# Are Japanese Cutting the Cord? Evidence from a National Survey

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## 1. Introduction

### 1-1. Research Background and Aim

The word "cord-cutting" has often been used in the United States since 2011 or so. Though the definition of cord-cutting depends on various debaters, it means, in narrow sense, the viewers' behaviour to unsubscribe to multi-channel cable TV service in order to subscribe to paid over-the-top-video (OTT-V) service, such as subscription video-on-demand (SVOD) service and virtual multichannel video programming distributor (vMVPD) service. Such viewer's fresh behaviour was considered as remarkable news in the United States which is the leading country in the world in terms of cable TV industry. According to the number of subscribers in the United States in the first quarter of 2019, the number of paid OTT-V service, such as Netflix, is more than Comcast, the largest pay-TV operator (see Table 1). The main market of paid video service is being switched to OTT-V service from cable TV.

In Japan, year one of SVOD was 2015 and the number of subscribers of multi-channel cable TV started to decline in 2016, though it had tended to increase slightly but steadily before (see Figure 1). Is there a causal relation between pick up of SVOD in 2015 and decline of the number of subscribers of multi-channel cable TV from 2016 onwards? In other words, is cord-cutting also taking place in Japan?

Purpose of this study is to answer this question, more specifically, to answer to below 2 research questions by conducting a nationwide questionnaire survey.

1. Is cord-cutting actually taking place in Japan?
2. What are the features of multi-channel cable TV service and paid OTT-V service usage in Japan?

Table 1. Top 10 paid video subscription services in the United States

| *Service Name* | *Service Type* | *Number of Subscribers* |
|---|---|---|
| Netflix | OTT-V | 61 million |
| Prime Video | OTT-V | 60 million |
| Hulu | OTT-V | 30.4 million |
| Disney+ | OTT-V | 26.5 million |
| Comcast | Cable TV | 21.3 million |
| DirecTV | Satellite TV | 19.5 million |
| Spectrum | Cable TV | 16.1 million |
| Dish | Satellite TV | 9.4 million |
| Verizon Fios | IPTV | 4.2 million |
| Cox | Cable TV | 3.4 million |

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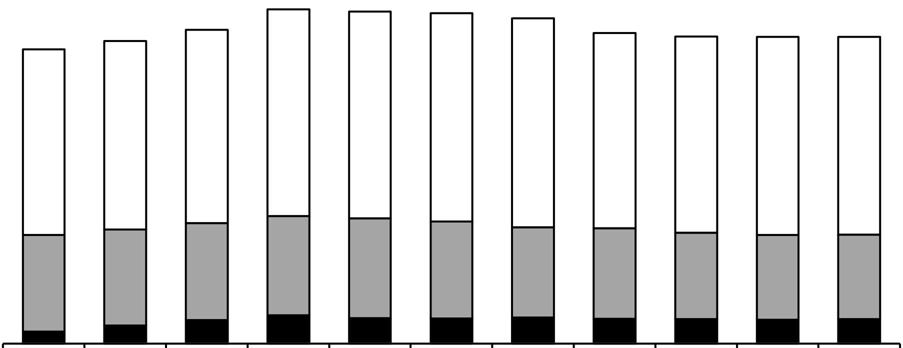
Source: NCTA - The Internet & Television Association (2020)



| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| □ Cable TV | 71.4 | 72.4 | 74.3 | 79.4 | 79.5 | 80.1 | 80.3 | 74.9 | 75.4 | 76 | 75.9 |
| ■ Satellite TV | 37.1 | 36.9 | 37.3 | 38.1 | 38.3 | 37.2 | 34.6 | 34.8 | 33.2 | 32.6 | 32.5 |
| ■ IPTV | 4.6 | 7 | 9 | 10.9 | 9.8 | 9.7 | 10.1 | 9.6 | 9.4 | 9.2 | 9.4 |

Figure 1. Pay-TV service subscribers in Japan (in million)
Source: Dentsu Media Innovation Research Department (2019)(2020)

## 1-2. Research Significance

There are antecedent surveys regarding cord-cutting in Japan done by Ohara(2018, February 26), Ohara(2018, March 5) and Mayuzumi(2019). Though they are providing important information to catch signs of cord-cutting, they are not providing necessary quantitative data to realize its feature and actual conditions.

