

IDATE

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**Development
of
Digital TV in
Greece**

1998 report

DATABANK

1. Digital TV market overview

1.1 Roll-out of digital services

Until the end of 80s, Greek viewers could select only among the TV channels of the national public broadcaster ERT (Hellenic Radio Television). At the threshold of the 90s the first private channels appeared and since then their number has increased significantly. Today, Mega TV and Antenna TV lead the commercial TV market while Sky TV, Star channel, New channel, Channel 5 follow with a respectable share of the market. There are also about 160 local channels with a very limited audience. The establishment of the National Radio-Television Council in 1989 stems from the consequences of this transition period and the need for an independent authority to be created in order to control the developments in radio and TV.

Analogue terrestrial pay-TV is a recent phenomenon. Multichoice S.A. runs three analogue terrestrial pay-TV channels: Filmnet, Supersport and KTV (for kids). The number of subscribers in 1998 is approximately 250,000. The same enterprise is going to provide the new digital pay-TV services (NOVA TV) but now in satellite broadcast form.

No terrestrial digital TV services are currently offered in Greece. The NOVA consortium, backed by Multichoice Hellas, claimed that they were about to launch satellite digital pay-TV at the beginning of 1998 when the Greek government decided to freeze the development of digital services in order to control it and also let other interested players take part. The initial desire of the government was to establish a unique national platform for digital TV on which every interested party could participate. The long debate on the issue made the government work towards the formulation of a regulatory framework on pay-TV services in general. Although the new law on «*the provision of subscription radio and television services and related regulations*» was voted on in November 1998, NOVA is still waiting for permission while the commercial broadcaster Antenna has also expressed interest.

It should be mentioned that the new law in question refers only to pay-TV services, either analogue or digital.

1.1.1 Satellite digital services

The right of free reception of satellite TV in Greece is guaranteed by the Greek legislation which complies with the respective provisions of the European Union and the European Council. Thus, viewers may have access to any satellite TV programme that can be reached by their receivers.

To date, passive satellite reception has been managed by ERT which makes use of its terrestrial frequencies and transponders to offer, under beneficial contracts, quite oddly,

popular foreign TV programmes to the Greek viewers. Thus Greeks have the opportunity to watch CNN, MTV or TV5 without paying any extra fee.

Unlike reception, satellite TV transmission is regulated, in the sense that a licence and a related contract with the Greek state are required. According to the law, a licence is needed in case the uplink signal transmission to the satellite takes place either directly or indirectly (part of the transmission) within the Greek territory.

In fact, satellite broadcasting is taking place at an experimental level and only in the analogue form. ERT participates in the national satellite TV programmes of EUTELSAT by broadcasting programmes to the Greek community abroad. The private channel Antenna TV also broadcasts parts of its programmes to Australia and the United States.

As for satellite digital TV, no such service is offered today in Greece. A large-scale debate was initiated at the beginning of 1998 regarding the time and the way such services would be launched. The NOVA consortium, backed by Multichoice Hellas, put pressure on the government in order to receive the green light and go ahead while they announced the broadcast of the first digital programme on 5 May 1998. At the same time, a political debate started on the financial and political benefits this new technological development could imply and finally made the Greek government freeze this course and finally establish a new law on pay-TV and radio services to set the ground for digital TV and formulate a legal framework. The tension noticed during the ratification in the Greek Parliament indicated how sensitive this issue was.

Although the new law has been in power for a few months now, Nova is still waiting for permission while the commercial broadcaster Antenna has also expressed interest.

1.1.2 Cable digital services

There is neither digital nor analogue cable TV service in Greece at the moment. The only cable TV networks at an experimental level appear in two neighborhoods of Athens and also in Komotini, Volos and the island of Mykonos. The delay is mainly due to the barriers of the Greek legislation which result in state monopolies even in this dynamic Media sector. Up to date, the exclusive right to cable TV services has belonged to ERT and OTE (National Telecommunications organisation). These two enterprises could develop cable TV networks, establish companies, make contracts with private and local government organisations for cable TV activities.

