

Eureka Research forecasts global market of 70 million DAB radio receivers by 2015¹

UK will account for 34 million units or 49% of total global market

Bangor, Wales, UK, 23rd March 2009 – Commercial radio in the UK and elsewhere is facing bigger threats today than at any other time during the past five decades. New ways of consuming media, via the Internet or by MP3, has driven down radio's share of listening and advertising revenues. In a changing media environment, advocates of digital radio need to prove that their technologies can provide tangible benefits to consumers and increased revenues for radio broadcasters.

In January 2009, the UK government published its Digital Britain report - which for the first time ever – provides a road map and timetable for the migration to digital radio. “Although it is an ambitious plan, it nevertheless sends out a strong signal to the UK radio industry that the days of analogue radio are numbered” said Gareth Owen, Research Director at Eureka Research. “Inevitably the starting date of digital migration will slip beyond 2017, but the report should start to focus minds, particularly in the automotive industry” he added.

Despite repeatedly stressing the multimedia capabilities of the Eureka-147 platform, the DAB industry has never been able to successfully leverage its capabilities in order to create a more compelling USP for consumers, increase advertising revenues for broadcasters or to generate new revenue streams for multiplex operators. However, in 2009, there is more evidence than ever before that the industry is finally grasping this challenge.

“Our research shows that there are numerous initiatives aimed at developing innovative multimedia and data applications taking place around the world – from France, Germany, Italy and the UK in western Europe to Australia, Singapore and South Korea in the Far East” said Owen. The introduction of so-called “Screen Radios,” essentially DAB radios with large touch-sensitive colour screens and Wi-Fi connected DAB radios should lead to the introduction of a host of new functionalities and services before the end of 2009. These will include advanced multimedia-rich EPGs, visual radio services (displaying programme or advertising images), interactive advertising via tag-and-store, music download services, real-time traffic information via TPEG and on-demand information data such as public transportation schedules, weather, emergency alerts, financial data, etc.

Some countries such as France will be able to leverage the unique interactive data capabilities offered by the T-DMB BIFS technology. “However, developing successful multimedia and data business models will not be easy as experiences in South Korea have already shown, and the receivers are likely to be expensive for some time” said Owen.

At present, there is a momentum behind DAB in Europe due mainly to considerable support amongst public broadcasters, regulators and governments. An increasing number of countries are engaging in DAB as their regulators turn their attention to digital radio following the transition of analogue TV to DTT, and several countries have announced plans (some with firm launch dates) to deploy the Eureka-147 platform within the next three years including Australia, France, Germany, Ireland, Holland, Italy, the Czech Republic and Hungary.

It is likely that the Digital Britain report will focus minds elsewhere in Europe, particularly as it highlights the need for policy intervention to ensure that digital radio is successful. The French government's recent announcement that all radios (except car radios) sold in France after September 2010 should be digital is a sign that other countries are prepared to take similar

¹ Includes DAB, DAB+ and T-DMB Audio receivers (but not T-DMB video-based devices)

actions. It is quite possible that these two events could trigger serious discussions on the future of digital radio in Europe leading ultimately to the development of a co-ordinated pan-European digital radio migration strategy.

“This is not before time. I think that the next five to seven years will be crucial for the future of the Eureka-147 platform, and if it fails to build a critical mass - particularly in France and Germany - then its future as a global digital radio standard will undoubtedly be on the line” said Owen. “I strongly believe that an EU-wide co-ordinated strategy for the switchover of radio to digital (as was done for television) is needed in order to ensure this success” he added.

Alternative broadcast technologies such as DRM+ and the American HD Radio system (which is trying to establish a foothold in Europe) will soon also become available in Europe and there is renewed interest in using new DVB-T technologies to enable mobile radio reception on DTT networks - which could thus dispense with the need for a separate, independent digital radio network in some countries.

The Internet and its wireless distribution is likely to be a challenge for all radio broadcast technologies – but it could also be viewed as an opportunity. Wi-Fi connected Internet radios offer tremendous choice for listeners, but the cost of providing streams to individual listeners means that Internet radio is uneconomic for serving large audiences at present. The introduction of Wi-Fi connected DAB radios will enable broadcasters to deliver their mainstream stations via DAB whilst using Internet radio to offer niche-oriented content, on demand content and other services. Very importantly, Wi-Fi connected DAB radios could also offer opportunities for DAB broadcasters by allowing them to leverage the Internet back channel connection to offer enhanced advertising services - as well as a raft of e-commerce opportunities.

About the Study:

“**Digital Radio 2009 – A Global Review**” is a 600+ page, non-commissioned, independent report which provides an objective analysis of the development of digital radio around the world during the next six years. As well as a detailed description of the key developments and issues surrounding the Eureka-147 platform, the report also provides a comprehensive analysis of the prospects of Internet radio, DRM, HD Radio, satellite radio and radio via ISDB-T (Japan).

A key feature of the report is a 120-page geographical review of DAB around the world split by regions: EMEA (including Eastern Europe), the Asia-Pacific region (including India and China) and the Americas. The review is based on a comprehensive survey of digital radio developments and future plans in 50 countries undertaken during a 6-month period from August 2008 to February 2009.

Detailed 6-year global forecasts of digital radio receiver growth broken down by technology and by geographical region are provided with detailed information about the assumptions on which the forecasts are based. There are separate forecasts for mobile TV via the Eureka-147 DAB standard.

Publishing date: March 2009

Further information about this study can be obtained by visiting <http://www.eureca-research.com>, by e-mail at sales@eureca-research.com or by phone on +44 1248 364 281 or +44 784 165 2086

Copyright © Eureca Research