Ohara (2018, February 26) and Ohara (2018, March 5), comparing transition of the number of subscribers and of sales turnover of multi-channel cable TV service in Japan, Korea, the United States and Germany respectively, succeeded in clarifying how much cable TV had declined in each country but did not sufficiently indicate the relation between the decline of cable TV and pickup of paid OTT-V service. Mayuzumi (2019) reported usage of multi-channel pay-TV service by paid OTT-V service users by conducting a questionnaire and group interviews in his research. However, he did not refer to the relation between cord-cutting and socio-economical attributes and preferences of the users.

Therefore, this study tried to describe the present situation around cord-cutting in Japan as detailed and precise as possible by conducting a nationwide questionnaire survey. Since the detailed quantitative survey about cord-cutting in Japan has never been done before this study, it has novelty in this regard. In addition to providing new substantial information to examine the industrial structure of paid video service market and change of viewers' behaviour in Japan, this study is considered to have an academic and social significance and to contribute to the study of video services in general.

## 1-3. Paid Video Service Industry in Japan

*Multi-Channel Pay-TV Service Market*

There are 3 players in the multi-channel pay-TV service market in Japan, i.e. cable operator, telecommunications operator and satellite operator (see Table 2). Satellite operator provides multi-channel service only and both cable operator and telecommunications operator often provide triple-play service or quadruple-play service as a combination of multi-channel pay-TV service and telecommunications service. Cable operators have a competitive advantage in multi-channel pay-TV service and telecommunications operators have an advantage in telecommunications service.

Table 2. Basic multi-channel pay-TV service in Japan

| *Operators* | *Number of Channels* | *Average Monthly Fee* |
|---|---|---|
| Cable TV operator | 85+ | ¥5,500 |
| Telecommunications operator | 50+ | ¥3,500 |
| Satellite TV operator | 50+ | ¥4,000 |

*As of September 17, 2020, the exchange rate is ¥1 = $0.0096

Cable TV service started in Japan in 1955 to rebroadcast terrestrial broadcasting programs in the areas where terrestrial signal reception was poor. Although relative nationwide terrestrial broadcast service was operating already at that time, nationwide terrestrial network had not yet been built up completely. Later on, cable operator launched self-produced broadcasting service, which is to provide self-made local information program, in the 1970s and multi-channel service, which is to provide the programs purchased from cable program providers, in the 1980s. Then, as of the end of 2019, there were 471 cable operators in Japan. Out of those 471, 82 were providing multi-channel service only, another 82 were both multi-channel service and fixed-broadband service, 121 were triple-play service and 107 were quadruple-play service (Ministry of Internal Affairs and Communications, 2020).

In the meantime, as a feature of cable operators in Japan, they have a close relationship with the government, especially with local government. 43.5% of operating party of cable operators are public-private joint ventures, 35% are local governments, 15.9% are private business corporations, 0.6% are public interest corporation and 4.9 % are others. Thus 78.5% of all are having a certain relationship with the government (Ministry of Internal Affairs and Communications, 2020). While there are 4 multiple system operators (MSO) in Japan, i.e. J:COM, Community Network Center (CNCi), Tokai Cable Network and Community Cable Japan (CCJ), and approximately 20% only of all cable operators belong to those 4 MSOs. The remaining approximately 80% of operators are independent. Although MSO tends to monopolize the cable TV market by seeking economy of scale in many countries, most independent operators in Japan are surviving by government subsidies and/or carrying out public-private initiatives. Such a close government-business relationship in Japan is inevitably affecting the service content of cable operators. Cable TV is considered as typical locally-based media, by producing and broadcasting local news and information program, developing and providing telecommunication services to match the local needs, providing disaster prevention information services and administering local public facilities.

*Paid OTT-V Service*

Paid OTT-V market in Japan consists of SVOD service, transactional video on demand (TVOD) service and electronic sell-through (EST) service. There is no vMVPD in Japan. As of 2019, the market size of paid OTT-V is ¥269.2 billion, which increased by 22.4% from the previous year and is more than ¥261.1 billion of annual box office revenue in the same year. Market size shares by each service are 80.2% by SVOD, 11.6% by TVOD and 8.2% by EST. In recent years, not only domestic SVOD operators but also many terrestrial broadcasting operators and pay-TV operators are participating in OTT-V market. However, popular services in Japan are still the ones originally provided by the United States(see Table 3 and Figure 2).

