

• 6. Paid television service

This chapter contains the evolution of the paid TV service during 2008 and the previous years.

The paid TV service includes TV distribution services using cable distribution networks, satellite distribution networks (DTH), the public switched telephone network, and radio frequencies (FWA)¹⁰⁷. The Mobile TV service is presented in the chapter concerning mobile services, since it is currently considered a unicast service.

Main aspects of the evolution in 2008

- Paid TV customers reached 2.3 million in 2008, 13.5 per cent more than a year before. The amount of service subscribers stands for about 41 per cent of classic family households. Paid TV service revenue increased about 6.6 per cent in 2008.
- The recorded growth was mainly fuelled by IPTV and similar services, which reached about 183 thousand news customers. The amount of DTH subscribers increased 21 per cent and, for the first time, the amount of cable TV subscribers decreased in annual terms (-1 per cent).

At the end of the year, DTH represented about 26 per cent of the overall amount of subscribers and IPTV and similar services already stood for 10 per cent of this amount. Of the roughly 1.5 million subscribers of the Cable TV Distribution Service (CDS), around 40 per cent (0.6 million) already received the television signal in digital format.

- This offer's structure suffered several major changes, with highlight to the acquisition of TVTel, Bragatel, and the Pluricanal companies by ZON/TV Cabo.
- ZON/TV Cabo Group is the main paid television service operator, with a subscriber market share of 72 per cent, 6 per cent less than in the previous year. Besides the ZON/TV Cabo Group, there are two operators with significant shares: PT Comunicações (13.6 per cent) and Cabovisão (12.4 per cent). During the last year, only PTC and AR Telecom increased their subscriber share.

Regarding specifically the cable TV distribution service, ZON/TV Cabo Group reached 81 per cent, 7 per cent more than a year before. This evolution is mainly explained by the previously mentioned acquisitions.

In the case with DTH, ZON/TV Cabo Group is the main operator. In 2008, PTC started providing this service. This operator's share is already around 21 per cent. Regarding the remaining paid television distribution platforms (IPTV and similar), PTC's market share already reaches 85 per cent.

- It should be mentioned that new offerings were introduced in the market: new multiple play offers were launched (namely by ZON/TV Cabo), PTC launched a DTH offering to complement its IPTV offer, and Sonaecom launched a TV offer over optical fibre.
- On the other hand, in February 2008, at the same time as the tender for the open-channel DTT platform, a public tender was launched for granting rights of frequency use for the digital terrestrial broadcasting service for paid television, which licence was won by PTC. However, due to a judicial contestation by one of the contestants, the date of beginning of service provision is still unknown.

Paid television service's offer

The activity of paid TV distribution service operators is the transmission and re-transmission of data, namely comprising the distribution of television and audio broadcastings, either their own or from third parties, codified or not.

Paid TV services and platforms

At first, the television broadcasting service in Portugal was offered using the radio network. Currently consumers have access to the four open-air signal channels, with no further payments, through the two existing networks: PT Group's, mostly supporting broadcasting from RTP and SIC, and RETI, which belongs to TVI¹⁰⁸.

¹⁰⁷ The service grouping presented on this chapter does not intend to anticipate any possible decision regarding the definition of relevant markets that can be made within other contexts.

¹⁰⁸ According to the media, RETI's management would have been transferred to PTC in April 2008.

Paid television was introduced in Portugal with the development of cable distribution networks. The first licences were granted in 1994, on a free system and on a regional and local basis.

Currently, the paid television service reaches consumers through the following platforms:

- Cable television (CATV) – hybrid fibre optics and cable networks that distribute the TV signal received at the head-end through the cells that make up the local access networks, each one connected to a few hundred households;
- Satellite television (DTH) – paid television operators have been providing, since 1998, a satellite service alternative to cable. In order to have this service, the customer needs a satellite dish, a receiver/decoder and an access card. This offer broadened the geographic coverage of paid television services, and the corresponding amount of subscribers has been considerably growing. Currently, the commercial offer for television is identical to the cable offer. However, interactivity is not possible. As complement to its IPTV offer, PTC also launched in 2008 a DTH offer;
- IPTV and DVB-T – At the end of 2005, two new television distribution services offers were launched: SmarTV by Novis (Clix), and TV.NET.TEL by AR Telecom. While the first one is an IPTV offer, the service provided by AR Telecom uses its own technology, called Tmax. Tmax is a digital, wireless technology with a high transmission capacity supported on the DVB-T telecommunications standard and on the DVB-T and IP standards. In June 2007, PT Group also launched an IPTV commercial offer;
- 3rd Generation mobile networks – television distribution offers are also available using 3G and 3.5G mobile services, and the DVB-H (Digital Video Broadcasting – Handheld) standard. The DVB-H standard is based on DVB-T, and enables the use of interactive services and the access to “on demand” programmes. Therefore, the evolution of this type of mobile television offers is analyzed on this report’s chapter concerning mobile services;
- On the other hand, in February 2008, at the same time as the tender for the open channel DTT platform, a public tender was launched for granting rights of frequency use for the digital terrestrial broadcasting service for paid television, which licence was won by PTC. This new platform will not be included in this report since, further to a judicial contestation by one of the contestants, the date of beginning of service provision is still unknown.

Geographic availability of the service

Concerning the service’s geographic availability, satellite TV offerings, given the coverage they provide, will enable access to the service in almost the entire country.

In the case with the IPTV service provided over the switched telephone network, it will be potentially available on all locations with fixed network, as long as there are no restrictions regarding the technical conditions of the local loop and the available bandwidth. The geographic coverage of the cable TV networks is analysed below.

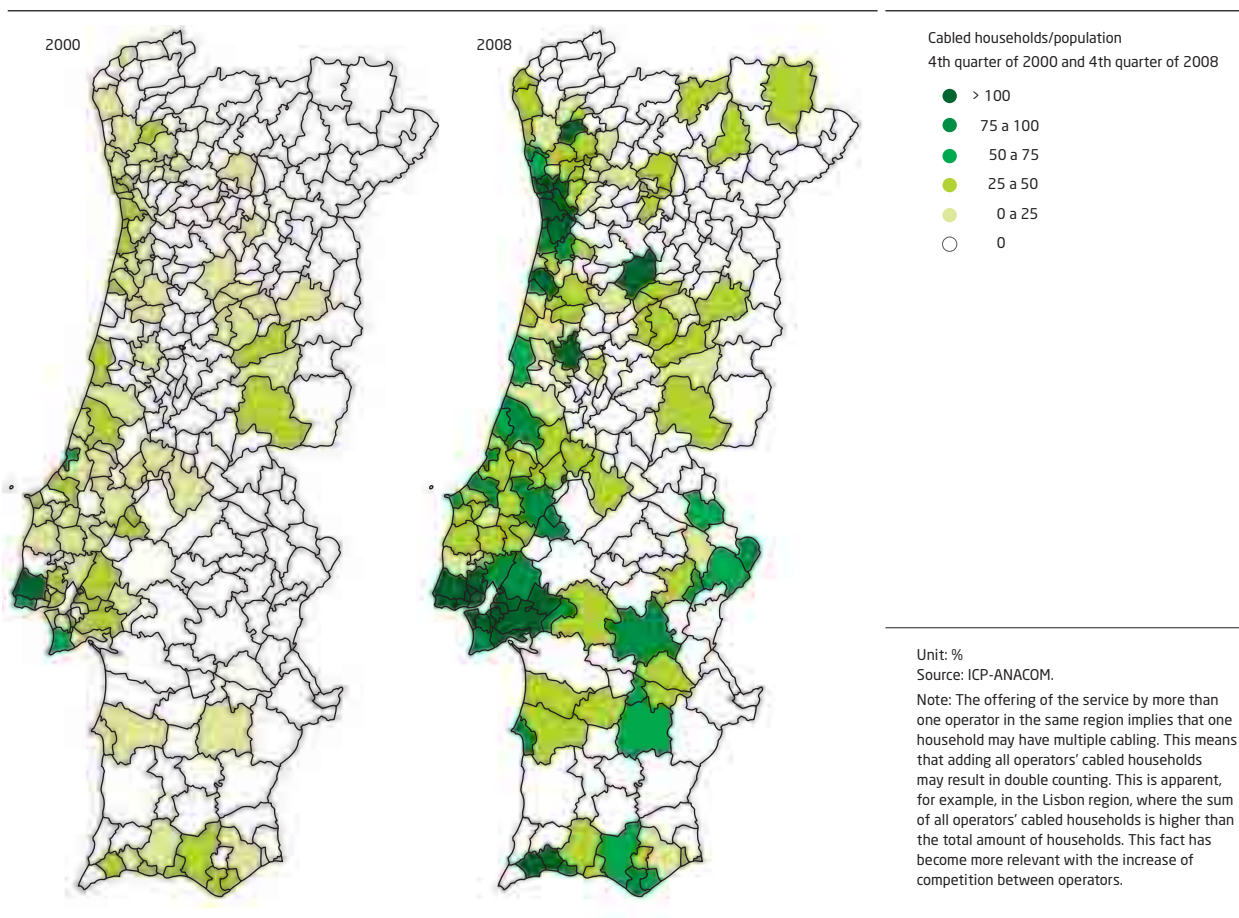
Evolution of cabled households¹⁰⁹

The following maps show CDS’s geographic availability at two different moments: at the end of 2000 and at the end of 2007.

