

## NEWS AND DATA ON DIGITAL TERRESTRIAL TV FROM ITALY AND EUROPE

### THE ROAD TO DIGITAL MOVES FORWARD: AGCOM MUST DO ITS PART, AND DO IT QUICKLY.

The 5th National Conference on DTT has taken place and switch-over in Lombardy and Eastern Piedmont is complete: a further 5 million households successfully dealt with Rai 2 and Rete Quattro moving from the traditional analogue signal to digital terrestrial. The road towards definitive switch-off is thus moving forward according to schedule which, after the summer, will see switch-off taking place in the entire north of Italy.

The national frequency allocation plan and automatic channel numbering, currently being developed by Agcom, is a key ingredient needed in order to go on with the process and respect the defined schedule. It therefore follows that this should be finished quickly and efficiently. There are only a few weeks left to re-confirm the organisation and positive results obtained so far in other regions. With a constructive attitude, as always, we will do our part and we are certain that everyone else involved in the process, starting with Agcom, will do theirs. As always.

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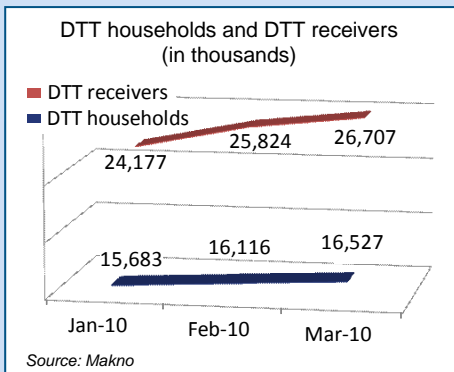
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#### DTT PENETRATION

##### PENETRATION STANDS AT 67%

According to E-res/Makno data, the number of households at the end of March with at least one DTT receiver in the main family home, stood at 16,527,000 with a growth of 410,000 units since February. DTT penetration on total households stands at 67.1%.

The number of DTT receivers is growing more than the number of DTT households: this is because a large number of receivers are being bought to equip secondary TV sets. At the end of March there were 26,707,000 DTT receivers in households implying a penetration of 52.4% on total existing TV sets.



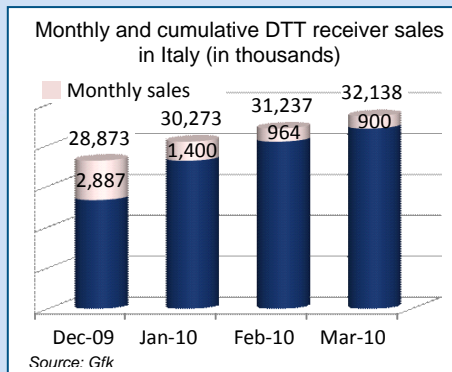
#### SALES OF DTT RECEIVERS

##### 900,000 UNITS SOLD IN MARCH

Approximately 900,000 DTT receivers were sold in March 2010, a figure that is substantially in line with the February data.

Of these, 529,000 (59% of total monthly sales) were integrated, whereas the remaining 371,000 (41%) were external STBs. Over 75% of the external devices sold (289,000) were zappers.

The cumulative number of DTT receivers sold since February 2004 stood at 32.1 million at the end of March. Of these, 18.8 million (58.4% of total) are external STBs and the remaining 13.4 million (41.6%) are integrated receivers.

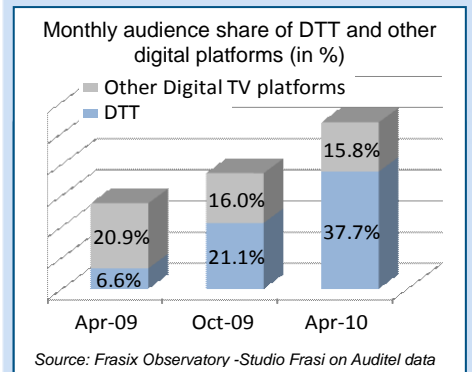


#### DTT AUDIENCE FIGURES

##### DIGITAL TV SHARE UP TO 53%

The number of people in Italy who watch digital TV keeps on increasing. In April overall audience share for all digital platforms was 53.4%; a year ago it was 27.5%. The Studio Frasi Observatory on digital TV, based on Auditel data, reveals how DTT has already reached a share of 37.7%. This platform sees a 5.5% growth compared to the previous month, despite the fact that there were no scheduled transitions. It is also the only platform to see its share increase constantly over time.

DTT alone accounts for 70.5% of all digital TV consumption in Italy. Not forgetting that there is also 0.6% undefined platforms, where the Auditel meters cannot identify sources with certainty.



