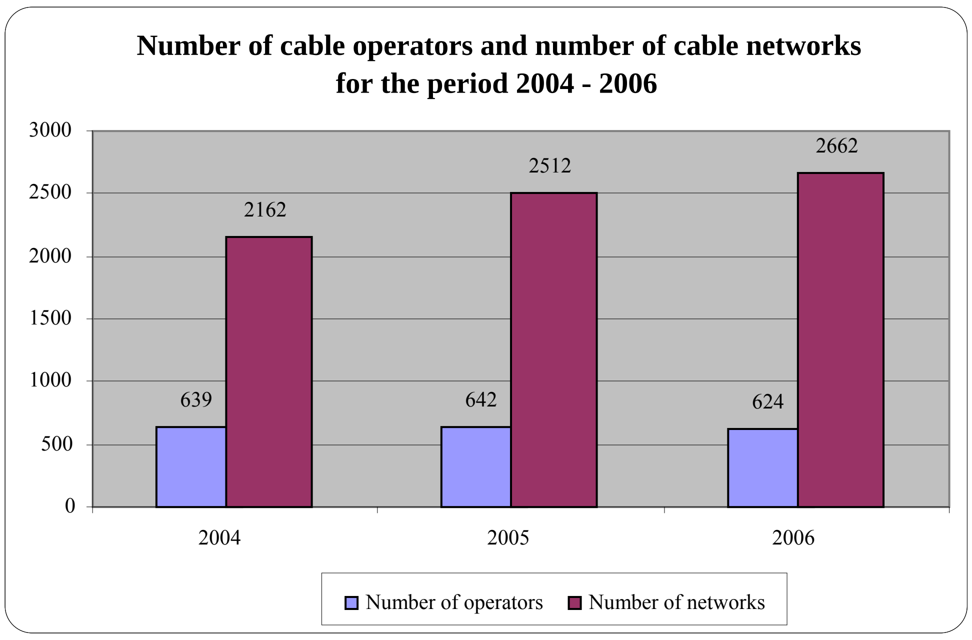
C O N T E N T

9. Cable telecommunications networks for distribution of radio and television signals

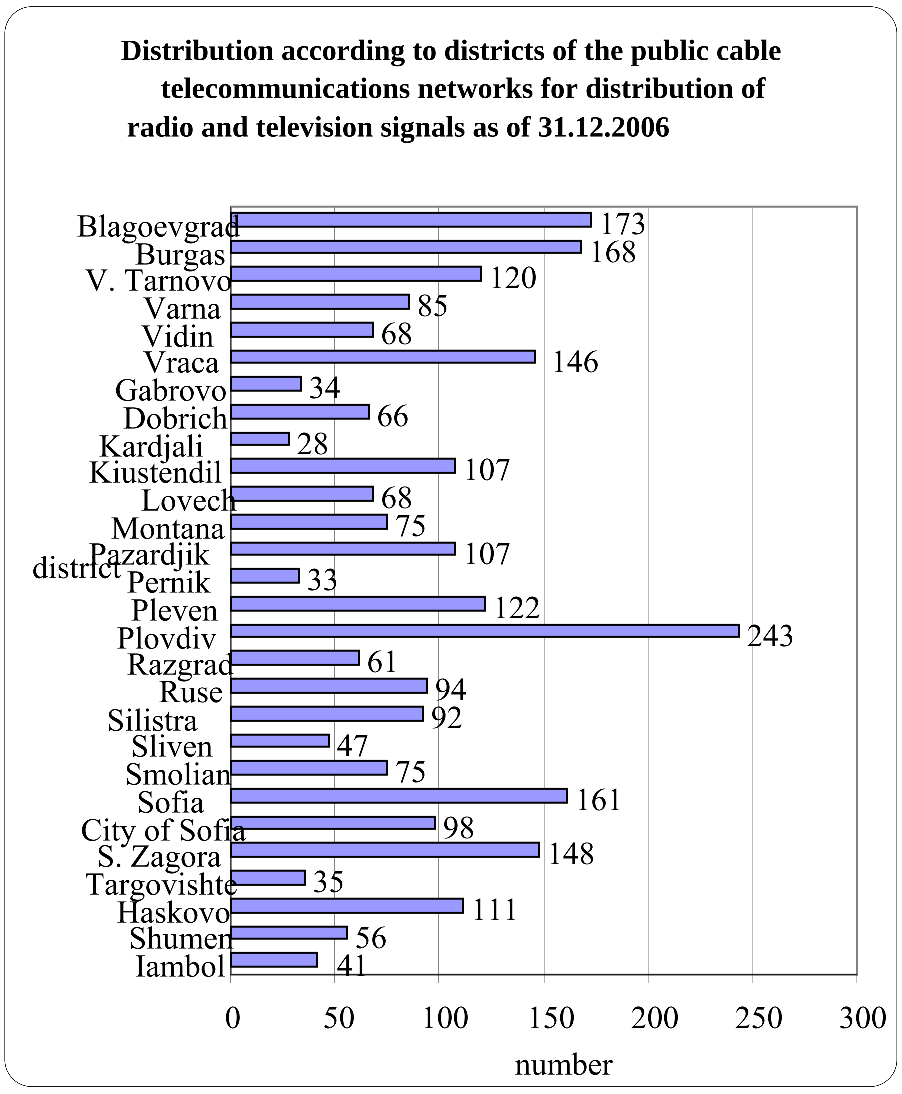
During the year 33 new operators of public cable telecommunications networks have been registered, which is 37% less compared to the number of new registrants in 2005. At the same time 97 supplements to already existing registrations have been issued for broadening their territorial coverage and 33 have been deleted. At the end of 2006 the total number of the cable operators is 624[1], which is 18 less compared to the previous year, and the number of cable networks has reached 2 662. It can be summarized that the trend for intensification of the competition between the operators in the separate settlements continues.



