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Cord-Cutting, Pandemics & Privacy Concerns:

Navigating the New Normal in Media

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Depending on your perspective, the landscape for paid digital media companies has never looked better—or worse. Existing trends such as the shift towards paid streaming services and away from traditional cable TV have been exacerbated by the COVID-19 pandemic, creating a potential boom environment for new video media modalities and their providers.

Changing Media Habits Amidst Global Upheaval

However, the drop in incomes since the onset of the pandemic (What If Media Group's ongoing surveying has found that fully 2/3rd of Americans experienced reduced earnings in 2020), coupled with the growth in competition among services such as Netflix, Hulu, Amazon Prime, and newcomers like Disney+ and others, means that the landscape may well be becoming ever more fragmented, with consumers choosing to subscribe to specific services for limited periods of time before abandoning them to seek fresh content with a competing provider.

Traditional "digital print" content, meanwhile, has been experiencing this sort of disruption for decades, with the added expectation that online content should be free. However, with privacy concerns continuing to linger, many consumers are questioning how much personal data they are willing to trade in exchange for "free" services, further complicating the landscape and forcing business models to adapt accordingly.

With this in mind, the ability of advertisers and marketers to meet consumers "where they are" will increasingly come to depend on their ability to understand not only where those consumers are, but when and why they make the decision to subscribe to (and unsubscribe from) certain media outlets, and when they intend to switch from one content outlet to another.

In this report, we first look at the landscape for digital video – in particular the shift from traditional linear television and cable to cord cutting, and how it has been exacerbated by the pandemic – and then examine the latest trends in digital print media: i.e., online and email newsletter consumption patterns, behaviors, and responsiveness to digital advertising.

Turbo-charging the shift to streaming services

In a world with so many broadcast and streaming services competing for attention, there is more TV and movie content being produced than ever before.

According to the New York Times, an estimated 532 scripted television series were made in the United States in 2019—

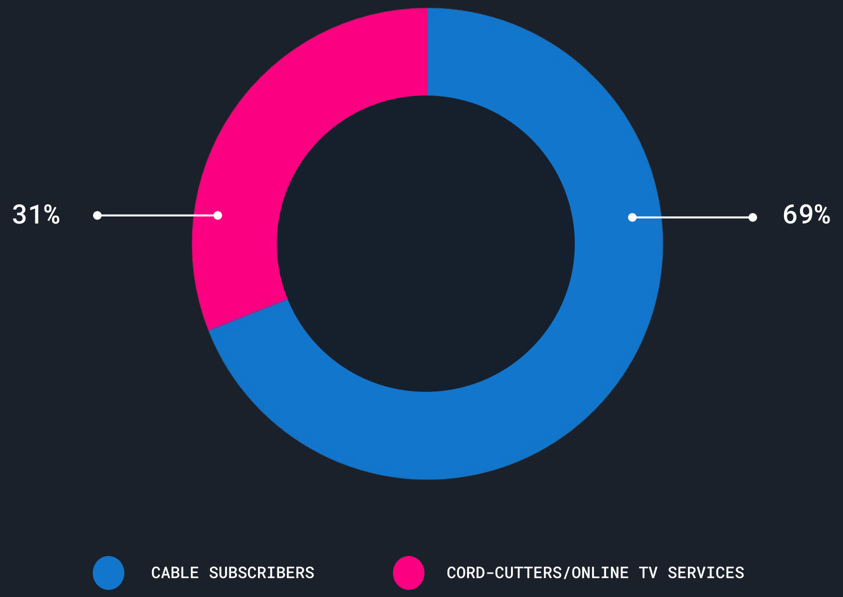
—a record number that represented an increase of seven percent over the previous year. While it is likely that pandemic-related restrictions on filming will have led to a decline for the full-year 2020 numbers, there seems to be no question that such a dip will be temporary, and that the demand for fresh content will see the recent surge in production resume through 2021 and beyond.

All of which raises the question:

How will this content be consumed?

In a recent survey of more than 23,000 U.S. consumers by What If Media Group, a performance marketing company, nearly one-third of Americans are now cord cutters, with a whopping 41.3% of respondents stating that they had made the decision to cut the cord during this past year.

How do you currently get your television service?