Still in 2008, Soanecom launched an offer using fibre optics (FTTH), initially available in Lisbon and Porto only;

¹⁰⁹ The offering of the service by more than one operator in the same region implies that one household may have multiple cabling. This means that adding all operators’ cabled households may result in double counting. This is apparent, for example, in the Lisbon region, where the sum of all operators’ cabled households is higher than the total amount of households. This fact has become more relevant with the increase of competition between operators.

Geographic distribution of the sum of cabled households per operator
Graph 6.1

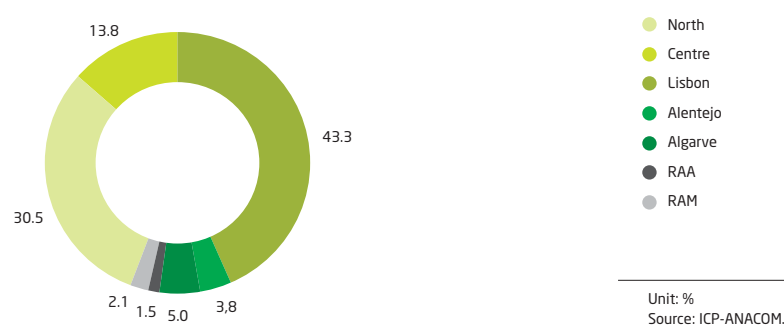


We conclude that cable distribution network operators rolled out their networks in the most populated areas, namely in Greater Lisbon, Greater Porto, the Setúbal peninsula, the Northern coastline and the Algarve. More recently, there was an increase in the investment in less heavily populated areas (North and Algarve), and in areas

where cable TV networks had little development previously (Alentejo).

Even so, Lisbon and the North and Centre Regions concentrated about 90 per cent of cabled households.

Distribution of the sum of cabled households per operator and NUTS II – 2008
Graph 6.2



In 2008, specifically, the sum of newly-cabled households by the operators totalled over 230 thousand, a figure above the average between 2004 and 2008 (160 thousand). The

growth rate of all cabled households reported by the operators reached 5.7 per cent in 2008.

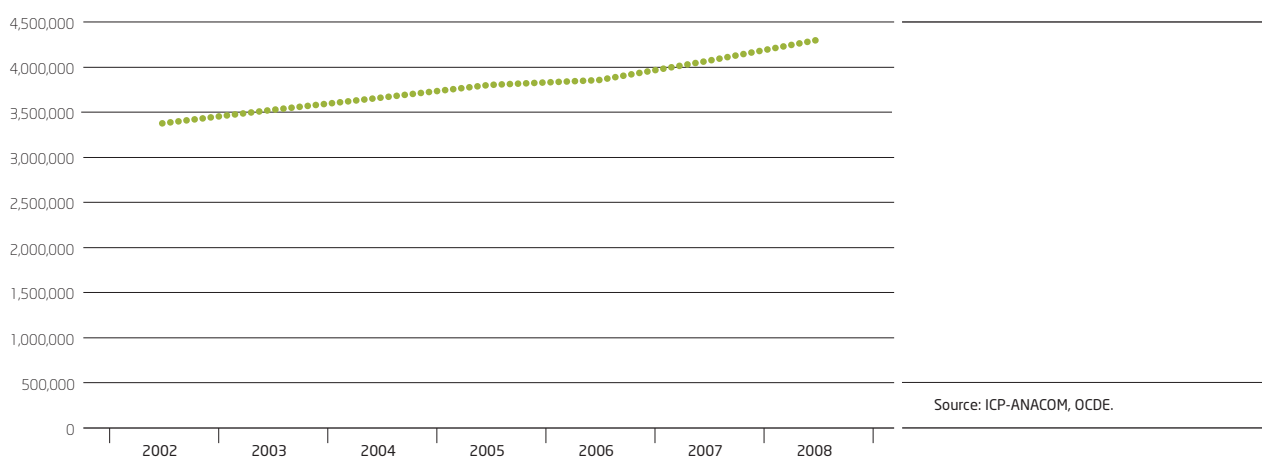
Sum of cabled households per operator
Table 6.1

	2007	2008	2007/2008 var. (%)	2004/2008 average annual var. (%)	2004/2008 var. (%)
North	1,208,386	1,300,508	7.6%	7.6%	34.0%
Centre	563,516	587,872	4.3%	4.1%	22.7%
Lisbon ⁽¹⁾	1,768,867	1,849,790	4.6%	2.1%	11.4%
Alentejo	147,747	161,504	9.3%	6.9%	32.3%
Algarve	204,791	213,321	4.2%	2.7%	15.9%
Autonomous Region of the Azores	55,891	66,026	18.1%	4.5%	21.8%
Autonomous Region of Madeira	90,594	90,696	0.1%	1.1%	7.0%
Total	4,039,792	4,269,717	5.7%	4.1%	22.2%

Unit: 1 household, %
Source: ICP-ANACOM.

⁽¹⁾ Offerings of the service by more than one operator in the same region may imply the multiple cabling of the same household. This fact has gained relevance, namely in the Lisbon area.

Evolution of the sum of cabled households per operator
Graph 6.3



This service's current geographic distribution may be explained by the following reasons:

- This business' economics favours the roll-out of networks in heavier populated areas and with a higher economic level, and the intensive use of the already rolled-out infrastructures. In this feature, this service's spatial development is not different from the development of other network industries demanding high initial investment and with cost structures with higher rates of fixed costs;
- The chronological development of networks, where the incumbent operator started rolling out its networks in larger urban areas, followed by the remaining operators, at an early stage, starting to operate in smaller-sized urban

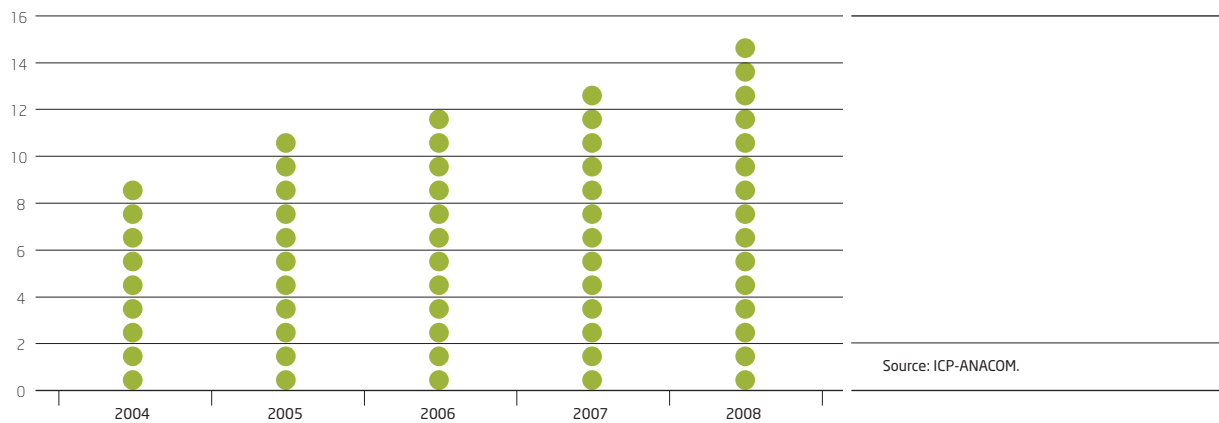
areas and/or in municipalities where the incumbent operator had not yet rolled-out or where its presence was less significant. Later, operators started providing services in areas surrounding their initial areas or in less populated areas, and currently there are several areas with more than one operator;

- The emergence and development of DTH as a less expensive alternative for the provision of a television distribution service in less populated or remote areas.

Active operators

At the end of 2008, there were 15 active television distribution service operators, two more than at the end of 2007.

Evolution in the number of active operators
Graph 6.4



12 of these operators were cable TV operators, 1 more than in 2007.

Between 2000 and 2006 there were no major changes to the amount of cable TV distribution network operators. In fact, there was a decrease in the number of active operators in 2002 which, however, resulted from the concentration of CATVP regional companies operating in the mainland into one single company. The increases registered in recent years are explained by the authorizations granted to residents associations, which networks are of small size and are not available to the public, or to operators with small-sized networks.

In 2008, as previously mentioned, several concentration operations took place, namely the acquisitions of TVTel, Bragatel and the Pluricanal companies by ZON/TV CABO.

Below is the list of Cable TV Distribution Service (CDS) providers.

