
CONSUMER CHOICE IN LINEAR TELEVISION SERVICES

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Purpose of the Study	3
Context: Regulation and the Market.....	3
Regulation	3
Market Conditions.....	5
The “A La Carte” question in the US	6
Methodology of the Study.....	8
The Flexibility Rating (FR)	8
Assessment	9
The Markets Chosen	9
Top-Line Conclusions	11
Flexibility.....	11
Number of Services.....	11
The Presentation of Choice to the Consumer	11
Pricing	12
Detailed Findings.....	12
Small Markets	12
Cross-Country Cable (Canning, Nova Scotia)	13
Ritter Communications (Marked Tree, Arkansas).....	13
Summary of the Small Market Comparison	14
Large Markets (Seattle and Vancouver)	15
Comcast (Seattle)	15
DirecTV (Seattle).....	16
Shaw Cable (Vancouver).....	17
Bell Satellite (Vancouver).....	19
Summary of the Large Market Comparison.....	20
Markets with Minority Languages.....	21
Bell (Ottawa).....	21
Rogers (Ottawa).....	22
Cox Cable (Phoenix)	23
CenturyLink Prism (Phoenix)	24
Summary of the Ottawa-Phoenix Comparison.....	25
Appendix A: Methodology Notes	27

Calculating a Flexibility Rating.....	28
Appendix B: A Note on Price	29

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PURPOSE OF THE STUDY

Recently, there has been considerable public discussion on the question of “pick-and-pay” in cable, satellite, and Telco-delivered television. Some consumer advocates have argued that customers should not be obliged to take large packages of television services, but should be free to choose, and pay for, only the services they want. Some industry players have argued that the consequences of thoroughly implementing pick-and-pay would actually hurt the consumer because many services would fail and the price of the remaining services would rise dramatically.

This study is meant to contribute to that discussion by making an initial assessment of how much consumer choice is currently available. It evaluates cable, satellite and Telco television offerings in Canada and in the United States (US), to see whether there is currently greater consumer choice with respect to linear television offerings¹ in the US.

The study examines six markets, three in each country, and it focuses mainly on the offering of English language services, since it is largely in the English market that the discussion has taken place. Since it is consumer-focused, the study uses only that information which is made available to the consumer, and it evaluates the information both subjectively – i.e. how clearly is the consumer made aware of choices – and objectively, using a newly-devised measure of the flexibility of the service offering.

While the study comments from time to time on prices, it does not attempt an objective comparison of the price of linear television service offerings. There are simply too many factors affecting the pricing of linear television – e.g. bundling with other services, a plethora of temporary discounts, and cross-border exchange rate issues – to permit a fair comparison.

CONTEXT: REGULATION AND THE MARKET

A part of this discussion has focused on the role of regulation in the two countries. A perception exists that Canadian television regulation has restricted consumer choice compared to a more market-driven approach in the US. This study has not found evidence to support that perception. However, it will still be useful to set the context for the discussion by describing the different regulatory and market situations in the two countries.

REGULATION

In the US, there are no “must-carry” regulations for specialty television services (known there as cable channels). Nor are such services licensed by the Federal Communications Commission (FCC). Anyone may offer such a service, and any Broadcasting Distribution Undertaking (BDU)² may offer it to their consumers. All terms are managed by market negotiation.

¹ By “linear television” we refer to traditional broadcast services that present a single schedule of programs. This definition does not include channels devoted to video-on-demand (VOD). While VOD, whether provided on BDUs or over the Internet, certainly increases consumer choice, it is not part of the pick-and-pay discussion.

² The term “BDU” includes companies delivering multiple linear television services via cable, satellite, telephone lines or fibre (these last two known as IPTV, or internet-protocol TV). This paper will use the Canadian term even for American companies, though they are known there as “MVPDs” – multichannel video programming distributors, or just multichannel operators.

In Canada, by contrast, Canadian specialty services must be licensed or exempted by the CRTC before BDUs may carry them. Foreign services must be added to a list of approved services by the CRTC before they can be carried. Some Canadian specialty services have carriage protection in the sense that they must be carried by each BDU, though packaging terms are negotiated. A few specialty services have the protection of regulated mandatory carriage in the basic tier and are therefore received by all customers of the BDU.

Differences in the approach to “must-carry” do not appear to make much practical difference in BDU offerings, at least where the Basic service is concerned. Most of the services in Canada that have some form of “must-carry” have it as a result of grandfathered regulations from the past. In the US, services of similar longevity are protected by their customer base. While disputes between programmers and BDUs erupt from time to time, similar disputes over packaging erupt in Canada as well. Meanwhile new Canadian services that obtain Category B licences are in the same situation as their US counterparts – negotiating with whatever market power and appeal they may have. Apart from those few services whose carriage in the basic package is mandated by the CRTC, packaging decisions in Canada are the result of negotiation between the BDU and the service, just as in the US.

The overall result is that the core of the basic tier looks similar across all systems in the US and Canada – it is composed of local over-the-air services, a few of the more popular long-established specialty services, and of course some government and community access services. However, beyond that core of 20-30 services, the “must-buy” basic package can become very large on some systems, through the addition of other popular specialty services. The average is about 50 services for the BDUs in this study, but the range was from 20 to 97.

One must also note that Canada has BDUs that are exempted from most regulations by virtue of their small size. In cases these systems also have limited capacity, but, like their unregulated US counterparts, they tend to carry the most popular services. One such system is included in this study – differences are visible, but they are most apparent in the carriage of minority language services, which is minimal, as it is for the American small-cable equivalent.

LOCAL OTA SERVICES

Over-the-air (OTA) services also experience different regulatory and market conditions, though in both countries, OTA stations must be licensed.

In the US, BDUs are not required to carry local OTA stations, but the Retransmission Consent regime³ included in the Federal Communications Act requires that they negotiate agreement with such stations in order to carry them. Consent may require compensation, so disputes are common.

However, there are also rules about where an over-the-air station can be carried into another market as a distant signal. While these are complex and depend on the location of the subscriber, in general, a station may not be carried by a satellite BDU if there is a local station affiliated to the same network, e.g. CBS New York may not be carried in Chicago or Los Angeles or anywhere there is a local affiliate CBS station. The satellite company may only provide “local into local” service – the local station to the local subscriber.

By contrast, in Canada, Local stations are must-carries, and due to a variety of legislative and regulatory measures, including the *Copyright Act*, it is typical for OTA stations to be carried into distant markets by BDUs⁴.

³ <http://www.fcc.gov/encyclopedia/retransmission-consent>

⁴ This is further complicated by the fact that the OTA networks are now owned by the same companies that also own BDUs.

While compensation for carriage has been hotly debated at different times since the beginning of cable service in Canada, OTA stations are not typically compensated by BDUs for carriage – but some independent local stations may receive compensation from BDUs for the commercial impact caused by the carriage of other stations into their markets, which they cannot prevent. This compensation was established by regulation.

The main practical difference is that Canadian consumers receive a wide variety of versions of each English-language over-the-air network, including their local stations – though most but not all local stations are carried on satellite services, so in a particular location the local station is usually but not always present on satellite.

The greater flexibility afforded to Canadian BDUs over distant signals compensates to some degree for the relatively smaller number of pay and specialty services available for carriage. That is, Canadian BDUs can carry multiple “time-zone” versions of both Canadian and US OTA networks and US BDUs cannot. Therefore, while US BDUs generally offer more English-language services, the difference is not as marked as generally believed.

In summary, it may be counter-intuitive, but the presumption that a greater degree of regulation in Canada results in less consumer choice is not borne out by the evidence. One might suppose that Canadian regulation would force more services into the basic package, but there is no significant difference in size of basic between countries in the BDUs studied.

