



## REVIEW<sup>1</sup>

from Prof. Dr. Sc. Petranka Dimitrova Fileva, retired after 5 years, FJMC, Sofia University "St. Kliment Ohridski" for obtaining the educational and scientific degree "Doctor" in professional field 3.5. Social Communications and Information Sciences (Media and communications - "Media management and communication") with a dissertation on the topic: "Convergence between telecommunications operators and the media in Bulgaria. Effects of diversification", presented by Ina Atanasova Kandeveva, full-time PhD student in the Department of „History and Theory of Journalism“ of the Faculty of Journalism and Mass Communication with supervisor: Docent Dr. Bisser Zlatanov

### **I. Presentation of the doctoral (PhD) student / applicant on the basis of the submitted documentation**

Ina Atanasova Kandeveva is a full-time doctoral student at the Department of History and Theory of Journalism. She has a bachelor's degree in journalism from the Faculty of Journalism and two master's degrees from the Faculty of Economics of Sofia University "St. Kliment Ohridski". She has nearly eight years of work experience in a managerial position in the field of public relations, accounting and taxes. The accumulated experience is an important prerequisite for the comparative analysis of economic data presented in the dissertation, necessary to prove the main thesis.

### **II. Assessment of the qualities of the text of the dissertation**

The topic of the dissertation is undoubtedly relevant. All of us, as users of mobile connections and television content, are witnesses to the competition of two large groups of powerful companies, clashing in our small media market, and we can categorically agree with the author that "the relevance of the topic is justified both by the global context of media and telecommunications convergence and by the specific processes taking place on the Bulgarian market".

The title is well formulated, reflects clearly set tasks and successfully directs the theoretical and empirical analysis. The scope of the study is clearly defined. Convergence as a process of merger and intertwining between the leading telecommunications and television operators in Bulgaria is chosen as the object of the study, and the effects of diversification as a strategic approach is the specific subject of the study. This choice allows for a successful confirmation of the main thesis in the dissertation, according to which media convergence occurs through mergers and regroupings in interconnected industrial sectors, a result of market liberalization, globalization, digitalization, changes in competitive forces along the supply chain of digitized media content. Diversification as a strategic approach accompanies the behavior of participants in convergence processes. The effects are a concentration of market power, useful for innovation, risky for the quality of produced media products from the point of view of journalism. A well-founded forecast is also proposed that it is logical to expect further shifts in the balance of power between participants in media convergence.

A logical structure has been chosen, basic compositional requirements have been met. Convergence and diversification are the keywords that guide the theoretical study, enriched with a large number of examples. Different approaches to convergence are examined, including integrated services (e.g., bundled offers for internet, television, and mobile services), the use of new technologies such as 5G and the Internet of Things (IoT), and the growing importance of digital platforms as the main channel for media content distribution. The dynamics of technological and market changes necessitate a search for appropriate strategic tools, and this undoubtedly justifies the author's choice to

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<sup>1</sup> Note: The text in italics offers reference points for evaluating the research results. Recommended volume of the review - about 6-7 standard pages



focus on diversification in its two main forms - connected and unconnected, such as the successful strategic approach of telecommunications and media companies.

A sufficiently broad theoretical framework has been built. I would like to emphasize the author's ability to synthesize and interpret theoretical propositions into a logical and convincing narrative. Emphasis is placed on key theories and concepts that explain the essence of media convergence. The main economic, technological, political, and socio-cultural factors that influence the processes of media convergence and consolidation of ownership are presented. The theoretical concepts examined emphasize that convergence is not only the result of technological innovations, but also represents a profound socio-economic transformation that changes traditional models of content creation, distribution and consumption. With many examples of steps and results, the process of media consolidation is examined, which encompasses mergers and acquisitions in the media sector in order to strengthen market positions and enter new business segments. Great attention is paid to diversification as a useful strategic approach. The main prerequisites for mergers and acquisitions between media and telecommunications operators are deduced and the effects of diversification in the communications sector are explained. The thesis is successfully confirmed - that it is diversification as a strategic approach that accompanies the behavior of participants in convergence processes.

