



BEYOND CABLE

STREAMING VIDEO SERVICES
ARE ATTRACTING MORE TV VIEWERS
AS OPTIONS MULTIPLY

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Brian Marino and his wife left the cable boxes behind when they moved to Babylon Village last year.

"It seemed like as good a time as any to go for it," he said. "I grew tired of calling every six months to see if I could get

a more affordable price. After all the fees and equipment charges, it was too expensive."

Marino and his wife, Kaleigh, are among 2 million cable and satellite subscribers who have cut the cord over the last six months, according to industry reports and company earnings reports — and some surveys show the number of people

with a streaming service outnumber cable and satellite subscribers for the first time.

For many, like Marino, who said his FiOS bill crossed \$200 monthly, saving money was the deciding factor.

Consumers could save upward of \$60 to \$80 a month by cutting out the TV piece of their bundled service. But higher

streaming costs and a proliferation of options are eating away at some of the savings.

That's not a deterrent to many cord cutters, experts said.

"There are more and more streaming options available, and the costs of all the services are going up," said Thomas W. Shinick, adjunct professor of management and marketing at

Adelphi University and Nassau Community College. "It's about having varied content. You want to control what you pay for, and if you're looking for diverse content from varied providers, you may spend more, but you won't mind."

The streaming services in-

See CORD on A34

Some viewers are switching from cable to streaming TV services for cost and content options

CUTTING THE CORD

CORD from A33

clude Netflix, Sling TV, Magic TV, Hulu, Amazon Prime and CBS All Access. All have reported a growing subscriber base, and most have increased prices in recent months. Further, two internet giants are entering the mix. Apple is about to launch a streaming service, and Google already has YouTube TV. Disney is also launching its own service later this year. Called Disney+, it will include a series of Marvel-themed shows produced specifically for the service.

"A key to the appeal of streaming services is that they're offering content you can't get anywhere else," said Jeff Loucks, executive director of the Deloitte Center for Technology, Media & Telecommunications. "I don't think it's necessarily a financial decision for everyone. You know what you want, and you have the freedom to get it."

Loucks added that 43 percent of U.S. households that participated in Deloitte's Digital Media Trends survey of 2,003 consumers, which was released in March, subscribe to at least one video streaming service and still lean on a traditional cable or satellite service.

It's not an "either one or the



Danielle Cuffie uses Magic TV and has cut out cable TV at her home in Coram. She says it saves her about \$200 a month.

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smartphone, the apps are easier to use, and the services work on nearly every device," Loucks said.

A PwC survey released last year also showed that older subscribers are becoming less dependent on cable. About 28 percent of consumers over age 50 have cut the cord, up from 19 percent in 2017. PwC added that 61 percent of consumers over 50 access TV content from the internet, compared to 48 percent two years ago.

"It all comes down to ease of use," said Mark McCaffrey, U.S. technology, media and telecommunications leader at PwC. "If it's complicated, I'll stay with what I've known. When it's not, and there is a value proposition, I'm going to move."

The PwC analysis, "A New Video World Order: What Motivates Consumers?" said cord cutters are more likely to be picky about their viewing habits, watch few stations regularly, and are often savvy when it comes to knowing what they're getting in subscriptions.

Younger audiences are more likely to report a healthy relationship with their pay-TV provider. About 22 percent of respondents between 25 and 34 said they're committed to using a cable or satellite provider, compared with just 16 percent

88%
of millennials use a streaming service

51%
have a traditional cable subscription

77%
of Generation X use a streaming service

67%
use a cable or satellite provider

SOURCE: Deloitte



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Brian Marino, with his son Quinn in Babylon, cut the cable cord last year; 2 million other U.S. users have done that so far this year.



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LaShonne Stewart of Huntington cut the cable cord three years ago and uses Sling TV to save money.

of people 50 or older.

"This is pretty low, but that's the case with all content providers," McCaffrey said. "People are committed if they like the content. It's about content, not the subscription."

The driving force behind the cord cutting has remained cost.