As for subscription cable TV, the new law mentions that the provision of such services is subject to a license decided by the Press and Media Minister and also agreed by the National Radio- Television Council.

In particular, the local government organisations have the right to provide radio and TV services in their territory on a subscription basis through cable networks. In this case no license is required but only a contract with the Greek state.

1.1.3 Situation of MMDS

No developments reported in this area.

1.1.4 Situation of terrestrial digital television

The terrestrial digital pay-TV lies on exactly the same provisions of the new law on «*subscription radio and television services and related regulations*». However, the current key TV players are indifferent to terrestrial digital TV since an activity in satellite broadcasting appears to be a more attractive development for the viewers. Nevertheless, an important reason that restrains Media players from entering this area is the spectrum shortage because of the numerous channels throughout the country.

1.1.5 Market development

The main reservation of the potential entrants in the digital satellite TV sector seems to be the size of the Greek market which is rather limited to allow room for competitive activities in the area. The cost for equipment and new services provided will burden the consumers. At this point, an interesting question arises, that is how attractive the new service will be to the Greek viewers, bearing in mind the economic austerity they have experienced over the past few years. The fact that Greeks, as they have shown, are usually interested in whatever is new counterbalances the situation. For instance, the penetration of analogue subscription TV in Greece is particularly high, as statistics show in international level (today, according to Filmnet, the number of subscribers of pay-TV in Greece is 250.000 which corresponds to about 7% of TV households).

Foreign productions, particularly US imports, constitute a significant part of the current TV programmes. However, Greek viewers seem to be mainly attracted by domestic productions. For example, AGB figures show that quite a few Greek series of Mega TV and Antenna TV are watched by more than 50% of TV viewers. On the other hand, the nature of digital TV implies a massive production of TV programmes. Therefore, another challenge, also related to the market size, that the interested parties have to encounter is the capability of the Greek audio-visual production to satisfy an extremely high demand.

So far, NOVA, the only new digital satellite pay-TV service announced, is currently ready to provide digital satellite television broadcasting of Greek and international channels. However, as the related governmental approval has not yet been issued, NOVA expressed its openness to any type of co-operation with ERT (Hellenic Radio Television, the national public broadcaster) and anybody else wishing to participate in the venture.

NOVA is run by the multinational company Multichoice which consists of the Dutch Nethold with 51%, the Greek TILETIPOS S.A. with 42%, and the Cypriot LTV with the remaining 7%. It is worth mentioning that TILETIPOS S.A. is a consortium constituted by the five largest newspaper editors. The new digital technology investment is equal to the sum of 14 billion drachmas and a bank loan has been used.

1.2 Detail of services

NOVA has leased two transponders in the satellites Hot Bird 2 and Hot Bird 3 (covering the entire Europe and the Mediterranean Basin) and is capable of offering up to 16 channels to the Greek audience, with the perspective of providing 92 channels through the same satellites along with provision of Internet access in the near future. The NOVA company has already installed the digital platform and the ground transmission system. It will start broadcasting as soon as the license is granted by the government. For the moment NOVA is on hold and states that it will respect and abide by the state laws, as it has already done since the beginning of pay-TV in Greece with the analogue subscription channels, Filmnet and Supersport.

In the first phase of the services, the «bouquet» will comprise the popular channels Filmnet, SuperSport and Filmsat (for movies), channels with particular subjects mainly of European origin (specialised programmes such as documentaries, sport, travelling, general entertainment, adults channel, Kids channel, BBC etc., all subtitled or translated into Greek) as well as other Greek channels. Initially, the contracts signed by NOVA and the network providers do not provide for any kind of interactivity for the spectators. No pay-per-view service will be provided at the beginning and the users will not be able to download any additional options by being charged on their accounts. However, in the near future pay-per-view facilities will be offered.. Further services will also be offered as technology and socio-economic factors make such enhancements commercially viable.

The cost for buying and installing the satellite antenna («dish») and the integrated receiver decoder to access NOVA is 200,000 GDR (830 Euros) while the monthly subscription fee will range at around 15,000 GDR (62 Euros). NOVA does not provide for any subsidy or rental scheme as yet.