Cable TV distribution service providers – 2008
Table 6.2

Name	Status
Associação de Moradores do Litoral de Almancil*	A
Associação de Moradores da Urbanização Quinta da Boavista*	A
Bragate – I Companhia Televisão por Cabo de Braga, S.A. (Grupo ZON)	A
Cabovisão – Sociedade de Televisão por Cabo, S.A.	A
Entrónica – Serviços na Área de Telecomunicações, Lda.	A
Pluricanal Leiria – Televisão por Cabo, S.A. (Grupo ZON) ¹¹⁰	A
Pluricanal Santarém – Televisão por Cabo, S.A. (Grupo ZON) ¹¹⁰	A
STV – Sociedade de Telecomunicações do Vale do Sousa, S.A.	NA
TVTel Grande Porto – Comunicações S.A. (Grupo ZON) ¹¹⁰	A
UNITELDATA – Telecomunicações, S.A.	A
ZON TV Cabo Açoreana, S.A. (Grupo ZON)	A
ZON TV Cabo Madeirense, S.A. (Grupo ZON)	A
ZON TV Cabo Portugal, S.A. ¹¹¹	A
Total active	12
Total non active	1
Total	13

Legend: A – Active; NA – Not Active

Source: ICP-ANACOM.

* Cable distribution networks not available to the public.

Since cable distribution network operators' authorizations were granted until the end of 2003 by geographic area (municipality), the table below shows the list of entities operating in each region¹¹². It should be highlighted,

however, that the presence of the operators in certain regions does not imply that they are present in all of those regions' municipalities.

¹¹⁰ On 24 November 2008 the Competition Authority informed ZON Multimédia of its decision not to appose the acquisition of the Parfittel Group (Bragatel, Pluricanal Leiria and Pluricanal Santarém), as well as of TV Tel.

¹¹¹ After October 2005 the full capital of CATVP – TV Cabo Portugal, S.A., previously held by PT – Televisão por Cabo SGPS, S.A., was held by PT Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

¹¹² Level 2 units of the Nomenclature of Territorial Units for Statistics (NUTS), established by the Decree-Law no. 244/2002 of 25 November. Under the terms of this diploma, the following 7 NUTS II were established in Portugal: North (Minho-Lima Cávado, Ave, Grande Porto, Tâmega, Entre Douro e Vouga, Douro and Alto-Trás-os-Montes), Centre (Baixo Vouga, Baixo Mondego, Pinhal Litoral, Pinhal Interior Norte, Pinhal Interior Sul, Dão-Lafões, Serra da Estrela, Beira-Interior Norte, Beira Interior Sul, Cova da Beira, Oeste and Médio Tejo), Lisbon (Greater Lisbon and Península de Setúbal), Alentejo (Lezíria do Tejo, Alentejo Litoral, Alto Alentejo, Alentejo Central and Baixo Alentejo), Algarve, ARA and ARM.

Cable distribution network operators authorized to operate, per NUTS II
Table 6.3

NUTS II	Active operators
North	Cabovisão, Grupo ZON, Uniteldata
Centre	Cabovisão, Grupo ZON, Entrónica
Lisbon	Cabovisão, Grupo ZON
Alentejo	Cabovisão, Grupo ZON
Algarve	Associação de Moradores do Litoral de Almancil, Associação de Moradores da Urbanização Quinta da Boavista, Cabovisão, Grupo ZON
Autonomous Region of Madeira	ZON Madeirense
Autonomous Region of the Azores	ZON Açoreana

Source: ICP-ANACOM.

The table below shows the companies providing paid television service using DTH.

Television distribution service providers using DTH – 2008
Table 6.4

Name	Status
PT Comunicações, S.A.	A
TVTel Grande Porto – Comunicações S.A. (Grupo ZON)79	A
ZON TV Cabo Açoreana, S.A. (Grupo ZON)	A
ZON TV Cabo Madeirense, S.A. (Grupo ZON)	A
ZON TV Cabo Portugal, S.A79	A
Total active	5
Total non active	0
Total	5

Legend: A – Active; NA – Not Active

Source: ICP-ANACOM.

In 2008, this service had 5 active providers, one more than in 2007. In fact, further to the spin-off from PT Multimédia (TV Cabo/Zon), PTC announced the launch of a DTH offer.

Besides the cable TV network and DTH operators, as previously mentioned, the company AR Telecom – Acessos e Redes de Telecomunicações, S.A. is licensed to provide the television signal distribution service since April 2005, and

Novis Telecom, S.A. is licensed to provide the television signal and video distribution service since November 2005. Further to the spin-off from PT Multimédia (TV Cabo/Zon), PTC launched an IPTV service included in a triple-play offer during July 2007. By the end of 2008, Novis also launched a television offer using optical fibre, initially available in Lisbon and Porto only.

Television distribution service providers – other platforms – 2008
Table 6.5

Name	Status
AR Telecom – Acessos e Redes de Telecomunicações, S.A. ⁽¹⁾	A
SONAECON – Serviços de Comunicações, S.A. ^{(2) (3) (4)}	A
PT Comunicações, S.A. ⁽³⁾	A
IPTV Telecom – Telecomunicações, Lda	NA
Total active	3
Total non active	1
Total	4

Legend: A – Active; NA – Not Active
Source: ICP-ANACOM.

⁽¹⁾ AR Telecom provides digital television using TMAX technology.

⁽²⁾ Following the Novis/Optimus merger, Novis Telecom, S.A. changed its name to SONAECON – Serviços de Comunicações, S.A.

⁽³⁾ Sonaecom and PTC provide digital television using ADSL.

⁽⁴⁾) Sonaecom also launched a television offering using fibre optics.

The offer's structure

ZON/TV Cabo Group is the paid television service's main operator, with a subscriber share of 72 per cent, 11.5 per cent less than in 2004.

Besides ZON/TV Cabo Group, there are two operators with significant shares: PT Comunicações (13.6 per cent), and Cabovisão (12.4 per cent).

During the last year, only PTC and AR Telecom increased their service's customer share.

Paid television subscriber shares
Table 6.6

	2007	2008	Annual variation (%)	2004/2008 average variation (%)	2004/2008 variation (%)
ZON/TV Cabo Group	78.4%	72.3%	-6.1	-2.9	-11.5
ZON Multimédia	69.5%	60.5%	-9.0	-4.0	-15.9
ZON Açores	4.5%	3.8%	-0.7	0.1	0.3
ZON TV Cabo Madeirense	4.4%	4.0%	-0.5	0.0	0.0
TVTEL	-	2.8%	-0.2	0.5	1.9
Bragatel	-	0.5%	-0.1	0.0	0.0
Pluricanal Leiria	-	0.4%	-0.1	0.0	-0.1
Pluricanal Santarém	-	0.3%	-0.1	0.0	-0.1
PTC	1.0%	13.6%	12.6	3.4	13.6
Cabovisão	14.9%	12.4%	-2.5	-0.3	-1.4
TVTEL	3.0%	-	-	-	-
AR TELECOM	0.6%	1.0	0.4	0.2	1.0
Other alternative providers	2.0%	0.7%	-1.4	-0.2	-0.8

Source: ICP-ANACOM.

Regarding the cable TV distribution service in particular, ZON/TV Cabo Group's subscriber share reached 81 per cent,

7 per cent more than in the previous year. This evolution is mainly justified by the previously mentioned acquisitions.

Cable television subscriber shares
Table 6.7

	2004	2005	2006	2007	2008
ZON/TV Cabo Group	79.3%	78.2%	75.1%	73.9%	80.6%
ZON Multimédia	71.8%	70.6%	67.2%	66.1%	67.4%
ZON Açores	2.9%	2.9%	3.1%	3.1%	3.1%
ZON TV Cabo Madeirense	4.6%	4.7%	4.8%	4.7%	4.8%
TVTEL	-	-	-	-	3.4%
Bragatel	-	-	-	-	0.8%
Pluricanal Leiria	-	-	-	-	0.6%
Pluricanal Santarém	-	-	-	-	0.5%
Cabovisão	17.7%	18.5%	19.6%	20.1%	19.3%
TVTEL	1.1%	1.5%	3.0%	3.7%	-
Other alternative providers					

Source: ICP-ANACOM.

In the case with DTH, which stands for about 26 per cent of total paid television subscribers, ZON/TV Cabo Group was the sole provider of the service until 2007, when TVTel

(acquired in the meantime by that group) started to operate. In 2008, PTC started to provide this service. This operator's share is already about 21 per cent.

DTH television subscriber shares
Table 6.8

	2004	2005	2006	2007	2008
ZON/TV Cabo Group	100%	100%	100%	99.0%	79.1%
ZON Multimédia	93.2%	89.9%	87.9%	85.8%	66.5%
ZON Açores	5.4%	5.8%	7.9%	9.2%	6.9%
ZON TV Cabo Madeirense	1.4%	4.2%	4.1%	4.0%	3.5%
TVTEL	-	-	-	-	2.2%
PTC	-	-	-	-	20.9%
TVTEL	-	-	-	1.0%	-

Source: ICP-ANACOM.

Regarding the remaining paid television distribution platforms, their total weight in paid television reached

about 10 per cent at the end of 2008, PTC's share being around 85 per cent.

IPTV television subscriber shares
Table 6.9

	2004	2005	2006	2007
AR TELECOM	38.2%	61.3%	29.5%	9.7%
PTC	-	-	50.9%	84.7%
SONAECON	61.8%	38.7%	19.6%	5.6%

Source: ICP-ANACOM.

