

Think about that for a minute...

Proud

Commentary by Steve Effros

Needless to say, the phone started ringing off the hook last week with the Comcast-TWC announcement. Heck, I knew there was going to be a big brouhaha when I got three fundraising appeals from a major “public interest” group in a matter of hours asking for money to mobilize against the media Armageddon that they now insist is coming.

Of course, these same folks predicted that same thing when AOL and Time Warner merged, and when AT&T bought TCI, and when Comcast bought NBCUniversal. The only thing that actually happened is more folks got better service and technology continued shooting ahead at a pace the public, and certainly the lawmakers, can't keep up with! This is supposed to be bad? The numbers tell a different story: there are more program channels today than ever before. More diversity, more video production, more competitors both in the delivery marketplace and the programming marketplace. More consumers are watching different, high-quality programming (see, for instance, the latest Emmy Awards). We can all argue over programmer pricing, escalating costs, and whether OTT or a la carte would “solve” that or destroy diversity while upping the consumer cost, but in the meantime, per channel cable costs have gone down, not up. What has gone up is customer satisfaction, particularly for our broadband service, which gets high marks from more than 80% of subscribers.

I tried to explain this in some talk-radio programs where I was paired with “public interest” advocates. Again, needless to say, they basically reverted to form saying the public hates their cable “monopolist,” wants more, cheaper, and thinks that blocking any significant consolidation and encouraging more government-built systems will solve all ills. And oh, by the way, it's “obvious” that an ISP as big as Comcast-TWC would “clearly” discriminate



against all other programmers in favor of their own stuff. Forget the fact that Comcast has already said it would agree to special FCC “net neutrality” requirements extending to all the customers the merger would cover.

That wasn't good enough, they complained, because those restrictions “only” apply until 2018! So now we know what the fight for the next year is going to be about: stop consolidation and extend common carrier prescriptions. What a waste of time. If the “public interest” folks would focus on helping to sensibly rewrite the Communications Act, which is likely to happen around 2018, we would all be better off. But of course that doesn't raise as much money as a raucous “battle,” so it's not likely to happen.

Too bad. Because I think what Comcast is doing is going to be excellent for consumers in major markets. We will finally have an almost-national footprint for a cable operator in the major DMAs, offering real service cohesion and a likely faster transition to cloud navigation services and hybrid IP technology. That's all good for the consumer. I'm hopeful that folks recognize, however, that the smaller towns and the smaller operators are going to be offering a different type of service, as only they can. Comcast has to be wary of creating nationwide over-expectations. I think Comcast will see the benefit of doing so, and of helping the small operators. We don't want a greater geographic “digital divide” than necessary. But for now, I think this proposed merger will finally bring “cable/broadband” to a new level as a national media player, like the broadcast networks, like the satellite providers, and like the biggest telcos. That means more competition, not less. That's good for everyone. It should make us proud.

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)