

HUMANKIND CO

THE GREAT DEBATE ABOUT STREAMING TV

Challenging assumptions about
cord-cutters and cord-nevers

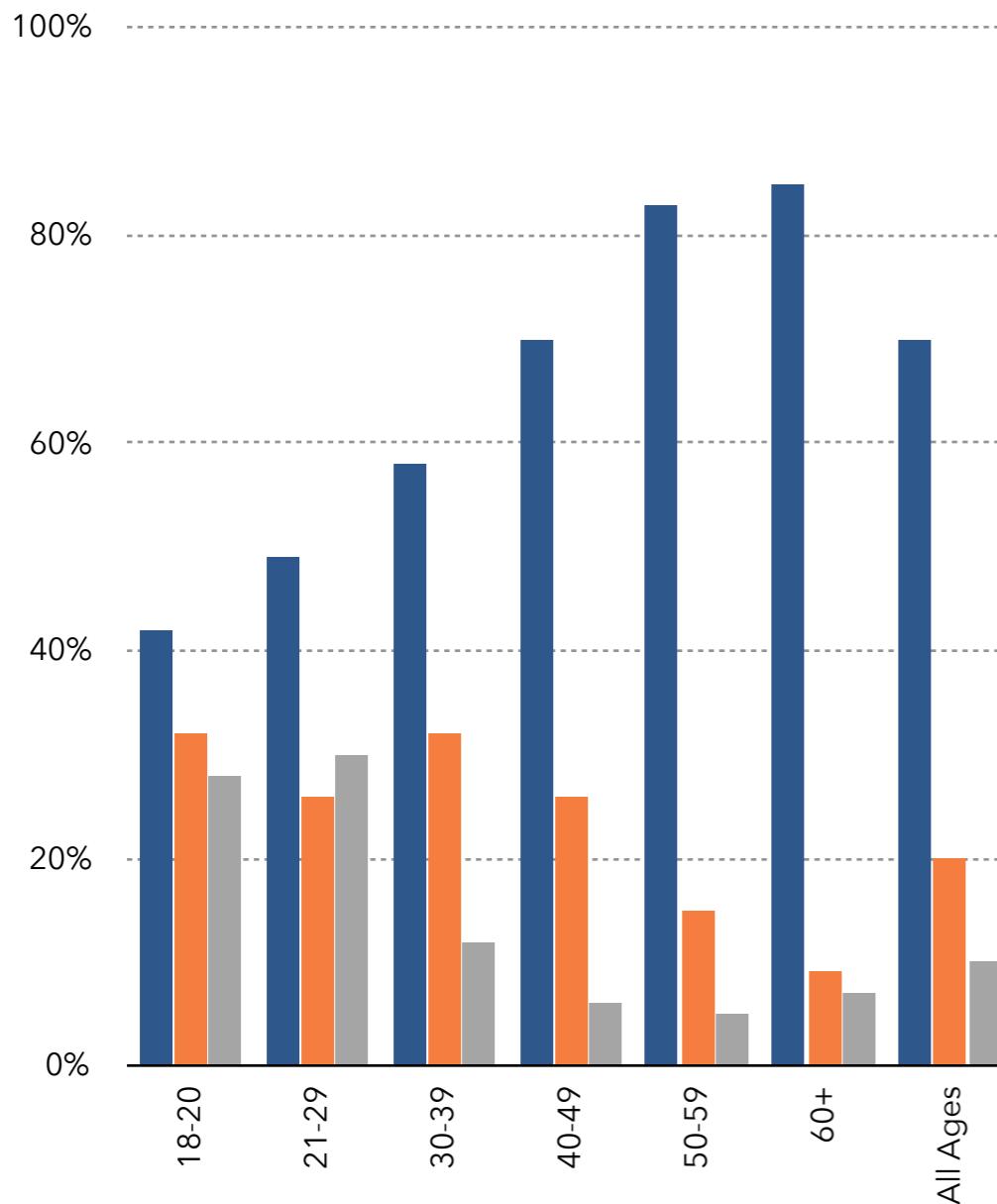
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There's been a great deal of coverage of the cable/satellite cord-cutting phenomenon. [CableClix](#), with [Humankind Co](#), undertook online, qualitative and quantitative research to better understand the cord-cutters and cord-nevers (who have never subscribed) and what kind of content they want.

