THE CONVERGENCE RESEARCH GROUP LTD.

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The Battle for the American Couch Potato: Bundling, Television, Internet, Telephone, Wireless

May 2023

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Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the American Couch Potato: Bundling, TV, Internet, Telephone, Wireless**, **May 2023**, (87 pages), contains analysis of product offers (including prices), strategy, subscriber & financial performance metrics (including forecasts) by Company & Market. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, US Census.

Commentary, please see Table of Contents for what is included in this Report:

We estimate 2022 US Cable, Satellite, Telco TV access revenue declined 6% to $85.8 billion and forecast a 9% decline in 2023 (ARPU should grow 3%) and 13% in 2025.

We estimate 2022 saw a decline of 7.37 million US TV subscribers, and we forecast a decline of 8.44 million TV subs in 2023; hence US TV subscribers declined by 11% in 2022, and we forecast 14% in 2023 and 16% in 2025. Satellite/Telco continue to lose market share to Cable.

As illustrated in our US Cord Cutter/Never Household Model, as of YE2022 we estimate almost 70 million US households (over 53% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and we forecast a rise to 72% of HHs YE2025.

Extending out forecasts to YE2028 from YE2022, demonstrates a decline of 70% of TV subs and more than 60% of annual TV access revenue, and almost a doubling of cord cutter/never HHs. Net-net traditional TV access is well into becoming a niche product (even if we included vMVPDs in our TV numbers).

We estimate over 3.2 million US residential broadband subscribers were added in 2022 and revenue grew 6.5% to $84.8 billion; we forecast higher subscriber additions and lower revenue growth for 2023. While Cable continues to maintain the lions' share of residential broadband subs, Cable's annual share of net additions has fallen precipitously, a trendline we project will continue through 2025 due primarily to T-Mobile and Verizon.

Residential US wireline telephone annual line loss is declining in the mid-teen percentage range, with Cable and Telco splitting market share. Wireless-only household penetration continues to rise, we estimate 81% of US households will no longer have a landline YE2025.

T-Mobile continues to lead AT&T and Verizon on annual organic subscriber additions. Cable's small market share continues to rise.