Moreover, one is still confronted by the fact that the pick-and-pay option, while not widely advertised, is present in the Canadian BDUs we studied, and is not present in the US. This difference may be due in part to regulatory policy, since in Canada, parties who cannot reach a negotiated agreement often refer the dispute to the CRTC, and the Commission has recently tended to rule in the context of a policy that favours flexibility and pick-and-pay in packaging arrangements, even when that is not the program service’s preference⁵.

MARKET CONDITIONS

The US BDU (or “multichannel television”) market, comprising cable, satellite, and various Telco TV technologies (IPTV), is holding steady at just over 100 million homes. While customers have moved over recent years toward IPTV and satellite solutions, the market is still concentrated in the hands of the largest operators. The top 10 multichannel operators account for over 85% of the market, and the largest, Comcast, has over 23 million homes. Comcast is also proposing to purchase the second largest cable operator, Time-Warner, which would give it over 30% of the market in multichannel services.

Clearly there is concern in the US over market concentration, largely because of the increased bargaining and gatekeeping power available to a BDU of great size. However, most of this concern relates to whether cable in its capacity as an Internet provider may use its gatekeeping power to inhibit competition from over-the-top program providers such as Netflix.

Concern over the power of BDUs over independent cable services is present but more muted. There is no American regulation guaranteeing that a BDU must carry any particular specialty service, so their gatekeeping power in that context is already considerable.

⁵ In *Broadcasting Decision CRTC 2012-208*, the Commission noted, “11. ... in the Vertical Integration Framework ...The Commission also directed vertically integrated entities to report to the Commission on how they have provided consumers with more choice and flexibility, while at the same time providing consumers with the ability to pay only for the services they want to watch, such as a pick and pay model.”

In practical terms, it is not clear that effective BDU gatekeeping power is much less in Canada. Protection for some specialty services is grandfathered, but virtually all new services have Category B licences, which afford no protection. Even in the exceptional cases of new must-carry provisions – such as the recent Commission decision regarding news services⁶ – terms and packaging, as in the US, must be negotiated, and are therefore subject to the usual factors of the relative market power of the provider and the distributor. This presents special problems for independent program services.

It does not appear, however, that the market power of the distributor is having much practical impact on whether the consumer is offered more flexibility. In both countries, the number of BDUs offering service to an individual consumer in an individual market is about the same – two satellite providers, a cable company, and in some, but not all markets, a second terrestrial provider – generally a Telco IPTV offering. Also, in both countries, the ability of the consumer to move from one BDU to a competitor is sharply limited – first by proprietary technology (switching television providers means new receiving apparatus and installation costs), and secondly by the widespread use of “bundles” in which switching television providers may also mean switching Internet and telephony providers.

One might speculate that BDUs with more market power would use that power to create pick-and-pay offerings – since typically program services prefer to be offered in packages (as discussed below). But if that were the case, one would expect to see more pick-and-pay offerings in the US. Perhaps American BDUs see little advantage to them in such a packaging option.

In short, varying market conditions in the two countries do not seem to have much practical impact at this point on the pick-and-pay debate. That could, of course, change. If one US provider can gain an advantage with an attractive offering, it might put pressure on others – but such speculation is beyond the scope of this report.

THE “A LA CARTE” QUESTION IN THE US

In both countries, the debate has concentrated on whether governments and regulators should force the provision of pick-and-pay on BDUs via legislation or regulation. A reference in the federal Throne Speech of Fall 2013, resulting in a Direction to the CRTC on the matter, is well known and needs no further exploration here.

The US history is more involved and less well-known in Canada.

A bill that would force BDUs to offer pick and pay options was introduced in the House of Representatives in 2007. Called the *Family and Consumer Choice Act of 2007*, it was unusual in proposing consumer choice over television services as a means to the preservation of decency. Had the Bill become law, it was argued, parents could have used the pick-and-pay option to shield their families from inappropriate content by choosing only the services they wanted.

This strategy proved to be a double-edged sword as several religious broadcasters opposed the idea of pick-and-pay, reasoning that it would diminish carriage of their televised services⁷ and presumably revenue.

⁶ In *Broadcasting Regulatory Policy CRTC 2013-734* the Commission required BDUs to offer all the available news specialty services and to package them in both a discretionary package and on a standalone pick-and-pay basis.

⁷ "We don't just want to preach to the choir; we want to reach the unchurched," said Paul Crouch Jr. of Trinity Broadcast Network in Santa Ana. "The bottom line is that we want to be everywhere on cable. ... "A la carte is a solution that will immediately address the issue of indecency on cable," said Tim Winters, executive director of the Los Angeles-based Parents Television Council. ... Christian broadcasters, including such big names as Pat Robertson and Jerry Falwell, worry that changing

Following the failure of the 2007 bill, the cost of sports rights and their influence on the overall consumer cable bill in the US caused Senator John McCain to introduce the *Television Consumer Freedom Act of 2013*, a bill that used copyright restrictions to encourage programmers and BDUs to offer pick-and-pay services. The bill was referred to committee in May 2013 and appears to have stopped there.

The idea is unpopular with programmers generally, in both countries. A Kagan 2013 report⁸ notes that 10 out of 11 sports-themed cable networks generate 65% or more of their subscribers from carriage in basic and extended basic tiers, rather than sports theme packs or stand-alone options.

For whatever reason, then, forced “a la carte” offerings have gained little legislative traction in the US.

This history indicates that the Canadian approach to regulation is not worse than the American – which relies more on unfettered markets – in encouraging more consumer choice. Without overstating the case, we can note that the Canadian regulator has taken action – not sweeping but significant – in the context of its vertical integration policy and that Canada has some pick-and-pay options in the systems studied.

By contrast, in the US the FCC could only encourage, Congress did not act on a la carte legislation, and the “free” market did not create pick and pay on its own. Rather than restricting choice, Canadian regulation has encouraged it.

the current system will cut into viewership. If that puts them on the opposite side of where they usually stand in the indecency debate, Crouch said, “so be it.”

Los Angeles Times, 2009 (<http://www.latimes.com/business/la-fi-indecency29nov29,1,1718994.story>)

⁸ “U.S. Multichannel Subscriber Update and Programming Cost Analysis”, SNL Kagan, June 2013

METHODOLOGY OF THE STUDY

The study looks at the television world from the point of view of the consumer. While it examines the offerings of BDUs in several markets in Canada and the US, it uses only information available to the consumer – i.e., no attempt has been made to obtain “official” answers from any of the firms involved. The reasoning behind this approach is simple – if the consumer can’t perceive a choice when making a purchase, can it be said to exist?

In order to compare BDUs, it was necessary to establish a level playing field. The markets chosen are dispersed geographically and it was not possible to visit physical stores in each market – therefore the study uses only information that can be obtained by a consumer through the online “ordering” websites of the BDUs.

The study is therefore both subjective and objective. The subjective part deals with the experience of navigating the online stores to see how choice is presented to the consumer. Once the information is obtained, however, the report analyzes it in an objective way on two measures of consumer choice. The first is simple – how many services are offered to the consumer? We also looked at how many services were offered in languages other than English.

The second measurement analyzes how TV services are packaged for purchase, and turns this into a “flexibility rating”.

THE FLEXIBILITY RATING (FR)

The “flexibility rating” is designed to permit comparison of the flexibility offered to the consumer. Essentially, if a BDU puts a great proportion of the services it offers in options like pick-and-pay or theme packs, it will rate highly. If it forces its customers to buy the greater proportion of its services in basic or in large packages, it will have a low rating.

This system has been designed as a numerical rating in order to permit comparison. The calculation that creates the number for each BDU yields a rating between 0 and 100.

- 0 represents no flexibility of packaging - i.e. all TV services are in the “must-buy” basic package,
- 100 represents maximum possible flexibility – i.e. all services can be purchased on a pick-and-pay basis.

