

## **Cord-cutting in Canada: 2019 / THE PRE-PANDEMIC BASELINE**

### **Introduction**

Starting with the data for 2012, Communications Management Inc. has estimated the number of “cord-cutters” and “cord-nevers” in Canada, by applying a formula to data contained in Statistics Canada’s Survey of Household Spending.

Up to and including 2017, the Survey of Household Spending was conducted annually. However, after 2017, the survey frequency was changed to once every two years.

Statistics Canada’s 2019 Survey of Household Spending was based on a sample of more than 10,000 households, and the results were released on January 22, 2021.

Although the results might be considered “dated”, they are still useful, for at least two reasons:

1. First, the sample size lets us break the data down by demography and geography; and
2. Second, the results paint a picture of where we were just before the pandemic hit in the first quarter of 2020.

Thus, these results become part of the baseline that will help us assess how the pandemic did, or did not, change the way Canadians access video entertainment and information.

### **Key findings in Statistics Canada’s 2019 Survey of Household Spending**

The key findings on “cord-cutters”/“cord-nevers” are summarized in Figures 1 to 4:

- In Figure 1, we can see that, in 2019, slightly more than one in five Canadian households were already in the “cord-cutter”/“cord-never” category;
- In Figure 2, we track the percentage of households in that category from 2012 to 2019;
- In Figure 3, we present a breakdown by the age of the household reference person;<sup>1</sup> and
- In Figure 4, we present a breakdown by province/region.

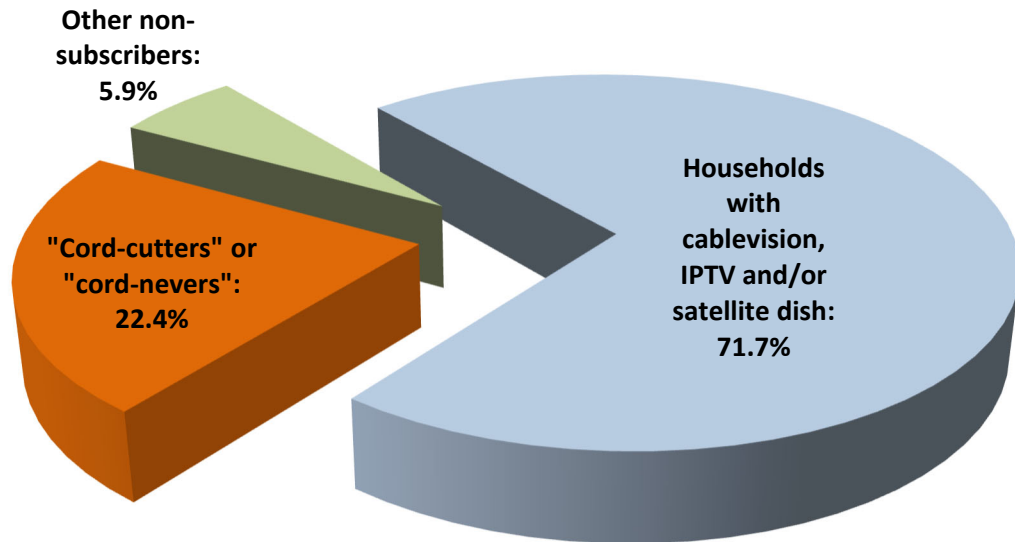
### **Cable, without the television**

In Figure 5, we track the data for the number of Canadian households that subscribe to cable for Internet service, but not for cable television service.

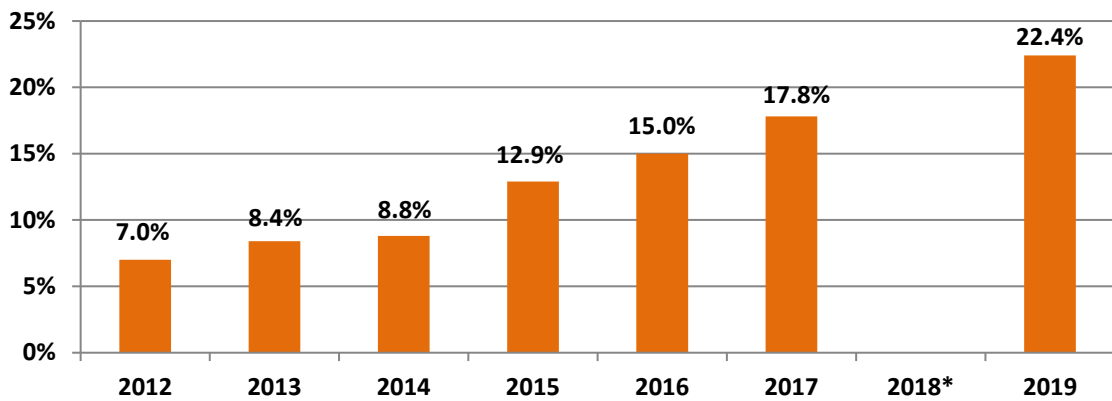
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<sup>1</sup> See definition of “reference person” in the section on “Sources and Methodology”.

