

Comcast's cable customers tumble as cord-cutting picks up

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This Wednesday, March 29, 2017, photo shows a sign outside the Comcast Center in Philadelphia. Comcast Corp. reports financial results Thursday, Oct. 26, 2017. (AP Photo/Matt Rourke)

Comcast's video upswing could be sputtering out.

The cable company added TV customers last year for the first time in a decade. But on Thursday it posted its biggest quarterly cable-customer

loss since 2014.

Research firm MoffettNathanson predicts that industrywide, traditional video subscriptions fell 3.4 percent in the third quarter. That would mean that people ditched their TV subscriptions at fastest rate since online streaming started eating into cable's business.

Partly to blame in the July-September quarter were the hurricanes that struck Texas and Florida, damaging poles, wires and other infrastructure and interrupting service for millions.

But Comcast and other cable and satellite TV companies also say competition from online sources of video is taking a toll.

Comcast is still making more money per customer, however.

Comcast video customers fell 125,000 in the third quarter, echoing trends from rivals AT&T and Verizon. AT&T's traditional TV customers dropped 385,000, while Verizon posted its third straight quarter of video losses. If Comcast has a negative number for the year, it would be the first time since it started up a cable business over a decade ago.

This comes as Netflix, of course, has been streaming video for a decade, and Hulu almost as long. But there's been a burst of original content from those services—Hulu picked up cachet with an Emmy for its original series "Handmaid's Tale" in September—as well as on Amazon. HBO and other premium channels are available without any cable subscription.

And there's now a plethora of cable replacement services that stream traditional TV channels, live, and cost less than traditional cable. The latest launched in April (YouTube TV) and May (Hulu's version). Analysts estimate that these online versions of cable have picked up a

few million customers in the past 2 1/2 years.



In this Monday, March 27, 2017, photo, a Comcast worker performs work in Pittsburgh. More people are cutting their cable all of a sudden. It's partly because of the hurricanes in Texas and Florida, a temporary bump in the road. But it's also because of competition from new online players. (AP Photo/Gene J. Puskar)

Prices are substantially lower than they are for traditional cable. Google's YouTube TV costs \$35 a month and includes a DVR and many popular networks (no CNN, TBS, HGTV or Discovery Channel, though); Sling starts at \$20. AT&T is discounting its DirecTV Now to \$10 for customers with unlimited AT&T wireless plans.

Comcast is offering some cheaper, skinnier packages, but isn't going to "chase unprofitable video subs," said Comcast cable executive Matt Strauss at a recent investor conference.

Comcast added 214,000 broadband customers, down from 330,000 in last year's quarter. That was also hurt by the storm.

Still, the company's average revenue per customer rose 2 percent, to \$151.51, from a year ago. Customers are taking more services, like DVRs, and Comcast raised its prices.

New Street Research analyst Jonathan Chaplin expects that internet prices in particular are going to rise across the industry.

On a call with analysts Thursday, CEO Brian Roberts said that "as the market for video shifts," Comcast's "broadband business is increasingly the epicenter of our relationship with customers and ultimately where derive the majority of our profitability." He added that Comcast was still "committed" to [video](#).

In Comcast's NBCUniversal unit, the bonanza from last year's Olympics weighed on this quarter's results. Revenue dropped 13 percent to \$8 billion. The company says that when results are adjusted to exclude the Olympics, revenue from its cable networks and broadcast networks, NBC and Telemundo, both rose. Films were flat, and revenue from theme parks grew nearly 8 percent to \$1.55 billion.

Overall, the Philadelphia company's net income rose 18.5 percent to \$2.65 billion. Revenue fell 1.6 percent to \$20.98 billion.

Shares slipped 35 cents, or less than 1 percent, to \$36.48 in early trading.

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