Chapter two examines in more detail the different types of diversification – related and unrelated. Related diversification allows for cost optimization, increased efficiency and the creation of competitive advantages. Unrelated diversification, in turn, minimizes the risk of dependence on a single source of income and creates new business opportunities. Appropriate examples from the Bulgarian scene are given.

The empirical analysis, distributed in the third and fourth chapters of the dissertation, deserves high praise. The convergence between the leading telecommunications and television operators in Bulgaria is studied through the analysis and comparison of the financial indicators of "Yettel Bulgaria" EAD and "BTV Media Group" EAD - part of the Czech investment company PPF, on the one hand, and "Vivacom Bulgaria" EAD and "Nova Broadcasting Group" EOOD - part of the United Group. The more specific subject of the empirical study is the effects of the diversification of related business organizations as a result of the convergence between telecommunications and television operators. The period of analysis and comparison of financial indicators covers 2019-2022, with one of the tasks being to track the impact of the Covid pandemic on financial results. The analysis is correct in terms of sources, processing and conclusions. Data and strategic approaches have been obtained and summarized, proving the main hypothesis about the role of diversification as a useful strategic approach. The analysis presents good practices for optimizing business models and diversification strategies in the context of global and local trends.

In the third chapter, the analysis begins correctly with an analysis of the business environment. The key factors for the competitiveness of the Bulgarian economy are identified. The dynamics of the telecommunications market are outlined, including trends in the provision of bundled services, the implementation of 5G technologies and investments in infrastructure. The regulatory framework is assessed, paying attention to the importance of the Communications Regulatory Commission (CRC) in the development process of the telecommunications sector.

Against this background, the diversification strategies of PPF Group and United Group are analyzed. PPF Group operates in a wide range of industries and implements a strategy of related diversification, pursuing a strategy of regional market consolidation through a series of acquisitions. It combines the connection of traditional telecommunications services with innovative digital platforms and media content aimed at different consumer segments. For its part, United Group also follows a strategy of aggressive expansion and consolidation with a focus on Southeastern Europe, specifically in Bulgaria with the acquisition of Vivacom Bulgaria and Nova Broadcasting Group. This group offers personalized package services by making significant investments in the implementation of 5G



technologies, expanding the optical infrastructure and developing its own media products and platforms.

Differences in approaches are outlined: PPF Group focuses on stability and long-term sustainability, while United Group applies a more dynamic and aggressive growth model through acquisitions and technological innovations.

The conclusions regarding the effects of convergence and diversification are made on the basis of consistently deployed financial, comparative and contextual analysis. For the analysis of the financial indicators of the two leading telecommunications companies in Bulgaria and the television operators acquired by them, their annual financial statements for a period of four years are used. Key financial indicators such as revenue growth, operating profit before interest, taxes, depreciation and amortization (EBITDA), return on assets, return on equity and equity turnover are summarized. Competitive advantages created as a result of useful strategic moves are added. For example, for Vivacom Bulgaria EAD it is claimed that the company manages to maintain its leading positions in the IPTV and fixed internet market in Bulgaria thanks to the fact that in the period 2019-2022 it directs its efforts to the development of mobile services, the modernization of the network infrastructure, and last but not least the fact that in 2020 Vivacom becomes part of United Group. The analysis of Yettel Bulgaria's performance during the period under review shows that the company's strategy for diversification and technological investments is effective, leading to stable financial results and long-term sustainability. The implementation of new services, the focus on digitalization and continued investments in network infrastructure contribute to the sustainable development of the company and strengthen its competitiveness on the Bulgarian market.

A similar method was used to analyze the financial indicators of the television operators acquired by the two telecommunications companies - BTV Media Group EAD and Nova Broadcasting Group, respectively. The conclusion is that during the period under review, BTV established itself as a market leader in terms of television audience and implementation of technological innovations. Success factors are an expanded digital portfolio, a unique 360-degree news studio, and improved news content. Nova Broadcasting Group, for its part, also invests significant resources in the development of its digital platforms, new media products, mobile applications and streaming services. Investments in television content and new formats such as reality shows and sporting events significantly increase the company's competitiveness.

