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There's a simple reason your new smart TV was so affordable: It's collecting and selling your data, and serving you ads

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Did you get a 4K, HDR-capable TV this past holiday, perhaps on sale? Millions of Americans did. (REUTERS/Jeff Haynes)

- The vast majority of televisions available today are "smart" TVs, with internet connections, advertising placement, and streaming services built in.
- Despite the added functionality, TV prices are lower than ever — especially from companies like TCL and Vizio, which specialize in low-cost, high-tech smart TVs.
- There's a simple reason that smart TVs are priced so low: Some TV makers collect user data and sell it to third parties.

Massive TVs with razor-thin frames, brilliant image quality, and built-in streaming services are more affordable than ever thanks to companies like Vizio and TCL.

If you want a 65-inch 4K smart TV with HDR capability, one can be purchased for below \$500 — a price that may seem surprisingly low for such a massive piece of technology, nonetheless one that's likely to live in your home for years before you upgrade.

But that low price comes with a caveat most people probably don't realize: Some manufacturers collect data about users and sell that data to third parties. The data can include the types of shows you watch, which ads you watch, and your approximate location.



The Roku TV interface on TCL's smart TVs comes with a prominent ad placement on the home screen. (TCL/Roku)

A January interview on [The Verge's podcast](#) with Vizio's chief technology officer, Bill Baxter, did a great job illuminating how this works.

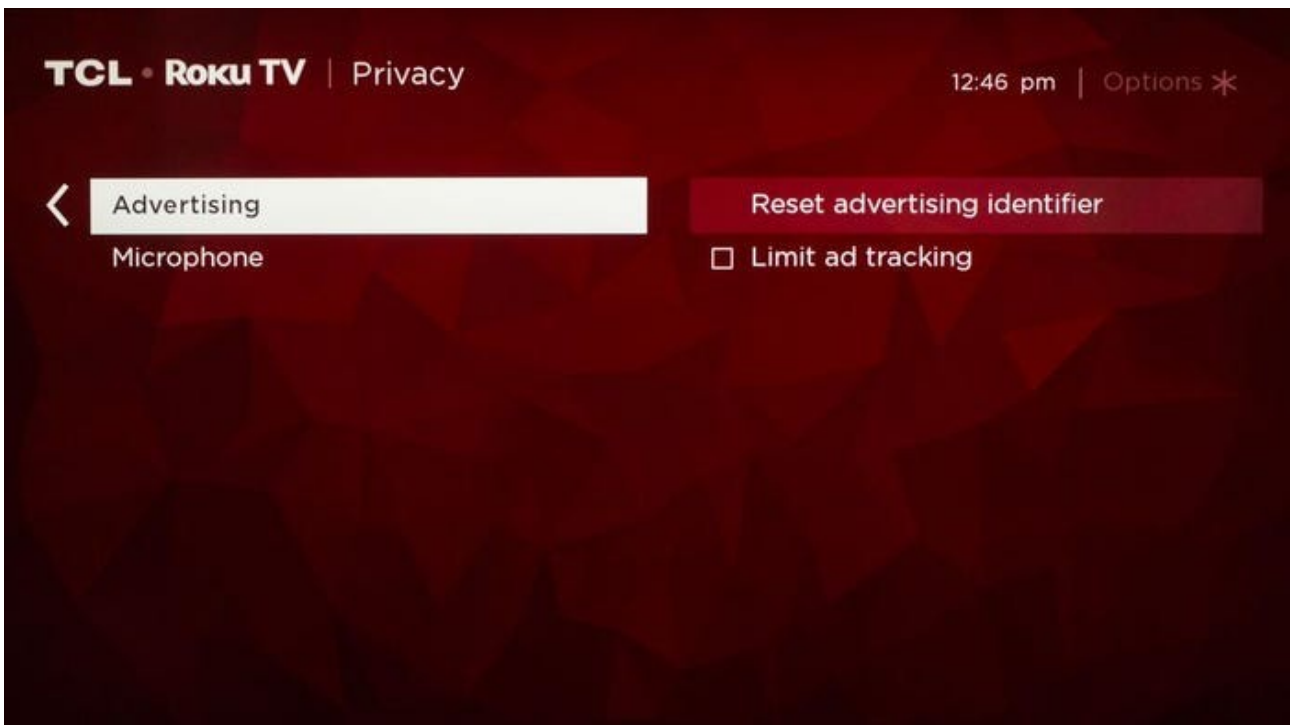
"This is a cutthroat industry," Baxter said. "It's a 6% margin industry. The greater strategy is I really don't need to make money off of the TV. I need to cover my cost."

More specifically, companies like Vizio don't need to make money from every TV they sell.

Smart TVs can be sold at or near cost to consumers because Vizio is able to monetize those TVs through data collection, advertising, and selling direct-to-consumer entertainment (movies, etc.).

Or, as Baxter put it: "It's not just about data collection. It's about post-purchase monetization of the TV."

And there are a few ways to monetize those TVs after the initial purchase.



On TCL's Roku TVs, users can opt out of the full scope of ad tracking. How much you're able to block yourself from data tracking varies by TV manufacturer. (Roku/TCL)

"You sell some movies, you sell some TV shows, you sell some ads, you know," he said. "It's not really that different than the Verge website."

It's those additional forms of revenue that help make the large, beautiful smart TVs from companies like Vizio and TCL so affordable.

Even companies like Sony, which make high-end smart TVs with equally high price tags, are getting in on these additional forms of revenue. The most recent Android TV update introduced an entire row of sponsored content — advertising — to the home screen, [Ars Technica reports](#).

Without that revenue stream, Baxter said, consumers would be paying more up front. "We'd collect a little bit more margin at retail to offset it," he said.

The exchange is fascinating and worth listening to in full — [check it out right here](#).

<https://www.businessinsider.com/smart-tv-data-collection-advertising-2019-1>