

Consumer Electronics Show to tout Web-connected TVs

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It's about to get a lot harder to turn off the TV. A torrent of television-ready gadgets will hit the store shelves this year, including dozens of phones and tablet computers that will allow viewers to watch movies and TV shows from just about anywhere.

The proliferation of viewing devices - including a new generation of TV sets that connect to the Internet - could boost the chances that viewers will do what cable and satellite companies fear most: cancel their \$70-a-month subscriptions in favor of cheaper Web options.

"2010 was the year that people started wondering, questioning if cord-cutting is real," said Phil Wiser, co-founder and president of Sezmi, a service that allows users to watch TV from both local stations and online sources. "In 2011, it's going to become obvious."

Many of the TVs will be unveiled at this week's Consumer Electronics Show, the annual conference in Las Vegas that attracts more than 100,000 tech devotees searching for technology's next big thing.

This year the buzz is centered on the Internet-connected TV and whether it will take off. Internet TVs would allow viewers to watch Web videos alongside traditional [television shows](#) and movies. Nearly every TV manufacturer at the electronics show is expected to unveil a Web-capable television. Most TVs currently require a separate box in order to access the Internet - the new models have the capability built-in.

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"It's going to be a fundamentally big transition," said Jason Kilar, chief executive of the Hulu online video service. "You'll see unparalleled choice, from the standpoint of the consumer, when you open up the Web through that screen."

Manufacturers are also sure to trot out a parade of new tablet computers, each hoping to compete with Apple Inc.'s dominant iPad, which has sold more than 7.5 million units since it launched in April.

The cast of iPad rivals is expected to include devices from Hewlett-Packard Inc., BlackBerry-maker Research In Motion Ltd. and perhaps Microsoft Corp. New tablets - like their cousin, the Web-connected TV - will also be video-friendly, with high-resolution screens that will let users watch movies and shows they can download from the Internet.

The next generation of smart phones is also likely to grab a share of the spotlight. The newer 4G phones - that's fourth generation - operate close to 10 times faster than current smart phones, allowing users to watch movies and television via a cellular connection. Verizon Wireless Inc. is widely expected to unveil its first 4G phone to take advantage of the high-speed network the company is rolling out.

"People more and more want to take all the stuff they're doing on a computer or a TV and start putting it in their pocket," said Scott McGregor, chief executive of Broadcom Corp., which makes microchips for popular consumer devices including the iPhone and iPad as well as TVs and Blu-ray players.

Automakers will also jump on the Internet bandwagon, rolling out cars that will let drivers send one another real-time road conditions or allow passengers to watch YouTube on in-car displays.

Whether Web-connected TVs will be this year's holy grail of gadgetry is uncertain. Last year the Consumer Electronics Show's "it" gadget was 3-D television, but 3-D TV has yet to gain traction with consumers. Before that it was HD DVD, which was touted as offering extra-sharp high-definition home video. But HD DVD succumbed to rival format Blu-ray.

But much-hyped gadgets in other years, such as the high-definition TV, have become ubiquitous.

More than 80 percent of Sony's Bravia TVs will be able to connect to the Internet this year, compared with 50 percent in 2010, said Greg Belloni, a spokesman for the company's TV business. In addition, all of Sony's Blu-ray players and Blu-ray home theater systems will have the ability to connect to the Internet to pipe in additional content.

[Internet-TV](#) services like Boxee are expected to join TV makers in a flurry of technology partnerships to be touted at the trade show.

"There will be a bunch of content-related announcements - content that has not before been on TV," said Avner Ronen, Boxee's chief executive and co-founder. "This is a huge market that's getting disrupted: the living room. The giants of the tech world - Apple, Google, Microsoft - are trying to claw their way in. We're one of the little guys trying to establish ourselves."

For entertainment industry executives, Internet video's migration from the PC to the TV presents opportunities as well as fresh headaches. It opens the market to a new crop of distributors willing to pay top dollar

for licensing rights to TV shows and movies. But it also causes friction with cable, satellite and telecommunications carriers, which pay \$30 billion annually to deliver video into the home.

"You'll start to see a lot of conflict between the ambitions of the connected-device manufacturers and the ambitions of the cable operators," said Arash Amel, digital media analyst for researcher IHS Screen Digest. "Connected TV is a direct threat to (pay-TV distributors like) Comcast. You'll see a lot of movement to prevent that from happening."

The tension was brought sharply into focus when search giant Google Inc. announced its first foray into the connected living room with Google TV software, which marries the Web and traditional TV. Fears that the technology would disrupt traditional television viewing habits caused broadcasters to block access to Web streams of their shows. Meanwhile, tepid reviews of the product prompted Google to ask TV manufacturers to delay any announcements at the [Consumer Electronics Show](#) until the software could be further refined, according to published reports.

"Our long-term goal is to collaborate with a broad community of consumer electronics manufactures to help drive the next-generation TV-watching experience," a Google spokesperson said. "And we look forward to working with other partners to bring more devices to market in the coming years."

Nonetheless, Internet TVs began gathering retail momentum this year, as 1 in 4 high-definition televisions sold in the U.S. provided Internet capability, according to researcher Parks Associates. Fewer than half of the consumers who purchased such high-end devices, or 40 percent, took advantage of this feature, Parks found.

A scant 5 percent of people whose televisions are connected to the

Internet have used their TVs to access online video services such as Netflix, Amazon Video on Demand, Vudu or [Hulu](#) Plus. Although this is seemingly insignificant compared with the 60 million people who subscribe to pay TV, analysts say this nonetheless represents a meaningful shift away from these Internet-based on-demand services as computer-centric experiences.

"It's a huge jump," Parks Associates analyst Kurt Scherf said. "This is one of the most important implications for connected devices in general is what it means for video rentals and video downloads. Over time, these devices become your movie rental store."

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