

# 5. Acquisition of Programme Material

Range and type of programme material or compilations of programme material proposed to be included in the multiplex by the applicant and how the applicant proposes to secure the continued inclusion of such material.

For this criterion, applicants are required to provide details on their programming strategy, including their provisions for allowing access to channel capacity and accommodating high definition television, and the range and type of programme material being proposed.

## Programming Strategy

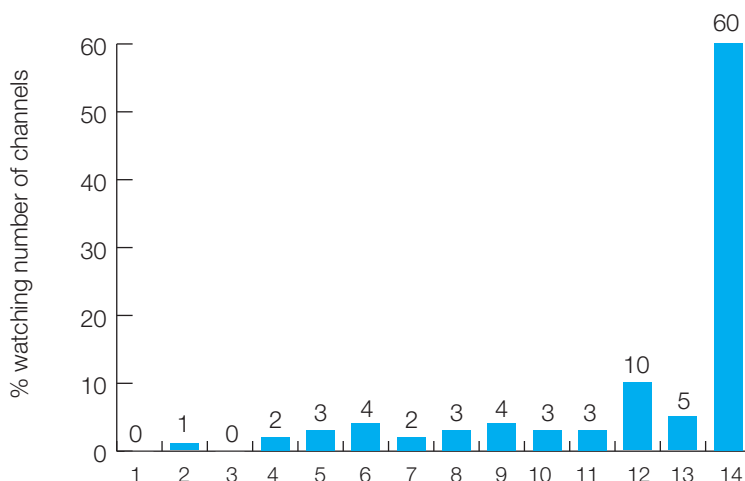
### 5.1.a. What is the applicant's vision for programme content delivered on the DTT platform?

Boxer's vision for programme content delivered on its DTT platform is to offer multi-channel TV with the most popular channels, without the filler. Every channel on our platform will be sought after. Boxer's complete independence from any broadcaster, channel operator, programme maker or rights holder means it is free to select only the best TV entirely on its merit. Boxer will offer its customers the most popular news, current affairs, lifestyle, music, drama and children's channels from Ireland and the UK. In addition, Boxer will offer a range of local and national radio stations to its customers.

Boxer has built this vision on the basis of detailed research and consumer insight. This reveals that many multi-channel viewers are overwhelmed by the choice available to them. Boxer will not offer Irish viewers yet more choice of channels they do not want. Even in homes with access to hundreds of channels, the average viewer regularly watches fewer than 10. Boxer will build its content offer around those key channels, offering manageable choice and the best of pay.

The DTT Pilot provided a test sample of 501 viewers (which had quotas set on social grade, TV reception and gender) with 14 channels on a DTT service. Research conducted by Amárach Research revealed that after six months, on average viewers had only ever watched 2 channels of the 14 available to them, allowing for the fact that 60% watched all 14 channels.

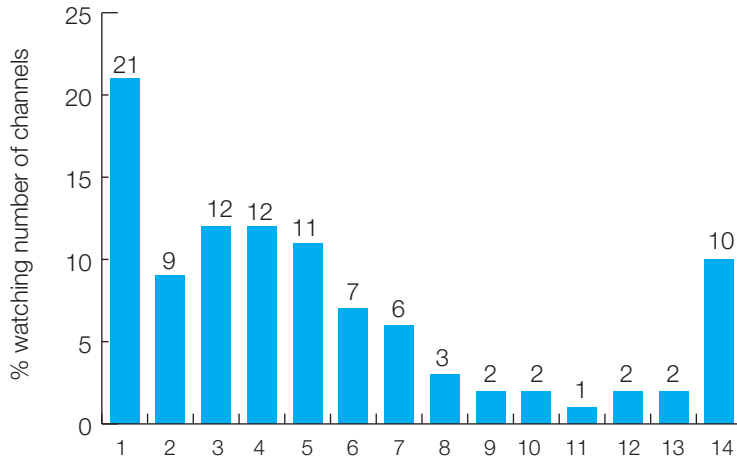
## Number of Channels Viewed During DTT Pilot



Source: Amárach Research

Furthermore, when looking at how many channels had been viewed with any frequency, that figure dropped to an average of only 5 out of 14 channels.

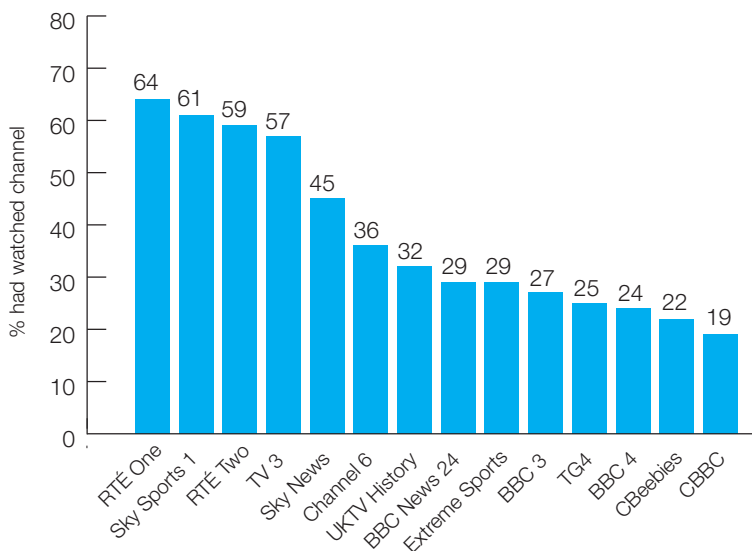
## Number of Channels Viewed in Past Week



**Source: Amárach Research**

The channels most frequently watched were the indigenous Irish stations and those offering Sports, News and Factual programming. Boxer has created its channel line-up specifically to meet this demand.

