**Adriana Waterston**
CRO, Insights & Strategy Lead
adrianaw@horowitzresearch.com

# Competition, Disruption & Change

*How the TV and Broadband Business is Evolving in the US and What that Might Portend for the Caribbean*

PREPARED FOR CCTA BY

HOROWITZ

# WHY HOROWITZ?

Horowitz's core expertise lies in understanding the nexus of the most important trends today: Shifts in America's demographics, seismic cultural shifts, and dramatic shifts in media behaviors.

## DEMOGRAPHIC SHIFTS

**Horowitz is well-known for our pioneering work among multicultural audiences.** Having launched our social, cultural, and ethnic research division in 1992, we have been keeping our fingers on the pulse of how the growing diversity of the United States impacts the business of media, entertainment, and technology.

## MEDIA EXPERTISE

**Horowitz is one of the leading research companies in the media space.** We track the developing and shifting market for the media space and have a keen understanding of the challenges the media industry faces, including the fragmentation of platforms and services consumers can access media on and the challenges of monetization in a digital world.

## CULTURAL INSIGHTS

**All cultures are dynamic, ever-changing, and today, heavily influenced by media and technology.** Our cultural insights work is informed by anthropology, applying anthropological analysis to our work for consumer brands, technology, and media companies.

STATE OF MEDIA, ENTERTAINMENT & TECH

# SUBSCRIPTIONS

## SAMPLE

2,200 surveys among heads of household who are TV content viewers 18+ (watch 1+ hours of TV/day). Data have been weighted to ensure results are representative of the overall TV universe.

## METHODOLOGY

Mixed online and phone

## FIELDED

February – March 2022

## TOPIC AREAS

01 THE TV SERVICE LANDSCAPE

02 THE MVPD ECOSYSTEM

03 THE OTT ECOSYSTEM

04 TV SERVICES

STATE OF MEDIA, ENTERTAINMENT & TECH

# VIEWING BEHAVIORS

## SAMPLE

2,200 surveys TV content viewers 18+ (watch 1+ hours of TV/day).

## METHODOLOGY

Online

## FIELDED

April 2022

## TOPIC AREAS

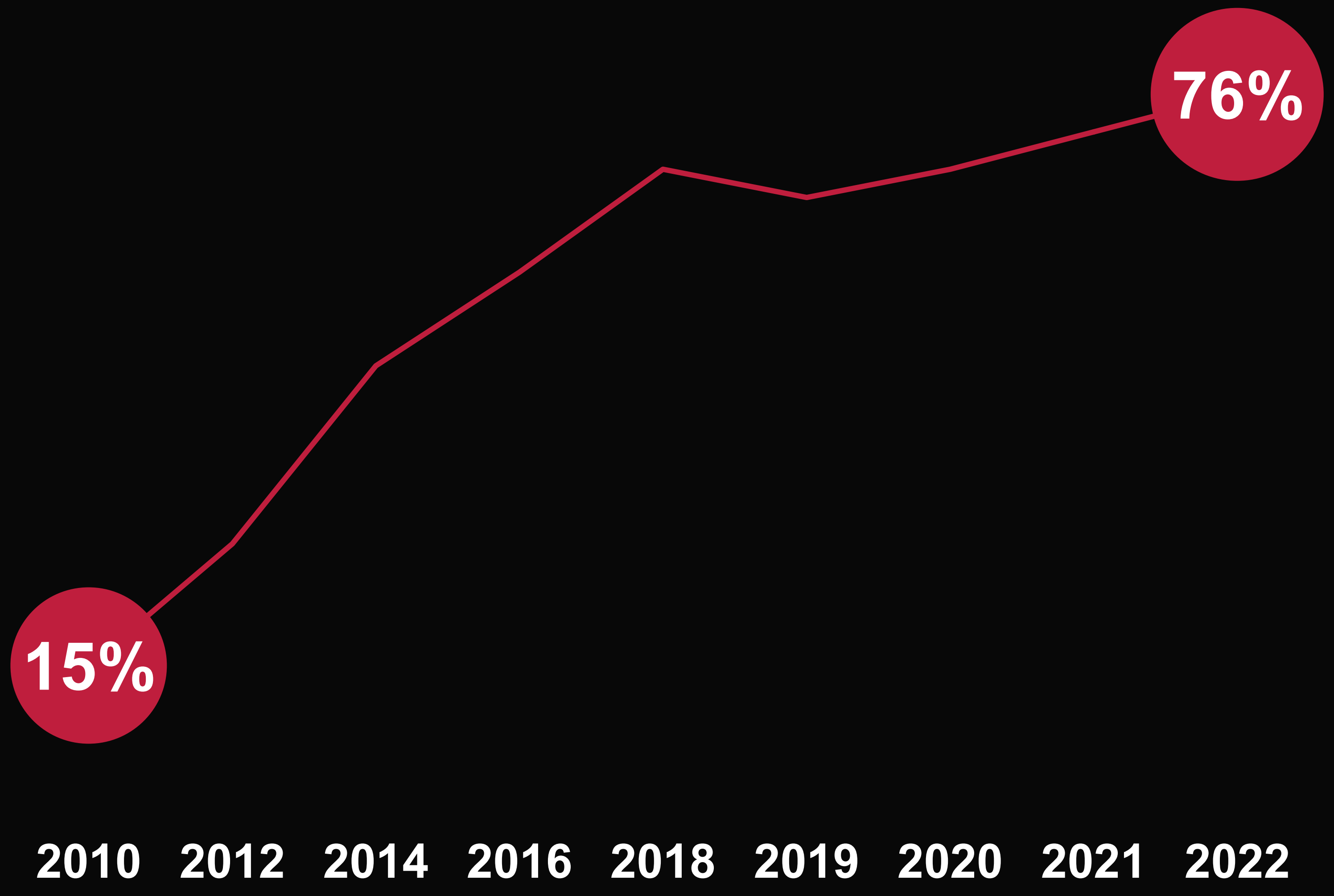
01 VIEWING

02 DEVICES & SERVICES

03 CONTENT

# Streaming is now ubiquitous.

**THREE IN FOUR AMERICANS** stream at least some content.



# Streaming adoption has DOUBLED AMONG 50+ YEAR-OLDS since 2016.

**WHAT PERCENTAGE OF TV CONTENT VIEWERS STREAM?**

Among TV Content Viewers 18+

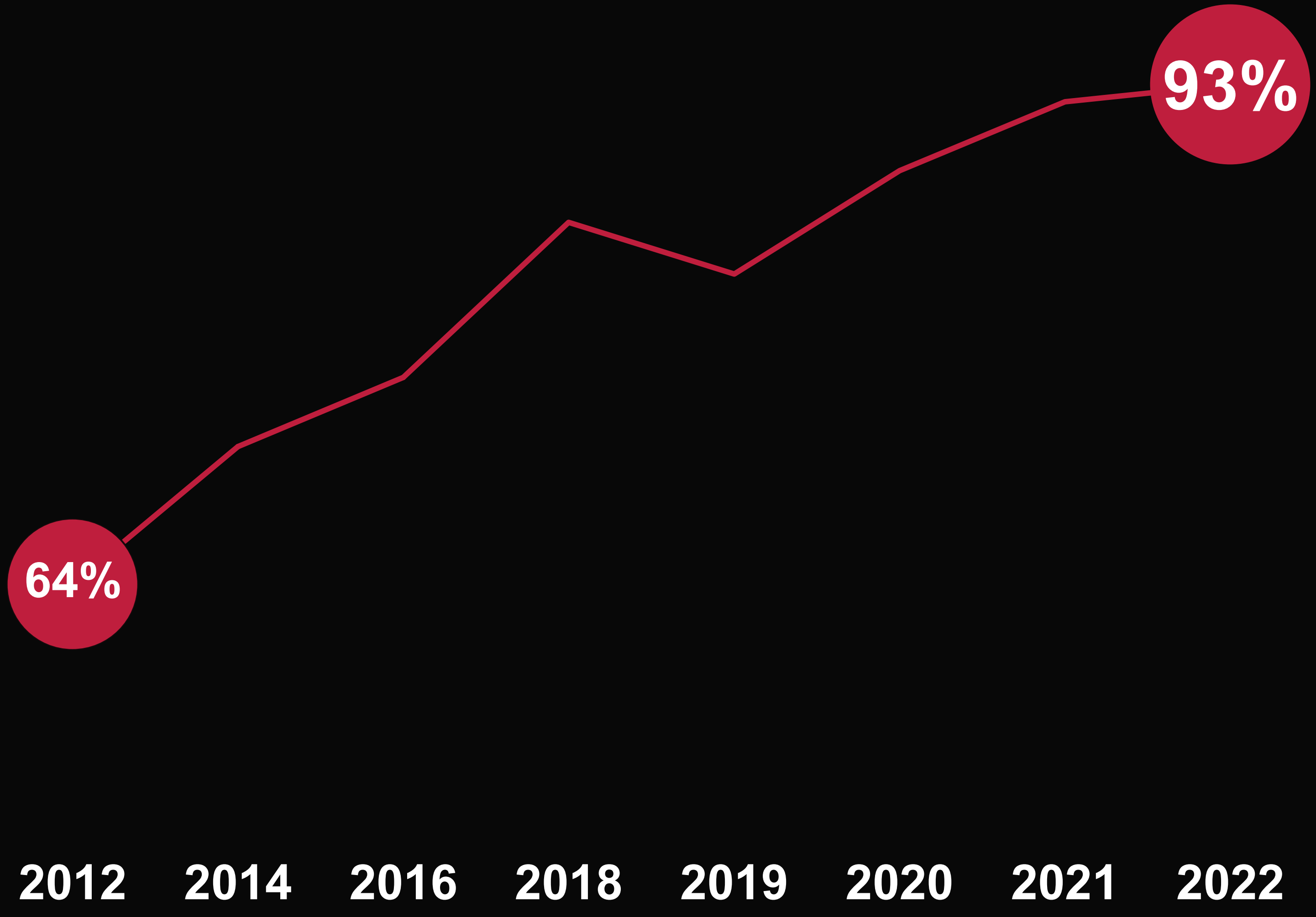
| | % Streamers 2022 | % Streamers 2016 | Increase Since 2016 |
|---|---|---|---|
| 18-34 | 90% | 89% | 1% |
| 35-49 | 86% | 72% | 14% |
| 50+ | 62% | 27% | 35% |

