SANTA CLARA – Total TV market shipments were up 3.7% year-over-year in the third quarter to 62 million units, up 12% sequentially, says **DisplaySearch**.

This marks a healthy rebound from the 1% year-over-year shipment decline in the second quarter and weak 1% year-over-year gain in the first. However, orders for LCD and plasma panels used in the production of TV sets were both down in the third quarter, resulting in a somewhat lean inventory situation toward the end of the period, says the research firm.

Many suppliers have taken a conservative approach to inventory for the holidays. Therefore, if demand is better than expected, there may not be much slack in the supply chain to fulfill restocking orders. This could potentially lead to some product shortages, the company says.

“End-market demand has been weak in North America during most of 2011, with unit shipments falling around 4% year-over-year through the first three quarters of the year,” noted Paul Gagnon, director of North America TV Research, DisplaySearch. “However, consumers, still quite sensitive to pricing, may be delaying purchases until the holidays when they expect to see the best deals. Consumers have learned this practice from observing previous holiday selling periods.”

LCD TV shipments worldwide were about 1% better than forecasted, rising 12.9% year-over-year to 51.5 million units compared to single-digit annual growth during the first and second quarters. This is a good indication of improving demand in end markets. Retail prices for some LCD sizes are falling below key price levels, like $300 for 32" and $500 for 40-42".

The transition to LED backlights continues, but the rate of adoption has been slower than expected. LED-backlit models have not been able to pass the 50% level, accounting for 48% of total LCD TV shipments, with the vast majority of those being edge-lit models.

Similarly, higher frame-rate models (120Hz or higher) have been mostly unchanged through 2011, representing about 22% of LCD shipments in the quarter. 3D grew to about 11% of LCD TVs, up from 9% in the second quarter. The slower growth of these two advanced features is indicative of a continuation of conservative consumer spending and reluctance to pay significant premiums, DisplaySearch says.

Plasma TV shipments have shown increasing softness in recent quarters, declining 6% year-over-year in the second quarter and falling 14% year-over-year in third to 4.1 million units. The decline in plasma TV shipments is the result of closer price competition with LCD models, leading to a transfer of market share at key sizes like 42" and 50". In addition, poor profitability at plasma TV heavyweight **Panasonic** has led to a shift in focus to larger models and more richly-featured sets with less emphasis on price competition. Within plasma, 720p models account for about two-thirds of unit shipments, but DisplaySearch forecasts a bigger shift to 1080p in the near future. Finally, 3D rose to about 27% of plasma TV shipments in the third quarter.

By region, China increased to more than 21% of all global TV shipments to become the clear leader in global TV demand. Shipments to China seasonally increase during the third quarter, ahead of October Golden Week promotions, but the level of share gain was substantial compared to previous years. The softness in consumer demand seen for developed regions led to much weaker growth than for emerging regions, with total unit shipments rising 12% year-over-year in emerging regions and falling 8% year-over-year in developed regions. China is a major driver of the stronger growth in emerging regions. In addition, adoption of advanced features, like 3D, has performed better in China than any other region. In fact, China was the leading region for LED LCD TV shipments, as well as for 3D LCD TVs.

Through the first three quarters of 2011, Western Europe and China were the leading adopters of 3D at 13% and 11% of total TV unit shipments, respectively. North America was initially forecast to be the leading market for 3D TV, but 3D accounted for only about 8.5% of total unit shipments. An unwillingness to pay much of a premium for 3D, and lower availability of low-cost 3D sets, compared to regions like China, have impacted uptake of 3D. During the upcoming holiday selling season in the US, 3D is not expected to be highly promoted. Instead, retailers will focus on large sizes with strong value pricing, but with lighter feature content, says DisplaySearch.

Samsung's global flat panel TV revenue share was up slightly in the third quarter to 22.8%, a substantial lead over the No. 2 brand **LGE**. Samsung was the No. 1 brand on a revenue basis in every region, with the exception of Japan, where it does not sell TVs, and led LGE (a strong emerging market brand) in Asia Pacific and Latin America. Samsung was No. 1 in LCD and plasma TV revenues, No. 2 in CRT TV revenues, and was the only top-5 brand to post year-over-year growth in revenues.

LGE was the No. 2 brand worldwide at 13.1%, with small sequential and year-over-year revenue declines. LGE was No. 2 in LCD TV and No. 3 in plasma TV, but continued to lead in CRT TV with more than double the revenue share of any other brand. Sony remained the No. 3 brand in global flat panel TV revenues during the third quarter, but saw a significant decrease in market share and posted a 13% year-over-year decline in total revenues. Panasonic and Sharp rounded out the top 5, with Sharp gaining revenue share on increased shipments of large sizes like 60".

Samsung was the No. 1 global brand of 3D TV overall, accounting for all technologies, with 31% of revenues. Within the 3D LCD TV category, Samsung was No. 1, while Panasonic claimed the top 3D plasma TV revenue share.