## Viewing Repertoire: Viewed in Past Week



**Source: Amárach Research**

Boxer is committed to offering a balanced mix of homegrown versus international content. Boxer will reserve a full channel slot for an entirely new outlet for Irish creativity or community programming, alongside the existing Irish channels. Boxer will also reserve capacity on the multiplex for additional new channels and for high definition broadcasts.

Furthermore, Boxer has begun negotiations with the BBC and ITV to supply new Irish editions of international channels, based on the best of BBC 3 and BBC 4, and ITV2, ITV3 and ITV4 respectively.

Boxer will also offer Irish radio services as part of all its packages, for the first time providing national reach for many local stations.

Central to the Boxer offer is a simple but stylish electronic programming guide (EPG) offering clear guidance for viewers, as well as video trailers and promotions.

#### 5.1.b. What is the strategy for creating and sustaining the mix of content proposed on the multiplex, both at the commencement of transmission and over the duration of the multiplex contract?

Boxer's strategy is to position itself as an entirely new, independent platform offering channel providers a fresh way to reach the Irish audience. Boxer's initial focus will be on securing its target line-up of channels. Boxer's work to date has highlighted some significant rights issues, and Boxer proposes a first phase of work to establish a comprehensive view of the legal status within Ireland of the key channels and their content. It is Boxer's view that there currently are anomalies which will need to be resolved in the interests of eventual analogue switch-off and harmony between the broadcasting systems North and South. Boxer proposes working with all stakeholders, and guided by the BCI, to establish a rights framework fit for purpose in the digital age.

Whether or not this proposal gains acceptance, Boxer envisages three phases of work, driven by the different rights status of our partner channels. First and foremost, Boxer will sign up existing channels with cleared DTT rights for the Irish market. Secondly, Boxer will work with existing channels to secure DTT rights for Ireland. Thirdly, Boxer will conclude its development work to create new Irish channels, both showcasing homegrown original content, or tailoring existing content for the Irish market.

Boxer will secure existing channels for launch in the first year following contract award and will bring on the new channels in the second year.

At the end of year 2 Boxer will review the effectiveness of the launch channel line-up, and, in consultation with the BCI, propose any changes that may underpin the platform's success.

In later years, Boxer will seek to increase the functionality of interactive services, depending on the nature of the installed base of receivers.

#### 5.1.c. What specific proposals, if any, are there for providing content providers with access to the multiplex in a manner that is fair, reasonable and non-discriminatory?

Boxer is proposing a business model that is consumer-facing and is principally based on buying content, repackaging it and selling content packages to its retail customers. If channel capacity is reserved for broadcasters to buy, then proposals will be requested for all licensed broadcasters in Ireland and the UK.

It is only in relation to radio services that access will be sold to content providers. In that regard, Boxer is proposing to sell access to all radio content providers on equivalent commercial terms.

5.1.d. Please detail the policy, strategy and specific proposals, if any, for the carriage of content in high definition (HD) format over the short (1-3 years), medium (3-5 years) and long term (5-10 years).

Our research has shown that HD is one of the more appealing new technologies to Irish consumers. However, in the DTT Pilot that is currently under way, many do not see it as a priority.

In Sweden, Boxer is already running HD events by dynamically flexing bandwidth, and Boxer is confident that the same model will succeed in Ireland. Clearly capacity constraints limit the scope for HD in the short term but, as more and more flat panels HD ready sets are in homes Boxer is clear that HD should be for the many and not just the few. DTT has a central role to play in bringing HD to the mainstream. Boxer are particularly interested in realising opportunities in downloading and IPTV to deliver HD to next generation DTT receivers.

In the short term (1-3 years) Boxer will use spare capacity to offer occasional HD events. In the medium term (3-5 years) Boxer plans to exploit advances in download and storage technology to offer non-live HD, for instance, content broadcast overnight and stored to a receiver's hard disk for on-demand recall. In the long term (5 – 10 years), Boxer expects that advances in compression technology coupled with IPTV enabled receivers will make a fuller suite of HD services possible. An unknown factor at this stage is the availability of additional broadcast spectrum for HD services.

Boxer will leave some spare capacity on each multiplex in order to support HD. Although it is unlikely that Boxer will carry entire HD channels in the short term, Boxer will utilise the bandwidth to allow regular HD events, such as major sporting fixtures e.g. Champions League football, or landmark programming e.g. BBC's Planet Earth.