Table 3. Major paid OTT-V service in Japan

| *Operators* | *Service Name* | *Service Type* | *Monthly Fee** |
|---|---|---|---|
| Netflix | Netflix | SVOD | ¥880 |
| Amazon.com | Prime Video | SVOD, TVOD, EST | ¥500 |
| Hulu | Hulu | SVOD, TVOD, EST | ¥1,026 |
| DAZN | DAZN | SVOD | ¥1,925 |
| NTT DOCOMO | dTV | SVOD, TVOD | ¥550 |
| U-NEXT | U-NEXT | SVOD, TVOD | ¥2,189 |
| GYAO | GYAO! | TVOD | n/a |

*Monthly fee for basic SVOD plan including tax

**As of September 17, 2020, the exchange rate is ¥1 = $0.0096

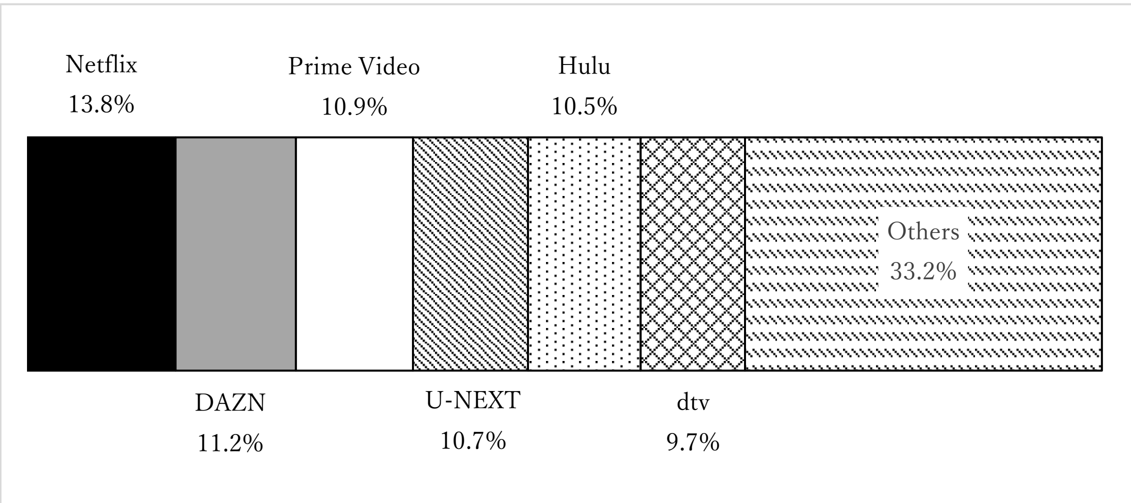



Figure 2. SVOD service revenue market share in Japan
Source: Gem Partners (2020)

## 2. Methodology

This study conducted a nationwide questionnaire survey in June 2019. The survey was carried out in two steps. Preliminary survey was to grasp the overall trend in Japan and collected 37,667 valid responses to the questions, regarding their socio-economical attributes and media circumstances, sent to individuals between the ages of 18 to 79. The main survey was to see specific conditions of media usage more specifically. Categorizing 2,000 individual viewers between the age of 18 to 79 into 400 each of 5 groups, it clarified the feature of each group on evaluation and employment motive for each service, type of device used and genre of contents often viewed, etc. Reference was made to Banerjee et al. (2014), Strangelove (2015), Fudurić et al. (2018) for naming and definition of each viewer group (see Table 4). It also should be reminded that package service of multi-channel cable TV service and paid OTT-V service was not provided yet as of June 2019.

Table 4. Definition of viewer groups

| | *Group Name* | *Definition* | *Sample Amount* |
|---|---|---|---|
| 1 | Cord Loyalist | Individuals who subscribe to multi-channel cable TV service but have never to SVOD service. | 400 |
| 2 | Cord Coupler | Individuals who subscribe to both multi-channel cable TV service and SVOD service. | 400 |
| 3 | Cord Shaver | Individuals who subscribe to both multi-channel cable TV service and SVOD service, but has switched multi-channel cable TV service contract to less expensive one when subscribing to SVOD service. | 400 |
| 4 | Cord Cutter | Individuals who unsubscribed to multi-channel cable TV service and subscribe to SVOD service. | 400 |
| 5 | Cord Never | Individuals who subscribe to SVOD service but have never to multi-channel cable TV service. | 400 |

*Out of 400 Cord Cutters, 111 subscribed to paid OTT-V service within a year after unsubscribed to multi-channel cable TV service. Hereafter, they are referred to as Recent Cord Cutter.

