



# THE BEST BUNDLE

**FEB**  
2018

HOW CONSUMERS CHOOSE BETWEEN PAY TV,  
VIRTUAL MVPD, AND "DIY" TV BUNDLES



ENTERTAINMENT  
RESEARCH



**AT&T**

# 2017 saw some of the largest increases in consumer choice when it comes to TV content

## 1. More content:

- Scripted TV series hit a new high in 2017
- Online originals were up 680% since 2012

## 2. More providers:

- Hulu with Live TV and YouTube TV launched

## 3. More change on horizon:

- DTC offerings from Disney, ESPN
- Content from Apple



But there's evidence the pendulum of consumer preference is swinging back towards aggregation

- Viewers say the number of shows is difficult to navigate
- Many say they won't add new subscriptions without eliminating some
- Positive response to aggregation by pay TV operators
  - E.g. Comcast integrating Netflix into VOD





IN THIS ENVIRONMENT:  
WHAT'S THE MOST EFFECTIVE  
APPROACH TO BUNDLING?

# In this study, we measure how consumers approach meeting their needs for TV content

## **BUNDLE VS. STANDALONE**

What is the perceived value of pay TV bundles, VMVPDs, and “DIY” bundles of standalones?

## **CONTENT PRIORITIES**

Which networks or SVOD services do consumers consider to be “must haves” in their bundle?

## **TRACK CHANGES**

How have awareness and appeal of different bundling options changed over the past year?

## **MEASURE APPEAL**

How excited are consumers about new players entering the market (e.g. Disney, Apple, etc.)?

## **PREDICT OPPORTUNITIES**

Which models for delivering content will attract more consumers in the future, and which providers are best positioned to deliver?

# We surveyed 2,056 consumers in the U.S.

---

- Ages 16 to 74
- Watch at least 1 hour of TV per week
- Have broadband at home
- U.S. census balanced
- Data collection completed in February 2018





# **Executive Summary**

# There's still no "magic bullet": the most satisfied viewers use multiple TV subscriptions

# of TV subscriptions

% "MY TV NEEDS VERY WELL MET"

4 +

62%

3

51%

2

47%

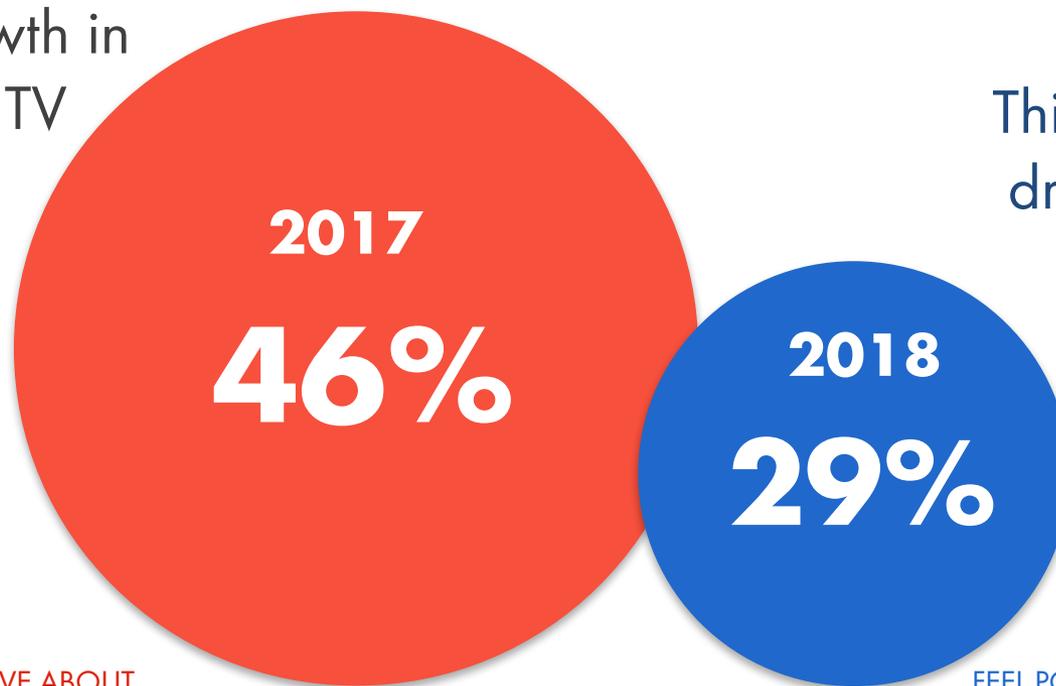
1

40%

But: consumers are reaching the saturation point in how many platforms they want to manage:

**2017:**

Nearly half of viewers feel strongly positive about the growth in the number of TV sources



FEEL NEGATIVE ABOUT GROWTH OF TV SOURCES

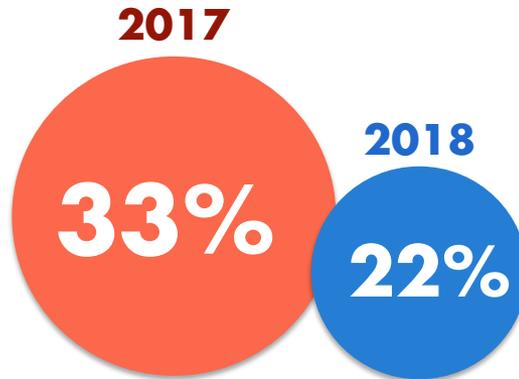
FEEL POSITIVE ABOUT GROWTH OF TV SOURCES

**2018:**

This number has dropped all the way to 29%

# But: consumers are reaching the saturation point in how many platforms they want to manage:

DOES THE LARGE NUMBER OF OPTIONS  
MAKE IT HARDER OR EASIER TO CHOOSE THE SOLUTION THAT'S  
BEST FOR YOU?

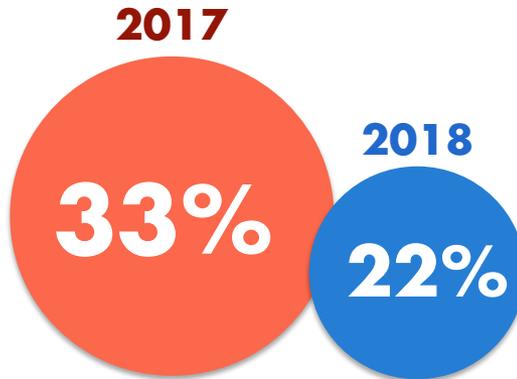


...makes it easy  
to choose what's  
best for me

In 2018, many fewer say  
the number of options  
makes it easier to find the  
best solution...

# Consumers are reaching the point of saturation:

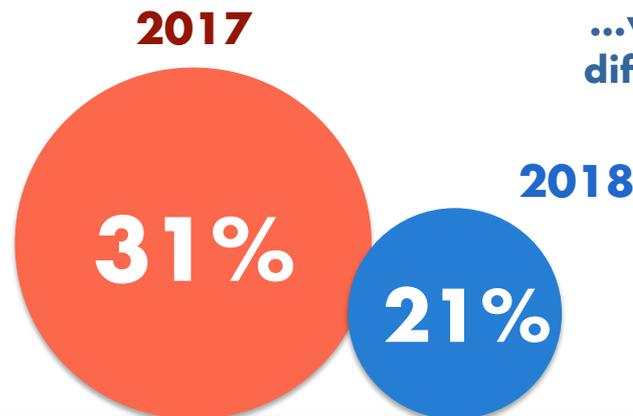
DOES THE LARGE NUMBER OF OPTIONS  
MAKE IT HARDER OR EASIER TO CHOOSE THE SOLUTION THAT'S  
BEST FOR YOU?



...makes it easy  
to choose what's  
best for me

In 2018, they are much less likely to say the number of options makes it easier to find the best solution...

HOW CLEAR ARE YOU ON THE DIFFERENCES  
BETWEEN TV SOURCES AVAILABLE TODAY?



...very clear idea of  
differences between  
TV services

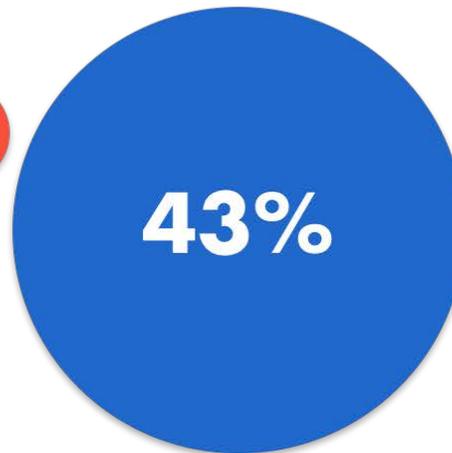
...and fewer feel clear about the differences between all the available TV sources

# Faced with overload, viewers crave simplicity: an aggregated service, with just the networks they want

WHICH TYPE OF SERVICE DO YOU PREFER?

**A service that offers a package of networks with most value**

**10%**  
33%



**A service that lets me choose, and pay for, only the individual networks I want included**

Respondents overwhelmingly prefer bundles that let them choose, and pay for, only their favorite networks

They build smaller bundles of sources they care about  
– even when they could add more

Even when given a long list of brands, and told to choose as many as they like (with no price considerations)...

Brands to choose from:

**81** networks and  
**SVODs**

Avg. respondent's  
bundle

**17.5** brands

...the average viewer created a bundle with only about 20% of the possible choices included

# Satisfaction with the TV Status Quo



We asked viewers about their satisfaction with the set of TV platforms they use right now:

---



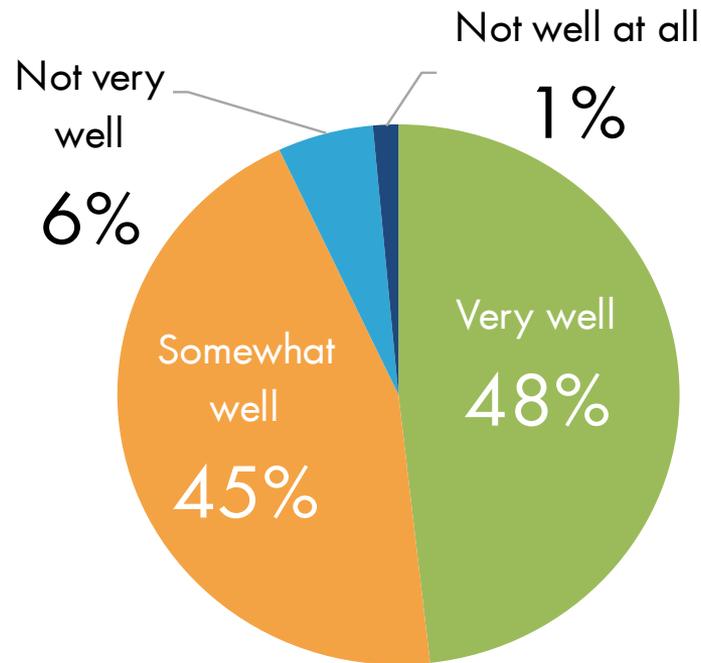
Think about the various needs you want your TV sources and services to meet—from viewing needs, budget needs, feature needs, and so on. Then think about the total combination of TV sources you use.

All things considered, how well does your current combination of TV sources and services meet those needs?

# Fewer than half of TV consumers say their current combination of TV services meets their needs “very well”

HOW WELL DOES YOUR CURRENT COMBINATION OF SERVICES MEET NEEDS?

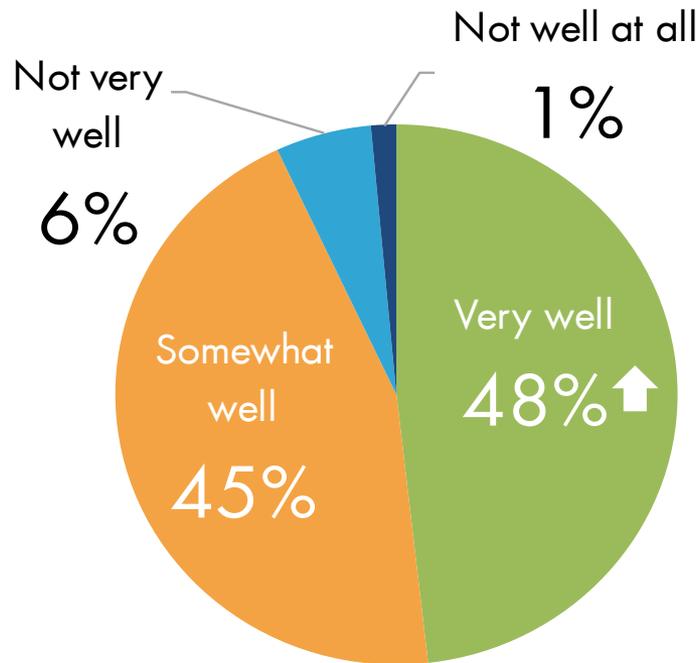
**2018**



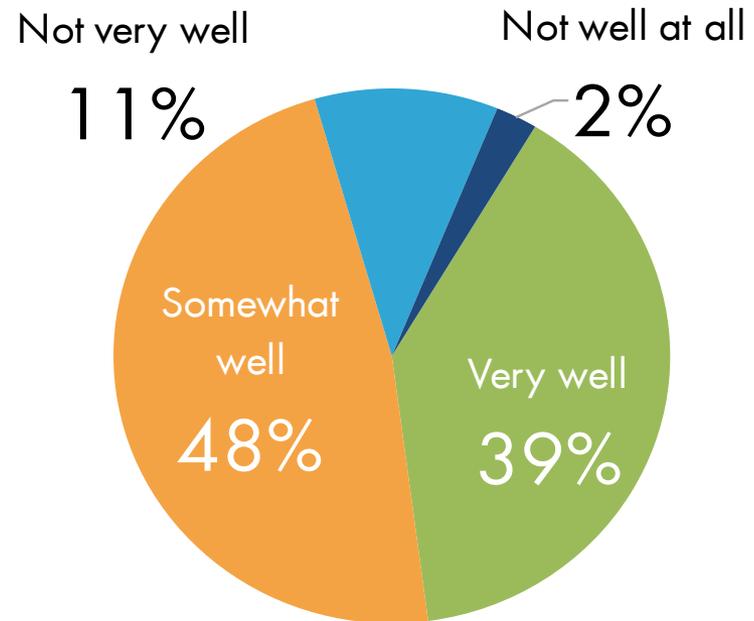
But that group is significantly larger than in 2017, when only 39% said their TV needs were met “very well”

HOW WELL DOES YOUR CURRENT COMBINATION OF SERVICES MEET NEEDS?

**2018**



**2017**



↑ Significantly higher vs. 2017

# The more TV service subscriptions consumers have, the more likely they are to feel their viewing needs are being met

HOW WELL DOES YOUR CURRENT COMBINATION OF SERVICES MEET NEEDS?

% Saying Very Well



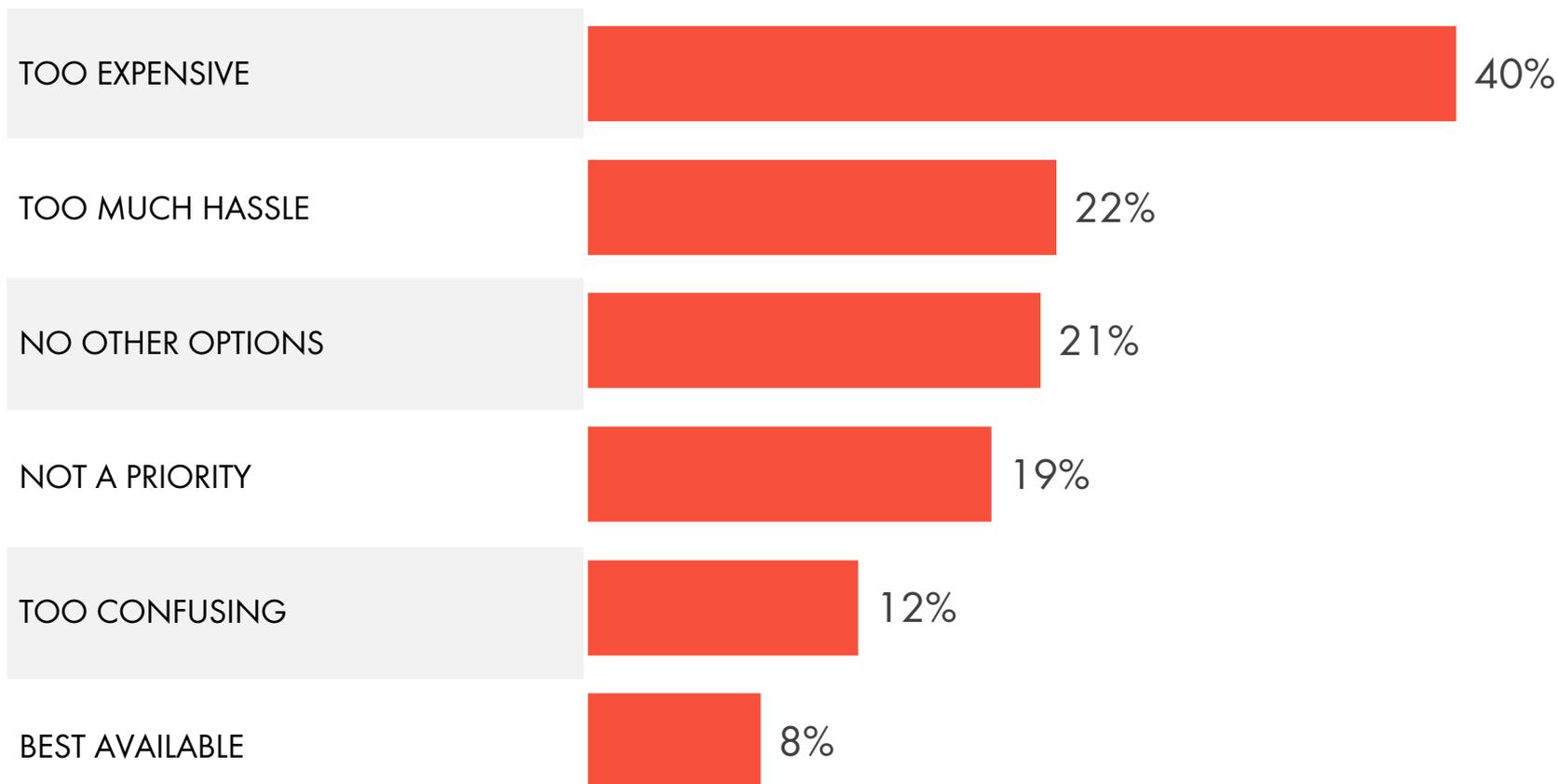
# For those saying their bundle meets their needs less than “very well,” we tested 6 reasons for not changing what they have

- |    |                  |   |
|----|------------------|---|
| 1. | BEST AVAILABLE   | I haven't looked, but I don't think there's anything better available |
| 2. | NO OTHER OPTIONS | I've researched it, but haven't found anything better                 |
| 3. | TOO EXPENSIVE    | Better options are more expensive                                     |
| 4. | TOO MUCH HASSLE  | It's too much trouble to switch                                       |
| 5. | TOO CONFUSING    | All of the options for TV are too confusing                           |
| 6. | NOT A PRIORITY   | Haven't gotten around to doing anything about it                      |

