

Industry Report

TV Services: Changing the Channel Package

Table of Contents
2017



PARKS
ASSOCIATES

By Brett Sappington, Senior Director of Research; Alexandra Martin, Research Analyst; and Patrice Samuels, Senior Analyst

Synopsis	TV Services																
<p>Several factors are causing operators to reassess the ways in which they package their pay-TV offerings, including carriage fee battles, changing consumer preferences, new regulations, emerging technologies, and aggressive competition. As a result, many are exploring opportunities for skinny bundles, <i>a la carte</i> offerings, or other options. This report examines global and regional trends in video service packaging and consumer preferences related to these changes.</p>	<div style="text-align: center;"> <h3>Cord-Shavers, Cord-Cutters, & Cord-Nevers</h3> <p>U.S. Broadband Households</p> <table border="1"> <caption>Estimated Data from Chart</caption> <thead> <tr> <th>Category</th> <th>Q1 2014</th> <th>Q2 2015</th> <th>Q3 2016</th> </tr> </thead> <tbody> <tr> <td>Cord Nevers</td> <td>~5%</td> <td>~6%</td> <td>~8%</td> </tr> <tr> <td>Cord Shavers</td> <td>~10%</td> <td>~12%</td> <td>~14%</td> </tr> <tr> <td>Cord Cutters</td> <td>~10%</td> <td>~12%</td> <td>~14%</td> </tr> </tbody> </table> <p style="text-align: right;">© Parks Associates</p> </div>	Category	Q1 2014	Q2 2015	Q3 2016	Cord Nevers	~5%	~6%	~8%	Cord Shavers	~10%	~12%	~14%	Cord Cutters	~10%	~12%	~14%
Category	Q1 2014	Q2 2015	Q3 2016														
Cord Nevers	~5%	~6%	~8%														
Cord Shavers	~10%	~12%	~14%														
Cord Cutters	~10%	~12%	~14%														
<p>Publish Date: 1Q 17</p>	<p>“Consumers want more choice in their channel packages. If they can’t find a package option that fits their economic needs and content interests, an increasing number are self-aggregating their own video service experience. This can lead to consumers leaving pay TV operators in search of better alternatives. Channel packages need to evolve in order to meet the changing needs of many consumers today,” said Alexandra Martin, Research Analyst.</p>																
Contents	<ul style="list-style-type: none"> 1.0 Report Summary <ul style="list-style-type: none"> 1.1 Purpose of Report 1.2 Scope of Report 1.3 Research Approach/Sources 2.0 Changing Demand for Live, Linear TV <ul style="list-style-type: none"> 2.1 Cord-Cutting, Cord-Shaving, and the Adoption of Pay TV <ul style="list-style-type: none"> 2.1.1 Cord-Cutters and the Return to Pay TV 3.0 Re-thinking the Channel Package <ul style="list-style-type: none"> 3.1 The Emergence of Skinny Bundles <ul style="list-style-type: none"> 3.1.1 Licensing and Skinny Bundles 3.1.2 Skinny Bundle Case Study: The Evolution of Sling TV 																

	<ul style="list-style-type: none"> 3.2 Skinny Bundle Impact on Pay-TV Revenues / KPIs 3.3 Industry Trends in Channel Packages and Bundling <ul style="list-style-type: none"> 3.3.1 OTT / pay-TV Bundling and Partnerships 3.3.2 Ultimate Consumer Choice: A la carte pay-TV offerings 3.4 Carriage Fee Conflicts and Network Blackouts 4.0 Market Forecast <ul style="list-style-type: none"> 4.1 Forecast Methodology & Assumptions 4.2 Forecast of Pay-TV Subscribers (2015 – 2021) 5.0 Implications & Recommendations 6.0 Appendix <ul style="list-style-type: none"> 6.1 Glossary 6.2 Index 6.3 Image Sources
--	---

Figures	
	<ul style="list-style-type: none"> U.S. Pay-TV Service Penetration (2011 - 2016) Number of Pay-TV Subscribers for Leading U.S. Pay-TV Providers (2014-2016) Cord Nevers by Age (2014-2016) Cord-Shavers, Cord-Cutters, & Cord-Nevers (2014 – 2016) Recent Change to Pay-TV Service (2015 – 2016) Changes to Pay-TV Service by Provider (2015 – 2016) Reasons Consumers Re-subscribed to Pay TV Channel Preferences by Skinny Bundle Target Segments Comparison of Skinny Bundle Size and Pricing (Feb 2017) Average Expenditure on TV Services (2012 – 2016) Skinny Bundle Revenue Scenario – Incremental Subscribers Skinny Bundle Revenue Scenario – Full Cannibalization Offset Analysis: Skinny Bundle vs. Cannibalized Subscribers Skinny Bundle Revenue Scenario – The Value of Add-on Packs Pay TV and OTT Service Subscriptions A la carte and skinny bundle options among Canadian operators Consumer Uptake of Operator Skinny Bundles and a la carte Channels in Canada Recent Carriage Fee Conflicts YES Network Carriage Fee Battle Ad Campaign TV Services Forecast Methodology Number of TV Households by Region (2015 – 2021) Global Forecast: Number of Pay-TV Households by Type (2015 - 2021)

List of Companies		
	A+E Networks	Liberty Global
	ABC	Machinima
	Altice	Maker Studios
	Amazon	Mediacom
	AMC	Midcontinent
	Animal Planet	MTV
	Armstrong	NBC
	Atlantic Broadband	Netflix
	BBC	NFL

TABLE OF CONTENTS

<p>beIN Bouygues Telecom CBS / CBS All Access Charter Cincinnati Bell Cinemax CMT Com Hem Comcast Cooking Channel DIRECTV DIRECTV Now Discovery DISH International / DISH Network Disney E! EPIX ESPN Fandor Food Network Fox / Fox News Fox Soccer Plus FX HBO / HBO Now HGTV History Channel Hulu KPI LG Electronics</p>	<p>NHL Orange PlayStation Vue Polaris+ Roku Samsung Science Channel Scripps Networks SFR Sling International / Sling TV Starz Stream TV Suddenlink Sundance TV The Blaze Time Warner / Time Warner Cable Tribune Turner Univision USA Verizon VH1 Viacom Virgin Media Willow TV Xbox YES Network YouTube Ziggo</p>
--	--

Attributes	
<p>Parks Associates 15950 N. Dallas Pkwy Suite 575 Dallas TX 75248</p> <p>800.727.5711 toll free 972.490.1113 phone 972.490.1133 fax</p> <p>parksassociates.com sales@ parksassociates.com</p>	<p>Authored by Brett Sappington, Alexandra Martin, and Patrice Samuels Executive Editor: Jennifer Kent Published by Parks Associates</p> <p>© March 2017 Parks Associates Dallas, Texas 75248</p> <p>All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.</p> <p>Printed in the United States of America.</p> <p>Disclaimer Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.</p>