

B - Overview of UK television market

PSB Report 2010 – Information pack
7th July 2010

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Background

- This document provides an overview of the UK television sector, providing key metrics relating to consumer ownership and use of media devices and services and details on market developments.
- Data reported here includes:
 - Ofcom's own research and data
 - GfK NOP's consumer research and sales data
 - Nielsen NetView
 - Company data (e.g. sales data, press releases)

Summary: Digital television and switchover



Digital television

- At the end of 2009, take-up of digital television in UK households stood at 91.4%, up from 88.8% at the end of 2008 (see Figure B1):
 - almost 40% of UK homes (39.6%), received digital terrestrial television (DTT) on their main TV set at the end of 2009, up by 1.2 percentage points year on year.
 - Satellite TV was on the main TV set in 38.3% of homes, an increase of 1.3 percentage points year on year.
 - cable television accounted for 12.4% of homes at the end of 2009, down by 0.4 of a percentage point from a year earlier.
- Looking at the total universe of television sets in the UK shows that (See Figure B2):
 - just over a fifth (21%) of all sets received analogue terrestrial television as their primary means of reception at the end of 2009, compared to 27.6% at the end of 2008.
 - digital terrestrial accounted for 47.3% of sets at the end of 2009, up from 43.1% a year earlier.
 - the proportion of television sets connected to pay satellite services also increased in 2009, up by 2.5 percentage points to reach 23.2%.
- Consumers are continuing to convert *additional* sets in the home. Almost 69% of all secondary TV sets had been converted to digital by the end of 2009, up by around 8.5 percentage points in a year, according to *Ofcom's Digital Progress Report*, Q4 2009*.

