Montenegro
AGENCY FOR ELECTRONIC MEDIA
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MARKET REPORT ON RADIO AND TV PROGRAMME DISTRIBUTION TO END USERS

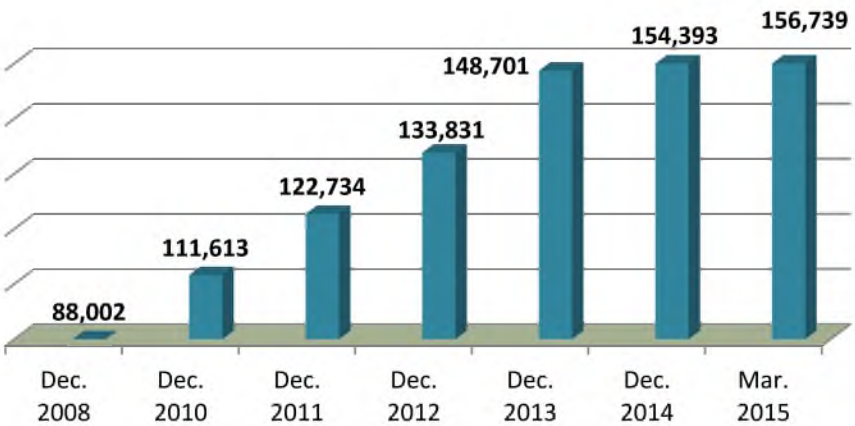
- MARCH 2015 -

Pursuant to the licences awarded by the Agency for Electronic Media, the following nine non-terrestrial operators have the right to distribute radio and TV programmes to the end users in the authorized service zone: four cable, two IPTV operators, and one MMDS, DHT and mobile operator each. Since one licensed IPTV operator has not yet started to provide service, the data from this report refer to eight operators that provide the service of conditional access to AVM content via non-terrestrial platforms.

Moreover, "Radio-difuzni centar" d.o.o. acquired the status of an operator of the first multiplex for terrestrial broadcasting in 2014, covering the whole territory of Montenegro, and the right to provide its service by means of radio-frequencies in all four allotment zones for DVB-T/DVB-T2, as defined by the Radio-frequency Allotment Plan for Digital Terrestrial Broadcasting (Bjelasica, Lovćen, Podgorica and Tvrdaš). In the course of the digital switchover process, the equipment has been installed at 73 sites, which created technical possibility for coverage of 90 percent of population with digital TV signal. The simulcast period started on 1 December 2014.

As at 31 March 2015, the number of connections for the distribution of radio and TV programmes over different CDS/MMDS/DTH/IPTV/mobile platforms was **156,739.**

Compared with the number of connections at the end of December 2014, a positive trend in the number of users of radio and TV programme distribution services has been recorded. Over a period of three months, the number of connections increased by 2,346 or 1.52%.



Graph 1: Number of connections (CDS/MMDS/DTH/IPTV/mobile)

Presuming that all or most of the data on connections account for the users belonging to the category of households, an estimate of the primary technology used by Montenegrin households for the

