

**STATEMENT OF  
COMMISSIONER ROBERT M. McDOWELL**

*Re: Annual Assessment of the Status of Competition in the Market for the Delivery of  
Video Programming, MB Docket No. 07-269*

First, I thank the incredibly hardworking and talented professionals in the Media Bureau for laboring for what must have been an uncountable number of hours to produce this comprehensive report. The report contains a wealth of information about the video market revealing just how dynamic and constructively chaotic it is. Accordingly, I would have preferred for this report to affirmatively conclude that the video programming market is competitive. It provides ample evidence for such a conclusion.

For example, since our last report, which analyzed data available as of June 2006, “telephone” MVPDs have emerged as a major competitive force, the digital television transition has yielded more channels for free over-the-air, and the Internet and mobile platforms have enabled consumers to access video content from an immeasurable universe of sources. In fact, given these non-traditional players, the competition is even more robust than this report reflects.

More consumers are accessing more online video content, more often. From May 2011 to May 2012, unique viewers of online video content increased by more than four million.<sup>1</sup> The consumption per viewer during the same period increased from 15.9 to 21.9 hours per month, a staggering thirty-eight percent increase.<sup>2</sup> The amount of content viewed has witnessed growth as well with the number of videos watched increasing by almost three billion, more than seven percent, from May 2010 to May 2012.<sup>3</sup>

Furthermore, the growth of the Internet video marketplace is underscored by the popularity of over-the-top devices,<sup>4</sup> which allow consumers to use their televisions and mobile

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<sup>1</sup> Press Release, COMSCORE, comScore Releases May 2012 U.S. Online Video Rankings (June 18, 2012), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2012/6/comScore\\_Releases\\_May\\_2012\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2012/6/comScore_Releases_May_2012_U.S._Online_Video_Rankings); Press Release, COMSCORE, comScore Releases May 2011 U.S. Online Video Rankings (June 17, 2011), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2011/6/comScore\\_Releases\\_May\\_2011\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2011/6/comScore_Releases_May_2011_U.S._Online_Video_Rankings).

<sup>2</sup> Press Release, COMSCORE, comScore Releases May 2012 U.S. Online Video Rankings (June 18, 2012), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2012/6/comScore\\_Releases\\_May\\_2012\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2012/6/comScore_Releases_May_2012_U.S._Online_Video_Rankings); Press Release, COMSCORE, comScore Releases May 2011 U.S. Online Video Rankings (June 17, 2011), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2011/6/comScore\\_Releases\\_May\\_2011\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2011/6/comScore_Releases_May_2011_U.S._Online_Video_Rankings).

<sup>3</sup> Press Release, COMSCORE, comScore Releases May 2012 U.S. Online Video Rankings (June 18, 2012), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2012/6/comScore\\_Releases\\_May\\_2012\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2012/6/comScore_Releases_May_2012_U.S._Online_Video_Rankings); Press Release, COMSCORE, comScore Releases May 2010 U.S. Online Video Rankings (June 24, 2010), [http://www.comscore.com/Press\\_Events/Press\\_Releases/2010/6/comScore\\_Releases\\_May\\_2010\\_U.S.\\_Online\\_Video\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2010/6/comScore_Releases_May_2010_U.S._Online_Video_Rankings).

<sup>4</sup> Over-the-top devices allow content to be sent to a device using a broadband connection. Over-the-top technologies include such products as Internet-enabled televisions, media tablets, gaming consoles, digital media adapters, and Blu-ray players and recorders. See Jordan Selburn, *Over-the-Top Market Emerges*

devices to watch online video content. Industry analysts project shipments of over-the-top devices to increase by nearly fifty percent in 2012, from 258 million to 384.8 million worldwide.<sup>5</sup> This increase comes on the heels of a sixty-eight percent increase in 2011.<sup>6</sup> One over-the-top video provider alone exemplifies the growth of this market, recently crossing the threshold of one billion hours viewed in one month.<sup>7</sup> The company estimates that its twenty-four million U.S. subscribers watched an average of eighty minutes of its content everyday in June.<sup>8</sup>

Unfortunately, the report's analysis of the Internet's effect on the video market is generally limited to online video distributors offering professional content previously exhibited on television or theatrically. Although such content is clearly a driving force in the video market, the Internet, coupled with mobile devices, provides alternate outlets for content outside of the traditional media and entertainment structure. I hope that future reports will also explore the market effects of alternative and emerging online video distributors that are creating new and original content.

I am pleased to vote in support of this report, along with the accompanying notice of inquiry to obtain data regarding the video services industry for 2011 and 2012. We have a terrific opportunity to get the Commission back on track so that we can release these reports *annually* as intended by Congress.

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*from the Shadows*, ISUPPLI, (Mar. 27, 2012), <http://www.isuppli.com/Home-and-Consumer-Electronics/MarketWatch/Pages/Over-the-Top-Market-Emerges-from-the-Shadows.aspx>.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Janko Roettgers, *Netflix Just Became Cable's Biggest TV Network*, NEWTEEVEE, (JUL. 3, 2012, 10:43 AM), <http://gigaom.com/video/netflix-june-one-billion-hours/>.

<sup>8</sup> *Id.*

