



department for
**culture, media
and sport**

Government Response to Consumer Expert Group report - 'Digital Radio: What is in it for consumers?'

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Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

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Introduction

Consumer Expert Group

The Consumer Expert Group (CEG) was appointed in 2003 by the Government to advise on consumer issues relating to the Digital Television Switchover. The CEG comprises a wide variety of consumer organisations, including the RNIB, British Wireless for the Blind Fund, Voice of the Listener and Viewer, Consumer Focus, Age UK, Which? and Citizens' Advice.

Digital Radio Action Plan

Following the publication of the Digital Britain White Paper in June 2009, the CEG was asked to extend its remit to consider the proposal for a digital radio switchover, specifically the potential impact on consumers. As part of these new functions the CEG decided to conduct an investigation into digital radio switchover policies and report to Government its findings and recommendations. This document is Government's response to the CEG's recommendations.

In July of this year the Government published the Digital Radio Action Plan, which set out the process for providing ministers with the right information to make a well informed decision on whether to proceed with a digital radio switchover programme. Many of the issues raised by the CEG in its report are being examined as part of the ongoing work of the Action Plan's four task groups: Government Policy, Technology and Equipment, Market Preparation, and Coverage and Spectrum Planning. The CEG is fully integrated into this process and in particular will be closely involved with the work of the Market Preparation and Technology and Equipment Groups. The Digital Radio Action Plan can be found on the DCMS website.

Government's response to the CEG's recommendations

The Government's response to the CEG's recommendations, as set out in the 'Digital Radio Switchover: what's in it for consumers?' report, are set out below. Each recommendation is taken in turn, although where there is sufficient overlap, questions and the response have been grouped together.

Consumer costs and benefits of digital radio

“A full cost benefit analysis from a user perspective must be carried out as a matter of urgency”

Government has been clear that it intends to conduct a comprehensive Impact Assessment, including a full Cost-Benefit Analysis (CBA), before a decision on a digital radio switchover is made. This will identify the expected costs and benefits to consumers and producers. Work to develop the CBA has started, and we expect to report to ministers by the end of 2011.

“Consumer benefits need to be clear and demonstrable before an announcement for a digital switchover is made”

We have said that no date for a digital radio switchover will be set until at least 50% of all radio listening is to digital. This criterion will not be achieved unless consumers are willingly and voluntarily adopting digital radio, which they are only likely to do if they believe that digital radio offers greater benefits than analogue.

“A workable system for the disposing and recycling of analogue radios, which consumers are likely to implement must be introduced”

Any disposal of analogue radios, now or in the future, should comply with the WEEE (Waste Electrical and Electronic Equipment) Regulations. Government recognises that consumers may be more inclined to throw away more radios as a result of a digital radio switchover than they have thrown away televisions as a result of TV switchover. We will work with manufacturers, retailers and local authorities to develop ways of encouraging the responsible disposal of analogue radio equipment.

“Emphasis should not be placed on driving down costs unless the sound quality and functionality of cheaper DAB sets are at least equal to analogue”

There is clearly a balance to be struck between reducing the cost burden on the consumer of a digital radio switchover, and ensuring devices are of a good standard and offer additional benefits to the listener. We want to see a competitive market for receivers which offers consumers choice on innovation and price.

“There must be more emphasis on improving the basic usability, rather than the advanced functionality, of digital radio to encourage take-up”

We recognise there must be a range of devices available to suit different users. Some listeners with disabilities, such as the visually impaired, may face difficulty in adapting to the additional features and functionality of a digital radio. Therefore, usability and accessibility issues will need to be an important consideration when agreeing the core specifications for

domestic receivers. To this end all parties will need to work closely to understand and, where appropriate, address the needs of older and/or disabled people.

“Both the BBC and the commercial sector need to offer new and compelling digital content to convince consumers to adopt digital radio”

Government recognises that content is one of the key drivers in listeners’ willingness to adopt digital radio. The BBC has already outlined in its Strategy Review how it intends to refocus and develop its digital radio offerings. In addition, a number of new commercial digital services have already launched this year.

