

## Introduction

The poor economy of the last few years has understandably led many American consumers to cut back on their spending on all purchases both big and small. Indeed, an increasing number of consumers are looking to reduce the number of bills in their lives, especially reoccurring monthly bills. As such, one might assume cable TV (or other sources for television content) would be on the chopping block as there are more options available to receive content. Are more consumers cutting their television service and returning to antennas? CEA research finds they are not, but rather more consumers are shifting among pay TV providers and adding online content to the mix

## Market Size

According to the U.S. Census Bureau, there are currently 119 million household in the United States<sup>1</sup>. Approximately 96% of households own a TV<sup>2</sup>.

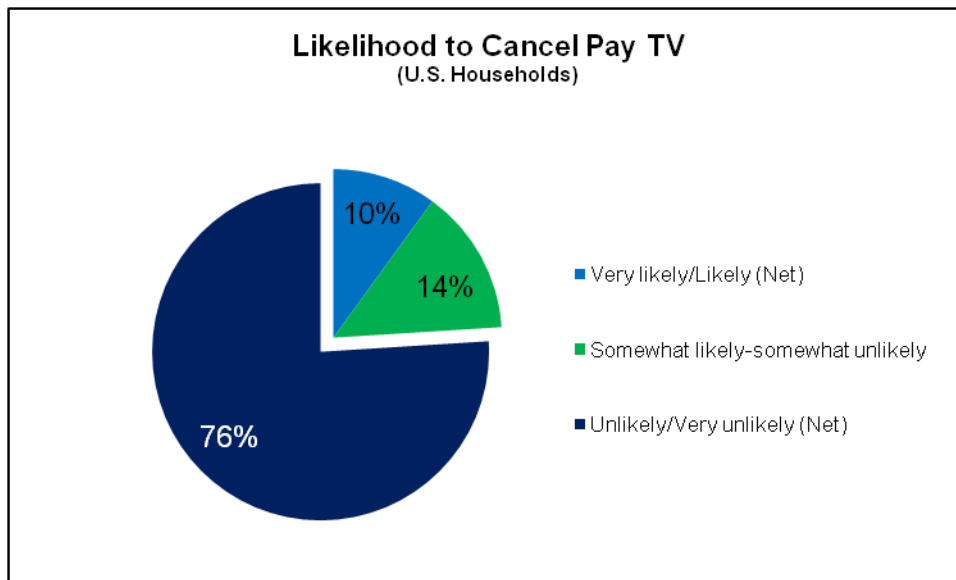
<sup>1</sup> Source: U.S. Census Bureau

<sup>2</sup> Source: CEA 13<sup>th</sup> Annual CE Ownership and Market Potential Study May 2011

## Key Findings

Americans are not rushing to cancel pay TV services. Despite the difficult economy with high unemployment and job uncertainty, pay TV services is one expense Americans are unwilling to cut. CEA's research finds three in four (76%) American consumers indicate they have no interest in cancelling pay TV service. In fact, half (51%) report they are "very unlikely" to cancel TV service.

