NETWORK INSIGHT INSTITUTE

BROADCASTING AND BROADBAND FORUM

New digital services and how they push the boundaries

Kim Dalton
Director of Television
ABC
1 October 2009

I should say at the outset that I have been asked here today in my capacity as Freeview Chairman but I am also Director of TV at the ABC and so I may have to switch hats at times.

- The topic for this afternoon's session is broadly new digital services and I have been asked to comment on how the free to air television industry is equipping itself to be part of the new digital platforms that are emerging.

- For the broadcasting industry it might also be pertinent to ask what are likely to be the ingredients or the elements of success in a fully digitised world - post digital switchover and post NBN?

- I think we need to consider the changes that are fast occurring in the broadest sense. How do new platforms and content formats contribute to audience fragmentation? In essence I think the key issue is the dynamic between technology, delivery systems and devices, and audiences, and the way new and emerging technology, delivery systems and devices fragment or aggregate audiences to form markets.

- So, how do all these pieces of the jigsaw come together? For television I think it comes down to three broad issues: platforms, content and policy.

- <u>Platform changes</u> are for the most part about changes in technology both in terms of the switchover to digital broadcasting but also in the context of the broader digital evolution that is occurring with developments such as the National Broadband Network. Emerging platforms impact on audiences, fragmentation of those audiences and challenges to existing business models.

- <u>Content</u> is largely about the range of new services and providers that will take advantage of the opportunities afforded by new platforms. But is also about developing propositions that meet the changing expectations of audiences. Digital technology has placed choice in the hands of our audiences. What is on offer now is an ever increasing array of content available on multiple channels and multiple platforms which they can choose to watch when they want to watch it and where or how they want to watch it.

- <u>And policy</u> is, at least in part, the binding framework that should ensure the content offerings and services developing out of technological change continue to meet certain basic social and cultural objectives. In Australia we resist the policy debate, or at least restrict it to a discourse around markets, technology, trade, infrastructure. Technology, engineering and commerce. Broadcasting and more generally the media is a construction. There are choices to be made between competing interests with significant commercial outcomes, but equally significant social and cultural outcomes.

Platforms - Freeview

- With regards to platforms and competition over platforms Freeview is the obvious example of how the free to air television industry is equipping itself for the increasingly fragmented and competitive digital world. Freeview in essence is the FTA broadcasters re-grouping and understanding themselves in a world defined not by channels but by platforms.

- Freeview came together in April of last year. An initiative of the commercial free-to-air networks, it brought together all of Australia's major free-to-air broadcasters, between them reaching 98% of Australian households

- Freeview's vision is to maintain free-to-air terrestrial television as the pre-eminent viewing platform for Australians in the transition from analogue to digital and to continue to provide free, compelling television services to all Australians.

- Freeview will be at the forefront of driving digital take-up, it will play a key role in the Government being successful in its plans for digital switchover, and its message to consumers will be very straightforward.

- Freeview will offer an enhanced television experience with more content across more channels, better picture quality and better sound quality. In addition the Freeview Electronic Program Guide (EPG) will offer improved navigation and a range of functionality in this multi-channel environment. All of this of course will be for free with no ongoing costs and no contracts.

- Freeview is working with manufacturers and retailers to ensure consumers are able to purchase the required and appropriate digital devices. We are also taking our message about the benefits of digital and Freeview into Australia's 8 million television homes through our own on air promotional and informational program.

- Extensive consultation has taken place with manufacturers and our approach has been to get devices in store as soon as possible. A Freeview branded proprietary EPG will launch in two phases. Phase 1 was in-store in May 2009 with digital equipment that has a manufacturer's EPG, HD capability, and an MPEG4 receiver chip. Phase 2 products will be in store in April 2010 and will deliver a Freeview proprietary EPG. Phase 1 products will continue to be supported by Freeview, so no consumers will be affected adversely as the technology develops.

- All stakeholders in the process have been engaged in the past few months - including all major electronics manufacturers and all leading electronic retailers. An information and promotion campaign went to air in April across the country on all channels, every night in prime time for approximately 6 weeks. The campaign addressed key questions in the minds of consumers - "What is Freeview?" and "How do I get it?" with a call-to-action to go in-store and talk to retailers about the required equipment.

- There is no doubt that in the multi channel and "what, when and where" world, smart and functional navigation is critical. Accordingly, Phase 2 development of the Freeview proprietary EPG continues. This EPG will delivered in 2010 and it will more than match the aesthetic qualities, the ease of use and the functionality of any other EPG in the market.

- Freeview also intends to lead in the delivery of quality television in the multi channel and multi platform world and it will continually develop the nature and extent of its offer to viewers. The next frontier of course is to bring the online experience to the tv. Freeview needs to offer its own television online and on demand service encompassing catch-up, streaming, download, pay-per-view and pay-to-own. If we can do this it will be the most extensive online television service in Australia and ultimately will be able to deliver the combined programming and inventories of all of the free-to-air networks to all Australians.

