KANTAR HOFFMANN

Use of TV subscription services

24M11337

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MEME

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1. Background and methodology

Research background and purpose

Now, in line with changing media and content consumption, the role and importance of TV subscription services has changed.

While ten years ago it was the fix phone that was offered along with the internet and TV subscription, today it is the linear TV subscription that is offered with the home internet subscription.

The main objective of the research is to present the preferences, choice criteria and commitment of Hungarian households to television subscriptions. The research will cover:

- exploring the characteristics of video content consumption
- exploring attitudes to watching TV
- question about the ideal number of channels
- judging genres, the genres that are essential
- explaining the relationship between TV and streaming subscriptions
- the drivers and characteristics of TV subscription package choice by age and content consumption groups
- reasons for cancelling (dropping out) the subscriptions, identification of drop-outs
- exploring future opportunities for television

Methodology of the research

QUALITATIVE STAGE

- Online focus group discussions with 4 groups, 6 people per group
- Target group: 18-75-year-olds, who often watch videos that are available on free platforms (e.g. Youtube, Indavideo, Videa, RTLMost.hu, TV2play.hu, etc.)
- Budapest and big cities in the countryside
- Fieldwork: September 2024

QUANTITATIVE STAGE

- Online (CAWI) survey, sample item number: 1 000 people
- Representative nationwide sample of 18-75-year-olds by sex, age, education and type of settlement
- Time of data collection: October 2024

2. Executive summary

Main results

DIGITAL OVERHEADS: 86% of people aged 18-75 with a TV set in their household have access to TV broadcasting (subscription or in-room antenna) and 96% have fix internet or unlimited mobile internet. What is clear from these figures is that fix digital services such as internet and TV subscriptions are now considered by the majority to be as basic a service as piped water and wired electricity - that is, they are part of the digital bill. On the other hand, only one in three people regard VoD or streaming subscriptions as a quasi-utility service, like a sewage or heating bill.

A BUNDLE IS WHAT THEY CONSIDER: The vast majority of fix digital subscriptions are made via a 2Play or 3Play bundle: **70% subscribe to cable TV and internet services with the same service provider**, and only 8% choose a different company for these two services. As a result, TV services are not even counted as a separate item: if they do have to split the cost of the subscription, most of them do it equally, in fifty-fifty, and very few consider the cost of accessing TV channels to be higher than accessing the World Wide Web.

TV AND INTERNET SUBSCRIPTION IS DRIVEN BY THE INTERNET: In general, **the features of the internet service are the main factors** when people choose a bundle. At the same time, the coverage of a given region by service providers has an impact on the way people think about bundles and prices. In the countryside, the choice of service providers is perceived as more limited and viewers are more strongly connected to their internet service provider. The main criteria for the decision are therefore the **internet speed** and the provision of related **equipment** (e.g. router), the equipment (set-top box) provided to access the TV service, followed by the number of channels available in the bundle - and of course the **price** of the bundle. The bundles available from different service providers, i.e. the basic fix services, are very similar, so prices are easily comparable. This implies that, although generally less important factors in bundle choice, the extras that can be added to subscriptions, such as the number of HD channels, mobile phone subscription, streaming subscription, etc., can be the **basis for differentiation between service providers**.

IDEAL NUMBER OF CHANNELS: It is not a driver for choosing a bundle, as there is little difference between the offers of different service providers in this respect. Opinions are divided on the 100+ channels available on current subscriptions, with some (47%) saying that a few channels they watch regularly would be enough. Whereas others are happy to have many channels on their subscription, as they can always find something good to watch (42%). Of course, this also contributes to their perception of the subscription as a good deal, one that is worth the price (41%). People put the ideal number of channels at around 50, regardless of their content consumption habits.

Main results

BEING SOIL-BOUNDED: Although the price of fix services has increased significantly over the last 1-2 years, the majority of people aged 18-75 have not changed their subscription bundle in the last 5 years - those who have changed have tended to upgrade to a better bundle with more services. The reasons for this status quo are basically not administrative (loyalty period), but rather general satisfaction with the service providers.

THE RISE OF STREAMING: While streaming subscriptions are available to a wide range of people, watching TV is a daily pastime for a much larger number of consumers: overall, 88% of people aged 18-75 watch TV and 51% watch streaming content on a weekly basis. In terms of time spent, however, online subscription content consumption is starting to overtake that of TV, so the biggest difference is currently the number of active users - 59% have a live streaming subscription (38% with at least 2 service providers). RTL+ is the most widely used Hungarian streaming channel. Hungarian service providers are mostly used by the majority of respondents for occasional re-watching of Hungarian self-made programmes, and their subscriber base is often attracted by a particular programme (RTL+: A király, TV2 Play: Dancing With The Stars).

FAVOURITE GENRES - REGARDLESS OF PLATFORM: Apart from news programmes, people watch and expect the same genres on linear TV as they do on other channels: foreign films and scientific documentaries. These three genres, along with cartoons and fairy tales, cover 80% of viewers' content needs - i.e. without these genres, 80% of viewers would give up watching linear TV. Building on these genres is vital to linear TV in the future, even if people can watch/consume them on other platforms.

CORD CUTTING: About three quarters of subscribers are satisfied with their fix subscription, and only few are thinking of switching service providers. However, the significant increases in fees over the past period have made many people think about ways to reduce costs: 42% said that the increase had made them look around at competitors, but only 2% had changed their service provider - the majority of those who had changed (21%) preferred to switch to a cheaper bundle with their current service provider. The complete cancellation of the service is only possible as a result of a significant price increase, but basically it does not depend on the change in fees.

Main results – Content consumption segments

To understand how content is consumed, we have set up a number of segments based on consumption of linear TV and streaming content.

TV FOR SOME, STREAMING FOR OTHERS: Among those who have a TV subscription, there is a clearly identifiable segment that does not insist on the linear TV experience. They spend at least as much, if not more time consuming video content on online platforms - they are considered the most vulnerable to cord cutting.

- The majority of consumers (38%), who watch a similar proportion of streaming and linear TV content, are under 50 and typically live in cities. They are sensitive to premium TV services, with above-average engagement in both TV and online content. Surfing between channels and watching scheduled TV are both present in their lives, and they have a varied and rich genre preference. Streaming channels could even replace linear TV for many of them, but they also recognise the advantage of TV's "readiness" and the difficulties of "choice pressure" on streaming.
- The role of TV is marginal among those who prefer streaming (5%), who watch linear TV less often and online VoD or streaming more often - they do not surf or watch programmes on purpose, but rather watch linear TV as "background noise" or choose it over online content out of nostalgia. The prevailing view is that streaming channels are now a perfect substitute for traditional channels - which is close to the truth for the genres preferred by this segment. They are the most vulnerable group in terms of cord cutting.
- Those who switch to streaming (14%) did not necessarily unsubscribe from their cable TV subscription because of the move to streaming, but rather because of the possibility to actively avoid advertising. In addition, the lack of quality content (aged 40, 50) and the high cost of subscription (aged 20, 40) were the main reasons for unsubscribing. Nor are they afraid to subscribe again: personalised, 'well-priced' bundles can be offered to subscribers for a refund.

Main results – Content consumption segments

Consumers who predominantly watch linear TV content can also be divided into two segments based on their streaming usage:

- There is not a large gap in socio-demographics or attitudes between **those who watch only linear TV** (4%) and those who are **in favour of TV** (34%). So far, linear content customers are reliably dominant, but the size of the two segments shows that there are few people left who are not reached by the content provided by streaming channels. Both of these segments tend to be dominated by older people, for whom TV is not only entertainment but also a source of information - be it news, scientific documentaries or background programmes about public life. They surf less, they consciously choose the programmes they want to watch and even organise their lives around certain programmes. They enjoy the content provided by streaming channels quite rarely, at the same time, TV viewers often face technical difficulties in managing and selecting programmes.

We can consider the **Never Subscribers** (4%) as the outsiders, who are mostly young people who have moved away from their parents' nest and no longer feel the need to subscribe to linear TV. However, they watch TV occasionally - for free or at other people's homes. In their case, streaming has clearly replaced linear TV, and there is no chance of any scheme to attract them back into the subscriber base.

What does the future hold for us?

Those segments loyal to linear TV are those who only watch TV (4%), those who like TV (34%) and those who are "all-consuming" (38%) - covering around three quarters of the target group. They can be easily kept in the subscriber base, but it is worth paying attention to reinforce their TV viewing engagement:

- We should argue for the social nature of watching TV (which is lacking in the consumption of streaming content), and
- even through direct communication, we should strengthen the role of TV on a personal level (why it is important for them to watch TV, how it contributes to their personality), and we should raise the image of linear TV.
- Foreign films, scientific documentaries, cartoons, i.e. providing a wide variety of the most important genres.

The most **vulnerable**, those who might be potentially driven away from linear TV, are the *Streaming fans* (5%). For them, personalisation of bundles could be a solution, which could even attract back some of the *Drop-outs* (14%).

Overall, people don't think that linear TV will disappear in the future - rather, **it will be transformed.** There are many ways to improve the experience of watching TV:

- Possibility to recommend personalised content
- Possibility to skip certain advertisements - therefore they would be willing to pay a higher amount
- Exclusive access, quality content providing - even in partnership with online content service providers
- The possibility to create a personalised channel package

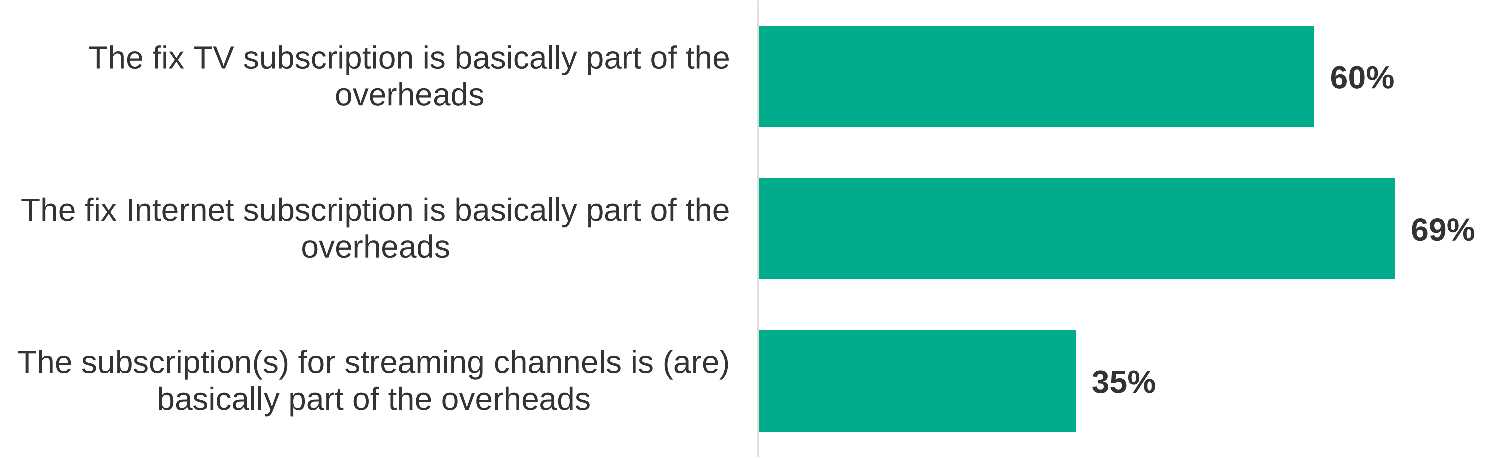
Technological changes are expected (some very futuristic solutions have been mentioned, holographic screens, AI presenters, etc.), but also **changes in the attitudes** of the generations: it is not considered impossible that people, even young people, will return to traditional ways of consuming content after the online world has become mainstream. We are still learning about the concept of content fatigue, but it could have a big impact on content consumption decisions in the future.

Linear TV just needs to be ready to do this to maintain its role in both content consumption and advertising.

3. Subscription

Can we consider the price of video content consumption as overhead - evaluating claims

Those who agree more or totally



Today, fix internet is -like electricity or piped water- more of a basic service than TV.
Two-thirds of people agree that an internet subscription is essentially an overhead cost, while slightly fewer, 60%, think the same about a TV subscription. These proportions show the number of people who do not consider giving up these services at all.
But people are not yet so clear about subscribing to VoD or streaming channels, with only one in three seeing it as a bare necessity.

Fix (cable) services in the household

82%

there is a fix/satellite TV service in the household

90%

there is a fix internet service in the household

43%

there is a fix telephone service in the household

+5%

the household has access to TV in another way, e.g. via an in-room antenna

+6%

has unlimited mobile internet access

70% of people aged 18-75 subscribe to the **same** fix TV and internet service provider.

8% have a subscription with a different service provider

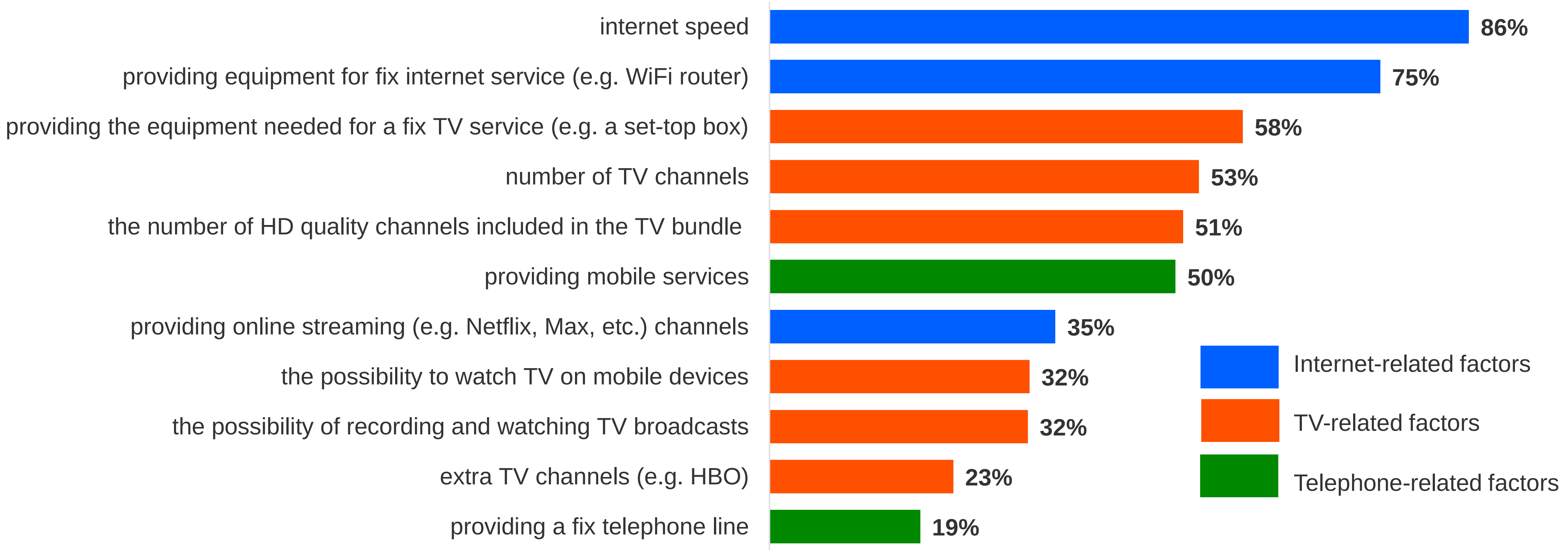
4% have a fix TV subscription only

12% have a fix Internet subscription only

Importance of factors when choosing a subscription bundle for fix services

Factors that are rather or very important

The most important factors when choosing a fix bundle are related to the internet - the speed of the internet and the equipment provided to the service provider are the deciding factors for most people. When people think of the TV service, the equipment provided with the TV, such as a set-top box, is more important than the number of channels. The telephone - whether cell or fix - is a much less important factor for many people when choosing a subscription service or bundle.

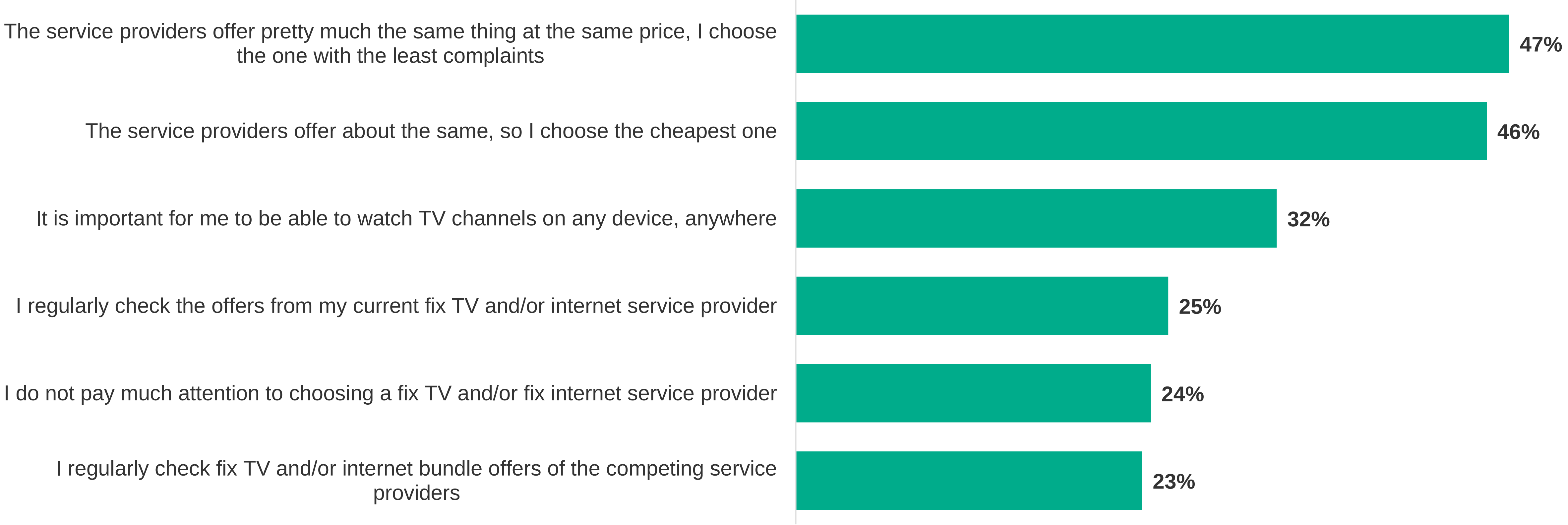


N=1000, total sample

Evaluation of claims related to fix subscriptions

Those who agree more or totally

People typically choose based on price and the reputation of the service provider. After having made a decision, they are less concerned about the issue: barely one in four people regularly check up on current fix services and service providers.

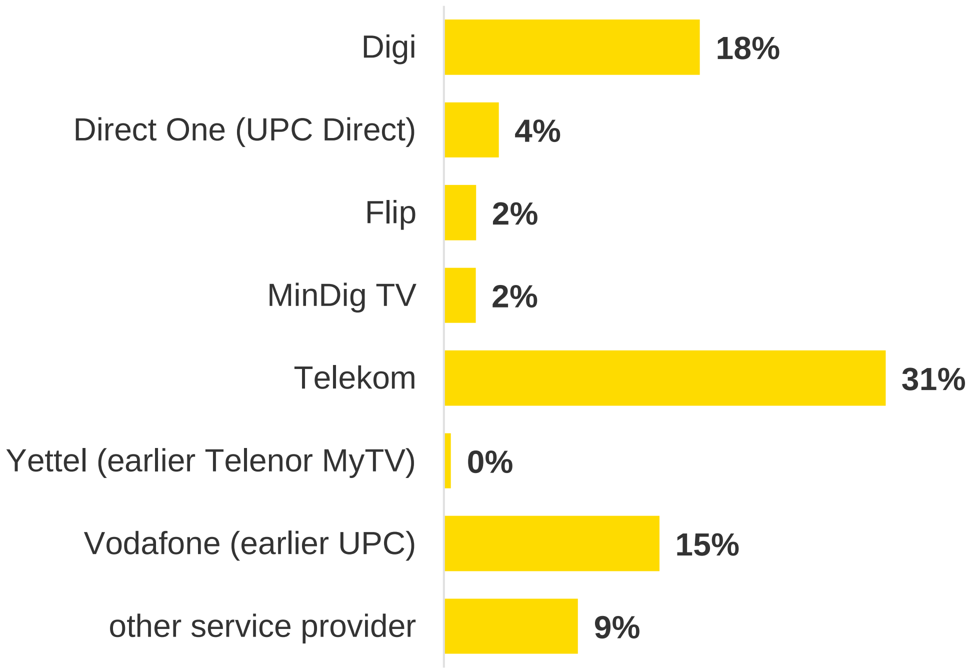


N=1000, total sample

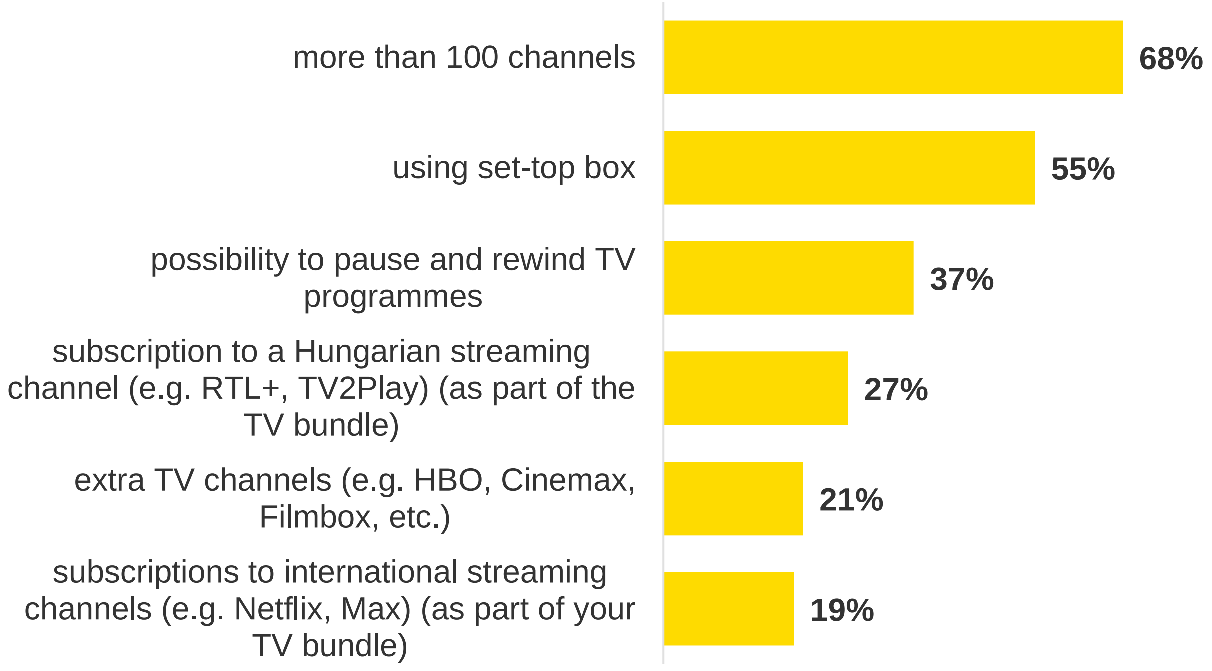
TV subscription features

Those who have a fix TV subscription

SERVICE PROVIDER



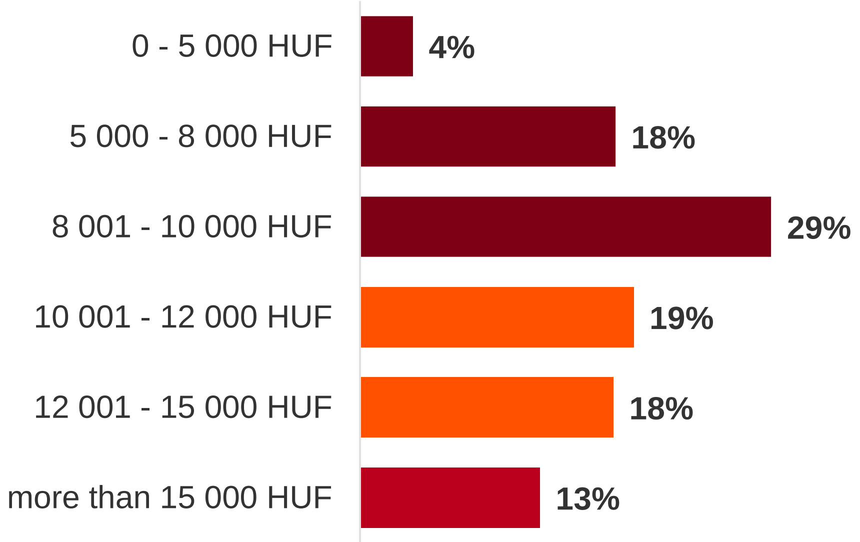
PART OF TV SUBSCRIPTION

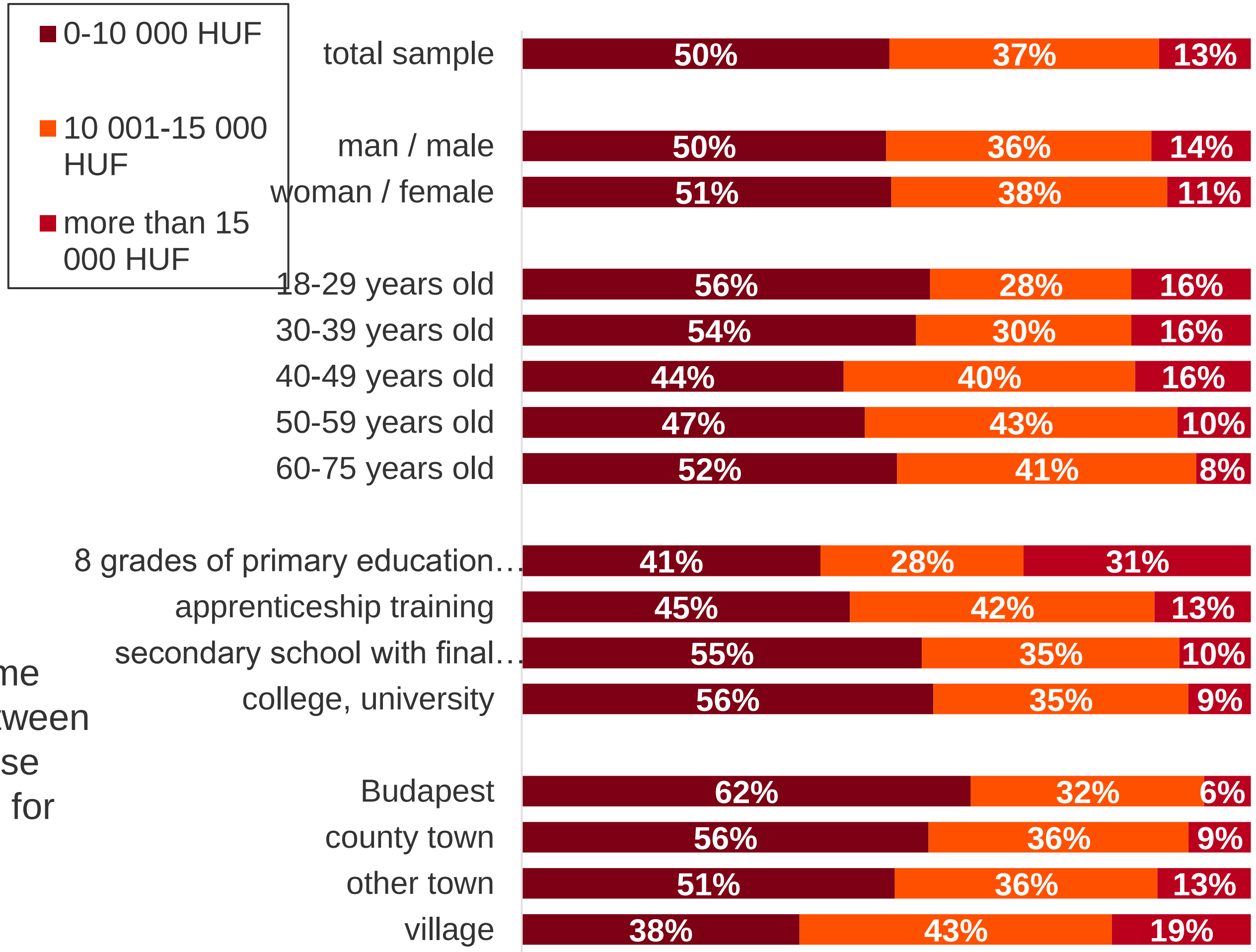


N=823, people with a fix TV subscription

Subscription fees for fix services

Those who have both a fix TV and internet subscription with the same service provider





Around half of those who subscribe for fix TV and internet with the same service provider pay 10 000 HUF or less, but the typical amount is between 8 and 10 thousand HUF. People living in the capital can typically choose from several service providers, making it easier for them to find a deal for under 10 000 HUF.

Rate for fixed TV service charges

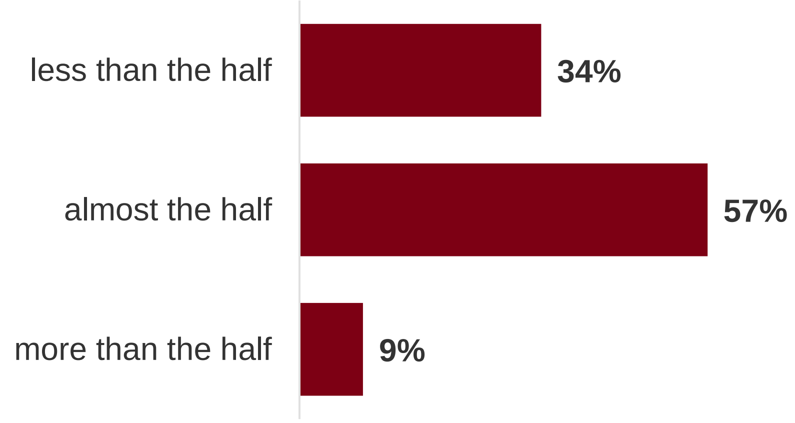
Those who have both a fix TV and internet subscription with the same service provider

11 445 HUF

is the average subscription price if you subscribe for both fix internet and TV services with the same service provider.

The average price for a fix TV and internet service is 11-12 thousand HUF, with the typical price being 10 000 HUF - the majority of subscribers say this is equally (fifty-fifty) split between TV and internet, while one in three say that TV costs less than internet.

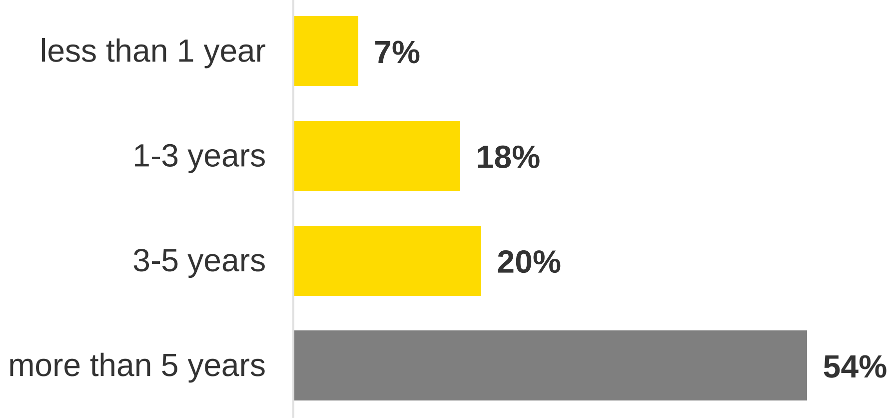
RATE OF TV SUBSCRIPTION AS THE PART OF TOTAL FEE



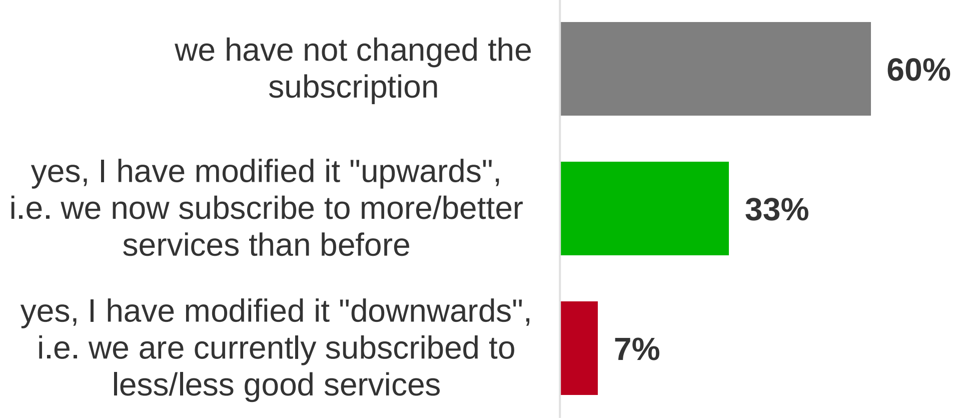
Change in subscription

Those who have both a fix TV and internet subscription with the same service provider

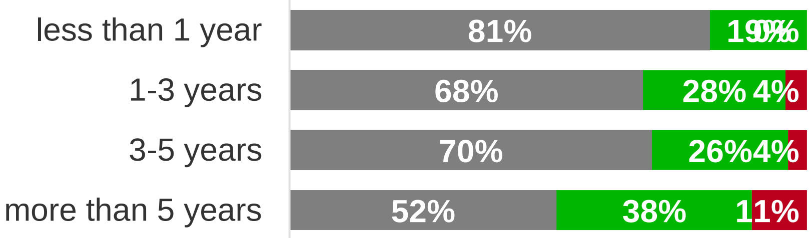
HOW LONG HAVE YOU HAD A SUBSCRIPTION WITH YOUR CURRENT SERVICE PROVIDER?