HIGHER LOWER

# Home internet is now ubiquitous.

## NINE IN TEN AMERICANS NOW HAVE ACCESS…

## and more broadband investments are happening.

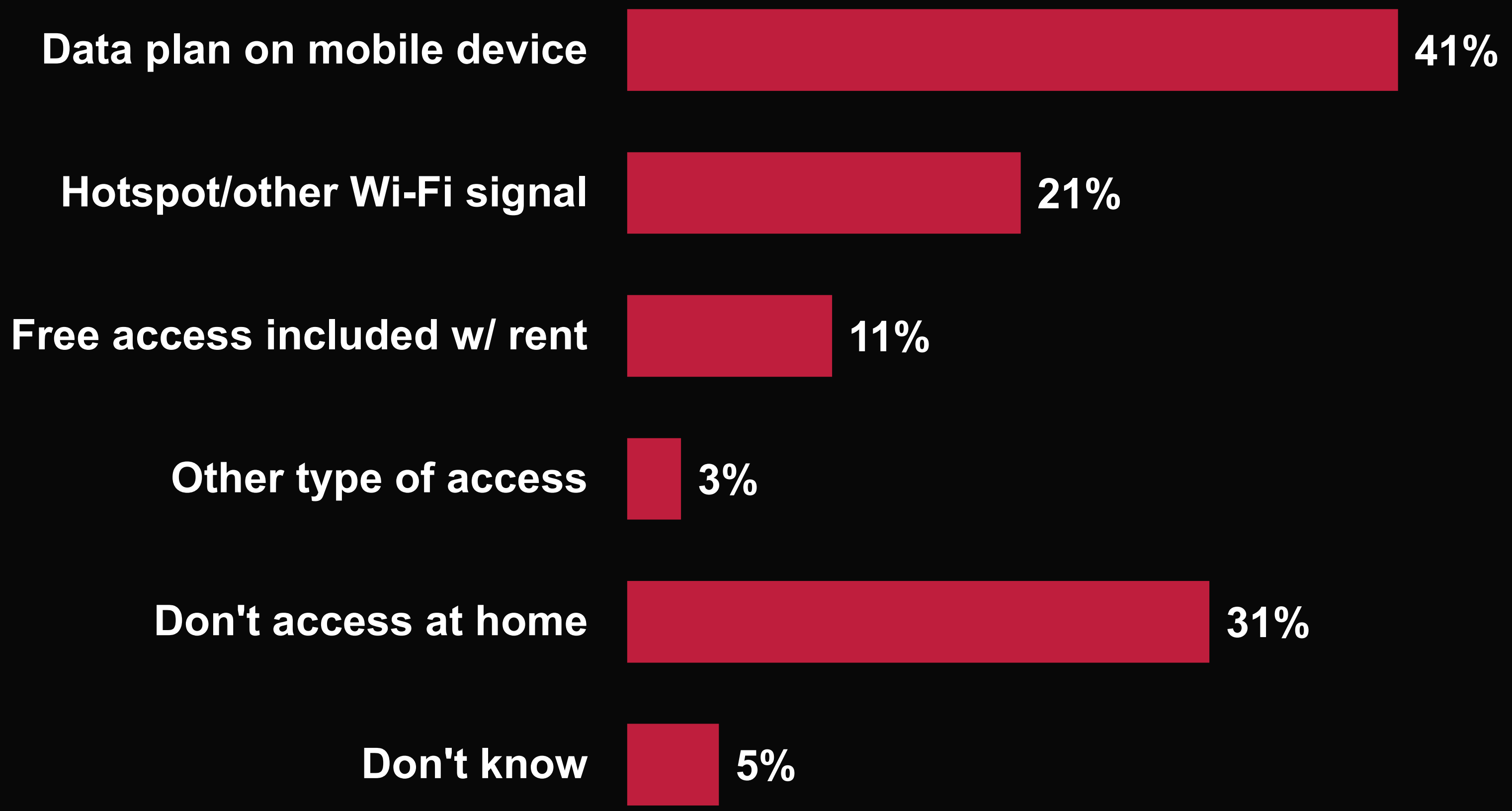



Note: Data from Horowitz's State of Pay TV, OTT & SVOD 2022 survey (mixed methodology online/phone)

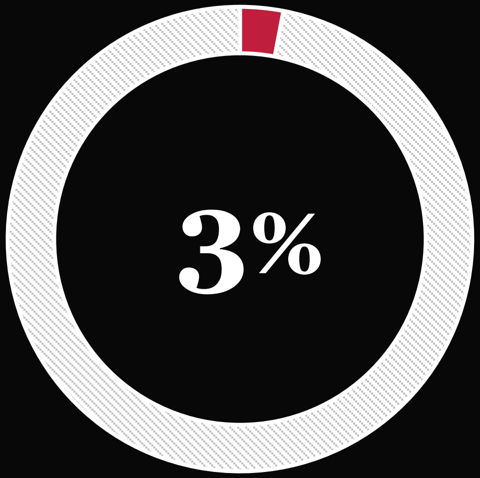
# Most consumers without home internet USE THEIR MOBILE DATA PLAN TO GAIN ACCESS.

## HOW INTERNET IS ACCESSED WITHOUT HOME INTERNET SERVICE

Among Non-Home Internet Service Subscribers)



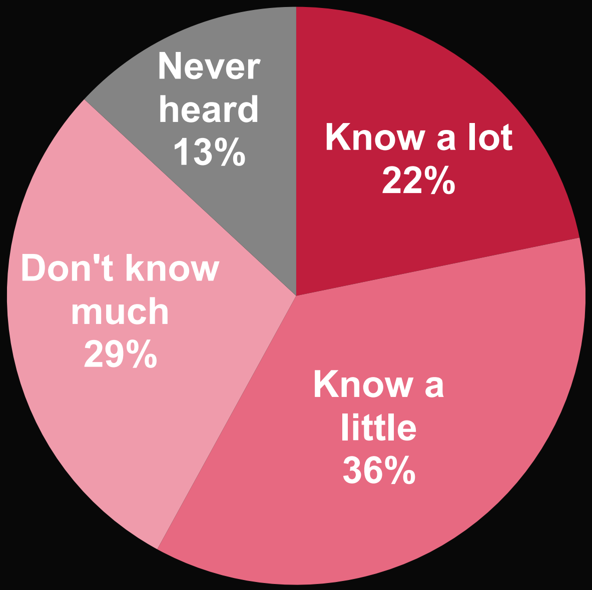
# Half of consumers are likely to consider 5G HOME INTERNET SERVICE if available.




OF TV CONTENT VIEWERS REPORT SUBSCRIBING TO 5G INTERNET HOME SERVICE

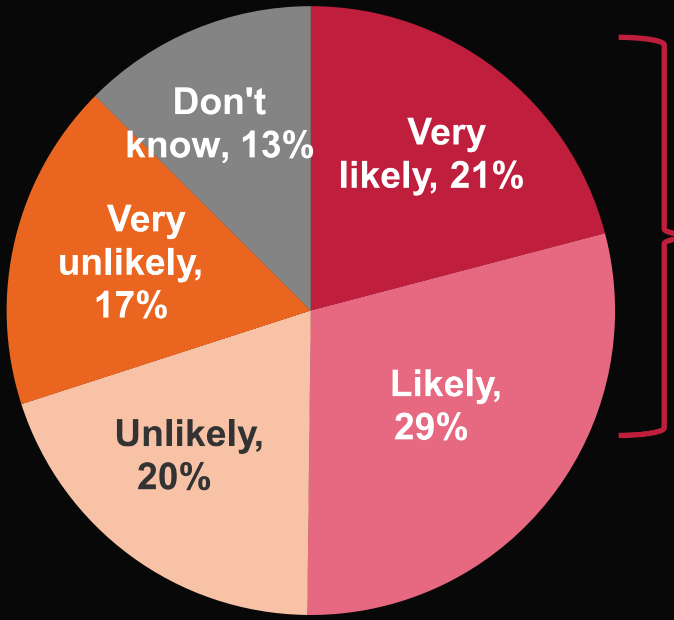
## AWARENESS OF 5G HOME INTERNET SERVICE

*Base: Non 5G TV Content Viewers 18+*




## LIKELIHOOD TO CONSIDER 5G HOME INTERNET SERVICE FROM A MOBILE PROVIDER IF AVAILABLE

*Base: Non 5G TV Content Viewers 18+*



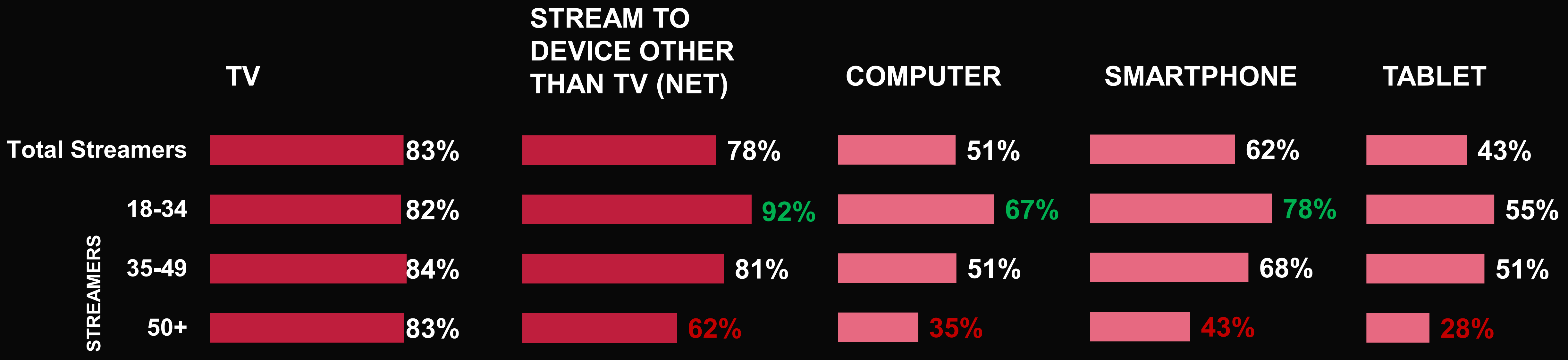

**50%** VERY LIKELY/ LIKELY

Among those without 5G home internet, younger are more aware and likely to consider. Importantly, 54% of MVPD subscribers are very likely/likely to consider this service.

