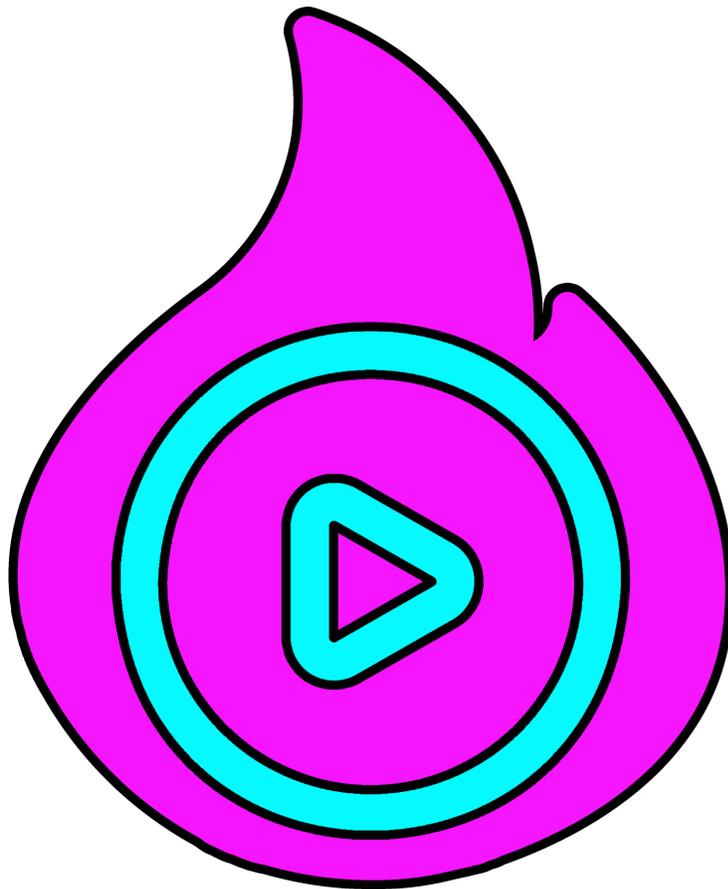


# 2023: MEDIA'S YEAR OF LIVING DANGEROUSLY

*WHY 93% OF YOUR MEDIA SUBSCRIBERS ARE AT RISK*

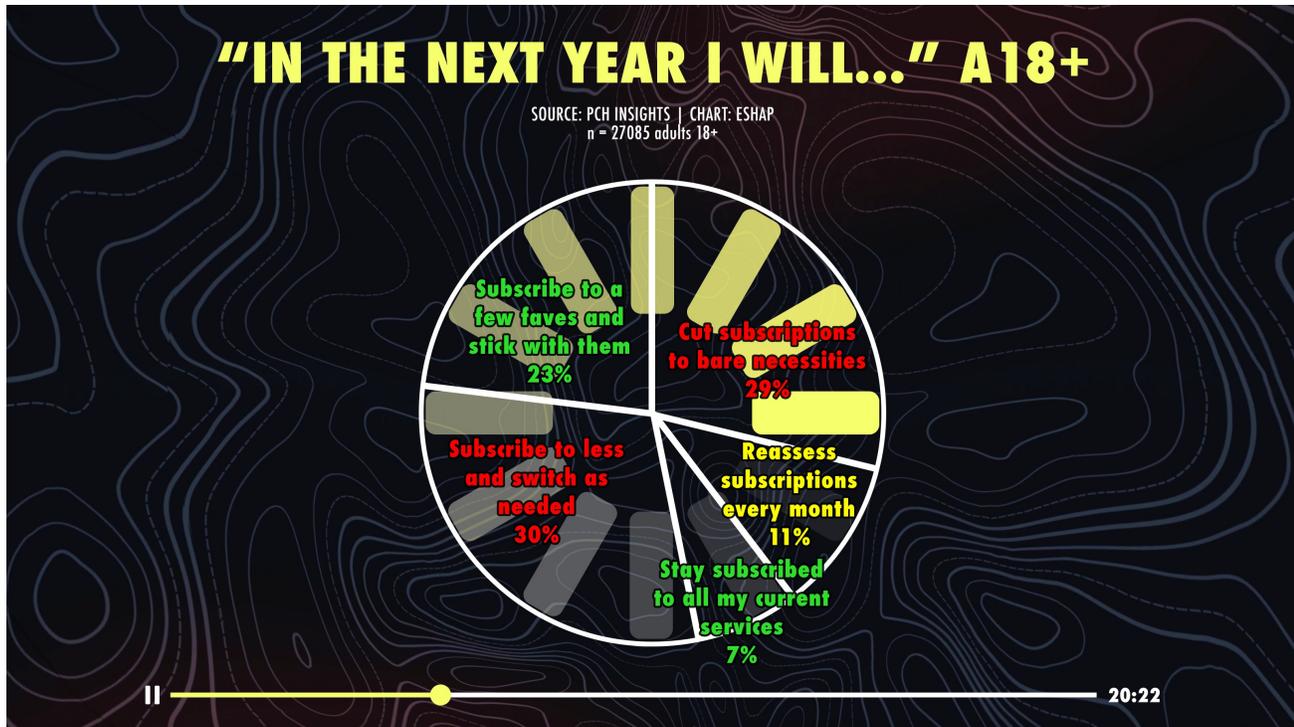


**A STUDY OF AMERICAN MEDIA CONSUMERS**  
BY PUBLISHERS CLEARING HOUSE & EVAN SHAPIRO

BASED ON DATA FROM 27,085 US ADULTS 18+

# 2023: MEDIA'S YEAR OF LIVING DANGEROUSLY

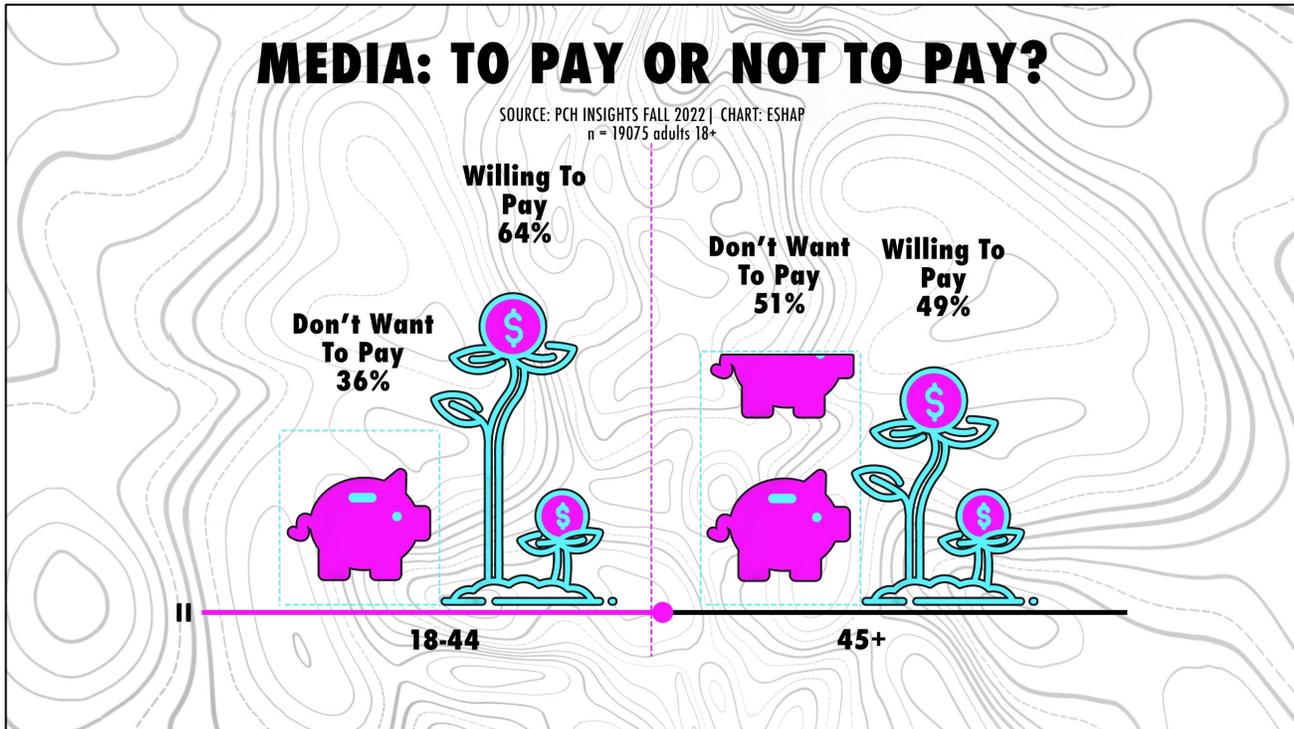
WHY 93% OF YOUR MEDIA SUBSCRIBERS ARE AT RISK



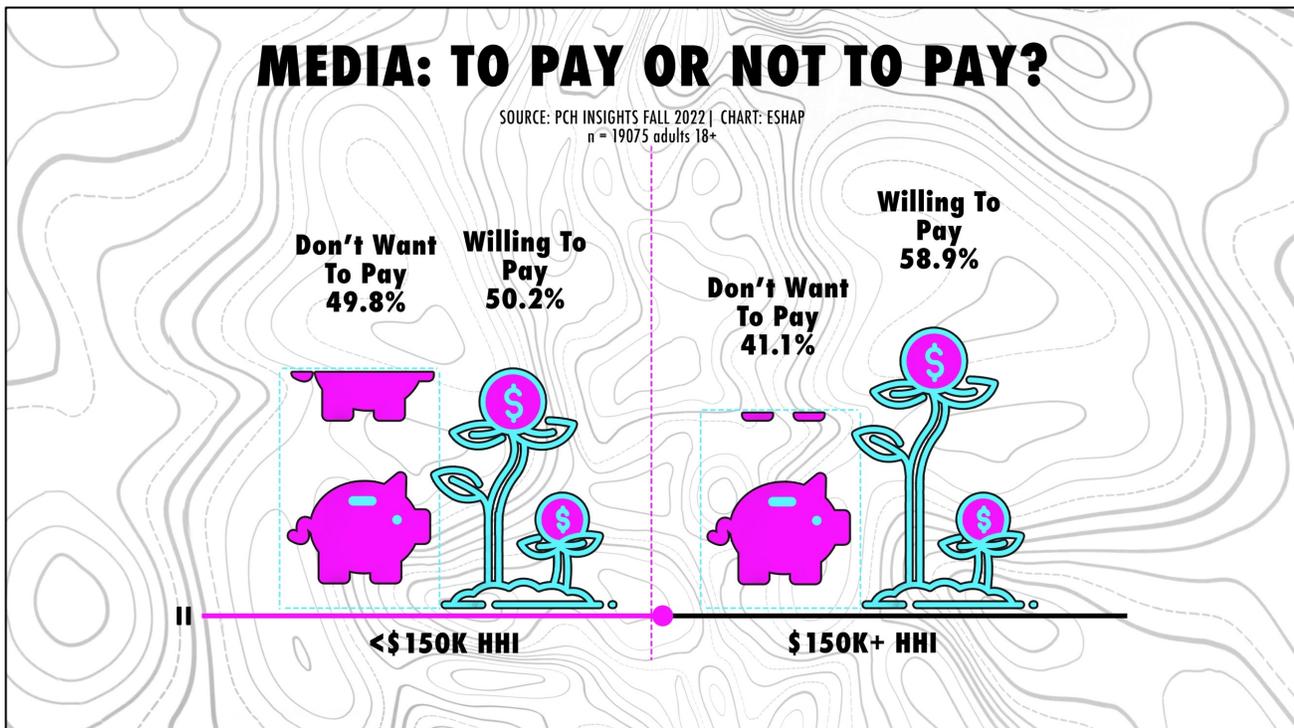
In 3Q and 4Q of 2022, ESHAP and PCH Consumer insights fielded two surveys of American Media consumers, to assess their mindset as we enter 2023 and a new era of Media economics. Our first study, The Mind of The Modern Subscriber (released in September), showed the complex set of levers consumers use when choosing whether (or not) to pay for their most important Media, from the smorgasbord of content at their fingertips.

The data revealed that American Media users (especially younger consumers) are quite willing to pay - for the Media they value most.