Subscriber Type by Age Group



Who's cutting

Not all cord-cutters and cord-nevers are millennials. In fact, 30% of those age 30-39 are cord-cutters and 11% are cord-nevers. Over one-quarter of those age 40-49 are cord-cutters. And the fact remains that the majority of millennials still subscribe to a cable or satellite TV service. Overall, 70% of Americans still subscribe, while 20% are cord-cutters and 10% are cord-nevers.

This data is from a CableClix study of almost 1,000 people in the US who are responsible for the entertainment decisions in their household, conducted in March 2017. The participants match the composition of the US population by age, gender and geography, and the results are statistically significant with a 3.3% margin of error.





How fast is it happening?

Let's put the cord-cutting phenomenon in perspective: it is accelerating, but it's still slow. Cable/satellite providers only [lose about 1%](#)¹ of subscribers each year, according to The Economist. Being a cable/satellite TV provider may not be a business you want to pay a lot to get into right now, but they're hardly losing their shirts.

“It still isn’t a straightforward (or necessarily cheap) proposition. If you want to ditch your cable bill, you’ll need to be willing to make some compromises on what you can watch and how soon you can get it.”²

Techlicious



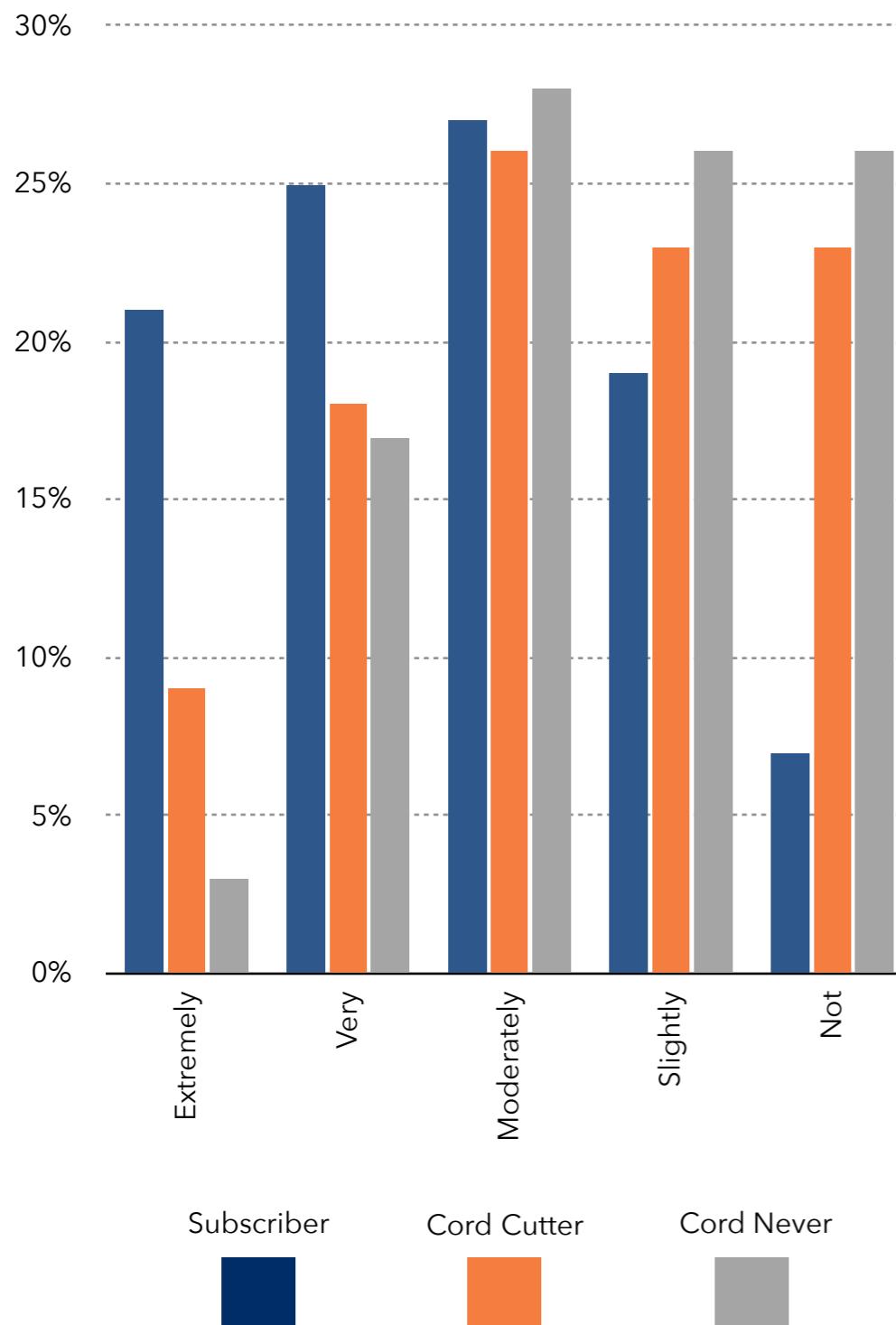
Why cut the cord?

