

Pick and Pay “Skinny” TV Program Packages Provide Cost and Channel Choices, Driving Higher Customer Satisfaction, Says J.D. Power Canadian Study

SaskTel and Videotron Rank Highest in Both Television and Internet Customer Satisfaction In the West and East Regions, Respectively, for a Fourth Consecutive Year

TORONTO: 2 June 2016 — As cable and satellite television providers in Canada continue to face competition from video streaming services, the Canadian Radio-television and Telecommunications Commission’s¹ mandate for providers to offer a “skinny” TV channel package with a \$25 cap by December 2016 may help them stay relevant in the market and coexist with these alternative services.

According to the J.D. Power 2016 Canadian Television Provider Customer Satisfaction StudySM and J.D. Power 2016 Canadian Internet Service Provider Customer Satisfaction Study,SM released today, customer satisfaction is highest when there is flexibility to “pick and pay” for television channels to add to their skinny program bundle at an affordable price.

The adoption of alternative video services (e.g., streaming services) is on the rise, as 49% of television customers indicate they have used one in the previous 12 months, compared with 42% in 2015. Facing a competitive risk as well as a regulatory deadline, television providers have offered price-conscious customers who wish to only pay for what they watch the option of basic or skinny program packages with the flexibility to add preferred channels.

Satisfaction is highest among customers with a skinny service that allows them to expand and choose additional channels individually (761 on a 1,000-point scale), surpassing satisfaction among those with premium service (738), as well as those with a preset expanded basic package (708) or basic cable (700). More than one-fourth (28%) of customers have a skinny package that costs \$25 or less, and 13% of customers pick and pay for additional channels above their skinny package. Satisfaction with cost is also high among customers in this group, which is encouraging for television providers as they generally receive much lower ratings than alternative video services on cost of service (6.0 on a 10-point scale vs. 7.8, respectively).

“Customers have long desired flexibility to pick and choose their own TV packages and not be forced to subscribe to channels they have no interest in watching,” said **Adrian Chung, director in the telecom, media and technology practice at J.D. Power**. “Having the option to choose a skinny TV package with channel upgrade options helps to meet that demand and for some, creating more room in their budget for streaming video content. Instead of a growing number of so-called cord cutters, there is high perceived value in paying for access to content that isn’t available through standard programming, leading more customers to use a combination of services to meet their viewing needs.”

¹Source: Canadian Radio-television and Telecommunications Commission
<http://www.crtc.gc.ca/eng/television/program/alacarte.htm>

Following are some key findings of the 2016 TV and ISP studies:

- Satisfaction among television customers in Canada improves to 715 in 2016 from 692 in 2015, while satisfaction among internet customers is 699, up from 679 in 2015.
- On average, the cost of television service is \$70 per month, down from \$73 in 2015, and the cost of internet service is \$58 per month.
- Among customers who used an alternative video service in the previous 12 months, 67% used Netflix instant streaming, which vastly exceeds the rates for other alternative video services, such as Shomi (16%) and CraveTV (9%).
- The percentage of customers who say internet connection speed is “better than expected” has increased to 12% from 10% in 2015.
- Customers in rural areas are more likely to say their internet connection speed is “worse than expected,” compared with those in urban areas (18% vs. 14%, respectively). Rural customers experience a relatively high incidence of network problems.
- The number of connected devices per household has risen to 9.9 from 4.5 in 2015.

Study Rankings

East Region

Videotron ranks highest in both television and Internet customer satisfaction in the East region for a fourth consecutive year. **Videotron's** overall score for television service customer satisfaction is 782, followed by **Shaw** with a score of 754 and **Cogeco** with 733. Regarding Internet service customer satisfaction, **Videotron** ranks highest with a score of 777, followed by **Cogeco** with 732.

West Region

SaskTel ranks highest in both television and Internet service customer satisfaction in the West region for a fourth consecutive year. **SaskTel's** overall score for television service customer satisfaction is 730, followed by **TELUS** with 715 and **MTS** with 704. In Internet service satisfaction, **SaskTel** ranks highest with a score of 709, followed by **TELUS** with 692.

The Canadian Television Provider Customer Satisfaction Study measures overall satisfaction with television service providers based on six factors (in order of importance): performance and reliability; cost of service; programming; communication; billing; and customer service. The Canadian Internet Service Provider Customer Satisfaction Study is based on five factors (in order of importance): performance and reliability; cost of service; communication; billing; and customer service.

The 2016 Canadian Television Provider Customer Satisfaction Study and the 2016 Canadian Internet Service Provider Customer Satisfaction Study are based on responses from more than 3,300 TV customers in the West region and more than 5,700 TV customers in the East region; and more than 3,600 Internet customers in the West region and more than 5,400 in the East region. Both studies were fielded in September 2015 and April 2016.

