



# Connected Consumer Survey 2019: TV and video services in Europe and the USA



Martin Scott and Inigo Barker

## About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of consumers in their use of pay-TV and OTT video services. This is a rapidly changing part of the landscape and the interaction between pay TV and OTT is complex.

The survey was conducted in association with Dynata between July and August 2019. The survey groups were chosen to be representative of the internet-using population in Europe and the USA. We set quotas on age, gender and geographical spread to that effect. There were a minimum of 1000 respondents per country.

### KEY QUESTIONS ANSWERED IN THIS REPORT

- How is pay-TV churn changing and why is it decreasing in some countries? What change in feature set or market dynamic underpins this decrease?
- How is the relationship between traditional pay TV and OTT video changing and why is the number of cord cutters falling in some countries?
- Which features of a pay-TV service have the greatest effect on consumers' sense of value for money or satisfaction?
- How is service stacking changing and what is the trend?
- How much of a problem is account sharing for OTT video services?

### GEOGRAPHICAL COVERAGE

#### Western Europe:

- France
- Germany
- Italy
- Spain
- UK

#### North America:

- USA

#### Central and Eastern Europe:

- Poland
- Turkey

### WHO SHOULD READ THIS REPORT

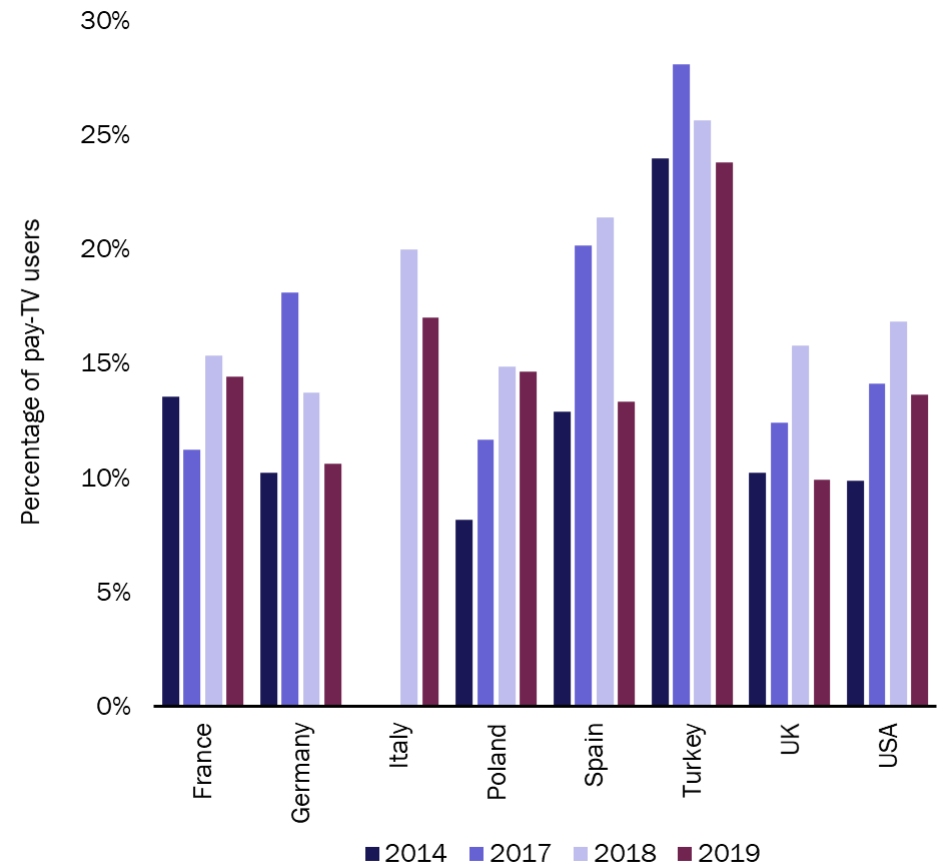
- Product managers and strategy teams working for pay-TV providers, operators with pay-TV operations or companies that use video services as a value-added service (VAS) to support their core services.
- Marketing executives and product managers for pay-TV providers and operators that are making decisions about TV and video service design and its impact on customer retention.
- Strategy teams for pay-TV providers and operators that are assessing the impact of changing viewing habits on their business – in particular the relationship between pay-TV and OTT video services.

## Pay-TV churn rates fell in 2019; pay-TV providers' renewed approaches to pricing, feature sets and service aggregation appear to be working

Consumers' intention to change their pay-TV provider fell in 2019, after having increased in the previous year. Our survey asks consumers if they intend to change their pay-TV provider, or give up pay TV altogether, within the next 6 months. 15% of respondents in Europe and the USA planned to churn, compared to 18% in 2018. We believe that this is due to several factors.

