Leichtman Research Group
Research Notes
2Q 2022 *Actionable Research on the Broadband, Media & Entertainment Industries*

500 Million Strong and Growing

The Flintstones premiered in 1960 as the first animated prime-time series. ABC broadcast 166 episodes of the show over six seasons, but many of us grew up watching it in syndication, or later on various cable networks. The Flintstones also had numerous spin-offs over the years, including TV series, specials, and movies. Byproducts of the show even included Flintstones Chewable Vitamins, which are still sold today. The unforgettably catchy tagline in the ads for the vitamins was: *We are Flintstones Kids, Ten Million Strong and Growing*.

In this issue:

I was reminded of this tune when examining the growth of connected TV devices in the U.S. While the tagline for Flintstones Vitamins was meant as a double entendre, the tally of Flintstones Kids never changed. (It was limited by the base of children that inherently included those aging out, competition from other children's vitamins, and possibly the fact that a new number—say 13 Million Strong—would make for a less catchy tune.)

In contrast, **the number of connected TV devices has been far from stagnant over the past several years**. The growth of connected TV devices is more akin to changes in the numbers (e.g., "over 50 billion served") displayed on McDonald's signs back in the day.

As detailed further in these Research Notes, LRG studies have found that the percent of households with at least one connected TV device increased from 24% in 2010 to 87% this year. **The growth of connected TV devices is not only due to expansion in the breadth of households that have them, but also due to greater depth of these devices in the home—and the related increase in usage.**

LRG's recent study, *Connected TVs 2022*, found that:

- Across all households (including those with no connected TV devices) there is a mean of 3.9 devices per TV household – compared to 3.2 in 2020, and 2.4 in 2017

Extrapolating these figures indicates that **there are now about 500 million connected TV devices in U.S. households, an increase from about 300 million just five years ago.**

Keep in mind that connected TV devices include far more than just Smart TV sets. These totals also include stand-alone streaming devices (like Roku, Fire TV sticks and boxes, Chromecast, and Apple TV), connected game systems, and connected Blu-ray players. (The 500 million total does not even include Internet-connected pay-TV set-top boxes, accounting for about 80 million additional devices, or streaming boxes like Comcast's Flex box for Internet-only customers.)

While half of all TV sets in U.S households are now connected Smart TVs, **less than one-third of TV households have Smart TVs for all their TV sets.** The reported number of

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connected Smart TVs in consumers' households is actually slightly lower than the number of stand-alone streaming devices.

The total number of connected TV devices far exceeds the number of TV sets used in the U.S. (at about 330 million) as consumers commonly use multiple types of devices, and often have multiple types of devices connected to a set. The *Connected TVs 2022* study found that:

- 66% of all TV households have multiple types of connected TV devices – compared to 43% in 2017

So, **it is premature to prognosticate the pending demise of connected TV devices other than Smart TVs.**

The increase in the breadth and depth of connected TV devices in U.S. households over the past several years rests on the confluence of three interrelated trends:

1. The growth of broadband Internet in the home
2. The proliferation and increased importance of streaming video content
3. Smart TV functionality becoming a core feature of new TV sets, and the availability of low-cost stand-alone streaming devices

Broadband and streaming video are now in far more mature growth phases than they were 5-10 years ago, but they continue to evolve and become more integral parts of daily life for many. In addition, television sets and related devices remain frequently purchased and upgraded products. These factors provide the components for connected TV devices and usage to remain strong and growing. As Fred Flintstone might have said, *Yabba Dabba Doo!*

46% of Adults Watch Video via a Connected TV Device Daily

New consumer research from Leichtman Research Group found that 87% of U.S. TV households have at least one Internet-connected TV device, including connected Smart TVs, stand-alone streaming devices (like Roku, Amazon Fire TV sticks or boxes, Chromecast, or Apple TV), connected video game systems, and/or connected Blu-ray players. This compares to 80% with at least one connected TV device in 2020, 69% in 2017, and 38% in 2012.

