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**A Rational Response to Market Maturity:
Why the Charter-Cox Merger Serves the Public Interest**

by

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I. Introduction and Summary

Earlier this year, Charter Communications, Inc. and Cox Communications announced a \$34.5 billion proposed merger. The combined entity, which will retain the Cox name but will offer consumer services under Charter's Spectrum brand, would displace Comcast to become both America's largest broadband and cable television provider.¹ The blockbuster deal will require approval from several regulators including the Federal Communications Commission, which must certify that the transfer of control of the companies' FCC authorizations and licenses serves "the public interest, convenience, and necessity."²

This merger comes at a pivotal moment for many telecommunications and media market participants. Both Charter and Cox are struggling with the challenge of competing in multiple maturing markets: traditional cable television is deep in decline, and broadband – long considered the sector's growth engine – is now showing signs of stagnation as well. Given these realities, the companies' move is unsurprising. The corporate life cycle model predicts that as industries mature and revenues decline, mergers are a natural response allowing companies to

gain efficiencies and avoid unprofitability. This proposed deal represents not an attempt to dominate a market, but to weather the challenges of surviving in a mature industry.

More importantly, the Charter-Cox merger advances the public interest by better positioning the new company to compete in an increasingly intermodal telecom ecosystem. The efficiencies gained by the transaction will allow the combined entity to deliver faster, lower-cost broadband and more competitive video offerings at a time when both markets face disruption from streaming services, fixed wireless, and satellite providers.

The merger will also strengthen the company's position in newer growth areas – mobile, enterprise services, and advertising – where the combined company will still be the upstart seeking to challenge entrenched incumbents. And because the two companies serve almost entirely separate regions, the merger produces these benefits with virtually no loss of consumer choice. By the FCC's public interest standard, which weighs consumer benefits and competitive effects, this deal clears the bar.

II. The Cable, Broadband, and the Corporate Life Cycle Impact

Long a staple of business school curriculums, the corporate life cycle model provides a useful framework for understanding the Charter-Cox merger. In the startup and growth stages, revenues expand rapidly and multiple entrants rush in to capture market share. But as an industry matures, demand plateaus, competition intensifies, and profit margins shrink. Successful companies shift from growth to cost-cutting, seeking efficiencies to maintain profitability amidst declining revenues. These strategies become even more imperative in the decline stage, as the market contracts and competitors face significant pressure to innovate or exit the market.

Cable television is a textbook example of an industry in decline. Once a growth juggernaut, it has been losing customers steadily for years as households cut the cord in favor of streaming services. According to a recent FCC filing, Charter's video subscribers have declined by nearly a quarter since 2016, to approximately 12.7 million, while Cox's video base has been cut in half to 1.7 million.³ Broadband, which bolstered cable company revenues as pay TV began to decline, is now beginning to follow the same trajectory. Facing competition from new intermodal platforms such as fixed wireless satellite, traditional wireline connections have plateaued since 2021.⁴ Charter reported a net loss of 117,000 wireline broadband subscribers for the second quarter of 2025,⁵ and analysts estimate that Cox (which does not regularly report subscriber numbers) is experiencing similar loss trends.⁶

Consolidation is a rational and predictable response to the marketplace challenges posed during this phase of the corporate life cycle. As revenues contract, fixed costs – like maintaining infrastructure, customer support systems, and compliance obligations – become harder to cover with a smaller customer base. By merging, firms can spread those costs across a larger pool, reducing duplication and achieving economies of scale. In a declining sector, the goal is not growth, but survival. Mergers can help a company manage shrinking demand while preserving viability in a competitive environment market by ever-thinner margins.

III. Fortifying the Foundation: Competing in Legacy Markets

In mature industries, mergers often create value by eliminating redundancies, improving economies of scale, and spreading fixed costs – such as infrastructure, technology platforms, and customer support – across a larger base of customers. In this case, Charter and Cox estimate that their combination will yield roughly \$500 million in annual savings within three years. In markets defined by vigorous competition, those savings are likely to flow to consumers through lower prices, faster innovation, and better service quality.

A. Broadband Efficiencies: Accelerating Deployment and Performance

Over the past decade, fixed broadband has transformed from a market dominated by cable and telephone companies into one of the most competitive segments of the communications industry. Fiber providers are expanding,⁷ while fixed wireless operators like T-Mobile and Verizon now serve millions of households using 5G networks.⁸ Satellite broadband, once a niche product, has been revolutionized by low-Earth-orbit (LEO) systems like Starlink that offer high-speed coverage, particularly in rural areas, without the latency problems that plagued earlier satellite broadband offerings.⁹ As a result, most households today can choose among multiple high-speed options, forcing traditional broadband providers to compete harder on price, speed, and customer experience.