1.3 Operators and market structure

To date, only analogue terrestrial TV organisations exist. The key players in the TV market are displayed in the following chart:

Channel	Status	Income from
ET-1	Public	License fee & advertising
ET-2	Public	License fee & advertising
ET-3 (Northern Greece)	Public	License fee & advertising
RIK (Cyprus)	Public	License fee & advertising
Mega TV	Private	Advertising
Antenna TV	Private	Advertising
Star Channel	Private	Advertising
Sky TV	Private	Advertising
FilmNet, Supersport, KTV	Private	Subscription (pay-TV)
New Channel	Private	Advertising
Seven X	Private	Advertising
Macedonia TV	Private	Advertising
Tiletora	Private	Advertising
Telecity	Private	Advertising
Channel 5	Private	Advertising

There are also about 160 local channels according to the Audio-Visual Media Services Institute with a very limited audience.

Today, Mega TV and Antenna TV lead the commercial TV market while Sky TV, Star channel, New channel follow with a respectable share of the market. Multichoice S.A. runs three analogue terrestrial pay-TV channels: Filmnet, Supersport and KTV (for kids). The number of subscribers in 1998 was approximately 250,000 (Multichoice provided no data for previous years, for confidentiality reasons). The same enterprise is going to provide the new digital pay-TV services (NOVA TV) but now in satellite broadcast form.

ERT over the past few years had almost no market share but has recently been reorganised and entered the market dynamically. The competition among the key players resulted in extremities in their programmes, especially in the TV news area and talk shows. As for the average daily number of advertisements, in public TV this increased from 78 in 1990 to 140 in 1996 while the corresponding numbers in private TV were 140 and 1200. This highly commercial style of private TV had a negative impact on viewers. This situation made ERT emphasise the quality of its programmes in order to gain the respect of many viewers.

In the digital satellite TV area, the potential competitors are Multichoice S.A. with NOVA TV which is ready to broadcast, a Public sector consortium with ERT and OTE (there is a hint in the new bill), and possibly a private consortium between existing mass-media players. Two of the most important Greek businessmen, Mr Kyriakou owner of Antenna TV and Mr Kokkalis, a key player in telecommunications, expressed their interest in digital TV and certainly their involvement played a part in the delay that has been noticed in this area

Concentration of the pay-TV market

The early foundation of the NOVA TV and the interest expressed mainly by Greek entrepreneurs (mass media owners and service and technology providers) to get into the field initiated negotiations about the regulatory status in Greece.

To avoid a the formation of a private digital monopoly in the country, the Greek government announced, in March, that it favoured a national digital platform that would include not only television, but also radio and multimedia services.

The proposed joint venture would ensure access for all interested parties, both Greek and foreign. The state telecoms organisation, OTE, and state broadcaster, ERT would also participate in the venture with a shareholding of no more than 50 per cent.

The government declared its intention a day before the already scheduled announcement by Multichoice Hellas.

Nethold Mediterranean responded by filling a complaint with the EU Commission against ERT and OTE, claiming the state companies had ignored EU regulations. According to press reports, ERT has denied Nethold permission for digital satellite broadcasting while OTE was attempting to enter the Pay-TV market. Nethold also complained about the government's delay in implementing its plans for digital satellite. The law, on *«the provision of subscription radio and television services and related regulations»* which was eventually passed in September, aims to cover all aspect of Pay-TV, incorporating terrestrial, cable and satellite, as well as analogue and digital transmissions.

In respect to the development of digital satellite television, the government claims that the new law intends to break any barriers and discourage monopolistic trends. According to the law, a provider can participate in no more than two types of mass media (television of any type, radio of any type, newspapers). This and many other specific restrictions discourage monopolistic trends in the mass media field. As for the programme, at least 20% must be in the Greek language and 25% of the foreign programme must be translated, either subtitled or dubbed, into Greek (according to the last modification the latter percentage should be increasing 5% yearly until it reaches 50%). The draft incorporates a number of provisions of 97/36 EU Directive (which is an amendment of the 89/552 EEC Directive). For instance, at least 40% of the programme must be of European origin.

