

HD grabs attention as switch-off deadline nears

By Angela Balakrishnan and Paul Davies

Western Europe appears to be largely on track to meet the European Commission's 2012 deadline to switch off analog terrestrial television signals, and operators and regulators are now turning their attention to launching high-definition channels.

At present, HDTV is offered over digital-terrestrial networks in only three countries – France, Sweden and Portugal – and in most states little, if any, capacity for high-definition broadcasts is as yet available.

But the picture will change as analog switch-off releases frequencies that could be allocated to new high-definition channels – although there may well be battles for such “digital dividend” spectrum with providers of other services such as mobile Internet and mobile television.

HDTV will become increasingly important to digital-terrestrial operators. Cable, satellite and IPTV networks all benefit from having greater bandwidth than is available to digital-terrestrial operators, which gives them an inherent advantage in rolling out HDTV.

Digital-terrestrial operators are keen to close the gap as far as possible and as quickly as possible.

It is perhaps little coincidence that two of the three countries where HDTV is provided over digital-terrestrial networks were relatively late entrants to the DTT game. They were thus able to launch services using MPEG-4, which offers tighter compression than is possible with the standard broadcast format of MPEG-2.

The UK, which launched digital-terrestrial television more than a decade ago, plans to launch HDTV from the end of the year, using a pioneering combination of MPEG-4 and the new transmission standard DVB-T2 – providing four HD channels in areas where analog signals have closed.

Although the UK is so far the only EU state to commit to DVB-T2, others are expected to follow – Denmark, for instance, is evaluating such a move.

Peter Siebert, executive director of European digital-television standards organization the DVB Project (DVB), says: “The new DVB-T2 standard allows the better use of available spectral resources in more effi-

cient and flexible ways. “It will be relevant for broadcasters which want to introduce HD services over terrestrial airwaves where they must support the simulcast of both SD and HD versions of the same service.”

David Wood, head of new technology at the European Broadcasting Union (EBU), which represents public-service broadcasters, says: “There is no set-top box available and no country apart from the UK has committed to this. Other countries are reluctant to commit to this technology without seeing the hardware. Instead they want to concentrate on making the 2012 deadline and completing switchover.”

He points out that France has launched HDTV using DVB-T – “the reception performance is not as good as DVB-T2 but it has allowed them to start now” – but adds that the economic case for DVB-T2, which “allows 50% more capacity for the same metapower”, is very strong.

Portugal, for so long a DTT laggard, is set to become a pioneer in HDTV – it plans to switch off standard-definition broadcasts of terrestrial free-to-air channels once switchover is completed in 2012.

Portugal Telecom launched a digital-terrestrial service with four national channels and regional services for the islands of Madeira and the Azores last October. Licenses for a pay-television service have still to be awarded.

Sergio Denicoli, a researcher in the communication and society research center at the University of Minho who specializes in DTT, says:

“Portugal Telecom did not want DTT to be lower than the technology offered by the [cable and satellite] pay-TV companies which already offer high-definition technology.

“HDTV will be the standard of digital television in Portugal. During the simulcast [analog-digital] period, a few programs will be in HD; however, once the switchover is complete all the channels will be in HD.”

Norway, another late mover – digital-terrestrial television launched in September 2007 – has also chosen MPEG-4 to enable HDTV, which will use spectrum released

when analog channels are switched off at the end of the year.

While it might be no surprise to learn that Norwegian platform operator NTV plans to use next year's World Cup football as a springboard to launch HDTV, the other event with which it hopes to drum up interest in the format is perhaps less obvious: the final of the Eurovision Song Contest.

DIGI-TV, which runs the free-to-air digital-terrestrial platform in Denmark, expects HD to become widespread within five years.

“It used to be that major broadcasters were setting the media agenda, but suddenly manufacturers are making cheap boxes that are HD-ready,” the company says. “Meanwhile, consumers are getting used to watching DVDs in this quality, so they are demanding it from TV as well now.”

Thijs Viguurs, portal and content strategy manager at Dutch telecommunications operator KPN, says as television screens get bigger and people demand quality programs, HD will become “unstoppable”.

“Ultimately HD will replace SD, but I think that this will be at least 10 years from now,” he says. “HD is mainly a slogan to consumers that right now sounds interesting, but will lose its gleam very soon.”

In the Dutch market, he adds, HDTV is likely to be delivered via cable or fiber-to-the-home networks rather than DTT. “Holland is a small country and there is not enough frequency space at the moment for HD on DTT,” he says.

The Netherlands also has high cable penetration which limits the scope for digital-terrestrial television. Other countries with high cable penetration also seem unlikely to prioritize HDTV via digital-terrestrial television.

Switzerland's DTT operator SRG SSR says that there are no plans for HD because the number of users is so low. In Switzerland, which has completed switchover, DTT penetration is just 7%.

