

Indian Media and Cable Industry Would Welcome the Entry of Foreign Players

Summary

Indian media industry is inching towards finding a steady state to reach the desired profitability. With ad sales dipping due to on-line and electronic display based bill boards, the market is getting diluted amongst many TV channels. The regional channels and smaller news channels are the likely target of biggies like NDTV, TV Today, Zee and Star. With the imminent launch of DTH services by corporates like Reliance, Bharti, Sun TV and Videocon, these popular properties would be up for grabs within two to three years. Regulations from TRAI giving clear revenue sharing formula between content owners, carriers and last mile distributors would also stir consolidation. Smaller last mile distributors and mid sized MSOs who would find the implementation of CAS service cost prohibitive might consider giving in to biggies.

Analysis

The cable industry in India will witness 100 M cable homes by 2010. Govt has declared that it wants to introduce addressability by bringing in CAS service. Traditional CAS service providers are MSOs who are rather fragmented. There is no national MSO.

Integrated national telcos like Reliance, Bharti and Tata would seriously think about getting into CAS service as not only will this enable them preempt any move by MSOs to take away the voice and internet market share from them but also get into home entertainment segment. The key advantage with telcos would be their nation wide fiber reach and easy availability of last mile operators coaxial cable plant to homes. Thus, HFC based hybrid IP-QAM transmission of multi play signals would clinch the game for them. If this needs to be delayed then MSOs would need the capital, technical and managerial expertise of foreign established players like AT&T, Comcast, Cable Vision etc to form alliances and partnerships.