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Pay TV services lost 5 million subscribers in 2023 as streamers eat into their market

Article

The news: Pay TV churn accelerated significantly in 2023, according to research published by Leichtman, marking a significant step in the viewer migration from pay TV to over-the-top subscription video services.

- The largest pay TV providers, which account for 96% of the market, lost approximately 5 million subscribers in 2023, compared with 2022's loss of 4.6 million subscribers.
- Cable providers were hit hard as well, losing approximately 3.8 million subscribers versus 3.5 million in 2022.
- There was a notable winner among Leichtman's reporting: **Virtual multichannel video programming distributors** (vMVPDs), which include digital pay TV services like **YouTube TV**, added 1.9 million subscribers. The gain was up from 1.67 million in 2022.

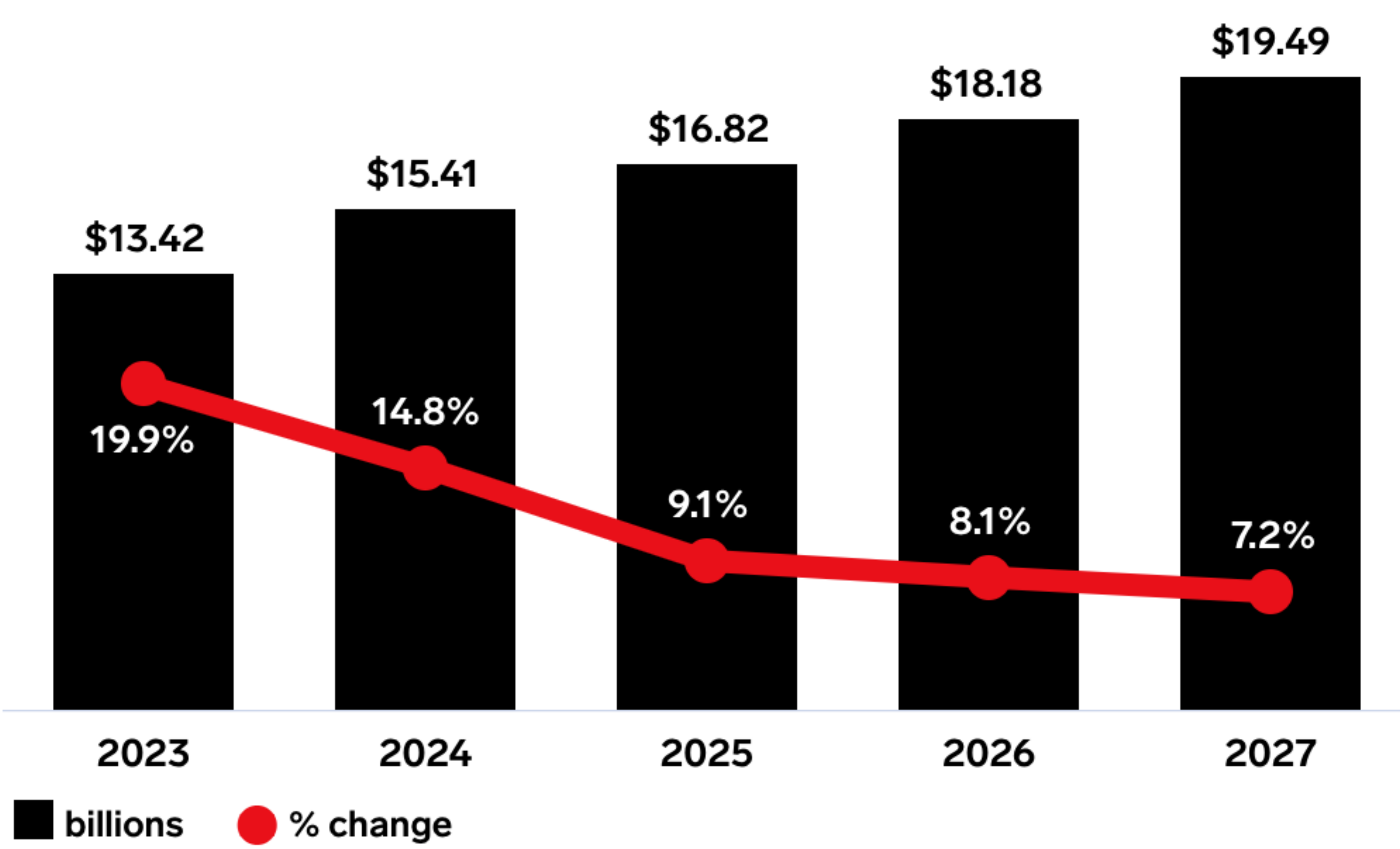
Turning point: The significant decline in traditional pay TV and cable memberships is a sign of US consumers' declining appetite for pay TV services.

- That is, unless the pay TV service offers a specific killer app: sports. Sporting events are the most-viewed broadcasts on traditional pay TV and cable, with the **NFL accounting for 93 of the top 100 broadcasts in 2023**, per Nielsen. A large number of remaining pay TV subscribers are likely staying subscribed for access to sports content.
- But that content is now more accessible on digital services than ever before, with OTT streaming services like **Prime Video** and vMVPDs like YouTube TV both offering NFL games, eating into pay TV's market.
- There are also more channels through which pay TV customers can transition to digital services than in recent years. **Disney** set a new standard for network-provider contracts last fall when it got **Charter Spectrum** to offer **Disney+** subscriptions to its customers after a carriage fee battle, adding to emerging bundle offerings that are lowering the cost of streaming services.
- **Looking forward:** 2023 marked the start of a major effort among streaming services to crack down on password-sharing and drive consumers toward ad-supported subscription tiers.
- Those efforts led to strong revenue and subscription growth for companies like **Netflix** and others, which offer large libraries of content akin to pay TV providers, albeit at a much lower cost.
- Consumers' growing acceptance of ads on streaming services—and increased access to sports content—suggests that many are beginning to view subscription OTT services as the de facto access point for video entertainment.

- With access to much of the same sports and non-sporting material, on top of new and in-demand content, the choice between a cheaper monthly ad-supported service and a costly cable package is a simple one.

vMVPD Subscription Revenues

US, 2023-2027



Note: includes revenues from regularly recurring fees for access to vMVPD video services charged either directly to consumers or via a third party on a consumer's behalf; third parties can include mobile carriers, pay TV providers, or electronics manufacturers; excludes revenues from advertising, pay-per-view, or other nonrecurring revenue streams
Source: Insider Intelligence | eMarketer, December 2023

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