

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)
)
Annual Assessment of the Status of) MB Docket No. 07-269
Competition in the Market for the)
Delivery of Video Programming)

To: The Commission

**COMMENTS OF THE
NATIONAL ASSOCIATION OF BROADCASTERS**

The National Association of Broadcasters (“NAB”)¹ submits these comments in response to the Commission’s *Notices of Inquiry* requesting data and information on the status of competition in the market for the delivery of video programming between June 30, 2007² and June 30, 2008.³ As for previous annual reports, the Commission again seeks comment on consumer access to broadcast television services and developments in the broadcast television industry, among many other inquiries. The *Notice* and *Supplemental Notice* ask several questions about over-the-air television households, the status of the digital television transition, and the development and

¹ The National Association of Broadcasters is a trade association that advocates on behalf of more than 8,300 free, local radio and television stations and also broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the Courts.

² *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, MB Docket No. 07-269, FCC 07-207 (rel. Jan. 16, 2009) (“*Notice*”).

³ *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Supplemental Notice of Inquiry, MB Docket No. 07-269, FCC 07-207 (rel. Apr. 9, 2009) (“*Supplemental Notice*”).

competitive status of HD and multicast programming. In these comments, NAB provides information available as of June 30, 2007 and June 30, 2008. To the extent that we have available a “snapshot” of data as it stood during the desired timeframe, we include it here. Information available only on a current basis will be included in comments responding to the Commission’s separate request for data as of 2009.

In sum, these comments show that millions of Americans rely on free over-the-air broadcast television signals as their primary source for video programming. Further, with the transition to digital television (“DTV”) nearly complete, NAB and its members are working on the final phases of its \$1.2 billion campaign to ensure that no American viewer is left behind due to a lack of information on the transition. Local television broadcast stations also are continuing their efforts to substantially increase the value of digital television, specifically by developing and airing more high-definition (“HD”) and multicast programming, and identifying ways to deliver broadcast programming to viewers using handheld devices.

I. Free Over-the-Air Broadcast Television Plays a Vital Role in the Video Delivery Market, Especially for Lower Income and Minority Consumers

The *Notice* (at ¶¶ 57-58) sought comment on the number of households relying solely on over-the-air broadcast television for programming, as well as the number of households subscribing to a multichannel video programming distributor (“MVPD”) that also rely on over-the-air service for one or more of their television sets not connected to an MVPD.⁴ Data as of 2007 show that 20 million households relied solely upon free over-the-air broadcast television, and there were approximately 45.5 million sets in

⁴ See also *Supplemental Notice* at ¶ 34 (seeking comment on how many households rely exclusively on over-the-air reception, how many MVPD households rely on over-the-air reception for at least one set, and how many over-the-air sets are digital-ready).

those households.⁵ Data for 2008 show that approximately 14.7 million households relied solely on over-the-air broadcast television, and there were approximately 32.7 million sets in those homes.⁶ In 2007, an additional 24.7 million television sets in 16.4 million MVPD households were unconnected to MVPD service.⁷ By 2008, approximately 17.7 million television sets in 12.7 million MVPD households remained unconnected to the MVPD service.⁸ Thus, in 2007, approximately 70 million sets were not connected to any MVPD service and received all broadcast signals over-the-air. By 2008, approximately 50 million television sets were over-the-air only. NAB does not have data on the number of over-the-air sets that could receive digital signals (either because they were digital-ready or connected to converter boxes) as of the requested dates. However, we know that because of a highly successful broadcaster-led DTV education campaign that commenced in 2007, only 2.1 million households—less than 2% of U.S. television households—remain unprepared for the June 12 analog shutoff date because they are completely reliant on over-the-air service and have not yet upgraded to digital.⁹

As shown above, millions of consumers rely, solely or in part, upon free, over-the-air broadcast television reception for their delivery of video programming. Those households relying solely on over-the-air broadcasting are more likely to have lower

⁵ See Knowledge Networks/Statistical Research, Inc., *Home Technology Monitor Ownership Survey* (Spring 2007) (SRI Survey 2007); Nielsen Media Research, *Television Household Estimates* (2006-2007) (TV Households 2007).