Figure 1



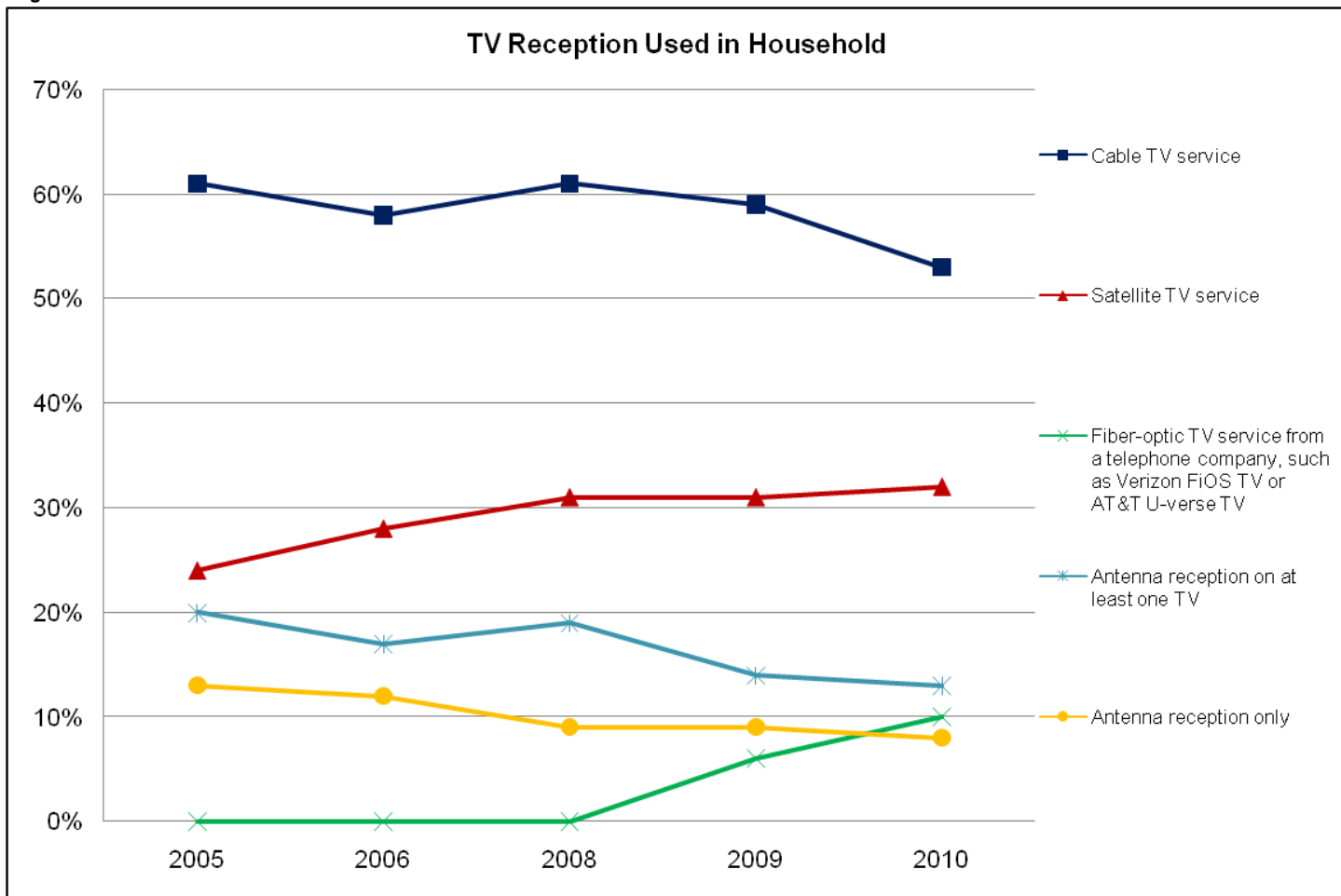
Q. In the next 12 months, how likely is your household to cancel...

Base: U.S. Adults that currently have cable, satellite or fiber to the home TV service (n=1,096)

To receive television service, consumers have a myriad of choices – cable, satellite, fiber optic or antenna. The data finds almost nine in ten (88%) households pay for their television service for at least one of their household’s sets. CEA research finds approximately half (53%) of households subscribe to cable service, followed by satellite service (32%) and fiber (10%). Note: some households subscribe to more than one pay service. In fact, CEA research finds only eight percent of households with a television rely exclusively on antenna reception, equating to 9 million (out of 114 million households with TV) households in the U.S.

