



*Perspectives from FSF Scholars*  
*May 16, 2022*  
*Vol. 17, No. 25*

**Don't Believe the Hype:  
Streaming Dominates the Video Marketplace**

by

**Andrew Long \***

**I. Introduction and Summary**

Netflix is losing subscribers! CNN+ imploded mere weeks after its ballyhooed launch! Consumers have maxed out on streaming services! Do not be fooled by the latest sensational headlines. Continued overall growth in the streaming space is transforming how Americans access video programming. Make no mistake, the long-term shift away from traditional video providers marches on. And make no mistake about this too: regulators must respond to this rapidly changing marketplace reality by removing outdated, costly, one-sided restrictions that impede competition and handicap traditional multichannel video programming distributors (MVPDs). Absent implementation of further deregulatory actions with regard to traditional MVPDs, overall consumer welfare will continue to be suppressed.

For the first time in roughly a decade, [Netflix's total subscribers slipped slightly during the first quarter \(Q1\) of this year](#) – but [HBO](#), to note one example, added fifteen times as many customers over the same time period. The Walt Disney Company, meanwhile, just announced that its Disney+ streaming service grew by nearly 8 million subscribers during Q2 of 2022,

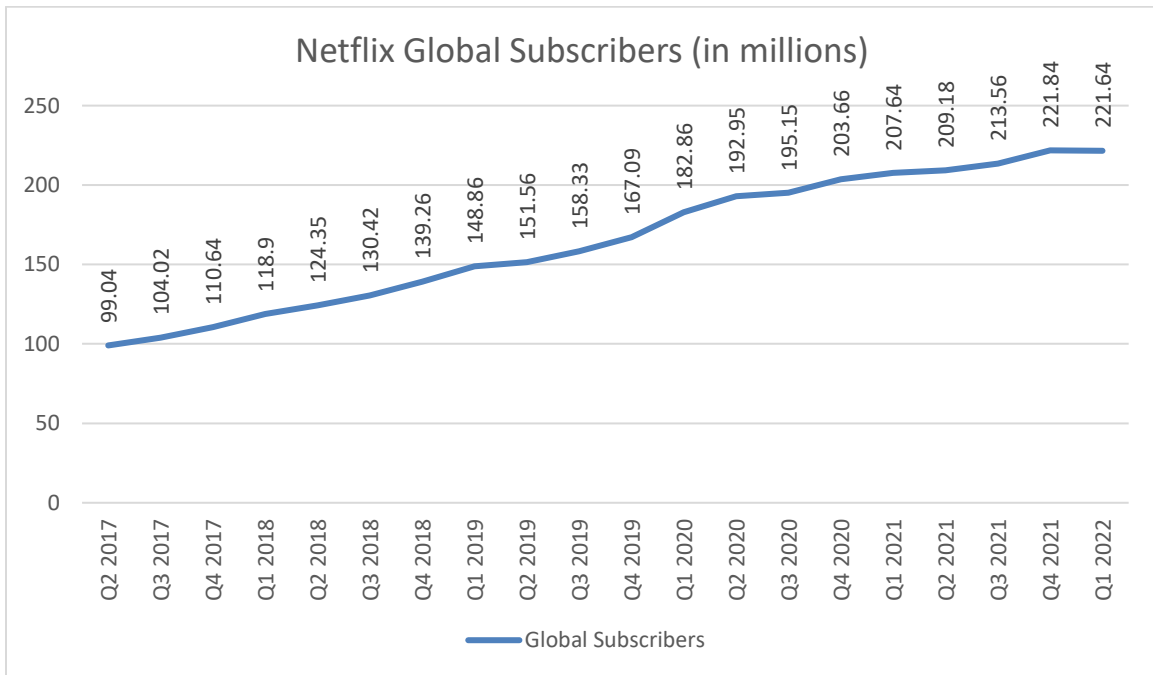
after expanding by [almost 12 million customers](#) in Q1. [CNN+](#) announced that it was shutting down less than a month after its high-profile introduction – but still managed to attract [nearly as many subscribers as Netflix lost](#) during that brief window. Subscriptions to [multiple streaming services](#) have plateaued – but at an average of just under 5 per household, and only after experiencing tremendous growth during the pandemic. And all the while, Gen Z rejects "TV" and looks instead to videocentric social media platforms like [YouTube, TikTok, and Snapchat](#) for content.