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For information about the 2016 Canadian Television Provider Customer Satisfaction Study and the 2016 Canadian Internet Service Provider Customer Satisfaction Study, visit <http://canada.jdpower.com/industry/telecom-ca>

See the online press release at <http://www.jdpower.com/press-releases/2016-canadian-television-and-internet-service-provider-customer-satisfaction-studies>

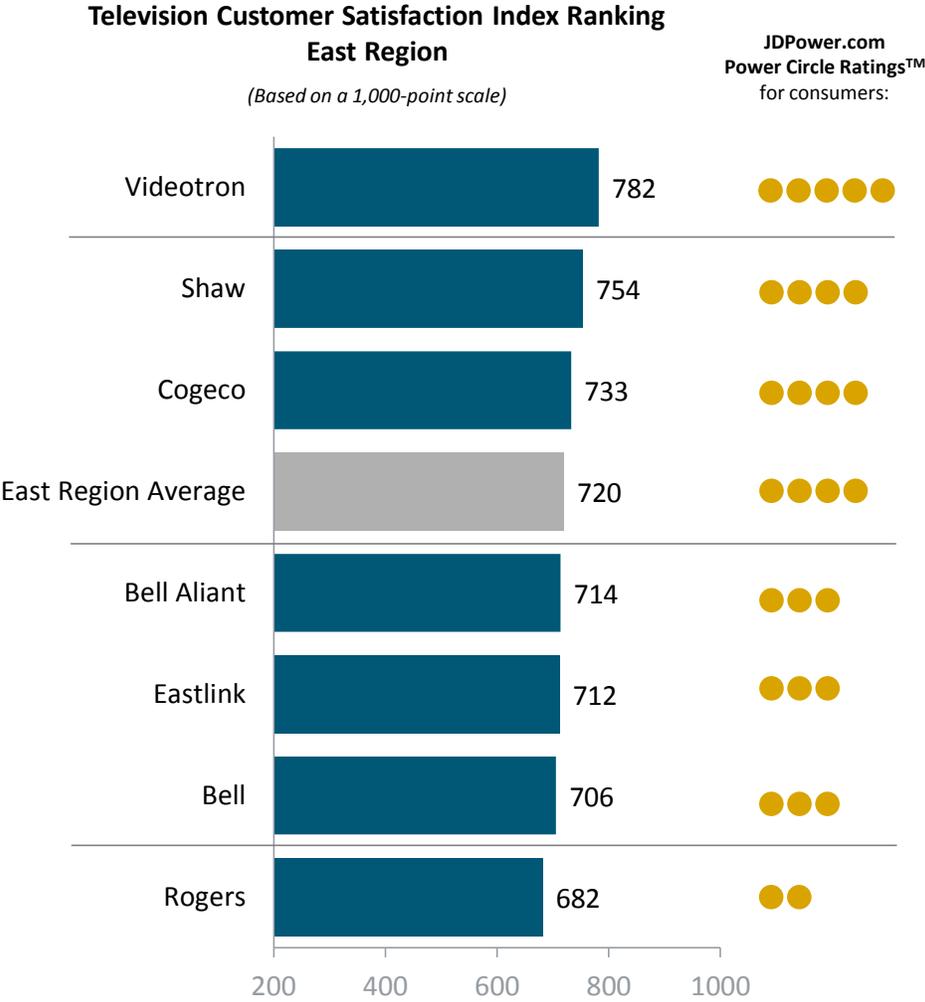
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Note: Five charts follow.

