

Internet-Enabled TVs: Demand Driver Or Deal Breaker For Home Cinema?

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While 3D televisions have largely struggled to gain rapid acceptance in 2010, internet-enabled televisions (IPTVs) have been in demand globally.

As internet video makes its way onto television screens, Euromonitor International examines the impact this will have on home audio and cinema.

Two sides of the same coin

With internet content spilling over from computers all over consumers' television screens, the way people watch television will continue to change. The advent and proliferation of the internet has taken its toll on television viewership, with content providers and networks struggling to attract younger viewers who prefer online content.

Internet-enabled televisions (IPTVs) will likely help to reverse this trend by putting more viewers in front of televisions.

However, for home audio and cinema, it is much more important what consumers will be watching. For the purposes of this article, internet content has been split on the basis of video and audio production values into low and high quality.

Low quality

Consisting mostly of user-generated content shot on mobile phones, cameras and camcorders, this category also includes some professionally/semi-professionally shot video blogs and promotional videos.

While making sites like YouTube immensely popular, this content and its popularity is a significant threat to mid- to low-priced hi-fi systems, audio separates, home cinema and speaker systems.

The simple reason is that one does not need an audio system to watch a kitten playing with a keyboard while the Tron video is buffering. Therefore, it is likely that consumers will spend more time in front of the television but they may choose to watch low-quality, mostly free content which is now accessible on the television instead of just on computers.

High quality

It took 83 years, but the full, uncut version of Lang's Metropolis hit store shelves in November 2010, and, despite it being a silent film, watching it without a respectable sound system can leave one underwhelmed. Viewing any film without a proper sound system is largely an incomplete experience and with the popularity of internet film streaming services like Netflix and Hulu, watching films and television shows is becoming increasingly convenient and inexpensive.

After the initial launch of Google TV in the US, services were blocked on the platform to protect similar services provided by network providers like FNCast.com (Comcast Corp). But with time, it is likely that the legal issues will be resolved and other online streaming services will make their return to IPTV screens. An IPTV gives consumers access to these services directly on their televisions, causing a likely increase in viewership, correlating with increasing penetration of IPTVs.

An increasing viewership rate, in turn, means that consumers will find themselves in need of an upgraded audio system more often than not. This will likely drive sales of upper-mid- to high-priced home audio and cinema equipment, as consumers who watch a lot of films are unlikely to choose a basic model given the high usage rate.

The net result

The advent of IPTVs will likely increase television viewership, but the question of what type of content will benefit from the increase is still largely unknown, and will largely depend on how pricing and availability of paid content shapes out in the new distribution channel.

Overall, however, the effect on home audio and cinema is expected to be positive as consumers will be spending more time in the living room, and in front of the television, and will likely consume more free and paid content on their televisions, thereby fuelling demand for home audio and cinema products. Home cinema and speaker systems are the best positioned products to take advantage of IPTV-driven growth in demand.

These products are simple to set up and configure, inexpensive compared to audio separates, and most offer a good deal in terms of sound quality relative to the price. In 2012, a recovery in demand for audio separates is anticipated as consumer spending and credit recovers, fuelling demand for higher-priced electronics.

Rising demand for home cinema and speaker systems and audio separates will eat into demand for small hi-fi systems, which are likely to contract over the forecast period.

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