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The Proposed Charter-Cox Merger: A Pro-Consumer Response to Today's Competitive Communications Marketplace

by

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I. Introduction and Summary

On May 16, 2025, Charter Communications, Inc. (Charter) and Cox Communications (Cox) announced their intention to join forces. But if I were to describe this merely as a proposed merger of two "cable" companies, I not only would be showing my age, I also would be missing the forest for the utility poles – er, trees. In fact, this proposed transaction appears to represent a rational response to the "connectivity is king" state of the highly competitive communications marketplace in 2025, one in which traditional multichannel video programming distributor (MVPD) offerings – that is, the cable television many of us grew up watching – constitute only a small and steadily shrinking fraction of the bits carried over wired and wireless broadband distribution platforms.

The first-order imperative behind what looks to be a pro-consumer combination is the critical need for "cable" operators to respond to increasing competition for broadband subscribers from fixed wireless access (FWA), fiber-to-the-home (FTTH), and low-Earth orbit (LEO) satellite services (among others). The second is the opportunity to expand Charter's demonstrated ability to compete with the big-three facilities-based wireless providers into the footprint of Cox, a relative latecomer to the mobile virtual network operator (MVNO) game. The third involves the aforementioned traditional cable television – and primarily relates to bringing Charter's "if you can't beat them, join them" strategy, which entails bundling popular streaming offerings with standard MVPD fare, to Cox's similarly dwindling subscriber base.

While we can expect a more detailed accounting when the two companies defend the proposed transaction in submissions to the FCC and antitrust officials, even at this early stage it appears that the proposed combination will increase consumer welfare without generating meaningful anticompetitive concerns. Charter "expects approximately $500 million of annualized cost synergies achieved with three years of close – stemming from typical procurement and overhead savings." Given the abundance of competition in all three sectors – broadband, mobile, and video – it is reasonable to expect that these savings will be passed on to subscribers (and potential subscribers) through lower prices and/or better service quality. For the same factual reason, there should be no concerns relating to the combined company's larger size.

Moreover, because there is minimal overlap between the two companies' footprints, the transaction will not reduce the number of competitors in a given geographic area. In addition, commitments made relating to the "onshoring" of customer-service jobs and maintaining existing Cox video packages (while also offering Cox subscribers lower-priced Charter alternatives) presage upside for customers, consumers, and the economy writ large.

II. The Combined Company Will Be Better Able to Respond to Intensifying Competition in the Broadband Marketplace

Describing the Charter-Cox merger as merely a consolidation of traditional "cable" providers overlooks the ongoing transformation of the broadband marketplace and the intense competitive pressure incumbents now face. Indeed, any serious analysis of today's communications landscape must begin with the recognition that traditional wireline providers – cable operators and telephone companies – do not compete in isolation. Rather, broadband consumers are increasingly benefiting from competition among multiple, overlapping facilities-based platform options.

Specifically, Charter has been losing broadband subscribers over the last few years, largely due to the rapid expansion of 5G fixed wireless access (FWA) services offered by AT&T, Verizon, and T-Mobile. (Cox, a privately owned company, does not regularly make available subscriber totals.) In the fourth quarter of 2023, Charter experienced a loss of 61,000 broadband subscribers, followed by a more significant decline of 177,000 broadband subscribers in the fourth quarter of 2024. The trend continued into the first quarter of 2025, with a reduction of 60,000 broadband subscribers, bringing its total to approximately 30 million subscribers. By contrast, as of the first quarter of 2025, T-Mobile reported 6.9 million FWA subscribers (adding 424,000 in just three months), Verizon reached 4.8 million subscribers (including 308,000 net additions in the first quarter alone), and AT&T's Internet Air service added 181,000 subscribers during the same time period.

At the same time, the U.S. fiber broadband market has experienced significant growth in recent years, driven by increased demand for high-speed internet and substantial investments from service providers. In 2023, fiber deployments reached a new annual record, with 9 million additional homes passed. This momentum continued into 2024, with an estimated 10.3 million additional homes passed, bringing the total number of U.S. homes passed with fiber to approximately 88.1 million.

In addition, LEO satellite providers – currently Starlink, but soon Project Kuiper as well – are emerging as meaningful competitors, especially in rural and exurban areas. In August 2024, Starlink reported approximately 1.4 million subscribers in the United States.

