3 Reasons Cord Cutting Isn't a Real Threat to Canadian TV Providers

Description

Television providers are losing customers to cord cutting, but there are several reasons I think the trend is not a big threat to the industry here in Canada.

Cord cutting is too time consuming and scattered

I tried cord cutting for about six months, and I found doing so wasted too much of my time. Unless you like **Netflix, Inc.** (NASDAQ:NFLX) and its original content or like to watch old content, it could take some time just to find something to watch, making the whole process feel like a bit of a chore.

The other difficulty is, there is not one place to view all online content; programming is scattered among all the different providers. If Canada had a product like Sling TV that, in the U.S., allows you to watch various channels live, then I could see the potential of cord cutting, but until then, Canadian cord cutters are stuck juggling multiple services.

Online streaming content is limited

Canada is years behind its neighbour to the south when it comes to online streaming options, and that isn't likely to change anytime soon. Currently, the main options for cord cutters in Canada are Netflix or **BCE Inc.'s** (TSX:BCE)(NYSE:BCE) CraveTV. In addition, you can often find content on a network's website or app where you can watch recent programming online.

Live channels are hard to come by, and while you can subscribe to CBC's News Network for $7 a month, along with $25 a month for Sportsnet, you'll already be paying $32 a month for just two channels. With expensive per-channel rates, online regular TV subscriptions don't look so unaffordable anymore.

Overall savings might be minimal

If you're spending hundreds of dollars on cable and internet, your best bet is to negotiate down (perhaps even downgrade) a rate with your current provider or switch to another and at least get a promotional rate. You could certainly save money by cutting the cord, but you'll also lose access to live

TV and a great deal of content.

Currently, the streaming options in Canada are limited, and with Netflix averaging $10/month and CraveTV at $8/month, you are already up to $18/month paying for archived content with no live TV or sports. If you add the live options I mentioned for Sportsnet and CBC News Network, you are now at $50 per month for significantly less content and just two live channels. There is a new option for sports streaming called DAZN, which costs $20 per month to stream soccer and the NFL, but not much else.

With the added streaming, you may also need to upgrade your internet plan with your provider to accommodate greater bandwidth usage, and that could be an additional cost as well.

Bottom line

Cord cutting appeals to a niche market, and most users won't see the value in going to all the trouble for savings that might not be as great as expected. From my experience, I've found that users that claim to be "saving" the most are doing so through piracy and not because the content from online services is a real alternative at this point.

Perhaps in the future we might see better options for watching content online, but until then, providers like **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) and **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) have nothing to worry about.

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