How Many Canadians Subscribe to Cable TV or Satellite TV?

Cable TV/DTH Subscriber Estimates, Profile of Non-Subscribers and Special Survey Results

Prepared for CRTC

Canadian Media Research Inc.
September 2006

- Introduction

This report addresses the question of how many Canadians in 2006 have cable TV or DTH in their household, either by legal means or otherwise. The objective is to provide an accurate estimate of the number of Canadians who have cable TV or satellite TV and the number who rely on over-the-air (OTA) reception of TV stations. In addition, the report reviews long term trends in the subscription levels of cable vs. DTH on a national and provincial basis and examines the demographic and lifestyle profile of those who do not have cable TV or DTH.

Cable TV and DTH subscription levels combined have increased over the past decade and the report examines the effects on the major broadcasters, public and private. Specifically, trends in the percentage of each broadcasters audience that comes from off-air reception vs. cable TV/DTH are examined.

Data from BBM (Bureau of Broadcast Measurement) and Nielsen Media Research from the period 1995-2006 and various industry data sources, including the CRTC's 2006 Broadcasting Policy Monitoring Report and Statistics Canada's Broadcasting and Telecommunications annual publication, are used are to answer the question of how many Canadian households (and people) have cable TV or DTH.

The report also examines public attitudes toward TV, using results from the 2005 TV Quality Survey.

The TV Quality (TVQ) Survey is a national survey of Anglophone Canadians' attitudes toward television conducted annually by CMRI among a representative sample of 1,500 or more Anglophone adults. The primary purpose of the survey is to test consumer awareness of the numerous TV channels available today via cable TV, DTH or over-the-air. The TVQ Survey also measures viewer satisfaction with TV.

The CRTC also commissioned a special survey which was conducted in early September 2006 by Comquest, a subsidiary of BBM. The survey was undertaken among a sample of 1,033 people, former respondents to BBM TV surveys, who indicated that they did not have cable or satellite. The objective of the survey was to shed light on why these Canadians do not subscribe to cable or satellite TV and results are found in the last section of this report.

Barry Kiefl
CMRI

1. Trends in Cable TV and DTH Subscribers

- <u>CRTC's 2006 Broadcasting Policy Monitoring Report</u>

  The CRTC's 2006 Broadcasting Policy Monitoring Report contains a reference to the number of basic subscribers to various types of BDUs (cable TV, satellite companies, etc.). As of August 2005 the CRTC indicated there were 9,094,000 subscribers to cable TV, DTH or other BDUs (Table 4.1 from CRTC's Broadcasting Policy Monitoring Report). This number does not include subscribers to smaller cable TV systems, which are not required to report subscriber counts and other data to the Commission. Only larger, Class 1, cable TV systems with 6,000 or more subscribers are required to file an annual return with the CRTC. There are hundreds of small cable systems in Canada and their subscriber totals are not accounted for in the Commission's official data.

  The Broadcasting Policy Monitoring Report acknowledges that the exclusion of smaller cable systems results in undercounting of subscribers. The report also includes subscriber data for the top 6 distributors, based on corporate quarterly reports. Table 4.3 in the CRTC's 2006 Broadcasting Policy Monitoring Report shows that as of 2006 the top 6 BDUs alone had a combined 9,396,000 subscribers. This clearly establishes that there are many more households with cable or DTH than indicated in the official CRTC data for Class 1 cable companies and satellite companies.

Table 4.1: Number of basic subscribers (000)

	Cable, class 1*		DTH		MDS & STV		Total	
2001	6,857	81.0%	1,520	18.0%	87	1.0%	8,465	100.0%
2002	6,704	76.9%	1,960	22.5%	57	0.7%	8,723	100.0%
2003	6,581	74.9%	2,152	24.5%	50	0.6%	8,783	100.0%
2004	6,642	74.1%	2,277	25.4%	39	0.4%	8,958	100.0%
2005**	6,607	72.7%	2,455	27.0%	32	0.4%	9,094	100.0%

* In this instance and throughout the document references to class 1 BDUs and class 1 cable BDUs include Digital Subscriber Line (DSL) results. Also note that as a result of PN 2004-39 a few class 1 cable systems have been exempted from reporting requirements.
** In this instance and throughout the document 2005 CRTC financial database results are preliminary.
Note: 2001 to 2004 figures have been updated to reflect current aggregate August 31 results.
Source: CRTC financial database

Table 4.3: Top Canadian distributors and number of basic subscribers

	Number of subscribers (000)		
Corporations	2004	2005	2006
Rogers Cable Inc. (1)	2,266	2,249	2,260
Shaw Communications Inc. (2)	2,074	2,138	2,179
Bell ExpressVu LLP. (1)	1,403	1,532	1,739
Vidéotron Ltée (1)	1,428	1,455	1,520
Star Choice Television Network Inc. (2,3)	814	830	862
Cogeco Cable Inc. (2)	829	831	836
Total – Top Canadian distributors	8,814	9,035	9,396

(1) As of March 31 each year.
(2) As of February 28 each year.
(3) Star Choice Television Network Inc. is controlled by Shaw Communications Inc.
Sources: Corporate Quarterly Reports

- <u>Statistics Canada's Broadcasting and Telecommunications Report</u>

Statistics Canada issued their latest statistics on cable TV/DTH subscribers in October 2005. The report included data for the period ending August 31, 2004. Even though the results are a year behind those of the CRTC, Statistics Canada put the total number of cable TV/DTH subscribers at 9,932,000, that is, 838,000 more than the CRTC's estimate for 2005. Statistics Canada explains the difference in its annual publication, Broadcasting and Telecommunications: "For the 2002 reference year, the CRTC exempted a number of small cable undertakings from completing the Annual Return for the purpose of licensing. In order to continue providing total industry estimates, Statistics Canada continued surveying these small operators, but with a simplified questionnaire." It is likely that the difference would be as much as 1 million subscribers between CRTC and Statistics Canada data in 2005.

Statistics Canada's latest report also noted that its estimates do not include illegal subscribers, persons who have purchased a U.S. satellite dish or a Canadian dish that is receiving Canadian TV signals without payment to a licenced BDU or people that are stealing cable TV signals in an apartment building or other residence. The report goes on to say: "Opportunities for growth in this market are limited by the relatively high penetration of multichannel video services. This renders the issue of signal theft that much more important for the industry. By some estimates, there are as many as 1 million illegal dishes in Canada, a significant potential loss for the industry. If those estimates are close to reality, approximately 89% of the potential market has already been tapped by legal or illegal means. This is consistent with the results of another study that found that 87% of households receive television programs by cable or satellite, the remaining 13% relying on good old rabbit ears."

Mediastats, a private company that has tracked cable and DTH satellite subscriptions for many years, put the number of cable and satellite subscribers at 10.3 million as of September 2004, i.e., approximately 400,000 more than Statistics Canada. Mediastats' estimates include not only all cable TV systems, small and large, but also attempt to account for multiple subscribers in apartment buildings, which are often not properly accounted for.

Cable, satellite and multipoint distribution systems
Selected national and regional market and performance indicators

	2001	2002	2003	2004
Subscribers by type of supplier		000		
Subscribers to programming services	9,457.1	9,644.0	9,782.1	9,932.1
Clients of cable operators	7,847.9	7,625.4	7,576.9	7,607.5
Clients of wireless operators	1,609.2	2,018.6	2,205.2	2,324.6

Statistics Canada - Catalogue no. 56-001-XIE

- Nielsen Media Research

Statistics Canada and CRTC data are based on surveys of BDUs, as are Mediastats data. A questionnaire is sent to and completed by cable TV or satellite companies. They, of course, cannot report on the number of illegal subscribers to their services or subscribers to U.S. satellite services. Only surveys of Canadian consumers can hope to capture this segment of the market.

Nielsen Media Research has operated its 'people meter' system for measuring TV viewing in Canada since 1989. Nielsen, along with BBM, are considered the most authoritative sources for TV viewing data, in large measure because of the quality of their sampling and research design. Over $3 billion in TV advertising revenue in 2005 relied on the accuracy of Nielsen and BBM surveys.

