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4 CTV ad spend trends to track in 2025

Article

By 2026, nine streaming services will generate over $1 billion in ad revenue, up from just two in 2020, according to EMARKETER's forecast. To build that revenue, players across the connected TV (CTV) space are eyeing more ad dollars, which will have a significant effect on marketing budgets and consumer experiences.

“You went from very little advertising in Amazon Prime Video to almost anyone now receiving midroll and preroll ads in their videos,” said our analyst Ross Benes in a recent webinar. "That has put downward pressure on the rest of the market."

When Amazon Prime Video auto-enrolled users into a new ad tier earlier this year, the supply of ads in the streaming space skyrocketed, in turn causing their costs to plummet. Netflix and Max will be the only streaming services to have average cost per thousands (CPMs) higher than $30 by Q2 2025, according to our September KPI forecast.

While ad loads have remained stable throughout this expansion, both marketers and consumers will notice other changes in the market. Here are four CTV ad spend trends to watch in 2025.

1. CTV viewership is growing faster than its ad spend

By 2026, CTV will account for 20.0% of time spent with media per day by adults in the US, compared with 11.5% in 2020, but it will still only garner 8.1% of total ad spend, per our June forecast. Meanwhile, the share of time spent with linear TV per day by US adults will drop to 21.3% by 2026, and have 11.2% of total ad spend.

Despite the growth of CTV, viewers are outpacing ad dollars.

While ad supply is growing across the market, ad loads are stable because streaming services still rely heavily on subscriptions. To even out that income stream, more streaming services are pushing ad-supported plans that are significantly less expensive than their ad-free counterparts.

2. Linear TV ads still dominate in reach

Linear TV still accounts for almost six times as many ad impressions as CTV, making it the right channel for upper-funnel messaging.

“Marketers are moving to more advanced metrics, but old-school impressions and views are still a key component,” Benes said. He stressed that linear TV still has a distinct value in marketing budgets, adding consumers have been conditioned for more ad breaks on linear TV than CTV.

While linear TV leads in reach, its ad spend will decline from $60.56 billion in 2024 to $56.83 billion in 2027, per our forecast.

3. CTV targeting incentivizes broader ad spend

Sixty-five percent of marketers classify CTV as a performance channel, and 52% use it to drive key metrics like web visits and revenue, according to a survey by Advertising Week and MNTN. And since CTV can offer better measurement data than linear TV, businesses looking to make the most out of every ad dollar are drawn to those platforms.

"Local advertisers will benefit from streaming because they need assurance that it's money well spent, which is where these capabilities come into play," Tim Edmundson, director of content and research at MNTN, said in the webinar.

4. Better targeting means bolder creative

Partnerships between streamers and retail media networks have created more targeted ad experiences, and AI is boosting its potential through automated media buying and optimization.

Edmundson said that the targeted capabilities of CTV encourage advertisers to create differentiated messaging, instead of taking a blanket approach to please a wider range of consumers.

"For an advertiser that is new to TV and wants to get involved, the targeting aspect of CTV allows you to bring personalized messaging a little more to the forefront," he said. "You know you're talking to your audience and speaking to someone who is going to want to engage with your brand."

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