# The top reason for staying with a less than satisfactory status quo: concern that anything else would be too expensive

## WHY HAVEN'T YOU CHANGED SERVICES?

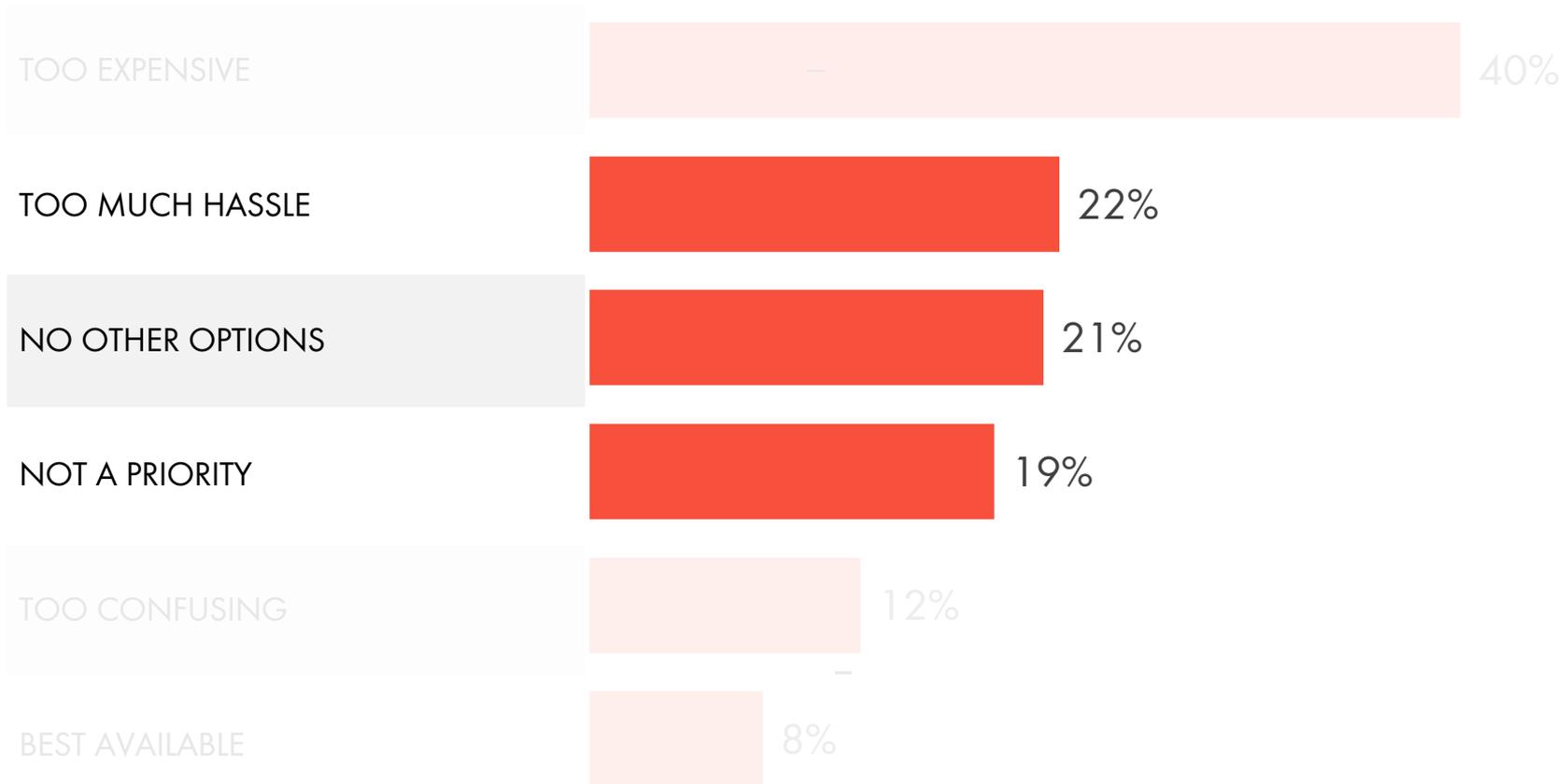
Among those saying bundle does less than a very good job meeting needs



# Too much hassle, assumption that there are no other options, and low priority also play a role in status quo inertia

## WHY HAVEN'T YOU CHANGED SERVICES?

Among those saying bundle does less than a very good job meeting needs



# Next, we asked consumers to tell us what they like BEST about their bundle of services, using a list of 15 factors

1.	EXCLUSIVE NETWORK SHOWS	Get access to shows exclusive to certain networks
2.	VARIETY	Have a lot of shows and movies to choose from
3.	LIVE TV	Can watch shows live when they air
4.	SCHEDULE	Easy to watch shows at the times you want, not tied to traditional TV schedule
5.	SITUATIONS	It's easy to watch wherever you are, inside or outside the home
6.	AD AVOIDANCE	You can avoid commercials
7.	POPULAR SHOWS	You have access to specific shows that you've been hearing about
8.	ONLINE ORIGINALS	You can watch original shows created by and only available from online sources like Netflix, Amazon, Hulu, or CBS All Access
9.	SIMPLE	Your service is simple because it eliminates networks you never watch
10.	EASE OF DISCOVERY	It's easy to find shows you're interested in with your services
11.	MULTIPLE EPISODE RELEASE	You have access to shows that release multiple episodes at the same time
12.	BINGE VIEWING	It's easy to watch multiple episodes of shows in one sitting, back to back to back
13.	NEWEST SHOWS	You can watch the most current shows and episodes, when they are first available
14.	LOCAL CHANNELS	You have access to local channels and local programming from your area
15.	RECORDING	You can record shows and watch at a later time, skipping ads if you want

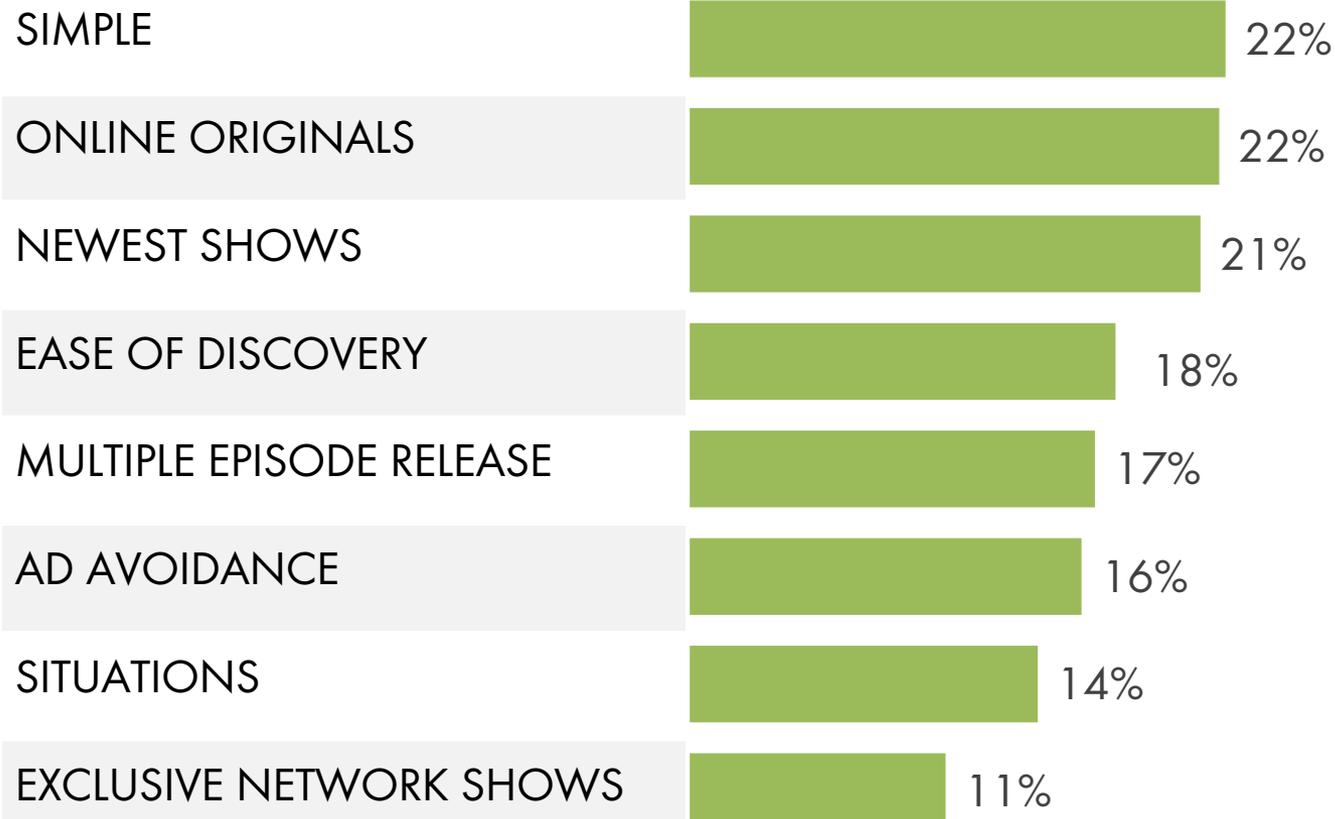
# Across all consumers, availability of local channels and live TV, along with variety, are the strongest satisfaction drivers

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?



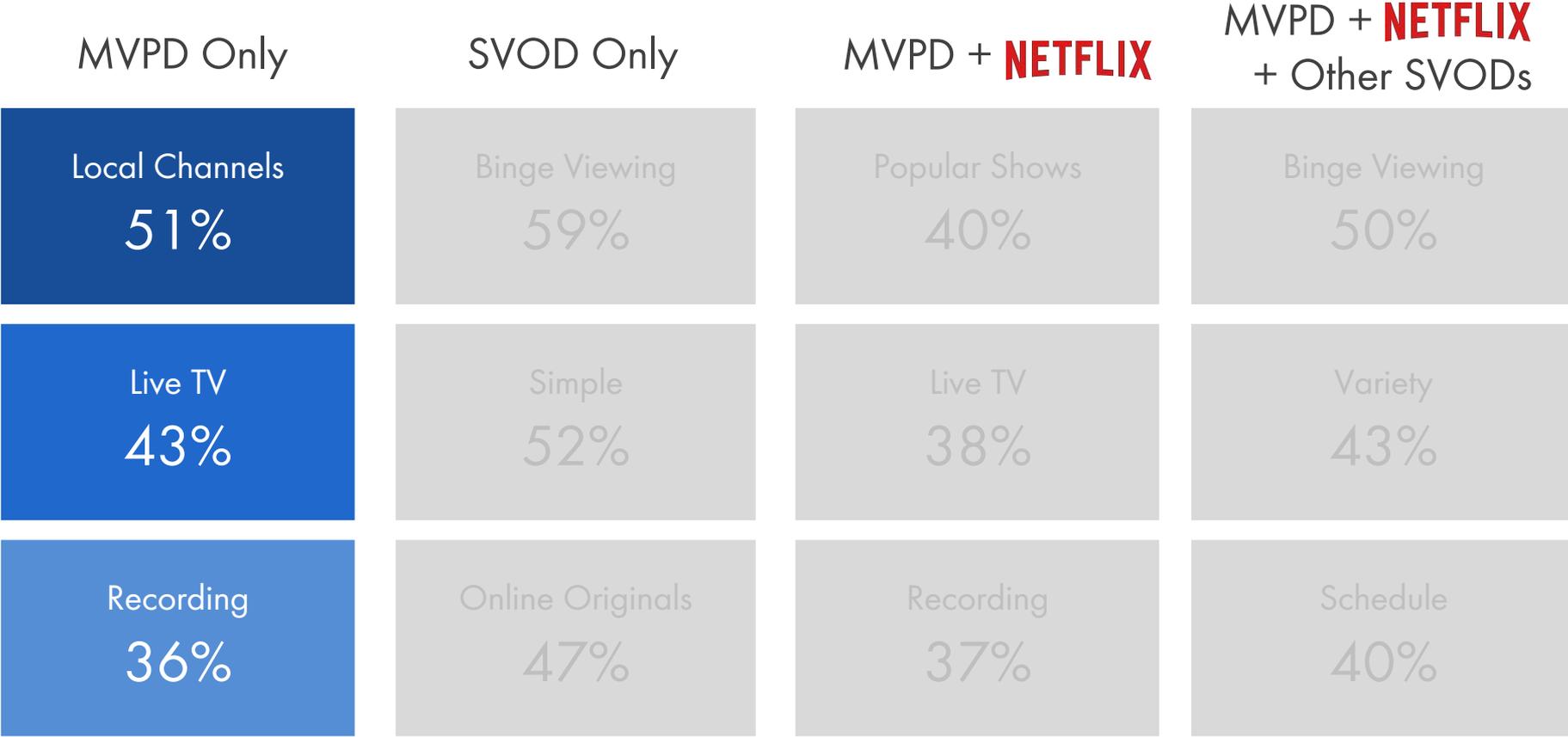
# Less likely to drive satisfaction are factors ranging from simplicity, to availability of exclusive shows

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?



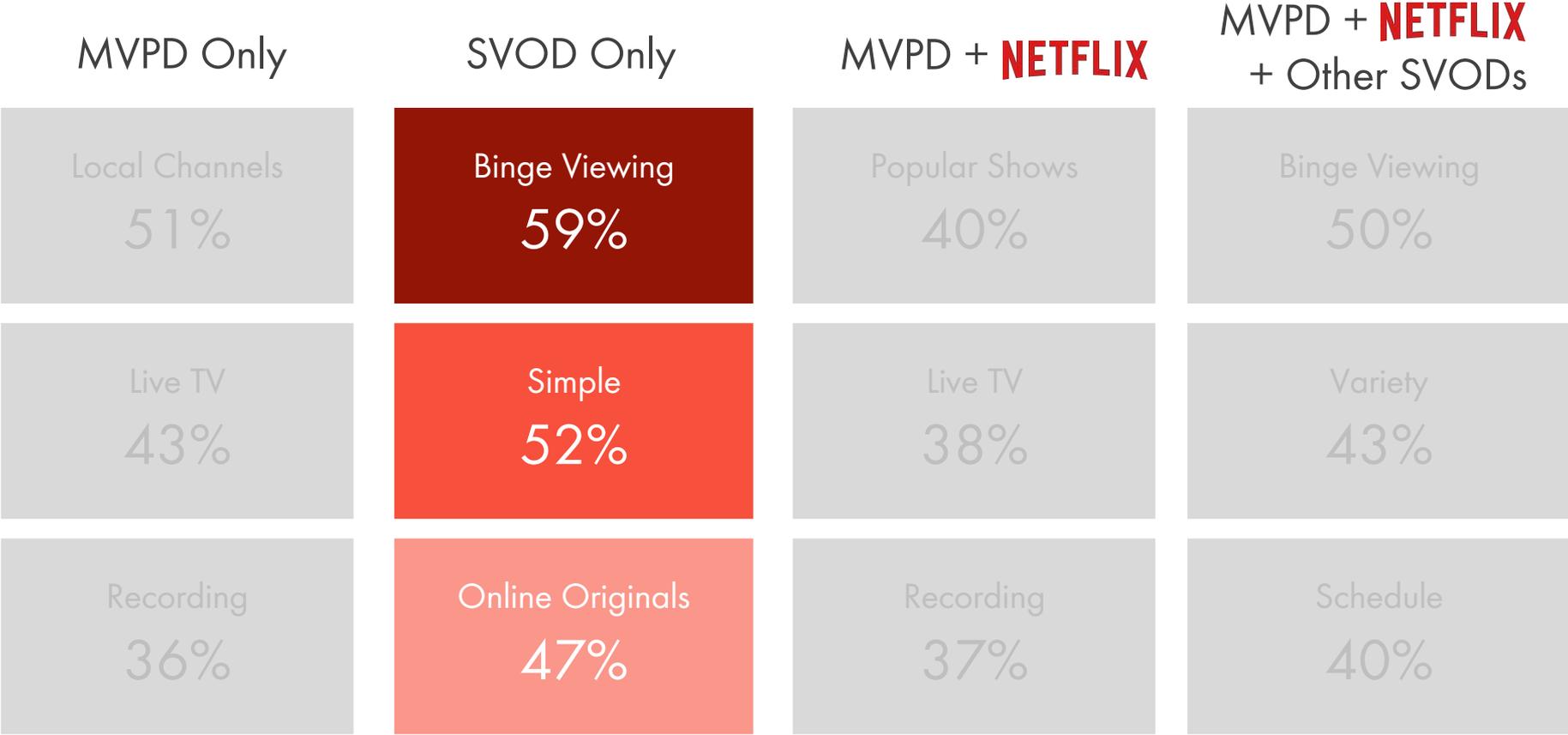
# However, drivers of satisfaction vary depending on the bundle one has, starting with local channels and live TV for MVPD subs

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?



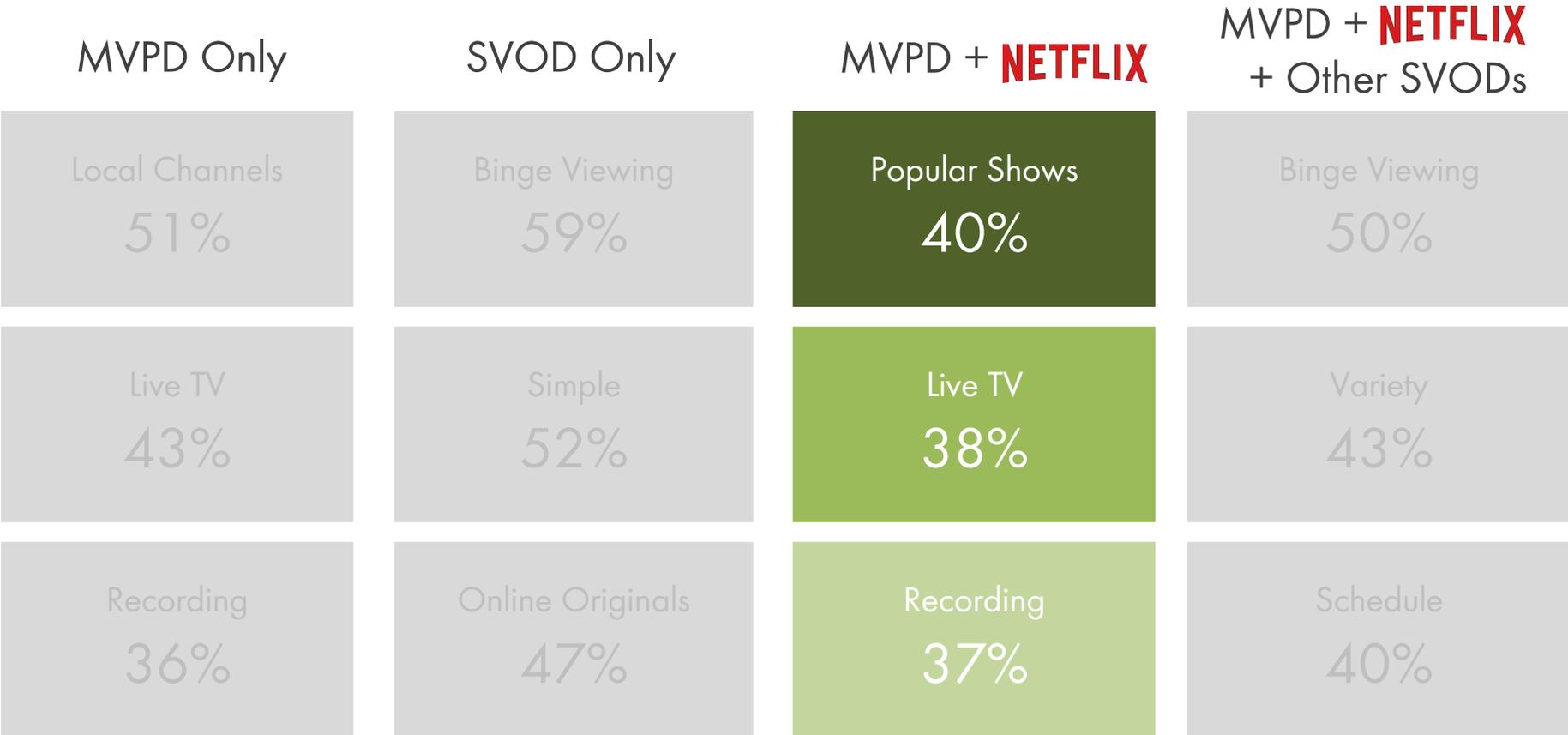
# For those with SVOD service only—no MVPD—binge viewing ease, simplicity, and online originals are what they like best

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?



