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**A Tale of Two Trends:
Traditional Video Distributors Shrink While Streaming Video Grows**

by

Andrew Long *

I. Introduction and Summary

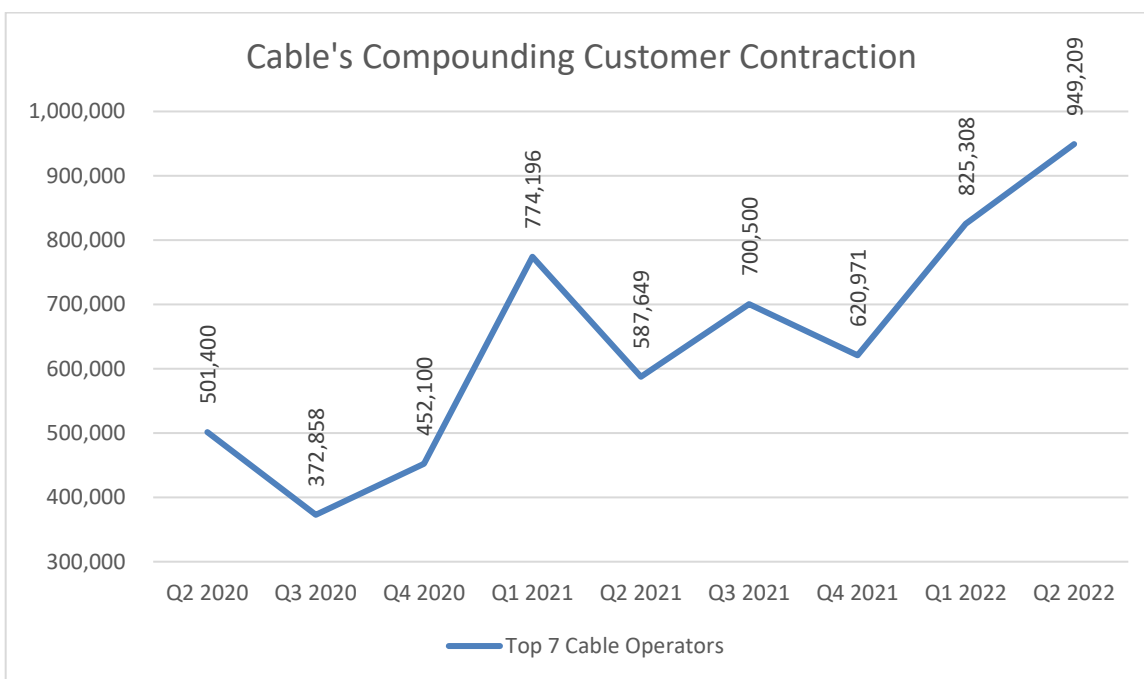
With the close of another financial quarter, still more evidence amasses that the reign of facilities-based multichannel video programming distributors (MVPDs) is over. Of particular note, the latest data tells two dramatically contrasting tales. One is that, while all traditional MVPDs are experiencing continued subscriber losses, the rate at which cable operators specifically are shedding customers is accelerating rapidly. The other is that streaming's relentless growth has surpassed a critical milestone: more than a third of total video consumed in June was delivered via streaming platforms (Netflix, Hulu, Amazon Prime, HBO Max, Disney+, Discovery+, Apple TV+, YouTube, Vimeo, Vevo, and so on).

In [comments](#) recently filed with the FCC, the Free State Foundation made a compelling case that the factual foundation for legacy MVPD regulation has disappeared. Consequently, it is past time for the Commission and Congress to take all necessary steps to eliminate one-sided burdens that impede competition – such as set-top box regulations, program access and carriage requirements, and the network non-duplication and syndicated exclusivity rules – and instead rely on the efficient operation of marketplace forces to drive down prices and expand consumer choices.