## 3. Survey Results

### 3-1. Share of Viewer Groups

32.2% of 37,667 respondents to the preliminary survey were applicable to the 5 viewer groups who subscribed to multi-channel cable TV service and/or paid OTT-V service (see Figure 3). Viewer groups consist of 13.7% of Cord Nevers, 9.3% of Cord Loyalists, 4.6% of Cord Couplers, 3.6% of Cord Shavers and 1.1% of Cord Cutters. Recent Cord Cutters, the type of Cord Cutters who subscribed to paid OTT-V service after unsubscribing to multi-channel cable TV service within a year, was only 0.3% of all. This indicates that cord-cutting is not so popular yet in Japan as in the United States. While, as Cord Nevers and Cord Loyalists were more among the 5 viewer groups, viewers seem to be bipolarized into multi-channel cable TV service and paid OTT-V service.

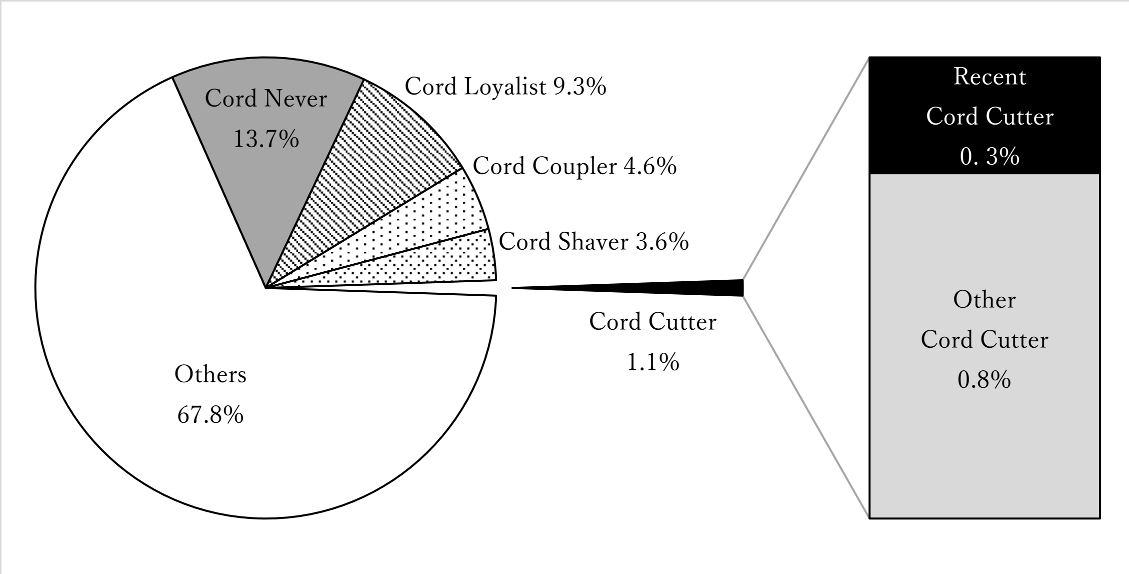



Figure 3. Share of Viewer Groups

3-2. Socioeconomic Differences Among Viewer Groups

Differences among viewer groups were found by age and annual family income, comparing variable factors with regard to socio-economical attribute (see Table 5 and Table 6). Share of the elder viewer group was the highest on Cord Loyalists, i.e., 47.8% was in their 60's or 70's, and share of younger viewer groups, i.e., in their 30's or younger, was higher on Cord Shavers and Cord Nevers. However, the share of the group in their 30's was the highest, i.e., 25.8%, on Cord Shavers and of the group between the age of 18 and 29 was the highest on Cord Nevers, i.e., 27.3%. In relation to annual family income, it was lower on Cord Loyalists and higher on Cord Shavers as a tendency. Background of such tendency is supposed to be that there are more pensioners on Cord Loyalists and that there are more individuals in their prime on Cord Shavers.

Meanwhile, the least difference among the groups appeared on living area (see Table 7). Despite the prediction in advance that there would be more Cord Cutters and Cord Nevers in the urbanized area, distribution of living area by each viewer group was more or less the same. It appeared that living area of viewers has almost nothing to do with usage status of paid video service. However, different survey results may appear, if the living area was categorized by media environment, such as viewable number of terrestrial broadcasting channels and/or number of cable operators in the area, but not by the size of population, i.e. special wards of Tokyo, designated cities, core cities and special ordinance cities and other smaller municipalities, as done by this survey.