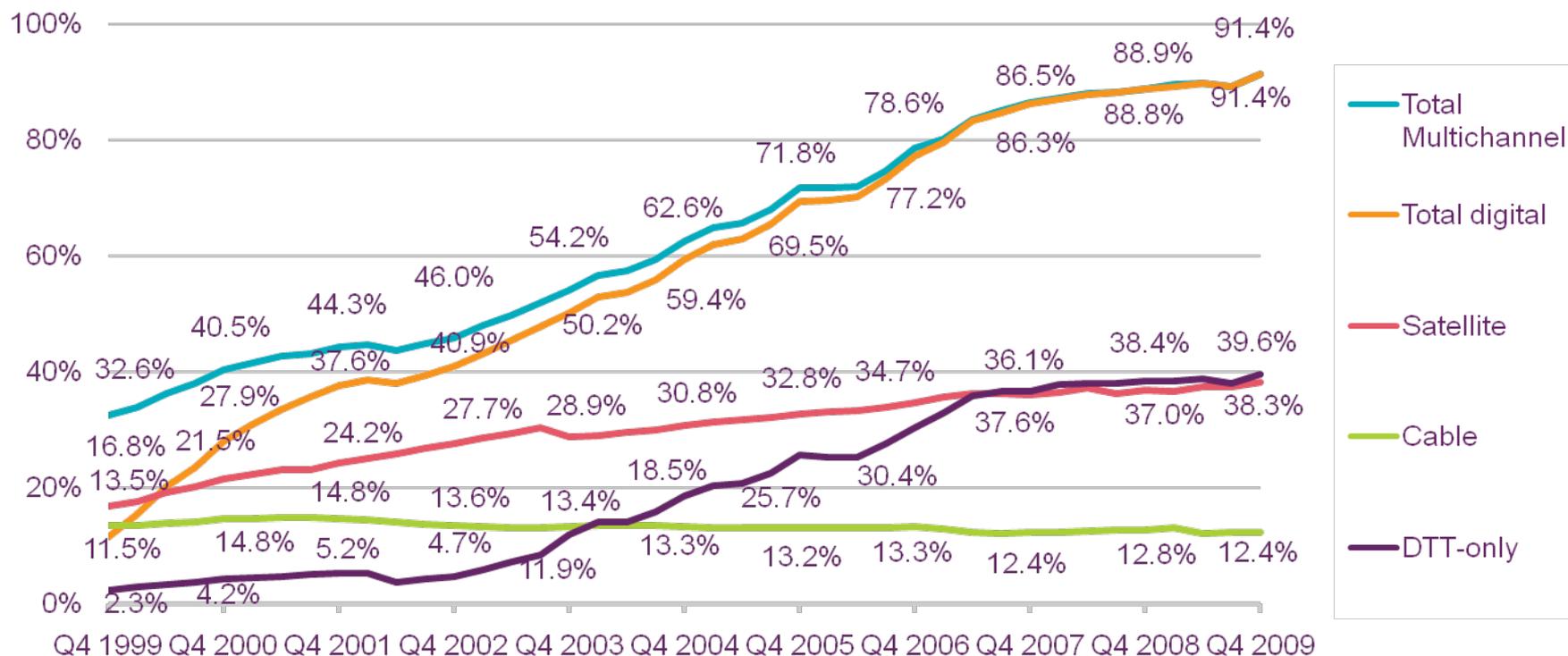
Digital switchover

- Nearly 19% of UK households had been covered by digital switchover at the end of 2009**
- In December 2009, the North West of England became the biggest single region to complete switchover. A total of 3.04m homes are served by the Winter Hill transmitter in the Granada region, which covers the major cities of Liverpool and Manchester.

* http://www.ofcom.org.uk/research/tv/reports/dtv/dtv_2009_q4/dtv_2009_q4.pdf

** Ofcom's UK Communications Market Report, 2009

Fig B1 Household take-up of television services:1999-2009

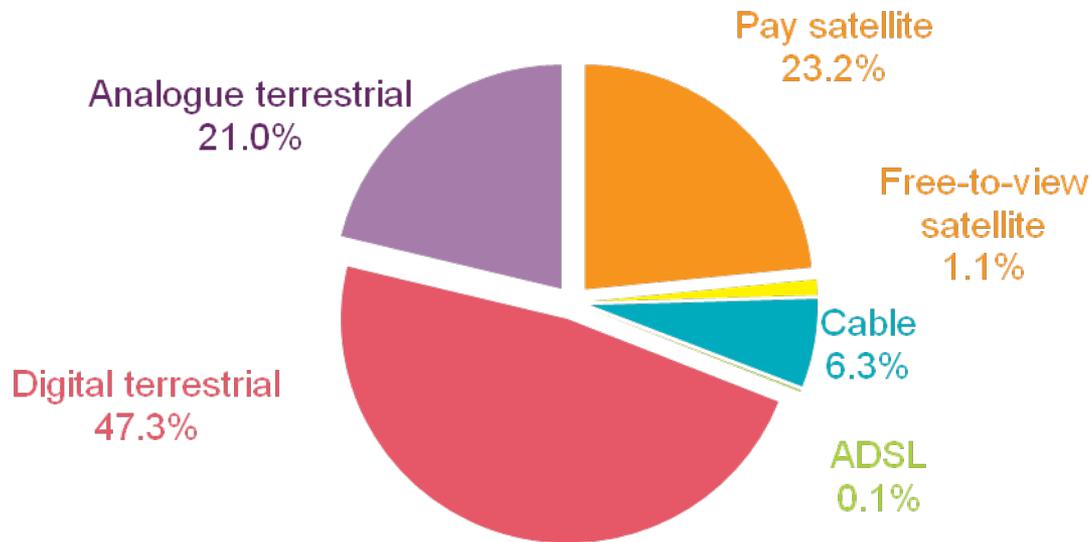


Source: Ofcom

Note: GfK and Ofcom research from Q1 2007 onwards; previous quarters use platform operator data, research and Ofcom estimates. Note: TV over ADSL take-up is too low a percentage to register on this chart.