# Once streaming to the TV became easily accessible, IT WAS A GAME-CHANGER.

## WHAT IS THE INCIDENCE OF STREAMING TO SPECIFIC DEVICES?

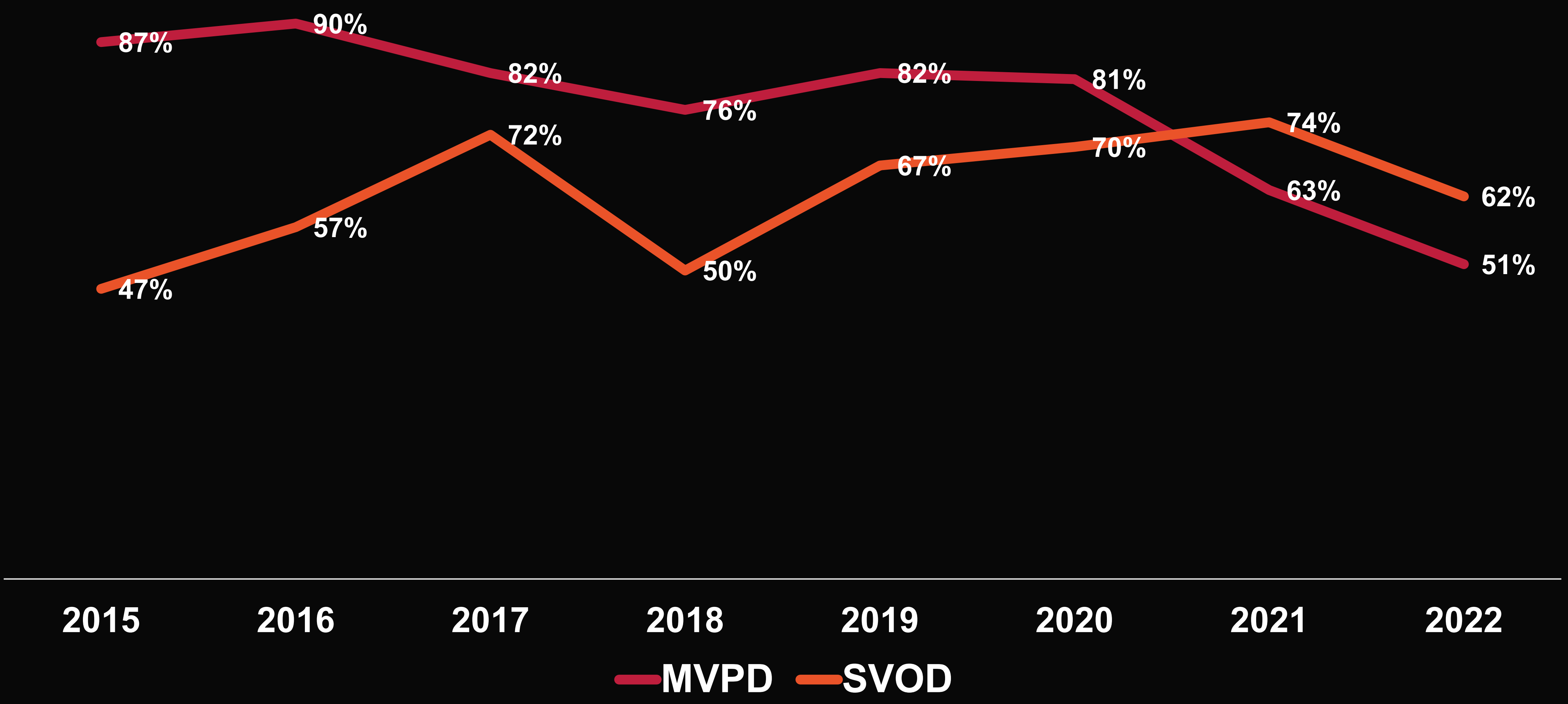
Among TV Content Viewers 18+




**2.3** AVG. # OF DEVICES/METHODS USED TO STREAM TO THE TV SET
*Among Stream-to-TV Viewers*

HIGHER THAN COUNTERPARTS
LOWER THAN COUNTERPARTS

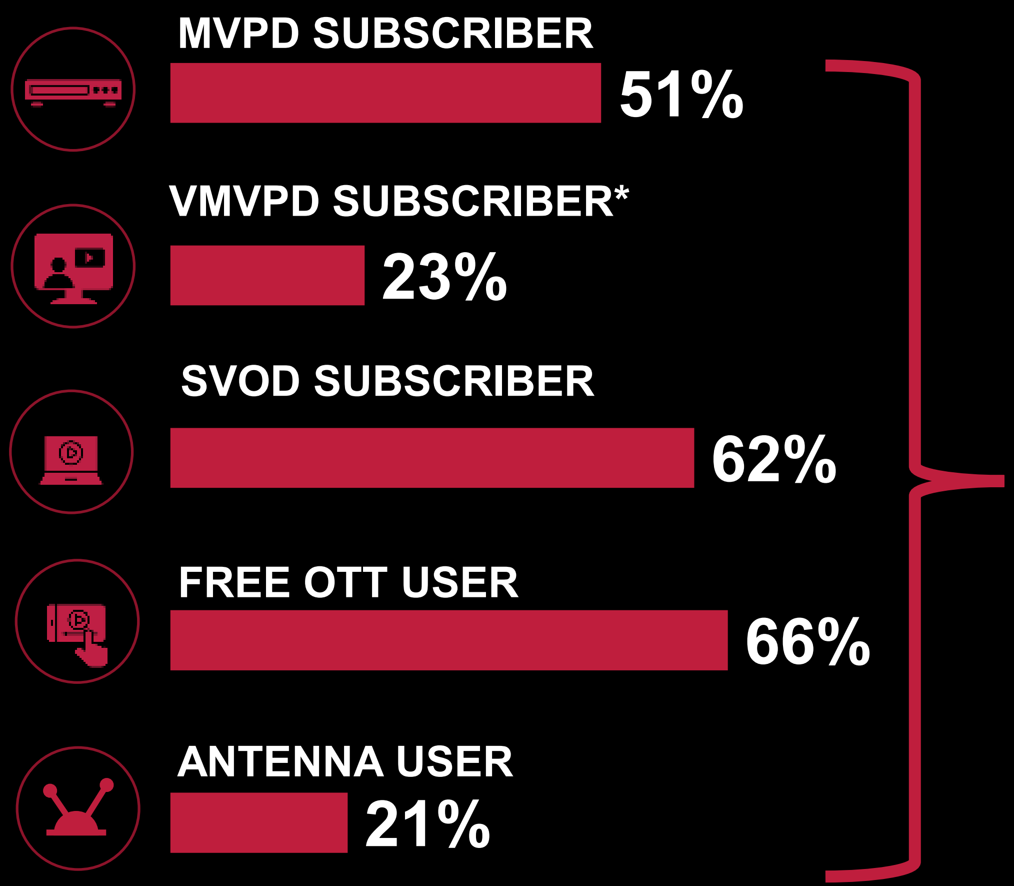
# Subscriptions to SVOD services NOW SURPASS subscriptions to traditional MVPD services.



There are more ways than ever for consumers to access TV content, which has FOREVER CHANGED THE VIEWING LANDSCAPE.