HAVE THEY MADE CHANGES IN THE SIZE, CONTENT, ETC. OF THE SUBSCRIPTION BUNDLE?



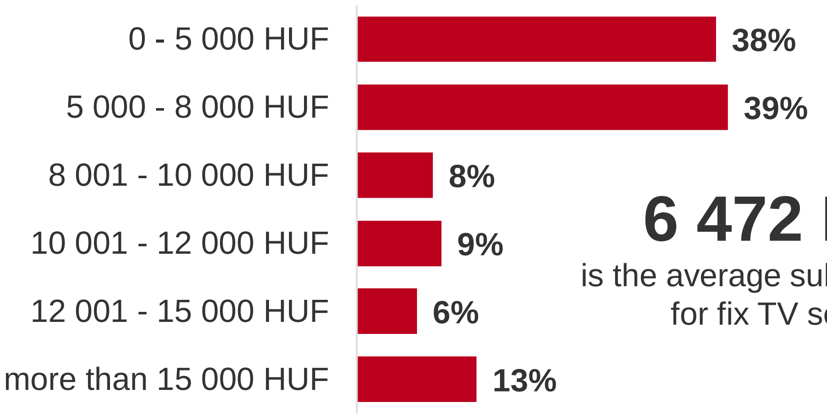
There is no tendency to change service providers frequently in this area, with 54% subscribing for fix services with the same provider for more than 5 years. Not only changing service providers, but also changing bundles is rare and tends to be more of an "upward" move to more services and better bundles.



Subscription with different service providers

Those who do not have a fix TV and internet subscription with the same service provider

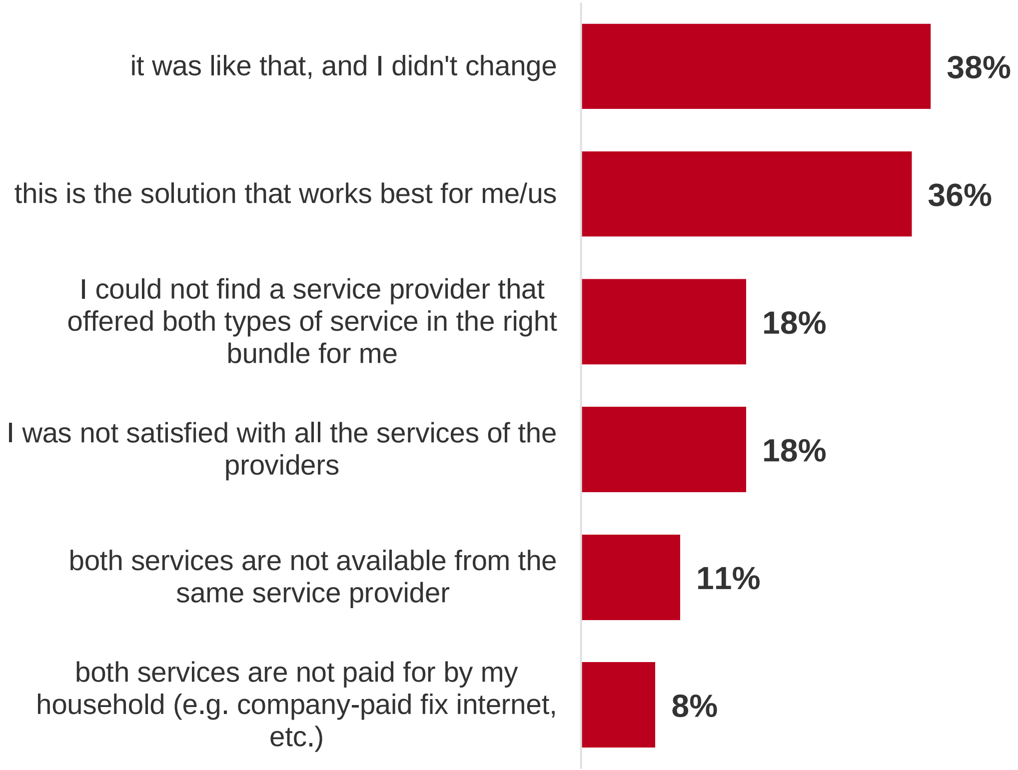
SUBSCRIPTION FEE



6 472 HUF

is the average subscription fee for fix TV services

REASONS FOR USING DIFFERENT SERVICE PROVIDERS



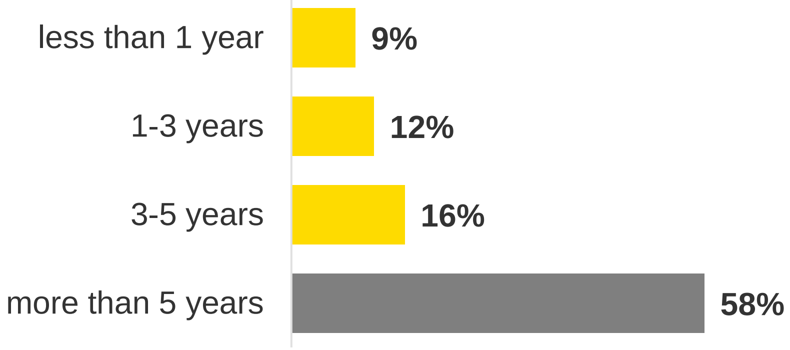
Typically, people who do not have a fix TV bundle or have only a fix internet subscription with another service provider pay less than 8 000 HUF, with an average of around 6 500 HUF.
44% gave rational reasons (best for the household - 36%, business subscription - 8%), while 18% said it was a necessity (no suitable bundle) and 18% had a bad experience with a service offered by a particular service provider.

N=82 who do not subscribe for fix TV and internet services with the same service provider

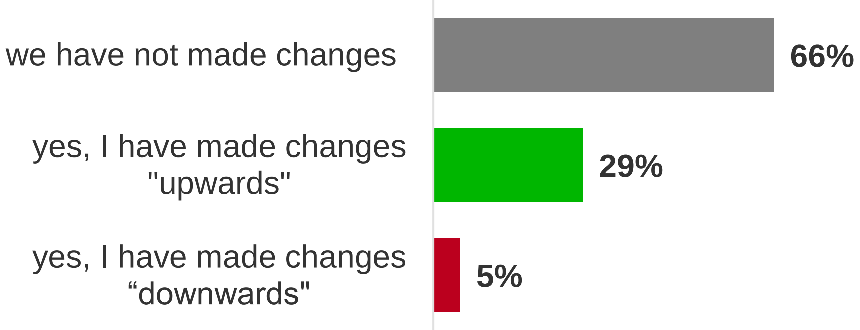
Subscription with different service providers - changes

Those who do not have a fix TV and internet subscription with the same service provider

HOW LONG HAVE YOU HAD A SUBSCRIPTION WITH YOUR CURRENT SERVICE PROVIDER?



HAVE THEY MADE CHANGES IN THE SIZE, CONTENT, ETC. OF THE SUBSCRIPTION BUNDLE?



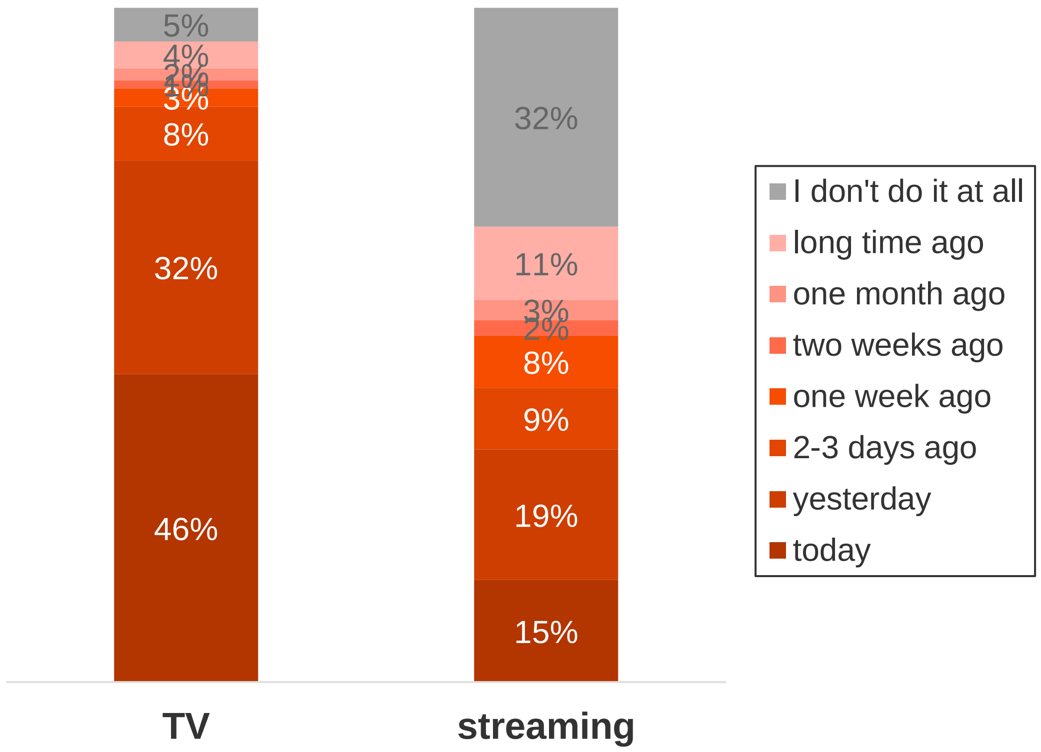
People who have contracts with different service providers are even less likely to make changes - 58% have subscribed with the same service provider for more than 5 years, while two thirds have been paying for the same bundle for years.

N=82 who do not subscribe for fix TV and internet services with the same service provider

Linear TV vs streaming

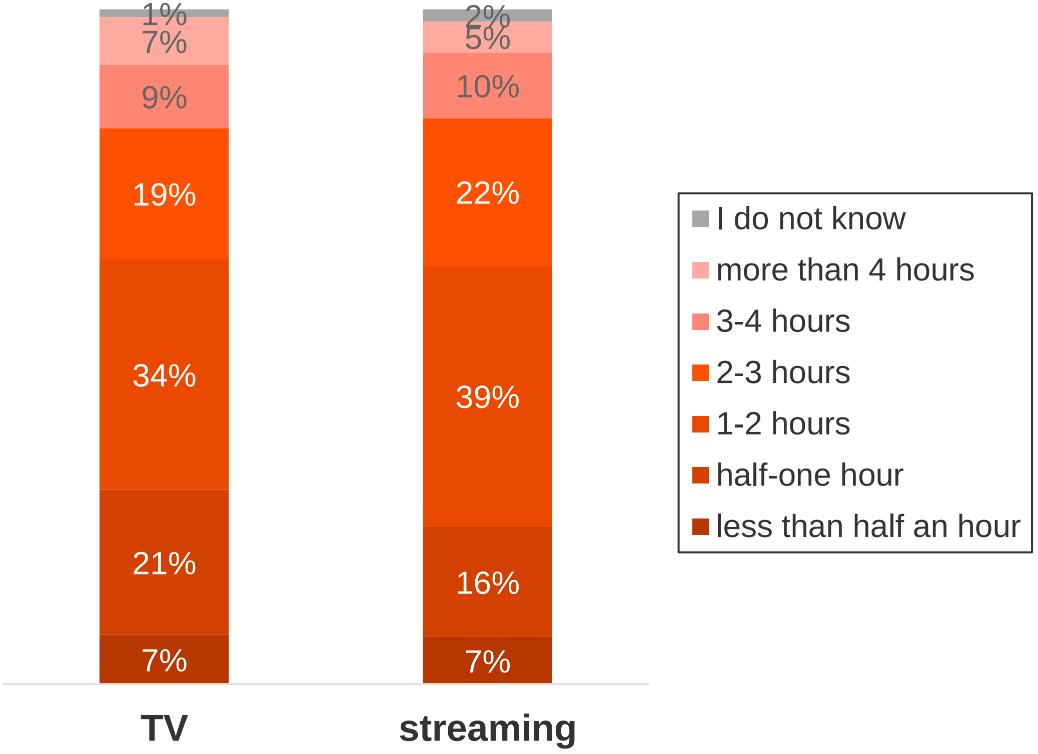
While streaming subscriptions are available to a wide range of people, watching TV is a daily pastime for a much larger number of consumers: overall, 88% of people aged 18-75 watch TV and 51% watch streaming content on a weekly basis. Given the time spent, however, online subscription content consumption is beginning to catch up with watching TV, at least among those who watch one form or another at least weekly.

WHEN DID YOU LAST WATCH IT?

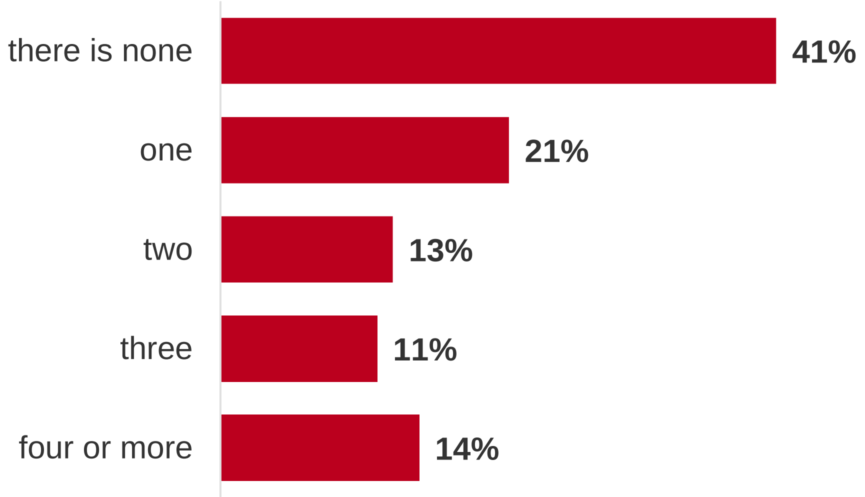


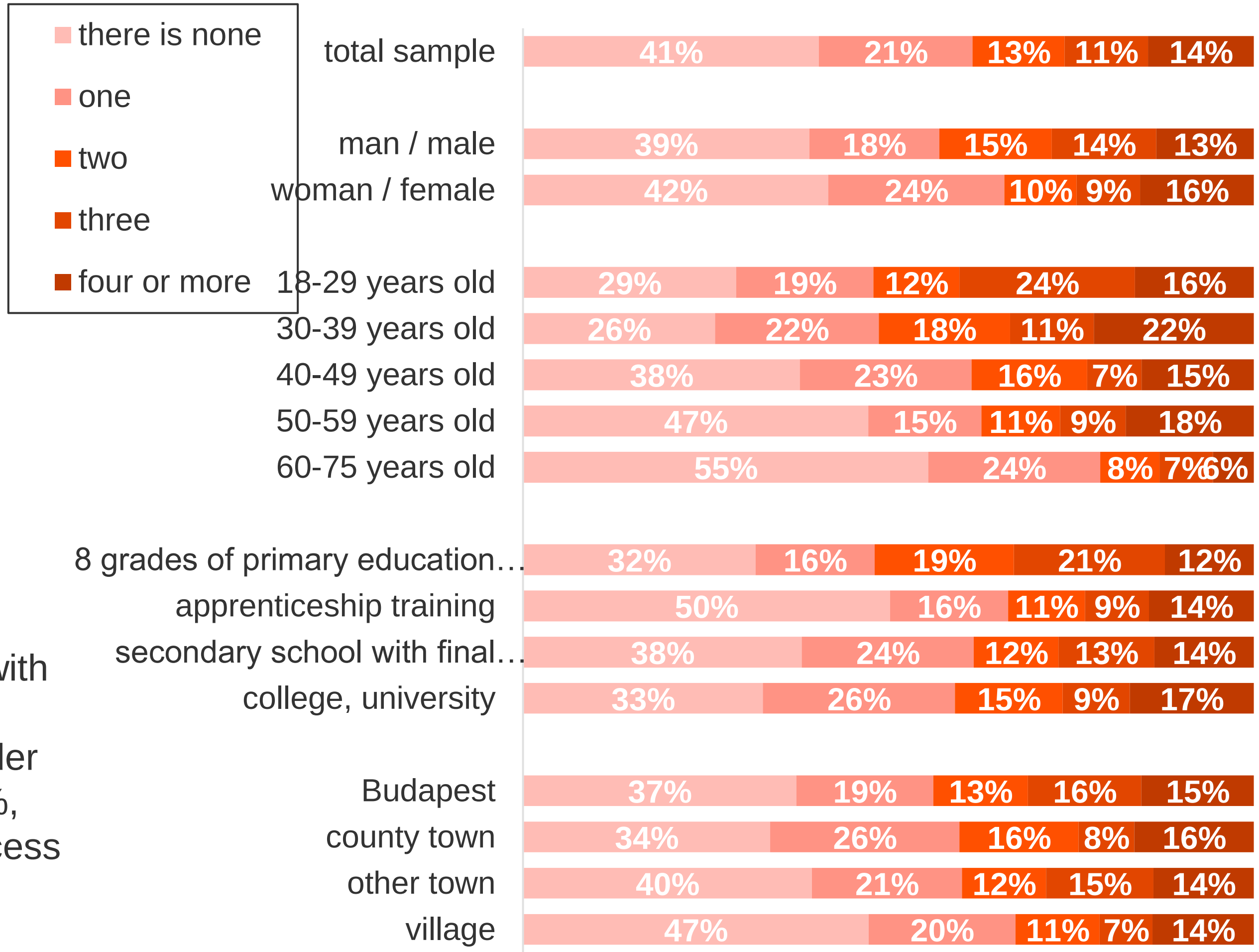
HOW MUCH TIME DID YOU SPEND WITH IT?

Those who watched during the last week



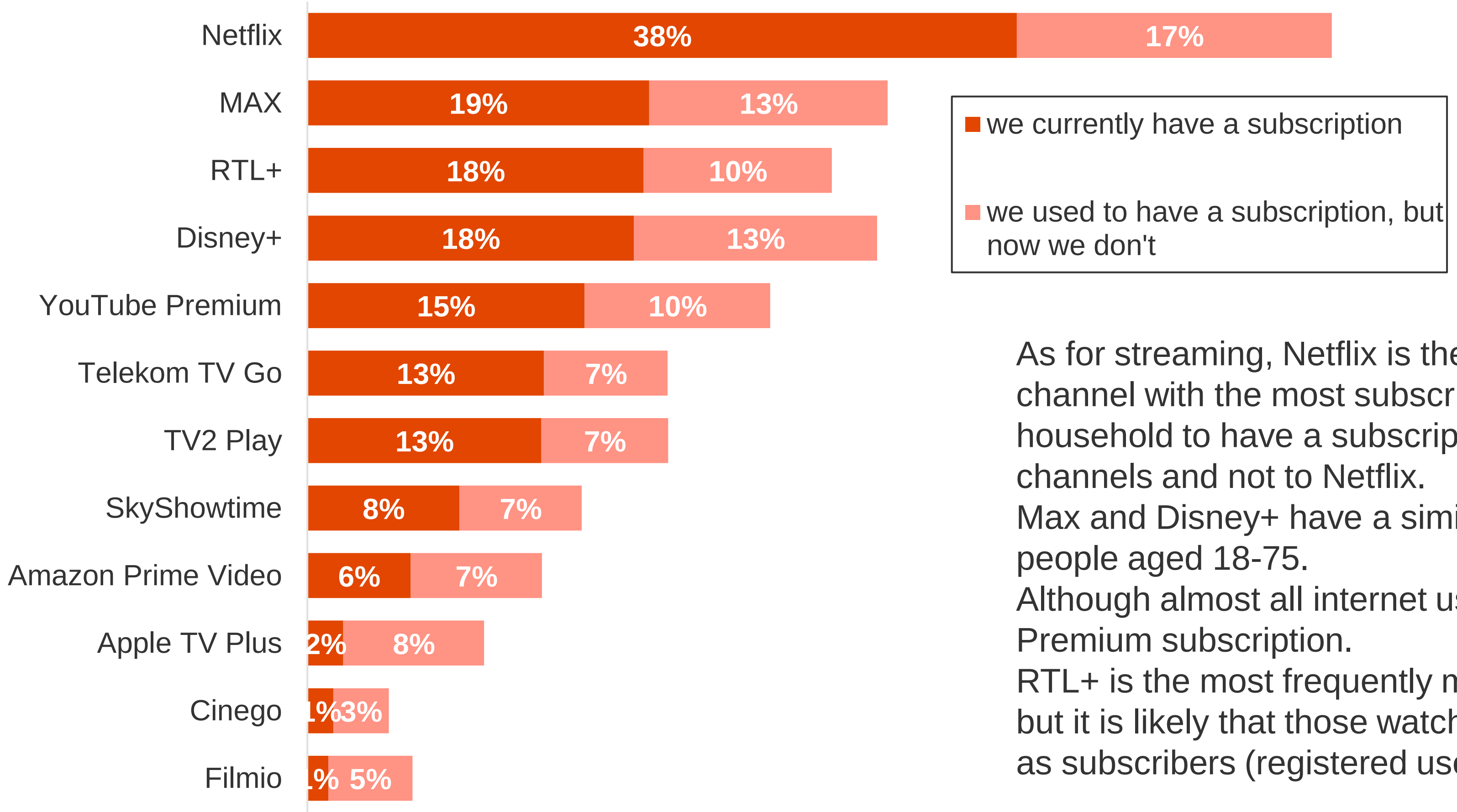
Number of streaming subscriptions per household





Among the population aged 18-75, 59% have a live streaming subscription - 21% have a contract with one service provider, 13% with two and 35% with three or more.
The number of streaming subscriptions is mostly related to age - older people have a much lower proportion of subscribers, just under 45%, but there are also fewer viewers in smaller towns and cities with access to VoD content.

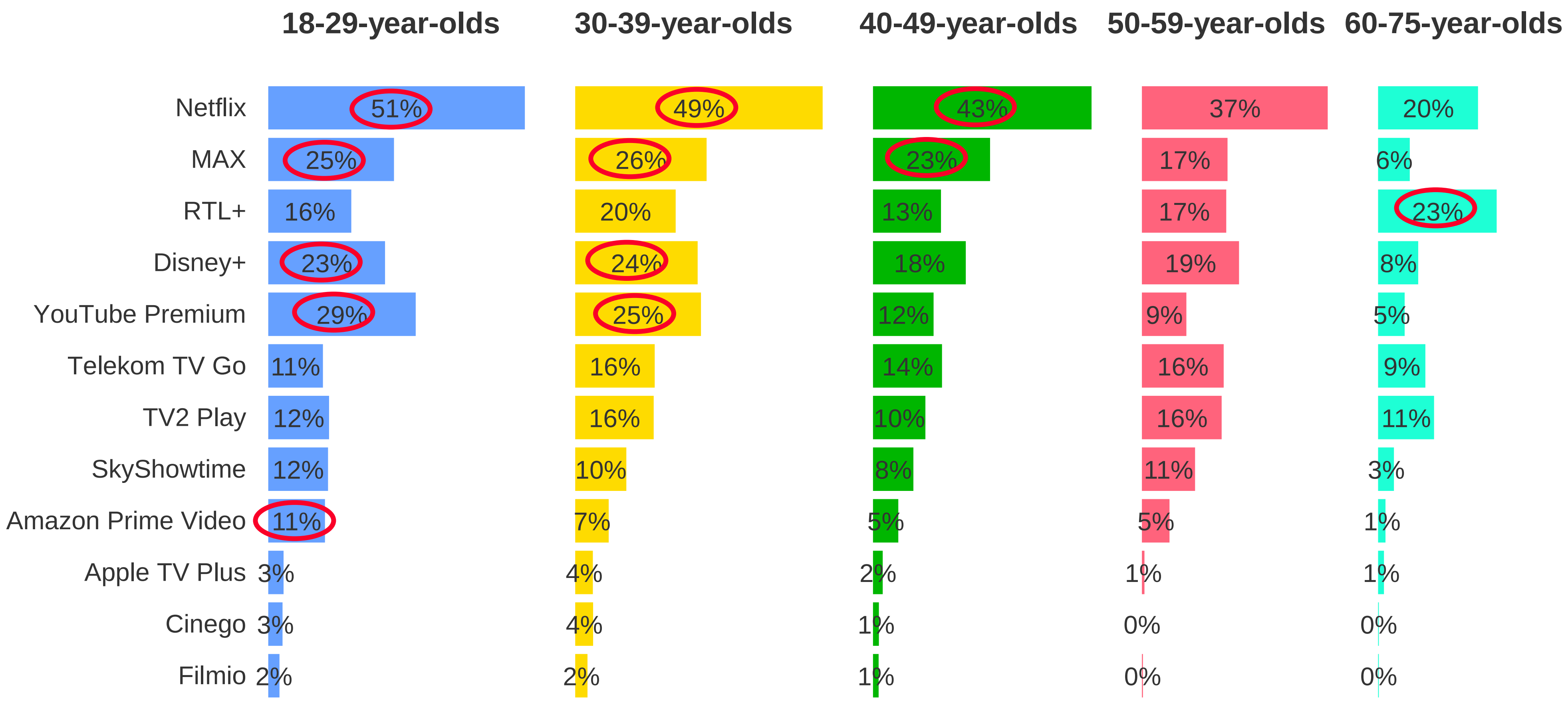
Subscription for streaming channels



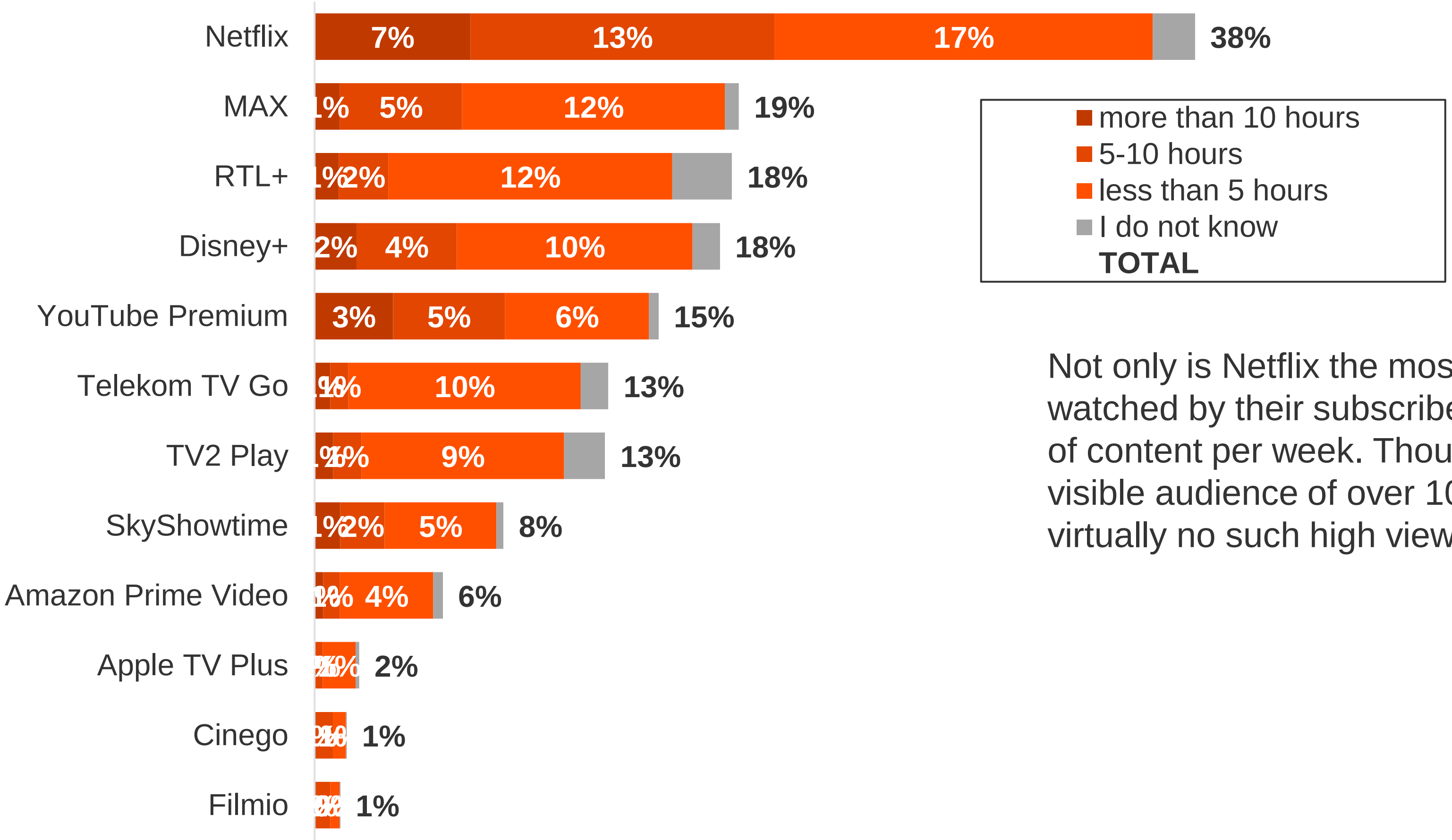
As for streaming, Netflix is the entry level: on the one hand, it is the channel with the most subscribers, and on the other hand, it is rare for a household to have a subscription to only other (international) streaming channels and not to Netflix.
Max and Disney+ have a similar penetration of around 20% among people aged 18-75.
Although almost all internet users use YouTube, only 15% have a Premium subscription.
RTL+ is the most frequently mentioned of the Hungarian paid channels, but it is likely that those watching free content also identify themselves as subscribers (registered users - the same may be true for TV2).

Streaming subscription in the household currently

Differences by age group



Estimated number of hours watched per week for streaming channels



Not only is Netflix the most popular streaming channel, it's also the most watched by their subscribers - with 7% consuming more than 10 hours of content per week. Though not as high, only YouTube Premium has a visible audience of over 10 hours, while the other channels have virtually no such high viewing time per week.

