

Are Cord-Cutters Taking OTT's Low Pricing for Granted?

Price remains a top factor in cutting the cord

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The high cost of TV service continues to be the most common reason adults in North America have cut the cord, says **TiVo**.

According to its Q4 2017 survey on the state of pay TV, TiVo found 86.7% of cord-cutters did so because service had become too expensive.

Concern about pay TV prices is now at the highest level seen since Q3 2016, when TiVo first began tracking cancellation factors.

Reasons that Cord-Cutters in North America Cancelled Their Pay TV Service, Q4 2017

% of respondents

Too expensive	86.7%
Use an internet streaming service (e.g., Netflix, Hulu, Amazon Prime Video)	39.7%
Use an antenna to get the basic channels on TV	23.0%
Like to binge-watch an entire season of a TV series through streaming service	15.9%
Moved/relocated and don't plan to sign up for cable or satellite service again	13.0%
Bulk of TV viewing was original series on streaming services (e.g., "Orange Is the New Black" or "House of Cards")	7.7%
Share a friend/family member's login to watch shows on their cable/satellite provider's app	0.9%
Moved in with a new roommate who already subscribes to cable/satellite service	0.6%
Other	8.5%
Not applicable—it wasn't my decision to cancel cable/satellite service and I'm not sure why this decision was made	2.6%

Note: ages 18+; among the 18.9% of respondents who cancelled their pay TV service in the past 12 months

Source: TiVo, "Q4 2017 Online Video and Pay-TV Trends Report: Consumer Behavior Across Pay-TV, OTT, Connected Devices and Content Discovery," March 12, 2018

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Meanwhile, TiVo found that fewer people named streaming services like Netflix as the reason for cutting the cord. In the latest survey, 39.7% of respondents cited the use of streaming services, down from 48.3% in Q4 2016.

Netflix's price has long been a lure to use its streaming service. In both its **Q2 and Q3 2017** surveys, TiVo found close to six in 10 Netflix users ranked price as one of its most appealing features.

In general, subscribers may not feel they pay too much for internet streaming services—often using Netflix, Hulu and Amazon Prime Video **in tandem**—as the cost of subscriptions is less than traditional pay TV.

This sentiment may be changing, though. Per TiVo, Netflix's appeal due to price declined 4.4 percentage points to 52.0% for Q4 2017, possibly as a result of service's upped membership fees, which were put into action in early 2018.

eMarketer predicts Netflix will have close to 142 million US viewers by the end of 2021.

"The number of streaming video subscribers has been growing steadily, to the point that many users might take those services for granted and not see them as playing a big role in the larger decision to cancel pay TV," said eMarketer principal analyst Paul Verna. "It's also

possible that as viewers add more and more services—digital and traditional—to their media mix, cost becomes an issue that crowds out others.”