



Not Your Father's TV

Olds Motor Vehicle Company began selling cars in 1897. The company was acquired by General Motors in 1908, and Oldsmobile flourished for decades as the middle brand in GM's five car divisions. The Oldsmobile Cutlass was even the best-selling car in the U.S. in the late '70s and early '80s. But the popularity of the brand quickly waned, and in 1988 the iconic/infamous ad campaign "This is not your father's Oldsmobile" was introduced to help redefine the brand beyond its aging customer base. While the campaign did not rejuvenate Oldsmobile, it became a symbol of the concept of change across generations.

I was reminded of this ad while watching the recent 73rd Emmy Awards. The Emmys began with a takeoff of Biz Markie's song "Just a Friend," changing the lyrics to **"TV, you've got what I need."** Yet, when the awards for outstanding achievement in television

were presented, it became eminently clear that this was not my father's TV that was being honored, nor the TV experience that I grew up with. Instead, streaming services that were unknown to earlier generations were front and center.

For previous generations, watching TV meant broadcast shows, and then cable programming followed. **This year's Emmys solidified that streaming services are not tangential to**

television; they are a key part of TV for this generation. The first Emmy to a streaming service was awarded in 2017. Just four years later, this year's Emmys were dominated by streaming services, including Netflix, HBO/HBO Max (a premium/streaming service), Disney+, and Apple TV+ (the home of AFC Richmond's Ted Lasso).

While Emmy awards do not necessarily parallel viewership, streaming services are firmly entrenched in today's TV landscape. This is similar to how cable/premium programming expanded the number of viewing options and changed what was being watched in prior decades.

What younger individuals watch, and how they watch it, is certainly different from what we watched at their age. Yet, **differences in viewing preferences are not only evident in comparisons to the past, they are also apparent between age groups today.**

LRG's recent study, *Emerging Video Services 2021*, found many significant differences by age in the integration of streaming services into the TV experience. For example, the study found that out of fourteen different streaming video services:

- The mean number of SVOD/DTC services among ages 18-44 is 4.1 – compared to 2.6 among ages 45-64, and 1.3 among ages 65+

Younger individuals don't just have more services, they are also more frequent streaming users. The study found that while 41% of all adults stream at least one of the top three SVOD service daily:

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- 59% of ages 18-44 stream a top SVOD service daily – compared to 37% of ages 45-54, and 17% of ages 55+

There is also a significant difference in the prioritization of streaming versus live TV (and VOD and DVR) by age group. When asked what they typically choose to watch first when they turn on the TV in the evening, the survey found that:

- 72% of ages 18-34, choose streaming services first – compared to 45% of ages 35-54, and 20% of ages 55+
- 22% of ages 18-34, choose live TV first – compared to 45% of ages 35-54, and 70% of ages 55+

These differences in usage and prioritization of programming categories only begin to demonstrate the increasing fragmentation of TV viewing. Gone are the days of the mass audience/shared experience of Emmy winners like *All in the Family* and *The Mary Tyler Moore Show* in the '70s, or *Seinfeld* and *Frasier* in the '90s. In fact, a broadcast network has not won the award for Outstanding Comedy Series since *Modern Family* in 2014, and the last broadcast Drama Series winner was *24* in 2006. Television has clearly been evolving for decades, and the more recent growth and importance of streaming services has accelerated ongoing industry trends.

In hindsight, many fault Oldsmobile's ad campaign with alienating the existing target audience and ultimately helping to destroy the brand. In the case of TV, consumers aren't solely being told the direction of the industry, they are active participants in defining how TV gives them what they need. To paraphrase the Oldsmobile commercial, *this is the new generation of TV.*

U.S. Households With a Top SVOD Service Steady at 78%

New consumer research from Leichtman Research Group finds that 78% of all U.S. households have a subscription video on-Demand (SVOD) service from Netflix, Amazon Prime, and/or Hulu – compared to 78% in 2020, 74% in 2019, and 59% in 2016.

Among those that have any of these three SVOD services, 74% have more than one – compared to 70% in 2020, 69% in 2019, and 47% in 2016. Overall, 58% of U.S. households now have more than one of these SVOD services – compared to 55% in 2020, 51% in 2019, and 28% in 2016.

These findings are based on a survey of 2,000 households nationwide and are part of a new LRG study, *Emerging Video Services 2021*. This is LRG's fifteenth annual study on this topic.

Other related findings include:

- 41% of all adults stream a top SVOD service daily – compared to 40% in 2020, 33% in 2019, and 24% in 2016
- Ages 18-34 account for 41% of adults using SVOD daily, and ages 18-44 account for 67% of adults using SVOD daily
- Including eleven additional streaming video services, 82% of all households have at least one SVOD or DTC service, and 53% have three or more services
- The mean number of SVOD/DTC services among all households is 3.1 – compared to 2.9 in 2020
- 54% of adults watch video on non-TV devices (including mobile phones, home computers, tablets, and eReaders) daily – compared to 55% in 2020, 51% in 2019, and 41% in 2016

- 81% of ages 18-34 watch video on non-TV devices daily – compared to 59% of ages 35-54, and 25% of ages 55+

The percent of households with a top SVOD service held steady in 2021, and those using any of these services daily also levelled off after being pulled forward last year due to the coronavirus pandemic.

While the breadth of households with a major SVOD service is similar to last year, those with multiple top SVOD services continued to expand. And, including eleven additional streaming video services, 27% of households now report having five or more SVOD or DTC services.



Did You Know ...

At the end of 2Q 2021, Netflix had 209.2 million streaming subs worldwide – an increase of 5.5 million in the first half of 2021, compared to 25.9 million in the first half of 2020, and 12.3 million in the first half of 2019

Major Pay-TV Providers Lost About 1,230,000 Subscribers in 2Q 2021

Leichtman Research Group found that the largest pay-TV providers in the U.S. – representing about 95% of the market – lost about 1,230,000 net video subscribers in 2Q 2021, compared to a pro forma net loss of about 1,500,000 in 2Q 2020.

