



8TH ANNUAL

Rural Video and Broadband Industry Study

2023



Introduction

While the pandemic is becoming more distant, its influence on rural broadband and video consumption continues. The increasing needs of today's rural households are exemplified by telecommuting, remote education, high-resolution video and variety of content, online gaming, security, and an array of connected devices. Additionally, the demand for top-quality connectivity and entertainment options will continue to increase as the younger, more connected, mobile, and tech-savvy generations mature.

Rural broadband providers are working tirelessly to meet these evolving needs by extending coverage areas, providing faster and easier connectivity and overall improving the customer journey. To make the best business decisions, it is essential for providers to monitor broadband and video usage patterns of their customers and prospects.

The 8th Annual Rural Video and Broadband Industry Study provides comprehensive data and analysis of rural consumer usage patterns that will help providers better understand customer needs and where rural U.S. markets are headed.

Key findings and analysis are provided in the [Rural Video Usage, Rural Broadband](#), and [Wi-Fi Usage](#) sections of this report.

Rural Video Usage

Choices for video content and how it's delivered continue to expand.

However, despite the rapid growth of streaming services in recent years, traditional providers still have a significant fan base due to local programming, familiar interface and navigation, DVR, and the convenience of bundling.

How Are Rural Consumers Watching TV?

Growth in new streamers and decline in traditional pay-TV subscribership have both slowed over the past year.

63%



63% from streaming video

↑ vs. 61% in 2022

49%



49% from a non-streaming pay-TV service

↓ down from 54% in 2022, 65% in 2021

15%



15% from antenna only

A Closer Look at Streamers

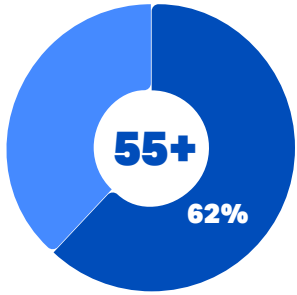
Compared to a year ago, growth in cord-cutting is flat and the percentage of subscribers with both streaming and pay-TV services is unchanged.

41% are **streaming only**,
vs 39% a year ago

22% are **pay-TV and streaming** subscribers, **22%**
unchanged from 2022

27% do not stream at all,
but do subscribe to pay-TV
vs 32% a year ago



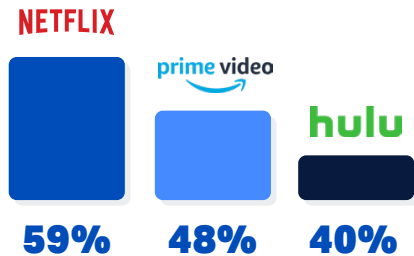


62% of those **55+** are pay-TV subscribers (vs 64% a year ago)

77%
under age **55** stream using a mobile device



43%
over age **55** stream using a mobile device



The top 3 streaming services are Netflix, Amazon Prime, and Hulu



Cord-Cutting Trends

The cord-cutting trend in Rural America is moving at a slower pace than it is nationwide.



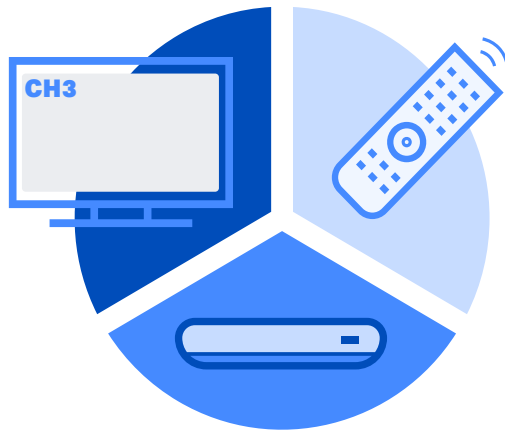
41% of rural consumers have cut the cord and gone streaming only, compared to nearly **50% nationally!**

63% of current rural pay-TV subscribers **bundle internet and video services.**

Only **25%** of rural pay-TV subscribers indicate some likelihood to go streaming only in the next 12 months (vs 28% a year ago).

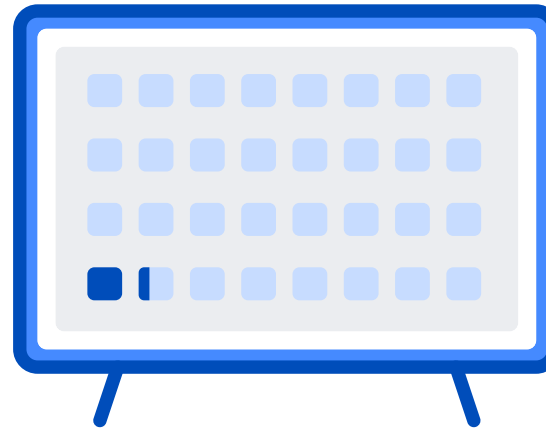
¹ <https://www.statista.com/statistics/258460/number-and-share-of-cord-cutters-in-the-us/>

Top three reasons for not cutting the cord:



- 1** Fear of losing local channels or DVR capabilities
- 2** Preference for bundling TV and internet
- 3** Familiarity with the channel line-up and the remote control

Streaming saturation? Only **6%** of non-streamers indicate they intend to add streaming services in the next 12 months.