Brian Marino, in Babylon Village, said he bought a Roku streaming stick and pays \$85 monthly to use DirecTV's Internet-based service. He still gets HBO and local sports stations.

"I also have Netflix, and get Hulu via my Spotify subscription," Marino said. "With all that, I'm still saving \$50 or \$60, almost entirely because I

had to pay at least \$50 for the four boxes I had. I was paying FiOS to use boxes that delivered the service I was paying for. It doesn't make sense."

Other Long Islanders are spending far less for services. For example, LaShonne Stewart of Huntington traded in a \$227 Optimum bill for a \$34.99 Sling TV subscription and a \$60 Optimum high-speed internet fee. She cut her cable TV cord more than three years ago.

"I get some of the local channels, and all the news and entertainment channels I could ever need," she said. "I don't regret doing it, and definitely don't regret the money I've saved."

Danielle Cuffie of Coram said she has saved more than \$200 by switching to Internet-based provider Magic TV, which offers a package that includes most news stations and many, but not all, of the main over-the-air networks.

Cuffie said because she still uses Optimum Wi-Fi, "I can stream News 12, which is good. At first, I didn't want to get rid of cable because of News 12."

Others have reduced their service but haven't yet cut the cord completely.

Kaniesha Brown of Bellport pays for Amazon Prime, Netflix and Hulu, along with five cellphone lines for her house-

hold of six. She said "something had to go, but it was hard to drop cable completely." So Brown said she lowered her package and saves about \$40 monthly.

Residents in a high-cost region "such as Long Island are often looking to cut costs whenever possible," said Herman A. Berliner, an economist, and provost and senior vice president for academic affairs at Hofstra University.

"Health care, housing and food are essentials, and taxes are high," Berliner said. "Long Islanders are stretched, and often with limited resources. Whenever there is a lower-cost alternative, they're going to look at it, and that's what they're doing with cable."

The savings that come with cord cutting are beginning to erode, however, as online service providers raise prices.

YouTube TV hiked its price in April by about 20 percent to \$50 per month, and it costs more than 40 percent more than it did when it first launched in certain areas in 2017.

Netflix, which had 139 million subscribers as of early this year, increased the cost of its premium package to \$16 about a month ago, a \$2 increase.

Online video provider Sling

TV also increased its prices by about \$5 per month in 2018.

"The rising prices will make people think twice before adding additional services," said Loucks of Deloitte. "The most valuable services will continue to be sticky. But with more than 300 streaming services out there, it's going to be more and more competitive."

Consumers are willing to spend about \$38 monthly for streaming services, according to a Magid Research's Video Entertainment Study in 2018. The Minneapolis research company said consumers would be willing to subscribe to up to six services. Magid's survey of 2,000 consumers didn't differentiate between cable subscribers and cord cutters. The \$38 doesn't include amounts spent on cable.

"We are hitting a ceiling in how much consumers are willing to spend," said Jill Rosengard Hill, an executive vice president focused on cable and wireless at Magid. "The value proposition of a new service has to be super valuable, with original content and strong libraries."

Hill added that cable companies have positioned themselves to slow the stream of cord cutters. She said larger providers, such as Altice's Optimum and Verizon FiOS, the two largest providers on Long Island, have launched advanced guides, improved their broadband internet speeds and offer a competitively priced bundle that includes internet and television services.

"Cable also has a very deep on-demand library, has a popular DVR function and it's reliable," Hill said. "The penetration of cable is still a super majority, even if it wasn't what it used to be."

Cable providers in areas such as Long Island are also able to keep a piece of business from cord cutters because of their high-speed internet services, experts said. High-speed internet access in the metropolitan area is more readily available than it is in more rural areas, they said.

McCaffrey, at PwC, added that traditional satellite and cable providers are still in the game — and it would be a mistake to declare any winners.

"Cable still has plenty of valuable content, and that's where this will all be won or lost," he said. "The playing field isn't loyal, but they're willing to join whoever has the best content. If that's cable, it's cable."