Table 5. Age of viewer groups

| | *Cord Loyalist* | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|
| 18-20's | 4.9% | 8.2% | 20.1% | 12.9% | 17.8% | 27.3% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 30's | 9.6% | 15.9% | 25.8% | 20.1% | 17.8% | 20.2% |
| 40's | 18.2% | 20.3% | 21.5% | 22.9% | 16.8% | 18.9% |
| 50's | 19.5% | 21.2% | 14.8% | 19.4% | 16.8% | 15.0% |
| 60's | 26.2% | 22.7% | 11.4% | 19.4% | 25.7% | 13.3% |
| 70's | 21.6% | 11.7% | 6.4% | 5.2% | 5.0% | 5.3% |

Table 6. Annual family income of viewer groups

| In million ¥ | *Cord Loyalist* | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|
| Under 2.0 | 9.0% | 5.8% | 5.0% | 6.2% | 10.9% | 7.9% |
| 2.01 to 4.0 | 24.1% | 18.5% | 17.2% | 20.1% | 18.8% | 18.5% |
| 4.01 to 6.0 | 20.5% | 20.9% | 21.4% | 22.4% | 21.8% | 22.2% |
| 6.01 to 8.0 | 13.3% | 16.6% | 18.8% | 16.9% | 13.9% | 14.3% |
| 8.01 to 10.0 | 9.4% | 22.7% | 14.8% | 12.7% | 10.9% | 8.9% |
| 10.01 to 15.0 | 6.8% | 11.8% | 12.1% | 9.2% | 10.9% | 9.3% |
| Over 15.01 | 2.8% | 4.7% | 5.2% | 3.5% | 5.9% | 3.2% |
| n/a | 14.2% | 9.9% | 5.6% | 9.0% | 6.9% | 15.8% |

Table 7. Living area of viewer groups

| | *Cord Loyalist* | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|
| Special wards of Tokyo | 13.0% | 15.0% | 13.6% | 14.7% | 15.8% | 13.7% |
| Designated cities | 27.1% | 27.7% | 26.7% | 32.1% | 26.7% | 26.0% |
| Core cities | 22.9% | 21.7% | 23.5% | 16.4% | 14.9% | 21.6% |
| Other smaller municipalities | 36.9% | 35.7% | 36.2% | 36.8% | 42.6% | 38.7% |

3-3. Usage Status of Paid Video Service Among Viewer Groups

As a motive to select multi-channel cable TV service and/or paid OTT-V service to watch mostly, all viewer groups considered both service fee and content most, though Cord Nevers tended to consider content more than other groups (see Table 8). In addition, Cord Shavers seemed to be utilizing cable TV as local media, as the share of respondent who answered “Offers sufficient local information” as the motive to select multi-channel cable TV service was approximately 6 times more on Cord Shavers than on other groups.

Monthly payment is, in general, between ¥2,000 and ¥6,000 for multi-channel cable TV service and ¥500 or less for paid OTT-V service (see Table 9). However, Cord Shavers were using comparatively less expensive multi-channel cable TV service and more expensive paid OTT-V service than other groups were.

Regarding the reasons for Cord Cutters to unsubscribe to multi-channel cable TV service, the largest number answered "House-moving" and the 2nd largest did "Dissatisfied with cost" (see Table 10). However, it was also found that there were one or more cable TV stations in the area where Recent Cord Cutters who answered "House-moving" moved in. Therefore, the majority of Cord Cutters seem not to subscribe to multi-channel cable TV again even if such service is available in the new area moved in.

Upon the query to Cord Loyalists and Cord Nevers about the reason for not subscribing to multi-channel cable TV service or paid OTT-V service, the most answer was "Content with status quo" in both groups (see Table 11). Both groups had comparatively lower possibility to subscribe to any of such service in the future but Cord Nevers were more negative (see Table 12).