The reasons Americans have cut the cord are cost and access to alternative content through streaming services like Roku, Hulu, DirecTV Now, PlayStation Vue, and Sling TV. Although the cost is a pain point, it's not severe enough for most people to take action.

Thirty percent have gone as far as to buy a skinny bundle from their provider, but they're still connected. Apparently we don't want to give up access to our TV shows. According to a [2015 Pew study](#),³ 63% of homes with annual incomes under \$20,000 have either cable or satellite service!

The perceived inconvenience, and the lack of knowledge about how to do it and what they will have to give up, have kept most people still paying that large monthly fee. Add the fact that the cable company also provides the internet connection, and cutting the TV service doesn't reduce the monthly cost by all that much.

Importance of content from local broadcast channels



What about local broadcast TV?

But the future of cord-cutting could be only a trip to Best Buy away. Every TV set now comes packaged with a streaming service - Sharp Insignia has Roku TV, Sony has Android TV, Toshiba has Chromecast, and Samsung has their own proprietary system. Consumers will cut the cable by default, pushed from the consumer goods side. As it gets easier and more convenient, more people will decide they can do without a cable or satellite TV subscription.

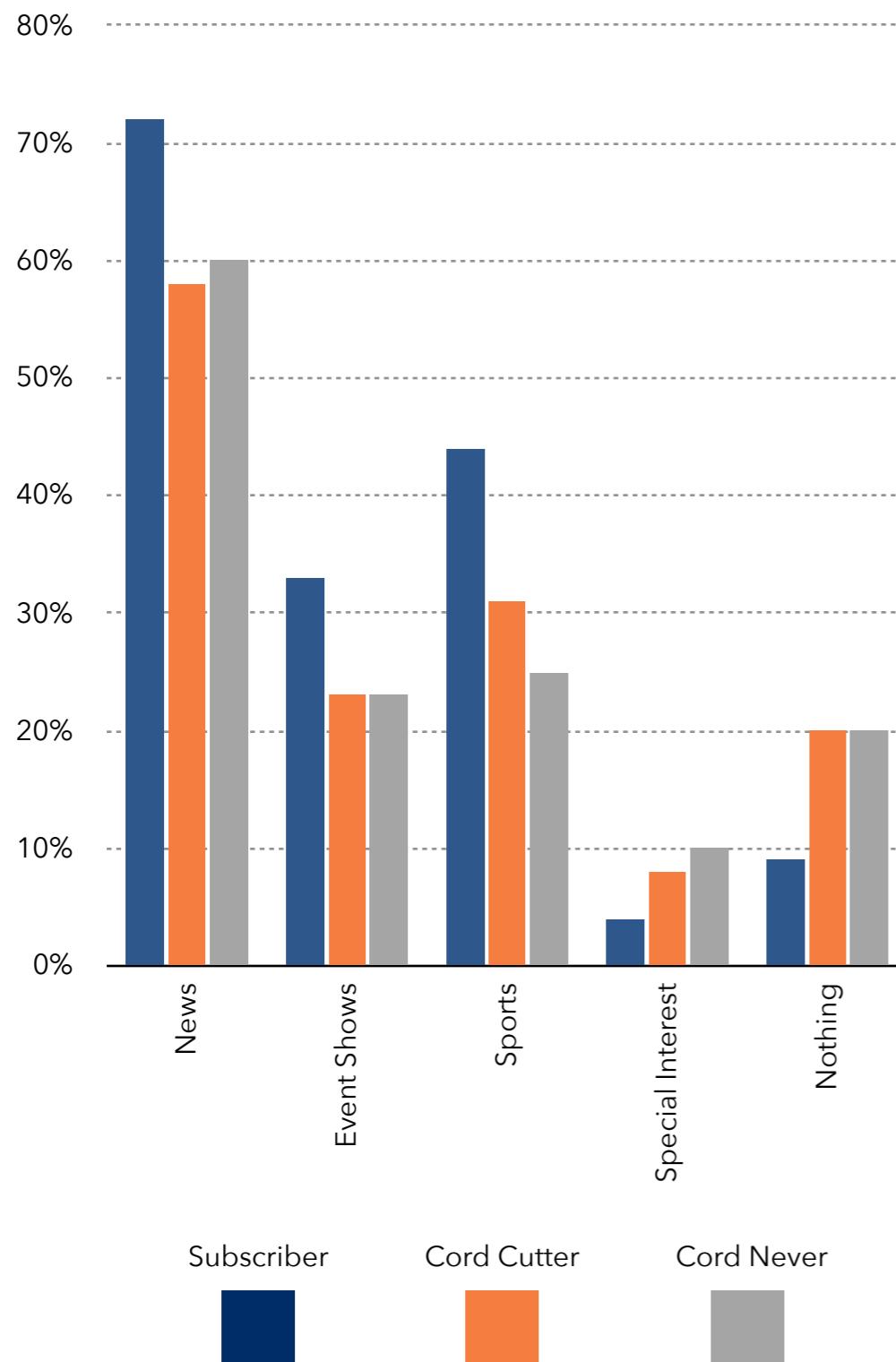
One notable finding from the CableClix study is that, however they get there, cord-cutters and cord-nevers still want local broadcast TV. Over 50% of cord-cutters and almost 50% of cord-nevers said content from local broadcast channels (e.g. ABC, CBS, NBC, Fox, CW, Telemundo, Univision) was important to them.

