

Plucky Roku updates streaming gadgets in battle with big boys

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You just have to cheer for a company like Roku. The plucky Saratoga, Calif., electronics company is going up against some of the biggest tech companies in the world. In the market for streaming media players, the small, inexpensive devices that allow users to access Internet channels or apps such as Netflix on their televisions, the odds are clearly stacked against it.

And yet, Roku is not only surviving, it keeps innovating and pushing the industry forward. Consumers seem to appreciate its efforts, not only snatching up Roku's devices, but using them more than rival [streaming media](#) players.

"The thing about Roku is they understand the [market](#) really well," said Dan Rayburn, an analyst who covers the online video market for consulting firm Frost & Sullivan.

By all rights, Roku should have been out of the running a long time ago. Apple preceded it to the market with its first Apple TV product. For years, game consoles such as Microsoft's Xboxes and Sony's PlayStations have been able to stream Netflix and other online videos. A growing number of televisions now have the ability to stream online videos or run apps.

Meanwhile, Google revolutionized the market with the introduction two years ago of Chromecast, the flash-drive-sized device that undercut Roku and Apple's boxes with its \$35 price tag. And Amazon jumped

into the market last year with its Fire TV gadgets.

But Roku keeps plugging along. On Monday, the company announced an updated lineup of boxes and some new features in its software. One feature called "My Feed" notifies users when new movies they are interested in are available to stream or rent. Another allows users to search for movies or TV shows with their voice, by simply pushing a button on their remote controls or in an app on their smartphones.

Neither feature is revolutionary. But they're emblematic of Roku's approach to the market. While the company's boxes are best known in the streaming [media player](#) market for offering the widest variety of channels - more than 2,000 at last count - the company has also quietly focused on innovation. Roku has consistently updated its boxes with new, useful features.

Sometimes the company is a pioneer, such as when it added a headphone jack to its remote so users could listen to shows or music without disturbing others in their home. Other times, as with voice search, which previously was available on Amazon's Fire TV box, and with Roku's Chromecast-like streaming stick, it's been a quick follower.

"Roku is one of the few players in the space that this is all they do," said Barbara Kraus, an analyst who covers the streaming media player market for Parks Associates, a market research firm. "It's very important for them to stay on top of the field through a variety of methods."

Consumers seem to appreciate its efforts. The total number of boxes that Roku has sold doubled to 10 million between April 2013 and September 2014, and Roku owners are watching more video than ever through them, according to data from Frost & Sullivan.

"The thing I love about Roku is it's simple, it's easy. If I give it to my

mom, she'll know how to use it," Rayburn said.

As the market has changed, Roku has tried to move with it. It makes its own low-cost streaming stick that rivals Chromecast and Amazon's Fire TV Stick. It's created a version of its software that manufacturers, including Haier and Best Buy's Insignia, are now using as the basis for their smart TVs. And it's teamed up with European satellite TV provider Sky to create a version of its box that Sky is using to distribute the Internet-streamed version of its pay TV service.

That's not to say that Roku's continued success or even survival is assured. The streaming media player business is a tough market and other electronics companies have already dropped out of it.

Price competition is getting intense, not only from Chromecast, but also from Apple TV now that Apple cut its price 30 percent to \$70. Roku's main rivals - Apple, Amazon and Google - can afford to sell their boxes near or even below cost, because unlike Roku, they make their money in other ways and can use their boxes to promote other products.

And other companies continue to innovate. A version of Google's Android operating system is starting to show up in smart TVs and streaming media players, bringing with it access to a wide variety of Android games and apps. Amazon updated the software in its Fire TV devices recently, giving users the ability to stream sound from the gadgets to Bluetooth headphones. Even Apple has been rumored to finally be readying an update to Apple TV.

Roku "is sort of fighting uphill," said Joel Espelien, a senior analyst who covers the streaming media player business for The Diffusion Group, a tech research firm.

It may be that Roku will lose out in the end. But you can't help but

appreciate the company's persistence and effort.

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