Nielsen employs a simple random sample of residences enumerated by a field staff on-site. Every few years all homes in Canada are enumerated by Nielsen statisticians and this is updated annually. A description of the Nielsen survey methodology can be found on Nielsen's web site: https://www.nielsenmedia.ca/S_index.htm. To properly represent the TV viewing environment all types of homes must be represented in the Nielsen sample, including homes that may have an illegal satellite dish or cable TV hook-up. In 2005 (as of the end of August) Nielsen estimated that there were 10,933,000 households in Canada with cable TV/DTH, which represented 87% of all TV households in Canada. In other words, Nielsen put the number of subscribing household at almost 11 million, some 2 million more than the estimate in the CRTC's Monitoring Report. Nielsen's estimate of the number of TV households (12.6 million in 2005) is derived from annual Statistics Canada projections. Nielsen's estimate for the number of households with cable TV/DTH are in all probability an accurate reflection of the Canadian TV environment.

Total TV Households, Cable TV/DTH and Off-Air Households in Canada 1995-2005

Year	Total TV Households (000)	Cable/DTH Households (000's)	Off-Air Households (000)	Cable/DTH Households %	Off-Air Households %
1995	10639	7979	2660	75	25
1996	10816	8004	2812	74	26
1997	11392	8544	2848	75	25
1998	11549	8662	2887	75	25
1999	11725	8794	2931	75	25
2000	11800	8850	2950	75	25
2001	11935	9071	2864	76	24
2002	12067	10233	1834	85	15
2003	12267	10430	1836	85	15
2004	12361	10560	1801	85	15
2005	12629	10933	1697	87	13

Source: CMRI (Nielsen)

CMRi Canadian Media Research Inc.

- Statistics Canada Consumer Survey

Interestingly, Statistics Canada also undertakes an annual consumer survey of Canadians' household equipment and spending, with a sample of some 17,500 respondents. The latest survey from 2003 confirms Nielsen's data: "The use of cable TV fell slightly to 65% of households. On the other hand, 23% of households reported having a satellite TV dish, up from 21% the previous year." (Statistics Canada: Catalogue no. 62-202-XIE, Table 1). In other words, Statistics Canada's consumer survey concluded that 88% of Canadian households had either cable TV or DTH as far back as 2003.

Some years ago Statistics Canada made reference to its consumer survey data in its annual publication of industry survey data. Most years the consumer survey data showed substantially higher numbers of subscribers. However, in recent years the national statistics agency has not cross-referenced the two data sources.

Spending Patterns in Canada, 2003

Table 1

Provinces and territories, 2003 – continued
Household equipment (at December 31)[2]

	Canada	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
Number of households in sample	17,265	1,371	581	1,419	1,326	3,462	1,977
Estimated number of households	12,214,130	197,680	53,970	369,240	291,670	3,116,620	4,559,920
Communications and home entertainment equipment							
With a telephone (regular or cellular)	98.8	98.2	99.0	98.9	98.6	98.5	98.9
Telephones (includes business use)	96.3	97.0	98.7	96.6	96.8	96.1	97.2
1	21.3	18.2	16.9	16.9	21.8	23.2	20.2
2	33.6	34.9	38.2	35.4	35.4	35.2	32.9
3 or more	41.4	43.9	43.6	44.3	39.6	37.7	44.1
Cellular telephone	53.9	44.0	41.9	53.6	40.7	44.6	57.6
Compact disc player	76.1	74.9	75.9	76.4	72.9	74.0	75.5
Cablevision	65.1	65.0	55.8	63.1	61.6	57.0	69.4
Satellite dish	22.6	28.5	34.5	25.5	29.2	21.9	22.0
DVD player	51.5	43.9	46.1	50.1	46.3	43.9	53.4
CD writer	32.1	27.1	28.5	31.5	26.7	26.3	33.3
Video cassette recorders	90.3	90.5	89.3	90.9	89.2	88.9	90.7
1	58.0	56.8	61.4	57.6	56.9	58.0	57.6
2 or more	32.2	33.7	27.9	33.2	32.4	31.0	33.1
Home computer	66.8	51.9	57.3	61.8	53.5	59.5	71.6
Internet use from home	56.9	41.0	48.9	52.4	44.9	48.1	62.6
Type of Internet connection							
Regular telephone connection to a computer	21.2	22.5	26.6	16.7	25.0	21.6	25.6
High-speed telephone connection to a computer	17.3	8.6	19.1	19.2	17.4	15.2	16.6
Cable connection to a computer	18.1	9.8	F	16.4	2.4	10.9	20.2
Other type of connection	0.3	F	F	F	F	F	F
Colour televisions	99.0	99.7	99.7	98.9	99.7	99.2	98.9
1	37.8	27.7	29.1	29.9	36.8	38.5	37.8
2	36.0	36.7	38.6	37.3	35.4	38.7	34.8
3 or more	25.2	35.2	32.0	31.7	27.5	22.0	26.3

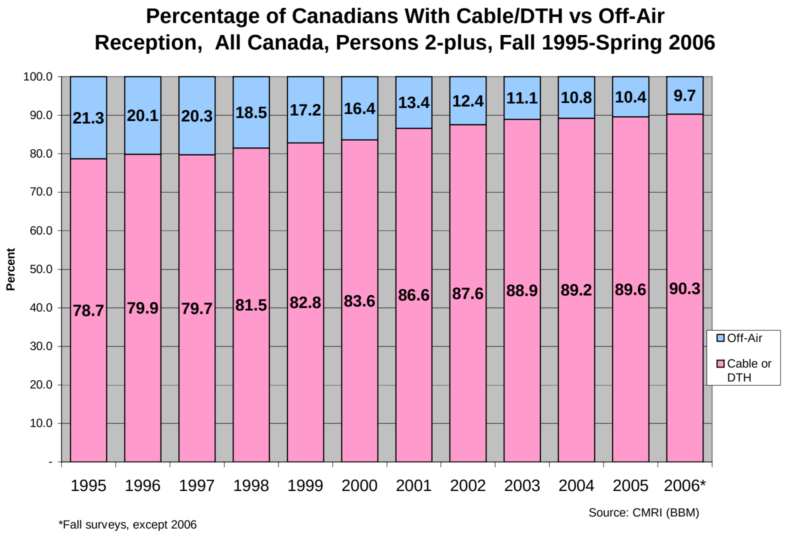
Source: Statistics Canada

- BBM (Bureau of Broadcast Measurement)

  BBM surveys can tell us the number of Canadians, rather than the number of households, that have cable/DTH or rely on OTA reception. Since households that have cable or satellite tend to be comprised of younger families with children, the percentage of people with cable/DTH will naturally be higher than the percentage of households.

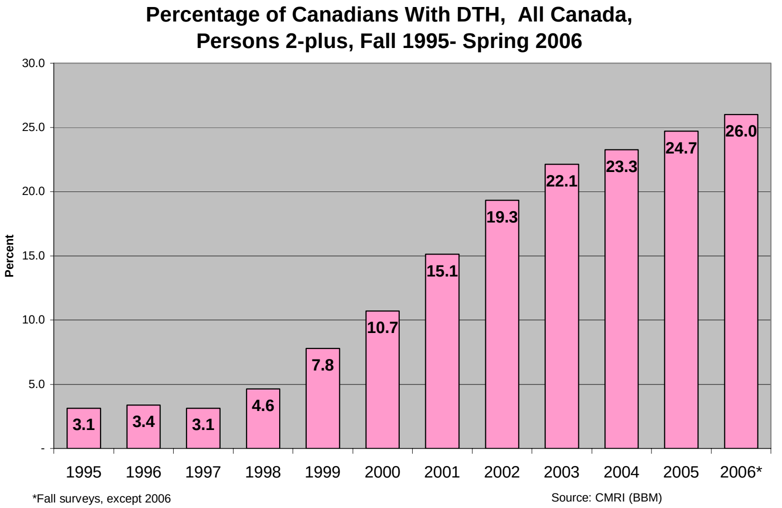
  BBM diary surveys have been designed to the highest methodological standards possible and their extremely large samples make them a unique data source. BBM's fall surveys are conducted among a sample of 75,000 or more respondents and BBM spring surveys are conducted among a sample of 50,000 or more respondents. A description of the BBM diary survey methodology can be found on BBM's web site http://www.bbm.ca/en/reference.html

  According to BBM's spring 2006 survey the combined penetration of cable and DTH was some 90.3%, that is, only about 1 in 10 Canadians now depend on over-the-air reception of TV. Over the past decade the percentage of people relying on OTA reception has shrunk from more than 20% to less than 10%, that is, the OTA segment has been reduced by half during this period. Note that a small percent of homes with wireless cable are included in the cable TV totals.

