

From big to giant: Behemoth TVs start to take off

1 July 2014, by Anne D'innocenzio



In this Wednesday, June 18, 2014 photo, a customer walks past a display featuring a Samsung 78-inch curved television on display at a Best Buy store in Greenwood, Ind. The 78-inch television is flanked by 65-inch versions. Americans increasingly are replacing their once-enviable 50-inch TVs with even bigger screens. (AP Photo/Michael Conroy)

Supersized isn't just for french fries. Americans increasingly are replacing their once-enviable 50-inch TVs with even bigger screens. Think: 65-inches and up.

People are snagging big screens—pushing sales of them up 50 percent in the past year while overall TV sales have faltered. As prices fall, hardcore TV watchers and video gamers are finding sets affordable that a few years ago would have been playthings for wealthier people.

Jarvis Jackson, for instance, plans to spend up to \$1,500 for a 65-inch TV with Internet capability. Jackson, who lives in Birmingham, Ala., says he'll scale back on dining out and postpone other purchases to make room in his budget.

"You definitely can tell the difference between a

55-inch and a larger size TV," says Jackson. "To get the right TV is important, especially when football season is coming up."

Shoppers like Jackson are being enticed by new technologies like Internet capability that allows Netflix streaming, and Ultra HD screens, which offer a sharper picture.

Falling prices have also made big screens more accessible to the average person: TV prices overall have fallen 9 to 11 percent, and the average price of a 50-inch TV is down \$75 from two years ago to \$573, according to research firm NPD Group.

"TVs are more affordable than they've ever been, so a 'supersized' TV today is still far less expensive than smaller screens were three or four years ago," says Jamie Bastian, a spokeswoman for Target, which expanded its selection of big-screen TVs to include 70-inch versions this year, up from last year's 60 inches.



In this Wednesday, June 18, 2014 photo, Jake Willis, center, home theatre supervisor at the Best Buy store in Greenwood, Ind., talks with customer Landon Leichter, of Spencer, Ind., at a display featuring a Samsung 78-inch curved television on display at the store in Greenwood, Ind. The 78-inch television is flanked by 65-inch versions.

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Although TVs 65 inches or bigger account for just 2 percent of sets sold, they're the bright spot in a market that has been slumping in part because more people are using tablets and cellphones to stream movies and TV shows.

Overall, TVs 50 inches and bigger accounted for 25 percent of the sets sold in the past 12 months, up from 14 percent in 2012. NPD expects the figure to reach 30 percent this year.

The advent of flat screens and high-definition television prompted a rush to upgrade a decade ago, but things like 3-D TVs have failed to entice buyers in recent years. But experts say Ultra HD is a simple enough upgrade to gain widespread adoption in the next few years.

While overall TV sales have dropped as much as 10 percent annually since 2010, big-screen TVs have become the fastest-growing category. During the year that ended April, 800,000 65-inch TVs or larger were sold, a 69 percent jump. That equated to a 50 percent increase to \$1.6 billion in sales in a TV market totaling an estimated \$18 billion.

Lower-income shoppers are accounting for a larger share of the supersized TVs. In the year that ended in April, 61 percent of TVs 60 inches or larger were purchased by shoppers with household incomes of \$75,000 or less, up from 45 percent a year earlier, according to NPD.

Retailers are taking advantage of the demand. Amazon.com plans to feature some 100-inch models this year, while Chicago-based electronics store Abt is expanding its warehouse space by nearly 30 percent, in part to accommodate bigger TVs.



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Best Buy is increasing its selection of 55-inch-plus TVs by 20 percent. But big-screen TVs come with hassles: Best Buy delivery people sometimes have to open the box on the customer's front lawn or go through a patio door because the box won't fit through a regular door. Best Buy says a 55-inch Samsung TV weighs 37 pounds whereas a 75-inch Samsung TV weighs 83 pounds.

"I don't think anyone would have estimated the appetite for the size of these TVs," says Luke Motschenbacher, director of Best Buy's TV business.

Wal-Mart Stores Inc., the world's largest retailer, is also beefing up its big-screens because of increasing customer demand. The retailer is allocating half of its TV wall to 50- to 60-inch TVs this year, up from about a third last year. It's also offering 80-inch TVs, including a \$2,998 Vizio, in some stores. And Walmart.com is increasing its selection of stands to accommodate TVs over 60 inches.

This year, at Wal-Mart's Sam's Clubs, nearly half of the TVs will be at least 55 inches, up from about 30 percent last year. Last year, the biggest TV that Sam's Club sold in its stores was 80 inches. This year, it will sell 90-inch TVs in some locations.

Sam's Club CEO Rosalind Brewer says the trend is "counterintuitive" to the overall frugality it's seeing from members, who are switching to cheaper chicken from more expensive cuts of beef.

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