1. Percentages of Canadian households that were subscribers or non-subscribers to cablevision, IPTV and/or satellite television, 2019:



2. Percentages of Canadian households that were "cord-cutters" or "cord-nevers", 2012-2019:



\* NOTE: Survey not conducted in 2018.

3. Percentages of Canadian households that were “cord-cutters” or “cord-nevers”, by age of reference person, 2012 and 2019:

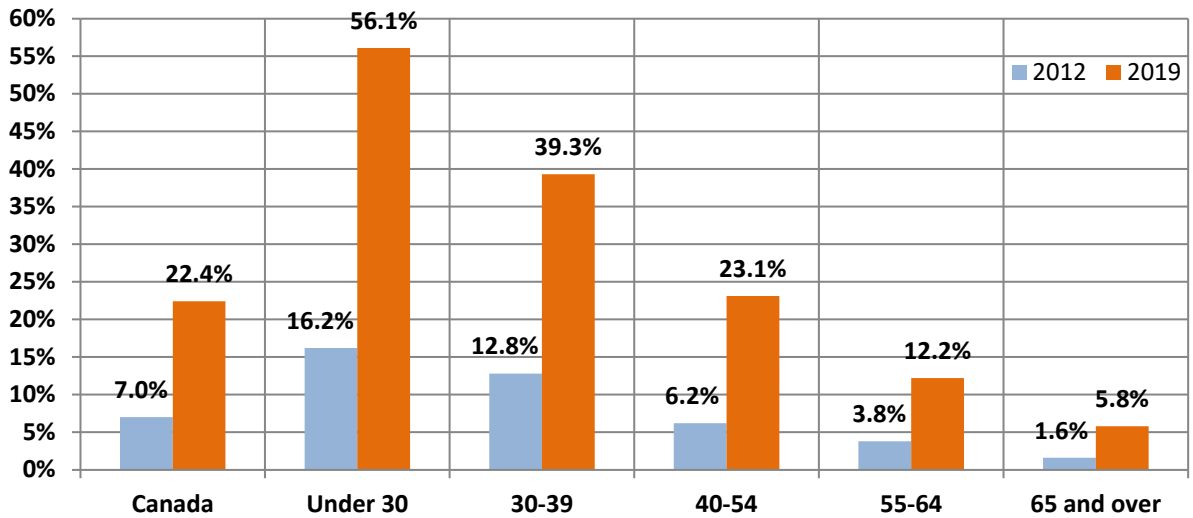


Figure 3 is consistent with other research on the adoption of new technology; one of the most important factors in that adoption is often the age of the consumer.

