

Flat-panel TV shipments predicted to fall

April 3 2012, By Andrea Chang

U.S. flat-panel television shipments are expected to dip for the first time on an annual basis this year, ending an unbroken string of growth since the segment was created.

According to a report from market research firm IHS iSuppli, shipments of [flat-panel TVs](#) are forecast to decline to 37.1 million units, down 5 percent from 39.1 million units in 2011. Last year, shipments inched up just 1 percent from 38.6 million units in 2010.

The flat-panel TV category includes liquid crystal display televisions, plasma TVs and rear-projection TVs.

Shipments are projected to continue to weaken until at least 2015, in large part because of the maturation of the U.S. television market.

"The U.S. flat-panel television market has never declined on an annual basis, even at the height of the recession in 2008 and 2009," said Lisa Hatamiya, TV [research analyst](#) for IHS, which tracks television sales data and trends. "The decline starting this year suggests that demand may have crested for the mature U.S. [TV market](#)."

Hatamiya said sales in the U.S. are now being driven by consumers who are replacing their older flat-panel sets with new models with advanced features. In developing regions of the world, untapped markets remain for buyers making their first-ever purchase.

Another reason sales are expected to decline is supply and dynamic

developments that occurred in 2011, IHS said.

The firm said [television](#) brands were too optimistic last year, with manufacturers increasing shipments in the first quarter "only to be proven wrong when the hoped-for sales failed to materialize."

A negative chain reaction that followed lasted through the year, with sets being very aggressively priced in the third and fourth quarters to make up for a weak first half. Those price cuts hurt profits across the board for almost every vendor, IHS said.

As a result, brands will be very cautious in 2012. Manufacturers will try to control new shipments into the U.S. market, so that prices remain steady.

"The attempt to rein in pricing could also prove dicey, possibly risking the ire of a purchasing public used to discounting or a pattern of gradually lower prices," IHS said. "The overall effect will serve to inhibit [shipments](#) this year."

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