Lenovo launches smart TV in China

Yuntao Huang and Lee Chyen Yee, Reuters

(Reuters) - What a difference nearly 50 years makes. Although the exact origins are lost to time, it was around 1965 that the phrases "boob tube" and "idiot box" were coined to describe the small cathode-ray tube television and the content broadcast on it that many thought foolish.

Fast-forward to 2012 and it's the era of the "smart TV," a slim and stylish - and large - LED flatscreen model connected to the Internet that allows viewers to download movies, play video games and Skype their relatives around the world.

Smart TVs are also the latest battleground for technology giants like Apple Inc, Samsung Electronics Co Ltd and Lenovo Group Ltd, each of which is trying to capture the eyeballs and wallets of consumers hungry for content displayed in the comfort of their home in 3D on a high-definition screen.

The latest entry in the market was unveiled in Beijing by Lenovo on Tuesday, where the world's second-largest PC maker showcased its 55-inch K91 smart TVs to attendees who were reading Sina microblogs, playing simulated tennis and watching the movie "Inception" on demo models.

While relatively established in other parts of the world, smart TVs have been slow to catch on in China [1] because of restrictions on content and the concept itself is relatively new.

The K-series is Lenovo's first smart TV and the company decided to launch it on its home turf because it said it would be easier to negotiate content deals in China.

"We been very busy this spring sowing seeds for the future," Lenovo's CEO and chairman, Yang Yuanqing, said during the launch. "Lenovo not only wants to be a leading PC vendor, it also wants to be a global leader in providing Internet consumer devices."

Lenovo may have to play catch-up in the rest of the world as tech heavyweights Samsung and Apple power ahead with their own offerings. Another Korean firm, LG Electronics Inc, the world's No.2 TV maker, plans to launch Internet-enabled TV based on Google's platform in the United States in May.

"Whatever Apple does, it sets the trend for some other PC makers," said Vincent Chen, an analyst at Yuanta Securities in Taipei. "For Lenovo, the smart TV is a good strategy for it to consolidate its market share in China. However, content will be the biggest obstacle for Lenovo's smart TVs to be sold outside of China."

DIVERSIFICATION

Lenovo, which has been diversifying into making its Lephone smartphones and Lepad tablet PCs, derived more than 40 percent of its total nine-month sales of $22 billion in 2011 from China.

Analysts said Lenovo had been dominant in the traditional PC sector, but its foray into smartphones, tablet PCs and now smart TVs, has not been as successful.

The launch of its smart TVs will unlikely have an immediate boost on Lenovo's earnings [2] in coming quarters since it is only being sold in China. By 2015, smart TVs will make up about half of total TVs shipped globally, Lenovo executives said.

Lenovo's smart TV, which comes in four models with prices ranging from 6,499 yuan ($1,032) to 14,999 yuan, uses a Qualcomm Inc processor and runs Google Inc's Android 4.0 operating system.

Lenovo plans to start selling its smart TV this month at electronics retailer Suning stores in nine cities: Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Hangzhou, Ningbo, Guangzhou and Shenzhen.

The company is already selling a console that could be paired with the new smart TV. The company's Eedoo unit in April launched the CT510 console that will compete with Microsoft Inc's XBox Kinect and Sony Corp's Playstation.

However, Lenovo said its CT510 device is primarily an exercise and entertainment device since sales of so-called gaming consoles are banned in China.

Lenovo's shares fell 4.2 percent on Tuesday, underperforming the main Hang Seng [3] Index's 0.4 percent loss.

(Reporting by Huang Yuntao in BEIJING and Lee Chyen Yee in HONG KONG; Writing by Matt Driskill; Editing by Robert Birsel [4])

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