

Cable Television Encryption and Options for Trimming Your Cable Bill

By Audrey D. Kline

Sling TV, Netflix, Amazon Prime TV, DirecTV Now, and Hulu are just a few options for moving away from your increasingly expensive cable television subscription. At this point, who hasn't heard of someone 'cutting the cord', meaning they've dropped their cable subscription? Between mergers, technology changes, and an almost daily barrage of options for getting your inhome (or on the go) entertainment, it is confusing and for some people, it is overwhelming to consider fully moving away from a monthly cable subscription. The elderly are particularly disadvantaged since many are not aware of the alternatives or they are not technologically savvy enough to explore options on their own. *Consumer Reports* recently wrote about cutting the cord and some of the options for consumers (as well as noting consumers still don't think favorably of their cable companies). There is also a <u>review</u> of streaming services and a "cord cutting guide" written up in *Consumer Reports*.

When Time Warner Cable was bought out by (Charter) Spectrum TV in my area, it took some time to notice any changes. Over the summer, <u>Spectrum</u> started to provide notification that cable-ready TVs would no longer do the trick for consumers because Spectrum would begin to scramble (encrypt) channels, making a straight cable to the back of your television worthless. Without a cable box attached to every television set in your home, you would no longer receive a signal to that television. While the rationale for this is that channel encryption is necessary to prevent the <u>stealing</u> of cable signals, as well as supposedly providing an improved picture and sound, it has also been <u>reported</u> that Spectrum didn't like TWC's practice of offering deals to consumers to keep their customer base. Since the change I've noticed no quality improvements so far.

Moreover, with each box renting at \$4.99 per month from Spectrum, requiring a box on every television is easy revenue for the local cable company.

The scrambling of channels in my area happened in late August. On the day a box-less television no longer worked in my home, I went to the local cable office to see what the scene was there and to pick up a free box provided for one year. The line was long, but Spectrum was well-prepared, with extra customer service reps on hand to work with customers and provide (and rent) extra cable boxes. I have to give them applause for their customer service—my local office had friendly, upbeat people working to get everyone back in business with their cable signal.

This is as it should be, but cable companies' <u>customer service</u> is notoriously bad. The most Spectrum allows for free is up to two boxes per household for one or two years, but usually people can get only one (temporarily) free cable box unless they are low income or low tier cable customers. On my visit to the cable company office, what I witnessed was mostly elderly consumers picking up more than one box. Unfortunately, that means in time, if not immediately, their cable bill will be going up. I took my free box for now and went home to do some research. While I understand that there are problems with cable thieves that is not the driving force behind the cable box requirement for the clientele I witnessed at the cable office.

In time, maybe there will be service improvements. Removing analog channels does free up space for more digital channels and on demand services, as well as providing faster internet speeds. To that end, consumers using these services might experience improvements, but the question remains as to whether or not most customers need or want the improvements given the higher cost of their monthly cable bill. Most consumers were probably satisfied with their current setup and services. Old plans are grandfathered for a year, but to receive the faster internet speed means switching plans now, which also means a higher bill. In my case, my bill would have gone up \$4 per month, and I would have had fewer channels.

After he ran the numbers, even the customer service representative providing me with my new cable box advised I not change my plan until next year. While the \$4 increase seems relatively insignificant, add to that the new box fees on a few televisions plus taxes and fees, and consumers are faced with increases around \$20 per month, if not more. That adds up! This scenario might not be the same for everyone, but the consensus is that in my area Spectrum will be more expensive than its predecessor. Let's hope the promises of better, faster, more choice, and more secure services really translates into more than just a higher price tag for consumers.

What would be nice to see is an education campaign letting people know how they can skip the cable box on at least a few televisions in their home. As long as a household has one cable box, a streaming device like Roku that works with the Spectrum TV app will enable streaming every channel a consumer subscribes to on the attached television. Of course, to do that, you have to have internet service too. Consumers without internet service are stuck with the box fees if they want to keep their cable television, but for others, there are alternatives. Understandably, there is a risk in educating consumers, because they might find that their viewing habits are completely supported by alternative providers with a lower price tag, as is observed by author <u>Greg Satell</u>. (His article was published in *Forbes* on June 5, 2015.) Cable companies can work around that by continuing to diversify their offerings, offering more a la cart programming, and by lowering prices.

Spectrum (and other cable providers) could provide a great service to its less technologically-savvy consumers as well as to its elderly population by providing the option of installing a compatible streaming device with the one-time payment for the device instead of an ongoing monthly box fee. While the cable company would generate less revenue from box fees, they would gain some goodwill and move away from the age-old perception that cable companies are all about profit at the expense of customer service. Perhaps Spectrum would see its customer service ratings improve with roll out of such a service. It could be a low-cost way for Spectrum to provide more services to its customer base, while maintaining their cable subscription instead of moving to 'cut the cord' with an alternative provider.

Note: Photo by Carole E. Scott

