

The UK CTV opportunity looks appealing, but it's limited

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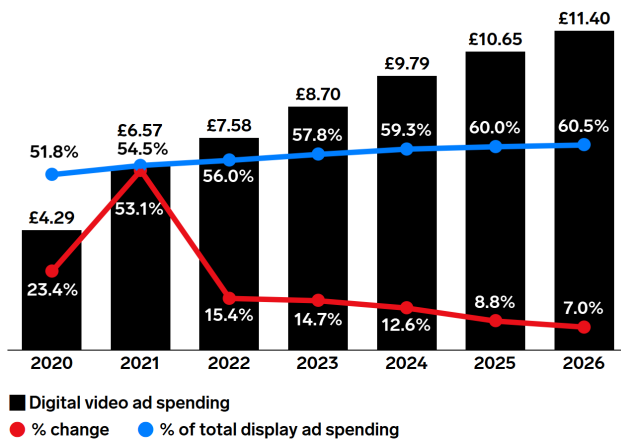
While traditional TV ad spending in the UK will struggle for growth in the coming years, digital video will not. A portion of digital video spend will go to the nascent connected TV (CTV) space, but traditional broadcasters are also developing their own streaming services—with broadcaster video-on-demand (BVOD) ad spend rising at a far faster rate than traditional TV spend. Overall, the advertising opportunity for CTV remains small.

CTV will have little impact on the strong growth in digital video ad spending.

Digital video advertising continues to rise in prominence. It already accounts for more than half of total display ad spend—56.0% this year, rising to 60.5% in 2026. Display ad spend, meanwhile, overtook search as the biggest piece of total digital spend for the first time in 2020.

Digital Video Ad Spending in the UK, 2020-2026

billions of £, % change, and % of total display ad spending



Note: includes in-banner, in-stream, and in-text; includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets
Source: eMarketer, March 2022

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These patterns of growth will continue through our forecast period and will result in digital video claiming a third of all digital ad spending by 2026.

Mobile remains the primary growth engine for digital video. Mobile video ad spending will constitute 80.2% of all digital video spend this year. Desktop and laptop spending, which includes CTV as a subcategory, will account for the remaining 19.8%. Please note that we don't currently break out CTV ad spend as a separate category in the UK.

Over the rest of the forecast, mobile's share will increase—reaching 82.9% by 2026. This isn't to say that growth in desktop and laptop spend won't be significant—in fact, it will be in the double digits this year and next. But mobile growth will be stronger and longer lasting.

CTV thus equates to only a small fraction of the digital video opportunity. The first thing to consider with CTV in the UK is that a lot of video content consumed on these devices doesn't carry advertising. In February 2021, subscription video-on-demand (SVOD) made up 62% of

all TV streaming, BVOD made up 19%, and YouTube made up the other 19%, according to BARB data cited by Thinkbox.

In our forecasts, YouTube ad spend isn't broken down by device, so we can't yet discern how much of YouTube's ad revenues are attributable to CTV. Meanwhile, other ad-supported video-on-demand (AVOD) services in the UK are tiny in terms of reach. So, that leaves us with BVOD as our closest approximation to CTV in the UK.

Read the full report.

Report by Bill Fisher May 18, 2022

UK Ad Spending 2022

