

In 2022, TV advertising began its walk into the sunset

Article

The trend: In a year that was tough for nearly every advertising channel, **linear TV** may have had it hardest of all. Cord-cutting hit a historic landmark, and viewership migrated over to streaming services, making the industrywide issues of signal loss and decreased spending especially painful. TV advertising has entered its sunset era.

The bad news: Linear advertising is entering a yearslong decline at the hands of digital media alternatives, but it's also in the midst of a fraught battle over how audience measurement should be handled.

- Industry leader **Nielsen's** throne fell apart in 2021 when the **Media Rating Council** revoked its accreditation, prompting networks to launch their own measurement initiatives. Those new competitors got their first real shake at upfronts, where they struck major partnerships but still had a cautious reception from ad spenders wary of placing historically precious budgets with unproven solutions.
- Meanwhile, the number of US cord-cutters reached a historic high this year. For the first time ever, nearly one-third (33.1%) of US households will cut the cord. Making matters worse, streaming viewership inched ahead of TV in July.
- These factors, plus a general economic and spending downturn and higher ad prices, mean US TV ad spending will steadily decline over the next few years. Events like the 2024 election and **Olympics** will give spending a bump, but TV can't rely on cyclical surges alone to survive.

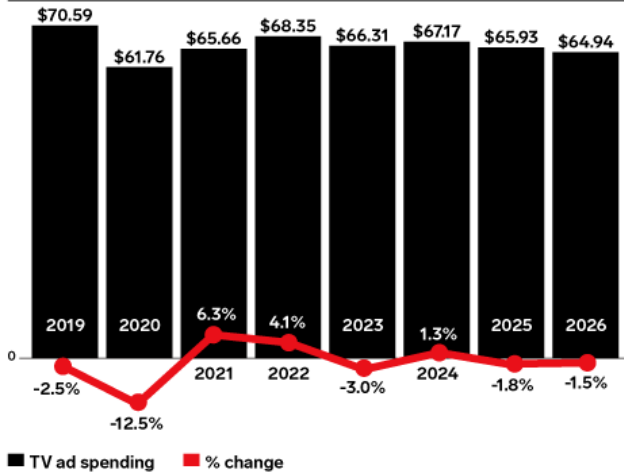
The good news: It's not *all* bad for linear TV, which is still beating out its new streaming rivals in some key areas.

- The new kids on the block are seriously struggling to adapt to advertising. 2022 was the year of streaming services going all-in on ad-supported subscription tiers, but not everything went to plan. **Netflix** reportedly charged extraordinarily high CPMs for its new ad-supported tier, but massively under-delivered impressions to its first batch of partners.
- While major events alone can't keep TV advertising afloat, they're still an area where linear TV wins over streamers. The **Super Bowl's** prices have steadily risen over the last few years, and the **2022 midterm election** helped coffers with record TV ad spend.
- Still, these events will deliver diminishing returns as streamers become the default entertainment channels and strike major sports broadcasting deals.

Our take: TV advertising has started its slow, painful crawl out the door. It will still make up a significant portion of overall media ad spend at \$67.63 billion in the US (a distant second behind digital advertising), but the coming years will bring an irreversible decline for the longtime home of advertising.

US TV Ad Spending, 2019-2026

billions and % change



Note: includes broadcast (network, syndication, and spot) and cable TV; excludes digital
Source: eMarketer, March 2022

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