All real-world examples fall between these extremes. In addition, the rating calculation considers packaging options between basic and pick-and-pay. In our consideration, a BDU enhances flexibility by using theme packs containing a small number of channels, and restricts flexibility by offering some services only in large packages.

The Flexibility Rating is therefore calculated as follows. For each BDU, we begin by calculating the percentage of services offered⁹ in each of the following four packaging types: pick-and-pay, theme pack, large package, and basic. This process produces 4 numbers that add up to 100%.

1. To calculate the FR, start from 0.
2. Don’t add anything for the services in basic – since they add nothing to flexibility.
3. Add the % of services in large packages, but only at 25% of their value – since they introduce very little flexibility.
4. Add the % of services in theme packs, weighted at 75% of their value – since they enhance flexibility
5. Add the % of services in pick-and-pay, at full value.

⁹ i.e. if the BDU offers a total of 200 services, and its basic package includes 40 services, the calculation for basic is 40/200 or 20%.

As noted, the result is a number between 0 and 100.¹⁰ The results of this formula match the intuitive perception of flexibility. That is, if all services are offered only in basic, there is no flexibility and the score is zero. If all services are available on a pick-and-pay basis, then the score is 100. If 20% are in pick-and-pay, 20% in basic, and 30% in each of the large packages and theme packs, then the score is 50. For the BDUs in this study, FR scores range from 22 to 57.

At the lower end of the FR range, one typically sees BDUs offering a large basic, and no pick-and-pay other than the premium pay services – and even these are often offered in theme packs of 7-10 services. BDUs with a higher FR rating typically offer a genuine pick-and-pay offering and a number of theme packs.

This method produces an objective and useful measurement for this study, but the rating should probably not be used for fine detail – that is, one should not conclude that a typical consumer would perceive much difference in flexibility between a BDU that rated 27 and one that rated 30. Nonetheless, the ratings prove to be a useful tool for measuring difference in the aggregate – e.g., between systems in the US and systems in Canada.

ASSESSMENT

When looking at an individual BDU, the study presents the subjective experience of navigating choice for each BDU, and also the objective measures: the overall offering by languages and the Flexibility Rating.

The study then compares BDUs to see if any significant differences are shown across the factors mentioned earlier, e.g., is there more flexibility in the relatively unregulated US market, compared to Canada? Do large markets fare better than small ones?

The primary assessment is for English-language consumers in English markets, because this is the area that has been the subject of broad public discussion on pick-and-pay. As an additional consideration however, the study comments on choices available to large and small minority language populations.

THE MARKETS CHOSEN

A study of this kind could only be truly definitive if comprehensive, but given the number of BDUs operating in North America, and the variety of choices they present to their customers, that is not really possible within the scope of this project. Therefore, the study has looked at a small but diverse group of BDUs, including cable, Telco, and satellite operators on both sides of the border, as well as operators in small markets, large markets, and markets with a substantial population speaking a minority language.

Vancouver, BC and Seattle, Washington were chosen as comparable very large Western cities. Seattle is larger, but both are substantial urban markets.

Canning, Nova Scotia and Marked Tree, Arkansas were chosen as comparators because both serve quite small towns surrounded by rural areas.

Ottawa, Ontario and Phoenix, Arizona were chosen as cities with substantial urban populations, including a significant group that speaks either French or Spanish. Service in the “second” language of a country was a

¹⁰ It is recognized that others might employ different weighting or a different method. In our exploration of methods, the relative results remained the same, i.e., BDUs who offered their consumers little flexibility always rated low, regardless of the formula used.

consideration in this study. To make such an assessment, it was necessary to find markets where there might be an economic incentive to ensure that a minority was well served.

Phoenix is a city with a population that is larger than Ottawa's but it is in proportion to the general differences between US and Canadian cities. Moreover, roughly 60% of the population speaks "only English" in both cities. Whereas 33% of Phoenix is Spanish speaking, 17% speak "only Spanish". In Ottawa, 37% of the population is bilingual, with only 2% speaking "only French".

The comparison is clearly not perfect, but is sufficient for this study because in each city, there is a substantial (over 30%) part of the market that will be interested in services in the minority language, so one would expect there to be an economic incentive to provide such services.

TOP-LINE CONCLUSIONS

FLEXIBILITY

On the evidence gathered in this report, Canadian BDUs offer the consumer more flexibility than their American counterparts. Three of the terrestrial Canadian BDUs examined offered pick-and-pay options for specialty services (not just the expensive premium services) while no US provider studied did.

While this report is not definitive, we looked at the largest US cableco, the largest satellite company, and three other US BDUs and within that group found no evidence of pick-and-pay. Moreover, the use of small theme packs was significantly lower in the US. If there are US BDUs providing pick-and-pay options of this kind, no doubt the response to this report will bring them to the surface, but a search did not reveal any.

Consequently, the US Flexibility Rating scores were significantly lower than the Canadian. The largest US cableco – Comcast – had the lowest FR score in the report at 22, while the highest score belonged to the largest Canadian cableco – Rogers. No US provider exceeded 40 on this measure of consumer choice, while no Canadian provider was below 45.

NUMBER OF SERVICES

The number of distinct linear television services offered was generally higher in the US. DirecTV offered the largest number of distinct English language services at roughly 250 (not all packages offered verifiable service names). Canadian TV offerings were around 200 services, so they are not far behind.

If these numbers seem low, bear in mind that this study counts only linear services, not channels. High-definition copies of a standard definition channel on the system are not counted, nor are channels devoted to on-demand services.

THE PRESENTATION OF CHOICE TO THE CONSUMER

Consumer choice is only really present when the consumer can see the available choices, evaluate them, and easily choose what they want.

In general, presentation was problematic. While some web sites are clear and comprehensive, there is always complexity associated with the packaging of several hundred services. The two smaller cable systems examined – one on each side of the border – had exemplary web sites. The larger offerings were frustrating to some degree, requiring a significant investment of the consumer's time to understand the choices.

There was a significant difference between the US and Canada in terms of clarity. On several of the US sites, the lack of information and the "burying" of choices in the back pages operated, deliberately or not, to drive consumers toward the easier solution of the large package out of sheer fatigue.

Frequently, theme packs and other more flexible options only became visible when the consumer was in the final stages of online check-out. Sometimes they never became visible without a lot of digging, and even then significant information about these choices – e.g., which services are in a pack – was missing. This creates special difficulties for minority and third language customers, since those choices are usually in theme packs.

Most of the larger providers offered “online chat” – typed conversations with salespeople – to help. Sometimes it was the only way to obtain some premium prices or understand choices. But in our experience, this process was also cumbersome and on two occasions provided incorrect information.

PRICING

This study is not primarily about pricing, since objective country-to-country comparisons of pricing are disrupted by (among other factors) exchange rates, the bundling of telecom services, and a large number of temporary “special offers” (some tied to contracts) that make regular pricing for television services very difficult to determine, much less compare.

The study’s observations of pricing receive comment in Appendix B. To sum up here, the strongest conclusion we can draw from these observations is that the study found no evidence that Canadian BDUs are charging more than their US counterparts for television services. They appear to be about the same, with more variation between BDUs than between countries.

DETAILED FINDINGS

In the detailed descriptions below, there will be similarities arising from the fact that in all cases we are doing the same thing – evaluating how a consumer makes choices while buying BDU TV service online.

All consumers begin by choosing a large package which must include the services in the “basic” tier, before exercising any choice over which other services they take. The BDUs in this study concentrate on this initial choice and encourage the purchase of larger packages through special offers, bundles with telecom services, etc.

