

Sharp holiday price drops seen for flat-panel TVs

November 25 2010, By JESSICA MINTZ , AP Technology Writer



In this file photo taken March 3, 2010, people look at wide screen televisions at a Costco store in Mountain View, Calif. If you're in the market for a new flat-panel TV, it's a good time to buy. TV prices usually drop from year to year, and the decline will be sharp this 2010 holiday season thanks to a supply glut. Consumers have been holding out all year for better deals, leaving lots of unsold televisions on the shelves. (AP Photo/Paul Sakuma)

(AP) -- If you're in the market for a new flat-panel TV, it's a good time to buy. TV prices usually drop from year to year, and the decline will be sharp this season thanks to a supply glut. Consumers have been holding out all year for better deals, leaving lots of unsold televisions on the shelves. Prices for high-definition LCD TVs will fall more than twice as fast as they have so far this year as manufacturers and retailers clear out inventory, analysts predict.

New sets will also be cheaper because [TV makers](#) have been getting

great deals on the most expensive parts, the glass LCD panels.

However, DisplaySearch analyst Paul Gagnon expects prices for those components to level off early next year, so discounts won't be this steep again until the holidays next year, or even later.

For the consumer, that means that if you pull the trigger on a new set in the next few months, you probably won't be kicking yourself next year for not waiting a little longer.

The law of supply and demand is at work here:

- A TV-buying spree in late 2009 led to component shortages, which kept prices high in early 2010. That discouraged consumers.
- Makers of LCD panels invested profits from last year's buying spree in more manufacturing capacity. Thinking 2010 would be as strong as 2009, they flooded the market. But the economy didn't improve as expected.
- As a result, there's an oversupply of panels, and prices started dropping over the summer. That means cheaper sets should be making their way to stores now.

Already, [Wal-Mart](#) Stores Inc. has slashed prices for some older models. Among the deals: a 32-inch Vizio set that went to \$298 from \$348. Amazon.com Inc. and [Best Buy](#) Co. are starting to advertise deals, too.

Some of the best deals this season will be on 32-inch [LCD TVs](#), the most popular size. They will sell for rock-bottom rates of \$300 or less, compared with about \$400 last year. That's because manufacturers are selling raw panels of that size for only slightly more than the cost of making them - \$160 to \$170 each, far less than the \$210 to \$220 they

fetches earlier this year.

Prices for 40-inch and 42-inch sets will drop about 20 percent, approaching \$500, said Gagnon, the DisplaySearch analyst.

Deep price cuts also are coming for higher-end models, including LCD TVs with LED backlights, which use less energy than regular sets and can be thinner or provide improved picture quality. Manufacturers have increased production capacity for parts specific to LED sets; that will drive down prices for components and, ultimately, the TVs themselves.

Overall, good deals will be 15 percent to 20 percent lower than holiday 2009 prices for regular LCD TVs. The price drop had been slimmer at 7 percent earlier this year, Gagnon says, and the decline should return to the single digits by spring.

Of course, the longer a buyer waits, the lower the [prices](#) go. But that has to be weighed against the value of having a new TV. If a 32-inch set turns out to be \$20 cheaper next summer, the buyer could have gotten six months of better TV for \$20.

"In this industry you always know that in the future, you will buy new technology at a lower price. That's not the point," said Sweta Dash, an analyst at iSuppli Corp. "Especially this holiday, the price you will see is very good."

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