

More than half Asian homes with TV subscribe to pay-TV

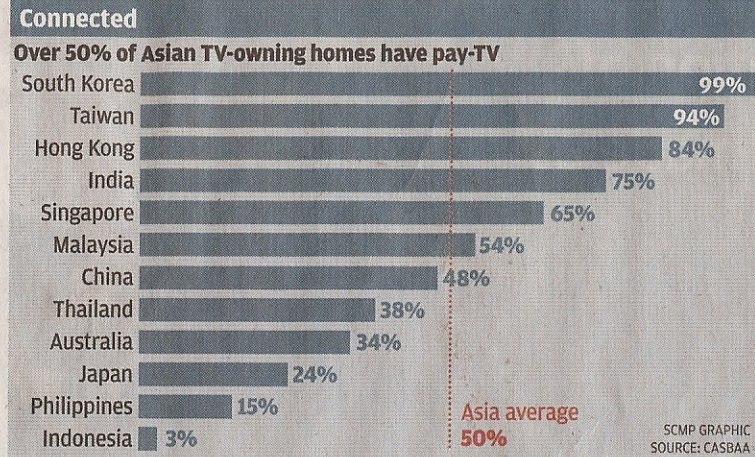
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More than half of Asian households with a television set have pay-TV connections, putting the industry on track to earn US\$30 billion this year, an industry association survey says.

But piracy remains a big problem, and will cost providers more than US\$2 billion, a second survey shows.

The first survey, by the Cable & Satellite Broadcasting Association of Asia (Casbaa), found nearly 363 million homes in 15 Asian economies had pay-TV connections. That compares with 121 million pay-TV connections in North America. (The combined population of the Asian countries, 3.46 billion, is nearly eight times the North American population of 453 million.)

"Asia now leads the world in multi-channel TV connections, with growth expected to accelerate," Casbaa chief executive Simon Twiston



Davies said. South Korea and Taiwan have the highest pay-TV penetration rates in the region, at 99 per cent and 94 per cent, respectively. The industry laggards, by comparison, include the Philippines, with a 15 per cent

pay-TV penetration rate, and Indonesia, with 3 per cent.

Casbaa said growth in the industry was being driven by China and India, where pay-TV penetration is, respectively, 48 per cent and 75 per cent.

The mainland, the world's largest TV market, is estimated to have around 378 million TV households, of which more than 180 million have cable connections, according to Casbaa estimates.

International channels are granted full landing rights only in Guangdong province but only in selected hotels and foreign residential communities. Blocks of foreign TV programming are distributed via domestic channels, which can deliver strong audience figures.

According to CTR Media Intelligence, TV advertising spending on the mainland reached US\$40.4 billion in the first half this year, helped by momentum generated by this year's soccer World Cup.

That marked 20 per cent year-on-year growth, which is the highest the market has recorded in four years.

"With the lion's share of the high net worth audience, pay TV is also

more attractive than ever to advertisers and investors," Twiston Davies said.

John Medeiros, deputy chief executive at Casbaa, said a separate survey conducted by the group with Standard Chartered Bank found that the total cost of pay-TV piracy across the region would hit US\$2.09 billion this year compared with US\$1.94 billion last year.

While governments and the industry must together build up their anti-piracy efforts, adoption by service providers of more stringent security technologies had helped mitigate the problem in certain markets.

In Hong Kong, for example, Cable TV's new encryption system and set-top boxes have effectively stopped theft of its pay-TV signal.

"We have seen a dramatic fall in revenue leakage in Hong Kong to US\$1.09 million the past year," Twiston Davies said.

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