



The innovative options offered by digital cable operators as an access mode are all set to woo the now increasingly discerning Indian consumer

# Fresh Promises

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, the 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.

## Surging Ahead

One of the main contributors to the success story of the cable industry is the eagerness that the private players have shown in adopting new technologies. Since liberalization in the early '90s, cable companies have

seized 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. Digitization 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 for 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 toward digital platforms. By



2010, 28% of the estimated 100 mn pay TV households will migrate to platforms such as digital cable, DTH (direct-to-home) and IPTV. 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 mn cable homes in the country out of a total of about 130 mn television homes. But only about 6% cable homes are digital, so the opportunity that lies is humongous.

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 mn by 2012 in the region and to 209 mn 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 DTH 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, the digital cable market is almost double DTH. Internationally, the digital cable market has been widely acknowledged for the quality of service and superiority in terms of the number of channels, picture and sound quality.

What's making the space attractive is not just the right noises being made by regulatory bodies such as Trai, but also the potential of cable networks—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 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 that always remains is '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 mn TV industry, increasing choice for consumers and providing media owners with a valuable extension for the addressable distribution of programming.

## The Road Ahead

With new regulations passed by the policy makers to ease the entry of new operators, digitization 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 on offer like electronic program guides,

## Why Digital Cable Holds Promise

- It scores over DTH on technical and commercial parameters
- Digital cable offers picture and sound quality and value added services comparable to DTH service. Two-way communication like pay-per-view programming, video-on-demand, etc is also possible via digital cable
- Digital cable can provide up to 1,000 channels compared to limited number of channels on DTH. At present, most DTH players are offering approximately 200 channels. Though technologically it is possible to have more number of channels in DTH, the cost of addition of channels is so prohibitive that in business terms it makes more sense to limit the number of channels
- Digital cable is more reliable as it does not face 'rain fade', 'cloud fade', 'snow fade', 'tree fade' or 'wind fade'
- Cable TV offers local channels with local content, which is not currently offered by DTH players
- Cost effective, free home visits unlike DTH, where most technical issues require a service engineer, it comes at a price
- Digital cable is more user-friendly and simpler when compared to other digital platforms like DTH. The non-tech savvy members of the family like a housewife and elderly prefer digital cable service as they feel comfortable using it. In case of any technical issues faced, free and swift support is provided by the local cable operator, instead of the call center agents
- Setting up digital cable at home is quick and easy. As there is no dish antenna involved, the user does not require the housing society permissions to set up a digital cable connection. In case of DTH, a new subscriber has to go through the tedious process of getting the appropriate permission to install the cumbersome dish antenna

## With new regulations passed by policy makers, the Indian digital TV industry is expected to grow at a rapid pace

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 content will enter the industry. The size of the market is expected to increase manifold, due to the incremental number of subscribers and improvement in service fee in terms of value.

Mature markets of the US, UK, Europe, Singapore and Hong Kong have a digital cable TV penetration of over 70%. When the developing markets advance to more mature markets, there will be a natural tran-

sition among consumers toward 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 unorganized 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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