



Department
for Culture
Media & Sport

In-vehicle digital radio conversion

Digital Radio Action Plan Report

December 2013

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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Section 1: Foreword

1.1 Introduction

1.1.1 The Digital Radio Action Plan (DRAP) sets out the process for allowing Government to make a well-informed decision on whether to proceed with a Radio Switchover, and if so how, it should be implemented.

1.1.2 The DRAP is delivered through four central working groups, covering technology, market preparation, coverage-planning and government policy. The Technology and Equipment Group (TEG) must identify, consider and make recommendations on issues relating to the development of digital radio technologies and equipment. The TEG, chaired by Laurence Harrison at Digital Radio UK, includes representatives from the Government, Ofcom, The Society of Motor Manufacturers and Traders (SMMT), TechUK (formerly Intellect), Roberts Radio, Pure Radio, the BBC, RadioCentre, Arqiva and consumer groups.

1.1.3 The TEG was set up by the DRAP to focus primarily on consumer equipment for both the domestic and in-vehicle markets. One of the key considerations in a switchover scenario is the conversion of all the vehicles on the road in the UK to digital radio. Therefore, TEG was asked to “Make recommendations on how to convert the vehicle parc to digital at the point of a switchover.” A working group was set up to manage the task and the members are listed in Appendix A.

1.2 Scope

1.2.1 As part of Action 2.13 TEG was asked to “Make recommendations on how best to convert the vehicle parc to digital by the end of a switchover.” This report analyses the key issues in relation to the conversion of the vehicle parc ahead of a radio switchover and makes recommendations setting out what government and industry can do to address these challenges.

Section 2: Steering Board Decision

The Steering Board considered the 'In-vehicle' report in September 2013 and approved the document, subject to some minor changes. The Board noted the significant progress with new cars over the past 3 years and that the scale of in-vehicle conversion continues to represent a considerable challenge.

Section 3: In-vehicle conversion

Report

3.1 Background and aim

3.1.1 Although no switchover date has been set TEG assumed for the purposes of this report that a switchover would be complete by the end of 2019. The current UK vehicle parc (all the vehicles on the road) is 36 Million.

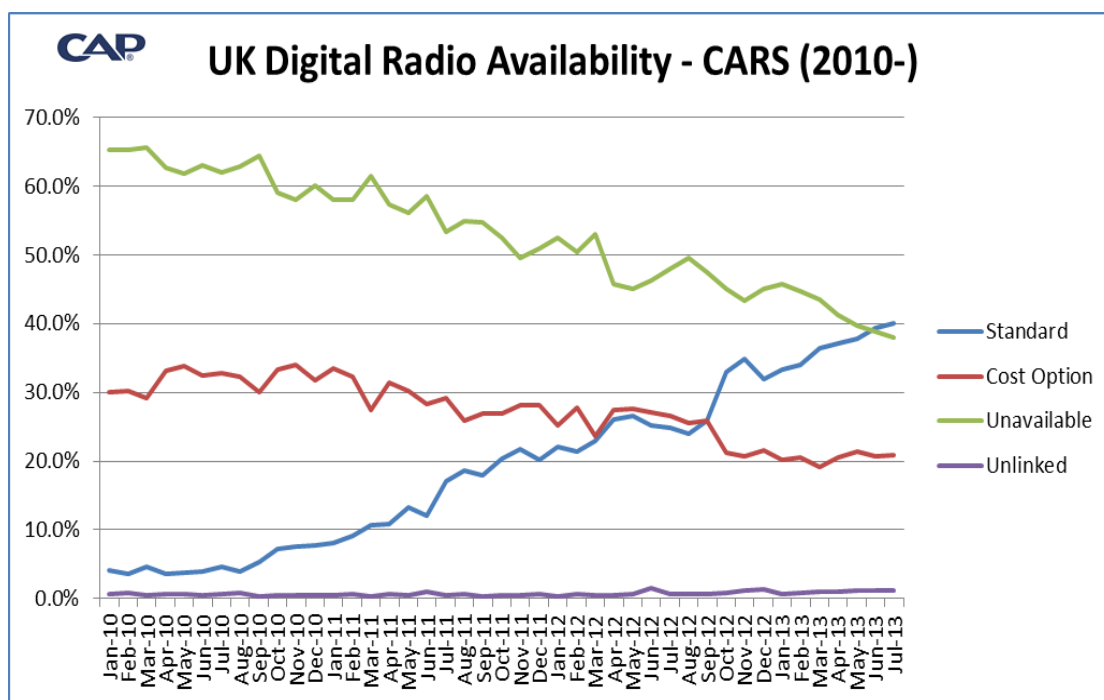
3.1.2 There are two ways to convert the vehicle parc to digital:

- Fitting new vehicles with digital radio as standard
- Converting vehicles in the aftermarket by replacing the analogue radio, fitting an adapter or listening via a smartphone.

3.1.3 Regarding new vehicles, substantial progress has been made and at the time of writing 40.1% of new cars have digital radio fitted as standard¹ (see table below). This constitutes a growth of +61.7% on July 2012, and for the first time digital radio listening in car is more than 10% (10.8%), a growth of +23% year on year². This momentum will continue as vehicle manufacturers continue to line-fit digital radio across their ranges. The representatives from the motor industry advise that a confirmation of a future switchover will mean virtually all new vehicles will come with digital as standard by the end of 2015. As a result of the positive developments with new vehicles the group concluded the main focus will need to be on converting existing vehicles on the road to digital (aftermarket conversions).

¹ CAP/SMMT data. New car registrations July 2013

² Rajar Q2 2013



3.1.4 There have already been a number of positive developments in the aftermarket:

- **The range and sales of adapters has grown** – Products now exist to convert every car on the road and sales of aftermarket digital radio and adapters are growing each month from a low base.
- **An Industry installer training scheme has been launched** – The Institute of the Motor Industry (IMI), the sector skills body for the automotive sector, launched the Automotive Technician Accreditation DAB training and accreditation scheme in November 2012. The first installers are now setting up accreditation centres, typically independent retailers and installers.
- **Minimum technical specifications and testing requirements for adapters are complete** - As part of the DRAP a set of receiver minimum specifications have been developed which requires FM, DAB and DAB+ to be present in receivers and some performance criteria. Manufacturers are already building to these specifications.
- **Franchised dealers offering digital conversion** – Within the last 12 months vehicle franchised dealers have started offering digital adapters and installation. It is estimated that over 70% of all dealerships now offer digital conversion.
- **Consistency in the digital radio marketing** – The broadcast digital radio communications campaign, featuring digital radio evangelist D Love, launched in November 2012 has provided a consistent approach to communicating the benefits of digital radio. The automotive sector has embraced the campaign, meaning consumers are seeing a consistent, clear message about in-vehicle digital radio.

3.1.5 TEG believes that the conversion objective is able to be achieved by 2019 but to do so industry working with government must quickly build on the progress above and undertake additional, focussed actions to grow conversions in the aftermarket. A combination of Government and automotive industry-targeted activities have been recommended.

3.2 Conversion challenges

3.2.1 In seeking to understand the conversion challenges TEG looked at research conducted with specific vehicle manufacturers by Digital Radio UK (DRUK), BBC Pulse research³ and considered direct feedback from the automotive aftermarket supply chain. TEG recommends that further consumer research be conducted to better understand the barriers and opportunities to convert vehicles to digital radio and consumers perceptions of how and when they would convert their car.

3.2.2 The current research and feedback suggests the following challenges to conversion:

- **Having the right products available at a suitable price**
- **Ensuring products are widely available from a range of outlets and suppliers**
- **Outlets carrying out conversions are properly skilled and provide a good experience**
- **Ensure consumers understand what a switchover will mean, the benefits of digital radio and how and where to convert their car.**

3.3 Actions to convert the vehicle parc

3.3.1 TEG has considered the actions that will help address each of these challenges and made a number of recommendations which are summarised below. In the event of a positive decision on switchover, TEG recommends that a Vehicle Conversion Steering Group be set up to develop and manage a conversion plan based on the recommendations in this report. This Group should also consider the Key Performance Indicators by which the progress of digital conversion can be monitored, as well as how we track consumer views and attitudes to conversion.

