



# Radio – Preparing for the future

**Phase 1: Developing a new framework**

## Appendix C: Summary of representations made during the review of digital radio

**Summary of written responses from preliminary  
industry consultation in relation to digital radio**

# Appendix C: Summary of representations made during the review of digital radio

Section 67 of the Broadcasting Act 1996 requires the Secretary of State to keep under review the development of digital radio, for the purpose of considering for how long it would be appropriate for sound broadcasting services to continue to be provided in analogue form. The Act requires the review to look at:-

- (i) the provision in the UK of radio multiplex services;
- (ii) the availability in the UK of digital sound programme services and the availability there in digital form of national services (within the meaning of Part III of the Broadcasting Act 1990) and the sound broadcasting services of the BBC; and
- (iii) the ownership or possession in the UK of equipment capable of receiving the services referred to in sub-paragraph (ii) (above) when broadcast or transmitted in digital form.

The Broadcasting Act 1996 also requires the review to look at the likely future extent of such provision, such availability and such ownership or possession.

Ofcom was asked by the Secretary of State to report to her on these matters by 31 October 2004. Our report is included in Section 7 of this consultation document<sup>5</sup>.

In conducting this review we approached all of the radio multiplex licence holders and the holders of digital sound programme licences in the UK to obtain their views on the progress to date and the future of digital radio in the UK. In addition, we spoke with some analogue-only radio stations, radio trade associations and digital radio receiver manufacturers to obtain as wide a range of views and opinions as possible. The responses were taken into account when writing this report and specific views on the areas that the Secretary of State asked us to report on are summarised below.

## C1 Provision in the UK of radio multiplex services

There was general agreement amongst respondents that more spectrum should be allocated to digital radio, however opinion was fairly evenly divided as to the balance between the licensing of local and national digital multiplex services. All of the larger groups that commented on this point were in favour of considering more national multiplexes, although one thought that it should be a longer term objective<sup>6</sup>. Two of the larger groups were also in favour of more local multiplexes as were the two smaller groups and individual stations that commented on this. A number of the respondents expressed a view that the BBC should not be allocated further digital spectrum beyond the reserved capacity for local services.

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<sup>5</sup> We have updated some of the information in this report and added further detail on our policy proposals for consultation.

<sup>6</sup> Since this summary was compiled for the purposes of the digital radio report to the Secretary of State, we have received further representations from one of these groups objecting to the possibility of more national multiplexes.

One respondent had a concern that the access gatekeepers, in the form of the multiplex operators, were the same people as the content providers. They felt that this gave an opportunity to block new entrants who may be perceived as an actual or potential threat by refusing to contract for capacity.

A number also felt that consideration should be given to technologies other than DAB (possibly to be used in parallel with DAB), but also that there should be a commitment to DAB.

### **C2 Availability in the UK of digital sound programme services**

When considering the current provision of digital services, there was a widely held view that digital radio had increased the choice for listeners over analogue. One view was that in the digital world there was now a good balance of new players offering more “niche” output and “wide appeal” output provided by larger players. However, the most consistent comments were a general concern about the future for smaller commercial stations, their listeners and local content in the digital world. To address this, one respondent suggested that there should be a strategy for the migration to digital of analogue stations and another suggested that there should be regulation of the margin that multiplex operators can make to try to avoid smaller operators being squeezed out.

Coverage was felt to be an issue with a number of respondents being concerned about DAB coverage compared to FM. There was a feeling from some respondents that the robustness of the DAB signal was a problem, particularly in-building reception, and that action, possibly in the form of additional spectrum allocation, should be taken to improve this.

Some respondents were concerned that the offerings of the BBC digital service were not distinct from those of equivalent commercial digital broadcasters.

### **C3 Ownership or possession in the UK of equipment capable of receiving digital sound services**

Several respondents held the view that DAB take up in the UK has been slower than expected and that, as radio is a free service, sets cannot be subsidised by subscriptions so the supply of receivers to consumers takes time. One view was that the success of DAB as a technology was underpinned by a “sub £100 single speaker set which does not offer the true benefit of digital radio”. When commenting on digital radio via television there was a general view that the digital TV platforms are a useful shop window for digital radio services but once people get DAB they use that instead.

Despite the slow start, most respondents were optimistic about the future for digital radio with a view that set take up will accelerate with lower set prices being seen as the key to this. One respondent commented that they were encouraged by take up rates of digital receivers and estimated that it will make commercial digital radio viable from 2008 onwards while another commented that after a slow start the number and diversity of different DAB sets offers confidence in the future of digital radio. Respondents generally held the view that announcing a switch-off date and / or a switch off process (e.g. a review date or criteria for a switch over review) will encourage take up of receivers.

Regarding the future ownership of digital radio technology, there was one view that there will be a large non-UK market for DRM and IBOC radio transmission and receiver equipment, both being technologies that could be used to complement DAB.