



LRG

Leichtman Research Group

FOR IMMEDIATE RELEASE

86% OF TV HOUSEHOLDS SUBSCRIBE TO A MULTI-CHANNEL VIDEO SERVICE

Majority of Non-Subscribers do not get any Over-the-Top Services

Durham, NH – August 8, 2013 – New consumer research from Leichtman Research Group, Inc. (LRG) finds that 86% of households nationwide subscribe to some form of multi-channel video service. While major multi-channel video providers reported a cumulative increase of less than 1% of subscribers over the past three years, penetration has slightly declined over that time due to a larger increase in the number of rental housing units. Multi-channel video penetration essentially peaked at 88% in 2010 following the digital transition, having increased from 82% in 2005.

Among TV households that do not currently subscribe to a multi-channel video service, 40% subscribe to Netflix, 11% to Amazon Prime, and 7% to Hulu Plus – in total, 42% of non-subscribers get at least one of these three over-the-top (OTT) services, and 58% of non-subscribers do not get any. Overall, this results in 8% of all TV households watching over-the-air (OTA) broadcast TV only (down from 10% in 2010), and 6% watching a combination of OTA and OTT programming. This group includes about 1% of all household that do not subscribe to a multi-channel video service primarily because they can watch all that they want via the Internet or Netflix.

These findings are based on a telephone survey of 1,319 households from throughout the United States, and are part of a new LRG study, *Cable, DBS & Telcos: Competing for Customers 2013*. This is LRG's eleventh annual study of this topic.

Other related findings include:

- Nationwide, 20% of TV households with annual incomes <\$50,000 are non-subscribers, compared to 9% with incomes >\$50,000 – a division that has been fairly consistent for years

- Mean reported monthly spending on multi-channel video service is \$83.25 – an increase of 5.9% from last year
- Multi-channel video subscribers with household incomes >\$50,000 spend 18% more per month than those with incomes <\$50,000
- 10% of non-subscribers had subscribed to a multi-channel video service in the past year, and 7% plan to subscribe to a service in the next six months
- Overall, about 1.4% of all TV households paid to subscribe to a service in the past year, but currently do not – a similar rate to the past five years
- 5% of current multi-channel video subscribers did not subscribe at some time in the past two years and just watched programs from the Internet instead

“The number of households subscribing to a multi-channel video service is slightly higher than it was three years ago, yet the penetration of households subscribing to a service is now below its peak,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “While some consumers continue to go in and out of the category, economic factors appear to be as strong a force in shaping this market as the emergence of over-the-top alternatives alone.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

Cable, DBS & Telcos: Competing for Customers 2013 is based on a telephone survey of 1,319 adults age 18+ from throughout the continental US that was conducted in May-June 2013. The random sample of respondents (including 150 cell phone calls) was distributed and weighted to best reflect the demographic and geographic make-up of the US. The overall sample has a statistical margin of error of +/- 2.7%.

###