Source: *Data submitted to CRC*

Fig. 80

The chart clearly illustrates that the number of the cable operators in 2006 is almost the same as in the previous two years but the number of the networks in the settlements is growing, which shows that the big operators strengthen their positions.

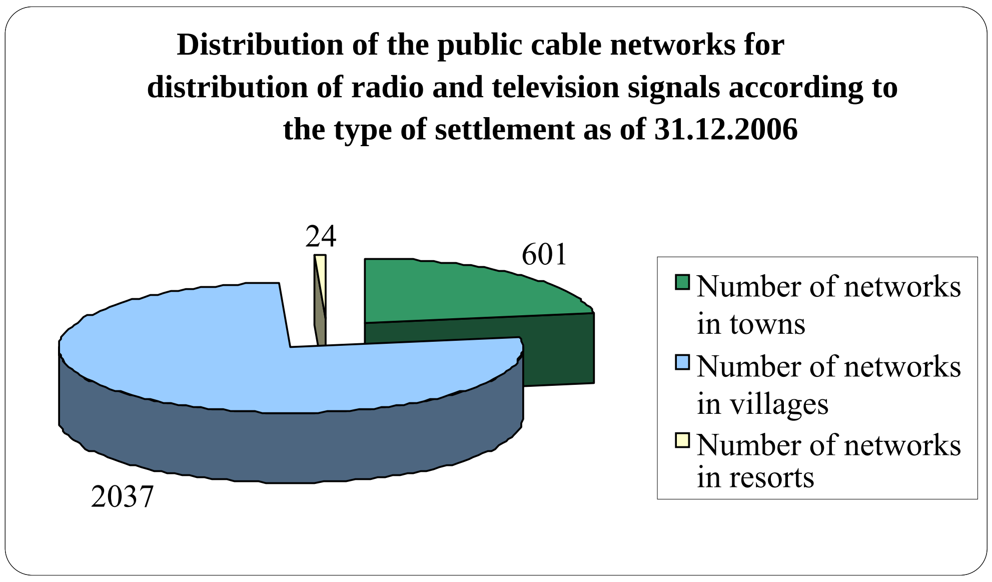


Source: *Data submitted to CRC*

Fig. 81

[1] Total number of the registered operators of cable telecommunications networks towards the end of the year, without the deleted in 2006.

The distribution of the issued certificates for registration under general license according to districts is uneven: about 65% of the networks are constructed in twelve out of the twenty eight districts of the country (fig. 81) and the biggest numbers are in Plovdiv, Burgas, Blagoevgrad, Sofia and Stara Zagora.

