BOX CONSIDERATIONS

Moore Analysis

DTT set-top box costs can have an enormous impact on the success of a DTT programme. Unlike other digital TV platforms such as pay cable, satellite and IPTV, most DTT programmes serve radically different purposes than those of their pay TV brethren. Spectrum management, political considerations, and possible STB subsidies can all impact how boxes are specified.

That's why the specification selection process for new DTT transmissions, or turning off analogue transmissions, is not as simple as it might appear on the surface. In addition to considering the major component and licensing costs (see table), countries and/or broadcasters must keep in mind the potential market for DTT receivers when specifying boxes.

Manufacturers may be unwilling to build receivers that are specified in such a way that would require big changes to existing designs. If the market is deemed too small, suppliers may skip the territory or charge a premium for boxes. Those countries planning government subsidies are probably best served by getting to the lowest common denominator when publishing specs.

It must be pointed out that the table below, represents average costs based on common specification of terrestrial receiving boxes. The estimates take into consideration major 'hard' components such as demodulator/tuner, AV processor, and memory, which make up the greatest component costs. For the purposes of this analysis, we've also included a remote control cost.

Calculating an average licensing cost for essential technologies is a bit trickier as rates can vary significantly depending upon the intellectual property in question. For example, royalties for various digital terrestrial TV transmission standards can vary from about $.70 to $5.

The HD estimate assumes that the box will contain a few high-end bells and whistles such as a high-speed digital connector and more sophisticated remote control and EPG. The digital to analogue converter box estimate assumes that the box is designed to only convert digital signals to analogue but does also include a low-end remote control cost.

Myra Moore is chief analyst for Digital Tech Consulting (DTC), a market research firm that tracks and analyses the consumer digital video marketplace. More information on the company and its latest research on TV receivers, STBs, and other digital video activity is available at www.dtcreports.com.

Average DTT STB Costs for Major Components & Licensing

	Major Component	Licensing Cost	Comments
Standard Def with AVC coding	$ 31.50	$ 9.53	Also includes MPEG-2 as AVC only chips aren't currently available. Transmission technology royalties vary.
Standard Def with MPEG-2 coding	$ 27.50	$ 9.28	Transmission technology royalties vary.
High Definition incl. AVC coding	$ 38.50	$ 11.28	Also includes MPEG-2 as AVC only chips aren't currently available. Transmission technology royalties vary. See note below for possible additional costs for high-end box.
Digital to analogue converter box	$ 21.00	$ 7.85	Single-purpose box. Transmission technology royalties vary.

Source: Digital Tech Consulting