> “over 52% of current cable customers are considering cutting the cord”

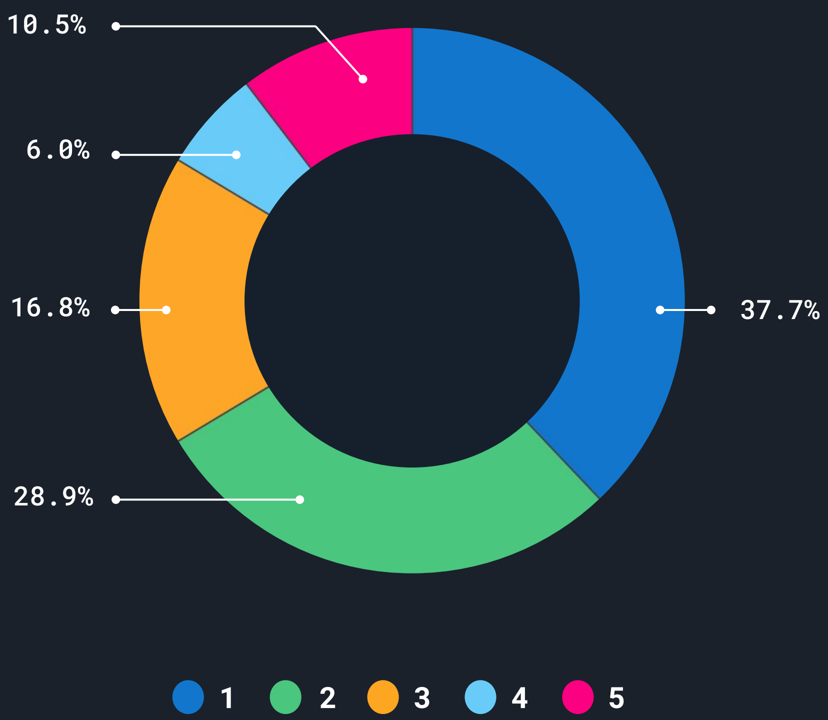
While traditional cable still is the predominant means of accessing television content, **What If Media Group** data also indicates that over 52% of current cable customers are considering cutting the cord, with 30.8% planning to do so “imminently” or “in the new year.” Just 47.7% of consumers indicated that they were intending to stick with their cable service.

These numbers represent a faster-than-expected decline for the cable TV industry: as recently as September 2020, a report from eMarketer predicted that the percentage of U.S. households without a cable subscription would not surpass 50% until 2024; instead, 2021 is shaping up to be the watershed year for streaming television providers to take over.

What People Are Watching

While more consumers are cutting the cord, in a challenging economic environment, they are being careful about just how many services they actually use to watch TV. This is supported by more data from What If Media Group, which found that two-thirds of consumers subscribe to just one or two online or streaming TV services, either in addition to or instead of their cable subscription.

Number of Streaming Services Per Household



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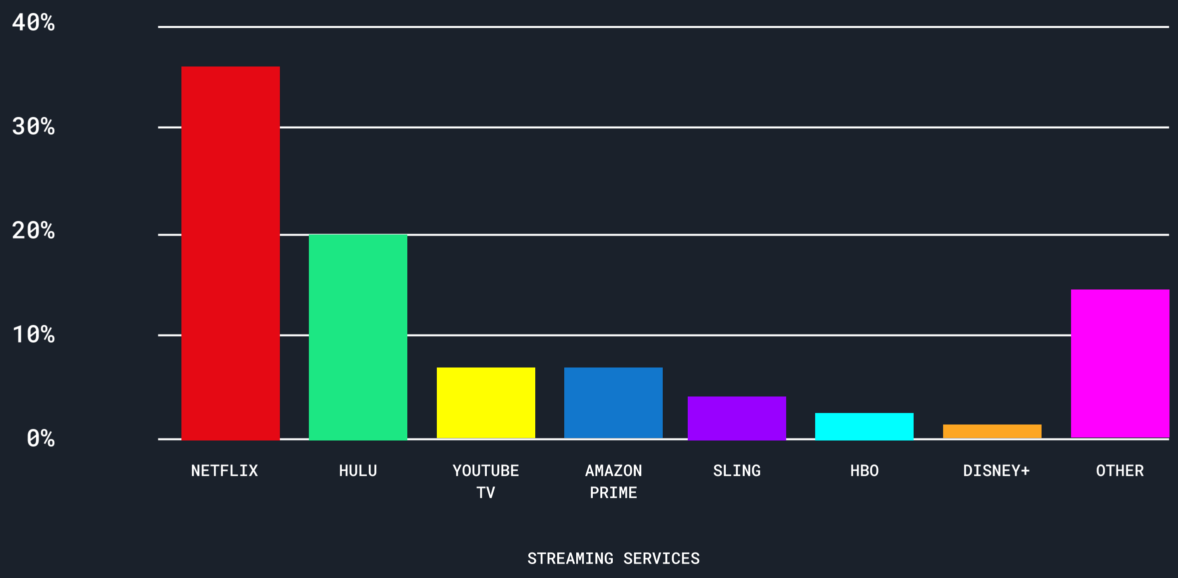
In terms of which streaming services people use most, predictably Netflix remains the dominant player, with 41.1% of respondents calling it their most watched service, followed by 21.1% for Hulu.

