

Video trends to watch in 2023: cord-cutting, ad spread, and production slowdown

Article

The way people watch TV is changing. So are the ways brands advertise on TV. Connected TV (CTV) has seen “monumental progress in just a handful of years,” said our analyst Ross Benes

during our “[Video Trends: What to Expect in 2023](#)” webinar. But that’s not the full story. Here are key TV behaviors and ad trends to watch in the new year.

1. Cord-cutters will outnumber cord-nevers

This year, it will finally happen: Non-pay TV households will [outnumber pay TV](#) households by about 5 million.

- But the number of [virtual multichannel video programming distributors](#) (vMVPD) households tells a different story. The number of households using vMVPDs like fuboTV or Sling TV to access cable via the internet will be around 25 million more than those that do not this year, according to our forecast.
- So yes, the cords have been cut. But the majority of households still watch TV much like cable viewers.

2. Streaming spend won’t catch up to time spent streaming

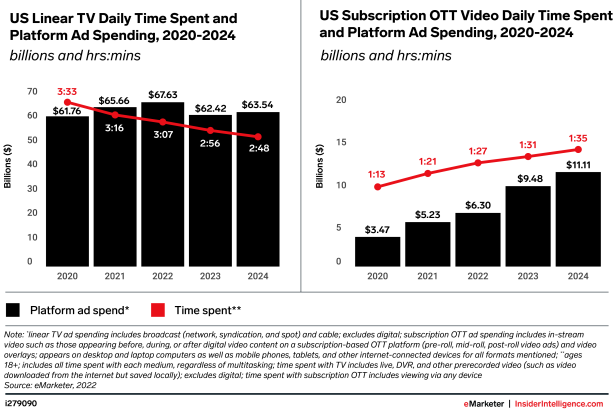
“The gains that streaming is making are bigger in time spent than they are in ad spending,” according to Benes.

- Subscription OTT streaming will reach half of [time spent with linear TV](#) in the US, but platform ad spend will be one-sixth of linear TV’s total.
- “As the viewership transitions to streaming, just keep in mind that the ad spending won’t be one to one,” Benes noted.

Why the disparity? “Much of streaming isn’t ad-supported, although Netflix and Disney+ did introduce their ad tiers,” said Benes. Still, most viewers are still ad-free. And streaming ad loads are much smaller than linear ones—those shorter commercial breaks are part of the appeal.

Streaming is making incremental gains, and eventually, ad spend will follow time spent.

Linear TV and Subscription OTT



3. CTV ad dollars spread out

In 2019, [Roku](#), [Hulu](#), and [YouTube](#) made up about half (45.9%) of the US CTV ad market. Now, they're down to about one-third.

What's changed? Netflix, Disney+, and HBO Max have jumped into the deep end of CTV ad spend. Amazon is hanging out there too, with ads on Freevee and live sports. And social video has expanded, with TikTok eyeing CTV formats.

With two-thirds of spending still going to linear for the foreseeable future, CTV platforms are fighting over a limited number of ad dollars. And those ads are sold in a myriad of ways, resulting in a "pretty rough" ad experience for viewers who may watch the same ad over and over again, according to Benes.

Despite some woes, Benes called advertising's spread across platforms "the biggest trend" in CTV.

US Connected TV (CTV) Ad Spending Share, by Company, 2020-2024

% of total CTV ad spending

	2020	2021	2022	2023	2024
Hulu	19.8%	17.6%	15.5%	13.8%	13.4%
YouTube	14.3%	14.1%	13.3%	11.7%	11.7%
Roku	7.6%	9.5%	10.1%	9.5%	10.1%
Pluto TV	3.5%	4.2%	4.1%	4.1%	4.4%
Tubi	1.9%	2.7%	2.9%	2.7%	2.8%
Disney+	0.0%	0.0%	0.0%	3.1%	3.1%
Netflix	0.0%	0.0%	0.0%	2.5%	2.6%
Paramount+	0.0%	1.0%	1.3%	1.5%	1.7%
Peacock	0.5%	1.6%	3.2%	3.0%	3.1%
Other	52.4%	49.4%	49.6%	48.1%	47.0%

Note: digital advertising that appears on 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; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to 100% due to rounding

Source: eMarketer, Oct 2022

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4. Scripted show production flattens, but free services will increase original content

“It’s become unsustainable to have 600 scripted shows produced each year,” said Benes. “Next year, we’re finally going to see a flattening in the shows that are greenlit.”

But as paid streamers become more selective, free ones like [Crackle, Roku, Tubi, and IMDb TV](#) are making more shows.

So the days of infinite scripted shows are probably behind us, even as free channels ramp up production. Or as Benes put it, streamers will “stop greenlighting every idea that a B-list celebrity pitches [their] studio head.”

TV timeout: The last decade saw the buildup of streaming. Now, the industry is facing a change as it pivots toward ads and looks for ways to cut costs. The future of streaming will be ad-supported, more selective, and will involve social video even more.

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