

However, incumbents that launch new services will often be forced to offer a wholesale version to their competitors. In addition, competitors may accuse incumbents of abusing their dominant market positions if they launch packages that include fixed-line rentals or mobile voice services, and regulators could direct the incumbents to withdraw the products. Telcos will also find it difficult to position their brand as innovative or fashionable, because these qualities are incompatible with their image as dependable, mainstream service providers.

Table 2.2 shows incumbents' strengths, weaknesses, opportunities and threats in relation to multi-play bundling.

Table 2.2: Multi-play SWOT analysis for incumbents [Source: Analysys Research, 2007]

Strengths	Weaknesses
<ul style="list-style-type: none"> • Interactive networks • Control of broadband quality • Reliable cash flow • Ownership of broadband CPE 	<ul style="list-style-type: none"> • Lack of access to TV content • Lack of understanding of the entertainment business • Worries about revenue cannibalisation • Pedestrian brand image • High cost of adding TV services to networks
Opportunities	Threats
<ul style="list-style-type: none"> • Partnerships with TV companies • Value-added services, such as downloads of popular national music • IMS, which enables seamless fixed and mobile voice services • Targeted advertising • Churn management 	<ul style="list-style-type: none"> • Decline in fixed voice service revenue • Sharp decline in broadband prices • Regulators reducing wholesale broadband prices • Regulators preventing bundling, because of concerns about abuse of dominant market positions

New facilities-based entrants are the most-innovative players

New entrants that build their own fibre networks or build DSL networks using unbundled loops share many of the incumbents' market strengths and can offer similar services because they have end-to-end control of interactive networks. However, they do not have to worry about protecting legacy services from revenue cannibalisation and can bundle products aggressively without fear of regulatory intervention. In addition, they are not hampered by a staid brand image and can launch controversial services such as gambling or adult content.

However, most new entrants share the incumbents' lack of understanding of the TV content business and have less money with which to carry out the network upgrades needed to provide high-quality TV services. Some unbundlers are owned by mobile operators, and some have MVNO agreements, but most do not have easy access to mobile services, which

- **Numericable** (formerly Noos-Numericable), the cable TV operator
- **Telecom Italia**, another unbundler with a triple-play strategy.

Table 3.7: Services offered by the primary telecoms operators in France [Source: Analysys Research, 2007]

Operator	Description	Service offerings				
		TV	Fixed broadband	Wireless broadband	Fixed telephony	Mobile telephony
Orange	Fixed incumbent	✓	✓	✓	✓	✓
Neuf Cegetel	Alternative operator	✓	✓	✓	✓	✓
Iliad (Free)	Alternative operator	✓	✓	✓	✓	✗
SFR	Mobile operator	✓	✓	✗	✓	✓
Numericable	Cable operator	✓	✓	✓	✓	✗
Telecom Italia	Alternative operator	✓	✓	✗	✓	✗

CanalSat dominates the pay-TV market; all of the triple-play service providers are reselling its programmes and, as a result, are unable to differentiate their offerings through TV content. The leading cable-TV operator, Numericable, has a penetration rate of only 35% of homes passed.

Iliad (Free) and Neuf Cegetel are driving the broadband market, which is very competitive. A 20% wholesale price reduction in March 2002 was followed by some very aggressive retail price reductions. Figure 3.4 shows a timeline of broadband offers in France.

Figure 3.4: Timeline of broadband bundles in France [Source: Analysys Research, 2007]