## Range and Type of Programme Material or Compilations of Programme Material

Applicants are required to set out in detail the programme content to be carried on the multiplex and the rationale for the mix proposed. Issues that must be addressed include, but should not be limited by, the following:

### 5.1.e. What is your assessment of viewing patterns of audiences in Ireland, both current and historic, and how has this informed your programming proposals?

The Irish market is highly geared with around 55% of viewing being won by the five main indigenous channels: RTÉ One, RTÉ Two, TV3, TG4 and Channel 6. The RTÉ channels alone capture nearly 40% of viewing. This contrasts with the UK where BBC 1 and BBC 2 take only about 30% of viewing combined. It is clear that Irish viewers highly value their national broadcasters and local content.

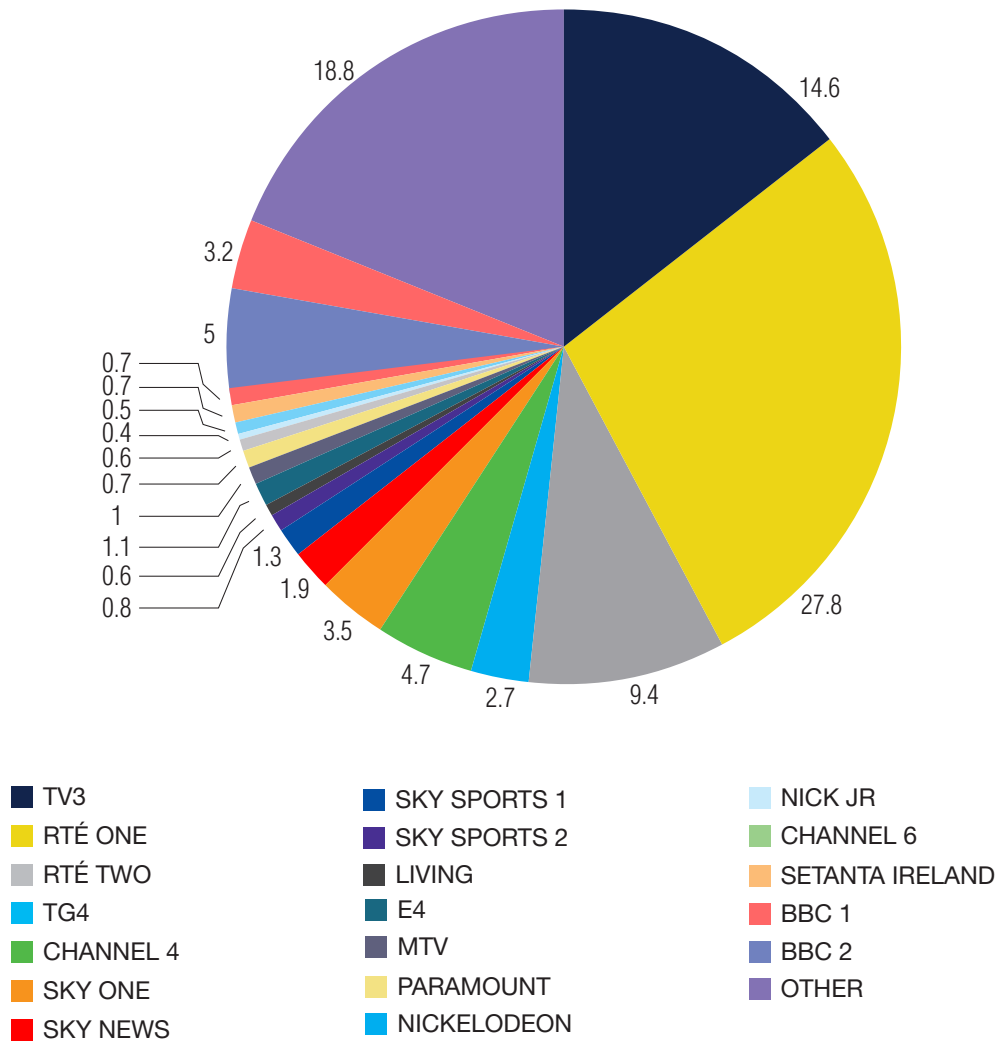
It is also interesting to note that the UK terrestrial channels are popular in Ireland. Together, BBC 1, BBC 2, UTV and Channel 4 account for around 16% of total viewing – an impressive figure given that at least one fifth of homes cannot receive them. This inspired Boxer to begin negotiations with BBC and ITV to develop Irish versions of international channels, based on the best of their channel extensions (e.g. BBC 3 and ITV 2).

This leaves the remaining channels provided by cable and satellite services accounting for around 29% of viewing. This is a great deal less than in the UK where such channels account for around 38% of viewing.

This supports Boxer's belief that Irish viewers are relatively selective and will not be excited by yet more huge packages of channels. Rather, they would like easy access to the quality channels that they already enjoy with the option to cherry-pick those they would like to add to their repertoire.

With total share of viewing to the three main Irish channels – RTÉ One, RTÉ Two and TV3 – falling by only 3% between 2003 and 2006, in spite of increased take-up of digital television, it is clear that the new channels on offer are of limited appeal. This is why Boxer’s programming strategy is based on well-known channel brands, without the filler.