Commercial offers in Portugal during 2008

In general, paid television service operators provide:

- Television channel packages comprising several dozens of channels, including the four national open channels, generalist channels, entertainment, information, documentary, movies, channels for children, history, music, health channels, etc.;
- "Premium" or "supplementary" services, comprising conditioned access channels and which are subject to the payment of an additional amount, such as Sport TV, movie channels, and Disney Channel, among others.

Services offered in areas covered by digital head-ends, further to the setting up of a power box, such as:

- Near video-on-demand – possibility of watching movies on demand, by user request, at given schedules;
- TV Guide or EPG (electronic program guide);

- Interactive programming and multi-cam football – access to interactive channels and programmes;

- Video-on-demand/home video – immediate movie rental, by user request and with the possibility of interrupting, forwarding or repeating as many times as the user desires;

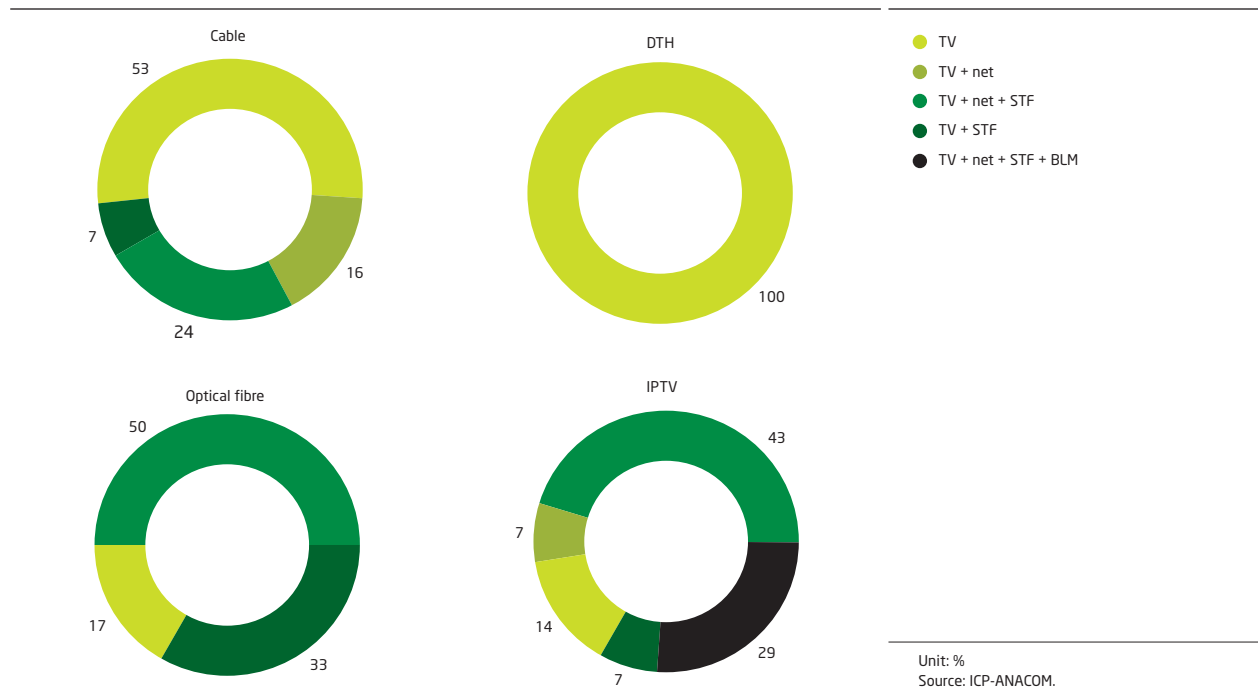
- Possibility of renting/buying set-top boxes with DVR – which make it possible to save programmes, including high-definition ones.

This service implies the payment of a set-up price and a monthly fee.

There are currently 120 paid TV commercial offer, 64 per cent of which are cable TV, 19 per cent DTH, and 17 per cent belong to other categories.

On the other hand, about 45 per cent of these services are marketed within a package, together with the fixed/mobile broadband Internet service and/or the voice telephony service.

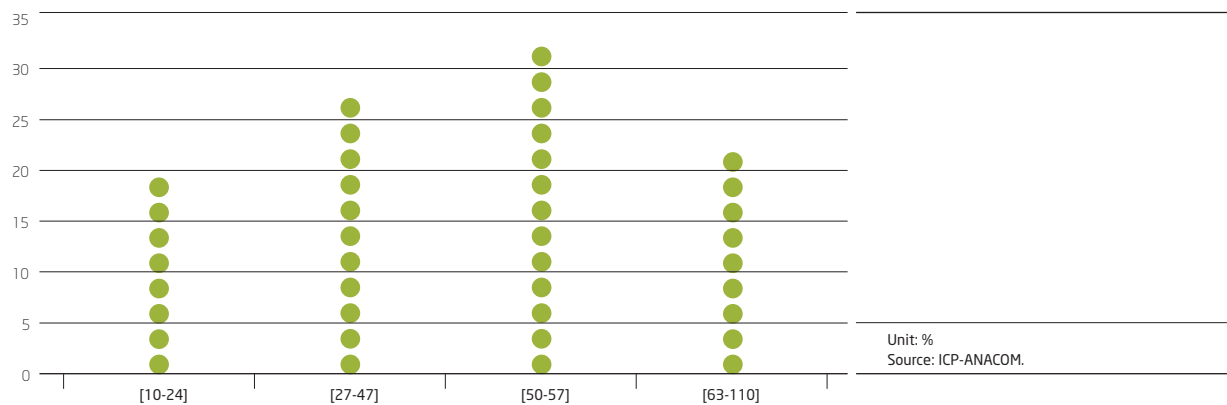
Type of offers per technology
Graph 6.5



These offerings always include a minimum of 10 channels, which may ascend to 110 channels in the case with larger

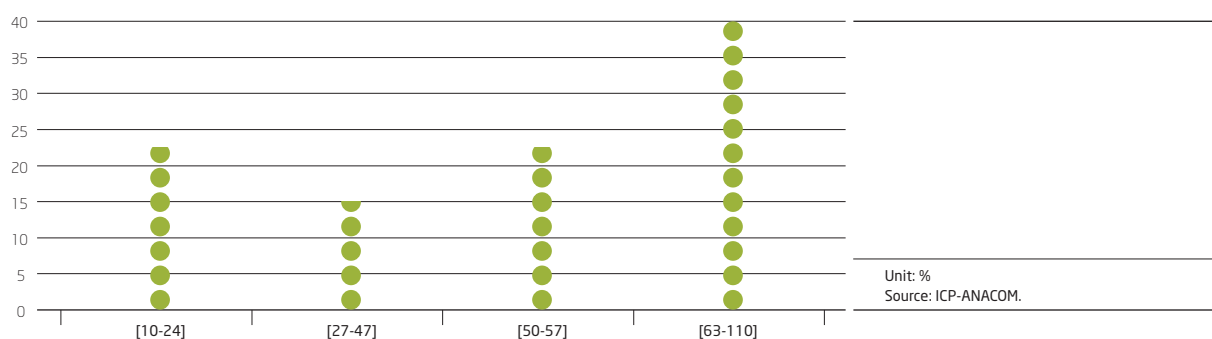
packages. Most of the offerings, however, include about 50 channels.

Distribution of the number of offers in terms of number of channels provided
Graph 6.6



The offers of the main service providers have, on average, a larger number of channels: 40 per cent of the offers provide over 63 channels.

Distribution of the amount of offers from the main operators (ZON Group and PTC), in terms of number of channels provided
Graph 6.7



Prices of the basic service (i.e. without equipment or activation/installation fees or additional or premium services)

vary between 10 and 77 Euros, when including voice and Internet service packages.

Price of the television service per technology and type of package
Table 6.10

		Minimum price	Average price	Maximum price
Cabo	TV+NET	€23	€42	€55
	TV+ NET+FTS	€23	€45	€77
	TV+FTS	€15	€20	€25
	stand-alone	€13	€23	€39
DTH	stand-alone	€12	€24	€36
Optical fibre	TV+ NET + FTS	€40	€52	€65
	TV+FTS	€30	€35	€40
	stand-alone	€21	€21	€21
IPTV	TV+ NET	€46	€46	€46
	TV+ NET +FTS	€10	€26	€46
	TV+NET+FTS+MBB	€46	€52	€58
	TV+FTS	€31	€31	€31
	stand-alone	€18	€26	€34
Total		€10	€31	€77

Source: ICP-ANACOM.

Considering the offers of the main service providers only, Zon and PTC, the price range decreases, varying between 12 and 58 Euros, and the average price is lower (28 Euros).

Prices of the television service per technology and type of package – main operators
Table 6.11

		Minimum price	Average price	Maximum price
Cabo	stand-alone	€13	€24	€35
DTH	stand-alone	€12	€24	€36
IPTV	TV+NET	€46	€46	€46
	TV+NET+FTS+MBB	€46	€52	€58
	TV+FTS	€31	€31	€31
Total		€12	€28	€58

Source: ICP-ANACOM.

The profile of the paid television service subscriber and the service's usage level in 2008

The following section characterizes the paid television subscriber, according to the data of the electronic communications consumer survey of December 2008 ^{113,114}.