Far from reducing choice, the Charter-Cox combination would enable a stronger response to these multifaceted pressures. It allows for more efficient investment and broader deployment of competitive services in a marketplace where traditional boundaries between technologies are rapidly disappearing.

III. The Transaction Would Jumpstart Wireless Competition in Cox's Legacy Footprint

Another likely benefit of the Charter-Cox merger lies in its potential to bolster mobile competition through the expansion of MVNO services in those areas today served by Cox. In fact, the significance of Charter's MVNO bona fides was so great that, according to one analyst, "Charter's MVNO drove Cox into the deal" (subscription required). Charter's Spectrum Mobile™ in February 2025 reached 10 million mobile lines, just six years after launch.

Cox, by comparison, didn't launched Cox Mobile nationally until early 2023 and is estimated to have only 200,000 subscribers. As such, this transaction would allow Cox to plug into Charter's more advanced MVNO infrastructure and wholesale access arrangements, offering immediate consumer benefits through better pricing, features, and bundling options.

The merger thus would appear to strengthen mobile competition. It also would enable further convergence between broadband and wireless services, benefiting households looking for seamless connectivity solutions. As broadband and mobile markets continue to integrate, giving consumers more choice through cross-platform bundling and competitive MVNO alternatives would serve the public interest.

IV. The Transaction Would Provide Cox Video Subscribers With Greater Choice

To state the obvious, traditional legacy MVPD offerings have lost much of their luster for the majority of consumers. Both Charter and Cox have seen steady erosion in their video subscriber bases over the past several years, a trend driven by the accelerating migration to streaming services. Charter shed 181,000 subscribers in the first quarter of 2025 alone. That's on top of the 1.23 million subscribers (or 8.7 percent) it lost between year-end 2023 and year-end 2024 that I noted in "No Basis Exists in 2025 for Rules Targeting Traditional Video Providers," a March 2025 *Perspectives from FSF Scholars*. Bigger picture, and as the FCC pointed out in its *2024 Communications Marketplace Report*, traditional MVPDs (cable, direct broadcast satellite, and telco TV) have experienced a 46.8 percent decline in subscribers between 2012 and the end of 2023.

Streaming services, on the other hand, continue to grow rapidly. Although Netflix, the biggest streaming service by far, no longer reports subscriber totals, in the fourth quarter of 2024 it added an additional 4.82 million subscribers in the U.S. and Canada, for a total of 89.63 million. Paramount Plus added 1.5 million subscribers globally during the first three months of 2025, for a total of 79 million. Hulu has 53.6 million U.S. subscribers, up 1.6 million in the first quarter of 2025. And YouTube TV, the largest virtual (that is, not facilities-based) MVPD, is expected to become the largest MVPD (virtual or facilities-based) in the U.S. by the end of 2026.

Charter's recent response to these market shifts exemplifies the kind of innovation that benefits consumers. In September 2023, Charter and Disney announced a landmark agreement that reshaped the traditional MVPD bundle by incorporating Disney+, ESPN+, and (upon launch) the ESPN flagship offering into Charter's video packages. Under this model, Spectrum video subscribers – and, potentially Cox subscribers, too – can more easily and more affordably access popular online content without juggling multiple standalone subscriptions, apps, or user interfaces.

This streaming-inclusive approach represents a competitively compelled response to changing consumer preferences. Bringing this model to Cox subscribers – who also will be able to keep their existing packages if they so choose – will likely improve the value proposition of video service in those markets, as well. Far from raising competitive concerns, the Charter-Cox merger appears to represent a pragmatic effort to accelerate the modernization of legacy cable offerings to a world where video competition is both fierce and consumer-driven.

V. Conclusion

When evaluating a proposed merger such as this, the relevant question is not whether the marketplace is changing – it clearly is – but whether the transaction will enhance or harm consumer welfare in the context of that change. By that standard, the Charter-Cox combination appears to stand on solid ground. In each of the three relevant service areas – broadband, mobile, and video – the proposed merger likely would either maintain or increase competition while at the same time allowing the combined entity to invest more efficiently and compete more effectively in the increasingly diverse communications marketplace.

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Further Readings

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