Overall, 46% of adults in U.S. TV households watch video on a TV via a connected device daily – compared to 40% in 2020, 25% in 2017, and 4% in 2012. Younger individuals are most likely to use connected TV devices. Among all ages 18-34, 62% watch video on a TV via a connected device daily – compared to 54% of ages 35-54, and 24% of ages 55+.

These findings are based on a survey of 1,902 TV households in the U.S., and are part of a new LRG study, *Connected TVs 2022.* This is LRG's nineteenth annual study on TVs in the U.S.

Other findings include:

- 71% of TV households have at least one connected Smart TV – up from 58% in 2020, 41% in 2017, and 11% in 2012
- 50% of all TV sets in U.S. households are connected Smart TVs – an increase from 39% in 2020, 24% in 2017, and 7% in 2014
- 59% of TV households have at least one stand-alone streaming device – up from 56% in 2020, 40% in 2017, and 4% in 2012

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- Across all households, the mean number of stand-alone streaming devices is 1.5 – compared to 1.3 connected Smart TVs
- On a daily basis, 28% of adults watch video on a TV via a stand-alone device, 27% via an Internet-enabled Smart TV app, 12% via a connected game system, and 3% via a connected Blu-ray player

Along with the increase in the number of connected TV devices, the percent of adults in the U.S. using these devices to watch video on a TV each day has significantly increased—growing from twenty-five to forty-six percent—in the past five years.

Did You Know ...

Among those with any connected TV devices, the mean is 4.5 – compared to 4.1 in 2020, and 3.5 in 2017

Major Pay-TV Providers Lost About 1,950,000 Subscribers in 1Q 2022

Leichtman Research Group found that the largest pay-TV providers in the U.S. – representing about 93% of the market – lost about 1,955,000 net video subscribers in 1Q 2022, compared to a pro forma net loss of 1,910,000 in 1Q 2021, and 1,960,000 in 1Q 2020.

The top pay-TV providers now account for about 74.1 million subscribers – with the top seven cable companies having about 40.5 million video subscribers, other traditional pay-TV services having 26.2 million subscribers, and the top publicly reporting Internet-delivered (vMVPD) pay-TV services having about 7.4 million subscribers.

Key findings for the quarter include:

- Top cable providers had a net loss of about 825,000 video subscribers in 1Q 2022 – compared to a loss of about 780,000 subscribers in 1Q 2021
- Other traditional pay-TV services had a net loss of about 625,000 subscribers in 1Q 2022 – compared to a loss of about 865,000 subscribers in 1Q 2021
- Top publicly reporting vMVPDs had a net loss of about 505,000 subscribers in 1Q 2022 – compared to a loss of about 265,000 subscribers in 1Q 2021

Pay-TV net losses of about 1.95 million in 1Q 2022 were similar to the net losses in the first quarters of 2021 and 2020.

Over the past year, top pay-TV providers had a net loss of about 4,735,000 subscribers, similar to a loss of about 4,820,000 over the prior year.

About 1,065,000 Added Broadband in 1Q 2022

Leichtman Research Group found that the largest cable and wireline phone providers and fixed wireless services in the U.S. – representing about 96% of the market – acquired about 1,065,000 net additional broadband Internet subscribers in 1Q 2022, compared to a pro forma gain of about 1,120,000 subscribers in 1Q 2021.

These top broadband providers account for about 109.3 million subscribers, with top cable companies having about 75.6 million broadband subscribers, top

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wireline phone companies having about 32.3 million subscribers, and top fixed wireless services having about 1.4 million subscribers.

Findings for the quarter include:

- Overall, broadband additions in 1Q 2022 were 95% of those in 1Q 2021
- The top cable companies added about 480,000 subscribers in 1Q 2022 – 52% of the net additions for the top cable companies in 1Q 2021
- The top wireline phone companies added about 50,000 total broadband subscribers in 1Q 2022 – compared to about 80,000 net adds in 1Q 2021
    - Wireline Telcos had about 480,000 net adds via fiber in 1Q 2022, and about 430,000 non-fiber net losses
- Fixed wireless/5G home Internet services from T-Mobile and Verizon added about 530,000 subscribers in 1Q 2022 – compared to 110,000 net adds in 1Q 2021

Top broadband providers added over one million subscribers in 1Q 2022, similar to last year's first quarter, but the distribution of net broadband additions differed from a year ago.