Fig B2 Universe of television sets, by platform, Q4 2009

Total TV sets = 60 million



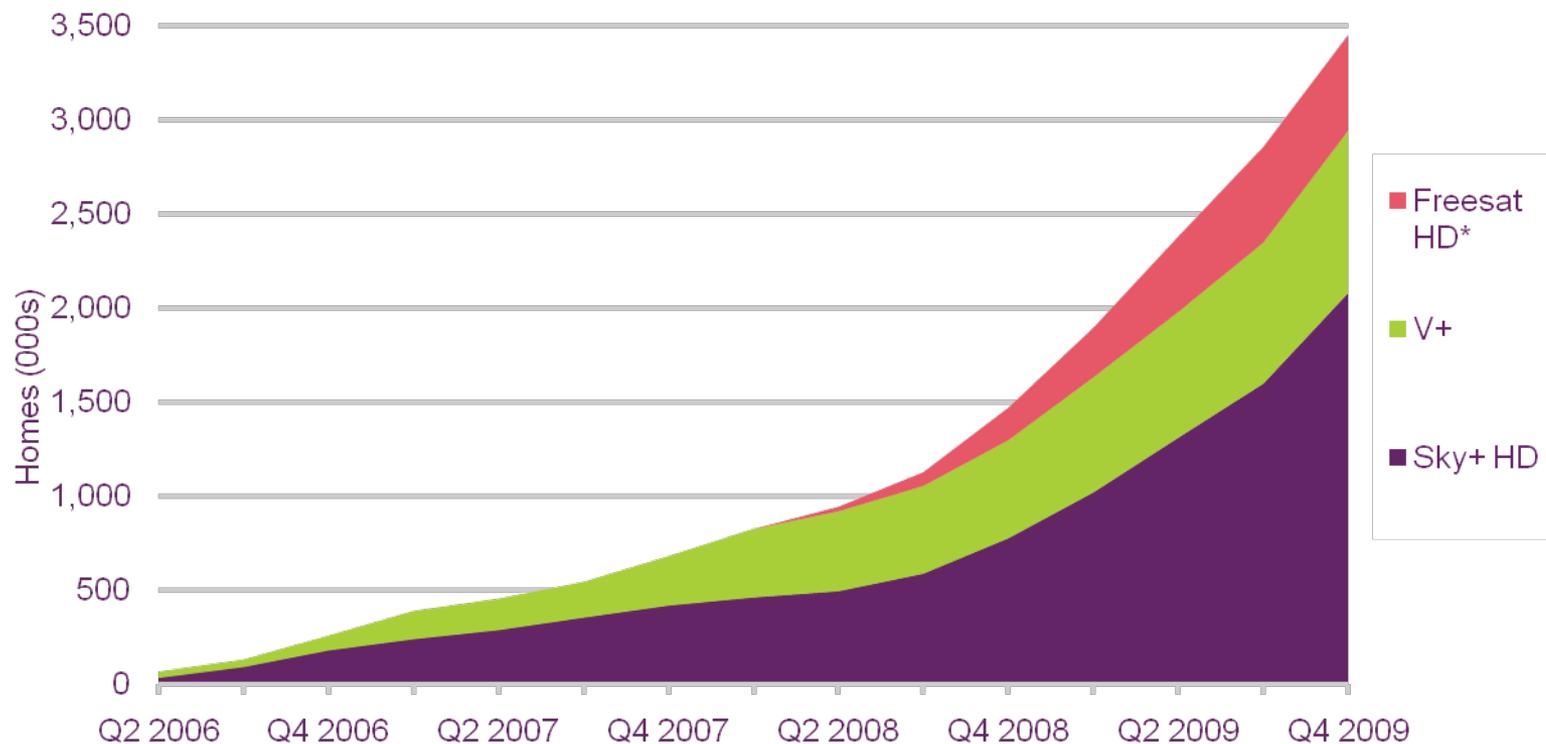
Source: GfK research



Summary: High Definition television (HDTV)

- Nearly 3.5m homes had reception equipment capable of receiving high definition television (HDTV) channels at the end of 2009, up from around 1.5m at the end of 2008 (See Figure B3):
 - Sky+ HD accounted for the majority of these, with 2.1m subscribers at the end of 2009.
 - Virgin Media and Freesat platforms accounted for about 1.4m homes with access to HD channels at the end of 2009.
- Other TV services also offered HD content on demand, such as BT Vision, TalkTalk TV.
- The increased adoption of HD-ready TV sets is creating a growing market for HDTV. By the end of 2009, around 22m HD-ready sets had been sold in the UK (See Figure B4) In the fourth quarter of 2009, 2.3m HD-ready sets were sold, which represented 70% of all TV set sales. *Note: While a home may have a HD-ready TV, this does not mean that they automatically receive HDTV channels. They must also have the relevant HD decoder equipment too (unless that have bought a Freesat HD or Freeview HD TV, which include HDTV tuners).*