Table 8. Strongest motivation to select multi-channel cable TV service and/or paid OTT-V service

| | *Cord Loyalist* | *Cord Coupler* | | *Cord Shaver* | *Cord Cutter* | | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|---|---|
| | *CATV* | *CATV* | *OTT-V* | *CATV* | *OTT-V* | *OTT-V* | *OTT-V* | *OTT-V* |
| Offers content I want to watch | 15.5% | 23.0% | 19.0% | 13.0% | 11.8% | 22.5% | 23.4% | 22.8% |
| Offers special package deal | 21.6% | 24.3% | 24.6% | 34.8% | 31.8% | 19.8% | 19.8% | 18.5% |
| Offers reasonable price | 9.5% | 8.8% | 21.3% | 11.3% | 16.8% | 29.5% | 33.3% | 22.3% |
| Offers good after-sales service | 0.8% | 0.5% | 1.0% | 1.0% | 1.3% | 0.3% | 0% | 0.5% |
| Offers easy-to-follow application process | 5.5% | 2.8% | 2.8% | 4.3% | 5.8% | 2.0% | 0.9% | 3.8% |
| My life circumstances and/or family structure changed | 8.5% | 9.3% | 3.3% | 6.5% | 3.0% | 2.8% | 1.8% | 1.0% |
| I received a sales promotion from the operator | 13.3% | 10.1% | 2.8% | 6.3% | 3.0% | 2.0% | 2.7% | 2.5% |
| Offers sufficient local information | 2.3% | 1.8% | | 12.3% | | | | |
| My house/office was cable-ready | 12.3% | 11.3% | | 5.8% | | | | |
| I have an affinity with the operator as a local company | 3.3% | 2.3% | | 2.8% | | | | |
| Offers a wealth of original content | | | 10.8% | | 17.5% | 8.5% | 7.2% | 9.5% |
| My family/friend recommended me to use the service | | | 7.0% | | 5.8% | 4.8% | 4.5% | 7.5% |
| It was a part of a package deal for purchasing a smartphone etc. | | | 1.3% | | 1.5% | 1.3% | 1.8% | 1.3% |
| Others | 7.8% | 6.3% | 6.5% | 2.3% | 2.0% | 6.8% | 4.5% | 10.5% |

Table 9. Monthly payment for multi-channel cable TV service and/or paid OTT-V service

| | *Cord Loyalist* | *Cord Coupler* | | *Cord Shaver* | | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|---|---|
| | *CATV* | *CATV* | *OTT-V* | *CATV* | *OTT-V* | *OTT-V* | *OTT-V* | *OTT-V* |
| Under ¥2,000 | 9.0% | 7.3% | | 12.5% | | | | |
| ¥2,001 to ¥4,000 | 19.8% | 24.3% | | 31.3% | | | | |
| ¥4,001 to ¥6,000 | 21.3% | 24.5% | | 27.8% | | | | |
| ¥6,001 to ¥8,000 | 12.8% | 14.3% | | 13.0% | | | | |
| ¥8,001 to ¥10,000 | 13.8% | 10.8% | | 6.0% | | | | |
| Over ¥10,001 | 9.0% | 10.0% | | 5.0% | | | | |
| n/a | 14.5% | 9.0% | | 4.5% | | | | |
| Under ¥500 | | | 31.5% | | 18.0% | 40.0% | 38.7% | 44.5% |
| ¥500 to ¥1,000 | | | 22.0% | | 29.3% | 19.5% | 23.4% | 22.8% |
| ¥1,001 to ¥1,500 | | | 9.8% | | 20.0% | 13.3% | 12.6% | 8.3% |
| ¥1,501 to ¥2,000 | | | 9.8% | | 11.0% | 6.3% | 6.3% | 4.3% |
| Over ¥2,001 | | | 12.5% | | 13.8% | 11.0% | 14.4% | 9.8% |
| n/a | | | 14.5% | | 8.0% | 10.0% | 4.5% | 10.5% |

Table 10. Reasons for cutting the cord (multiple answers allowed)

| | *Cord Cutter* | *Recent CC* |
|---|---|---|
| House-moving | 46.0% | 42.3% |
| Dissatisfied with price | 39.0% | 40.5% |
| Dissatisfied with customer service | 6.3% | 5.4% |
| Difficult to use | 3.0% | 5.4% |
| Not enough content | 11.8% | 16.2% |
| No content I want to watch | 30.3% | 33.3% |
| To switch to satellite TV | 4.5% | 2.7% |
| To switch to IPTV | 2.8% | 2.7% |
| To switch to paid OTT-V service | 8.0% | 15.3% |
| Others | 8.8% | 4.5% |

Table 11. Reasons for not subscribing to multi-channel cable TV service or paid OTT-V service

| | *Cord Loyalist (not subscribing to OTT-V)* | *Cord Never (not subscribing to cable TV)* |
|---|---|---|
| Content with the status quo | 41.0% | 43.4% |
| Dissatisfied with price | 22.0% | 19.3% |
| No content I want to watch | 21.0% | 13.0% |
| No TV/Internet | 0.0% | 3.3% |
| Not familiar with the service | 12.8% | 9.0% |
| Others | 3.3% | 12.3% |