II. Traditional MVPDs, Particularly Cable Operators, Continue to Shed Subscribers

According to the Leichtman Research Group, during the second quarter of 2022, [the top seven cable operators lost just under one million subscribers](#). That represents over 2.5 percent of their total base, which now sits at 39.5 million subscribers – just two-thirds of what it was in 2010: [59.8 million](#). Significantly, that quarterly subscriber decline is over 1.6 times greater than what the cable industry experienced the year prior: 949,209 subscribers lost in Q2 2022 as compared to 587,649 in Q2 2021.

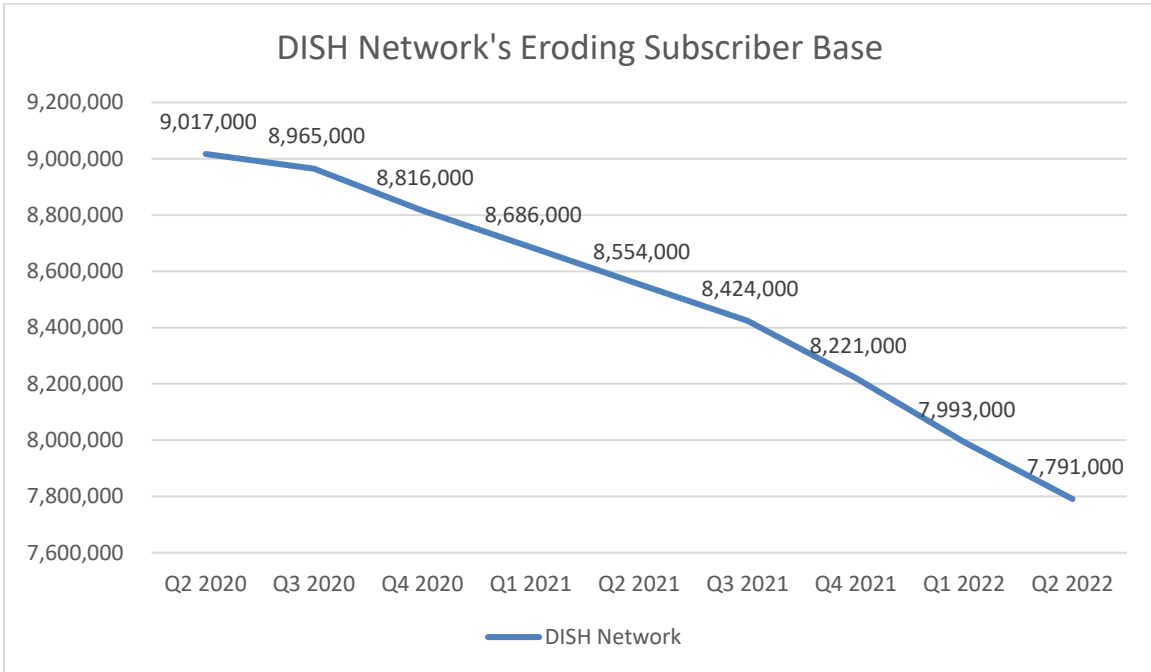
The following chart depicts the number of subscribers shed by the top seven cable operators – Comcast, Charter, Cox, Altice, Mediacom, Breezeline/Atlantic Broadband, and Cable One – during each of the last nine quarters. As you can see, subscriber losses have increased substantially over time, with the Q2 2022 total (949,209) roughly 150 percent greater than that of the year prior (587,649) – and nearly double the decline experienced in Q2 2020 (501,400).



