



# Connected Consumer Survey 2018: TV and video services in Europe and the USA



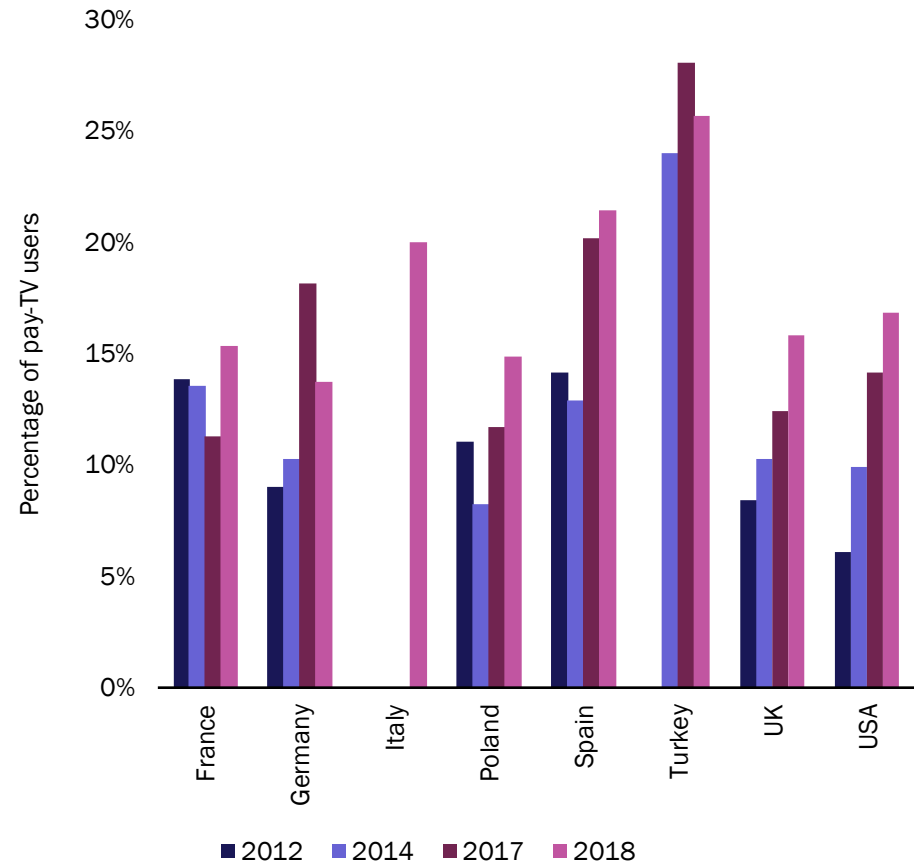
Martin Scott

# Intention to churn among pay-TV subscribers appears to be increasing – OTT video is potentially the cause

Consumers’ intention to change their pay-TV package is generally increasing. Our survey asks consumers if they intend to change pay-TV provider, or give up pay TV altogether, within the next 6 months. Across our European and US sample, 18% of respondents planned to churn. It seems highly likely that OTT video has a significant role to play in this change in intention to churn. The growth in intention to churn is particularly apparent in the UK and the USA; these are the two countries with the most-established OTT video use. Intention to churn among pay-TV subscribers is also particularly high in Turkey, which is the country with the highest use of linear OTT video services (that is, video services that show live streams of TV channels).

Just under half of all respondents who intended to change pay-TV provider told us that they plan to give up pay-TV services altogether – equating to around 8% of all pay-TV users. Cord cutters as a percentage of churners has remained consistent in our survey since 2015 – as cord cutting increases so has churn. Historically, pay TV in Europe has not felt the same level of market disruption as has been felt in the USA. In this chapter, we explore the extent to which OTT may substitute pay-TV in future.

**Figure 3: Intention to change pay-TV provider within the next 6 months, by country, 2012 -2018<sup>1</sup>**



Source: Analysys Mason

<sup>1</sup> See slide 25 for a list of survey questions.