## Only 8% of U.S. households with a television rely on antenna reception

Figure 2



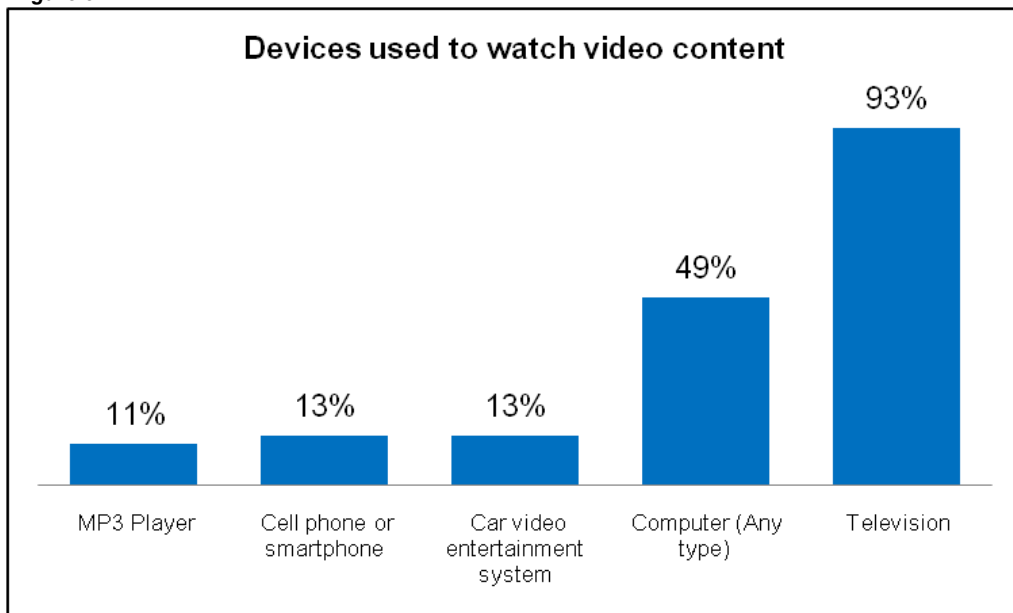
Q. Please think about all the different TVs in your household and the ways in which you receive television programming, such as cable, satellite, fiber to the home or an antenna that may mount on your roof or an antenna that sits on or near the TV.

Base: U.S. Adults

American households are not cutting pay television service. The cord that is being cut is the one to the antenna. The percentage of antenna-only households has been declining year-over-year since 2005.

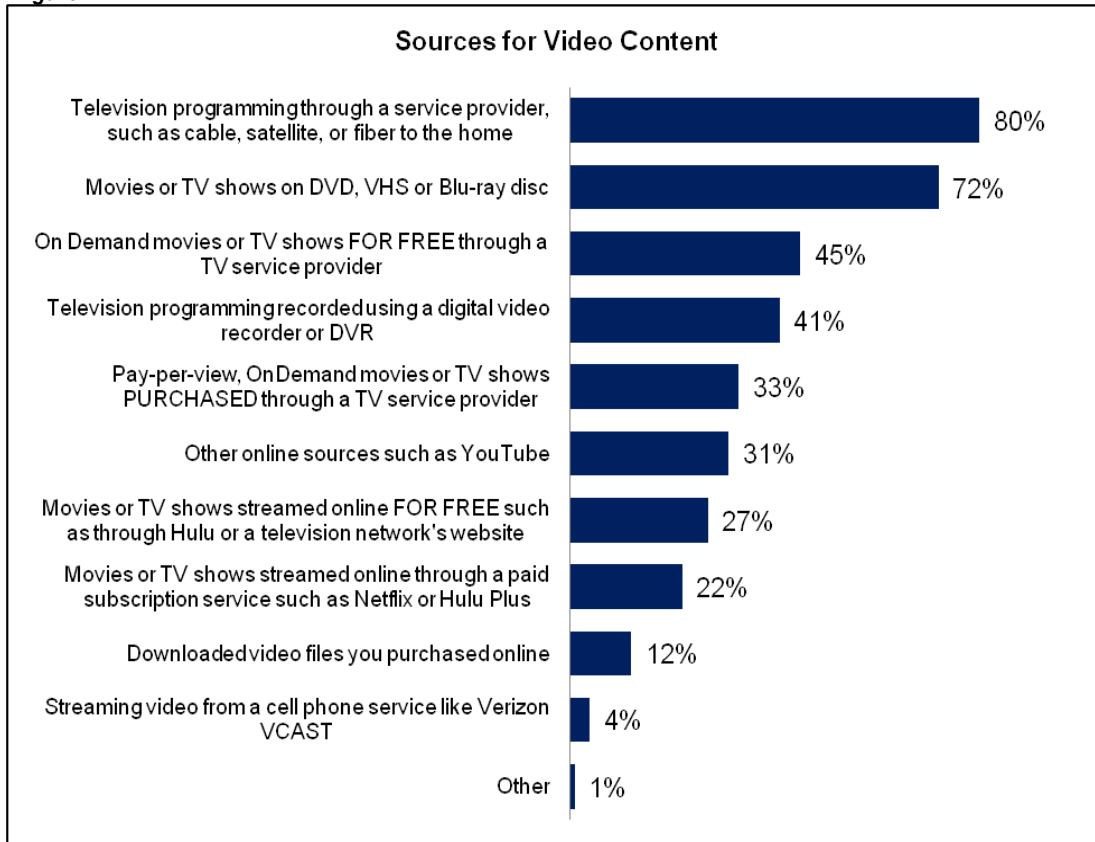
With all the talk of cutting cords and replacing one service for another, one might think households are shifting their viewing habits away from television to other consumer electronic (CE) devices. However, the television remains the most popular device for viewing content. CEA research finds nine in ten (93%) of households view content on a television, followed by computers (49%), car video entertainment (13%), cell phones/smartphones (13%) and MP3 players (11%). While viewing content on computers (all types) is growing, the television remains the central CE device for viewing television content.