Which online TV service do you watch most?

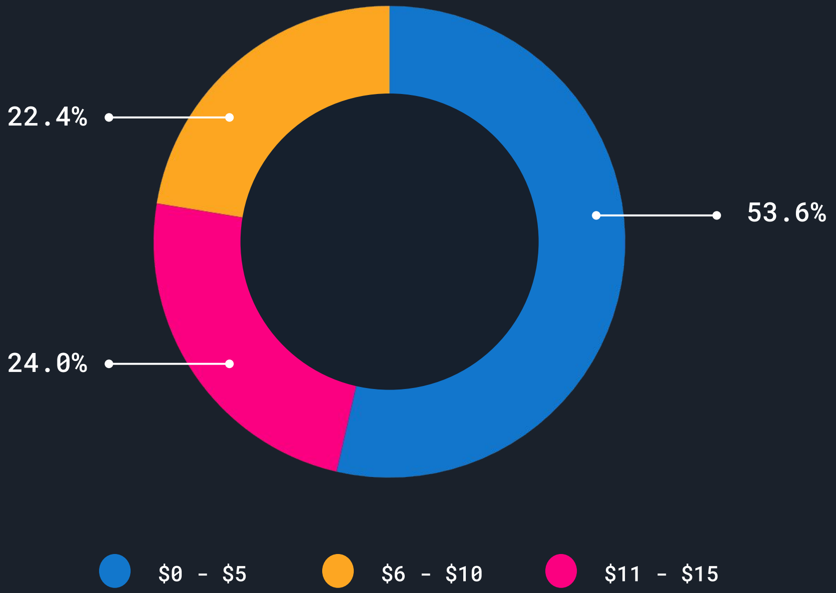


Cost is King

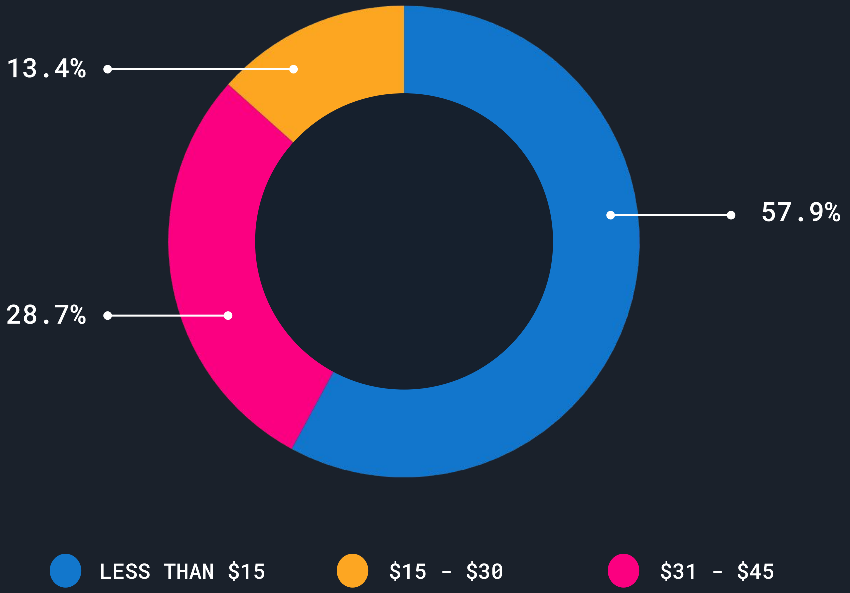
While having the widest variety of TV options may not be the top priority for many, it is clear that cost is a significant driver of both the shift away from traditional cable, and the decision to adopt (or not to adopt) new streaming services.

What If Media Group data indicates that 77.6% of consumers have a maximum ceiling of just $10 for a single streaming service, with a similar proportion—76.5%--indicating that their total budget for streaming services comes in at $30 or less.

How much are you willing to pay for a single streaming service?



How much are you prepared to spend in total on streaming services?



