

Canal Overseas remodels Vietnamese direct-broadcasting

French media giant rolls out landmark marking, branding & packaging strategies

French media group, Canal Plus, and its international subsidiary, Canal Overseas, have just celebrated the first anniversary of their Vietnamese direct-broadcast joint venture, green lit by local authorities in June 2009.

Now, six months after the actual launch of direct-to-home platform brand K+ in January this year, the platform has upped channel numbers from 25 to more than 65, launched its first in-house packaged channel brands, has organised the customer value proposition into a three-tier offering, and has its eye firmly on HD.

Plus, in April, the platform opened Vietnam's first dedicated pay-TV showroom, signalling a major shift in the way pay-TV is sold in the country. The first K+ branded outlet, in commercial capital Ho Chi Minh City, will act as a showroom for the pay-TV product.

By the end of this year, K+ (already fully digital) will have moved to a combo standard definition/HD offering.

The entry price point remains about US\$3 a month, with a post-paid facility replacing the previous flat pre-paid fee. The new family pack costs about US\$5 a month and the premium pack is around US\$12.

The platform is targeting Vietnam's mass market, says Jean-Noël Tronc, chairman and managing director of Canal Overseas.

"We're not just targeting elite audiences, we want access for everyone," he says. The key words in presenting the platform to the market are "exclusivity" and "service".

In the next three years, K+ hopes to have one million households signed up to the service, which operates from two transponders on Vietnam's Vinasat-1 satellite.

"We think this is achievable, but we will have to work hard at putting in place the right value proposition and the right distribution channels," he says.

Average revenue per user (ARPU) targets aren't being disclosed. Tronc says ARPU could reach US\$5 or US\$6 "but it could evolve rapidly... we don't have exact numbers... as in other markets we have issues like piracy."

At the same time, he says firm official action is being taken by authorities determined to play a more credible role on the regional stage.

"Vietnamese authorities are very keen to regulate the market to include fighting piracy," Tronc says. He illustrates this with an anecdote about the administration cracking down on illegal sports broadcasts. "It's a sign that things are moving in the right direction,



Jean-Noël Tronc

he adds.

K+ is the culmination of more than five years of relationship building on the ground, including an early appointment as technical partner.

Canal Overseas, which has 2.5 million subscribers and is involved in seven platforms around the world, signed the joint venture agreement with VTV for Vietnam Satellite Digital Television (VSTV) in 2008. The Canal+ Group will invest an initial US\$20 million in the venture.

The partners started working together in September last year. At the time, the platform consisted of 25 Vietnamese channels and about 100,000 subscribers.

While the Vietnamese operation is not exactly green-field, K+ is starting from scratch on lots of levels, including marketing and customer service.

"What we are investing in is contributing to making the Vietnamese pay-TV market evolve from what it is today – a box-driven market," Tronc says.

Consumers are being wooed in a few ways, including new market standards. Tronc says the subscriber's previous relationship was "with the box", which they could buy anywhere, and a pre-paid subscription model.

K+'s plan is to change that to a personal relationship between subscriber and platform. "More and more people are asking for customer service," he says.

Tronc says the first major challenge is to establish quality of service and customer

relationship. The second is "to create a differentiation in the quality of the product".

"The goal is quality service and quality product through affordability," Tronc says, adding that he believes there is demand for HD among certain sectors of Vietnam's population. "In 2009, more than 500,000 HD-ready television sets were sold... from this figure we see a growing penetration of HD TV in Vietnam," he says.

Are customers ready to pay extra for HD? "Yes," Tronc adds. "On condition you link it with programming".

The goal is a "programming equilibrium" between three kinds of content: Vietnamese channels and content that is already out there, some of the best international channels, and a bouquet of in-house channels packaged specifically for the Vietnamese subscription television market.

"Our policy has always been that we need to acquire the best and package our own branded channels," Tronc says. K+ has just launched its own K+1 premium sports and movies channel.

The sports strategy kicked off with exclusive rights to La Liga Spanish football and Calcio from Italy, along with the French League 1 and the European Championship. Vietnamese commentary is being added as part of the platform's localisation

commitment. K+ has also added its first Vietnamese drama to the K+1 channel along with Korean series.

"We believe that whatever the audience, you need to have local content, and not just localised international content," Tronc says, adding: "It's a dead-end strategy to distribute international channels with no localisation. This is why we will focus on local content development." K+ has already reached out to local producers with a range of proposals that include co-productions.

The platform already carries a significant number of international channels, including AXN, HBO, Star Movies, MGM, Discovery, Nat Geo, Australia Network, Disney, KidsCo, CNBC, TV5Monde, and Eurosport.

Tronc's answer to questions about Canal Overseas' enthusiasm for Vietnam is simple: 80 million people, more than 20 million households, a scattered population (70% of which is lives in rural areas), low pay-TV penetration, an emerging middle class, high personal income growth ... "The growth potential is one of Asia's most significant," he says.

