

US Advertisers Will Allocate Nearly \$7 Billion to Connected TV This Year

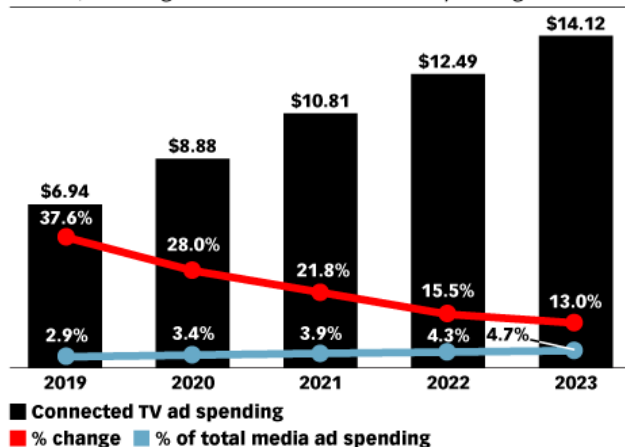
ARTICLE | **OCTOBER 08, 2019**

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US advertisers will spend almost \$7 billion this year on connected TV ads. Connected TV is growing rapidly as advertisers look to target audiences watching long-form, premium digital content on their living room screens.

That's according to our first-ever estimates of connected TV ad spending, which we expect to account for nearly 3% of US advertiser outlays this year. We forecast that by 2023, advertisers will devote almost 5% of their paid media budgets to connected TV placements.

US Connected TV Ad Spending, 2019-2023
billions, % change and % of total media ad spending



Note: digital advertising that appears on connected TV (CTV) devices; includes display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising
Source: eMarketer, Oct 2019

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We define connected TV advertising as digital ads that appear on connected TV devices, which include smart TVs and TVs hooked up to the internet via a set-top box, game console or similar device. Formats include display ads that appear on home screens and in-stream video ads that appear on connected TVs from platforms like Hulu, Roku and YouTube. Connected TV advertising excludes network-sold inventory from traditional linear TV and addressable TV advertising.

Advertiser interest in connected TV is high as the number of cord-cutters and cord-nevers climbs each year and fewer people watch traditional linear TV. Connected TV also offers the promise of better audience targeting and measurement—though for now, it also comes with the familiar digital problems of fragmented infrastructure and high potential for fraud.

YouTube, Hulu and Roku are leaders in the connected TV advertising space, and we expect revenues for YouTube placements that appear on connected TVs to account for about 40% of connected TV ad spending.

Connected TV advertising is still small compared with other digital ad channels, but it's closing the gap with desktop- and laptop-based ad spending. This year, the PC-based ad market will be about three times

the size of the connected TV ad market; by 2022, advertisers will spend more than half as much on connected TV as they do on PC-based digital ads.

US Digital Ad Spending on Select Channels, 2019-2023
billions

	2019	2020	2021	2022	2023
Mobile*	\$99.21	\$120.37	\$138.43	\$152.93	\$166.67
Desktop/laptop**	\$23.20	\$22.03	\$23.04	\$22.34	\$21.04
Connected TV***	\$6.94	\$8.88	\$10.81	\$12.49	\$14.12

*Note: *includes advertising that appears on mobile phones, tablets and mobile internet-connected devices; **includes advertising that appears on desktop and laptop computers and other nonmobile internet-connected devices; ***includes advertising that appears on connected TV (CTV) devices*

Source: eMarketer, Oct 2019

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And connected TV's relative share could grow even faster depending on how the over-the-top (OTT) video service market develops. For now, the biggest player in terms of users—Netflix—is ad-free. Some industry watchers think that will change and that other services with no or limited advertising will also go ad-supported as consumers experience subscription fatigue.