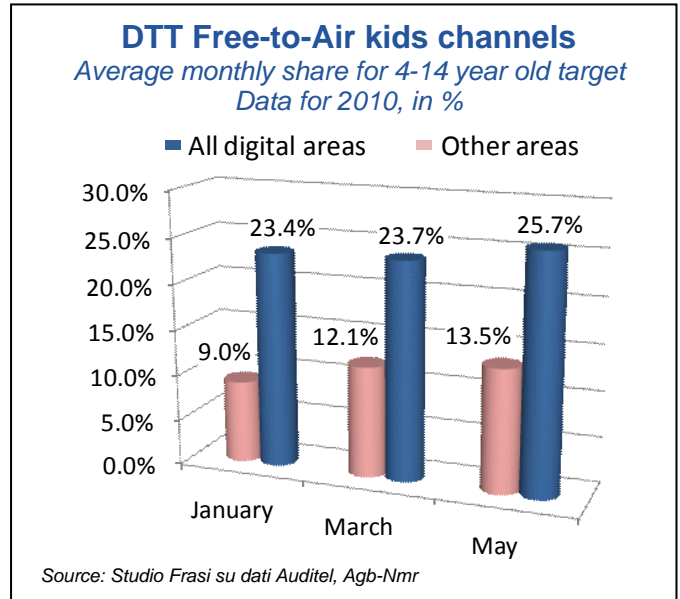
# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

## AUDIENCE SHARE INCREASES FOR FREE-TO-AIR DTT KIDS CHANNELS

The audience segment which digital broadcasters most target is 4-14 year old children who are particularly receptive to the rich and varied choice of programmes dedicated to them. The four DTT kids Free-to-Air channels (Boing, Rai Gulp, Rai YoYo, K2) reach a share of 25.7% in all-digital areas (target 4-14, data collected between 1st-26th May). This figure is on the rise compared to previous months with a growth of over 2 percentage points in May despite the overall number of channels remaining the same. These channels account for 73% of overall digital terrestrial consumption within the 4-14 target and 31% of all individuals.

Even in non all-digital areas the audience share of the four channels is growing, claiming 13.5% of overall share for this target in May.



## NEW IN ITALY

### 5th ANNUAL NATIONAL DGTVi CONFERENCE: AN OPPORTUNITY FOR DRAWING THE SUMS AND MAKING PLANS FOR THE FUTURE

The 5th National DGTVi Conference "Italy is digital" took place on the 3rd and 4th May at the Dal Verme theatre in Milan: around 2,000 people took part with 13 sponsors from the sector (Eutelsat, LG, Samsung, SmarDTV, Telefunken Inno Hit, Telesystem/Fuba, ADB, Humax, Nagravision, Philips, Sagecom, Sony, United) and promoted by Regione Lombardia, the Milan Province and Municipality. Included in the event were presentations of demos on the interactive services available on the new broadband-enabled receivers and on 3D transmission.

The first day was hosted by Alessio Vinci, after an introduction by Guido Podestà (president of the Milan Province) and was opened with the presentation of the Fourth DGTVi Report, followed by an overview of current and future DTT offers introduced by DGTVi partners. Nine new free national channels that will be added to the 40 already existing ones were presented during the conference. In addition to the restyling of the RaiSat channels, Rai announced the launch of Rai Sport 2 and, in autumn, Rai5. An all-news channel and a new channel for young male adults will be introduced by the end of the year by Mediaset in addition to the recently launched entertainment channel La5. MTV+ will be introduced by Telecom Italia Media as well as a new sport news channel by Sportitalia and the new Class/MSNBC by Class Editori. An average of 3-4 new local channels are also available in all-digital areas (FRT and Aeranti-Corallo data). The day was closed with information on the Tivù/TivùSat services and a preview of the communication campaign for switch-off in northern Italy promoted by DGTVi and the Ministry for Economic Development-Communication/FOB that were introduced by Andrea Ambrogetti (DGTVi president) and Enrico Manca (FUB president).

The second day was hosted by Bruno Vespa and was dedicated to the institutions and top businesses involved. Stefano Mannoni opened on behalf of AGCOM with information on the national frequency plan, digital dividend and LCN; he was followed by Andrea Ambrogetti, DGTVi, who underlined the need to respect all achievements made to date on the DTT platform, which is the only one that is open and interoperable, as well as on the issue of frequency allocations; The Vice Minister for Economic Development and Communication, Paolo Romani, closed the day with a eulogy to the success of transition, the punctuality of the schedule and the constructive collaborative system in which the process has taken place. The debate saw the participation of some of the key figures of the main broadcasters (Paolo Galimberti, Fedele Confalonieri, and Tarak Ben Ammar) and representatives of local TV channels. During the course of morning events there was also a speech by the Minister for Public Administration and Innovation, Renato Brunetta, and by Roberto Formigoni, president of the Lombardy Region. All speeches can be accessed in streaming on the DGTVi website ([www.dgtvi.it](http://www.dgtvi.it)).