Source: [Leichtman Research Group Press Releases](#)

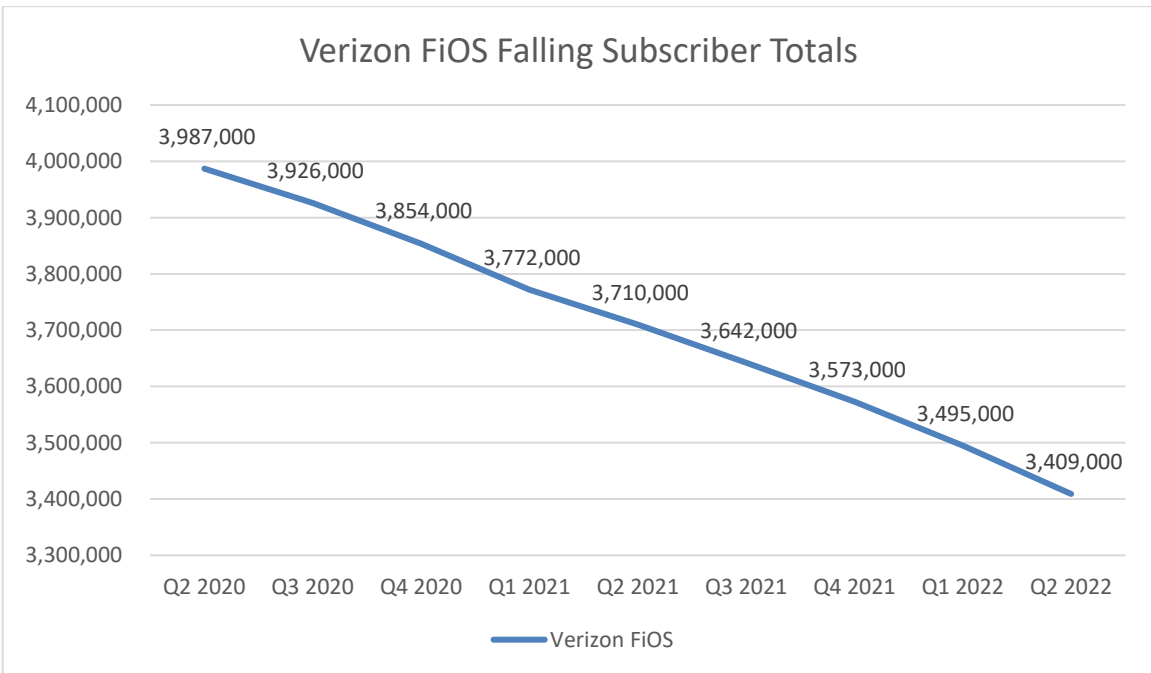
Unfortunately, official subscriber numbers for many players in the video programming marketplace, old and new alike, are not made available to the public. In "[Cord Cutting Quickens in Q2 for Comcast, Charter and Verizon, But Where Are All of Those Customers Going?](#)," Daniel Frankel explained that "the video business is becoming a shrouded realm, full of spinoffs and joint ventures that are harder to get metrics on."

Of the two DBS operators, only DISH Network releases quarterly results. The following chart depicts the steady decline in total subscribers it experienced over the same period, Q2 2020 through Q2 2022. All told, DISH Network lost over 1.2 million subscribers, nearly 14 percent, in just two years.



Source: [DISH Network Reports Second Quarter 2022 Financial Results](#)