The profile of the paid television service subscriber

The paid TV service subscriber resides mainly in the autonomous regions and in the most populated urban areas.

Households subscribing paid television per NUTS II region
Table 6.12

NUTS II	Dez. 2008
North	36.3
Centre	28.4
Lisbon	58.1
Alentejo	44.8
Azores	77.4
Madeira	78.0

Unit: %

Source: ICP-ANACOM, Electronic communications consumer survey 2008.

¹¹³ The universe is composed of individuals of 15 years or more who reside in private housing units located in Mainland Portugal or in the Autonomous Regions (Azores and Madeira). The sample is representative at the level of NUTS I having been composed of 2040 interviews on the Mainland and 780 interviews in each of the Autonomous Regions. Households were selected by means of proportional stratified random sampling according to the crossing of the NUTS II Region variables and the size of the household. Within each household one individual was selected by means of sampling by quotas guaranteeing the marginal totals of the sex, age class, level of education and employment status variables, according to the General Population Census (2001) of the National Institute of Statistics (INE). The gathering of information was by CAPI – Computer Assisted Personal Interviewing which took place between 5 November and 29 December 2008. The results regarding the Mobile Telephone Service are based on the universe of the individuals and present a maximum margin of error of less than 2% (with a degree of reliability of 95 per cent). The results regarding the Fixed Telephone Service, Internet Service and paid Television Service are based on the universe of the households and present a maximum margin of error of less than 3% (with a level of reliability of 95 per cent). The company TNS-Euroteste was responsible for the fieldwork and data handling.

¹¹⁴ The values presented in this section and retrieved of the 2008 Electronic communications consumer survey, may present considerable differences when compared to the figures presented in previous years. This could be due to the fact that the method for collecting information in the 2008 survey was the personal interview, while previous surveys used telephone interviews to FTS and MTS subscribers.

Households subscribing paid television per habitat size
Table 6.13

Habitat size	Dec. 2008
Less than 2000 inhabitants	28.2
From 2000 to 9999 inhabitants	45.6
From 10, 000 to 49 999 inhabitants	49.1
From 50 000 to 99 999 inhabitants	54.2
Over 100 000 inhabitants	67.6

Unit: %

Source: ICP-ANACOM, Electronic communications consumer survey 2008.

On the other hand, the higher the socio-economic level¹¹⁵ of the interviewee, the higher the probability that they will have access to a paid television service.

Households subscribing television per socio-economic level
Table 6.14

Social status	Dec. 2008
A/B	63.4
C1	50.7
C2	45.5
D	30.0

Unit: %

Source: ICP-ANACOM, Electronic communications consumer survey 2008.

There is also a positive relation between the interviewee's education level and the percentage of households subscribing a television service.

Households subscribing paid television per education level
Table 6.15

Education level	Dec. 2008
Higher education	52.4
Secondary education	68.3
9th grade	52.0
6th grade	44.3
Equal or lower than 4th grade	28.4

Unit: %

Source: ICP-ANACOM, Electronic communications consumer survey 2008.

¹¹⁵ "The social status is determined according to the education level and the professional occupation of the individual with the highest income in the households. Social status A is the highest and status D is the lowest"

Barriers to service subscription

Regarding the main motives for not subscribing to paid television, more than half of the interviewees replying to the Electronic communications consumer survey 2008

stated the lack of interest or need, considering the open channels to be sufficient. 38 per cent of the remaining interviewees consider the service to be too expensive.

Reasons for not subscribing to the paid television service

Graph 6.8



It should be mentioned that the service's geographic availability is a minor factor among the motives for not subscribing to the service. This fact could be related to the wide-spreading of the satellite and IPTV television offers. However, concerning specifically the cable TV distribution service, it is mainly available in the urban areas of Lisbon, Porto, Algarve, the Northern coastline and the autonomous regions.

Service's usage level

Below is the evolution of the amount of subscribers to the paid television service, according to its various modes, and the corresponding penetration rate.

Paid TV service's usage level: an integrated perspective

The amount of paid TV customers reached 2.3 million in 2008, having increased about 13.5 per cent during that

year. The amount of customers of this service stands for about 41 per cent of the classic family households and of total households with TV.

The services that mostly grew were the new IPTV-based and similar ones, both in absolute terms – 183 thousand new customers – and in relative terms (the growth of these services' subscriber rate surpassed 100 per cent). DTH grew 21 per cent in 2008 and 56 per cent since 2004, thus reflecting the operators' investment on this platform. It should be noted that the CDS had a negative annual variation for the first time (the decrease in the amount of subscribers started in the second quarter of 2008).

Amount of paid TV subscribers

Table 6.16

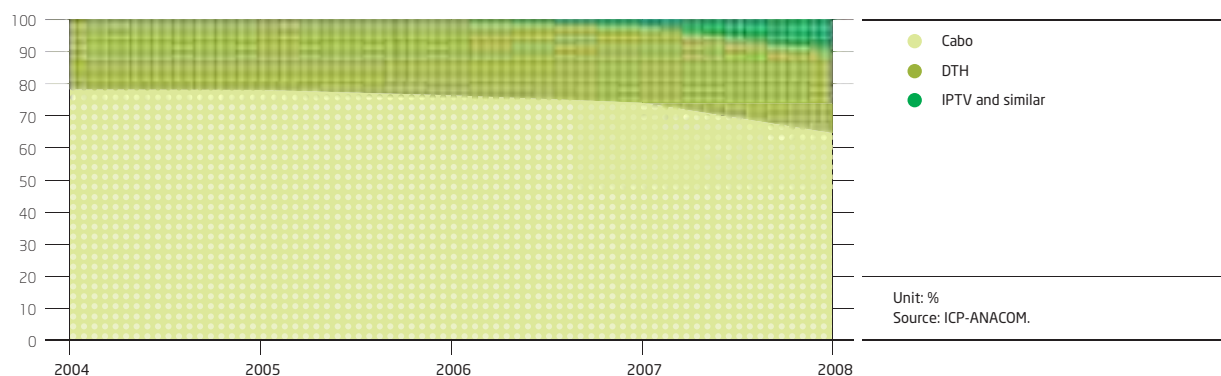
	2007	2008	Year-on-year variation	2004/2008 average annual variation	2004/2008 variation
Cable	1,489,898	1,475,402	-1.0%	2.4%	9.9%
DTH	483,532	586,389	21.3%	11.8%	56.2%
IPTV and similar	40,642	223,751	>100%		
Total	2,014,072	2,285,542	13.5%	7.4%	33.0%

Unit: 1 subscriber, %
Source: ICP-ANACOM.

By the end of 2008, households subscribing the cable television service stood for about 65 per cent of total paid TV service subscribers, cable TV continuing to be the main access technology. However, and as mentioned above, the growth of IPTV and similar offerings and of DTH during the

period under review was faster than that of cable networks. At the end of 2008, DTH stood for about 26 per cent of this service's total customers, and new IPTV and similar services already corresponded to 10 per cent of the customers.

Evolution of paid TV subscriber penetration per technology
Graph 6.9



In relative terms, DTH is mainly present in the Azores and in Alentejo, where it stands for 50 per cent of all households with access to paid TV services, and in the Centre Region (45 per cent). In the remaining regions, the paid TV service represents between 57 per cent and 80 per cent of the

overall amount. DTH geographic distribution partly complements cable services. In Lisbon, Alentejo and the Algarve, the IPTV offer was chosen by over 12 per cent of subscribers.

Distribution of total amount of subscribers per NUTS II region and technology – 2008
Table 6.17

NUTS II	Cable	DTH	IPTV
North	61.0	31.0	7.9
Centre	46.6	44.7	8.7
Lisbon	80.4	7.5	12.1
Alentejo	36.8	48.7	14.5
Algarve	56.9	28.9	14.1
Autonomous Region of the Azores	47.6	49.6	2.8
Autonomous Region of Madeira	74.1	24.2	1.7
Total	64.6	25.7	9.8

Unit: %
Source: ICP-ANACOM.

As shown, paid TV service's revenue have been growing at high rates. In 2008, revenues increased 6.6 per cent. According to estimates, the cable TV distribution service

stands for 70 per cent of the overall revenue, while DTH is responsible for 28 per cent of revenue.

Paid TV service revenue broken down
Table 6.18

	2007	2008	Year-on-year variation	2004/2008 average annual variation	2004/2008 variation
Cable TV distribution service	392,701	405,236	3.2%	6.0%	26.3%
Satellite distribution service (DTH)	144,820	163,862	13.1%	9.7%	45.0%
IPTV and similar	5,718	9,851	72.3%		
Total	543,239	578,949	6.6%	7.5%	33.5%

Unit: 1000 Euros
Source: ICP-ANACOM.

It should be mentioned that the proliferation of services included within the paid TV service will, in some cases, make it impossible to break down these offers' revenues by individual service. For this reason, the following table

shows the revenue of the package offerings included within the paid TV service (and other services) which the operators did not disaggregate by elementary service.

Paid TV service packages revenue
Table 6.19

	2008
Cable TV distribution service	18,286
IPTV and similar	21,208
Total	39,494

Unit: thousand Euros
Source: ICP-ANACOM.