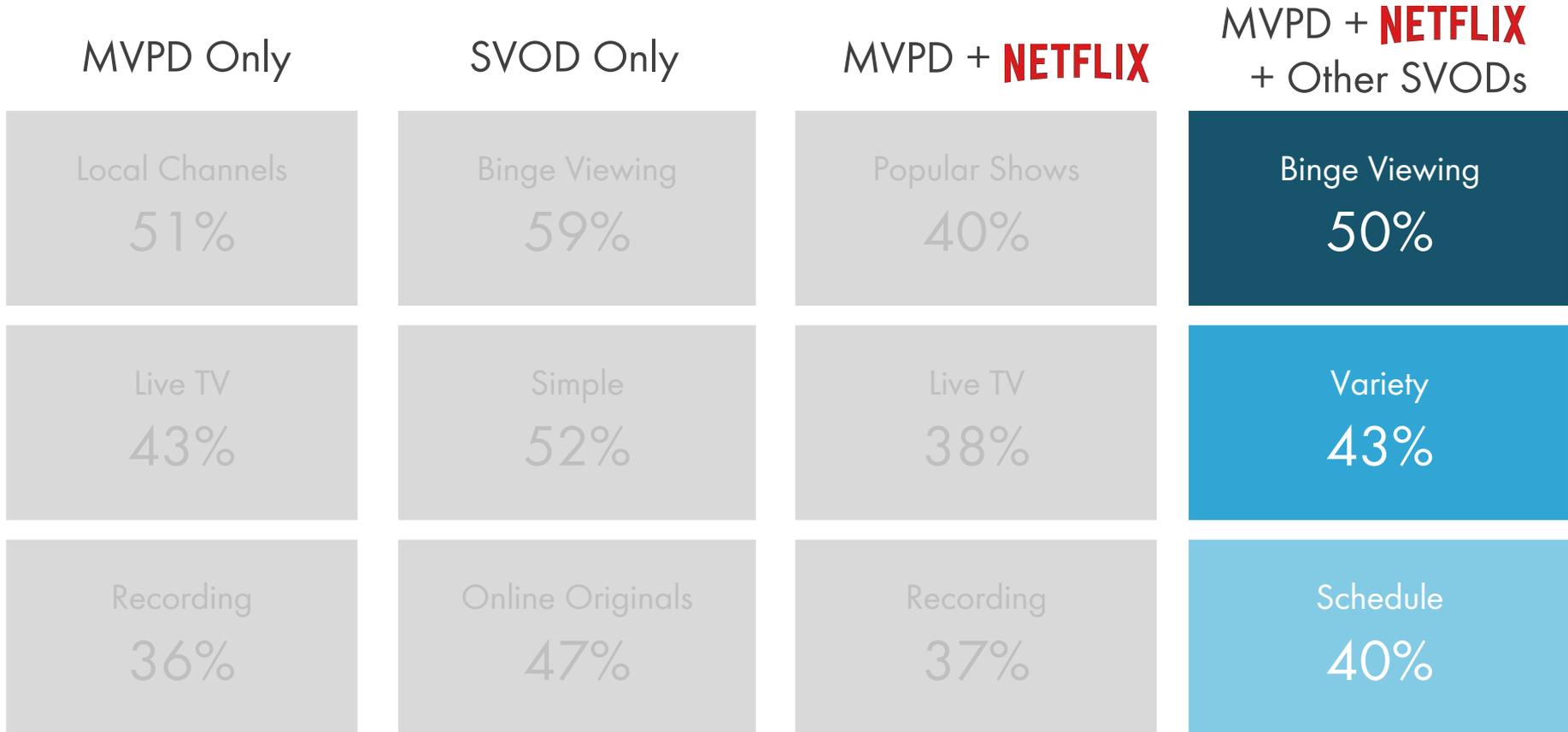
# Those with MVPD service and Netflix—and nothing else—most appreciate access to popular shows, but also access to live TV

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?



# Consumers subscribing to MVPD service, Netflix, + other SVODs cite binge viewing, content variety, and schedule convenience

## WHAT DO YOU LIKE BEST ABOUT YOUR CURRENT BUNDLE?

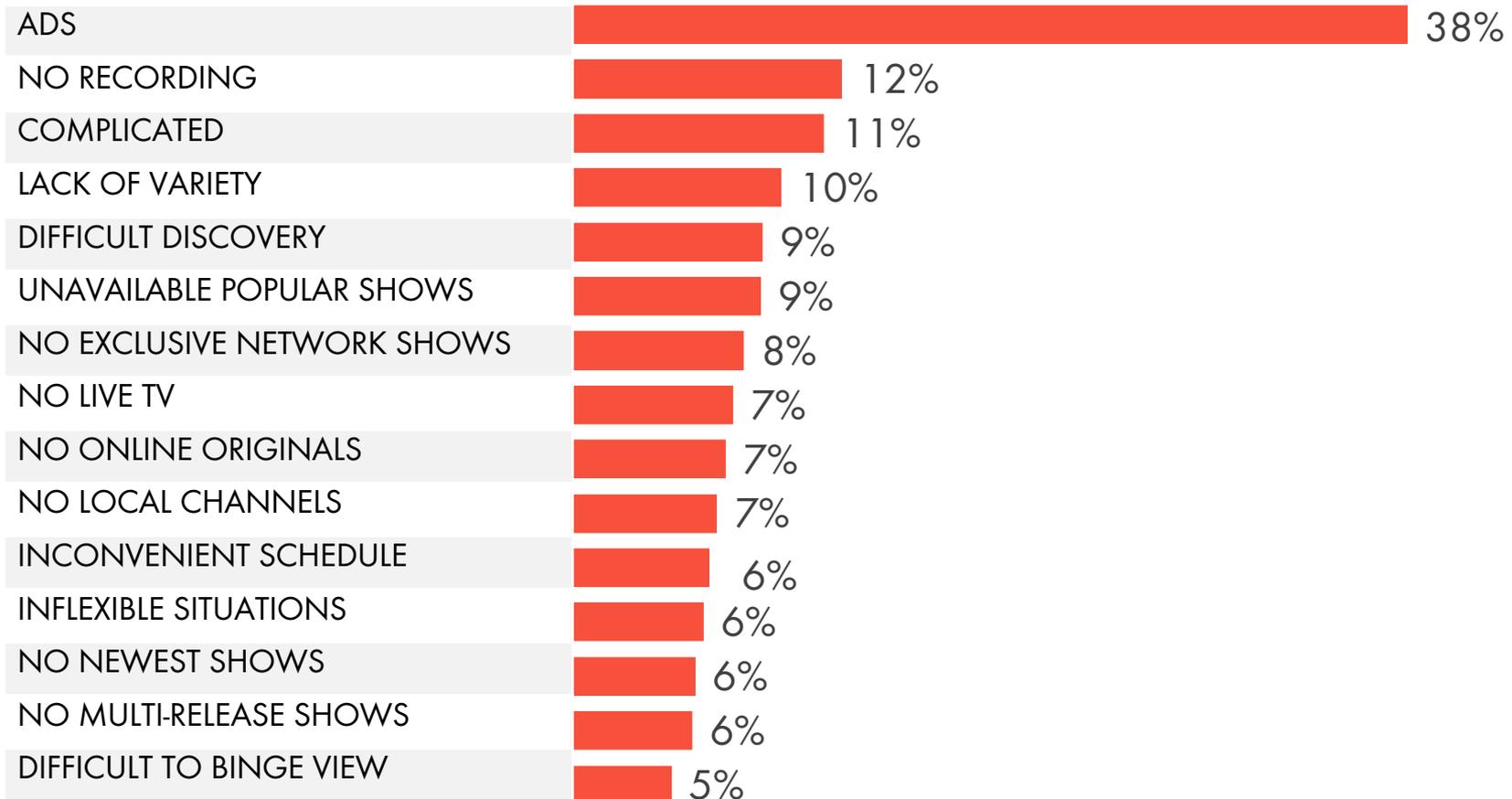


# We also asked viewers to tell us what they like LEAST about their current bundle of TV services

1.	NO EXCLUSIVE NETWORK SHOWS	You can't get access to shows exclusive to certain networks
2.	LACK OF VARIETY	You don't have a lot of shows and movies to choose from
3.	NO LIVE TV	You can't watch shows live when they air
4.	INCONVENIENT SCHEDULE	Not easy to watch shows at times you want, not tied to traditional TV schedule
5.	INFLEXIBLE SITUATIONS	It's not easy to watch wherever you are, inside or outside the home
6.	ADS	You can't avoid commercials
7.	UNAVAILABLE POPULAR SHOWS	You don't have access to specific shows that you've been hearing about
8.	NO ONLINE ORIGINALS	You can't watch original shows created by and only available from online sources like Netflix, Amazon, Hulu, or CBS All Access
9.	COMPLICATED	Service is complicated because it includes too many networks you never watch
10.	DIFFICULT DISCOVERY	It's hard to find shows you're interested in with your services
11.	NO MULTI-RELEASE SHOWS	You don't have access to shows that release multiple episodes at the same time
12.	DIFFICULT TO BINGE VIEW	It's hard to watch multiple episodes of shows in one sitting, back to back to back
13.	NO NEWEST SHOWS	Can't watch the most current shows and episodes, when they are first available
14.	NO LOCAL CHANNELS	You don't have access to local channels and local programming from your area
15.	NO RECORDING	You can't record shows and watch at a later time, skipping ads if you want

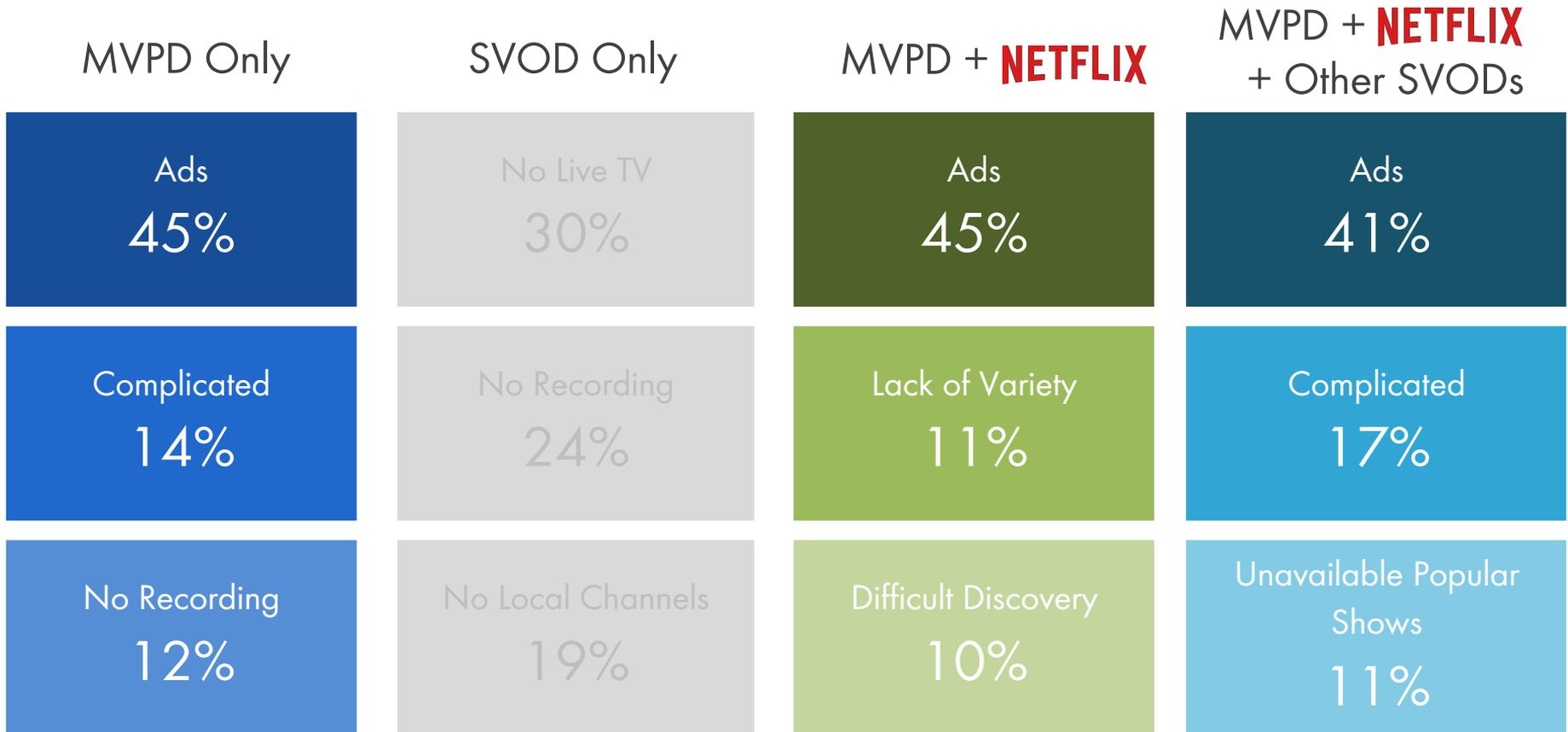
# Across the market as a whole, the most common complaint, by far, was the inability to avoid ads

## WHAT DO YOU LIKE LEAST ABOUT YOUR CURRENT BUNDLE?



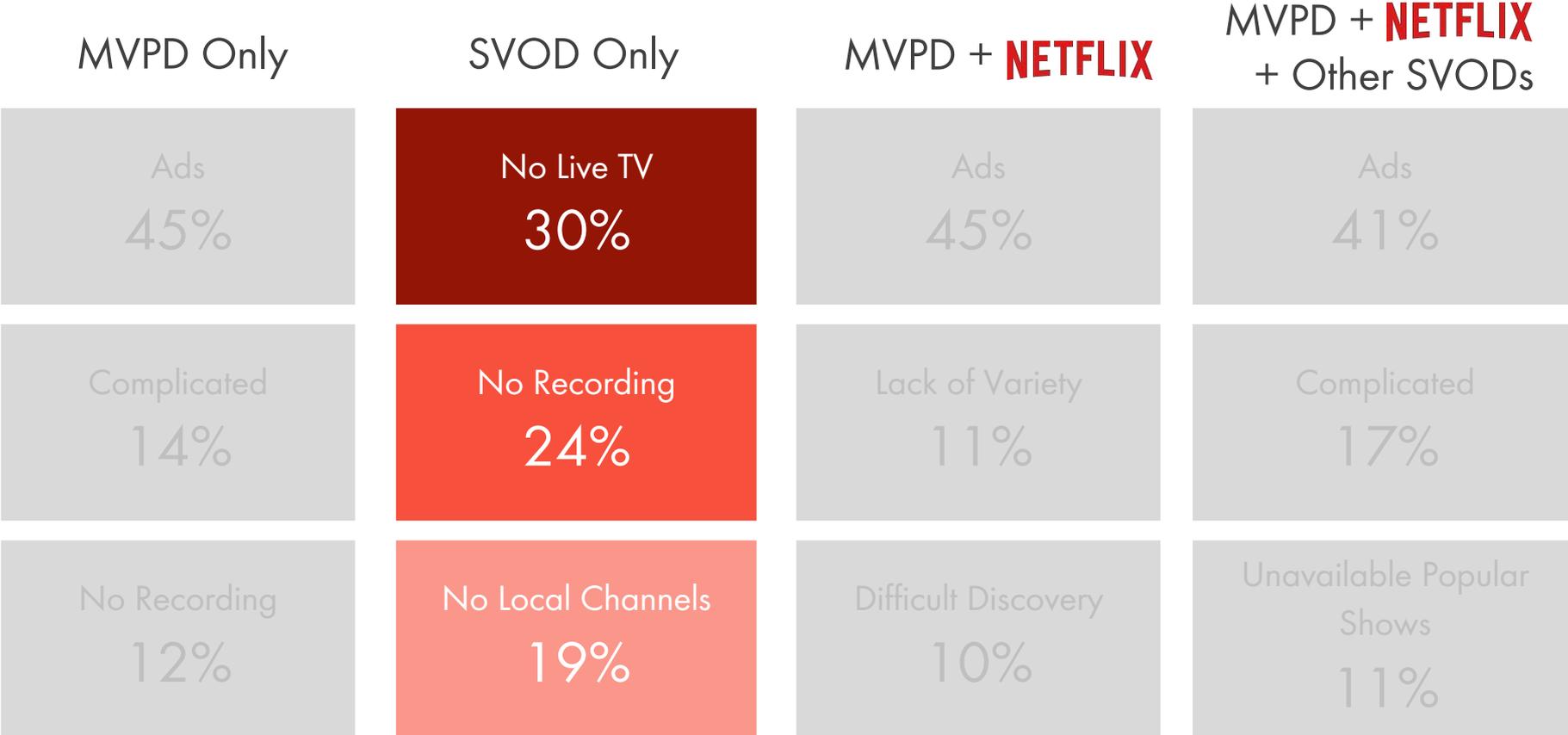
# Inability to avoid ads is the top “dislike” among all who have MVPD service included in their bundle of services

## WHAT DO YOU LIKE LEAST ABOUT YOUR CURRENT BUNDLE?



# For those who rely on SVOD only, three complaints top the list: no live TV, no recording capability, and no local channels

## WHAT DO YOU LIKE LEAST ABOUT YOUR CURRENT BUNDLE?



# Prevailing Perceptions



We asked a series of questions on consumers' perceptions about the number of different services available today

---

In each question, we asked them to use a slider to indicate their position in relation to two opposing alternatives

OPTION  
A

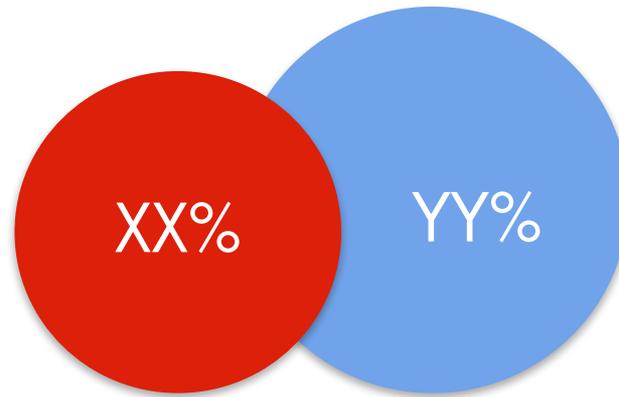


OPTION  
B

The slider captures their rating on each question on a zero-to-10 scale

# Reading the results:

Red circle =  
slider in position 0-2



Blue circle =  
slider in position 8-10

OPTION  
A



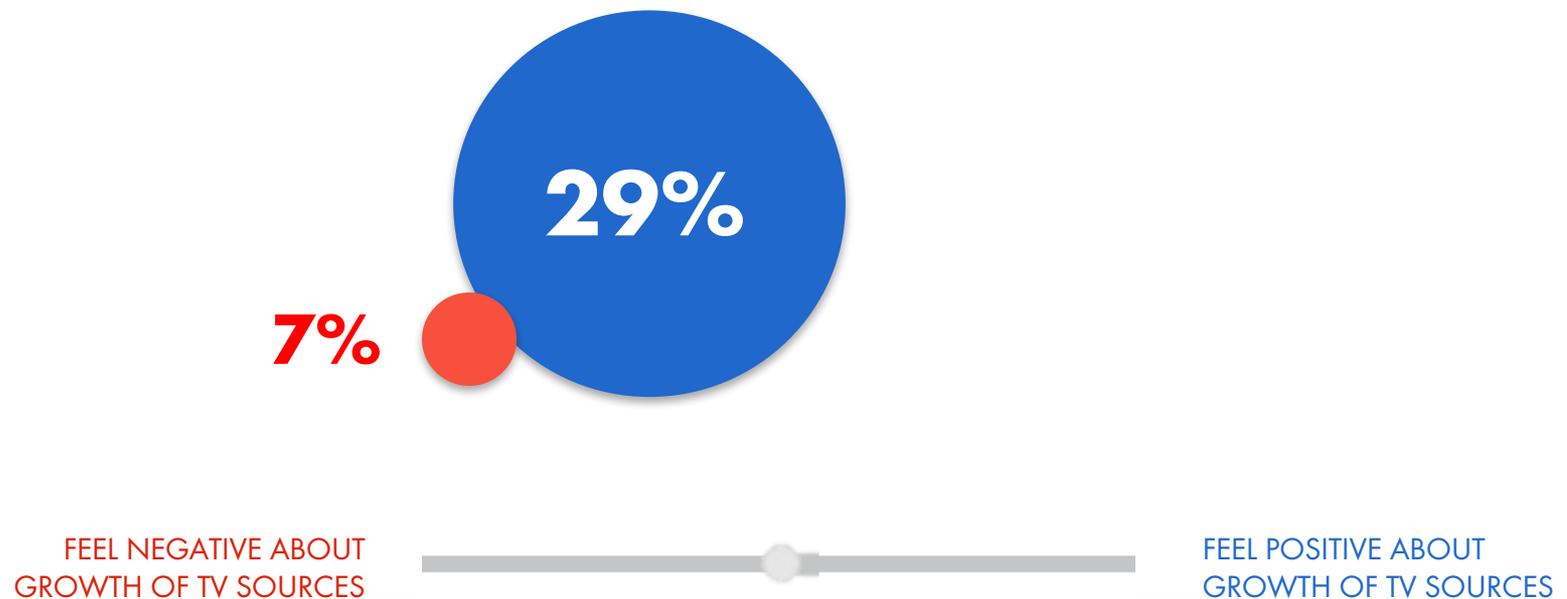
OPTION  
B

# Consumers are more likely to feel positive than negative about the growth in available TV platforms

HOW DO YOU FEEL ABOUT THE GROWTH IN THE NUMBER OF DIFFERENT TV SOURCES TO CHOOSE FROM?