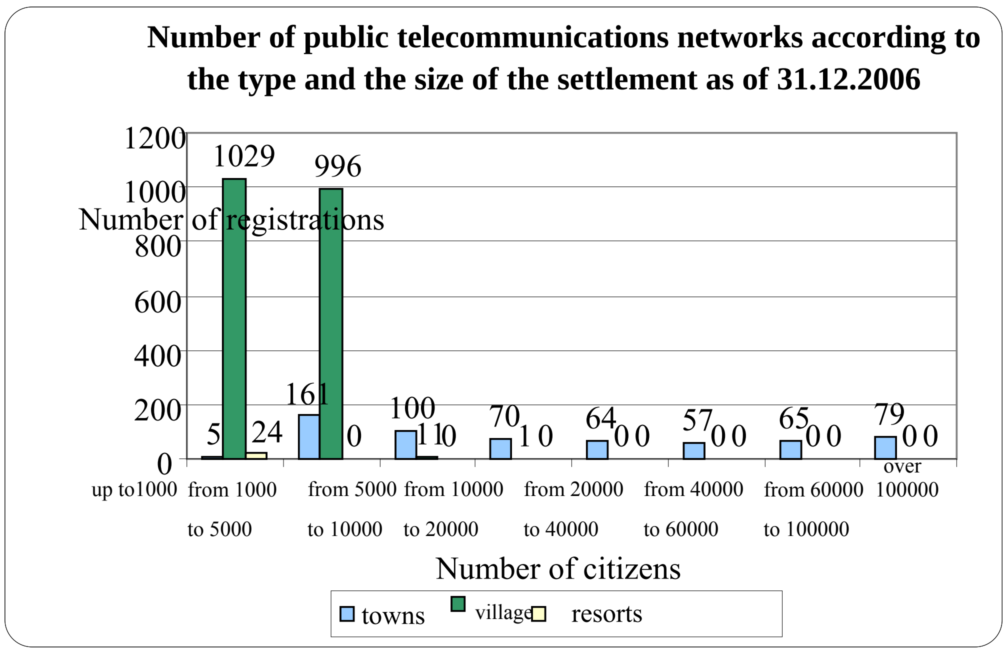


Source: *Data submitted to CRC*

Fig. 82

The distribution of the cable telecommunications networks according to the type of settlement where they are constructed is depicted on fig. 82. 2 037 (or 77% of them) are located in villages and 601 in towns. Compared to the previous year the cable networks in villages have increased with 100 and those in towns - with 47.

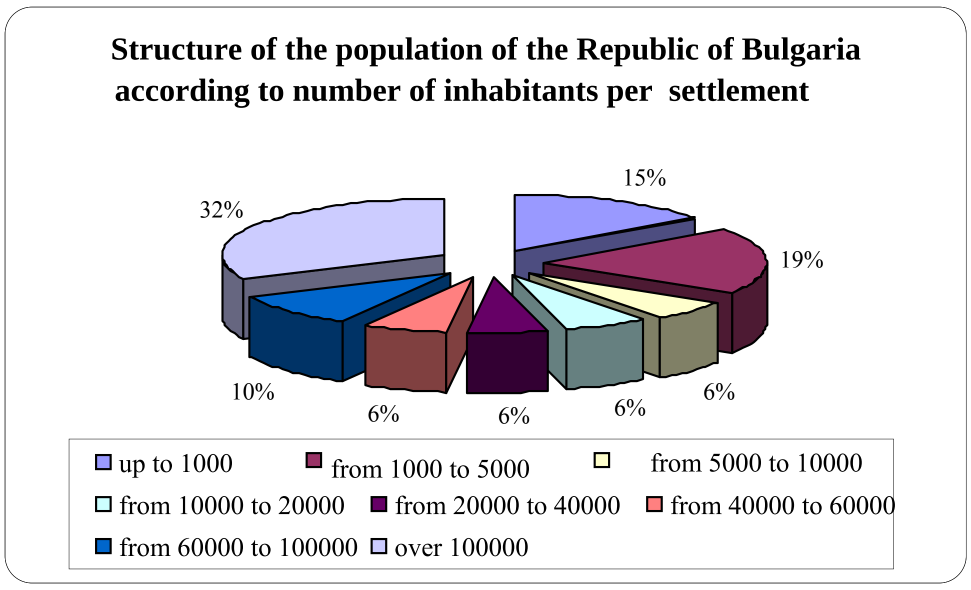
Cable telecommunications networks for distribution of radio and television signals are already constructed in all towns as well as in 31 per cent of the villages in Bulgaria. The number of the villages with cable infrastructure has increased for a one-year period with 3%.



