

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

In the Matter of	)	
	)	
	)	
Media Bureau Seeks Comment on	)	MB Docket No. 04-210
Over-the-Air Broadcast Television Viewers	)	DA 04-1497
	)	
	)	

**COMMENTS OF THE WALT DISNEY COMPANY**

These comments are submitted on behalf of The Walt Disney Company, which through subsidiaries owns ten television stations in the following markets: New York, Los Angeles, Chicago, Philadelphia, San Francisco, Houston, Raleigh-Durham, Fresno, Flint, and Toledo. Disney also owns The ABC Television Network (again, through subsidiaries).

These comments are being filed in response to the Media Bureau’s request for information “on the identity of those consumers that rely on over-the-air television broadcasting and why they do not subscribe to a pay television service.” Attached to these Comments are the results of two telephone surveys conducted by SurveyUSA, under the direction of ABC personnel who provided the questions asked as part of the survey. The surveys provide a profile of viewers in New York and Los Angeles who rely entirely on over-the-air broadcast television, or who rely in part on over-the-air broadcast television. In New York, 29.1% of the viewers surveyed rely in whole or in part on over-the air service, while in Los Angeles, 37.7% of the viewers surveyed rely in whole or in part on over-the-air service.

The New York survey indicates that 9.1% of the respondents rely entirely on over-the-air television and that 58.5% of these non-subscribers have annual household incomes below \$50,000 (including 31.5% with an income of less than \$25,000). As for other demographic characteristics, non-white adults account for 60.6% of the non-subscribers, and adults over the age of 50 make up the largest group of non-subscribers (42.7%).

The Los Angeles survey indicates that 15.3% of the respondents rely entirely on over-the-air television and that 55.6% of these non-subscribers have annual household incomes below \$50,000 (including 29.1% with an income of less than \$25,000). As for other demographic characteristics, non-white adults account for 71.5% of the non-subscribers.

In both surveys, cost and personal choice were cited as the primary reasons for viewers not subscribing to cable, satellite or some other service. Notably, many more viewers described their picture quality as excellent or good, than described it as fair or poor.

In closing, Disney/ABC stresses that these customers represent a significant portion of our potential viewing audience. These viewers rely on over-the-air service for their broadcast news and information and they represent a sizable portion of our audience. Moreover, the surveys document the extensive percentage of viewers (20% in New York and 22% in Los Angeles) who, although they subscribe to cable or satellite or some other programming service, nonetheless have television sets that are unconnected to cable, satellite or any other programming service in their home. These viewers listed personal choice or cost as the main reasons for keeping these sets unconnected (a lesser percentage listed "technical reasons"). These consumers continue to rely on these additional television sets for broadcast service. Disney/ABC is extremely concerned about any action that would disenfranchise any of these viewers.

Disney/ABC strongly suggests the Commission be extremely cautious about recommending any alternatives at this time that would disenfranchise these viewers.

Respectfully submitted,

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## **Profile Of NY Adults 18+ Who Do Not Subscribe To Cable, Satellite, Or Some Other TV Programming Service**

Of 1,000 Adults 18+ residing within the boundaries of the NY DMA, ninety-eight percent (980) responded that they have at least one television set in working order.

Among the 980 Adults 18+ with at least one television set in working order, 9.1% (89 of 980) said they do *not* subscribe to cable, satellite or some other TV programming service. Some brief comments describing these adults who said they rely upon an over-the-air signal for television viewing are shown below. (Also see Data Table 1.)

Of the 89 Adults 18+ who do not subscribe to any TV programming service:

- 57.3% reside within New York City's 5 core counties: New York, Queens, Kings, The Bronx, and Richmond. The thirteen New Jersey counties that are part of the NY DMA contain an additional 21.3% of non-subscribers.
- Close to sixty percent (58.5%) of non-subscribers have annual household incomes below \$50,000. Alone, households with annual incomes of less than \$25,000 account for 31.5% of all non-subscribers.
- Black, Hispanic and Other non-White adults comprise 60.6% on non-subscribers.
- Adults over the age of 50 make up the single, largest group of non-subscribers (42.7%).
- Nearly two-thirds (65.2%) of non-subscribers do not have children and more than half (53.9%) reside within households of only one or two people.
- Women account for 62.9% of non-subscribers.
- Cost (35%) and personal choice (34%) were cited almost equally as the primary reason for not subscribing to cable, satellite or some other service. (31% of non-subscribers either Didn't Know or gave No Answer.)
- 43% of non-subscribers rated their over-the-air picture quality as Excellent or Good, while 22% said it was Fair or Poor. (35% either DK or NA.)