J.D. Power 2016 Canadian Television Provider Customer Satisfaction StudySM



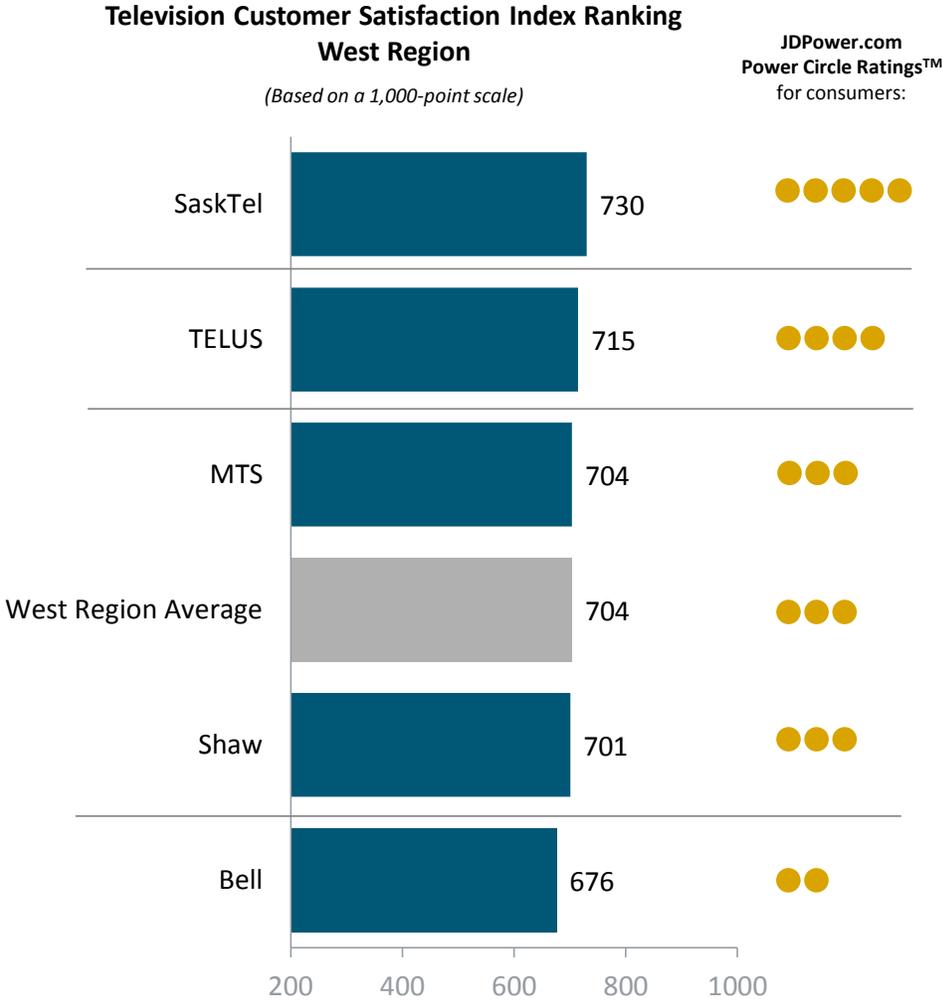
Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

Source: J.D. Power 2016 Canadian Television Provider Customer Satisfaction StudySM

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J.D. Power 2016 Canadian Television Provider Customer Satisfaction StudySM



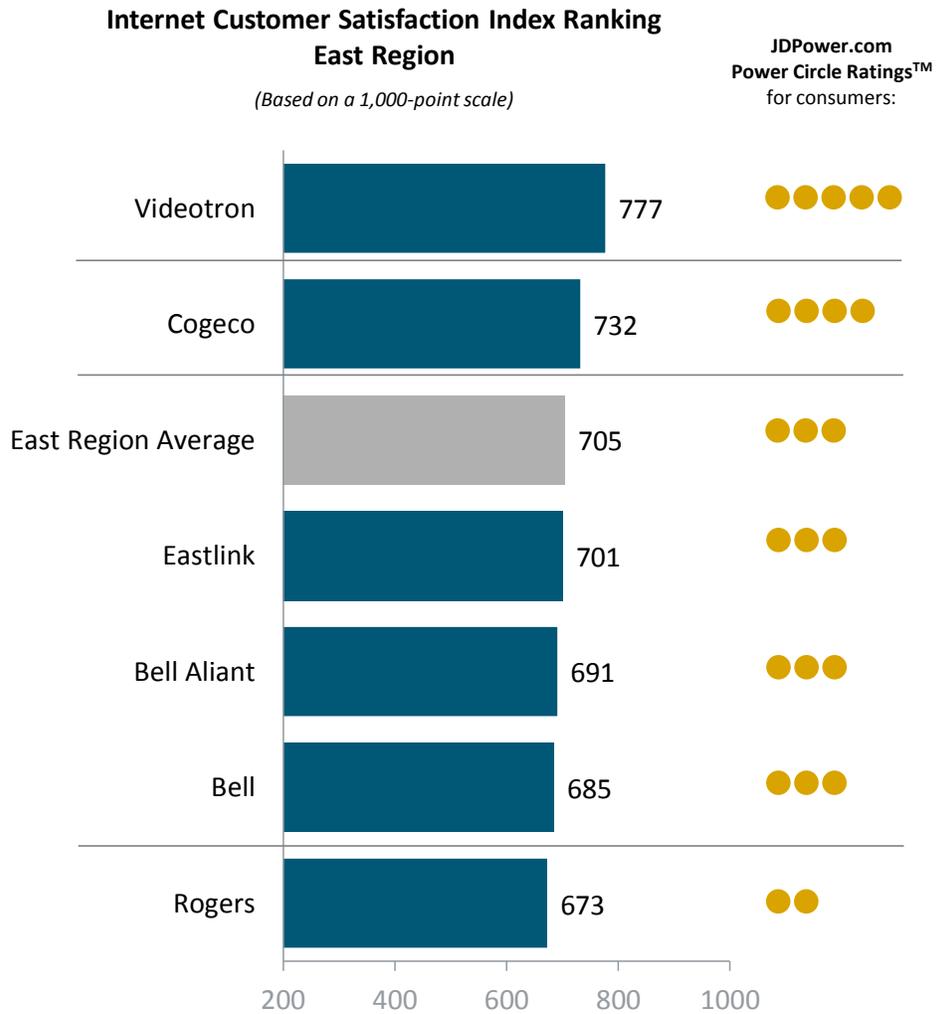
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J.D. Power 2016 Canadian Internet Service Provider Customer Satisfaction StudySM



