
Bigtel Digital TV

Industry Highlights

The Entertainment Market in India is going through rapid and major shifts with new innovations, technology and corresponding Governmental policies kicking in, assisted by several macroeconomic changes. A country that knew only “Doordarshan” as the only source of entertainment nearly about 3 decades ago, is now spoilt for choice across several TV channels, Internet and OTT options.

There are approximately 29.0 Cr households, of which 64.5% have television sets. Around 15% of these households do not spend for the content – they typically use the broadcasting services provided by the Government that goes by the name DD FreeDish. Out of the remaining, 35% of the customers are DTH subscribers and the remaining subscribe to analog and digital cable services.

The other growing and major form of entertainment comes via internet (YouTube, etc.) that cannot be directly monetized for content. However, on the back of rapid penetration of fiber and mobile based broadband and newer players entering the telecom arena, data costs have come down and usages spiraled up. Taking advantage of the same, several domestic TV content broadcasters have launched their apps globally as well as several OTT providers like Amazon Video and Netflix have caught the frenzy of the youth. These have definitely carved out a niche for themselves in the market and certainly taken away a sizeable wallet-share from the pay TV customers, leading to a fall in ARPU for the same. While the PayTV revenues are currently around 65200 Cr as of 2017, OTT revenues have shot up to 1475 Cr in about a couple of years.

Market Scenario

The PayTV market is scheduled to grow at a CAGR of 7% from 2017 to 2022. Subscriber base is forecasted to grow by 3.7% CAGR. Cable TV ARPUs (Average Revenue per User) have typically been on the lower side compared to DTH – the latter making more than 230 INR per month on the back of better services like recording and video on demand and HD offerings. Overall ARPU stands at INR 200 as of 2017.

With the Government’s push towards digitalization (Digital Access System), many analog cable subscribers were actively brought to the DTH fold. This further levelled the field for DTH players as cable TV players were earlier able to under-report revenues without set top boxes at the subscriber end. However Doordarshan’s Free-to-Air (FTA) platform ‘Freedish’ has been gaining massive popularity in the rural areas primarily due to its appeal of no recurring monthly charges. This has been preventing DTH operators to gain significantly post digitization in the Phase 4 areas. Further, GST subsumed entertainment taxes, which benefited the DTH industry as the overall tax outgo on revenue fell from an average of 23% to 18%.

About Bigtel

Indian DTH Market reported 15000 Cr INR of revenues in 2017. 90% of the market is dominated by 4 players, Bigtel being one of them. Bigtel Digital TV is a pioneer in the Indian DTH category with many industry firsts to its credit. It has always been at the forefront of introducing new technology products in an enriching manner to its customers. Currently, Bigtel has a 20% CMS (Customer Market Share, defined as Bigtel customer base divided by the total DTH market base) and 24% RMS (Revenue Market Share, defined as Bigtel revenue divided by the total DTH market revenue) in the DTH market. Typically, the

company sees itself catering to 4 market segments; Basic (Rs200), Value (Rs300), Economy (Rs400) and Premium (Rs500), named basis increasing ARPU.

Bigtel has 3 types of set-top boxes (STB) – Standard Definition (SD), High Definition (HD) and HD-DVR (with in-built recording of 500GB). A new android based STB has just been launched by Bigtel which allows customers to watch regular linear TV along with downloading apps from the Android Play store and watch OTT/ online videos and content on their TV screens.

Bigtel is currently in the process of formulating its strategy for the next 3 years and is facing the following challenges:

- Existing customers are slowly migrating from the Value and Economy segments to the Basic segment.
- Gross acquisitions are coming on the Basic segment. A big reason behind this could be the fact that today the opportunity majorly lies in the remotest rural areas coming under the phase IV of the Government's digitization push. However these customers come at a significantly lower ARPU.
- In the Urban areas, the customer growth will primarily come from the cable users, but these customers are in the habit of paying much lower charges compared to DTH and want all channels for the lowest price possible.
- At the other extreme, the Premium segment is gradually shifting its content consumption from traditional linear TV to online, on-demand and OTT apps.

Given the above context you are required to speak to ~500 consumers across various segments to understand their needs, current and evolving, and comment on the following areas:

1. What are the key trends which are impacting the revenue growth of Bigtel over the last 1 year?
2. What are the key challenges that Bigtel is facing in each customer segment – Basic, Value, Economy & Premium?
3. How do you see the market evolving over the next 3-5 years? Which customer segment(s) would you recommend Bigtel to focus on over the next 3 years and why? What will be your recommended product strategy to cater to each segment?