The process of choice typically follows this course:

1. The consumer chooses basic or any of 2 – 6 larger packages, ranging in some cases up to an “all-in” package that includes virtually all of the English-language services offered on the system.
2. The consumer then supplements that chosen package with whatever options are available from the provider. These options vary but may include:
 - o “Premium” sports, third language or movie services. If individual services are offered, they are considered pick-and-pay for the purposes of analyzing flexibility, but they come at a premium price. Most of the premium services in the US are offered in packages ranging from 4 to 9 services, and are not pick-and-pay.
 - o “Theme” packs. An optional package of services, usually somewhat related in content.
 - o A genuine “pick-and-pay” group of specialty channels, not premium-priced. These services are offered on a standalone basis – the consumer may choose one or many.
3. At this point the consumer may start the check-out process, choosing a receiver (if they are a new subscriber) and then moving on to check-out. Frequently it will happen that the choice of other options – such as the theme packs – is only presented at this point, after the large package and the premium channels are chosen. Third language channels are sometimes only offered at this point.

Exactly how BDUs structure and present these options for consumers varies. Below, we will look at individual BDUs, grouped by market.

SMALL MARKETS

CROSS-COUNTRY CABLE (CANNING, NOVA SCOTIA)

Cross-Country Cable (CCC) is a hybrid analog / digital system – the consumer can choose to remain in the analog world but will have a more limited selection of services.

THE CHOICES

Cross-Country’s Analog Basic is small at 34 services, and its digital basic adds 33 more. Because the minimum the consumer is offered is the analog package, it is treated as the “basic” and the Digital Basic additions as an extended basic.

The bulk of the offering is in theme packs of ten services or less – the two analog theme packs and an additional group in digital. In addition a number of these services are available on a pick-and-pay basis. There are 18 services offered on a pick-and-pay basis and 62 that are available only in theme packs.

MINORITY AND THIRD LANGUAGES

There are no French language services noted in the major packages or theme packs, or even in Basic.

Presentation of Choice	
Are the existing choices easy to find?	Yes. On analog there is a Channel Listing link showing two packages (7 to 9 services in each) and their prices.
Are all choices presented before buying starts?	Yes. Basic (\$29.95) is shown plus a choice of Family or Super Add-On packages. The Digital Cable page links to a complete listing of services and then 12 clearly laid out digital theme packs along with a list of services that are also available on a pick-and-pay basis.
Is information complete (all packages in detail)	Yes. A nice touch is that those services that are available on a pick-and-pay basis are so marked when they appear within a theme pack.
Is information accurate?	Yes.
Are <u>regular</u> prices presented clearly?	Yes.
Are services and prices clear without online help?	Yes. This site is very easy to understand – the choices available are clear throughout.

RITTER COMMUNICATIONS (MARKED TREE, ARKANSAS)

Marked Tree is a good comparator for Canning, Nova Scotia, as the town has a population of 2,800 - about 1,200 households – and is surrounded by a rural area. There are very few people of Hispanic or Latino descent, so the Spanish-speaking population is not likely to be an economic driver.

The consumer can buy online from Ritter, with three packages of television available on the website as well as phone and Internet bundles.

THE CHOICES

The TV packages are Basic cable (analog at \$20.95), Expanded basic (\$71.95), and Digital Basic (\$88.95).

- Basic provides 20 services, so the analog offering is quite small (permitting, of course, a larger digital offering)
- Expanded basic provides an additional 44 services for a total of 64

One can add Premium Movie Channels to Basic – four are offered and the subscriber can pick any one, two, three or all four at a package price (\$16.95 + \$10 for each additional choice). These Premium options services (HBO, Starz, etc.) contain at least 10 services, so all are considered theme packs.

- Digital Basic adds 62 Services to analog basic for a total of 126.
- HD Basic provides many duplicates, but also 12 additional services for a total of 138.

Having chosen a package, the options still began with the premium movie packages, but now one could add NFL Red Zone in HD (NFL Network is in the package), an HD Basic package and a Family pack of ten services.

MINORITY AND THIRD LANGUAGES

None offered.

Presentation of Choice	
Are the existing choices easy to find?	Yes.
Are all choices presented before buying starts?	Yes.
Is information complete (all packages in detail)	Yes. For each of the options a pop-up service list was present. It was also clear what was available in HD – though not what was an HD duplicate of an analog or digital service. The downloadable and printable channel guide was particularly clear in showing how services were added with expanded basic, digital cable, and the optional packages. Many other BDUs present a total list for each package, making comparison very difficult.
Is information accurate?	Yes.
Are regular prices presented clearly?	Yes. The total price of the options chosen was available.
Are services and prices clear without online help?	Yes. The process, and the choices, were clear and simple

SUMMARY OF THE SMALL MARKET COMPARISON

COMPARATIVE SERVICE COUNTS FOR THE SMALL SYSTEMS

BDU	E	Basic	Large Packages	Theme Packs	Pick and Pay	Flexibility Rating
Ritter (Marked Tree, Arkansas)	194	10%	56%	34%	1%	40
CCC (Canning, NS)	147	23%	22%	42%	12%	49

ASSESSMENT

Both systems present the choices extremely well. The size of the offerings shows the limits expected of small systems, but their flexibility is good.

Like Ritter Communications, Cross-Country Cable is a small system in a small town, and it responds simply to market forces there as an unregulated BDU. Neither system offered minority or third language services.

Like other US systems, Ritter focused on packages, and the absence of any pick-and-pay option kept it below Cross-Country in flexibility. Ritter has a somewhat larger offering at 194 services to Cross-Country's 147, but CCC gets the "consumer choice" advantage with a higher flexibility rating. Ritter had an FR rating of 40, which turned out to be very respectable in the US context. This was due to its very small basic package, but Cross-Country put the majority of its services in theme packs and pick-and-pay, giving it a relatively high rating of 49.

Both BDUs have quite clear online purchasing sites that are easy for the consumer to understand and provide a comprehensive means of making choices.

And of course, consumers in these small towns also have a choice of two satellite services each. We will not analyze those services here since most of the analysis would be repeated when they appear in other markets.

LARGE MARKETS (SEATTLE AND VANCOUVER)

We looked at four BDUs serving these markets

- Comcast Cable (Seattle)
- DirecTV (Seattle)
- Bell Satellite (Vancouver)
- Shaw Cable (Vancouver)

COMCAST (SEATTLE)

THE CHOICES

Comcast's XFINITY TV site initially displayed six packages, but the smallest, Limited Basic, allowed no add-on options. Choosing Digital Starter resulted in a series of error messages. Beginning with a different entry page, we were now offered only three packages (it's not clear why). Digital Starter on a two year term included HBO, permitted the addition of Starz, Cinemax and Showtime as options – but nothing else.

At this point we accepted online help. The online chat person said that one must begin with Digital Preferred – the second largest package – to get any sports services. In short, there were NO add-on services except the 4 groups offered at the beginning. "You cannot add channels to plan. You will need to have the plan that includes the channels."

The list of six Packages range from 51 to 226 unique services (for the Premier package), not counting audio or HD duplicates. All the major premium services are offered in the largest package. Later one learns that not all packages are available in all areas.

The usual Premium sports packages – MLB extra innings, NHL centre ice – are all present as standalone options that can be added to the Digital Preferred package individually.

THIRD LANGUAGES

Comcast offers 15 language packs – some contain only a single service.

Presentation of Choice

Are the existing choices easy to find?	No. One can compare packages by scrolling down through many service offerings. A full list can be printed.
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Are all choices presented before buying starts?	No. One must select a package before seeing options.
Is information complete (all packages in detail)	No. It takes a 1-800 call to get definitive information in some areas.
Is information accurate?	Information about the number of packages changed during the session. The site noted that not all services are available in all Comcast areas, but not which or where.
Are regular prices presented clearly?	No. Regular prices are not indicated on the website.
Are services and prices clear without online help?	No. Without the online chat person we could not tell what package was needed before options were available.