⁶ See Knowledge Networks/Statistical Research, Inc., *Home Technology Monitor Ownership Survey* (Spring 2008) (SRI Survey 2008); Nielsen Media Research, *Television Household Estimates* (2007-2008) (TV Households 2008).

⁷ See *SRI Survey 2007* and *TV Households 2007*, *supra* note 5.

⁸ See *SRI Survey 2008* and *TV Households 2008*, *supra* note 6.

⁹ SmithGeiger, LLC survey commissioned by NAB (April 2009).

incomes. See *Notice* at ¶ 58 (asking for demographic information on television households). In 2007, broadcast-only households represented 18% of U.S. television households and 23.3% of television households with incomes under \$30,000.¹⁰ At the same time, only 7.9% of households with incomes over \$75,000 were broadcast-only.¹¹ In 2008, approximately 13.4 percent of television households nationwide were broadcast-only, while approximately 21.1 percent of television households with incomes under \$30,000 annually were broadcast-only.¹² In contrast, only 4.2 percent of the households with annual incomes exceeding \$75,000 depended solely on over-the-air broadcasts to receive video programming as of 2008.¹³ Thus, it is clear that the broadcast-only households in the United States include a disproportionate number of viewers who would be least able to afford a subscription television service.

It also is noteworthy that broadcast-only households include relatively greater numbers of racial/ethnic minorities. For example, while less than 14.3 percent of television households with a white head of household nationwide were broadcast-only as of 2007, approximately 26.5 percent of African-American and 34.3 percent of Hispanic television households relied completely on over-the-air broadcasting at that time.¹⁴ These variances also are seen in 2008, when 11.2 percent of television households with a white head of household nationwide were broadcast-only, while

¹⁰ See *SRI Survey 2007* and *TV Households 2007*, *supra* note 5.

¹¹ *Id.*

¹² See *SRI Survey 2008* and *TV Households 2008*, *supra* note 6.

¹³ *Id.*

¹⁴ See *SRI Survey 2007* and *TV Households 2007*, *supra* note 5.

approximately 22.5 percent of African-American and 22 percent of Hispanic television households relied completely on over-the-air broadcasting at that time.¹⁵

II. Broadcasters Have Lead the Charge to Prepare Viewers for the DTV Transition and to Provide Quality Diverse Digital Programming

In the *Notices*, the Commission also requested updated information on the DTV transition. *Notice* ¶ 59; *Supplemental Notice* ¶ 9. By June 12 of this year, every full-power television station in the nation will have made the transition to digital-only broadcasting, providing viewers with crystal-clear pictures and sound, more channels and more services than ever before. Broadcasters are fully committed to making certain that television viewers understand what they need to do to continue receiving their local television signals after the switch to digital-only broadcasting. For more than two years, the broadcast industry has been engaged in an unparalleled and unprecedented consumer education campaign. Every broadcast network and television stations nationwide are participating in this multifaceted, multi-platform education effort that uses all of the tools available to broadcasters, their community partners, and related industries to achieve success. The campaign includes DTV Action television spots, local speaking engagements, informational Web sites, a nationwide road show and a variety of other grassroots initiatives. Valued at over a billion dollars, the campaign will reach nearly all television viewers and generate over 132 billion audience impressions¹⁶ before it is complete next month. No avenue to reach consumers is being

¹⁵ See *SRI Survey 2008* and *TV Households 2008*, *supra* note 6.