### THE RAI 2 AND RETE 4 SWITCH-OVER HAS SUCCESSFULLY TAKEN PLACE IN LOMBARDY, EASTERN PIEDMONT, PARMA AND PIACENZA

On the 18th May the transition to DTT of Rai 2 and Rete 4 successfully took place in the 1,942 municipalities involved in the switch-over process, as well as the 41 transmitters of the two channels. This is the biggest transition to digital to take place in Italy to date, and has involved an overall 11.6 million inhabitants.

Enquiries made to the free-phone call centre, set up by the Ministry for Economic Development, totalled 20,973 on the 18th May but were half that on the successive days. By contrast, on switch-over day in Rome (16th June) the number of calls was 23,000 with only 3 million inhabitants involved: a significant reduction due to the high level of digitally equipped households. Data estimated by eRes/Makno in March 2010, shows that Lombardy met switch-over day with a penetration of 76% for digital TV and 62% for DTT alone.

Audience share analysis also shows a marked improvement in this latest switch-over compared to the previous ones. The impact on overall audience saw a 2.3% decrease in TV reach, which was halved in the first week post switch-off, just as the share impact on the two channels directly involved was also halved. This data is even more significant if one is to consider the fact that, at the same time as switch-over, the state broadcaster Rai also changed its multiplex composition forcing many users to retune all appliances, integrated decoders and external STBs.

**ALLDIGITAL, Vicenza trade fair.** The ALLDIGITAL trade fair will take place from the 17th to the 19th June in Vicenza: a national meeting for digital receiver installers supported by Regione Veneto and promoted in conjunction with the National Committee for Digital Italy, DGTVi, Corecom, CNA Installazione Impianti and Confartigianato Antennisti ed Elettronici. The event will focus on the switch-off that has recently taken place in the north of Italy and will present the best digital technologies available both for the home and the work place, conventions with experts in the world of sat TV and DTT as well as free training seminars on digital terrestrial TV. A truly important event for the digitalization process of northern Italy which expects to see the participation of 1,500 technicians. Entry is free prior to pre-enrolment on: [www.alldigitalexpo.it](http://www.alldigitalexpo.it)

## SWITCH-OFF IS COMPLETED IN SPAIN

As from the 3rd April Spain has become the first of the main European countries in which terrestrial TV is predominant, to become all digital. Overall, the transition to digital TV has involved around 44.7 million individuals in approximately 8,100 municipalities implying a total of 32 million TV sets that have been substituted or adapted for digital reception.

Thanks to a notably fast acceleration that took place particularly since the beginning of 2009, Spain has succeeded in concluding on time, and with very few problems of any relevance, a transition schedule that was initially considered over-ambitious by many experts. When the Plan Nacional de Transición was approved in September 2007, DTT performance results were actually quite disappointing, with a penetration of little more than 20% of households and an audience share of only 8%.

A month before definitive switch-off all major DTT indicators gave very encouraging results. On a national level DTT coverage stood at over 98% of the population, awareness of DTT and switch-off stood at 99%, whereas penetration of the platform stood at nearly 90% of households. Additionally, in February the general mark given to DTT was 6.9 out of 10 (an increase compared to 6.6 registered in November 2009) and 80.8% of individuals considered the information received concerning switch-off good or very good (78% in November 2009). Finally, 82% of DTT users considered that requirements needed to adapt their households to DTT were reasonably easy or easy, compared to the 10.4% who found them difficult or very difficult.

This was the starting point for the final passage of this process which took place between the 10th March and 2nd April: the third and last phase of the national switch-off schedule. This involved a total of 31 million individuals (around 70% of the Spanish population) in over 4,100 municipalities, including important cities such as Madrid, Barcelona, Valencia and Seville.

The final phase of the process was concluded positively with very few problems, which mainly involved partial or total black-outs in areas with low terrestrial reception. Similarly to what happened in the previous two phases, information and communication campaigns were created (TV overlays, announcements in local media, presence of fixed and mobile information centres etc.) as well as info and assistance points, notably the call center set up by the Ministerio de Industria, Comercio y Turismo. Since it was set up in June 2009 (in conjunction with phase I of the transition), the call-centre has received around 300,000 enquiries of which 72,000 in the week before definitive switch-off (26th March – 3rd April).