Unsurprisingly, the desire to control costs means that consumers are more likely to consider cutting the cord in 2021 than in any previous year:

Nearly a third of American consumers say they plan to do so imminently (19%), or before the year is up (10%). And another 23% say they are seriously considering cutting the cord but aren't sure when they'll do so. Needless to say, millions of consumers are going to be cutting the cord or are thinking about it - representing billions of dollars in revenue and a massive battlefield situation when it comes to acquiring new customers for streaming services providers.

> "...35.7% had received access to a friend or family member's service with a shared password"

Compounding the challenge, providers need to protect their current users from being poached by rival services. While just 17% of respondents indicated that they were planning to cut a streaming service in 2020, 40% indicated that they were unsure—a sizeable share of the market for competitors to attempt to persuade with special offers, exclusive content, and other incentives.

One other potential avenue for streamers could be to tighten up password sharing rules. **What If Media Group's** survey found that 28.4% of respondents had shared an online streaming password with friends or family members, while 35.7% had received access to a friend or family member's service with a shared password.

> "50.5% of Americans do NOT consider the sharing of digital TV passwords to be stealing."

Which streaming services Americans plan to add and cut first in 2021?

Service	Add	Cut
Netflix	19.2%	12.6%
Hulu	14.9%	11.0%
Amazon Prime	9.3%	6.7%
YouTube TV	7.7%	5.0%
HBO	6.5%	5.7%
Sling	3.6%	5.0%
Disney+	0.9%	0.6%

Advertising Outlook for Newsletter and Web Publishers Remains Bright

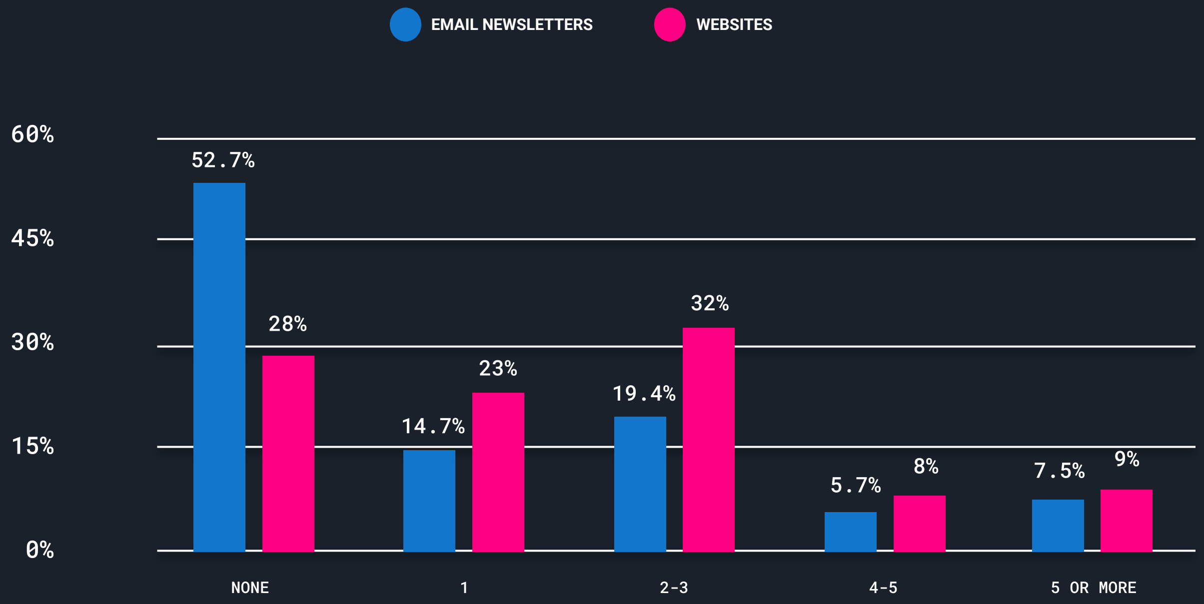
While paying for online content has been well established with streaming TV, consumers are significantly less likely to pay for written content.

> “...84.1% of consumers are not willing to pay a subscription to access the type of content they like to read the most—”

A **What If Media Group** study of more than 9,300 U.S. consumers found that 84.1% of consumers are not willing to pay for a subscription to access the type of content they like to read the most—a situation that has helped to contribute to the heavily ad-supported environment for all but the most premium of today’s content publishers.

That said, nearly half of consumers subscribe to at least one email newsletter for news and entertainment, with most subscribing to an average of 2 or 3, with even more checking about the same number of websites regularly.

