



Emerging DTV Markets: Africa

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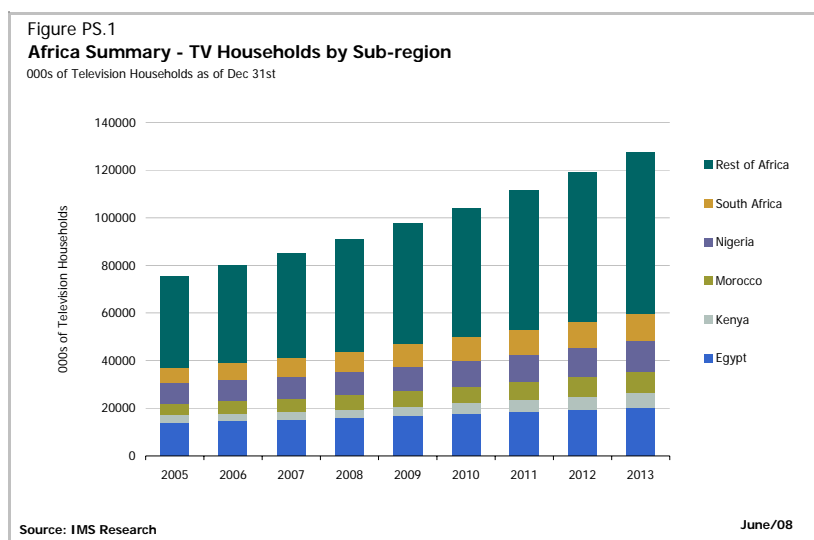
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Overview of Emerging DTV Markets: Africa

Digital TV in Africa has grown at a rapid rate over the last decade. Though the majority of the continent’s households continue to receive analog broadcasts, increasing availability of digital services and equipment continue to encourage uptake. Many nations have set analog terrestrial switch-off dates by the end of the year 2015. IMS Research estimates that DTH broadcasts currently account for more than 80% of Africa’s digital TV market. Over the next several years it is expected that DTT broadcasting will compete with the DTH sector, especially in countries that have developed DTT infrastructure and low competition from FTA satellite.

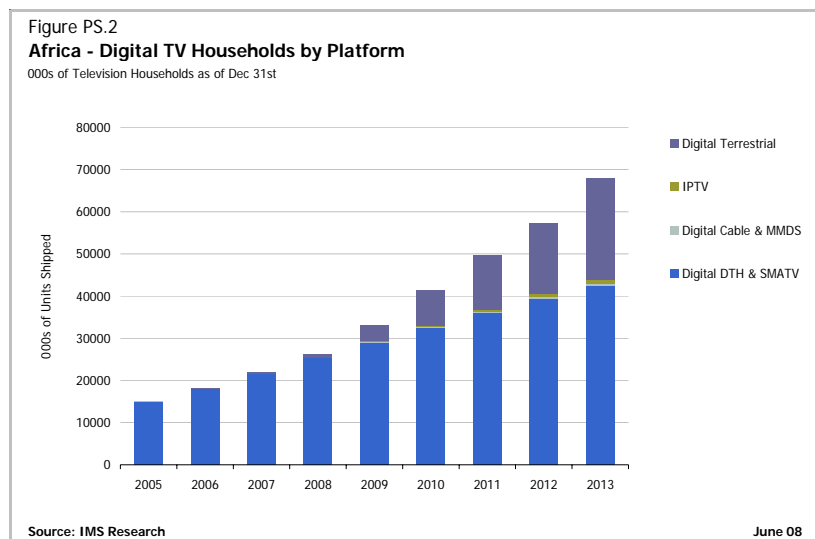
New products and offerings are expected to influence expansion of digital TV in Africa. In countries with sufficient infrastructure, IPTV, HDTV, and WiMAX offerings are available through major operators. Bundled services typically consist of paired Internet and DTH offerings, though partnerships between operators and telcos are expected to increase the number of triple-play offerings during the forecast period. These partnerships will also influence growth of mobile TV. Demand for local and international content is driving DTH more operators to offer country- and language-specific broadcasting to appeal to larger audiences.



Growth in digital TV markets will evolve differently in North and Sub-Saharan Africa. The North is dominated by FTA broadcasting but is limited in its ability to combat piracy in pay-TV. DTT broadcasts are expanding in Morocco, where Vivendi’s Maroc Telecom has established IPTV operations. IMS Research predicts partnerships between TV operators and telcos will expand during the forecast period, particularly if the Middle Eastern pay-TV operators consolidate. FTA satellite will remain popular because of significant amounts of available content and high per

capita satellite dish ownership. DTT is a significant sector in North Africa, with two countries already supporting a large footprint.

Sub-Saharan African countries are mostly limited by the lack of broadcasting infrastructure. Cable TV infrastructure is rare in the few countries it does exist, and the ease of satellite reception will keep cable from becoming a serious player in African markets. Expanding DTT footprints are expected during the forecast period, and several Sub-Saharan countries currently have DTT infrastructure projects.



IMS Research identified several market drivers and barriers in the African digital TV market. Infrastructure development, demographic changes, regulatory issues, state involvement, and consumer preferences are encouraging adoption. Barriers include high equipment costs, a lack of content security, and inadequate infrastructure that limits that extent to which digital TV services can expand. Ongoing infrastructure developments such as submarine cables and a projected drop in CPE prices are expected to promote uptake during the forecast period.

New operators continue to develop new content offerings and influence state involvement in digital TV markets. Competition between the two major pay-DTH operators is producing lower prices for consumers in places like Kenya and Uganda, and consumer interest in exclusive European sports content heavily influences churn to DTH services. Most major operators are expected to roll out advanced services such as HD DVR by 2010, when FIFA World Cup matches will be broadcast from South Africa in HD. African consumers unable to afford pay-TV and CPE are expected to adopt simple digital to analog converter boxes for the short to medium term until prices drop.



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