

Digital Radio and the Connected Digital Single Market Strategy

Briefing for Policy Makers – April 2015

Summary

- The Digitisation of Radio would address the future needs of listeners and provide an economic boost for EU industry
- The Commission can make a positive contribution by
 - including Digital Radio in its Connected Digital Single Market Strategy
 - allocating Band III of VHF to Digital Radio

The importance of Radio and the role of Digital

Radio plays an important social, cultural and democratic role across Europe. Citizens listen for an average of three hours a day at home and on the move. The sector must innovate to respond to technological challenges and meet the changing needs of listeners. Innovation is constrained by the limited capacity of FM spectrum.

Digital Radio has shown itself to be a robust, free-to-air platform offering significant consumer benefits and gains in efficiency.

Compared to FM, Digital Radio offers increased choice for listeners, improved spectrum efficiency (up to 18 services on a single frequency) and a range of new data services. These data services include greatly enhanced traffic information (satisfying the requirements of the [Intelligent Transport Systems Directive](#)).

Compared to Internet (IP) delivery, for listeners on the move, Digital Radio offers a higher degree of resilience, especially in cases of emergency; and avoidance of unexpected data charges¹.

Digital Radio is also an area of significant economic / industrial importance for the EU. European semiconductor companies, such as NXP, ST Microelectronics, Imagination Technologies and Frontier Silicon, are the global leaders in this technology. However this leadership will be increasingly difficult to maintain in the current fragmented European scenario.

The growth of Digital Radio

In the last three years, the rollout of Digital Radio has built significant momentum across the EU and neighbouring countries. In the UK, Denmark, Germany and the Netherlands, Digital Radio networks are well established and household penetration is growing steadily. Outside the EU, Norway and Switzerland are even more advanced – Norway will switch-off FM in 2017 and Switzerland plans to follow soon after (2020-2024).

Within the EU, the most significant development in the last 12 months has been the long term commitment of Germany towards Digital Radio. In the same period, Italy, France and Poland have also made significant advances with the launch of new services and the build out of Digital Radio networks.

These developments have fuelled strong growth in the sector – with receiver sales in Europe doubling from 2.9 million units in 2011 to 5.8 million in 2014. As a result, domestic receivers are now available for as little as €20. Significant advances have also been made in the automotive sector – all major manufacturers now have solutions, and in the UK over 60% of new cars now come with Digital Radio as standard (up from 5% in 2010)². However, in all other EU markets a maximum of 10% of new cars are fitted with Digital Radio.

It should be highlighted that when countries, such as Norway and Switzerland, switch off their FM services, motorists from other markets driving in these countries will find their radios can no longer receive broadcast signals.

¹ Digital Radio and the Internet can be seen as complementary platforms for radio, especially for listeners on the move. “Hybrid Radio” combines the reliable delivery of audio on a “one to many” basis offered by Digital Radio, whilst related interactive / personalised services can be provided by the return path functionality of IP.

² This growth followed the UK Government’s publication of its Digital Britain report in 2009. This report set out a “digital vision” for UK radio, which in turn gave confidence to the automotive sector to start fitting Digital Radio as standard in new cars.

Key Issues

- **Absence of European vision:**

Radio is currently a competence for Member States. This has led to an EU Digital Radio market which is fragmented and unevenly developed. Not only does this deny many EU consumers the benefits of Digital Radio, it also undermines the principle of a Connected Single Digital Market – with receiver and automotive manufacturers selling “analogue-only” receivers in some markets and “analogue / digital” receivers in others. The resulting lack of economies of scale has slowed the development of Digital Radio across the EU.

- **Uncertainty over Band III of the VHF spectrum:**

Digital Radio faces further uncertainty due to a lack of a designated radio spectrum band specifically for Digital Radio broadcasting. Although Band III of the VHF spectrum (174-230 MHz) is widely used for Digital Radio, that allocation is often not exclusive, discouraging operators from investing and expanding their services.

Why the need for European Action?

- **Economic growth:** A clear vision and co-ordinated spectrum policies across Europe will help drive economic growth by sending a clear signal to industry:
 - Technology providers and manufacturers of domestic receivers can make investment decisions based on the potential of a genuine single market
 - Car manufacturers are likely to respond positively if a political vision is articulated at a European level. At the moment, Digital Radio is only being installed as standard in cars in the most developed markets.
- **Benefits for Member States:**
 - Member States will be more easily able to deploy Digital Radio in a cost-effective manner, with economies of scale ensuring the availability of lower cost receivers and faster take-up of digital listening
- **Consumer benefits**
 - Consumers across Europe will have greater access to the various benefits of Digital Radio
 - If devices are produced for a single market, it will help minimise the risk that the radios of drivers in one market will cease to function when they cross into countries which have switched off their analogue broadcasts; this will help reduce major road safety risks due to lack of traffic and travel information

Recommendations

While the Commission has limited competence on radio, we believe it is well placed to encourage the stable environment needed to drive investment in the sector, by reducing uncertainty and fragmentation. This point has already been raised by the Radio Spectrum Policy Group (RSPG), a European Commission advisory body, in its report *The Future of Radio Broadcasting in Europe: Identified needs, opportunities and possible ways forward*, which called for more certainty on Digital Radio technologies to create stability.

WorldDMB and its members recommend:

- **Inclusion of Digital Radio in the Strategy for a Connected Digital Single Market:** Member States are currently reacting to the introduction of Digital Radio in a positive manner. Consequently, a decided expression of support from the Commission by explicitly mentioning Digital Radio in the forthcoming Digital Strategy would give the sector confidence to invest more heavily, accelerating a process already under way and delivering significant economies of scale and ultimately lower costs for consumers.
- **Allocation of Band III of the VHF spectrum for Digital Radio broadcasting:** The Commission should reduce sector uncertainty by indicating that Band III be exclusively envisaged for Digital Radio broadcasting. This would formalise a recommendation by the RSPG in its report on the future of radio broadcasting, with the College of Commissioners and the European Parliament also highlighting the necessity for a European approach to spectrum management, which can be extended to include Band III.

About WorldDMB

WorldDMB is the global industry forum for Digital Radio, facilitating the adoption of broadcast Digital Radio based on DAB / DAB+, the Digital Radio standards of choice for broadcasters across Europe. We are a membership organisation of executives and technical professionals from across the sector (including broadcasters, transmission network operators, receiver manufacturers, silicon providers and vehicle manufacturers), working across the EU.