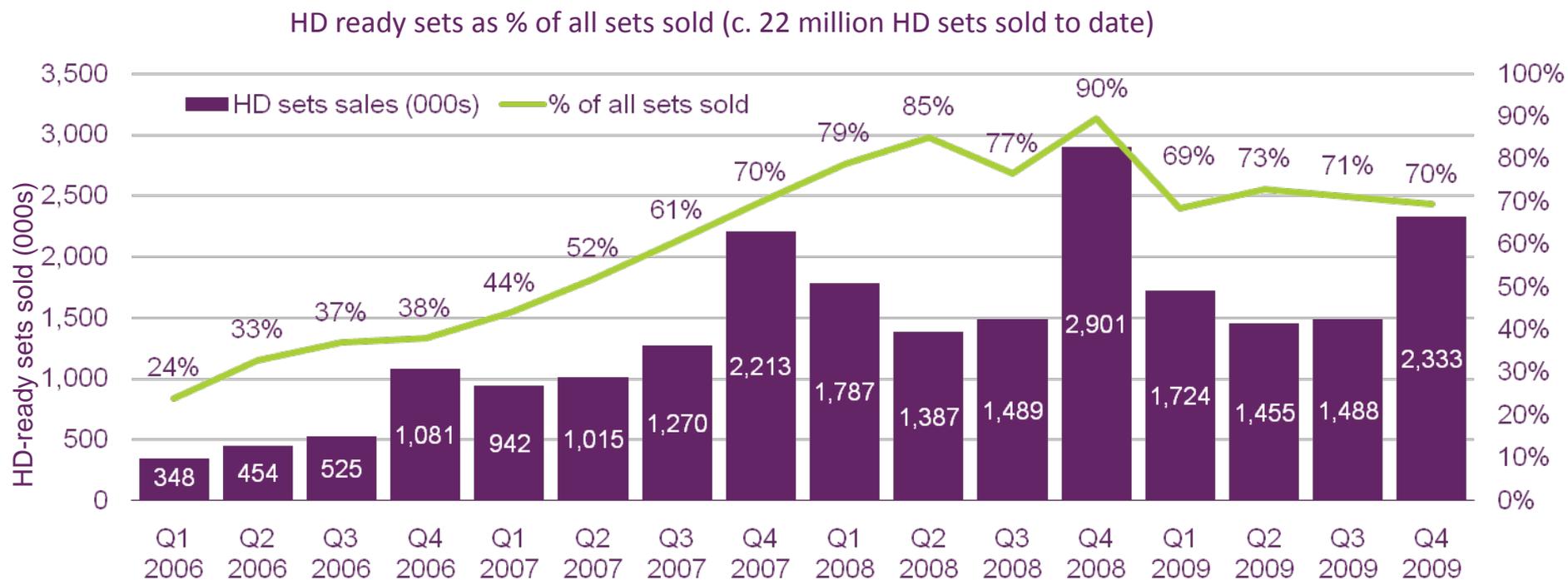
Figure B3 UK homes with reception equipment for HDTV channels: Sky, Virgin Media and Freesat



Source: BSkyB/Virgin Media/Freesat.

Note: *Freesat data based on HD equipment sold, which does not mean this device necessarily represents the principal means of viewing TV on the main set (for example, Freesat IDTVs could be used to access other HD services). The cumulative number of HD homes, therefore, is indicative only. Figures represent latest available data.

Fig B4 HD-ready sets - sales volumes as a % of all set sales



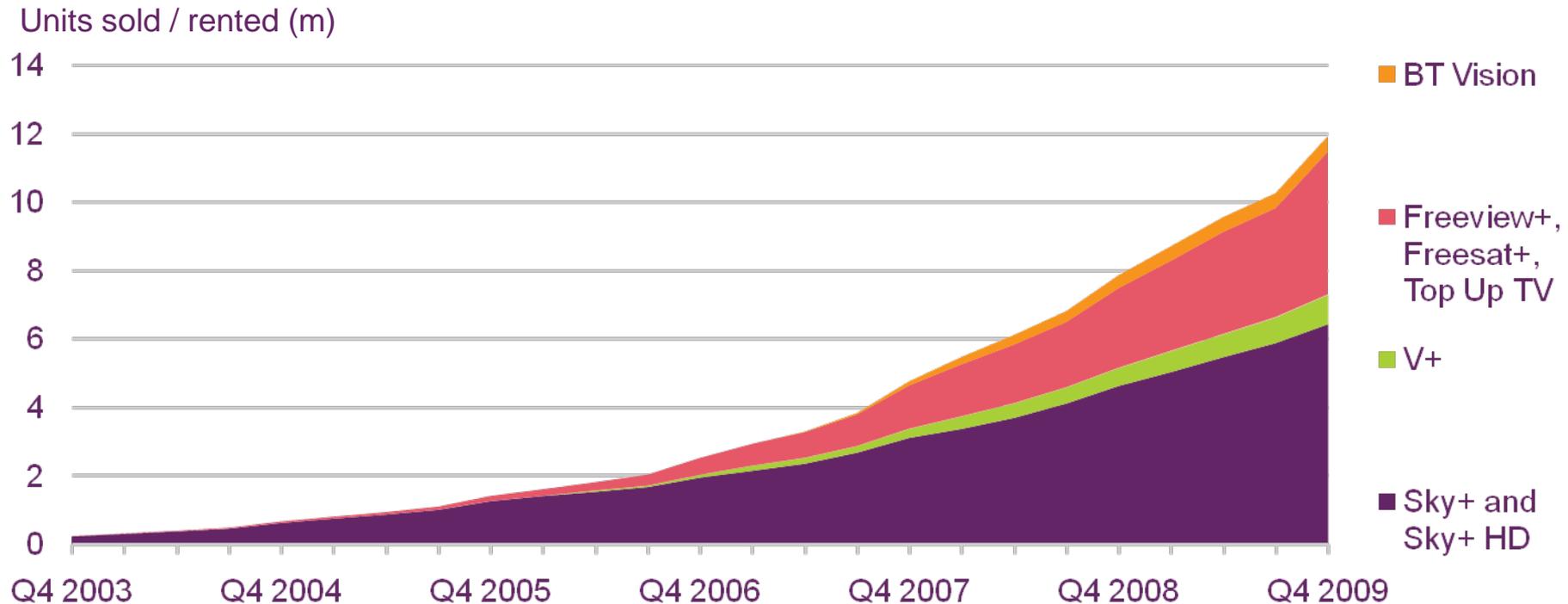
Source: GfK sales data (EPOS data)