Finally, the law provides for the foundation of a subsidiary of ERT S.A. for the provision of subscription radio and television services, in which other public or private agencies might

participate. The share of ERT should be no less than 40%. Local governments are also allowed to provide cable or terrestrial (not satellite) subscription services.

As the Greek parliament voted on the digital law, the interested parties appeared to be opting for the single platform option, since they considered the market too small for competitive platforms. According to press reports players are oriented toward a single digital satellite venture, joining together NOVA consortium with OTE, ERT and the private channel Antenna TV.

1.4 Technical Issues

Decoders Issues

The Integrated Receiver Decoder (IRD) to be used by NOVA is customised for Greece, therefore allowing the end user to select different languages (Greek and English) in the Electronic Programme Guide (EPG) Menu. Interactivity could be accomplished by a modem return path in the future. The subscriber can also have teletext facilities.

Via the EPG, programme listings with up-to-the-minute information will be provided. The Receiver-Decoder uses software to control its many different functions. Whenever a new version of software is available there will be a message displayed on the IRD. This new software may then be loaded into the IRD directly from the satellite. The user will be also equipped with a smartcard, a secure electronic card with a micro-processor on board controlled by Multichoice, allowing one to view the services subscribed to. No decision has been announced regarding the choice of an API.

1.5 Conclusion

The market actors clearly consider Digital pay TV to be a highly promising sector in Greece. It has attracted the interest of all media key players, telecommunications entrepreneurs as well as the state organizations ERT (the national public broadcaster) and OTE (National Telecommunications Organization) despite the small size of the Greek market. The competition in the area led the government to setting up a legal framework in order to prevent any negative consequences and have time to control the evolving developments.

Although the new law on *«the provision of subscription radio and television services and related regulations»* was voted on in November 1998, no digital services are currently being offered in Greece. NOVA which claims to be ready to broadcast digital satellite programmes is still waiting for permission while other media players have also expressed interest.

2. Key figures for the Greek market

2.1 Country fundamentals

<i>Year</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Population (millions)	10.426	10.454	10.465	10.485	0	0
Households (millions)	3.679	3.74	3.802	3.863	0	0
GNP (billions ECUs)	83.239	89.629	98.824	107.337	0	0

2.2 Equipment

	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
TV households (millions)	3.349	3.47	3.51	3.587	0	0
<i>TV households (% of total households)</i>	<i>91.0%</i>	<i>92.8%</i>	<i>92.3%</i>	<i>92.9%</i>		
TV households with 2 TV sets or more (millions)	1.273	1.482	1.52	1.608	0	0
<i>TV households with 2 sets (% of total households)</i>	<i>38.0%</i>	<i>42.7%</i>	<i>43.3%</i>	<i>44.8%</i>		
TV Households with 16:9 TV sets (millions)	0	0	0	0	0	0
VCR Households (millions)	1.102	1.135	1.218	1.264	0	0
<i>VCR Households (% of total households)</i>	<i>32.9%</i>	<i>32.7%</i>	<i>34.7%</i>	<i>35.2%</i>		
Digital STB Households (millions)	0	0	0	0	0	0
<i>Digital STB (% of total households)</i>						
Digital TV Households (millions)	0	0	0	0	0	0
<i>Digital TV (% of total households)</i>						
Digital Households (millions)	0	0	0	0	0	0

2.3 Television market estimates*

<i>Millions ECUs</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Analogue TV Market						
Public funding ¹	N/A	N/A	N/A	147	0	0
Advertising	600	949	502	513	0	0
Subscriptions	N/A	N/A	N/A	N/A	0	0
Total analogue TV				661		
Digital TV Market						
Public funding ¹	0	0	0	0	0	0
Advertising	0	0	0	0	0	0
Subscriptions	0	0	0	0	0	0
Total digital TV						

* "**Public funding**" comprise grants and licence fees; "**Advertising**" also includes sponsoring expenditures whereas "**Subscriptions**" cover subscriptions to the basic multi-channel package as well as subscriptions to Premium pay-TV services.

¹ There is a sort of licence fee paid by every citizen together with their electricity bill.