# Consumers always state that price is their highest priority when deciding future purchases, but a sense of ‘value for money’ is more complex than absolute price

How do pay-TV providers adjust their service features in order to keep consumers engaged and mitigate the risk of cord cutting? When consumers decide to change provider, price is the most-often cited reason that they give for intending to churn. As part of our *Connected Consumer Survey* series, we analyse intention to churn across a number of services including mobile and fixed broadband. Analysis conducted in those survey reports suggests that when people say they are concerned about ‘price’ they often mean that they are concerned about feeling that they are getting ‘value for money’, which is a slightly more-complex value judgement than one based on absolute price alone.

Maintaining a sense of value for money among one’s customer base is a vital part of maintaining pay-TV subscriptions, particularly as consumers become more likely to subscribe to multiple services and may consider eventually unsubscribing from traditional pay-TV services.

The second-highest priority as articulated by our respondents when considering their next pay-TV service, was the channel selection and the content that a service would include. As discussed in the previous chapter, content is an important way to differentiate a service. However, it is interesting to note how much this varies in importance between countries – in Turkey, for example, content selection is almost as important as price concerns, whereas in the UK and the USA price is considered much more important.

Figure 12: Respondents’ stated highest priority when looking for their next pay-TV service, by country<sup>1</sup>

|                      | France | Germany | Italy | Poland | Spain | Turkey | UK  | USA |
|----------------------|--------|---------|-------|--------|-------|--------|-----|-----|
| Price                | 56%    | 52%     | 61%   | 42%    | 55%   | 40%    | 64% | 69% |
| Channels and content | 23%    | 18%     | 21%   | 30%    | 26%   | 37%    | 13% | 13% |
| Bundling             | 5%     | 5%      | 4%    | 6%     | 5%    | 11%    | 4%  | 4%  |
| Contract             | 2%     | 8%      | 5%    | 10%    | 2%    | 5%     | 6%  | 3%  |
| Other                | 6%     | 13%     | 3%    | 5%     | 4%    | 1%     | 8%  | 4%  |
| Device               | 6%     | 3%      | 3%    | 7%     | 5%    | 3%     | 5%  | 4%  |
| App                  | 2%     | 1%      | 2%    | 1%     | 3%    | 3%     | 1%  | 2%  |

<sup>1</sup> See slide 25 for a list of survey questions.



