
Will the Cable Bundle Survive?



By Miklos Sarvary

Recent talk of the decline of the cable television industry may be premature.

A recent [article](#) in *The Economist* about Comcast, nicely describes the challenges faced by the cable giant at a time when a hoard of start-ups challenge the traditional cable subscription model. People talk of "cord-cutters" or people who cancel pay-television subscriptions in favour of online streaming services (and increasingly of "cord-nevers") and there is a general sense that the traditional model needs to change somehow even if there is little consensus on what model(s) will emerge eventually.

In all discussions however, the idea that the cable bundle has to break apart seems to come up and people quickly point to the experience of the music industry. Unbundled services over the Internet exist already (e.g. AppleTV) but it is too early to say if they will take over the cable bundle.

Cord-cutting is still slow and the prices of cable subscriptions have continued to rise at 4-5% over the last years despite the slow recovery from the recession, which indicates that couch potatoes still see value in it. With the purchase of NBCUniversal, Comcast clearly bet on the future of the cable

bundle. In fact, it tries to increase the value of the bundle by packing in even more services and making them more convenient in terms of search and access. It is a big bet but one should never under-estimate how lazy couch potatoes are.

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