

Eureca Research forecasts 40 million digital radio receivers in Europe by 2010

UK will account for 17.5 million or 44% of European total

Cannes, France, 19th May 2004 – As a latecomer into the digital world, radio has faced an uphill battle to compete against a plethora of digital mediums. Networks have been rolled out but growth has been painfully slow. Six years after its commercial launch, the right conditions for Digital Audio Broadcasting (DAB) to flourish are finally coming into place in several European markets.

2003 turned out to be a watershed year for DAB in the United Kingdom. Success in the UK market is changing European broadcasters' perceptions about the future of DAB as a pan-European radio standard.

Eureca's 2004 DAB survey revealed positive developments in several European countries. Issues such as the lack of affordable receivers are gradually being resolved and portable receivers are now beginning to reach markets in continental Europe. The company believes that 2004 could be a decisive year for DAB in continental Europe as spectrum and regulatory issues are finally addressed and as some of the biggest consumer electronics companies launch DAB receivers.

“We found that there is a new sense of optimism in several countries as a result of developments in the United Kingdom during 2003” said Gareth Owen, Research Director at Eureca Research. “Several public broadcasters have launched new digital-only channels and are gearing up for major DAB marketing campaigns as receivers become available. However, there are still problems in some of the other countries, and in particular, a lot of work remains to be done to get commercial broadcasters involved in digital radio”.

During its research, Eureca found that the introduction of new digital radio platforms and devices are changing the way people listen to radio. “Radio is becoming multi-platform” said Mr. Owen. “The increase in digital radio listening on multi-channel TV in the United Kingdom during 2003 took the industry by surprise. Driven by the introduction of new digital-only content and the availability of low-cost digital set-top boxes, more than 10 million people listen every week to radio via the TV in the UK and this will continue to increase”.

Electronic Programme Guides, which will enable listeners to personalise their listening experience, will be available for portable radios in late 2004. The popularity of FM receivers in mobile phones continues to grow and DAB modules suitable for integration into mobile phone and PDA-type devices will be available during early 2005 which could kick-start new revenue-generating data services for broadcasters.

Eureca Research forecasts that the installed base of DAB receivers in Europe will increase from around 512,000 at the end of 2003 to 39.55 million at the end of 2010 representing a Compound Annual Growth Rate (CAGR) of 86.1 per cent. The UK market will account for approximately 17.5 million or 44.2 per cent of the total installed base by the end of 2010.

Eureca also forecasts that the market value of DAB products will increase at a CAGR of 40 per cent in the period 2004-2010 and will represent a €1.31 billion (£875.7 million) market opportunity for receiver manufacturers in 2010.

However, DAB will not be the only digital radio standard in Europe. There will also be the Digital Radio Mondiale (DRM) standard which will replace AM broadcasting below 30 MHz and a proprietary Digital Satellite Radio (DSR) standard.

Although primarily intended for international broadcasting, the DRM standard offers a lot of interesting options for broadcasters with AM frequencies but with no access to FM or DAB, and who are keen to provide a higher quality of service to their listeners. It could also alleviate some of the spectrum demands on DAB by utilising underused AM spectrum for local stations instead of L-band spectrum. However, it faces the same set of problems as DAB did with respect to the availability of affordable consumer-ready receivers and must quickly acquire a critical mass of broadcasters if it is to succeed.

The concept of pay-radio via DSR has more or less been proven in the United States with more than two million subscribers acquired in a little over two years. A similar project in Europe could provide national and pan-European coverage and capitalise on the present fragmented roll-out of DAB. “Although DSR has many challenges ahead, a lot of the technology and market experiences in the United States could be adapted and transferred to the European market. DSR probably has a 3-5 year window of opportunity to establish itself as an alternative digital radio service” said Owen.

About the Study

“European Digital Radio – On a roll, or another false dawn?” is a 200-page, non-commissioned, independent report providing an objective analysis of digital radio in Europe during the next 6 years. It is probably the most comprehensive report ever written about the European digital radio market with a 30-page review of the state of DAB in 17 European countries; a 20-page analysis of the data potential of DAB as well as detailed chapters about the prospects of Digital Radio Mondiale and mobile Digital Satellite Radio. More than 125 interviews were carried out to research this study including interviews with regulators in 17 countries in order to provide the most up-to-date spectrum and regulatory picture for digital radio in Europe.

Contacts

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

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