



## Broadband's New Wave

**F**or over two decades, LRG has tracked home Internet services using quarterly provider reporting, as well as annual *Broadband Internet in the U.S.* consumer research studies. Looking back, the 2004 study found that 62% of all households had an Internet service at home, which quickly grew to 82% in 2010. The percent of households having an Internet service at home then remained level for many years, ending the last decade at 85% in 2019.

In 2004, just one-third of those with an Internet service at home—equivalent to 20% of all households—had a broadband service. (The majority of those with Internet accessed it via dial-up.) By 2010, 74% of all households had a broadband service, and this gradually grew to 82% in 2019.

**By the end of the last decade, the percent of households with an Internet service at home had largely leveled off. Yet, in**

**recent years this number has grown significantly.** LRG's most recent survey found that 92% of all households now have an Internet service at home, with 90% of all households having a broadband service.

There are four main (often interrelated) reasons for the renewed Internet growth over the past four years. These include: The pandemic, federal government

initiatives, expanded competitive offerings, and the evolution of streaming video.

### The Pandemic

The pandemic, which began in March of 2020, immediately made Internet service at home more of a necessity for business and education than it had been before, and an increasingly important source for home entertainment. Subsequently, the use of home Internet rapidly expanded, along with subscriptions to home Internet services.

In LRG's 2019 study, adults with an Internet service at home reported spending on average 3.7 hours per day online at home. This quickly grew to 5.3 hours per day in 2020. And, usage further increased to 6.1 hours per day this year.

From the provider side, **in the three years from 2017-2019, top broadband providers had about 2.5 million net additions per year. In 2020, this increased to 5.1 million net adds. In the three years from 2021-2023, top providers will have averaged about 3.6 million net adds per year** (including residential and non-residential subscribers).

### Federal Government Initiatives

Internet at home is one of the fastest adopted services or products in U.S. history. Yet, disparities in the adoption of home Internet service by income, age, education, and rurality of location—which were present from the start—inevitably remain in place today. Since the pandemic, the federal government's initiatives to address the digital divide have accelerated.

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The Rural Digital Opportunity Fund (RDOF) is a Federal Communications Commission (FCC) program that provides grants to help companies extend the broadband footprint to rural locations that were otherwise unprofitable to construct. Some of this RDOF funding has already resulted in households in previously unserved areas now getting broadband.

In addition, the November 2021 Infrastructure Investment and Jobs Act established the Broadband Equity, Access, and Deployment (BEAD) Program. BEAD allocates funds to states to help “deploy affordable, reliable high-speed Internet service to everyone in America.” While the impact of BEAD funding has not yet been felt, another program has already directly benefitted millions of U.S. households.

At the end of 2021, the FCC introduced the Affordable Connectivity Program (ACP) as a longer-term replacement for the Emergency Broadband Benefit program that was introduced earlier in the year. The ACP provides a discount of up to \$30 per month toward internet service for economically eligible households. While the program has helped some recipients get Internet service in the home for the first time, the more significant role is the ongoing cost savings that helps recipients to stay online. **As of October 2023, 21.6 million households had enrolled in ACP, and LRG’s study found that 37% of Internet households with incomes <\$30,000 reported getting an ACP discount.** ACP funding currently runs through mid-2024.

#### Expanded Competitive Offerings

Fixed wireless/5G home Internet services have recently emerged as a new competitive offering that has expanded consumers’ choices, helped to grow the broadband base, and changed the distribution of quarterly net additions.

For years there have been numerous small rural fixed wireless services, but more recently T-Mobile and Verizon used excess capacity to swiftly make fixed wireless home Internet service available to more households than can get fiber services from traditional wireline telephone companies.

A focus on the value segment of the broadband market has particularly resonated with cost-conscious renters and movers. In the 2023 LRG study, fixed wireless subscribers reported spending 20% less per month on service than other broadband subscribers.

**Over the past two years, the two major fixed wireless services have had over 6.2 million net broadband adds** (including non-residential subscribers) – accounting for 89% of all broadband net adds from top providers over this period.