## Share of Viewing by Channel













Source: AC Nielsen







5.1.f. In the case of television content, how many and what type of channels are proposed?

Boxer plans to offer around 30 channels in total, broken into the following packages:

## Content Plan

Starter Pack		FTA + 7 channels €9.99 per month
•	RTÉ ONE	
•	RTÉ TWO	
•	TV3	
•	TG4	
•	BBC 1	
•	BBC 2	
•	UTV	
•	C4	
•	Discovery	
•	Eurosport	
•	BBC News 24	

Boxer pack		Starter Pack + 11 channels €22.99 per month
•	Sky One	
•	Living	
•	Sky News	
•	Film4	
•	MTV (time sharing with Nickelodeon)	
•	Nickleodeon (time sharing with MTV)	
•	Disney	
•	E4	
•	Setanta Ireland	
•	BBC Ireland (new channel based on BBC 3, BBC 4, CBeebies & CBBC)	
•	ITV Ireland (new channel based on ITV 2, ITV 3 and ITV 4)	

Premium Pack		Sport and/or Film additional €24.99 each per month
•	3 x sports channels - Either from Setanta or Sky or rights holders direct	     
•	3 x movie channels - Either from Sky or UPC or rights holders direct	 

### 5.1.g. What is the ratio of indigenous to non-indigenous services and content proposed?

Boxer's intention is to protect and enhance the Irish PSB and creative communities. Furthermore, it is Boxer's aspiration to include bespoke Irish versions of international channels. Boxer expects at least a quarter of the channels to be indigenous, however, the precise ratio between indigenous and non-indigenous services is an issue which Boxer would intend to determine later, subject to final carriage negotiations.

Boxer's radio content will be primarily indigenous.

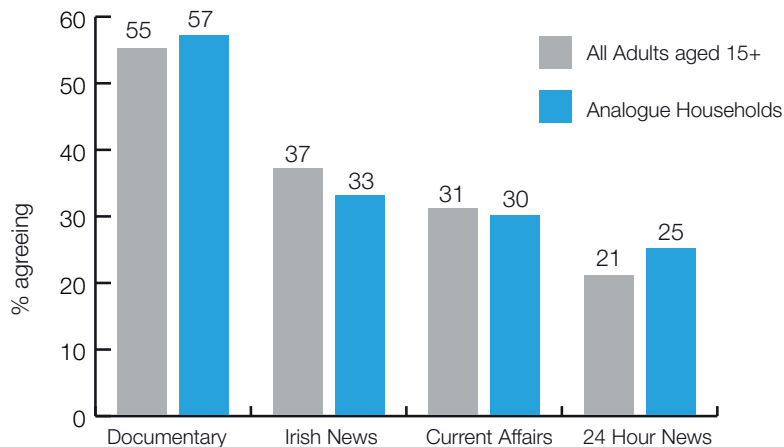
### 5.1.h. What is the ratio of free-to-air to subscription and/or other pay-TV content?

Boxer is a pay TV business, so all the channels on its multiplexes will be pay. However Boxer will support and promote all free-to-air channels in its role as DTT Champion.

### 5.1.i. Please describe the diversity of sources of news, information and current affairs contained within the range and type of content proposed.

Irish viewers value news, information and current affairs very highly. This is clearly demonstrated in the popularity of RTE's News programmes which achieve shares in excess of 50% at both 6pm and 9pm and of Questions & Answers. Our research shows that many would like see more of these genres on television. Analogue-only homes show a particular interest in 24 Hour News and documentary programmes compared to the average viewer.

## Most Popular Genres Sought After



Source: TNS mrbi, April 2008



5.1.j. What level of assistive services is proposed? (Please include a description of the services proposed and comment on the quality of services that might be expected)

In our research, Boxer tested the appeal of these assistive services and was very encouraged by the strong appeal that all three received amongst respondents, as shown below.

% Seeking	Very interested	Quite interested	Not very interested	Not at all interested	Don't Know
Subtitling	11	23	20	46	0
Signing	7	16	22	53	3
Audio Description	7	18	24	48	3

**Source: Focusgroupsonline.ie**

Boxer will be dependent on content providers to make available the relevant assistive services. Subtitling is already available for other platforms and Boxer expects it to be a highly valued feature. Boxer will deploy DVB Subtitling, which offers fonts with high readability and the option to add 'effect text' (e.g.Loud Noise Outside!).