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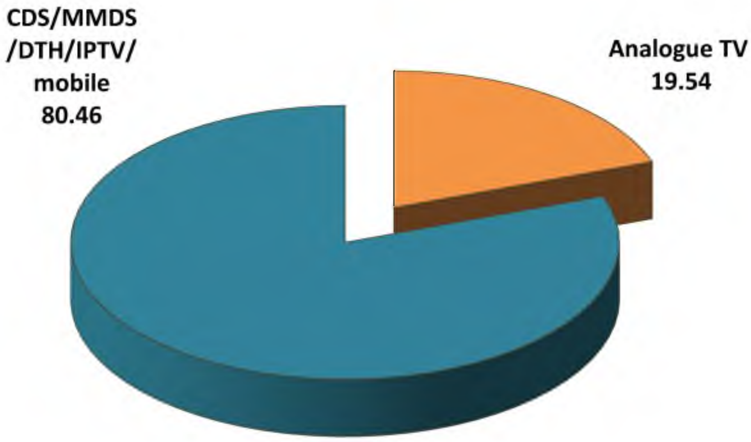
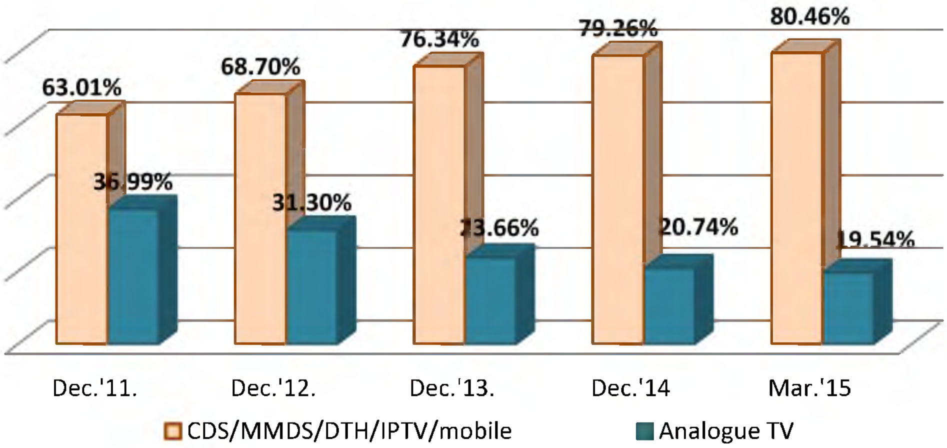
reception of radio and TV programmes can be made by cross-referencing this data with the number of households in Montenegro[1].

At the end of the first quarter, **19.54%** of Montenegrin households used only terrestrial (analogue) i.e. free-to-air reception of radio and TV programmes. On the other hand, the remaining **80.46%** of households opted for one of the alternative platforms for distribution of radio and TV programmes.



Graph 2: Household structure by primary platform for reception of radio and TV programmes

The following graph shows the trends in the share of households with only terrestrial analogue television and the ones using one of the available platforms, against the total number of households in Montenegro over the last four years, and at the end of the reporting period.

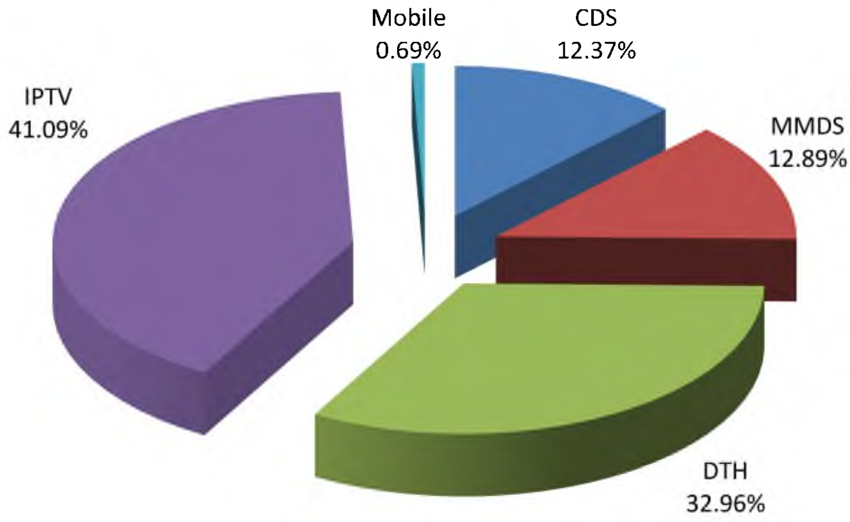


Graph 3: Comparison of the total number of households with analogue TV, and radio and TV programme distribution platforms

In the first quarter, the market saw a 1.52% increase in the number of connections, as well as an increase in the number of users of all non-terrestrial platforms (mobile platform – 111.81%, CDS – 6.39%, MMDS – 0.92%, DTH – 0.57% and IPTV – 0.21%).