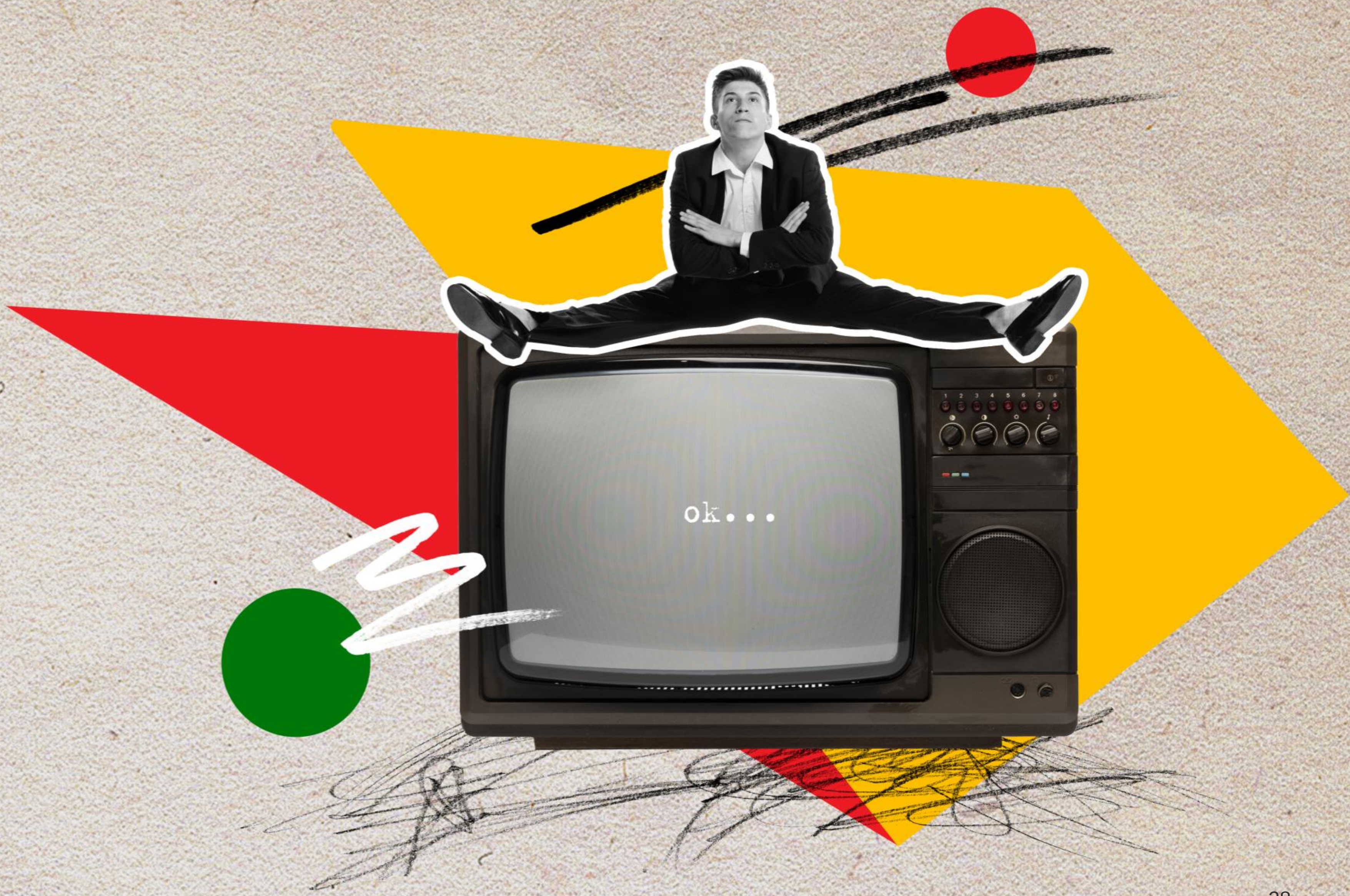
Consumption characteristics of Hungarian streaming channels

- The majority of the respondents use the streaming sites of Hungarian channels to occasionally re-watch Hungarian programmes produced by the channels themselves
- They were attracted to the Hungarian streaming channels by a single show (RTL+: A király, TV2 Play: Dancing With The Stars).
- The way in which this year's Champions League is broadcast has brought the availability of sporting events on individual streaming channels to the fore, BUT respondents still prefer to follow the matches on TV (sports channels are a key factor in their choice of linear TV bundles). However, even those who regularly watch the Champions League are not planning to subscribe to RTL+.

"If I'm interested in Hungarian celebrities, I won't get that content from Netflix, so I sometimes return to RTL+." (25-39)

"We were out in the countryside one weekend and there was no TV, I wanted to watch Gábor Krausz and Anna Mikes on Dancing With The Stars, so I switched to TV2 Plus." (56-70)

4. Types of video content consumption



The role of watching TV and streaming content consumption in households

Watching TV is still a relatively important part of people's lives, for several reasons:

- because it is a simple, **comfortable** and **cheap** leisure facility
- a pattern and habit from childhood, this nostalgia is a **strong emotional connection** to television.

The presence of streaming is becoming increasingly common in households, and its main attractions are:

- **ads free**
- **and flexibility, freedom of choice.**

It should be emphasised that it is **not a lack of content or genre** that is driving people towards streaming.

The traditional linear TV viewer who does not consume content online - even free online surface **- disappearing.**

Comparing TV viewers and online content consumers

- pensioners who don't need anything new;
- they are familiar with streming providers but stick to the programmes that worked well in the past; (soap operas, news, reality shows)
- new series are not attractive to them
- they can be manipulated, influenced
- they are not conscious in life either, they're just drifting
- they accept programmes of low quality
- they also watch TV at bedtime
- watching TV is the main hobby, along with fishing

"He lives in a concrete block of flats, with old furniture, works until 8-4, and the highlight of his day is when he picks up his plate, beer and goes zombie in front of the TV." (25-39)

- entrepreneur aged 20-30 years
- working flexible hours, consuming on target, being conscious,
- not spending unnecessarily
- and can easily adapt
- the negative characteristic of these people is that they do not have any personal connections
- they are not practical
- but self-adjusting

"He may want to exclude the problems of the world, politics, war out of his life. I think it never does any harm to be informed, and TV is still an important platform for that." (55-70)

Types of video content consumption

Among traditional TV subscribers, **three major** groups emerged in terms of content consumption.

Linear TV viewers only

„ONES WHO PREFER TV”

Mostly those watching TV, who also watch online video-sharing sites and streaming platforms less frequently

„CONSUMERS FOR EVERYTHING”

TV and streaming consumers who watch the same amount of content

“ONES WHO PREFER STREAMING”

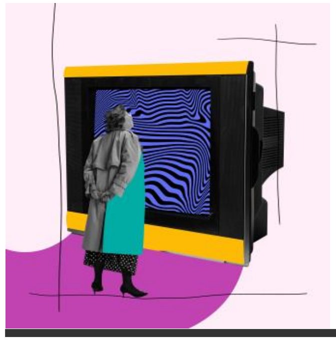
They have a TV subscription but rarely watch television, they prefer online content

„DROPOUTS”

They had a TV subscription before but cancelled it

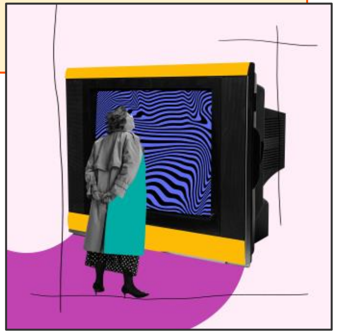
"NEVER-BEEN SUBSCRIBERS"

They did not have a TV subscription before

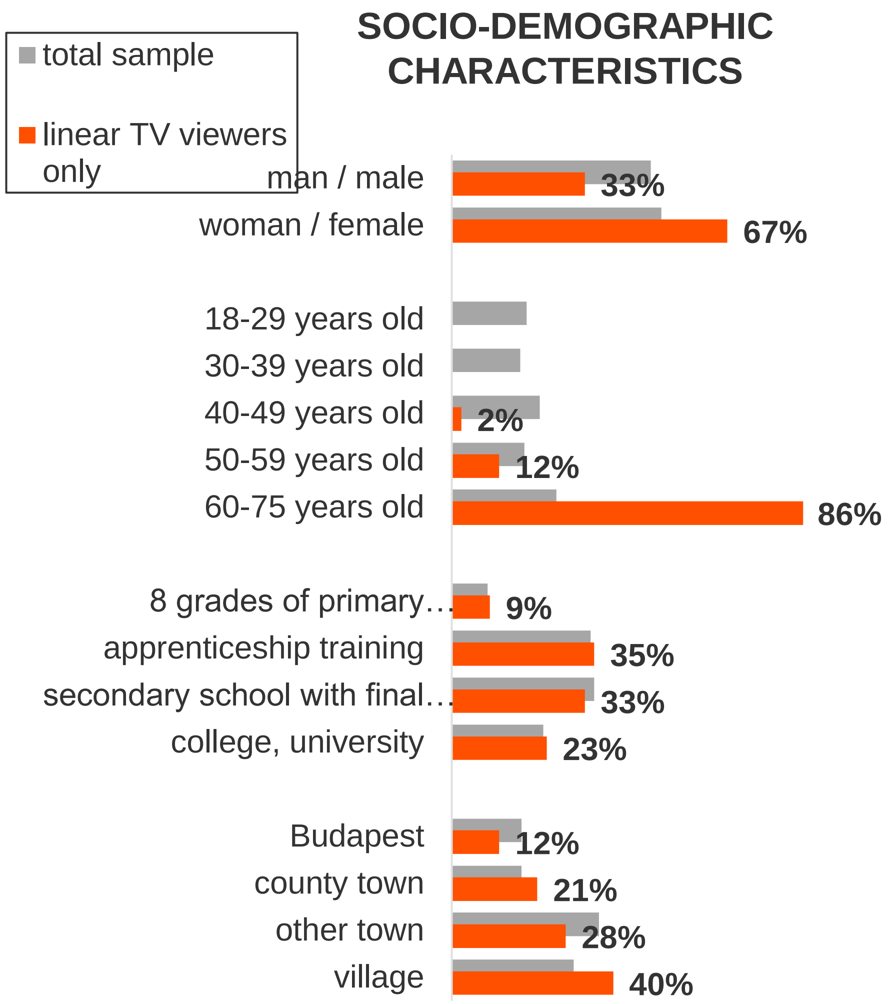


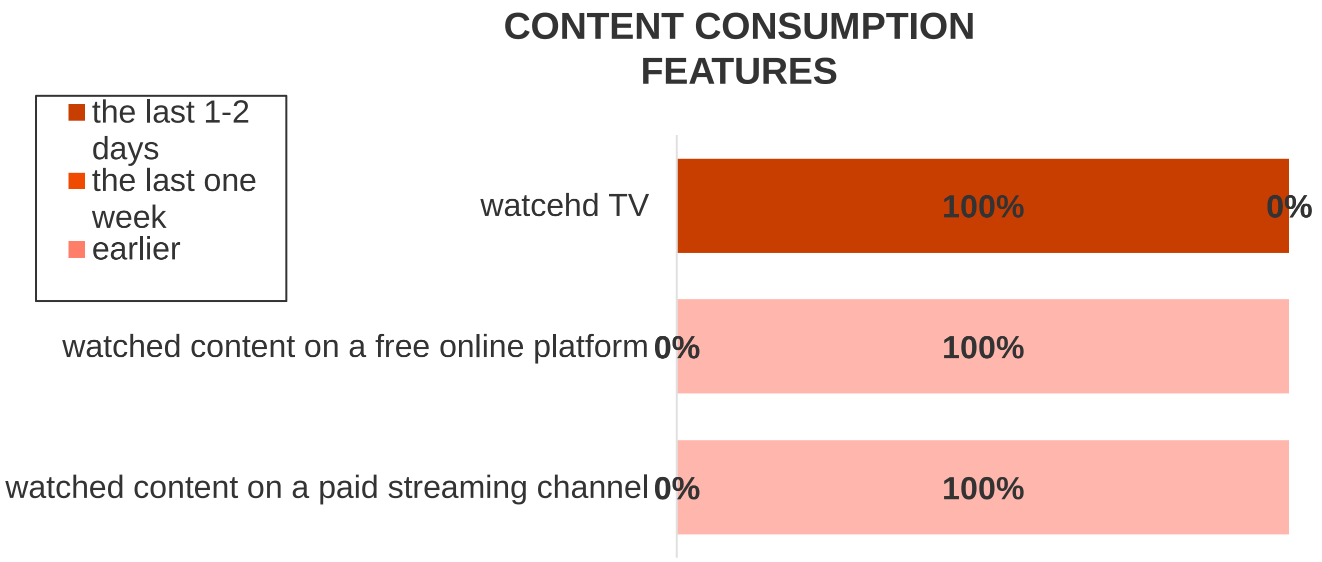
TV FOR SOME, STREAMING FOR OTHERS - content consumption segments

NEVER-BEEN SUBSCRIBERS	DROPOUTS	ONES WHO PREFER STREAMING	CONSUMERS FOR EVERYTHING	ONES WHO PREFER TV	TV ONLY
4%	**14%**	**5%**	**38%**	**34%**	**4%**
252 THOUSAND PEOPLE	975 THOUSAND PEOPLE	358 THOUSAND PEOPLE	2 651 THOUSAND PEOPLE	2 382 THOUSAND PEOPLE	291 THOUSAND PEOPLE



TV only - characterisation of those who watch linear TV only



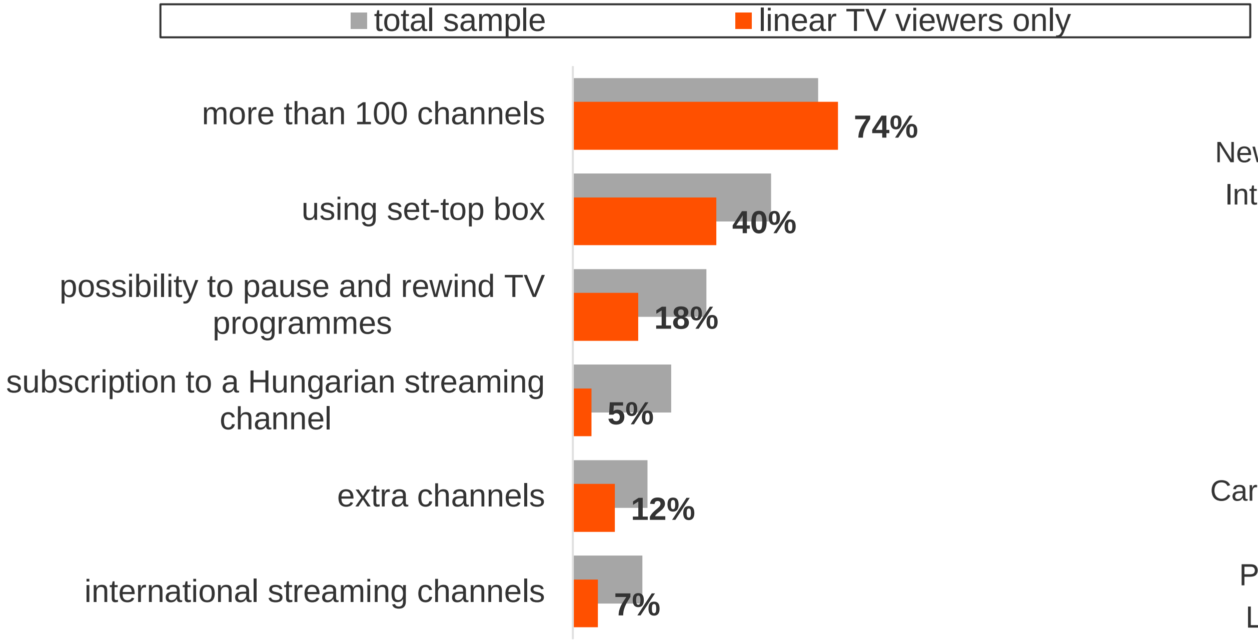


Those who watch only linear TV are mainly elderly women. They have access to many channels, but typically don't take advantage of the extra options (e.g. HD channels, rewind, etc.). Their lives are often organised around particular TV programmes, which bring order to their lives.

N=42, people watching linear TV only

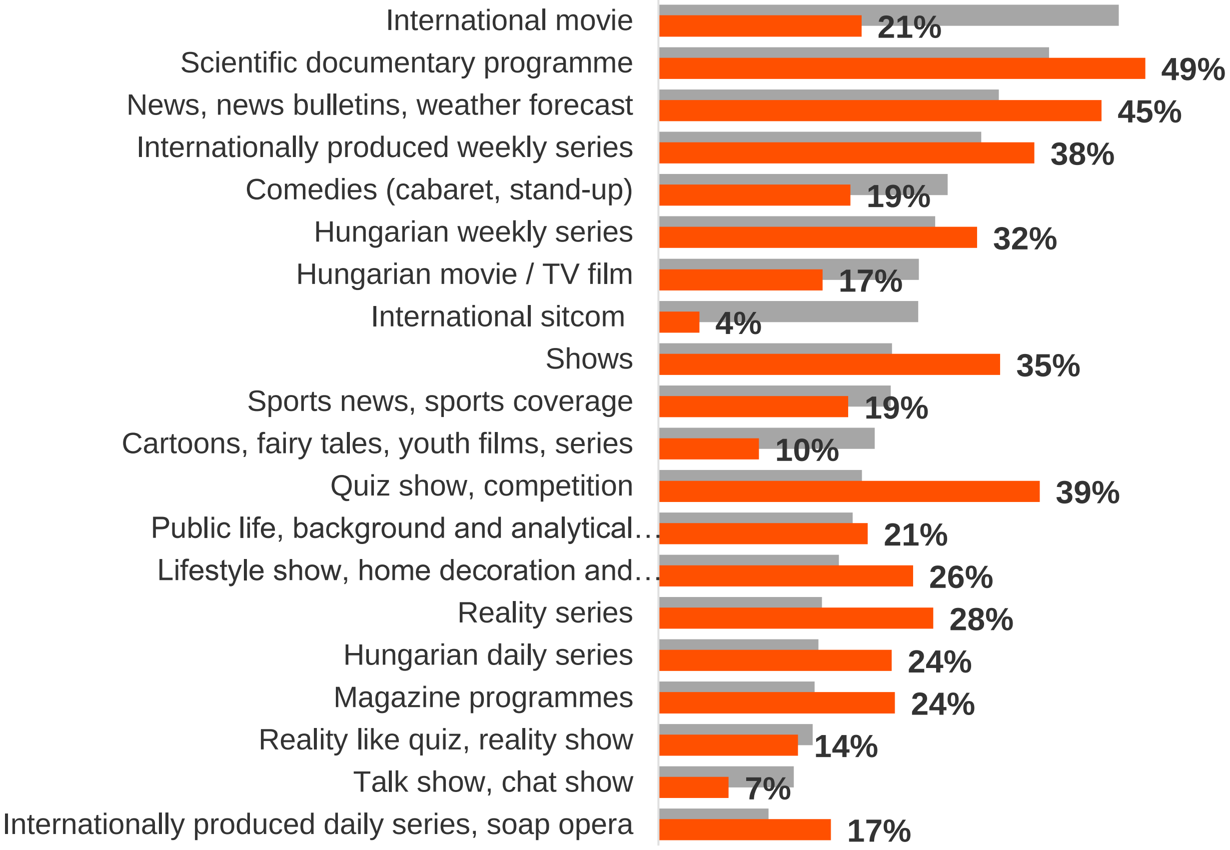
TV only - characterisation of those who watch linear TV only

PART OF TV BUNDLE



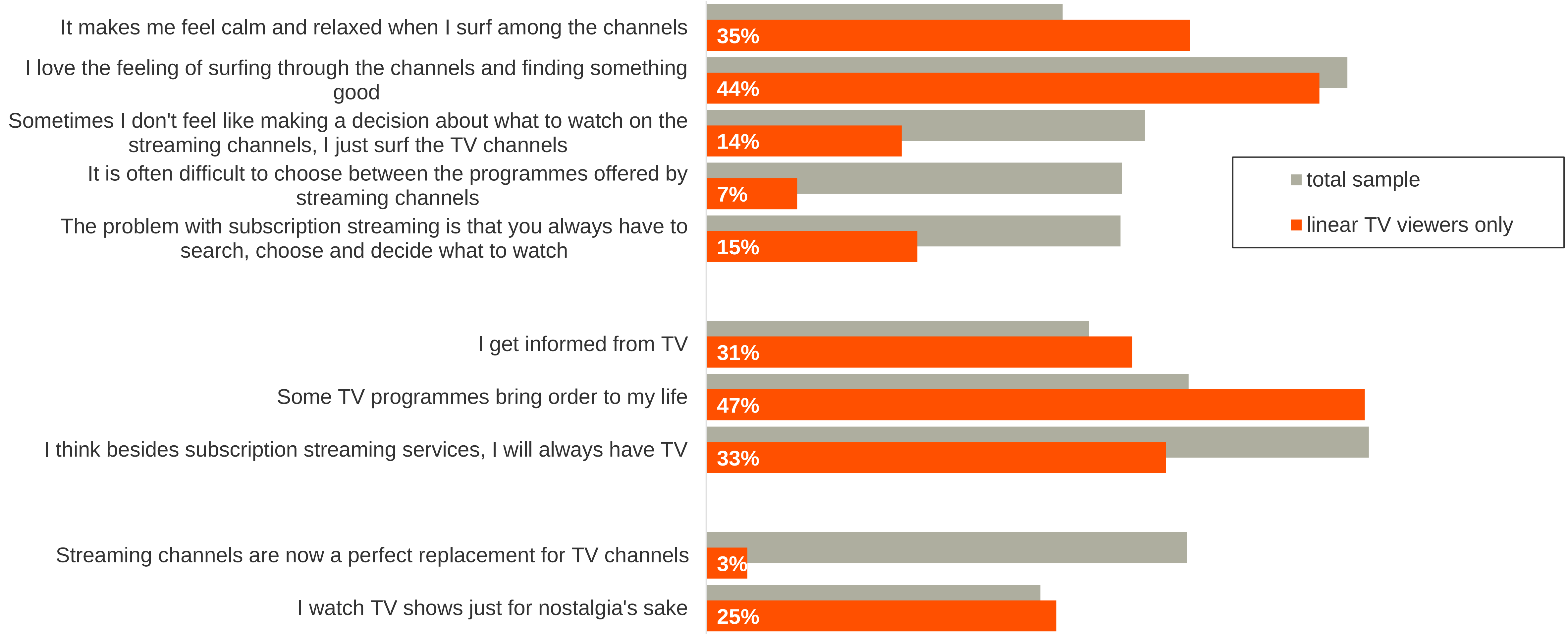
SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS:
4%

FREQUENTLY WATCHED GENRES



TV only - those who watch linear TV only - attitudes related to watching TV

Rate of people agreeing with statements



Ones who prefer TV - mostly people who watch TV, but also watch online video-sharing sites and streaming platforms less frequently

TV and streaming - the image of online content consumption

The image of watching TV:
happiness, renewal, liberation, cheerfulness, lack of excitement

"The volcano, because I'm waiting for it to erupt, I want excitement, I want a buzz, not these crying celebrities."

I love taking photos, I love flowers, it's inspiring, it's a joy when I can choose that one petal and then spend half an hour taking photos of it.

"Even in the bright summer sunshine, I feel as comfortable as watching a Simon Templar film."

The image of streaming consumption:
diversity, it makes you feel free more

"Being in the flower field for me is about freedom, the online space gives me the opportunity to choose what I want."

„It's a great experience to browse here, there's not nearly as much diversity on TV as there is on the internet.

Ones who prefer TV

Mainly in the age groups 40-55 and 56-70

Motivations, habits:

- Watching TV means being together, socialising and feeling a sense of connection
- **Gathering information**, keeping up to date (either about news or various current issues)
- **Attuning**, getting in the mood (for holidays, sporting events, weekends, summer holidays, etc.)
- New features (pausing and restarting broadcasts, watching and recording them later, renting from virtual video libraries, electronic programme guide, content guide) are important for users, with pausing the broadcast being a particular priority.
- Strategies are being developed to avoid advertising: switching between programmes, then returning to the main programme

Subscription, costs:

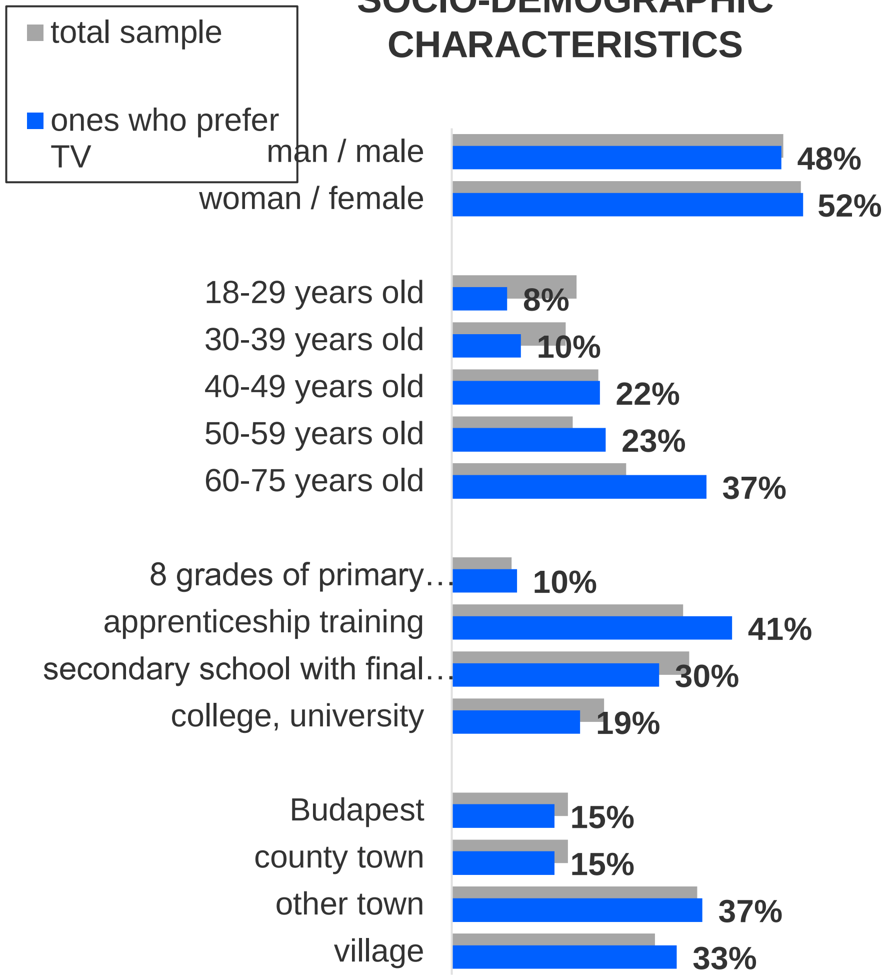
- Customers who have been clients of a given service provider for a long time, they accept the changes
- They choose a bundle option
- They do not change providers even when they are offered a lower price
- They would cancel TV subscriptions sooner than internet subscriptions
- They set a maximum limit of 9-10 thousand HUF for TV and internet costs
- TV subscription estimated at around 3 000 HUF

The advantages and disadvantages of linear TV:

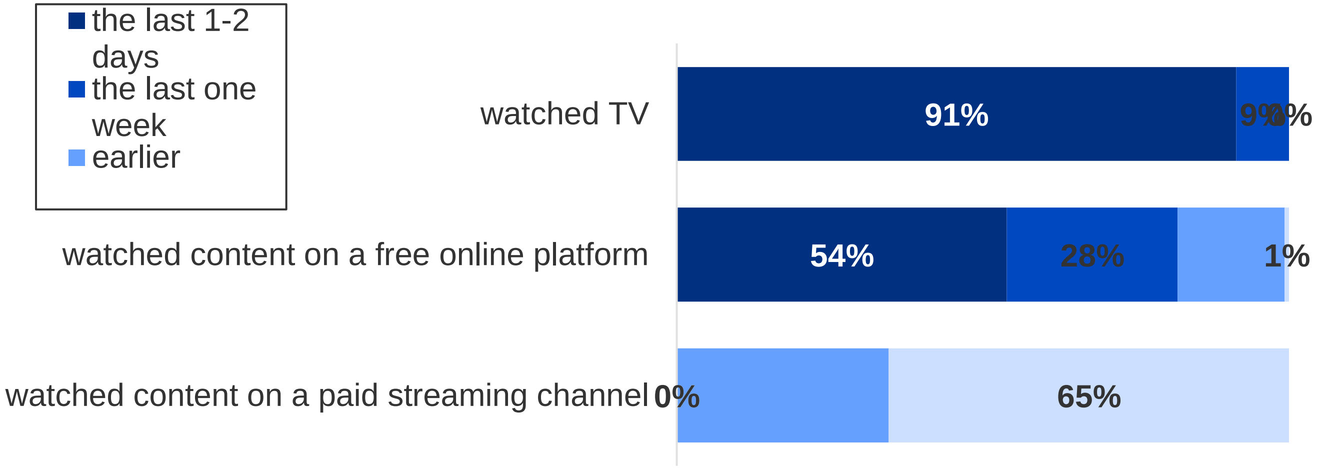
- Internet use cannot be associated with TV, either physically or symbolically. Using the remote control is complicated and difficult, so the search function cannot be used properly
- 15-20 channels can be enough for them
- Attractive programmes: ”Geszti: Adom a napom”, Talks, podcasts, quizzes, quiz shows, ”Gábor Gundel-Takács: Géniusz”

Characterisation of those who prefer watching TV

SOCIO-DEMOGRAPHIC CHARACTERISTICS



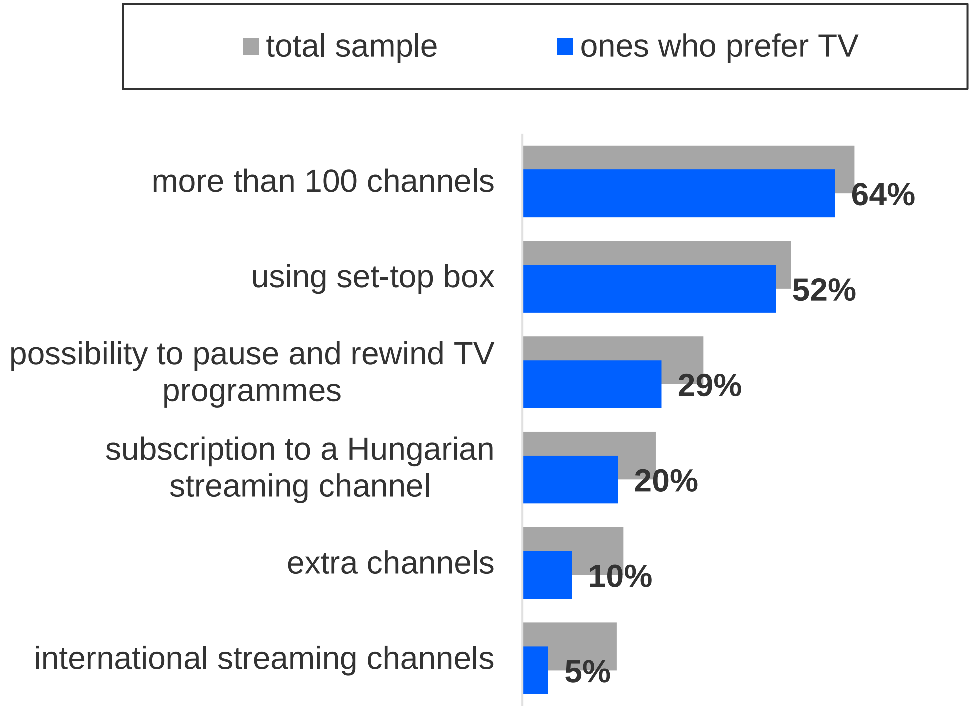
CONTENT CONSUMPTION FEATURES



Although they are present in all age groups, the vast majority of these people are over 50.
Even though they rarely enjoy the content provided by streaming channels, they often face difficulties in managing them and selecting programmes.
TV is not just entertainment for them, but a source of information - whether it's news or popular programmes, or background programmes about public life. It is not very typical of them to surf, they choose the programmes they want to watch consciously, so their lives may revolve around them.