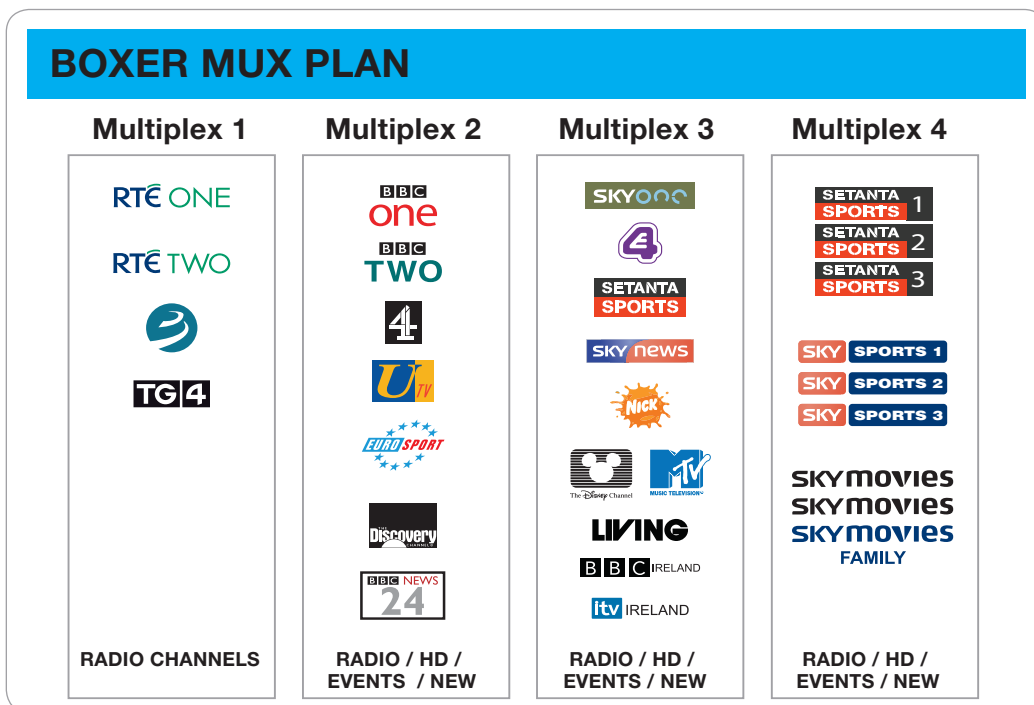
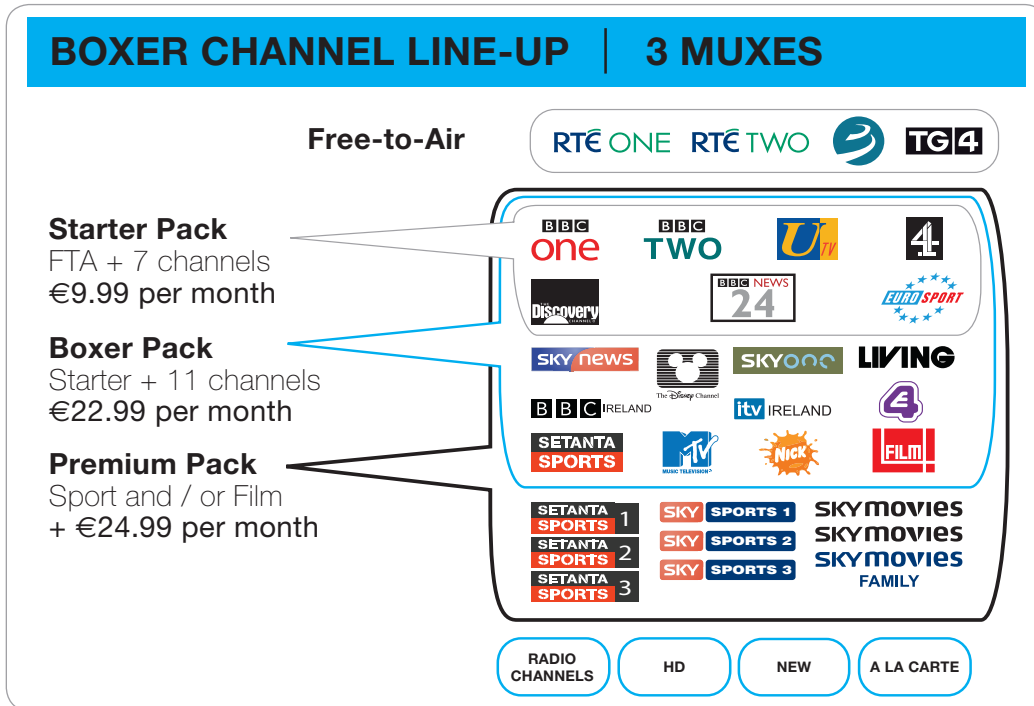
5.1.k. How will the range and type of content proposed extend choice to viewers? To what extent will it appeal to a variety of tastes and interests?

Boxer's mission is a consumer-driven one. Our research has identified a group of 'analogue traditionalists' who are reluctant to sample new channels, but express strong desire for programmes in certain genres, especially news, documentaries and sport. By bringing quality additional channels offering these genres within the reach of mainstream and previously disenfranchised consumers, the Boxer proposition significantly enhances and extends choice to viewers.

5.1.l. To what extent are the range and type of programming proposed innovative and/or not already available to audiences in the State?

Our mission is to innovate in this market. Research tells us that viewers do not want more choice (in terms of an ever-increasing number of TV channels); they want more control and convenience. Our key innovation is the 'pay-as-you-go' model, which puts previously expensive content within reach of ordinary viewers and puts the viewers in control of their TV expenditure. Boxer will also aim to be innovative in terms of our programming choices, notably by encouraging the creation of bespoke Irish versions of international channels.