Source: SurveyUSA Telephone Poll: 8/3/04-8/4/04; 1,000 NY DMA Adults 18+

## **Subscribers To Cable, Satellite Or Some Other TV Programming Service Also Rely On Over-The-Air Signals**

Twenty-nine percent (287) of the Adults 18+ who responded that they have at least one working television set (980) also said that not every set in their household is connected to cable, satellite or some other TV programming service. This means, in addition to the 9.1% known non-subscribers to any TV programming service, there is an additional 20% who both subscribe *and* have at least one set in their household that remains unconnected to any TV programming service.

These 287 adults were asked to rate the quality of their over-the-air signal. Among them:

- Roughly 12% rate the picture quality on the unconnected set(s) as Excellent.
- 39% rate picture quality is Good.
- 25% rate picture quality is Fair.
- 19% rate picture quality is Poor.
- Picture quality is more often rated as Excellent/Good than it is as Fair/Poor, across all the demographic characteristics. Geography is the most relevant factor in picture quality.

When asked why they have at least one TV set that is not connected to cable, satellite or any type of TV programming service, the responses were as follows:

- Half of the 287 adults cite personal choice as the main reason.
- 35.9% attribute their decision to cost. Females, respondents residing in households of 3-4 persons or in NYC's 5 counties, and those with annual incomes of less than \$50,000 or without children, are most likely to cite cost as the main reason for having an unconnected set.
- 9% claim "technical reasons" as the main reason for having at least one unconnected set.

Source: SurveyUSA Telephone Poll: 8/3/04-8/4/04; 1,000 NY DMA Adults 18+

Data Table 1.

Profile of Non-Subscribers to Cable, Satellite or Some Other TV Programming Service

	#	%
<b>Total NY DMA Adult 18+ respondents</b>	<b>1,000</b>	<b>100.0</b>
NY DMA A18+ with at least 1 working TV	980	98.0
<b>NY DMA A18+ with at least 1 working TV</b>	<b>980</b>	<b>100.0</b>
NY DMA A18+ doesn't subscribe to any service	89	9.1
<b>NY DMA A18+ doesn't subscribe to any service</b>	<b>89</b>	<b>100.0</b>
HH 1-2	48	53.9
HH 3-4	31	34.8
HH 5+	10	11.2
Kids	29	32.6
No Kids	58	65.2
Male	33	37.1
Female	56	62.9
Age 18-34	17	19.1
Age 35-49	33	37.1
Age 50+	38	42.7
White	35	39.3
Black	19	21.3
Hispanic	26	29.2
Other	9	10.1
HHI <\$25K	28	31.5
HHI \$25K-\$50K	24	27.0
HHI \$50K-\$75K	15	16.9
HHI \$75K-100K	5	5.6
HHI \$100K+	3	3.4
NYC - 5 Counties	51	57.3
Nassau	4	4.5
Suffolk	1	1.1
NY - Rem. 7 Counties	10	11.2
NJ - 13 Counties	19	21.3
Fairfield, CT	2	2.2
Pike, PA	0	0.0

Sub-groups may not add to 89 and percents may not add to 100 due to Don't Know/No Answer responses in some characteristics.

Source: SurveyUSA Telephone Poll: 8/3/04-8/4/04; 1,000 NY DMA Adults 18+,

Data Table 2.

