

# The Global TV Market

HbbTV Symposium 2019

Paul Gray

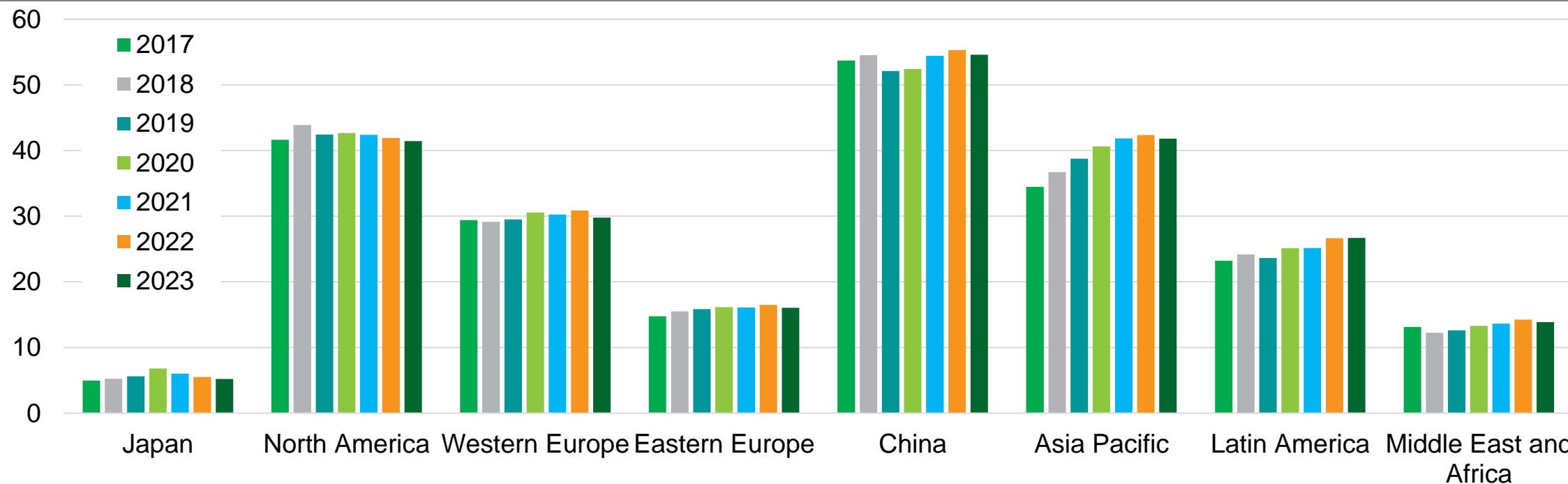
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# Bumpy year: tariffs, excess LCD display capacity, slowdown

TV shipment forecast (millions)

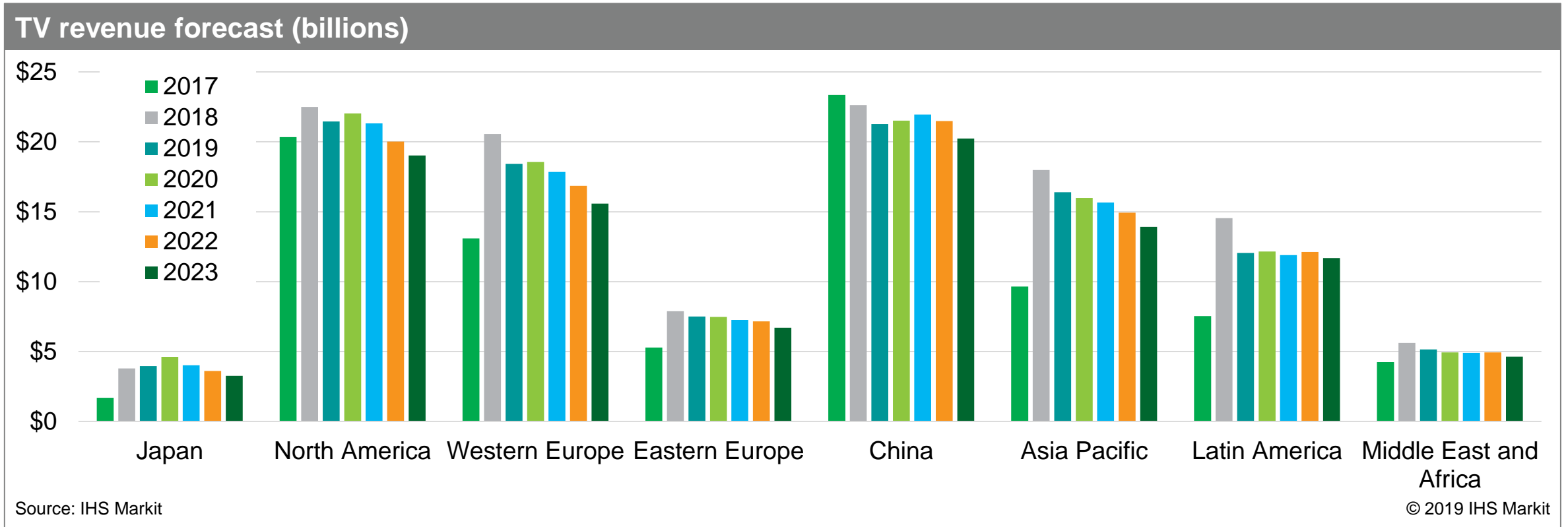


Source: IHS Markit

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- US Government raised 3.9% tariffs on Chinese-made TVs to 18.9%: huge seasonality distortion (typically 60-65% second half, 2019: 56%)
- Oversupply of LCD panels: tumbling TV set prices, especially in 65"+.
- Chinese TV market declining. Increased competitive intensity, especially in Europe.