#### The Evolution of Streaming Video

While streaming video has never been a core reason to get Internet service at home, in the past several years, streaming has evolved into an increasingly key attribute of home Internet service (that helps to deter any inclination to stop subscribing).

Streaming was firmly established by the start of 2020—in fact, Netflix subscriptions were leveling off in the U.S. at that time—but then the pandemic’s increased reliance on home Internet, along with the (often self-inflicted) decline in traditional video services, helped streaming to become an essential source of home entertainment.

From late 2019 to early 2021, several established brands introduced cable/broadcast content repackaged in lower-cost streaming services. This includes Disney+, HBO Max, Peacock, Discovery+ and Paramount+. These services, along

with other DTC offerings, AVOD and FAST services, and the growing base of vMVPD subscribers, expanded the breadth of streaming options.

The rise of connected TV devices and usage also made streaming a key source of “big screen” entertainment. In Nielsen’s first release of The Gauge **in May 2021, streaming accounted for 26% of all TV viewing. In November 2023, streaming accounted for 36.1%**, down from a high of 38.7% in July 2023. (Note that there have been changes in the methodology of The Gauge over time, including how vMVPD viewing is attributed.)

Internet at home is certainly a mature service, yet due to the factors described above and others, the category was able to grow at an increased pace over the last few years. While 90% of households now get a broadband service, there are still opportunities to expand the overall subscriber base over the next few years. This actually starts with keeping existing subscribers. Consistent with data from recent years, 2% of all households paid to subscribe to an Internet service at home in the past year but currently do not get one.

There are opportunities to attract late-adopters, who tend to be lower income and older, and relatedly to convert the 5% of all households that still access the Internet solely via a smartphone. There are also some additional subscribers to be gained in the rural areas where new infrastructure investments will make broadband available for the first time.

Yet, perhaps **the biggest opportunity for increased broadband subscribers is in housing growth.** As of the end of 3Q 2023, U.S. Census Bureau data indicates that there are 1.8 million more occupied housing units in the U.S. than there were a year ago. If housing growth continues at the same rate, and 90% of

this group get a broadband service, that would create an additional 1.6 million broadband subscribers in the U.S., even before the previously mentioned growth opportunities come into play.



#### Did You Know ...

24% of those that do not currently get an Internet service at home paid to subscribe to a service in the past year, while 48% never subscribed to a home Internet service

## 92% of U.S. Households Get an Internet Service at Home

**N**ew consumer research from Leichtman Research Group finds that 92% of U.S. households get an Internet service at home, compared to 83% in 2018 and 76% in 2008. Broadband accounts for 98% of households with an Internet service at home, and 90% of all households get a broadband Internet service – an increase from 81% in 2018 and 57% in 2008.

The research also found that 60% of broadband subscribers are very satisfied (8-10 on a 1-10 scale) with their Internet service at home, while 5% are not satisfied (1-3). Satisfaction with broadband is as high as in any year in the past decade, and compares to 53% who reported being very satisfied in 2018, and 59% in 2013.

These findings are based on a survey of 1,767 households nationwide, and are part of a new LRG study, *Broadband Internet in the U.S. 2023*. This is LRG’s twenty-first annual study on this topic.

Other related findings include:

- 70% of broadband subscribers agree (8-10) that their Internet service meets the needs of their household, while 5% disagree (1-3)
- 64% of broadband subscribers rate the quality of the speed of their Internet connection 8-10 (with 10 being excellent), higher than any year in the past decade, including 53% in 2018 and 58% in 2013. Just 3% rate speed 1-3 (with 1 being poor)
- 42% of broadband subscribers do not know the download speed of their service – compared to 59% in 2018
- 22% of broadband subscribers report that their provider is the only one available in their area, with a mean of 2.6 broadband providers available
- 87% of households use at least one laptop or desktop computer, and 96% of this group get an Internet service at home
- Those that do not use a laptop or desktop computer at home account for 64% of all that do not get an Internet service at home

The percentage of households getting an Internet service at home, including high-speed broadband, reached an all-time high over the past year. This year's study found that 92% of households get an Internet service at home, an increase from 85% in pre-pandemic 2019.