Source: *Data submitted to CRC*

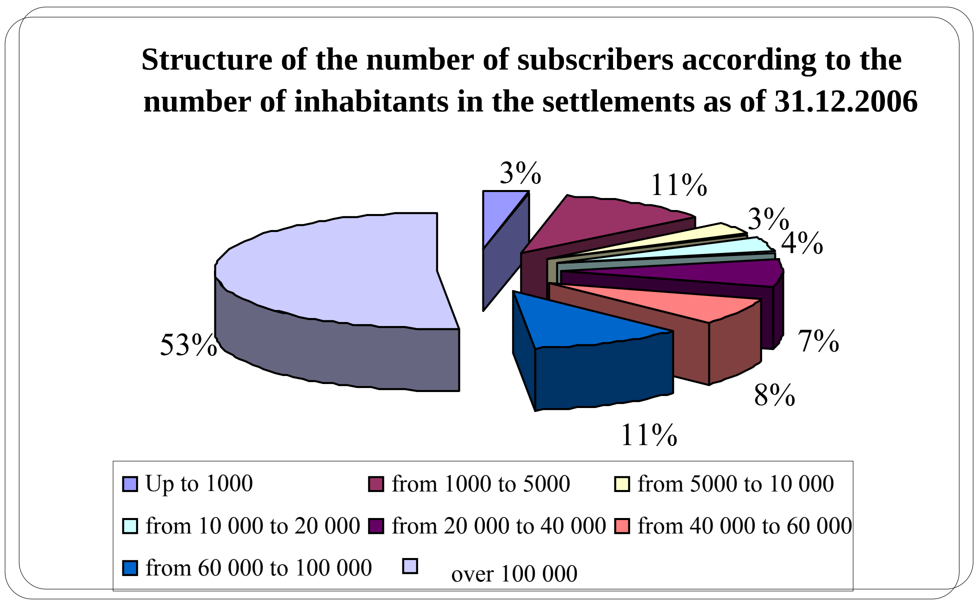
Fig. 83

The number of constructed cable networks in settlements with population of up to 5 000 has increased in 2006 to 2 215, which is 5% more compared to 2005 (fig. 83). 83% of the networks are constructed in these settlements, whereas in the settlements with population of more than 60 000, where almost half of the country's population is concentrated, only 5% of the networks are built.



Source: *National Statistical Institute*[2]