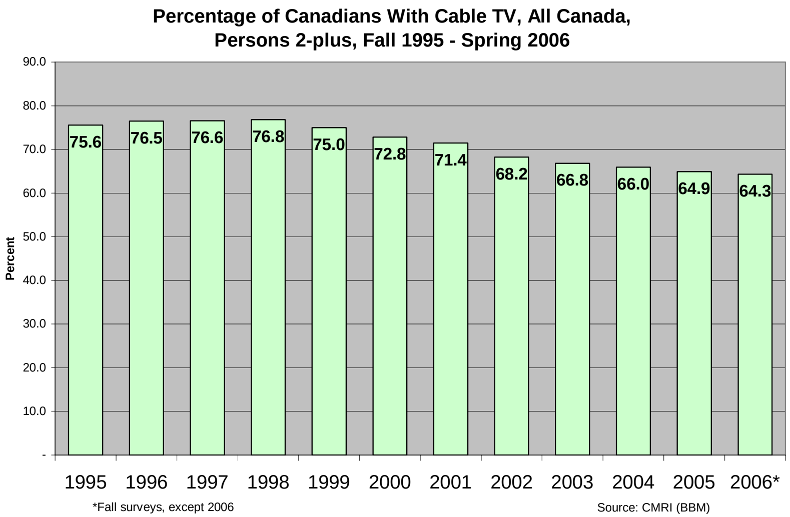


- <u>BBM: Trends in DTH/Cable TV Penetration</u>

The penetration of satellite dishes, according to BBM, has grown substantially in the past few years, as the chart at right indicates. It is important to note that even before Canada's two DTH suppliers, Expressvu and StarChoice, entered the market, a limited number of Canadians had satellite service in their homes. In the period 1995-1997 the percentage of Canadians with a home satellite dish hovered around 3 per cent, according to BBM. By fall 1999 penetration had increased to almost 8 per cent and it grew by 3-4 percentage points annually in the 1999 to 2003 period. In 2004-05 DTH growth stabilized.

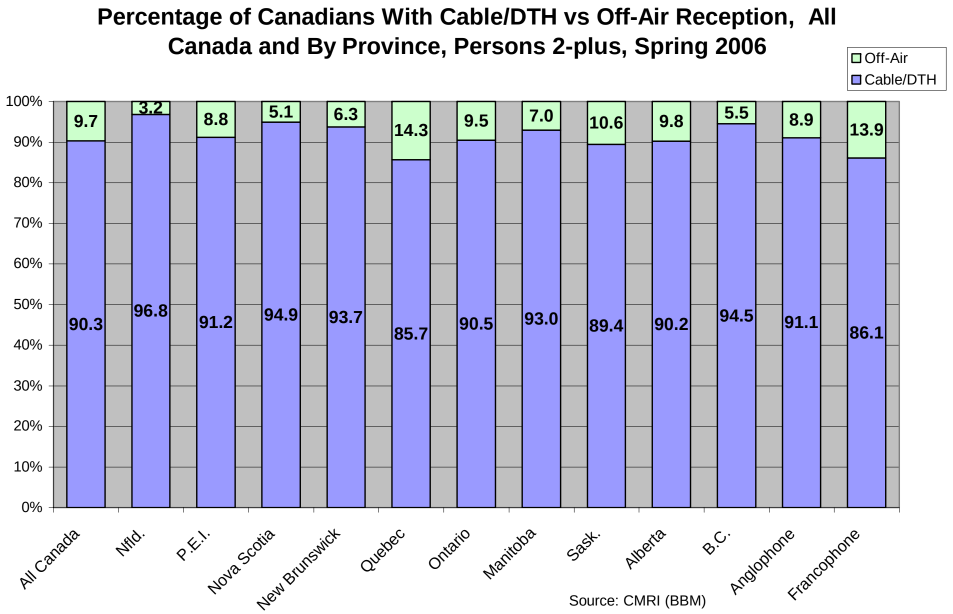


Cable TV subscription levels in this same period have declined by some 11-12 percentage points, as shown in the chart opposite. Subscriber losses were most pronounced once Canada's DTH licencees became well entrenched, starting about 1999. Note that the BBM fall surveys employ a very large sample size, in excess of 75,000 respondents, and the statistical margin of error in these estimates is very small.



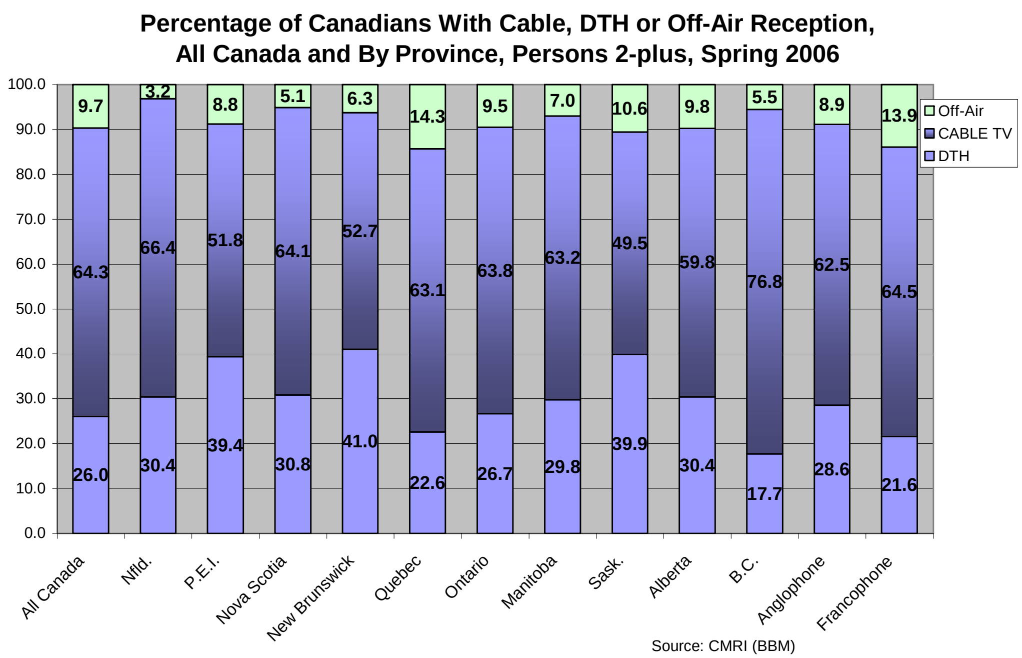
- <u>BBM: Trends in OTA Reception By Province</u>

  Levels of OTA reception differ somewhat by province, according to BBM surveys. While nationally some 9.7% of Canadians relied on OTA reception in spring 2006, this varied from a low of 3.2% in Newfoundland to a high of 14.3% in Quebec. A significant percentage of Quebec residents have opted not to access cable TV or DTH. The French-language TV industry, as is the case in much of Europe, is still dominated by traditional over-the-air broadcasters.



