

Expect TV ad prices to rise this year

Article

Several forces are driving up costs per thousand (CPMs) on both linear and connected TV (CTV). On the linear side, audience levels have dropped at a faster rate than ad spending, so more dollars are chasing fewer viewers.

Nearly all (94%) of US linear ad impressions were served to just 55% of TV viewers in Q1 2022, according to Samba TV. Put another way, nearly half of viewers—who might be characterized as light viewers—saw only 6% of all linear ads that quarter.

According to a survey of more than 500 US ad industry professionals in H2 2021 by Cross Screen Media, 51% of buyers and 58% of sellers said they expected broadcast TV ad rates to increase in 2022 compared with 2021. Responses for CTV were much higher, with 79% of buyers and 78% of sellers expecting increases. For cable TV, 48% of buyers and 61% of sellers anticipated increases, far more than those who expected rates to stay the same or decrease.

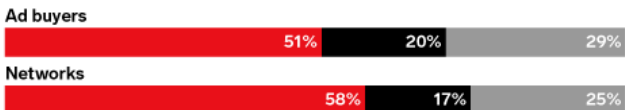
**Expected Change in Ad Rates in 2022 vs. 2021
According to US Ad Buyers and Networks, by
Channel, H2 2021**

% of respondents

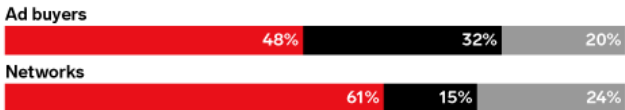
Connected TV (CTV/OTT)



Broadcast TV



Cable TV



■ Increase ■ No change ■ Decrease

Source: Cross Screen Media, "State of the Screens Industry Pulse Survey H2 2021," May 5, 2022

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Prior to this season’s upfronts, Erin Firreno, vice president of business intelligence operations at Advertiser Perceptions, said she didn’t envision a big change in the percentage of budgets that advertisers allocate to upfronts compared with scatter. However, she added, “We will most likely be seeing moderately higher prices in the scatter market this year.”

In December 2021, Zenith forecast that globally, the cost of advertising would rise by 11% for TV in 2022, compared with 4% for out-of-home, 3% for digital display, 2% for radio, and not at all for print.

A relative scarcity of CTV inventory, along with the richness of audience insights from the format, has resulted in higher CPMs than for linear. Standard Media Index (SMI) estimated that in Q3 2021, OTT CPMs were 28% above those of linear TV in the US.

These price increases in TV and CTV advertising are compounded by two key factors:

1. **Inflation.** In the US, it's running at the fastest pace in four decades.
2. **The erosion of legacy identifiers.** Advertisers have to funnel more money toward premium environments that don't rely on third-party cookies or mobile IDs, such as linear and CTV.

Read the full report.

Report by Paul Verna Jun 14, 2022

TV Ad Spending 2022