About how many email newsletters do you subscribe to and websites do you visit for news and entertainment?



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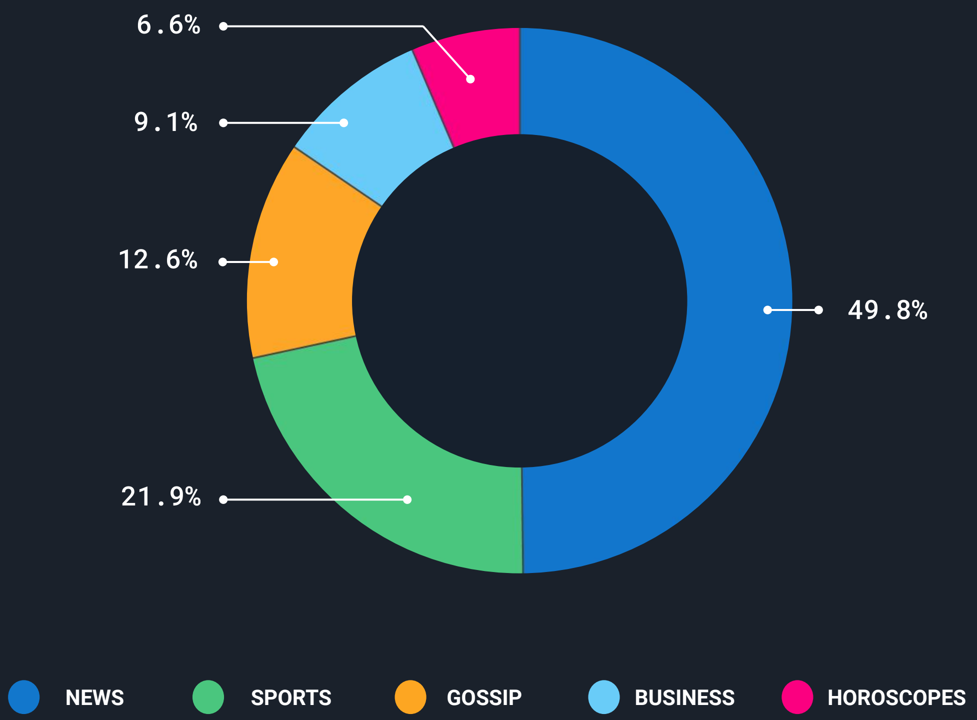
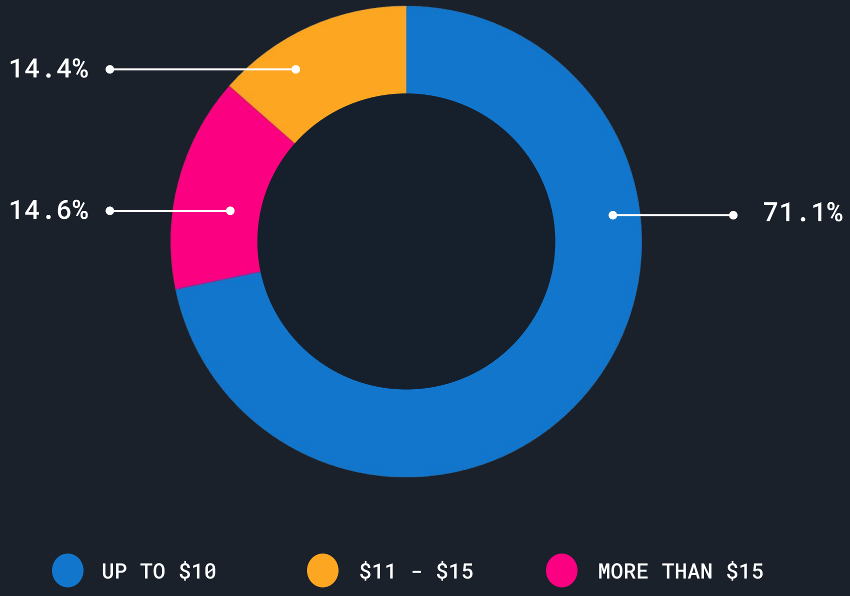
What type of content do you like to read the most?