## BY AGE



## BY HOUSEHOLD INCOME (HHI)



We asked the consumers about *all* Media – Audio, TV, Sports, News, and Gaming. Predictably, the more income a household has, the more willing they are to pay for their entertainment Media. But still, for HHs making less than \$35K, 48% of consumers are willing to pay for their must-have Media.

For younger consumers, must-have media is Gaming and Music. For older (and wealthier) HHs, paying for Sports was a clear priority. However, perhaps the single clearest takeaway was that American consumers are now actively curating their must-have entertainment playlists by freely mixing free, paid, and freemium.

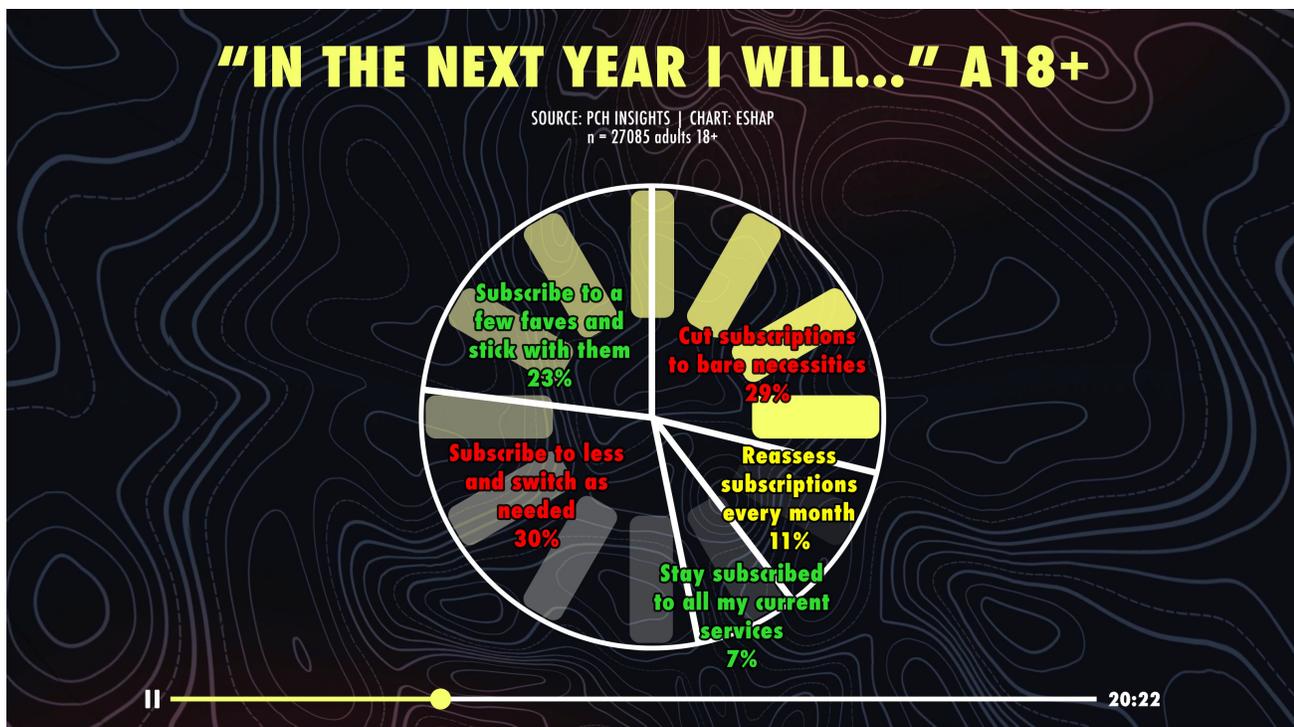
As we prepped our second study, the Media industry got pulled into a chaotic maelstrom – Disney+ and Netflix added ads, Spotify Subs plateaued, Amazon added Thursday Night Football, Disney fired their CEO, Gaming revenues dropped, and across the ecosystem, churn became the existential threat. As we enter 2023, Lifetime Value and Revenue Per User have overtaken Total Subs as the metrics that matter most.

