

# MONTHLY REPORT EXTRACT

From November 10<sup>th</sup> 2008, all TV viewers can look up the programming for the 20 national channels that broadcast in DTT, where both the day of the query can be checked and that of subsequent days, by means of the Impulsa TDT website at the following link: <http://www.impulsatdt.es/programacion-tdt>

## HIGHLIGHTS

- According to the latest data published by **the INE** from its “Survey on the equipment and use of communication and information technology in homes,” **the percentage of homes with DTT in Spain reached 37.4% in the month of June**, (the time when the survey was carried out). This figure is in agreement with the two other sources from the Observatory for that time period, EGM and Sofres.
- **Homes that receive digital terrestrial TV together with homes that pick up DTT channels via other subscription platforms** (satellite, cable or broadband), **number 52% of households at the close of June**, according to the second wave of EGM.
- **Following the analogue shutdown, homes that receive DTT channels via subscription platforms**, by means of cable, satellite or broadband, **can only be sure to receive all the DTT channels free of charge if they have either converted their aerial to DTT or if they have bought a DTT decoder or have one which is built-in to their audio-visual equipment**. Both of these are necessary and essential requirements. Some of these users **do not know what cable or satellite TV is or are unaware of the telephone line that is currently bringing the DTT signal to their televisions**. As a result of this, they quite often do not know if their aerial has been converted or whether they have purchased a decoder or not.
- According to the latest data supplied by the firms that specialize community aerial installation, hired by Impulsa and Fenitel, **34,200 aerials were converted** between July and September, in buildings with collective homes which is a somewhat lower figure when compared to previous quarters. This means that **close to 500,000 buildings are still in need of adapting on a national level**. Impulsa TDT estimates that **approximately 65,000 buildings from the 1st Phase**, whose analogue shutdown is set for June 2009, **do not have their collective aerial adapted yet (30% of the buildings in this area have had the necessary work carried out in order to receive the DTT signal correctly)**, which calls for **380 installations to be done each day in this area over the next eight months right up to the analogue shutdown date**.
- **2008 is registering an important acceleration in the sale of DTT equipment**. It is hoped that this pace will continue in 2009, when external decoders will probably play more of a starring role to achieve the implementation within the time limits set.
- DTT screen share grows by more than a point over the previous period and now passes the 18% share of total TV viewing. **This increase comes as a result of the nearly 9 million people who watch DTT each day (a million more than the previous month), and viewing on this platform exceeds an hour and a half.**

## DTT PROGRAMMING ON THE IMPULSA WEBSITE

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From November 10th 2008, all TV viewers can look up the programming for the 20 national channels that broadcast in DTT, where both the day of the query can be checked and that of subsequent days, by means of the Impulsa TDT website at the following link: <http://www.impulsatdt.es/programacion-tdt>

With this new information on the **Impulsa TDT website**, our Association wishes to meet the public demand and to supply all homes with the contents, not only of the six channels that presently have both an analogue and a DTT signal simultaneously, but also the 14 other remaining channels exclusive to DTT. This information is what the broadcasters present by means of their programming electronic guide (EPG) which is not accompanied by any other element.

## AERIAL CONVERSION

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### **479.000 buildings are still to be converted**

According to data from FENITEL regarding **the third quarter of 2008**, between July and September **34,200 buildings** that were in need of adapting have been converted to receive DTT correctly. As a result, the cumulative figure for the end of September 2008 shows that **61.8% of buildings made up of various homes in this country are now converted to DTT**. However, looking at this from the point of view of the pending work that needs to be done, a total of **479,000 buildings with various houses are awaiting this conversion**.

### **Status in the collective aerial changeover process in the 1st Phase**

According to estimates by Impulsa TDT, as a result of fieldwork from a geo-marketing study that was carried out in July and August of this year, approximately **30% of buildings in the 1st Phase**, whose analogue shutdown date is scheduled for **June 2009**, have had the necessary work carried out on their aerials to receive the DTT signal.

Therefore, we estimate that there are still **65,000 buildings** that need to have their collective aerials adjusted. **These figures show that to reach the total changeover to DTT, the pace of conversions needed to be done is around 370/380 each day**. Although this amount of work

may seem high for the installation companies, it is perfectly possible to reach if is carried out in an orderly and progressive manner, as there are enough qualified firms for this activity.

At Impulsa TDT we know that there will be some small towns affected within the 1st Phase that will find it difficult to keep up with the pace adequately, when it comes to the conversion of aerials, unless they put into actions to revive the work on the part of local installation firms into immediate effect. This may even call for getting the job done without waiting for the Community of Neighbours to apply for the service. If a significant change in this area is not seen straight away, operational activity should be considered which would allow installation teams from nearby areas to support the work that needs to be carried out in these towns.

## **DTT PENETRATION**

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### **DTT is in 41% of homes**

Various sources of information can be found which bring us to this conclusion in an objective way. The National Institute of Statistics (INE), TNS Media Viewing and The General Media Study (EGM), are the most relevant.

