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### SNL Kagan Has Outlined Wide Ranging Media Trends for 2017; Our Selected Summary:

- For the past two years, total U.S. spending on media entertainment fell 1.5.
- The greatest amount was spent on cable pay TV, followed by video services from DBS and telco.
- HSD (high speed data) video took third place and was 89.4% of the amount spent on cable.
- The biggest growth category was paid online video at 24.1% growth year over year, while the slowest increase came from home video with a 12.5% decline.
- The growth of digital video was related in part to losses from the home video sector.

### Key Highlights by Category:

#### CABLE NETWORKS

##### Cable network subscribers:

Results from second-quarter 2017 indicate video subscriber trends point to continuing falling numbers. . AT&T Inc., Comcast Corp., Charter Communications Inc. and Verizon Communications Inc. collectively lost 475,000 traditional video customers in the second quarter, effectively doubling the decline from the year-ago period.

#### CPMs

With weakening ad revenue growth many cable networks are pushing for higher CPMs to stabilize their top and bottom lines.

#### INTERNET:

##### E-commerce

E-commerce sales in the U.S. continued to move higher in 2016 and could likely see further gains through 2026 because in part retailers are now offering same-day delivery in many major U.S. markets and a widening inventory of goods.

##### Digital advertising projections

Digital advertising revenues in the U.S. are likely to see more dramatic gains, although growth in 2015 and 2016 has been somewhat lopsided and concentrated largely with Alphabet Inc.'s Google Inc. and Facebook Inc. which dominate the digital ad market by a wide margin.

##### Social advertising

The U.S. social ad sector continues to perform well in the first quarter, powered by demand for video ad inventory and continued strength from Facebook Inc. Combined U.S. ad revenues for Facebook, [Twitter Inc.](#), [Snap Inc.](#) and [LinkedIn Corp.](#) have logged annual gains of about 40% to nearly 60% since the beginning of 2016, with Facebook leading the category by a wide margin.

## **MULTICHANNEL (CABLE, TELCO, DBS):**

### **Multichannel video sub projections**

The downward trend of traditional multichannel subscribers in the U.S. continues to increase due to streamed bundles, online subscription services, self-aggregation and even over-the-air delivery are playing more prominent roles.

### **Broadband subscriber projections**

Broadband subscriptions are on track to surpass 80% of U.S. households in 2017 and enjoy growing appeal in the five-year outlook. However, like the U.S. multichannel segment before it, continued cord cutting is a major threat to this sector...

### **Broadband only homes**

The seasonal deceleration in broadband subscriber [gains](#) did little to slow down broadband-only home growth, with the segment logging its second-largest quarterly net add since we began tracking it.

### **Wireline phone subscribers**

Cable's first-ever voice subscriber losses added pressure on wireline phone in the period ended June 30, with the universe logging its largest quarterly drop since the third quarter of 2013.

## **ONLINE VIDEO/OTT:**

### **OTT viewing**

The fourth quarter of 2016 saw mixed desktop viewing results among a group of U.S. OTT services. Netflix Inc. topped the list in year-over-year increases in average monthly content minutes viewed during the fourth quarter and 2016 as a whole. Hulu LLC, the group's only other realistic contender to Netflix showed a decrease in the fourth quarter compared to the same quarter in 2015, but was up strongly overall for 2016.

### **Online video projections**

While multichannel video operators endure subscriber losses, online video services are likely to continue to see growth both as consumers move to different platforms and as others supplement their TV needs with OTT services.

### **Online video – Ad-supported**

While momentum in recent years in the OTT video space has tilted toward the subscription (SVOD) and virtual service provider (VSP) models, the ad-supported video market continues to generate significant revenues. A vast array of short-form and long-form video content is available through the ad-supported model, with additional digital video ad inventory coming online from VSPs as well as from growing TV Everywhere accessibility of live linear programming from broadcast networks and cable networks for authenticated users.

## PREMIUM NETWORKS:

### Premium subscribers

For the fifth straight quarter, premium networks recorded losses in multichannel units. However, significant gains from OTT amounted to an overall rise in total units, reaching 106.7 million. Looking at the first half of the year for the past decade, premium returned mostly growth with the exception of 2009. The first half of 2017 delivered the second decline in multichannel homes, losing some 2.1 million units. On the plus side, OTT added 2.4 million units for a net gain of some 305,000 units.

### Premium network projections

Over the next decade it appears that the number of multichannel video subscribers with full-premium units will drop from 103.4 million at the end of 2016 to 82.5 million in 2027 for the main players.

## VIDEO:

### Home video projections

The domestic home video market continued to evolve from an optical disc market to a digital delivery market in 2016. **Total consumer spending** on DVDs and Blu-rays dropped by more than \$1 billion for the 10th year in a row, down 12.5% from \$9.12 billion in 2015 to \$7.98 billion in 2016, while more and more people migrate to digital services.

## WIRELESS

### Connected devices

Nearly 1 billion video playback devices could be in use by 2020 in the U.S., ranging from smartphones to smart TVs. We estimate that 785.1 million such devices are in use in 2016 in the U.S., or about eight per broadband home. While they boast the smallest screen, now and going forward, we estimate smartphones will have the largest share of devices in use for video playback, followed by smart TVs/Blu-ray players and computers.

### Smartphone projections

Over the last decade, the tiny screens in our pockets have gone from an early adopter's toy to probably the most important consumer electronics device we own. Kagan estimates that by year end, 75% of Americans will have a smartphone.

### Wireless subscribers

Keeping up a multi-quarter trend, "connected devices" was the fastest-growing mobile subscription type in the U.S., up 12.4% year over year to 71.0 million for the second quarter.

**Whether it's audience measurement, distribution, ad sales, marketing/promotion, multi-platform, or program content and scheduling, Byron Media makes the bottom-line difference for companies. For further information call 212-726-1093 or contact [John@ByronMedia.com](mailto:John@ByronMedia.com).**