CDS evolution: number of subscribers

At the end of 2008 there were about 1.48 million subscribers to the cable television distribution service in Portugal, about 14 thousand less than a year before (a 1 per-cent decrease).

In general, between 2004 and 2008, this service was subscribed by an average of 33 thousand new subscribers per year, which corresponds to a 2.4 per cent average annual growth rate. Factors such as the development of ADSL access as an alternative to cable modem and the development of the STH and IPTV service could have influenced this evolution during the mentioned period.

Amount of CDS subscribers
Table 6.20

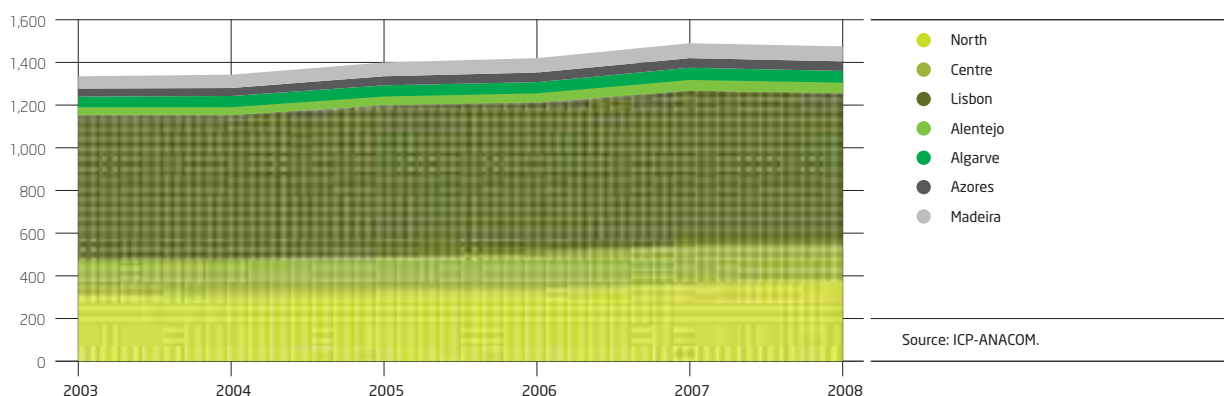
	2007	2008	Year-on-year variation	2004/2008 average annual variation	2004/2008 variation
North	368,465	378,771	2.8%	4.5%	19.2%
Centre	179,362	175,860	-2.0%	2.2%	9.1%
Lisbon	723,019	703,764	-2.7%	1.0%	4.1%
Alentejo	46,998	45,898	-2.3%	6.0%	26.3%
Algarve	56,082	54,618	-2.6%	2.1%	8.5%
Autonomous Region of the Azores	45,695	46,063	0.8%	4.4%	18.9%
Autonomous Region of Madeira	70,277	70,428	0.2%	3.1%	12.9%
Total	1,489,898	1,475,402	-1.0%	2.4%	9.9%

Unit: 1 subscriber, %
Source: ICP-ANACOM.

In absolute terms, the North region had the largest growth in 2008. The autonomous regions together with the North were the sole ones with positive growth rates, although

below the average of the last 5 years. Alentejo, which is the region with the lowest service penetration rate, was the region with the highest growth rate during the last 5 years.

Evolution of CDS subscribers
Graph 6.10



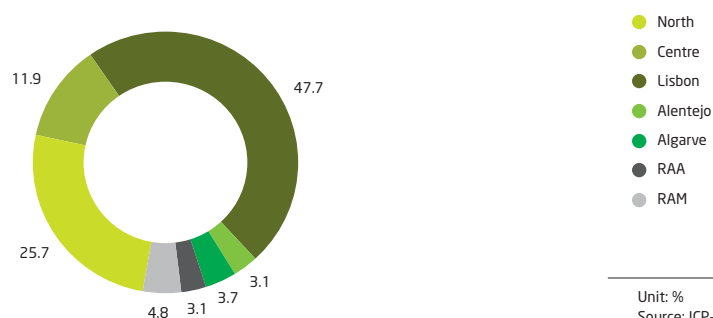
The considerable growth in the autonomous regions of the Azores and Madeira between 2004 and 2008 were directly influenced by the protocols signed between the General Government, the Regional Governments, ICP-ANACOM and

the only television distribution network operator currently operating in each of the autonomous regions. The protocol in force in Madeira was signed on 6 August 2004, influencing the number of cable television service

subscribers since the fourth quarter of that year. The Azores protocol was signed on 5 November 2006, with the validity of one year, and its effects felt during 2006, namely with the increase in the number of cable television service subscribers.

Concerning the spatial concentration of cable TV distribution subscribers, Lisbon concentrates 48 per cent of subscribers, while the North region is the second region with the largest subscriber concentration (26 per cent).

Distribution of subscribers per NUTS II – 2008
Graph 6.11



Unit: %
Source: ICP-ANACOM.

It should be mentioned that, at the end of 2008, around 573 thousand CDS subscribers – 38.8 per cent of the total amount – received the signal in digital format.

Number of CDS digital subscribers
Table 6.21

	2008	Percentage of total subscribers
North	145,344	38.4%
Centre	40,813	23.2%
Lisbon	285,014	40.5%
Alentejo	11,419	24.9%
Algarve	22,788	41.7%
Autonomous Region of the Azores	21,237	46.1%
Autonomous Region of Madeira	46,388	65.9%
Total	573,003	38.8%

Source: ICP-ANACOM.

Evolution of CDS: penetration

In 2008, the penetration rate of cable television subscribers, reckoned in terms of households, stood at 26 subscribers per 100 households. In the period between 2004 and 2008, cable television subscriber penetration versus all Portuguese households grew 1.5 per cent.

Once again the highlight goes to the growth registered in the Azores (5.4 per cent), also due to the impact of the entry into force of the protocols signed with the autonomous regions.

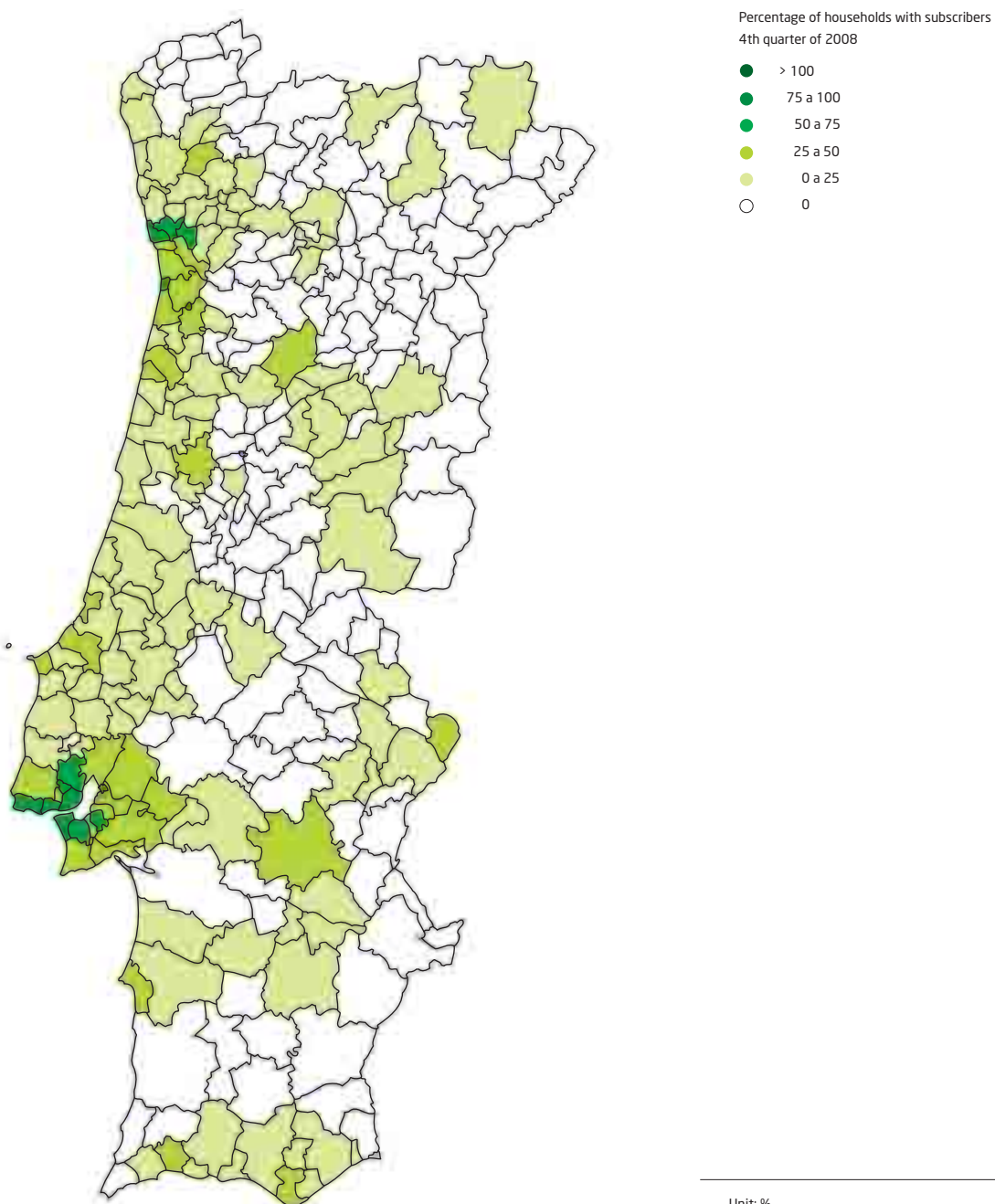
Cable TV subscriber penetration versus total households
Table 6.22