Broadband subscribers are generally content with their services, with 60% reporting that they are very satisfied overall, and 70% agreeing that their Internet service meets the needs of their household.

## 64% of TV Households Have a Live Pay-TV Service

New consumer research from Leichtman Research Group finds that 64% of TV households nationwide have some form of pay-TV service. The percentage of TV households that have a live pay-TV service (via cable, satellite, Telco, or Internet-delivered vMVPD) is down from 78% in 2018, 86% in 2013, and 87% in 2008.

Reflecting this decline, in TV households 70% of adults ages 45+ and 56% of ages 18-44 have a pay-TV service. Comparatively, in 2013, 88% of adults ages 45+ and 83% of ages 18-44 had a pay-TV service.

These findings are based on a survey of 1,769 households nationwide, and are part of a new LRG study, *Pay-TV in the U.S. 2023*. This is LRG's twenty-first annual study on this topic.

Other related findings include:

- 48% of those that moved in the past year do not currently have a pay-TV service – a higher level than in any previous year
- 42% of renters do not have a pay-TV service – compared to 33% of homeowners
- 33% of non-subscribers last had a pay-TV service within the past three years, 37% last had a pay-TV service over three years ago, and 30% never had a pay-TV service
- Among those that never had a pay-TV service, 63% are ages 18-34, compared to 24% of former pay-TV subscribers
- The mean age of traditional pay-TV subscribers is 49.3 – compared to 42.5 among non-subscribers, and 40.8 with vMVPD-only

- Among all pay-TV subscribers, the mean reported spending per month is \$112.70 – 5% higher than the mean monthly spending in 2018

The percent of U.S. TV households with a live pay-TV service waned over the past decade, with a more precipitous decline over the past five years.

The penetration of pay-TV remains lowest among younger adults and the categories that they tend to populate, including movers and renters. Today, 56% of ages 18-44 have a pay-TV service, compared to 83% a decade ago.

## Major Pay-TV Providers Lost About 465,000 Subscribers in 3Q 2023

**L**eichtman Research Group found that the largest pay-TV providers in the U.S. – representing about 96% of the market – lost about 465,000 net video subscribers in 3Q 2023, compared to a pro forma net loss of about 385,000 in 3Q 2022.

The top pay-TV providers account for about 71.5 million subscribers – with the top seven cable companies having about 34.9 million video subscribers, other traditional pay-TV services having 21.9 million subscribers, and the top Internet-delivered (vMVPD) services having 14.7 million subscribers.

Findings for the quarter include:

- Top cable providers had had a net loss of about 1,015,000 video subscribers in 3Q 2023 – compared to a loss of about 985,000 subscribers in 3Q 2022
- Other traditional pay-TV services had a net loss of about 780,000 subscribers in 3Q 2023 – compared to a loss of about 700,000 subscribers in 3Q 2022

- Top vMVPDs added about 1,325,000 subscribers in 3Q 2023 – compared to a gain of about 1,300,000 subscribers in 3Q 2022

Similar to recent years, pay-TV net losses in the third quarter were more modest than in the first two quarters of the year due to the strength of sports on Internet-delivered vMVPD services.

While traditional pay-TV services had a net loss of about 1.8 million subscribers in 3Q 2023, vMVPDs had over 1.3 million net additions in the quarter.



### Did You Know ...

At the end of 3Q 2023, top cable companies accounted for 13,786,000 mobile phone lines – an increase of 3,925,000 over the past year

## About 950,000 Added Broadband in 3Q 2023

**L**eichtman 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 950,000 net additional broadband Internet subscribers in 3Q 2023, compared to a pro forma gain of about 865,000 subscribers in 3Q 2022.

These top broadband providers account for 113.9 million subscribers, with top cable companies having about 76.2 million broadband subscribers, top wireline phone companies having about 30.7 million subscribers, and top fixed wireless services having about 6.9 million subscribers.