- <u>BBM: Trends in DTH/Cable TV Penetration By Province</u>

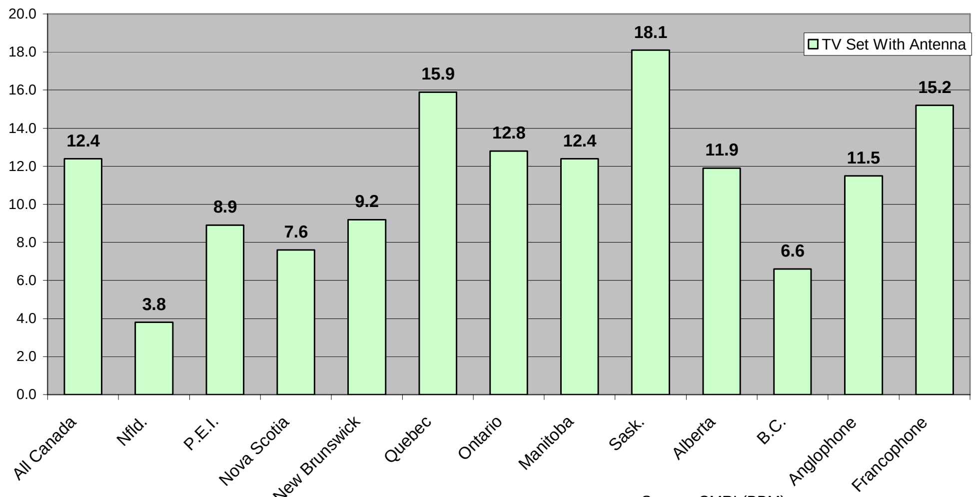
  Not only do levels of OTA reception differ by province but cable TV and DTH subscription levels also differ markedly, according to BBM surveys. While nationally some 26.0% of Canadians had DTH in spring 2006, this varied from a low of 17.7% in B.C. to a high of 41.0% in New Brunswick. Saskatchewan, a province whose population is geographically widespread and not easily served by cable TV systems, was not far behind with 39.9% DTH penetration. Nationally some 64.3% of Canadians had cable TV in spring 2006 but this ranged from a low of 49.5% in Saskatchewan to a high of 76.8% in B.C.



- <u>BBM: Trends in OTA Reception By Province</u>

Not everyone with cable TV or, in particular, DTH has all TV sets in the household hooked up to cable or satellite. As noted earlier, some 9.7% of Canadians, according to BBM diary surveys rely exclusively on OTA reception. In addition, there are cable/DTH homes that have one or more TV sets that receive TV signals via an antenna or rabbit ears. Nielsen confirmed with CMRI that of the 2,400-odd cable/DTH homes in their national people meter system, some 84 households currently have 1 or more sets that receive TV off-air, that is, about 4%. Adding together those who have nothing but OTA reception and those cable/DTH subscribers with at least 1 set that receives signals over-the-air, BBM puts the percentage of all Canadians receiving TV over-the-air at 12.4% nationally (spring 2006). This ranged from a low of 3.8% in Newfoundland to 18.1% in Saskatchewan.

Percentage of Canadians With At Least One TV Set Attached to Off-Air Antenna, All Canada and By Province, Persons 2-plus, Spring 2006
%



Source: CMRI (BBM)

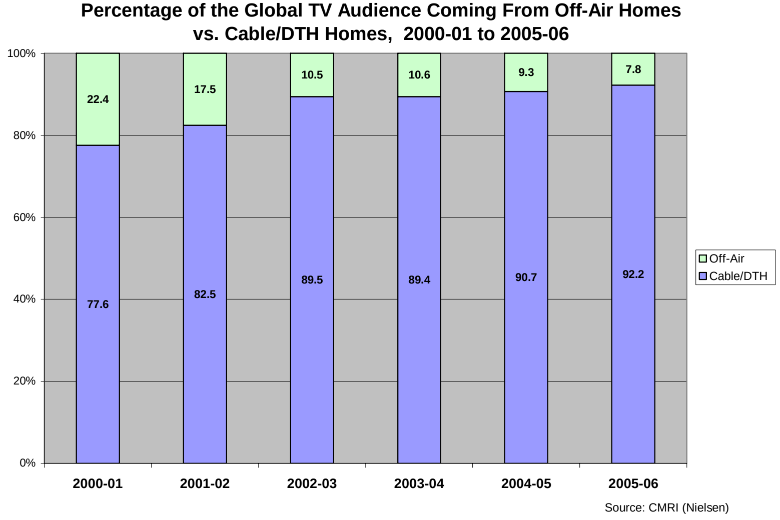
2. Trends in the Off-Air Audience of Broadcasters

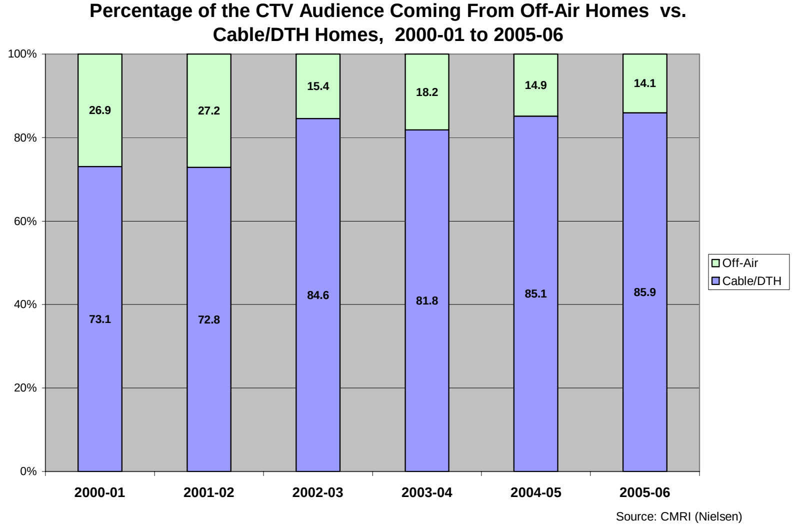
- <u>Traditional Broadcasters’ OTA Audience (English)</u>

  The net effect of fewer homes relying on rabbit ears or an antenna over the past few years is that over-the-air broadcasters have seen dramatic changes in their audience composition. Take Global TV as an example: in this decade the percentage of its audience watching off-air has shrunk from 22.4% in 2000-01 to only 7.8% in 2005-06, according to Nielsen. Global is an extreme example, partly because it has relied to a greater extent on UHF transmitters, which historically were more difficult to receive off-air.

  CTV has seen its OTA audience decline from 26.9% in 2000-01 to 14.1% in 2005-06.

  Note that 2005-06 data in this section are based on the months September 2005 to May 2006, while other years are September to August; all data in this section are for persons aged 2-plus. Also note that the stations making up each station group may have changed over the period.

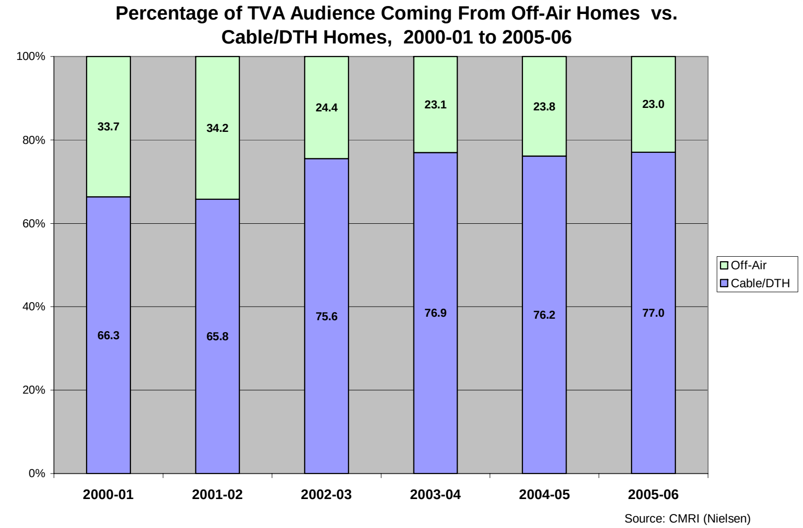


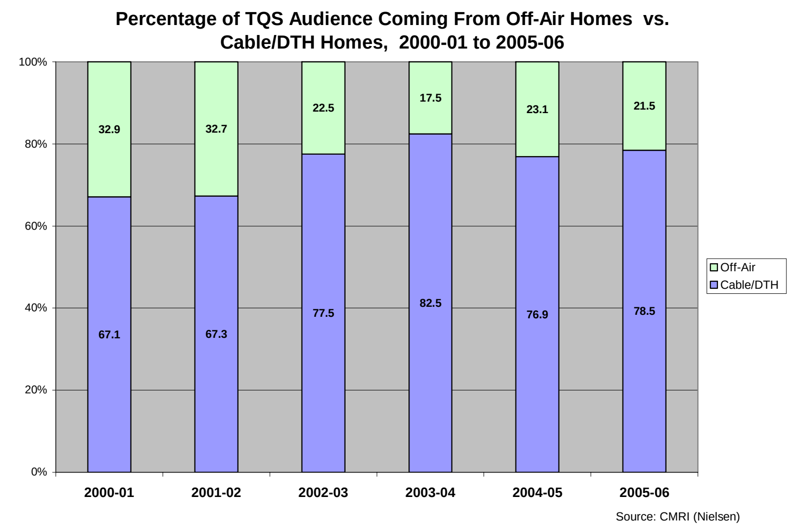


- <u>Traditional Broadcasters' OTA Audience (French)</u>

During this decade the percentage of TVA's audience watching off-air has shrunk from 33.7% to 23.0%. Thus, almost a quarter of TVA's audience is watching off-air, reflecting the higher percentage of Quebec residents who rely on OTA reception noted earlier. Note that those who rely on OTA reception spend all of their viewing time with traditional broadcasters, so while some 15% of Quebecois may rely on OTA reception, a larger percentage of the traditional broadcasters audience can come from these OTA viewers.