Summary: Non-linear television

- Nearly 12m digital video recorders (DVRs) had been sold or rented to UK consumers by the end of 2009, up by 1.7m devices in the year (See Figure B5). Around 7.8m were homes with Sky, Virgin Media or BT Vision platforms (See Figure B5).
- At the end of 2009, Virgin Media's video-on-demand (VoD) service was available to nearly 3.7m digital cable TV homes in the UK*. In the fourth quarter of 2009, the company registered 74m VoD uses, more than double the 33m seen in the same period two year earlier (See Figure B6). During that period, the reach of VoD increased by 11%, with 58% of Virgin Media' digital TV customers accessing VoD on a regular basis.
- Online TV services, which allow consumers to catch-up with programmes 'on demand' via the internet continued to attract new users in 2009;
 - Nearly a third (31%) of all adults with the internet at home claimed to watch online catch-up TV at Q1 2010, up from 23% in Q1 2009 (See Figure B7). The 15-24 age group was the most prolific viewers, with 40% saying that they or their household watched online catch-up TV, while the proportion of over 65s using catch-up TV nearly doubled in a year, from 10% to 18% in 2009.
 - The BBC's iPlayer online TV service registered a unique audience of just over 7m users in December 2009, up from 5m a year earlier (see Figure B7). In January 2010, 68.2m TV programmes were requested by iPlayer users across different platforms; this had risen from 30.8m in January 2009 (see Figure B8).
 - Both ITV Player and Channel 4's 4oD also increased their unique audiences in December 2009, to reach 1.4m and 1.3m users respectively (up from 0.7m and 0.2m a year earlier). Demand Five and Sky Player attracted similar sized audiences at the end of 2009, with 0.4m and 0.5m unique users respectively (see Figure B9).

* Virgin Media results, Q4 2009. <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzMxMjI8Q2hpbGRJRDR0tMXxUeXBIPTM=&t=1>

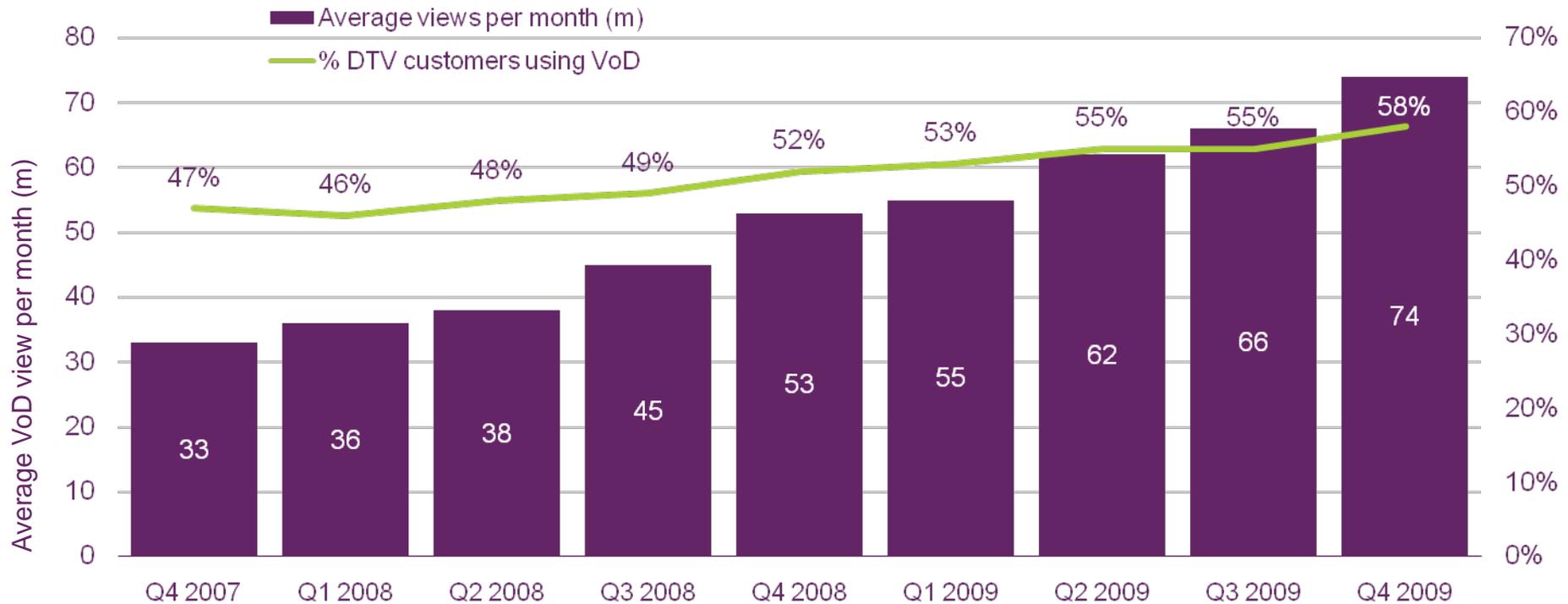
Fig B5 Sales and rentals for digital video recorders (DVR)