Table 12. Likelihood to subscribe to multi-channel cable TV or paid OTT-V service

| | *Cord Loyalist (to subscribe to OTT-V)* | *Cord Never (to subscribe to cable TV)* |
|---|---|---|
| Very likely | 3.0% | 4.5% |
| Somewhat likely | 19.0% | 12.0% |
| Neither | 30.8% | 19.0% |
| Not very likely | 40.5% | 25.5% |
| Not likely at all | 3.3% | 39.9% |

### 3-4. Preference for Paid Video Service Among Viewer Groups

The most popular device to watch TV programs and online videos was TV and the second was smartphone in all viewer groups (see Table 13). More than 90% are watching them on TV, which was confirmed as the most familiar device for all viewers. However, feature on Cord Shavers appeared that they tended to use all devices more often and more evenly, despite that the devices to be used by all other groups were heavily concentrated on TV, smartphone and laptop computer.

As the genre of popular TV programs and online videos to watch was news, sports and foreign films on multi-channel cable TV service and Japanese films and foreign films on paid OTT-V service, there was no difference among viewer groups in this regard (see Table 14). However, Cord Shavers tended to watch various genres more evenly than others.

The largest number of paid OTT-V viewers, i.e. Cord Couplers, Cord Shavers, Cord Cutters and Cord Nevers, used only "1 service" and Amazon.com's "Prime Video" was the most popular in every group (see Tables 15 and Table16). However, the share of the viewers who used more than 2 services was higher in Cord Shavers than in other groups. 24.8% of Cord Shavers used "2 services", 10.5% did "3 services" and 7.2% did "Over 4 services".

Table 13. Devices used to watch multi-channel cable TV service and/or paid OTT-V service (multiple answers allowed)

| | *Cord Loyalist* | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|
| Television | 97.5% | 96.8% | 96.8% | 93.0% | 92.8% | 92.0% |
| Desktop computer | 34.8% | 41.3% | 43.5% | 40.0% | 39.6% | 37.8% |
| Laptop computer | 71.5% | 73.8% | 78.0% | 74.3% | 70.3% | 68.0% |
| Tablet | 26.3% | 40.0% | 49.5% | 48.5% | 47.7% | 43.0% |
| Smartphone | 73.8% | 79.0% | 89.0% | 86.5% | 82.0% | 82.3% |
| Feature phone | 19.8% | 17.8% | 20.5% | 16.0% | 14.4% | 13.3% |
| Game console | 13.0% | 25.0% | 46.8% | 28.3% | 34.2% | 27.0% |
| Others | 0.5% | 1.5% | 1.8% | 1.5% | 0.9% | 0.3% |

Table 14. Popular content genre on multi-channel cable TV and/or paid OTT-V service (multiple answers allowed)

| | *Cord Loyalist* | *Cord Coupler* | | *Cord Shaver* | | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|---|---|---|
| | *CATV* | *CATV* | *OTT-V* | *CATV* | *OTT-V* | *OTT-V* | *OTT-V* | *OTT-V* |
| News | 57.7% | 47.1% | 14.8% | 60.1% | 30.3% | 7.1% | 7.2% | 8.1% |
| Documentary | 36.9% | 33.5% | 15.6% | 39.4% | 24.9% | 14.5% | 12.4% | 10.2% |
| Sports | 45.1% | 50.5% | 22.8% | 48.2% | 26.2% | 17.2% | 20.6% | 11.6% |
| Japanese series | 40.0% | 43.1% | 33.9% | 42.0% | 40.1% | 40.4% | 47.4% | 36.1% |
| Foreign series | 29.3% | 37.5% | 30.6% | 37.9% | 37.0% | 41.0% | 45.4% | 36.9% |
| Japanese films | 33.0% | 46.5% | 42.5% | 46.9% | 43.2% | 58.2% | 59.8% | 42.6% |
| Foreign films | 38.3% | 48.7% | 48.9% | 48.5% | 48.3% | 61.5% | 58.8% | 53.6% |
| Hobby and variety | 28.2% | 24.7% | 17.2% | 25.5% | 22.9% | 19.7% | 17.5% | 16.4% |
| Music | 24.2% | 28.7% | 11.8% | 29.9% | 17.7% | 12.8% | 18.6% | 16.4% |
| Anime | 18.6% | 23.9% | 21.8% | 28.9% | 23.4% | 32.8% | 33.0% | 35.6% |
| Children | 3.1% | 6.9% | 3.5% | 8.0% | 4.6% | 6.8% | 9.3% | 5.4% |
| Pornography | 1.7% | 3.2% | 2.7% | 7.7% | 5.1% | 3.6% | 2.1% | 1.6% |
| Local information | 14.9% | 7.2% | 1.9% | 8.0% | 2.3% | 0.3% | 0.0% | 1.3% |