“Research into consumers’ willingness to pay and into their concerns and needs relating to digital radio needs to be carried out as a matter of urgency”

We are preparing to carry out consumer research including research into willingness to pay and a range of other consumer behaviour issues. This work is still in development but will provide key inputs to the cost benefit analysis report, which is due to be submitted to ministers by the end of 2011.

Take-up

“The take-up criterion should compare like-for-like listening platforms and measure DAB listening only;

A digital switchover date should only be announced when no more than 30% of listening remains on analogue”

Government believes that a like-for-like comparison is not the most appropriate means of determining whether there is a case for a digital radio switchover. We believe the correct measure is how many people have chosen to no longer consume radio on analogue, rather than which platform individuals are using to listen to digital radio.

It is Government’s view that a 70% threshold is an inappropriate target. The present criterion of 50% of listening does not equate to 50% of the population: in fact a significant amount of household penetration would be necessary to achieve 50% of digital listening. For example, at present 24.8% of radio listening is to digital, but over 35% of adults claim to live in a DAB-enabled household. We have said that we will give a minimum of two years’ notice of a switchover date. In setting a date, once only a minority of listening to radio is on analogue platforms, we will take into account the appropriate time for consumers to prepare themselves for the change.

“The target date for a digital switchover should be revised upwards as 2015 is realistically far too early for the necessary preparations to be put in place for consumers. Any target date set should be looked upon as secondary to consumer issues such as willingness to adopt the technology, voluntary take-up and digital radio reception as an instigator for switchover”

We agree that any target date should be secondary to the satisfaction of the switchover criteria, including the adoption of digital radios. However, a target date is a useful mechanism to galvanize the industry and provide a focal point that the sector can work towards.

“Measures need to be taken to introduce a more inclusive methodology for measuring take-up”

There already exist a number of mechanisms which can measure the take up of digital radio: RAJAR’s radio listening data, Gfk data on sales of digital receivers, Ofcom’s Digital Radio reports, proposed research by Digital Radio UK (DRUK), and Government’s own research and monitoring.

Coverage

“The fair allocation of coverage build-out costs between the BBC and the commercial sector must be made once build-out plans are agreed”

We are in discussions with the BBC and the commercial radio sector regarding share of the cost of DAB coverage build-out. Government has been very clear in its view that broadcasters, particularly the BBC, need to do more to improve coverage over the next two years. We therefore welcome the BBC’s recent commitment to increase coverage of its national multiplex to near FM equivalence.

“The coverage criterion should be measured by signal strength, not just population, so that indoor and mobile reception are considered; The coverage criterion must be geographically weighted to ensure rural communities are not left behind”

The Government has asked Ofcom to produce annual reports of progress against the radio switchover criteria; including the coverage criteria. DAB coverage is currently measured both in terms of indoor, outdoor, and mobile reception, using the signal strengths which are considered to deliver an acceptable DAB signal in each of these environments.

We do not agree that specific weighting should be given to rural communities in determining whether the coverage criterion has been met. The criteria are intended to be a measure of the market’s readiness for a possible digital radio switchover. Any decision to begin a switchover programme will need to ensure that listeners, including those in rural areas, can still receive radio services after a digital radio switchover.

“The switchover roadmap must include plans for DAB+; DAB+ compatible chips must be installed as standard to “future-proof” receivers as a matter of urgency”

We are working closely with industry to determine and agree a core set of minimum specifications for domestic digital receivers. Core specifications will be based on WorldDMB Profile 1, which includes DAB+. Any future digital radio mark will be underpinned by these core specifications, of which DAB+ is an integral part. There are of course already devices on the market that are DAB+ enabled.

“The reception time delay between receivers should be standardised”

This is a matter for manufacturers, and Government has no remit in this area.

