

**TECH STRATEGIES**

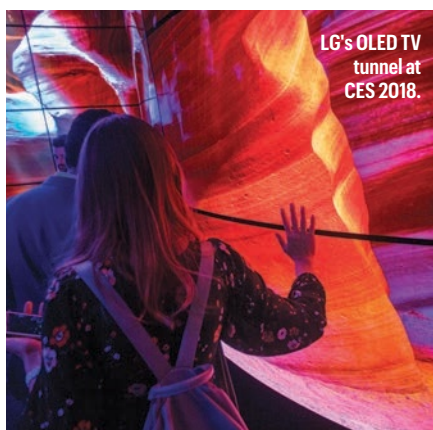
# What are the Top Trends in TV?

**T**elevison is the most pervasive consumer technology with 96.5 percent of U.S. homes owning a TV. And some TVs are morphing into massive sets that can bend and stretch bringing a new dynamic way to view content.

At CES 2018 companies made many exciting announcements about how TVs are evolving. LG unveiled the world's first TV that can be rolled up like paper – a 65-inch Ultra High Definition (UHD) OLED. Samsung showed off a 146-inch MicroLED TV that was appropriately called “The Wall.” These two companies, with roughly 30 percent combined market share, are driving the market. While both models are futuristic (neither is commercially available), they show us a vision of where TVs are going. On one hand TVs will literally be flexible, and on the other, they will be HUGE.

For the first time, 4K UHD TVs will make up half of all total U.S. televisions sold in 2018, with sales forecast to hit 22 million units (27 percent increase over 2017) generating \$15.9 billion in revenue (up 14 percent). UHD TVs generate 72 percent of the total category sales in dollar volume, as they have a higher average selling price. The growth of the category is driven by the introduction of next generation features.

UHD TVs are in turn driving the average



size of TVs larger. In 2009 only 32 percent of TVs sold were larger than 40-inches. In 2018 more than 75 percent will be, according to CTA market research. And the average size of TVs will continue to trend upward as manufacturers are now focussed on sets 55-inches and larger. In 2018 the 55-59-inch category will sell 9.3 million sets – almost a quarter of all TVs sold, according to CTA.

### Smart TVs on the Rise

TVs are also getting smarter. Two thirds of

all televisions sold in the U.S. in 2018 will be smart TVs. A staggering 70 percent of consumers under the age of 40 stream content (such as Netflix) on their TV using built-in apps or a device like a Roku. (For those over 40 years old, the figure is 57 percent.) Because of this shift to streaming content, the demand for smart TVs is predicted to continue to rise with 96.5 percent of U.S. homes owning a TV. And some TVs are morphing into massive sets that can bend and stretch bringing a new dynamic way to view content.

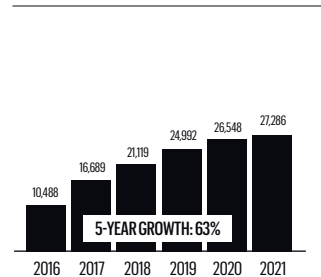
Netflix now has more U.S. subscribers than all cable companies combined. Netflix reached this milestone in quarter one of 2017 with more than two million more subscribers than cable. The streaming site has nearly doubled its customers since 2012, while cable has been unable to stop a slow decline.

We're also watching TV in a different way. Seventy percent of Americans regularly use a second digital device, typically a smartphone or a laptop, while watching TV, according to eMarketer. Called the second screen, viewers engage in social media (such as during the Academy Awards), research topics or actors in the show, or interact with unrelated content while watching.

TVs will continue to stay at the center of our entertainment experience. But as social media and online streaming sites become the cultural norm, we can expect the way we consume our entertainment to be personalized, easy to use and interactive. ■

### 4K UHD UNIT SALES

Volume (000s)



Source: CTA Market Research, *Impact of Next-Gen TV on Consumer Behavior*

### SMART TV UNIT SALES

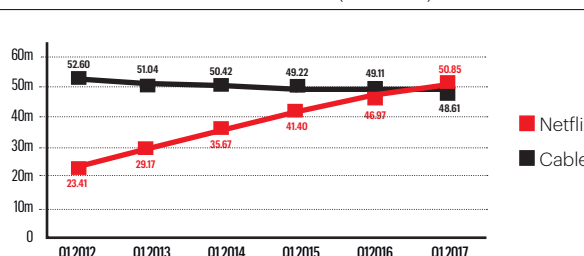
Volume (000s)



Source: CTA Market Research, *Impact of Next-Gen TV on Consumer Behavior*

### NETFLIX SURPASSES MAJOR CABLE PROVIDERS IN THE U.S.

Number of Netflix subscribers vs. cable pay-TV subscribers in the U.S. (in millions)



Source: Netflix, Leichtman Research Group