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Global 3DTV Forecasts - 3rd edition

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Global 3DTV Forecasts (3rd edition)
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3DTV: Still looking for an audience despite high penetration levels

18 April 2013
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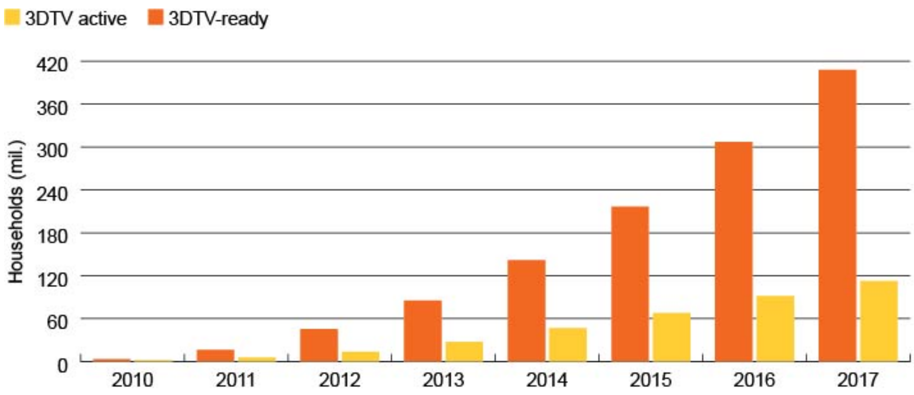
- By end-2012 more than 45 million households worldwide had a 3D-ready TV set. This is forecast to grow to 408 million by end-2017
- Informa's view remains that 3D set penetration will predominantly be driven by consumer electronics companies including 3D capability as a 'default' technology within sets – rather than a strong public appetite for a 3D viewing experience
- A run of poor 3D film titles have further diminished the public's interest in the technology
- Informa forecasts that less than a third of homes with 3DTV capability will be active and regular users of 3DTV content

Market status

Informa Telecoms & Media's new forecasts for the 3DTV sector show that the global penetration of 3DTV-ready sets continues to rise at a steady rate. Just 0.2% of TV households had a 3D set in 2010 - representing 3.0 million households. This had risen to 3.4% by end-2012 (45.5 million) and is forecast to reach 28.2% penetration (408 million households) by end-2017.

However, while the technology is becoming an increasingly common feature on TV sets, its usage remains limited. Here Informa forecasts that less than a third of homes with 3DTV capability (112.7 million) will be active and regular users of 3DTV content (see fig.1).

Fig. 1: Global, 3DTV household forecasts, 2010-2017



Source: Informa Telecoms & Media

Significant growth in the penetration of 3D-ready sets is being driven by the decision of consumer electronics (CE) companies to include 3D capability as a 'default' technology within many of their sets.

This decision was taken as it became clear that it was not tenable to market 3D as the 'next big thing' for the mainstream TV viewing experience – the natural successor to HDTV. The early hope was that major events, such as Olympics and World Cups would help drive sales in the same way as they did for HD. But that did not happen.

Consumer reaction to 3D has been, at best, mixed – due to both a lack of compelling 3D content but also a simple failure of the public to engage with what is, essentially, a new type of viewing experience.

In 2011, when Informa last produced a major piece of research on 3DTV, we noted that related sectors have also experienced a dip in their fortunes. That still remains the case.

3D cinema, for example, has failed to build on the massive success of *Avatar*. Despite some rare exceptions, such as 2012 hit *Life of Pi*, a run of poor 3D films have diminished the public's willingness to pay a premium to watch a 3D title at the cinema i.e. the 3D viewing experience is not perceived as being significantly superior to 2D.

Additionally, while Nintendo's 3DS hand-held games console has been a reasonable success in its own right, there is no suggestion that the rest of the games industry plans to make any significant moves into 3D games development.

Against this backdrop, with mainstream 3DTV adoption becoming a much harder sell, the CE marketing emphasis has changed to one of 'future-proofing'. By depicting 3D as the cutting edge of technology, CE manufacturers look to attract TV set buyers by convincing them that a compelling 3D environment will eventually be in place, so they should equip themselves for it now.

Having adopted this policy - and irrespective of public demand for 3D - major set manufacturers (Samsung, LG, Panasonic *et al*) increasingly see 3D capability as a feature that they must include in their sets, or the perception will be that rival manufacturers (with 3D included) are producing a technically-superior product.

The result is that an increasing proportion of TV sets are having 3D capability built into them. But instead of a USP, 3D is now often marketed as just one of the set's benefits – along with features such as Internet-connection capability and LED backlighting.

There are divergent views on the impact that 3D will have on the TV industry. The Informa view remains that the short-term impact will be limited, but 3DTV-capable sets will have long-term mass market penetration, driven by major CE manufacturers embedding the technology within the majority of their sets.

Informa's view remains however that the use of 3D capability will be limited within homes, often restricted to major events where a 3D viewing experience will be sought for its novelty value. The view that 3D represents the obvious next evolutionary step for TV - in the same way that color followed black and white, or HD is following SD - is erroneous. A case can be made that color and HD offer noticeable enhancements to the technologies that preceded them. But 3DTV is less of an enhancement and rather more a new type of viewing experience – one that some people enjoy, but one that is a long way from becoming ubiquitous.

Market dynamics

South Korean DTH operator SkyLife launched the world's first 3D channel in January 2010. DirecTV in the US launched its service in July 2010 and Virgin offered its 3D service to UK subscribers in September 2010. By April 2013, there are approx. 50 specialist 3D channels available (see fig.2).

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