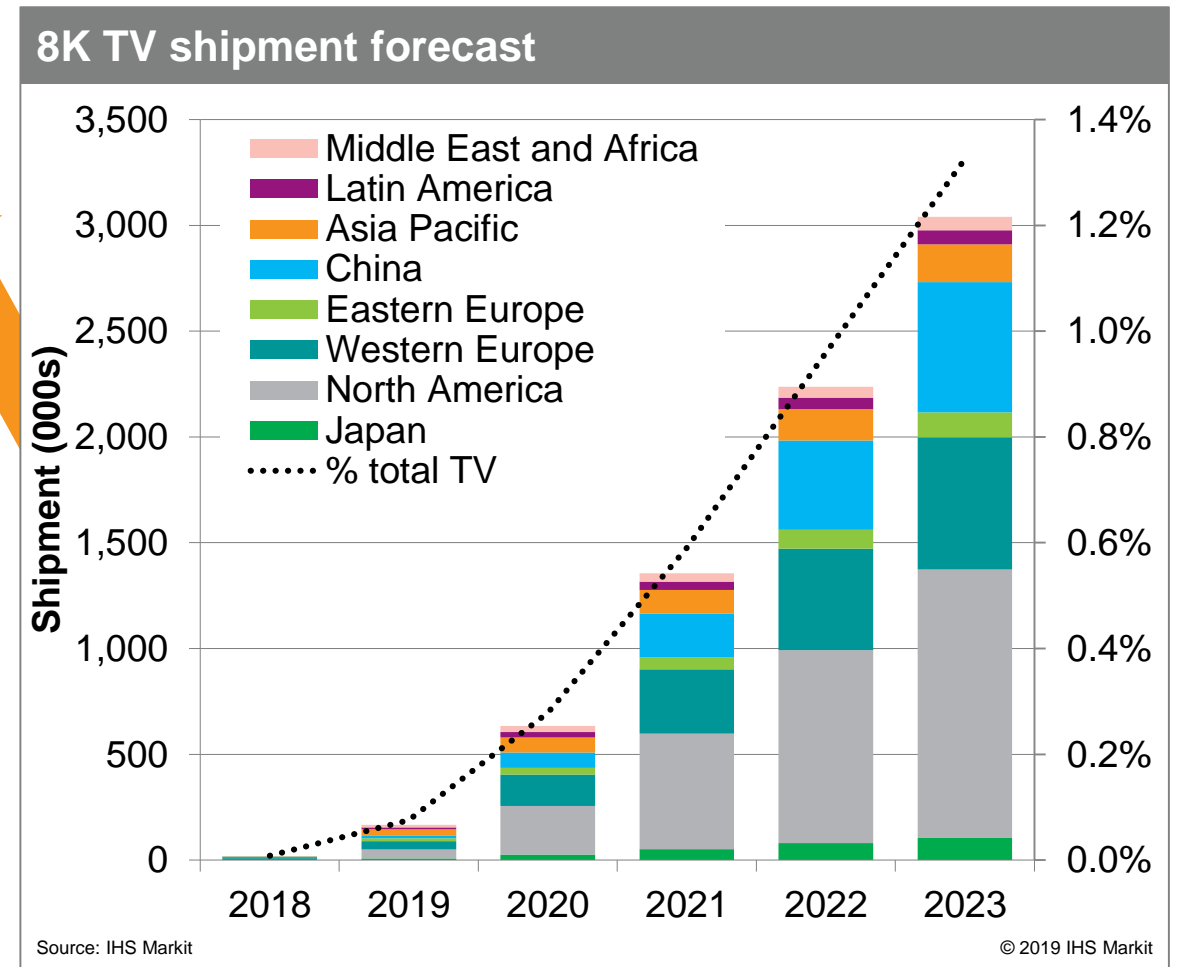
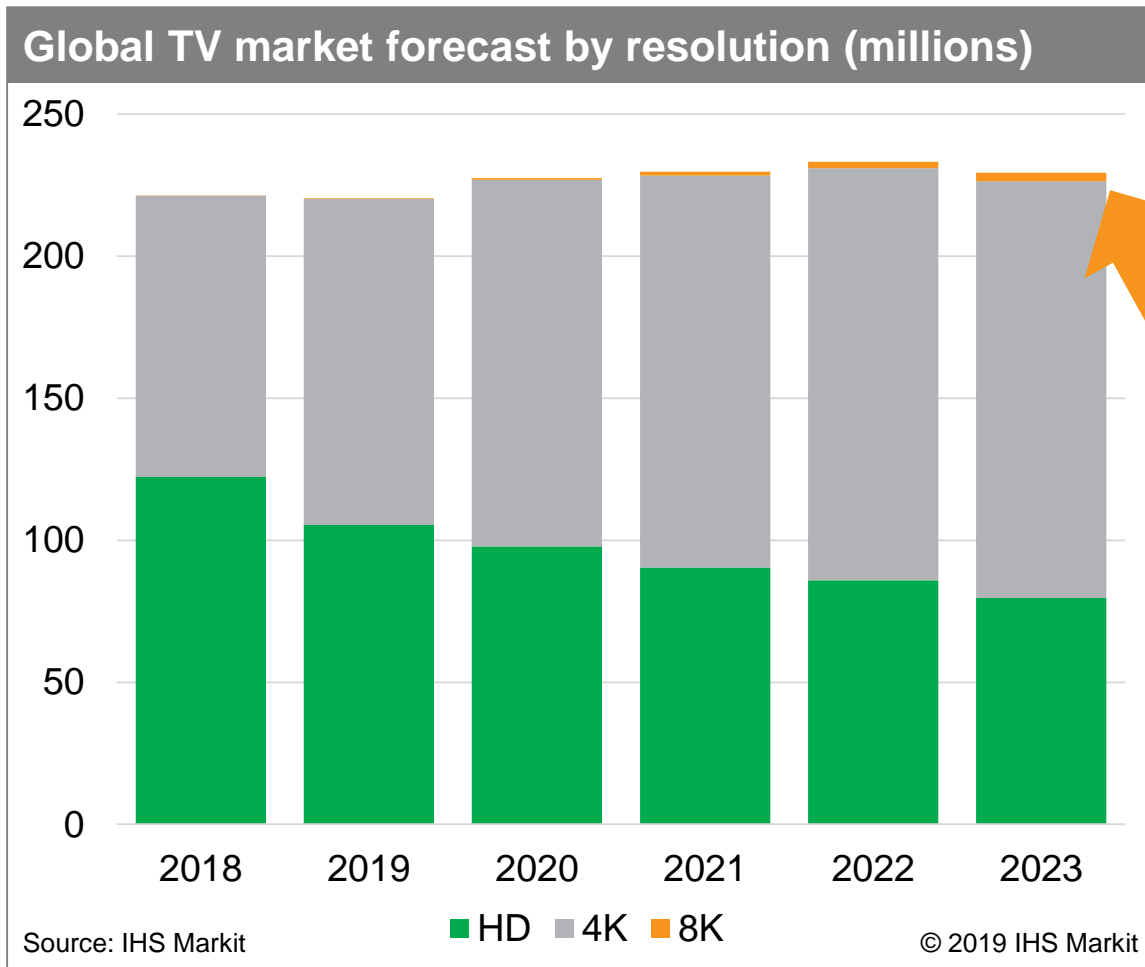
# Pricing and value in crisis