Major Media platforms across all sectors are repackaging their offers, repricing plans, and remodeling models, to maximize ARPU, keep Subs subscribed, and prioritize profit over pure scale.

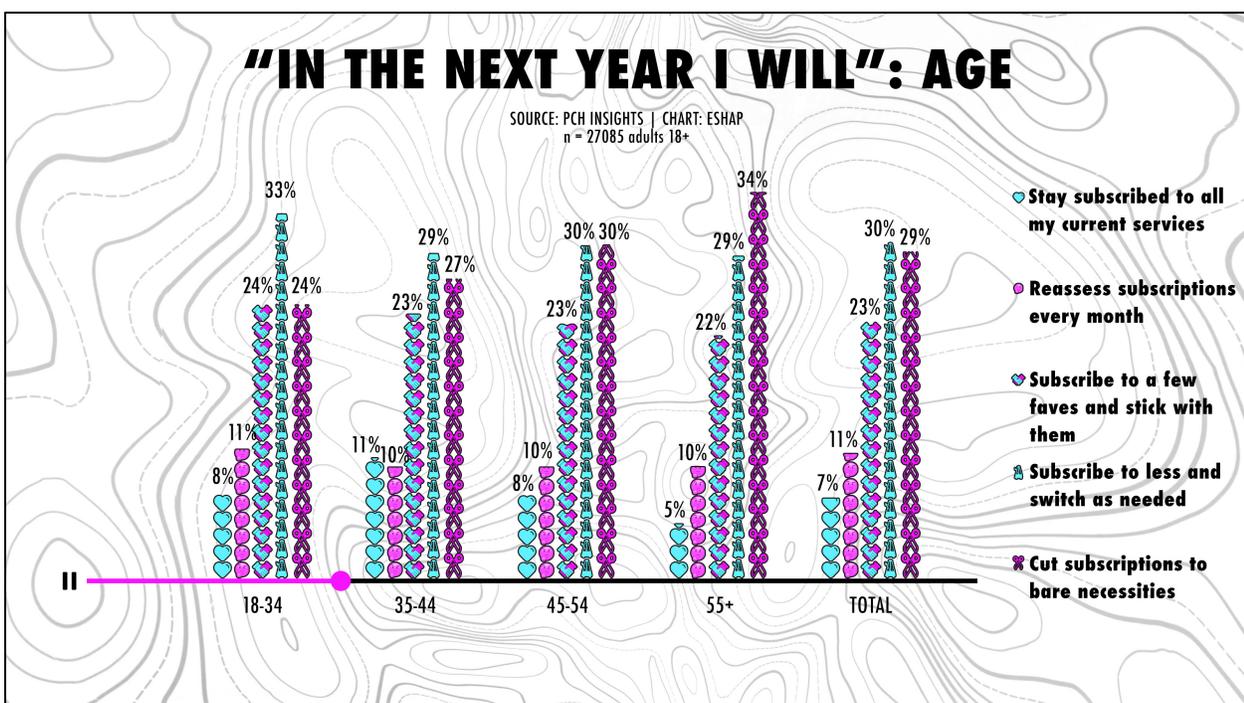
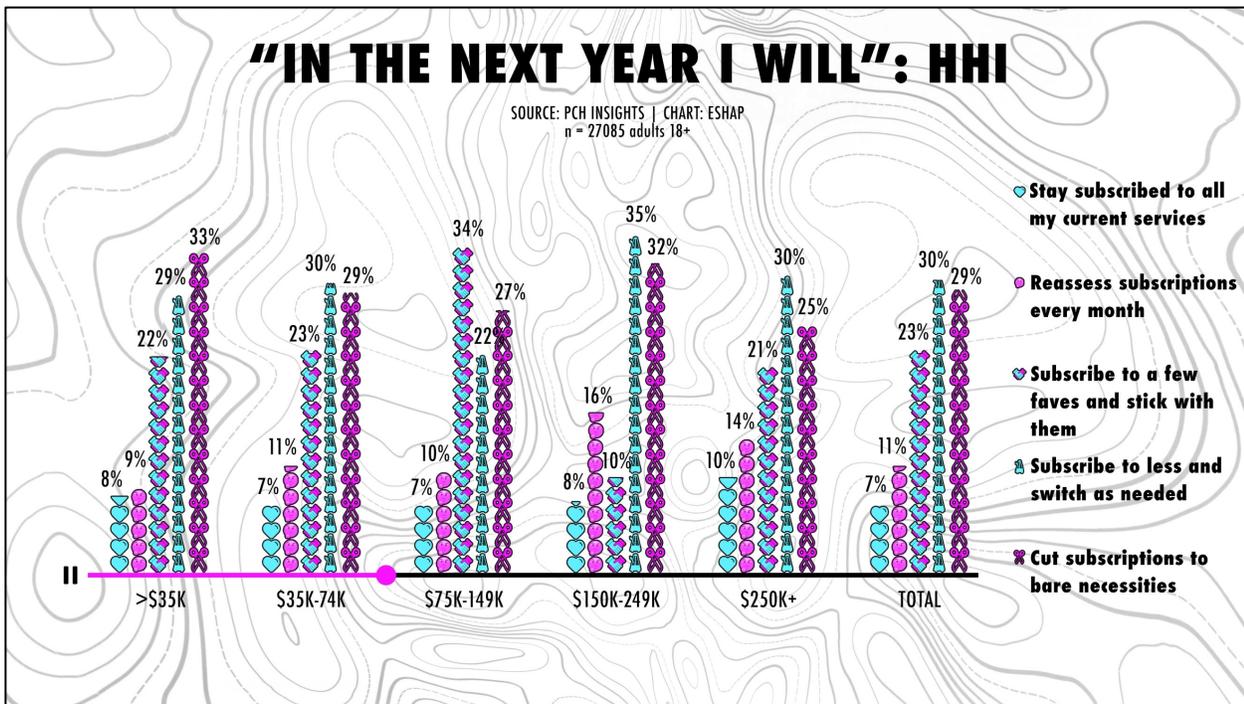
So, as we interviewed the 27,000+ respondents from the PCH Audience, we chose to focus on what matters most to Media in the year ahead:

- 1. What will consumers do with their Media in the Year Ahead? (Stay, cancel, go all free, go all paid, mix it up?)**
- 2. How will consumers make content choices? (Cost? Ads? Specific content?)**

There are many takeaways. But, as we compiled the data, across demos and income, content preferences and price-sensitivities (as the start of this paper gave away), one big headline jumped out: 93% OF MEDIA SUBS ARE AT RISK, EVERY MONTH.



Of the 27,000+ American consumers who answered our questions, just 7% intend to stay subscribed to their current Media services. Seven percent. This is not an age thing, or even an income thing. Across life stages and HHIs, Media consumers are now changing their Media diets freely, and often...



