

**Information on the Datacasting Trial as
provided by Broadcast Australia to the
Australian Communications and Media
Authority**

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Mr Greg Cupitt
Manager Television Planning and Licensing Branch
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Dear Mr Cupitt

DIGITAL TELEVISION DATACASTING TRIAL REPORT AUGUST 2006

I am writing to report further on the progress of Broadcast Australia's datacasting trial in Sydney. As you know, the trial was officially launched in March 2004. As indicated in our proposal, the trial objectives were:

- a) To test the viability of datacasting as a "product" in the current environment and regulatory regime; and
- b) To determine the demand for a datacasting service encompassing 'public information' content (eg. from government agencies) and commercial content.

BA agreed to report on the progress of the trial in relation to:

1. The purposes of the trial and results so far including:
 - a. the viability of datacasting as a "product" in the current environment and regulatory regime including its commercial viability;
 - b. the potential of datacasting as a communications platform to deliver services to the public;
 - c. the demand for a datacasting service encompassing 'public information' content (eg. from government agencies) and commercial content.
 - d. Progress on interactivity and the STB situation;
 - e. Coverage and interference;
 - f. Impact of regulatory regime.

Issues related to coverage and interference have been addressed in previous reports.

1. Progress to Date

BA commenced transmission in “test mode” of its datacasting channel **DIGITAL FORTY FOUR** on ch35 from its Gore Hill facility in Sydney on 12th December 2003 in conjunction with a number of government and commercial content partners.

Trial participants currently include:

| | |
|---------------|---|
| LCN 4 | Video Programme Guide (VPG) all five metropolitan the free to air television broadcasters and DIGITAL FORTY FOUR . |
| LCN 41 | ABC News, Sport and Weather |
| LCN 44 | DIGITAL FORTY FOUR home page (also on LCN 40) |
| LCN 45 | Channel NSW |
| LCN 46 | Australian Christian Channel |
| LCN 47 | Macquarie Digital |
| LCN 49 | EXPO |
| LCN's 401-407 | Federal Parliament and 7 associated audio channels. |

The TAB service ceased on 1 Jan 2005 as their objectives in relation to the trial had been achieved.

2. Key issues

a) Potential of datacasting as a communications platform to deliver services to the public;

Datacasting provides a relatively cheap way of providing information to the public and has been of great interest to government agencies and commercial organisations. The NSW and Commonwealth governments have both committed resources and provided content to the trial.

In our initial proposal to ACMA, BA indicated that it proposed to undertake the trial in three phases i.e.:

Phase 1 Datacasting of “straight” digital content with limited interactive capability. Any interactivity generated would be via “multi channelling” rather than the use of “smarts” in the STB receiver. BA believes that this form of datacasting will be the foundation of future datacasting services given the issue of STB legacies (i.e. non-MHP capable receivers).

The creation of 8 video and 7 audio services as detailed above reflects this functionality and the completion of this phase.

Phase 2 Datacasting of content with limited interactivity through the use of a “smart” STB;

Following the formal adoption of the MHP standard by the Australian broadcasting industry, the **DIGITAL FORTY FOUR** offering has been enhanced to include 4 services which incorporate interactive content and are available “live” to the public. These include:

- Ch44 – provides viewers the capacity to access the datacasting channels directly through the DIGITAL **FORTY FOUR** home page (i.e. a ‘navigation’ function);
- The Christian Channel - provides additional text based information which can be obtained by clicking through a menu to the information of choice;
- Channel NSW - provides the capacity to search job vacancies and select the traffic cameras of your choice; and
- ABC News, Sport and Weather – expands the information available to the viewer by providing the capacity to select a news or sports story of their choice, drill down into that story by obtaining further information or select location specific weather information using a menu to select the specific location.

The ability of the public to view this content is limited by a lack of MHP STB’s in the Australian market. This lack of STB’s in the market reflects the “chicken and egg” dilemma for STB manufacturers who are reluctant to market available devices given the lack of content being developed by FTA broadcasters. Discussions between BA and STB manufacturers indicate that a MHP STB will be released into the market Q4 2006 at a price point of around A\$150.

Pleasingly, the delivery of interactive content is continuing to be developed by content providers for the trial. BA believes it has completed its objectives re Phase 2.

Phase 3 Fully interactive content, limited only by capacity of the STB's then available to the public.

BA has been unable to take the trial into Phase 3. The capacity to provide this functionality is limited by the lack of STB’s with an available return channel. Refer Phase 2 above. BA believes that the development of this capacity will occur in the future but will depend on interest from advertisers and FTA broadcasters to drive their availability.

b) The demand for a datacasting service encompassing ‘public information’ content (eg. from government agencies) and commercial content.

