

## Digital Radio UK

### Written Evidence to House of Lords Select Committee on Communications Inquiry into Digital Switchover of Television and Radio –February 2010

#### Executive summary:

- Radio must go digital if it is to compete for consumers' time and remain relevant in the future media environment.
- All sectors of the UK radio industry (Commercial Radio, Community Radio and the BBC) support digital radio upgrade as outlined in Digital Britain and as facilitated by the Digital Economy Bill.
- Digital Radio offers valuable benefits for listeners including more choice, easier use and greater interactivity.
- The status quo, whereby the industry is bearing the dual cost of analogue and digital transmission, is unsustainable. In addition, the analogue spectrum is full and offers the industry no opportunity to grow.
- As larger stations move to digital, there will be a spectrum dividend for small and community radio stations that choose to remain on FM.
- The industry is united in its resolve to address the challenges ahead (including expanding coverage, getting digital into more cars, cost of sets, consumer communication and providing new content and services).
- Although the different sectors of the radio industry have different bases for their relationship with listeners, everyone is completely focused on the need to ensure the digital radio upgrade is genuinely consumer-led. No-one will be left behind in the move to digital.

#### Background

1. Digital Radio UK has been formed by the UK radio industry to ensure that the UK is ready for digital radio upgrade. It represents 95% of the UK radio industry and has the backing of the BBC, Commercial Radio companies and the multiplex operator Arqiva. Its board also includes representation from radio and car manufacturers and works closely with retailers, consumer groups, Government and Ofcom. Its chief executive is Ford Ennals, former CEO of Digital UK, who joined the company in January 2010.

In this written evidence we address:

- the UK radio industry's support for the move to a digital future for radio
- how the switchover process will work
- the benefits of digital radio
- why radio continues to need a broadcast platform
- why DAB is the right choice for the UK
- the minimal environmental impact of the move to digital radio
- the work being done by the radio industry to address the challenges ahead in relation to coverage, cars and the costs of sets

## **The UK radio industry supports the move to a digital future for radio**

2. We start from the position that, with most media platforms around the world transforming the way they operate, it is inconceivable that radio can remain predominantly an analogue medium. We therefore agree with the Digital Britain Report when it said *“If radio is to compete in a Digital Britain then it must have the flexibility to grow, innovate and engage with its audience, and in this, the limits of analogue, as the primary distribution platform for radio, are now all too visible”*.
3. The Digital Economy Bill contains provisions to enable the transition from analogue to digital radio. All sectors of the industry support this transition and the benefits that digital radio will deliver:
  - The upgrade to digital radio will transform the listening public’s experience of radio. Consumers will enjoy clear digital sound, more services and great innovations in interactivity.
  - The upgrade will also remove barriers to growth for the UK radio industry and provide opportunities for community and small local radio stations by giving them more access to FM.
  - The upgrade will ensure the UK remains at the leading edge of innovation in radio and encourage continued investment in engineering, manufacturing and retail jobs linked to the sector.

## **How the switchover process will work**

4. The UK radio industry has been investing in both digital and analogue radio for almost fifteen years. It has done so at great cost to both private and public companies, as well as the BBC licence fee payer, and with no clear sense of when the bill for dual transmission – in both analogue and digital – will end. For the commercial sector in particular, this has impacted on companies’ ability to invest in services and content, which would otherwise have been of clear benefit to consumers.
5. We believe we are now at an important crossroads whereby UK radio must choose to remain in an analogue world, or drive towards a digital future. We strongly believe it is right to invest in a digital technology with room to grow rather than an analogue one that has reached the limits of its possibilities.
6. To that end, all of those involved in Digital Radio UK warmly welcomed Digital Britain’s indication of a target date for switchover (for national and larger local services) of 2015. This proved to have a critical galvanising effect within the radio industry itself, as well as within manufacturers and the motor industry.
7. However, we agree that the UK is not ready to announce a date for switchover now; there remains too much work to be done and too many issues to be resolved. Instead, we agree it is right that the setting of a switchover date should depend on criteria regarding coverage and listening being met. Consumers having access to and then subsequently choosing digital should be the driver of digital switchover.
8. We note that the Digital Economy Bill allows for different services to switch to digital on different dates. We support this flexibility, recognising that it could allow a staggered switchover to deal with, for example, differing rates of take up in different parts of the country.
9. The first of the criteria set out in Digital Britain was that a switchover date should not be set until national DAB coverage is equivalent to FM and local DAB coverage reaches 90% of the population<sup>1</sup>. (The Government recently reaffirmed this in the Second Reading of the Digital Economy Bill).