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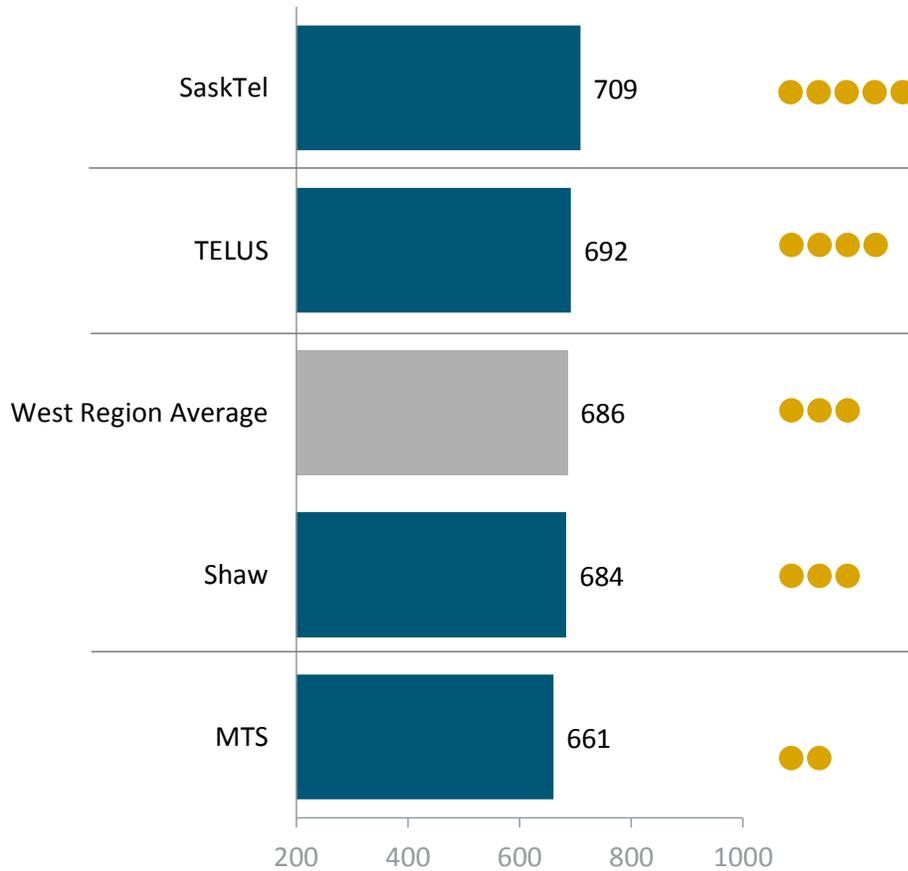
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2016 Canadian Internet Service Provider Customer Satisfaction StudySM

Internet Customer Satisfaction Index Ranking West Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle Ratings™
for consumers:



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

Source: J.D. Power 2016 Canadian Internet Service Provider Customer Satisfaction StudySM

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J.D. Power
2016 Canadian Television and Internet Service Provider
Customer Satisfaction Studies¹

Award-Eligible Canadian Television and Internet Service Providers Included in the Studies

<u>Company</u>	<u>Executive</u>	<u>Company Address</u>
Bell	George Cope	Montreal QC
Bell Aliant	George Cope	Halifax NS
Cogeco	Louis Audet	Montreal QC
Eastlink	Lee Bragg	Halifax NS
MTS	Jay Forbes	Winnipeg MB
Rogers	Guy Laurence	Toronto ON
SaskTel	Ron Styles	Regina SK
Shaw	Bradley S. Shaw	Calgary AB
TELUS	Darren Entwistle	Vancouver BC
Videotron	Manon Brouillette	Montreal QC

Note: Bell Canada (BCE Inc.) owns Bell and Bell Aliant

¹ J.D. Power 2016 Canadian Television Provider Customer Satisfaction StudySM and J.D. Power 2016 Canadian Internet Service Provider Customer Satisfaction StudySM

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