

# **IPTV**

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## **ABSTRACT**

Internet Protocol Television (IPTV) is dramatically changing the television industry by allowing viewers to watch video and television programs on their television but it is delivered via the internet. This paper explores how major US telecommunication firms and smaller, rural competitors are adapting to this new technology by increasing subscribers and offering new services. Results show that Verizon has increased its number of subscribers from 3,000 to 4,900,000 resulting in a 920.5% average growth rate and a 152% annualized growth rate in the past eight years. In comparison, AT&T increased its number of subscribers from 13,000 in its first year to 5,200,000 seven years later which reflects a 329% average growth rate and a 135% annualized growth rate.

## **INTRODUCTION**

The last two decades have seen dramatic changes in the television industry made possible by the development of digital signal compression technology (Van Tassel, 2001). In 1994, the first all-digital high-powered satellite service entered the industry (Southwick, 1998). This segment of the industry grew very quickly to 34 million subscribers (i.e., 20 million DirecTV and 14 million Dish Network subscribers) by 2012 (Snyman, 2012).

The second notable change was the switch from analog to digital cable television during the 1990s. The third notable change as a result of the invention of digital technology was the birth of High Definition Television or HDTV in 1996 with the first broadcast in high digital definition television by WRAL-HD in Raleigh North Carolina (Wikipedia, 2013). The most recent development in digital television is Internet Protocol Television (IPTV). It refers to television and multimedia services that are delivered via an internet network rather than through traditional means such as satellite or cable television (Wikipedia, 2013; Exterity, 2009).

## **THE IPTV INDUSTRY**

The Multimedia Research Group (MRG) has reported that the number of global subscribers to IPTV has grown from 26.7 million in 2009 to 81 million in 2013 resulting in a compound annual growth rate of 32%. In 2013, Europe remains the largest region with about 35 million subscribers which represents 43% of global subscribers. Asia has about 27 million subscribers which represents 34% of the world total. China contributes 45% of the Asia region subscribers and 15% of the worldwide subscriber total. North America has 21% of the global market and the rest of the world has 3% of the global subscribers but has a growth rate of 29.3% in the 2009-2013 period. The global IPTV market had \$6.7 billion in revenues in 2009 and \$19.9 billion in 2013 (iptvmagazine.com, 2013). Today, the IPTV product line is considered a small segment of the U.S. Wired Telecommunications Industry contributing about 6.8% of the revenue to the industry and providing 2.7% revenue growth in the industry in 2013 (Boyland, 2013).

## **METHOD**

Data for the study were obtained in two phases. During the first phase a list of companies that provide IPTV service was developed in December 2012 from the online edition of Warren Publishing's *Advanced TVFactbook* (<http://www.warren-news.com/factbook.htm>). It provides information on the type of service (i.e., Telco, IPTV, Cable Systems and TV Stations) available, names of all communities served by State, the current status of the system (i.e., franchise awarded but not operational and operational), the registered name of the local company, the owner's name, the Direct Market Area (DMA) and TV call letters.

The second phase consisted of obtaining the current number of IPTV subscribers. The primary source of data gathering was the website of companies and their annual statements. Some companies were contacted by telephone when the number of subscribers was not available. The secondary source of data gathering was news media and magazine articles. In a few cases estimates were made from past data.

## **DISCUSSION**

The IPTV pay subscription industry in the United States started in September 2005 when Verizon made its FiOS TV available to customers. In just eight years, the company's number of subscribers had grown to 4,900,000 at an astonishing annualized growth rate of 152% (see table 2 below). However, as more competitors entered the industry the company's growth rate has slowed down. AT&T entered in 2006 and increased its number of subscribers significantly each year and became the leading competitor in just 7 years.

On a smaller scale, regional telephone companies have been embracing IPTV technology since 2005 in order to survive. It is no longer just about providing video service. A company must provide a cutting-edge video experience not available before in order to retain and increase the number of its video subscribers

## **REFERENCES (Available Upon Request)**