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<sup>1</sup> It is appropriate that the final 10% of local coverage could be completed during the period between setting a date and achieving switchover: this final 10% of local coverage will be the most expensive to build out, and it is appropriate to minimise the period during which the industry has to bear the dual cost of sustaining FM transmission and completing the digital coverage map.

However, Government and industry are clear that switchover itself will not happen until digital radio coverage matches FM. As we note later in this submission, new transmitters continue to be added to the digital transmission network on an almost weekly basis. Further technical planning is also well advanced to continue the extension of geographical coverage of digital, and to enhance the signal quality.

10. The second of the criteria is inextricably linked to the industry's commitment to build out coverage: before a switchover date is set, 50% of listening must be to digital services. Without coverage improvement, listening will not grow to the levels required. However, the industry also recognises the importance of investing in new content and services to increase the attractiveness of the digital radio consumer proposition. The knowledge that the end of dual transmission costs is in sight, as signaled by the switchover plans, will aid investment in the type of content that will encourage people to listen to more digital radio.
11. Digital Radio UK is focused not simply on ensuring that no-one is left behind by digital radio upgrade, but on ensuring that everyone benefits from it.

### **A digital future will deliver important benefits for all**

*The greatest benefits from the digital radio upgrade will be for the listening public.*

12. Even now, wherever you are in the UK, you can receive more stations on digital radio than on analogue. Services such as BBC 7, Jazz FM, FiveLive Sports Extra, FunKids, Asian Network and Planet Rock are only available on digital and are just a glimpse of what will be available in the future. The additional capacity offered by digital radio is important because the FM signal is full – the upgrade to digital is the only way to deliver more station choice.
13. Digital radio also offers an enhanced listening experience. Independent surveys show that 76% of listeners think the sound quality of digital radio is as good as or better than FM. There is less interference, less crackle, and no need to retune when moving around the country.
14. Digital radio also offers more interactivity and functionality for consumers. Listeners already enjoy being able to tune into stations by name rather than frequency and the ability to pause, rewind and record. The future of digital radio includes the possibility of watching your favourite band whilst you listen to their music, ordering a copy of the book being discussed on air, or downloading a personalised travel report from your local station to your car radio, and these are just some of the possible innovations digital radio will offer.

*The upgrade will benefit all sectors of the UK radio industry*

15. Currently, the UK radio industry is supporting two transmission systems: FM and Digital. This is unsustainable for the private sector and does not offer best value to the licence fee payer. The digital radio upgrade would allow the industry to focus on investments in the content and radio services that consumers want. It will also allow radio to maintain its appeal to advertisers and compete more equally with other digital media.
16. A digital radio future will also be cheaper than the status quo. Although there is a cost to expanding and enhancing digital coverage, staying on analogue would require similar investment as the AM and FM national networks will soon need renewing. And once digital radio upgrade is complete, the whole industry will save the costs of analogue transmission, freeing more funds for investment and growth.
17. A digital radio industry will also be a more competitive radio industry, as more commercial stations gain the ability to transmit nationally and therefore compete more effectively with the BBC.

*There will be particular benefits for smaller stations*

18. Freeing up the FM spectrum will create more room for those stations that choose to remain on FM, allowing community and small, locally run radio stations to develop.
19. As national and larger stations migrate to digital, there will be more space on FM for new Community Radio services to launch, particularly in metropolitan areas where there is likely to be significant demand for new stations. Existing stations will also benefit from the possibility of improved signal strength. The benefits will also extend to hospital and student radio who may have previously suffered as a result of analogue spectrum scarcity.
20. Therefore, as a result of digital radio upgrade, there will be a sustainable platform for the continued existence and development of community and local analogue radio.

*There are benefits to the whole UK economy*

21. British radio has always been at the forefront of innovation and is the envy of the world. The digital upgrade will ensure this remains the case, cementing the future of radio as a much loved part of British life.
22. The upgrade will also secure high value engineering and manufacturing jobs in the British companies that lead the world in digital radio sets, such as Pure and Roberts, and support companies ranging from design studios to retail outlets.

**Radio needs a broadcast future, although other platforms, including internet radio, will be important**

23. There are, of course, many ways of listening to radio 'digitally', including via a digital television and on-line. Undoubtedly, as broadband penetration increases, internet radio will become increasingly popular. However, even with broadband penetration currently at 70%, listening to internet radio only accounts for 2% of all radio listening, and with digital television now in 90% of homes, listening via digital televisions accounts for 3.6% of radio listening.
24. Undoubtedly, both platforms will have a place in a digital future, but both have severe limitations if radio's unique characteristics of ubiquity and mobility are to be retained. We discuss this further in the Technical Appendix to this submission.