DIRECTV (SEATTLE)

THE CHOICES

Six English-language packages, ranging from \$30 for the “Select” package to \$98 for the Premier, are shown – with an option to display Spanish packages.¹¹

“National” services – what we would call specialty services – increase in number gradually as the packages become more expensive. Premium channels (Showtime, Encore, and HBO in their various varieties) and regional sports packages appear and increase exponentially in the most expensive packages.

The most basic “Select” package, includes the premium services – HBO, Starz, Movie Max and Showtime - by default, at prices ranging from \$14 to \$18 USD for a total of \$48 per month. HBO, Showtime, Starz and Cinemax were at that time part of a special 3 months-free offer, and could not be removed. The online salesperson said they could be cancelled after the first month.

However, if one is not on the special deal, one can back out of this default choice. On choosing to change these “Premium Channels”, the consumer is offered 11 add-on options to accept or decline. One can then choose each of those four Premium movie channel groups individually – though each includes enough services to be considered a theme pack.

In addition, there is a sports package including an unspecified number of services. There are also standalone services - including the premium multiplexes from the major league sports (NHL Centre Ice, MLB extra innings, etc.), four adult entertainment services, and one premium service aimed at dogs – as viewers.

MINORITY LANGUAGE

The number of Spanish language services remains roughly the same across all six packages, though there are two Latino premium services in the most expensive packages. There are four Spanish packages as add-ons, but the consumer must choose no more than one of them. In the absence of other information, we are assuming that the most one consumer can get is 25 television services.

DirecTV’s opening page has an option to switch to Spanish Packages, as a Spanish speaking consumer would. On this page, four packages are offered. In one respect this offers the consumer the same comparison tools. However, there is no option through which one can see the complete list of services in each package, so the number of

¹¹ http://www.directv.com/DTVAPP/new_customer/base_packages.jsp

Spanish services available can only be determined by paging through the list, eliminating audio services and noting the foreign services.

THIRD LANGUAGES

Finding the third language service options appeared to involve going through the purchase and checkout process. They did not appear earlier. There are Filipino, Russian, and Hindi packages, where again, the consumer is told how many services are in each but not what they are.

For other international packages one must call phone numbers in various languages. In our case, the online salesperson offered another page to look at: http://www.directv.com/international/south_asian. On this page, again, one must telephone to order. But it does list the services, which include three a la carte South Asian services.

Presentation of Choice	
Are the existing choices easy to find?	No. Comparing packages is easy, but after that it becomes difficult.
Are all choices presented before buying starts?	No. Third language services are at checkout and the premium options only become clear after selecting a package and a deal.
Is information complete (all packages in detail)	Mixed. A list is available that is clearly divided into satellite radio, national, local, and Spanish, which is helpful. The opening page allows a direct comparison of the packages via a scrolling list, which can be filtered by genre so you only see the ones you are interested in for comparison purposes. Clicking on any service brings up a description and a colour-coded indication of what packages it occurs in.
Is information accurate?	Yes.
Are regular prices presented clearly?	“Regular” prices are displayed only in the fine print, and there are a number of pricing footnotes as well. Special deals, short-term and/or involving 2 year contracts, are in large print at the top.
Are services and prices clear without online help?	Third language options can only be discovered through phone help, and we only discovered what we could through online chat.

SHAW CABLE (VANCOUVER)

THE CHOICES

On Shaw’s opening page, choosing TV, and then TV Packages shows three options:

- Personal TV (up to 23 HD and 41 SD channels for \$39.90),
- Personal TV plus best of HD (28 Additional HD channels for \$74.90)
- Premier plus best of HD (up to 56 HD and 99 SD for \$89.90)

There are also analog tiers and add-on theme packages, but they must be found via the menu item, “programming”. This displays the theme packages, though not Basic. We encountered an analog “Basic” list of services and a “Classic Cable” list that seemed to be basic plus a traditional analog extended basic. However, we did not find an option presented to buy either of these analog packages.

There are Premium options and a Pick and Pay option. After selecting Personal TV, the Pick and Pay option initially showed 43 icons of services that can be selected individually for \$3 each. When the Premier package was chosen, 57 options were displayed, still at \$3, and the layout was clearer.

THIRD LANGUAGES

The Multicultural option shows 15 possible packages, some of which recombine services.

FRENCH

The French package shows 11 services that can be added to the packages in a group for \$10.

Presentation of Choice	
Are the existing choices easy to find?	<p>No. There are four different lists of services – they present the information slightly differently and don’t always use the same terms.</p> <ul style="list-style-type: none"> • Clicking on Channel Listings produces a text list of all services by channel number, with Package names beside them. • The Premier TV channel lineup is like the channel guides that one keeps on the TV set for reference. • The Personal TV Lineup is called a “Plan Personalizer” and shows what services are in each package and theme pack. It also shows one version of what is available in the Pick and Pay group. (One is never directed to this “personalizer” however, and might never find it on the site.) • Selecting “Personal” package and then “Select More programming”, and “More” presents the services in a theme pack. • Selecting Pick and Pay after a theme pack had been selected gave a display that showed what services were already in the theme pack so they would not be selected twice. Quite helpful. <p>These are all helpful but a single comprehensive source would have been easier to find and use.</p>
Are all choices presented before buying starts?	<p>No. For some, the process of selection must have begun. Also, clicking over to Special offers presented more packages of television services when bundled with Internet – they ranged up to 175 TV services but there was no information on what they were in advance of the Order button.</p>
Is information complete (all packages in detail)	<p>Mixed. Information is there but hard to find. However, the names used for the theme packages here are not the same as the package identifier on Channel Listings. Usually, a service that is shown (by icon) as being in the “Family” pack will simply show as part of the “Specialty Channel” Category on the Channel Listings.</p> <p>The TimeShift package shows the networks covered but not the stations. However, these are available on the Channel Listings page.</p>
Is information accurate?	<p>Some information contradicts other information.</p> <p>CMT showed on the Channel Listings as belonging to the Basic package or the Digital Package, not an add-on group – but in the Personalizer CMT showed in both the Premier package and the Entertainment theme pack. There is potential for confusion.</p>
Are <u>regular</u> prices presented clearly?	<p>Yes.</p>
Are services and prices clear without online help?	<p>Not entirely.</p>

BELL SATELLITE (VANCOUVER)

THE CHOICES

Bell offers the packages, “Good”, whose price is indicated as “from 14.95/mo.”, “Better” (from \$46.95) or “Best” (from \$81.95). Selecting a package shows all the services in the package and a link, “Want more channels?” which shows the additional packages available, all but one with prices included.

Some services are marked as “add-ons”. All of the services available specifically in the “Best” package are also available as add-ons.

THIRD LANGUAGE SERVICES

Bell shows an extensive group of third language services.

We will look at the handling of French services in the section on Bell in Ottawa.

Presentation of Choice	
Are the existing choices easy to find?	Yes. The consumer is presented with a list of services showing which of the three packages each service is in. The list of services can be filtered or sorted, which allows for better comparison. Bell was the first BDU we looked at to make a clear presentation of an extensive group of third language services
Are all choices presented before buying starts?	Yes. Even the third language services are available in the “browsing” stage. Terms and prices, such as the additional buy-throughs needed for third language services, are clear.
Is information complete (all packages in detail)	Yes. This presentation of options was quite clear by comparison with the US Seattle services shown above. Terms and prices, such as the additional buy-throughs needed for third language services, are clear. There were some issues, however: <ul style="list-style-type: none">• The presentation of services through service logos requires the consumer to hover their cursor over each icon to see what the service is when the logo is unclear.• On the left hand side of the channel list are filter settings to display only certain types of service – e.g. “educational,” “entertainment,” “news”. Most of these options did not work properly.• It is not clear from the website which specific time-shifted over-the-air stations are available to the consumer.
Is information accurate?	Mixed. Another dilemma arose because the Variety pack on theme pack page is headed “\$10.00/mo each”, implying that these services may be purchased individually. It took 15 minutes of online chatting with two salespeople, including many repeats of the question and attempts to sell more services, to resolve that the “each” was an error and that the whole package is \$10. The initial package presentation led us to surmise that the add-on services must be added on to the “Better” package; an online salesperson confirmed that. Later, as we went through the sales process, a second online chat confirmed that only the “Good” package was a prerequisite.
Are regular prices presented clearly?	Yes.
Are services and prices clear without online help?	Mixed. The Premium Sports group shows no prices, and is indeed not a package but the known group of seven individual services, (NHL Centre Ice, etc.) We needed the online salesperson to obtain prices – and that took considerable time.

