

US Pay TV Suffers Historic Cord-Cutting

More than 6 million US households will cut cable this year

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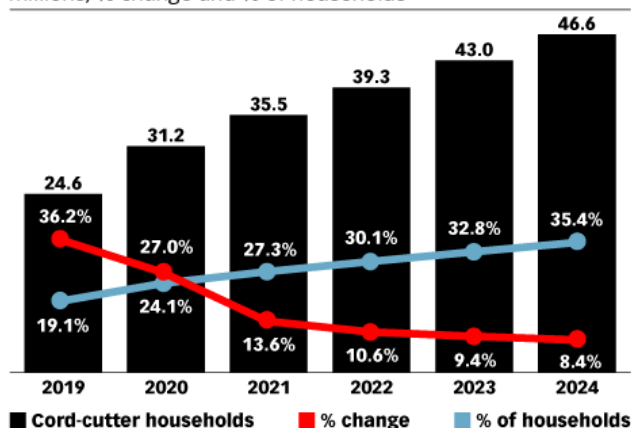
eMarketer Editors

While pandemic-driven lockdowns may have benefited certain forms of media, the traditional pay TV industry is not one of them. In fact, cable, satellite, and telecom TV providers will lose the most subscribers ever.

By the end of this year, 31.2 million US households will have cut the cable TV cord in aggregate. And 6.6 million households will cancel their pay TV subscriptions. By 2024, more than one-third of US households will have cut the pay TV cord.

US Cord-Cutter Households, 2019-2024

millions, % change and % of households



Note: pay TV households are those with a subscription to traditional pay TV services; excludes IPTV and pure-play online video services (e.g. Hulu, Netflix, YouTube, Sling TV, etc.); non-pay-TV households are those that have cancelled their subscription or have never had traditional pay TV services
Source: eMarketer, Sep 2020

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“Consumers are choosing to cut the cord because of high prices, especially compared with streaming alternatives,” said eMarketer forecasting analyst at Insider Intelligence Eric Haggstrom. “The loss of live sports in H1 2020 contributed to further declines. While sports have returned, people will not return to their old cable or satellite plans.”

That leaves 77.6 million US households with cable, satellite, or telecom TV packages, down 7.5% year-over-year, the biggest such drop ever. Furthermore, that total is down 22.8% from pay TV’s peak in 2014. By the end of 2024, fewer than half of US households will subscribe to a pay TV service.

“As pay TV subscriber losses accumulate, cable providers have been focusing on their internet services, which are more profitable and have benefited from the consumer shift to streaming video,” Haggstrom said.

TV Ad Spending in the US, 2013-2024

billions



2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

Note: includes broadcast (network, spot and syndication) and cable TV; excludes digital

Source: eMarketer, June 2020

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The loss of viewers is coupled with a major hit to traditional TV ad spending. Total spend will drop 15.0% this year to \$60.00 billion, the lowest the industry has seen since 2011. And while it will rebound some next year, TV ad spending will remain below pre-pandemic levels through at least 2024.

“While TV ad spending will rebound in 2021 with the broader economy, it will never return to pre-pandemic levels,” Haggstrom said. “Given trends in cord-cutting, audience erosion, and growth in streaming video, more ad dollars will shift from TV to digital video in the future.”