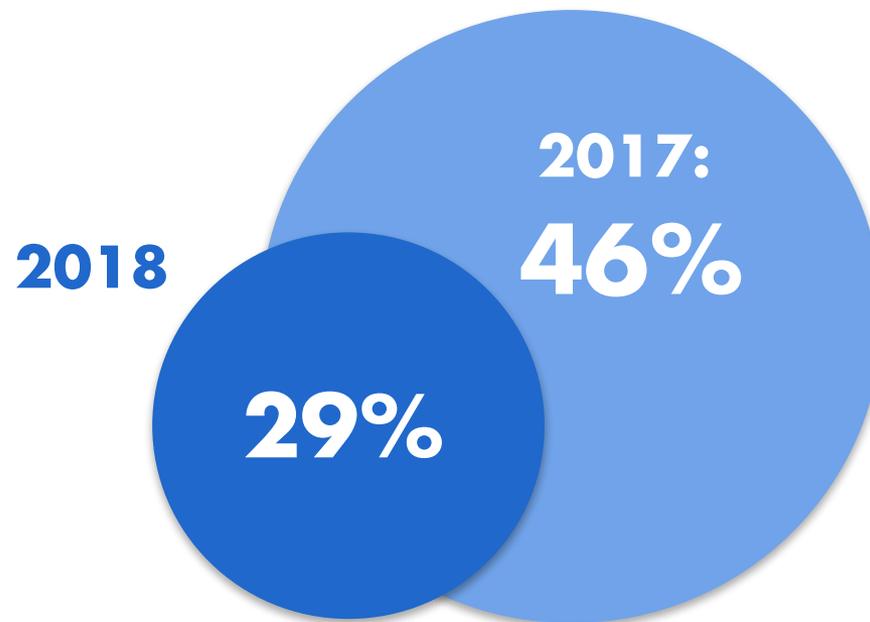
**Negative feeling  
about growth in TV  
sources**

**Positive feeling  
about growth in  
TV sources**



However, there's been a huge drop since last year in how many feel positive about the growth of sources

HOW DO YOU FEEL ABOUT THE GROWTH IN THE NUMBER OF DIFFERENT TV SOURCES TO CHOOSE FROM?



Positive feeling  
about growth in  
TV sources

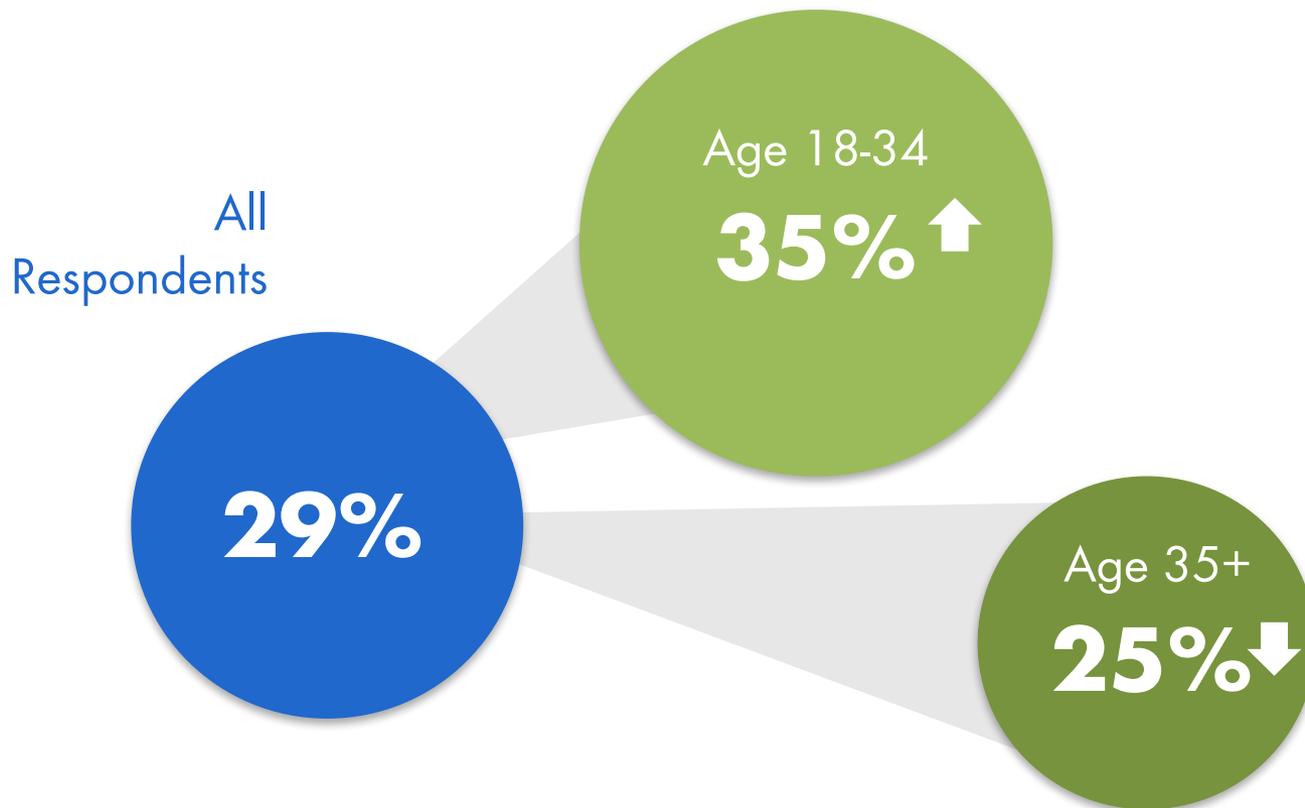
FEEL NEGATIVE ABOUT  
GROWTH OF TV SOURCES



FEEL POSITIVE ABOUT  
GROWTH OF TV SOURCES

# Younger consumers are significantly more positive about the number of services available than older consumers

% WHO FEEL **POSITIVE** ABOUT THE GROWTH IN CHOICE OF TV SOURCES



↑ Significantly higher than total

# Among the MOST positive about the growth in TV services: those who subscribe to a Virtual MVPD, like Sling TV or YouTube TV

% WHO FEEL **POSITIVE** ABOUT THE GROWTH IN CHOICE OF TV SOURCES

All  
Respondents

29%

Subscribe to  
virtual MVPD

43% ↑

↑ Significantly higher than total

Awareness of services is one thing. We also wanted to measure how well people understand the differences between services



Use the slider to tell us which statement comes closer to how you feel about your understanding of the differences between TV services:

I have no idea how services available today differ from one another



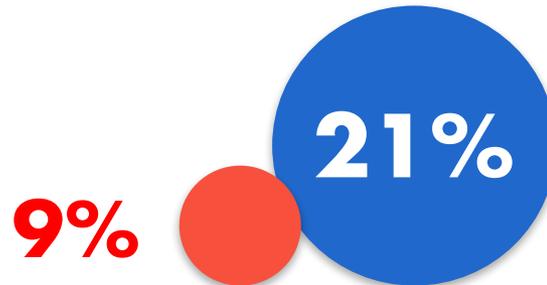
I have a very clear idea of how services today differ from each other

Only one-fifth of respondents are very clear on how the various options for TV service today are different from each other...

HOW CLEAR ARE YOU ON THE DIFFERENCES BETWEEN TV SOURCES AVAILABLE TODAY?

**...no idea about differences between TV services**

**...very clear idea of differences between TV services**



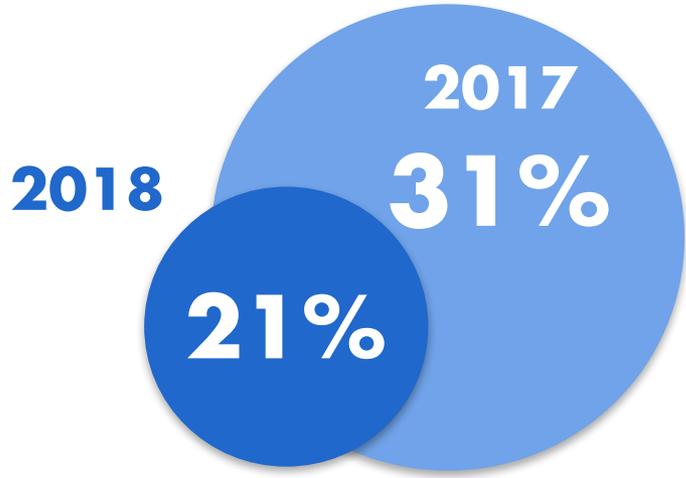
NO IDEA HOW TV SERVICES DIFFER

CLEAR IDEA HOW TV SERVICES DIFFER

...and again, there has been a huge drop from last year (when about one-third felt the differences were clear)

HOW CLEAR ARE YOU ON THE DIFFERENCES BETWEEN TV SOURCES AVAILABLE TODAY?

**...very clear idea of differences between TV services**



Some segments – binge viewers for example – are more likely than others to feel they know their options

HOW CLEAR ARE YOU ON THE DIFFERENCES BETWEEN TV SOURCES AVAILABLE TODAY?

**...very clear idea of differences between TV services**



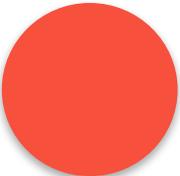
↑ Significantly higher than total

# Only a fifth of consumers say that the large number of TV sources makes it easier to choose the best one

DOES THE LARGE NUMBER OF TV SOURCES MAKE IT HARDER OR EASIER TO CHOOSE THE ONE THAT'S BEST FOR YOU?

...makes it hard to choose what's best for me

13%



...makes it easy to choose what's best for me

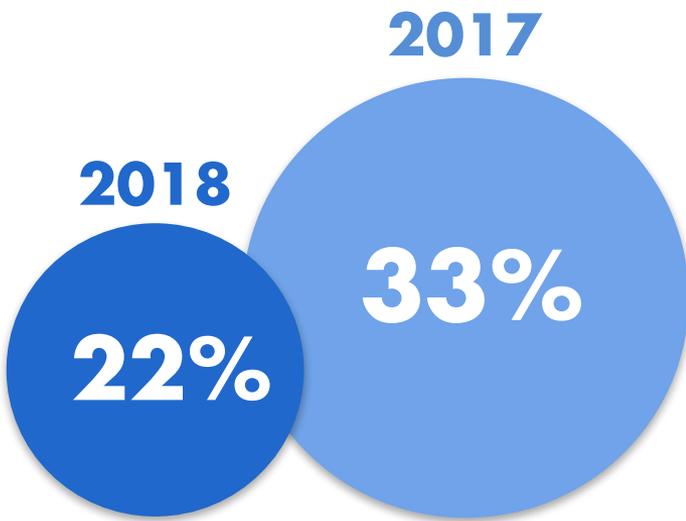
NUMBER OF TV SOURCES MAKES IT HARD TO CHOOSE BEST TV SERVICE



NUMBER OF TV SOURCES MAKES IT EASY TO CHOOSE BEST TV SERVICE

...but again: respondents last year felt much more positive about evaluating their options

DOES THE LARGE NUMBER OF OPTIONS  
MAKE IT HARDER OR EASIER TO CHOOSE THE SOLUTION THAT'S BEST FOR YOU?



...makes it easy  
to choose what's  
best for me



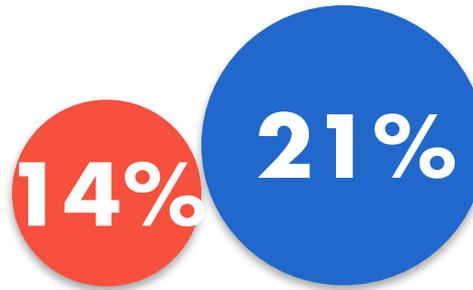
TV SOURCES: VIEWERS ARE REACHING  
A **SATURATION POINT**

Only a fifth say they would consider adding another subscription to their current set (and 14% definitely would not)

WHEN IT COMES TO ADDING NEW ONLINE TV SUBSCRIPTIONS, I FEEL THAT...

**...I already have too many, would not subscribe to new ones**

**...I would subscribe to another if content is interesting**



TOO MANY SUBSCRIPTIONS ALREADY;  
WOULD NOT SUBSCRIBE



WOULD SUBSCRIBE IF  
CONTENT IS INTERESTING

# More than a quarter of respondents say they would not add a new service without cutting some of the services they have now

IF I WERE TO SUBSCRIBE TO A NEW TV SERVICE, I WOULD...

**...definitely keep all my current services**

**...cut at least some of my current services**

**11%**

**27%**

KEEP ALL CURRENT SERVICES

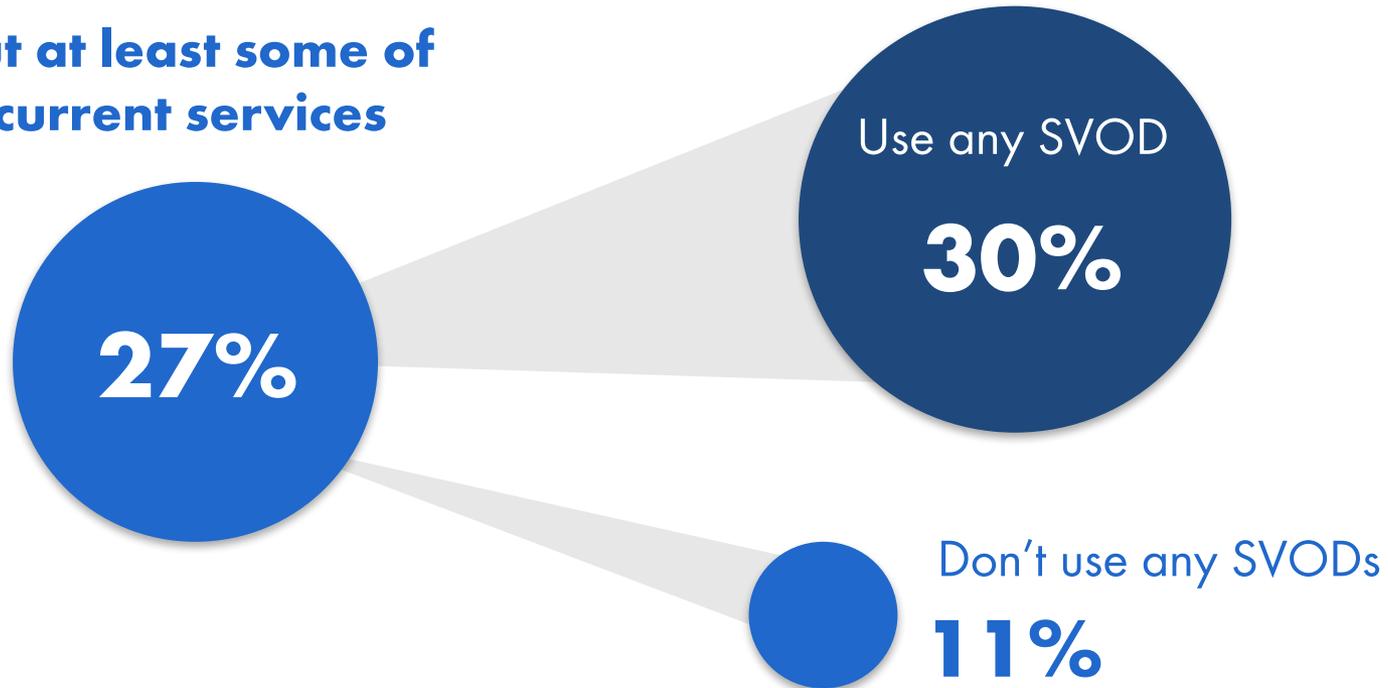


CUT SOME OF CURRENT SERVICES

More consumers are using multiple SVODs, but SVOD subs are especially likely to cut something if a new service came along

%WHO WOULD CUT AT LEAST SOME OF CURRENT SERVICES:

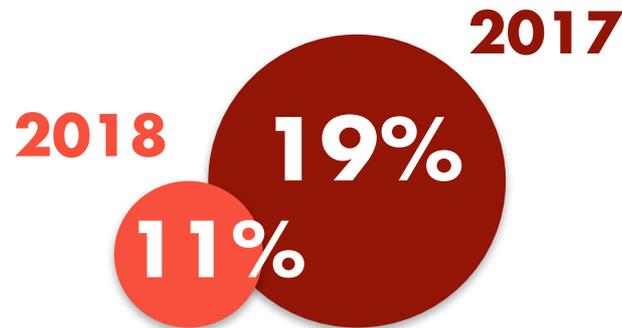
**...cut at least some of  
my current services**



# The number who say they would add new services without cutting current services has dropped by nearly half since 2017

% WHO WOULD DEFINITELY KEEP CURRENT SERVICES: 2018 VS. 2017

**...definitely keep all my  
current services**



KEEP ALL CURRENT SERVICES



CUT SOME OF CURRENT SERVICES

A grid of movie posters from various studios like Disney, Warner Bros, and Universal, with a central text overlay.

CONSUMERS WANT **AGGREGATION...**

# How do viewers prefer to access different kinds of content?



Use the slider to tell us which statement comes closer to your preference for ways to access different types of TV content: I prefer...

One central source  
where I can browse or  
search across different  
subscriptions and  
content

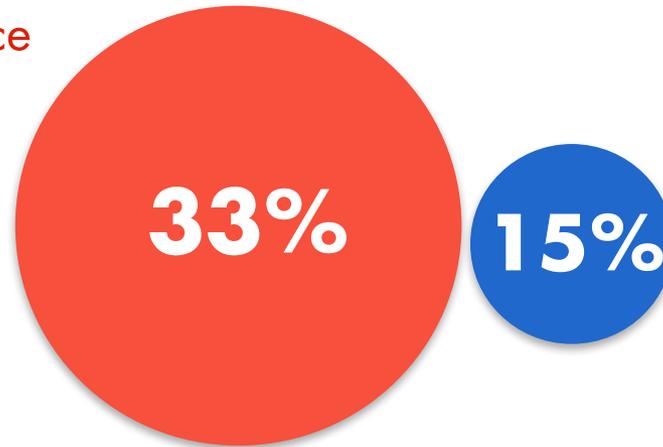


Access each TV  
subscription  
individually

# Viewers prefer an aggregated point of access, by two to one

IN ORDER TO ACCESS DIFFERENT KINDS OF TV CONTENT, I PREFER ...