What's Driving Satisfaction with Video Services?

Overall satisfaction has improved slightly from 2022 levels.

Overall satisfaction with video service **7.8** ↑ up from 7.4 in 2022



Streaming satisfaction **7.8** ↑ up from 7.5 in 2022

Based on a 1 to 10 scale, where 1 equals completely dissatisfied, and 10 equals completely satisfied.



Top drivers of satisfaction

Many channels to choose from

Channels I want



Primary drivers of dissatisfaction

Price is too high

Too many channels we don't need

What Are Rural Consumers Watching?

Pay-TV subscribers have an increasing number of choices, and local programming and sports are top preferences.

Local programming

Local programming increased in importance with rural consumers rating it **8.6 on a 1 to 10 scale**, up from 8.2 in 2022. The greatest increase came from 18–34-year-olds (from 7.1 to 7.8).

Streaming

Streaming accounted for **41%** of all viewing time, similar to 2022 findings.

Sports

Overall, sports viewing represents **27%** of all viewing time, an increase from 20% in 2022.

Netflix

Netflix continues to be the most popular streaming service, but Peacock and Paramount+ are the fastest-growing.

YouTube TV

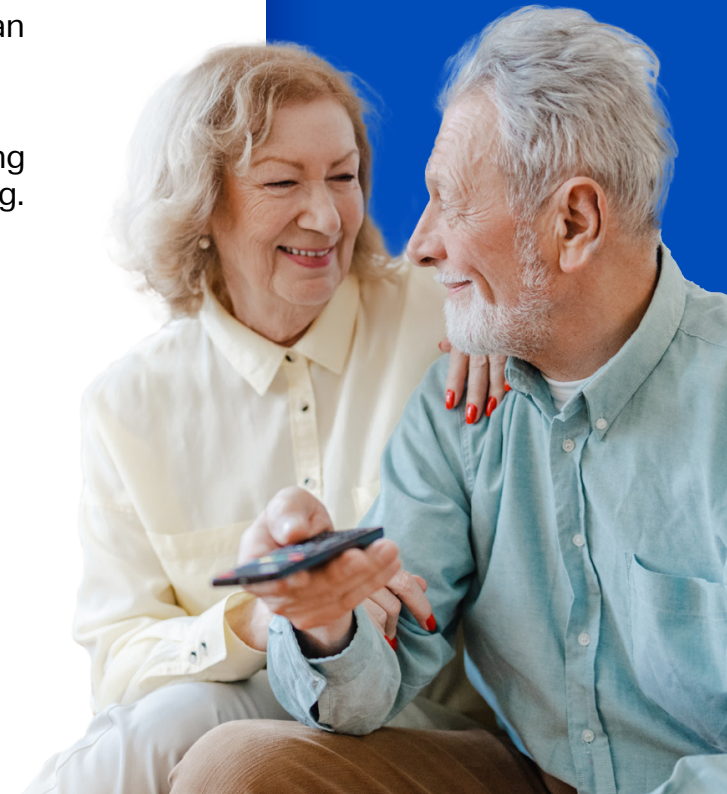
YouTube TV continues to be the most popular streaming pay-TV service at **16%**.