5.1.m. Please provide details of the proposed broadcast schedule illustrating how content would be fitted into an overall schedule of broadcasting across the multiplex and indicate the time/s of the day and the day/s of the week on which each service will be broadcast and the target audience(s).



Boxer intends to allocate channels to the multiplexes according to the above plan. All channels will follow their regular linear schedule on a 24 hours a day, 7 days a week basis apart from Nickelodeon and MTV which will share a channel and broadcast 7am to 7pm and 7pm to 7am respectively.

Boxer plans to commence its service with the channels included above, however, Boxer will regularly assess its customers' perceptions towards the channels on offer and may add or alter particular channels based on popularity, the introduction of new channels or technological advancements.

5.1.n. For each television channel/compilation of programme material, please detail the period for which it is proposed such material will be carried. Please indicate whether the proposed material has already been secured by way of formal agreement between the applicant and the source of the content.

Boxer intends to secure long-term supply agreements with our key providers. At this stage, the proposed material is 'in principle' available to Boxer and formal agreement will follow should our application to become the commercial DTT multiplex operator be successful.

Boxer is in discussions already with all of the channel providers who have indicated their willingness to join the platform should our bid be successful. Boxer would seek standard carriage terms, with a rolling three year agreement with options to renew to the full length of the contract, subject to performance.

Boxer reserves the right to adjust its channel line-up within the framework of our agreements on the basis of consumer feedback, the introduction of new channels and on the basis of advancements in technologies.

5.1.o. Where the continued inclusion of a channel/compilation of programme material has not been secured, what are the applicant's proposals for either (i) securing the material's continued inclusion and the period of time for which such continued inclusion will be sought or (ii) obtaining alternative content?

Boxer is confident that alternative providers are available for each required content block (e.g. either Sky or Setanta for sports). It is clear that while some incumbent providers are currently reserving their positions, in some cases to strengthen their own hand in the current application process, the eventual multiplex holder will not struggle to source content once the award is confirmed.

5.1.p. Multiplex operators are responsible for ensuring that all content carried on their multiplexes are licensed. Please confirm that all content is appropriately licensed or, if appropriate, describe what plans you have to address this requirement.

All content will be appropriately licensed. Significant rights issues exist especially for some key UK content, but this is an issue for all parties in the market to resolve.

5.1.q. Where relevant, applicants must explain the type of content proposed in HD format and comment on the steps it proposes to take to source and fund the content. The applicant should explain how it proposes to accommodate such content on the multiplex and describe the impact that carriage of HD content may have on the range and type of programming going forward.

Boxer currently proposes a HD events service for major occasions, e.g. the Olympics and international football tournaments such as the World Cup or European Championships where host broadcasters are making available HD streams. Boxer can boost bandwidth in a multiplex to accommodate HD programming. Over time, technology will allow further developments, as discussed above.

Boxer will reserve capacity on each multiplex to accommodate these regular HD events without impacting the rest of the channel line-up in any way.

5.1.r. Please describe the extent to which the programme proposals utilise spectrum efficiently and comment on the expected levels of audio and visual quality and explain how this has influenced the rationale behind your programming strategy.

Boxer has set minimum standards for audio and visual quality. Technical requirements have not influenced Boxer's programming strategy.

5.1.s. Please describe what non-programme data would be included in the proposed service(s) and the amount of capacity allocated to it.

The most important feature is a broadcast video programme guide, offering detailed listings and promotions for content, as well as a potential revenue stream for local interactive advertising.

Besides standard SI/PSI data, boxer will also DVB-SSU (over-the-air software download to STBs) which is used to play out software to receivers. This offers the capability to update dynamically the installed base of consumer equipment in consumers' homes.

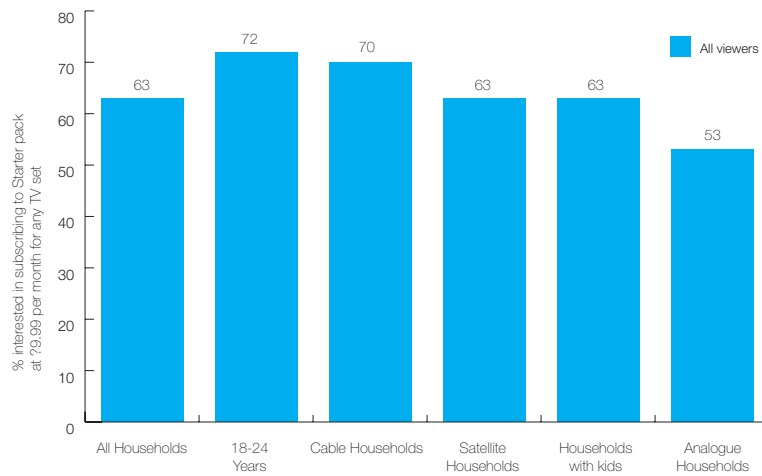
Please demonstrate how your proposals for programming are supported by relevant and appropriate market research, cross-referring where appropriate to your responses to section 3.4.2, the analysis of the marketplace.

Boxer commissioned its own detailed quantitative and qualitative research, as well as collating industry data from AC Nielsen and Amárach Research, to shape and develop its programme strategy.

