Leichtman Research Group
Research Notes
1Q 2024 *Actionable Research on the Broadband, Media & Entertainment Industries*

This is it

In the early 2000s I discovered that running could actually be fun. While I was never gifted with speed, I enjoyed the motivation to improve, along with the feeling of being outside even on a cold New England day. As my distances expanded, I found my go-to song for the longer runs and races: *This Is It* by Kenny Loggins.

A person's pump-up song can tell you a lot about them, and even if we've never met, I've just thrown my cards on the table. This song falls in the genre that I frequently listened to when I was younger, unfortunately now known as Yacht Rock. Somehow, this nomenclature doesn't make it seem as hip as it did back in the day, when *This Is It* made it into the top 20 on both the Adult Contemporary and R&B charts.

In this issue:

Not wholly coincidentally, my running hobby began around the same time I started Leichtman Research Group (LRG), a name that unsurprisingly was not already taken. My goal with LRG was to build on my communications industry experience and knowledge by conducting related consumer research with more frequency than the annual studies that some larger firms were doing.

In addition, a discussion/bar bet with an industry colleague (about whether there were more broadband subscribers via cable or DSL) helped lead me to a complementary research model. Over the past two decades, LRG has tracked the number of subscribers reported by the major broadband and pay-TV providers, and publicly released the cumulative quarterly topline findings to help provide an ongoing industry scoreboard (and possibly resolve any bets).

But the industry tracking has also helped to guide the consumer research. While surveys can provide a wealth of information on what consumers have, want, and think about various products and services, reporting from providers offers data that can tell us where the market actually stands. Observing the alignment between these two sources of data offers an advantageous view of industry dynamics.

It is this combination of consumer research and provider tracking that have been at the core of my business, and have been the basis of these Research Notes. The Notes are a compilation of the press releases from the latest consumer research studies and the provider tracking results for the quarter, along with a dedicated column with some additional observations (often including the copious use of numbers to help illustrate my points).

About a decade ago, my knees told me that road running was no longer in the cards, but as a business evolves there's no torn meniscus to tell you that it's time to stop putting out press releases and newsletters. **While LRG will continue to research and track the industry,** which is as fascinating as it has ever been, **this is the final version of the Research Notes.**

As usual, below you will find highlights from a recent LRG consumer study, along the latest provider subscriber figures for year-end 2023.

Thanks very much to all who have received and read these Notes, and those who have provided valuable feedback and assistance through the years.

Did You Know ...

This Is It was written by Kenny Loggins and Michael McDonald in 1979, and won a Grammy for Best Male Pop Vocal. Loggins and McDonald also co-wrote the Doobie Brothers' hit *What a Fool Believes* that won Grammys for Record of the Year and Song of the Year

10% of Streaming Video Services are Borrowed from Someone Else

New consumer research from Leichtman Research Group finds that 88% of U.S. households have at least one streaming video service from fifteen top subscription video on-Demand and direct-to-consumer (DTC) services, and 53% of households have four or more DTC streaming video services.

However, not all DTC services are paid for directly by those who use them. The study found that:

- 73% of all DTC services are fully paid for and are not shared with others outside the household
- 23% of all DTC services are used in more than one household. Among these:
  - 11% of services are used and paid for by those that also share them with someone outside the household
  - 10% of services are used in one household but are borrowed from another household that is paying for the service
  - 2% of services are used by multiple households that share costs
- 4% of all DTC services are not paid for because they come with another service

These findings are based on an online survey of 2,546 households from throughout the United States and are part of a new LRG study, *Internet-Delivered TV Services 2024*. This is LRG's seventh annual study focused on the vMVPD category, along with other DTC streaming video services.

Other findings from the study include:

- Among adults ages 18-44, the mean number of DTC services is 5.1 – compared to 4.0 among ages 45-54, and 2.8 among ages 55+
- Among ages 18-34, 17% of all DTC services are borrowed from someone else – compared to 7% among ages 35+
- Ages 18-34 account for 59% of all DTC services that are borrowed by adults
- 10% with Netflix borrow the service from someone else – compared to 15% in 2022, 14% in 2020, and 16% in 2018
- 6% of all households had Netflix in the past year, but currently do not – similar to 6% for Hulu, and 6% for the live pay-TV category
- Adults ages 18-44 account for 57% of all with a vMVPD pay-TV service
- 72% of vMVPD subscribers are very satisfied with their service – compared to 79% in 2022, 76% in 2020, and 69% in 2018

- 22% of all vMVPD services are shared by multiple households, including 8% of all vMVPD services that are fully paid for by someone outside the household

Password sharing continues to be prevalent throughout the streaming video industry, despite recent efforts to limit it. This study found that 10% of all DTC services are borrowed from someone else, down from 12% in 2022.

Overall, 20% of households have at least one DTC service that is paid for by another household.

Did You Know ...

31% of non-subscribers to pay-TV have at least one DTC service that is “borrowed” from someone else – compared to 15% of pay-TV subscribers

Major Pay-TV Providers Lost About 5,000,000 Subscribers in 2023

Leichtman Research Group found that the largest pay-TV providers in the U.S. – representing about 96% of the market – lost about 5,035,000 net video subscribers in 2023, compared to a pro forma net loss of about 4,590,000 in 2022.

The top pay-TV providers now account for about 71.3 million subscribers – with the top seven cable companies having about 34.1 million video subscribers, other traditional pay-TV services having 21 million subscribers, and the top Internet-delivered (vMVPD) pay-TV services (including estimates for YouTube TV) having 16.2 million subscribers.

