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The Battle for the Canadian Couch Potato: OTT and TV

March 2025

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Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the Canadian Couch Potato: OTT and TV, March 2025**, (203 pages), contains detailed analysis of offers (including prices & programming), deals & rights, strategy, subscriber & financial performance metrics (including forecasts) by Company & Market. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, CRTC, Statistics Canada.

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

Canada is increasingly being impacted by the OTT war being waged by global, mainly US programmers and independent OTT providers. Although for programmers, Canada is a direct to consumer opportunity as well as an opportunity to sell to Amazon, Apple, DAZN, Fubo, Netflix, Canadian programmers and linear/OTT providers continue to remain attractive. Amazon, Apple, DAZN, Disney+, Discovery+, Fubo, hayu, Netflix, Paramount+ impinge on the Canadian TV/OTT model, alternatively Warner's HBO/Max and Lionsgate's Starz have had long-term multiplatform deals with Bell for many years, while NBCU & Warner recently cut multiplatform deals with Rogers and NBCU with Bell.

Based on analysis of over 55 OTT services (over 35 providers), led by Netflix, we estimate 2024 Canadian OTT access (subscription) revenue grew 15% to $4.2 billion, we forecast 15% growth in 2025 to $4.85 billion with 2027 exceeding annual TV subscription revenue. Based on a number of factors explored in this Report we expect double digit growth rates will sustain through 2027.

Canadian OTT access revenue will continue to mostly benefit non-Canadian players. We forecast Canadian TV Access Providers & Programmers OTT access revenue share will stay in the X% range 2025-2027.

2024 saw a strong rise in Canadian OTT subscriber additions mainly due to Crave, Disney, Netflix, our 2025-2027 forecasts are less robust. We forecast total Canadian paid OTT subscriptions, which we estimate reached 35 million YE2024, will 2025-2027 grow annually in the X X. Canadian OTT household penetration will continue to rise while subscriptions per household grow moderately. Based on 10 leading OTT providers, the average Canadian price increase across the providers was 6% in 2024 and we forecast 2025 will be higher. That being said OTT offers with advertising represent a significant cost savings (on average 39% less) to similar offers without advertising.

Based on our forecast trajectory, Canadian AVOD (free ad-supported OTT) and SVOD TV (paid OTT subscription with ads) advertising revenue will exceed traditional Canadian TV advertising revenue by X. We forecast non-Canadian players will mostly benefit.

We estimate 2024 saw a decline of 4% of Canadian Cable, Satellite, Telco TV subscribers, and forecast similar declines through 2027. At current run-rate there will be more Telco TV subs than Cable by X.

We estimate 2024 Canadian Cable, Satellite, Telco TV access (subscription) revenue declined 5% to $6.51 billion and forecast X%/annum declines on average through 2027 and negative ARPU growth.

As illustrated in our Canadian Cord Cutter/Never Household Model, as of YE2024 we estimate X million Canadian households (46% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and forecast a rise to 54% YE2027.

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

Canadian TV access providers are also broadband providers and thus also benefit from OTT. Annual Canadian residential broadband revenue has more than doubled over the last decade. 2020-2024 were banner years for Canadian residential broadband subscriber additions, we forecast 2025-2027 will continue to see robust additions but not as strong as the previous period.