

**Testimony
of
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THE NIELSEN COMPANY
Before the
Subcommittee on Telecommunications and the Internet
Committee on Energy and Commerce
United States House of Representatives**

June 10, 2008

Chairman Markey, members of the subcommittee. My name is Eric Rossi and my title is senior product manager, media product leadership for the Nielsen Company. I appreciate your invitation to appear before you today.

As you know, Nielsen provides audience measurement services for the television industry in the United States through Nielsen Media Research which produces what is commonly known as the Nielsen Ratings. I am here today in my role as the director of Nielsen's various efforts to prepare for the 2009 digital television transition. For more than two years, Nielsen has undertaken a variety of initiatives to ensure that we remain fully capable of providing the industry highly accurate audience measurement data and analysis as the nation moves from the analog to the digital world of television.

As part of our efforts, Nielsen has conducted several surveys and studies to determine the digital readiness of U.S. households, both nationally and at the local level in the nation's 56 largest television markets where we have ongoing electronic measurement. Nielsen's information on readiness has the advantage of being based on visits by Nielsen staff to our existing homes in our metered samples throughout the country. This allows us to

accurately tally the readiness of the equipment in the home rather than relying on self-reporting as some other surveys must do.

We released the latest of these surveys late last month and the findings in this report are the basis of my testimony today. The full report has been submitted to the subcommittee as part of my testimony. The methodology employed in compiling the report is the same as we use in our regular reports on television viewing by the American public. Detailed explanations of the methodology used are also included in the full report submitted to you. We believe our estimates will give you the most accurate picture available on the current status of digital readiness.

This is not a prediction of what Nielsen thinks will happen on February 18, 2009. It is a report on the current state. Our tracking of this data over the coming months will allow the industry to determine the efficacy of the education effort as the proportion of unready homes in our sample shrinks.

Let me give you the highlights of our report.

Based on the Nielsen estimates, 9.4% of all U.S. households are completely unready for the digital television transition. That means that in these households, there are no television sets currently capable of receiving digital broadcast television signals.

We found that 12.6% of all U.S. households are partly unready, which means that the household has at least one set that is capable of receiving digital broadcast television signals and at least one set is not.

So, with the combined number of completely unready households and partly unready household, we found that 78% of all households are completely ready for the digital transition.

In our examination of local markets to determine digital readiness, we found wide gaps between communities that are completely ready for the transition and communities that are less prepared for the switch.

Among the cities least prepared for the transition is Milwaukee, where 18.3% of the households are completely unready. In Salt Lake City, 18% of households are completely unprepared for the transition while 17.3% of Portland, Oregon's households are completely unprepared for the transition.

Other cities where the number of completely unprepared households ranged from 17% to 14.2% are Houston, Minneapolis-St. Paul, Dallas-Ft. Worth, Cincinnati, St. Louis, Tulsa and Albuquerque-Santa Fe.

At the other end of the spectrum is Hartford & New Haven, where 3.1% of households are completely unready for the transition. That figure is 3.8% in New York, 4.1% in Atlanta and 4.4% in Ft. Myers-Naples. In several cities, the percentage of households that are completely unready range from 4.5% to 5.5%. Those cities include Boston, West Palm-Beach-Ft. Pierce, Charlotte, Philadelphia, New Orleans and Washington, DC (Hagerstown).

As we do in our regular reporting on the viewing habits of television audiences, we looked at data on demographic groups and ethnic audiences in our study of digital readiness.

With regard to age, we found that males and females ages 18-24 are the demographic group that would be most impacted if the digital transition occurred today. While males and females ages 18-24 make up 4.9% and 4.6% respectively of households of persons two years old and older, these same groups represent 6.2% and 5.5% of households of persons two years old and older who live in completely unready households.

In terms of ethnicity, Hispanic households would be most impacted if the DTV transition occurred today. While Hispanics comprise 11.3% of total U.S. households, 19.9% of completely unready households are Hispanic. And, it is worth noting that 10.3% of completely unready households speak Spanish only, a figure that is five times the percentage of households in the U.S. where only Spanish is spoken. For African Americans, who represent 12.1% of the total U.S. households, 16.3% of households are completely unready for the transition.

Finally, we analyzed the viewing to unready sets and determined that unready sets accounted for 7.5% of television usage during the day. Television usage to unready sets represented 8.1% of all television usage during primetime. And, daily tuning within a completely unready household averages 6.9 hours, while daily tuning to completely ready households averages 8.7 hours.

It is important to note that the information offered here today is a snapshot of what the digital readiness picture looks like currently. As we get closer to the DTV transition date, households will surely upgrade their television equipment at an accelerated rate. And, over the next seven months, Nielsen will continue to monitor the types of television equipment Americans are using and purchasing. We plan to release updated reports on the digital television transition and we will share them with you, the television industry and other interested parties. I look forward to answering your questions to clarify my testimony and again thank you for the opportunity to appear today.