Findings for the year include:

- Top cable providers had a net loss of about 3,825,000 video subscribers in 2023 – compared to a loss of about 3,540,000 subscribers in 2022
- Other traditional pay-TV services had a net loss of about 3,105,000 subscribers in 2023 – compared to a loss of about 2,720,000 subscribers in 2022
- Top vMVPDs added about 1,895,000 subscribers in 2023 – compared to a gain of about 1,670,000 subscribers in 2022
- Traditional pay-TV services (not including vMVPD) had a net loss of about 6,930,000 subscribers in 2023 – compared to a net loss of about 6,260,000 in 2022

The top pay-TV providers had a net loss of about 5 million subscribers in 2023, compared to a pro forma loss of about 4.6 million subscribers in 2022.

At the end of 2023, top pay-TV providers had about 71.3 million subscribers, down from 91.5 million at the end of 2018.

Did You Know ...

Over the past decade, top pay-TV providers lost about 24.3 million subscribers: Cable providers lost about 17.3 million subscribers, other traditional service lost 23.2 million subscribers, and vMVPDs added 16.2 million subscribers

About 3,500,000 Added Broadband from Top Providers in 2023

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 3,520,000 net additional broadband Internet subscribers in 2023, similar to a pro forma gain of 3,530,000 subscribers in 2022.

The top broadband providers account for about 114.7 million subscribers, with top cable companies having 76.1 million broadband subscribers, top wireline phone companies having over 30.7 million subscribers, and top fixed wireless services having over 7.8 million subscribers.

Findings for the year include:

- The top cable companies lost about 65,000 subscribers in 2023 – compared to about 530,000 net adds in 2022
- The top wireline phone companies lost about 80,000 total broadband subscribers in 2023 – compared to about 180,000 net losses in 2022
  - Wireline Telcos had about 1.97 million net adds via fiber in 2023, offset by about 2.05 million non-fiber net losses
- Fixed wireless/5G home Internet services from T-Mobile and Verizon added about 3,665,000 subscribers in 2023 – compared to about 3,185,000 net adds in 2022
  - Fixed wireless services accounted for 104% of the total net broadband additions in 2023, compared to 90% of the net adds in 2022, and 20% of the net adds in 2021

Top broadband providers added about 3.5 million subscribers in 2023, similar to the number of broadband adds in 2022.

Over the past four years, top providers added about 15.9 million broadband subscribers, compared to about 10.2 million net broadband adds in the prior four (pre-pandemic) years."

Did You Know ...

Over the past decade, top broadband providers added 32.4 million subscribers: Cable providers added 26.4 million subscribers, fixed wireless services added 7.8 million subscribers, and wireline phone companies lost about 1.8 million subscribers

Industry by the Numbers

Top Pay-TV Providers in the U.S.

Cable Companies	Subscribers at end of 2023	Net Adds in 2023
Charter	14,122,000	(1,025,000)
Comcast	14,106,000	(2,036,000)
Altice	2,262,000	(274,300)
Breezeline	280,145	(29,482)
Cable One	142,300	(39,200)
Other major private companies*	3,140,000	(420,000)
Total Top Cable	**34,052,445**	**(3,823,982)**
Other Traditional Services		
DIRECTV**	11,300,000	(1,800,000)
DISH TV (DBS)	6,471,000	(945,000)
Verizon Fios (Telco)	3,012,000	(289,000)
Frontier (Telco)^	234,000	(72,000)
Total Top Other Traditional	**21,017,000**	**(3,106,000)**
Internet-Delivered (vMVPD)		
YouTube TV^^	7,900,000	1,900,000
Hulu + Live TV	4,600,000	100,000
Sling TV	2,055,000	(279,000)
Fubo	1,618,000	173,000
Total Top vMVPD	**16,173,000**	**1,894,000**
Total Top Pay-TV	**71,242,445**	**(5,035,982)**

Sources: The Companies and Leichtman Research Group, Inc.
**   Includes LRG estimates for Cox and Mediacom*
***   LRG estimate, includes DIRECTV, U-verse, and DIRECTV Stream*
^   Includes LRG estimate for non-residential subscribers
^^   LRG revised estimate. On February 6, 2024 the company posted "we have more than 8 million subscribers to YouTube TV"
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 2023	Net Adds in 2023
Comcast	32,253,000	(66,000)
Charter	30,588,000	155,000
Altice	4,517,900	(114,100)
Cable One	1,059,300	(1,100)
Breezeline^	663,286	(29,184)
Other major private companies*	7,020,000	(8,000)
Total Top Cable	**76,101,486**	**(63,384)**
Wireline Phone Companies		
AT&T	15,288,000	(98,000)
Verizon	7,650,000	166,000
Frontier^	2,943,000	75,000
Lumen	2,758,000	(279,000)
Windstream**	1,175,000	0
TDS	539,800	29,800
Consolidated	393,219	25,761
Total Top Wireline Phone	**30,747,019**	**(80,439)**
Fixed Wireless Services		
T-Mobile	4,776,000	2,130,000
Verizon^	3,067,000	1,536,000
Total Top Fixed Wireless	**7,843,000**	**3,666,000**
Total Top Broadband	**114,691,505**	**3,522,177**

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 336,900 wireline subscribers and 202,900 cable subscribers
Company subscriber counts may not solely represent residential households – about 7.5% 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

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