Leichtman Research Group
Research Notes
2Q 2021 *Actionable Research on the Broadband, Media & Entertainment Industries*

Still the One

Consumers clearly have more choices than ever before in what to watch, and how to watch video. Streaming video services have significantly expanded over the past decade, as last quarter's Research Notes and many other sources have documented. Yet, as Internet-delivered video is occupying more of consumers' viewing time and preferences, television sets remain the key delivery method for video.

As further addressed below, data from LRG's *Connected TVs 2021* study found that **82% of U.S. TV households now have at least one Internet-connected TV device, up from 65% five years ago, and 30% ten years ago**. This increase in connected TVs has enabled consumers to increasingly integrate streaming and traditional linear content into their viewing experience. Connected TVs have also helped to maintain the primacy of TV sets in the home.

In this issue:

The mean number of TV sets used in the home in this year's study is 2.6, with 45% of TV households using three or more TVs. These findings are similar to those reported in the past several years, but the sets in the home are not necessarily the same, as TVs are frequently replaced with newer models. The study found that **for the seventh consecutive year, at least 24% of adults reported getting a new TV in the past year.**

The cost of new sets is declining, while the features and size of the sets are expanding.

- In 2021, mean reported spending on a new TV was about $530 – one-third less than the mean spending on a new TV five years ago, and about half the cost of a new TV fifteen years ago
- 89% of households that got a TV in the past year reported having at least one Smart TV

Consumers have numerous options for watching video, but television sets are overwhelmingly the favored choice. This year's study found that, given a choice of screens, **78% prefer to watch video on a TV set, 11% on a laptop or desktop computer, 8% on a smartphone, and 3% on a tablet.**

While there are differences by age, the majority in every age group prefer to watch video on a TV.

- 83% of ages 35+ prefer to watch video on a TV set – compared to 73% of ages 25-34, and 55% of ages 18-24

These data indicate that **consumers continue to opt for the television set as the "best available screen" in the home.**

Smart TV sets and other connected TV devices have helped to increase viewing options by making access to streaming video easier than ever before. While one can now watch video on many different screens, after all these years, TV sets and consumers are *still together, still going strong.*

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39% of Adults Watch Video via a Connected TV Device Daily

New consumer research from Leichtman Research Group finds that 82% 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 stick or set-top box, 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, 74% in 2019, 65% in 2016, and 30% in 2011.

Overall, 39% of adults in U.S. TV households watch video on a TV via a connected device daily – compared to 40% in 2020, 31% in 2019, 19% in 2016, and 3% in 2011. Younger individuals are most likely to use connected TV devices. Among all ages 18-34, 54% watch video on a TV via a connected device daily – compared to 43% of ages 35-54 and 22% of ages 55+.

These findings are based on a survey of 2,000 TV households in the U.S., and are part of a new LRG study, *Connected TVs 2021.* This is LRG's eighteenth annual study on TVs in the U.S.

Other findings include:

- 35% of adults with a pay-TV service watch video via a connected TV device daily – compared to 50% of pay-TV non-subscribers
- 60% of adults watch video via a connected TV device at least weekly – compared to 59% in 2020, 52% in 2019, 40% in 2016, and 10% in 2011
- 55% of TV households have at least one stand-alone streaming device – up from 49% in 2019, 33% in 2016, and 3% in 2011
- About 43% of all TV sets in U.S. households are connected Smart TVs – an increase from 32% in 2019, 19% in 2016, and 7% in 2014

Use of connected TV devices levelled off over the past year after being pulled forward due to the coronavirus pandemic last year. Still, 39% of adults watch video on a TV via a connected device daily, and 60% weekly, and 70% at least monthly.

Over 80% of TV households in the U.S. now have at least one connected TV device, with a mean of 4.1 devices per connected TV household.

Did You Know ...

There are now about 250 million more connected TV devices in U.S. TV households than there are pay-TV set-top boxes – an increase from about 35 million more connected TV devices than pay-TV set-tops in 2016

Major Pay-TV Providers Lost About 1,895,000 Subscribers in 1Q 2021

Leichtman Research Group found that the largest pay-TV providers in the U.S. – representing about 95% of the market – lost about 1,895,000 net video subscribers in 1Q 2021, compared to a pro forma net loss of about 1,955,000 in 1Q 2020.

The top pay-TV providers now account for about 78.7 million subscribers – with the top seven cable companies having 43.1 million video subscribers, other traditional pay-TV services having about 28.9 million

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subscribers, and the top publicly reporting Internet-delivered (vMVPD) pay-TV services having about 6.7 million subscribers.

Key findings for the quarter include:

- Top cable providers had a net loss of about 775,000 video subscribers in 1Q 2021 – compared to a loss of about 595,000 subscribers in 1Q 2020
    - Net cable losses in 1Q 2021 were more than in any previous quarter
- Other traditional pay-TV services had a net loss of about 865,000 subscribers in 1Q 2021 – compared to a loss of 1,150,000 subscribers in 1Q 2020
    - AT&T Premium TV had 620,000 net losses in 1Q 2021 – compared to 897,000 net losses in 1Q 2020
- Top publicly reporting vMVPDs had a net loss of about 255,000 subscribers in 1Q 2021 – compared to a loss of about 210,000 subscribers in 1Q 2020

Pay-TV net losses of about 1.9 million in 1Q 2021 were similar to the net losses in 1Q 2020. Over the past year, top pay-TV providers had a net loss of about 4,790,000 subscribers, compared to a loss of about 5,125,000 over the prior year.