- Screen size growth is not enough to arrest price falls
- Set prices still falling faster than costs

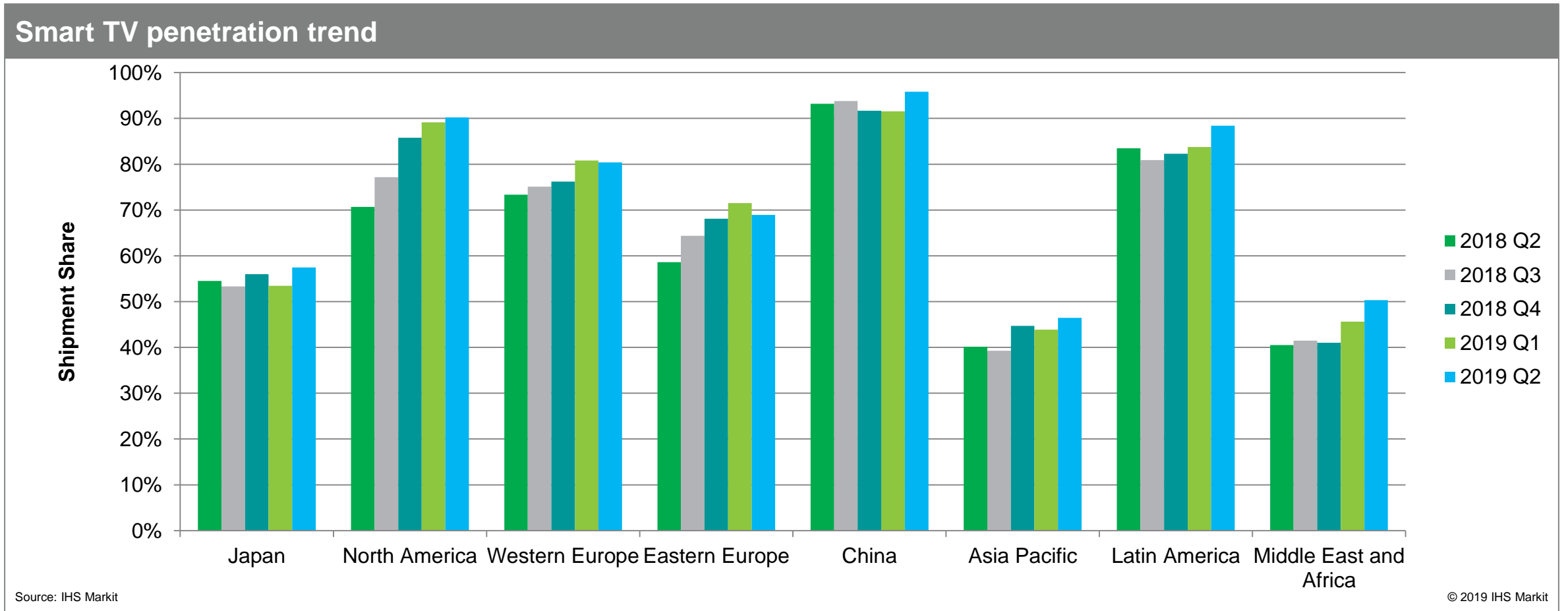
# 8K will remain a rare treat...

Shipments of 8K will be just over 3 million in 2023.