**DAB is the right choice for the UK**

25. The UK uses the DAB digital radio standard, part of the Eureka 147 family of standards. Other members of the same 'family' include DAB+ and DMB. Worldwide, countries are increasingly choosing one or other of the DAB family of formats, ahead of other digital broadcast technologies.
26. The UK, alongside Germany, China, Denmark and others, uses the DAB format, while Australia, Italy and Switzerland use DAB+. France is planning to adopt a version of DMB used in South Korea. However, an international agreement signed earlier this year means that all digital radio technologies within the DAB family will be receivable by one standard radio chip (known as 'Profile 1'), making it easier for both consumers and manufacturers.
27. It is true that many countries who are moving to digital now, are choosing DAB+ (a recent development of the DAB family of standards) but this does not mean that DAB is outdated or unusable. Digital radio technology is constantly advancing and this is to be welcomed. Other sectors also experience this:
  - Today's top-of-the-range PC will quickly be followed by an enhanced (and probably cheaper) model, but this does not mean that all previous computers are defunct.
  - Similarly, Freeview does not use the most up to date version of digital TV technology, but it works well, is popular, and has delivered enormous benefits for consumers.

28. The potential benefits to UK radio listeners of DAB+ would be relatively marginal, while it would have a significant disadvantage as the vast majority of the UK's 10m DAB sets would become obsolete. (Please see the attached Technical Appendix for more details)
29. However, DAB+ is compatible with DAB and, at a later date, DAB+ could be introduced seamlessly alongside existing DAB services.

### **The upgrade to digital will not have a significant environmental impact**

30. We expect that many people will choose to convert their analogue sets to digital, and the process of disposing of those sets that people do want to replace will be managed carefully to ensure minimal environmental impact.
31. Many people will not want to get rid of their radios, and will instead want to convert them to digital. Adaptors are being planned for this and we expect such devices to be available very soon, at an initial price of around £50, though prices will inevitably fall as we have seen with other digital devices, such as Freeview boxes. FM radios that don't have a converter will still be able to receive community and small local radio services on FM.
32. It is also important to remember that many of the 'radio sets' that exist are embedded in other devices, such as CD players or mobile phones, and therefore these will not need to be disposed of as they have other uses that will continue. We believe all of these considerations will mitigate the understandable concern there has been about what will happen to the 46 million radios currently in use in homes across the UK.
33. But perhaps most importantly, digital radio upgrade is at least six years away, giving consumers a long period of time over which to replace their analogue sets with digital ones. The Government's announcement of a target date for the digital radio upgrade has therefore been very important in allowing consumers to make informed decisions when buying new radio sets, and to plan their investment in digital radio equipment.
34. For those people who do want to replace their radios, the environment impact will be minimised through responsible disposal and recycling. Recycling facilities for electronic goods is already required by existing legislation in the form of the Waste Electrical and Electronic Equipment (WEEE) Directive.
35. The digital radio sets coming on to the market today are far more energy efficient than earlier models with performance having improved by around 75% in the last five years.
36. Many of the radios made by British company Pure are recommended by the Energy Saving Trust and operate on than a quarter of the energy used by a low energy light bulb. A recent study found that, based on typical radio usage, an energy efficient digital radio costs just £1.20 a year to run and, if the set is turned off rather than left on stand-by when not in use, that drops to 50p a year.
37. Battery life is also improving dramatically. Roberts recently assessed the energy consumption of comparable analogue and digital radios. They found that the analogue radio used 6 batteries and lasted 40 hours, whilst the digital radio used 4 batteries and lasted 99 hours.

### **The industry is addressing the challenges that lie ahead**

#### *Improving coverage*

38. Digital radio already has wide coverage. National commercial digital services (including Classic FM, Absolute Radio, TalkSPORT, PlanetRock, Premier Christian Radio, BFBS and Amazing Radio) and national BBC digital radio stations (Radios 1-7, 1Xtra, Asian Network and Five Live Sports Extra) reach

almost 90% of the population. In addition, around 80% of the population can already receive local and regional stations on digital.