Source: Operator results, GfK sales data and Ofcom estimates

Note: Figures represent sales and not homes. Freeview+ and Freesat+ data based on GfK and sales data. BT Vision, V+, Sky+ and Sky+ HD based on operator data. Sky+ figures include the Republic of Ireland. V+ boxes are rented to Virgin Media customers. Data for Freeview, freesat, Top Up TV is based on sales and consumer data so will include replacement devices.

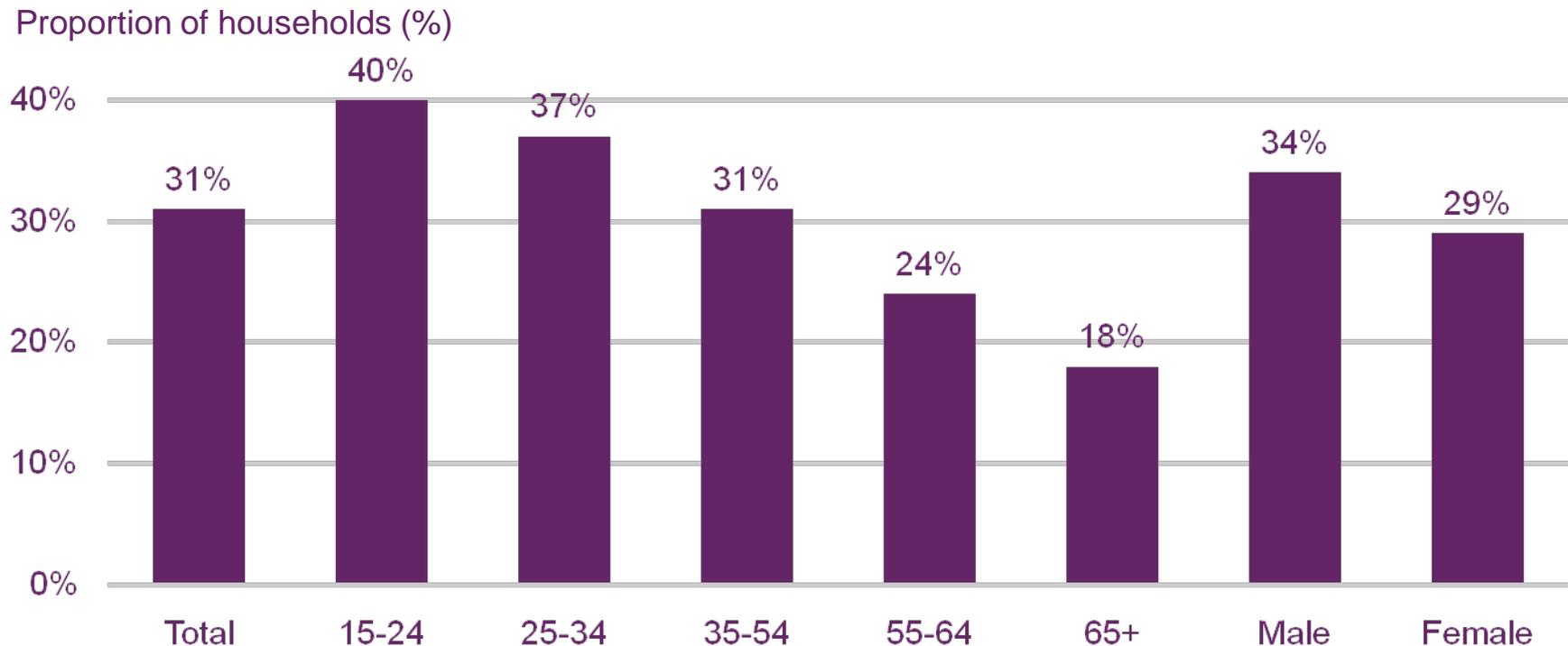
Fig B6 Virgin Media Video-on-Demand usage statistics