The nationally representative quantitative survey, conducted by TNS mrbi, was particularly useful as it enabled Boxer to isolate core consumer segments and look at their needs in detail.

By using the key messages emerging out of the research – reluctance to receive more channels that will not be watched, concerns about excessive cost, dislike of subscription deals, the love of Irish and British terrestrial channels, the willingness to pay for specific favourite channels – Boxer has developed a highly appealing new digital television service. So much so, that around two-thirds of current cable and satellite customers say they would consider converting and more than half of Analogue Traditionalists would consider subscribing to Boxer's Starter Pack.

## Interest towards Starter Pack at €9.99 per month for any TV Set



**Source: TNS mrbi, April 2008**

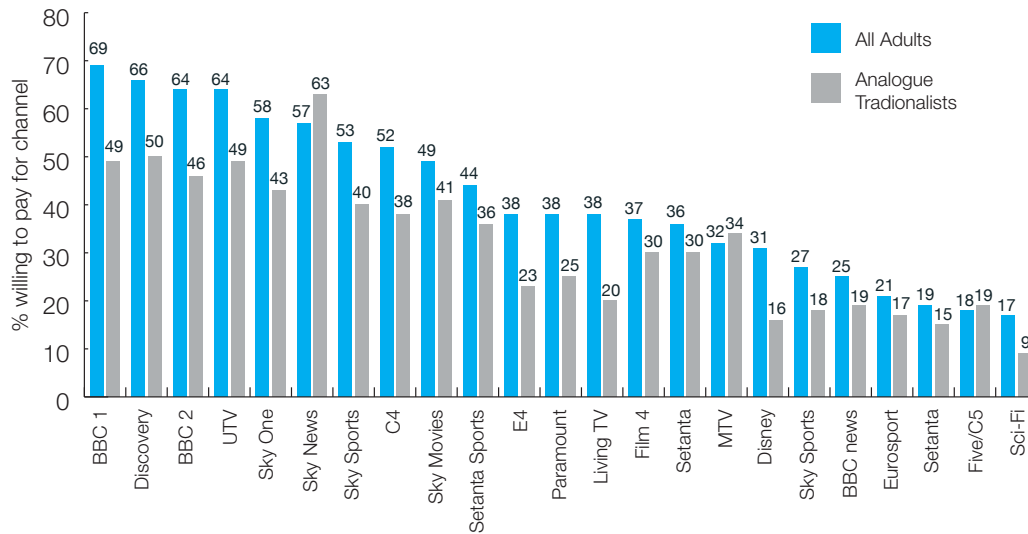
Our programming and service proposals are consumer-driven. In particular, Boxer identified three core customer segments: Analogue Traditionalists, Second Setters and Churners.

### Analogue Traditionalists

This group accounts for 329,000 or 22% of homes in Ireland. They are disproportionately aged 45+, living in non-urban areas and in the F social grade. They claim to be light television viewers and 43% say they 'do not watch much television and do not want more channels'. They favour RTÉ One, Documentary, News, Current Affairs and Sports programmes.

Boxer believe it is critical to target this group early and to bring them on a simple journey to digital TV so that they are not disenfranchised or confused when analogue switch-off takes place. This group is motivated by simplicity, low cost and access to a limited number of new channels. Encouragingly, Boxer found that almost half are willing to pay for the UK terrestrial channels and Discovery. Perhaps, not surprisingly, they are very unwilling to pay for niche channels and this is a core factor in the development of our Starter Pack and central to our 'multi-channel television without the filler' philosophy.

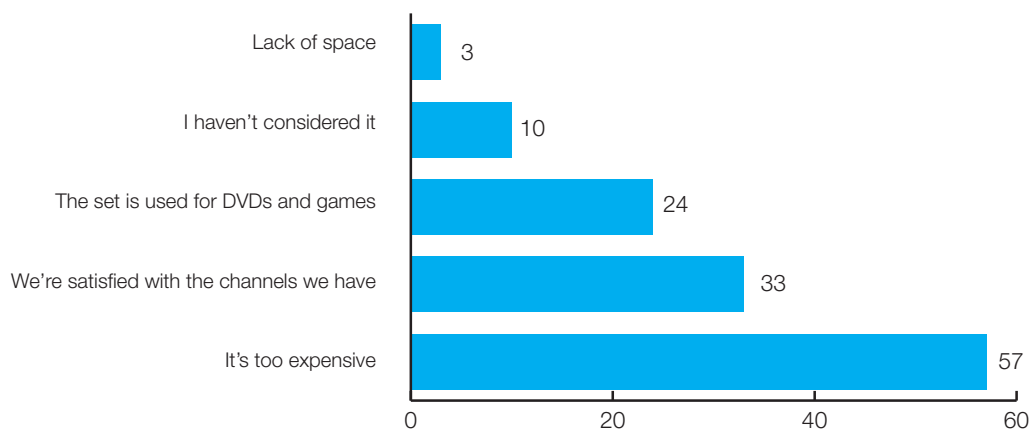
## Willingness to Pay for Subscription by Channel



Source: TNS mrbi, April 2008

N.B. There is a smaller, second group in Analogue Homes and that is young adults who cannot afford to pay for digital TV but have little or no resistance to the concept. Cost is the main barrier to take-up for this group.