## Picture Quality Evaluation &amp; Main Reason for At Least One Unconnected TV Set

	#	%
<b>Total NY DMA Adult 18+ respondents</b>	<b>1,000</b>	<b>100.0</b>
NY DMA A18+ with at least 1 working TV	980	98.0
<b>NY DMA A18+ with at least 1 working TV</b>	<b>980</b>	<b>100.0</b>
NY DMA A18+ with at least 1 unconnected TV	287	29.3
<b>NY DMA A18+ with at least 1 unconnected TV</b>	<b>287</b>	<b>100.0</b>
Picture Quality - Excellent	33	11.5
Picture Quality - Good	112	39.0
Picture Quality - Fair	73	25.4
Picture Quality - Poor	56	19.5
Don't Know/No Answer	13	4.5
Reason - Cost	103	35.9
Reason - Technical Issues	26	9.1
Reason - Personal Choice	144	50.2
Don't Know/No Answer	14	4.9
<b>NY DMA A18+ citing cost as main reason for having at least 1 unconnected TV</b>	<b>103</b>	<b>100.0</b>
HH 1-2	37	35.9
HH 3-4	48	46.6
HH 5+	18	17.5
Kids	43	41.7
No Kids	60	58.3
Male	42	40.8
Female	60	58.3
Age 18-34	27	26.2
Age 35-49	44	42.7
Age 50+	32	31.1
White	43	41.7
Black	27	26.2
Hispanic	23	22.3
Other	9	8.7
HHI <\$25K	23	22.3
HHI \$25K-\$50K	35	34.0
HHI \$50K-\$75K	14	13.6
HHI \$75K-100K	9	8.7
HHI \$100K+	5	4.9
NYC - 5 Counties	50	48.5
Nassau	8	7.8
Suffolk	4	3.9
NY - Rem. 7 Counties	8	7.8
NJ - 13 Counties	29	28.2
Fairfield, CT	3	2.9
Pike, PA	0	0.0

Sub-groups may not add to 287 or 103, and percents may not add to 100 due to Don't Know/No Answer responses in some characteristics.

Source: SurveyUSA Telephone Poll: 8/3/04-8/4/04; 1,000 NY DMA Adults 18+,

## **Profile Of LA Adults 18+ Who Do Not Subscribe To Cable, Satellite, Or Some Other TV Programming Service**

Of 1,000 Adults 18+ residing within the boundaries of the LA DMA, ninety-nine percent (990) responded that they have at least one television set in working order.

Among the 990 Adults 18+ with at least one television set in working order, 15.3% (151 of 990) said they do *not* subscribe to cable, satellite or some other TV programming service. Some brief comments describing these adults who said they rely upon an over-the-air signal for television viewing are shown below. (Also see Data Table 1.)

Of the 151 Adults 18+ who do not subscribe to any TV programming service:

- Three-quarters are found in just four geographic areas: Downtown (23.8%), Orange County (19.9%), Riverside/San Bernardino (17.9%) and the Westside/Beach area (16.6%).
- 55.6% of non-subscribers have annual household incomes below \$50,000. Alone, households with annual incomes of less than \$25,000 account for 29.1% of all non-subscribers.
- Black, Hispanic and Other non-White adults comprise 71.5% of non-subscribers, with Hispanics alone accounting for 41.7%.
- Over three-quarters (79.4%) of non-subscribers are under the age of 50, with those in the 35-49 year range alone making up 41.7%.
- 55.6% of non-subscribers do not have children, while 78.1% live in small (1-2 persons) or medium-sized (3-4 persons) households.
- Men account for 53% of non-subscribers.
- Cost (31.8%) and personal choice (33.8%) were cited almost equally as the primary reason for not subscribing to cable, satellite or some other service. (34% of non-subscribers either Didn't Know or gave No Answer.)
- Approximately 38% of non-subscribers rated their over-the-air picture quality as Excellent or Good, while 25% said it was Fair or Poor. (37% either DK or NA.)

Source: SurveyUSA Telephone Poll: 8/4/04-8/5/04; 1,000 LA DMA Adults 18+

## **Subscribers To Cable, Satellite Or Some Other TV Programming Service Also Rely On Over-The-Air Signals**

Thirty-seven percent (373) Adults 18+ who responded that they have at least one working television set (990) also said that not every set in their household is connected to cable, satellite or some other TV programming service. This means, in addition to the 15.3% known non-subscribers to any TV programming service, there is another 22% who both subscribe *and* have at least one set in their household that remains unconnected to any TV programming service.

These 373 adults were asked to rate the quality of their over-the-air signal. Among them:

- Roughly 21% rate the picture quality on the unconnected set(s) as Excellent.
- 31.4% rate picture quality is Good, while about the same percentage (30.8%) rate it as Fair.
- 2% rate it as Poor.
- Picture quality is more often rated as Excellent/Good than it is as Fair/Poor across 80% of the demographic characteristics. Geography is the most relevant factor with regard to picture quality.