3.3.2 The main recommendations are as follows:

³ BBC Pulse research Jan 2013

Having the right products available at a suitable price

3.3.3 At the time of writing, the lowest cost vehicle adapters on the market are available for £49.99⁴ and do not require installation. However, the average price of a DAB receiver is £106⁵ and the majority of digital adapters cost in the region of £120 – £250, not including a new antenna and installation

3.3.4 It is important that there is a strong choice and range of certified digital adapters, at different price-points, that suit all consumers and their vehicle. It is also clear that a choice of good quality, entry-level digital adapters at compelling price-points will help increase conversion. TEG believes manufacturers and retailers will respond to the market opportunity of a switchover and develop these products. The launch of the Switchover Certification Mark, following a positive announcement, will provide clear direction to consumers when buying products. The certification mark will signify products that meet the minimum technical specifications and will get consumers through a future switchover.

3.3.5 There are a number of factors which will help reduce the cost of conversion over time such as; a positive switchover decision attracting more competition into the market (DTV Set-Top-Boxes reduced from almost £100 to £20 by the time TV switchover started); a reduction in digital radio silicon unit cost which will typically halve over the next 3 years; the natural maturing of the market.

3.3.6 TEG also believes there are opportunities to further develop the range of aftermarket products, especially regarding antennas and other new-product opportunities such as integrating DAB receivers with satellite navigation devices and smartphone docking units. In particular, Government and industry should:

- Create an industry/government digital radio product innovation work stream
- Government to sign-post sources of research and development funding for manufacturers and establish whether digital radio can be prioritised
- Ensure manufacturers and retailers are aware of the switchover process and the detail and timing of a the public information campaign

Products are widely available from a range of outlets and suppliers

3.3.7 Currently in the digital radio market there are a number of retailers, multiples and independents, who are very experienced in the sector. Vehicle

⁴ The Beat 400 available from www.dabonwheels.co.uk and the Sonichi S100 Digital Radio Adaptor from www.halfords.com

⁵ GfK September 2013

franchised dealers are beginning to offer aftermarket digital radio products to customers and will start to grow their market share once a switchover has been confirmed. There are a number of automotive organisations who should be encouraged to enter the market once a switchover has been confirmed and would significantly increase the choice and availability for consumers:

- MOT providers – There are over 20,000 MOT stations across the UK who could offer conversions alongside an MOT.
- Mobile service and repair companies – Organisations such as The AA, RAC and Green Flag have wide, experienced networks of vehicle engineers and their networks contain millions of drivers.
- Garages, repair companies and vehicle dealers - There are over 5,500 franchised vehicle dealers in the UK and over 12,000 independent garages. Conversions could be offered with a service or to customers within warranty.

Outlets carrying out conversions are properly skilled and provide a good experience

3.3.8 It is likely that many consumers will require products to be installed and will rely on the retailer / installer to do the installation and recommend the right product.

3.3.9 Consumers will need confidence that their equipment has been properly installed. As part of the DRAP TEG have worked with the SMMT and industry to develop plans for an approved installer scheme for businesses wishing to offer digital radio installation services. The scheme will cover staff training and business practices, and qualifying enterprises will be eligible to apply to use a digital radio switchover certification mark in their promotional materials.

3.3.10 Already the Institute of the Motor Industry (IMI), the sector skills body for the automotive sector, has launched the Automotive Technician Accreditation DAB training and accreditation scheme. This will help ensure digital radio installers have the right skills and knowledge to fit digital radio adapters.

Ensure consumers understand what a switchover will mean and how and where to convert their car

3.3.11 A public information campaign will be launched after a switchover has been confirmed and an outline plan has already been drafted as part of the Digital Radio Action Plan. Government, broadcasters and the automotive supply chain will all have a significant role to play in communicating to consumers. Effective and widespread consumer communications that raise awareness of how and where to convert will be an important component.

3.3.12 It is likely that many consumers are currently unaware that vehicles can be converted to receive digital radio or that that DAB coverage has improved significantly in recent years. These are significant headline messages that should be included in the public communications plan.