SUMMARY OF THE LARGE MARKET COMPARISON

BDU	E	Basic	Large Packages	Theme Packs	Pick and Pay	Flexibility Rating
Comcast (Seattle)	222	31%	59%	10%	0%	22
DirecTV (Seattle)	251	39%	34%	23%	4%	30
Shaw Cable (Vancouver)	171	30%	17%	23%	30%	52
Bell Satellite (Vancouver)	205	23%	27%	45%	5%	45

As can be seen in the table above, the use of theme packs and a pick-and-pay option give the Canadian market a considerable edge in consumer choice through better flexibility, while the US market again offers a larger number of services. We note that, while we didn't do a thorough analysis, Telus also provides its OPTIK service in Vancouver, which has a \$4 pick-and-pay option for 54 services.

Bell, with 205 unique English services, compares well to DirecTV. While DirecTV has 250 English services, Bell puts 50% of the services it offers in optional packages, and 50% in Basic or Large packages. DirecTV reserves 73% of its services for the big packages, substantially reducing its flexibility. As a result, Bell Satellite has a Flexibility Rating of 45 compared to DirecTV's 30.

PRESENTATION OF CHOICE

While the small town websites were generally easier to understand, the complexity of the larger offering necessarily makes the websites in this section more challenging to navigate. However, size cannot be the reason why the US sites are so difficult. Where choices are available – and the choices are fewer than in the Canadian market – they are difficult to find, and basic information about choices and prices is not available to the consumer. While one can use the online chat facility, it is very time consuming, and it is hard to imagine the average consumer putting in the time and effort required to make an informed choice.

ASSESSMENT

- Shaw has an extensive offering with good pick-and-pay options. The presentation of choice was clean but not altogether clear because information was missing or contradictory. Also, vital information from a choice perspective – what is in the Personal and Premier packages – seemed only to be available in a download document that most consumers would never see. The Channel Listings document seems more visible to the consumer but its information can contradict other sources. Also, the prominence of analog options in that document, when the site clearly avoids them, is confusing.
- The Shaw pick-and-pay option has a reasonable number of choices and is well laid out, though it is not clear why there are two versions. The French theme pack and the third language theme pack are both a bit thin, particularly for a city with Vancouver's third language populations.
- Bell's theme packages are good but sometimes on the large side, so that the choice becomes, "take all 15 services, or don't". Still, the prices are not too high, so we have classified these as theme packs.
- Both Comcast and DirecTV have difficult websites, in which the options and their costs are not clear. DirecTV is in some cases quite specific and in others quite vague about the choices available, so the objective measurement of their flexibility must rely to some extent on estimates when it comes to sports and non-English languages.

- In Seattle a number of options could not be found without the help of the online chat facility. This facility is necessary to resolve questions, but it is a time-consuming and cumbersome process, and recourse to it should not be necessary as often as it was. It appears to be focused on selling the customer a telecom bundle or some other more costly option, and that effort gets in the way of clarity of choices.
- There is also, in both of the US cases, an emphasis on selling a big package. The standalone options are limited to the premium services – some of which are very expensive – and a few third language services. Both in the presentation and in the actual options available to the consumer, the choices that are offered also involved large groups of services. Consequently, while the number of English services offered is extensive, the Flexibility Ratings are lower than the Canadian equivalents.
- In minority and third language, choices are in fact available, but they are difficult to find and are not well defined in the online presentation.

MARKETS WITH MINORITY LANGUAGES

BELL (OTTAWA)

Bell is present in Ottawa both with its satellite service and with its Fibe service, which has greater capacity to carry linear television services. The website experience for both of these is the same as that described under Bell Satellite in Vancouver (above) and need not be repeated here.

The aspects that merit additional discussion are the offering of Minority Language services on Bell Satellite's service and the treatment of Third Languages services on Bell Fibe.

MINORITY LANGUAGE (BELL SATELLITE)

Differences of region are minor within Bell's satellite offering. Some markets black out certain regional sports services, some community stations, and one or two OTA stations. Apart from that, the Bell Satellite offering and packaging is roughly the same, and its Flexibility Ratings are very close from one region to the next within the English-speaking provinces.

The one significant difference is the offering in the province of Quebec. This study does not look at that offering, because the measurement of language choices is designed to see if there are differences between the US and Canada in the treatment of large minorities: that is, Spanish speakers in the US and French speakers in Ontario. A fair comparison cannot be made between the Quebec market and any US market, because there is no American market where Spanish is the majority and the main official language. Therefore, we have compared Ottawa – an English market with a substantial French-speaking population – and Phoenix – a similar US market with a substantial Spanish speaking population.

As it happens, Bell Satellite does not offer a balanced bilingual basic package in Ottawa. This is offered only in Quebec. Most French services are offered in a package that is only available as a theme pack when the consumer has purchased the basic package. This is not, of course, an accurate representation of Bell Satellite's French offering in Quebec – it is used to allow us to compare consumer choice in a market's second largest language between the US and Canada.

THIRD LANGUAGES (BELL FIBE)

Bell Fibe differs greatly from Bell Satellite in capacity and therefore in the number of linear services offered to the subscriber as well as the provision of on-demand services for many program providers.

The gain is seen largely in third language services. Where Bell Satellite can offer about 42 services of interest to third language audiences – 39 of which are offered in theme packs or in pick-and-pay options, Bell Fibe is able to offer 174 such services. Some of these are in new languages not available on satellite, but for most third language consumers, it means that there are many more services available in the language that they speak – where one service is available on satellite, three or four may be available on Fibe.

This is a very significant increase in consumer choice to a growing part of the Canadian population. While English-language consumers may have reached saturation ('200 channels and nothing on') with every programming niche well covered and every professional sporting event broadcast, third language audiences are a long way from that state.

Presentation of Choice	
Are the existing choices easy to find?	Same as satellite (above).
Are all choices presented before buying starts?	Same as satellite (above).
Is information complete (all packages in detail)	Mixed: Some OTA stations are available only in certain areas. On satellite, this is usually made clear – on Fibe, some services are marked with a dot indicating that they are only available in certain areas but no detailed explanation is offered on the website.
Is information accurate?	Same as satellite (above).
Are regular prices presented clearly?	Same as satellite (above).
Are services and prices clear without online help?	Same as satellite (above).

ROGERS (OTTAWA)

THE PROCESS

The consumer is presented with a nine large packages under the Packages and Pricing Option – ranging from 79 unique linear TV services¹² (Digital TV) to 194 (Ultimate).

The top choice on the side menu is called simply “Channels”, which links to a list of 181 channels – 68 marked “a la carte” and 113 under “Individual”. Each can be selected individually on a pick-and-pay basis. The difference between the two categories appears to be that the “individual” channels are premium channels, costing anywhere from \$5-7 (for third language) to \$20 (adult); while the “a la carte” channels are normal specialty TV services costing \$2.80 each.

Alternatively, the consumer can save some money by choosing one or more small theme packs – there are 49 optional packages offered by genre plus nine others in HD. Often, these are various ways of re-packaging the same services but not always.

MINORITY AND THIRD LANGUAGES

Most of the original packages offer only eight services in French, and the third language offering is limited to OMNI and, in some cases, TeleLatino.