Fig. 84

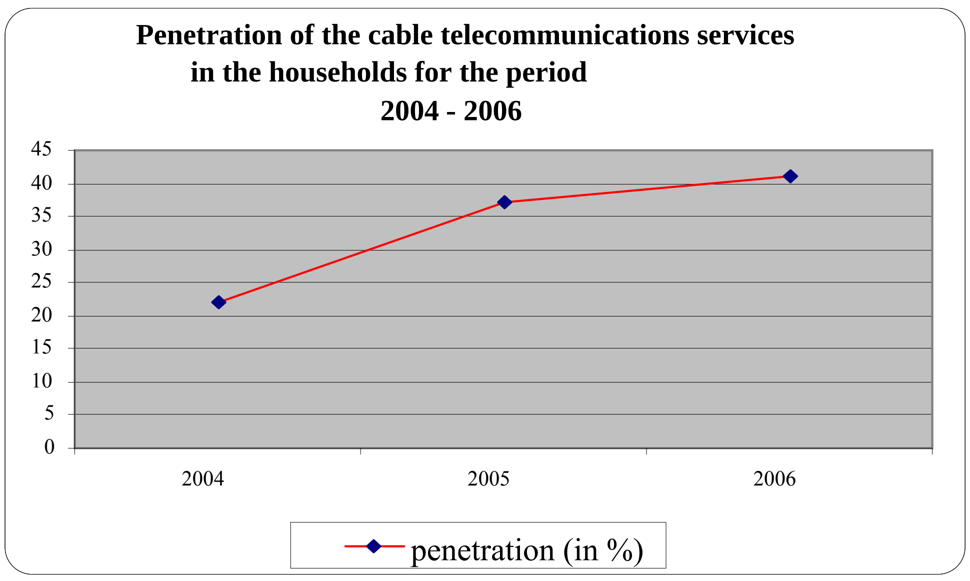


Source: *Data submitted to CRC*

Fig. 85

The higher population concentration in the big cities on the one hand and the higher standard of living there on the other determine the larger relative share of the population using services of cable telecommunications operators. More than half of the subscribers are located in big cities with population over 100 000 and the relative share of the subscribers from the cities with population over 60 000 (with accumulation) is already 64%. As far as small settlements (with population up to 5 000) are concerned, this indicator is 14 per cent.

The total number of subscribers of cable telecommunications networks in Bulgaria as of 31.12.2006 (as an expert estimate, based on data received by CRC from 84% of the registered operators[3]) is about 1 200 000 and has increased in comparison to 2005 with approximately 7,4 per cent. The calculated penetration of the cable television in the Bulgarian households on the basis of the received data for the subscribers as of 31.12.2006 is 41%, which is 4% more than in 2005 (fig. 86).

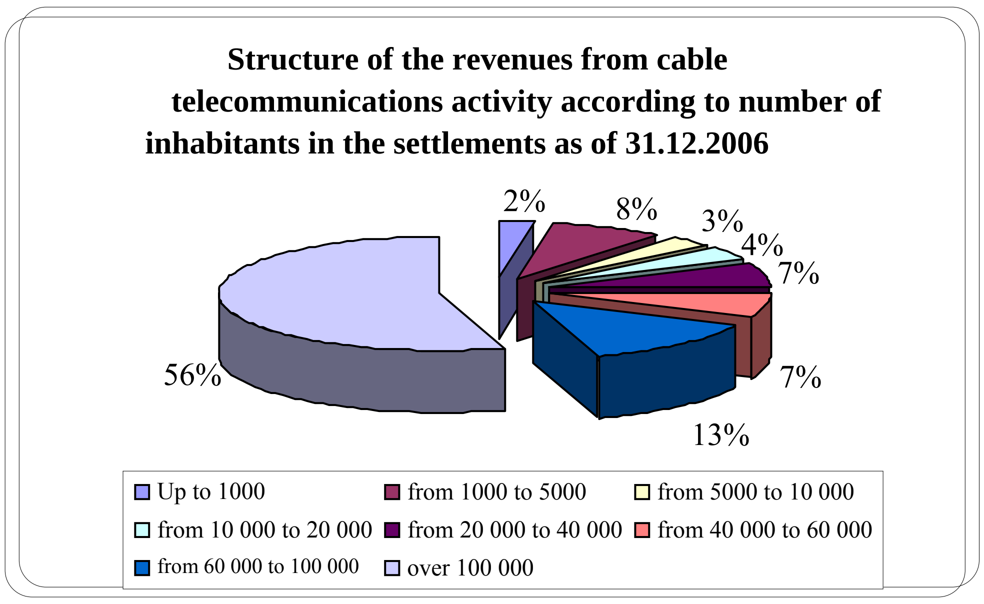


[2] The data is from the last census in 2001
[3] Including operators with deleted registration in 2006

Source: *Data submitted to CRC*

Fig. 86

The structure of the revenues from cable telecommunications activity is presented on fig. 87. Bearing in mind that more than the half of the subscribers live in settlements with over 60 000 inhabitants the revenues from public cable telecommunications activity for them form an even more significant part from the total revenues for this market segment - 69%. For the settlements with up to 5 000 inhabitants this indicator is merely 10%.



