

# Charter Communications: What Should Spectrum Sell Next?

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**Decision date and information cutoff:** 24 July 2026, 5:00 p.m. ET

**Decision scope:** Consumer Internet and Mobile offer strategy

**Case convention:** This is an author-created classroom decision exercise. The assignment and proposed test are hypothetical; company disclosures are historical. It does not represent private deliberations or a decision made by Charter leadership.

## The decision

On 24 July 2026, Charter Communications reported a split in its consumer connectivity trends. Residential Internet customers were down 510,000 year over year, while residential mobile lines were up approximately 1.6 million. In the quarter, total Internet customers declined by 172,000 and total mobile lines increased by 406,000. Those measures have different populations and do not show whether mobile growth came from Spectrum Internet customers. [C1], MD&A pp. 14, 16, 19; [C2], “Operating Statistics.”

Charter had been promoting simpler pricing and persistent bundles that combined Internet, Advanced WiFi and Spectrum Mobile. It had also announced a first-year savings guarantee for eligible customers switching at least two mobile lines and taking Spectrum Internet. The company did not disclose the guarantee’s take-up, cost, incremental adds or retention effect. [C1], MD&A pp. 14-15; [C2], “Operating Statistics”; [C3].

The challenge was how to defend the broadband relationship while continuing to grow mobile. Should Charter emphasize a broadly available, persistent bundle; concentrate richer offers on selected customers; or focus more on service and network experience? Public totals could not identify why customers left or which lever would work in each market.

**Assignment (hypothetical):** You are advising Charter’s consumer connectivity leadership at the Q2 2026 planning point. Recommend an offer and investment posture for the next planning cycle. Choose a lead approach, explain what you would preserve or change, and propose a reversible test that could distinguish among plausible explanations for Internet losses. State what evidence would make you expand, revise or stop the approach. Do not assume the company has customer-level data or results beyond those in the case. Use only information public by 5:00 p.m. ET on 24 July 2026.

## A converged proposition, with unanswered economics

Charter described a footprint of nearly 59 million homes and businesses across 41 states and presented Spectrum as a provider of broadband, Wi-Fi and mobile service. Homes passed are not subscribers or a measure of local competitive choice. At 30 June 2026, Charter reported 29.388 million total Internet customers, 12.540 million mobile lines and 31.499 million customer relationships. “Relationships” count customers receiving one or more services; they are not unique households or bundle subscribers. Mobile figures count standard-plan phone and tablet lines, not households. [C1], MD&A pp. 13, 16.

The company’s reported customer base had moved in different directions:

| Measure                        | 30 June 2025 | 30 June 2026 | Change / period                             |
|--------------------------------|--------------|--------------|---------------------------------------------|
| Total Internet customers       | 29.908m      | 29.388m      | –520,000 year over year                     |
| Residential Internet customers | -            | -            | –510,000 year over year                     |
| Customer relationships         | 32.060m      | 31.499m      | –561,000 year over year                     |
| Total mobile lines             | 10.856m      | 12.540m      | +1.684m year over year                      |
| Total Internet customers       | -            | -            | –172,000 in Q2 2026;<br>–116,000 in Q2 2025 |
| Total mobile lines             | -            | -            | +406,000 in Q2 2026;<br>+491,000 in Q2 2025 |

*Sources: [C1], Customer Statistics, p. 16; MD&A Overview, p. 14; residential revenue discussion, p. 19; [C2], “Operating Statistics.” Dashes mean a comparable value is not shown here. Total and residential measures are not interchangeable. Net changes are not gross churn or competitive wins.*

Internet revenue was \$5.776 billion in Q2, down 3.2% year over year. Mobile service revenue was \$1.095 billion, up 18.9%. Connectivity revenue, combining those service categories, was \$6.871 billion, down 0.3%; total residential revenue was \$10.351 billion, down 3.5%. Charter’s Q2 revenue bridge attributed \$104 million of the residential Internet decrease to lower average customers and \$89 million to rate. Its mobile bridge attributed \$147 million of the residential mobile service revenue increase to higher average lines and \$27 million to rate. These are management’s reported bridge categories, not isolated causal effects, price elasticities or contribution margins. [C1], “Revenues by Service Offering,” p. 18; “Internet Revenues” and “Mobile Service Revenues,” p. 19.

Charter also reported that total revenue fell 1.7% year over year, primarily reflecting higher allocation of revenue to seamless-entertainment offerings and fewer customer relationships, partly offset by mobile-line growth. Adjusted EBITDA fell \$244 million; the company cited lower revenue and higher Cox transition expense. Adjusted EBITDA is a company-defined non-GAAP measure. The reported shifts among service categories should not be read as an equivalent change in customer demand. [C1], MD&A pp. 15, 18; [C2], “Results” and non-GAAP reconciliation.

Charter’s disclosure of monthly residential revenue per customer was \$117.52 versus \$119.70 a year earlier. The calculation divides total residential quarterly revenue by three and by average residential relationships; it is not Internet ARPU, mobile ARPU or bundle economics. [C1],

## Investment and uncertainty

Charter reported Q2 capital expenditures of \$2.871 billion and H1 capital expenditures of \$5.726 billion, compared with \$5.273 billion in H1 2025. H1 categories included \$1.322 billion for customer-premise equipment, \$646 million for scalable infrastructure, \$1.332 billion for upgrade/rebuild, \$884 million for support capital and \$1.542 billion for line extensions; \$816 million of line extensions was subsidized rural construction. Charter's full-year 2026 outlook was approximately \$11.4 billion, excluding Cox. The categories follow NCTA disclosure guidelines, are not GAAP categories, and do not identify a discretionary pool or local project returns. [C1], MD&A and capital expenditure table, pp. 25-26; [C2], "Capital Expenditures."