Annexure

Table 1: Pay TV Market Overview

Digitization Phase	Unit	Pay TV Industry						
		Population	HH	CTV HH	Analog Cable	Digital Cable	Free Dish	Pay DTH
Phase I	('000)	38,374	12,679	12,635	1,069	5,603	247	6,854
Phase II	('000)	81,162	20,536	20,105	1,346	12,631	832	7,988
Phase III	('000)	215,007	55,890	49,797	18,669	14,849	4,677	14,778
Phase IV	('000)	876,431	200,914	104,495	23,889	13,895	23,309	36,397
Grand Total	('000)	1,210,974	290,018	187,033	44,974	46,978	29,065	66,017

Table 2: Bigtel Base Dispersion & Change

Digitization Phase	Base Mix by ARPU				Mix Change over 12-month period			
	Basic (Rs200)	Value (Rs300)	Economy (Rs400)	Premium (Rs500)	Basic (Rs200)	Value (Rs300)	Economy (Rs400)	Premium (Rs500)
Phase I	14%	50%	15%	21%	8.7%	-4.9%	-5.2%	1.5%
Phase II	12%	58%	14%	16%	8.7%	-6.5%	-4.6%	2.4%
Phase III	31%	53%	10%	6%	19.9%	-15.8%	-4.7%	0.6%
Phase IV	34%	50%	10%	6%	21.9%	-17.4%	-5.0%	0.5%
Grand Total	26%	53%	11%	10%	17.2%	-13.2%	-4.9%	0.9%

Table 3: Bigtel Base growth & ARPU (Avg Revenue per User) movement

Digitization Phase	Base ('000)			ARPU (Rs)		
	Sep-16	Sep-17	12M Growth	Sep-16	Sep-17	Variance
Phase I	1,100	1,161	6%	300	291	(9)
Phase II	2,065	2,183	6%	290	283	(7)
Phase III	4,456	4,924	11%	267	247	(20)
Phase IV	2,569	2,921	14%	267	245	(22)
Grand Total	10,189	11,188	10%	275	258	(17)

Table 4: HD Penetration & contribution of online modes to overall recharge volume

Digitization Phase	HD Base Penetration			Online Recharge Contribution		
	Sep-16	Sep-17	Variance	Sep-16	Sep-17	Variance
Phase I	53%	61%	8%	45%	49%	4%
Phase II	44%	53%	9%	39%	44%	5%
Phase III	29%	35%	6%	22%	25%	2%
Phase IV	27%	33%	6%	24%	25%	1%
Grand Total	34%	40%	6%	29%	32%	2%

Table 5: Bigtel Gross Adds (GAD) Dispersion & Mix Change

Digitization Phase	Gross Adds (GAD) Mix				GAD Mix Change (12M)			
	Basic (Rs200)	Value (Rs300)	Economy (Rs400)	Premium (Rs500)	Basic (Rs200)	Value (Rs300)	Economy (Rs400)	Premium (Rs500)
Phase I	12%	36%	12%	40%	21%	-6%	-4%	-11%
Phase II	2%	57%	10%	30%	19%	-16%	-1%	-2%
Phase III	19%	64%	6%	10%	46%	-41%	-2%	-3%
Phase IV	20%	62%	7%	11%	47%	-41%	-3%	-3%
Grand Total	16%	60%	8%	16%	41%	-34%	-3%	-4%

Table 6: Gross Adds (GAD) growth, ARPU Change & HD contribution amongst GADs

Digitization Phase	GAD ('000)			GAD ARPU (Rs)			HD GAD %
	Sep-16	Sep-17	Growth	Sep-16	Sep-17	Variance	Sep-17
Phase I	20	19	-6%	322	282	(40)	72%
Phase II	36	39	10%	312	292	(24)	63%
Phase III	103	126	22%	261	215	(60)	31%
Phase IV	58	76	31%	261	213	(60)	29%
Grand Total	216	260	20%	275	231	(55)	38%

Table 7: Packages & Content

Pack Name	Monthly Rent (Rs)	Content
Basic	Rs200	Hindi Entertainment (GEC) + Movies
Value	Rs300	Hindi GEC + Movies + Kids
Economy	Rs400	Hindi GEC + Movies + Kids + Sports
Premium	Rs500	Hindi GEC + Movies + Kids + Sports + English content

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Submission Guidelines

- The deadline for submission is 23:59 hrs, Nov 2, 2018

Round 1:

- A 1-page executive summary or 2 slide presentation has to be submitted. Use of tables, etc. is allowed
- Additional information from online and offline sources can be used to solve your case and is encouraged in order to make your plan more implementable
- Font style to be used is Arial and font size should be 10
- The submission should be a PDF file at dare2compete.com
- Naming convention to be followed: <Team Name>_<College Name>_Stratatel_R1

Round 2 (on campus final round):

- The final presentation will be a Power-point deck (.pdf/.ppt/.pptx)
- The presentation should not be more than 5 slides
- Further details will be informed in due course

Evaluation Criteria

- Exhaustive understanding of the case scenario and context
- Depth of analysis of industry & key challenges - Novelty, feasibility and practicality of ideas proposed
- Structure of presentation & clarity of ideas conveyed