4. Percentages of Canadian households that were “cord-cutters” or “cord-nevers”, by province/region, 2019:

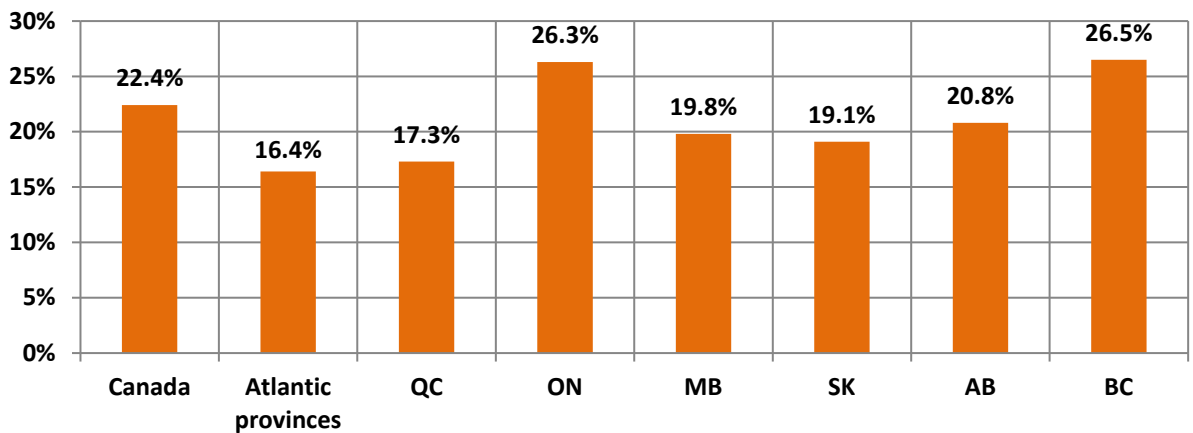
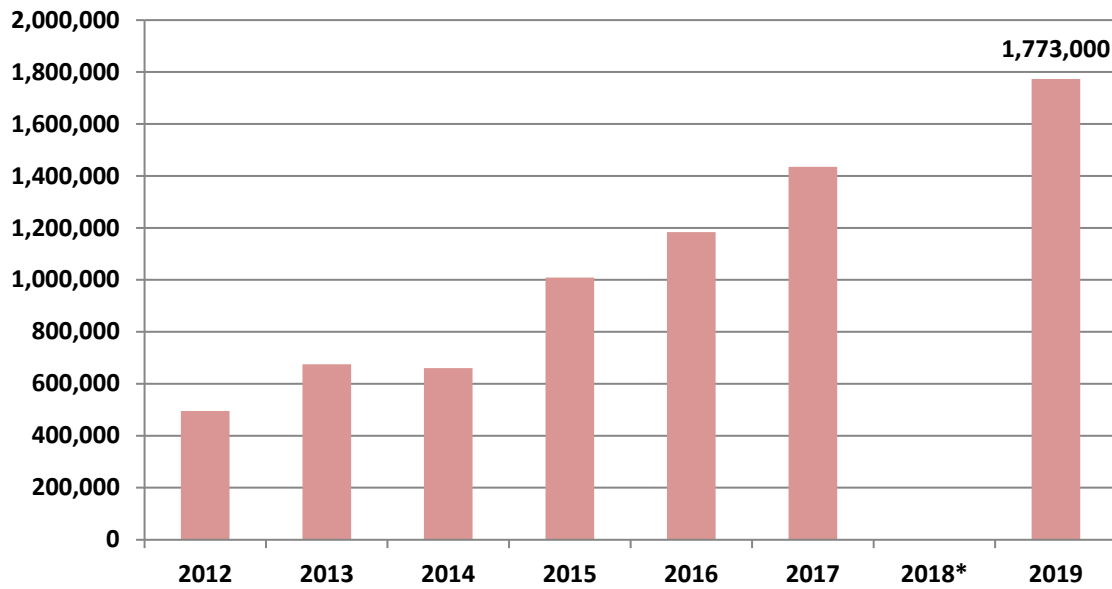


Figure 4 indicates that, as of 2019, British Columbia had the highest percentage of households that were “cord-cutters”/“cord-nevers”, followed closely by Ontario.

5. Number of Canadian households subscribing to cable for Internet service, but not cablevision, 2012-2019:



\* NOTE: Survey not conducted in 2018.

The data from the Survey of Household Spending also let us track another important trend – the growth in the number of Canadian households that do not subscribe to cable for cablevision, but do subscribe to cable for their Internet service.

As indicated in Figure 5, the number of households in that category grew from less than half a million in 2012 to almost 1.8 million in 2019.

## SOURCES AND METHODOLOGY

As noted above, Communications Management Inc. has estimated “cord-cutters” and “cord-nevers” in Canada, by applying a formula to data contained in Statistics Canada’s Survey of Household Spending.

We have divided Canadian households into three categories:

1. Households with cablevision, IPTV and/or satellite dish.

This is not a simple total of the percentages for each. Instead, we have used custom tabulations from Statistics Canada to eliminate any duplication for the small number of households that subscribe to more than one multi-channel service.

2. “Cord-cutters” or “cord-nevers” (households that subscribe to high-speed Internet capable of receiving television, but do not subscribe to cable, IPTV, or satellite for television).

**“Cord-cutters”** are defined as households that have subscribed to cablevision, IPTV, or satellite TV, but have stopped doing so, and rely more on programming delivered via the Internet; and

**“Cord-nevers”** are defined as households that use the Internet for video entertainment and information, and have never subscribed to cable, satellite, or IPTV for television.

3. All other households that do not have cablevision, IPTV, or satellite dish.

In estimating the percentage of households that could be called “cord-cutters” or “cord-nevers”, we have taken into account that there are varying “broadband” speeds within the overall “high-speed” category.

Within the totals for “cord-cutters”/“cord-nevers”, we have not attempted to split out the two groups, since the data only tell us the status at the time of the survey, not the previous subscription arrangements.

Definition of “reference person”: In the context of the Survey of Household Spending, according to Statistics Canada, “the reference person is the household member that is mainly responsible for the financial maintenance (for example, pays the mortgage, property taxes or electricity). In cases where members equally share the financial responsibility, one person is chosen to be the reference person.”