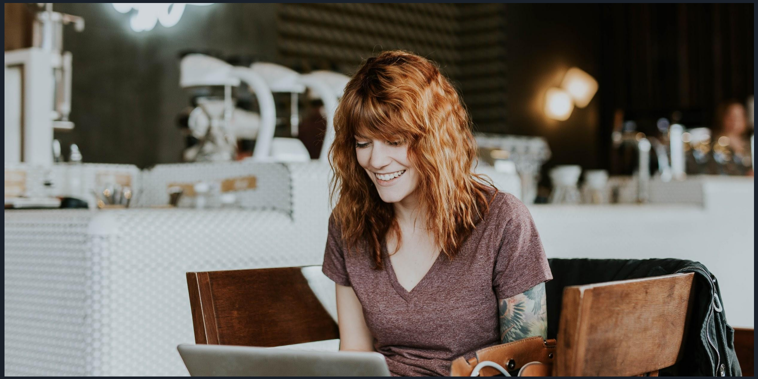


How much are you willing to pay per month to read online content?

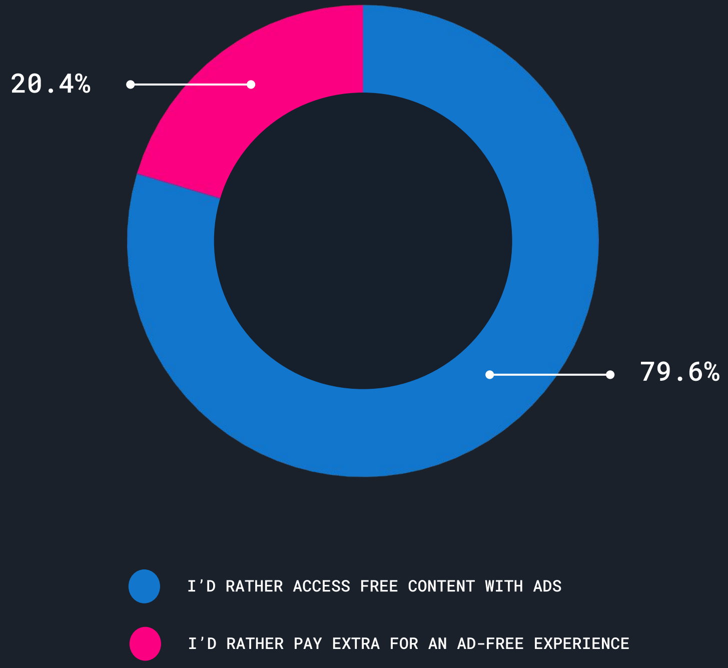


While it's clear that news continues to rule the written content roost, the majority of consumers place its value at less than $10 per month.

Although publications such as *The Wall Street Journal* and, recently, the *New York Times*, have found success in subscription models for their content, the landscape for charging subscription fees for smaller publishers is significantly more challenging, making the industry as dependent on an ad-supported model as ever.



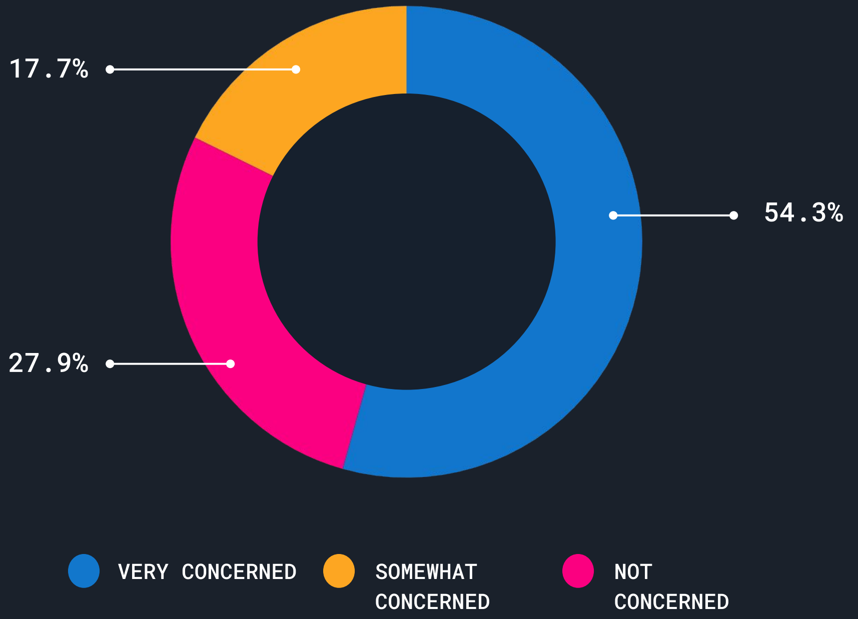
Would you rather access ad-supported content for free, or pay for ad-free content?