Source: Virgin Media

VoD = Video-on-demand, DTV = Digital television

Fig B7 Proportion of households with home internet who watch online catch-up TV

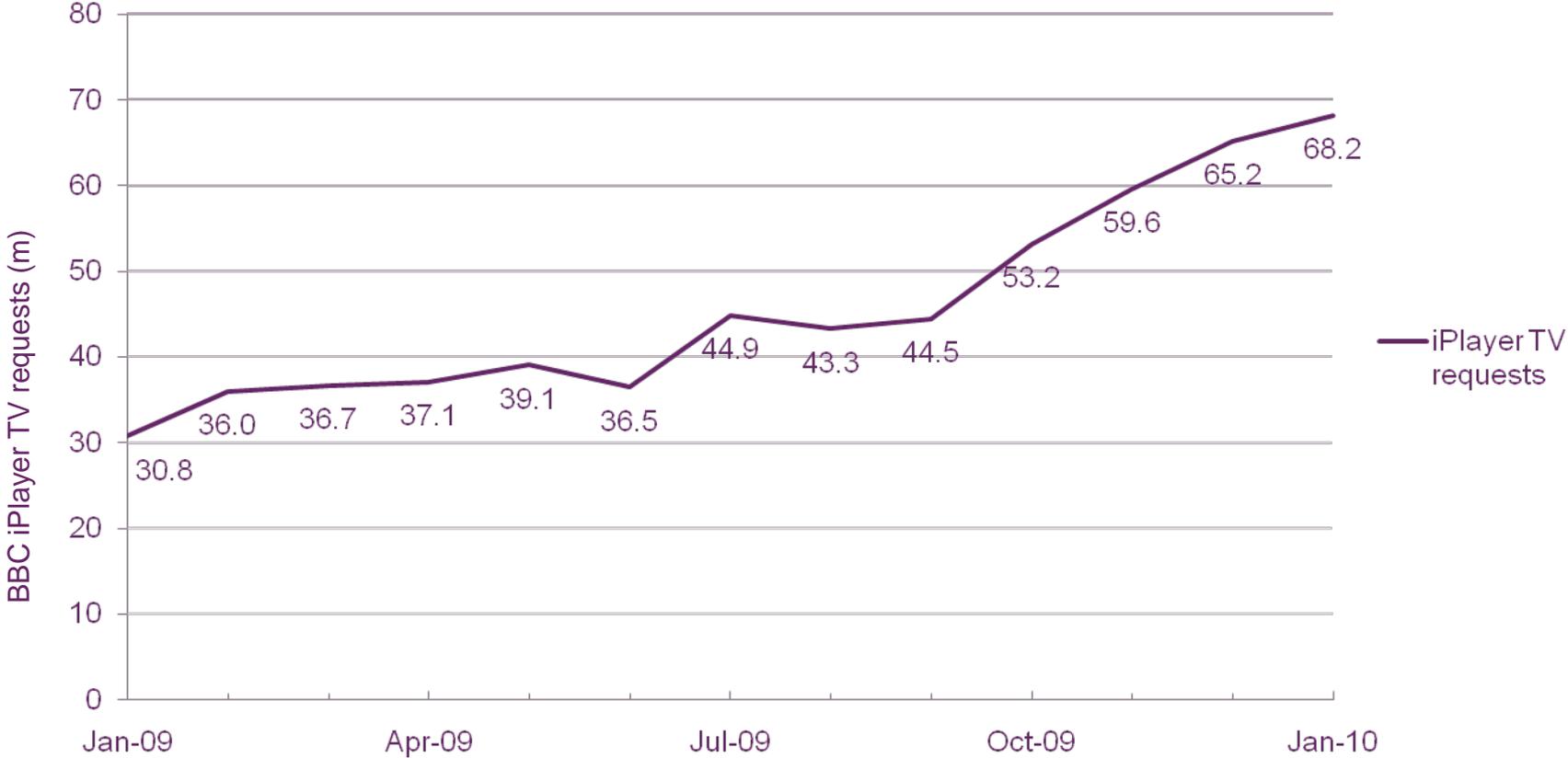


Source: Ofcom research Q1 2010. QE5A "Which, if any, of these do you or your household use the internet for whilst at home?".