The top pay-TV providers now account for about 77.6 million subscribers – with the top seven cable companies having 42.6 million video subscribers, other traditional pay-TV services having about 28.2 million subscribers, and the top publicly reporting Internet-delivered (vMVPD) pay-TV services having about 6.8 million subscribers.

Key findings for the quarter include:

- Top cable providers had a net loss of about 590,000 video subscribers in 2Q 2021 – compared to a loss of about 505,000 subscribers in 2Q 2020
- Other traditional pay-TV services had a net loss of about 700,000 subscribers in 2Q 2021 – compared to a loss of about 1,045,000 subs in 2Q 2020
 - AT&T Premium TV had 473,000 net losses in 2Q 2021 – compared to 887,000 net losses in 2Q 2020
- Top publicly reporting vMVPDs added about 55,000 subscribers in 2Q 2021 – compared to a gain of about 45,000 subscribers in 2Q 2020

Pay-TV net losses of 1,230,000 in 2Q 2021 were about 275,000 fewer than in 2Q 2020 on a pro forma basis.

Over the past year, top pay-TV providers had a net loss of about 4,520,000 subscribers, compared to a loss of about 5,460,000 over the prior year.

About 890,000 Added Broadband in 2Q 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 890,000 net additional broadband Internet subscribers in 2Q 2021, compared to a pro forma gain of about 1,260,000 subscribers in 2Q 2020.

These top broadband providers now account for about 107.4 million subscribers, with top cable companies having about 74.7 million broadband subscribers, and top wireline phone companies having about 32.7 million subscribers.

Key findings for the quarter include:

- Overall, broadband additions in 2Q 2021 were 71% of those in 2Q 2020
- The top cable companies added about 840,000 subscribers in 2Q 2021 – 60% of the net additions for the top cable companies in 2Q 2020
- The top wireline phone companies added about 50,000 total broadband subscribers in 2Q 2021 – compared to a net loss of about 140,000 subscribers in 2Q 2020
 - Telcos had about 400,000 net adds via fiber in 2Q 2021, and about 350,000 non-fiber net losses

Net broadband additions in the second quarter of 2021 were the most in any second quarter in the past decade, except for 2Q 2020.

Top broadband providers added 8,000,000 subscribers over the past two years, including about 4,330,000 net adds over the past year, and about 3,670,000 net adds over the prior year.



Did You Know ...

Over the past five years, top broadband providers added about 15,400,000 subscribers – compared to about 14,600,000 net adds over the prior five years

Industry by the Numbers

Top Pay-TV Providers in the U.S.

Cable Companies	Subscribers at end of 2Q 2021	Net Adds in 2Q 2021
Comcast	18,956,000	(399,000)
Charter	16,012,000	(50,000)
Cox*	3,530,000	(60,000)
Altice**	2,870,500	(48,300)
Mediacom	611,000	(15,000)
Atlantic Broadband	309,242	(4,349)
Cable One**	287,000	(11,000)
Total Top Cable	42,575,742	(587,649)
Other Traditional Service		
AT&T Premium TV^	15,412,000	(473,000)
DISH TV (DBS)	8,554,000	(132,000)
Verizon FiOS (Telco)	3,782,000	(63,000)
Frontier (Telco)*	423,000	(30,000)
Total Top Other Traditional	28,171,000	(698,000)
Internet-Delivered (vMVPD)		
Hulu + Live TV	3,700,000	(100,000)
Sling TV	2,439,000	65,000
fuboTV	681,721	91,291
Total Top vMVPD^^	6,820,721	56,291
Total Top Pay-TV	77,567,463	(1,229,358)

Sources: The Companies and Leichtman Research Group, Inc.

* LRG estimate

** Includes recent acquisitions and LRG pro forma estimates of net adds

^ AT&T Premium TV includes DIRECTV, U-verse, and AT&T TV

^^ vMVPD does not include YouTube TV or Philo, as neither regularly report results

Company subscriber counts may not solely represent residential households

Top pay-TV providers represent approximately 95% 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 2Q 2021	Net Adds in 2Q 2021
Comcast	31,388,000	354,000
Charter	29,634,000	400,000
Cox*	5,485,000	50,000
Altice**	4,401,300	200
Mediacom	1,468,000	14,000
Cable One**	1,017,000	14,000
WOW (WideOpenWest)	826,300	3,400
Atlantic Broadband	517,851	6,847
Total Top Cable	74,737,451	842,447
Wireline Phone Companies		
AT&T	15,481,000	46,000
Verizon	7,263,000	70,000
CenturyLink/Lumen	4,666,000	(62,000)
Frontier^	2,798,000	(22,000)
Windstream	1,131,800	9,500
TDS	513,600	11,900
Cincinnati Bell	437,800	200
Consolidated ^^	393,480	(4,522)
Total Top Phone	32,684,680	49,078
Total Top Broadband	107,422,131	891,525

Sources: The Companies and Leichtman Research Group, Inc.

* LRG estimate

** Includes recent acquisitions and LRG pro forma estimates of net adds

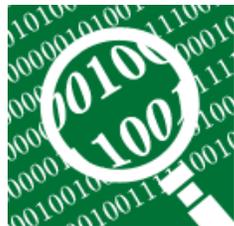
^ In 2Q 2021, Frontier no longer included wholesale subscribers

^^ In 2Q 2021, Consolidated began reporting only residential subscribers; 2Q 2020 net adds are an LRG estimate

TDS includes about 299,000 wireline broadband subscribers, and about 214,600 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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