- The quality of OTT propositions affects the rate of churn. There was little change in what content was available OTT (versus via pay TV) between 2018 and 2019 (apart from in Italy). The launch of new international services such as Disney+ and Peacock may make OTT marginally more appealing, or it may simply mean that consumers need to use more services to access the same content as before.
- Pay-TV providers' feature sets may be improving. Pausing and rewinding live TV and offering multiscreen services both directly correlated with a lower churn intention in our panel.
- The pay-TV/OTT integration experience may be improving. Respondents in Italy and the USA that had a set-top box (STB) that also ran Netflix/OTT services were 9 percentage points (pp) and 7pp less likely to churn, respectively, than respondents that did not.
- The resolution and quality of pay-TV services has improved with the spread of 4K content. 4K content was linked to a 0.6-point increase in willingness to recommend in Europe.

**Figure 2: Intention to change pay-TV provider within the next 6 months, by country, Europe and the USA, 2014–2019<sup>1</sup>**



Source: Analysys Mason

<sup>1</sup> Please refer to slides 25–28 for the sample size and relevant survey questions.

# The number of cord cutters is falling and some are returning to pay TV at lower prices

Figure 4: Reasons that non pay-TV subscribers gave for not subscribing, Europe and the USA, 2018–2019<sup>1,2</sup>

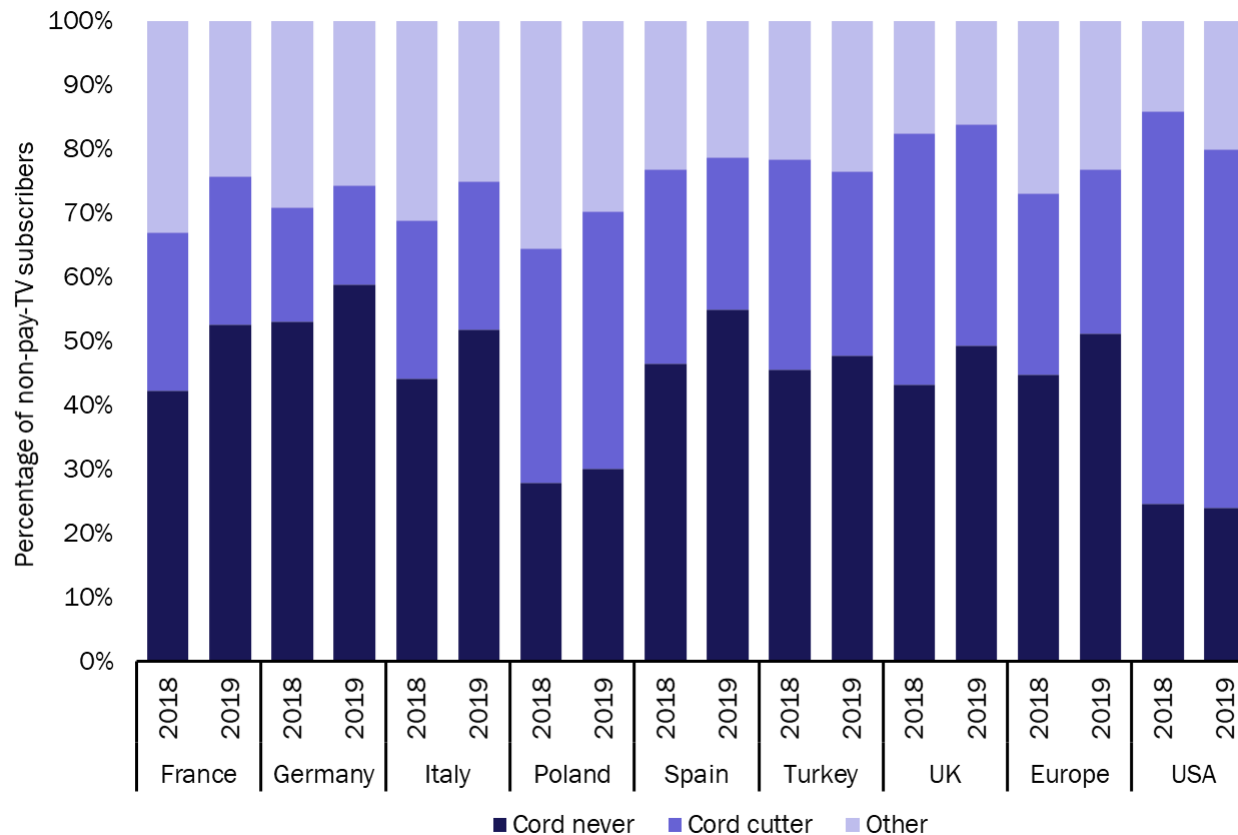


Figure 4 categorises the respondents that do not use pay-TV services in terms of their history with pay-TV subscriptions. As mentioned previously, the number of people that are engaging with pay TV has increased, meaning that the absolute number of respondents that we identify as 'cord cutters' or 'cord nevers' decreased between 2018 and 2019.