Targeting vs Privacy

Of course, ad-supported models do not come without tradeoffs for consumers—with the ability for companies to track online behavior being a critical piece of that puzzle. As such, privacy continues to be a major source of concern for consumers, even as their purchasing preferences leave content creators with little choice but to rely on advertising to support their models.

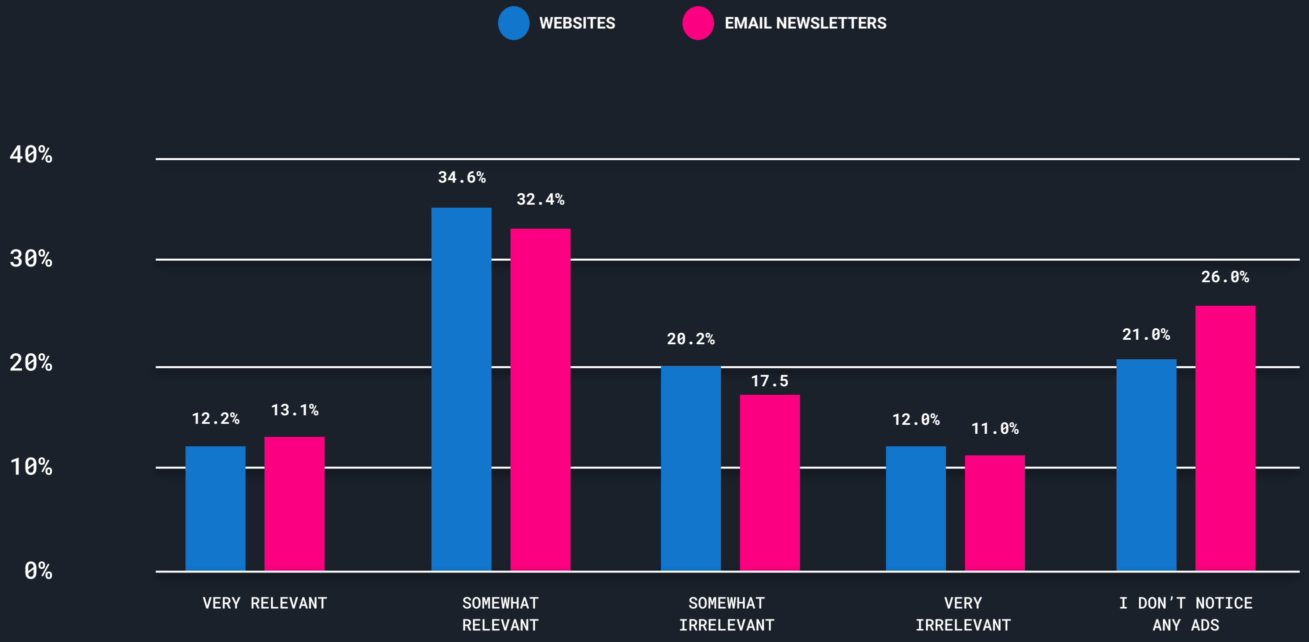
How concerned are you about your privacy online?



However, when it comes to targeting, more consumers find the ads they receive to be targeted vs. irrelevant, but not by a 50%+ margin

— an area that represents an opportunity for brands to continue investing in more sophisticated data acquisition and utilization to capitalize on digital ad spending, even now in 2021.

How targeted and relevant are the ads you see?