	2007	2008	2007/2008 var. (%)	2004/2008 average var. (%)	2004/2008 var. (%)
North	20.3	20.9	0.6	0.7	2.7
Centre	13.0	12.8	-0.2	0.2	0.7
Lisbon	51.9	50.5	-1.4	0.2	0.7
Alentejo	10.3	10.1	-0.2	0.5	1.9
Algarve	16.8	16.4	-0.4	0.0	0.1
Autonomous Region of the Azores	44.3	44.6	0.3	1.3	5.4
Autonomous Region of Madeira	59.8	59.9	-0.1	0.5	2.1
Total	26.7	26.4	-0.3	0.4	1.5

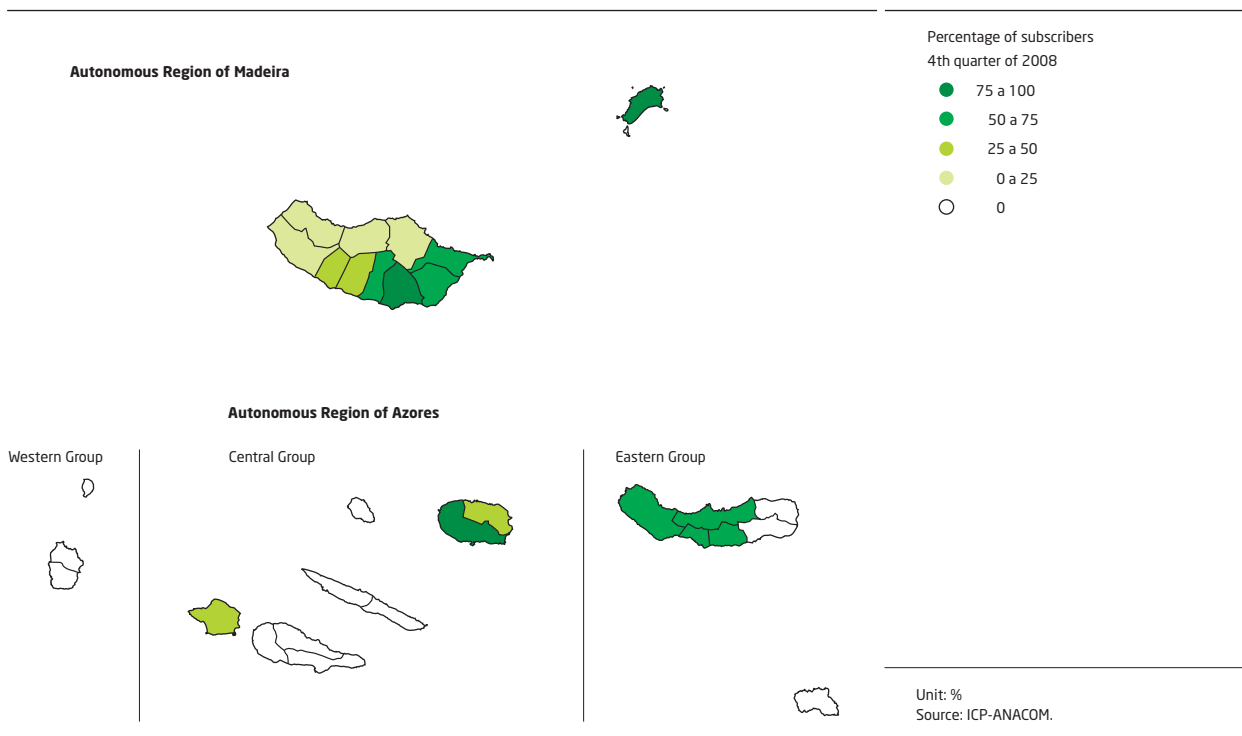
Unit: subscribers per 100 households, %
Source: ICP-ANACOM.

The map below shows the geographic distribution of this service's subscribers.

Geographic distribution of cable TV penetration (Mainland Portugal)
Graph 6.12



Geographic distribution of cable TV penetration (autonomous regions of the Azores and Madeira)
Graph 6.13

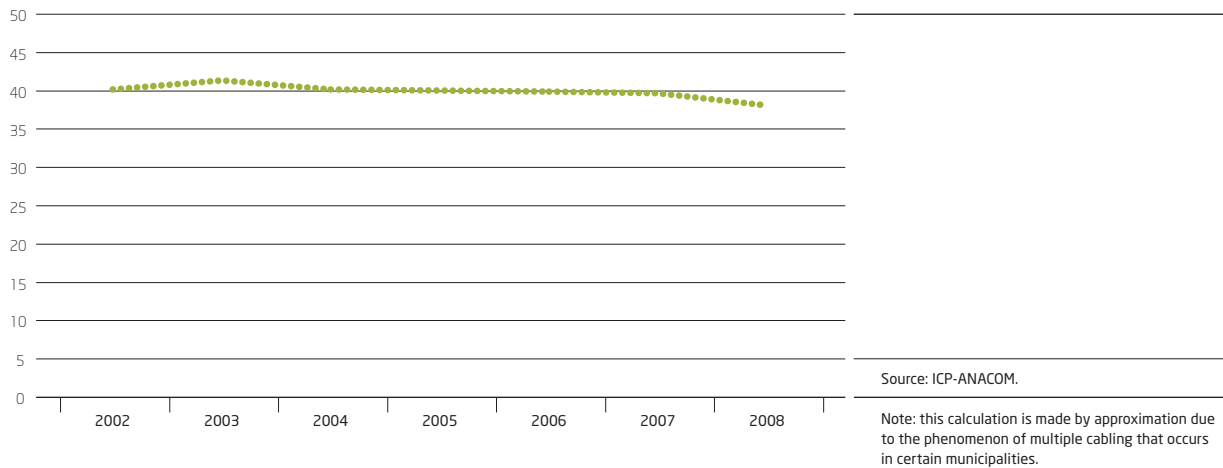


This service's subscriber penetration shows a pattern similar to that of cabled households: this service's subscribers are concentrated in the larger urban centres such as Greater Lisbon and Greater Porto, the Setúbal peninsula, Northern coastline, and the Algarve, while the autonomous regions of Madeira and Azores also show a

considerable amount of subscribers, particularly in the main towns.

It is also possible to measure cable TV subscribers' penetration versus all cabled households.

Evolution of CDS penetration versus cabled households
Graph 6.14

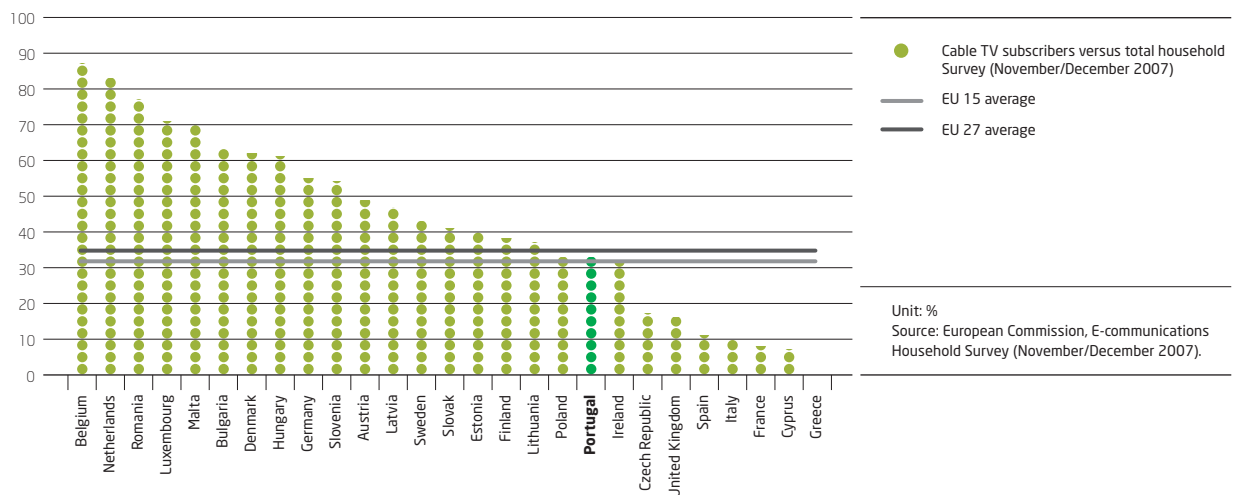


As shown, service penetration in cabled households stands below 40 per cent, a steady figure in the latest years.