Base: All adults who have the internet at home (2010, n=6163; 15-24 n=1048, 25-34 n=1100, 35-54 n=2464, 55-64 n=860, 65+ n=691; male n=3015, female n=3148).

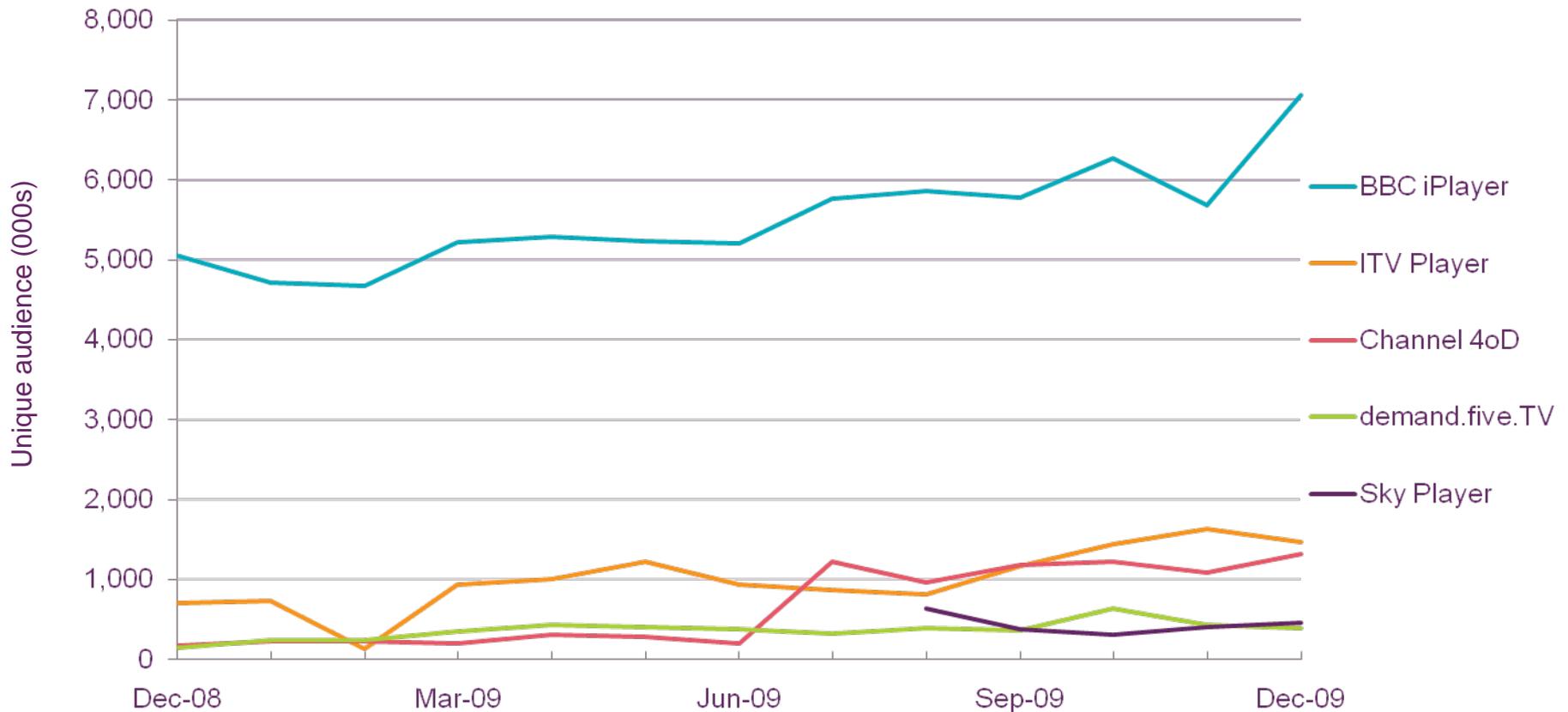


Fig B8 BBC iPlayer, TV programme requests



Source: iPlayer monthly press pack/ BBC iStats

Fig B9 UK online TV and video services, unique audiences



Source: Nielsen NetView