The announced Cox transaction remained pending at the cutoff. Its terms were contingent on closing. Charter disclosed cash, preferred and common consideration for the contributed businesses, and assumed net debt and finance leases. The transaction could affect management attention, financing and integration planning, but its closing, regulatory outcome, integration effects and realized synergies were unknown at the case date. [C1], notes pp. 5-6; MD&A pp. 13-14.

Charter listed incumbent telcos, direct broadcast satellite, wireless and satellite broadband, DSL, fiber-to-the-home and online video distributors among competitors or substitutes. National disclosures did not show which alternatives were available at a given Charter address, their local prices, speeds or reliability, or the reason a particular customer left. [C1], Risk Factors, p. 29; [C4], relevant sections on fixed broadband, cable and mobile competition.

## Three strategic paths to test

The options below are classroom alternatives, not announced Charter programs. They can be combined, but the lead choice should make clear where the company would place its emphasis.

1. **Keep a broad persistent bundle at the center.** Make Internet-plus-Mobile value easy to understand and broadly available. The case for this path is a coherent converged proposition and the possibility of stronger multi-service relationships. The risk is giving discounts to customers who would stay anyway, while public data do not show bundle overlap, incremental retention or margins.
2. **Use richer offers selectively.** Target discounts or guarantees to defined acquisition or retention situations while maintaining a clear standalone offer. The case for this path is limiting promotion exposure and learning which customers respond. The risks are inaccurate targeting, complexity, perceived unfairness and the absence of public evidence on customer-level eligibility, offer economics or price response.
3. **Put more weight on service and network experience.** Pair a more disciplined offer posture with interventions aimed at demonstrable service problems or network needs. The case for this path is that reliability, installation and support can matter alongside price. The risks are slower feedback and uncertain returns; public data do not link a specific intervention or local capex to lower churn.

These choices involve trade-offs across customer value, broadband retention, mobile growth, offer simplicity, promotion expense, operational capacity and network investment. Students should identify the assumptions behind their chosen route, and the evidence that could disconfirm it.

## A reversible learning plan

One possible classroom design is a **hypothetical** pilot in matched local market cells. It would compare the current offer against a targeted offer and a service/experience intervention, with a concurrent holdout wherever operationally feasible. The case does not establish that Charter has suitable address-level data or that any cell is available for random assignment. Students should explain how they would obtain or validate eligibility, market comparability, treatment delivery and measurement before launch.

A useful scorecard would distinguish:

- residential Internet retention and gross disconnects, using consistent customer definitions and enough follow-up to capture renewal or migration timing;
- mobile line adds and retention, separately from the number of Internet relationships, plus verified account-level overlap if lawful and available;
- total household-level contribution after discounts, credits, device/acquisition costs and variable service costs, if the company can measure it;
- service indicators such as repeat contacts, installation completion, reliability and complaint resolution, with definitions set before the test;
- cannibalization, offer take-up, customer complaints and differences by acquisition/retention eligibility.

Any sample, test duration, effect threshold or investment hurdle proposed in class is a **hypothetical management assumption**. Students should set a primary outcome, guardrails, comparison method and decision date before observing results, and describe how they would account for competing offers or market changes. A difference in outcomes would not by itself identify the cause if treatment groups were selected differently or if other interventions changed at the same time. No public evidence in this packet supports a company-specific bundle lift, churn reduction, price elasticity or network return.

## Questions for discussion

1. What is Charter's consumer connectivity proposition? Which elements should remain common across the footprint, and which could vary by customer or local market?
2. Which of the three paths would you lead with? Make the strongest case against your own recommendation.
3. What can-and cannot-be inferred from the Internet and mobile trends, reported revenue bridges and customer relationships? Which denominators matter for your decision?
4. Design a test that could separate price/offer fit from service/network experience and other explanations. Define outcomes, comparison groups, guardrails and a decision rule. Mark every assumed parameter as hypothetical.
5. Which data would you request before committing to broad rollout? How would the pending Cox transaction and the disclosed capex profile affect sequencing without treating either as a known outcome?

## Sources and definitions

**C1.** Charter Communications, [Q2 2026 Form 10-Q](#), accession 0001091667-26-000052, filed 24 July 2026. Cited page/section locators appear in the text. Customer counts are in thousands in the filing; revenue and capital amounts are USD millions unless stated. Adjusted EBITDA is non-GAAP.

**C2.** Charter, [Q2 2026 earnings release](#), 24 July 2026, “Operating Statistics,” “Capital Expenditures,” “Results” and reconciliation materials.

**C3.** Charter, [Q1 2026 earnings release](#), 24 April 2026, description of the \$1,000 first-year Internet-plus-mobile savings guarantee and stated eligibility. Announcement is not evidence of take-up, cost or impact.

**C4.** Federal Communications Commission, [2024 Communications Marketplace Report](#), FCC 24-136, released 31 December 2024. National context only; it does not describe local competition at Charter locations.

**Academic context for instructors and student preparation:** Stremersch and Tellis, “Strategic Bundling of Products and Prices,” *Journal of Marketing* 66(1), 55-72 (2002), definitions and synthesis pp. 55-72; Wilson, “Local Competition, Multimarket Contact, and Product Quality,” *Review of Industrial Organization* 66, 439-467 (2025), online 17 November 2023; Ribeiro et al., “Customer Experience, Loyalty, and Churn in Bundled Telecommunications Services,” *SAGE Open* (2024); Grzybowski, Liang and Zulehner, “Bundling and Consumer Churn in Telecommunications Markets,” *Review of Network Economics* 20(1), 35-54 (2021), journal abstract only. Their transfer limits are discussed in the private teaching note and research dossier.