- The existence of Freeview is recognition that in the digital world we need to actively and strategically establish, brand and promote our platform. The free-to-air digital terrestrial television platform.

- The development of Freeview is also about the resilience of the media itself. People are watching television as much, if not more, than ever. Of course there is no doubt that audiences are fragmenting and as a consequence the battle for survival in this environment will increasingly occur around platforms and, for the commercial sector, monetising those platforms.

Content

- Development of new multi channels and new platforms supported by the NBN will bring with it new services. High end data services, e-health, e-learning and e-commerce applications will all come with the new capacity. But apart from access to the internet and variety of content services on offer the architecture of the NBN and the regulatory regime governing it will most likely provide the basis for direct relationships between content service providers using, for example IPTV, and customers. In theory, if the market could support it, a multitude of content services could develop.

- The television industry participants are in many ways aspirant players in that market and on that platform. Similarly telecommunications providers are aspirant content providers. The differentiator for the broadcast industry is that we already primarily provide high quality content across, news, entertainment, education, sport and drama formats.

- The market for the content we create and aggregate is not going away. If anything the figures both domestically and overseas suggest that more people than ever are watching television content albeit across more channels, on more platforms and via an expanding range of devices. The challenge is to differentiate in a saturated and complex market. Strength of brand is one important factor which Freeview will deliver for the FTA platform. But it is also about the characteristics of the content we create; things like localism, convenience, choice, exclusivity, premium content and interactivity.

- There is no doubt the content strategies are changing. Live and event tv for the FTAs will be critical. Note last night – Hey Hey Re-Union plus Celebrity Masterchef – 5/6 million people. Or local drama with Underbelly and Packed to the Rafters.
- Choice in content is not just about volume of channels or programs on offer. It's also about being local, sometimes live, offering a diversity of genres.
- Broadcasters must now strategise around content across channels, across platforms, across devices. Content strategies are no longer developed for a single market and a single audience.

Policy

- Many of those characteristics of good content rely upon a complex framework of regulatory support, including direct funding, indirect funding, content quotas and the existence of the national broadcasters. The challenges to existing television commercial models by digital conversion and the broader digital transition of the screen industry are serious ones. And in a digitally converging world those challenges only become greater.
- Digital conversion and audience fragmentation across multi-channels, the growing popularity of subscription TV, the growing popularity of online viewing options and the potential development of IPTV services supported by the National Broadband Network are all changes that will fundamentally change the expectations of audiences and the nature of the content they consume. It is unavoidable, I think, that in this environment audiences will fragment.
- Running through these developments and issues of course is government policy. Television, broadcasting and the screen content industries are fundamental elements of our culture, our society and indeed our economy and all governments exercise some level of control in order to achieve certain outcomes.
- To repeat - In Australia we resist the policy debate, or at least restrict it to a discourse around markets, technology, trade, infrastructure. Technology, engineering and commerce. Broadcasting and more generally the media is a construction. There are choices to be made competing interests with significant commercial outcomes, but equally significant social and cultural outcomes.
- This policy framework however is largely based around the ability of screen content to aggregate large audiences. As audiences fragment this becomes more of a challenge. As audiences migrate onto platforms that are very lightly, or not regulated at all in terms of local content the effectiveness of our policies is called into question.
- What we are beginning to see I think, for television at least, is that the policies that were developed in, and worked for an analogue world, are no longer fit for purpose in the digital environment. An analogue policy framework.

- Our industry is a resilient one. But moving forward, as the conversion to digital rolls out from Mildura/Sunraysia later this year to the metropolitan capitals in mid 2013, and as multi-channels and other platforms grow we need to start developing strategies and partnerships across industry and with Government that focus on content and platforms.

- If the social and cultural objectives of the existing policy framework are still valid, and I believe they are, then we need to develop a clear plan to support the local content creation industries and deliver Australian drama, comedy, documentaries, children's programming and news to Australian audiences.

- Just to finish if I return to my initial question - what might success look like in a fully digitised world for the television industry – I think that it will be a combination of things. Effectively marketing, and for the commercial networks, monetising multi-channel and multi-platform delivery, creating interactive and compelling content, maintaining localism and developing an appropriate policy support framework. These are all elements of a bigger picture which the industry needs to grapple with in order to ensure its success into the future. For my part at least I think the future of television and particularly FTA television is a bright one. No other platform can aggregate large audiences to the same extent and no other platform can deliver the kinds and volume of high quality local content audiences still demand. For those reasons, if for no other, screen content will remain a central part, and even a key driver, of the broader audio visual evolution we see occurring today.