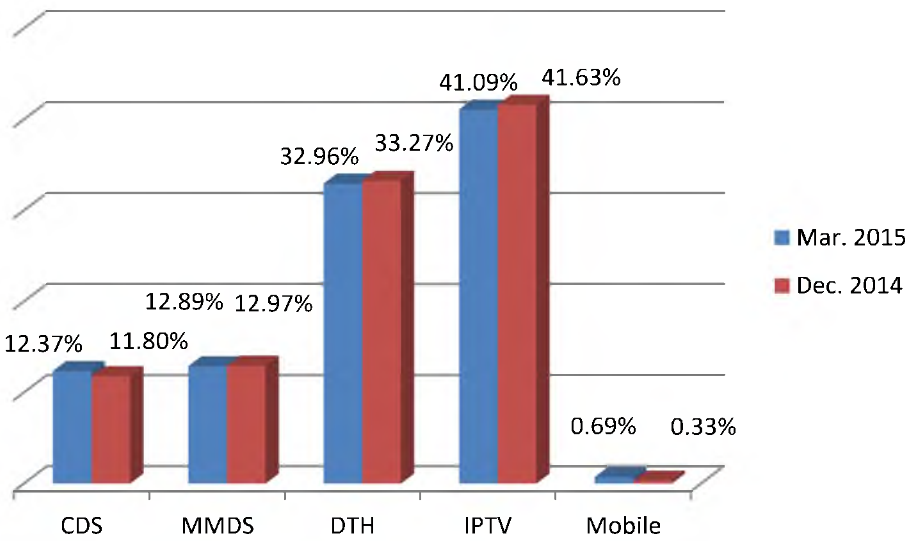
As regards the share of non-terrestrial platforms, the IPTV platform is in the leading position in the market of distribution of radio and TV programmes to the end users, with a market share of 41.09%. It is followed by DTH distribution with 32.96%, MMDS with 12.89%, CDS with 12.37%, and mobile platform with a 0.69% market share.

[1] *Census of 2011 – Source: Monstat "2011 Census of Population, Households and Dwellings in Montenegro"*



Graph 4: Market share of non-terrestrial platforms

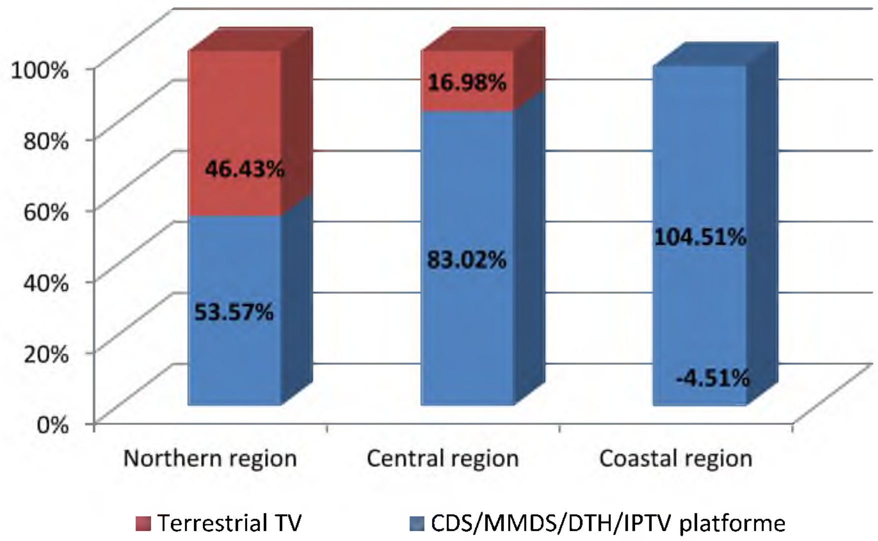
The market shares of individual platforms at the end of the fourth quarter of 2014 and the first quarter of 2015 have the following structure:



Graph 5: Market share by radio and TV distribution platforms at the end of the third quarter of 2014 and the first quarter of 2015

