

Why are TVs so cheap now? Well, your smart TV is watching you and making extra money, too

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Your smart TV is watching you. And making money off you as well.

That's why the prices of TVs have fallen so dramatically over the last

five years.

A mix of lower LCD prices, more intense competition and new ways to profit off the consumer once the set enters our homes have turned the boob tube into something more like a razor. And we, the viewers, are the razor blades.

Bill Baxter, the Chief Technology Officer for TV set giant Vizio, referred to it as the "post-purchase monetization" of the TV on a recent podcast interview with the Verge.

Translated, that means that more ads are coming at you via prominent branded movie and TV channels on smart TVs. These channels share ad revenues with set manufacturers like Vizio, Samsung, LG, an avenue that didn't exist in the pre-streaming era. They also profit by selling data of your viewing histories to programmers and marketers.

The manufacturers have been tracking viewers on smart TVs for several years, but it wasn't until 2017 and beyond that more consumers started buying smart sets, which negate the need for a streaming device like a Roku or Fire Stick to bring in online entertainment from the likes of Netflix and Hulu.

Today, virtually all TVs sold today are smart TVs, says Steve Koenig of the Consumer Technology Association.

So what's new, and helping manufacturers make money off us once the TV enters our home, is the rise of ad-supported streaming channels that share ad revenues with the likes of Vizio, Samsung and LG, and get prominent positions on the smart TV dial.

—On Vizio TVs, the "Watch Free TV," channel on its smart TV sets is actually the same Pluto TV channel seen on streaming players,

computers and [mobile devices](#).

—Rival Xumo has a similar arrangement, called Channel Plus on LG sets.

—Tubi is on Samsung TVs and Xumo on Panasonic, Sanyo and Sharp sets.

—Streaming player maker Roku has its own arrangement with TCL, which sells Roku branded sets, where it offers the Roku Channel.

The Roku channel is similar to Xumo, Tubi and Pluto in offering ad-supported older movies and TV shows, for free, as an alternative to all those internet streaming channels that charge a monthly subscription.

Being on smart TVs is "great for us," says Pluto CEO Tom Ryan. "The hardware companies, in their quest for higher margins, are looking to content and services to get more revenue. We've got it."

TVs have historically been a cutthroat, low-margin business, hence all those Black Friday deals of large-screen sets going out the door for \$300 to \$400. We found a 43-inch TCL Smart TV with 4K resolution at Target this month for \$250.

The wholesale price for an average 50-inch set has fallen to \$335, from \$589 in 2013, according to the CTA.

Once "smart TVs" began to become popular, manufacturers saw a new opportunity in treating the set as a "glass window" to our viewing habits and reporting them to marketers for a fee, in a process called Automatic Content Recognition or ACR.

In 2017, Vizio settled with the Federal Trade Commission and New

Jersey's attorney general office for \$2.2 million, when it was charged with collecting data without the consent of users.

Now, Vizio, which continues to collect data, has users opt-in. "Unless you turn off ACR collection in the Settings menu, we may share viewing data with data partners, including analytics companies, media companies and advertisers," Vizio tells viewers in the settings menu.

The manufacturers say what they're doing is no different from what Nielsen has done for years. They monitor your viewing to determine the hits and they say they do it anonymously. (Of course, with Nielsen, the process of signing up and participating is a great deal more obvious and visible.)

As Inscope Data Services, the wholly-owned subsidiary of TV set manufacturer Vizio says on its website that it collects data without "personally identifiable information (PII)," to identify "what show is being watched and what IP address the device is connected to."

Justin Brookman, the director of privacy and tech policy for nonprofit consumer advocacy organization Consumer Reports, doesn't buy it.

"There's no such thing as anonymous tracking," he says. "They have ways...to tie them to your TV."

If "I Spy TV" sounds creepy, well, how about those other tech devices in your home?

"This pales in comparison," says Jodie McAfee, a senior vice-president of Inscope, which collects data from over 10 million Vizio smart TVs. "What a TV is generating on data is not nearly as granular. It just knows what shows I'm watching and whether the ad is being viewed."

Compare that to a smartphone, which tracks your every move in the house, both physically and on the device. It knows what websites you've been to, who you called and texted with, what products you purchased, and if you turned on Facebook or signed into Google, your age, demographic, salary and more.

Unlike other devices, smart TVs haven't been affected by the Trump administration's trade war with China, where most of the sets are made, says Steve Koenig of the CTA.

"Car audio has been hit, but smart home products haven't been," he says. "We believe tariffs are a tax on products, and don't want to see them in any form."

Meanwhile, back in the living room, McAfee insists that ACR tracking can help consumers by finding better recommendations. "It improves the viewing experience," he says.

And if you don't want your viewing tracked, viewers can go to the menu settings and turn off ACR (which is supposed to be off by default anyway.) Or, they can go a few steps further and turn the Wi-Fi off on the set altogether.

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