**Figure 3**



Q: What electronic device or devices do you use to watch video content including TV shows and movies?  
Base: U.S. Adults (n=1,250)

**Figure 4**



Looking at the sources available for viewing content, television programming from a service provider (80%) is the most popular, followed by movies on disc/tape (72%). It is noteworthy that four in ten households report they view content On Demand (45%) and DVR (41%) as more cable service providers offer the service and equipment for allowing consumers to view content on their own schedules.

Q: Thinking about television shows, movies and video content you regularly watch, where does it come from?  
Base: U.S. Adults that watch video content (n=1,215)



# Market Research Analysis Brief

## Conclusion

American households are not cutting their pay television service. CEA research finds only one in ten households (10%) report they are either “very likely” or “likely” to cancel their pay television service. In addition, despite increasing options for viewing content, the television remains the standard CE device for most Americans. However, the growth of options for viewing television content – from televisions to computers to smartphones – will only help content providers expand viewership.



# Market Research Analysis Brief

## Methodology

The report described herein was formulated by the Consumer Electronics Association. This report presents the findings of a telephone survey conducted among two national probability samples, which, when combined, consists of 1,265 adults, 643 men and 622 women 18 years of age and older, living in the continental United States. Interviewing for this CARAVAN® Survey was completed on December 9-12, 2010. 1,015 interviews were from the landline sample and 250 interviews from the cell phone sample.

All CARAVAN® interviews are conducted using Opinion Research Corporation's (ORC) computer assisted telephone interviewing (CATI) system.

As required by the Code of Standards of the Council of American Survey Research Organizations (CASRO), we will maintain the anonymity of our respondents. No information will be released that in any way will reveal the identity of a respondent. Our authorization is required for any publication of the research findings or their implications.

**Sampling:** The CARAVAN® landline-cell combined sample is a dual frame sampling design. This means that the sample is drawn from two independent non-overlapping sample frames—one for landlines and one for cell phones.

- Land Line Sample: ORC's Random Digit Dial (RDD) telephone sample is generated using a list-assisted methodology.
- Cell Phone sample: The cell phone sample was generated by SSI, Inc., a leading provider of survey sample to the research community.

The margin of sampling error at 95% confidence for aggregate results is +/- 2.8%. Sampling error is larger for sub-groups of the data. As with any survey, sampling error is only one source of possible error. While non-sampling error cannot be accurately calculated, precautionary steps were taken in all phases of the survey design, collection and processing of the data to minimize its influence.

As is common practice in survey research, the data was weighted to reflect the known demographics of the population under study. In this survey, weights were applied to cases based on gender, age, race and geographic region.

CEA designed this study in its entirety and is responsible for all content contained in this report. During the fielding of this study, CEA employed the services of Opinion Research Corporation to conduct telephone interviewing. Any questions regarding the study should be directed to CEA Market Research staff at [info@CE.org](mailto:info@CE.org).

The Consumer Electronics Association is a member of the Marketing Research Association (MRA) and adheres to the MRA's Code of Marketing Research Standards.

## About CEA

The Consumer Electronics Association (CEA) is the preeminent trade association promoting growth in the \$186 billion U.S. consumer electronics industry. More than 2,000 companies enjoy the benefits of CEA membership, including legislative advocacy, market research, technical training and education, industry promotion, standards development and the fostering of business and strategic relationships. CEA also owns and produces the International CES – The Global Stage for Innovation. All profits from CES are reinvested into CEA's industry services.

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