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MORE THAN FIVE OF EVERY SIX TV HOUSEHOLDS SUBSCRIBE TO A PAY-TV SERVICE

Pay-TV Subscribers Outpaced by Rental Housing Growth

Durham, NH – September 2, 2014 – New consumer research from Leichtman Research Group, Inc. (LRG) finds that about 84% of households nationwide subscribe to some form of pay-TV service. While the reported number of pay-TV subscribers has been fairly flat over the past four years, occupied housing in the US has grown. Consequently, penetration of pay-TV among residential households has waned from its peak in 2010 following the digital transition.

Among TV households that do not currently subscribe to a pay-TV service, 6% plan to subscribe to a pay-TV service in the next six months – including 20% of those who subscribed in the past year, 2% who subscribed over one year ago, and 4% who never subscribed. Overall, 35% of non-subscribers never subscribed to a pay-TV service.

These findings are based on a telephone survey of 1,260 households from throughout the United States, and are part of a new LRG study, *Cable, DBS & Telcos: Competing for Customers 2014*. This is LRG's twelfth annual study of this topic.

Other related findings include:

- Nationwide, 22% of TV households with annual incomes <\$50,000 are non-subscribers, compared to 13% with incomes >\$50,000
- Mean reported monthly spending on pay-TV service is \$89.78 – an increase of 36% since 2009
- 12% of cable TV subscribers, 12% of telco TV subscribers, and 11% of satellite TV subscribers are likely to switch from their current provider in the next six months
- 11% of non-subscribers cite the Internet or Netflix as the main reason for not currently subscribing to a pay-TV service – compared to 3% in 2009

- 22% of those who moved in the past year do not currently subscribe to a pay-TV service – a higher level than in previous years

“The number of pay-TV subscribers in the US remains about as high as it has ever been, but penetration of pay-TV services in consumers’ homes has declined over the past few years as subscriber growth has leveled-off, while occupied housing in the US has increased,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Housing growth has been exclusively among renters, who tend to be more challenging for the pay-TV industry than home owners because of their comparatively lower income, younger age, and greater likelihood to move.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines ongoing consumer surveys, with industry tracking and analysis, to provide companies with a richer understanding of current market conditions, and 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 2014 is based on a telephone survey of 1,260 adults age 18+ from throughout the continental US that was conducted in June-July 2014. The random sample of respondents (including 190 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 +/- 2.8%.

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