Source: *Data submitted to CRC*

Fig. 87

According to the CRC expert estimate the volume of the total revenues from cable telecommunications networks for 2006 amounts to nearly 161 million BGN which is about 6 per cent more. The main part of the revenues continues to be from distribution of radio and television signals, increasing with 5% compared to 2005 and reaching 81%, whereas the encoded programs revenues share decreases with about 5 per cent and amounts to 1% of the total revenues of the cable operators having submitted information to CRC. The revenues from the provision of bundled services of the type „Double play" (cable television and access to internet) are about 8,5%.

According to data from a research of the National Statistical Institute for the use of the information and communication technologies by the households in 2006[4] the most popular device for access to such technologies remains the television set and for the period 2004 – 2006 the number of households with a TV set has grown reaching 98% towards the end of this period. The research data shows that for the same period more (with almost 2 per cent) households are using cable television - in 2004 about 59% of them had cable television and in 2006 - 60,9%.

Services and prices

Along with the provision of radio and television programs packages the operators of the cable telecommunications networks provide or intend to provide bundled services such as „Double play" (cable television and access to internet), „Triple play" (cable television, access to internet and transfer of voice), encoded programs, data transfer and video on demand. The integration of services is convenient for the end users giving them the opportunity to choose between packages according to their individual needs and use services with a discount.

Cable operators which operate mostly in the bigger cities such as Sofia, Varna, Burgas, Plovdiv, Ruse and Stara Zagora orientate towards the provision of „Double play". In 2006 27 of the operators having submitted information to CRC have declared that they provide such service and the revenues from it amount to about 8.5% from the total revenues in this market segment. The provision of cable television and access to internet through one network becomes more and more popular in the last years, since it offers conditions for permanent access at prices favourable for the consumer. According to data from information submitted by the operators to CRC the average monthly subscription for the packet service „Double play" is 34 BGN.

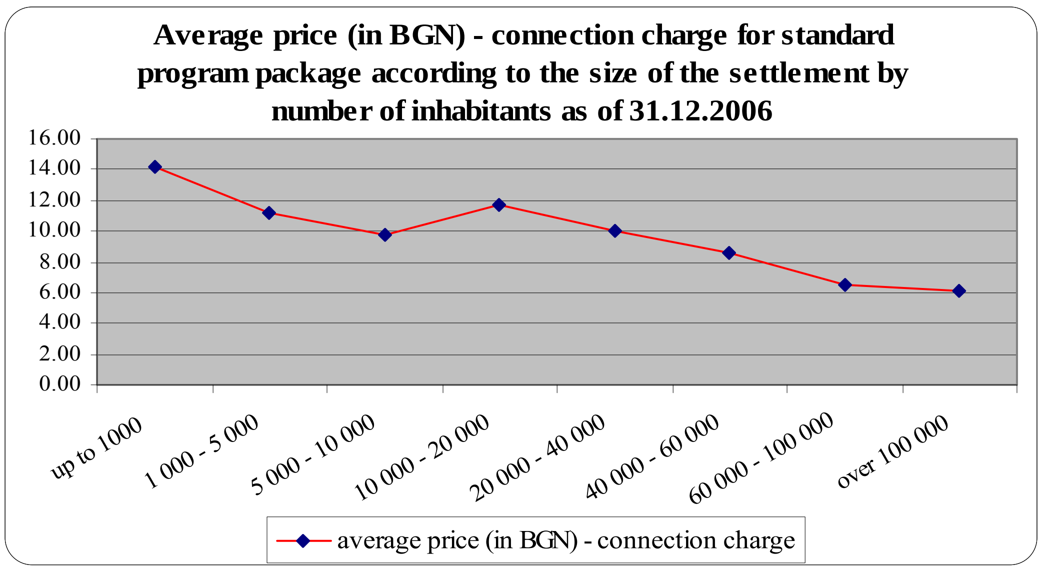
In 2006 the penetration on the Bulgarian market of the so called "Triple play" service continued, providing access to cable television, fixed voice telephony service and high-speed internet, reaching the

[4] http://www.nsi.bg/IKT/IKT.htm

consumers over one cable. The operators which have declared that they provide such service are „CABLETEL" Plc on the territory of Sofia, Plovdiv, Varna, Burgas, Stara Zagora, Haskovo and Shumen, „CABEL INFORMATION SYSTEM" Plc and „DELTA" Ltd on the territory of Ruse. At the end of the previous year the consumers of package services of the type „Double play" and „Triple play" are about 3,2% and 0,4% of the total number of subscribers of the domestic cable telecommunications networks, respectively.