The TQS experience has been similar. The OTA audience has declined from 32.9% six years ago to 21.5% in 2005-06. In other words, both private French-language broadcasters depend on the OTA segment for more than one-fifth of their audience today.

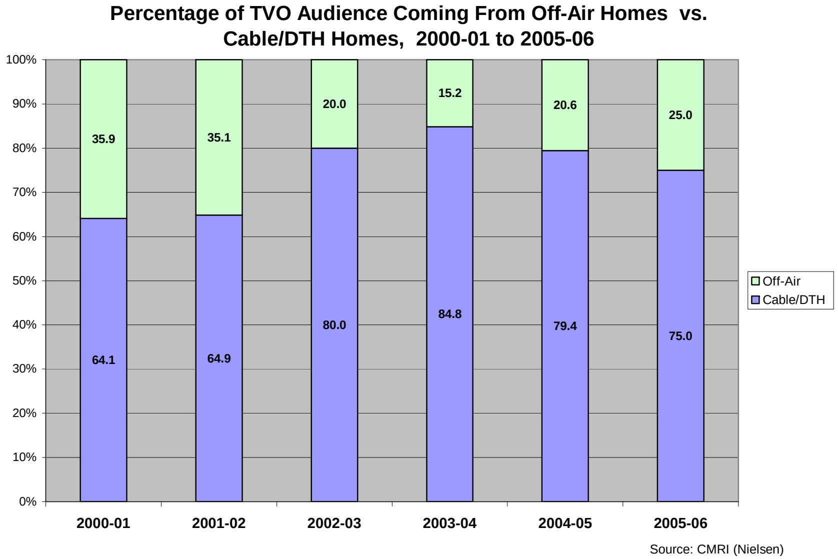


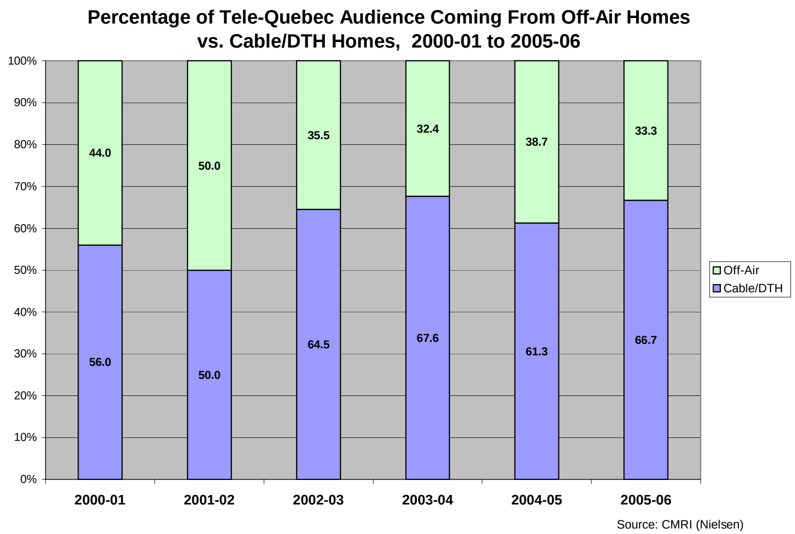


- <u>Traditional Broadcasters' OTA Audience (Provincial)</u>

The percentage of TVO's audience watching off-air has always been higher than average. In 2000-01 it was 35.9% and while declining, it was still some 25% in 2005-06. Clearly, many viewers would be denied access to TVO if it did not have over-the-air transmitters.

Tele-Quebec faces a similar phenomenon. Since the 2000-01 TV season, the percentage of its audience watching off-air has shrunk from 44.0% to 33.3%. That is, 1 in 3 members of the audience are watching off-air.

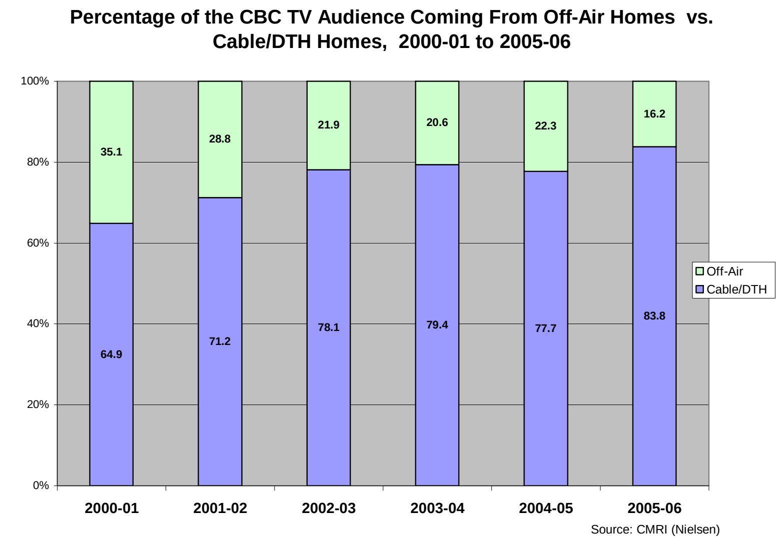


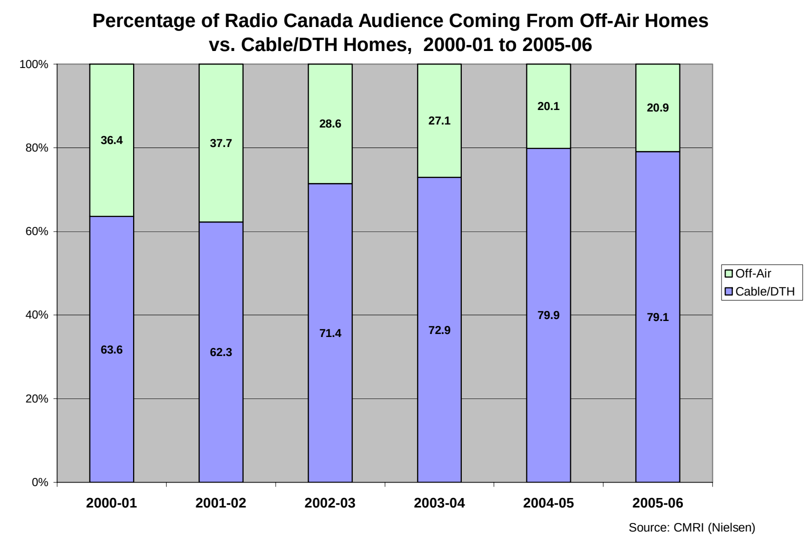


- <u>Traditional Broadcasters' OTA Audience (CBC/SRC)</u>

The net effect of fewer homes relying on rabbit ears or an antenna is that all over-the-air broadcasters have seen a decline in the OTA audience. The CBC is no exception: in this decade the percentage of the CBC English TV audience watching off-air has shrunk from 35.1% to 16.2%, according to Nielsen meter data. The shrinking off-air audience is a primary reason for CBC audience share losses in recent years. Instead of 1 in 5 people having access to only 3-4 channels off-air, which was the case a decade ago, today only 1 in 10 have limited choice.