BA conducted market research into the trial during 2005. The objective of the Market Research was to assist BA and its content partners to determine the commercial viability of Datacasting and to inform decision-making in relation to the release of the two unassigned channels.

Millward Brown was appointed as Market Research provider. The research was conducted in three stages:

Stage 1: The Omnibus

A Newpoll Omnibus telephone survey (consisting of 600 interviews) was conducted in order to understand DTV penetration and usage of datacasting services and to set the context for the next phases of the market research. The omnibus was used to assist with the formulation of the qualitative and quantitative stages of the research.

Key findings included:

- Penetration of FTA (October 2005) digital was 25% in the Sydney market and 15% nationwide;
- Claimed awareness of datacasting amongst FTA digital users was 34%;
- Respondent consideration of FTA digital (would they purchase a digital receiver):
 - In next 6 months was 7%;

- Consider, but not sure when, was 37%;
- Claimed use of datacasting by respondent 'at least weekly' was 12%.

Stage 2: Qualitative Research

The Qualitative stage comprised research into the usage and attitudes of respondents to "datacasting" and investigated the potential of new channel concepts.

Eight (8) Focus Groups were conducted consisting:

- 6 DTV user groups;
- 2 considerers; and
- 8 in-depth interviews with datacasting 'super consumers'.

Key findings of the focus groups and interviews were:

- Adoption of DTV was largely the result of reception difficulties or accidental acquisition i.e. up-sold, bundling;
- Viewers were not familiar with the term "datacasting";
- **DIGITAL FORTY FOUR** channels were viewed as separate entities not a bundled offering;
- Interactivity is **very** attractive to the viewer;
- The VPG was the most mentioned channel;
- Viewers don't want to get off the couch to obtain information, start up the computer etc (hence the interest in datacasting content).

Stage 3: Quantitative Research

The Quantitative research used an on-line questionnaire to quantify respondent's usage, attitude and view of new concepts. An online survey of 600 DTV users and considerers was conducted. The questions asked were informed by the qualitative research.

The main results of the research were:

- Picture quality was the main driver for DTV take-up;
- Extra channels were a secondary factor in the decision making process given a general **unawareness** of the extra channels;
- When aware, the extra channels become a factor in the decision to purchase;
- Universal satisfaction with FTA DTV experience;
- 79% awareness of a datacasting channel where a description is provided;
- VPG, ABC News Sport and weather and Channel NSW the most frequently viewed channels;
- Majority of respondents would be interested in interactive services
- Receiving content via FTA digital was **preferable** to other sources of information.

The market research demonstrated to BA and its content partners that datacasting is attractive to viewers both for the improved service quality delivered by DTV and for the new services provided. While the umbrella service **DIGITAL FORTY FOUR** was not recognised in its own right, when prompted, 79% of respondents were aware of the datacasting service.

- c) The viability of datacasting as a "product" in the current environment and regulatory regime, including its commercial viability.

The responses to the market research and the results of the content provider investigations suggest that datacasting as a product has potential as a viable undertaking. However, the commercial viability of datacasting will be dependent on a number of key factors:

- Strong and sufficient growth in the number of STB's in the market.
- The introduction of interactive capability in receive devices and interactive services by broadcasters.
- The effectiveness of a future Datacasting Transmitter Licensee's consumer marketing effort.
- The model for the allocation of a datacasting licence.
- The establishment of a Testing and Conformance Centre (TCC)

d) Impact of regulatory regime.

The current genre requirements of the BSA have been important in encouraging the development of new and innovative programming which is significantly different from mainstream broadcasting. This has resulted in two distinctive FTA television offerings based on significantly different business models. However, BA believes that the ultimate offering by a datacasting transmitter licensee (i.e. post 2006) would be substantially strengthened by the capacity to provide open narrowcasting services. The capacity to narrowcast would provide relief from the limitation on "video" and "hosting" imposed by the current genre conditions (which arbitrarily inhibit the provision of certain forms of content) and potentially expand content provision on the channel to other forms of niche programming. BA has indicated this view to government.

BA has also indicated its view that the current datacasting service should not be switched off until the "unassigned channel" licences have been allocated. A submission to this effect has been lodged with ACMA.

Further details of BA's position relating to these matters is set out in its response to ACMA on its issues paper "Future Use of Unassigned Television Channels – Issues Paper" submitted 8 May 2006.

Please don't hesitate to contact me on Clive.Morton@broadcastaustralia.com.au or phone 02 8113 4601 or Linda Andersen on Linda.Andersen@broadcastaustralia.com.au or phone 02 8113 4654 or mobile 0401 774 039 should you have any queries in relation to this report.

Yours sincerely



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