The analysis provides important conclusions for the development of the sector and the opportunities for strategic positioning of the studied companies in the context of global trends and technological innovations. The author demonstrates good language culture and possession of economic literacy. She adheres to the basic statements and knowledge in the field of media economics, offers a wide variety of facts confirming already known theories, and in some cases suggests the need for reassessment of individual theses due to the rapid technological changes occurring in the telecommunications and media sector. The presented bibliography proves awareness of the most authoritative authors in the field of communications and media management. The author's ability to work with original institutional sources is evident.

The text of the abstract corresponds to the text of the dissertation.

### **III. Contributions to the dissertation research**

The dissertation follows dynamic processes in the context of globalization, digitalization and the emerging presence of artificial intelligence. The rapidly changing technological environment and the regulatory measures taken are the usual challenge for any researcher of modern business practices, especially in a sector such as that of merging companies from the telecommunications, electronics, media content producers and owners, supplemented by distributors on various Internet platforms. Because of all this, I would evaluate as the most general contribution the choice of the subject of



research in the dissertation - an analysis of the result of the strategic approaches recommended in the theory for diversification of products and activities as a source of competitive advantages.

Regarding the theoretical framework for convergence, I would agree with the author that she gives due credit to the influence of 5G technologies, IoT and AI on the interaction between media and telecommunications. In this way, she confirms the importance of technological changes for the manifestation of media convergence as a continuous process related to innovation and growth.

The empirical analysis contains the most claims for contributions. The comparative financial analysis and the conclusions contribute to confirming the leading theoretical statement in the work about the potential of diversification strategies. I can point out as a contribution the analysis of the investment strategies of PPF Group and United Group, as well as the strategic approaches of the two media groups in their competitive battles. The comparative and contextual analysis largely complement the confirmation of the hypothesis.

These results have the potential to be useful both for the academic community and for practitioners dealing with regulation and strategic management in the field of telecommunications and media. I accept that with the approach for financial and comparative analysis of financial data applied in the dissertation work, a model for assessing the success of diversification strategies has been proposed, which can be adapted and applied by other companies in the sector.

#### **IV. Notes and recommendations**

I highly appreciate the quality of the presented dissertation work. The theoretical framework is enriched with numerous current examples. The thesis is clear and sufficiently well proven - both with an analysis of the financial results of companies associated with a strategic goal, and to a large extent with an assessment of the importance of specific strategic approaches. In one of the published articles, an interest is expressed in corporate social responsibility as a source of added value for companies and I would recommend that this interest be developed towards researching the corporate image and reputation of media companies as a financial asset. Accordingly, also towards the requirements for disclosure of non-financial information by Bulgarian companies.

I would provoke the author with the question of what, in her opinion, are the risk factors that could limit the positive effect of one or another strategic move for unrelated diversification in the expanding media sector.

#### **V. Publications and participation in scientific forums**

Three publications are presented, outlining the author's current and future interests. The publication "Investments in the Telecommunications Sector - Categorization and Evaluation" confirms the author's interest in researching and evaluating economic aspects of the development of the media sector. In connection with her publication on social responsibility, I welcome her orientation towards the search for added value, characteristic of modern technology companies, through investments in building a corporate image.

#### **VI. Conclusion**

The dissertation presented for review is among the small number of studies in our country in the field of media economics. In fact, it is the first in my opinion that attempts to confirm an important theoretical concept in media management with the help of a specific analysis of financial data. It is especially important that the current topic of media convergence is refracted through diversification as a specific strategic approach to gaining competitive advantages. I will repeat that the theoretical



framework and empirical analysis bring both scientific contributions and useful guidelines for the practice.

All this gives me reason to vote positively for awarding the educational and scientific degree "doctor" to Ina Atanasova Kandeve in the professional field 3.5. Public communications and information sciences (Media and communications - "Media management and communication") with a dissertation on the topic: "Convergence between telecommunications operators and the media in Bulgaria. Effects of diversification".

Reviewer:

Prof. Dr.Sc. Petranka Fileva

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