Findings for the quarter include:

- Overall, broadband additions in 3Q 2023 were 110% of those in 3Q 2022
- The top cable companies added about 5,000 subscribers in 3Q 2023 – compared to a gain of about 45,000 in 3Q 2022
- The top wireline phone companies added about 5,000 total broadband subscribers in 3Q 2023 – compared to about 100,000 net losses in 3Q 2022
  - Wireline Telcos had about 525,000 net adds via fiber in 3Q 2023, and about 520,000 non-fiber net losses
- Fixed wireless/5G home Internet services from T-Mobile and Verizon added about 940,000 subscribers in 3Q 2023 – compared to 920,000 net adds in 3Q 2022

Top broadband providers added about 950,000 subscribers in 3Q 2023, largely attributable to the most quarterly net adds ever for fixed wireless services.

Over the past year, fixed wireless services have accounted for 101% of the approximately 3,625,000 net broadband additions.



#### Did You Know ...

86% of households get Internet service both at home and on a mobile phone – compared to 68% in 2018

## Industry by the Numbers

### Top Pay-TV Providers in the U.S.

Cable Companies	Subscribers at end of 3Q 2023	Net Adds in 3Q 2023
Comcast	14,495,000	(490,000)
Charter	14,379,000	(327,000)
Altice	2,326,500	(79,400)
Breezeline	288,881	(8,071)
Cable One	148,900	(9,200)
Other major private companies*	3,240,000	(100,000)
<b>Total Top Cable</b>	<b>34,878,281</b>	<b>(1,013,671)</b>
<b>Other Traditional Services</b>		
DIRECTV**	11,850,000	(500,000)
DISH TV (DBS)	6,720,000	(181,000)
Verizon Fios (Telco)	3,076,000	(79,000)
Frontier (Telco)^	248,000	(19,000)
<b>Total Top Other Traditional</b>	<b>21,894,000</b>	<b>(779,000)</b>
<b>Internet-Delivered (vMVPD)</b>		
YouTube TV^	6,500,000	600,000
Hulu + Live TV	4,600,000	300,000
Sling TV	2,120,000	117,000
Fubo	1,477,000	310,000
<b>Total Top vMVPD</b>	<b>14,697,000</b>	<b>1,327,000</b>
<b>Total Top Pay-TV</b>	<b>71,469,281</b>	<b>(465,671)</b>

Sources: The Companies and Leichtman Research Group, Inc.

\* Includes LRG estimates for Cox and Mediacom

\*\* LRG estimate, includes DIRECTV, U-verse, and DIRECTV Stream

^ LRG estimate

^^ Includes LRG estimate for non-residential subscribers

Company subscriber counts may not solely represent residential households

Top pay-TV providers represent approximately 96% 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

## Top Broadband Internet Providers in the U.S.

Cable Companies	Subscribers at end of 3Q 2023	Net Adds in 3Q 2023
Comcast	32,287,000	(18,000)
Charter	30,649,000	63,000
Altice	4,545,400	(30,700)
Cable One	1,057,400	(500)
Breezeline	671,762	(9,023)
Other major private companies*	7,035,000	0
<b>Total Top Cable</b>	<b>76,245,562</b>	<b>4,777</b>
<b>Wireline Phone Companies</b>		
AT&T	15,296,000	(8,000)
Verizon	7,612,000	50,000
Frontier	2,881,000	16,000
Lumen	2,836,000	(73,000)
Windstream**	1,175,000	0
TDS	532,600	9,000
Consolidated	386,221	9,392
<b>Total Top Wireline Phone</b>	<b>30,718,821</b>	<b>3,392</b>
<b>Fixed Wireless Services</b>		
T-Mobile	4,235,000	557,000
Verizon^	2,679,000	384,000
<b>Total Top Fixed Wireless</b>	<b>6,914,000</b>	<b>941,000</b>
<b>Total Top Broadband</b>	<b>113,878,383</b>	<b>949,169</b>

Sources: The Companies and Leichtman Research Group, Inc.

\* Includes LRG estimates for Cox and Mediacom

\*\* LRG estimate

^ Includes reporting adjustments by the company

TDS residential subscribers, includes 328,200 wireline subscribers and 204,400 cable subscribers

Company subscriber counts may not solely represent residential households – about 7% of the total are non-residential

Top broadband providers represent approximately 96% of all subscribers

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





# LRG

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