Vehicles

“A Digital Radio Switchover date cannot be announced until DAB radios have been standard in vehicles for a minimum of 2 years, in other words by 2015 at the earliest; An affordable in-vehicle converter needs to be developed urgently which works with a vehicle’s external aerial, is safe, easy to fit and aesthetically pleasing; A switchover date cannot be announced until there is a solution to in-vehicle conversions, providing the majority of motorists with the opportunity to have a digital radio in their vehicle”

Government recognises that successful conversion of analogue radios in vehicles is an important factor if a digital radio switchover is to be achieved. As the CEG report notes, many vehicle manufacturers have already committed to ensuring DAB is fitted in all new cars as standard by 2013, and some existing car owners have also chosen to convert their analogue car radios to digital. As more devices come to market we expect more drivers to convert, particularly as improvements in content and coverage become apparent.

As with domestic receivers, we will be working closely with industry to determine a core set of minimum specifications for in-vehicle receivers, and we recognise there will need to be a range of appropriate conversion devices to match existing and older vehicle models. The UK Government, along with European partners, secured the agreement of WorldDMB to a profile for chipsets which support both FM analogue services and the digital technologies based on the DMB standard which are being deployed across Europe. We fully expect automotive manufacturers, who supply the European market, to include these chipsets for in-vehicle radio.

We will continue to monitor the take up of in-car conversions to develop our understanding of the extent to which drivers are choosing to adopt digital radio in their vehicles.

“A solution for the continuation of traffic and travel services on FM for a transitional period following digital switchover needs to be agreed”

As part of the ongoing work of the Action Plan, the in-vehicle sub-group will review the options for the continuation of any existing FM traffic and travel services following a switchover. A first report on the options will be published next year.

“An accreditation scheme for dealers and other installers of retrofit digital devices must be developed”

We are looking closely at all the options for installation of retrofit digital receivers. An accreditation scheme is one possible option. The in-vehicle sub-group will consider the possibilities in more detail, in particular the need for such a scheme and how it could be implemented. Any work in this area will also be influenced by decisions on both a digital radio ‘mark’ and the shape of a future compliance testing mechanism for digital receivers.

Accessibility

“Digital switchover should not go ahead without suitable equipment being available for all listeners including older and disabled people;

Digital radios which incorporate voice output technology must be available for blind and partially-sighted people preferably via the mainstream market or, if that is not feasible, through a channel made affordable by Government intervention, such as a help scheme”

We recognise that some blind and partially sighted people may be more reliant on radio services than other users, and it would be a poor outcome were any of these listeners to be left behind by a switchover process. Therefore we will continue to engage closely with the RNIB and British Wireless for the Blind on this important issue and hope we will be able to come to a workable solution to the provision of accessibility features in digital devices.

We will consider the role any help scheme may play in the provision of appropriate equipment for listeners with specific needs at the time a decision is made on a help scheme.

“Appropriate information and support on the enhanced features of accessible digital radios should be available from retailers”

The Market Preparation Group, a task group of the Action Plan, will consider in detail the role retailers will play in advising and supporting consumers. In particular it will look at any particular training that may be necessary to enable industry, in particular retailers, to support and advise consumers effectively. Provision of appropriate information on digital radios will be an important aspect of the support offered to consumers.

“Appropriate usability requirements should be included in minimum receiver specifications and a kitemarking scheme”

Government, industry and the CEG are in ongoing discussions about the content of the minimum specifications, particularly in the context of the work of the Technology and Equipment Group, which the CEG will contribute to directly.

“The proposed integrated station guide must be consumer tested before any decision on its inclusion in devices is made”

Any integrated station guide should be implemented in a user-friendly way. As a general principle, it makes business sense for manufacturers to deploy features which are easy to use and do not give rise to calls to consumer support services such as call centres. We will continue to encourage manufacturers and broadcasters to place ease of use, including for blind people, at the heart of development of an integrated station guide that enables listeners to move effortlessly between FM and digital platforms.

Consumer information

“A clear and balanced public information campaign needs to be implemented through a trusted body, independent of the industry”

If a decision is made to implement a digital radio switchover, we agree that a clear and balanced consumer information campaign will be important. A strategic plan for such a campaign is a central component of the Digital Radio Action Plan and we have invited representatives of the CEG to play a key role in advising on its development, for example through representation on the Market Preparation Group.