## SERVICES SUBSCRIBE TO/USE

Among TV Content Viewers 18+




**7.1** services/month

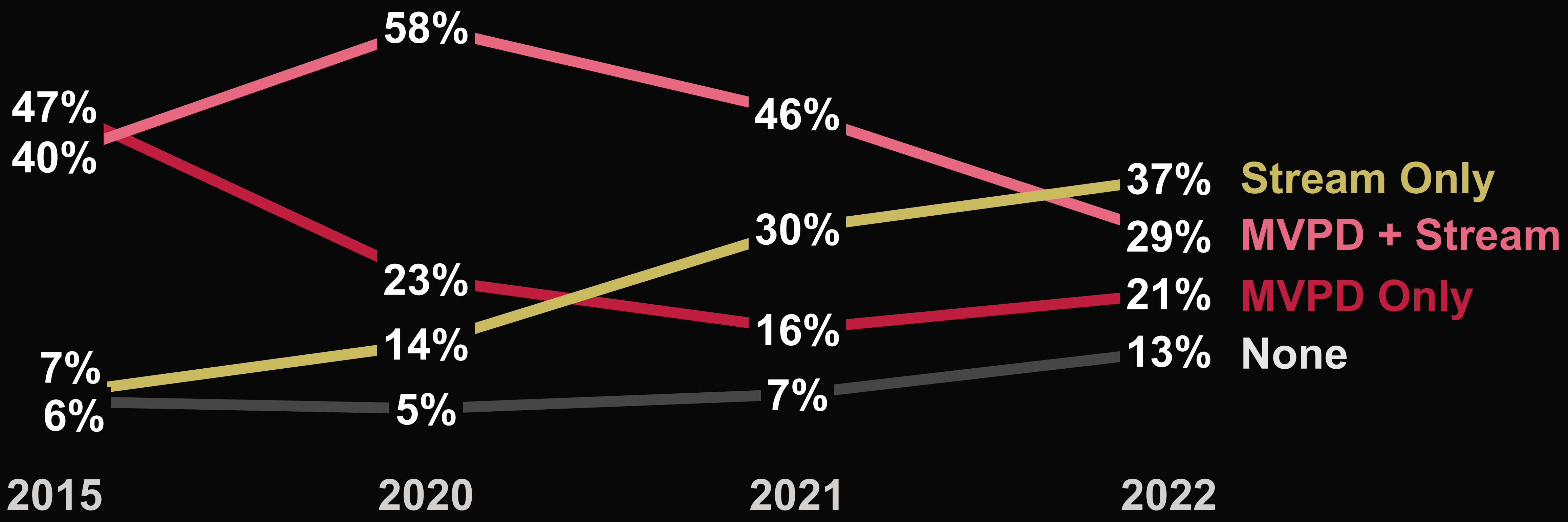
**4.3** SVOD

**2.8** AVOD

# The share of viewers WHO ONLY USE STREAMING SERVICES KEEPS GROWING, especially among younger viewers.

## TRACKING HOW TRADITIONAL MVPD AND STREAMING SERVICES MIX

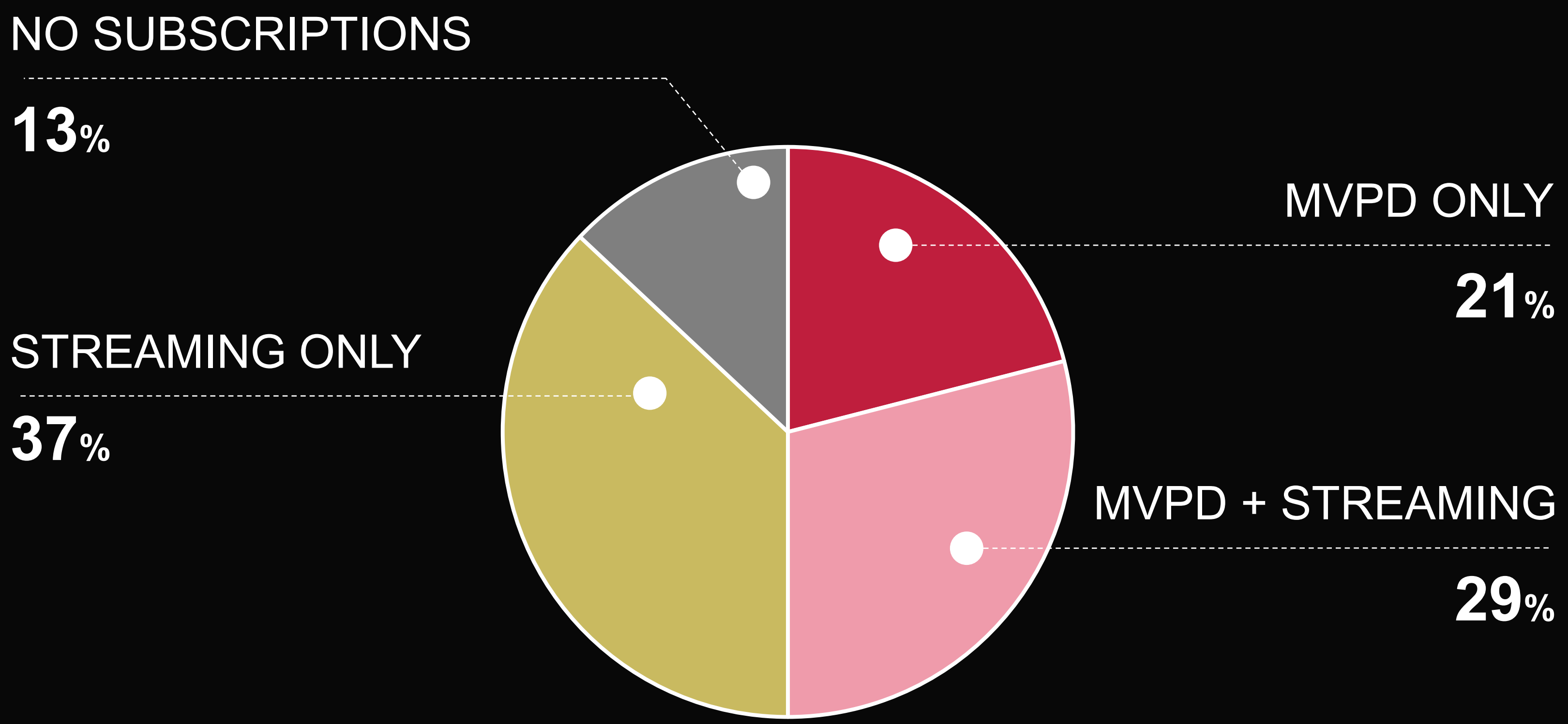
Among TV Content Viewers 18+



# This is what THE UNIVERSE looks like today.

## TRACKING HOW TRADITIONAL MVPD AND STREAMING SERVICES MIX

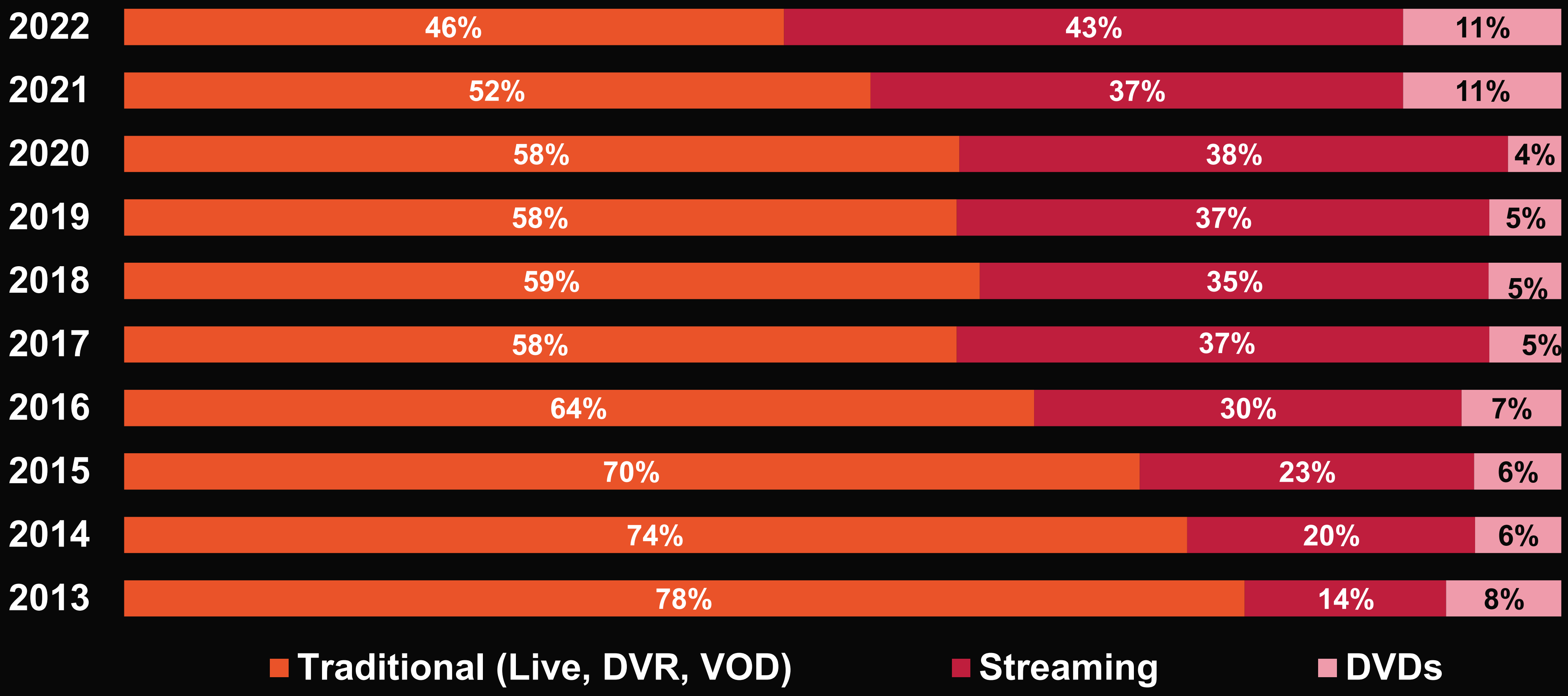
Among TV Content Viewers 18+



# This is having A TREMENDOUS IMPACT ON LIVE, LINEAR VIEWING and disrupting the traditional business model.

## HOW HAS SHARE OF WEEKLY VIEWING THAT IS TRADITIONAL VS. STREAMED CHANGED?

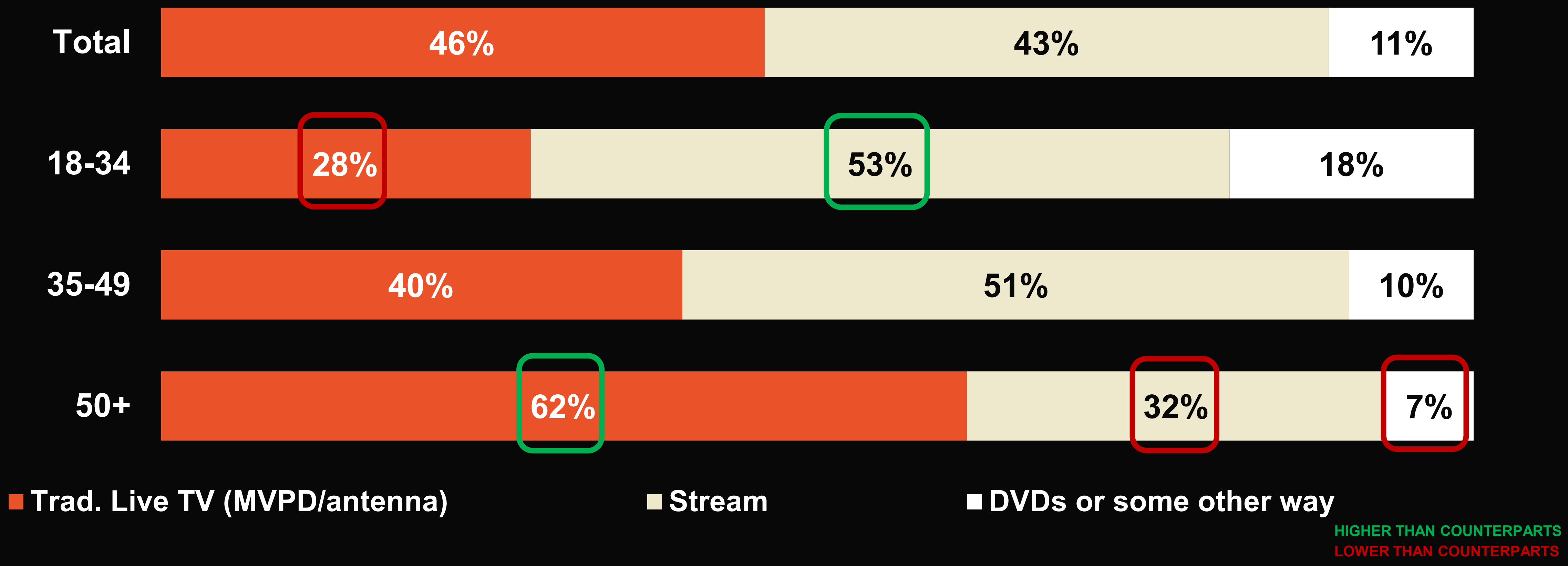
Among TV Content Viewers 18+



# Especially among YOUNGER AUDIENCES.

## WHAT PERCENTAGE OF WEEKLY VIEWING IS TRADITIONAL VS. STREAMED?

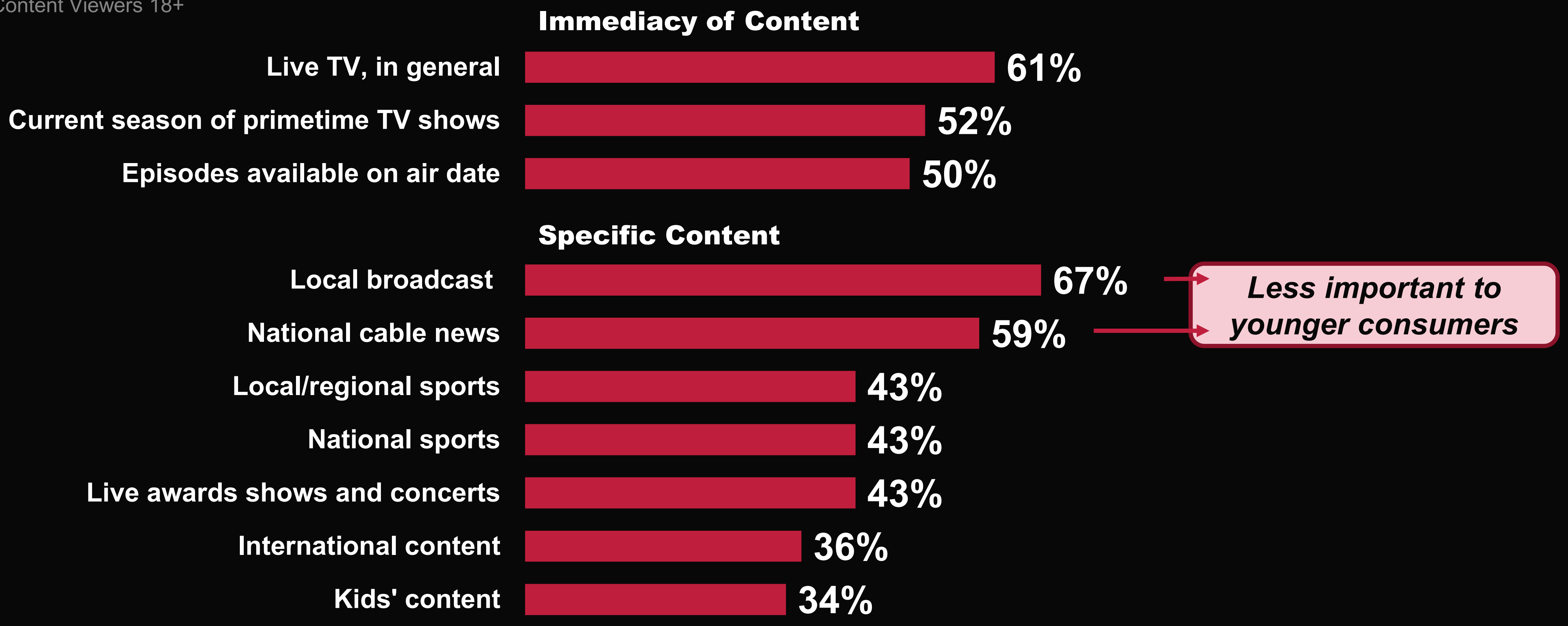
Among TV Content Viewers 18+



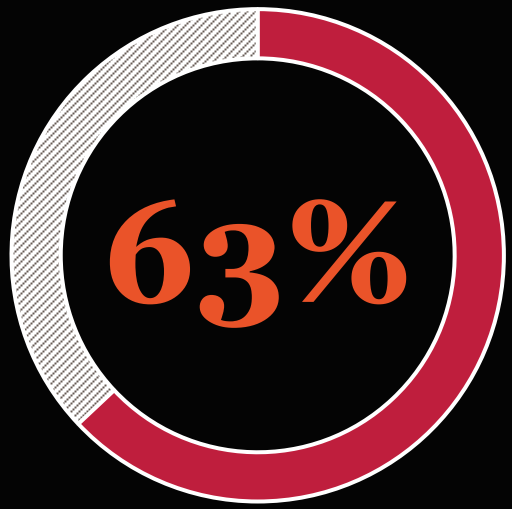
# A LOT OF THE STUFF THAT MADE PAY TV STICKY is now available via streaming.

