

Cord-Cutting: Does it Really Cut Costs?

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Will You Save Money With Cord Cutting?

The answer is yes, perhaps, or maybe not. It all depends on your list of "must haves" when it comes to channels and content. If you go with an "internet-only" plan, and add Netflix, then you'll have lots of movies to watch, but you might be missing your favorite shows on ABC, CBS, NBC, FOX, ESPN, CNN, Comedy Central and other channels in your cable provider's lineup.

At \$30 a month, [SlingTV's "Blue" package](#) is cheaper than most cable packages, and includes 50+ popular channels. In 2016, a consumer who switched from Comcast's average cable TV bill to a service like SlingTV saved a nifty \$20 per month. But in 2017, despite new competition from providers like DirecTV Now, Hulu and YouTube TV, the average consumer was saving only \$16 per month. In 2018, it was a break-even proposition, and by the end of 2019, things were moving even further in that direction. Those numbers come from [M Science](#), a research firm that tracks consumer transaction data.

When the cost of Internet access, streaming TV packages to get all the channels the family wanted, and home telephone service was added to the average consumer's monthly bill it actually became \$15/month more than the equivalent services delivered via a cable subscription. How did the promise of lower costs become a cost increase? The answer lies with both the incumbent players and their upstart challengers.



The price of "raw" Internet access from a cable company keeps going up, even faster than overall cable package prices. Comcast, Cox, et. al., want to sell you a bundle of services -- the classic "triple-play" of Internet, TV, and phone service. They offer lower prices for the bundles they want to sell, and raise the price of standalone Internet service.

If you insist on cutting all but Internet from your bill, you may find its price soars until it's barely ten bucks less than the price of the triple-play. Add Netflix, Hulu, and other must-have streaming services, and you're soon paying slightly less to your ISP but significantly more overall.

The cost of programming is the lion's share of all viewing options' prices. Sports, America's most expensive addiction, is often what keeps families tied to cable TV, or pushes the cost of cord-cutting above the cost of staying tied to cable. ESPN is the biggest culprit; its top 4 channels - ESPN, ESPN2, ESPNU, SEC Network - account for more than \$9.00 of the average monthly cable bill. The Fox Sports family - FS1, FS2, Big Ten Network- costs a combined \$1.86. The standalone NFL Network is the only other sports channel that costs more than a dollar per month. And these show up as mandatory charges on your bill, whether you watch those channels or not. These stats are courtesy of SNL Kagan, a media and communications market research firm.

Another factor is that the streaming services are raising prices as well. One might have predicted that as their customer base expands, costs would go down. But that hasn't happened. Since late last year, prices for Sling have gone up \$5/month; Hulu with Live TV bumped up \$10/month; AT&T TV Now raised prices by \$15/month. YouTube TV launched at \$35 per month, increased the price to \$40 in March 2018, and raised it again to \$50/month in April 2019. The companies blame rising programming costs as the reason for the increases.

Going A la Carte

If you've cut the cord and you're missing your local broadcast TV stations, Locast may be just the ticket. My article [Free Local TV - No Antenna, No Cable, No Problem](#) goes into detail on where and how you can find your local channels via the Web, or with a streaming device connected to your TV.

Unlike a typical cable TV package, you may have to shop around to find a combination of providers that offer all the content you and your family want. Some services offer a mix of news and entertainment, while others focus on sports and family shows. One may have your favorite TV shows, but not your preferred news outlet.

If you use a Roku box to stream to your television, there are quite a few free channels that may satisfy your content craving. The Roku Channel offers hundreds of popular movies, as do Crackle, Pluto and TubiTV. If you subscribe to Amazon Prime, there are lots of movies you can watch for free on Amazon Video. Amazon also produces quite a few original and highly-rated TV series.

Saving money is not the only reason people cut the cord. The ability to buy a smaller bundle of channels and customize it with a la carte channels to suit one's viewing tastes is very appealing to some. So is being able to watch one's favorite shows on a variety of screens, not just the big one in the living room.

Still others are attracted to the deep libraries of old movies offered by the likes of Hulu. Finally, there are new generations of viewers who are "cord-nevers," people who grew up with mobile entertainment and can't imagine life any other way.