According to the latest figures published by The **INE** in June - the month in which the survey was conducted - the percentage of households with DTT in Spain is **37.4%**. The most recent information from **EGM** also places the figure at around **37%**, while the estimated figure for DTT penetration according to the monthly report by **TNS Media Viewing** reached **36.4%** and is currently, in **the month of October, placed at 41%**.

Therefore, we find the **three main sources that measure the presence of DTT in homes to be in complete agreement.**

### **Other ways of receiving DTT channels**

**The vast majority of DTT channels are also received by means of other subscription platforms (broadband or telephone line, cable and satellite) and frequently, the users are aware that they are able to watch new DTT channels, however they are not sure how or by what means the signal is received and ends up in their home or television.**

**Homes that receive digital terrestrial TV together with homes that pick up DTT channels through other subscription platforms (satellite, cable or broadband), reach**

**52% of households at the close of June, according to the second wave of EGM** (possibly growing to a figure that is closer to 60%).

It is important that the difference between these two groups, homes with DTT reception and homes that receive DTT channels by means of other multi-channel platforms, is understood. In the first case, televisions receive DTT channels via the digital terrestrial signal and will therefore continue to enjoy DTT channels free of charge after the shutdown, as they already have coverage, a converted aerial and a decoder. However, the second group receives DTT channels via cable, satellite or a telephone line and after the analogue shutdown they will only be able to view DTT channels free of charge if their aerial has been converted to receive DTT and if they have purchased a decoder. Both of these are necessary and essential requirements.

## **DTT TUNER SALES**

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### **Close to 13 million DTT set of equipment sold**

**In the month of September, 546,000 new set of equipment has been sold which places the cumulative sales figure at 13 million tuners.**

This sales figure is partly due to the seasonal increase in the first quarter for sales in the month of January, and also can be explained by the boost that sales have received as a result of the communication campaign by Impulsa TDT and the impact from sports events, such as the Olympic Games and the European Football Championships. These circumstances have not been repeated in the third quarter of the year though, in spite of this, the upward trend that is expected in the fourth quarter has not changed.

2009 will be a key year, as this rate of growth should continue to rise if we are to achieve complete success in the changeover to DTT in towns affected by the 1st Phase.

### **6 million external DTT decoders**

Historical information reveals that with regard to the sale of equipment with built-in DTT, an intense trend towards growth is seen over recent months. This does not mean that there is a turning away from the purchase of external decoders, quite the opposite, these devices have kept up their monthly sales, though somewhat lower than those for equipment with integrated DTT, and reach with important levels (an average of 175,000 units per month). In fact, the sale of external DTT equipment recorded from January to September 2008 is higher than that recorded in the same period in 2007.

It seems logical to expect that during 2009, external tuners will once again come to the fore in the adaptation of televisions. Both in homes that decide not to change their current TV for a new one, as in the case of second and third televisions in homes that only have their main TV set converted or ready to receive DTT.

### **Televisions without DTT fall to 32,000 units**

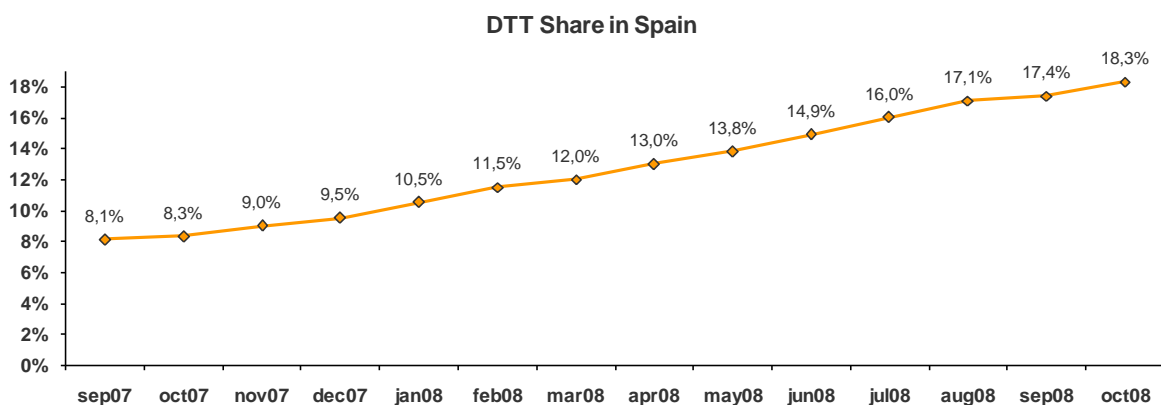
The sale of TV's that only allow an analogue reception recorded a new negative low for September with 32,000 units sold. Televisions without DTT make up 10.9 % of the total sale during this month and thus increases to fall. However, we continue to strongly reject this product due to its clear obsolete nature.