Even among the most steadfast Subscribers – Adults 35-44 and homes with \$250K HHI – only 1 in 10 say they intend to stand pat with their current entertainment subscriptions this year.

Conversely, 30% of all consumers – across all Media – say they intend to “cut back to the bare necessities,” in the coming year. And while HHs with under \$35K HHI top that category, the group next mostly likely to cut back to the minimum are homes with \$150-249K HHI, who are also the most likely to “subscribe to less and switch as needed.”

While 1 in 4 Media consumers do say they will “Subscribe to a few favorites, and stick with them,” that gets whittled away by “reassessing monthly,” “switching as needed,” and “cutting back to the necessities,” leaving just 7% of Media Subscribers in the safe zone.

**TO BE CLEAR:  
THIS DOES NOT MEAN THAT 93%  
OF SUBSCRIBERS WILL CANCEL EACH MONTH.**

**TO BE CLEARER:  
IT DOES MEAN THAT 93% OF  
MEDIA SUBSCRIBERS WILL THINK ABOUT  
CANCELING, EVERY MONTH.**

Interestingly, the arrival of cheaper, ad-supported tiers on premium platforms, combined with the recent rise of FREE services, seems to have complicated and accelerated the *nomading* of Media Subs.

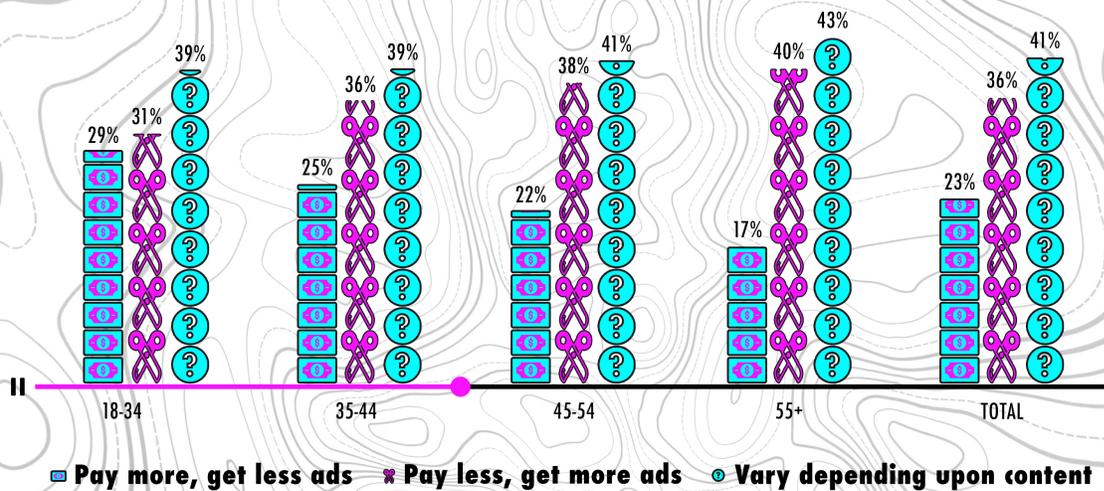


1 in 4 consumers now plan to “pay more to get fewer ads” in 2023, while more than a third say they will downgrade their Subscriptions to “pay less and get more ads.”

Yet 41% indicate they will “vary their payment preferences, depending on the content they want to watch.” And when you dig into the demographics to study the relationships between consumers and content...

## "IN THE NEXT YEAR I WILL": (AGE)

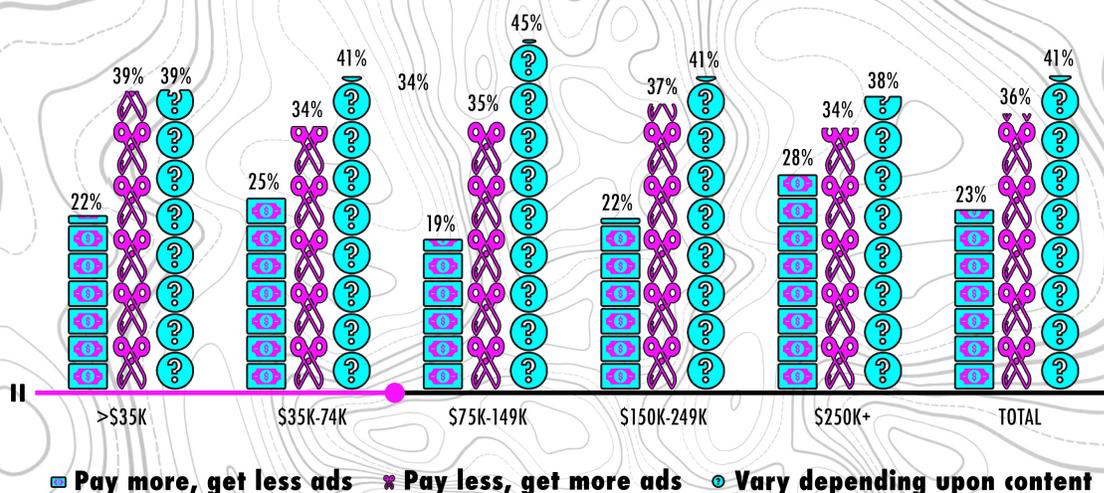
SOURCE: PCH INSIGHTS | CHART: ESHAP  
n = 27085 adults 18+



As with our first study, younger consumers are the most likely to pay for content. We have trained our three youngest generations that must-have Media is worth paying for.

