

Walmart to acquire smart TV maker Vizio for \$2.3 billion in bid to boost its advertising business

February 20 2024, by The Associated Press



A tractor trailer bearing the Walmart logo in Richland, Miss., Sept. 6, 2023. Walmart reports earnings on Tuesday, Feb. 20, 2024. Credit: AP Photo/Rogelio V. Solis, file

Walmart is buying the smart TV maker Vizio for \$2.3 billion as it attempts to expand its rapidly growing advertising business to compete with Amazon.

If completed, the deal would give Walmart access to Vizio's SmartCast operating system, allowing the retail behemoth to offer its suppliers the ability to display ads on streaming devices.

Walmart has been ramping up its media and ad business with Walmart Connect, giving advertisers access to Walmart's massive customer base. In its earnings release on Tuesday, Walmart said its global advertising business grew approximately 28% to \$3.4 billion last year.

The moves come as Amazon announced last month it would start [charging its Prime members](#) \$2.99 per month to keep their movies and TV shows ad-free, on top of the fee it charges for Prime: \$14.99 per month or \$139 per year.

What does Walmart have to gain from a TV maker?

Vizio's SmartCast system has 18 million active accounts and has grown by 400% since 2018. The companies say that Vizio's platform has more than 500 direct advertisers and that ads now account for the majority of the company's gross profit.

Makers of streaming hardware like Roku and Vizio have increasingly shifted their focus to ad revenue in recent years. Vizio launched its Vizio Ads business unit in 2019, claiming that it was "one of the few connected TV companies with the device penetration, consumer opt-in and infrastructure to deliver meaningful scale."

Walmart recognized the Vizio's expanding consumer reach and jumped at the chance to supplement its Walmart Connect business.

"We believe the combination of these two businesses would be impactful as we redefine the intersection of retail and entertainment," said Seth Dallaire, executive vice president and chief revenue officer for Walmart U.S.

Who else is stepping up screen advertising?

Other major streamers -- such as Netflix and Disney -- have embraced the dual model that allows them to earn revenue from ads and also offer subscribers the option to opt out with a higher fee.

However, in the constantly evolving streaming sector, it remains to be seen whether consumers are willing to pay more to see fewer ads when they are already paying subscription fees, often for multiple services. A big reason that so many viewers "cut the cord" and quit cable TV was frustration over their ever-increasing bills.

How the companies' shares fared

Vizio shares jumped nearly 15% in the afternoon, to \$10.96 per share.

Walmart, which reported sales and profit Tuesday that topped Wall Street's expectations, rose 3.1% to \$175.66 per share.

Shares of Roku, one of Vizio's main competitors, tumbled 6.4% at midday.

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Citation: Walmart to acquire smart TV maker Vizio for \$2.3 billion in bid to boost its advertising business (2024, February 20) retrieved 11 May 2024 from <https://techxplore.com/news/2024-02-walmart-buy-tv-maker-vizio.html>

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