

THE CABLE BUNDLE IS A GREAT VALUE FOR CONSUMERS

While many Americans may be challenged by today's economic conditions, the bundle of services provided by U.S. cable operators gives consumers a tremendous value for a dynamic and diverse entertainment experience. Cable operators have spent over \$130 billion building a broadband infrastructure that enables them to provide high definition video, ultra high speed Internet, and unlimited voice service to their customers. The cable bundle offers a combination of convenience and value that gives consumers the opportunity to reduce their overall household spending on multiple telecommunications services that, combined, is at least 31 percent cheaper today than 12 years ago.

Video

- **Consumers Have Multiple Choices in Video Providers.** More than 85 percent of American consumers today choose to subscribe to a video service from a cable, satellite or telecommunications provider. Competition in the multichannel video marketplace is intense as consumers have the option of at least three – and often four or five – video providers. In fact, DirecTV and Dish Network are the second and third largest multichannel video providers and the Bell companies, who recently entered the market, already have millions of video subscribers.
- **Cable's video service is a tremendous entertainment value, costing just pennies for every hour of viewing.** Cable viewership continues to grow, with consumers watching more and more hours of cable television. In relation to the cost of cable service over the years, this means that consumers are only paying pennies more per viewing hour than they used to, and getting more for their money. Using a Price Per Viewing Hour (PPVH) analysis – most relevant because it measures actual usage of the service – consumers who subscribed to expanded basic service in 2007 paid just 13.9 cents per viewing hour, while digital cable customers paid 18.7 cents per hour in 2007. Cable's PPVH has risen very little over the last decade – in 1997, the PPVH was 10.1 cents for expanded basic and 14.2 cents for digital. Measuring cable's PPVH is especially significant because cable viewership continues to grow. For the sixth consecutive year, cable's primetime viewership dominated the February 2008 sweeps, earning a 56 percent share compared to 41.8 for the seven broadcast networks combined. Cable viewership now regularly exceeds the collective broadcast audience across virtually all segments of the viewing day and all demographics.
- **Video Service Has Dramatically Improved.** With the introduction of digital, HD and interactive capabilities, video offerings have changed dramatically since the mid-1990s and consumers now have more choice and diversity than ever before. With hundreds of programming options, better picture and sound quality and the proliferation of exciting new interactive services, today's video service hardly resembles the service available ten years ago.
- **Explosion of Choice Puts Consumers in Control.** Cable's interactive service has put consumers in charge of when and how they view television programming. Digital Video Recorders (DVR), now in 18 million cable homes, allows consumers to record and save programs. And thousands of Video on Demand (VOD) options, including HD and standard-definition movies, educational programming and other programming (most at no charge), are available at the click of the remote any time, any day.

High Speed Internet

- **Cable Led the Way.** Cable was the first to offer an affordable, high-speed Internet service that is now available in 119.8 million homes. Before cable operators invested over \$145 billion in a broadband infrastructure, consumers only accessed the Internet through extremely slow dial up service or very expensive ISDN service. The Bell companies had DSL technology that could have given consumers access to affordable high speed Internet, but they refused to roll it out because it would hurt sales of their more profitable ISDN service. Cable operators led the way by successfully rolling out their modem service, at speeds far exceeding dial up and prices much cheaper than a dedicated line. Since cable was gaining millions of subscribers to their high speed Internet service, the Bells finally rolled out DSL, in order to compete. Cable's broadband product has reached faster speeds year after year. Realizing that even their DSL product doesn't match up, Verizon and to a lesser extent AT&T have rolled out fiber to the home. This will enable them to offer a triple play of services as well.
- **Consumers Love Cable's Broadband Product.** Consumers have enjoyed cable's high speed Internet product for over a decade. Over 90 percent of the U.S. now has access to broadband through their cable service. Our broadband product is lightning fast and only getting faster, while prices have stayed relatively flat. In a recent survey, 80 percent of those interviewed gave cable's broadband service an "excellent" grade. That is unprecedented approval rating.
- **The Future of the Internet is Wideband.** The next generation of broadband service is an innovative technology called "wideband" that can offer speeds well above 100mbps. Wideband utilizes a technology called channel bonding that literally expands the capacity of the broadband network by "gluing" multiple channels so they work in tandem. Just as dial-up Internet connections have given way to broadband, wideband technology promises to drive a "Third Internet Revolution" comprising new web-based applications limited only by the imaginations of application developers and consumers.

Digital Phone

- **Cable Offers Real Phone Competition.** Cable's phone product uses packet-switched technology to provide crystal clear lines, unlimited local and nationwide long distance, and enhanced features, all for one low price. Because of this incredible value, Cable has risen to be a true competitor to the Bell giants in the residential voice market in just a few short years. Cable now has 18.7 million voice customers, adding close to 10 million new customers in the last two years.
- **Competition from Cable Means Real Savings.** Consumers are abandoning the Bell companies in order to receive the savings. Cable's phone service alone already has saved consumers more than \$40 billion and households and small business could save more than \$110 billion by 2011 according to a [recent study](#).

Bundled Services Offer Even Greater Savings

- With a "triple-play" of high-speed Internet, digital voice, and digital video services, consumers are saving real money on their household telecommunications spending. Customers who purchase the triple play pay 31 percent less today, on an inflation-adjusted basis, than they paid for the three services 12 years ago – and the quality and breadth of all three services is significantly better.

- Because of the significant savings, more and more consumers are selecting a triple-play bundled package. More than half of the customers of the five largest cable operators purchase two or more services from their cable provider, with many customers now purchasing all three services from their cable operators – 56 percent of Cablevision customers, 22 percent of Comcast customers, and 20 percent of Time Warner Cable customers choose the triple play.