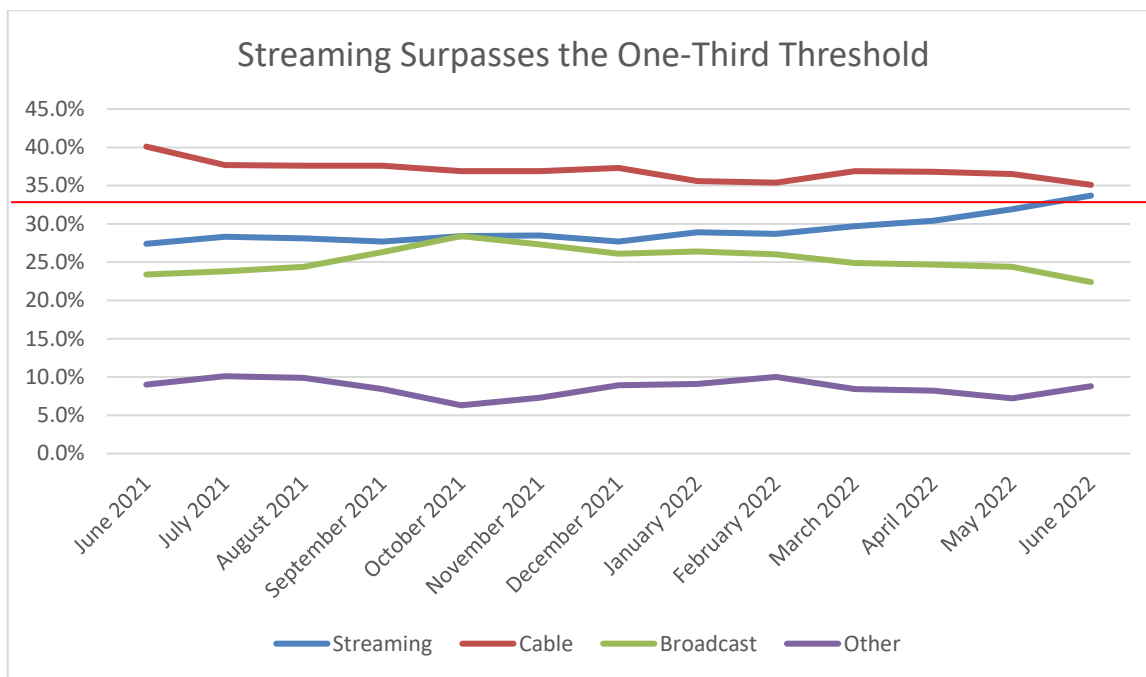
Similarly, of the largest two telco TV providers, currently only Verizon publicly releases quarterly subscriber numbers. As the chart below illustrates, FiOS shed 578,000 subscribers, representing 14.5 percent of its base, between Q2 2020 and Q2 2022.



Source: [Verizon Quarterly Earnings](#)

III. Streaming Captured More Than a Third of Total Viewing in June, a First

As shown in the following chart, for the first time since Nielsen started breaking down total television consumption into four categories – streaming, cable, broadcast, and other – streaming's share in June surpassed the one-third threshold: 33.7 percent versus 27.4 in June 2021. Notably, streaming's achievement in June marked the fourth consecutive time that it broke the prior month's record.



Source: Nielsen's [The Gauge](#)

By contrast, over the same period, cable's share fell 5 points, from 40.1 percent to 35.1 percent.

Two additional stats from the second quarter of 2022: [113 million households viewed streamed content](#), a two percent jump from Q1, and [81 percent of households accessed streaming video](#), up from 75 percent the year prior.

IV. Conclusion

Over many years, Free State Foundation scholars have presented a series of persuasive, fact-based arguments as to why the FCC and Congress should roll back legacy regulations and revise statutes that are premised upon the assumption, outdated at best, that facilities-based MVPDs enjoy any sort of undue edge over rival providers of video programming, particularly those that deliver content over broadband Internet connections. Second quarter 2022 financial results further make the case that "[a retreat back to the comforts of linear distribution looks like a nonstarter](#)."

Across the board, traditional MVPD subscriber counts are contracting – and cable operators, in particular, continue to suffer accelerating losses. At the same time, streaming's growth marches

on, a reality underscored by the fact that, in June, it surpassed a third of total viewing engagement. As such, the time is nigh to eliminate outdated regulations so as to unleash the marketplace to the benefit of consumers and competition alike.

* 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

[Comments of the Free State Foundation](#), *The State of Competition in the Communications Marketplace*, GN Docket No. 22-203 (July 1, 2022).

Andrew Long, "[Don't Believe the Hype: Streaming Dominates the Video Marketplace](#)," *Perspectives from FSF Scholars*, Vol. 17, No. 25 (May 16, 2022).

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).