The same phenomenon has occurred in CBC French TV, although it is not as pronounced. Since the 2000-01 TV season, the percentage of Radio Canada's audience watching off-air has shrunk from 36.4% to 20.9%. However, despite recent trends, both the CBC English and French TV services still depend on off-air reception for significant proportions of their audience.





3. Profile of the Off-Air Audience

- <u>Demographic/Lifestyle Profile of Those Who Don't Subscribe</u>

As noted earlier, BBM's fall surveys are conducted among a sample of 75,000 or more respondents and BBM spring surveys are conducted among a sample of 50,000 or more respondents. The large sample size allows one to generate very detailed profiles of small segments of the population, such as the 1 in 10 Canadians who receive TV off-air, and still have statistically significant data. BBM surveys ask respondents a surprising range of questions about their lives. The table at right compares all Canadians aged 2-plus to those who only receive TV OTA.

The percentage within each group is shown in the first two columns and the index of OTA vs. all Canadians is shown in the third column. Taking the first variable in the table, farmers/farm workers, the index shows such people index at 260, meaning they are 2.60 times more likely to receive TV off-air. People in the Arts & Literature are 2.57 times more likely to receive TV OTA. People who listen to CBC radio (index: 195), are light TV viewers (index 184), have only 1 TV set (index:168), have household incomes under $20,000 (index:163), who rent rather than own their own home (index: 150) and have very young children in the home (index:146) are all more likely to depend on off-air reception. Those who have attended an art gallery or museum in the past year (index:141), Francophones (index:138) and those who have attended theatre, ballet or opera (index :117) are also more likely to depend on rabbit ears. Interestingly, they also tend to be lighter internet users (index: 117). Finally, the OTA segment tend to be either from very large households (index: 200) or single person households (index: 144).

Demographic and Lifestyle Profile of Those Who Do Not Have Cable TV/DTH
Spring 2006

		All Canadians %	Off-Air Reception %	Index
OCCUPATION	FARMER/WORKR	1.0	2.6	260
OCCUPATION	ART/LIT/RECR	0.7	1.8	257
HOUSEHOLD SIZE	6 PERSONS	2.7	5.4	200
Radio-CBC Radio	Yes	14.3	27.9	195
TV QUINTILE	Q1-LIGHT	20.0	36.7	184
Children 2-11 AT HOME	4 KIDS	0.6	1.1	183
Teens 12-17 AT HOME	2 TEENAGERS	7.5	12.9	172
TV SETS IN HOUSE	1 TV SET	34.0	57.1	168
HOUSEHOLD INCOME	UNDER $20,000	7.0	11.4	163
Radio-Classical/FA	Yes	4.8	7.7	160
Adults 18+ AT HOME	1 ADULT	12.3	18.8	153
Home Ownership	Rent	17.3	26.0	150
Children <2Yrs in Hhld	Yes	8.1	11.8	146
DVD player	No	8.5	12.3	145
Rented Movies Pst Mth	6 or more times	5.2	7.5	144
HOUSEHOLD SIZE	1 PERSON	8.9	12.8	144
MOTHER TONGUE	OTHER	6.0	8.5	142
Art Gallery/Museum Pst Yr	Yes	18.0	25.4	141
HOURS WORKED	20 - 29	4.4	6.2	141
Radio-Jazz	Yes	3.0	4.2	140
HOME LANGUAGE	FRENCH	21.1	29.1	138
OFFICIAL LANGUAGE	FRENCH	11.6	15.9	137
EDUCATION	GRADE	10.8	14.8	137
Lottery Spending Pst Mth	Nothing	30.8	42.0	136
HOUSEHOLD INCOME	$20,000 - $29,999	7.0	9.5	136
OFFICIAL LANGUAGE	BOTH E/F	16.1	21.7	135
Furniture Spending Pst Yr	Nothing	35.7	47.6	133
Personal Video Recorder(PVR)	No	43.3	57.4	133
OCCUPATION	PROFESSIONAL	9.3	12.3	132
Video Game System	No	36.6	48.4	132
HOUSEHOLD INCOME	$30,000 - $39,999	9.4	12.4	132
MOTHER TONGUE	FRENCH	20.5	26.8	131
EDUCATION	SOME POST GRAD DEG	6.8	8.8	129
AGE	25-34	14.0	17.7	126
AGE	12-17	8.0	10.1	126
IF PART-TIME	HOMEMAKER	6.9	8.5	123
HOUSEHOLD INCOME	$40,000 - $49,999	8.6	10.4	121
EDUCATION	COMP UNIV	11.6	13.8	119
Thtr/Bal/Opera/Symph Pst Yr	Yes	25.9	30.3	117
INTERNET TIME FOR PERSONAL	NONE	19.7	23.0	117
Home Repair Spent Pst Yr	Nothing	29.9	34.9	117
INTERNET TIME FOR PERSONAL	1-5 HRS	27.8	32.3	116
IF PART-TIME	STUDENT	19.5	22.6	116
AGE	7-11	5.7	6.5	114
Beer drank in avg wk	None	43.6	49.1	113
Rented Movies Pst Mth	1-2 times	20.3	22.6	111
Appliance Spending Pst Yr	Nothing	50.5	56.1	111
EDUCATION	NONE	3.7	4.1	111
Gardening Pst Yr	Yes	30.3	33.5	111
TV QUINTILE	Q2-LIGHT/MED	20.0	22.1	111
PRINCIPAL SHOPPER	YES	25.6	28.1	110

Source: CMRI (BBM Diary)

- Demographic/Lifestyle Profile of Those Who Don't Subscribe

  The table opposite shows another set of variables comparing all Canadians with the OTA population segment. In this case the index shows the features of those least likely to be OTA, i.e., to be cable/DTH subscribers. They include people with 5 adults in their household (index: 20), people with PVRs (index: 34), those with household incomes over $125,000 (index: 44). Other variables associated with not being OTA dependent are spending a lot on furniture and appliances, playing lotteries, playing golf, going to a casino, spending a lot of time on the internet and drinking a lot of beer.

Demographic and Lifestyle Profile of Those Who Do Not Have Cable TV/DTH
Spring 2006

		All Canadians %	Off-Air Reception %	Index
Adults 18+ AT HOME	5 ADULTS	1.5	0.3	20
Personal Video Recorder(PVR)	Yes	5.0	1.7	34
OCCUPATION	SR MGMT/EXEC	1.6	0.6	38
Lottery Spending Pst Mth	$20 or more	9.2	3.8	41
HOUSEHOLD INCOME	$125,000	8.5	3.7	44
Furniture Spending Pst Yr	$2000+	13.7	6.1	45
Furniture Spending Pst Yr	$1,000-$1,999	11.1	5.2	47
Golf Pst Yr	Yes	12.4	6.3	51
TV SETS IN HOUSE	3 OR MORE	26.2	13.4	51
Casino Pst Yr	Yes	15.2	7.9	52
Beer drank in avg wk	13 or more	2.3	1.3	57
TV QUINTILE	Q5-HEAVY	20.0	12.1	61
Home Repair Spent Pst Yr	$7,500	7.4	4.5	61
Appliance Spending Pst Yr	$1,500	6.2	3.8	61
TV QUINTILE	Q4-MED/HEAVY	20.0	12.4	62
Beer drank in avg wk	7-12	3.2	2.0	63
OCCUPATION	MIDDLE MGMNT	3.9	2.5	64
EDUCATION	COMP HIGH	17.3	11.1	64
HOUSEHOLD INCOME	$100,000 - $124,999	9.0	5.8	64
OCCUPATION	FISHER/WORKR	0.3	0.2	67
INTERNET TIME FOR PERSONAL	OVER 15 HRS	6.7	4.7	70
Adults 18+ AT HOME	4 ADULTS	6.9	4.9	71
Prof Sports Event Pst Yr	Yes	20.5	14.7	72
Lottery Spending Pst Mth	$5-$19	14.4	10.5	73
IF PART-TIME	RETIRED	14.5	10.6	73
TV SETS IN HOUSE	2 TV SETS	39.8	29.5	74
OCCUPATION	SRVC.INDSTRY	4.3	3.2	74
OCCUPATION	CLERICAL&REL	5.1	3.8	75
Bar/Pub Pst Mth	Yes	20.5	15.3	75
Teens 12-17 AT HOME	1 TEENAGER	15.5	11.6	75
HOUSEHOLD INCOME	$75,000 - $99,999	14.9	11.4	77
AGE	60 PLUS	18.7	14.4	77
OCCUPATION	STOROWNR/SLF	3.5	2.7	77
INTERNET TIME FOR PERSONAL	6-10 HRS	11.1	8.6	77
Adults 18+ AT HOME	3 ADULTS	15.7	12.6	80
Cell phone for own use	Yes	31.8	26.3	83
Beer drank in avg wk	4-6	5.3	4.4	83
TV QUINTILE	Q3-MEDIUM	20.0	16.7	84
Fine Dining Rest Pst Mth	Yes	18.3	15.4	84
INTERNET TIME FOR PERSONAL	11-15 HRS	4.2	3.6	86
HOUSEHOLD SIZE	5 PERSONS	10.7	9.2	86
Appliance Spending Pst Yr	$500-$1,499	11.5	9.9	86
Home Repair Spent Pst Yr	$2,500-$7,499	10.8	9.3	86
Telephone/on-line banking	Yes	29.5	25.5	86
AGE	18-24	7.7	6.7	87
MOTHER TONGUE	ENGLISH	61.4	53.6	87
Video Game System	Yes	20.7	18.2	88
HOUSEHOLD SIZE	2 PERSONS	31.5	27.9	89
OFFICIAL LANGUAGE	ENGLISH	64.4	57.3	89