...one central source



...access each of my TV subscriptions individually

PREFER ONE CENTRAL SOURCE



PREFER INDIVIDUAL ACCESS



BUT NOT IF IT MEANS INCLUDING  
**CONTENT THEY DON'T WANT**

# So consumers want bundles: what kind of bundle do they want?



Use the slider below to tell us which statement comes closer to your preference for how to choose the networks you can watch. I prefer a package of:

...virtually all available networks, so I have them all



...the most popular networks, leaving out less popular ones

PREFER ALL AVAILABLE NETWORKS



PREFER ONLY POPULAR NETWORKS

# So consumers want bundles: what kind of bundle do they want?



Use the slider below to tell us which statement comes closer to your preference for how to choose the networks you can watch. I prefer a package of:

...that puts together a package of networks that offers the most value to consumers

10%

43%

...that lets me choose and pay for only the individual networks I want to include

PREFER PACKAGE WITH GREATEST VALUE

PREFER TO CHOOSE NETWORKS INDIVIDUALLY

# **Future Considerations**

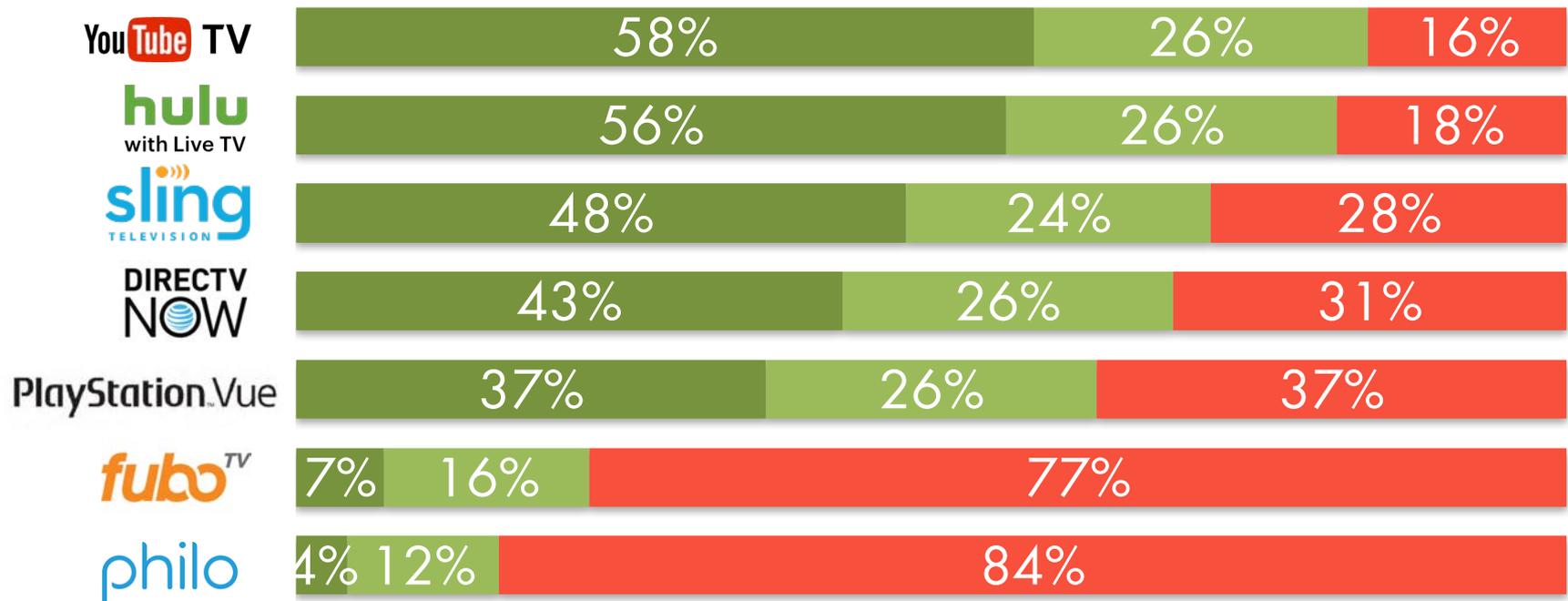


# After YouTube TV and Hulu/Live (where brand confusion may play a role), Sling & DIRECTV NOW are the best known VMVPDs

## AWARENESS OF: VIRTUAL MVPDS

### AMONG NON-USERS OF EACH

■ Definitely have heard of   ■ Think I have heard of   ■ Have not heard of



# While subscription to individual standalone networks is low, the majority of viewers know they exist

## AWARENESS OF: STANDALONE SERVICES

### AMONG NON-USERS OF EACH

■ Definitely have heard of    ■ Think I have heard of    ■ Have not heard of

**HBO** NOW™



**SHOWTIME**



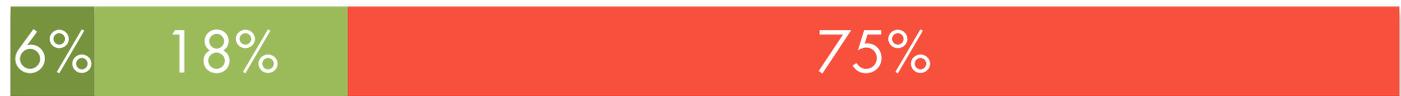
**STARZ**



**CBS**  
ALL ACCESS



**NOW**



# We asked about respondents' awareness and appeal of ESPN Plus...



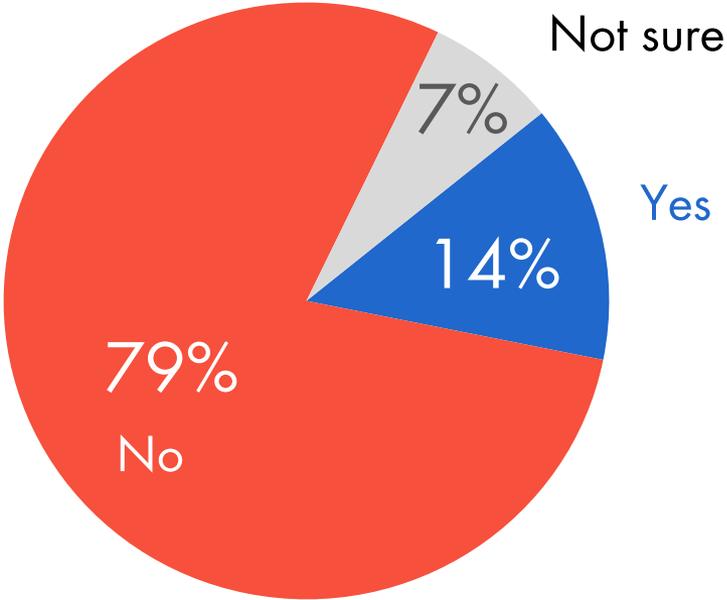
**Q:**

In 2018, ESPN will launch a new service called ESPN Plus. ESPN Plus will offer a wide variety of sports programming, including live games from all the major US and international leagues. Consumers can also subscribe to individual sports packages, including MLB.TV, NHL.TV, and MLS Live.

# At the time of the survey, only 14% of respondents had heard about ESPN's upcoming standalone service...



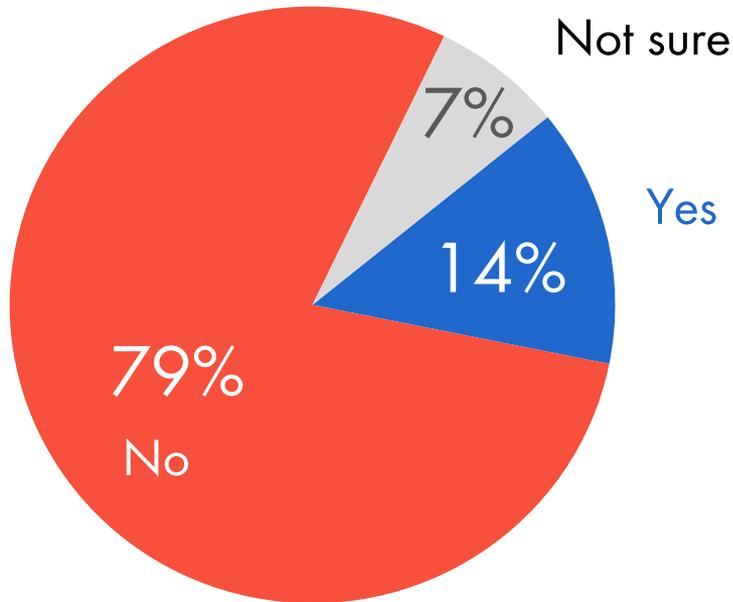
HAVE YOU HEARD ABOUT THIS POTENTIAL ESPN SERVICE?



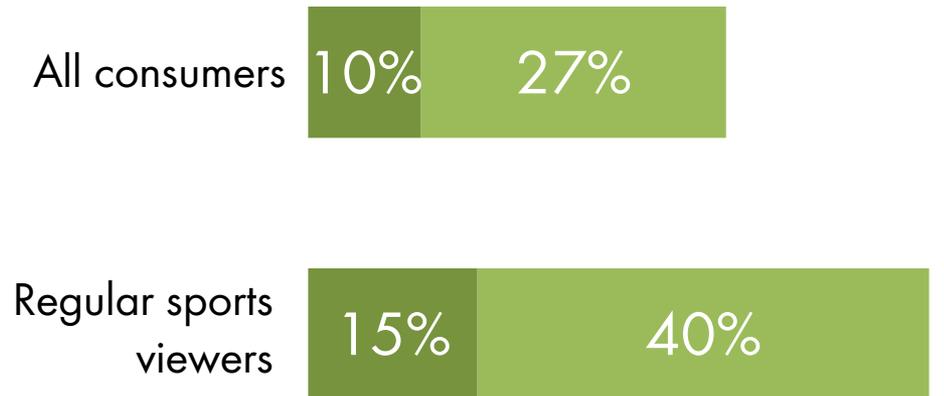
# ...but more than half of regular sports viewers said they'd be at least somewhat interested in signing up



HAVE YOU HEARD ABOUT THIS POTENTIAL ESPN SERVICE?



HOW INTERESTED WOULD YOU BE IN SIGNING UP (PRICE ASIDE)?



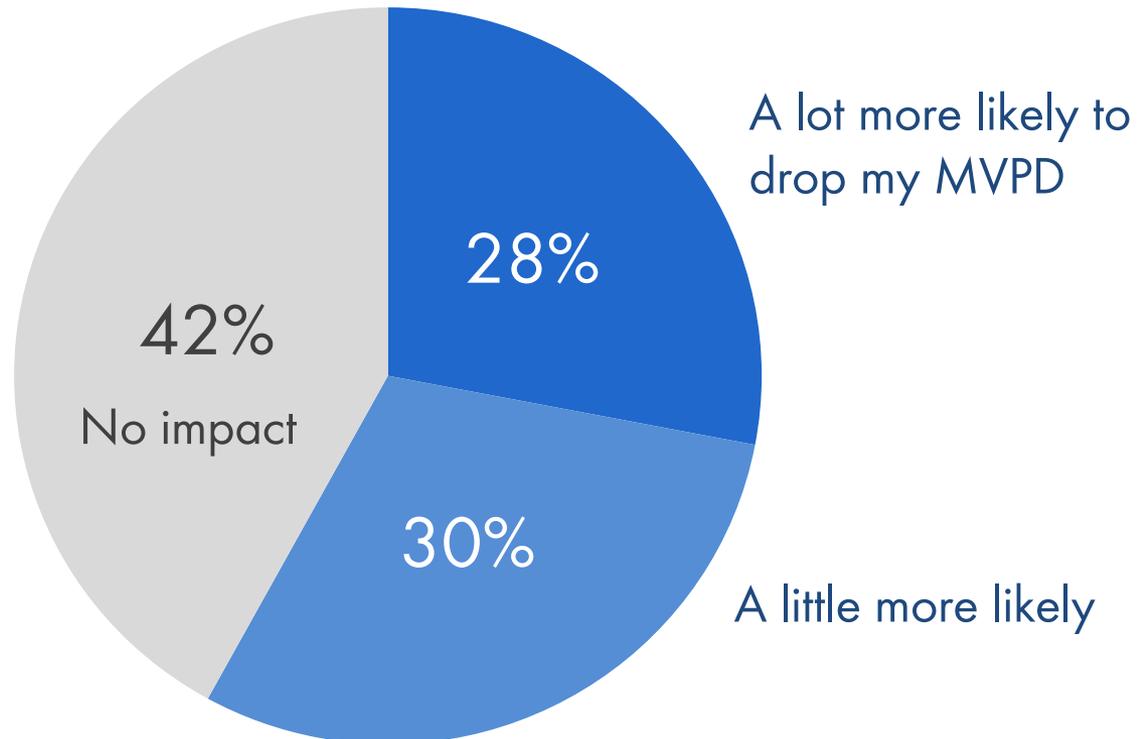
Very Interested Somewhat Interested

# More than half (58%) of MVPD subs who are interested in ESPN Plus say it might trigger them to cut the cord



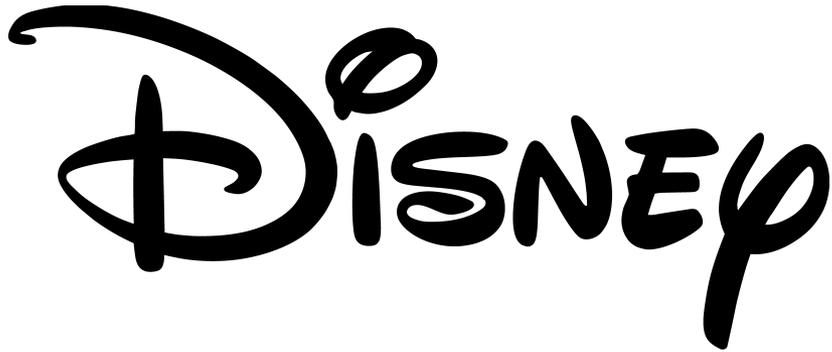
THE OPTION TO GET ESPN WITHOUT AN MVPD SUBSCRIPTION WOULD MAKE ME...

AMONG THOSE INTERESTED



We also asked about Disney's new online streaming service scheduled for 2019:

---

The Disney logo is rendered in a bold, black, stylized script font. The letter 'D' is particularly large and features a prominent, sweeping flourish that extends upwards and to the left, looping back towards the top of the 'D'. The remaining letters 'ISNEY' are in a similar script but more compact and upright.

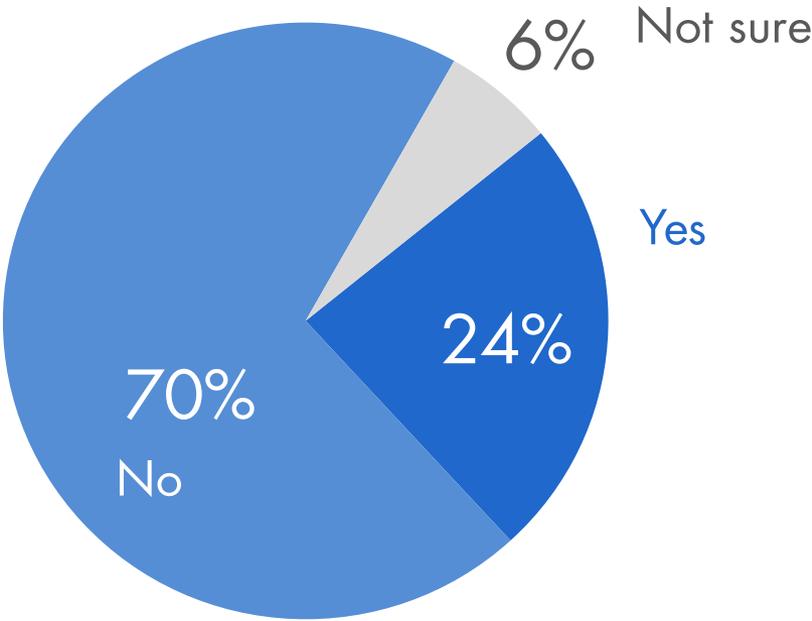
**Q:**

In 2019, Disney will also be launching an online service with on-demand streaming of new live action and animated movies from Disney and Pixar. The service will also include original, exclusive movies, TV shows, and short form content, along with TV programming from Disney Channel, Disney Junior, and Disney XD.

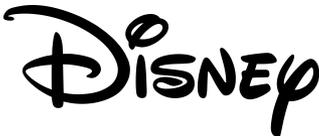
# A quarter of respondents have heard about a new standalone service coming from Disney



HAVE YOU HEARD ABOUT THIS POTENTIAL DISNEY SERVICE?

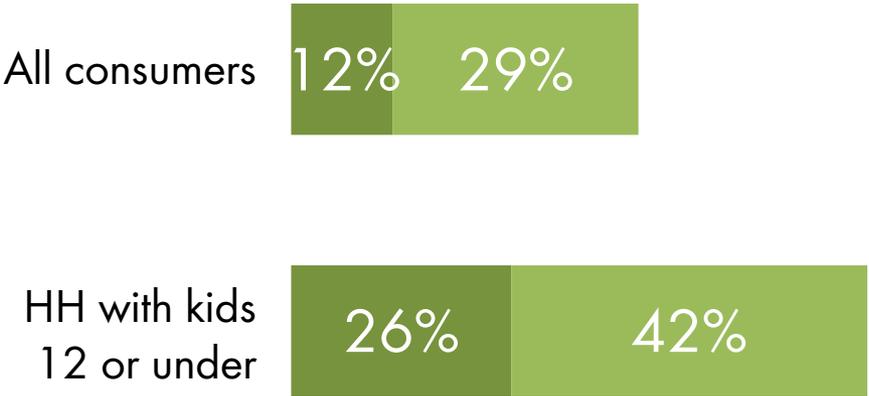
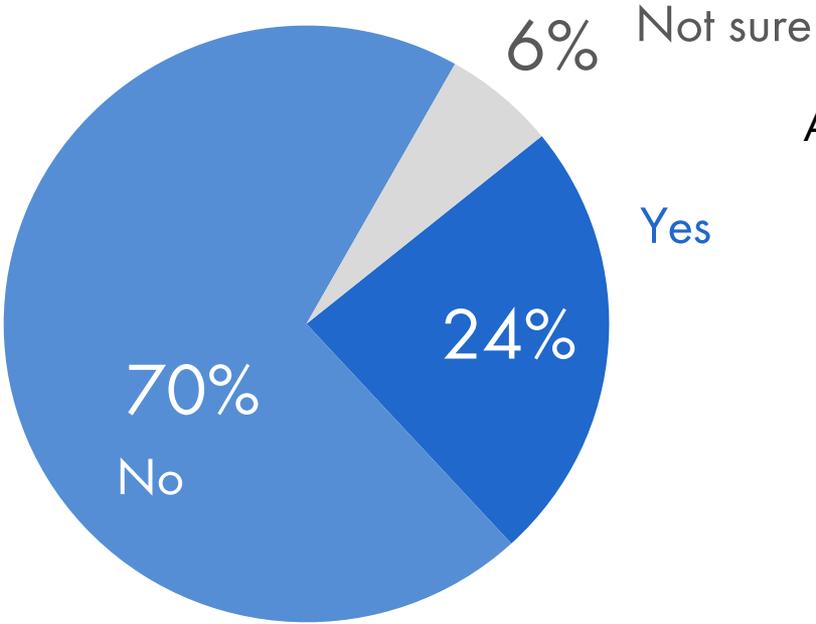


# Close to 7 in 10 consumers in households with kids 12 or under would be at least somewhat interested in the new Disney service



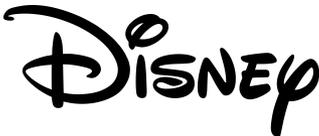
HAVE YOU HEARD ABOUT THIS POTENTIAL DISNEY SERVICE?

HOW INTERESTED WOULD YOU BE IN SIGNING UP (PRICE ASIDE)?



