

PICK-AND-PAY TV SYSTEM A HIT WITH CANADIANS, NEARLY ONE THIRD BOUGHT SOLO CHANNELS: REPORT

Author: Emily Jackson

Source: Financial Post

Date: 17/08/2017

Although the vast majority of subscribers continue to buy larger packages, MTM's research suggests a massive jump in interest in the smaller packages.

Canadians apparently have an appetite for the \$25 skinny television packages the federal broadcast regulator mandated last year, but they're even hungrier for the ability to buy standalone channels.

Twelve per cent of Canadian TV subscribers said they bought the basic packages the Canadian Radio-television and Telecommunications Commission required TV providers offer as of Mar. 1, 2016, according to new research from Media Technology Monitor, a product by CBC's research department.

Even more subscribers opted to use the pick-and-pay system mandated as of Dec. 1. Nearly one third (29 per cent) have purchased standalone channels, with 65 per cent of skinny basic subscribers doing so, according to MTM's spring survey of 4,168 Canadians.

Although the vast majority of subscribers continue to buy larger packages, MTM's research suggests a massive jump in interest in the smaller packages. The CRTC introduced them in the name of consumer choice after a public consultation where people complained about buying dozens of channels they never watched. The smaller, cheaper packages were also meant to help TV providers keep occasional watchers at risk of cutting the cord in favour of online streaming services such as Netflix.

Less than 100,000 people signed up in the first couple months after the packages were mandated, according to CRTC data, putting initial uptake at less than 1 per cent of Canada's 11 million TV subscribers. Based on MTM's survey, that number has ballooned to over 1 million subscribers. (The CRTC could not confirm these numbers, as not all TV providers are going through the broadcast licence renewal process where they share that information.)

It appears Canadians were quicker to flock to a la carte channels, which had been around for less than six months at the time of MTM's survey. Consumers previously bought channels in theme packs until the CRTC mandated the ability to buy them individually. Most sell for between \$3 and \$7, although premium channels such as HBO go for up to \$25.

Last fall, the CRTC introduced best practices for skinny TV packages after calling providers to the hot seat to prove they were upholding the "spirit" of the newly mandated offering. There were a few complaints that skinny packages weren't actively promoted, cost more than the \$25 ceiling once set-top box fees were included, and that the ability to select individual channels didn't result in better deals.

It's not clear how the smaller packages have affected TV providers' bottom lines. The most recent CRTC data, however, found TV providers reported an overall revenue dip of 2.1 per cent in the year ended Aug. 31, 2016 compared to a 0.1 per cent drop in 2015. The number of subscribers fell by 1.1 per cent to 11.1 million.