Source: CMRI (BBM Diary)

- The TV Quality Survey: Attitudes Toward TV

The TV Quality (or TVQ) Survey is an annual survey of 1,500 or more Anglophones 18-plus. A description of the methodology of The TV Quality Survey is included as an appendix. With its sample of 1,500 or more respondents the statistical margin of error is +/- 2.5%, 19 times out of 20.

The TVQ Survey measures viewer satisfaction with TV and a number of attitudes toward television. The table at right compares all Canadians with those who receive TV OTA. In fall 2005, according to the TVQ Survey, persons who watched TV off-air were considerably less satisfied with TV; almost twice as many in the OTA segment said they were dissatisfied or very dissatisfied with television. And only about half as many strongly agreed that TV plays an important role in Canadian society (8.8% vs. 16.1%). Interestingly, fewer people in the OTA group strongly agreed that Canadian TV news programs are important but many fewer strongly agreed that U.S. stations have better drama and comedy programs.

Attitudes Toward TV, All Canadians vs. Those Who Do Not Have Cable TV/DTH
Anglophones 18-plus, Fall 2005

		All Canadians	Off-Air Reception
Overall satisfaction with TV	Very satisfied	13.4%	9.0%
	Satisfied	65.2%	54.1%
	Dissatisfied	18.8%	32.1%
	Very dissatisfied	2.6%	4.8%
Important to have Canadian TV news programs	Strongly agree	62.6%	56.2%
	Agree	35.8%	43.3%
	Disagree	1.0%	0.5%
	Strongly disagree	0.7%	0.0%
It is important to have Canadian TV drama programs	Strongly agree	12.7%	13.4%
	Agree	52.3%	51.8%
	Disagree	25.8%	29.8%
	Strongly disagree	9.2%	5.0%
TV plays an important role in Canadian society	Strongly agree	16.1%	8.8%
	Agree	63.9%	71.2%
	Disagree	17.4%	18.6%
	Strongly disagree	2.7%	1.4%
US stations have better drama and comedy programs	Strongly agree	24.6%	11.3%
	Agree	51.4%	59.6%
	Disagree	21.2%	28.3%
	Strongly disagree	2.9%	0.9%

Source: CMRI (TV Quality Survey)

4. Why People Don’t Subscribe

- Special Survey: Why People Don't Subscribe

The CRTC commissioned a special telephone survey, which was conducted in early September 2006 by Comquest, a subsidiary of BBM. The survey was undertaken among a sample of 1,033 people, former respondents to BBM TV surveys, who indicated that they did not have cable or satellite. The objective of the survey was to shed light on why some Canadians do not subscribe to cable or satellite TV. With its sample of 1,000 or more respondents the statistical margin of error is +/3.0%, 19 times out of 20.

As shown in the table, Anglophones and Francophones differ in their reasons for not subscribing. The largest single reason for Anglophones was affordability (22.5%), whereas the largest single reason for Francophones was not watching enough TV (37.1%). Combined, these two reasons accounted for almost one-half of respondents in each language group. A large number of Francophones (17.3%) also indicated that they could get the programs they wanted off-air and a fair number of both language groups indicated that cable was not available to them. Very few in either group complained about poor cable or satellite service and equally small numbers complained about TV being too violent.

About 1 in 6 Francophones and 1 in 3 Anglophones indicated other reasons for not subscribing and these additional reasons are shown in the bottom part of the table.

Reason People Do Not Subscribe to Cable or DTH
Anglophones and Francophones 18-plus, September 2006

		Home Language	
		English	French
People choose to have, or not to have, Cable TV or Satellite TV for different reason. Please tell us why you do not have Cable TV or Satellite TV …	Cannot afford cable, satellite	**22.5%**	18.8%
	Do not watch enough TV	24.6%	**37.1%**
	Can get the program I want over-the-air (rabbit ears; roof)	5.9%	17.3%
	Recently moved	0.2%	0.0%
	Went on vacation	0.1%	0.0%
	Poor service from cable/ satellite company	0.2%	1.0%
	Cable not available	12.0%	7.1%
	Cannot get satellite signal	1.0%	0.5%
	TV is too violent	0.9%	1.0%
	Other* (Specify)	32.6%	17.3%
	Total	**100.0%**	**100.0%**
* People choose to have, or not to have, Cable TV or Satellite TV for different reasons. Please tell us why you do not have Cable TV or Satellite TV … (Those Who Said Other)	Too busy/not enough time	12.3%	26.5%
	Don't have TV	4.1%	0.0%
	No service available in the area	11.9%	0.0%
	Rather read	0.7%	0.0%
	Family issues/Family concerns	6.7%	8.8%
	Don't want it	13.4%	26.5%
	Price/Cost/Financial reasons	16.0%	5.9%
	Nothing good on TV/Don't like the choices offered	16.7%	8.8%
	Satisfied with what I have	7.1%	2.9%
	Trying to watch less TV	3.7%	8.8%
	Other	7.4%	11.8%
	Total	**100.0%**	**100.0%**

Source: CMRI (Comquest)

- Special Survey: Why People Don't Subscribe

Interestingly, approximately 2 in 5 of those who do not subscribe to cable TV or DTH did at one time subscribe. The most prevalent reasons given for ending their subscription were affordability and not watching enough TV. Some 19.4% of Anglophones and 26.7% of Francophones said they do not subscribe because they recently moved—presumably they will once again become subscribers.

The CRTC wanted to determine if non-subscribers were accessing TV via their computer and when asked, about 6% of Anglophone and 3% of Francophone non-subscribers indicated that they have watched TV on a computer screen. Finally, the question was put to respondents that if local channels were only available via cable or DTH for a monthly fee, would they subscribe. More than one quarter of Anglophones (28.8%) indicated they would and more than one-half of Francophones (50.3%) said they would subscribe.