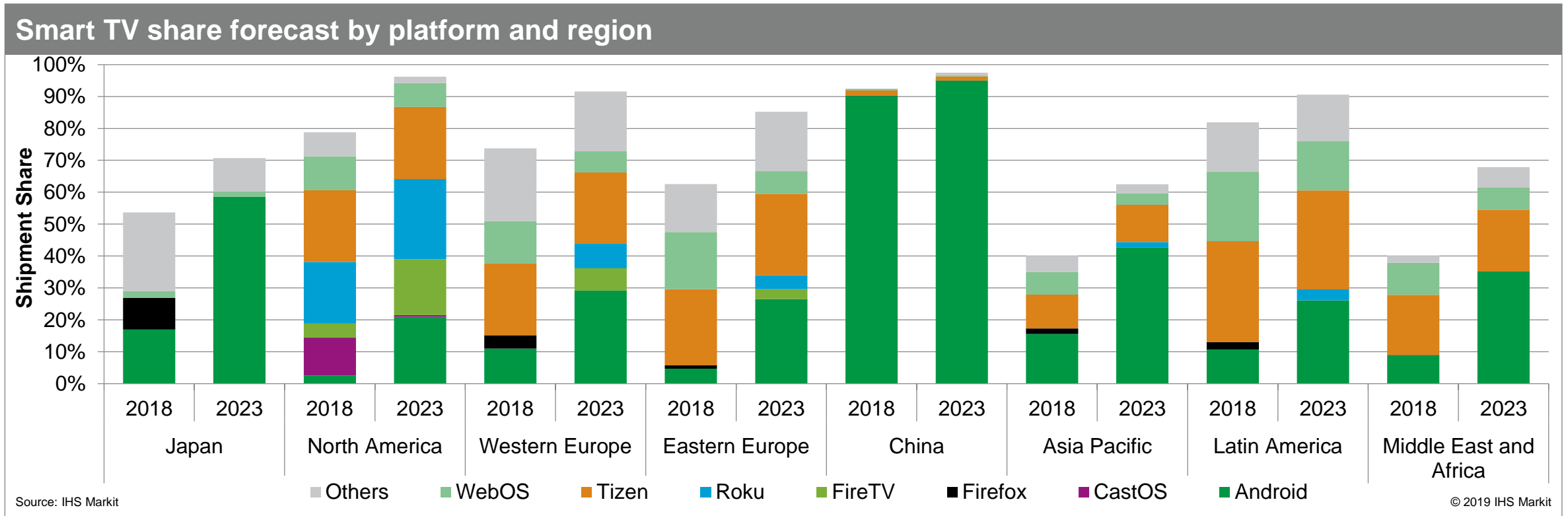


# Internet connectivity a default feature, taken for granted.

- Globally, smart now present in 77% of sets shipped in Q2 2019.



# Platform battle expands from North America

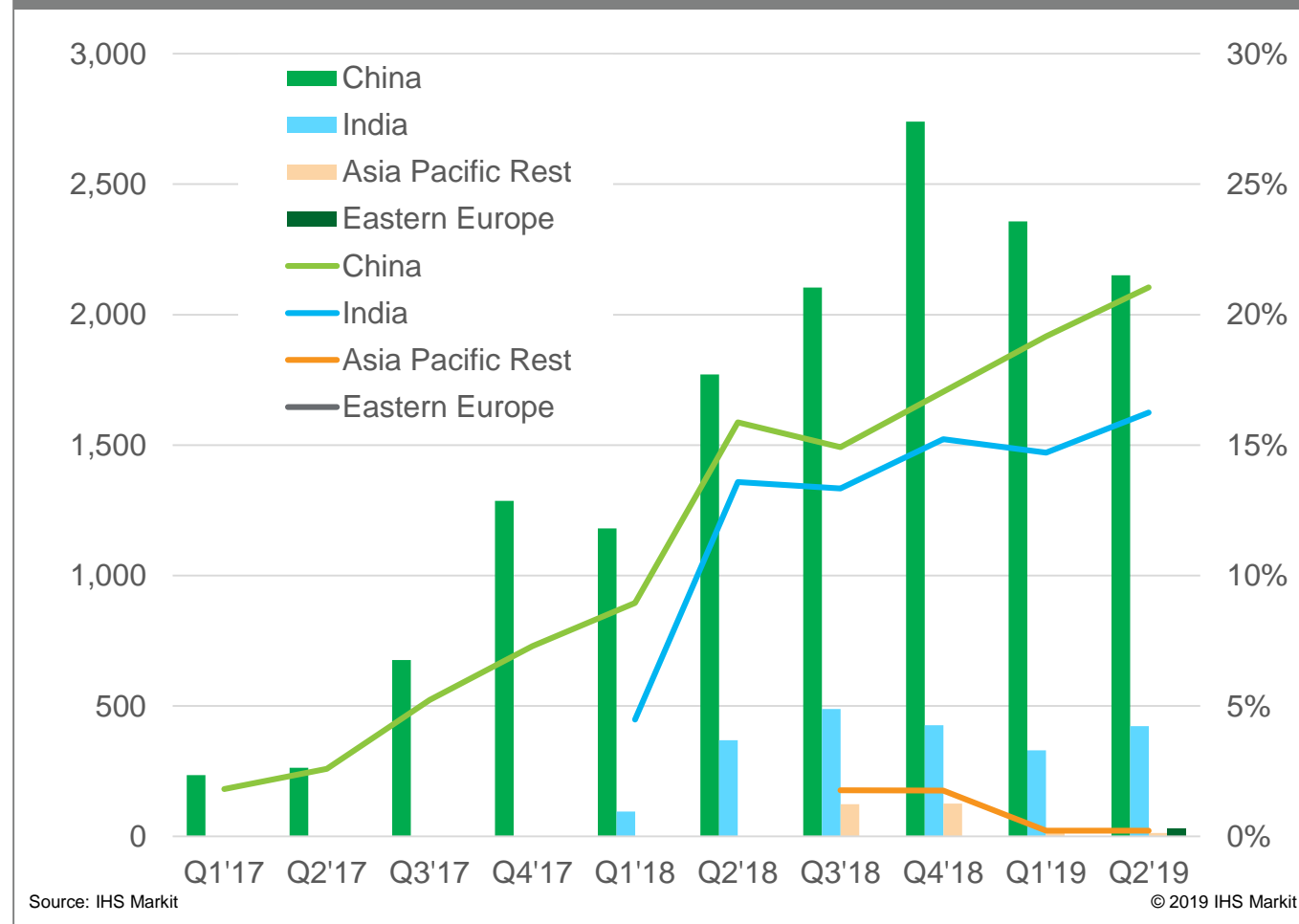


- IHS Markit expects all brands to discover that their TV-only platforms will continue to struggle and be gradually replaced by open cross-device platforms.
- Amazon's Fire TV OS and Roku expand beyond North America, Western Europe the first step.