Missed deadlines

While some countries are pondering the digital dividend and life beyond standard-definition terrestrial television, others have

still to launch DTT.

Greece and Ireland are thought unlikely to meet the 2012 deadline. In the case of Ireland, experienced Scandinavian pay-television operator Boxer (which runs services in Sweden and Denmark) last month handed back its license to run a commercial DTT service in Ireland (*NMM* May 8, 2009).

The runner-up in the license award, the One Vision consortium, has now accepted the license and is drawing up plans to build the network which the government – which maintains that the 2012 switch-off deadline will be met – hopes it will launch before the end of the year.

Elsewhere, deadlines have been missed. Italy has already been forced to put back its initial switch-off targets and further delays in some regions – Rome, in particular – are likely.

In Spain, the three-phase switchover program intended to lead to the ending of all analog broadcasts on April 3, 2010 has already run into trouble. Seven hundred of the 1,200 municipalities where analog switch-off was scheduled to take place on June 30, in the first phase of the program, are not ready for signals to be turned off.

Spain has wide technical reach for digital-terrestrial television – signals cover 95% of the population – and overall household penetration is around 55%. But about 30% of buildings with communal aerial systems still have to be upgraded.

Germany and the Flanders region of Belgium completed switchover at the end of last year joining four other countries: Finland, the Netherlands, Sweden and Switzerland. Norway and Denmark are due to stop analog transmissions this year and operators and regulators are confident that the deadlines will be met.

Danish operator DIGI-TV says that sales of DTT equipment are still slow, even though switch-off is due in November. The company expects a “massive uptake” of boxes after the summer “as people realize they do not have long to switch technology”.

DIGI-TV says: “There may be some logistical problems in the run-up to November if we have to shift a lot of boxes in a short time. But we’re not too worried about this.”

This attitude seems confident – if not complacent – when the experience of Switzerland is taken into account. Only one quarter of homes had adopted digital television when analog signals were switched off.

Christoph Steg, project manager at Swiss DTT operator SRG SSR, says: “I can imagine people didn’t really believe that we would cut off analog signals. Sometimes I don’t even think the retailers believed this. We had some people who could not watch television for three to four weeks because retailers were overloaded.”

In Finland, where switchover was carried out rapidly, there were many complaints and tens of thousands of people refused to pay the television license fee.

Late starters

Ross Biggam, director-general of the Association of Commercial Television in Europe (ACT), suggests that late starters – such as Austria, Norway, Denmark and Portugal – have been able to learn from the errors of countries where digital-terrestrial television was deployed earlier.

He adds that these countries are also those with the best help schemes to encourage and enable older and disabled citizens to switch to digital television, and picked out Austria for specific praise.

The Austrian public-information campaign was extensive. Digital-terrestrial platform operator ORS collaborated with the Austrian Federal Economic Chamber and the Federation of Austrian Industries from the beginning to inform citizens of switchover.

Regular updates were given to electrical retailers which passed them on to customers while local councils notified residents about digitalization activities. There was a Web site, a hotline, newspaper campaigns, and channels carried information banners

reminding viewers to buy digital receivers.

The success of the UK’s Freeview platform – now taken by nearly 18 million homes (70% penetration) – has now been taken as a model by Italy. Although digital-terrestrial television is well established in Italy – with 7.3 million homes (30% penetration) six years after launch – it has until now lacked a cohesive brand *à la* Freeview.

Italy’s three main digital-terrestrial players – broadcasters RAI and Mediaset together with the media business of Telecom Italia (TIM) – are seeking to remedy the situation with this month’s launch of the Tivù brand.

Andrea Fabiano, strategic marketing director of public-service broadcaster RAI, says: “Tivù creates a recognizable brand for DTT. It is a marketing tool, it creates an umbrella for all the operators with free-to-air channels to sit under and offer an electronic program guide, which helps attract people to DTT.”

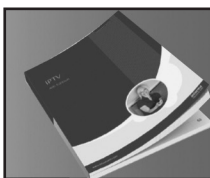
In Italy, pay-television – provided by both Mediaset and TIM – is increasingly playing an important role, as it is in some other European states.

Despite its inauspicious beginnings – the failed ITV Digital (UK) and Quiero TV (Spain) services – pay television is emerging as an important secondary part of the DTT market.

Jörgen Nilsson, managing director of consultancy DTT Helpdesk, says that the combination of free-to-air and pay-digital channels will generate a higher take-up of digital-terrestrial television.

Free-to-air channels, he argues, rely solely on advertising and are vulnerable to the volatility of these revenues, especially at a time when the market is in a downturn.

There are now pay-DTT services in France, Finland, Italy, Norway, Sweden and the UK. Denmark and Germany will soon join the list and in Spain, broadcasters and platform operator Dahlia TV are awaiting government approval to launch pay channels on the platform.



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