

With holidays approaching, TV prices to drop slightly

8 October 2010, By Nathan Olivarez-Giles

Prices on big-screen TVs will be going down in time for holiday shopping this year, but don't expect the dramatic discounts of 2009, when they fell 20 percent.

This year, according to research firm DisplaySearch, prices for high-definition televisions will drop about 8 percent, which means you'll be able to pick up a 32-inch LCD model for an average price of about \$360 and a 55-inch set for an average of about \$1,675.

It would be nice for U.S. retailers if the relatively soft discounting could be blamed on booming business, but forecasters predict that sales this year will be flat compared with 2009, in part because so many households already have high-definition televisions. Indeed, there's a surplus of unsold TVs in the country.

"It seems like it would make sense to drop prices on TVs when you have a warehouse full of them," said DisplaySearch analyst Paul Gagnon. "But that's not the whole story."

Blame the near-steady prices this year, mostly, on good [retail sales](#) in 2009, when two factors boosted HDTVs. First, there was the advent of government-mandated, all-digital broadcasting in June of that year. Many people took that opportunity to get rid of their old analog sets and go digital.

Second, prices fell so much by the [holidays](#) that it made HDTVs irresistible to many, even in the midst of a sad [economy](#).

"Those two things resulted in supply shortages," Gagnon said. "That drove up costs from suppliers, and that drove prices of TVs to stay flat or, in some cases, increase. But then demand dropped off and boxes are stacking up, and it seems everyone made too much."

Without the special market conditions that hit in 2009, there was not much to spark sales in the U.S. this year.

"The reason that people buy TVs is either to replace an old TV that breaks or to add a new TV in the house," Gagnon said. "In the U.S., we're becoming a mature market, which means a lot of our TVs are now flat-panel TVs. The same thing is going on in Japan.

"But in countries such as Brazil or China, not many homes have [flat-panel TVs](#), and that's where we'll be seeing the market growth. This is a pattern we'll be seeing for the next couple of years and one we've seen before."

The most hyped new television technology this year, by far, was 3-D. At the giant Consumer Electronics Show in January, almost every major TV manufacturer introduced 3-D-capable models at the high end. Also, 3-D Blu-ray disc players became available.

The advent of 3-D has not shown any signs, however, of jump-starting sales in mature markets such as the U.S., said ISuppli analyst Riddhi Patel.

"3-D TV; it's not a huge hit," Patel said. "It's a hard sell, and there are a lot of hidden costs that people don't want to take on right now."

3-D TV, like 3-D movies, can't be viewed properly without the use of special glasses to give the illusion of depth. In some cases, glasses come with the sets, but otherwise they have to be purchased a la carte.

Also, not many TV shows or Blu-ray discs are available this year in the format.

"The content is still not there. You have to buy each pair of glasses. You have to buy a 3-D Blu-ray player. You can't use the glasses across TV

brands," Patel said.

Of the 32 million HDTVs expected to be shipped to retailers in the U.S. this year, only about 1.2 million of those will be 3-D HDTVs, she said.

A type of LCD TV that uses low-power LED backlighting is gaining in popularity, in part because it can be made especially thin for hanging on a wall. These LED-backlit sets are still more expensive than regular LCDs, but prices are narrowing. Last year, for example, the average price for a 55-inch, LED-backlit set was \$2,311, according to DisplaySearch. That was about \$900 more than a traditional LCD in that size.

But this year the LED-backlit price average in the 55-inch size will be \$1,849. That's only about \$600 more than the regular LCD.

An older technology that's been somewhat kicked to the sidelines by the popularity of LCD sets is plasma. But models using plasma screens, especially in large sets, are likely to have attractive pricing, said Richard Doherty, research director at consulting firm Envisioneering Group.

"For the screen size, you can't beat the plasmas from Samsung, Panasonic and LG," he said. "They're about the last three companies still making plasmas, but they've come down in price and they are a real bargain."

According to the DisplaySearch forecast, the average price for a 42-inch plasma set by the end of the year will be about \$475. In comparison, an LCD set in that size will cost about \$685.

Plasma sets do use more electricity than LCDs, but not nearly as much as in past years. Also, plasma sets no longer suffer the screen burn-in and heat issues that dinged their reputation in the past.

But if you're looking to save money in the long run, the way to go is LED-backlit, even though it will cost more initially.

"LED-backlit TVs are still the most expensive, but within five years, those sets will pay for themselves in savings on your energy bill," Doherty said. "It's

just a question of: Do you want to save some when you buy the TV or on the back end when you use the TV?"

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