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ONLINE VIDEO USAGE CONTINUES TO GROW

Yet Online Video is Having Little Impact on Traditional TV Viewing and Services

Durham, NH – February 23, 2009 – New consumer research from Leichtman Research Group, Inc. (LRG) found that usage of online video expanded in the past year. In total, 34% of adults online at home report that they view some type of video online at least weekly, including 11% who view video online daily – this compares to 31% of those online who viewed video online at least once a week last year, and 25% two years ago.

While those watching recent TV shows online have increased, TV shows rank well down the list of the types of video that people are regularly viewing online, and the impact on traditional TV viewing and multi-channel video subscriptions has been negligible.

- Overall (including those not online), 1% of adults view recent TV shows online daily, and 8% weekly – compared to 6% weekly last year
- Overall, 24% of adults report viewing a news clip online weekly, 20% view YouTube or other user-generated video online weekly, and 15% view sports news or highlights online weekly
- 93% of adults with a TV report spending at least an hour a day, on average, watching TV, and 35% of adults spend at least four hours a day watching TV – similar to last year
- 8% of adults who watch video online strongly agree that they now watch TV less often, while 75% strongly disagree
- 18% of teens who watch video online strongly agree that they now watch TV less often, while 61% strongly disagree

- Among all adults online, 3% strongly agree that they would consider disconnecting their TV service to just watch video online – compared to 4% last year
- Those who watch recent TV shows online weekly are no more likely to consider disconnecting their TV subscription than others
- While weekly online TV show viewers spend twice as much time online per day as the average adult, they are also more likely than average to subscribe to a premium service, have digital cable, use on-Demand, have an HDTV, and subscribe to a bundle of services from a single provider
- Just 6% of those who watch recent TV shows online weekly are likely to switch from their multi-channel video provider – compared to 11% of others

These findings are based on a survey of 1,250 households nationwide, along with a sample of 250 “teens” ages 12-17, and are part of a new LRG study, *Emerging Video Services III*.

“Time spent watching TV is virtually unchanged from prior years, and multi-channel video subscriptions are at an all time high despite the challenging economic environment,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “While those watching recent episodes of TV shows online increased in the past year, they still represent a small portion of all adults; and this group tends to express less likelihood to switch from their video provider than others. There is next to no evidence of any significant number of consumers currently ‘cutting the cord’ to their multi-channel video subscription to only watch TV shows online (or on other non-TV based devices), and it is unlikely that this type of behavior will become commonplace in the near-term.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

Emerging Video Services III is LRG's third annual nationwide study investigating non TV-based video services (including online, iPods/portable media players, and mobile phones) in order to get an accurate picture of where these markets currently stand, and the near-term potential for these emerging video services. The study is based on a telephone survey of 1,250 adults age 18+ from throughout the continental US in households that have a TV set. The survey was conducted in December 2008. The random sample of respondents was distributed to best reflect the demographic and geographic make-up of the US. The overall sample has a statistical margin of error of +/- 2.8%. An additional survey of 250 "teens" ages 12-17 was also conducted as part of the study. The online survey was conducted in January 2009.

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