Opinions of Those Who Do Not Subscribe to Cable or DTH Anglophones and Francophones 18-plus, September 2006

		Home Language	
		English	French
Have you ever had cable or satellite TV	Yes	**43.9%**	**38.1%**
	No	56.1%	61.9%
	Total	**100.0%**	**100.0%**
Why did you stop subscribing to cable or satellite?	Cannot afford cable, satellite, etc …	18.8%	20.0%
	Do not watch enough TV	16.6%	14.7%
	Can get the programs I want over-the-air (rabbit ears)	3.1%	6.7%
	Recently moved	19.4%	26.7%
	Went on vacation	0.6%	0.0%
	Poor service from cable/satellite company	3.9%	1.3%
	TV is too violent	0.3%	4.0%
	Other (Specify)	37.4%	26.7%
	Total	**100.0%**	**100.0%**
Do you ever watch TV on a computer screen?	Yes	6.6%	3.0
	No	93.4%	97%
	Total	**100.0%**	**100.0%**
If local TV stations were only available on cable TV or satellite and you had to pay a monthly fee to continue to receive them, would you then subscribe?	Yes	28.8%	50.3%
	No	71.2%	49.7%
	Total	**100.0%**	**100.0%**

Source: CMRI (Comquest)

Summary

- Various data sources have been triangulated in this study to determine that of the estimated 12.6 million Canadian households with at least one TV, approximately 11 million (87%) have cable TV or DTH in their household, either by legal means or otherwise. Statistics Canada, Nielsen and BBM data all confirm that almost 9 in 10 households now have cable TV or DTH and that only about 1 in 10 rely on rabbit ears or antenna to receive TV.
- BBM surveys reveal that the percentage of Canadians, rather than the percentage of households, that have cable/DTH was slightly over 90% in spring 2006 and that just less than 10% relied on OTA reception. Since households that have cable or satellite tend to be comprised of younger families with children, the percentage of people with cable/DTH is higher than the percentage of households
- Cable TV and DTH subscription levels combined have increased over the past decade. In spring 2006 BBM estimated that 26% of Canadians had DTH and some 64% had cable TV. Cable TV subscription levels have declined in the past decade but DTH levels have increased markedly, making up for cable losses and increasing the cumulative total of those with multi-channel video. Ten years ago 1 in 5 Canadians received TV off-air but this group now makes up only 1 in 10 Canadians.
- However, the percentage of Canadians in 2006 relying on off-air reception differs by province. People living in Quebec are less likely to have cable TV or satellite; some 14% of Quebecois watch TV off-air, while in several Atlantic provinces and in B.C. the percentage is 6% or less.
- The net effect of this transformation is that over-the-air traditional broadcasters have seen a dramatic decline in the percentage of their audience delivered by those who watch TV off-air. In 2005-06 less than 8% of Global’s audience is off-air, roughly a third of what it was in 2000-01 and CTV’s off-air audience is now just 14%, about half of what it was six years ago. Private French-language broadcasters have also seen their off-air audience shrink but it is still more than 20% of their total audience. Public broadcasters have not been spared either but the proportion of their audience that is off-air is higher than is the case for English-language private broadcasters.
- A special analysis of the BBM spring 2006 data showed that those who rely on off-air reception tend to be farmers/farm workers, people in the arts, listen to CBC radio, are light TV viewers, have only 1 TV set, have household incomes under $20,000 and rent rather than own their own home. They are more likely to have attended an art gallery or museum and have attended theatre, ballet or opera. Finally, they tend to be lighter internet users. In other words, the OTA segment is made up of a group of high brow Canadians not that interested in TV and another group of those with less disposable income to buy consumer items.
- In fall 2005, according to the TV Quality Survey, persons who watched TV off-air were considerably less satisfied with TV; almost twice as many in the OTA segment said they were dissatisfied or very dissatisfied with television. And only about half as many strongly agreed that TV plays an important role in Canadian society.

Summary

- The CRTC commissioned a special survey in early September 2006 to determine the reason why some Canadians do not subscribe to cable or satellite TV. The largest single reason for Anglophones was affordability (22.5%), whereas the largest single reason for Francophones was not watching enough TV (37.1%). Combined these two reasons accounted for almost one-half of respondents in each language group. A large number of Francophones (17.3%) also indicated that they could get the programs they wanted off-air and a fair number of both language groups indicated that cable was not available to them.
- Interestingly, approximately 2 in 5 of those who do not subscribe to cable TV or DTH did at one time subscribe. The most prevalent reasons given for ending their subscription were affordability and not watching enough TV. If local channels were only available on cable or DTH, more than one quarter of Anglophone non-subscribers indicated they would subscribe and more than one-half of Francophone non-subscribers said they would.

APPENDIX

The TVQ Survey 2005:

A Survey of Canadians' Attitudes Toward TV Channels and Programming

The TV Quality (TVQ) Survey is a national survey of Canadians' attitudes toward television conducted annually by CMRI. A large number of Canadian specialty channels and conventional broadcasters are subscribers to the TVQ Survey. The primary purpose of the survey is to test consumer awareness of the many TV channels available today via cable TV, DTH or over-the-air. The TVQ Survey also measures viewer satisfaction with the dozens of TV services now available, including the new diginets, many of which have initially struggled to find an audience. The TVQ Survey will be particularly useful to networks wanting to understand the effects of their marketing initiatives. Over 100 Canadian and U.S. networks were measured in the 2005 survey.

In addition, the TVQ Survey measures viewer awareness and satisfaction with a large number of Canadian and U.S. TV series, quantifies the brand strengths of conventional and pay/specialty channels and explores opinions about a wide variety of issues surrounding TV.

Methodology

The TVQ Survey has been conducted for the past four years among a representative sample of 1,500 or more Anglophone adults. Fieldwork for the 2005 TVQ Survey was conducted in October-November 2005 by Comquest, a subsidiary of BBM (Bureau of Broadcast Measurement), employing a 19-page mail questionnaire sent to former BBM TV survey respondents. Such a survey is commonly referred to as a return-to-sample (RTS) survey and is an effective way of collecting data on the qualitative reactions of TV viewers. Comquest/BBM have been conducting RTS surveys for many years.

The 2005 TVQ Survey involved a sample of some 1,614 Anglophone respondents aged 18-plus. One person per household was chosen at random to complete the TVQ Survey questionnaire. The margin of statistical error for a sample of this size is +/-2.5%.

The response rate to the survey from the initial mail-out was approximately 40%, a relatively high response rate for a mail survey. To encourage response to the TVQ Survey, the questionnaire was made as simple to complete as possible and a monetary incentive was included with the questionnaire.

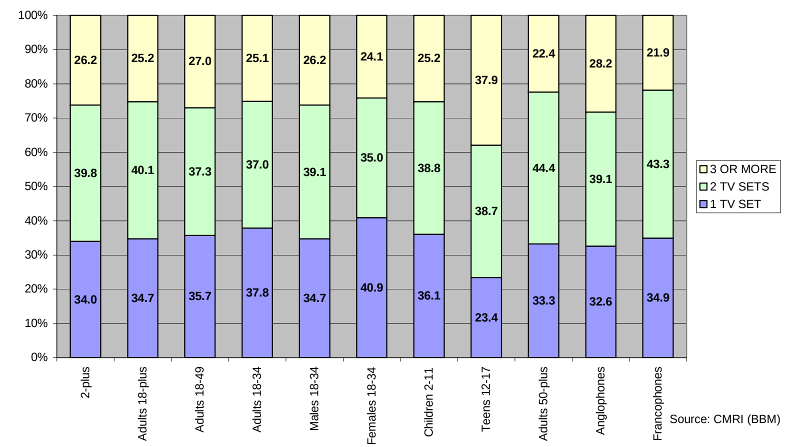
To subscribe to the TVQ Survey, please contact Barry Kiefl, President, Canadian Media Research Inc., Ottawa. (bkiefl@sympatico.ca).

APPENDIX

- <u>TV Set Ownership in 2006</u>

  Virtually every Canadian has at least 1 TV set and the majority have 2 or more, according to the BBM spring 2006 survey.

Percentage of Canadians With One or More TV Sets, Spring 2006



According to the fall 2005 TV Quality Survey, the average person can receive some 160 channels on their main TV set, which is just under 7 years old. The second TV set is about 1 year older and can receive 113 channels on average. Those who receive TV OTA report having many fewer channels available but their TV sets are about the same age as people with cable TV/DTH.

Number of Channels Received, Age of TV Set, Anglophones 18-plus, Fall 2005

	Total	Cable TV	Digital Cable	DTH	OTA
	Mean	Mean	Mean	Mean	Mean
Highest number of channels that you can receive on MAIN TV set	160	115	193	337	16
Highest number of channels that you can receive on 2nd TV set	113	76	95	225	14
Age of MAIN TV set in Years	7.0	7.1	6.5	6.5	7.7
Age of 2nd TV set in Years	7.9	8.6	8.9	6.8	7.0

Source: CMRI (TV Quality Survey)