



# RIDE THE CORD-CUTTING WAVE

Capitalize on the growing movement away from cable

BY LEO DARDASHTI, PRESIDENT AND CEO, ATLANTIC, INC.

The emerging trend of cord-cutting – favoring “over the top” video services rather than consumer-bundled video – offers an opportunity for retailers to benefit from new technologies. Many consumers now use Internet services such as Netflix, Amazon Prime, Hulu or YouTube supplemented with an over-the-air antenna.

The Consumer Technology Association’s 2015 Video Consumption Trends: Part 2 study shows more consumers than ever are paying for video streaming services. According to the report, one in 10 consumers reports dropping a traditional content provider within the past 12 months, and one in five consumers reports cutting the cord more than 12 months ago.

## New Technology

So what does a consumer need to purchase to make the switch? To achieve an experience close to current cable packages, consumers need to buy an HDTV antenna, streaming device, multi-tuner DVR and a number of stand-alone content packages such as Internet offerings from CBS, HBO, Showtime, Sling TV and the major professional sports leagues. Depending upon the distance to the transmission tower and interference from structures and terrain, a good HDTV antenna runs \$12 to \$40. For most consumers a quality antenna with 30-to-50-mile range works well. Sites such as antennaweb.org can help consumers locate the nearest tower.

The TiVo Bolt DVR lets you record and watch four TV shows at once, while streaming video from content providers. The Bolt costs \$287 for 150 hours of HD plus \$15 per month subscription. Add a TiVo Mini at \$129 for each additional

TV. The Tablo DVR has similar features but requires an external hard drive and a streaming device. A good combination I recommend is a Tablo for \$300, Roku4 streamers for each TV for \$124 each, a 2TB hard drive for \$84 and a \$5 per month Tablo subscription. For a three-TV household, a TiVo system costs \$674, and a Tablo is \$756.

Sling TV has a great streaming package with 25 channels such as HGTV, ESPN, TBS, TNT, AMC, Food Network,



and Disney Channel for \$20 per month. In addition to free broadcast TV, a good content package might include Sling TV (\$20), Hulu (\$8), Netflix (\$10), HBO Now (\$15) and STARZ Streaming (\$9) for \$62 per month. So for \$67 to \$77 including the DVR subscription, most consumers would save after the first year paydown for the initial hardware.

## Merchandising

CTA’s study also concluded Millennials are more rapidly choosing to unbundle, while boomers are least likely to cut the cord. Affordability is the primary reason

for those choosing to switch, as other sources for content grow. Consumers who are ready to rely on broadcast local stations and streaming for their content have many choices to make. They need detailed, in-person guidance.

Retailers can create awareness and generate curiosity by creating an in-store “Cord Cutter” section with compelling graphics. Knowledgeable store employees who can clearly answer consumer questions and concerns are the key to selling antennas, streaming devices, DVRs and hard drives. Retailers can appeal to cost-conscious consumers by bundling and promoting popular system packages at competitive prices.

Retailers should consider developing extensive employee training programs with hands-on exposure to the new DVRs, streaming devices and antennas. I believe consumers would respond positively to live, in-store systems with HDTVs, allowing them to try before they buy. As new products come to market, the best products should be sold in stores.

Get ready to respond to the growing cord-cutting and streaming adoption that will increasingly drive video accessory purchases. Dealers and retailers who offer products now will be better positioned to profit from this trend.

*Leo Dardashti is the president and chief executive officer of Atlantic, Inc., a diversified product manufacturer and supplier of consumer electronic accessories, home storage and organizational products, fashionable home furnishings, and the exclusive North American supplier of Snowsound acoustic panels. Dardashti is also a member of CTA’s Accessories Division Board. ■*