



# LRG

Leichtman Research Group

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## **NETFLIX DRIVING USE OF EMERGING VIDEO SERVICES**

*Few are “Cutting the Cord” to Multi-Channel Video Services*

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**Durham, NH – March 29, 2011** – New consumer research from Leichtman Research Group, Inc. (LRG) finds that 30% of all households have at least one television set connected to the Internet via a video game system, a Blu-ray player, and/or the TV set itself – up from 24% a year ago. Overall, 10% of all adults watch video from the Internet via one of these devices at least weekly, compared to 5% last year. This increased usage is heavily driven by Netflix subscribers, with 30% of Netflix subscribers watching video from the Internet via one of these connected devices weekly, compared to 3% weekly use among all non-Netflix subscribers.

These findings are based on a survey of 1,287 households nationwide and are part of a new LRG study, *Emerging Video Services V*.

Other related findings include:

- 23% of households have a video game system connected to the Internet, 10% have an Internet-connected TV set, and 7% have a Blu-ray player with an Internet connection (some households have more than one of these)
- Overall, 12% of all adults use Netflix’s Watch Instantly feature weekly – compared to 4% last year
- 77% of Watch Instantly customers use it to watch movies and TV shows on a TV set, and 60% of this group access Netflix via a video game system
- Among all mobile phone owners, 15% watch video on their phones at least weekly – compared to 10% last year, and 6% two years ago

- 12% of all adults watch TV shows online weekly – compared to 11% last year, and 10% two years ago
- 9% of multi-channel video subscribers are likely to switch in the next six months, compared to 10% the past three years – 6% of Netflix Watch Instantly users are likely to switch video providers
- 20% of multi-channel video subscribers are likely to reduce spending in the next six months – Netflix subscribers, online video users, and premium subscribers are as likely as others to reduce spending
- Overall, 0.3% of the sample dropped a multi-channel video service in the past year, do not plan to subscribe again in the next six months, and say that they don't subscribe because they can watch all that they want on the Internet or in other ways (but most of this small number of respondents say that they would have dropped service to save money regardless)

“The use of emerging video services rapidly increased over the past year, with Netflix being the key driver of this growth,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Even with this growth in emerging video services, this isn't creating a significant trend in consumers 'cutting the cord' to multi-channel video services – including cable, satellite, and Telco video services. Despite a highly saturated market, coupled with slow housing growth, the multi-channel video market in the US still grew by over 500,000 subscribers in 2010. This survey found few 'cord cutters' over the past year, and little difference in the intent to switch or disconnect service from prior years.”

**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](http://www.LeichtmanResearch.com).

*Emerging Video Services V* is LRG's fifth annual nationwide study investigating emerging video platforms and services (including online video, mobile phones, iPods and iPads, and connected TVs and other devices connected to the Internet) in order to get an accurate picture of where these markets currently stand, and the near-term potential for these services. The study is based on a telephone survey of 1,287 adults age 18+ from throughout the continental US. The survey was conducted in January-February 2011. The random sample of respondents was distributed and weighted 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 302 cell phone-only households was also conducted to better understand what differences may exist between individuals in cell phone-only households and those with a landline phone.

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