## "IN THE NEXT YEAR I WILL": HHI

SOURCE: PCH INSIGHTS | CHART: ESHAP  
n = 27085 adults 18+

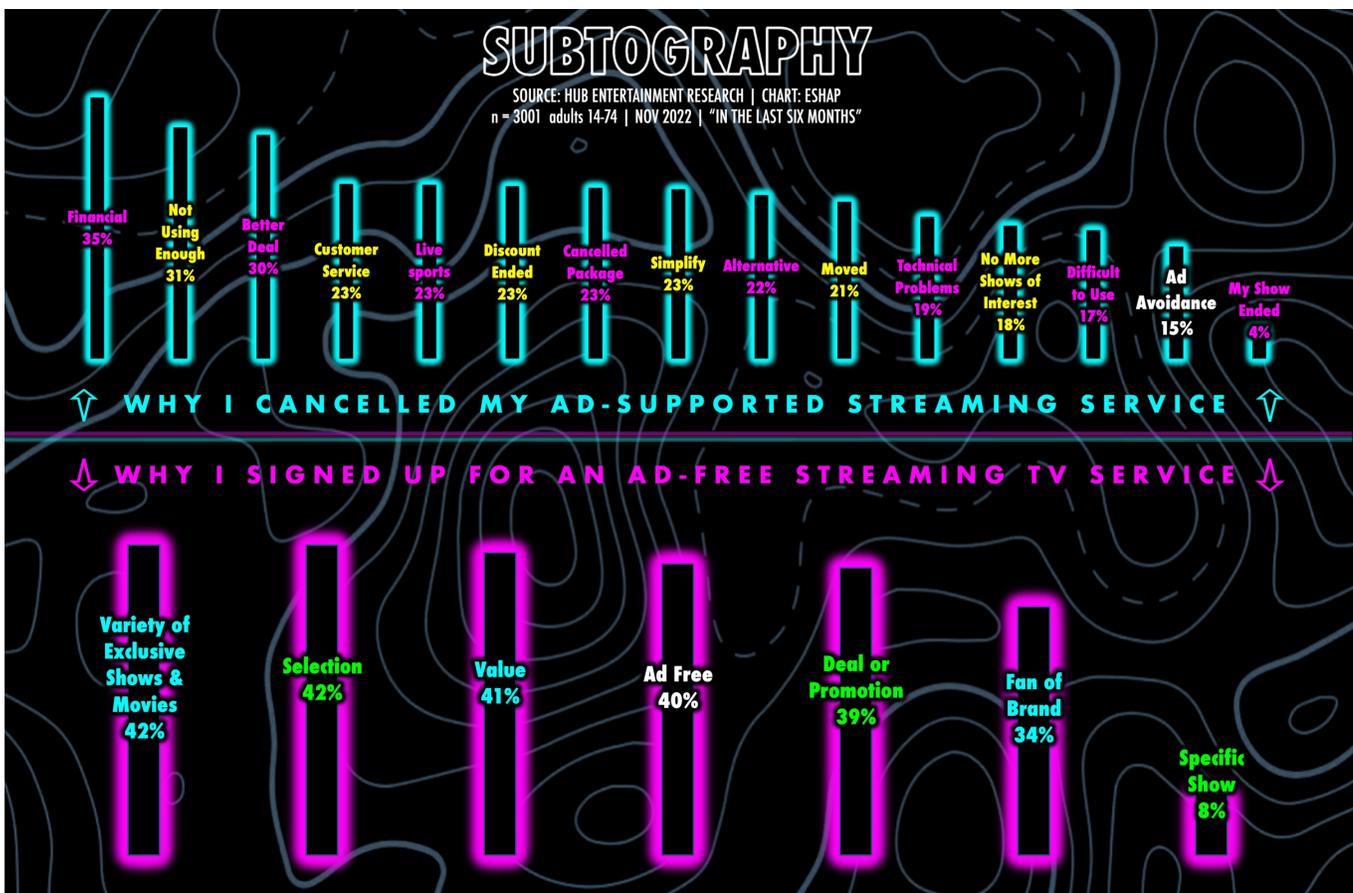


Once again, the lowest income HHs are those least likely to pay more, and most likely to look for savings.

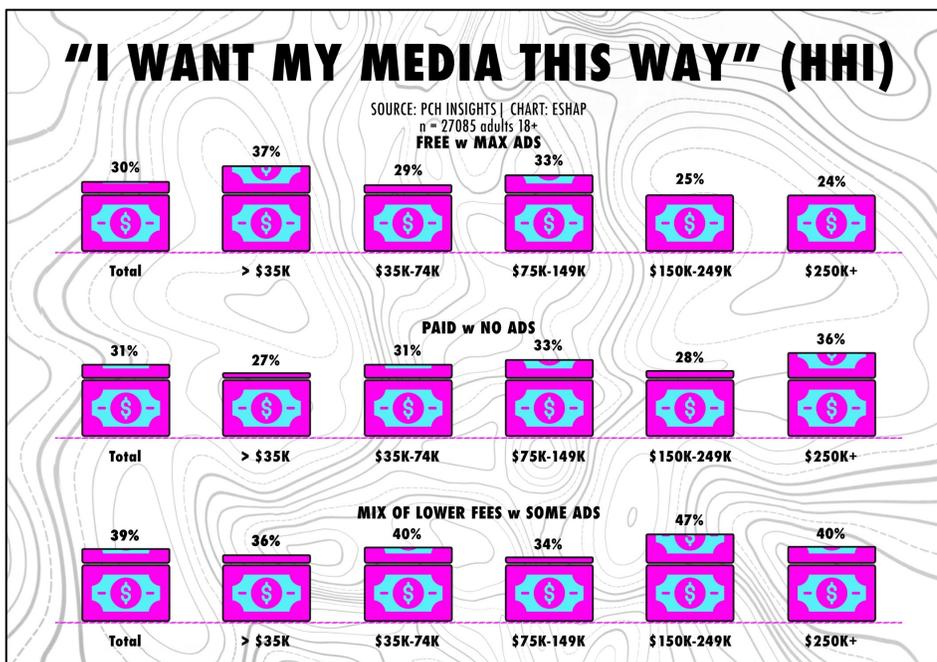
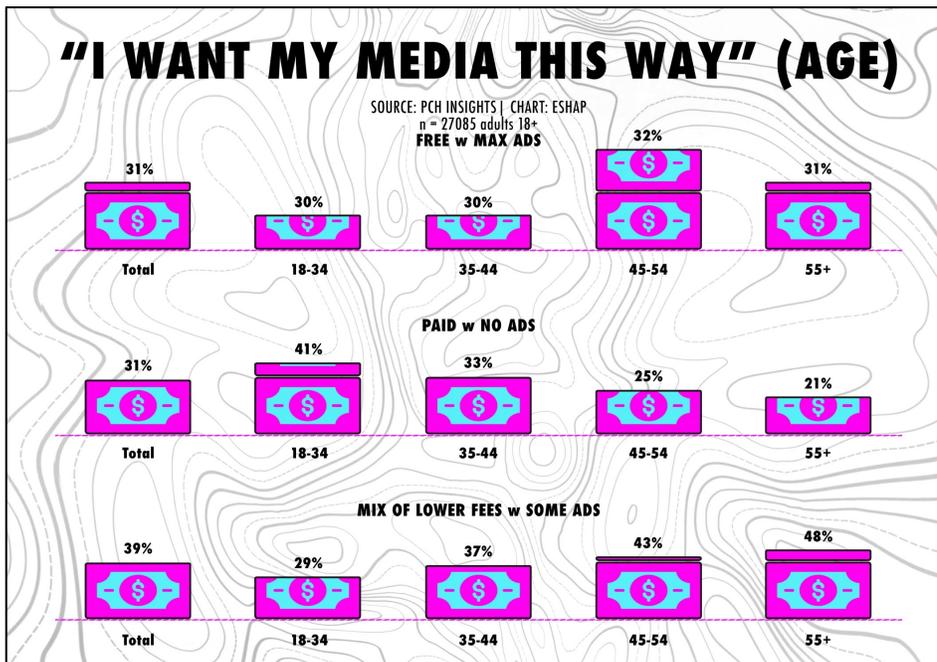
Yet, households with \$75K-249K are almost as likely to downgrade tiers and save, and (even more importantly) the most likely to switch tiers and platforms freely, depending on what Media they most want.

Interestingly, our data shows that ads are not truly a determining factor in subscription; but rather a combination of cost, value, and content truly drive Subscriber behavior.

This is reinforced by recent data from Hub Research, who this fall asked 3001 consumers for the reasons they signed up or canceled an SVOD service in the last six months...



When asked why consumers canceled ad-supported streaming services, the top three reasons pertain to cost or value. Avoiding ads was second least mentioned. When asked why consumers chose ad-free options, 40% mentioned it being ad-free, yet 84% said the selection of content was the main motivation, while 41% said value. When we asked 27,000 consumers how they prefer Media, with/without ads, or a mix of both, complications continued.



When it comes to FREE with ads or PAID without, more American consumers now prefer “**YES, AND**” over either ad-free or pure-free. Once again, the younger and wealthier Media users are those most likely to pay more. Yet, these same groups are the most likely to “subscribe to less and switch as needed.” So, while many Media Subs are willing to pay more for premium services, the impulses are not permanent.