For over 20% of cord-cutters, it was a big concern in their decision to cut the cord. It was less of a concern to cord-nevers who grew up without ever having local broadcast TV content, and not having access was an issue for only 40% of them. About 45% of cord-cutters and cord-nevers use an antenna to pick up local broadcast TV channels, although this works better in cities with lots of channels than in semi-rural areas.

“I've cut the cord in the past but decided to go back because of the lack of variety. I'd be willing to cut the cord again but I'd like to wait until all my favorite TV networks are represented digitally. I'm sure that day will come eventually, but I'm happy to wait until then.”

Jacqueline T. (cable subscriber)

Local broadcast content that's important



What content do viewers want?

What is the local broadcast TV content that they miss? Real-time news is the thing non-subscribers want most, followed not that closely by real-time sports.

So it's no wonder that we are seeing a lot of new competitors offering access to local channels.



Who are the players?

In addition to the three major TV streaming services, DirecTV Now, PlayStation Vue, and Sling TV, new entrants include Amazon, YouTube, Hulu, Comcast's Stream TV, and PlayOn Plus. And the broadcast TV networks have their own streaming services.

A number of smaller players and startups like Pluto.TV and Rheo are also entering the fray.

Conclusion

Overall, the CableClix research showed that the cord-cutting 'tsunami' now includes 30% of Americans, and it's actually increasing slowly. Although millennials are more likely to cord-cut than other age groups, there are significant percentages of cord-cutters up through age 49.

The phenomenon is driven by a desire to save money and increasing access to content through streaming services. The perceived inconvenience and the lack of access to all the content desired still motivates many people to hold onto their cable/satellite subscription.

The research found that people still want access to local broadcast TV content. About 50% of cord-cutters and cord-nevers said content from local broadcast TV was important to them. The content most desired was real-time news.

There is a vibrant market of players in the field with a mix of large and small media companies, technology companies, and TV networks.

About Humankind Co.

Humankind Co, is a strategic insights consultancy based in the Bay Area helping its clients cultivate human insights that advance their brand, design and technology goals.

More information about Humankind Co. can be found at www.humankind-co.com.

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Notes

1. The Economist (07/16/2016) - "The Future of Television: Cutting the cord"
<http://www.economist.com/news/business/21702177-television-last-having-its-digital-revolution-moment-cutting-cord>
2. Techlicious (07/05/16) - "The Pros and Cons of Cutting the Cable Cord in 2016"
by Elizabeth Harper
<http://www.techlicious.com/tip/pros-and-cons-of-cutting-the-cable-cord/>
3. PewResearch Center (12/21/2015) - "One-in-seven Americans are television cord cutters" by John Harrigan & Maeve Duggan
<http://www.pewinternet.org/2015/12/21/4-one-in-seven-americans-are-television-cord-cutters/>