up by 243,000 homes over the quarter and almost 1.9 million homes over the year.

Figure 16: DTT households and sets estimates

DTT sets and households (millions)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Total number of DTT enabled sets	15.3m	16.7m	18.0m	19.4m	22.0m
Total number of homes using DTT equipment	10.6m	11.7m	12.9m	14.0m	15.3m
Number of homes where DTT is the only digital platform	7.7m	8.4m	9.1m	9.3m	9.6m

Source: GfK consumer research.

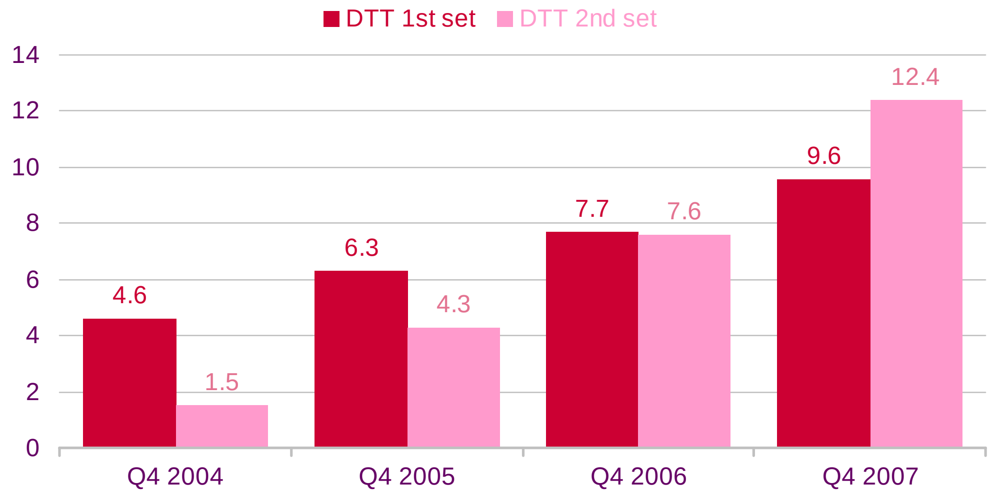
3.21 DTT equipment was being used in around 15.3 million homes in total by the end of Q4, when including cable and satellite homes using DTT on secondary sets. This was an increase of 1.3 million homes on Q3 and an increase of over 4.6 million homes year on year.

DTT growth on primary and secondary sets

3.22 In Q3, the number of DTT devices used on secondary sets overtook the number used on primary sets for the first time. By Q4 there were 22.0 million DTT-enabled sets, of which 12.4 million were secondary sets, compared to 9.6 million primary sets (Figure 17). Secondary DTT sets have therefore increased by around 2.3 million during the quarter and 4.7 million over the year, up from 7.6 million in Q4 2006. Secondary DTT sets therefore now make up 56% of all DTT sets.

Figure 17: DTT on primary and secondary sets

(TV sets, millions)



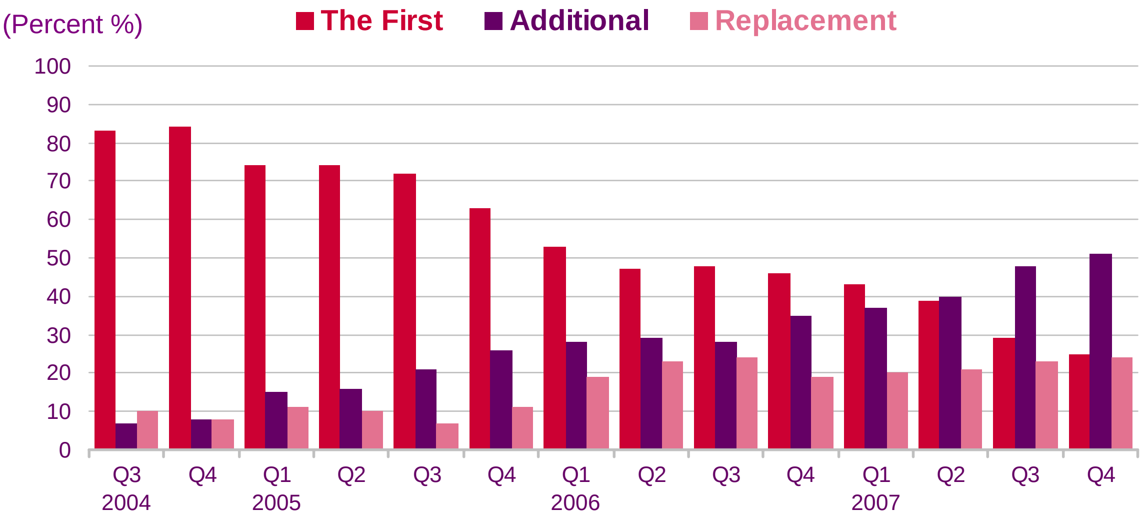
Source: GfK consumer research

3.23 Separate analysis from GfK consumer research asks respondents who have acquired DTT equipment during the quarter about their purchase. By Q4 2007 three-quarters (75%) of purchasers said the equipment was intended for an additional set or as a replacement for an existing piece of DTT equipment. Previously, in 2004, a large majority (over 80%) of sales had been first-time purchases; this has declined steadily over time. By Q4 2007, only around 25% of DTT purchases were the first time the household had acquired

Freeview. According to survey results, many of these first-time DTT sales appeared to be going into homes which already had satellite or cable TV services and were therefore purchased with the intention of converting a second set in the home, using DTT.

Figure 18: DTT purchase trends

Is the digital Freeview equipment the first in your present home, additional or replacement to that already owned?



Source: GfK consumer research