The merger will strengthen the combined company's competitive position in broadband by realizing greater economies of scale and extending Charter's operational strengths across the entire Charter-Cox footprint. Charter is already well underway with a multi-year rollout of DOCSIS 4.0, the newest cable broadband standard that delivers multi-gigabit, fiber-like speeds over its existing hybrid fiber-coaxial network.¹⁰ Cox is pursuing the same upgrade, but its deployment has been slower and more costly on a per-household basis.¹¹ By combining, the companies can accelerate DOCSIS 4.0 deployment across Cox's service areas, leveraging Charter's scale and purchasing power to reduce costs per passing location and bring next-generation broadband to more customers, faster.¹²

The combined company will also reduce costs and improve the customer experience by eliminating Cox's reliance on third-party vendors for broadband customer premises equipment (CPE), such as modems and routers. These "syndication" agreements not only impose costs on the company, but they also limit network performance. This equipment is not tailored to Cox's network architecture and capabilities, meaning that this CPE can act as a bottleneck preventing the benefits of network upgrades from flowing through to consumers.¹³ Unlike Cox, Charter has developed its own in-house broadband CPE. The new company will extend this CPE to the Cox footprint over time, eliminating the double marginalization of reselling an outside vendor's equipment and tailoring its equipment to optimize network performance.

B. Video Consolidation: Competing Amid Industry Disruption

The video programming market is in a similar state of transformation. Charter's and Cox's subscription declines mirror those of the traditional multi-channel video programming

distribution (MVPD) sector in general. FCC data shows that pay television subscriptions from cable, satellite, and telephone company providers peaked in 2012 at 101.6 million subscribers and have fallen by nearly 47 percent by 2023.¹⁴ These legacy services have been increasingly displaced by online video distributors such as Netflix, Amazon Prime, and YouTube TV. A recent Nielsen Report cited by Charter and Cox notes that in May 2025, streaming services claimed a greater share of television usage than broadcast and cable combined, for the first time ever.¹⁵

A combined Charter-Cox company can reduce costs to better compete in this increasingly competitive market. One of an MVPD's biggest costs is programming, the cost to acquire the content that the company bundles into a package for consumers. The combined company will have a larger footprint and more subscribers, which will allow a better bargaining position when negotiating agreements with cable programmers.¹⁶ Moreover, like broadband CPE, Cox pays an outside vendor for video services, while Charter operates an in-house platform. The combined company will benefit from extending Charter's system into Cox's footprint and eliminating the double marginalization that Cox currently pays.¹⁷

The merger will also allow Cox customers to benefit from Charter's price and bundling options. Charter has negotiated the rights to offer "skinny bundles" and pricing plans that include access to streaming apps such as Disney+, Max, and Paramount Plus.¹⁸ The deal extends these options to Cox customers, allowing them more subscription options than they currently receive and allowing them to save money by avoiding the cost of standalone streaming subscriptions.

C. Consumer Impact: Preserving Choice and Competition

Importantly, the merger poses no risk of harm in either broadband or video markets. The companies' service areas barely overlap – covering only 1.3 percent of the companies' combined footprint – so the transaction will not eliminate any meaningful head-to-head competition.¹⁹ Consumers in each region will continue to face the same choices among cable, fiber, fixed wireless, and satellite providers that exist today. Likewise, the merger raises no concerns about programming foreclosure: neither Charter nor Cox owns a national broadcast or cable network that could be withheld from rival distributors for competitive advantage.²⁰ In short, the combination delivers the efficiency and scale benefits typical of consolidation in a mature industry, without reducing consumer choice or threatening access to video content.

IV. Forging the Frontier: Competing in Emerging Markets

Diversification is another strategy that companies operating in mature industries pursue to sustain growth and remain competitive as their core markets slow. Like other cable providers, Charter and Cox have entered the mobile service market, each operating a hybrid MVNO network that relies primarily on wi-fi hotspots to offload traffic to the company's broadband network, supplemented by a wholesale MVNO agreement with a nationwide wireless provider. Charter's Spectrum Mobile has been particularly successful, adding 10 million lines since its 2018 launch to become the country's fastest-growing mobile provider.²¹ Cox Mobile has been less successful, largely because of the company's smaller broadband footprint. The merger

would allow these MVNOs to offload traffic across a broader geographic footprint, which reduces costs and improves performance by reducing their reliance on third-party wholesale network access.