On the other hand, paid TV penetration in households with TV is still quite low when compared to that of other

countries in Europe. However, these comparisons do not take into account the penetration of other means of access to the paid TV service such as DTH and IPTV.

Cable TV subscriber penetration versus households with TV
Graph 6.15



DTH service

The DTH service is an important part of the activity of some cable distribution network operators, namely of ZON/TV Cabo Group and, since 2008, PTC.

By the end of 2008 the amount of satellite television distribution service subscribers reached around 586

thousand. In 2008 this service registered a 21 per cent growth, which translates into 103 thousand new subscribers. The North, Centre and the Azores were the regions that mostly contributed to this growth in absolute terms.

Amount of DTH subscribers
Table 6.23

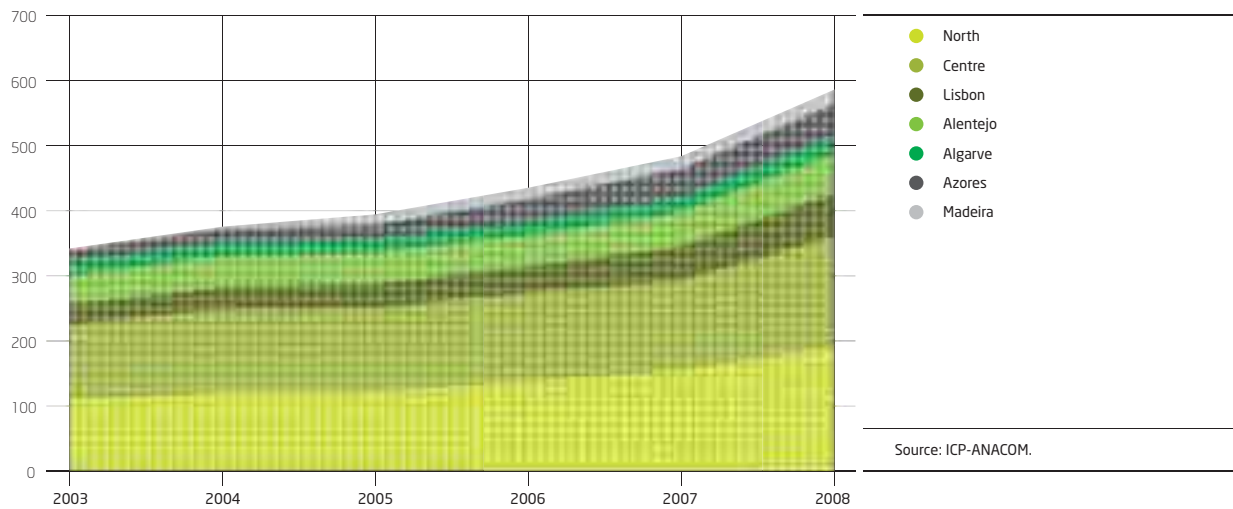
	2007	2008	Year-on-year variation	2004/2008 average annual variation	2004/2008 variation
North	156,738	192,363	22.7%	11.8%	56.0%
Centre	136,918	168,666	23.2%	9.7%	44.6%
Lisbon	51,351	65,965	28.5%	12.6%	60.8%
Alentejo	52,439	60,692	15.7%	5.8%	25.2%
Algarve	22,185	27,778	25.2%	8.2%	37.2%
Autonomous Region of the Azores	44,576	47,942	7.6%	23.7%	134.4%
Autonomous Region of Madeira	19,325	22,983	18.9%	45.1%	343.8%
Total	483,532	586,389	21.3%	11.8%	56.2%

Unit: 1 subscriber, %
Source: ICP-ANACOM.

Between 2004 and 2008, the DTH service registered year-on-year growth rates above those registered by the cable television distribution service, and recorded an average of

53,000 new subscribers per year, which corresponds to an average annual growth rate of about 12 per cent.

Evolution of DTH TV subscribers
Graph 6.16

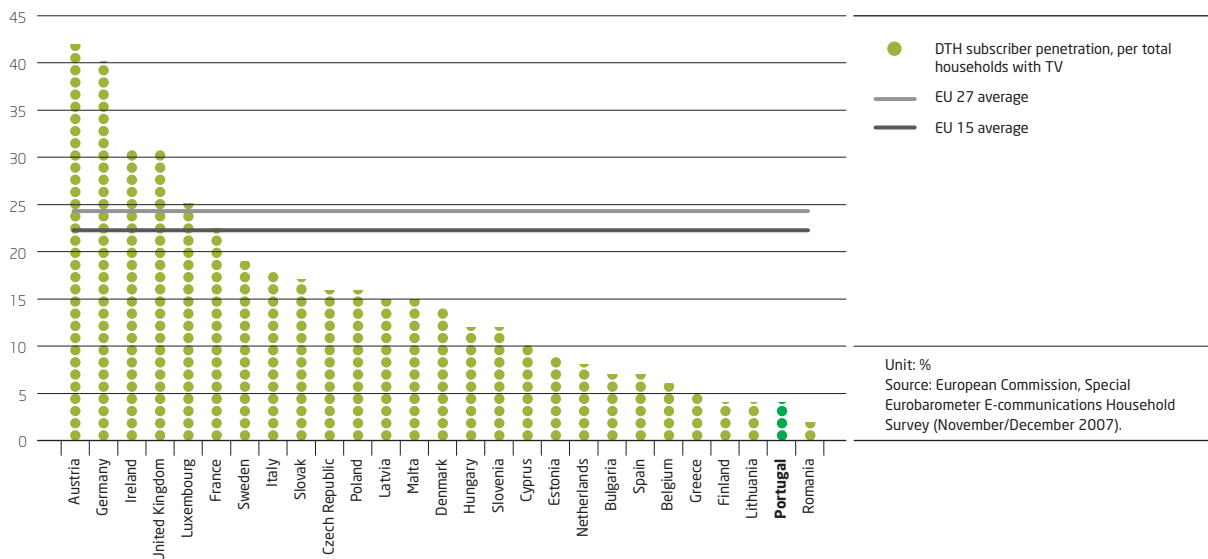


It should be mentioned that these growth rates are also explained by the influence of the previously mentioned protocols signed with the autonomous regions.

penetration, with a penetration of 4 subscribers per 100 households equipped with TV. However, these comparisons do not take into account the penetration of other means of access to the paid TV service such as DTH and IPTV.

According to the data available, Portugal ranked 26th in the European ranking of satellite TV service subscriber

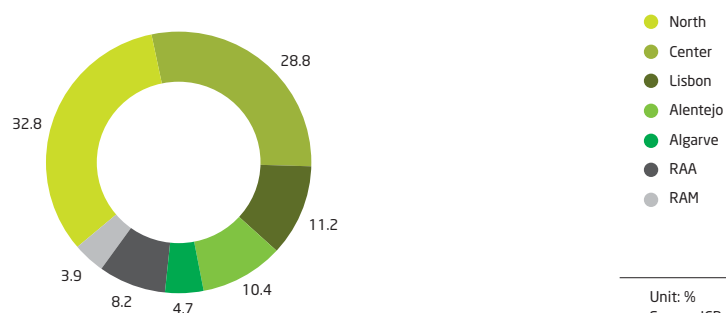
Penetration of DTH subscribers versus households with TV
Graph 6.17



The graph below shows the geographic distribution of DTH technology subscribers at the end of 2008. The North and

Centre regions continue to concentrate the larger percentage of users of this technology.

Distribution of DTH TV subscribers per NUTS II – 2008
Graph 6.18



IPTV and similar services

As previously mentioned, new TV distribution services emerged at the end of 2005, using IPTV and DVB-T.

The following table shows the total amount of subscribers of the new television signal distribution offers marketed since 2006 (in 2005 there were only test customers).

Subscribers to the new television signal distribution offers
Table 6.24

	2005	2006	2007	2008
IPTV and similar (Tmax) subscribers	348	3,292	40,642	223, 751

Unit: 1 subscriber
Source: ICP-ANACOM.

These services' penetration continues to grow at considerable rates since PTC entered these markets. These offers already represent 10 per cent of the paid television offers.

Evaluation by consumers

According to the results of the Consumption Study, the overall satisfaction with the paid television service (measured on a scale from 1 to 10, from "very dissatisfied" to "very satisfied") is high, with 90 per cent of the interviewees being satisfied or very satisfied with the service.

"State your current level of satisfaction towards the provided paid television service"
Table 6.25

	Dec. 2008
Very dissatisfied (1-2)	1.1
Dissatisfied (3-5)	9.1
Satisfied (6-8)	76.6
Very satisfied (9-10)	13.2

Unit: %

Source: ICP-ANACOM, Electronic communications consumer survey, December 2008.

Consequently, only about 6 per cent of the interviewees stated that they had already filed a complaint with their operator during the last 12 months.

Nonetheless, during 2008, ICP-ANACOM received 3,377 complaints concerning the television distribution service and its operators, twice as much as those received in 2007.

The cable TV distribution service is now the 3rd service with more complaints, proportions accounted for.

The main reasons why the service users are not satisfied continues to be technical assistance, while set-ups and contracts now rank 2nd and 3rd, respectively, as the main reasons for complaint.

Complaints on the television distribution service – 2008
Graph 6.19