**MEDIA CONSUMERS MOST WILLING TO PAY  
A PREMIUM TO AVOID ADS ARE ALSO  
THE MOST LIKELY TO CANCEL AND SWAP  
SUBSCRIPTIONS MONTH TO MONTH.**

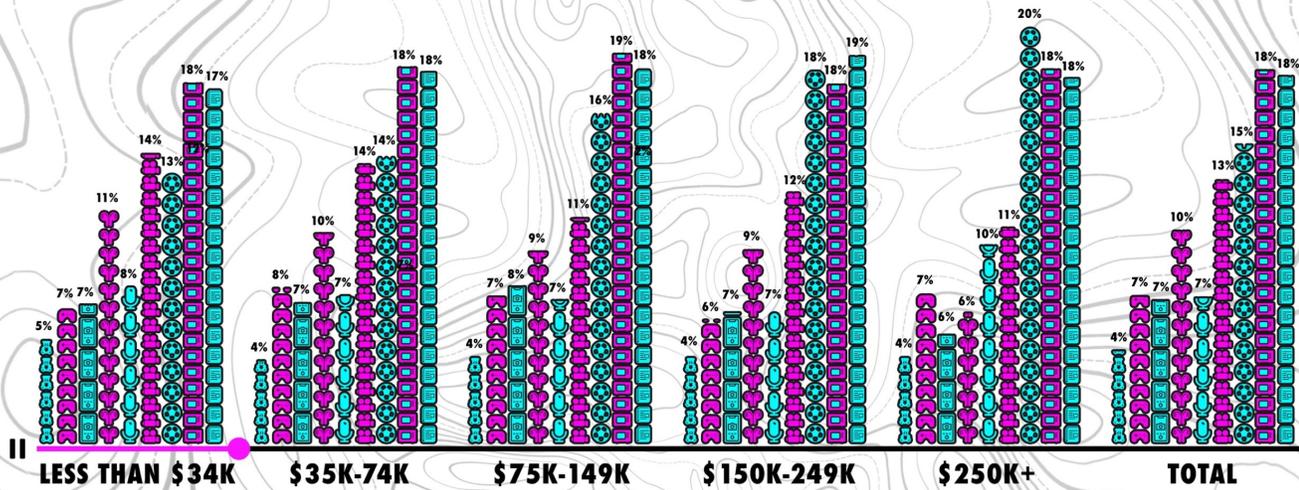
As you can see above, 30% say they’ll “subscribe to less and switch as needed,” and 11% say they intend to “reassess subscriptions every month.” This perfectly matches the 41% who report they will “vary their payment and ad preferences depending on content.”

Over the last three years, American consumers have signed up for A LOT of new subscriptions. Tens of millions tried several new services – with younger and richer users signing up and paying for more than most. That time is now over. With the world reopening and the economic climate chilling, consumers across the spectrum are cutting back, big time, and becoming far more discriminating and diligent in how they manage their Media costs, timed to the monthly billing cycles.

# "I AM MOST COMFORTABLE w ADS IN..." (HHI)

SOURCE: PCH INSIGHTS | CHART: ESHAP  
n = 27085 adults 18+

■ Kids 
 ■ Gaming 
 ■ Short form Video 
 ■ Music 
 ■ Podcasts 
 ■ Movies 
 ■ Sports 
 ■ TV Series 
 ■ News

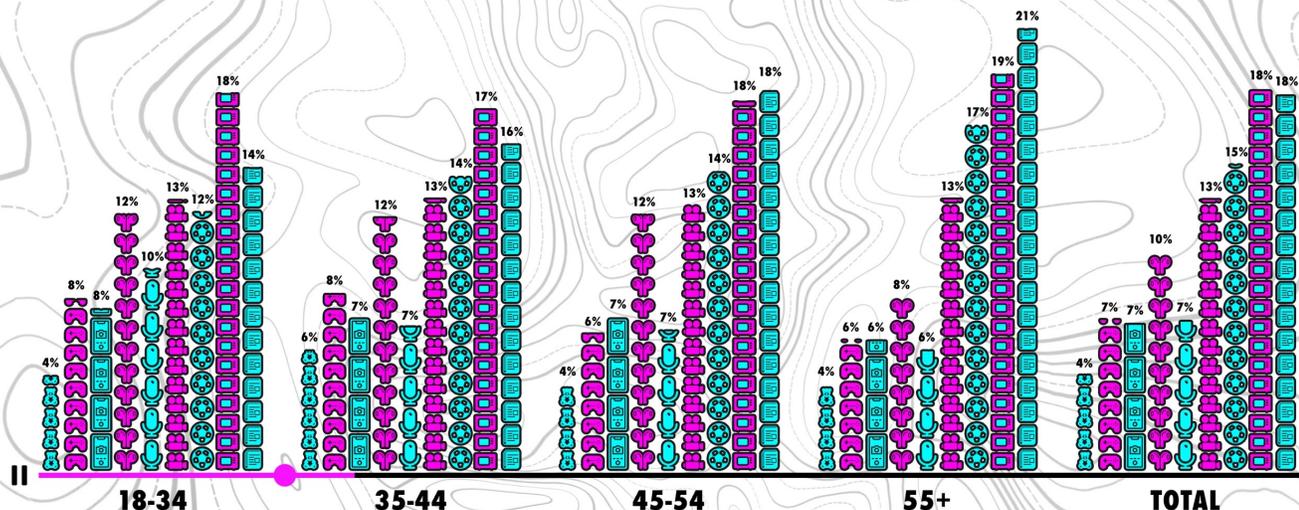


Perhaps unsurprisingly, across the board, consumers feel uncomfortable with ads in Kids programming. From there, ad-tolerance in particular Media is relatively consistent across incomes, with much wider variation by generation.

# "I AM MOST COMFORTABLE w ADS IN..." (AGE)

SOURCE: PCH INSIGHTS | CHART: ESHAP  
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The *Spotification* of modern Media consumers has resulted in 50% higher ad-acceptance in Music among younger demos than those over 55. Gens Z and Y have grown accustomed to ads in their Music streaming, evidenced by free ad-supported Spotify members outnumbering paid Subs by more than 2 to 1.

This also helps explain why older and wealthier Subscribers (who tend to be ad-free Apple Music, Amazon Music, or Sirius Subscribers) take greater issue with ads in their Music. Intriguingly, tolerance for ads in Podcasting, which is almost exclusively ad-supported and often features ads read by the shows' hosts, is far lower in all segments than in Music.

On the other hand, comfort with ads in TV series and Movies is comparably high and (with the rise of FAST and AVOD; and the addition of ad tiers on premium SVOD platforms) increasing. Among generations who came of age with Netflix, Adults 18-44, there is more acceptance of ads in TV series than for any other genre; and among older demos that ad tolerance in TV shows goes up – making TV series the second most comfortable ad environment.

All generations are even more tolerant of ads in Movies than they are in Short Form Video, fascinating given that Short Form content is far more available for free, and ad-supported, than any other method, and Movies are now readily available on numerous premium platforms uncensored and ad-free.

**THIS IS KEY.** Contrary to the conventional wisdom of the streaming era, consumers do not mind ads per se. Rather, the Modern Media Subscribers will readily watch ads, even inside premium TV shows and Movies, even if they *must* pay, but they will make these Subscription calculations based on the best user experience for the content they want to consume, at the cost they feel gives them the greatest value.

