



3 Reasons Why We'll See 3 New TSN Channels

Description

Sports fans, it's time to rejoice. TSN, Canada's number 1 specialty channel, announced three new channels to be launched this fall. They will appropriately be named TSN3, TSN4, and TSN5.

People less interested in sports must be wondering how five TSN channels could be really necessary — especially since there are already seven Sportsnet channels. But there are reasons why this move makes sense for owner **BCE Inc** ([TSX: BCE](#))([NYSE: BCE](#)). Below are the top three.

1. A response to Rogers

The move allows BCE to more effectively compete with **Rogers** ([TSX: RCI.B](#))([NYSE: RCI](#)) after the latter snapped up NHL rights in Canada for the next 12 years in November. In fact BCE had been pondering a TSN expansion for two years, but when Rogers won that contract, it put TSN under a brighter spotlight.

At the time, Rogers was predicting that owning the NHL rights would make it the number one sports network. And in this competitive battleground, that outcome was not acceptable to BCE.

2. Cord cutting

It is no secret that TV's traditional model is under threat by upstart rivals like **Netflix**, and many consumers are less willing to pay the sky-high fees that come with TV service subscriptions. This has led to so-called "cord cutting", which until recently was a major trend in the United States only. But last week, a new report showed that Canadian subscriptions to cable TV dropped for the first time.

Sports is known as one of the last major advantages that traditional TV carriers have over their new rivals. Best of all, sports are almost exclusively viewed live, making the content DVR-proof. This leads to more advertising dollars.

Interestingly, BCE CEO George Cope told shareholders that consumers would not have to pay for the new channels. So it looks like he acknowledges that BCE simply needs to offer more to consumers to prevent them from cutting the cord.

3. Plenty of content

Based on the first two motivations, it seems that BCE is playing defence with this announcement. But while outside pressures may have influenced the timing, and the price point, the move can also be seen as an act of strength.

This is because the TSN stations currently have access to much more sports content that can be shown on two channels. Sports like football, tennis, and curling tend to have numerous matches being played at once, forcing BCE to pick the one that will be most popular. As a result, events that would be popular among viewers often don't air. Now viewers can look forward to choosing between multiple games from the same league or tournament. And BCE can look forward to more dollars from subscriptions and advertising.

Should shareholders be wary?

The move by Rogers, as well as the growing trend of TV subscription alternatives, should certainly be a real concern to BCE and its shareholders. But with the announcement on Tuesday, it is at least clear that the company is taking the right steps. Shareholders should be just as satisfied with BCE's management as Canada's sports fans are.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

Category

1. Investing

Date

2025/07/26

Date Created

2014/05/07

Author

bensinclair

default watermark