“Once a switchover date is announced, sales of analogue-only radio must stop”

The Consumer Protection from Unfair Trading Regulations 2008 already provide the legal framework within which selling analogue-only products without making clear to the purchaser the limitations of use in the context of a digital switchover is an offence. We expect the market to respond appropriately as consumer demand for analogue radios decreases, in line with an increase in listening to digital and sales of digital radios.

“A post-announcement information campaign to target vulnerable groups should be developed”

We have specified in the Action Plan that the Strategic Marketing and Communications Plan being developed by the Market Preparation Group should target all audiences, including older people and those with disabilities.

“The digital tick should be adopted for digital radio and adapted as necessary”

Government and Industry are looking very closely at an appropriate ‘mark’ for digital radio equipment and services. While there is much to be said for building on the value of the Digital Switchover Certification Mark (the ‘digital tick’ for TV switchover), it is important that any mark for radio is best suited to its purpose.

“A ‘scorecard’ should be displayed on all products to convey more information about the available features at the point of sale;

A digital radio pre-purchase checklist should be widely available and at point of sale”

Designing the appropriate mark for digital radio allows us to build on what we have learnt from TV switchover. That may well include incorporating a scoreboard to provide information on key features which are not part of the core requirements. We will also look at the value of “power questions” as developed for TV switchover.

“An effective training and ‘accredited adviser’ scheme needs to be developed for retailers”

We have asked the Market Preparation Group to consider the need for such a scheme and how it might be implemented.

**“The CEG must be involved in the minimum specification for digital radio;
The CEG must be involved in the design and development of any public information campaigns”**

The CEG will be represented on both the Technology and Equipment Group and the Market Preparation Group of the Action Plan, responsible for defining the minimum specification and a strategic communications plan respectively. There will clearly be a continuing dialogue between Government, Industry and the CEG on both these issues and other areas of consideration within the Action Plan.

Consumer support and a help scheme

“Any Digital Radio Switchover must be accompanied by a help scheme to assist those who have disproportionately difficulties to switch;

The eligibility criteria of a help scheme should include people registered blind or partially sighted, those on low incomes, the over 65s and those with learning disabilities and other cognitive difficulties such as Alzheimer patients;

A help scheme for digital radio should provide appropriate accessible equipment and include as many instructional home visits as necessary”

At this early stage in the process it is too soon to draw a conclusion on the need for a Help Scheme in a digital radio switchover. Whilst we recognise that a precedent for a Help Scheme may have been set by digital switchover in TV, the digital TV Help Scheme was based on evidence that some groups faced particular practical difficulties making the switch. It is important that we look separately at the evidence for radio. We will therefore consider the case and make a decision following the completion of a full Impact Assessment. At the

time of a decision on whether to implement a help scheme, we will consider the extent of such a scheme, including the appropriate eligibility criteria.

“A help scheme should be publicised early on in the information process on a national level and the publicity should coincide with the start of the national information campaign for a switchover”

We would expect information about any help scheme to be communicated at the same time as an announcement of a digital radio switchover date.

“The CEG must be consulted in the preparation of printed material and publicity on the help and support available”

Representatives of the CEG have been invited and indeed are already involved in discussions around the minimum specification and development of public information campaigns. We have also invited representatives of the CEG to be involved in the appropriate discussions on material relating to help and support which may be available to consumers.

“The engagement of the voluntary sector in providing assistance with a digital radio switchover should be properly supported and funded; Government should ensure that charities, such as Wireless for the Blind Fund and W4B, are not undermined financially or strategically by a help scheme or any of its components, as these charities will be left with providing the ongoing of support, assistance and help people need once a help scheme has finished”

In designing a possible help scheme, we will work closely with the CEG and the voluntary sector to understand the existing support mechanisms for elderly, disabled and vulnerable members of the public. As no decision has yet been taken on a possible help scheme, it is too early to anticipate the form of support we might offer to consumers. There are clearly lessons we can learn from Digital TV Switchover, including about the effectiveness of using local voluntary organisations who know well which individuals need assistance and of what kind, and we will continue our dialogue with the CEG regarding how best to support consumers in any digital radio switchover.



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