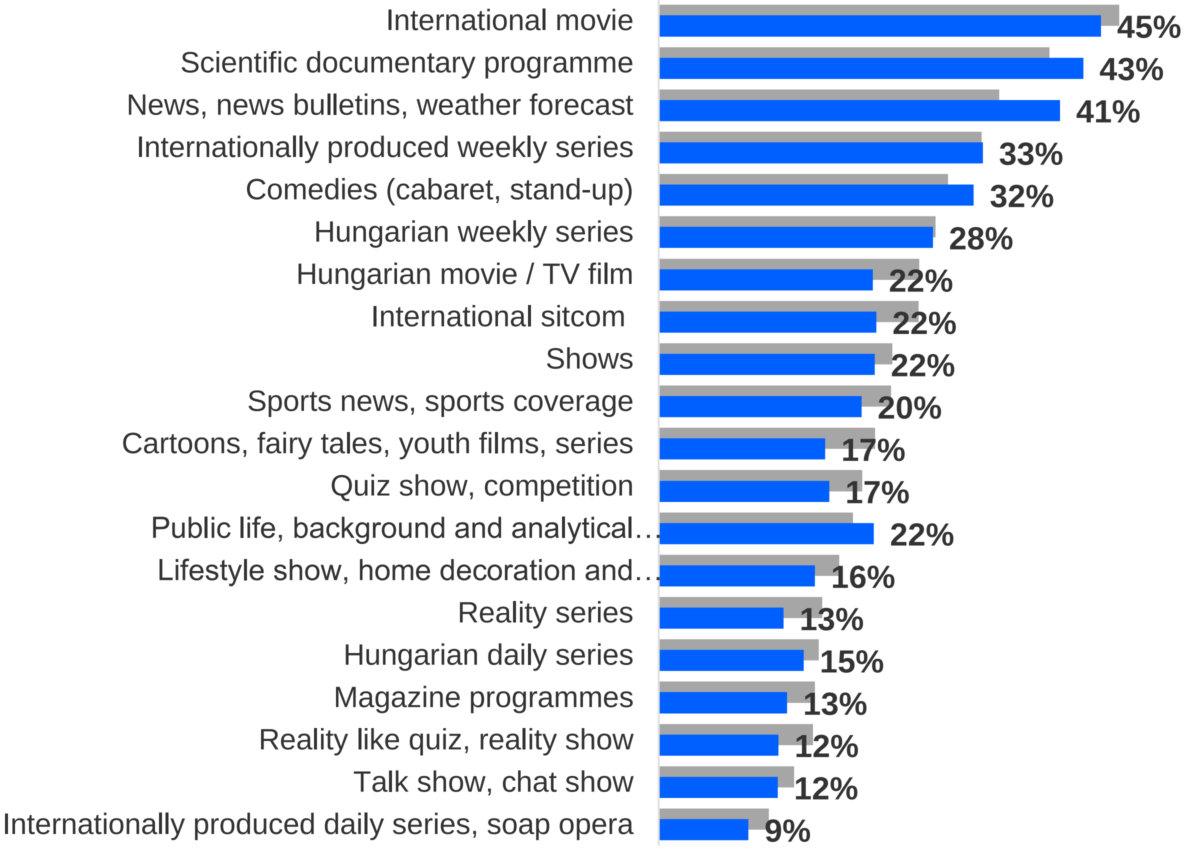
Characterisation of those who prefer watching TV

PART OF TV BUNDLE



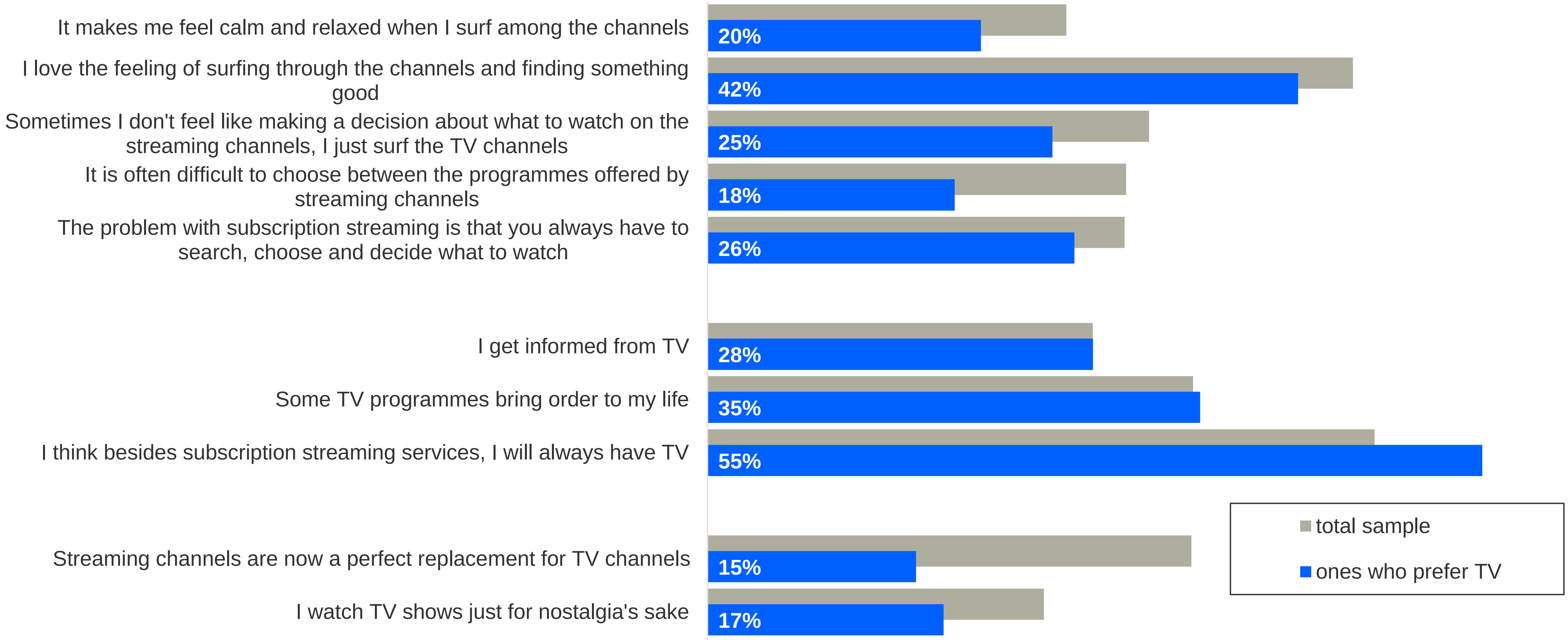
SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS:
15%

FREQUENTLY WATCHED GENRES



Ones who prefer TV - Attitudes related to watching TV

Rate of people agreeing with statements



Consumers for everything - TV and streaming consumers who watch the same amount of content of both platforms

Watching TV and streaming - the image of online content consumption

The image of watching TV:
casual, cosy, simple, it draws attention

The image of streaming consumption:
it gives a sense of calm, purity, it is stunning, extreme

"When climbing mountains, I have to concentrate, paying more attention to catch the information, I don't want to miss it."

"I also feel comfortable under the wheatgrass and the flowering tree. The wheat field makes me think about the day, under the tree I can meditate better, get into a trance state. (25-39)

Consumers for everything

Mainly in the age groups 5-39 and 40-55

Motivations, habits:

- It makes them feel **nostalgic** (e.g. Columbo is being re-watched), childhood is recalled
- Gathering **inspiration**, learning tricks that match the personal interests
- **Reflection**, meditation, philosophising - something that doesn't help "relax", but instead makes us think
- Keeping the **child**'s attention (either with stories or educational programmes)

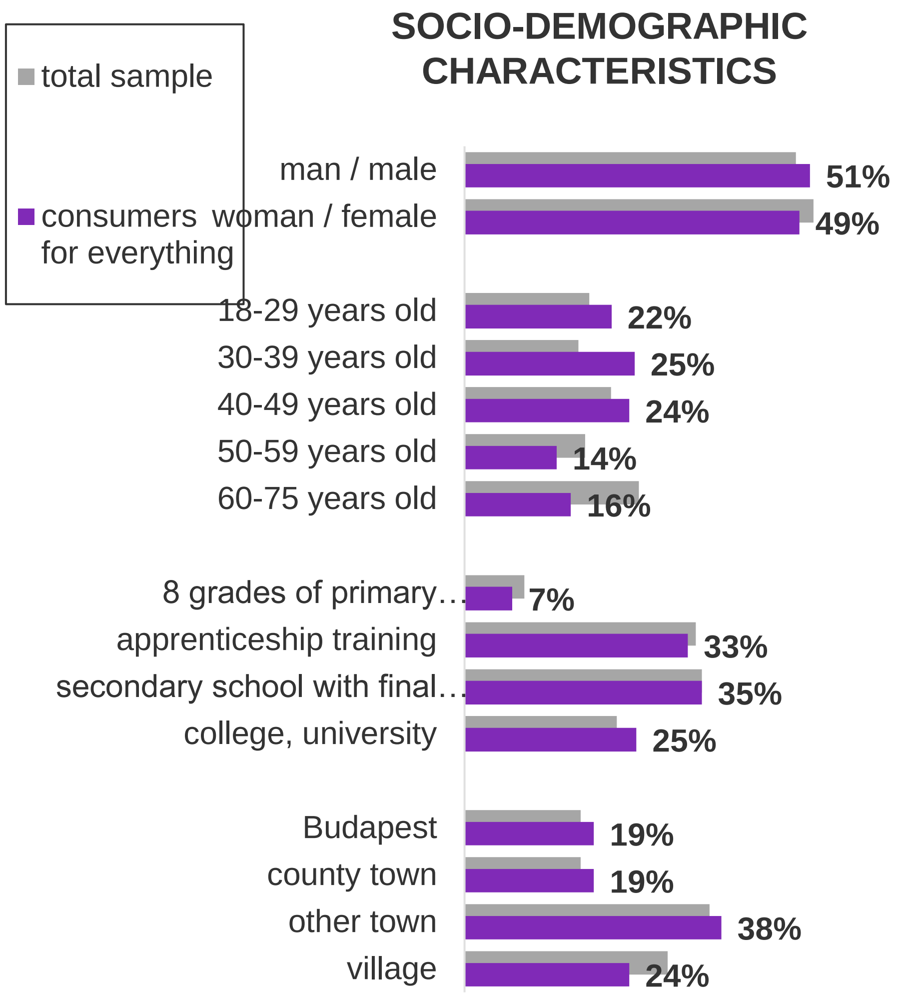
Subscription, costs:

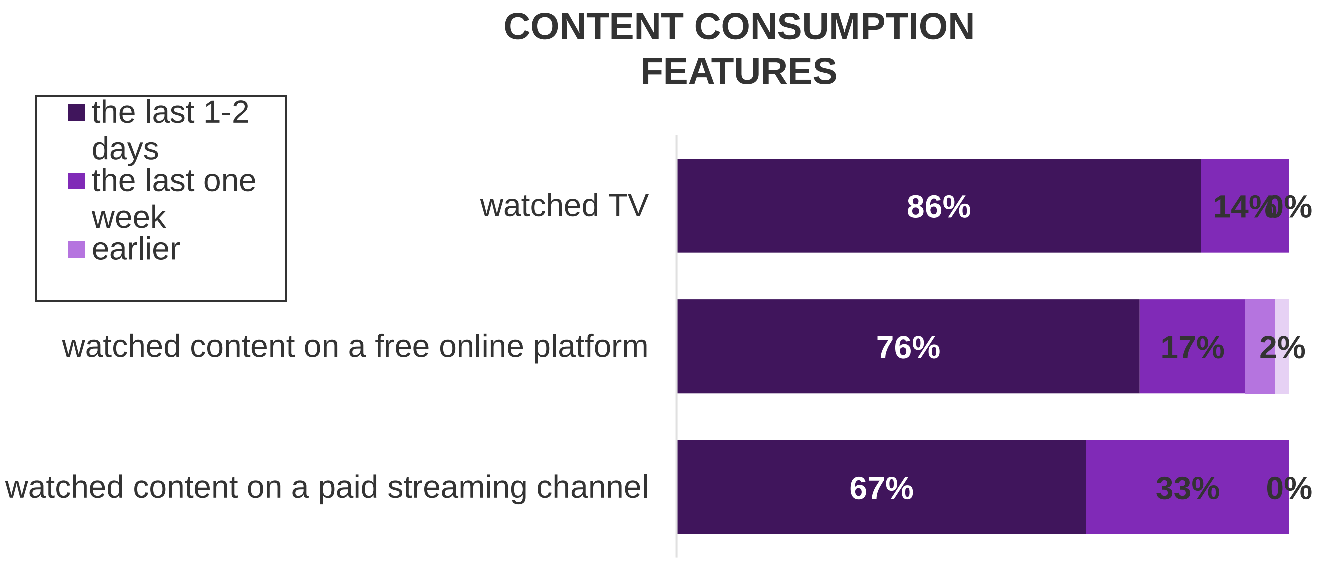
- The main aspect for choosing a service provider was the lowest price possible
- They checked around when prices were increased, but stayed, as there is not a big price difference between service providers
- It is more common not to have subscriptions in the same bundle
- The cost of TV and internet is set at 8-9000 HUF
- TV subscription is estimated at around 4-8000 HUF

The advantages and disadvantages of linear TV:

- A programme can be inspiring, it can show something new (e.g. a cookery show, a wildlife film) and local TV can be interesting - the content is more lively.
- The possibility of recommending personalized content should be introduced (e.g. the algorithm could monitor what the consumer was watching before, similar to streaming, and based on that it could recommend content, even in a separate pop-up window.)
- There should be the possibility to promote certain advertisements (e.g. like YouTube, e.g. after 5 seconds), so **people would be willing to pay a higher amount of money**

Characterisation of those who prefer watching everything

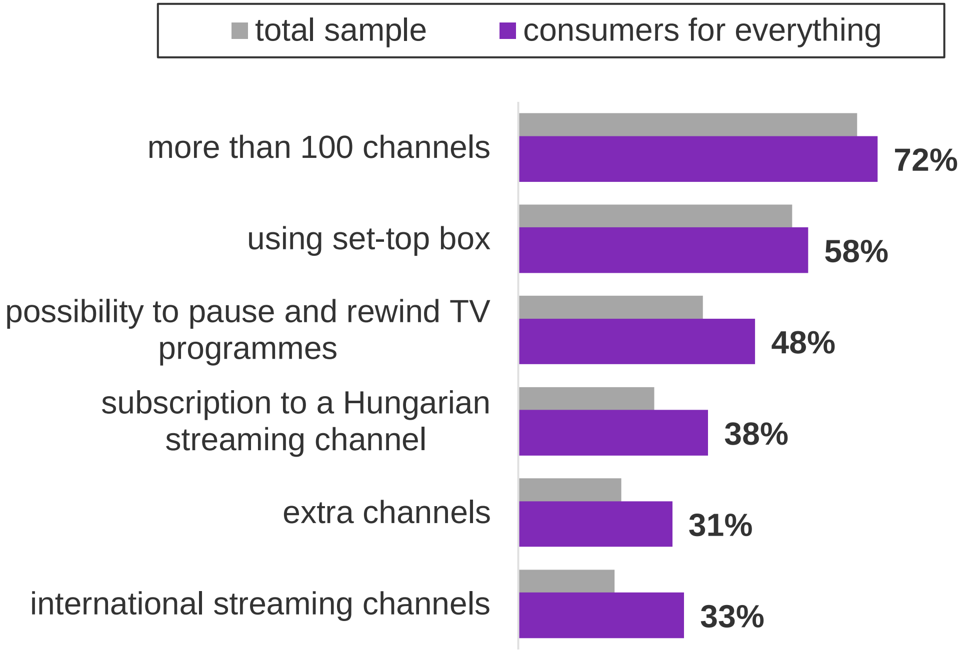




Those consuming streaming and linear TV content in similar rates are predominantly under 50, typically living in cities. They are sensitive to premium TV services, with above-average engagement in both TV and online content. Surfing between channels and watching scheduled TV are both present in their lives, and they have a varied and rich genre preference.
Streaming channels could even replace linear TV for many of them, but they also recognise the advantage of "readiness" offered by TV and the difficulties of choice pressure on streaming.

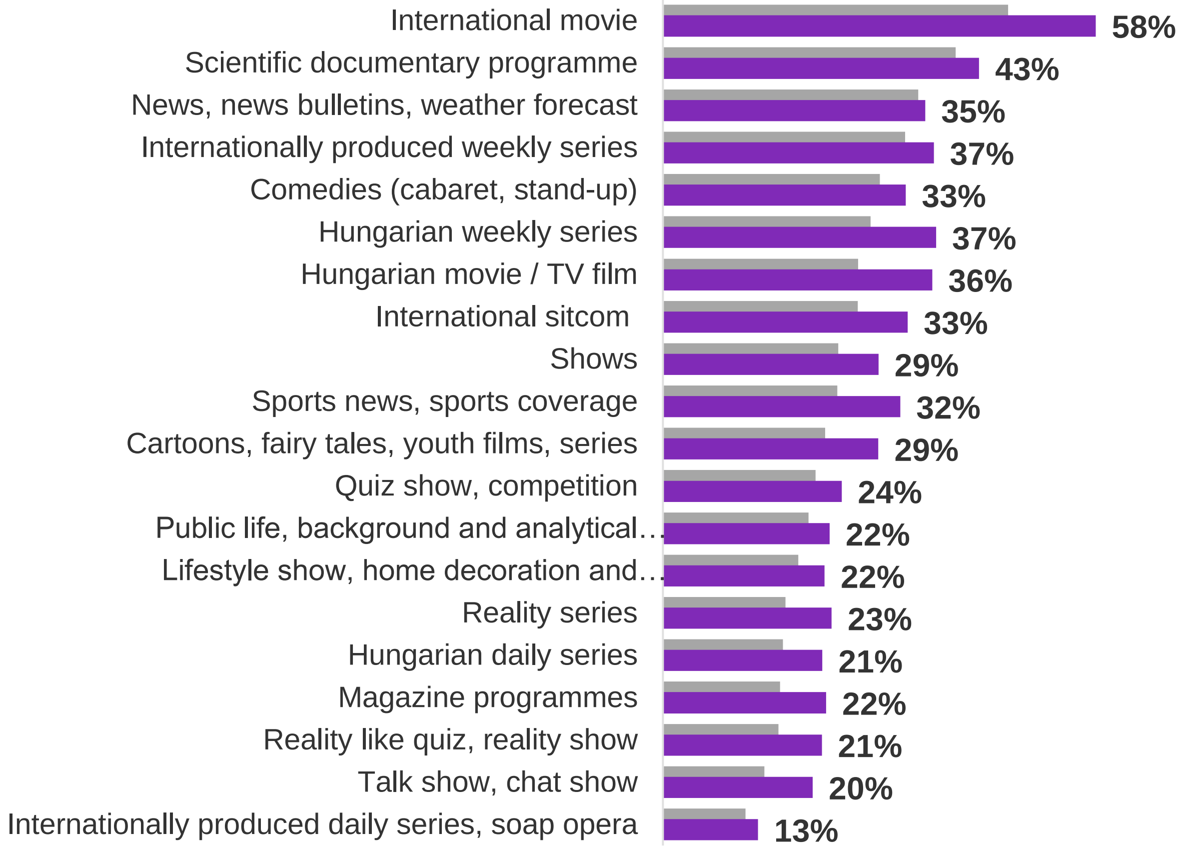
Characterisation of those who prefer watching everything

PART OF TV BUNDLE



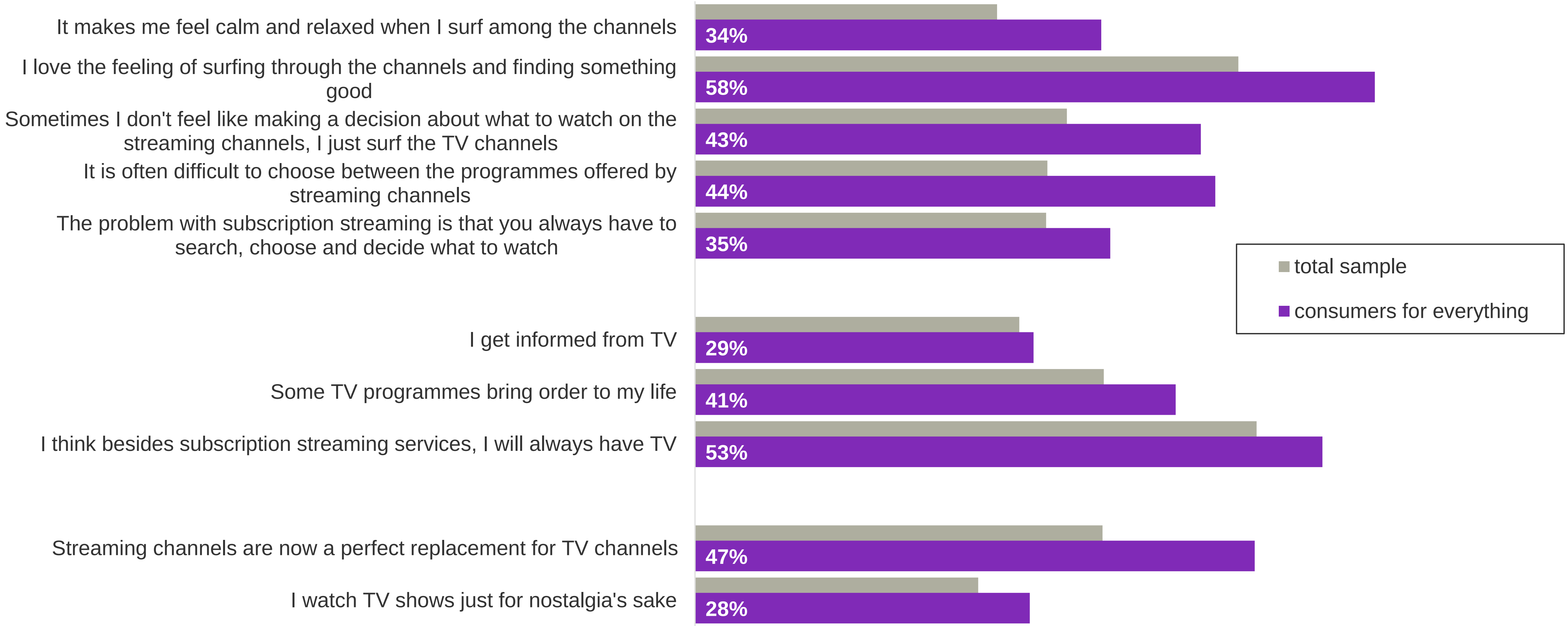
SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS:
63%

FREQUENTLY WATCHED GENRES



Consumers for everything - Attitudes related to watching TV

Rate of people agreeing with statements



Ones who prefer streaming - they rarely watch linear television, they prefer online content

Watching TV and streaming - the image of online content consumption

The image of watching TV:
struggling, tense, harsh, old-fashioned, disturbing, causing anxiety

"It takes a lot of struggle to get to what you want to see, advertising keeps you back."

"The rocky sea makes me feel nervous, I don't feel well, I get drowned (25-39)

The image of streaming consumption:
soft, cosy, light, it gives a sense of peace

"I can slide in the sand, choose the content I like" (25-39)

Ones who prefer streaming

Mainly in the age group 25-39

Motivations, habits:

- Usually the programmes run in the **background**
- They care about one or two channels
  - **Fairy tales**, content for children
  - **Sports programmes**
- Quality content would be desired, even in partnership with an online content provider, before it could be broadcast on YouTube, the programme could be broadcast exclusively on one channel

“Television is background noise for me, I like it to be on when I'm doing something else, like cooking in the kitchen."

"If I've been working a lot and I'm tired, I turn it on and let it go."

Subscription, costs:

- Not much attention is paid to the choice of service providers
- They subscribe only because - they think - it would be more expensive if TV was not part of the bundle
- They are not conscious, they do not pay attention to changes in prices
- They do not know the price of a TV subscription

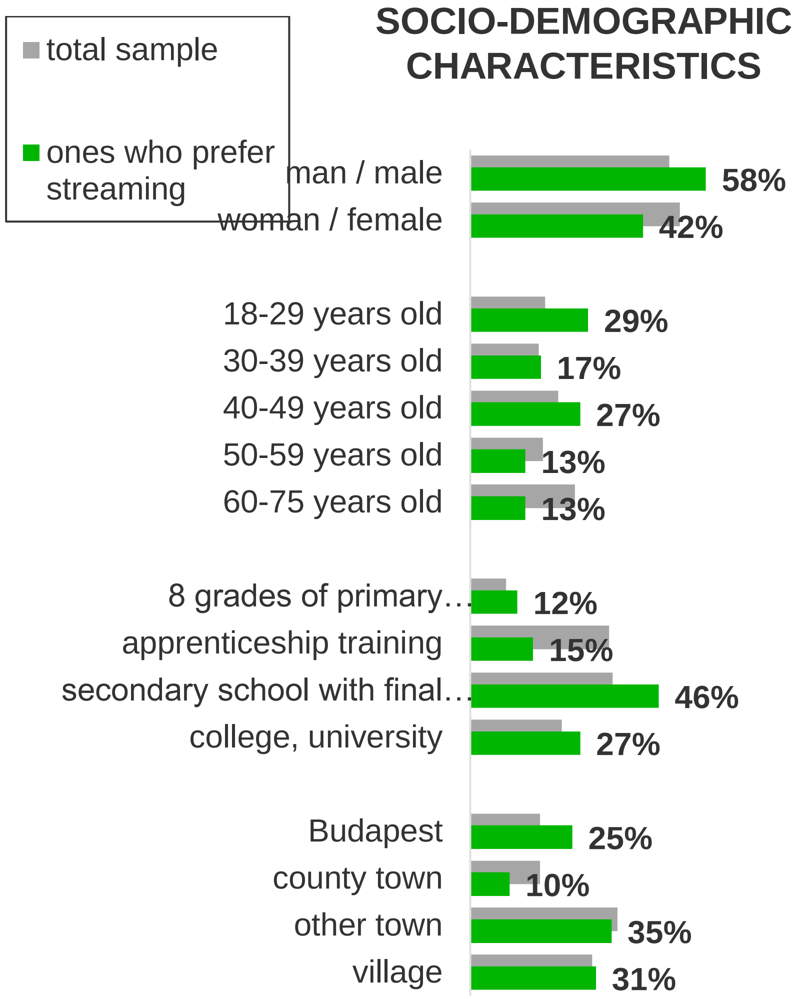
"I've got around 200 channels, but I have no idea whether that's a lot considering the current bundles."

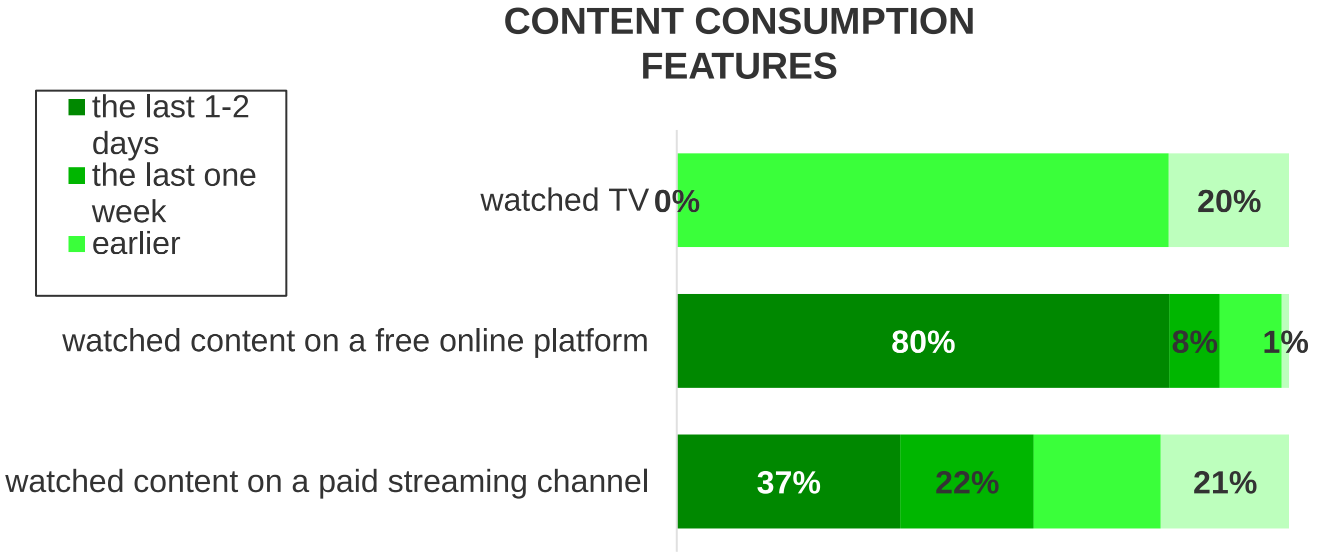
Favourite programmes:

- Sports broadcasts, which are still connected to traditional TV, there is a low willingness to subscribe to streaming (even for those watching Champions League)
- Hungarian, **self-produced programmes**

"My bundle is small, I subscribed for 30 channels, which is more than enough to switch between."

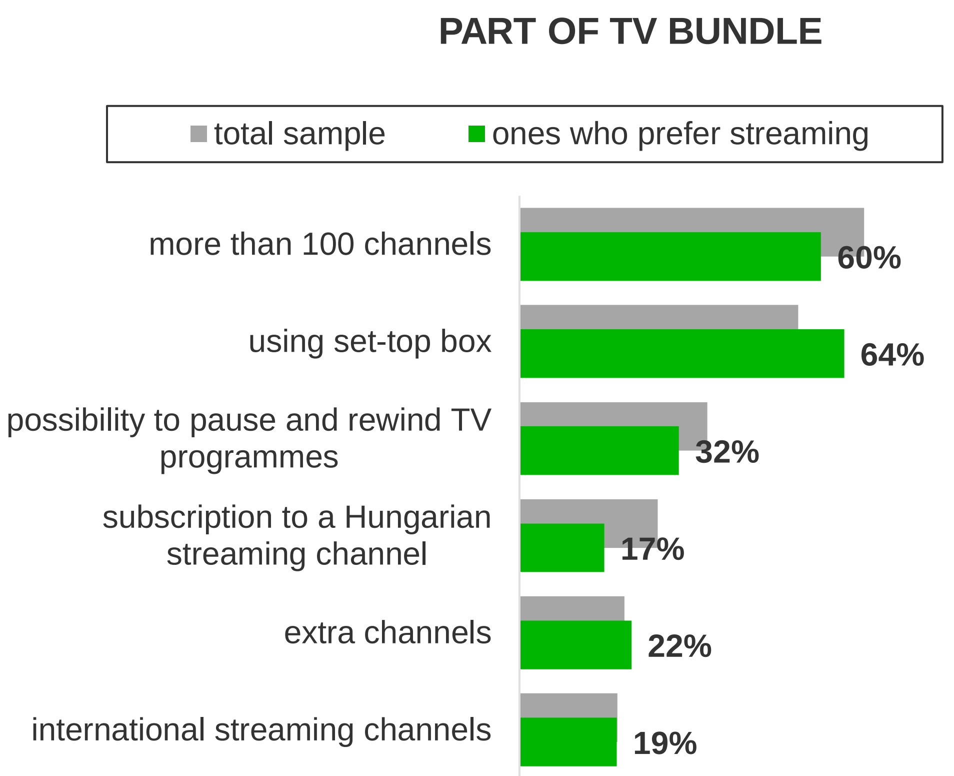
Characterisation of those who prefer streaming



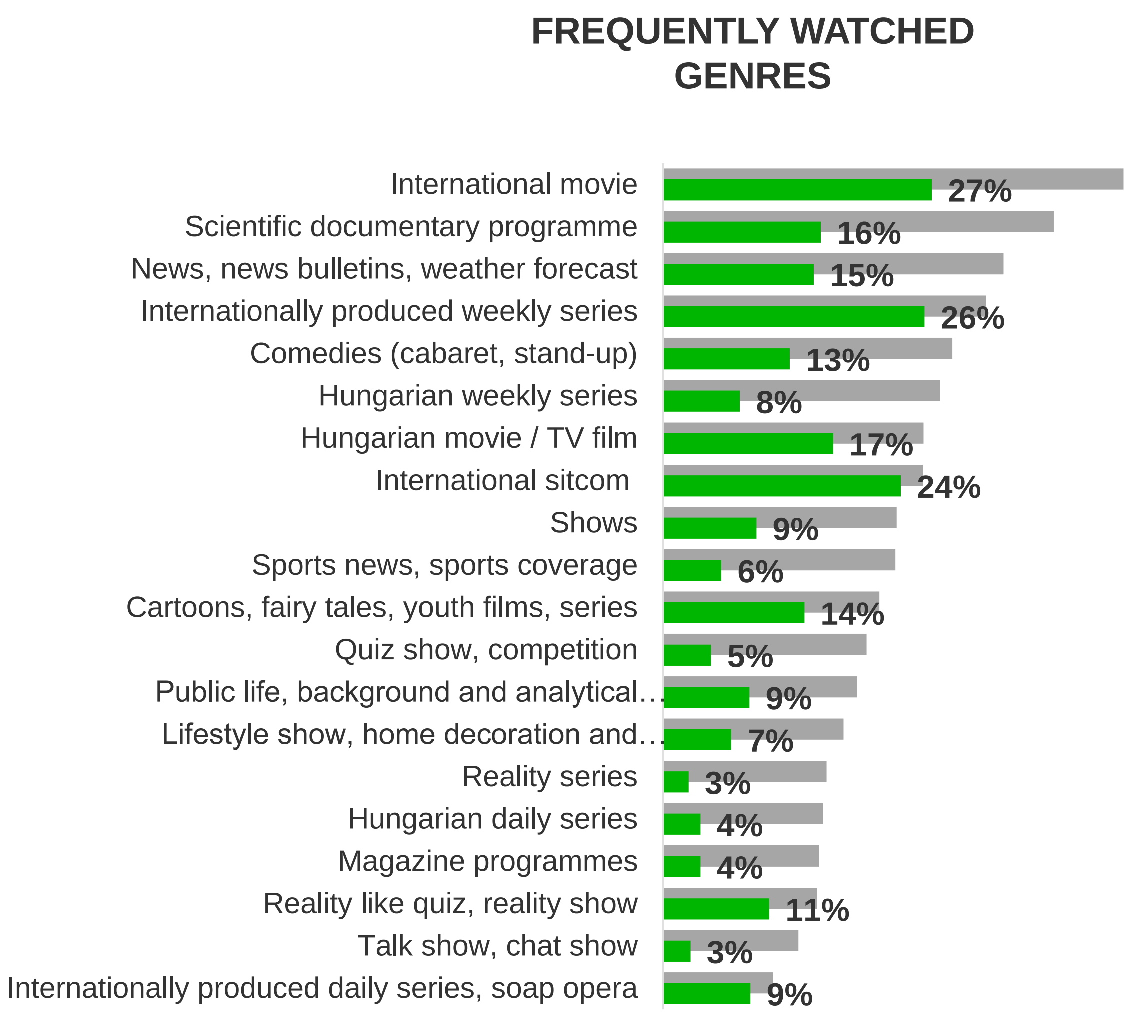


Lower age and higher education are the main characteristics of those who prefer streaming, with one in four living in Budapest.
They mainly prefer series, with a preference for international content. The role of TV is marginal - they do not surf or watch programmes on purpose, but rather watch linear TV as "background noise" or choose it over online content out of nostalgia.
The prevailing view is that streaming channels are now a perfect substitute for traditional channels - which is close to the truth for the genres preferred by this segment.

