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NEW WAYS TO WATCH VIDEO INCREASING

Usage of Alternatives to Traditional TV Viewing and Services Still in Early Stages

Durham, NH – March 2, 2010 – New consumer research from Leichtman Research Group, Inc. (LRG) found that 24% of all households have a television connected to the Internet. These connections vary from connecting through a video game system, a Blu-Ray player, or the TV set itself. While Internet connectivity has become a common built-in feature in many products, consumers are just beginning to use this feature to watch video from the Internet.

Overall, just 1% of all adults watch video from the Internet via one of these devices daily, and 5% weekly. And usage is heavily skewed to young men, with 16% of men ages 18-34 watching video from the Internet via one of these connected devices weekly, compared to 3% weekly use among all others.

These findings are based on a survey of 1,250 households nationwide and are part of a new LRG study, *Emerging Video Services IV*.

Other related findings include:

- 20% of households have a video game system connected to the Internet, 8% have an Internet-connected TV set, and 6% have a Blu-Ray player with an Internet connection (some households have more than one of these)
- 55% of Netflix subscribers report that they used the “Watch Instantly” feature in the past month – overall, 1% of all adults use Netflix’s “Watch Instantly” daily, and 4% weekly
- Overall, 3% of adults watch a full length TV show online daily, and 11% weekly

- 5% of those online at home strongly agree that they would be willing to pay \$9.95 per month to watch TV shows online from a service like Hulu, while 81% strongly disagree
- Among all individuals online at home, 4% strongly agree that they would consider disconnecting their TV service to just watch video online – compared to 3% last year, and 4% two years ago
- In total, 0.3% of the overall sample are current non-subscribers to a multi-channel video service who disconnected their service in the past year and agree that they don't need to subscribe because most of what they want is available online (these respondents represent 1.6% of the cell phone-only sample)

“Despite speculation that consumers are “cutting the cord” to cable, satellite or Telco video services and choosing to watch video exclusively online or through other alternatives, there remains little evidence of this being a trend,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Emerging video services do not necessarily create either/or scenarios in decisions to subscribe to a video service or not. Rather, they create opportunities and trade-offs in how, when, what, and where to consume the increasing video entertainment options.”

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 IV is LRG's fourth annual nationwide study investigating non TV-based video services (including online, iPods/portable media players, mobile phones, and 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 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 2009. 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 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. The online survey was conducted in January 2010.

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