

IPTV - Should we all forget the set-top boxes and buy internet enabled TVs



IPTV is no longer tied to commercial bundles of high speed internet access, television and telephone (triple play) but the success of the technology continues to be dependent upon the strength of the home broadband connection. Manolis Koumantaros reports....

Introduction

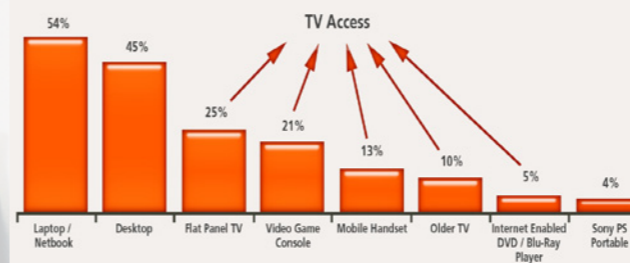
The uptake of triple play offerings in the UK is somewhat sluggish compared with the US and other EU markets. However, along with the two established players, Sky (satellite) and Virgin (cable), the adoption of high speed broadband internet connection over recent years has led to the rise of various forms of bundled and unbundled internet protocol television (IPTV) services.

For the purpose of this article, IPTV as a term includes subscriber-based offerings requiring the installation of set-top boxes (eg BT Vision, TalkTalk TV, etc.), but also free or commercial services that offer some sort of live television, time-shifted TV programmes, and video on demand (eg BBC i-Player, ITV Player, Channel 4 on demand (4oD), YouTube, LOVEFILM etc.) relying on other customer-premises equipment (CPE).

With CPEs, aside from the traditional definition (i.e a router bundled with an internet connection, a mobile handset as part of a contract with a mobile provider, etc.), it makes sense to include any internet-enabled, end-user equipment that consumers use to view any of the forms of IPTV mentioned previously. As such, recent research by GfK NOP Technology indicates that 80% of the UK internet population watch IPTV and are using primarily the following CPEs:

An emerging trend here is the role of the TV set as a CPE device. Further more, isolating the fact that there is a good portion of the population (25%) who use their flat panel TV set to view IPTV, the same research identifies that the top three ways to do so are:

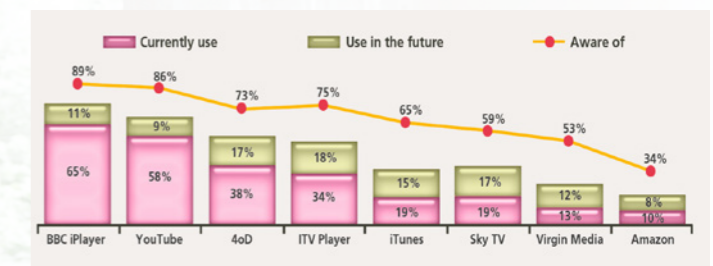
- By connecting to a pc/laptop – 38%
- Via a game console – 22%
- Directly connected to a broadband router – 16%



Interestingly, the list does not include services that rely on a set-top box installation (Virgin is in fourth place – 11%, while BT Vision has only a very small penetration – 2%). In addition, internet-enabled TVs, only available since 2009 in the UK, appear to make an interesting category

Having seen consumers bypassing the standard triple play offerings in terms of CPEs, the next question is what type of content they choose to watch over internet?

Our research indicates that amongst all people who watch video content over the internet, free IPTV services such as BBC i-Player, YouTube, 4oD and ITV Player, are the highest used, while premium services, like iTunes, Sky TV and Virgin Media fall behind:



In this situation, it is not surprising that triple play offerings (e.g Sky and Virgin) are already including, or are starting to include, these popular video on demand services (i.e. BBC i-Player, YouTube, etc.) as part of their offering. Nevertheless, some might question why they should buy into triple play rather than just get an internet enabled TV in order to watch the most popular and free IPTV services such as BBC i-Player?

Leading TV manufacturers are all starting to offer this type of functionality – Panasonic with its VieraCast system, Philips – NetTV, Samsung – internet@tv, Sony – applicast, etc – and are making an effort to incorporate popular IPTV services into their internet widgets. However, the technology relies on the quality of the home broadband connection, without any control over the “last mile” or guarantee over the quality of service that a commercial triple play provider can offer. This might sound trivial, but our survey also confirms that satisfaction with IPTV when considering connectivity/speed and image resolution is only moderate at 62% and 66% respectively.

Nonetheless, consumers today have increasingly more options to watch IPTV and this can only be a good thing. The challenge should lie with the providers of IPTV services and CPEs to leverage the technological advantages and create new opportunities. Triple play providers should not perceive this evolving nature of IPTV as a threat, but as something that can help boost its uptake in the UK market.