Characterisation of those who prefer streaming

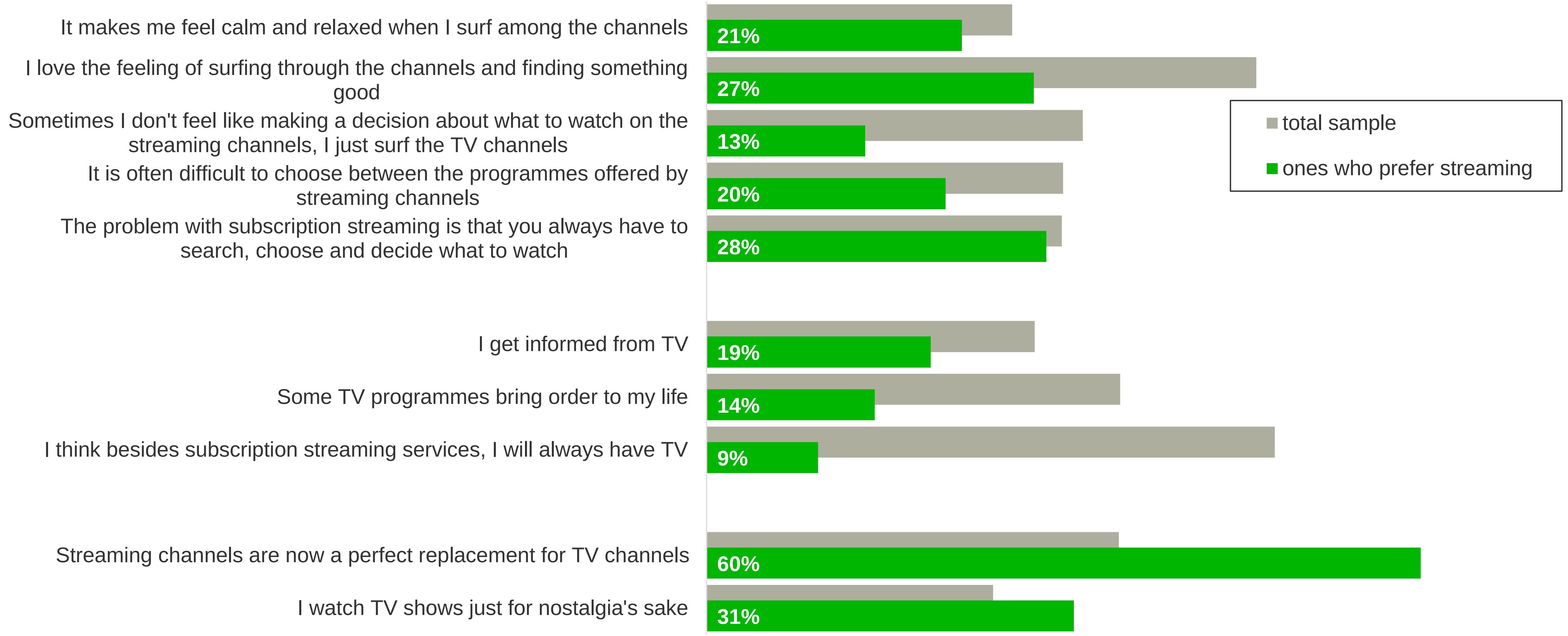


SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS:
53%



Ones who prefer streaming - Attitudes related to watching TV

Rate of people agreeing with statements



N=52, ones who prefer streaming

Dropouts, the ones who had but cancelled their TV subscription

Watching TV and streaming - the image of online content consumption

The image of watching TV:
annoying, mess, endlessness, boring

"Some films would rise like a mountain peak, but it wasn't enough to keep me subscribed." (25-39)

It was an annoying disillusion." (25-39)

The image of streaming consumption:
freedom, diversity, happiness, calmness, clarity

"There is peace under the tree, nothing to disturb, no advertising." (25-39)

Dropouts, the ones who cancelled their subscription in the last 1-2 years

Age group between 25-39 years

Main causes of dropping out:

- **Ads,**
  - advertising on the internet is less disturbing
  - people got annoyed by the fact that the programmes and even the advertisements were not for them
- **Repeating** of the programmes
- Inappropriate content that is of no interest to them
- The continuous decline in the quality of programmes (the decline in the quality of previous programmes, e.g. the low quality of the actors and judges of talent shows)

"It is obvious that TV programmes and advertising are tailored to elderly people. Instead, they want to target young people on the internet." (25-39)

Costs:

- **Cost was not mentioned as a reason for cancellation** - even if it played a role, it is not readily confronted or promoted
- The cost of TV and internet is set at a higher maximum: 12-15 thousand HUF
- **Mobile accessibility** is important for these customers, i.e. the content should also be available on other devices
- It is typical that they originally wanted only an internet subscription, but subscribed because of the low price, and cancelled because of lack of use

"I did not like the bundles. I would watch two channels, but those were only available in the largest bundle. They could offer something like my 'favourite' pizza, so that it only has what I like, what I'm interested in." (25-39)

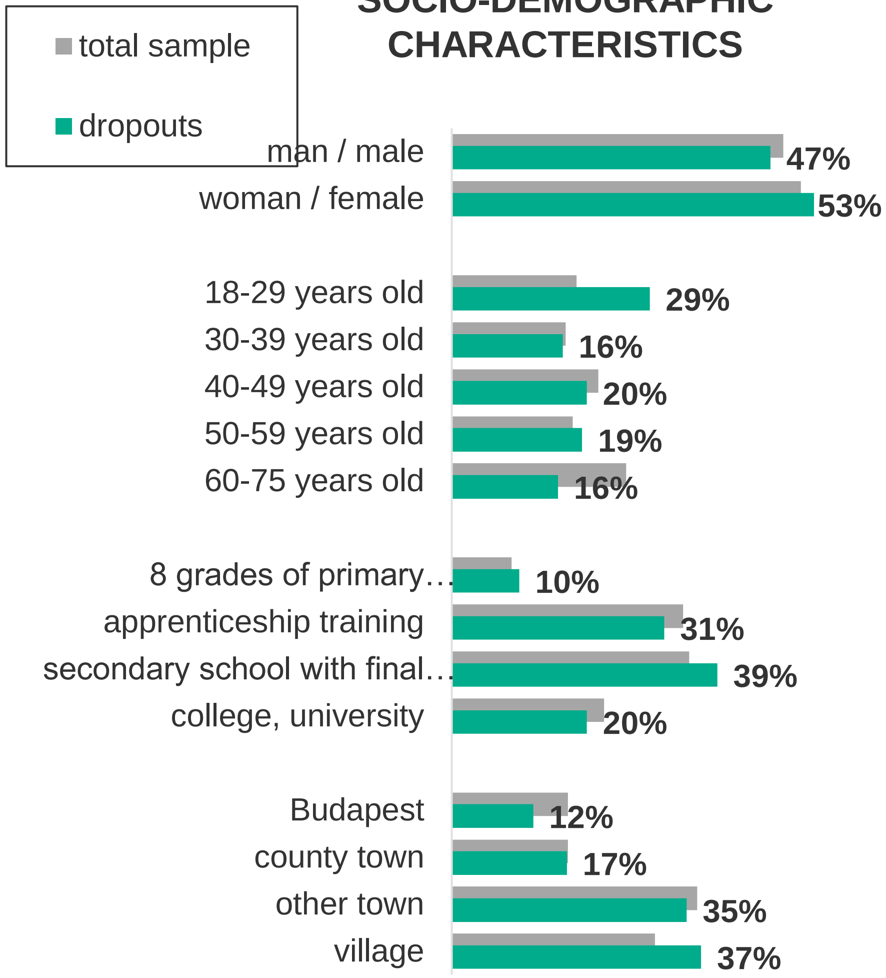
The advantages and disadvantages of linear TV:

- They lack a social experience, because streaming content does not bring family and friends together
- They also miss the nostalgia created by the programmes
- Favourite programmes:
  - Cápák között
  - Géniusz
  - 500,
  - Gyetván Csaba, hogyan készült? (e.g. Túró Rudi)

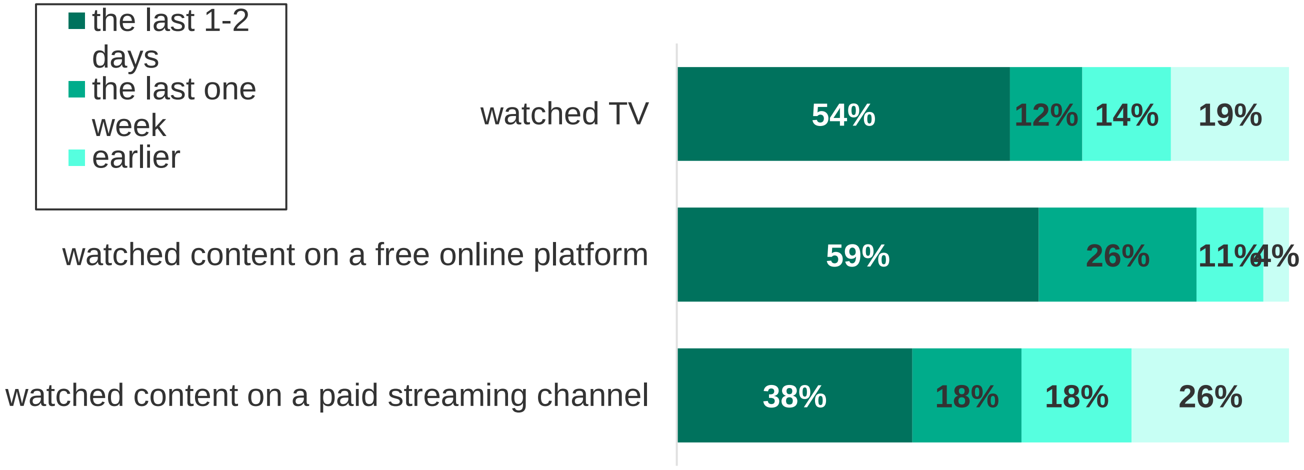
"The hosts are not professionals, they used to be trained and skilled in the past. They are on screen today because they are popular."

Characterisation of Dropouts:

SOCIO-DEMOGRAPHIC CHARACTERISTICS



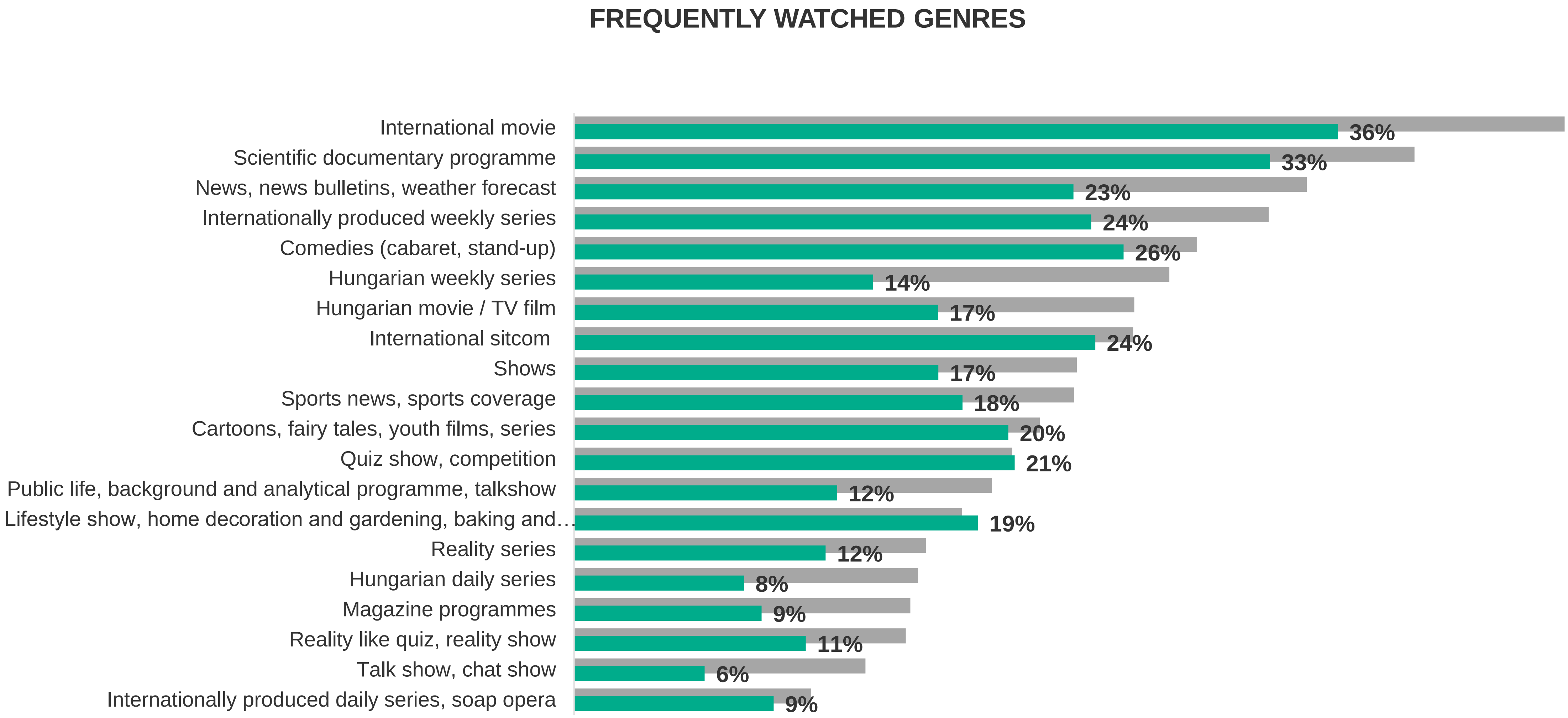
CONTENT CONSUMPTION FEATURES



Free linear content is still available to this mainly young segment, despite the fact that they no longer have a TV subscription. Linear broadcasting is a way of avoiding nostalgia and the pressure to make decisions that is typical of streaming channels.
In addition to international content, youth programmes, fairy tales, quizzes and lifestyle shows are also attracting their attention.

SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS: 33%

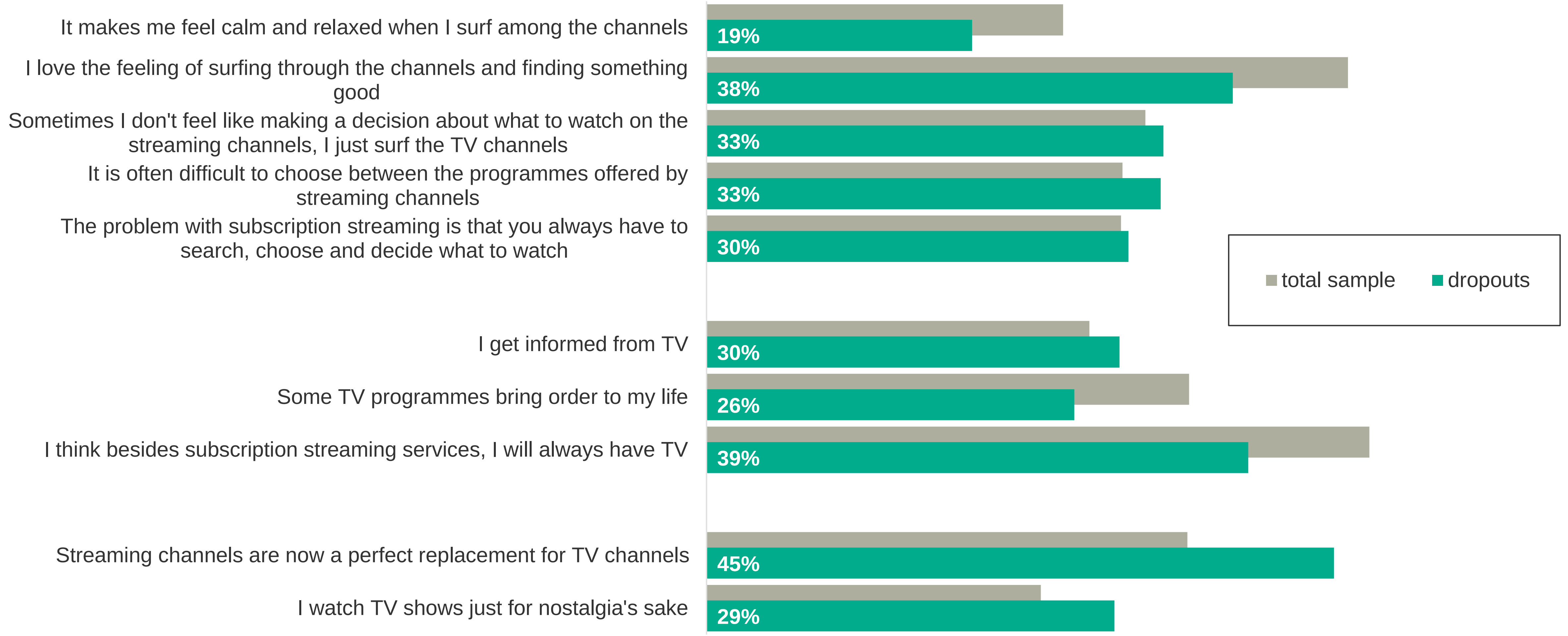
Characterisation of Dropouts:



N=141, dropouts

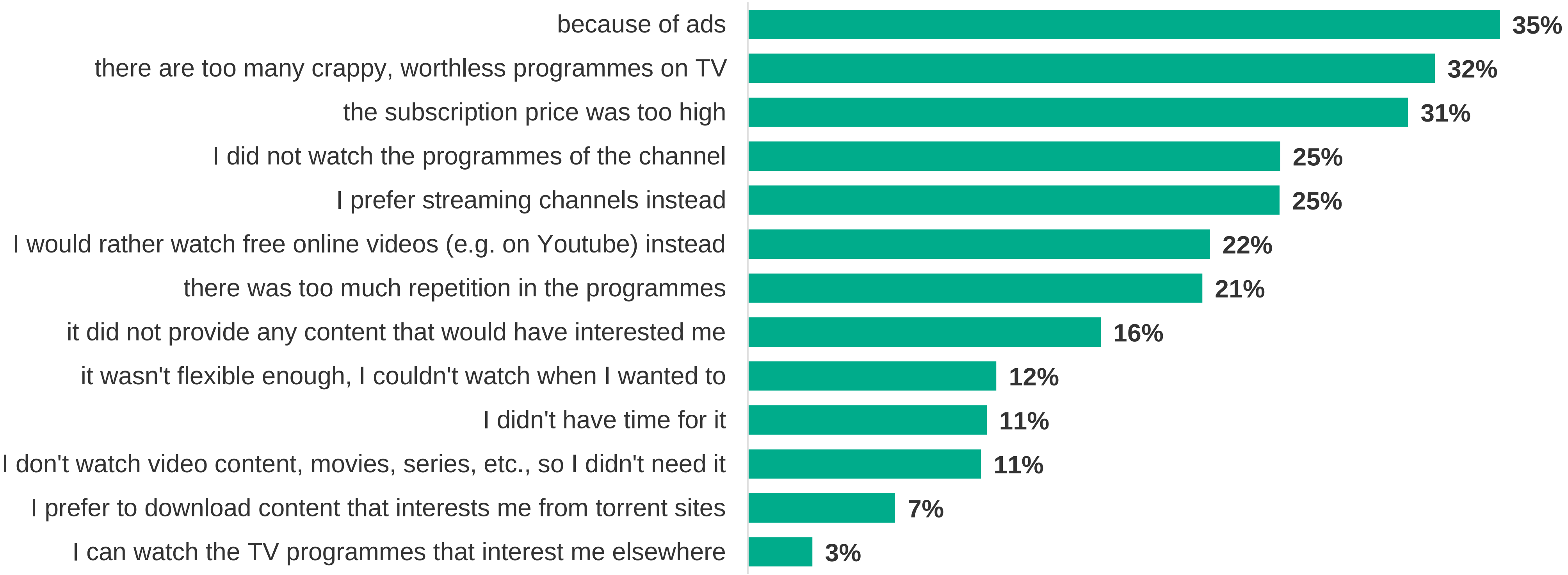
Dropouts - Attitudes related to watching TV

Rate of people agreeing with statements



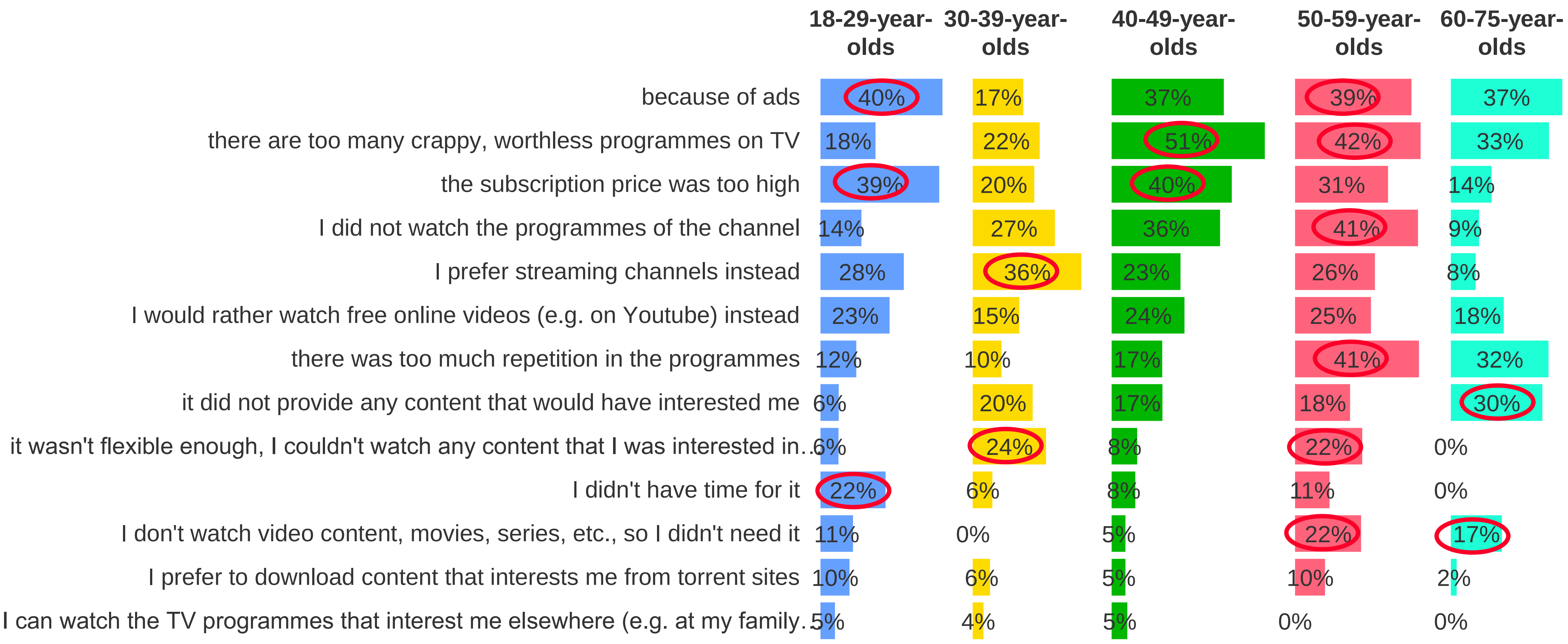
Reason for dropping out

Advertising was the most frequently mentioned when people were asked about cancelling their TV subscription - in addition, the lack of quality content (aged 40, 50) and the high cost of subscription (aged 20, 40) were among the main reasons given. The availability of online video content, either subscription or free, was mentioned by just under one in five of the reasons for dropping out.



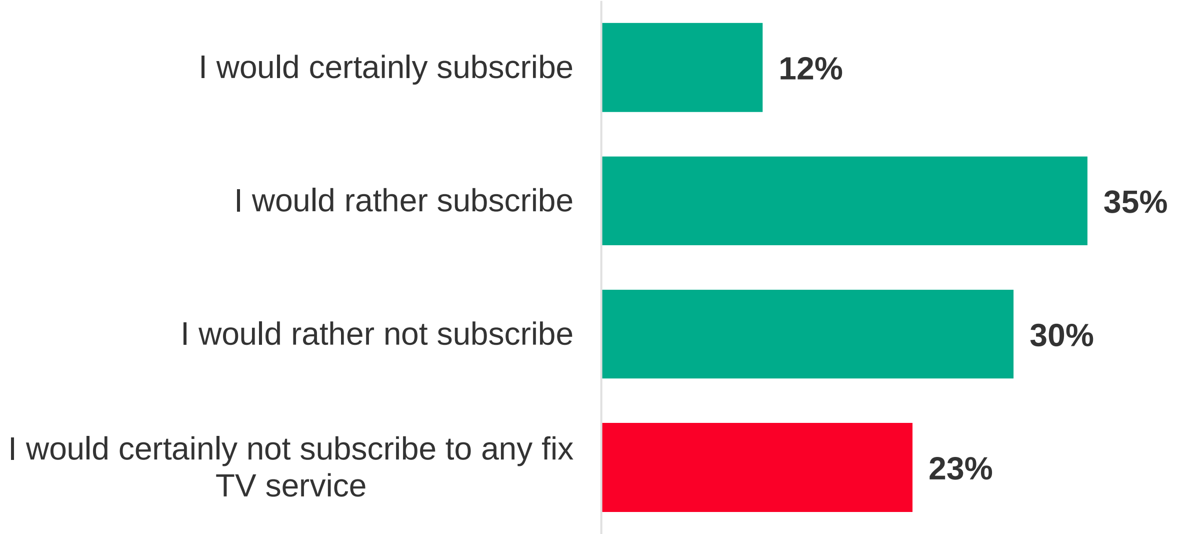
Reason for dropping out

Differences by age groups



The importance of the price in the subscription

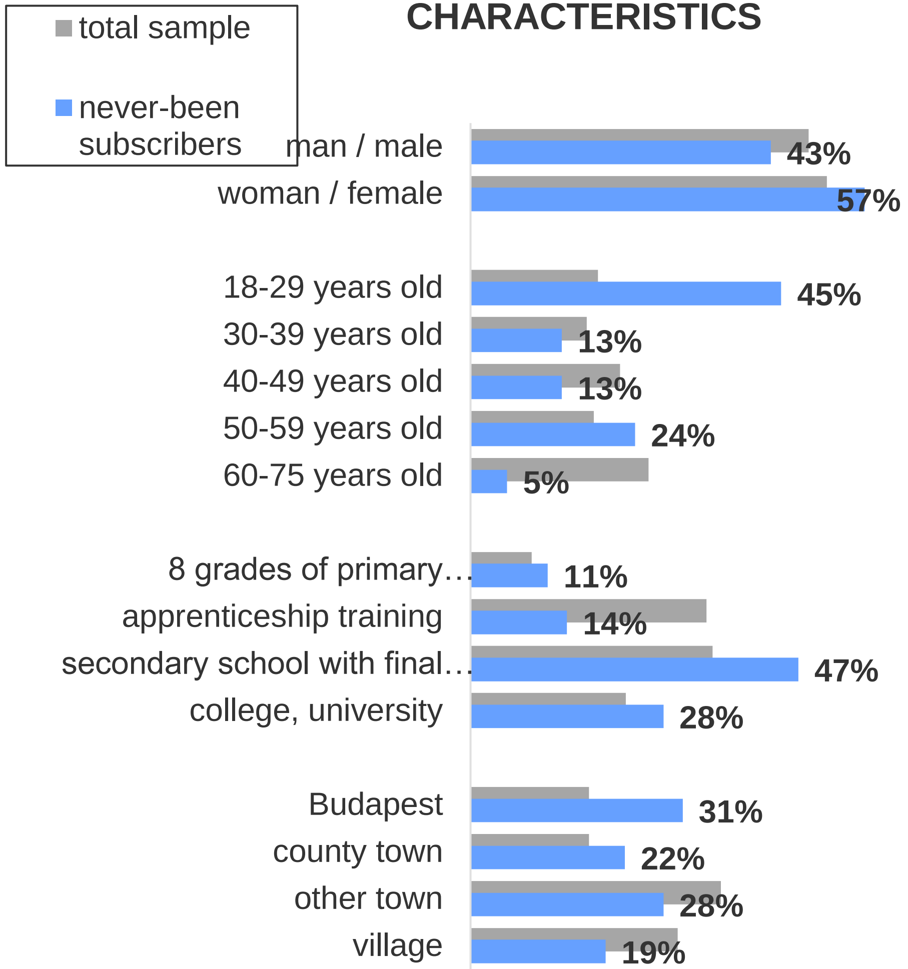
"If you had the opportunity to subscribe to just a few of your preferred TV channels at a much lower price than the current subscription costs, would you take it into consideration?"



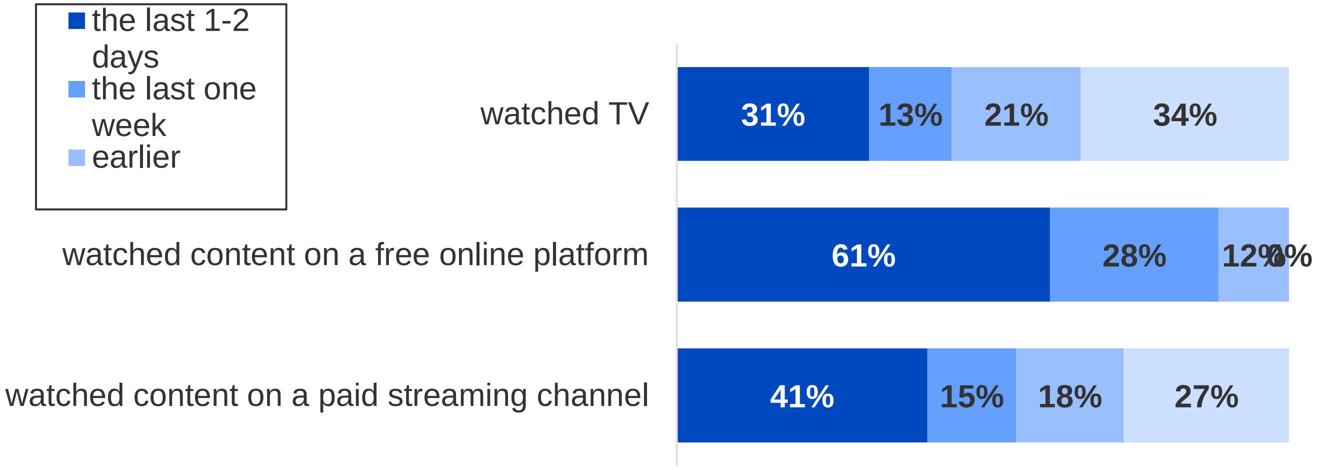
Nearly half of the dropouts could be convinced to return to the subscriber base by offering them a low-cost bundle that suits them. In fact, this rate is in line with the fact that the high price of the TV bundle was the third most common reason for cancelling subscriptions.
But one in four of those who drop out would certainly not subscribe to any fix service.