Executive summary

Pay-TV churn appears to be increasing

Use of OTT video services continues to evolve

Pay-TV providers can make feature adjustments to improve customer satisfaction

Methodology and panel information

**About the authors and Analysys Mason**

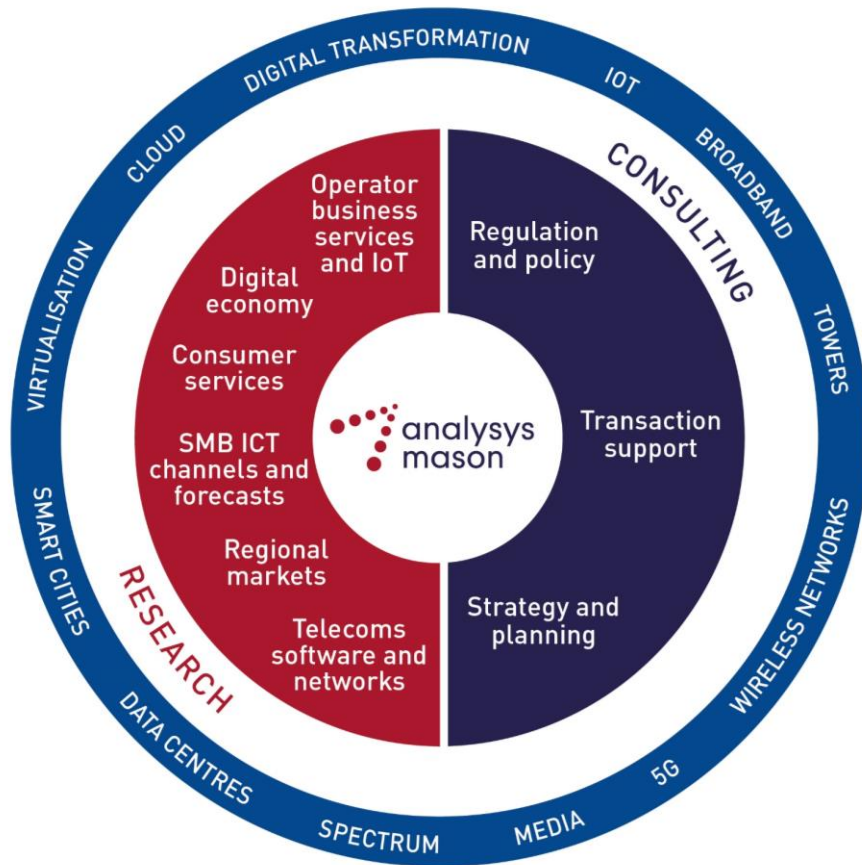
## About the author



**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.

# Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio



## CONSULTING

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters, and service and content providers.

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities that new technology brings.

## RESEARCH

Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

Clients benefit from regular and timely intelligence, and direct access to analysts.



# Research from Analysys Mason

## Consumer services programmes

- Mobile Services
- Mobile Devices
- Fixed Broadband Services
- Convergence Strategies
- Video Strategies

## Operator investment programmes

- Operator Investment Strategies
- Network Traffic
- Spectrum

## Telecoms software and networks programmes

- Software Forecast and Strategy
- Telecoms Software Market Shares

## Network-focused

- Next-Generation Wireless Networks
- Video and Identity Platforms
- Service Design and Orchestration
- Automated Assurance
- Network Automation and Orchestration
- Digital Infrastructure Strategies

## Customer-focused

- Digital Experience
- Customer Engagement
- Monetisation Platforms
- AI and Analytics



## Digital economy programmes

- Digital Economy Strategies
- Future Comms

## Operator business services and IoT programmes

- Large Enterprise Voice and Data Connectivity
- Large Enterprise Emerging Service Opportunities
- SME Strategies
- IoT and M2M Services
- IoT Platforms and Technology

## SMB ICT channels and forecasts programmes

- Managed Service Provider Strategies

## Regional markets programmes

- Global Telecoms Data
- Americas
- Asia-Pacific
- Middle East and Africa
- European Core Forecasts
- European Telecoms Market Matrix
- European Country Reports

## DataHub

- ~2500 forecast and 250+ historical metrics
- Regional results and worldwide totals
- Operator historical data

# Consulting from Analysys Mason

## REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post/abuse of dominance
- Postal sector



## TRANSACTION SUPPORT

- Commercial due diligence
- Technical due diligence
- Mergers and acquisitions (M&As)
- Debt and initial public offerings (IPOs)
- Joint-venture structuring
- Mid-market financial sponsors

## STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers

[analysismason.com/consulting](http://analysismason.com/consulting)







PUBLISHED BY ANALYSYS MASON LIMITED IN **MARCH 2019**

Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: [research@analysismason.com](mailto:research@analysismason.com) • [www.analysismason.com/research](http://www.analysismason.com/research) • Registered in England and Wales No. 5177472

© Analysys Mason Limited 2019. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of the publisher.

Figures and projections contained in this report are based on publicly available information only and are produced by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed are those of the stated authors only.

Analysys Mason Limited recognises that many terms appearing in this report are proprietary; all such trademarks are acknowledged and every effort has been made to indicate them by the normal UK publishing practice of capitalisation. However, the presence of a term, in whatever form, does not affect its legal status as a trademark.

Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of this publication. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of this publication by the customer, his servants, agents or any third party.