Rapid declines for multichannel subscriptions persist in second quarter

COVID-19 negatives outweigh potential upside with home-bound viewers

NEW YORK, Aug. 14, 2020 /PRNewswire/ -- The pace of cord cutting in the U.S. did not significantly accelerate with the full impact of COVID-19 in the second quarter, according to Kagan, the media research group within S&P Global Market Intelligence. However, a loss of 2.2 million traditional multichannel customers in the quarter contributed to a decline of more than 4.2 million subscriptions in the first half of 2020.

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U.S. operators, facing the absence of live sporting events and the economic fallout of the pandemic, did not see an uptick in interest amid intensifying streaming competition. In its quarterly U.S. Multichannel Subscriber Report released today, Kagan estimates subscriptions to traditional cable, direct broadcast satellite (DBS) and telecommunications (telco) video services notched an annual decline of 8.9% in the second quarter.

The virtual services, which rely on unmanaged broadband delivery, returned to a pattern of quarterly growth with estimated net adds of more than 850,000. Combined, the traditional and virtual categories, contracted by 1.3 million in the second quarter.

Additional takeaways from Kagan's Q2 U.S. Multichannel Subscriber report:

- Total residential customers with a traditional or virtual multichannel subscription dipped to **87.1** million at the end of the second quarter.
- The penetration of traditional multichannel services fell to less than 60% of occupied households while the combined penetration of traditional and virtual packages slipped to **67.3**%.
- The satellite segment led the way for cord cutting in the second quarter. The platform, fuelled by declines at DIRECTV and parent AT&T's transition to its broadband delivered AT&T TV, fell by an estimated 1.1 million subscriptions.

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