Characterisation of Never-been subscribers

SOCIO-DEMOGRAPHIC CHARACTERISTICS



CONTENT CONSUMPTION FEATURES

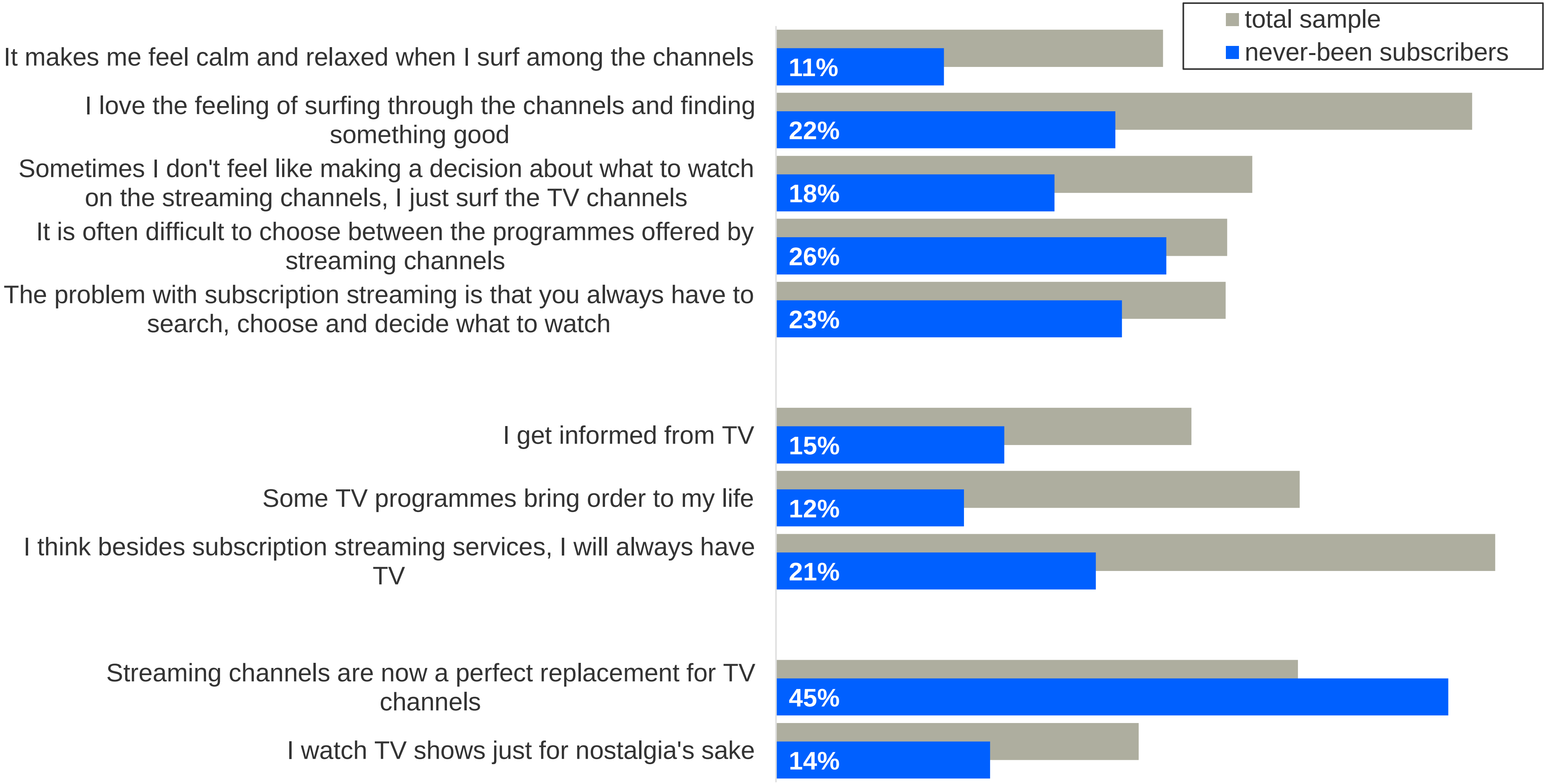


Typically, young people who have never had a TV subscription before are those who have moved out of the family nest and no longer feel the need for a fix TV subscription in their own household. At the same time, they watch linear TV - either in free to air or in other people's households.

SUBSCRIPTION FOR AT LEAST 2 STREAMING CHANNELS: 44%

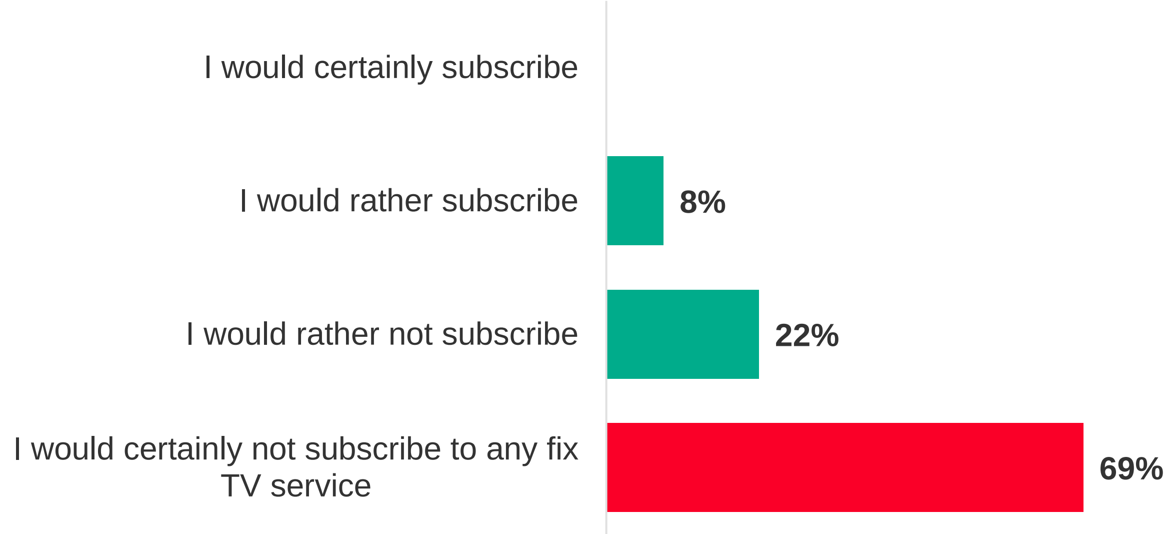
Never-been subscribers - Attitudes related to watching TV

Rate of people agreeing with statements



Never-been subscribers – Probability of future subscription

"If you had the opportunity to subscribe to just a few of your preferred TV channels at a much lower price than the current subscription costs, would you take it into consideration?"



Those without a subscription would be unlikely to be attracted to paid linear content even with tailored bundles - 69% said they would definitely not subscribe to a fix TV service, and a further 22% considered this option unlikely.

Subscriptions and overheads - assessing claims

Those who agree more or totally

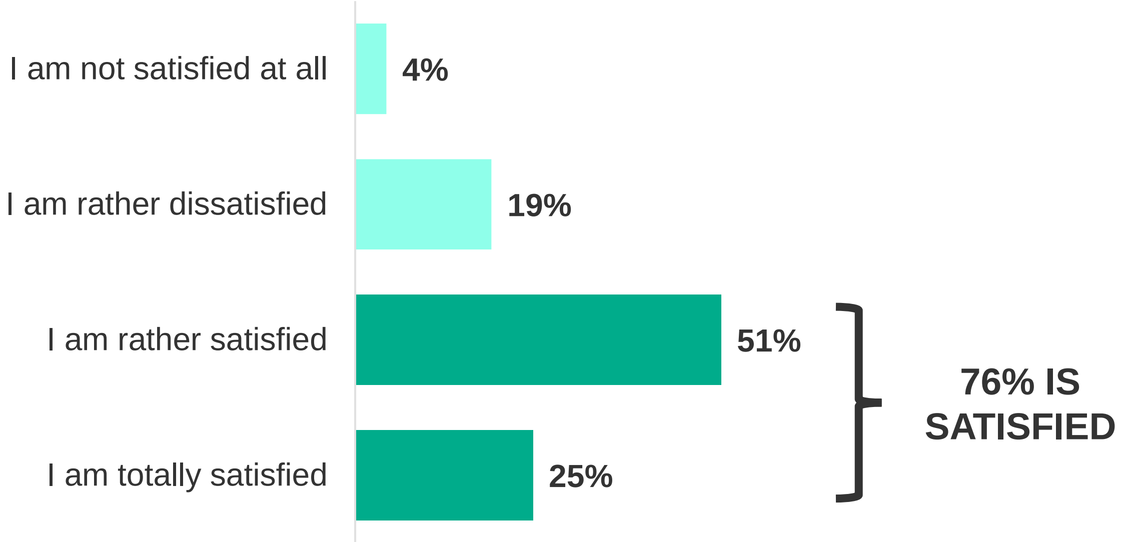
	NEVER-BEEN SUBSCRIBERS	DROPOUTS	ONES WHO PREFER STREAMING	CONSUMERS FOR EVERYTHING	ONES WHO PREFER TV	LINEAR TV ONLY
The fix TV subscription is basically part of the overheads	39%	43%	45%	63%	67%	75%
The fix Internet subscription is basically part of the overheads	54%	64%	54%	71%	73%	78%
The subscription(s) for streaming channels is (are) basically part of the overheads	42%	43%	38%	50%	15%	20%

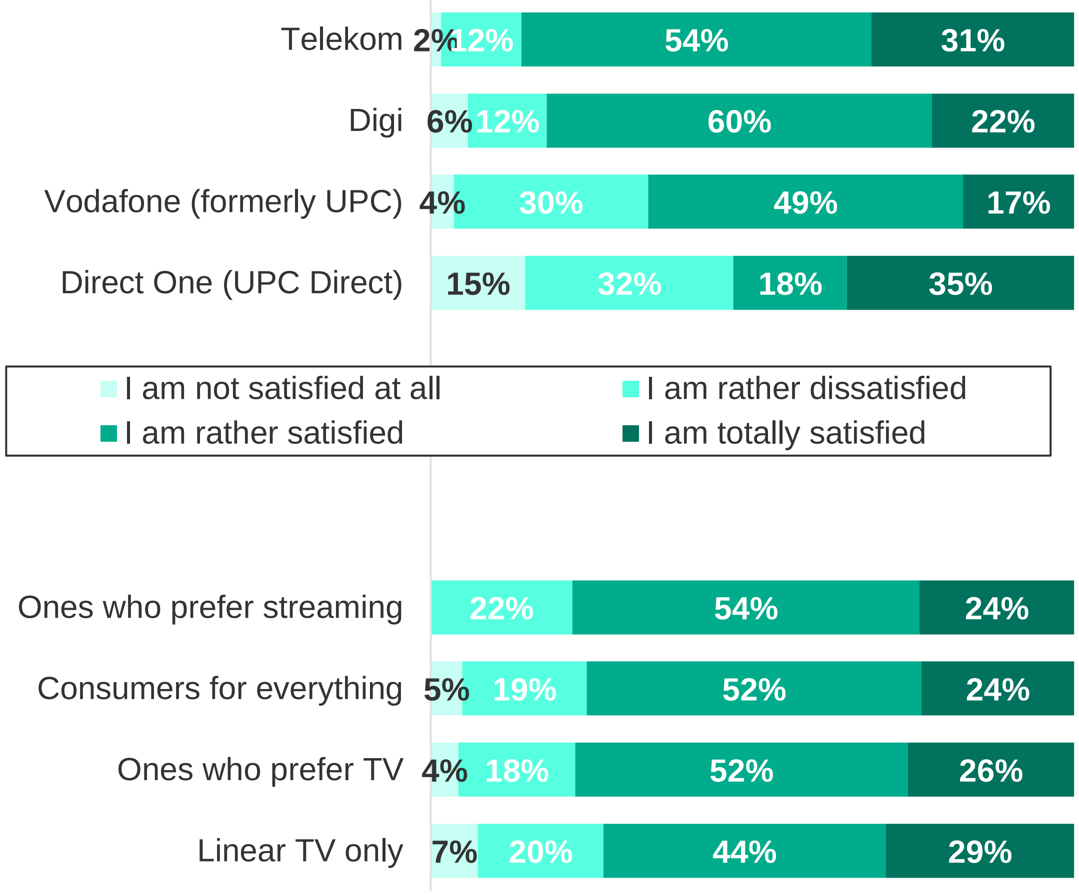
Those without a fix TV subscription rate fix TV and subscription streaming channels as being the same as basic services, with the former below average and the latter above average.
Obviously, the highest rate of people who consider fix TV as part of their overheads are those who watch a lot of TV - but they are also those for whom fix internet is also an essential category. Consumers for everything, the ones with the broadest interest in video content, are typically above average in all respects, but especially in terms of the need to have streaming channels - one in two consumers consider the cost of subscription streaming channels as a major concern.

5. Dropping out

Satisfaction with the fix services subscription

People who have both a fix internet and TV subscriptions

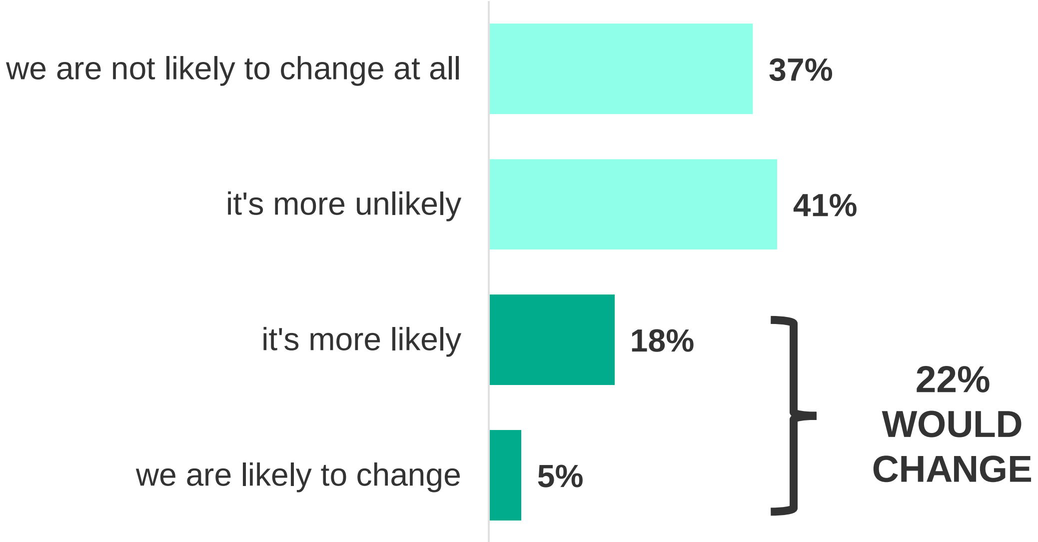


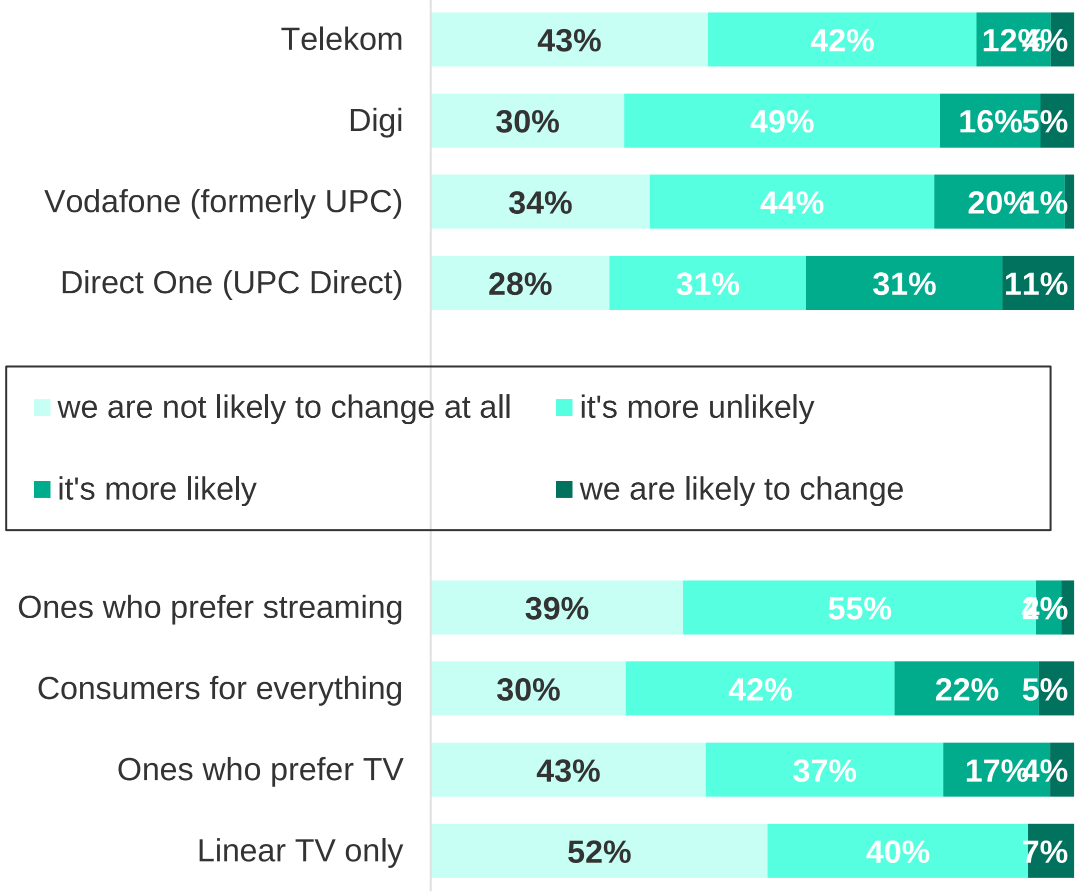


Three out of four fix line subscribers are generally satisfied with their service provider - with higher satisfaction rates among Telekom and Direct One customers.

Probability of changing services in the near future

People who have both a fix internet and TV subscriptions

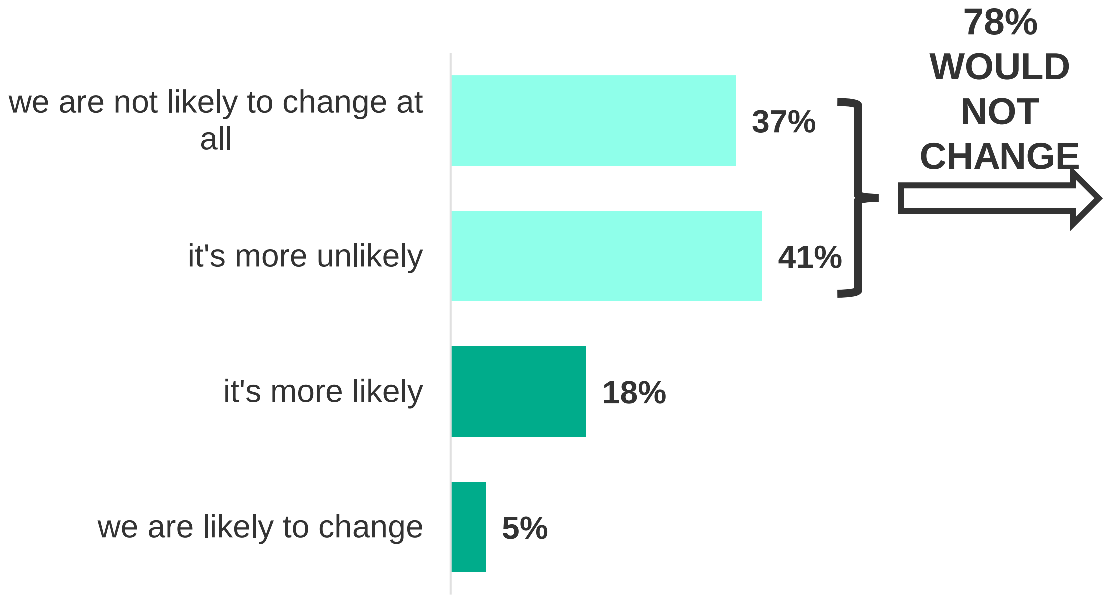


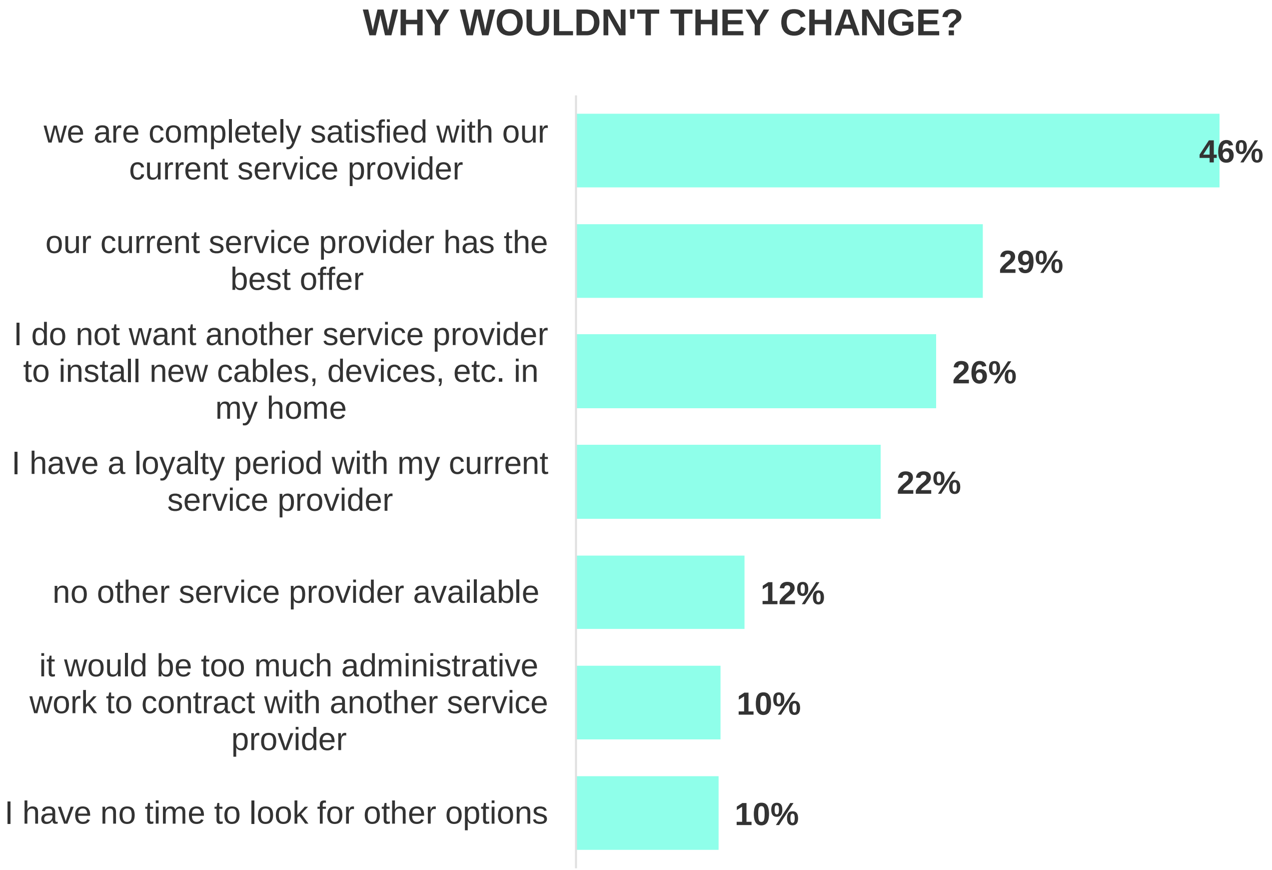


Barely one in five subscribers believe they are likely to change service providers in the near future - the largest rate of them are the otherwise satisfied Direct One customers.

Keeping a service provider - reasons

People who have both a fix internet and TV subscriptions





N=609, people who would not change

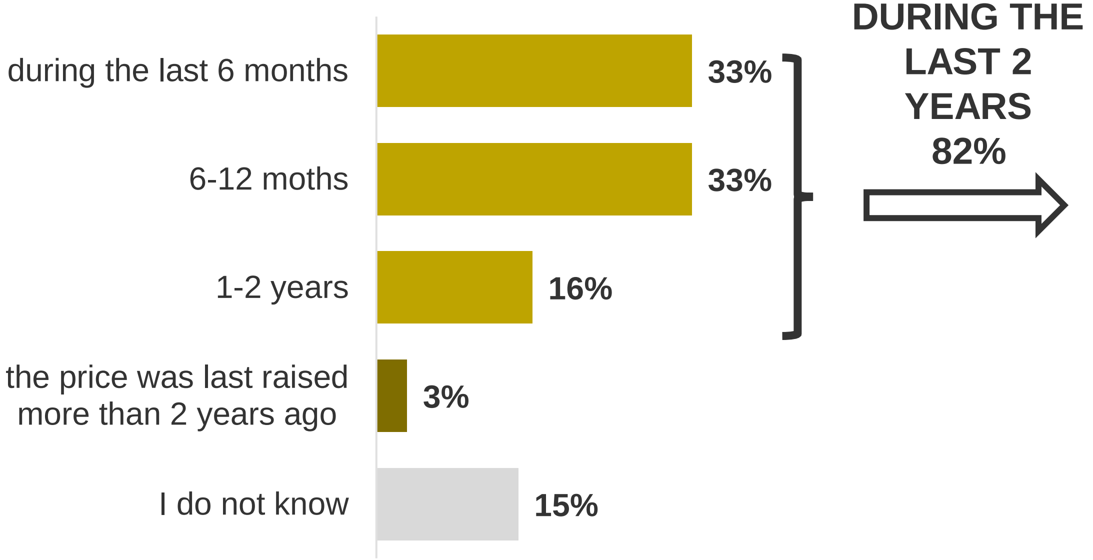
In addition to satisfaction, there are also rational reasons for keeping the current service provider: fear of the administrative problems of changing (10%), but mainly fear of the difficulties of installation (26%). 29% believe that they will not get a better offer than the one they are currently offered, while 10% admit that they do not have enough time to check the available options.

N=783, the ones who have both a fix internet and TV subscription

The effects of rising prices

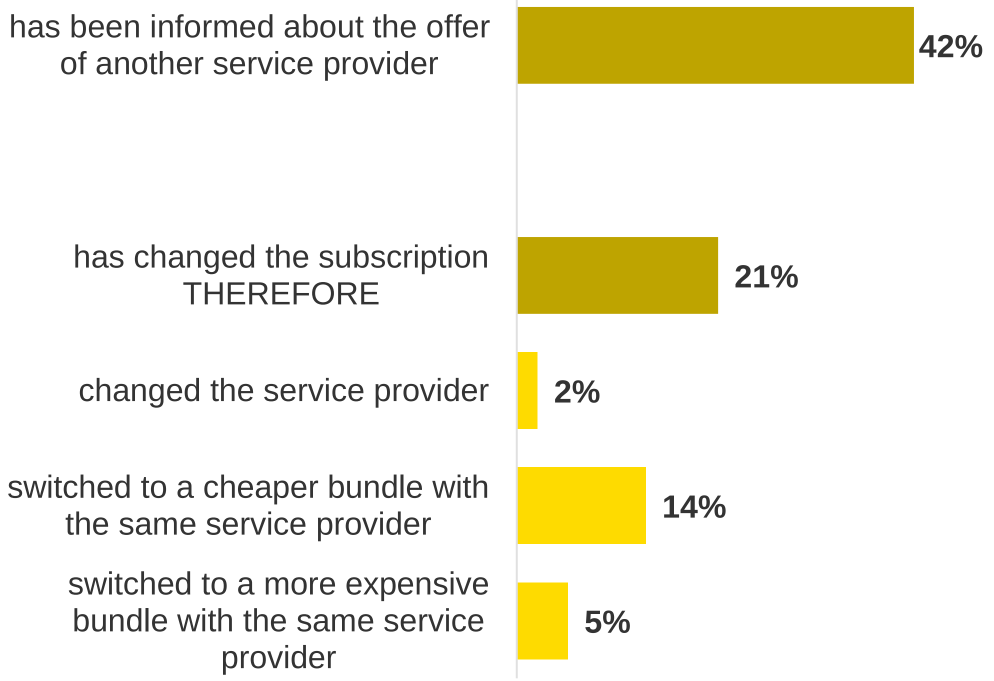
People who have both a fix internet and TV subscriptions

WHEN WAS THE LAST TIME YOUR SUBSCRIPTION PRICE WAS RAISED?



AS A RESULT OF THE RISE IN PRICES...?

among those who have had their subscription price raised in the last 2 years



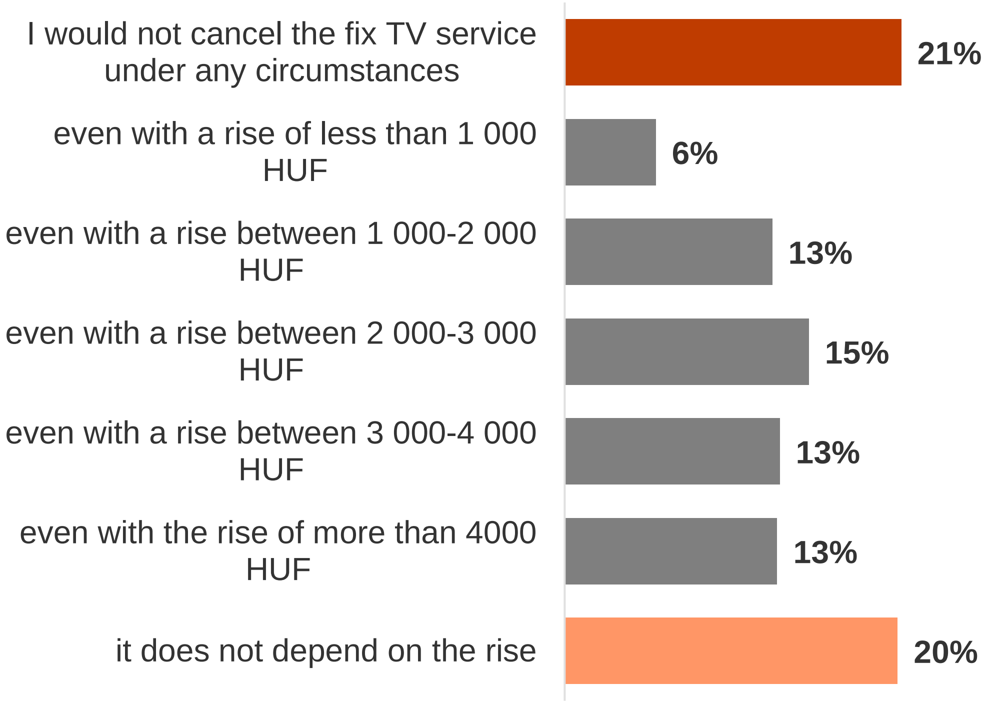
The continuous price increases over the past period are well documented: two out of three subscribers have experienced a price rise during the past year.
42% said that the increase had made them look around at competitors, but only 2% had changed their service provider - the majority of those who had changed (21%) preferred to switch to a cheaper bundle with their current service provider.

N=642, those who have had their subscription price raised in the last 2 years

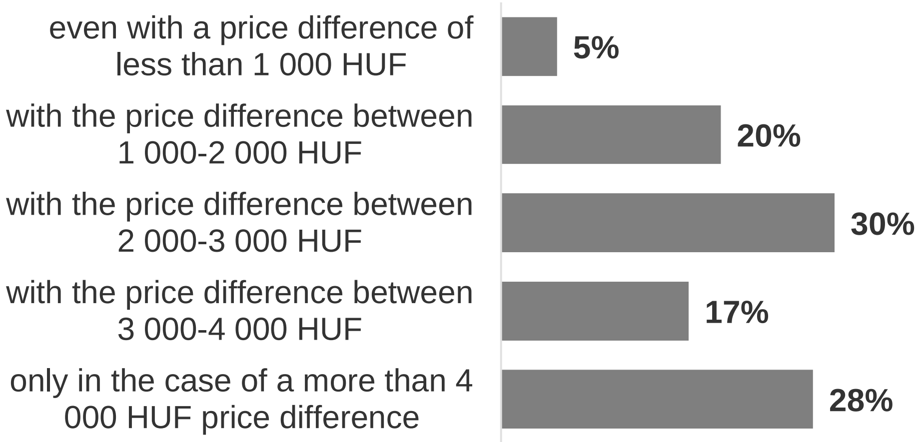
The effects of rising prices, difference in price

People who have both a fix internet and TV subscriptions

WHAT PRICE INCREASE WOULD BE REQUIRED FOR YOU TO CONSIDER CANCELLING YOUR FIX TV SERVICE?



