

# **DIRECT TO HOME SATELLITE BROADCASTING IN WESTERN EUROPE**



**Broadband TV News  
Briefing Series**

**by Robert Briel & Julian Clover**

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# Direct to Home Satellite Broadcasting in Western Europe

## EXECUTIVE SUMMARY

Western Europe's direct-to-home satellite platforms are in the main characterized by stagnating subscriber numbers and a development of their services to ensure increasing revenues from those that have already signed up.

The daddy remains the UK's BSkyB, which is continuing to build its subscriber base, and at 9.536 million subscribers at the end of Q3 2009 was closing in on the 10 million-subscriber target it had set itself for 2010. BSkyB offers the largest selection of high definition (HD) channels outside of the US and has used them to build a total of 1.6 million HD homes – many more than some of the smaller platforms have for their standard definition (SD) portfolio. What is more, the News Corp-owned platform has persuaded them all to pay an additional £10 per month in subscription fees, a model replicated in many, but not all, of the Western European markets with varying degrees of success.

The new HD receivers are also capable of delivering television content through the open internet. Sky has confirmed that it will launch a pull-video-on-demand service during 2010 – presenting itself with a challenge to subscribers to connect up their receivers to broadband – and later the same year add content in 3D. The latter is more likely to serve as a demonstration of the platform's technological prowess, given that subscribers will be required to purchase a new 3D capable television, even if the set-top receiver is capable of handling 3D with just an over-the-air download.

Canal+ has already launched a pull-VOD service through its eye-catching hybrid

receiver known as Le Cube. In Scandinavia, Viasat is using progressive downloads to deliver content to its subscriber base, its rival Canal Digital plans to go hybrid in April next year. The rise of the hybrid receiver, which is also making its mark in the DTT sector, is a natural reaction to the launch of VOD services, both from cable networks, and over-the-top providers. The delivery of linear channels by satellite remains an economic way of delivering content to mass audiences, but the popularity of on demand, offering 'what you want when you want it', means that the DTH operators cannot be left behind. Broadband connectivity can provide a one-off drama or comedy with the possibility that satellite might still be used for, say, the top 50 programmes from a catch-up TV service that could be stored on the increasing numbers of personal video recorders (PVRs) that have been deployed.

Hybrid services work in both directions. France Telecom's Orange and Portugal Telecom's Meo both use satellite as a gap fill to provide their services nationwide, rather than where their earthly ADSL infrastructure permits. Both platforms are recent launches, in France the debut of Orange TV coming after the merger of CanalSat with its long-time rival TPS.

It is not just the IPTV operators that are launching new platforms; spurred by the digital switchover process that must be completed by 2012, free-to-view platforms have emerged in a number of territories, not least in France, that has managed to launch three such services!

The Freesat-style platforms have varying

degrees of control placed upon them by the owners; some rights holders demand that the signals are encrypted, while others remain FTA. Freesat itself, owned by the BBC and ITV, transmits in the clear and is adding the hybrid connectivity that will allow it to offer a version of the popular BBC iPlayer catch-up TV service.

Some markets, most notably Germany, have a large base of FTA channels readily available. Attempts like Entavio and Premiere

Star have failed to group together the channels in the way that Sky Multichannels achieved with analogue in the early '90s. Sky Deutschland, the new incarnation of the Premiere platform, is looking to change all that. New packaging was introduced in the autumn of 2009 and the News Corp-owned operation is bringing technologies familiar in other markets, but a world away from the zapper boxes that have previously characterized Europe's largest television market.

## ITALY

### Italy – At a Glance

TV homes	23.45m
DTH/SMATV & Cable	7.37m
DTH/SMATV	7.37m
Cable	0.00

Source: TNS Infratest/SES ASTRA, Satellite Monitors, Year End 2008

They said it couldn't be done... make premium pay-TV a success in Italy. But that is exactly what New Corporation's Sky Italia did after numerous attempts to set up a proper satellite DTH business by Tele+ and Stream TV from Telecom Italia.