## IMPORTANCE OF TV CONTENT AND FEATURES TO HOUSEHOLD

4/5 Ratings on a 5-Point "Not at all Important" to "Very Important" Scale
Among TV Content Viewers 18+



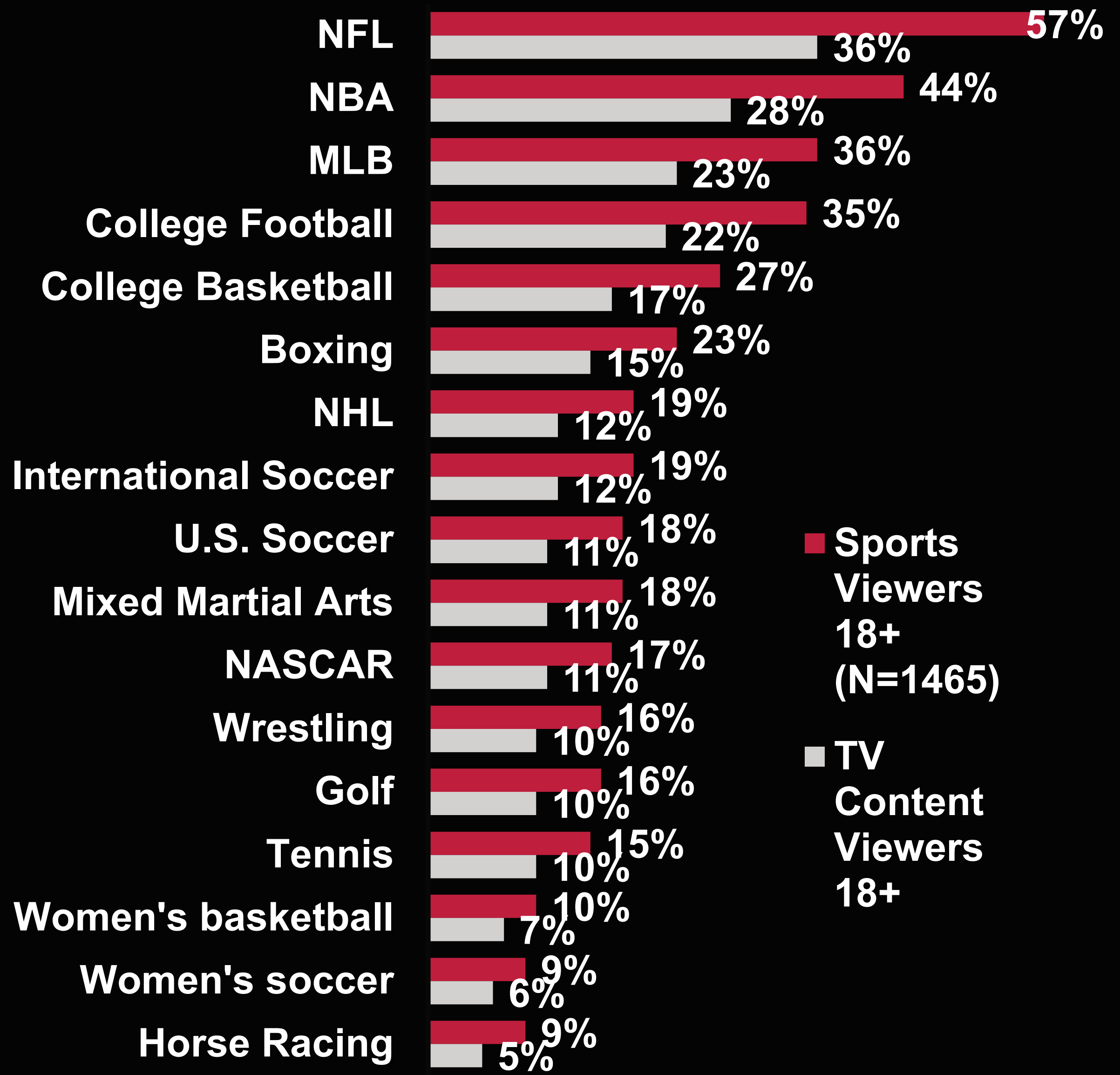
# SPORTS remains an important differentiator.




WATCH SPORTS AT LEAST MONTHLY

## WHICH SPORTS/LEAGUES ARE VIEWERS FANS OF?

Among Sports Viewers 18+



# SPORTS FANHOOD

**varies by age and ethnicity – for example, younger TV content viewers are more likely to be fans of soccer and women leagues than those ages 50+.**

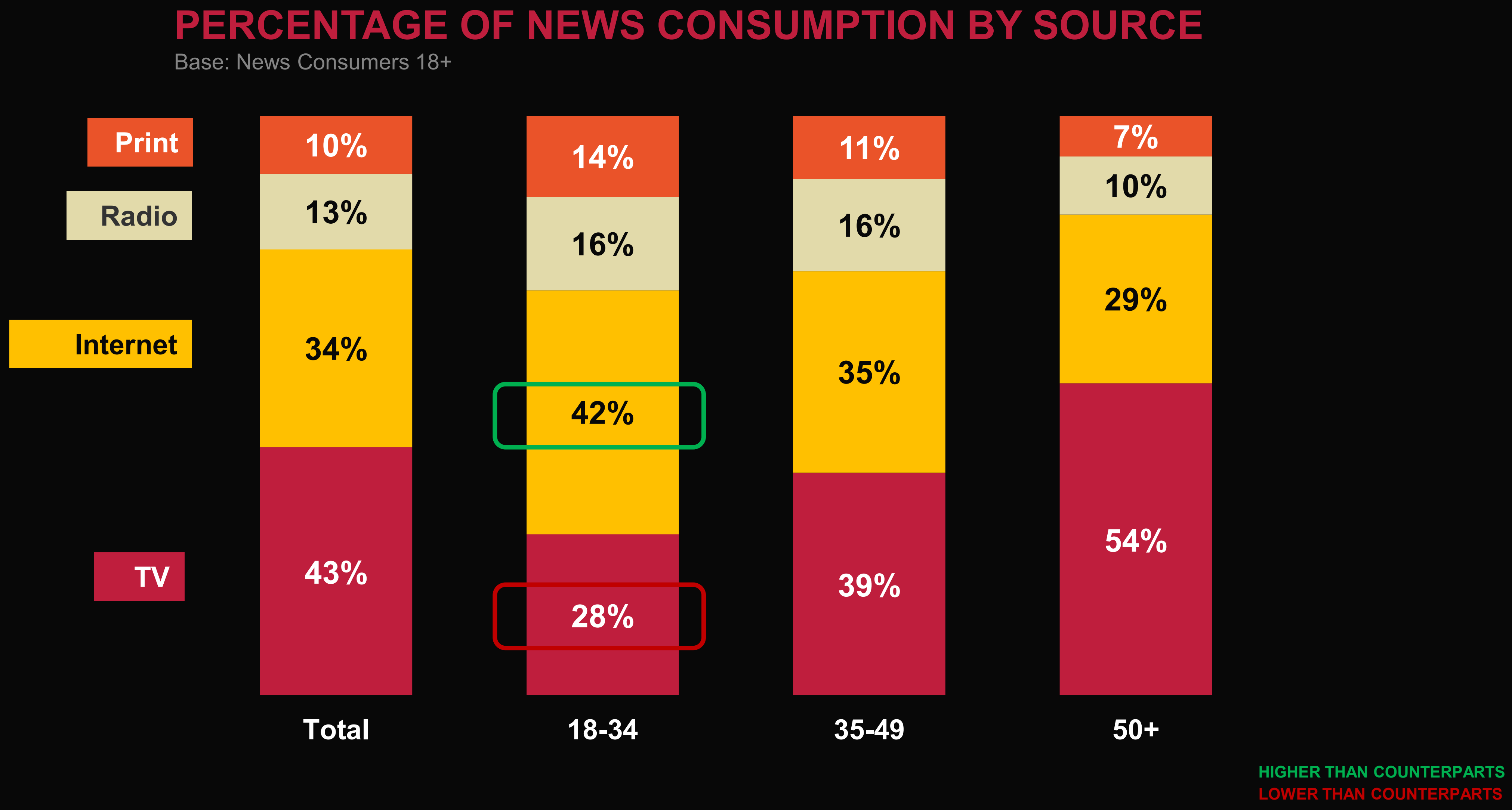
## WHICH SPORTS/LEAGUES ARE VIEWERS FANS OF?

Among Sports Viewers 18+

| | 18-34 | 35-49 | 50+ |
|---|---|---|---|
| NFL | 43% | 64% | 65% |
| NBA | 41% | 50% | 41% |
| MLB | 27% | 42% | 39% |
| College Football | 28% | 32% | 43% |
| College Basketball | 24% | 33% | 27% |
| Boxing | 22% | 33% | 18% |
| NHL | 19% | 23% | 16% |
| International Soccer | 23% | 22% | 13% |
| U.S. Soccer | 24% | 25% | 8% |
| Mixed Martial Arts | 18% | 20% | 16% |
| NASCAR | 14% | 17% | 21% |
| Wrestling | 16% | 25% | 10% |
| Golf | 13% | 15% | 19% |
| Tennis | 15% | 18% | 14% |
| Women's basketball | 11% | 15% | 7% |
| Women's soccer | 10% | 12% | 5% |
| Horse Racing | 8% | 8% | 10% |

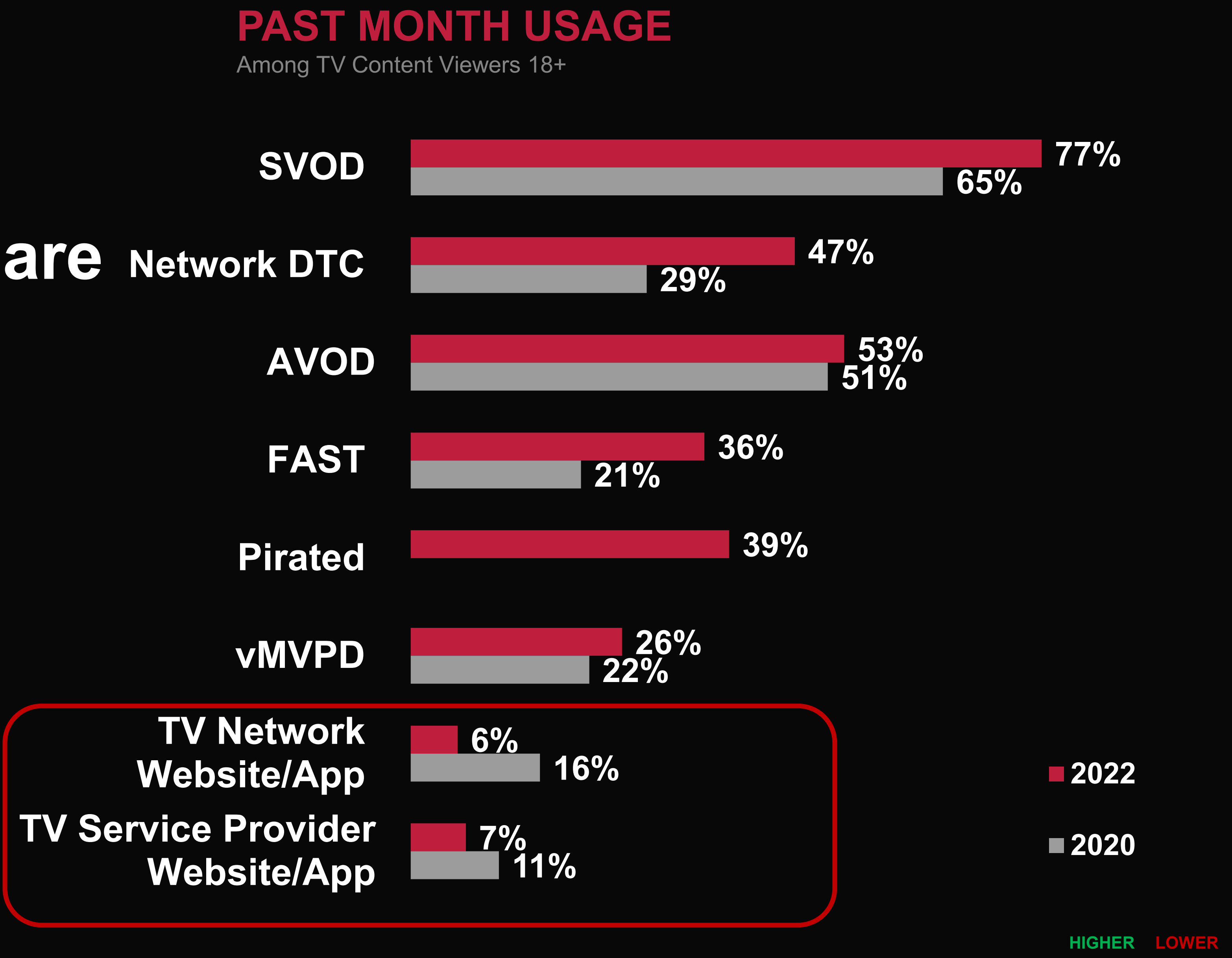
LOWER THAN COUNTERPARTS HIGHER THAN COUNTERPARTS

# TV remains the top source of news, although consumption of news online is not far behind.



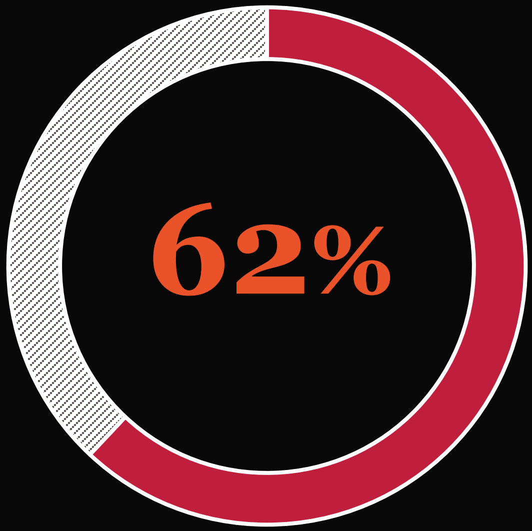
Unfortunately, cable provider apps never really TOOK OFF and are ON THE DECLINE…

In many ways due to lack of marketing.