About 1,020,000 Added Broadband in 1Q 2021

Leichtman Research Group found that the largest cable and wireline phone providers in the U.S. – representing about 96% of the market – acquired about 1,020,000 net additional broadband Internet subscribers in 1Q 2021, compared to a pro forma gain of about 1,170,000 subscribers in 1Q 2020.

These top broadband providers now account for about 107 million subscribers, with top cable companies having about 73.7 million broadband subscribers, and top wireline phone companies having about 33.3 million subscribers

Key findings for the quarter include:

- Overall, broadband additions in 1Q 2021 were 87% of those in 1Q 2020
- The top cable companies added about 935,000 subscribers in 1Q 2021 – 76% of the net additions for the top cable companies in 1Q 2020
- The top wireline phone companies added about 85,000 total broadband subscribers in 1Q 2021 – compared to a net loss of about 60,000 subscribers in 1Q 2020
    - Net broadband losses among Telco non-fiber subscribers were more than offset by over 400,000 net adds via fiber in 1Q 2021, bringing the number of Telco broadband subscribers via fiber to about 14.6 million

Top broadband providers added over one million subscribers in the first quarter of 2021. This marked the fourth time in the past five quarters that there were more than one million net broadband additions in the U.S.

Over the past year, there were about 4,665,000 net broadband adds, compared to about 2,760,000 net broadband adds over the prior year.

Did You Know ...

At the end of 1Q 2021, the top wireline phone companies cumulatively had about 38.7 million fiber broadband Passings – about 38% with fiber available subscribe to the service

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Industry by the Numbers

Top Pay-TV Providers in the U.S.

Cable Companies	Subscribers at end of 1Q 2021	Net Adds in 1Q 2021
Comcast	19,355,000	(491,000)
Charter	16,062,000	(138,000)
Cox*	3,590,000	(60,000)
Altice	2,906,600	(54,400)
Mediacom	626,000	(17,000)
Atlantic Broadband	313,591	(4,796)
Cable One	252,000	(9,000)
Total Top Cable	**43,105,191**	**(774,196)**
Other Traditional Service		
AT&T Premium TV**	15,885,000	(620,000)
DISH TV (DBS)	8,686,000	(130,000)
Verizon FiOS (Telco)	3,845,000	(82,000)
Frontier (Telco)	453,000	(32,000)
Total Top Other Traditional	**28,869,000**	**(864,000)**
Internet-Delivered (vMVPD)		
Hulu + Live TV	3,800,000	(200,000)
Sling TV	2,374,000	(100,000)
fuboTV	590,430	42,550
Total Top vMVPD^	**6,764,430**	**(257,450)**
Total Top Pay-TV	**78,738,621**	**(1,895,646)**

Sources: The Companies and Leichtman Research Group, Inc.
** LRG estimate*
*** Includes DIRECTV, U-verse, and AT&T TV (while AT&T includes AT&T TV in this group it is similar to a vMVPD)*
^ vMVPD does not include YouTube TV or Philo, as neither regularly report results. AT&T TV NOW was removed from the list, because AT&T no longer reports results for the service.
Company subscriber counts may not solely represent residential households
Top pay-TV providers represent approximately 95% of all subscribers
Top cable companies do not include overbuilder WOW with 290,290 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 2021	Net Adds in 1Q 2021
Comcast*	31,034,000	460,000
Charter	29,234,000	355,000
Cox**	5,435,000	55,000
Altice	4,370,800	11,600
Mediacom	1,454,000	16,000
Cable One	880,000	23,000
WOW (WideOpenWest)	823,800	10,000
Atlantic Broadband	511,004	6,383
Total Top Cable	**73,742,604**	**936,983**
Telephone Companies		
AT&T	15,435,000	51,000
Verizon	7,193,000	64,000
CenturyLink/Lumen^	4,728,000	(39,000)
Frontier	3,052,000	(17,000)
Windstream	1,122,300	13,000
Consolidated	794,224	2,024
TDS	501,700	8,400
Cincinnati Bell	437,600	1,500
Total Top Phone	**33,263,824**	**83,924**
Total Top Broadband	**107,006,428**	**1,020,907**

Sources: The Companies and Leichtman Research Group, Inc.
** Slightly reduced the number of subscribers in prior quarters due to a change in methodology, this had no impact on net adds*
*** LRG estimate*
^ CenturyLink/lumen revised reporting to include residential and small business subscriber
TDS includes about 289,000 wireline broadband subscribers, and about 212,700 cable broadband subscribers
Company subscriber counts may not solely represent residential households – about 6% of the total are non-residential
Top cable and telephone companies 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 finding

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