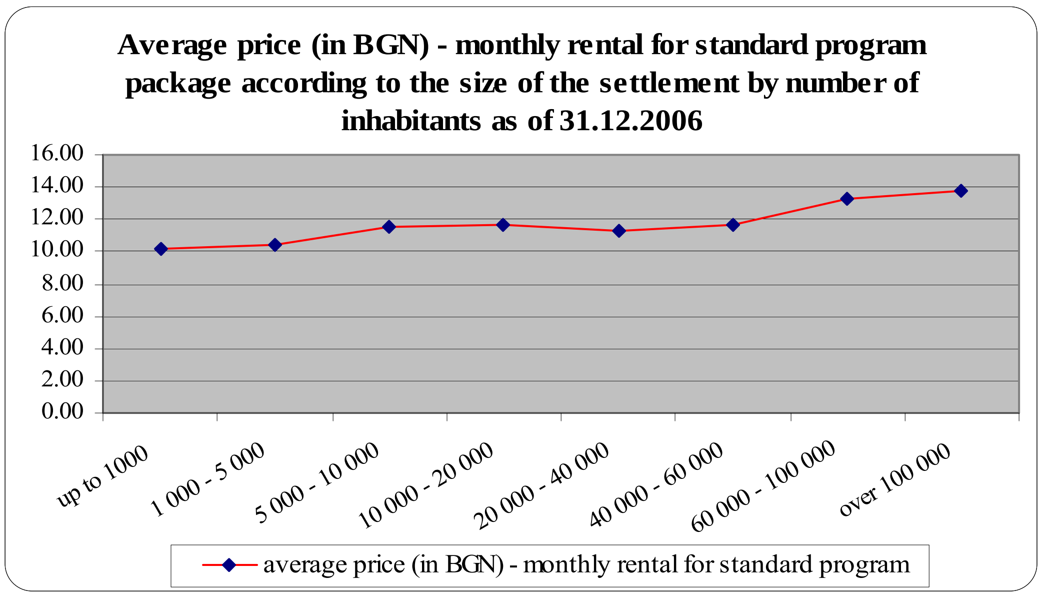
More than 10 cable operators (including „EVROTUR SAT TV" Plc, EUROCOM CABLE MANAGEMENT BULGARIA" Plc, „TELECABLE" Plc, „ARIEL TV" Plc, „DELTA" Ltd, „SKAT TV" Ltd) provide their clients (constituting about 1,77% of the total number of subscribers of cable networks in the country) digital television, which ensures emission, transfer and reception of television signal entirely in a digital format. The advantage of this technology is that it creates possibilities for interactivity, i.e. the subscriber could determine on its own the content and the time of the program they want to watch. One of the most popular services of that type is "video on demand", allowing the subscriber to watch films or programs for an additional payment. The digital programs package is usually used together with the main analogue programs package and an additional subscription fee is paid for their reception. The service is offered also in a package with encoded programs.

The average prices for installation and monthly subscription for the basic program package of the cable operators are presented on the following charts. As mentioned above the revenues from them occupy the biggest share in the total revenues of the market segment.



Source: *Data submitted to CRC*

Fig. 88



Source: *Data submitted to CRC*

Fig. 89

The significant difference (over 50%) observed in the installation prices for the basic program package in settlements with up to 5 000 inhabitants and in those with over 40 000 (fig. 88) is a consequence of the unequal competition on the market of telecommunications, performed over cable network for radio and television programs. As for potential subscribers of cable operators carrying out their activity in settlements with over 40 000 inhabitants, the prices for the installation of a basic program package are low or the service is even free because of the bigger number of players on the respective market. And vice versa: the limited number of operators in settlements with up to 5 000 inhabitants affects the relatively high initial fees.

Despite the ineffective competition in the small settlements, the monthly subscription for the basic program package is significantly lower, which is due both to the not-so-high quality and the smaller scope of the provided telecommunications services and to the low solvency of the population there.

[1] 12th Report on the Implementation of the Telecommunications Regulatory Package, 2006