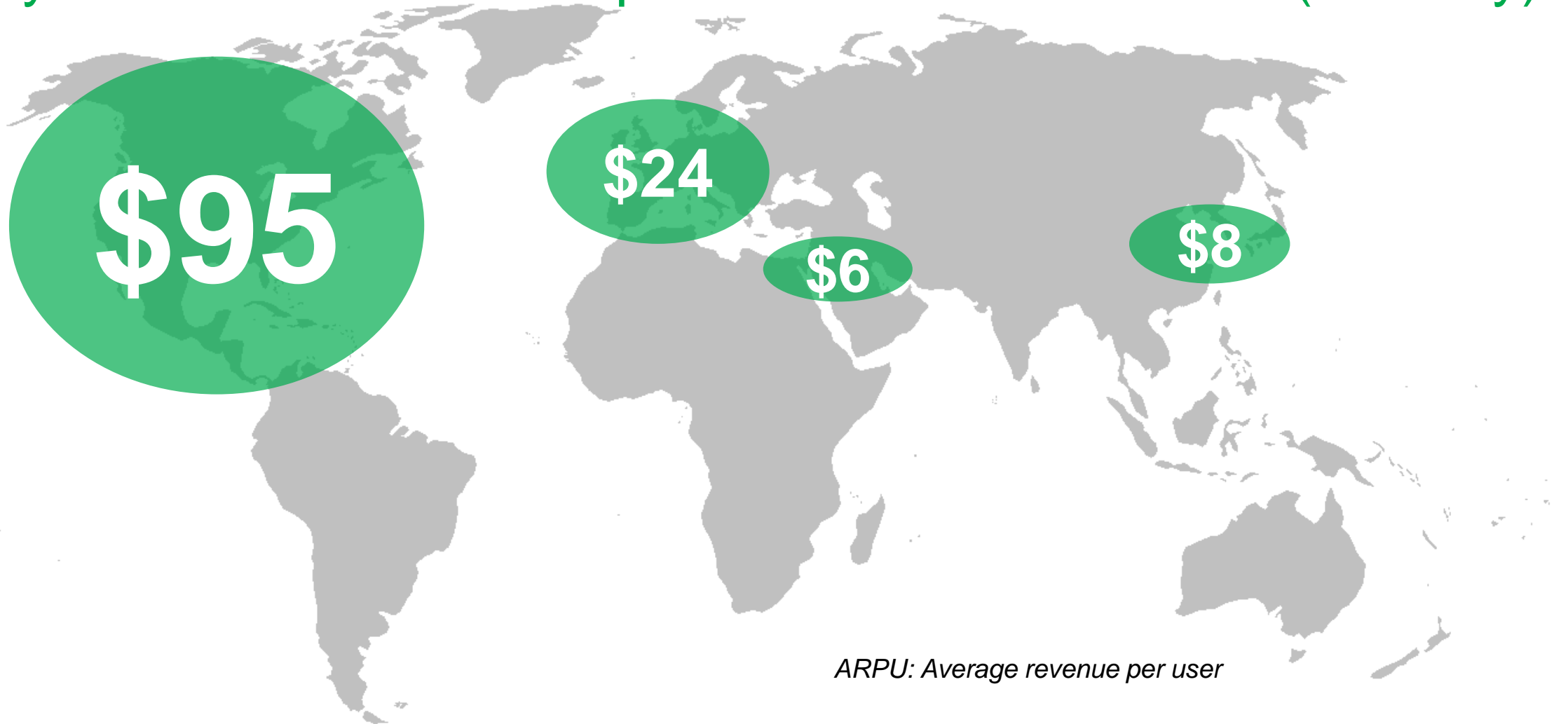
# Xiaomi

- Xiaomi become important force in TV, cross-selling Smart TVs and its Smartphones.
- Brand has led in China in the past five quarters.
- Xiaomi launched in India in early 2018, already top-3, rising to second place in Q2'19.
- Launched in Russia in Q2'19.
- We expect more in Europe, most probably southern and eastern Europe.
- Xiaomi has been more cautious than other streaming brands, appears more focused on operational success than growth.
- However, Xiaomi's brand index very low at 50% - its main proposition to consumers is very low pricing.

