

TV seems impervious to Silicon Valley's advances

August 2 2013, by Troy Wolverton

Google's unveiling last week of yet another device it hopes will change the way people watch TV highlights a stubborn truth: The revolution may be televised, but television itself has so far been impervious to a revolution.

Technology companies-many in Silicon Valley-have radically transformed the way we communicate, listen to music, play games, shop and read. But to date, they've utterly failed to significantly change how most Americans watch [television](#).

Not that the tech industry hasn't tried. Indeed, since at least the release of WebTV some 17 years ago, the tech industry has attempted to revolutionize television.

Yet despite the efforts of heavyweights like Microsoft, Google, Apple and Netflix, as well as numerous startups and smaller companies such as TiVo and Sling, the vast majority of TV viewing is still done the same way it was 15 or 20 years ago-by tuning in to a traditional channel on a [pay television](#) service and watching a broadcast in real time.

"It's not obvious that most consumers want the main job of the TV set to be changed," said Dan Cryan, research director for digital media at research firm IHS. "The TV experience isn't really that broken."

Silicon Valley isn't giving up. Google's new \$35 device, the Chromecast, promises to allow consumers to easily and cheaply view on their big-

screen TVs some of the videos they watch on their smartphones and tablets.

Meanwhile, Intel is developing a box that could replace consumers' pay TV services and Internet-connected living room devices by offering access to both live broadcasts and Internet content. And Apple has reportedly been working for years on a device that the late Steve Jobs himself promised would radically change the way we watch television.

For its part, Google may have a hit on its hands. On Thursday, just one day after announcing the Chromecast, the company canceled a promotional offer that included three months of free access to Netflix's [streaming service](#), citing "overwhelming demand."

Still, it doesn't look like the way we watch television is going to change anytime soon. Although Apple CEO Tim Cook lamented recently that few people love the television experience, most people seem to like it well enough.

Despite a Great Recession that has put pressure on the budgets of millions of households and despite ever-increasing pay TV rates, few folks have cut the cord. While the number of subscribers to Netflix is steadily growing, its average viewing audience is the equivalent of just one large cable channel.

The Silicon Valley technology that has most influenced TV watching-the DVR-still is in barely 50 percent of American homes, even after 14 years on the market. And its impact has been minor-less than 10 percent of all TV watching is of shows recorded on one.

For an industry that upended the music business in less than a decade and transformed the mobile phone business in under five years, the resistance of television to Silicon Valley-directed change has been

humbling. Apple, for instance, acknowledges its slow progress by calling its Apple TV media adapter a "hobby," not a real business.

Analysts point to a number of factors that have made the television experience so resistant to change. Perhaps chief among them is that much of the programming consumers want to watch-news, major sports events and first-run television shows-is only available through traditional television channels.

"As long as must-see TV is only available from pay TV operators, that's where consumer are going to go," Cryan said.

For now, the television industry has little incentive to change. Ten years ago, the music industry, fearing that its CD business was going to be destroyed by piracy, embraced Apple and digital music sales. But the television industry appears to be more afraid that its business will be undermined by Silicon Valley than by pirates.

And consumers haven't pushed for change. Smartphones replaced basic mobile phones because consumers, it turns out, want to do more than just talk on their phones. But when it comes to television, it's not at all clear that consumers want to do much more than watch programs the old-fashioned way, Cryan said.

"As long as the core value of TV remains TV, there's unlikely to be the rapid disruption that we saw with the iPhone and Android" he said.

"We're not changing the job that TV has been hired to do."

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