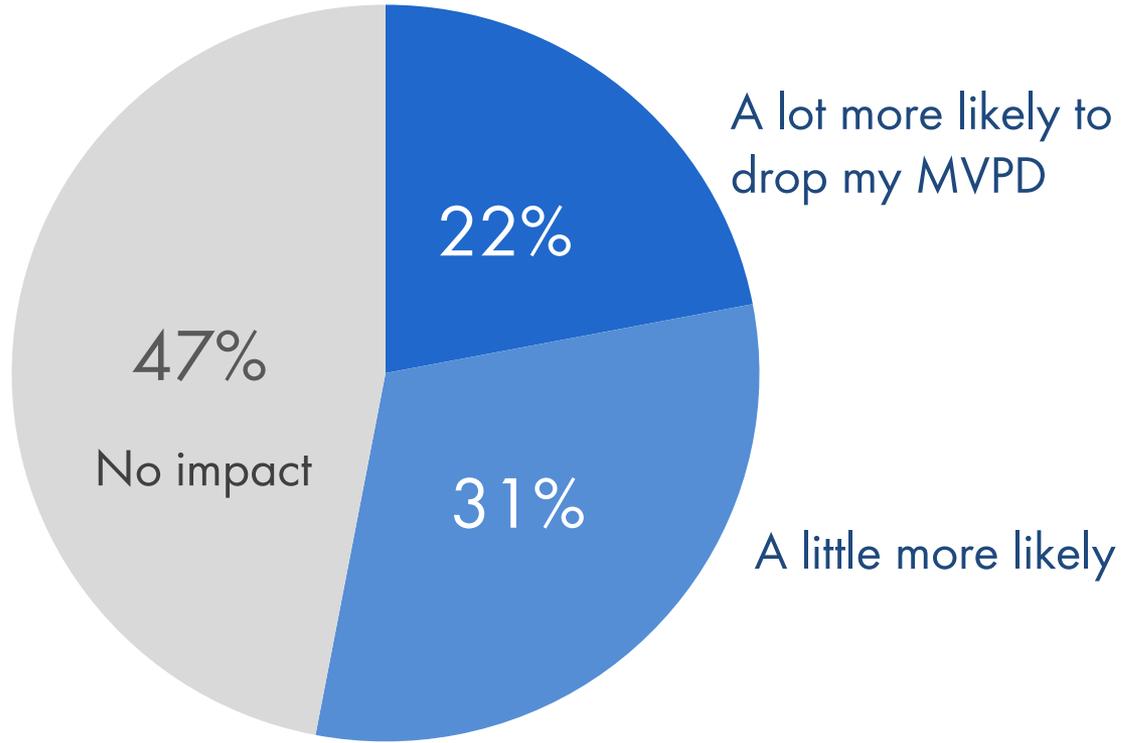
Very Interested Somewhat Interested

Among MVPD subs who think the Disney service sounds interesting, 53% would at least consider cutting the cord



THE OPTION TO GET THIS DISNEY CONTENT WITHOUT AN MVPD SUBSCRIPTION WOULD MAKE ME...

AMONG THOSE INTERESTED



We asked about how removal of Disney content might impact viewers' interest in Netflix:

---

# NETFLIX

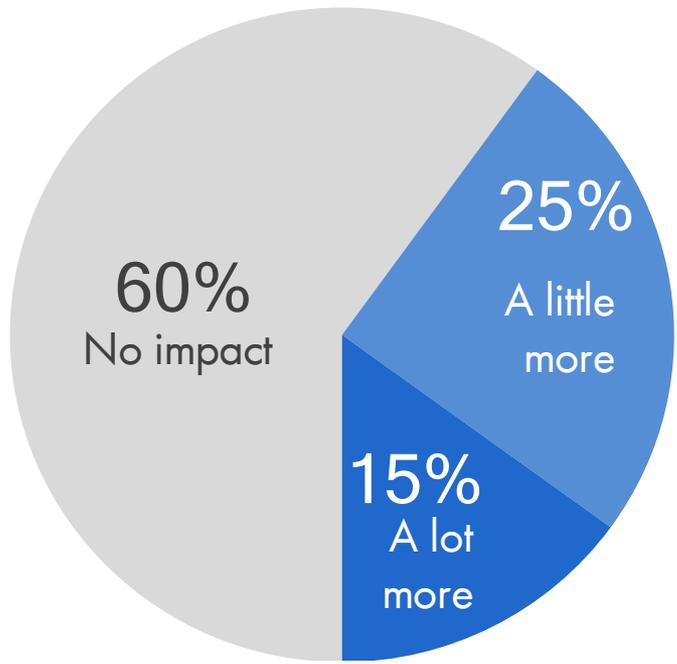


When Disney launches its own service, it may become the exclusive way to watch movies from Disney, Marvel, Lucasfilms, and Pixar on TV. Those movies would no longer be available on Netflix.

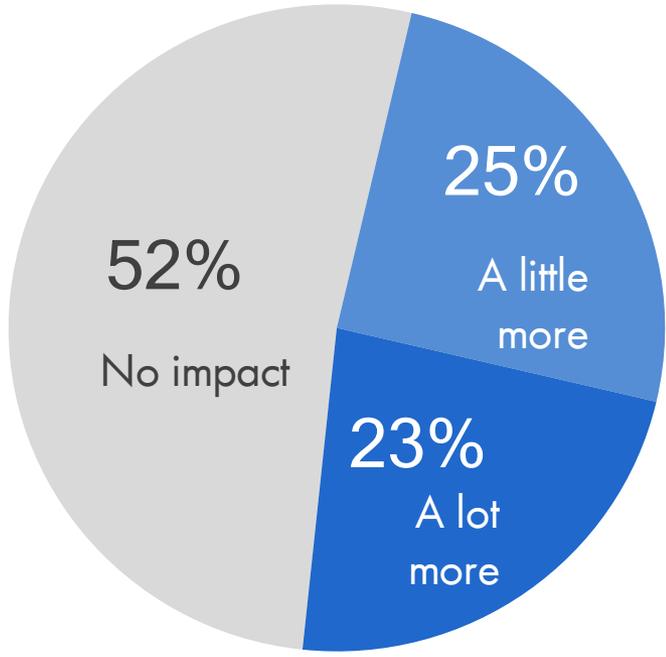
# Almost half of Netflix households with kids 12 or under would think about cutting Netflix without Disney movies

IF NETFLIX NO LONGER CARRIED DISNEY MOVIES, WOULD YOU BE MORE LIKELY TO DROP NETFLIX?

ALL NETFLIX SUBSCRIBERS



NETFLIX HOUSEHOLDS WITH KIDS 12 OR UNDER



# Finally—we asked about the awareness and appeal of Amazon’s approach to bundling

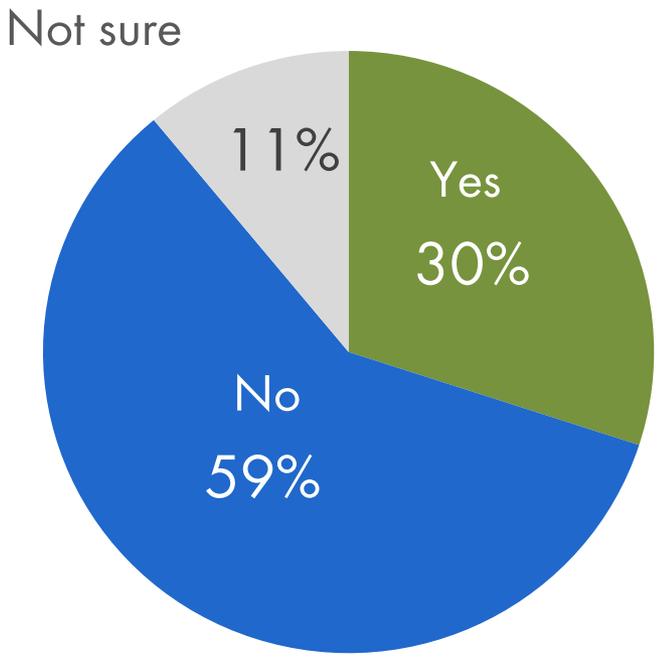


**Q:**

People who subscribe to Amazon Prime’s streaming TV service can add individual networks, and pay for just the ones they add. Some of these are premium networks like HBO and Showtime, but others focus on very specific genres and have a low price – like channels for British TV shows, health and fitness channels, comedy channels, and kids’ shows

# Fewer than one-third are aware that Amazon Prime allows you to choose channel subscriptions à la carte

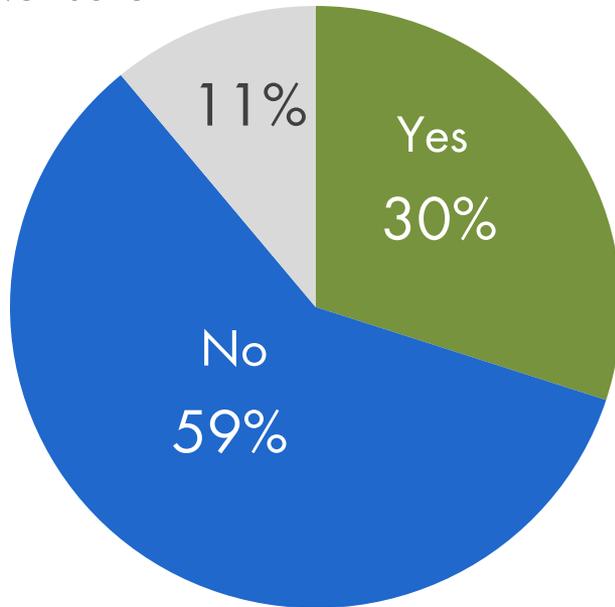
DID YOU KNOW YOU COULD ADD INDIVIDUAL CHANNELS TO AMAZON PRIME?



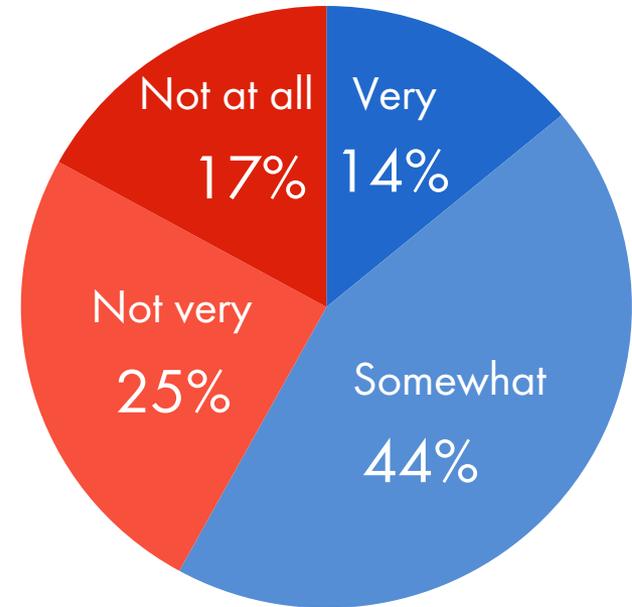
# However, the idea is at least somewhat appealing to close to 60% of consumers

DID YOU KNOW YOU COULD ADD INDIVIDUAL CHANNELS TO AMAZON PRIME?

Not sure



HOW APPEALING IS THE OPTION TO ADD CHANNELS THIS WAY?



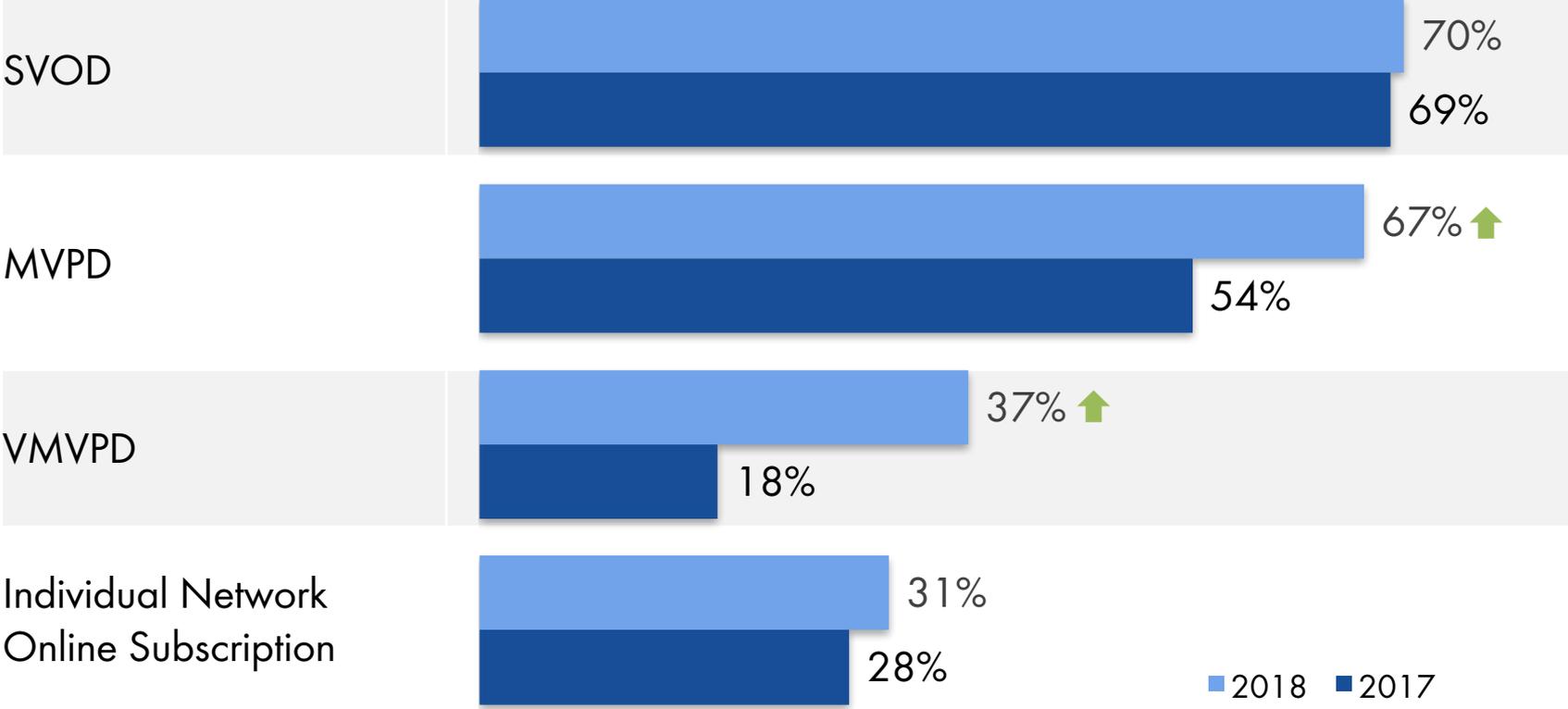


---

We asked consumers what combination of service categories (SVOD, MVPD, etc.) they'd choose if they could **START FROM SCRATCH**

# Most consumers would want an SVOD in their set of services, but we see increases for MVPDs and VMVPDs compared to last year

## SERVICES THAT WOULD BE INCLUDED IF START FROM SCRATCH?



■ 2018 ■ 2017

↑ Significantly higher than 2017

Q8B: Suppose you decided to drop all the TV services you have and start from scratch. Which services would you include in your new TV configuration?

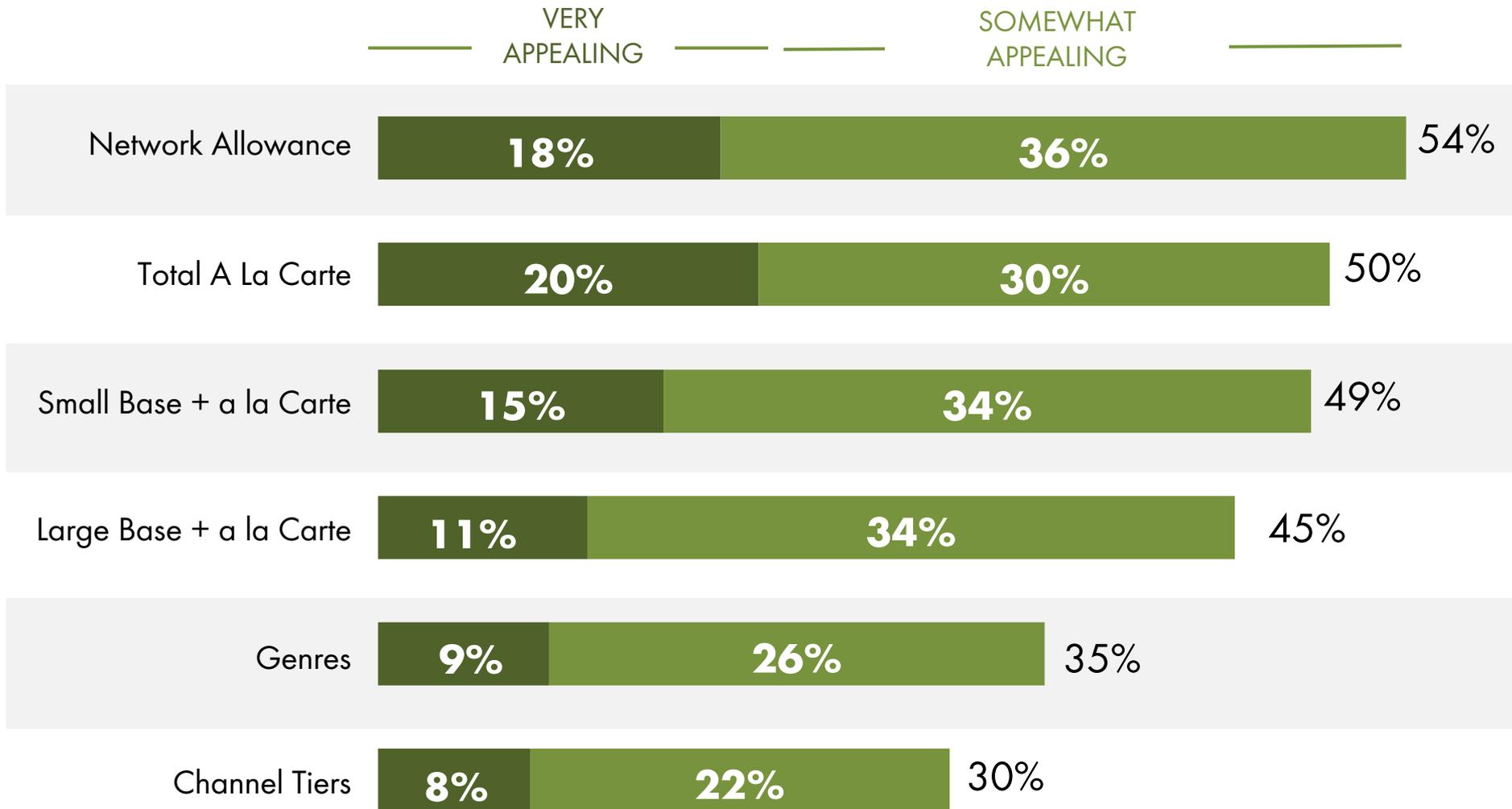
---

We then asked consumers to rank the appeal  
of potential  
**structures for a TV bundle**

# The options respondents saw:

<b>Total a la Carte</b>	You pick the TV networks and sources you want. Each network and source would come with a monthly price. Each month, you'd pay the combined cost of all the networks you've picked.
<b>Small Base + a la Carte</b>	For a low base price, you get broadcast networks (ABC, CBS, FOX, NBC, PBS). You can add on other networks and sources and pay additionally for those.
<b>Large Base + a la Carte</b>	For higher base price, you get broadcast networks (ABC, CBS, FOX, NBC, PBS) plus popular cable networks (like A&E, AMC, Bravo, CNN, Comedy Central, Disney, ESPN, Food Network, FOX News, FX, HGTV, History Nickelodeon, Spike, Syfy, TBS, USA, VH1). You can add and pay for additional networks.
<b>Channel Tiers</b>	Different tiers are offered, starting with a base tier for a relatively low price, then progressively higher price tiers. You can't add on networks and sources individually—all are part of one tier or another
<b>Genres</b>	Networks and sources are grouped into genres—family, sports, lifestyle, etc. You pick the genre groups and pay for each one. You can't add on networks and sources individually—all are part of one genre group or another
<b>Network Allowance</b>	For a certain fixed price per month, you get to pick a certain number of networks.