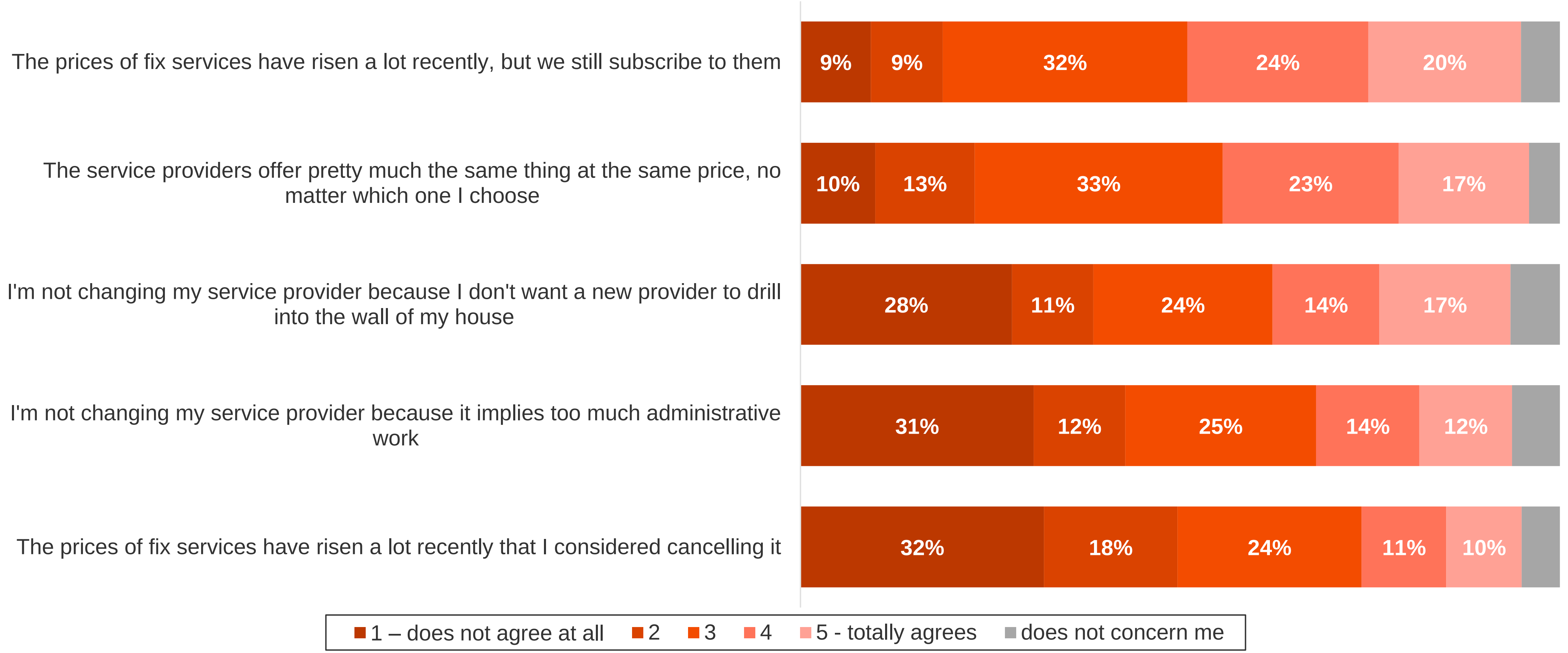
HOW MUCH OF A PRICE DIFFERENCE WOULD YOU CONSIDER CHANGING PROVIDERS IN CASE OF A (NEARLY) IDENTICAL BUNDLE OFFER?



Respondents are sensitive to price differences - a difference of 3 000 HUF would make one in two of them change service providers. However, cancelling the service does not only depend on prices, but the effect of a higher price rise would also be felt in this respect.

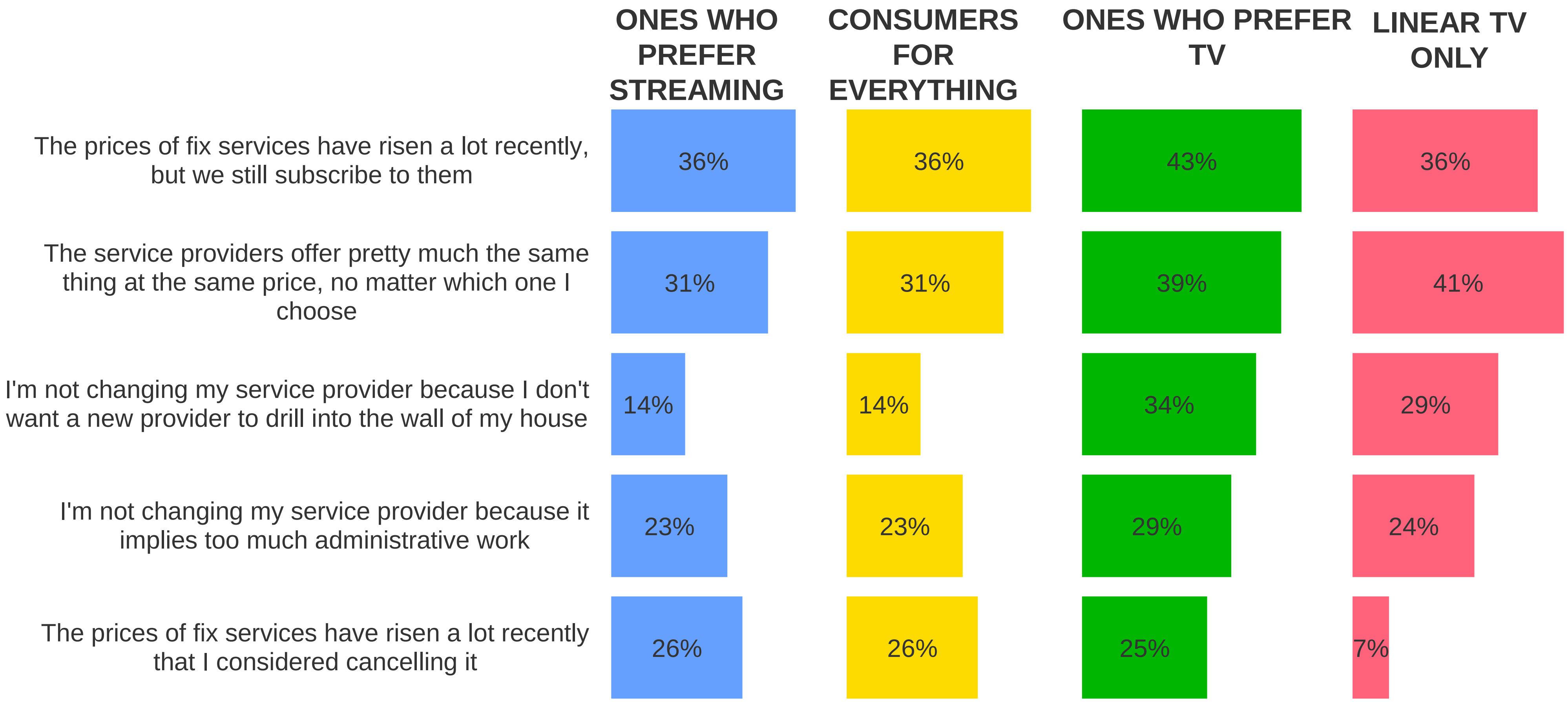
Opinions concerning service providers, their pricing

People who have both a fix internet and TV subscriptions



Opinions concerning service providers, their pricing - those who agree

Differences between segments



6. The future of television

TV bundle with a high number of channels - reasons for choosing

A significant rate of those in the sample with a high number of channels did not make their choice because of the quantity and variety of channels.

They felt forced to choose, they had to make that decision because:

- their favourite channels were only available in that bundle
- and/or this was the default bundle when ordering high-speed internet.

"There was no other option, as because of the kid there was the fairy tale channel given, and I was driven by the speed of the internet." (25-39)

"I would need a maximum of 20-25 channels, but the bundles are priced in such a way that I had to order the biggest one, because it is the only one that offers sports channels.” (40-55)

"My bundle is small, 30 channels are more than enough to choose from." One reason is that I try to set limits for myself, because if I had more channels I might be stuck in front of the TV all the time. For switching between channels, it's ideal for me." (25-39)

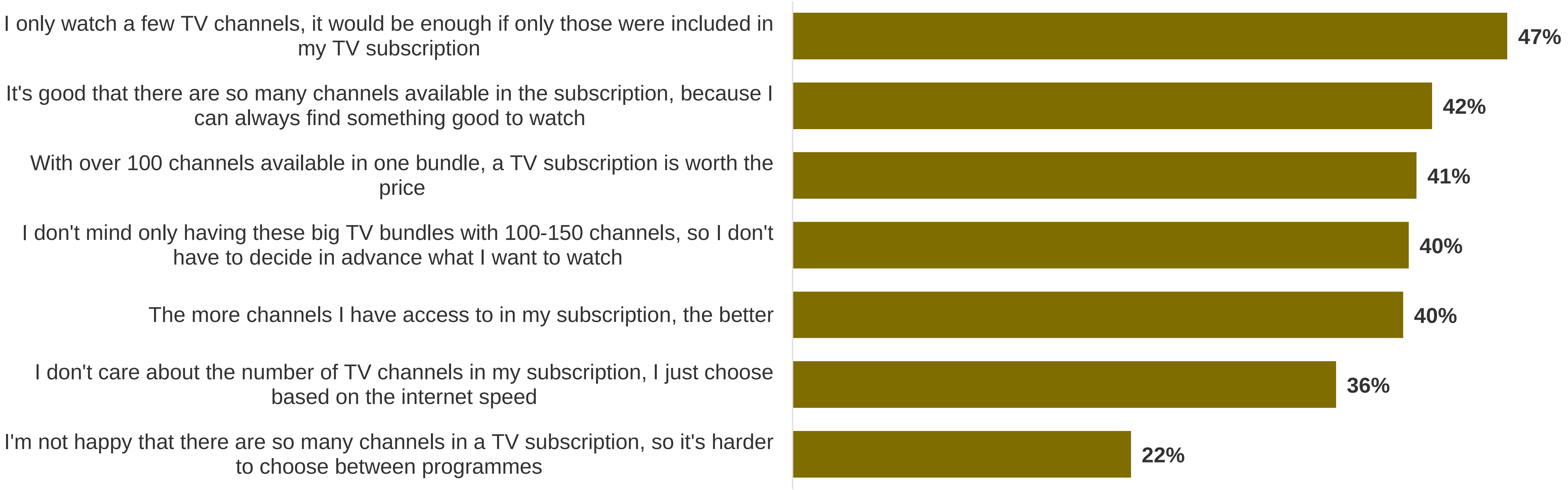
"There should not be 250 channels. I watch 10 of them all the time, but it's important for me to have something else to switch to, to browse.” (55-70)

”I find it annoying that there are a lot of channels added that I'm not interested in at all. Foreign language channels are particularly difficult for me to understand. Why do I have Chinese, Italian, French channels? I would prefer to take them out.” (55-70)

Evaluation of claims related to number of channels

Those who agree more or totally

Opinions on the ideal number of channels are divided: with some (47%) saying that a few channels they watch regularly would be enough. Whereas others are happy to have many channels on their subscription, as they can always find something good to watch (42%). Of course, this also contributes to their perception of the subscription as a good deal, one that is worth the price (41%).
However, one in three (36%) do not care about the number of channels and only choose a bundle based on internet speed.



N=1000, total sample

Ideal number of channels - Van Westendorp model

The Van Westendorp model, or Price Sensitivity Meter (PSM), is a method used by market researchers to determine how the price of a product or service affects people's price sensitivity and willingness to buy.

This model, and the four key questions used by the model, have been adapted to the present problem to determine the ideal number of channels.

The following four questions were used in the survey:

Supposing you can choose how many and which TV channels are included in your fix TV subscription.

- *How many channels would be included in this subscription, when you should determine the minimum number of channels you need in a TV subscription?*
- *How many channels would be included in this subscription when you should set a maximum number of channels, saying that you certainly wouldn't need more channels in a TV subscription?*
- *How many channels would be included in this subscription when you felt there were too many channels for you?*
- *How many channels would be included in this subscription when you felt there were too few channels for you?*

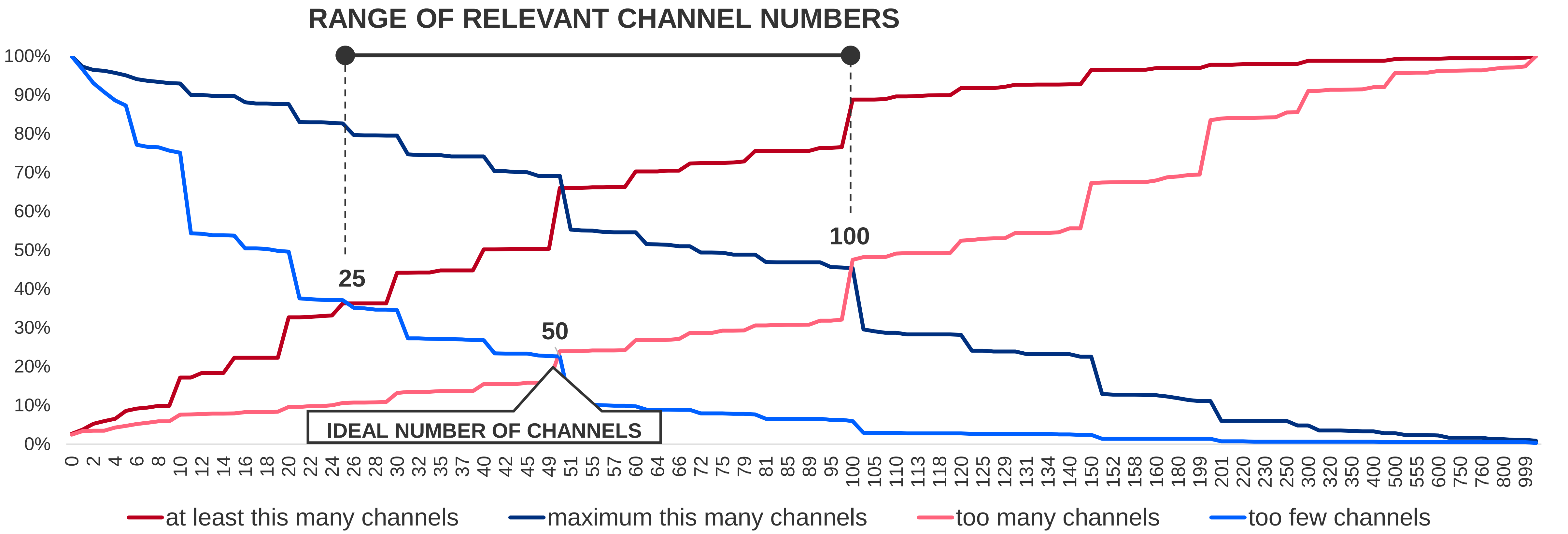
The questions can then be used to identify the following:

- The optimal number of channels: The number of channels where consumers consider the product to be the best value for money.
- Relevant channel interval: This is the range where the number of TV channels is still considered acceptable for most consumers.

The results are shown in the following figure.

Ideal number of channels:

People think that a TV subscription should ideally include around 50 channels - but should be between 25 and 100 channels. This value and range do not depend significantly on content consumption habits. Even among those who watch linear TV a lot and only, the ideal value is not higher than 60 channels.



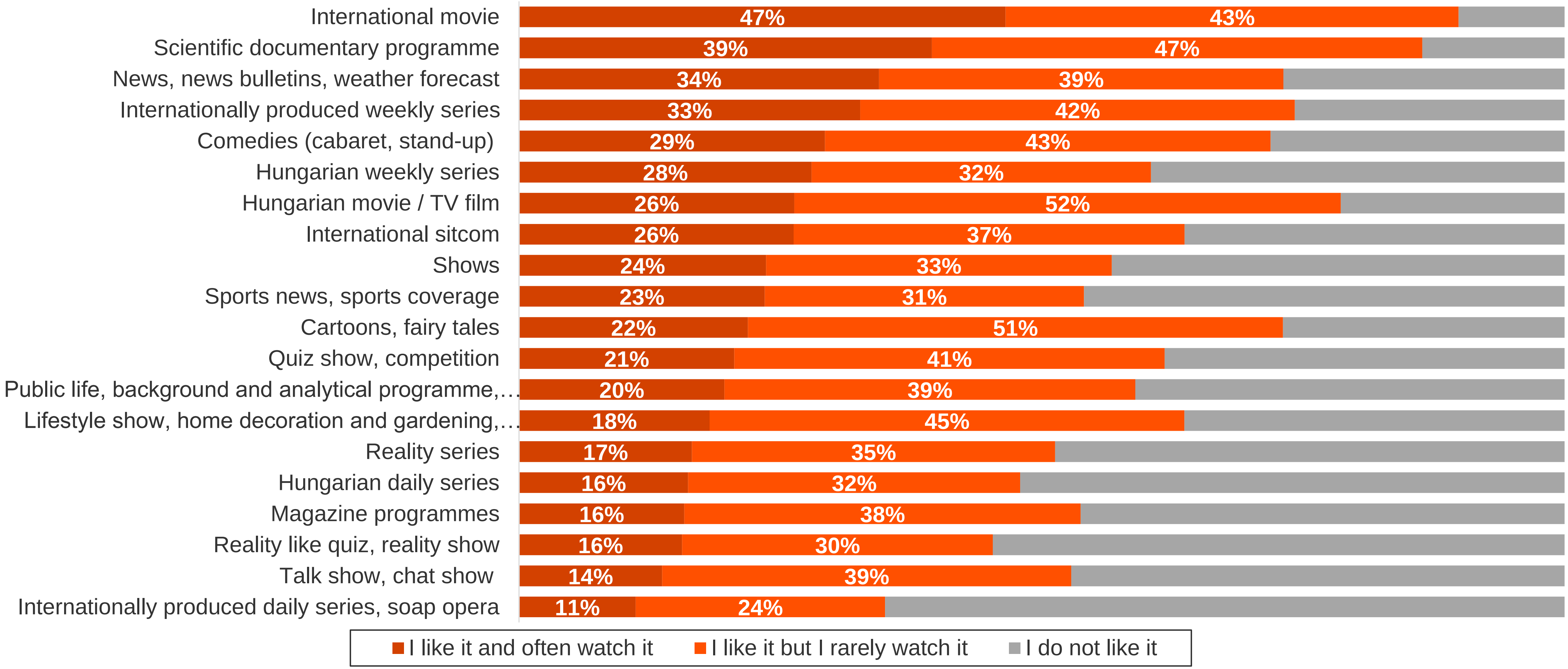
Genres on TV

Foreign films, documentaries and news programmes are the most popular and most watched genres when it comes to linear TV. This can be extended to include series (international, home produced, sitcoms, etc.) for different age groups. On the whole, however, it can be said that, with the exception of news programmes, people watch those genres on linear TV that they could also access on other channels - online, streaming channels, etc.

And what are the must-see genres without which TV subscriptions would no longer be necessary? These are also mainly the same genres: for most people, subscribing to fix TV is inconceivable without international films and scientific documentaries and educational programmes. This is followed by news programmes, news bulletins and cartoons and fairy tales - 80% of people watching TV are covered by these four genres - without these genres, 80% would give up watching linear TV.

So the way forward for linear TV cannot be to reduce the importance of genres available elsewhere (online).

Genre popularity



KANTAR HOFFMANN N=1000, total sample

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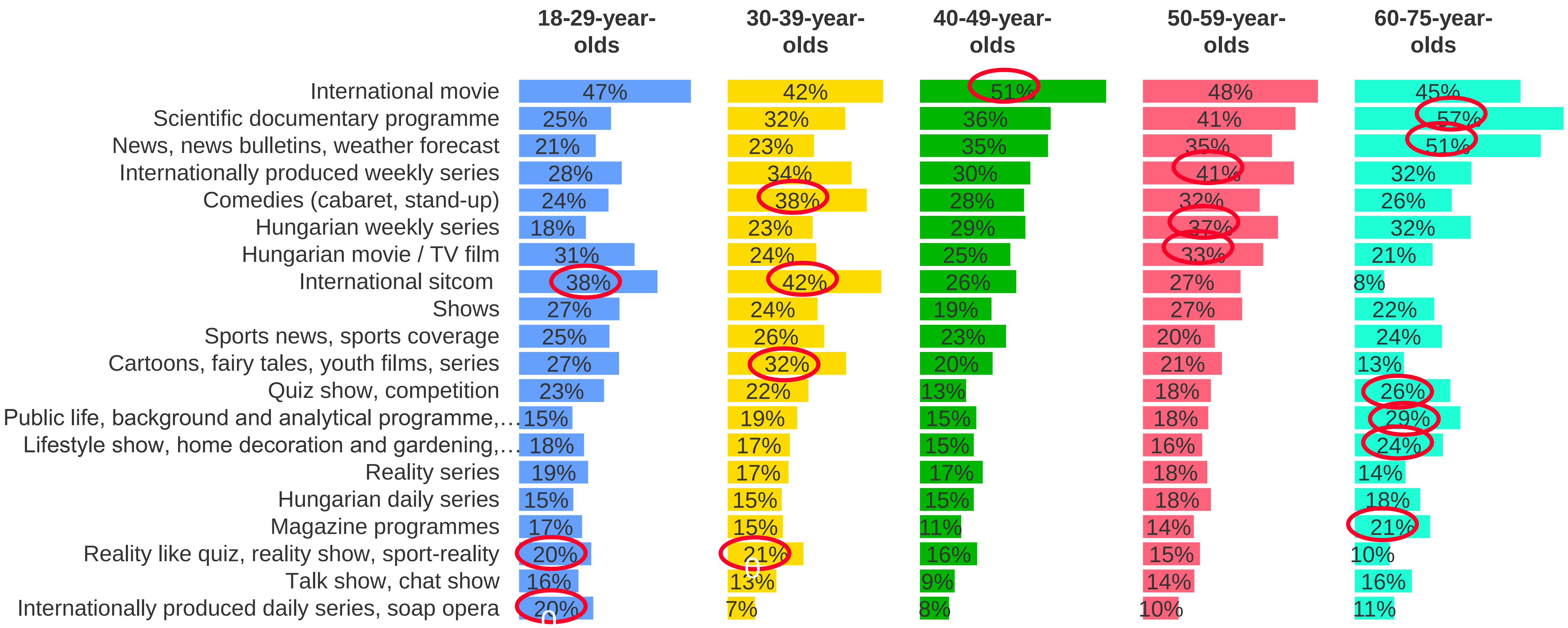
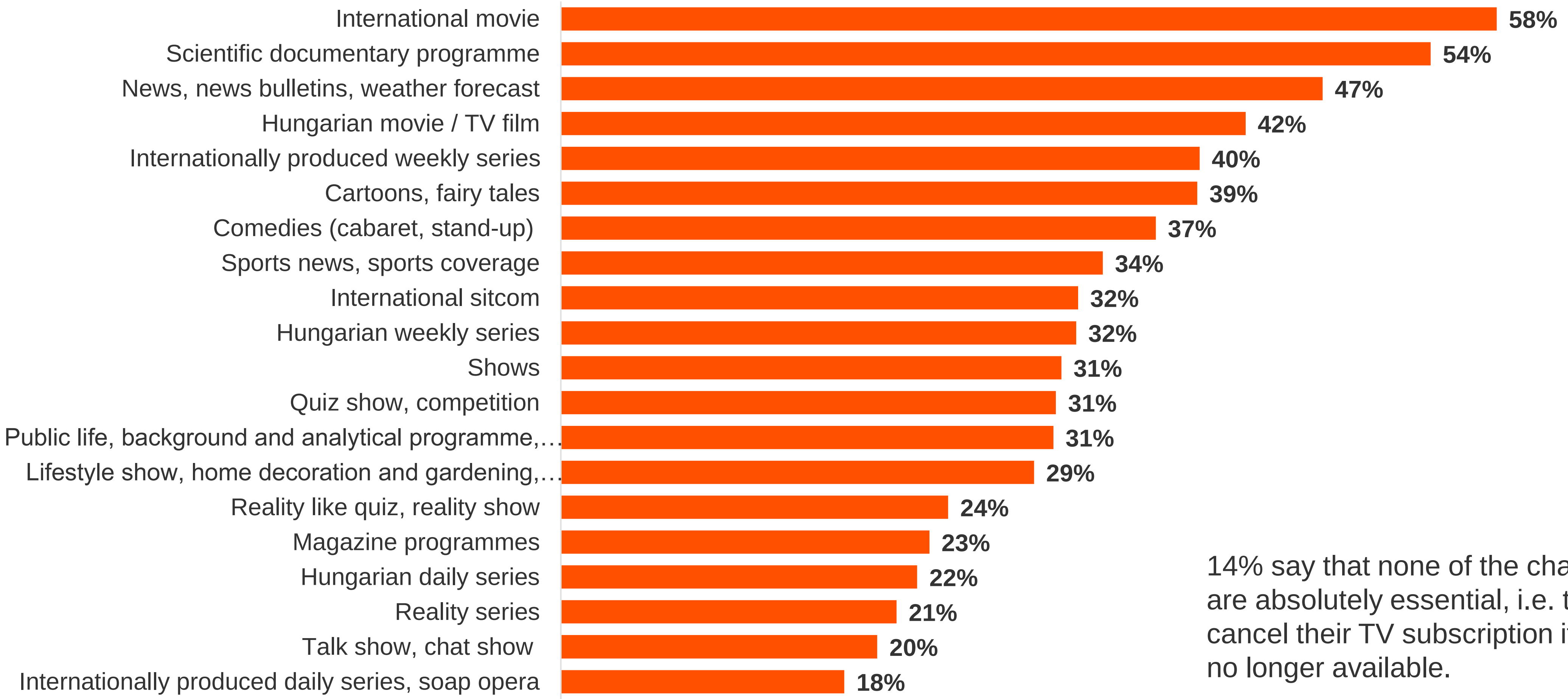
Genre popularity

Differences by age groups



“Not-to-be-missed” genre

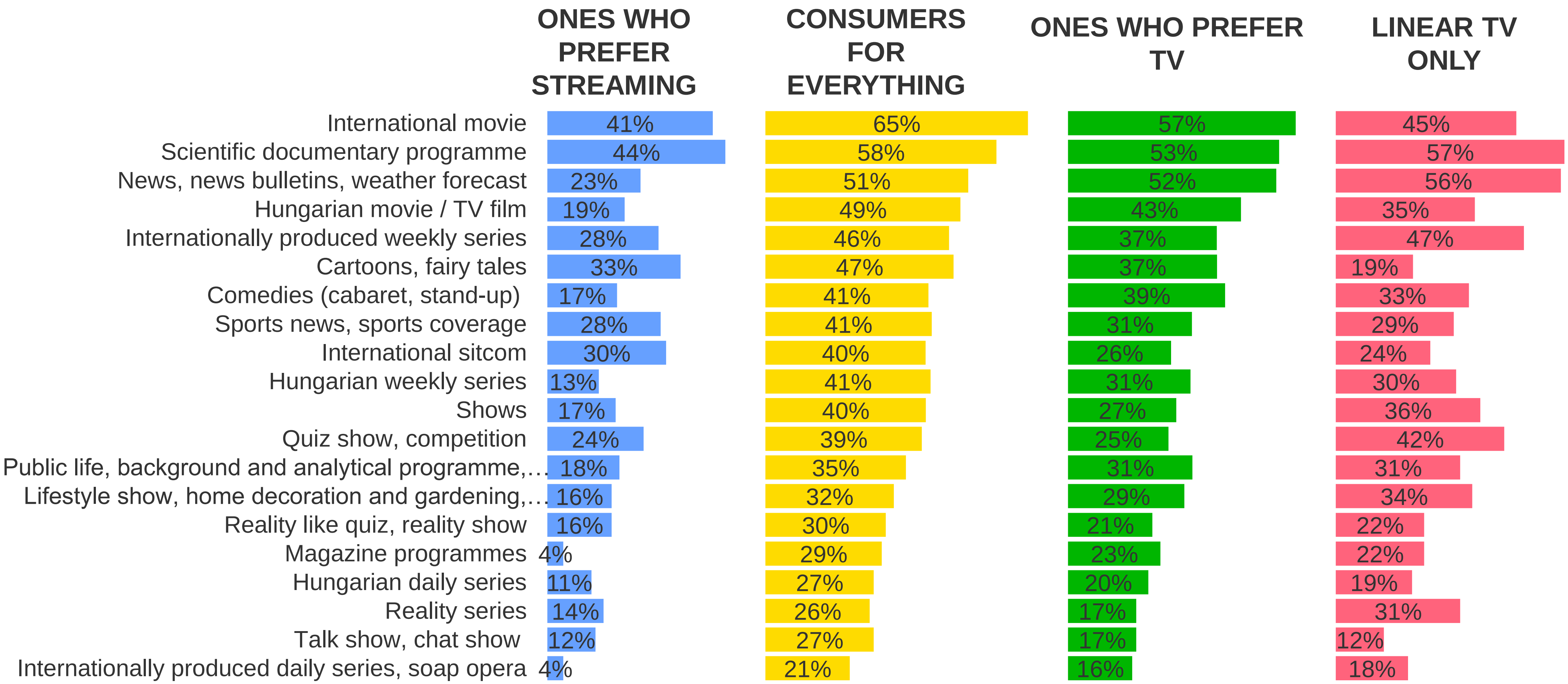
Without which TV subscription would be cancelled



14% say that none of the channels listed are absolutely essential, i.e. they would cancel their TV subscription if they were no longer available.

