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The Battle for the Canadian Couch Potato: Bundling, Television Internet, Telephone, Wireless

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Commentary

Now in its 18th year of publication, The Battle for the Canadian Couch Potato: Bundling, TV, Internet, Telephone, Wireless (115 pages) contains analysis of product offers (including prices), strategy, and subscriber/financial performance metrics (including forecasts) by Company & Market. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, CRTC, Innovation & Statistics Canada.

Commentary, please see Table of Contents for what is included in this Report:

Our forecasts assume the coronavirus will not be as major a disruptive force beyond 2020.

We estimate 2019 Canadian Cable, Telco, Satellite TV access revenue declined 2% to $8.38 billion & forecast a X% decline to $X billion (hence ARPU should grow by X%) in 2020 and a X% decline to $X billion in 2022. We forecast Cable, Telco, Satellite will have X%, X%, X% of Canadian TV subs YE2020. We estimate X% PVR and X% HD penetration YE2020.

We estimate (Bell & Telus no longer include Telus Satellite TV subscribers) 2019 saw a decline of 283,000 Canadian TV subscribers, 2018 a decline of 262,000 TV subscribers, and we forecast a decline of X in 2020 and X in 2022. Canadian TV subscribers declined/annum by on average 2.5% in 2018 & 2019, we forecast on average X%/annum decline 2020-2022.

As illustrated in our Canadian Cord Cutter/Never Household Model, as of YE2019 we estimate X million Canadian households (32.5% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, up from X million (30% of HHs) YE2018, and we forecast X million (X% of HHs) YE2020 and X million (X% of HHs) YE2022. 2019 saw 420,000, 2018 400,000, and we forecast X 2020 and X 2022 cord cutter/never household additions.

Canadian TV subscribers and access revenue are currently not seeing as steep a rate of decline as the US but this could change in the medium term- dependent on new, or expanded, OTT offers in Canada.

2019 Canadian residential broadband subscriber additions we estimate were 455,000, the highest additions in over a decade, and revenue grew 7% to $9.3 billion; we forecast X additions and $X billion for 2020, and X/annum additions 2021-2022. Canadian residential broadband revenue first exceeded TV revenue in 2018, Canadian residential broadband subs surpassed TV subs in 2015. Although Cable continues to lead on residential broadband market share, Telco well exceeded Cable on additions in 2018 & 2019 and we forecast Telco will continue to exceed Cable on additions through X.

Canadian residential wireline telephone lines declined we estimate X% in 2019 and we forecast X% for 2020 and 2021, and X% for 2022. We forecast Cable will represent X% of residential wireline telephone subs YE2020; Cable's market share growth has gone X.

Wireless-only household penetration continues to see strong growth, we estimate half of Canadian households no longer have a landline, and we forecast X% YE2022.

With the introduction of unlimited wireless plans by the Incumbents, the Government's price reduction mandate, as well as Fizz and Freedom, we expect Incumbent ARPU pressure to continue. We estimate 2019 Canadian wireless service (weighted) ARPU declined by .8%, and forecast a decline of X% for 2020, X% in 2021, and just better than X for 2022. We estimate X million Canadian wireless subscribers were added in 2019, however if deactivations were added back in, 2019 like 2018 represents the largest annual wireless subscriber additions Canada has seen since 2011.