Table 15. Number of paid OTT-V service used

| | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|
| 1 service | 74.0% | 57.5% | 76.4% | 75.2% | 77.4% |
| 2 services | 17.4% | 24.8% | 17.4% | 14.9% | 17.7% |
| 3 services | 5.5% | 10.5% | 5.0% | 6.9% | 3.2% |
| Over 4 services | 3.1% | 7.2% | 1.2% | 3.0% | 1.6% |

Table 16. Popular paid OTT-V service

| | *Cord Coupler* | *Cord Shaver* | *Cord Cutter* | *Recent CC* | *Cord Never* |
|---|---|---|---|---|---|
| Prime Video | 41.0% | 32.3% | 54.5% | 54.1% | 54.3% |
| Hulu | 6.5% | 11.3% | 8.8% | 9.9% | 6.5% |
| Netflix | 5.5% | 10.8% | 5.8% | 4.5% | 7.0% |
| DAZN | 3.3% | 4.8% | 5.3% | 5.4% | 3.5% |
| dTV | 4.3% | 4.0% | 2.8% | 2.7% | 6.5% |
| U-NEXT | 3.0% | 2.8% | 4.5% | 1.8% | 3.8% |
| Others | 36.5% | 34.3% | 18.5% | 21.6% | 18.5% |

## 4. Findings and Discussion

### 4-1. Answers to the Research Questions

The answer to the first research question “Is cord-cutting actually taking place in Japan?” is as follows: Cord-cutting is hardly taking place in Japan. As shown in Figure 3, Cord Cutter is 1.1% only of preliminary survey correspondents and 5.5% only of the viewers who have ever subscribed to multi-channel cable TV service. Besides, as shown in Table 5, the top common reason for cord-cutting is “House-moving”. It can be concluded that cord-cutting is a passive viewer’s choice followed after moving house, while Cord Cutters in the United States unsubscribe to multi-channel cable TV service proactively because of its cost and/or more attractive content provided by paid OTT-V service.

The answer to the second research question “What are the features of multi-channel cable TV service and paid OTT-V service usage in Japan?” is as follows: It very much depends on viewer groups. However, Cord Shaver is the most unique group in terms of usage of paid video services. Cord Shavers are mainly composed of the viewers in their 30’s with comparatively high income and are supposed to have high digital skills. They, on one hand, switch multi-channel cable TV service plan to less expensive one and on the other hand not only pay more cost for paid OTT-V service than other groups do but also have the highest share to use more than 2 paid OTT-V services. Watching TV programs and online videos in various genres by various devices, they are an advanced viewer group trying to utilize the services more efficiently.

### 4-2. Will Cord-Cutting Accelerate in the Future in Japan?

As mentioned before, cord-cutting is hardly taking place in Japan as of June 2019. Does this mean that paid OTT-V service is not a rival for multi-channel cable TV service? Or otherwise, will cable TV operators in Japan sooner or later follow the same fate as what is going on in the United States, as an outcome of the assumption that cord-cutting may actually be taking place already but so slowly that its influence cannot be seen yet so far?

Taking the present potency of paid OTT-V service into consideration, cable TV operators in Japan are most likely to be affected by paid OTT-V service. However, as far as the near future is concerned, cord-cutting is not expected to be so popular. The first reason is that monthly fee of multi-channel cable TV service is not so expensive as in the United States and the second reason is that the demands for original content and exclusive content of paid OTT-V service are not so high as in the United States. There is no such incentive in Japan to cut the cord now.

However, there is a good possibility that Cord Shaver, Cord Cutter and Cord Never would increase, provided that vMVPD service, which is highly fungible with multi-channel cable TV service, launches or that the demands for original content and exclusive content of paid OTT-V service increase. Although Cord Cutters are unlikely to increase rapidly in the near future, paid OTT-V operators remain as a strong competitor for cable TV operators. An easy life may not be waiting for them.

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