

# Why cable TV bills are rising

July 13 2009, By Marc Ransford

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(PhysOrg.com) -- Consumers often grouse that their cable television bills go up every year, but multichannel video program distributors (MVPD) are often just passing along ever increasing costs, says a new report from Ball State University.

"The Truth about Cable Rates" finds that while the cost for basic cable television has increased by 54 percent over the last decade, customers are getting more channels, technologies and services that were not available at any price 10 years ago.

"The increase in fees often leaves consumers angry, but on the other hand, people are getting far more than they could have imagined just a few short years ago," said Dom Caristi, a Ball State telecommunications professor and principal author of the study prepared by Ball State's Digital Policy Institute for the Foundation for Rural Service (FRS).

Caristi reviewed the study July 9 in Washington, D.C., as part of a FRS-sponsored educational seminar open to all members of Congress, telecom staffers and press. FRS draws attention to rural challenges, goals and achievements and educates the public about providing service in rural America.

"Unfortunately, many customers assume that cost increases have been initiated by their local MVPD, but these companies are often only passing along rising costs that are eating into their bottom line," he said. "Local providers are facing increased fees paid to the government and fees charged by [broadcasters](#) for channels formerly free."

Other factors contributing to the cost of cable charges include:

- taxes that can make up to 10 percent of a monthly bill
- spiraling prices of updated state-of-the-art technology needed to distribute programming
- paying for over-the-air television signals that used to be free
- legally mandated service requirements not imposed on most other industries
- bundling of video, landline telephone services and Internet access

Caristi also blames sports programming for higher fees.

"We also have providers charging cable operators more for their programming to offset the costs of acquiring expensive sports programming, including NFL games. We also have new cable channels coming on board and wanting a new fee for each subscriber."

Especially disadvantaged in today's increasingly competitive digital communications marketplace are the smaller video providers who lack the negotiating clout of national program distributors, Caristi said.

Local providers are often required to carry channels they would rather not, include them on the most basic programming tiers and then transfer higher charges to all their customers.

"In order to compete, smaller [cable television](#) providers will have to form some sort of consortium," Caristi said. "If you only have 500 customers, a network is not going to negotiate with you. But it is a different story if you represent 50,000 or more viewers. That is clout."

Provided by Ball State University

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