39. The radio industry is committed to extending this, and we agree that the digital radio upgrade should not take place until digital coverage matches that of FM (FM reaches 98 % of the population).
40. In order to improve the coverage the industry is investing in new infrastructure; new transmitters are being put in place every week and further expansion in coverage is being planned. For example, last month the BBC turned on a new transmitter in Oban, providing coverage to the town and the eastern tip of the Isle of Mull (adding around 10,500 people to the coverage of the network). This was the BBC's first transmitter on the west coast of Scotland and will be joined next month by one for Fort William. The BBC also launched a transmitter in Rhondda – providing coverage to the northern end of the Rhondda valley, including Tonypany, Pentre and Treherbert. This completes the BBC's current expansion in the Welsh valleys with a total of 8 transmitters in the area (adding 250,000 people to the coverage of the network).
41. Although coverage in-cars has also increased significantly in recent years and now extends to all major motorways and A roads, as well as many B roads, investment will ensure this continues to improve ahead of the digital radio upgrade.
42. In addition, the industry is redefining digital radio reception standards. Until now, digital has been a complementary platform to analogue, and the focus has been on maximising the geographical reach of digital signals. However, in order to switch to digital the industry will meet new higher standards of coverage, enhancing signal strength, as well as further expanding geographical coverage. This will lead to better reception in homes and in cars.

#### *Getting Digital Radio into more cars*

43. The digital radio future promises a much improved in-car experience for drivers, with a standard of sound quality and station choice that analogue is unable to deliver. In a digital future, drivers will no longer have to retune their radio as they move from one area to another, and will have new and personalised information sources available to them to assist them on their journey.
44. Digital radio can deliver far more data than FM and work is underway to incorporate digital radio chips into other in-car technologies. A digital future could see drivers swapping in-car entertainment systems for in-car information systems with customised and in depth information for drivers. This could include real time traffic updates, local weather information, hazard warnings, and even information about nearby petrol stations or spaces in local car parks.
45. An increasing number of cars already have digital radio. The number of cars coming into the market with digital radios as standard is increasing dramatically, and a recent summit with the motor industry underlined their support for radio's digital future. Ford now fits digital radio as standard on all medium and top range vehicles and Vauxhall has announced that digital radios will be available across its entire range by 2013. In fact, fifteen car manufacturers from Audi to VW already fit DAB as either standard, or an optional upgrade for as little as £55. Importantly, there is now agreement on a pan-European standard for digital radios, meaning manufacturers will be able to fit one digital radio set into cars, safe in the knowledge that it will work in different countries.
46. There is also an emerging range of small and effective conversion devices on the market costing around £60, and the cost will reduce as more come to market over the next few years.
47. Progress is encouraging especially since it is only a matter of months since the Government's official announcement about the digital radio upgrade. But the radio industry knows that a lot more needs to be done. We are working closely with car manufacturers, their representatives and the

Government to ensure that, by the time we upgrade to digital radio, anyone who wants to can have digital radio in their car.

#### *Cost and usability of sets*

48. The cost of digital radio sets continues to fall. Whereas early sets cost over £600, as demand has increased and digital services have become more widespread, it is now possible to buy a simple set for around £25. As with the transition to digital televisions, we expect prices to fall even further as switchover draws nearer and demand for sets increases.
49. For the overwhelming majority of consumers, we believe the investment they make in new set(s) will be more than offset by the improvements in the listening experience, more interactivity and new services. However, we recognise that there are vulnerable groups who may need assistance. The transition to digital television has been accompanied by a help scheme for elderly and disadvantaged people. As part of the impact assessment that will be conducted into the digital radio upgrade, Government has committed to assessing the need for a similar plan for digital radio. The radio industry will work closely with consumer groups and government to define such a scheme as the start of the switchover process approaches.
50. Digital Radio UK recently announced it will be working with receiver manufacturers to develop an integrated station list that will enable listeners to select stations by name whether they are on FM or digital, and tune seamlessly between FM and digital frequencies. This will ensure that local commercial and community stations which stay on FM, along with new services launching on newly vacated analogue spectrum, remain as accessible to listeners as those stations that have migrated to digital only.
51. The overwhelming majority of digital radios currently available include FM as well as digital tuners, and the aforementioned 'Profile 1' international digital radio standard already requires all digital radios to include FM.

#### **In Conclusion**

52. It is clear that radio must move decisively into the digital age. Doing so will bring important benefits for consumers and will enable radio to retain its place at the heart of British daily life. However, Digital Radio UK is clear that the transition must be a carefully managed one: consumers must be at its heart, and that is why we agree that criteria around coverage and listening should be met before a switchover date is set. In order to achieve these criteria, the radio industry (along with manufacturers, the motor industry, retailers etc) will have to work hard, but we are ready for this challenge. We know that, for everyone involved, the prize will be worth the effort.

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