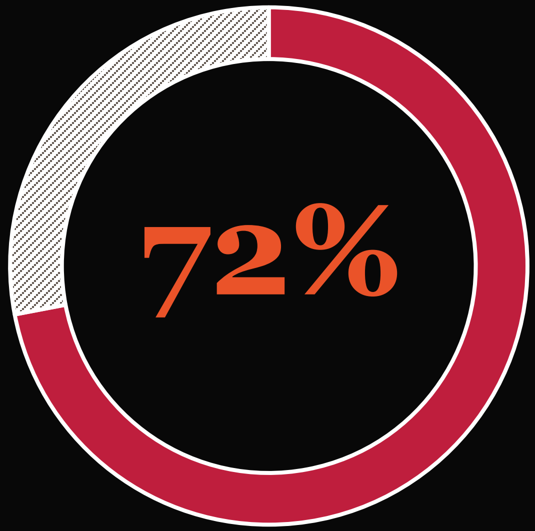


# Password sharing EXPANDS ACCESS TO SVOD SERVICES AND MAKES THEM EVEN MORE VALUABLE to consumers.

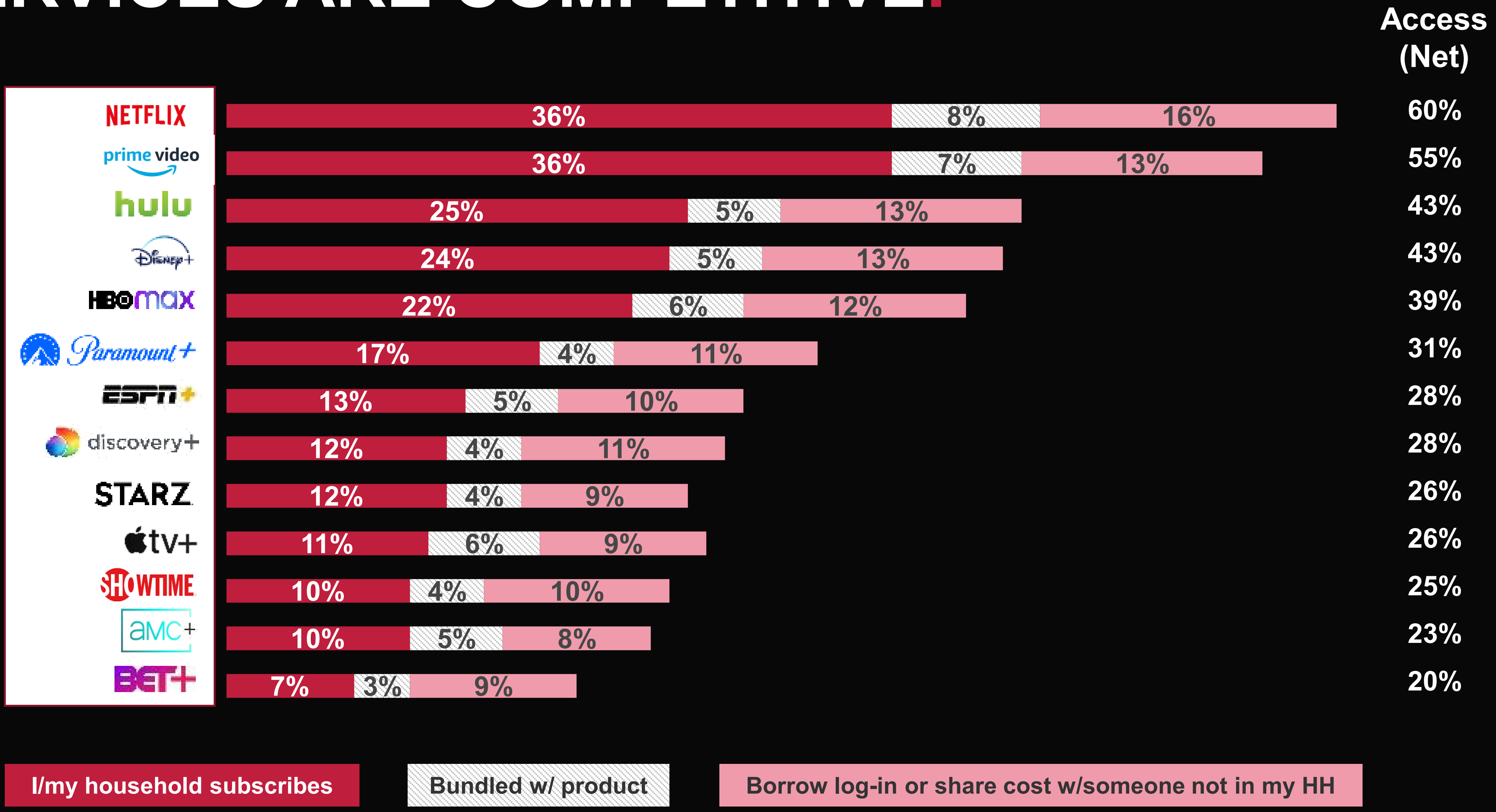
**Subscribe to at Least One SVOD**




**Have Access to at Least One SVOD**

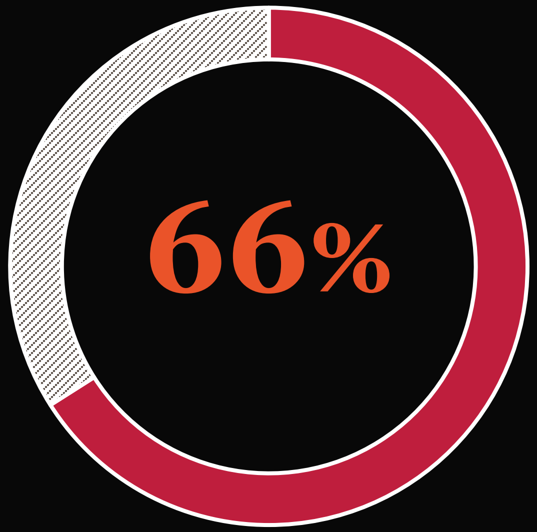


# Netflix continues to dominate, but OTHER SERVICES ARE COMPETITIVE.



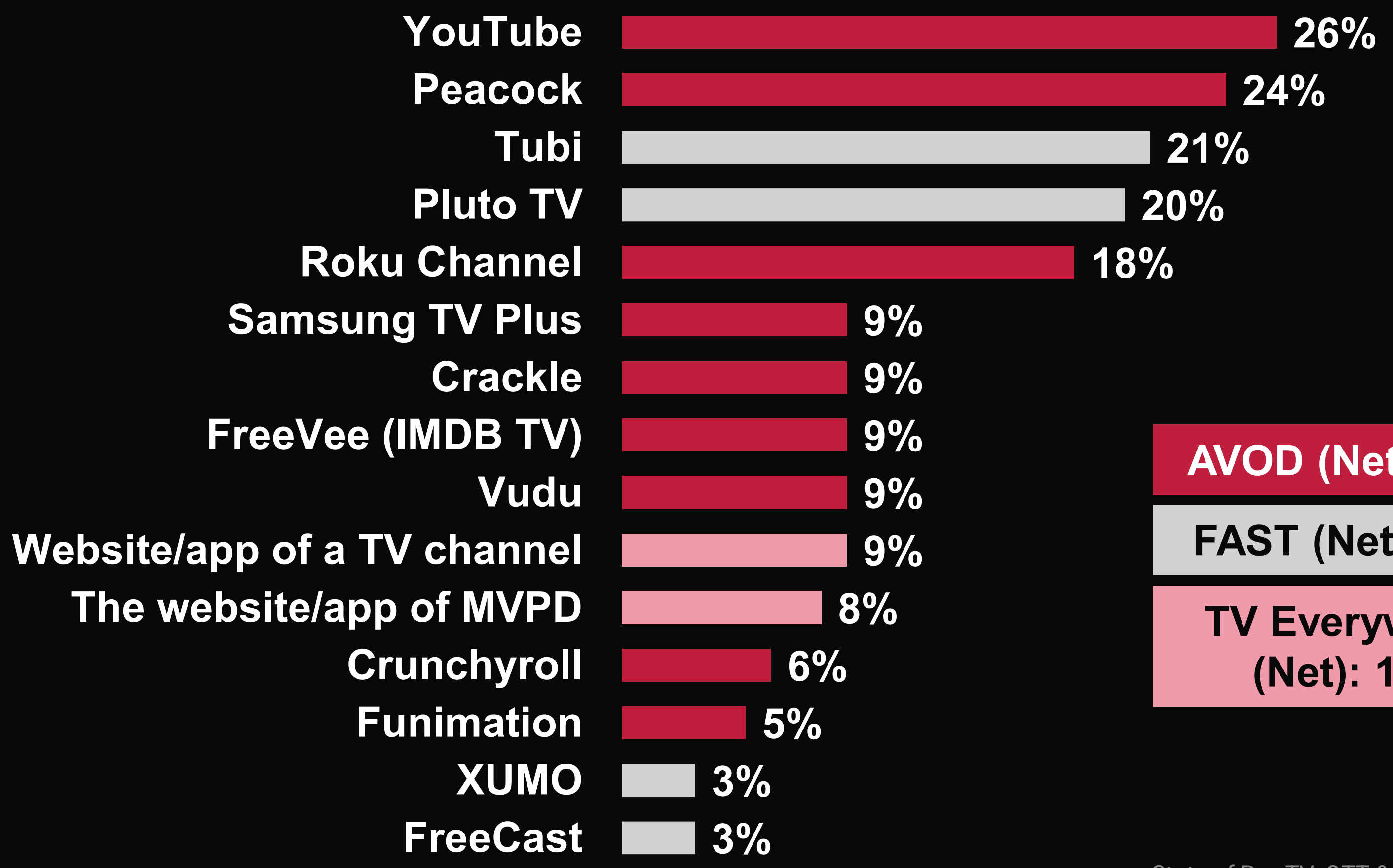
# With the cost of streaming subscriptions rising, ALMOST 7 IN 10 CONSUMERS USE AVOD/FAST.