The merger will also improve the companies' nascent competitive offerings in enterprise services and advertising. In the enterprise space, Cox brings valuable assets including Segra, a leading regional fiber network, and RapidScale, a cloud and managed IT provider.²² Combining these capabilities with Charter's national reach and extensive fiber backbone will enable the merged company to offer integrated connectivity, cloud, and cybersecurity solutions to business clients of all sizes, competing more effectively with established national providers. In advertising, the expanded footprint will align more closely with major Designated Market Areas (DMAs), allowing for more efficient regional and national campaigns and lower transaction costs for advertisers.²³ These synergies will position the combined Charter-Cox enterprise as a stronger, more efficient alternative to both legacy telecom providers and digital advertising platforms currently dominated by Big Tech.

V. Conclusion

Cable companies today face a structural challenge: they remain fundamentally regional operators competing in markets that have become national in scale. Streaming platforms, wireless carriers, and cloud providers now reach consumers and businesses everywhere, erasing the local boundaries that once defined the industry. The Charter-Cox merger addresses this imbalance by creating a company with the scale, efficiency, and resources needed to compete on a stronger footing.

By combining two largely non-overlapping networks, the proposed merger preserves consumer choice while producing real economic efficiencies that will flow through in the form of better service, faster upgrades, and more innovative offerings. It also positions the new company to challenge upstarts in its core broadband and video markets and to act as a disruptor in newer sectors like mobile, enterprise, and advertising. In an industry where regional players must now compete in national arenas, this transaction represents both a rational response to market evolution and a benefit to the public interest.

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¹ Stefan Modrich, Charter, Cox to Merge, Business Strategies in Largest US Cable Company, S&P Global, May 16, 2025, available at <https://www.spglobal.com/market-intelligence/en/news-insights/articles/2025/5/charter-cox-to-merge-mobile-business-strategies-in-largest-us-cable-company-89072898>.

² 47 U.S.C. §§214(a), 310(d).

³ Public Interest Statement, In re Cox Enterprises, Inc. and Charter Communications, Inc. Joint Application for Consent to Transfer Control of Domestic and International Section 214 Authorizations, at 5 (filed July 14, 2025) (hereafter “Public Interest Statement”); Colin Dixon, By year’s end, only about a third of US homes will have traditional pay TV, nScreenMedia (May 18, 2025), available at <https://nscreenmedia.com/q1-2025-traditional-pay-tv-subscribers/>.

⁴ See 2024 Communications Marketplace Report, FCC 24-136 (Dec. 31, 2024), Fig. II.A.11.

⁵ Jake Neenan, Charter Down 117,000 Broadband Subs, Broadband Breakfast, July 25, 2025, available at <https://broadbandbreakfast.com/charter-down-117-000-broadband-subs/>.

⁶ See Chris Moody & Allyn Arden, Cox Enterprises Inc. ‘BBB’ Ratings Affirmed; Triggers Tightened; Outlook Stable, S&P Global, Apr. 30, 2024 (“In 2025 and 2026, we expect...subscriber losses of about 1% per year.”), available at <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3163226>.

⁷ 2024 Communications Marketplace Report, *supra* note 4, at ¶17, 22.

⁸ *Id.* at ¶18, 21.

⁹ *Id.* at ¶3, 164.

¹⁰ See Jeff Heynen, Charter and Cox Likely to Stay Their Respective Courses on DOCSIS Upgrades, Dell’Oro Group, May 16, 2025.

¹¹ *Id.*; see Public Interest Statement at 38.

¹² See Public Interest Statement at 8, 33-34.

¹³ *Id.* at 35-36.

¹⁴ 2024 Communications Marketplace Report, *supra* note 4, at ¶204.

¹⁵ Public Interest Statement at 49 (citing News Release, Nielsen, Streaming Reaches Historic TV Milestone, Eclipses Combined Broadcast and Cable Viewing For First Time (June 2025)).

¹⁶ *Id.* at 74.

¹⁷ *Id.* at 54.

¹⁸ *Id.* at 51-52.

¹⁹ *Id.* at 77.

²⁰ *Id.* at 10-11.

²¹ *Id.* at 37.

²² See www.segra.com/about-us/; rapidscale.net/about.

²³ Public Interest Statement at 60.