

Written Testimony of

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Regarding “The State of the Television and Video Marketplace”

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I. Introduction

I would like to thank Chairman Wicker and Ranking Member Cantwell, as well all of the other members of the Senate Commerce Committee for the opportunity to discuss the changes in the video marketplace for consumers.

II. Nielsen's role

As the video landscape changes, Nielsen's role is critical. Our independent measurement and analytics services allow video producers and distributors to make the decisions so that customers consume the video that they want, in a manner that they want and from whom they want it.

Trust and transparency are the reasons why Nielsen ratings are to a large extent the currency on which much of the media business is conducted. Understanding the audience make-up of a particular program helps broadcasters know where to invest in new programming and at what time and in what localities to make certain programming available.

The independence of companies like Nielsen matters and should be protected. Without an independent voice, industry would be left to grade its own homework, robbing consumers of their voice and sidelining critical investment from advertisers. As Congress develops legislation on the Satellite Home Viewer Act and privacy, Nielsen feels there is a legitimate interest in the use of independent third party data collection through audience measurement.

III. Consumer Trends

This is an exciting time for consumers. The changes to the media landscape in just the last few years have been extraordinary. The entire ecosystem, including my fellow panelists, have moved industry forward to ensure that consumers can receive the video content that they want, when they want it, and at a reasonable cost.

Overall video consumption has increased substantially over the last decade. However, this growth looks as if it will flatten out. Today, the average adult consumer is watching 5 hours and 24 minutes of video daily, which is a 3 minute decrease year over year between 2017 and 2018 even when taking into account all the new methods in which one can consume video content.

While the overall consumption of live television was down 4% between 2017 and 2018, it still comprises 78% of overall video consumption. Almost 4 hours (3 hours 44 minutes to be exact) are spent watching live television per person daily and 30 minutes is spent watching recorded programming from live TV.

Nevertheless, we are seeing double-digit yearly growth for video consumption via TV-connected devices, such as a Roku. So-called "Smart" televisions, which are Internet-connected and allow viewers to control features for streaming content in a one-stop shop fashion, are increasing at a rapid rate, jumping 29.8% from Q3 2017 to Q3 2018. The largest decline was not television usage but video viewing on a personal computer, which decreased 30% between Q3 2017 and Q3 2018.

Many relatively recent market entrants are investing substantial sums in new programming, benefiting consumers. But interestingly, eight of the top 10 shows on Netflix, for example, come from traditional television “library” content. *The Office*, *Friends* and *Grey’s Anatomy* each independently accounted for 2% of Netflix’s total video viewership. When choosing what to watch on streaming services, consumers cited existing and former broadcast shows as the biggest influence. Less than half that number cited recommendations from the streaming services themselves.

IV. Demographics and Diversity

One of the hallmarks of Nielsen’s measurement and analytics capabilities is to help video producers and distributors understand their audiences. We believe our service is critical to ensuring that all consumers of video should be accounted for when producing, investing in and distributing video content. Diversity in video viewing is a monetary reality when it comes to consumption and the adoption of new technologies in a changing media landscape.

Both diverse and younger consumers are more tied to their phones and have begun to move away from traditional television in favor of new video entrants.

As our country becomes more and more multiculturally diverse, these trend lines represent the future, and advertisers and video content producers and distributors would be well advised to serve these populations now.

V. Closing

Once again, thank you for allowing me to share the hard work my colleagues at Nielsen produce. We at Nielsen are excited about what the future brings and helping policymakers make informed decisions on everything from video regulation to privacy.

If there is one ask I make of this Committee, it is to not only protect but embrace independent measurement and analysis. Without it, my colleagues on the panel would be unable to further invest in our media ecosystem, stagnating the exciting innovation enjoyed by consumers today and for years to come.