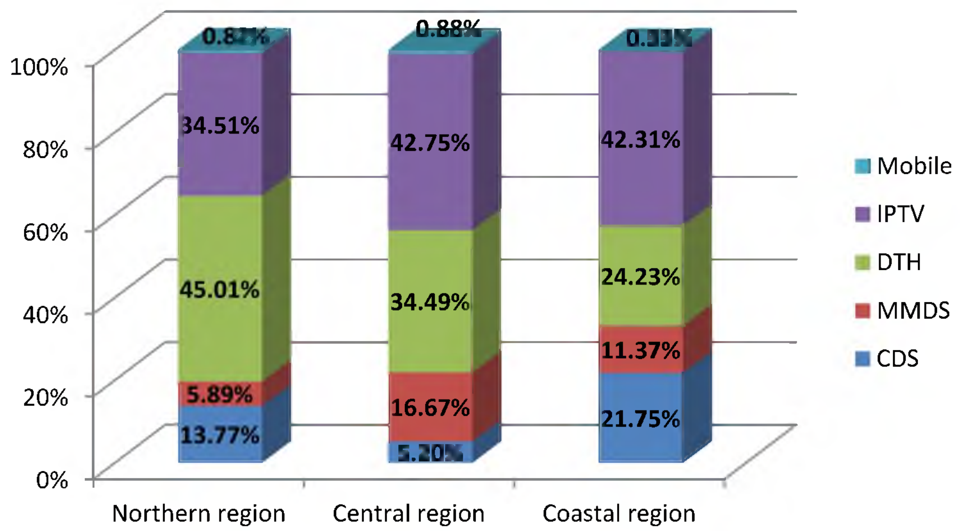
A demand for radio and TV programme distribution service is different in the northern, central and coastal region[2] of Montenegro. In proportion to the number of households, the demand is highest in the coastal region, with 104.51%. This means that the number of connections to non-terrestrial platforms exceeds the number of households in this region. It order to interpret the data accurately, it must be taken into account that a certain number of connections in the coastal region account for the ones in hotels and other accommodation facilities. It is followed by the central region with 83.02%, and northern region, where 53.57% of households use the services of operators.

[2] *The northern region: Andrijevica, Berane, B.Polje, Kolašin, Mojkovac, Plav, Pljevlja, Plužine, Rožaje, Šavnik Žabljak.*
The central region: Cetinje, Danilovgrad, Nikšić, Podgorica.
The coastal region: Bar, Budva, H.Novi, Kotor, Tivat, Ulcinj.



Graph 6: Structure of households by primary platform used for reception of radio and TV programs - by region

Across the regions, the share of individual non-terrestrial platforms is slightly different compared with the overall share:



Graph 7: Market share of CDS/MMDS/DTH/IPTV/OTT platforms – by regions

In the reporting period, an average price of the basic tier was €9.91 (between €11.14 and €6.05). The basic tier offers 63 TV channels on average (between 93 and 40). Six operators do not have any radio stations in their basic tiers, while the remaining two operators offer 3 and 14 radio stations respectively.

Three operators do not have any additional tiers available, while the remaining five operators offer six additional tiers on average (between 7 and 4). An average price of an additional tier is €5.15 (between €21.00 and €2.54). Compared with the end of 2014, the number of users of additional tiers decreased by 3.18% in the first quarter of 2015.

A demand for additional tiers is also different across regions. In proportion with the number of basic tier subscribers, a demand for additional tiers in the coastal and central region is 33.47% and 32.94% respectively, as opposed to 15.36% in the northern region.

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According to the structure of additional tiers, sports and film channels have the highest share, followed by adult channels. The best selling additional tiers on the territory of Montenegro are the PINK tiers with 28.85%, the ARENA sports tier with 21.98%, and HBO with 23.50%.

Six out of eight operators distribute radio and TV programmes to the end users in digital technology in the whole or part of their service zone. Although most of the operators offer the possibility of reception of a certain number of high-definition TV channels (HDTV), the share of users that opted for this possibility is comparatively small, with only 1.80% of the total number of the additional tiers sold.

Two operators offer the access to their services online and through mobile applications. In this way, it is possible to access a certain number of radio and TV channels offered by the operators. One operator offers the access to these services free of charge, while this service is still being tested by the other operator and is currently free of charge for all users.

Taking into account the overall scope of the radio and TV programme distribution services provided to the end users, i.e. the total number of basic and additional tiers sold, a household using this type of service pays an average of €10.75 per month.

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