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38% OF U.S. HOUSEHOLDS NOW HAVE A TV CONNECTED TO THE INTERNET

Video Game Systems are the Key Connected Devices

Durham, NH – April 9, 2012 – New consumer research from Leichtman Research Group, Inc. (LRG) finds that 38% of all households have at least one television set connected to the Internet via a video game system, a Blu-ray player, an Apple TV or Roku set-top box, and/or the TV set itself – up from 30% last year, and 24% two years ago. Video game systems are the key connected devices, as 28% of all households have a video game system connected to the Internet. Just 4% of all households are connected solely via an Internet-enabled TV set, and Apple TV or Roku set-tops are the only connected devices in 1% of all households.

Overall, 13% of all adults watch video from the Internet via a connected device at least weekly, compared to 10% last year, and 5% two years ago. Use of connected devices remains skewed towards Netflix subscribers, with 35% of Netflix subscribers watching video from the Internet via a connected device weekly, compared to 5% weekly use among all non-Netflix subscribers.

These findings are based on a survey of 1,251 households nationwide and are part of a new LRG study, *Emerging Video Services VI*.

Other related findings include:

- Overall, 16% of all adults use Netflix's Watch Instantly feature weekly – compared to 12% last year, and 4% two years ago
- 79% of Netflix Watch Instantly customers use it to watch movies and television shows on a TV set, and 59% of this group access Netflix via a video game system

- 50% of Netflix subscribers are satisfied with the service, and 11% are likely to stop subscribing to Netflix in the next six months
- 7% of Netflix subscribers are likely to switch from their multi-channel video provider in the next six months – compared to 12% of non-Netflix subscribers
- 13% of Netflix subscribers would consider reducing spending on their multi-channel video service because of Netflix – compared to 21% last year
- 16% of all adults watch full length TV shows online at least weekly – compared to 12% last year, and 10% three years ago
- Among all mobile phone owners, 19% watch video on their phones weekly – compared to 15% last year, and 6% three years ago
- 9% of all adults watch video on an iPad/tablet computer weekly – compared to 2% last year
- Overall, 1.6% of households in the sample paid to subscribe to a multi-channel video service in the past year and do not currently subscribe. Yet, just 0.1% of the sample dropped service in the past year, do not plan to subscribe again in the next six months, and say that they don't subscribe because of Netflix or because they can watch all that they want on the Internet or in other ways

“Video is increasingly being watched on different platforms and in different places, yet these emerging video services still generally act as complements to traditional television viewing and services rather than as substitutes,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Among all adults, reported time spent watching TV is similar to last year, and there remains little evidence of a significant trend in consumers ‘cutting the cord’ to their multi-channel video services to watch video solely via these emerging services.”

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 VI is LRG's sixth annual nationwide study investigating emerging video platforms and services (including online video, mobile phones, 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 1,251 adults age 18+ from throughout the continental US. The survey was primarily conducted in February 2012. 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 303 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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