

Digital cable taking India today, tomorrow and beyond

India is now on the verge of becoming Asia's key cable market. The cable services industry in India has come a long way since the government opened the doors for private cable industry players in 1992. Since the exponential leap in the Indian economy in the last decade, Indian cable industry is fast becoming a lucrative sector. Experts predict that India will before long emerge as the second largest digital cable TV home market (after China) in the Asia-Pacific region.

One of the main contributors in the success story of the cable industry is the eagerness that the private players have shown in adopting new technologies. Since the liberalisation in the early 90s, cable companies have seized on new technologies to meet the ever-increasing demands of the Indian TV-loving families. We have seen the number of channels going up; the normal analog signals could support only up to 99 channels. Digitisation of the cable platforms was the only logical step and cable companies were more than willing to take it. Digital cable allows up to 999 channels with excellent audio-video capabilities, a thoroughly exciting prospect to any viewer.

After years of disappointing delays and distractions, digital cable is finally making its presence felt across the vast Indian subcontinent. Digital cable is steadily strengthening its roots to become an integral part of Indian households.

The domestic television market is moving towards digital platforms. By 2010, 28 per cent of the estimated 100 million pay TV households will migrate to platforms such as digital cable, DTH (direct-to-home) and IPTV (internet protocol TV). The role of new and improved technologies coupled with our developing economy will help further the penetration in India's cable television industry.

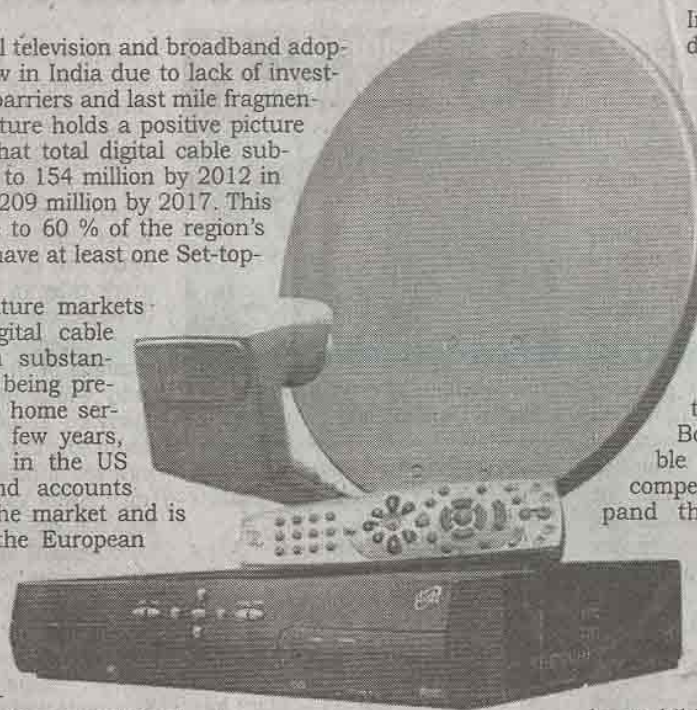
Currently, there are about 71 million cable homes in the country out of a total of about 130 million television homes. But only about 6 per cent cable homes are digital, so the opportunity that lies

is humungous.

However, digital television and broadband adoption has been slow in India due to lack of investment, regulatory barriers and last mile fragmentation. But the future holds a positive picture which indicates that total digital cable subscribers will grow to 154 million by 2012 in the region and to 209 million by 2017. This implies that close to 60 % of the region's cable homes will have at least one Set-top-box by 2017.

Across the mature markets of the world, digital cable market has been substantially on the rise being preferred to direct to home services. In the last few years, cable penetration in the US has increased and accounts for over 70% of the market and is still growing. In the European market, digital cable market is almost double direct to home. Internationally, digital cable market has been widely acknowledged for the quality of service and superiority in terms of number of channels and picture and sound quality.

What's making the space attractive is not just the right noises being made by regulatory bodies such as the Telecom Regulatory Authority of India (TRAI), but also the potential of cable networks—it being the face of the future—to offer a two-way path that allows broadband, and, therefore, triple-play, which includes services such as video-on-demand (VOD) and cable telephony, among others. There's no doubt that a good cable network offers real interactivity that a DTH operator cannot offer.



In countries like India, the key issue will always remain "cost effectiveness" which will be the determining factor between satellite and digital cable TV. The low-entry cost of cable easily ensures that a large number of price-sensitive customers remain with the cable service. Both satellite and cable providers have been competing intensely to expand their market shares through aggressive marketing campaigns. Slowly and steadily the digital cable market, which has previously been restricted

by prohibitory regulations, will have an edge over DTH because digital cable TV subscription rates will always remain lower than DTH. The competition between DTH and digital cable TV could kick-start the next stage of development in India's Rs 90,000 million TV industry, increasing choices for consumers and providing media owners with a valuable extension for the addressable distribution of programming.

The road ahead...

With the new regulations passed by the policy makers to ease the entry of new operators, digitalisation of cable networks, entry of FDI and private capital, as well as increase in professional cable TV

companies, the Indian digital TV industry is expected to grow at a rapid pace.

An increase in affordability, fall in the prices of TV sets, and regional language channels will increase the penetration of digital cable TV in semi-urban and rural areas. Furthermore the superior features offered like electronic programme guides, channel lock, pop-up reminders, interactive games, radio availability, movies on demand and many more are expected to pave the way for a booming digital cable TV industry in India.

New channels for niche segments with focused contents will enter the industry. The size of the market is expected to increase many fold, due to the incremental number of subscribers and improvement in service fee in terms of value.

Mature markets of the US, the UK, Europe, Singapore and Hong Kong have a digital cable TV penetration of over 70 per cent. When the developing markets advance to more mature markets, there will be a natural transition among consumers towards the acceptance of digital cable TV over its competitors due to the quality of service, cost efficiency and consistency it provides.

Cable companies in the mature markets are consolidating in order to upgrade their networks to provide digital, interactive, broadband and telephony services. Cable telephony is already in service in the US, UK and Scandinavia and is cable companies' biggest strategy against DTH providers in those countries.

In the wake of the opening of significant new prospects for private operators, India is all set to see a "war of the accesses". With very few large players, a widespread geography and an extremely unorganised cable operator set-up, the budding innovative options offered by digital cable operators as an access mode is all set to woo the increasingly discerning Indian consumer.

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