Fixed wireless services accounted for half of the net broadband adds in 1Q 2022, compared to about 10% of the net adds in 1Q 2021.

Did You Know ...

At the end of 1Q 2022, Netflix had 74.6 million streaming subscribers in the U.S. and Canada – an increase of 195,000 over the past year, compared to 4.4 million net adds over the prior year

Industry by the Numbers

Top Pay-TV Providers in the U.S.

Cable Companies	Subscribers at end of 1Q 2022	Net Adds in 1Q 2022
Comcast	17,664,000	(512,000)
Charter	15,721,000	(112,000)
Cox*	3,310,000	(80,000)
Altice**	2,658,700	(73,600)
Mediacom*	555,000	(17,000)
Breezeline**	339,021	(7,708)
Cable One**	238,000	(23,000)
Total Top Cable	**40,485,721**	**(825,308)**
Other Traditional Service		
DIRECTV^	14,300,000	(300,000)
DISH TV (DBS)	7,993,000	(228,000)
Verizon Fios (Telco)	3,566,000	(78,000)
Frontier (Telco)*	363,000	(17,000)
Total Top Other Traditional	**26,222,000**	**(623,000)**
Internet-Delivered (vMVPD)		
Hulu + Live TV	4,100,000	(200,000)
Sling TV	2,252,000	(234,000)
fuboTV	1,056,245	(73,562)
Total Top vMVPD^^	**7,408,245**	**(507,562)**
Total Top Pay-TV	**74,115,966**	**(1,955,870)**

Sources: The Companies and Leichtman Research Group, Inc.
** LRG estimate*
*** Includes LRG estimate of pro forma net adds*
^ LRG estimate, includes DIRECTV, U-verse, and DIRECTV Stream
^^ vMVPD does not include YouTube TV or Philo, as neither regularly report results
Company subscriber counts may not solely represent residential households
Top pay-TV providers represent approximately 93% of all subscribers

Net additions reflect pro forma results from system sales and acquisitions, and reporting adjustments -- therefore, comparing totals in this quarter's Notes to prior Notes may not produce accurate findings

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Top Broadband Internet Providers in the U.S.

Cable Companies	Subscribers at end of 1Q 2022	Net Adds in 1Q 2022
Comcast	32,163,000	262,000
Charter	30,274,000	185,000
Cox*	5,560,000	30,000
Altice**	4,373,200	(13,000)
Mediacom*	1,468,000	5,000
Cable One**	1,057,000	11,000
Breezeline**	719,608	2,830
Total Top Cable	**75,614,808**	**482,830**
Wireline Phone Companies		
AT&T	15,533,000	29,000
Verizon	7,400,000	35,000
Lumen	4,470,000	(49,000)
Frontier	2,819,000	20,000
Windstream	1,176,000	11,300
TDS^	495,200	4,900
Consolidated	380,150	(850)
Total Top Wireline Phone	**32,273,350**	**50,350**
Fixed Wireless Services		
T-Mobile	984,000	338,000
Verizon	433,000	194,000
Total Top Fixed Wireless	**1,417,000**	**532,000**
Total Top Broadband	**109,305,158**	**1,065,180**

Sources: The Companies and Leichtman Research Group, Inc.
**   LRG estimate*
***   Includes LRG estimate of pro forma net adds*
^   TDS now only reports residential subscribers, includes 290,600 wireline subscribers and 204,600 cable subscribers
Company subscriber counts may not solely represent residential households – about 6% of the total are non-residential
Top broadband providers represent approximately 96% of all subscribers
Fixed wireless services were added to the list this quarter, replacing a cable company and a wireline phone company

Net additions reflect pro forma results from system sales and acquisitions, and reporting adjustments – therefore, comparing totals in this quarter's Notes to prior Notes may not produce accurate finding

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