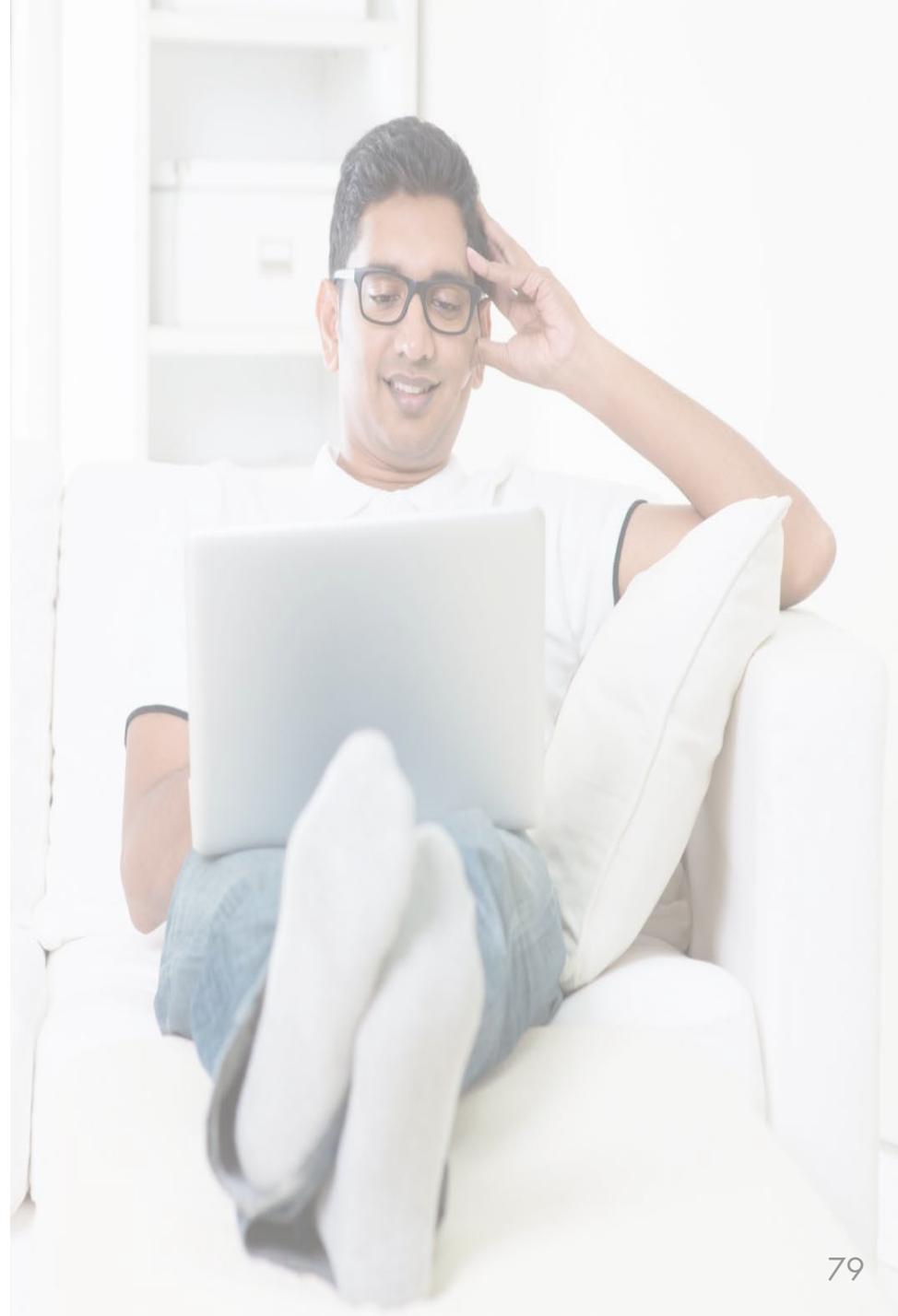
# The two most appealing structures allow consumers to pick only the networks they want: networks allowance or total à la carte



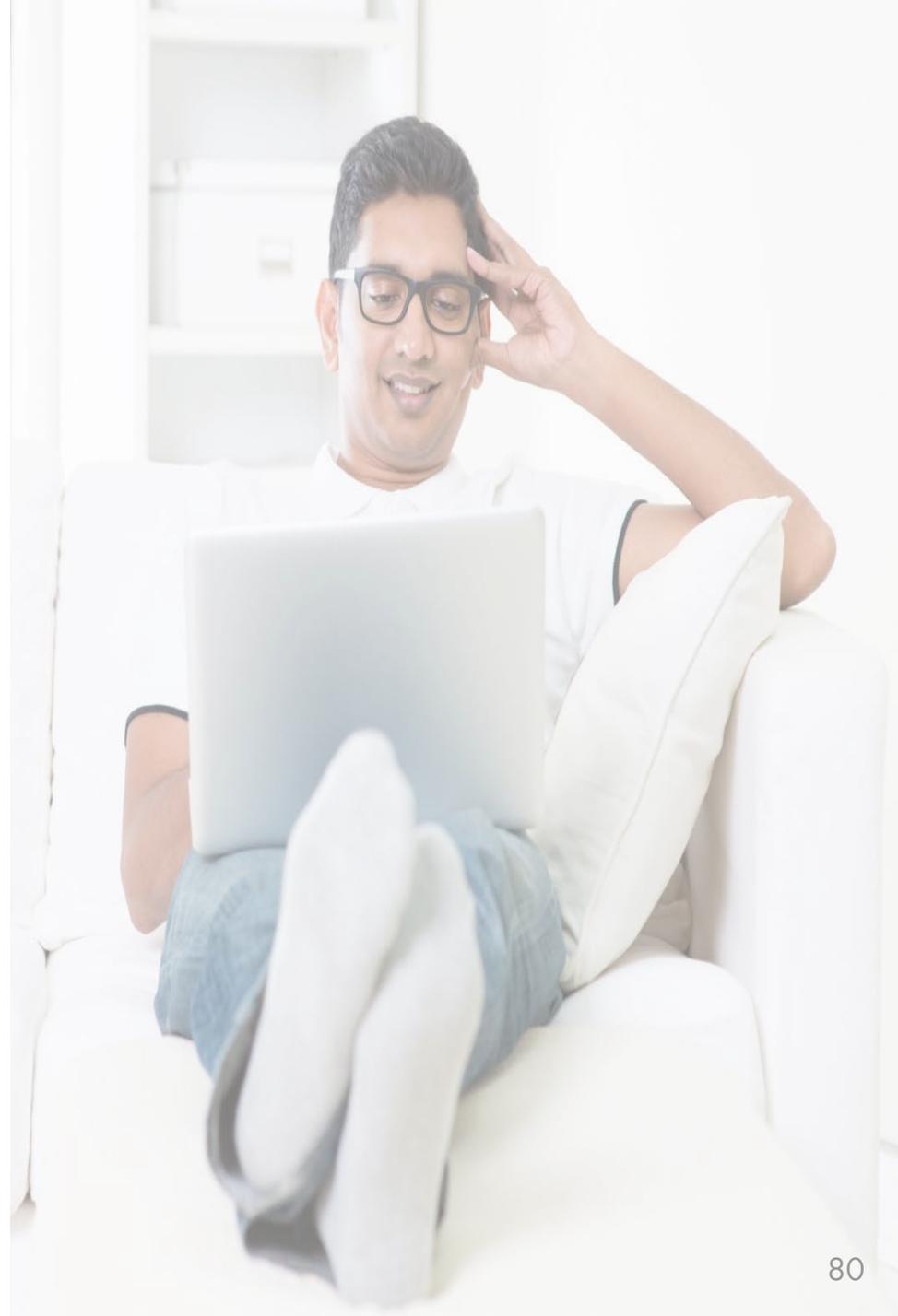
Q8C: Here are several different ways a company could potentially offer access to TV services in the future. For each, tell us how appealing that idea would be to you?

Then, we asked what networks\* they would choose if they could **build a bundle from scratch**

\*for this exercise, we included SVODs among the networks

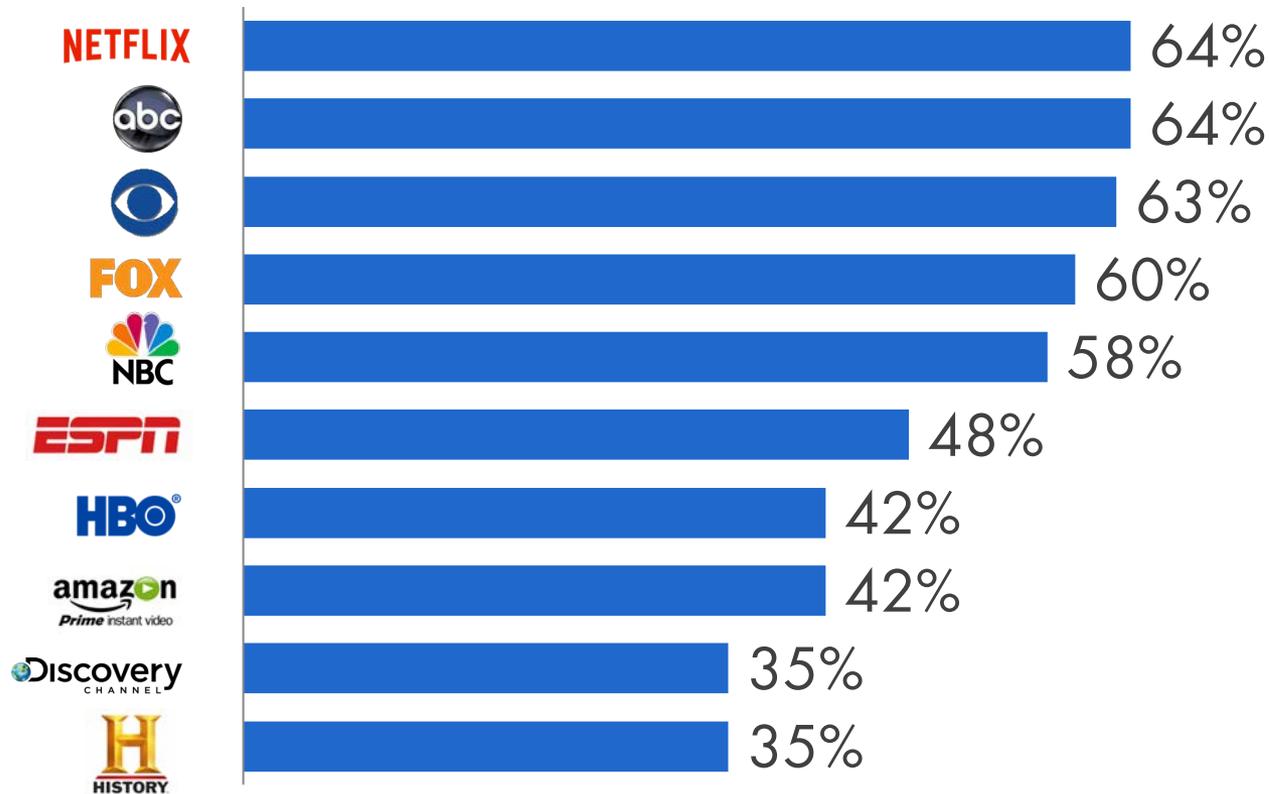


- Respondents picked networks from a list to create their bundle.
- They could choose as many as they wanted.
- They did this exercise once, and then again with a **monthly fee** added to each network



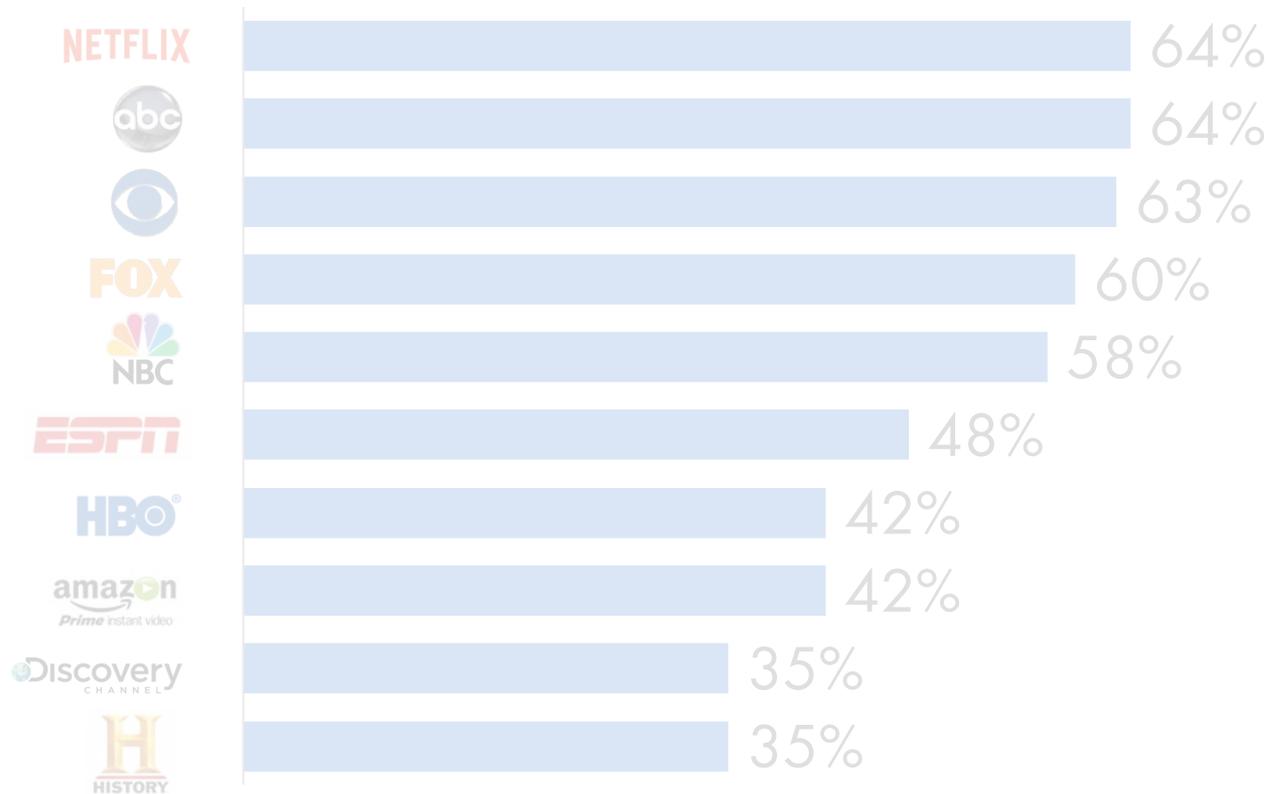
# Viewers most often chose Netflix and broadcast networks for their bundle

WHICH OF THESE NETWORKS WOULD YOU CHOOSE FOR YOUR TV BUNDLE?  
WITHOUT PRICING



Out of the 81 networks and SVODs tested, the average consumer picked just 17.5, even without price considered

WHICH OF THESE NETWORKS WOULD YOU CHOOSE FOR YOUR TV BUNDLE?  
WITHOUT PRICING

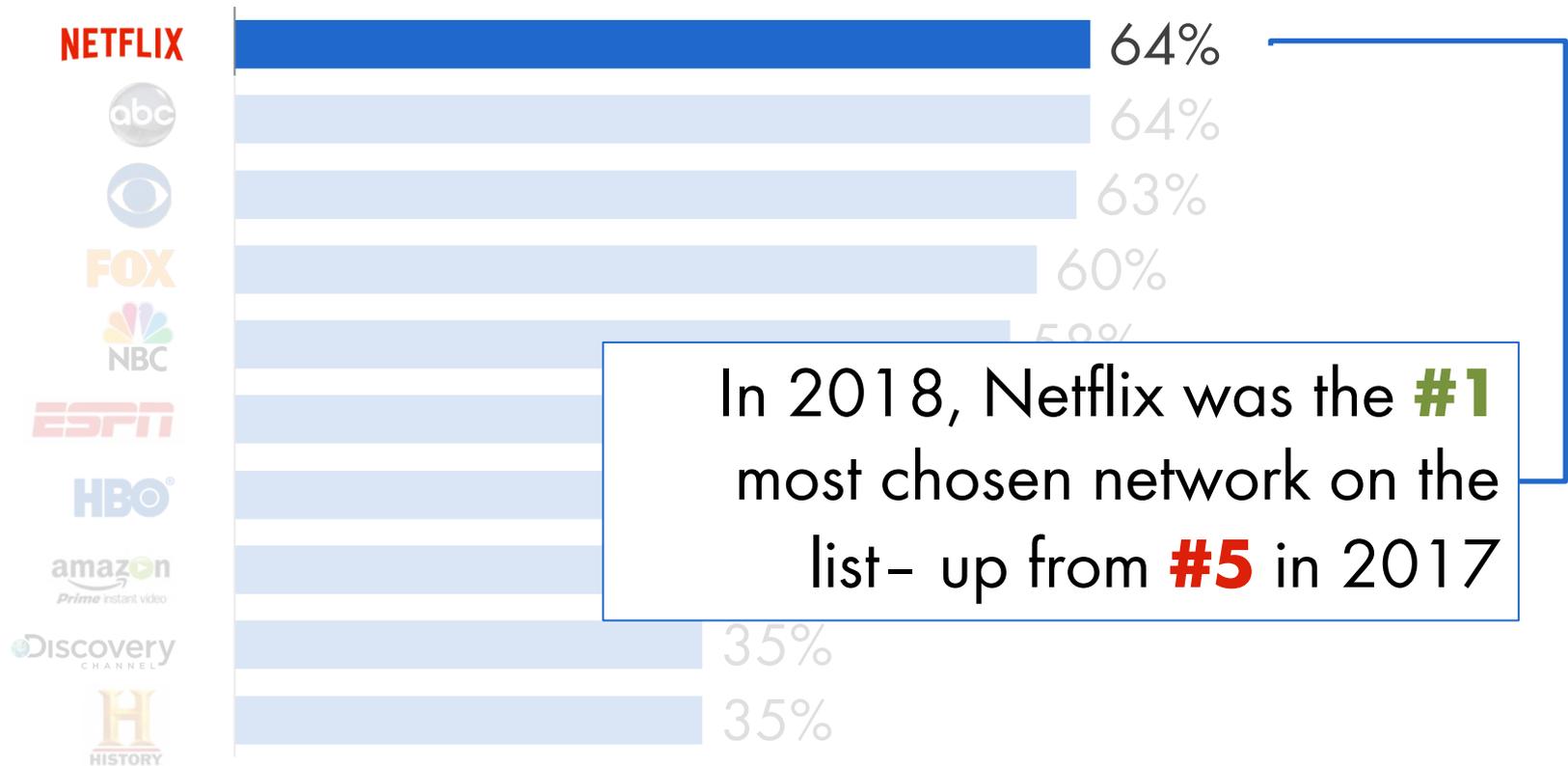


Mean # of  
networks  
chosen:

**17.5**

# Viewers most often chose Netflix and broadcast networks for their bundle

WHICH OF THESE NETWORKS WOULD YOU CHOOSE FOR YOUR TV BUNDLE?  
WITHOUT PRICING



# Next: respondents were asked to do the same thing, this time with the networks organized into price tiers

The prices were ranges, based on published estimated monthly costs for each network in an à la carte scenario (or for SVODs, the subscription fee)