When asked why they have at least one TV set that is not connected to cable, satellite or any type of TV programming service, the responses were as follows:

- Half of the 373 adults cite personal choice as the main reason.
- 36.7 % attribute their decision to cost. Females, respondents residing in households of 3-4 persons or with annual incomes of less than \$50,000, Hispanics or Adults 35-49 years old are foremost among those citing cost as the main reason for having an unconnected set.
- About 10% claim “technical reasons” as the main reason for having at least one unconnected set.

Source: SurveyUSA Telephone Poll: 8/4/04-8/5/04; 1,000 LA DMA Adults 18+

Data Table 1.

Profile of Non-Subscribers to Cable, Satellite or Some Other TV Programming Service

	#	%
<b>Total LA DMA Adult 18+ respondents</b>	<b>1,000</b>	<b>100.0</b>
LA DMA A18+ with at least 1 working TV	990	99.0
<b>LA DMA A18+ with at least 1 working TV</b>	<b>990</b>	<b>100.0</b>
LA DMA A18+ doesn't subscribe to any service	151	15.3
<b>LA DMA A18+ doesn't subscribe to any service</b>	<b>151</b>	<b>100.0</b>
HH 1-2	55	36.4
HH 3-4	63	41.7
HH 5+	33	21.9
Kids	65	43.0
No Kids	84	55.6
Male	80	53.0
Female	71	47.0
Age 18-34	57	37.7
Age 35-49	63	41.7
Age 50+	31	20.5
White	43	28.5
Black	14	9.3
Hispanic	63	41.7
Other	31	20.5
HHI <\$25K	44	29.1
HHI \$25K-\$50K	40	26.5
HHI \$50K-\$75K	28	18.5
HHI \$75K-100K	14	9.3
HHI \$100K+	6	4.0
Downtown	36	23.8
Westside/Beach	25	16.6
Orange County	30	19.9
San Fernando Valley	7	4.6
Ventura County	2	1.3
Pasadena/Glendale	21	13.9
Riverside/San Bernardino	27	17.9
Santa Clarita Valley	0	0
Someplace Else	3	2.0

Sub-groups may not add to 151 and percents may not add to 100 due to Don't Know/No Answer responses in some characteristics.

Source: SurveyUSA Telephone Poll: 8/4/04-8/5/04; 1,000 LA DMA Adults 18+,

Data Table 2.

## Picture Quality Evaluation &amp; Main Reason for At Least One Unconnected TV Set

	#	%
<b>Total LA DMA Adult 18+ respondents</b>	<b>1,000</b>	<b>100.0</b>
LA DMA A18+ with at least 1 working TV	990	99.0
<b>LA DMA A18+ with at least 1 working TV</b>	<b>990</b>	<b>100.0</b>
LA DMA A18+ with at least 1 unconnected TV	373	37.7
<b>LA DMA A18+ with at least 1 unconnected TV</b>	<b>373</b>	<b>100.0</b>
Picture Quality - Excellent	79	21.2
Picture Quality - Good	117	31.4
Picture Quality - Fair	115	30.8
Picture Quality - Poor	45	12.1
Don't Know/No Answer	17	4.6
Reason - Cost	137	36.7
Reason - Technical Issues	37	9.9
Reason - Personal Choice	186	49.9
Don't Know/No Answer	12	3.2
<b>LA DMA A18+ citing cost as main reason for having at least 1 unconnected TV</b>	<b>137</b>	<b>100.0</b>
HH 1-2	47	34.3
HH 3-4	51	37.2
HH 5+	39	28.5
Kids	68	49.6
No Kids	69	50.4
Male	60	43.8
Female	77	56.2
Age 18-34	45	32.8
Age 35-49	58	42.3
Age 50+	34	24.8
White	38	27.7
Black	11	8.0
Hispanic	70	51.1
Other	18	13.1
HHI <\$25K	42	30.7
HHI \$25K-\$50K	33	24.1
HHI \$50K-\$75K	18	13.1
HHI \$75K-100K	15	10.9
HHI \$100K+	19	13.9
Downtown	25	31.6
Westside/Beach	21	26.6
Orange County	24	30.4
San Fernando Valley	7	8.9
Ventura County	3	3.8
Pasadena/Glendale	19	24.1
Riverside/San Bernardino	31	39.2
Santa Clarita Valley	0	0
Someplace Else	6	7.6

Sub-groups may not add to 373 or 137, and percents may not add to 100 due to Don't Know/No Answer responses in some characteristics.

Source: SurveyUSA Telephone Poll: 8/4/04-8/5/04; 1,000 LA DMA Adults 18+,