¹² As elsewhere, audio channels, duplicate HD channels, on-demand and pay-per-view channels are not included in this count.

For example, the “Other” category of theme packs offers two French-language packs. Variété offers seven channels at \$7.02 and Tele-Franco offers 12 for \$8.03. Added to the basic Digital TV pack, this would create 28 different French service viewing options for a total price of \$53.00.

Presentation of Choice	
Are the existing choices easy to find?	Mixed: The site is reasonably clear, and some options easily accessible. The “channels” option at the top of the main page, or the “Add to cart” buttons beside each package lead to a page that prominently offers two movie packages, and on a sidebar, a list of options ¹³ . However, it takes some time, some experimentation and some familiarity with the site to realize what choices the consumer actually has. The significant pick-and-pay option is not promoted and is found by accessing the top choice on a side menu marked simply “Channels”. When one finds the options they are clearly laid out. When you choose a channel from this list, it is added to your shopping cart and the price adjusted accordingly.
Are all choices presented before buying starts?	Yes. The pick-and-pay page looks different if you are already in the shopping cart, since there the prices are shown only after a selection is made. If not in the shopping cart, clicking on a channel brings up a description and a price, while there is a “select” button beneath each.
Is information complete (all packages in detail)	Mixed. Each package has a “see more channels” click-through to a complete list of what is offered. The differences in the service offering between packages can apparently only be found by printing these lists and making a detailed comparison. On specific channels one must sometimes click for the information since the identification with icons makes some channels unintelligible.
Is information accurate?	Yes.
Are regular prices presented clearly?	Yes.
Are services and prices clear without online help?	Yes.

COX CABLE (PHOENIX)

Cox’s channel lineup page requests a zip code and then shows the usual scrolling list of services. Cox serves five areas in Arizona stretching from north of Phoenix to the Mexican border near Tucson. In some of these areas only analog service is available.

THE CHOICES

The page switches between Spanish packages and English packages. Where digital service can be had, Cox shows seven English packages.

Channel Options shows theme packs – “Sports and Information”, “Variety”, “Movie Pak” and “Premium Channels”. The Premium channels link showed HBO, Cinemax, Showtime and the Movie Channel, Starz and again, the Movie Pak (Encore, Sundance, Epix and Lifetime were shown in what may have been a partial list)

THE MINORITY LANGUAGE

¹³

<https://www.rogers.com/web/Rogers.portal? nfpb=true& pageLabel=PTV PROG CHANNEL&forwardTo=themePack&group=1 &N=125+12+4294967120+4294949452>

Switching the Home Page over to Spanish showed three packages. Paquete Latino was the entry level, and Advanced TV Super Mix the largest. The entry level package had 31 Spanish services and the premium package added one additional channel.

THIRD LANGUAGES AND PICK-AND-PAY

No third language options were visible during our tour of the site. However, we went back to the complete channel list and filtered it for “International” and five services were then listed, marked as Optional in all packages including the Ultimate.

While exploring the site – and we went right through to the shopping cart – there was no indication that a pick-and-pay option could be had.

Presentation of Choice	
Are the existing choices easy to find?	Mixed. The choice process on Cox was fine when it came to choosing a large package to start with, but after that the information on options was spotty because frequently the site just didn’t work. When the website works the services should be listed under the packages. One can then look at the detailed list of services in each package on a separate page.
Are all choices presented before buying starts?	No. While browsing, it is not clear to the consumer if there are theme packs or other options – none are visible. Looking under the “shop” option, they became visible.
Is information complete (all packages in detail)	No. The presentation of choice on this site would leave the average consumer without enough knowledge to make decisions. Searching the site revealed choices, but information on services and prices was usually missing. For example, the service lists for the theme packs were not shown. In the shopping cart, there was an option, “See the Sports and Info Pak Channels” but this simply led back to a complete service list. The full list could be filtered via a drop-down choice of theme packs, which should have shown the services in each pack. This drop-down choice revealed several theme packs not noted elsewhere such as “Faith and Value” and “Sports2”. However, filtering on the “Sports and Information” package did not work - no matches were returned. The same held true for Sports2 – but Faith and Value did return a list of five services. In the end, after considerable effort, we still did not know what services were available in every pack or how they were to be found and purchased if they were not advertised on the checkout page – and several were not, though they apparently existed.
Is information accurate?	Unknown.
Are <u>regular</u> prices presented clearly?	No.
Are services and prices clear without online help?	No.

CENTURYLINK PRISM (PHOENIX)

CenturyLink is the third-largest telecommunications company in the United States in terms of lines served, behind AT&T and Verizon. It acquired Qwest (which by then had merged with Baby Bell US West) in 2010. It is now testing the Phoenix market with an IPTV-based television service – it is available in some Phoenix locations but not all.

THE PROCESS

The CenturyLink Prism television page shows four television packages. To have access to every service, one must apparently start with the “Prism Preferred” service.

The only additional choices are the premium channels (in packages) and a Latino package. Third language channels can be purchased from the a la carte group.

MINORITY AND 3RD LANGUAGE CHANNELS

Prism seems to offer about 37 channels in Spanish – again an estimate, because some are audio and there are no details on these channels.

ASSESSMENT

There is a small group of third language channels.

Presentation of Choice	
Are the existing choices easy to find?	Mixed. It is easy to obtain a typical check-mark list of services which allows a comparison of packages ¹⁴ . The list can be filtered by 10 categories including “Hispanic” so the choices are clear. If printed, this looks like a channel guide, with a package comparison. On the list, services are either marked “Included” or “available as an add-on”, which is useful. However, discovering the add-ons was difficult. Finding out how they are purchased and priced could not be done, even with the help of an online agent.
Are all choices presented before buying starts?	No. To see how the add-on channels are chosen, the customer has to move to the “Order Online” link, which requests an address. At this point it became impossible to continue since the site stopped working once an address was entered. When it worked at all, it would offer only “DirecTV” since CenturyLink resells DirecTV where Prism is not available.
Is information complete (all packages in detail)	No. Prices and availability could not be determined.
Is information accurate?	Unknown.
Are regular prices presented clearly?	No. some prices could not be found even with the help of an agent.
Are services and prices clear without online help?	No. Moreover, the online agent could not provide assistance that would display the checkout process, but tried to answer questions about the services. Eventually the agent wrote that the “add-ons” could be purchased individually, but after extensive searching, and consulting management, the agent was not able to supply any documentation on how these services could be purchased, or at what price. The issue reached some resolution when we looked at the channel guide filtered for Hispanic services, and saw that the add-on services had a small-type note underneath their name to say what package they were in. Using this information on all services, we were able to deduce that the only add-ons were the premium channels and the Latino pack. The agent agreed with this assessment.

SUMMARY OF THE OTTAWA-PHOENIX COMPARISON

FLEXIBILITY RATING

¹⁴ <https://www.centurylink.com/prismtv/#prism-tv-channel-lineup.html>

We had hoped to be able to compare the two IPTV-based BDUs in this chart, but there simply was not enough information available on the Prism system to make reasonable conclusions about what they offer. In the case of Cox, we have tried to estimate how many services are available in theme packs, even if the customer cannot see all of them. We cannot tell which premium services are stand-alone – possibly none.

It is difficult to evaluate the level of consumer choice on Cox because of the lack of information, and it is impossible to evaluate Prism. We are using estimates here. Our estimates may have been generous, but even so it is clear that the US BDUs are behind in terms of offering flexible choices to their consumers.

BDU	E	Basic	Large Packages	Theme Packs	Pick and Pay	Flexibility Rating
Cox (Phoenix, Arizona)	198	17%	56%	27%	0%	34
Century Link (Phoenix)	Insufficient information available on the website to estimate					
Rogers (Ottawa)	202	30%	8%	28%	34%	57
Bell Fibe (Ottawa)	198	20%	28%	47%	5%	48

The Canadian services are well ahead of their US counterparts¹⁵.