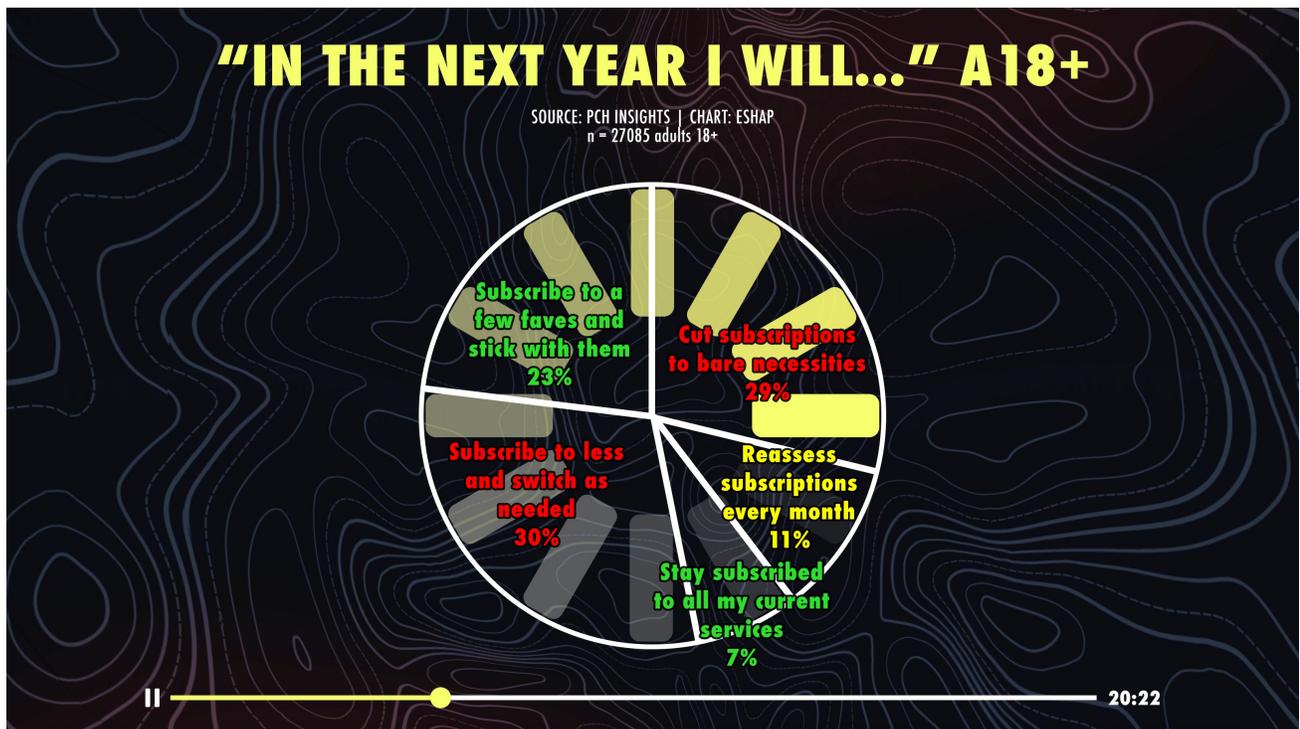
News gets the biggest clearance from consumers for ad insertion. There appears to be a widely held expectation that News is free, and therefore contains ads. However, something about the user experience makes News more acceptable to consumers for ads than other forms of consistently free ad-supported content, such as Podcasts and Short Form Video. This likely is correlated to a combination of ad-load and experience. Podcasts tend to have substantial chunks of ads in two or three breaks during an hour-long show, with many pretty-long ads strung together in a row.

While it's possible to fast-forward through the ads, that makes for a relatively disruptive experience, given how immersive Podcasts are otherwise. Short Form Videos often start with ads, which the user cannot fast forward, and are sometimes longer than the video they actually came to see. On TV and in Audio, quite often News consumers get a self-contained story in exchange for one ad or ad break, allowing them to change channels or multi-task on a second screen.

We should note not all News is recorded, much is written and read. The data seems to be quite encouraging for platforms like The New York Times, which offer an array of News Media, but have had to rely far more heavily on subscription in the last few years.

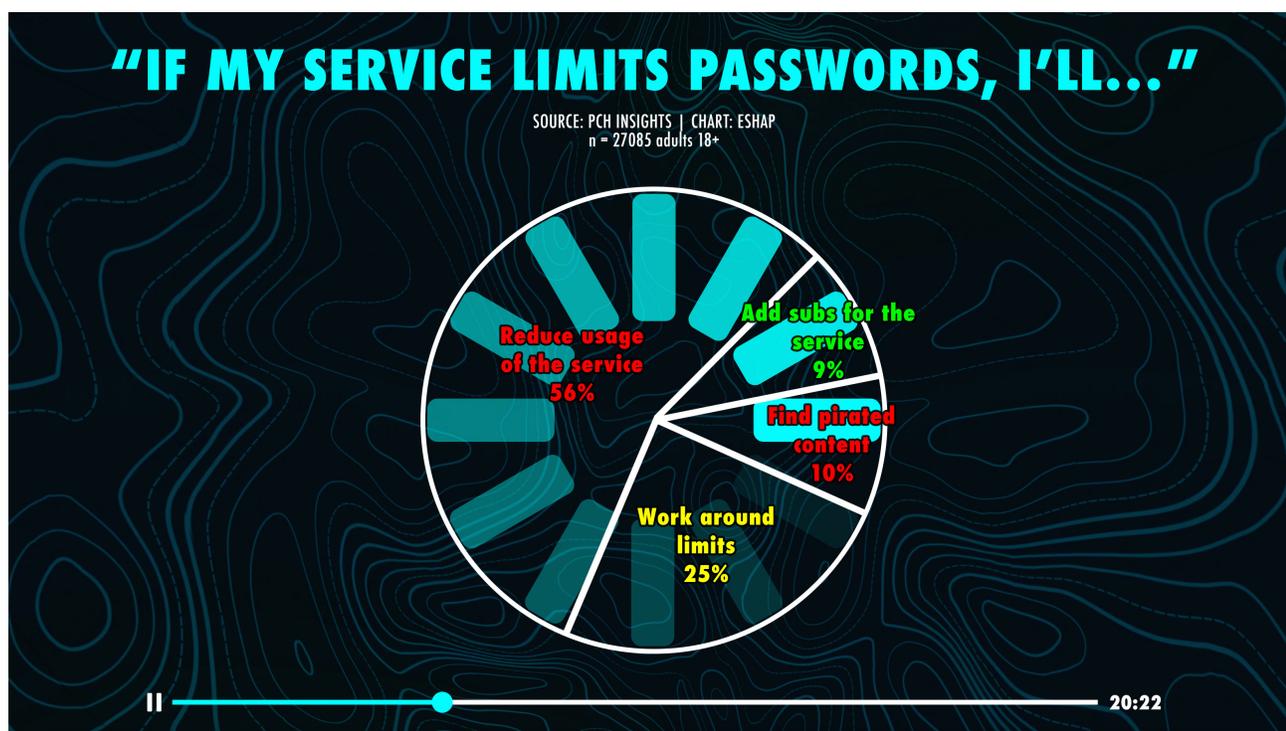
As these News services look to expand offerings and grow revenues, they seem to have great leeway to introduce even more advertising to their mix.

Having popular TV series and Movies will be important to premium, and free, streaming TV platforms. But services who think they can live by hits alone, need to remember...