Placed in the proper context, these data points present an unmistakable picture of an efficiently operating marketplace – and serve to confirm, not question, the ongoing "[cord cutting](#)" phenomenon: nearly 5 million consumers transitioned away from traditional multichannel video programming packages during each of the past two years.

To coopt a term from another bygone era, video programming distribution is ready for its deregulatory close-up.

## II. Consumers Continue to Migrate From Traditional Video Packages to Streaming

Much has been made of the fact that, for the first time in recent memory, the number of global [Netflix](#) subscribers declined slightly during the first three months of 2022. Context, however, is key. Yes, Netflix's global customer base did drop, but only by a mere 200,000. That change, representing less than .1 percent of its more than 220 million total subscribers, [may be significant for Wall Street](#), which values growth over sheer size. But as the chart below illustrates, it had almost no impact on the magnitude of Netflix's customer base, which has more than doubled since the second quarter of 2017.



Source: [Netflix](#)

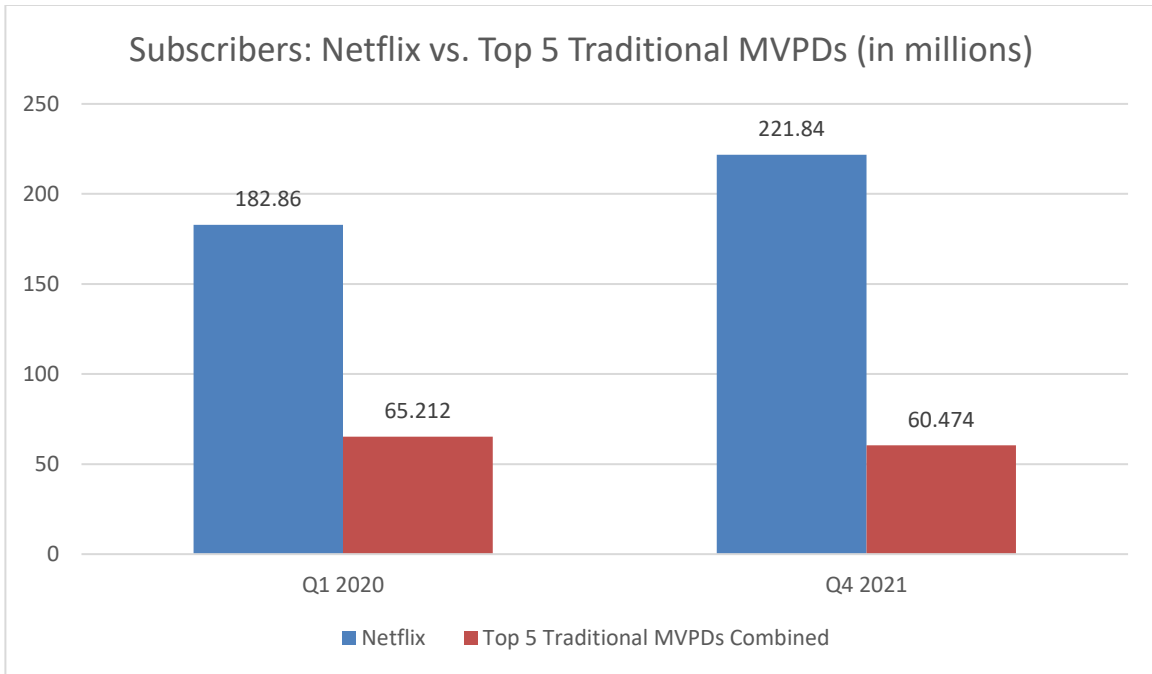
To be sure, the end of Netflix's decade-long, uninterrupted streak of quarterly subscriber gains certainly makes for good copy. However, it does not represent a reversal of the runaway success of streaming services generally. To the contrary, during roughly the same period that Netflix shed those 200,000 subscribers, other streaming services posted substantial subscriber gains:

- HBO and HBO Max added 3 million subscribers. As one commenter put it, "[Netflix's loss was HBO's gain, apparently.](#)"
- During [Q2 2022](#), Disney+ added 7.9 million subscribers – and Disney's other streaming service, Hulu, added 500,000. [Since the beginning of this year](#), the Disney+ subscriber base has grown by 19.7 million, Hulu's by 1.7 million.
- [Paramount+](#) added 6.3 million subscribers.
- [Discovery+](#) added 2 million subscribers.

All told, this incomplete list of major streaming services – other powerhouses, such as Apple TV+ and Amazon Prime Video, do not release comparable statistics – already has gained nearly 33 million subscribers globally this year, a total 164 times greater than the small loss experienced by Netflix.

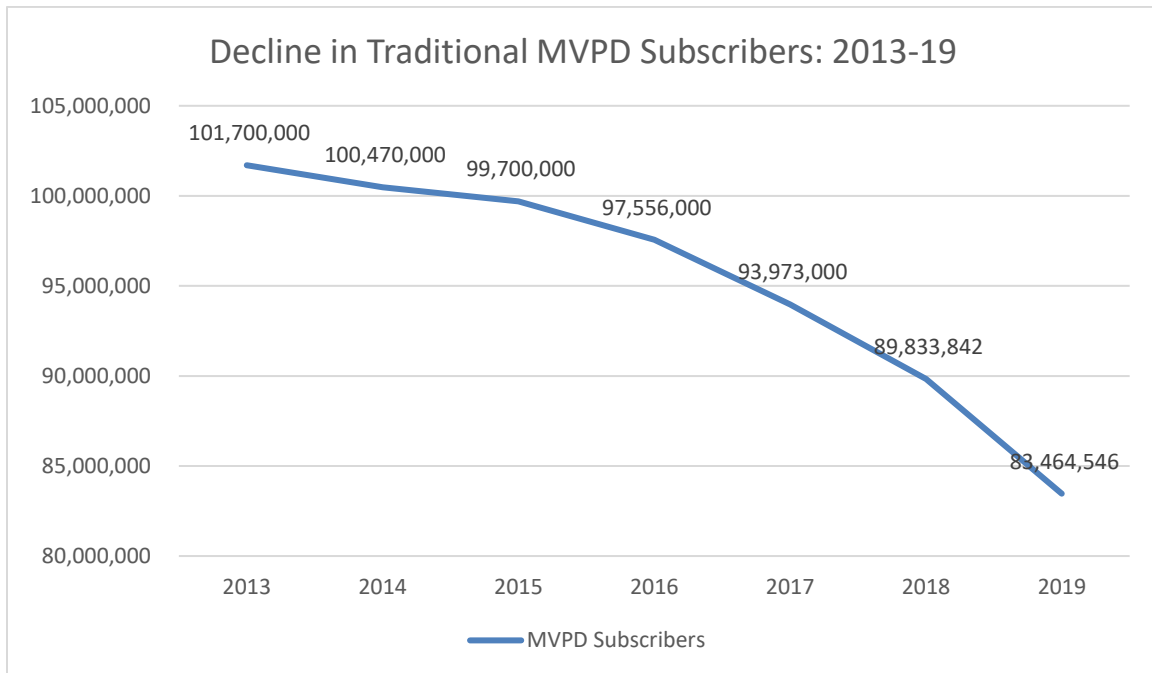
In direct contrast, traditional multichannel video programming distributors – that is, cable television operators and other facilities-based providers uniquely burdened with FCC and other regulations – serve a far smaller, and steadily dwindling, number of consumers. According to the [Leichtman Research Group](#), MVPDs lost 4.69 million subscribers in 2021 and 4.87 million in 2020.