## Reasons for Not Subscribing to Cable or Satellite TV



Source: TNS mrbi, April 2008

## Second Setters

This group accounts for 912,000 or 61% of homes.

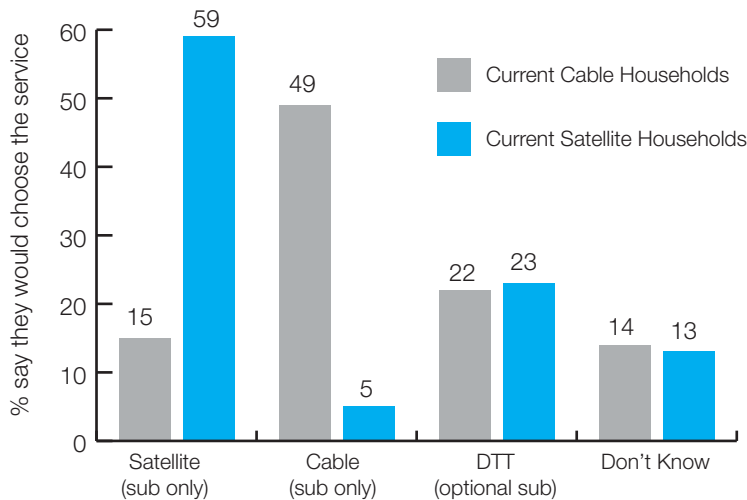
The majority of homes have more than one television set and our research shows that 42% of second sets are not connected to satellite, cable or MMDS. This figure rises when third, fourth and fifth sets are considered. In total, Boxer believe that there are at least 600,000 secondary TV sets which need to switch to digital post 2012 and others may churn out of more expensive services.

These households are younger in profile than average and the secondary sets are often used for children.

This group is motivated principally by cost and would like the option to have a smaller selection of channels on their second set(s) at a cheaper price.

## Churners

The number of dissatisfied cable and satellite homes currently stands at around 290,000. However, our research shows that even satisfied customers would seriously consider switching to Boxer's compelling alternative, away from the high-cost subscription services they have now. Only 59% of current satellite and 49% of current cable customers say they would stay with their current service and almost a quarter would expect to churn over to Boxer's DTT alternative.

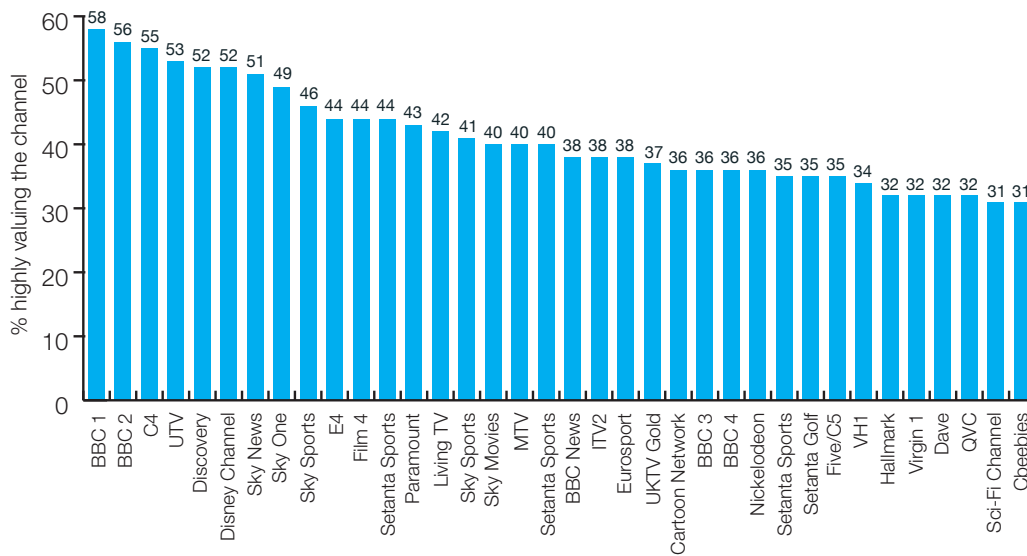


**Source: TNS mrbi, April 2008**

Furthermore, when Boxer's packages and prices were tested amongst this segment, 76% of cable and 79% of Sky customers thought that they compared 'very or quite favourably' with their current services.

The needs of the three key customer segments that Boxer has identified are the driving force behind the Boxer strategy. However, Boxer's proposition is not simply a niche because it believes that every home in Ireland will fall into one of the three core target groups: Analogue Traditionalist, Second Setter or potential Churner. Whilst each group has different hopes and fears around digital television, Boxer's research shows that they share a common love of indigenous Irish channels, the UK terrestrial channels and big brand channels in the key genres of News, Childrens, Sport and Factual. Niche channels are much less highly valued.

## Channels Highly Valued by Irish Viewers



**Source: TNS mrbi, April 2008**

For the full results from the market research and more insight into each consumer segment, please see section 4.2.