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The Battle for the North American (US/Canada) Couch Potato: Bundling, Television, Internet, Telephone, Wireless

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Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the North American (US/Canada) Couch Potato: Bundling, TV, Internet, Telephone, Wireless**, **May 2023**, (192 pages), contains analysis of product offers (including prices), strategy, subscriber & financial performance metrics (including forecasts) by Company & Market. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, CRTC, ISED & Statistics Canada, US Census.

US Commentary (Canadian Commentary follows), please see Table of Contents for what is included in this Report:

We estimate 2022 US Cable, Satellite, Telco TV access revenue declined 6% to $85.8 billion and forecast a 9% decline in 2023 (ARPU should grow 3%) and 13% in 2025.

We estimate 2022 saw a decline of 7.37 million US TV subscribers, and we forecast a decline of 8.44 million TV subs in 2023; hence US TV subscribers declined by 11% in 2022, and we forecast 14% in 2023 and 16% in 2025. Satellite/Telco continue to lose market share to Cable.

As illustrated in our US Cord Cutter/Never Household Model, as of YE2022 we estimate almost 70 million US households (over 53% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and we forecast a rise to 72% of HHs YE2025.

Extending out forecasts to YE2028 from YE2022, demonstrates a decline of 70% of TV subs and more than 60% of annual TV access revenue, and almost a doubling of cord cutter/never households. Net-net traditional TV access is well into becoming a niche product (even if we included vMVPDs in our TV numbers).

We estimate over 3.2 million US residential broadband subscribers were added in 2022 and revenue grew 6.5% to $84.8 billion; we forecast higher subscriber additions and lower revenue growth for 2023. While Cable continues to maintain the lions' share of residential broadband subs, Cable's annual share of net additions has fallen precipitously, a trendline we project will continue through 2025 due primarily to T-Mobile and Verizon.

Residential US wireline telephone annual line loss is declining in the mid-teen percentage range, with Cable and Telco splitting market share. Wireless-only household penetration continues to rise, we estimate 81% of US households will no longer have a landline YE2025.

T-Mobile continues to lead AT&T and Verizon on annual organic subscriber additions. Cable's small market share continues to rise.

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

We estimate 2022 Canadian Cable, Satellite, Telco TV access revenue declined 4% to $X billion and forecast X%/annum declines through 2025 (we project X ARPU growth).

We estimate 2022 saw a decline of 2% of Canadian TV subscribers (X subs), rising we forecast to on average X%/annum declines 2023-2025. Both Cable and Satellite continue to lose market share to Telco.

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.

Canadian population/immigration increases we believe are also having (and will have) a positive impact on limiting TV subscriber losses and increasing broadband & wireless gains.

As illustrated in our Canadian Cord Cutter/Never Household Model, as of YE2022 we estimate 6.3 million Canadian households (40% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and forecast a rise to X% YE2025.

2019-2022 have been banner years for Canadian residential broadband subscriber additions, with 2008 and prior being the last time Canada saw better additions. We forecast 2023-2025 will continue to see robust additions (X/annum on average) as well as sustained broadband revenue & ARPU growth (in the XX% and XX% range respectively). Although Cable continues to lead on residential broadband market share, Telco continues to chip away adding since 2019 on average/annum more than double Cable's subs.

Canadian residential annual wireline telephone lines continue to decline in the upper single digit range, while Cable market share continues to decline. Wireless-only household penetration continues to rise, we estimate X% of Canadian households will no longer have a landline YE2025.

We estimate 2022 Canadian wireless service (weighted) ARPU grew 2% while wireless service revenue grew 7%. We estimate 1.8 million wireless subscribers were added in 2022 (the largest additions since 2010). Our 2023-2025 forecasts, except for X, are X.