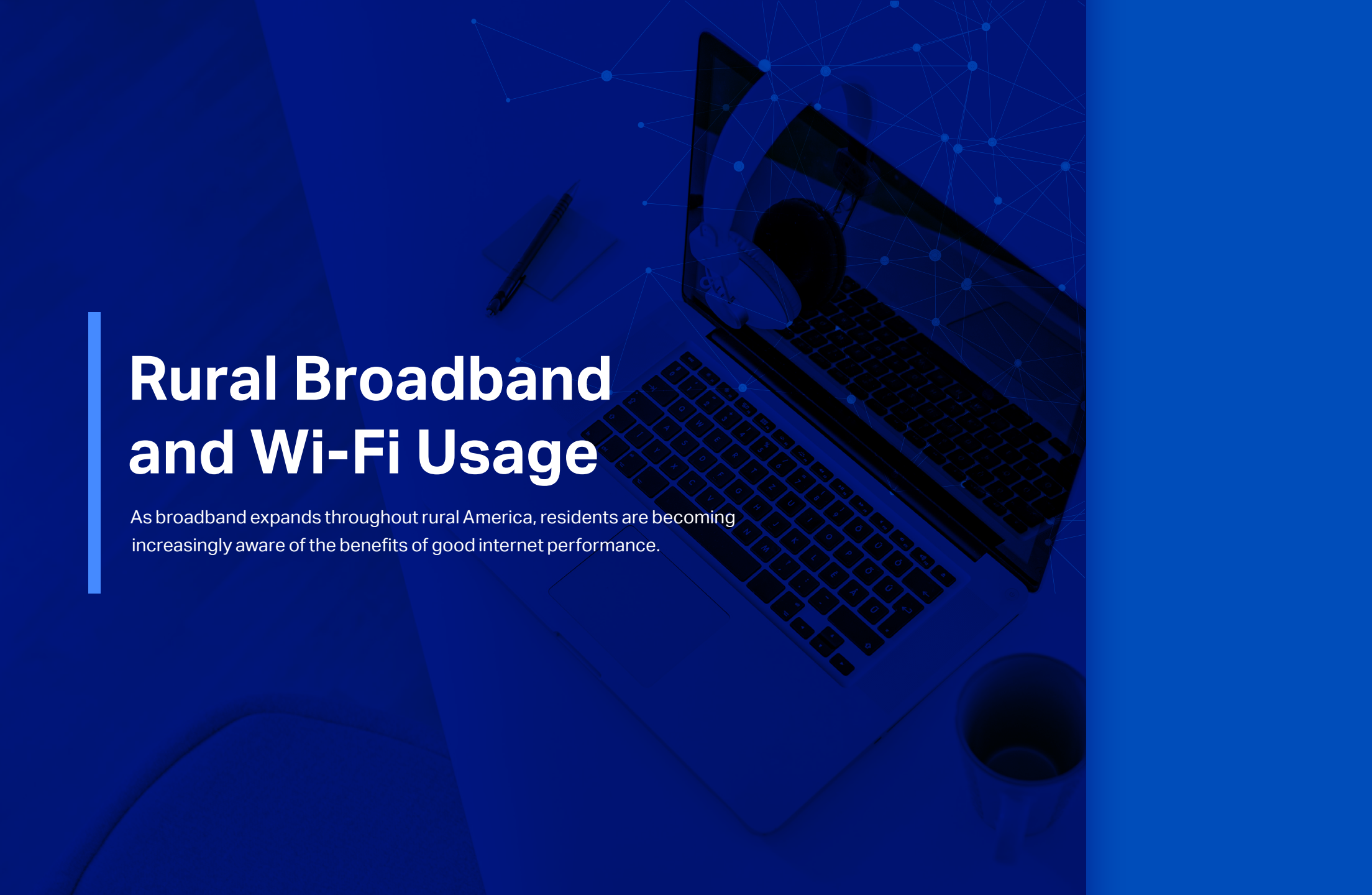
DVR

71% indicate they use a DVR, a significant jump from 63% in 2022.

Ad Preferences

74% prefer having the ability to fast forward through commercials over watching ad-supported programs that cost less.





Rural Broadband and Wi-Fi Usage

As broadband expands throughout rural America, residents are becoming increasingly aware of the benefits of good internet performance.

Importance of Internet Speed

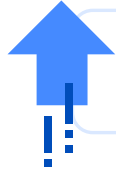
Although most subscribers don't know how fast their internet connection is, they know fast vs. slow internet through experience.



Nearly **$\frac{2}{3}$** (65%)
of subscribers report they currently have
adequate Internet speed

Just over **$\frac{1}{3}$** (35%) report their
internet **speed could be improved**

31% say they would be
**willing to pay more
for a faster speed.**



60%

60% of subscribers say they are **aware that faster speeds are available**

30% receive home internet service **through a fiber optic connection**

30%



Among households who don't have fiber:

14% said **they've heard it's coming** to their area



12% said **it's available now** if they wanted it

Wi-Fi in the Home

To most consumers, the line of distinction between their Wi-Fi experience and their internet experience is non-existent.

75%
of subscribers **with fiber** are **happy with their Wi-Fi**



compared to
57%
without fiber



On average, rural consumers connect

5.3
devices
to their network



Managed Wi-Fi

Managed Wi-Fi continues to be a great opportunity for service providers, offering a win-win combination of incremental revenue and helping to deliver a better experience.