3.3.13 There are a number of other communications channels that should be considered:

- MOT stations - An authorised MOT station could provide vehicle owners with information on a future switchover and an opportunity to upgrade to digital radio at the same time as an MOT.
- Road tax reminders – Over 30 Million UK vehicle owners are written to annually by the Driver and Vehicle Licensing Agency (DVLA) to remind them that their vehicle excise duty “road tax” is due. These reminders could also include information on digital radio and on the timing for a future switchover and how/where drivers can convert their vehicles.
- Car service market - There are over 5,500 franchised vehicle dealers in the UK and over 12,000 independent garages, servicing thousands of vehicles annually.

3.3.14 At the time of writing, the majority of aftermarket radio sales are analogue-only and that is likely to still be the case at the point of a switchover announcement later in 2013. Although good progress has been made on fitting digital as standard to new vehicles, the majority of aftermarket products are still analogue-only. Once a switchover has been confirmed, consumers need to know that FM will one day not provide them with the complete range of radio stations, prior to buying a new vehicle or an aftermarket radio as this could affect their buying decision.

3.3.15 The UCPD requires commercial companies to provide all the relevant information a customer requires to make an informed purchase. Nothing can be left unsaid that could influence their purchasing decision. Therefore, following the confirmation of a switchover, if a customer wants to buy an analogue-only receiver, the retailer has a legal responsibility to inform them that at the point of a Switchover, that product will stop receiving all the national and many of the local services it gets now. If the consumer chooses to buy the product anyway, they have done so with all the relevant information to hand.

3.3.16 During TV switchover, Government wrote to TV retailers about their responsibilities under the UCPD and policing was carried out by Digital UK, the organization managing the switchover.

Other Actions

3.3.17 TEG also considered a number of other areas where actions should be taken forward.

- Accessible vehicles with digital radio - The Motability Scheme enables disabled people to lease specially adapted new vehicles (or scooter / powered wheelchair), using a Government funded mobility allowance. Government and industry must ensure Motability are aware of a Government announcement, the timetable of a switchover and the

minimum technical specifications to ensure they are investing in the right vehicles.

- Consider consumer support - As part of TV switchover, Government introduced a publicly-funded Help Scheme for certain vulnerable groups; those over 75 years old, with a significant disability, blind or partially sighted, or care home residents. Government should consider what help is required for vulnerable groups who need to convert their vehicle to digital.
- Used car sales – It is likely that used cars with digital radio will become more saleable once a switchover has been confirmed. This would be supported by industry analysts and is particularly important for the fleet and leasing sectors as they determine the resale value of the vehicle. The used car supply chain should also be encouraged to include digital radio as a specific point on vehicle appraisals that summarise a vehicle's trim level and technical specifications. This will help raise awareness within the supply chain.
- Focus on commercial vehicles – Commercial vehicles (CVs) typically lag behind cars on introducing new technology and the inclusion of DAB as standard in new CVs is currently far lower than in new cars. There must be stronger engagement with the CV sector to ensure growth of DAB as standard and provision of aftermarket solutions.

Appendix A – vehicle conversion working group members

Adam Bowie	Absolute Radio
Peter Willison	Arqiva
Lindsey Mack	BBC
Graham Johnson	Connects2
Gordon Drury	Consumer Expert Group
Laurence Harrison	Digital Radio UK
Sam Bonham	Digital Radio UK
Michael Eagle	Federation of Communication Services
Chris Pateman	Federation of Communication Services
Emmet Wrafter	Ford Motor Company
Sarah Walker	Ford Motor Company
Patrick Hannon	Frontier Silicon Ltd
Nik Dix	Halfords
Steven Ashworth	Halfords
Bob Gowans	Mercedes-Benz UK Ltd
Jeff Marshal	Mobile Electronics and Security Federation
Lee Harris	Open Automotive Ltd
Ian Sedgwick	Peugeot / Citroen
Jasper Wybrants	PURE
Thomas Clifton	Renault (UK) Ltd
Stephen Latham	Retail Motor Industry Federation
Terry Gibson	Retail Motor Industry Federation
Wendy Williamson	Society of Motor Manufacturers and Traders
Andy Foster	Trading Standards Institute
Chris Bailey	The AA
Andy Biernacki	Vauxhall
Simon Gibbs	Vauxhall
Dave Morgan	Volkswagen Group
In attendance	
Alex Petrovic	Department of Culture, Media and Sport
Ian O'Neill	Department of Culture, Media and Sport