The following chart compares the number of Netflix subscribers to the combined number of subscribers to the five largest traditional MVPDs – Comcast, Charter, DIRECTV, DISH, and Verizon Fios – over the past two years. As you can see, while Netflix's subscriber total grew by 21 percent, from [183 million at the end of the first quarter of 2020](#) to 222 million, the combined total subscribers to the 5 largest traditional MVPDs decreased by more than 7 percent over roughly the same time horizon, from [65 million at the end of the first quarter of 2020](#) to [60 million at year-end 2021](#).



Sources: [Netflix](#), [Leichtman Research Group](#)

As depicted in the next chart, which is based upon FCC data and first appeared in my September 2021 *Perspectives from FSF Scholars*, "[Pixel by Pixel, Video Streaming's Ascension Comes Into Focus](#)," the number of subscribers to traditional MVPDs has been in decline for almost a decade – as it happens, roughly the same time horizon over which Netflix reported consistent and uninterrupted growth.



Sources: [2020 Communications Marketplace Report](#), [2018 Communications Marketplace Report, Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Eighteenth Report](#) (2017), [Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Seventeenth Report](#) (2016).

Further evidence of this well-entrenched trend is that, according to *MediaPost*, the number of broadband-only households – that is, homes that purchase high-speed Internet access but not a traditional MVPD offering – has tripled over the past three years.

### III. Conclusion

In "[Streaming Continues to Redefine the Video Landscape: It's Past Time to Eliminate Legacy Regulations](#)," a June 2021 *Perspectives from FSF Scholars*, I argued that the competitive video programming landscape, transformed by the steady consumer transition away from traditional offerings to streaming platforms, demanded the elimination of regulations – "including, but not limited to, those relating to [navigation devices](#), [program access](#) and [carriage](#), and [network non-duplication and syndicated exclusivity](#)" – that apply exclusively to facilities-based MVPDs. Eye-catching headlines aside, the subscription trends I identified nearly a year ago proceed apace. With regard to traditional MVPDs, Congress and the FCC therefore should take appropriate deregulatory action to unleash competitive forces to the full benefit of consumers.

\* Andrew Long is a Senior Fellow of the Free State Foundation, an independent, nonpartisan free market-oriented think tank located in Rockville, Maryland. The views expressed in this *Perspectives* do not necessarily reflect the views of others on the staff of the Free State Foundation or those affiliated with it.

#### Further Readings

Andrew Long, "[Virtual Video Programming Services Continue to Gain Ground](#)," *FSF Blog* (December 30, 2021).

Andrew Long, "[Pixel by Pixel, Video Streaming's Ascension Comes Into Focus](#)," *Perspectives from FSF Scholars*, Vol. 16, No. 52 (September, 29, 2021).

Andrew Long, "[Nielsen: Viewership of Streaming Video Has Surpassed That of Broadcast Television](#)," *FSF Blog* (June 25, 2021).

Andrew Long, "[Streaming Continues to Redefine the Video Landscape: It's Past Time to Eliminate Legacy Regulations](#)," *Perspectives from FSF Scholars*, Vol. 16, No. 30 (June 11, 2021).

Randolph J. May, *et al.*, "[The FCC's Marketplace Report Substantiates the Extent of Competition](#)," *Perspectives from FSF Scholars*, Vol. 16, No. 4 (January 25, 2021).

Andrew Long, "[Online Video Subscriber Growth Compels Further Deregulation](#)," *Perspectives from FSF Scholars*, Vol. 15, No. 66 (December 11, 2020).

Seth L. Cooper, "[FCC Proposal Would Reform Legacy Video Rules for Programming Disputes](#)," *FSF Blog* (November 13, 2020).

Andrew Long, "[Closing the Lid on 'Unlock the Box' Should End Video Device Regulation](#)," *Perspectives from FSF Scholars*, Vol. 15, No. 50 (September 25, 2020).

[Comments of the Free State Foundation](#), *The State of Competition in the Communications Marketplace*, GN Docket No. 20-60 (April 27, 2020).

Seth L. Cooper, "[The Communications Market at 2020: The Competitiveness of Video, Mobile, and Fixed Broadband](#)," *Perspectives from FSF Scholars*, Vol. 15, No. 6 (January 30, 2020).