¹⁶ Impressions: The number of times an advertising schedule is seen over time. The number of gross impressions may exceed the size of the population since audience members may be duplicated. Webster, James G., Phalen, Patricia F. and Lichty, Lawrence W. (2000). Ratings Analysis The Theory and Practice of Audience Research (2nd ed.) Mahwah, NJ: Lawrence Erlbaum Associates.

left unexplored as we reach out to all demographics, all geographical areas, urban and rural communities, the young and the old. Detailed information about the NAB's consumer education campaign efforts during 2007 and 2008 can be found in our quarterly reports and other filings in the Commission's *DTV Consumer Education Initiative* proceeding, MB Docket No. 07-148.¹⁷

Stations take very seriously the responsibility to ensure viewer awareness and preparedness. A recent NAB survey of 532 station respondents representing 575 television stations found that nine of out 10 had conducted at least one analog shut-off test to help viewers determine if their television sets are digital-ready.¹⁸ More than half (54%) have run three or more such tests.¹⁹ Local broadcasters have also provided critical information to their viewers about how to upgrade to DTV. Nearly 100 percent of responding stations promote the government's converter box coupon program across multiple platforms, including news programs (99%), telephone (97%), station's Web site (100%) and speaking engagements in their communities (96%).²⁰ Ninety-eight percent of respondents provide information about converter box installation by phone, while 95 percent provide this information through speaking engagements.²¹ Nine out of 10

¹⁷ *DTV.gov Transition Partners Quarterly Report of NAB and MSTV*, MB Docket No. 07-148 (filed Jul. 10, 2008); *DTV.gov Transition Partners Quarterly Report of NAB and MSTV*, MB Docket No. 07-148 (filed Apr. 10, 2008)(discussing DTV consumer awareness and preparedness activities during 2007 and 2008).

¹⁸ DTVAnswers.com, *NAB Poll: 9 out of 10 Stations Have Conducted DTV Consumer Readiness Tests*, press release (Feb. 13, 2009). During these tests, consumers whose sets are not ready can see on-screen messages explaining what they need to do and directing them to assistance resources.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

station respondents address the need to rescan converter boxes when answering viewer phone calls and through speaking engagements. At least 80 percent provide rescanning information on their Web sites.²²

The creativity and leadership of broadcasters is generating high levels of viewer awareness of and preparedness for the DTV transition. According to a national telephone survey of 2,650 households conducted in early 2009, more than eight out of 10 American households that will be most impacted by the impending switchover had already taken action to ready their homes.²³ Specifically, the survey found that 82 percent of over-the-air television households had taken steps to prepare for the transition by learning more about their options in getting DTV, applying for a converter box coupon or completing their upgrade to DTV.²⁴ Among over-the-air households who were already receiving digital signals, 76 percent reported an improvement in the quality of their television reception.²⁵ Awareness of the DTV transition was virtually universal, with 97 percent of all households either aware that TV is switching to digital, knowledgeable that the transition will impact over-the-air signals, or able to identify the correct transition date.²⁶

Beyond efforts to ensure that consumers continue to have access to broadcast programming, broadcasters across the country are fully engaged in developing HD

²² *Id.*

²³ DTVAnswers.com, *New Poll Finds 8 of 10 Broadcast-Only Households Have Taken Steps to Prepare for Digital TV Switch*, press release (Feb. 5, 2009). The poll was commissioned by NAB and conducted by SmithGeiger, LLC.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

content, new delivery methods, and multicast programming to better serve their viewers and their communities. NAB will provide updated information on these initiatives and activities in future comments focused on the video marketplace as of June 30, 2009.

III. Conclusion

Free over-the-air broadcast television continues to play a vital role in the delivery of video programming to millions of consumers. Millions of households, including a disproportionately high number of low income and minority households, rely exclusively on free broadcast signals for news, weather, emergency information and entertainment.

In conjunction with related industries, grassroots organizations, and through public-private partnerships, broadcasters are completing their campaign to ensure that every American is aware of and prepared for all-digital broadcasting. Broadcasters are also continuing the march to digital by rapidly increasing the availability of quality digital programming, including HD and multicast programming, over a wide range of devices. It is our goal that by June 12, every American will be ready to reap the benefits of an all-digital television environment.

Respectfully submitted,

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