**Xiaomi TV shipment (000s) and share trend (line)**



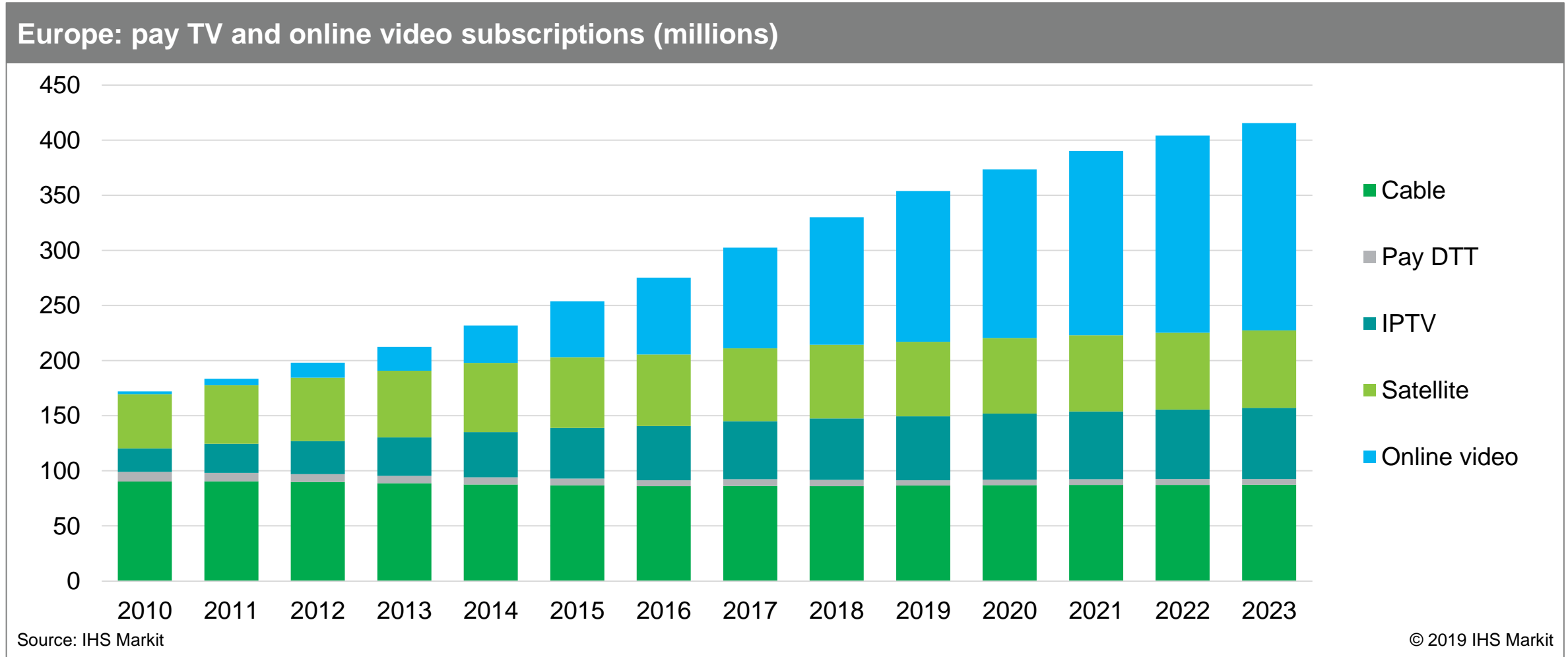
# Cord Cutting: pay TV ARPU in US compared to rest of the world (monthly)



