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DAB UK

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DRDB DIGITAL RADIO DEVELOPMENT BUREAU

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How has the UK gone from zero to hero in the world of DAB in just five short years . . .

. . . while other countries are only now beginning to recognize the potential of digital radio technology?

There is a fundamental problem inherent in rolling out any new broadcast technology and that's infrastructure cost. It's not like inventing a new way of playing, recording or downloading music (CD, mini-disc, MP3, etc.) which involves a consumer plugging one thing into another and winding up with a new music library. Any new broadcast technology requires a way to get the audio, or video or data from one central location to millions of little receivers all over the country. That means a terrestrial transmitter network, or a cable system or a satellite launched into space. And that's expensive.

Much of Europe is still trapped in the "Catch 22" or "chicken-or-egg" syndrome that faced the UK in the late 1990s when DAB digital radio was merely a twinkle in the eye of Quentin Howard, the BBC and a couple of pioneering manufacturers. If you're a broadcaster, do you spend money on a terrestrial transmitter network, bid for multiplex licences and create a host of new DAB digital radio services, knowing there is nothing for consumers to buy that will let them hear these great new programmes? Or

- *In 2004, 836,300 DAB digital radios were sold in the UK bringing the cumulative total sales to 1.2 million.*
- *This represents a 178% increase in sales volume over 2003.*
- *The value of the DAB digital radio market in the UK in 2004 was £87 million.*
- *This represents a 148% increase in sales value over 2003.*

do you wait until manufacturers have made affordable products and consumers have rushed out to buy before launching new services and building a robust transmitter network?

Or, do you get clever and recognize that the only way it's going to work is to do both . . . at the same time.

Government support

The UK benefited enormously by having a supportive government behind the broadcasters' efforts to launch DAB. That's not to say the government was *supporting*, just supportive. There was no subsidy offered to encourage the digital switch to either manufacturers or broadcasters. But there was encouragement and incentive in the form of an automatic analogue licence extension for broadcasters joining a DAB multiplex. And there was strong legislation in place from an early point which made the rollout of DAB licences, multiplexes and services clear and straightforward.

With this landscape in place, public and commercial broadcasters in the UK realized that the only way to make DAB work was to join together, pool efforts and expertise to encourage chip makers and manufacturers to make new products, retailers to stock those products and then to market all the benefits of the new technology to consumers with one voice. Thus, in 2001, the DRDB (Digital Radio Development Bureau) was born, funded by the BBC and all the major commercial radio broadcasters in the UK and tasked with achieving mass market penetration for DAB digital radio as quickly as possible.

Meanwhile, Quentin Howard and Digital One decided if the horse could not be dragged kicking and screaming to water, they would simply move the lake. A deal was struck, an investment was made with a unique British company called Imagination Technology and the result was a smaller, cheaper, less power hungry DAB chip which, for the first time, allowed DAB radios to step out of the sacred realm of "Hi-Fi Stereo".

Suddenly you could make portable products, you could run them off batteries and you could sell them at under £100.

New services

Over the next few years more and more manufacturers saw the potential of DAB digital radio both in terms of volume sales, value and market share. Retailers, who had been sceptical about DAB, suddenly realised that they could rejuvenate an audio market that had seen no innovation since the arrival of FM in the 1960s . . . and make some profitable margins at the same time.

Research shows that nearly 70% of people buying a DAB digital radio do so in order to receive new stations. There are 168 different radio brands on DAB in the UK. Of the 418 services broadcasting around the country, more than 50% are only available with a DAB radio. Just broadcasting simulcasts of existing FM stations does not inspire consumers to buy a DAB radio. Better sound quality is rarely an issue given that most people are quite happy with the quality of their FM radio. But offer them something new and unique, something they can't get on an analogue radio and they will rush out to buy.

If you do broadcast an FM service on DAB, there are ways to enhance the digital experience of the listener. Scrolling text is a powerful tool, delivering additional promotional messages, as well as programme supporting data. Because it eliminates the need to remember frequencies, DAB also means your listeners can find you more easily, can get back to you more quickly and thus builds listener loyalty to your brand.

Now you have a saleable, affordable commodity. You have unique radio services from both the BBC and the commercial sector broadcasting enough new formats to grab the

DIGITAL RADIO NOW
Your one stop guide to the digital radio world

marketing bureau on the one hand gathering data and using it to promote DAB products to Japanese and Far Eastern brands, and on the other hand talking directly to the consumer about the benefits of a new technology.

High awareness

Awareness of DAB digital radio in the UK currently stands at 59% of the population (or 29 million adults). Once you have your affordable products, your transmitter network and your unique DAB-only programme content, the next thing to do is tell people about it. Marketing DAB effectively requires cooperation between all the players. Messages must be constant and consistent with no room for confusion in the mind of the listener. So it is important that, as in the UK, marketing campaigns are coordinated. Individual broadcasters can promote their own services, while keeping the generic DAB message in line with that of their competitors. Cross industry support is essential and, in this respect, a central marketing bureau, such as the DRDB, is invaluable.

Until recently, advertising on DAB digital radio was limited. But with listening figures topping 1 million for some digital radio stations (when listening via digital television is included) agencies and media buyers are beginning to look more closely at the medium. Although measuring listening to DAB specific products is impossible for now, it can be estimated that with 1.2 million radios in circulation, there are around 2.4 million listeners each week tuning in to DAB stations. With a projected 2.5 million radios in circulation by the end of 2005, that gives a potential listenership of 5 million people. Advertisers take note! And, an aside to broadcasters, research shows that people with a DAB digital radio actually tune in for 21% longer than those listening to analogue radio.

DAB digital radio

It would be tempting to believe that the job of growing the DAB digital radio market is done, at least in the UK. But a reality check is in order. If 59% of the population knows what DAB is, then 41% don't. If 85% of the population enjoys DAB coverage, then 15% don't. If 836,000 DAB digital radios were purchased in 2004, then more than 10 million analogue radios were sold.

New technologies

An additional challenge looms in 2005 as we see the arrival of new technologies, such as DMB (Digital Multimedia Broadcasting, which has its roots in DAB and can use an existing DAB infrastructure) and DRM (Digital Radio Mondiale, a digital system for the AM broadcasting bands below 30 MHz) which is seen as a complementary technology to DAB. Digital radios with Electronic Programme Guides (EPGs) will further change the way we consume radio. Just over the horizon are new broadcast models that could bring data and subscription services to listeners who are prepared to pay for a specific mix of programming. And then there's the mobile phone option!

DAB digital radio has come a long, long way in five years, but there is still quite a journey ahead.