## Use Free Streaming Services in the Past Month




## FREE STREAMING SERVICES USED IN THE PAST MONTH

Among TV Content Viewers 18+




AVOD (Net): 52%

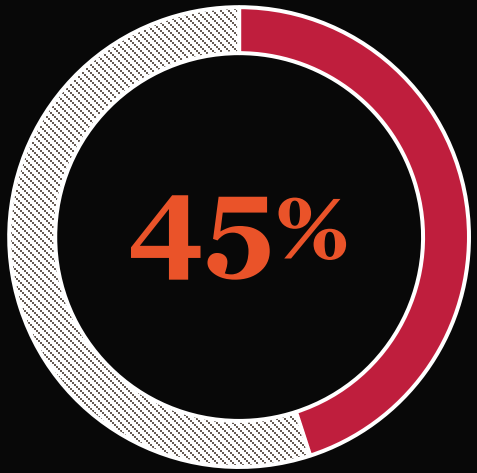
FAST (Net): 31%

TV Everywhere (Net): 14%

# About half of consumers WATCH PIRATED CONTENT at least occasionally.

## USAGE OF PIRATED SERVICES TO WATCH CONTENT AT LEAST OCCASIONALLY

*Base: TV Content Viewers 18+*




OF TV CONTENT VIEWERS WATCH PIRATED CONTENT AT LEAST OCCASIONALLY

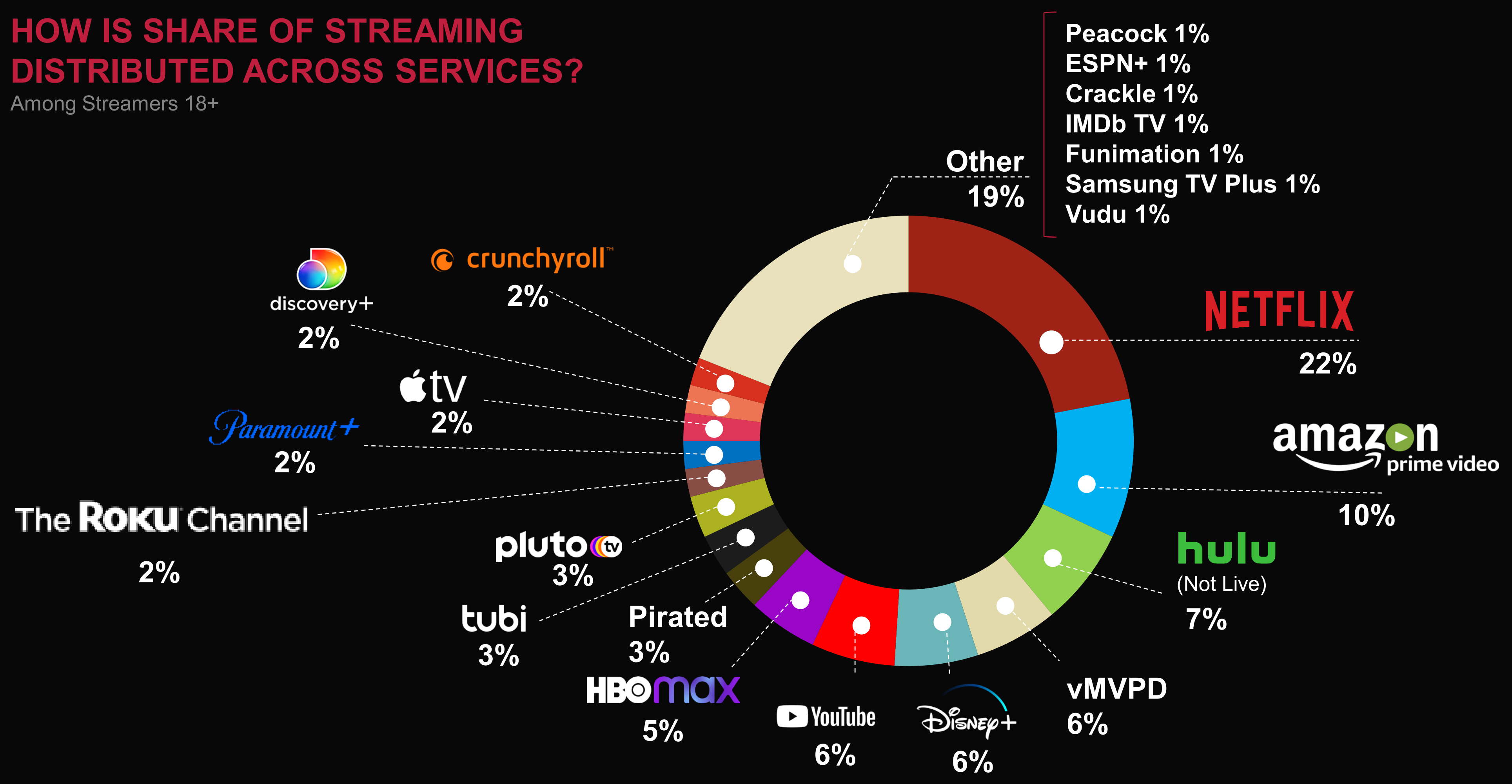
| | Total | 18-34 | 35-49 | 50+ |
|---|---|---|---|---|
| Any (Net) | 45% | 66% | 49% | 30% |
| Jailbroken box/device | 16% | 22% | 16% | 13% |
| Software | 15% | 20% | 18% | 12% |
| Non-official website | 14% | 20% | 16% | 9% |
| Downloading/torrenting | 8% | 12% | 11% | 4% |
| Non-official TV/IPTV service | 6% | 10% | 9% | 2% |
| VPN or proxy | 6% | 14% | 5% | 1% |

HIGHER LOWER

# With all the services available, VIEWING IS INCREASINGLY FRAGMENTED… but that will change.

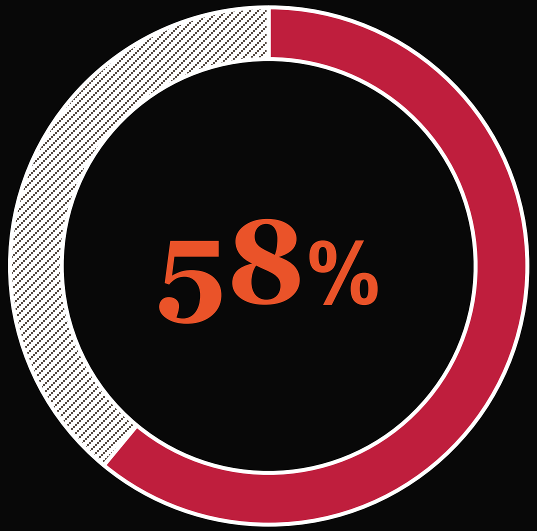
## HOW IS SHARE OF STREAMING DISTRIBUTED ACROSS SERVICES?

Among Streamers 18+

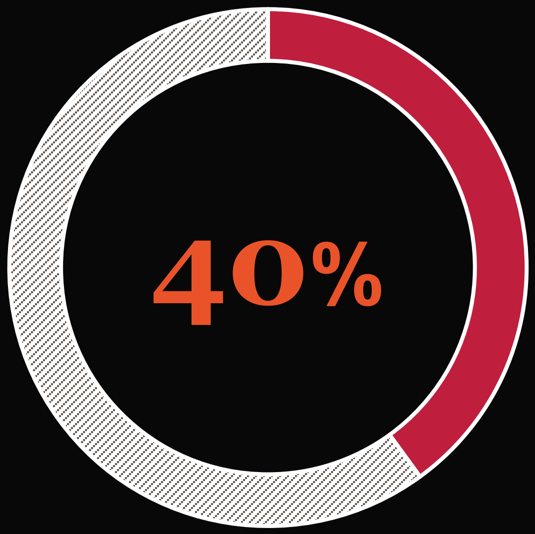


# The streaming environment has its benefits, AND ITS PAIN-POINTS.

**"Recommendations from streaming services have introduced me to content I probably would not have watched otherwise"** *Among Streamers 18+*




**"I feel like I often have a hard time finding something to watch"**



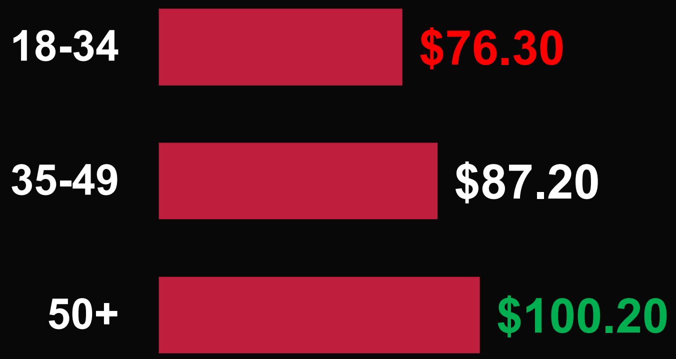
# Costs for SVOD services are SPIRALING OUT OF CONTROL.

## HOW MUCH ARE MVPD SUBSCRIBERS PAYING FOR THEIR PAY TV SERVICE? (SELF-REPORTED)

Among MVPD Subscribers 18+ (N=1117)

**$91.3**

AVERAGE MONTHLY COST




## HOW MUCH ARE OTT SUBSCRIBERS PAYING FOR ALL OF THEIR OTT SERVICES*? (SELF-REPORTED)

Among OTT Subscribers 18+ (N=1443)

**$75.8**

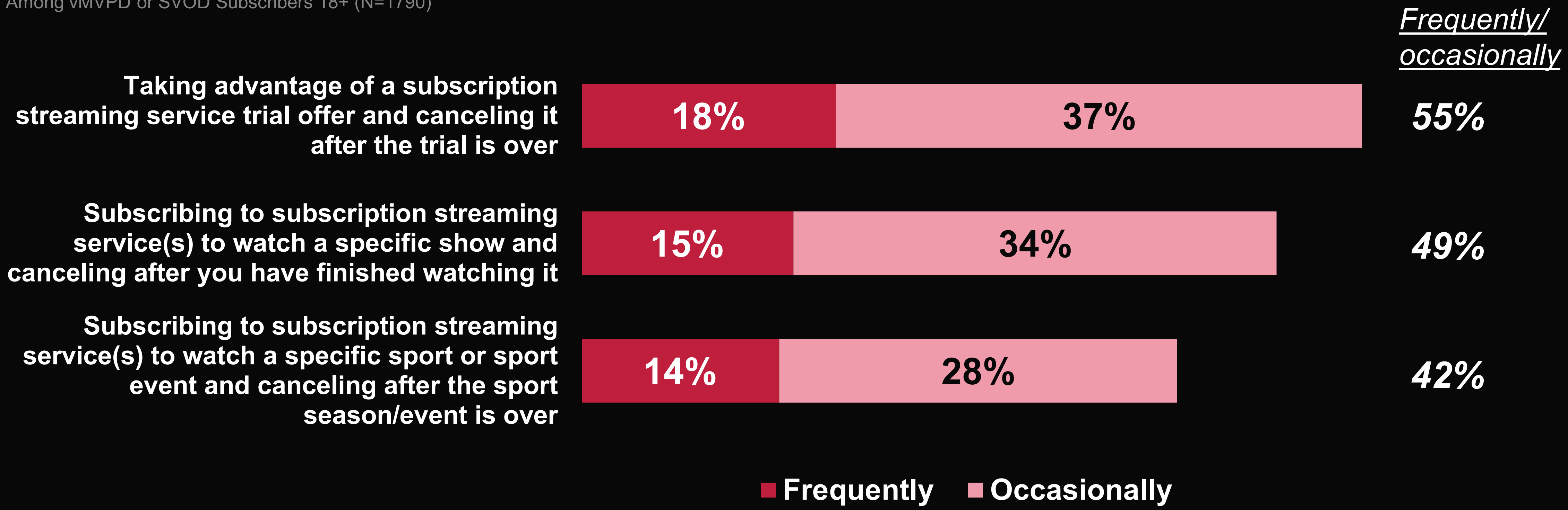
AVERAGE MONTHLY COST
(vs. $49.3 last year)