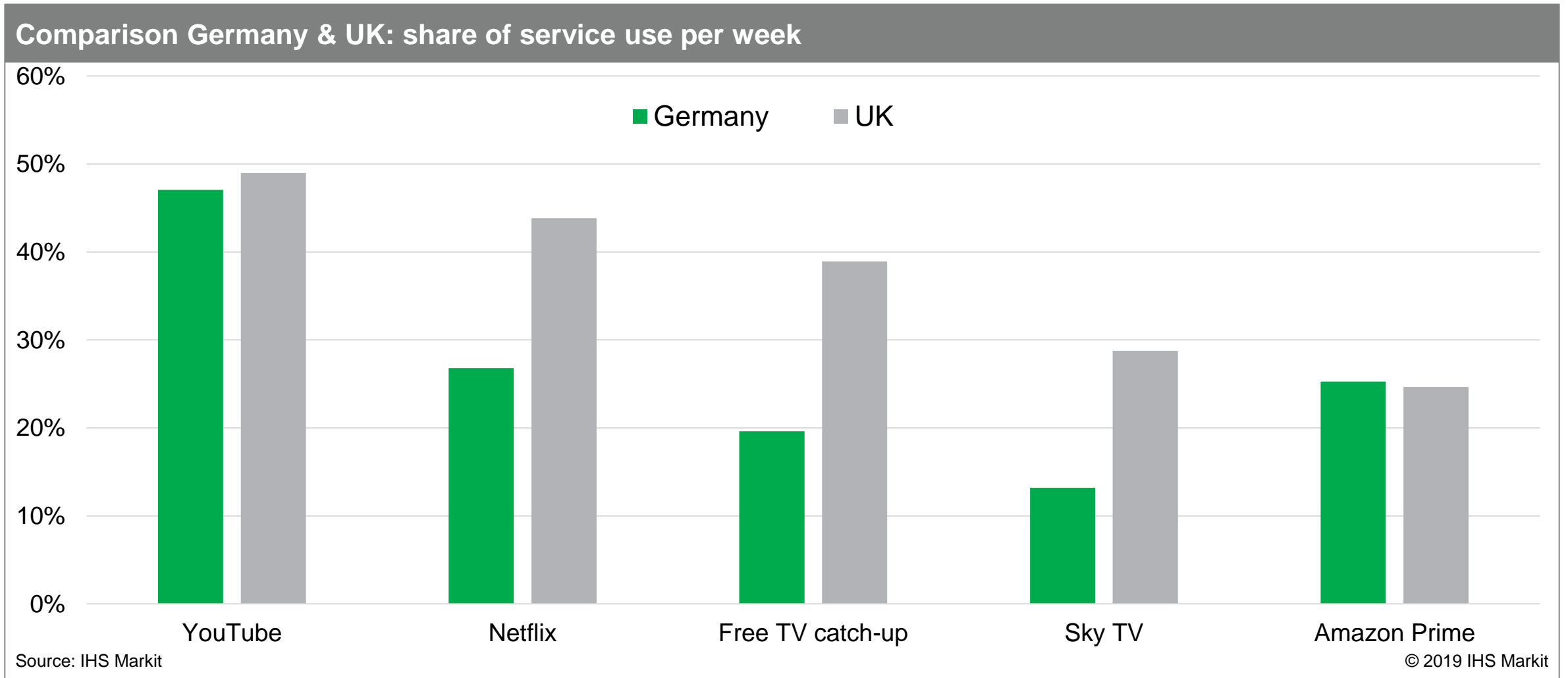
*ARPU: Average revenue per user*



# Europe: conventional pay TV still thriving against new competition ...but growth story is OTT

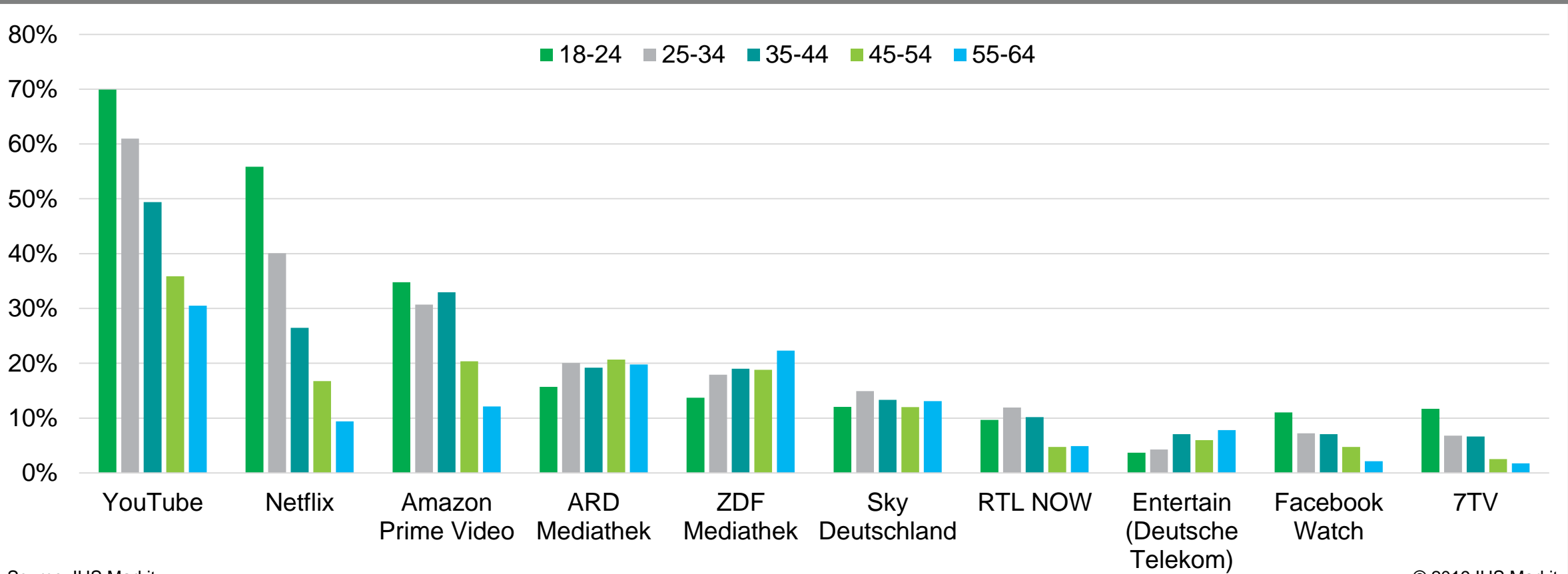


# UK broadcasters' success with catch-up...



# Germany, age group streaming behaviour

Germany, share of viewers watching at least weekly

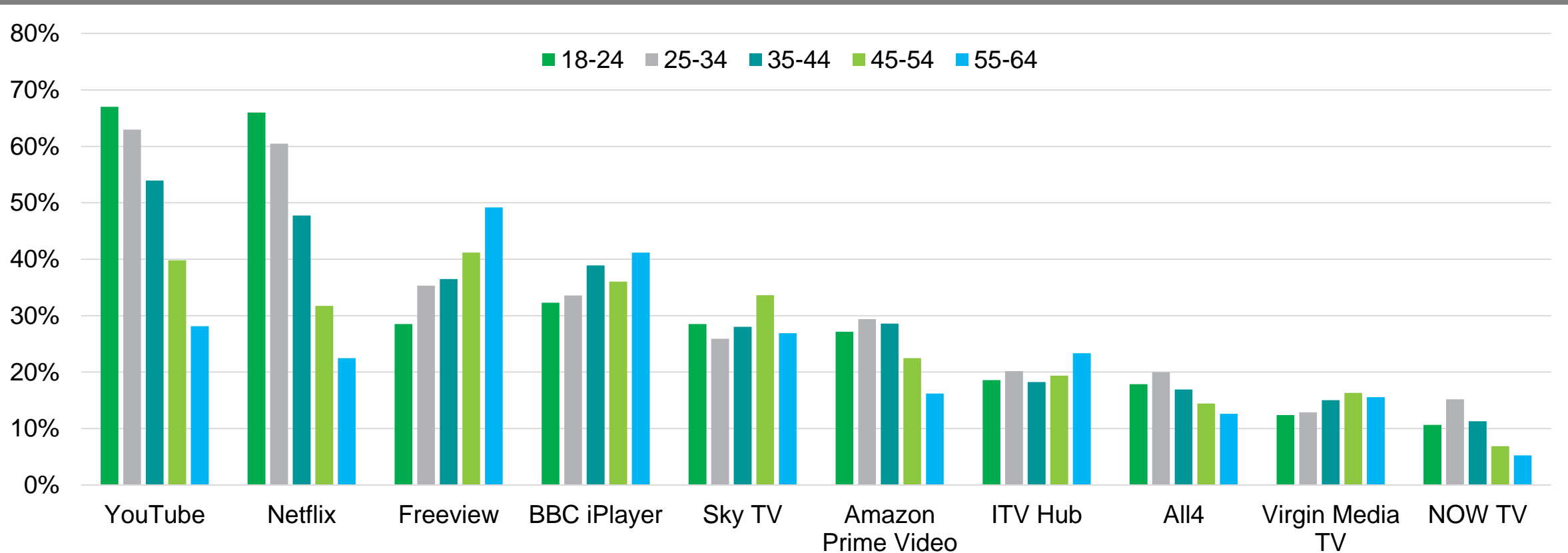


Source: IHS Markit

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# UK, age group streaming behaviour

