Mobile TV & Audio / Video

Analyst Insights

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Mobile TV - Consensus Emerges Around Freeloading off of Free-to-Air

In the flurry of new tuners and demodulators announced by Broadcom, Elonics, NXP, and others at the Mobile World Congress this year, a pattern is emerging: support for DVB-T and DVB-H. It is clear that handset makers and operators are now beginning to understand the benefits of mobile reception of existing free-to-air (FTA)terrestrial TV as a way to both acquire content for free and to drive trial and adoption - so that pay mobile TV becomes a much simpler up-sell or impulse purchase, as opposed to the hard-to-make initial sale.

This issue of Mobile Insights includes an interview with Telegent, one of the pioneers in this area, who has found success by enabling mobile reception of analog FTA TV instead of only digital FTA.

While power consumption remains a challenge for the "always-on" broadband tuners, demodulators, demultiplexers, and MPEG decoders required to display mobile TV on a handset, the issue is being solved quickly; announced solutions exist that consume significantly less power than the LCD backlight.

So, what are the likely implications of this development on mobile TV deployments?The major risk is reception quality. While people will deal with bad reception of free-to-air TV, there is a limit to what they find acceptable. Poor reception, especially indoors, will hinder the ability of users to pitch the benefits of mobile TV to their friends. This has proven a substantial challenge for handsets and even larger for receivers in places like Japan and Germany.

In Japan and South Korea, free-to-air mobile TV already exists and has been driving relatively rapid adoption. However, because the contribution margin on advertising supported broadcasting is thin, dedicated T-DMB broadcast infrastructure in South Korea is only now beginning to turn a profit.

In Western Europe, the ability of handsets to receive DVB-T broadcasts could well serve as the catalyst needed for other countries to replicate the Italian model. Because of the nature and political influence of broadcasters in Italy (esp. Mediaset), content acquisition was relatively straightforward and the DVB-H services launched with compelling content acquired at reasonable cost. In other environments, broadcasters have held out for high fees to rebroadcast their content on mobile networks. This new technology circumvents that problem entirely, allowing mobile operators and their premium content providers to concentrate on providing high-value content that can justify the corresponding infrastructure investments.

In developing parts of the world (Eastern Europe, the rest of Asia, MEA, and Latin America), Telegent's analog + mobile TV model will remain the primary one for the next 5 years. In that time, digital broadcasting will begin through many countries in Eastern Europe and Latin America, but analog switch-off is not scheduled until after 2013 - an eternity in mobile TV terms.

In the United States, there are no announced solutions for mobile reception of ATSC. While it is a safe bet that Telegent or someone like them is working to solve this issue, it is fundamentally much more difficult to receive ATSC from a moving platform than DVB-T or ISDB-T. Instead, the primary hope for FTA mobile TV in the US and Canada lies with the forthcoming ATSC-M/H (mobile / handheld) standard. IMS Research is currently forecasting ATSC-M/H standardization in mid-2009. At an upgrade cost of US$150,000 to US$300,000 per transmitter, IMS Research does expect broadcasters to make this investment quickly, with the top 50 US markets having at least one ATSC M/H broadcast by mid-2011. (This covers better than 80% of the US population.) The pace of integration into automobiles, laptops, and handsets will hopefully mirror that of South Korea and T-DMB.

Whether fixed or mobile, pay digital terrestrial TV without a free-to-air component has struggled wherever it has been attempted. Adding a premium tier on top has been relatively successful in Italy and other places. While many will note that free-to-air TV is losing advertising share to the Internet, only the lowest-performing broadcasters are fundamentally threatened by this trend. In fact, FTA mobile TV offers an opportunity for broadcasters to reverse this trend.

Finally, while the revenue model for free-to-air mobile TV is young, it is clear that by the freeloading off of existing broadcasts, a viable business can be built with current ones. The rest is hopefully upside.