## **DTT VIEWING**

One of the main general features of TV viewing in October 2008 has been **its noteworthy increase**. October has recorded the highest viewing figures for a number of years with **233 minutes per person per day**.

### **DTT share rises one more point to reach 18.3%**

In terms of share, DTT has increased its role in television viewing to reach up to **18,3% of the total figure in the month of October, 0.9 points higher than the previous month**. This means, therefore, that a new all time high is reached for digital terrestrial TV and if this trend continues, 2008 will close above the 20% mark.



Source: Sofres

### **Theme-based channels reach 19% of DTT viewing**

The screen share of the different types of channels, for the most part, sees an increase with the exception of theme-based ones, which sees their net-share drop slightly and place itself at 3.5 points. Given the significant importance of children's viewing in these channels, the reason behind this decrease seems to be that **children are now back to their full school schedule**.

### **8.7 million people watch DTT daily**

Another essential indicator for DTT is its average daily viewing shows a further noteworthy increase in October, **reaching 8.7 million viewers, which means a million more than the previous month**.

This important increase is influenced both by the developments in sales and the penetration of equipment – which in October reaches **41% of homes**, according to an estimate by Sofres – factors that are brought about by the season.

### **Users devote 104 minutes each day to DTT**

In keeping with the fine pace of reach indicators and screen share, the average daily viewing for DTT among those who possess the equipment or have had it converted, reaches a **record figure of 104 minutes each day in the month of October**.

## **THE CONTENTS OF DIGITAL TERRESTRIAL TV**

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**From the last quantitative investigation** carried out by Impulsa TDT at the close of the first six-month period of 2008, two pieces of significant information with reference to the programming of the new digital terrestrial technology can be highlighted:

1. **The average satisfaction rating given to “the diversity and contents of the channels” of DTT was 6.6 points** on a scale of one to 10.
  2. A high percentage of DTT users, some 18%, rated their satisfaction with the highest points – awarding it a nine or a ten on the scale.
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## CONCLUSIONS AND EVALUATIONS

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Here at Impulsa TDT we wish to stress the importance of a combined and coordinated effort **in the changeover process to DTT by all the agents involved**. The growth seen in the penetration of DTT in homes and the number of people who have watched it daily over the last periods comes as a result of various factors and the activities which have been put in place, include things like:

- **DTT contents and programming:** Undoubtedly, recent sports events, children's programming and the new theme-based channels that can be found on DTT are contributing to a greater interest on the part of households to changeover to the new technology.
- A total of €8.7 million in **aid has been passed by the government to carry out the coverage** of DTT in towns **to its completion** in the 1st Phase. These areas are working under the deadline of June 30<sup>th</sup> 2009 when the analogue shutdown will take place.
- **Autonomous activity is spreading to enhance** the development of various necessary aspects so that the implementation of DTT is successful. For instance; the extension of DTT coverage, initiatives for a better and greater understanding among the population as to the requirements needed to convert to DTT or the creation in certain autonomous communities of new websites dedicated to DTT and its changeover process.
- **The number of offers related to DTT in the written press continues to grow**. With these **it is possible to acquire a television with built-in technology** at a much lower price than the current market has to offer. We are convinced that these initiatives will continue to grow given the approaching Christmas period.

At the same time, we consider it of great importance to know the current implementation level of DTT in the Spanish population and what there is still pending. To achieve this, it is necessary to tell the difference **between households that watch DTT with those that receive a DTT signal;**

- According to EGM, **the number of homes that receive the complete number or vast majority of DTT channels**, at the close of June 2008 , **is placed at around 8.4 million** (52% of the total number).
- **6 million homes (37%) receive all the DTT channels via a digital terrestrial signal** (at the same time period, the close of June 2008). This figure is referred to as "DTT Penetration" here at the Observatory, as homes that receive the signal via subscription platforms may not have either a converted collective aerial or a DTT tuner and therefore, will not be able to receive the digital terrestrial signal after the analogue shutdown.

In the remaining months before the year's end, **the pace must be stepped up when it comes to the work that needs to be done in order to convert collective aeriels, at least in buildings that are connected with the 1st Phase.** The positive news is that various additional factors combine that favour a new increase in the changeover to DTT in the months ahead, such as; **the seasonal effect which will be seen in Christmas sales, communication campaigns in the media and also the effect that the fast- approaching analogue shutdown has on the 32 technical projects** in the 1st Phase of the PNT.

In conclusion, the DTT Observatory of Impulsa estimates that by the end of 2008, the implementation figures for DTT on a national scale could reach or come very close to:

- A digital terrestrial signal in over 40% of homes
- A total sale of DTT tuners numbering 15 million units
- A DTT screen share which exceeds 20% of total television viewing

Document compiled with data from Gfk, Serlock Media, Fenitel, INE, EGM, Sofres, Random, Análisis e Investigación and with the collaboration of Aptivo y Corporación Multimedia