HIGHER THAN COUNTERPARTS LOWER THAN COUNTERPARTS

# CHURN IS AN ISSUE, making retention, not just acquisition, a priority.

## FREQUENCY OF SHORT-TERM SUBSCRIBING BEHAVIORS

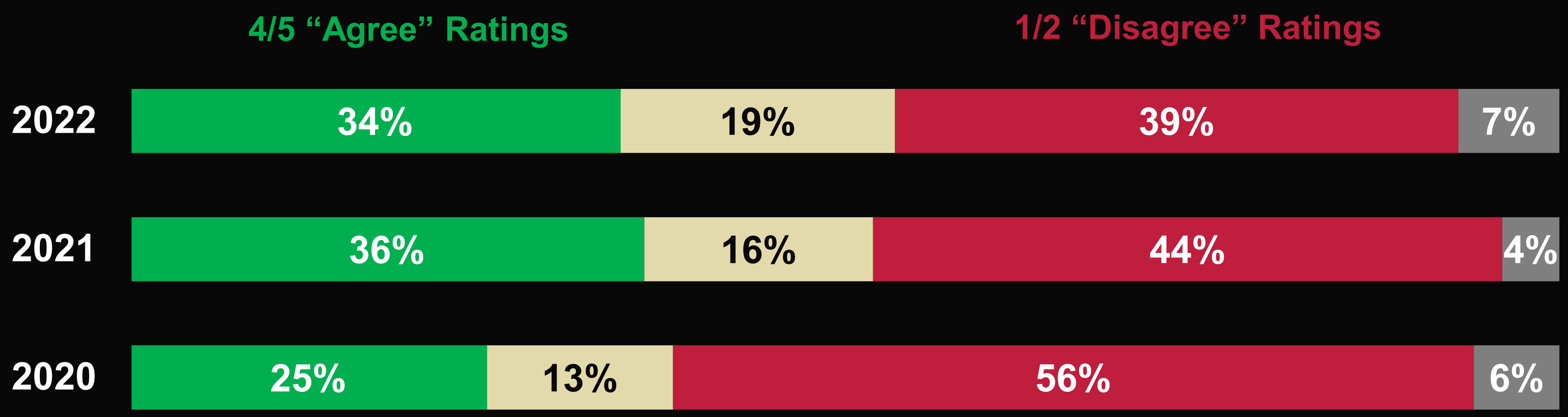
Among vMVPD or SVOD Subscribers 18+ (N=1790)



# One in three cord-cutters WOULD CONSIDER GOING BACK TO A PAY TV SERVICE if costs continue to spiral.

## "IF THE COST OF ALL THE STREAMING SERVICES I USE ADDED UP TO ABOUT AS MUCH AS I USED TO PAY FOR CABLE, I WOULD CONSIDER GOING BACK TO CABLE"

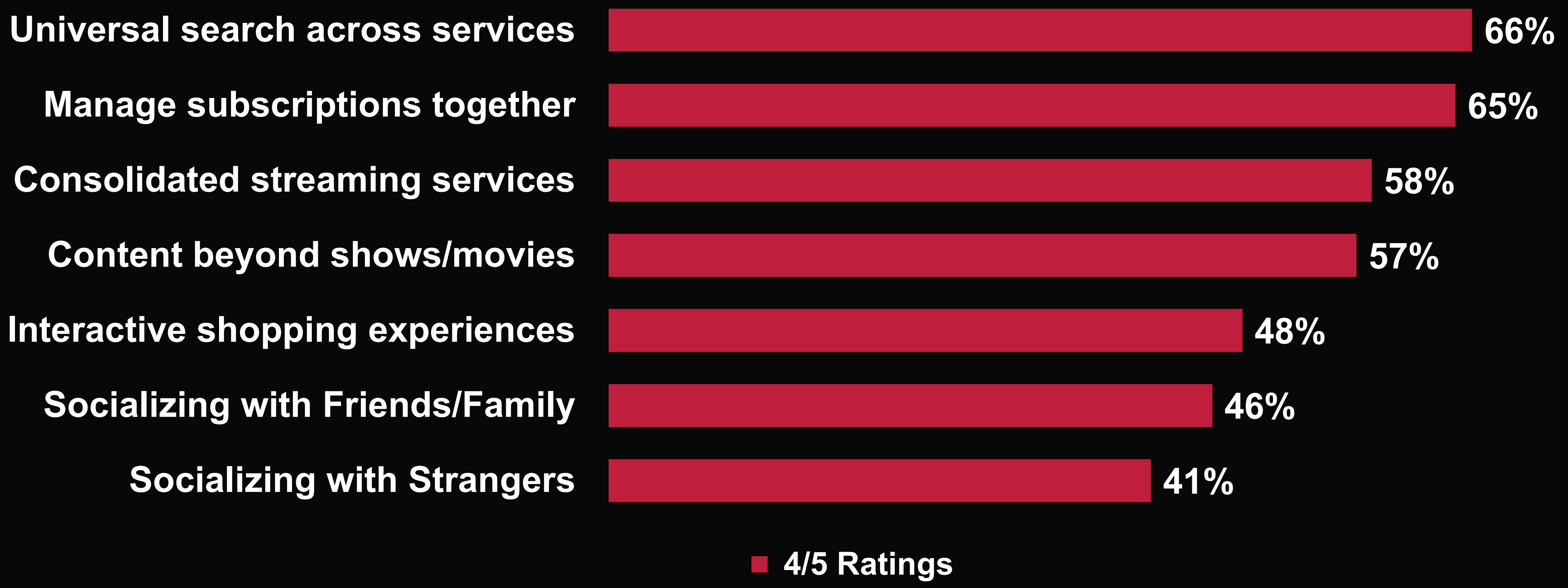
5-Point "Does Not Describe How I Feel at All" to "Describes How I Feel Very Well" Scale
Among Cord-Cutters who Stream 18+



# There will be a RETURN TO MANAGED SERVICES.

## FEATURES THAT WOULD IMPROVE THE STREAMING EXPERIENCE

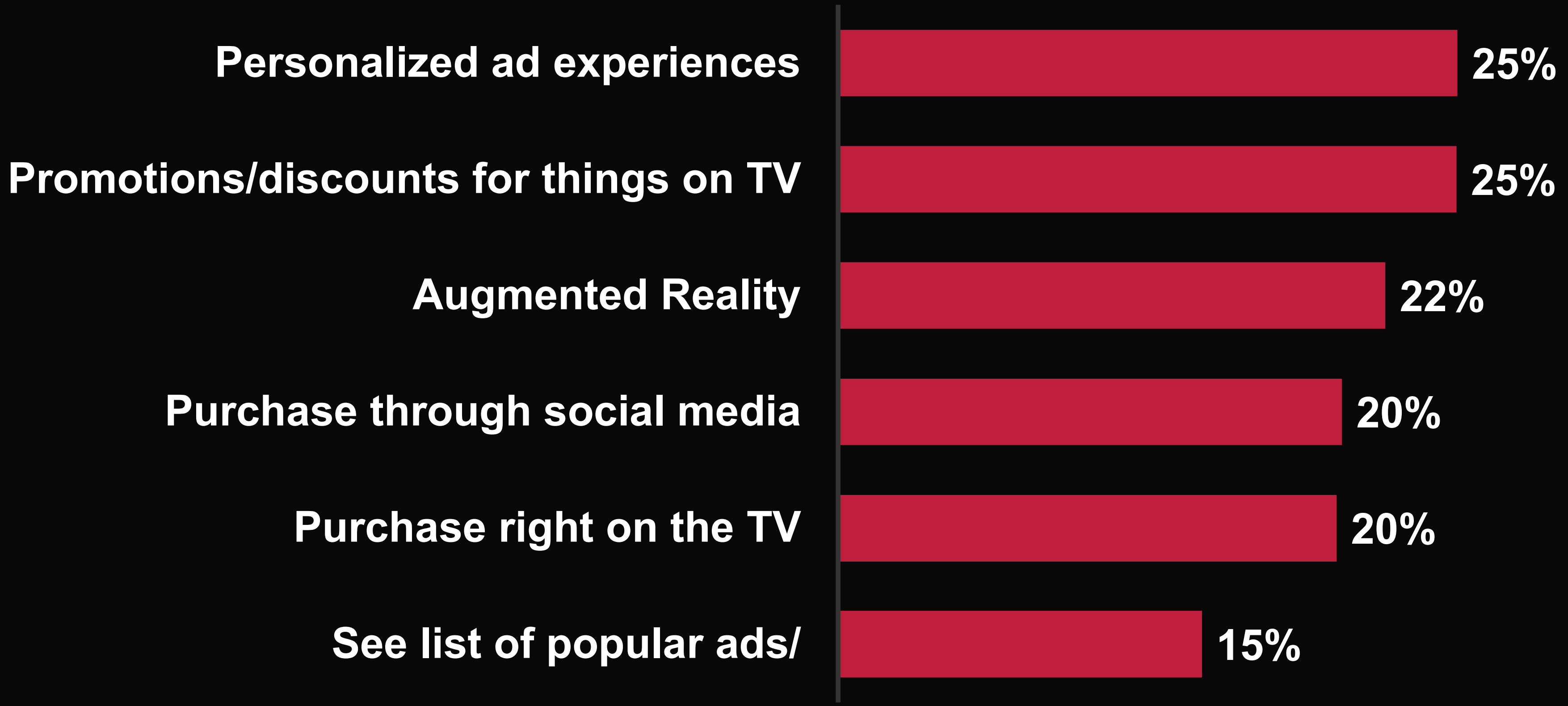
Ratings on a 5-Point "It would not improve my streaming experience at all" to "It would improve my streaming experience a lot" Scale
Among Streamers 18+



# The new environment (which includes ATSC 3.0) also offers A WIDE RANGE OF NEW ADVERTISING EXPERIENCES.

## WAYS OF INTERACTING WITH ADVERTISING THAT CONSUMERS FIND ENGAGING

Among Consumers 18+



# In fact, OTA is a big question mark. WILL ATSC 3.0 BE A GAME-CHANGER?

**ANTENNA OWNERSHIP**

*Among TV Content Viewers 18+*


\+

**13%**

OF TV CONTENT VIEWERS COULD ADOPT ANTENNAS

=

**31%**

POTENTIAL PENETRATION

# So, what does this mean for business in the Caribbean?

# ONE.

**There is a synergistic relationship between the growth of streaming and the growth of home internet and broadband services.**

# Two.

**The market for TV services continues to decline as broadband and connected TVs enable adoption and usage of more and more streaming services.**

# Three.

**Live, local content and sports remain important, but are increasingly available through streaming to meet consumer demand and expectations.**

# Four

**While cost-savings were once driving streaming adoption and cord-cutting, it's now about the experience and the content.**

# Five.

**In fact, as streaming becomes more expensive and more overwhelming, there is demand again for a managed services experience.**

# SIX.

**Tech and equipment manufacturers are entering the fray and will be competing with broadband and telecom companies to offer managed services solutions.**

# Seven.

**ATSC 3.0 is the wild card. While adoption is tepid now, once true digital capabilities and interactivity are delivered with more reliable signals, it could be the next disruptor.**

# EIGHT.

**The media business model is off-balance and will need to level itself off before it self-destructs, so more change is imminent.**

# TEN.

**In many ways, the Caribbean will leapfrog over some of the disruption that the US has faced.**

# Eleven.

- Delivering on the promise that was TV provider app/websites
- Offering managed services in the way consumers now expect it
- Adding value through bundles, other content and services, loyalty programs, and interactive features

**Adriana Waterston**
CRO, Insights & Strategy Lead
adrianaw@horowitzresearch.com

HOROWITZ

Thank you.

www.horowitzresearch.com
info@horowitzresearch.com