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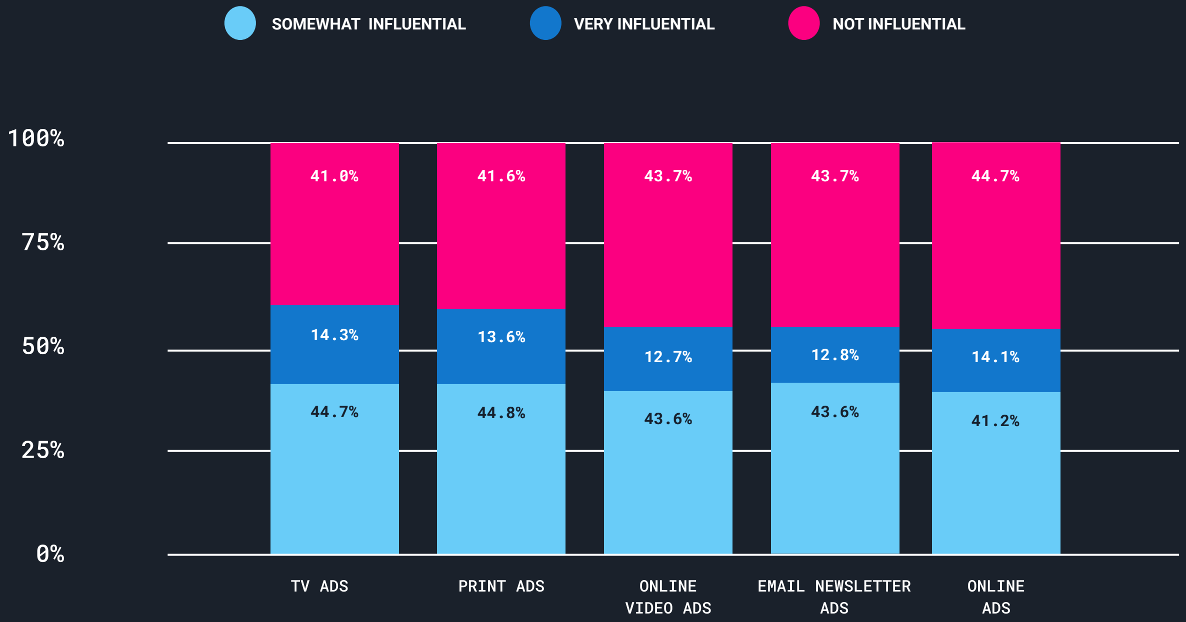
Further supporting this, a majority of consumers acknowledge that ads in almost every format are “somewhat influential” or “very influential” on their purchasing decisions.

This is positive news for advertisers and consumers alike, both with ad relevancy improving, and consumers acknowledging the important role of advertising in impacting their shopping behavior as a result. There is ample room for continued improvement, but directionally these are positive numbers for an industry long infamous for irrelevancy and creating unwanted clutter and noise.

How influential are ads to your shopping decisions?



Conclusions

The “new normal” of life during (and most likely post-) the global Covid-19 pandemic has had wide-reaching tentacles that are extending not just to the way we travel, shop, entertain, and interact — but even to the world of media and content: what we view, read, and watch, and the tradeoffs we are willing to make to do so.

For content producers (video and written-word alike), this presents both challenges and opportunities

...around everything from original content production and syndication, to the importance of leveraging data and insights to identify, attract, and acquire more users. In the year ahead, we foresee the battle for consumers' attention intensifying to a fever pitch — the likes of which have never been seen before in an already competitive space — with media companies pouring billions of dollars into acquiring new customers, poaching them from competitors, and retaining existing ones. The opportunity is immense; it will be a race to the top for some, as others inevitably fall to the wayside as there are only so many services that consumers will be willing to subscribe to (whether paid or free and ad supported).

Brands have an unprecedented volume of data to leverage to find their ideal audiences…

To win in this environment, media brands are under more pressure than ever to deliver value and relevancy to their audiences - both in the core content that they offer, and the advertising that accompanies it. Leveraging accurate, first-party data has never been more important, as it provides real-time insight into what consumers need and desire at the individual-level, and offers media marketers the opportunity to deliver it to them at their precise level of need. In the end, the expression, “only the strong survive” will be as valid in the media space as it is in any other industry, and smart marketers will look at the soft macro-economic environment as a moment to pounce on the competition and establish dominance in the industry (and in the homes of the American public). Now is the time to build connections with consumers that will last for years, if not decades to come. The time to seize the opportunity is now.

Survey Methodology

The first survey mentioned in this report, which focused on digital video services and cord-cutting, was conducted online within the United States, from December 14 - 15, 2020, among 20,398 adults. Respondents were randomly selected and the findings are at a 99% confidence level with a margin of error +/- 2.5%.

The second survey mentioned in this report, which focused on digital written-word media (websites, email newsletters, etc.), was conducted online within the United States, from December 20 - 21, 2020, among 9,313 adults. Respondents were randomly selected and the findings are at a 99% confidence level with a margin of error +/- 2.5%.

What If Media Group's proprietary ad-serving technology includes a real-time survey module that was used to facilitate the data collection for these studies. Data were weighted to the 2010 US Census.

Founded in 2012, **What If Media Group** is an award-winning performance marketing company that enables the world's leading brands to acquire valuable new customers at scale.

By leveraging data-driven engagement and re-engagement strategies across multiple proprietary marketing channels and sophisticated targeting technology, and utilizing insights based on millions of consumer ad interactions each day, What If Media Group delivers the most cost-effective and highest performing marketing campaigns for its clients.

Contact us to learn about how we can help you identify and acquire your best next new customers today.
Email us at contact@whatifmediagroup.com or call 800-946-4540.

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