The Impact of Streaming Video Is Huge (and Easy to Overestimate)

Effects are subtle and the pace of change is slow

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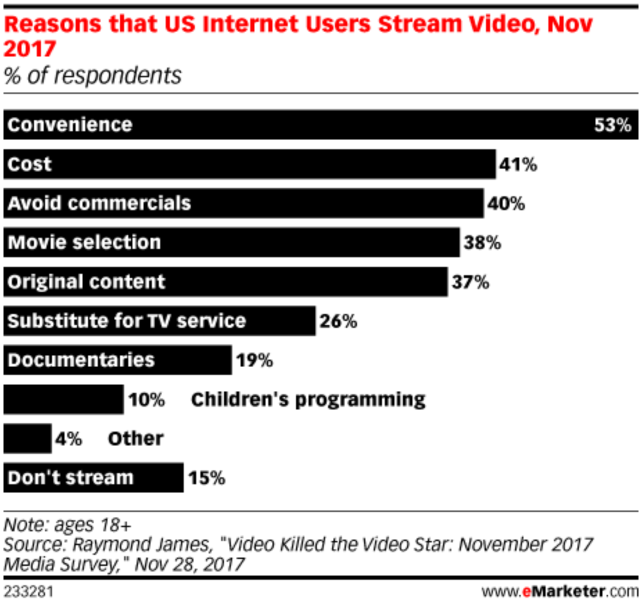
The dramatic rise of Netflix and other over-the-top (OTT) video services has fundamentally changed viewing habits in the US, especially among younger users, but in the short run it can be easy to overrate that change.

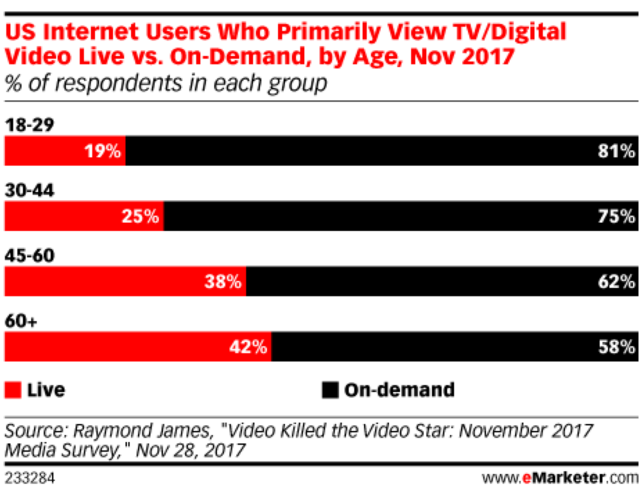
A November 2017 survey of US internet users by Raymond James highlighted that dynamic, noting that while streaming is gaining share from TV, the two video formats coexist. Change is underway, the study found, but the effects are subtle and the pace of change is slow. For instance, 55% of respondents said they plan to keep their TV package unchanged over the next 12 months. That's little changed from the results of the survey over the past three years.

Part of the reason for the slow evolution, according to the financial firm, is that the reasons for watching TV, such as sports and news, are complementary to the reasons for streaming, such as cost and convenience.



Aside from the attractions of cost and convenience, it's worth noting the widespread dislike of advertising: 40% of the respondents said they opt for streaming video to avoid commercials.

The survey also clearly underscored consumer preference for on-demand viewing. Even the oldest respondents, those 60 and older, said they primarily view TV and digital video on-demand rather than live. And among the youngest group, the predilection for on-demand was striking, with more than four in five opting for that over live video.



Despite that strong preference, Raymond James cautioned against expecting rapid change away from traditional linear TV bundles, noting that other technology/platform transitions, such as the shift from dial-up to broadband, or from landline to cellular, have shown a long lag between a propensity to change and actual change. "We believe survey revelations of intentions can be misleading as the propensity to change has historically not borne out in the short term," the company said.

That reasoning parallels eMarketer's forecast for pay TV households in the US. eMarketer estimates 75.2% of US households will have a subscription to traditional pay TV services this year. That figure is expected to edge down to 73.2% in 2019, but remain above 70% through 2020.