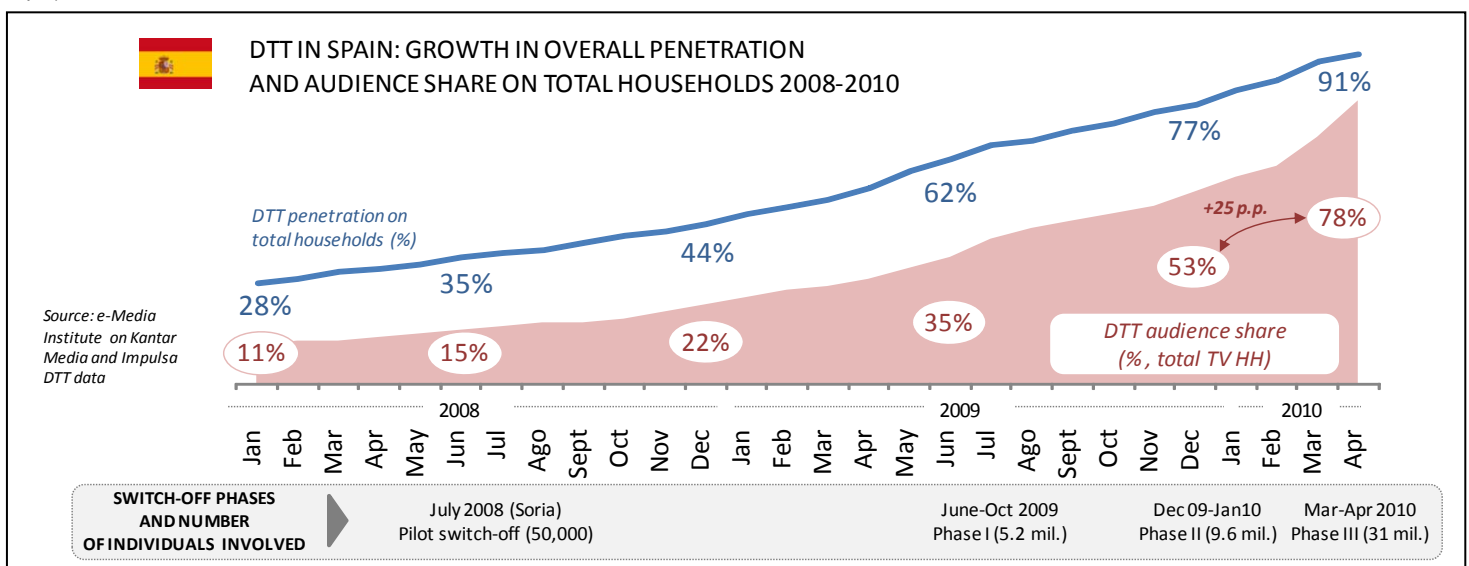
During the following two weeks the number of calls radically decreased to around 20,000. According to the Ministry only around 4% of the calls received between 30th March -12th April concerned signal reception problems and 8% concerned problems with equipment installation. The calls received by the Ministry's call centre should be added to those received by the local call centres set up by the autonomous communities of which, however, there is no data available.

Additionally, according to information provided by the Ministry, around 14,000 satellite dishes were installed in homes not reached by digital terrestrial. Lack of coverage affects approximately 700,000 individuals across Spain (around 1.5% of the population). As established by the law, DTT channels must also be made available via satellite in order to ensure universal coverage (thanks to a service provided by the network operator Abertis Telecom). The satellite solution adopted for providing coverage in 'shadow areas' has however raised some criticism. Firstly, it does not provide all the DTT line-up, particularly with regards to regional channels, the so called "autonómicas". Secondly it does not allow the reception of PayTV channels and lastly due to the limitations and costs of receivers (state contribution for the purchase of a receiver is only available for the main family home and for one receiver model only costing 130 euro).

With regards to support to the weaker segments of the population, the third phase included the provision of free DTT receivers to certain categories, particularly to the elderly and to people with hearing or vision impairment. Over 150,000 free receivers were installed and approximately 20,000 telephone calls were received to enquire about funding.

During the weeks prior to definitive switch-off all the main DTT KPIs (sales of receivers, penetration and audience share) witnessed a rapid growth. During the first two weeks of March (the latest data available) over 500,000 receivers were sold every week, compared to an average of 250,000 per week in January and February (Gfk data). DTT penetration on total households rose to 91% in April, on completion of switch-off (Kantar Media data).

With regards to audience share, during the first all digital month of April, DTT audience share rose to 78.1% implying an increase of nearly 10 percentage points compared to March, and +25 points since the beginning of the year. Growth has been particularly rapid if one is to consider that just one year ago, in March 2009, DTT audience share was 27.3%, just over half the figure for analogue TV (51.8%) which has now definitively been switched-off.



### DIGITA

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