Certainly there was no pick-and-pay option available in the US beyond some third language services, while the Rogers option was extensive. It certainly contributes to a very high Flexibility Rating for Rogers Cable in Ottawa – the highest in the study. This rating would be even higher if the Basic service were not as large as it is.

Both Bell Fibe and Rogers provided ample choices to the third language consumer, and flexible packaging options. However, prices are generally very high for these services. In Phoenix, there were very few choices available for the third language consumer, at any price.

Neither country provided excellent choices for French/Spanish speaking consumers. There were, however, some choices available.

The number of English services was substantial on all the BDUs we could measure, and approximately equal on all systems.

PRESENTATION OF CHOICE

In general, the Canadian BDU sites (Rogers and Bell Fibe) were understandable and quite clear, if not perfect. The US sites (Cox and CenturyLink Prism) were very difficult. Information needed for a choice was adequate for the big packages and the premium channels and simply missing for all other choices. There may – or there may not – have been some theme packs available to the TV consumer but it was not possible to find out what was in them, even at the point of sale.

Rogers' site does not emphasize the pick-and-pay option. Perhaps it may receive more prominence on the site and in the press at a later date.

¹⁵ Note that Comcast Cable and DirecTV Satellite, BDUs which are examined elsewhere in this study, are also available in Phoenix.

APPENDIX A: METHODOLOGY NOTES

- The study examines only linear television services – services that offer programming in a continuous linear stream. It does not attempt to evaluate video-on-demand offerings, nor does it look into the content offered by each service to assess, for example, whether the commercials in a given program vary from one market to another. Certainly, the presence of on-demand offerings represents an increase in choice for the consumer on those systems which can support it, as does the presence of over-the-top Internet offerings where the consumer can access these. However, these interesting options are not directly relevant to the pick-and-pay debate in linear television, so they are not assessed here.
- For the purposes of this measurement, duplicate channels devoted to a single service in different technical formats (analog, digital, HD) are considered a single service. To the consumer, analog, digital, and high-definition digital are not three different offerings. The consumer will have chosen the best technology they care to use, but after that, they ignore the duplicates.
- BDUs frequently devote a number of channels to offer ad-hoc programming: pay-per-view events or professional sports packages. Because the number of channels used varies from hour-to-hour (and season to season in the case of sports) each “branded” service is considered a single service. While usually very expensive, these are generally offered on a stand-alone basis and are therefore considered pick-and-pay options.
- By contrast, some services that were previously considered stand-alone have expanded their offering so that one must buy all nine branded services or none at all. These are considered theme packs in this study.
- Offering seven local stations from the same network does represent an increase in choice for the consumer, particularly if they originate in different time zones. Variants of a service from different markets, or with separate regional programming, are considered individual services.
- The markets were chosen in order to permit comparisons of the degree of choice across several factors – i.e., whether the market is in the US or Canada, whether the market is a large metropolis, a smaller city, or a small town/rural area, and whether the market contains a significant minority language population.

CALCULATING A FLEXIBILITY RATING

Some readers may wish to calculate a Flexibility Rating for BDUs not included in this study, to supplement this information. The method for doing so is simple, if somewhat time-consuming. Bear in mind that in this study, the only information used was that presented to the consumer on the online ordering website of the BDU.

1. Using this information, make a list of all the services made available by the BDU.
2. Delete duplicates – The same program service offered on different channels, or in analog, digital, and high-definition versions should be considered to be only one service. Local stations that are part of the same network are considered separate services.
3. Delete channels devoted to on-demand offerings, since this is a measure of linear television services only.
4. Condense some multi-channel services into one – e.g. sports multiplexes that may use several channels to play multiple hockey games one night, and nothing on other nights. This does not include channels that show different programming on a 24/7 basis but are branded similarly, such as the several varieties of HBO – these are separate services, though they are usually bundled together for purchasing.
5. With the list edited down to unique services, sort them into three groups by language – a group that is in the majority language, a group in the largest minority language in that region, and a group of third-language channels.
6. Within a language group (usually the majority) examine the packaging of each service, and categorize each service under one of the following options.
 - a. If the service is offered in the basic tier – the group of channels that every subscriber must purchase – mark it “basic”.
 - b. If the service is offered on a standalone basis – i.e. it can be purchased on its own (assuming that basic has been purchased), mark it “pick-and-pay”, even if it is also offered in a variety of theme packs or “larger packages”.
 - c. If the service is offered as one of a group of channels in an optional package, mark it “theme pack”.
 - d. If the service is not offered through any of the above methods, but is part of a large package (not in basic) then mark it “Large Package”.
7. Add up the services in each packaging category and calculate the percentage of the whole for that category. e.g. if there are 40 services in “basic” and 200 services altogether, “basic” represents 20% of the whole.
8. The four percentages obtained from the process above are used to calculate the FR as follows:
 - a. Start from 0.
 - b. Don’t add anything for the services in basic – since they add nothing to flexibility.
 - c. Add the % of services in large packages, but only at 25% of their value – since they introduce very little flexibility.
 - d. Add the % of services in theme packs, weighted at 75% of their value – since they enhance flexibility
 - e. Add the % of services in pick-and-pay, at full value.

The total number represents the Flexibility rating for that language group for that BDU. In this study, only the English-language offerings were evaluated by this method.

APPENDIX B: A NOTE ON PRICE

Comparing BDUs in respect of prices must, unfortunately, remain outside the scope of this study. It is excluded not because it is irrelevant – and from time to time the study comments on price – but because to assess price objectively is nearly impossible, and definitely extremely challenging, in a study of this scope. There are several reasons:

- Many consumers bundle television with internet and telephony, so the price actually paid by a consumer for an individual linear television package or service can only be estimated with access to the confidential financial information of each BDU, which is neither available nor appropriate for this consumer point-of-view study.
- The consumer price at check-out does not reflect what will happen when the time-limited “special offers” expire.
- On top of that, this study would have to consider exchange rates, which fluctuate, in order to compare the Canadian and US experience.

THE PRICE OF PICK-AND-PAY

It is well known that most services that are offered stand-alone are very expensive. In some cases they are premium services with high costs of original produced programming or sports rights. In other cases they have very small audiences who value them highly.

The pricing of ordinary specialty channels offered as pick-and-pay is interesting.

In Rogers, package, for example, if one tried to recreate the “Digital Plus” package (108 unique services) by adding 29 services at \$2.80 from its pick-and-pay list to the “Digital TV” package, the total price would be \$119.00, not \$60.29 as it actually is for “Digital Plus”.

If the channels in a package are the ones the consumer wants, it is about \$2 cheaper per channel to buy them in the package. So they are offered at a considerable premium.

CANADA-US COMPARISON

We don’t have enough information about “regular” pricing to create apples-to-apples price comparisons across the border. There many special deals and bundles to confuse the issue, and operators have pricing strategies that balance different approaches to account set-up, installation, cost of equipment, recovery of plant capital costs, etc. On top of that, as noted above in the detailed comments, the “regular” pricing of television packages is not always easy to discover.

With all of those caveats in mind, the study looked at the cost of basic service and the cost of the largest package on those systems where this was discoverable, to see if anything could be learned about differences in pricing between the US and Canada.

The price – and the size – of basic packages varied greatly – so greatly that no real generalization is possible. Looked at on a cost-per-channel basis, prices ranged from 32 cents (CDN) to \$1.05 (USD) with everything in between.

Looking at the biggest packages resulted in more consistency – though again it may be spurious consistency since some packages contained premium channels and some did not. Price per channel per month for these large packages was in the range of 40 to 50 cents, whether in US or Canadian dollars.

The strongest conclusion we can draw from these observations is that the study found no evidence that Canadian BDUs are charging more than their US counterparts for television services. They appear to be about the same, with more variation between BDUs than between countries.