Italy is known for its flamboyant history of 'free' television, which started with local stations popping up across the country in competition with the state monopoly RAI. Making use of loopholes in the law, these small broadcasters grouped together and become national networks.

With little or no cable television, satellite distribution became important, for national, region and even local broadcasters. Many dozens of channels started broadcasting on the Eutelsat position at 13 degrees East.

Pay-TV started with Tele+ (Telepiu), which was originally an analogue terrestrial broadcaster but later moved to satellite. The platform commenced digital DTH broadcasts as early as 1997, with ownership shifting from Leo Kirch and Nethold to Canal+/Vivendi.

Although Telecom Italia's Stream (50% owned by News Corp) also started a satellite-delivered pay-TV business, the market was too small for two competing platforms.

In 2000, Tele+, with 1.72 million subscribers, lost \$400 million, while Stream with 800,000 subscribers, lost \$250 million.

In 2003, the two companies merged into Sky Italia, and under News Corps's leadership this started broadcasting under the Sky brand on July 31, 2003.

The platform prospered. In July 2009, the communications regulator Agcom reported Sky Italia's profits to be €2.640 billion, second only to the Italian public broadcaster RAI on €2.723 billion. Mediaset (RTI), controlled by Prime Minister Silvio Berlusconi, was third with €2.531 billion.

The success is also reflected in the number of subscribers, and at the end of September 2009, 1.6 million of Sky Italia's 4.8 million customers opted for one premium service of HD, multiroom or PVR.

On July 31, 2009, the Italian free-to-view DTH platform TiVù Sat was launched on the Eutelsat Hot Bird position of 13 degrees East. It makes reception of the FTA DTT channels possible across the entire country in preparation for the terrestrial analogue switch-off planned for 2012.

TiVù Sat uses the Nagravision encryption system, and smart cards and special receivers will be available to viewers across the country.

TiVù is a joint venture between Mediaset (48%), RAI (48%) and Telecom Italia Media (4%).

It is estimated that up to two million families may require the TiVù Sat set-top boxes as a result of ASO. No subscription fees will be charged to the

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Robert Briel has been an international media journalist for many years, contributing to both Dutch and international trade publications. He is the editor of our Dutch edition Broadband TV Nieuws.

Robert was for many years editor-in-chief and creative director of Veronica TV Magazine, Holland's biggest selling weekly. Before that, he was involved with the launch of many magazines including the music papers Oor and Hitkrant, the trade weekly Muziek + Beeld and the first Dutch Satellite TV Guide.

At Veronica he was also responsible for the launch of the Veronica website in 1994. From January 2000 until August 2001 Robert was head of international press & PR at the UPC media group and responsible for the international and external contacts for the various thematic channels from UPC across Europe.

As a senior consultant he worked for Canal+, Bookmark, Sky Radio, CineNova, the Dutch DVB-T broadcaster Digitenne, the NOS communications department, SES-Astra, BBC Worldwide, Philips Consumer Electronics and other blue chip media companies.

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An accomplished conference moderator, Julian is a regular chairman at the annual IBC congress in Amsterdam, as well as the Broadband TV News Business Breakfasts. Television appearances include the BBC's technology magazine Click and the consumer programme Watchdog.

Julian has also contributed to The Channel, the magazine of The Association for International Broadcasting; Cable and Satellite International; Euromedia and the consumer title What Satellite TV.

Between 1998 and 2002 Julian was managing editor at PBI Media where he launched the successful newsletter Inside Digital TV and was responsible for a product portfolio that included Interspace, Cable Europe, Inside Multimedia, Kids TV and Doc TV. He also oversaw the PBI Media Management Report series, contributed to Communications Technology magazine and devised the Euro 50 for Cable and Satellite Europe, a collection of profiles of industry leaders.

Prior to joining PBI Media, he spent seven years with Cable and Satellite Europe, the last two as editor. During his time with 21st Century Publishing, and its successor FT Media and Telecoms, he was also editor of Satellite Trader and contributed to Cable and Satellite Express and Television Business International.

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