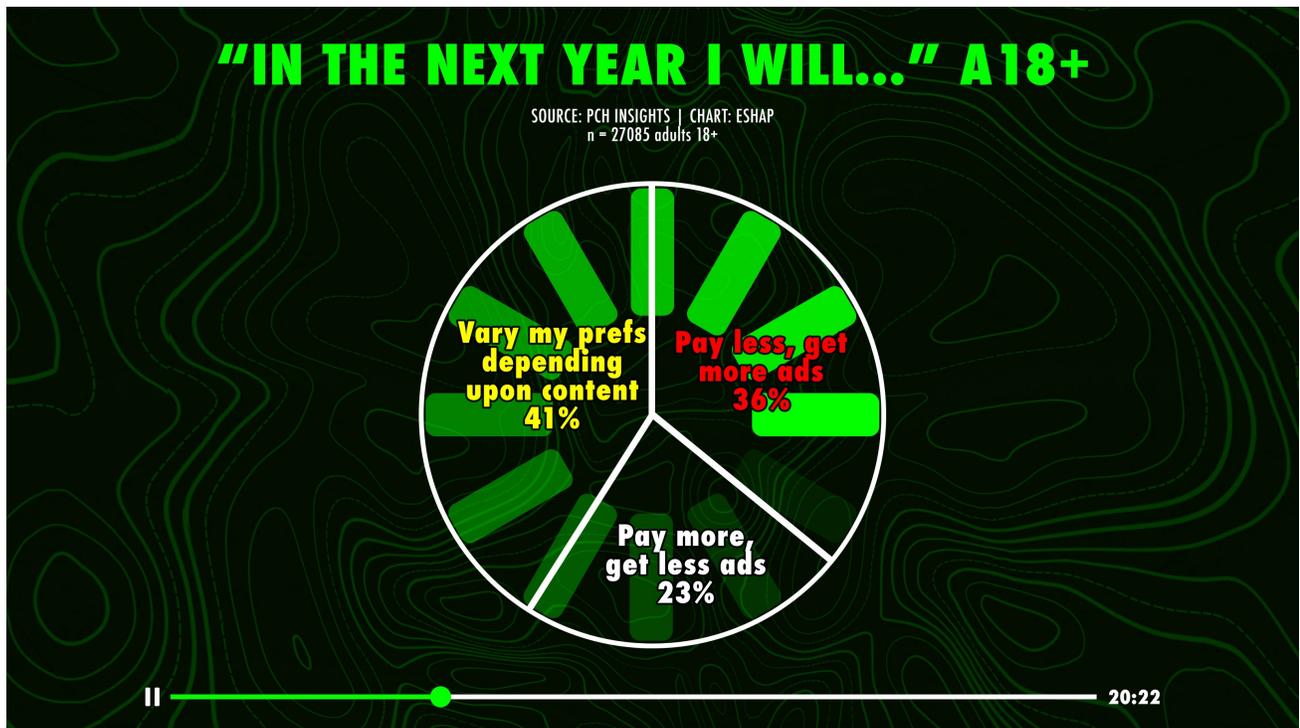
Just 7% of Subscribers intend to stick with the subscriptions they have right now. 41% will vary their preferences monthly, and/or switch services as they feel the need. That is the main tenet of the **YES, AND** mindset. It requires platform purveyors to offer their users strong reasons to stay, each month, to keep both the subscription and ad dollars flowing.

And lest you think you can counter churn by forcing password sharing friends and families to all sign up for their own accounts...



Think again. Just 9% say they will sign up for more subscriptions due to sharing limits. A whopping 56% say they would reduce usage (aka cancel) for services to crack down on password sharing. 91% say they will do something other than keep using/paying for the service.

The data shows numerous challenges facing the varied combatants in the next round of the Streaming Wars, across all sectors of the Media Economy. Consumers' relationships with their streaming services are complex, but in the end, not so complicated.



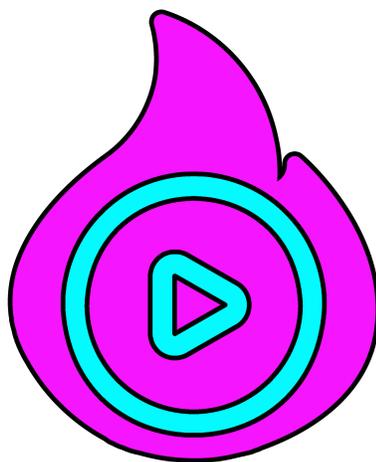
They will pay to avoid ads; and watch ads to pay less – all depending on the content, the service, and the value.

After three years of streaming overload and subscription fatigue, the Modern Media Subscriber now holds myriad complex ideas of content value in their heads at once and is fully prepared to rejigger their Media menus to suit varying Media moods, motivations, and impulses, based on economics, specific content tastes and utility.

Unlike many people who run Media, America's content consumers do not see content choices as binary or simple. The data clearly shows today's streaming Subscribers are constantly, actively looking across the garden walls of our walled gardens for better options. They do not see their Media subscriptions as a choice between "This or That."

Regardless of which kind of content you stream, which demos your service strives to serve, or which motivations move Subs to sign-up, swap, or cancel... 93% of all Media Subscribers are now at risk, with every billing cycle.

**So, in 2023, streamers had better get comfy with complexity and meet the modern Media consumer's demand for "Yes, And!"**



**FOR THE STUDY, OR FOR MORE INFORMATION  
ABOUT PCH CONSUMER INSIGHTS:**

**[info@pchinsights.com](mailto:info@pchinsights.com)**

## **METHODOLOGY**

PCH Consumer Insights surveyed 42,072 American adults 18+, recruited from Publishers Clearing House's 22 million registered Audience Members, in 4Q 2022. The total responses were then weighted to adjust for age and income to come in line with US Census data for the American population, resulting in the 22,085 respondents represented in the data above.

## **PCH CONSUMER INSIGHTS**

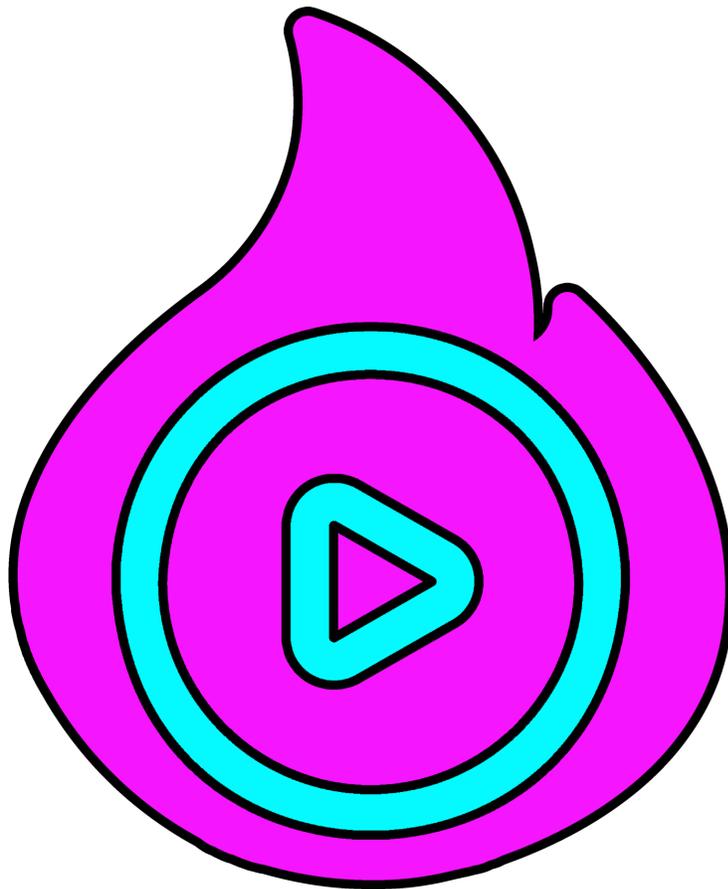
Publishers Clearing House is one of Media's most iconic brands, and a top-ranked multi-category media property with a 100% logged-in audience of millions of registered users, each authenticated at an individual level. With uniquely engaging and interactive free-to-play chance-to-win content, PCH's signature experience delivers consumers who choose to provide accurate first-party data and information as they register and engage with the company. As a result, PCH has one of the largest authenticated audiences outside of the walled gardens, a foundation from which it can offer a variety of ways for publishers and advertisers to activate their identity and 1st party data for cookie-less targeting, buying, and measurement.

## **ESHAP/EVAN SHAPIRO**

Evan Shapiro is a professor of media studies at New York University and Fordham University, an Emmy and Peabody Award winning producer, and leader of the change agency ESHAP. His ongoing insights on the evolution of Media have made him one of the most sought-after thinkers in the space and earned him the moniker of "the official cartographer of the Media Universe."

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