

Cord-cutting accelerates with millions more expected to leave pay TV for Netflix, Hulu, Amazon

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More bad news for pay-TV providers: there's another sign that cord cutting—consumers departure from pay TV for broadband-delivered video—is accelerating.

A new forecast from research firm eMarketer suggests that this year six million more TV viewers will depart pay TV for over-the-top video services, labelled such because they are delivered by broadband internet.

The number of cord-cutters, those who cancel pay TV, is expected to climb 32.8 percent this year to 33 million. That's higher than the 27.1 million (22 percent growth rate) cord-cutters expected for 2018 in last year's forecast.

Overall, 186.7 million U.S. adults will watch cable, satellite or telco-delivered pay TV in 2018, down 3.8 percent over last year, according to eMarketer's latest U.S. pay TV/OTT forecast, based on 30 different research sources. That decline is higher than the 3.4 percent drop in 2017.

Also accelerating is viewership on YouTube, Netflix, Amazon and Hulu. YouTube retains the largest audience with an expected 192 million U.S. viewers, but Netflix is expected to hit 147.5 million viewers by the end of the year, eMarketer says.

Amazon is expected to hit 88.7 million viewers, with Hulu amassing 55 million, the research firm says.

"Consumers increasingly choose services on the strength of the programming they offer, and the platforms are stepping up with billions in spending on premium shows," said eMarketer principal analyst Paul Verna in commentary accompanying the report. "Another factor driving the acceleration of cord-cutting is the availability of compelling and affordable live TV packages that are delivered via the internet without the need for installation fees or hardware."

The findings from eMarketer echo survey results released last month by Magid Media Futures, which found about 8 percent of pay-TV subscribers surveyed were extremely likely to cancel their pay-TV service and not get another one in the next 12 months. That's higher than the 6 percent of subscribers who planned to cut the cord in 2017.

Analysts with eMarketer foresee traditional pay-TV providers attempting to slow the cord-cutting exodus by partnering with Netflix and, eventually, other net TV providers.

"Most of the major traditional TV providers (such as Charter, Comcast, Dish, etc.) now have some way to integrate with Netflix," said eMarketer senior forecasting analyst Christopher Bendtsen. "With more pay TV and OTT partnerships expected in the future, combined with other strategies, providers could eventually slow—but not stop—the losses."

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