UK, share of viewers watching at least weekly

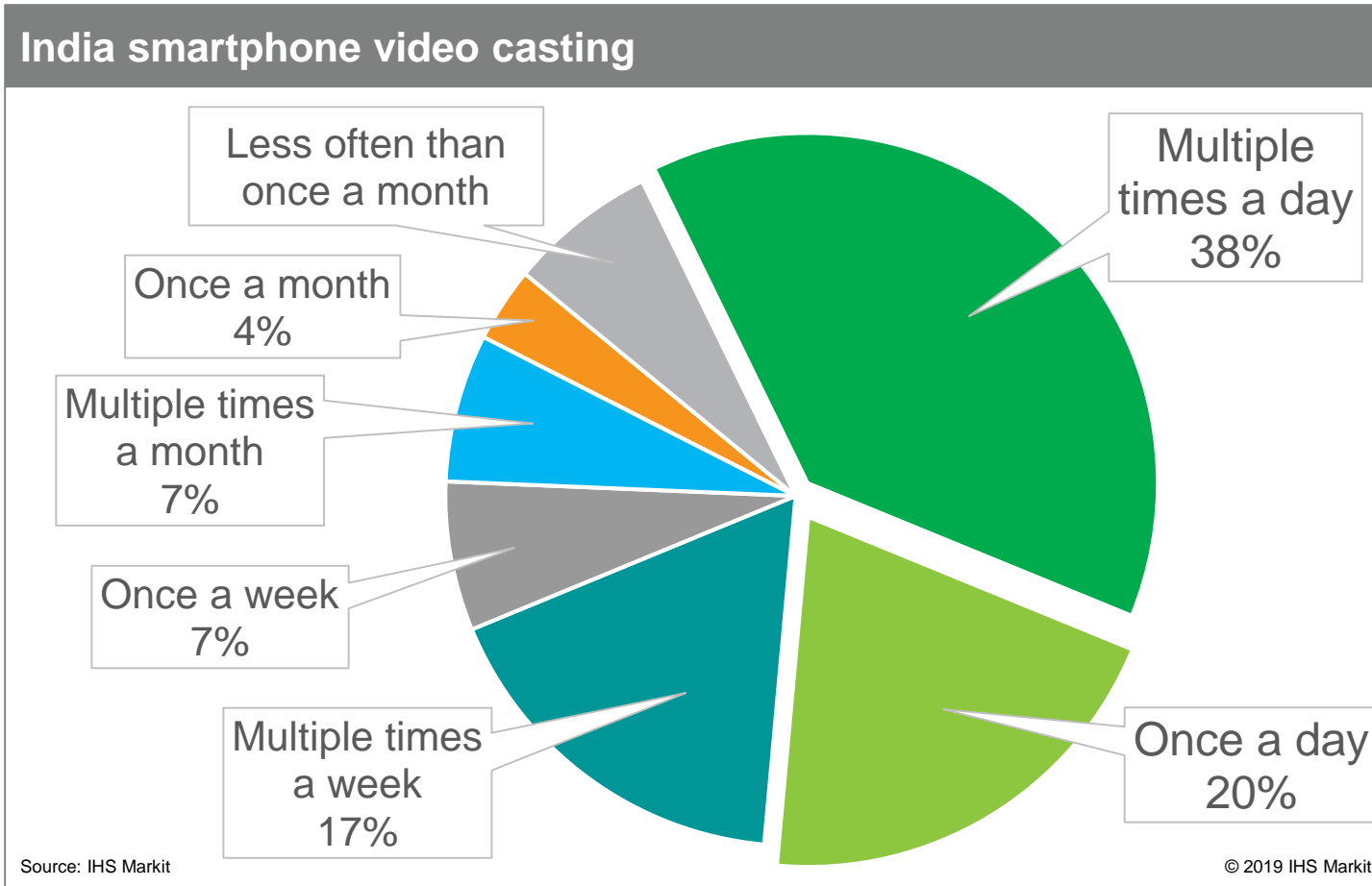


Source: IHS Markit

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# India: glimpse of our future video consumption?

57% of Indian internet users use a smartphone. Over 700M mobile subs, 20M fixed.



- 71% of Indian internet users link their mobile to TV.
- 30% of Indian internet users surveyed use mobile casting from a smartphone to TV.
- **Internet connectivity largely mobile-based in India, smart TV feature networks seamlessly with smartphone.**
- **Totally different usage to other regions, but future emerging market development of smart TV featuring?**
- Netflix has launched a Rs 65 (\$1) mobile-only tier in India targeting mobile-first consumers.
  - > Weekly subscriptions now available

# Summary

- Seismic shift in TV set business : like ascendance of Koreans 15 years ago
  - > Chinese supply chain dominates in future, levelling brand playing field
- Cord-cutting not a factor in Europe, but competition intensifying
- HbbTV critical in modernizing broadcast business model
  - > Is marketing the greatest challenge?
- Mobile integration must be watched closely, emerging markets will lead.