35% of rural subscribers **have managed home Wi-Fi service,**

↑ an increase from 27% in 2022, and **23% of them pay extra** for it

Of those without managed Wi-Fi,

36% are **interested in getting it**

56% of managed Wi-Fi subscribers **say it's valuable in improving internet quality**

(another **36%** have a neutral opinion)

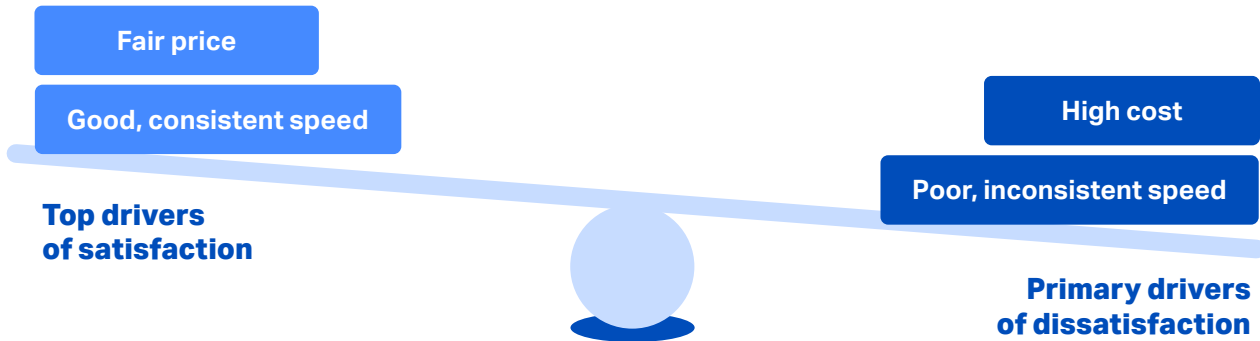
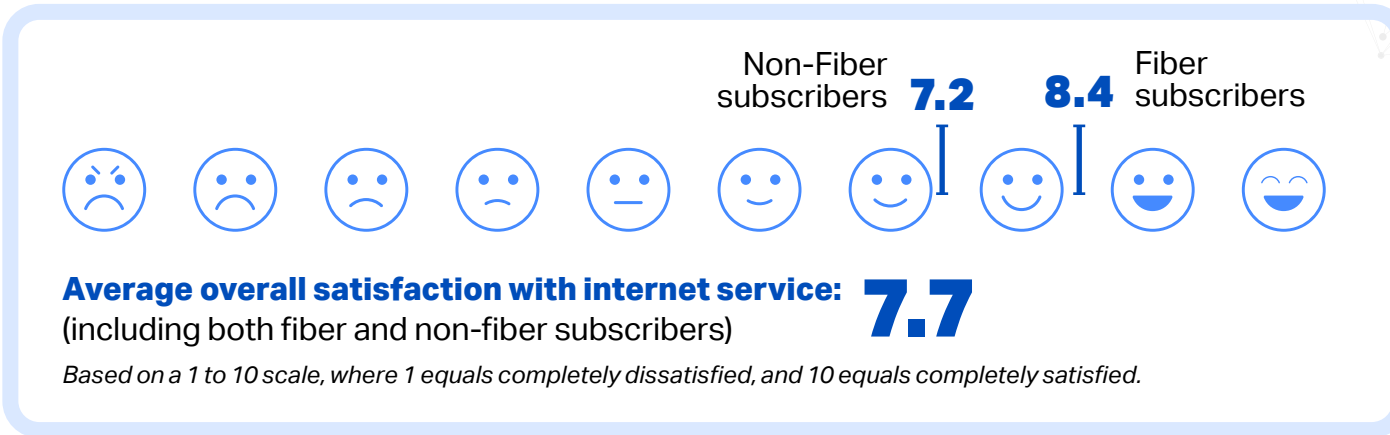
41% of subscribers say they use a **mobile app** to manage their Wi-Fi or home network

↑ up significantly from a year ago (29%)



What's Driving Satisfaction with Internet?

Satisfaction factors remain consistent with previous years.



About This Study

This research study was conducted by Pivot Group and sponsored by Innovative Systems. Research goals included determining TV, video, and broadband usage behaviors of U.S. rural consumers who subscribe to internet services. A total of 841 residential rural consumers from across the entire U.S. participated in this study, providing a statistically representative sample of U.S. rural internet subscribers.

Methodology

- These findings are based on surveys collected in January 2023.
- A leading research panel company provided a sample of 841 rural residents, providing a margin of error of +/- 3.4%.
- The survey instruments were written by Pivot Group with input, collaboration, and additional questions provided by Innovative Systems.

About Innovative Systems

Innovative Systems is a mission-critical enterprise software solution that enables independent service providers to seamlessly manage their business, deliver modern network services, and reduce operating costs.

Our core products include eLation™, a market-leading Billing & Operations Support System, InnoStream™ Multi-Generation TV (MG-TV), a streaming video solution, and APMaX™, a software Voice over IP (VoIP) platform.

innovsys.com