Sports  
Networks

\$20 to \$25

Premium  
Networks

\$8 to \$10

League  
Networks

\$10 to \$15

Broadcast  
Networks

\$4 to \$7

SVOD  
Sources

\$10 to \$15

Cable  
Networks

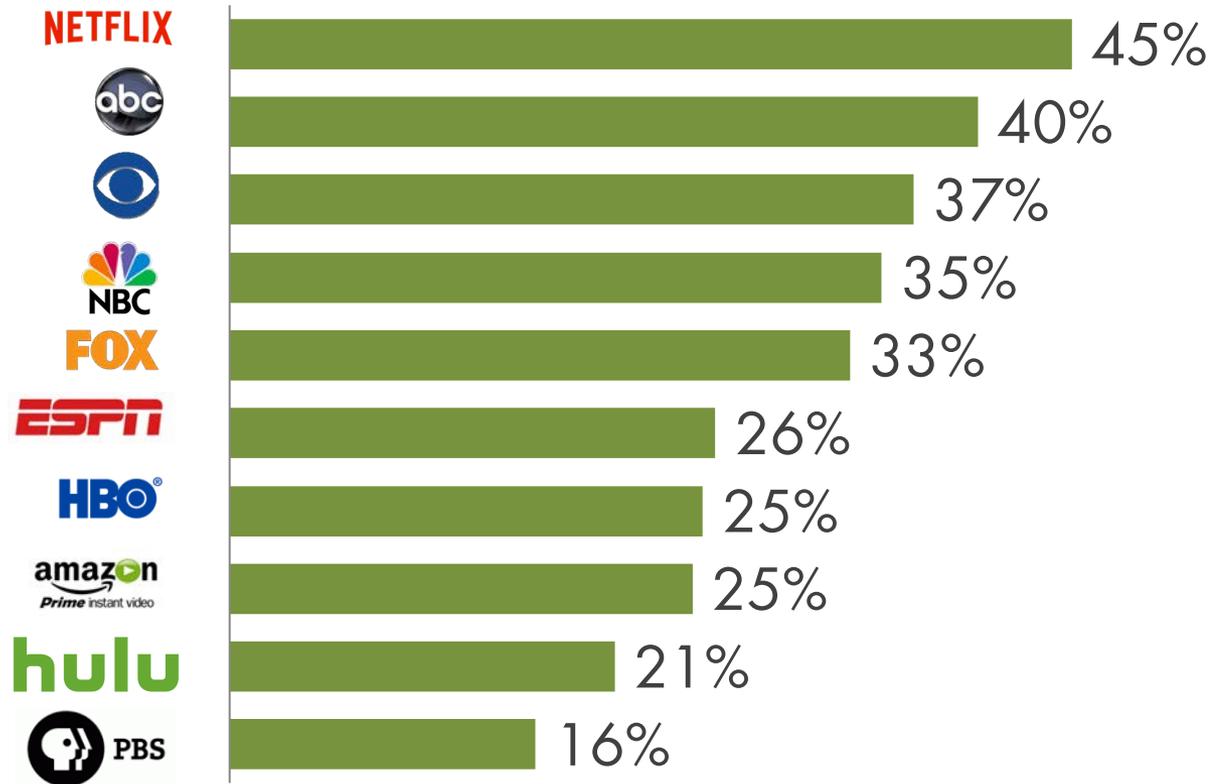
\$4 to \$7

---

Which networks or network categories  
were most likely to be chosen?

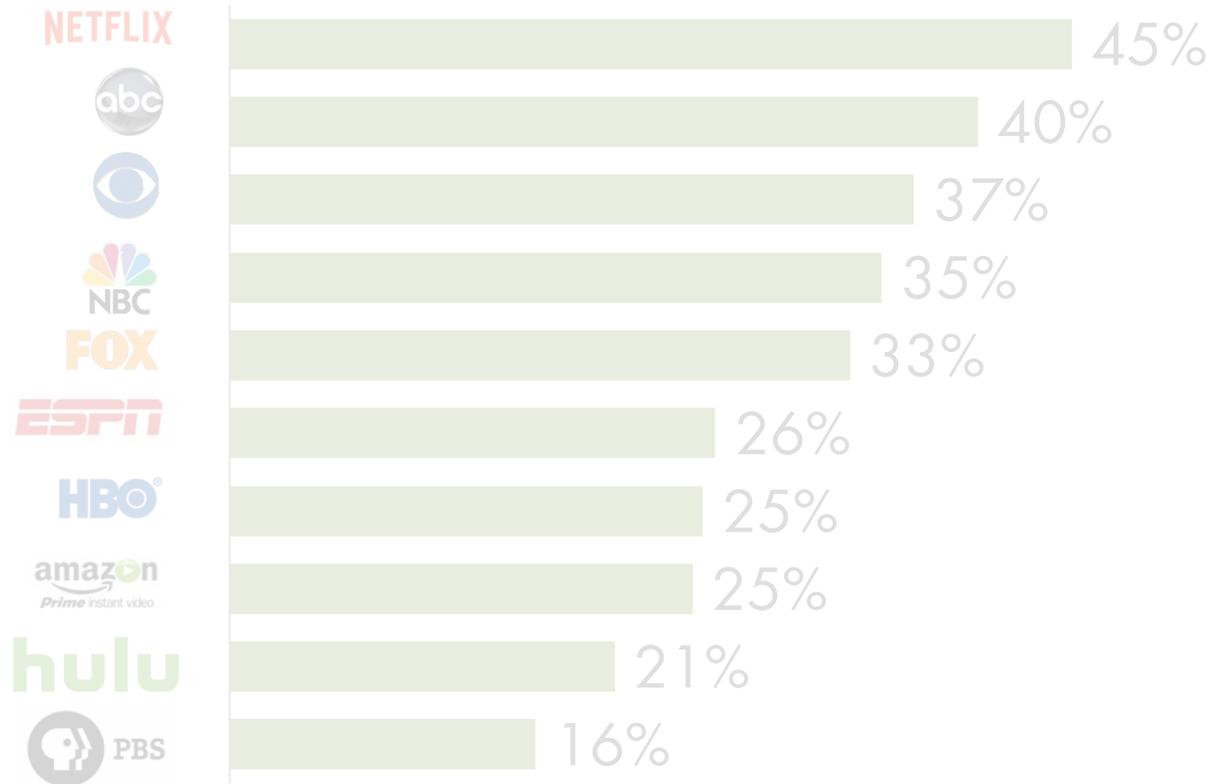
# Netflix is a clearer number one when viewers took price into account when choosing their networks and platforms

WHICH OF THESE NETWORKS WOULD YOU CHOOSE FOR YOUR TV BUNDLE?  
WITH PRICING



# Out of the 81 networks/SVODs tested, consumers picked just 8.1 with pricing specified

WHICH OF THESE NETWORKS WOULD YOU CHOOSE FOR YOUR TV BUNDLE?  
WITH PRICING



Mean # of  
networks  
chosen:

**8.1**

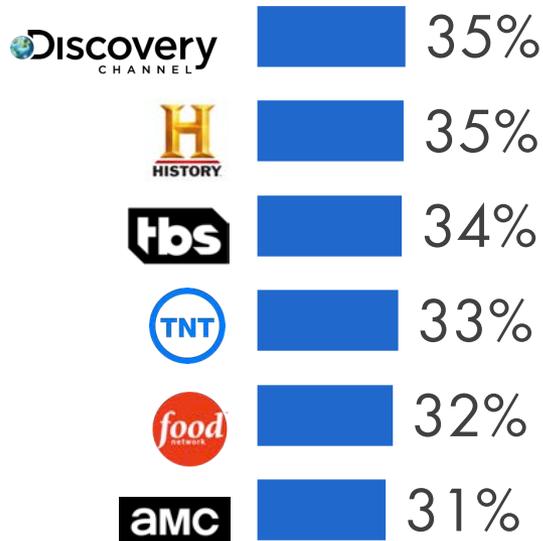
By network category, Discovery, History Channel, & HGTV were at the top of both the price/no price lists for basic cable

NETWORKS/SERVICES CHOSEN BY CATEGORY:  
CABLE NETWORKS

PRICE UNSPECIFIED

% that choose at least one in this category: **89%**

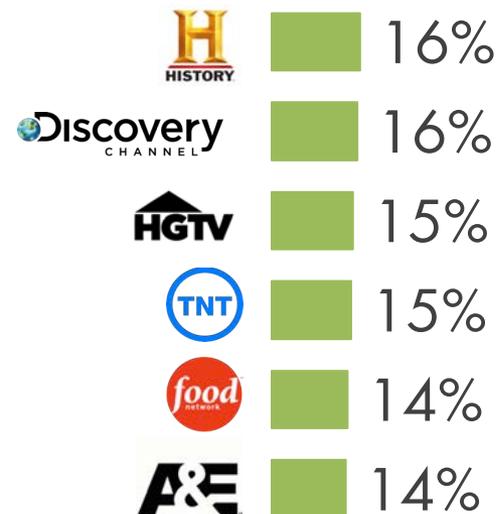
**Most Chosen:**



PRICE OF \$4 - \$7 PER NETWORK

% that choose at least one in this category: **66%**

**Most Chosen:**



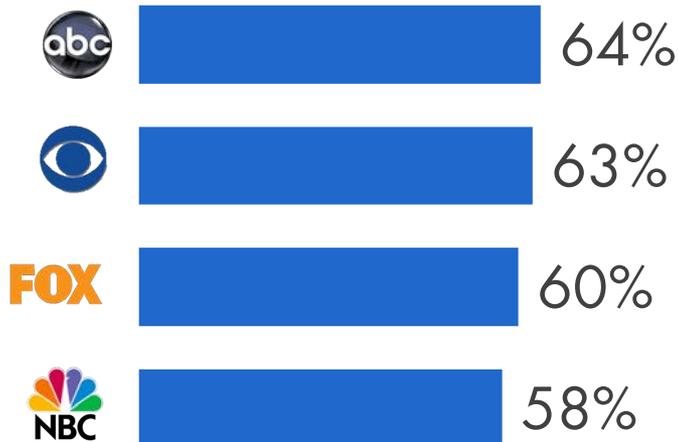
# Among those wanting broadcast networks, ABC and CBS edged out FOX and NBC

## NETWORKS/SERVICES CHOSEN BY CATEGORY: BROADCAST NETWORKS

### PRICE UNSPECIFIED

% that choose at least one in this category: **82%**

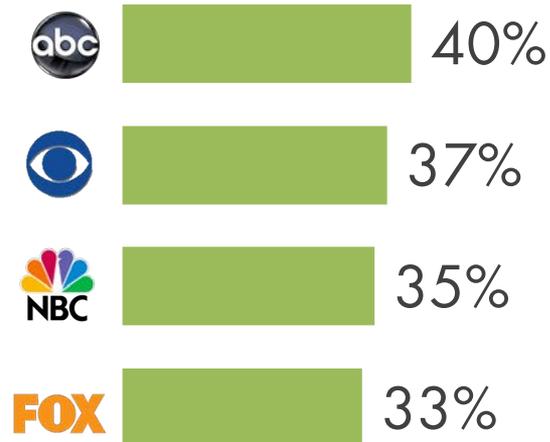
#### Top Networks



### PRICE OF \$4 - \$7 PER NETWORK

% that choose at least one in this category: **57%**

#### Top Networks



↑ Significantly higher than 2017

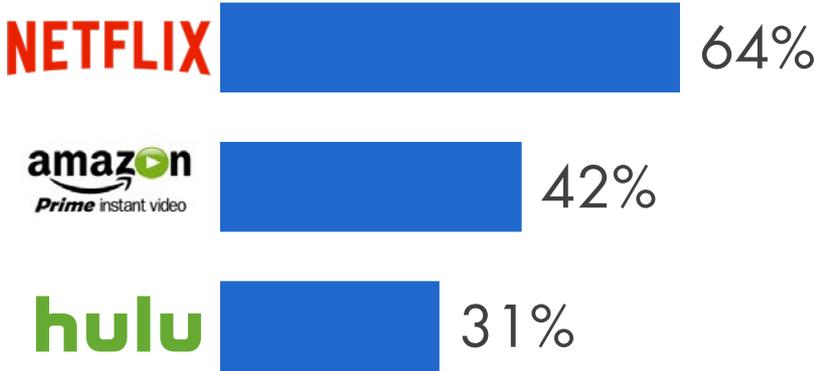
# Of the three SVODs, Netflix was most likely to be chosen, with close to half picking it even with price specified

## NETWORKS/SERVICES CHOSEN BY CATEGORY: SVODs

### PRICE UNSPECIFIED

% that choose at least one in this category: **77%**

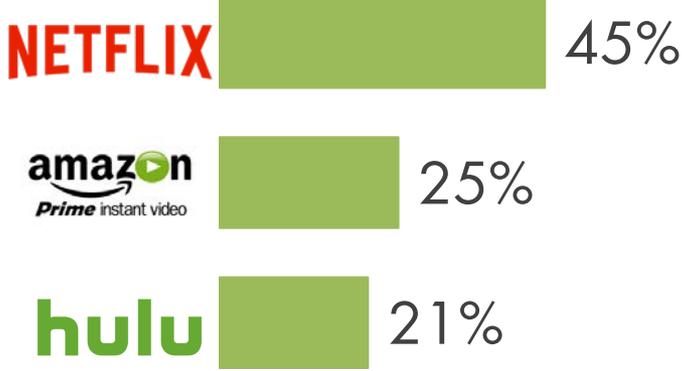
Top Services



### PRICE OF \$10 - \$15 PER NETWORK

% that choose at least one in this category: **59%**

Top Services



Q8d: If you were able to choose just the networks and sources you want as part of your TV package, which would you choose. Q8e: Now suppose that different networks came with different monthly prices. Here are some hypothetical monthly prices for different types of networks.

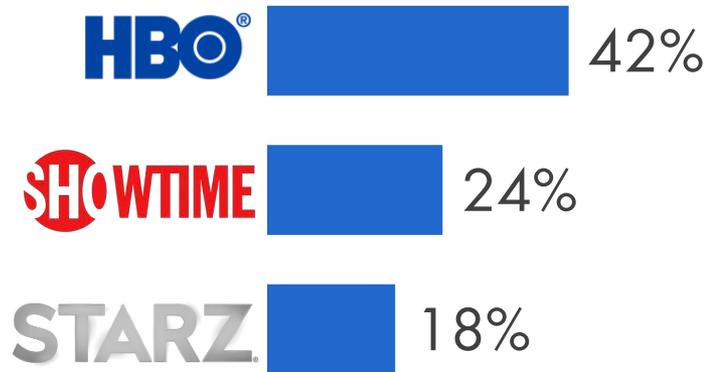
# HBO would have a comfortable lead in the premium network à la carte race

## NETWORKS/SERVICES CHOSEN BY CATEGORY: PREMIUM NETWORKS

### PRICE UNSPECIFIED

% that choose at least one  
in this category: **56%**

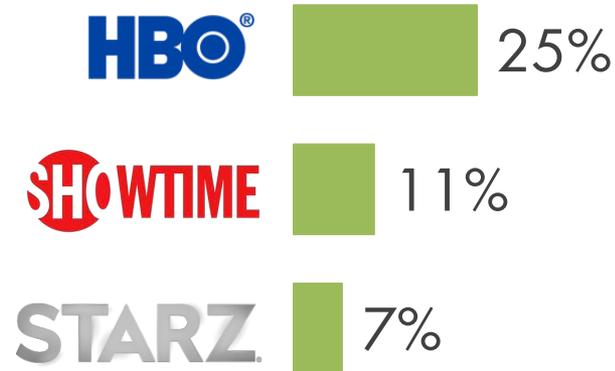
#### Top Networks



### PRICE OF \$8- \$10 PER NETWORK

% that choose at least one  
in this category: **37%**

#### Top Networks



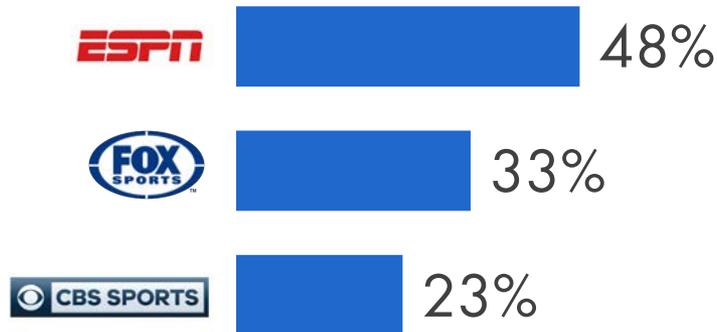
# ESPN would be the top pick among those looking at general sports networks

## NETWORKS/SERVICES CHOSEN BY CATEGORY: SPORTS NETWORKS

### PRICE UNSPECIFIED

% that choose at least one  
in this category: **60%**

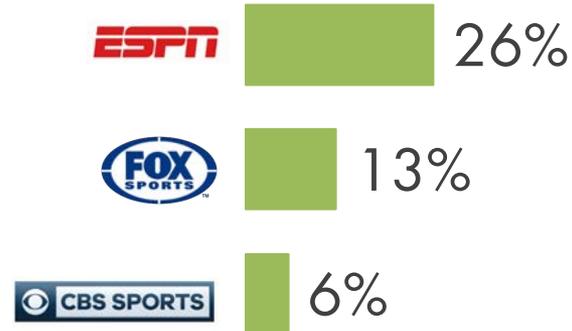
#### Top Networks



### PRICE OF \$20- \$25 PER NETWORK

% that choose at least one  
in this category: **35%**

#### Top Networks



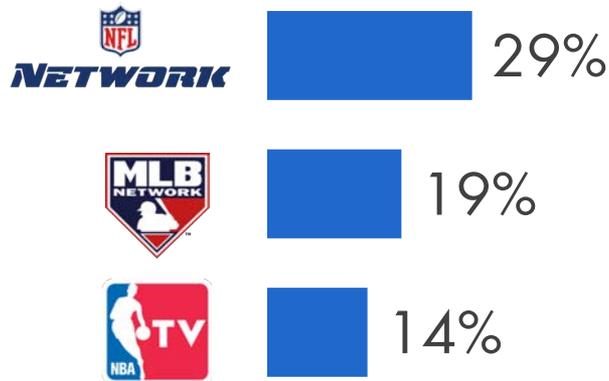
# NFL Network is the top choice among sports leagues networks

## NETWORKS/SERVICES CHOSEN BY CATEGORY: SPORTS LEAGUE NETWORKS

### PRICE UNSPECIFIED

% that choose at least one  
in this category: **49%**

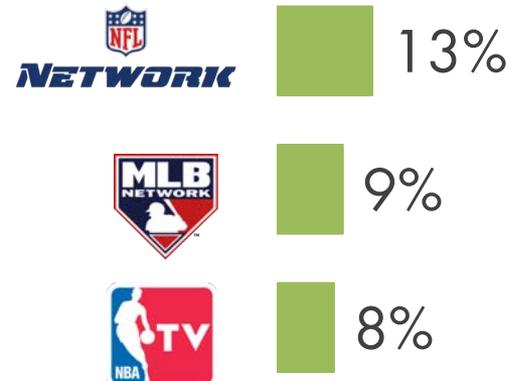
#### Top Networks



### PRICE OF \$20- \$25 PER NETWORK

% that choose at least one  
in this category: **29%**

#### Top Networks



# Netflix continues to establish itself as a must-have content source, and content creator

---

- Netflix was even more likely to be chosen in 2018 (45%) than 2017 (38%)
- While cable TV networks were either flat, or less likely to be chosen, vs. 2017

**NETFLIX**



# Conclusions

# The Best Bundle?

---

- When it comes to bundle, there's no silver bullet
  - Consumers are forced to sign up for multiple services to meet all of their viewing needs
  - They're growing less and less happy with that TV service reality
  - And they're finding it more difficult than ever to navigate all of their options
- Viewers want aggregation and efficiency
  - Aggregation: Content in one place
  - Efficiency: Only the networks they want
- SVODs continue to profit from platform overload
  - Combination of deep catalog and high-profile originals move them to the top of consumers' must-have list