**Many of the new pay-TV subscribers in 2019 previously cut the cord.**

The proportion of all respondents that we identified as 'cord cutters' fell in all countries surveyed between 2018 and 2019. This fell from 28% of non-pay-TV users to 26% in Europe, and from 61% to 56% in the USA. This suggests that previous cord cutters have returned to pay-TV services at a faster rate than cord nevers have taken up pay-TV services. It is likely that service bundling has been an important factor in this shift: cheaper bundled services will have attracted some former customers back, and the price pressure of bundling will have also made pay-TV providers lower the prices of standalone pay TV, which will win back pay-TV customers that do not bundle.

<sup>1</sup> Please refer to slides 25–28 for the sample size and relevant survey questions.

<sup>2</sup> A 'cord never' is someone that has never subscribed to pay-TV services, and a 'cord cutter' is someone that has previously subscribed to pay-TV services but no longer does so.

Source: Analysys Mason



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## About the authors



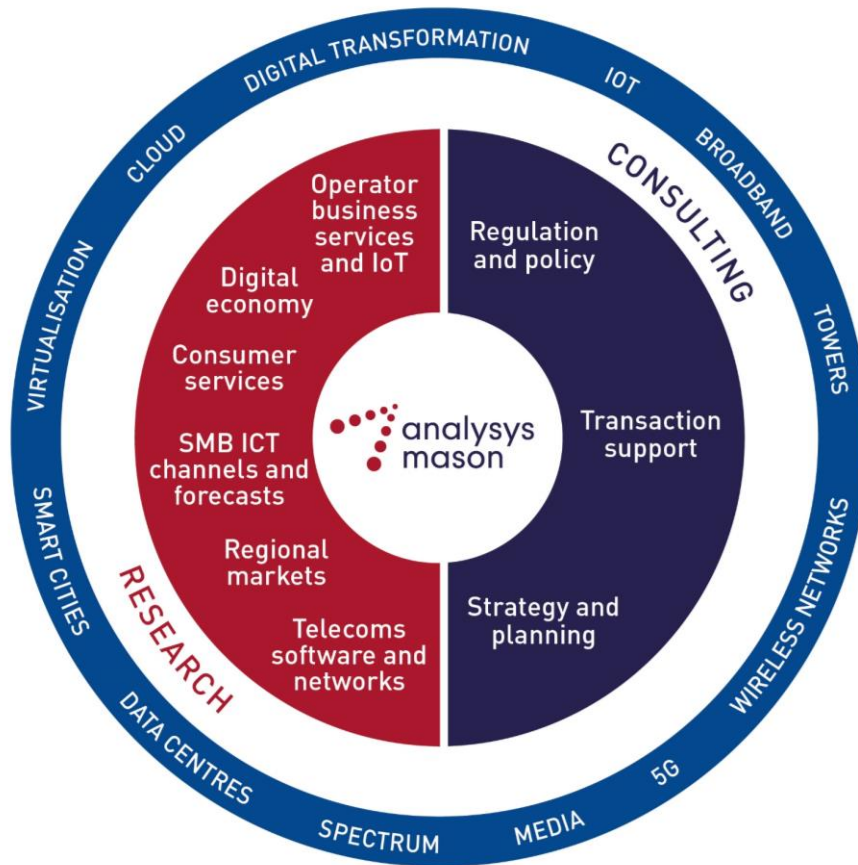
**Martin Scott** (Principal Analyst) co-ordinates Analysys Mason's research initiatives related to media and TV. He manages the *Video Strategies* research programme. Martin has held numerous positions within Analysys Mason during the last 10 years, including heading the company's Consumer Services, Data and Regional Markets practices. He also launched Analysys Mason's *Connected Consumer Survey* and *Consumer smartphone usage* series of research. His primary areas of specialisation include telco TV strategy, OTT video and media, consumer smartphone usage, the bundling and pricing of multi-play services, including quadruple-play bundling, customer satisfaction and consumer-facing marketing strategy. He also specialises in statistics, surveys and the analysis of primary research.



**Inigo Barker** (Analyst) is a member of the Consumer Services research team in London and works on the *Video Strategies* research programme. He previously worked in trade publishing and editing. He holds a first-class BA (Hons) degree in Classics from the University of Cambridge.

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