“Not-to-be-missed” genre

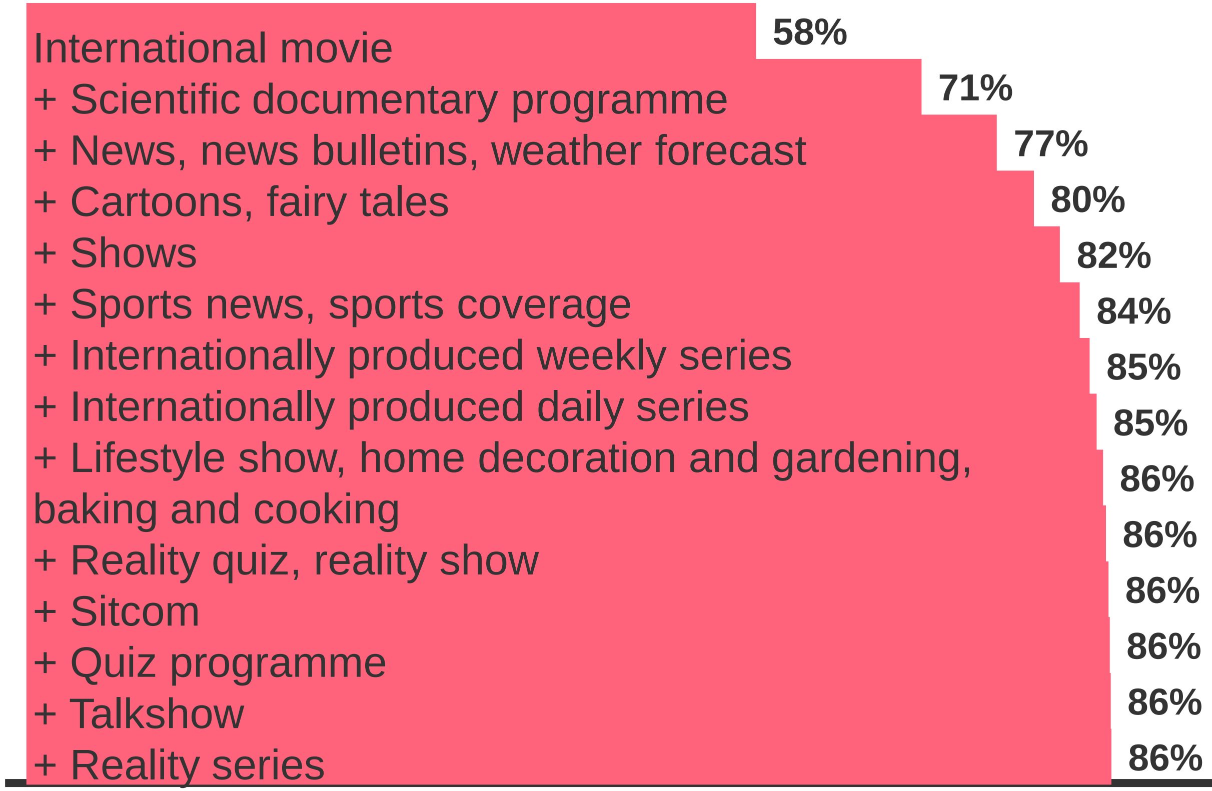
Differences between segments



TV subscription-keeping genres

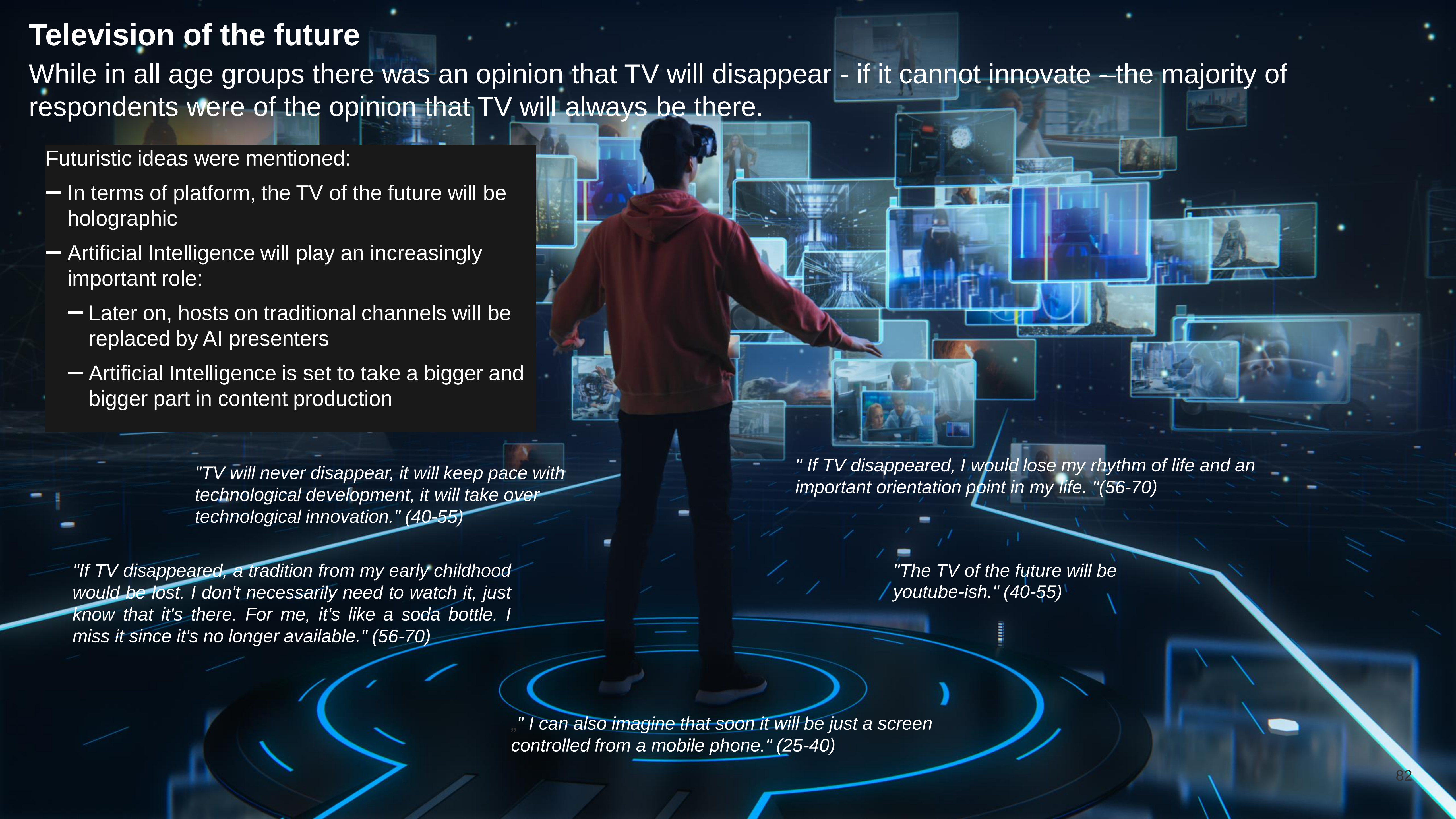
Based on TURF model

For 58%, it's no longer worth it to subscribe to linear TV without international movies - so 58% of those watching TV can be "captured" by this genre. If science-related documentaries were also available on the channels included in the subscription, 71% would keep this subscription. By including more genre, news, news bulletins, the rate of people who do not cancel their subscription increases to 77%. In addition, the availability of cartoons and fairy tales increases this rate to 80%. The broadcasting of additional genres will only slightly increase the number of those who are loyal to TV subscriptions.



This essentially "prices in" each genre: international films - which are also available on other channels - are considered the most essential and the best. Overall, the trio of films, scientific documentaries and news covers three quarters (77%) of people watching TV.

The coverage in this case means that potentially **77% of respondents would give up watching linear TV, i.e. cancel their TV subscription, if these three genres were not available.**



Television of the future

While in all age groups there was an opinion that TV will disappear - if it cannot innovate –the majority of respondents were of the opinion that TV will always be there.

Futuristic ideas were mentioned:

- In terms of platform, the TV of the future will be holographic
- Artificial Intelligence will play an increasingly important role:
  - Later on, hosts on traditional channels will be replaced by AI presenters
  - Artificial Intelligence is set to take a bigger and bigger part in content production

"TV will never disappear, it will keep pace with technological development, it will take over technological innovation." (40-55)

" If TV disappeared, I would lose my rhythm of life and an important orientation point in my life. "(56-70)

"If TV disappeared, a tradition from my early childhood would be lost. I don't necessarily need to watch it, just know that it's there. For me, it's like a soda bottle. I miss it since it's no longer available." (56-70)

"The TV of the future will be youtube-ish." (40-55)

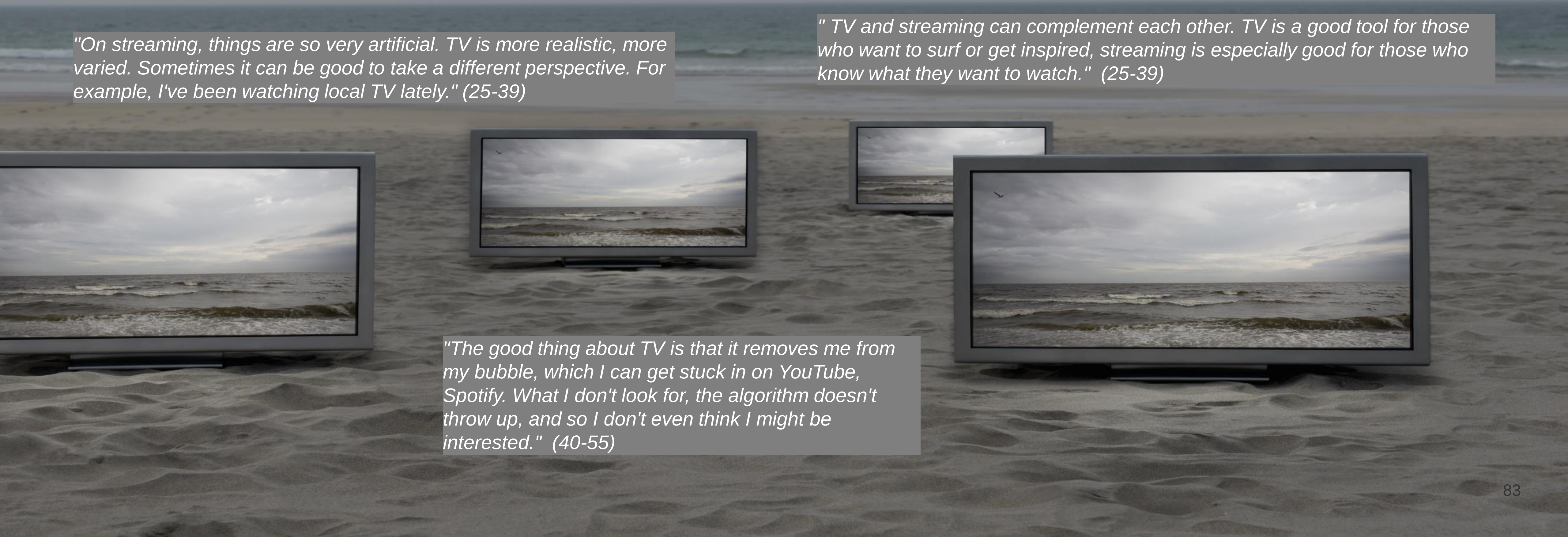
„" I can also imagine that soon it will be just a screen controlled from a mobile phone." (25-40)

The opportunity to (re)discover television

TV can be more lively and informative than streaming. TV can be a curiosity in the world of online content consumption.

Today, online presence is so obvious that Generation Alpha and Generation Z content consumers can discover it, and Generation Y and Generation X can return to TV.

It has something new to offer all ages and can be an inspiration. Instead of algorithm-driven online content, consumers can now experience something new.



"On streaming, things are so very artificial. TV is more realistic, more varied. Sometimes it can be good to take a different perspective. For example, I've been watching local TV lately." (25-39)

" TV and streaming can complement each other. TV is a good tool for those who want to surf or get inspired, streaming is especially good for those who know what they want to watch." (25-39)

"The good thing about TV is that it removes me from my bubble, which I can get stuck in on YouTube, Spotify. What I don't look for, the algorithm doesn't throw up, and so I don't even think I might be interested." (40-55)

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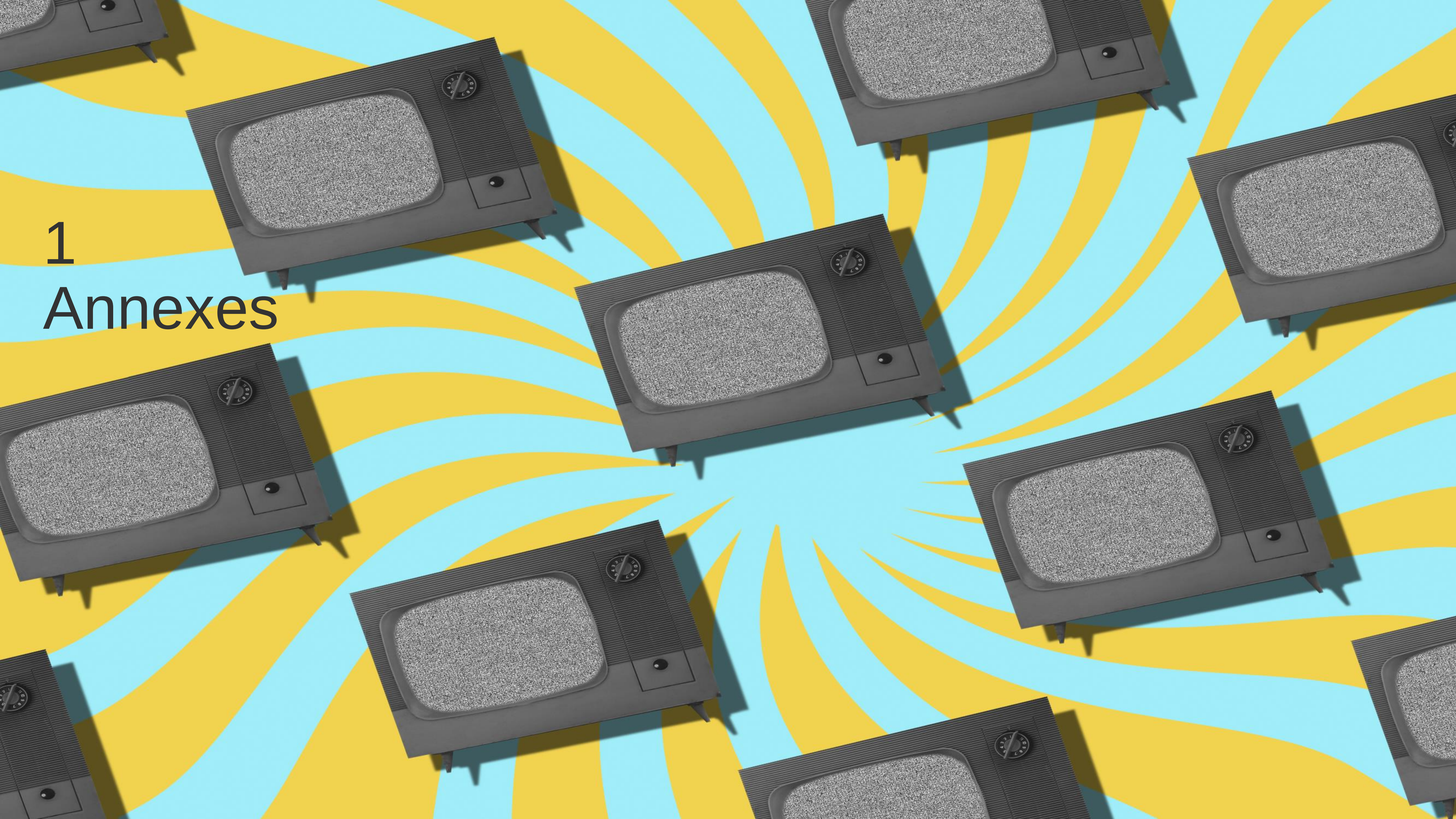
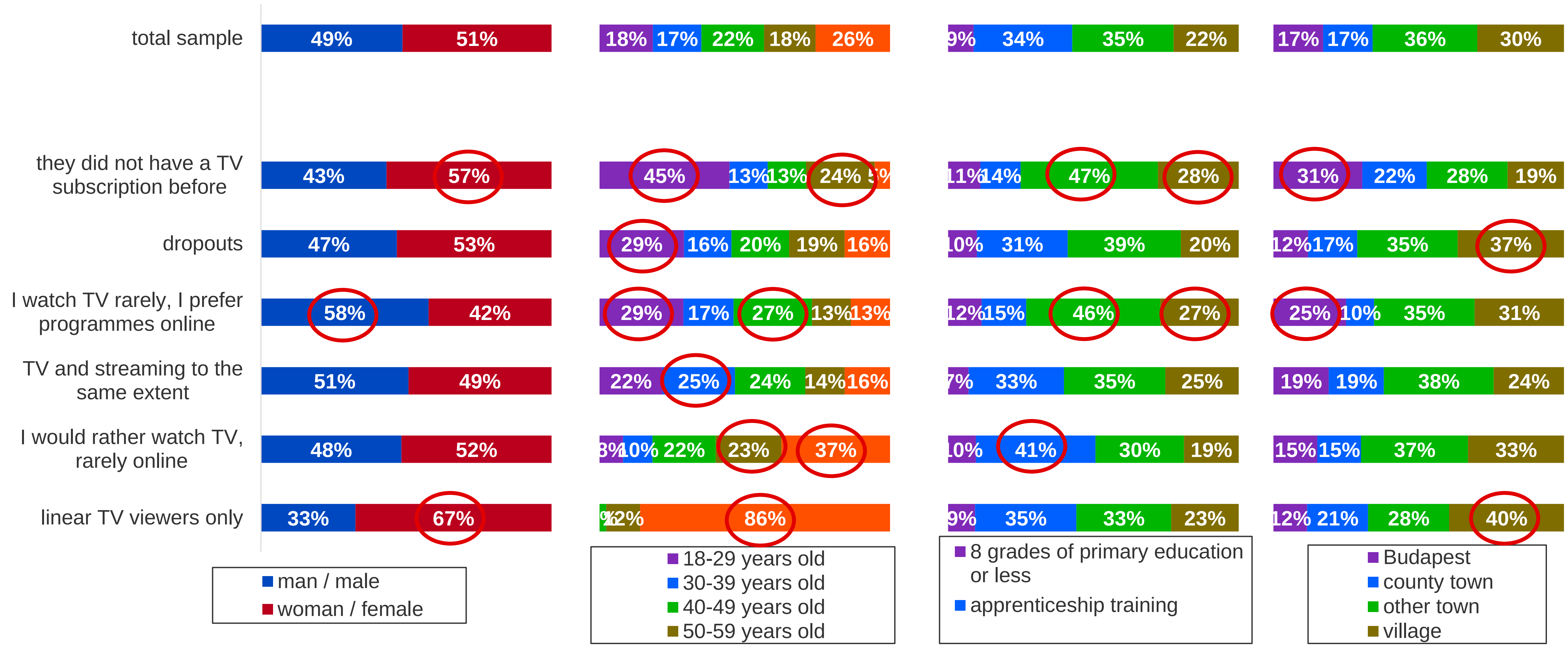
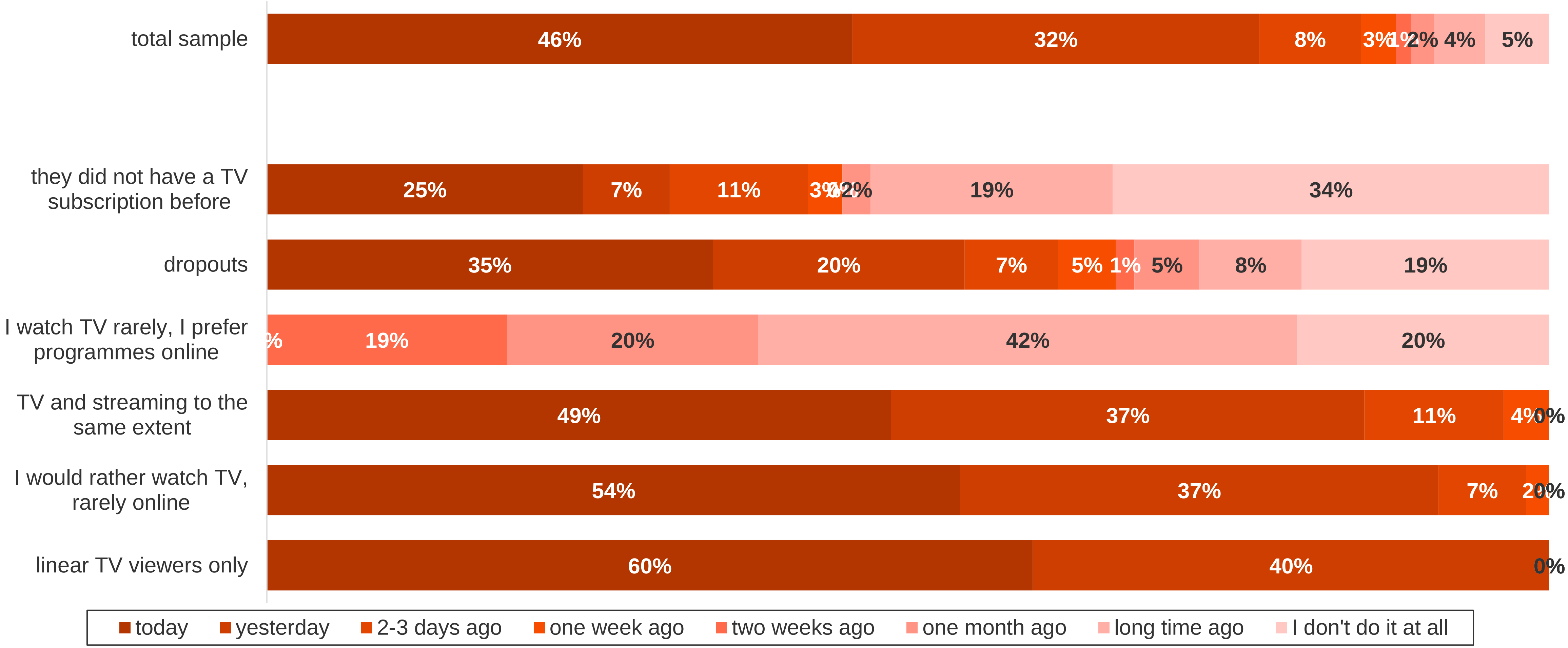
Annexes



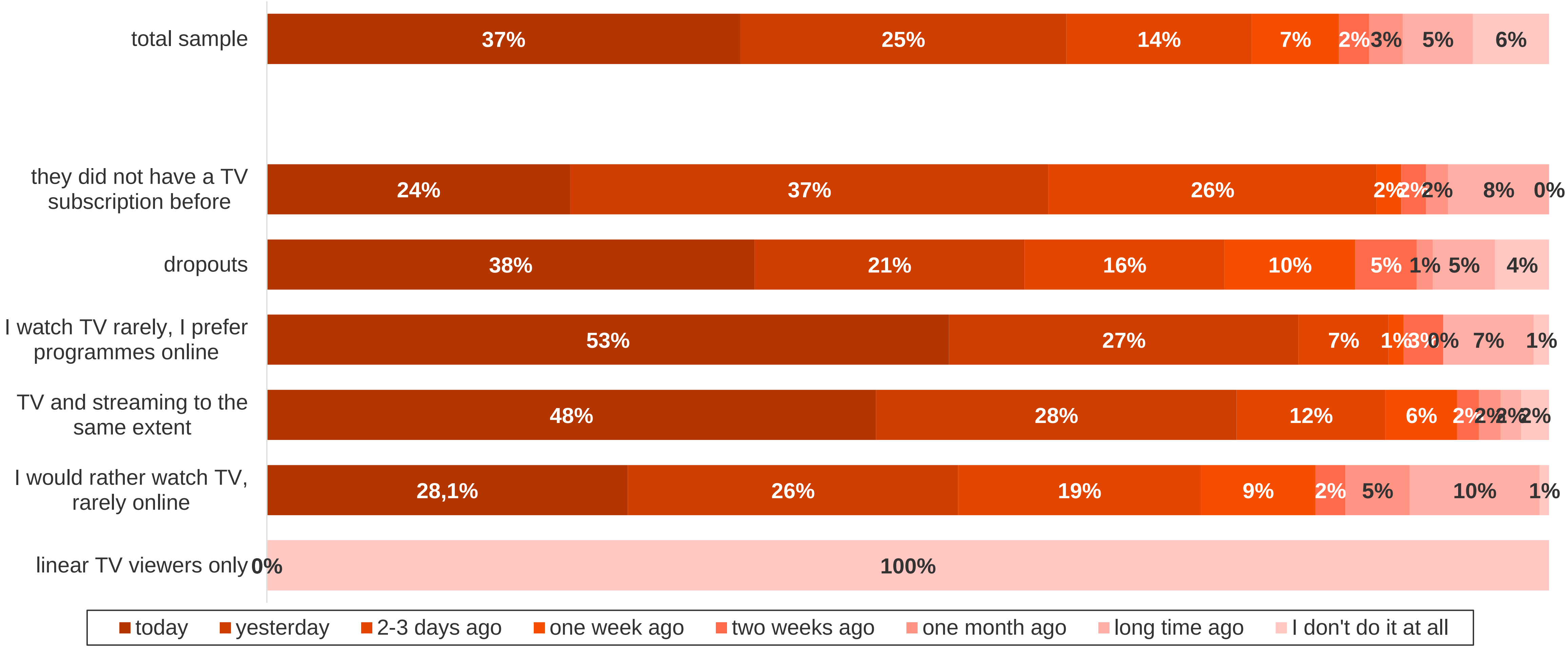
Socio-demographic characteristics of the segments



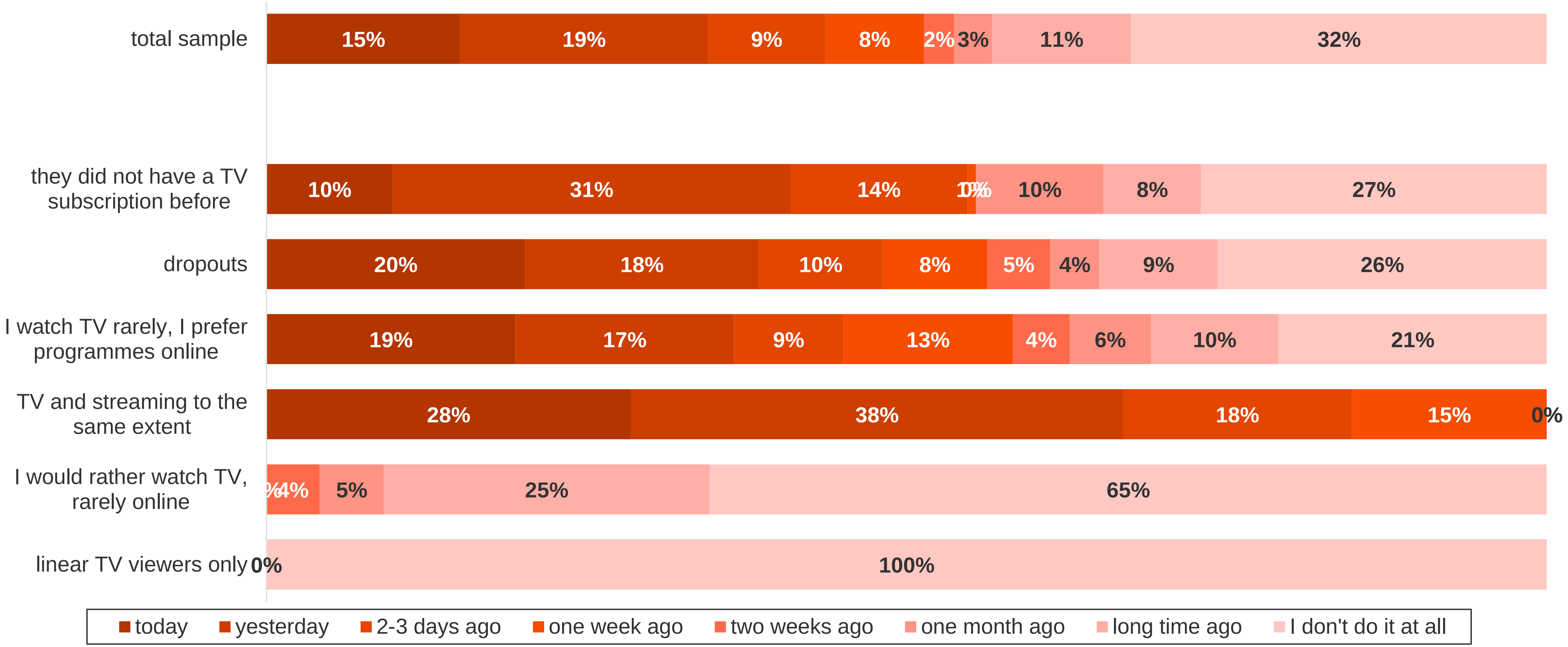
TV watching habits



Viewership of free online platforms

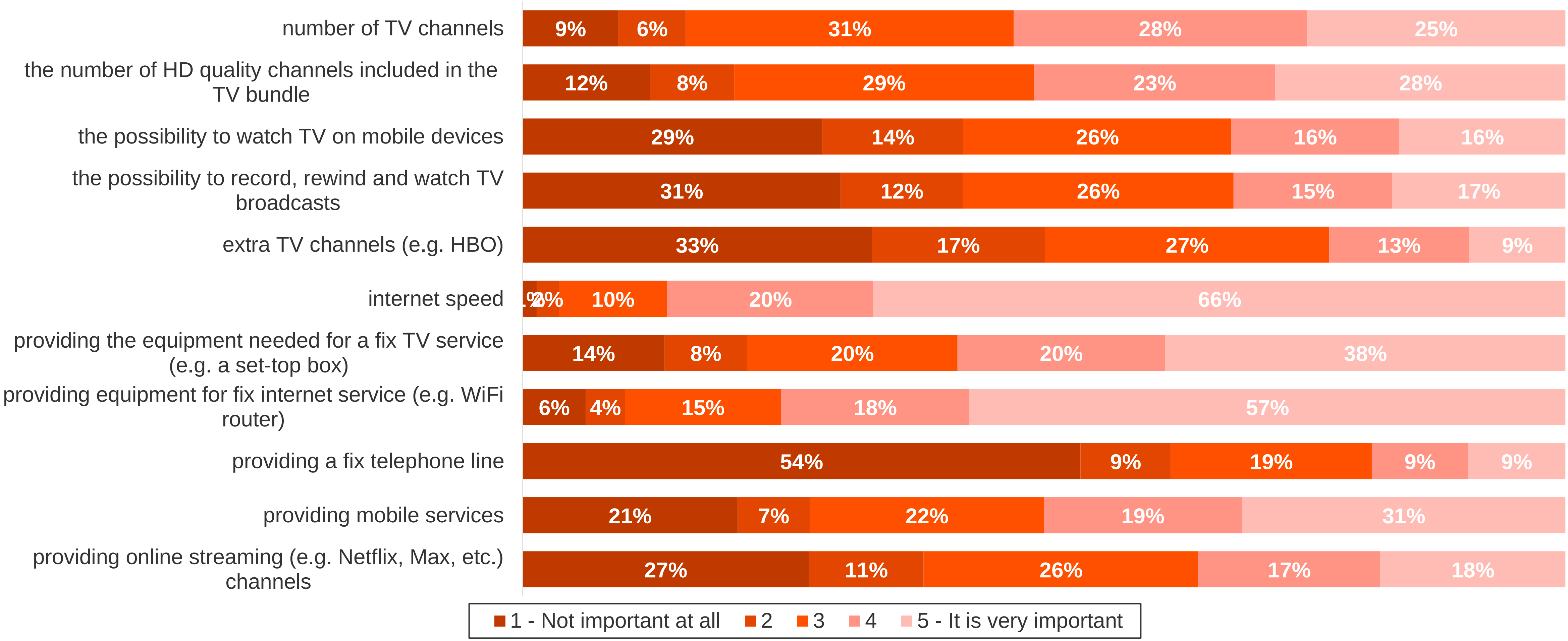


Viewership of online subscription services, streaming platforms

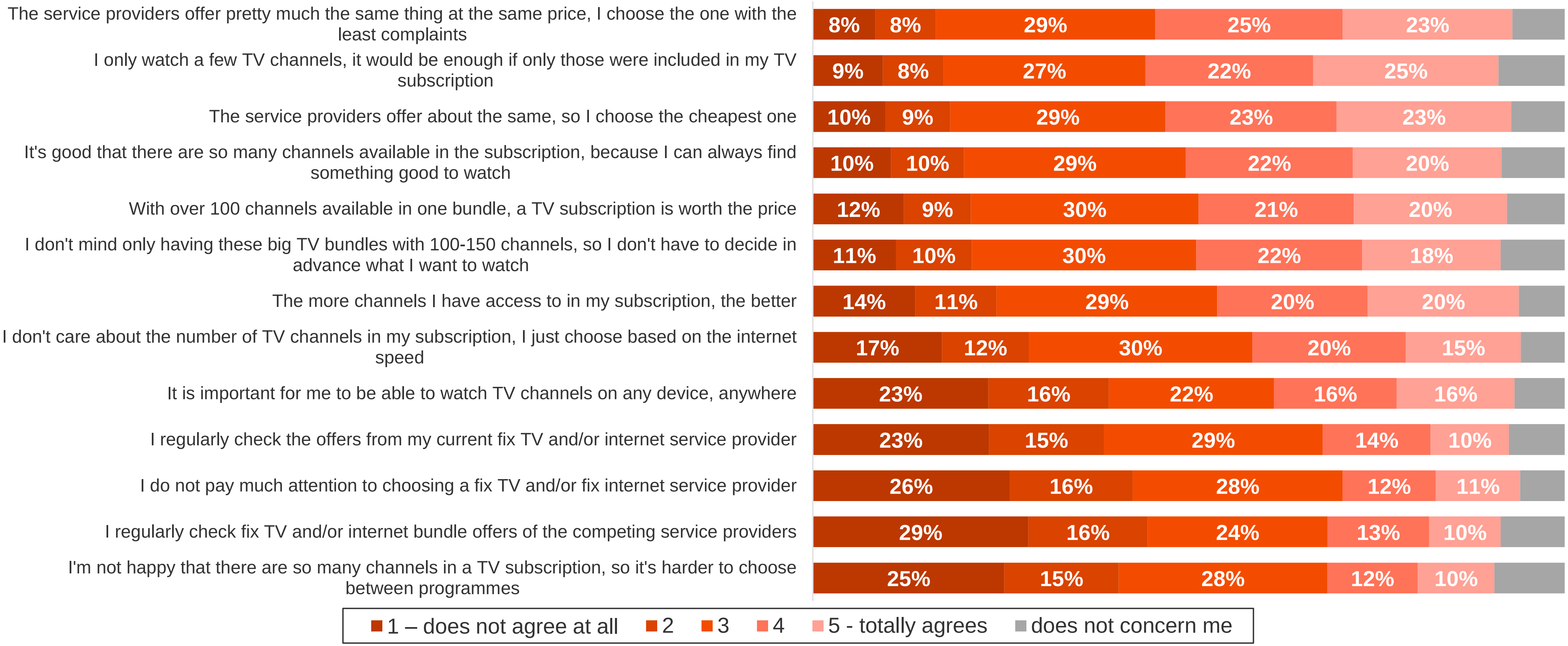


N=1000, total sample

Key factors when choosing a subscription bundle for fix services



Claims about fix subscriptions



Attitudes related to watching TV