

Linear addressable TV ad spending will grow 33.1% this year

Article

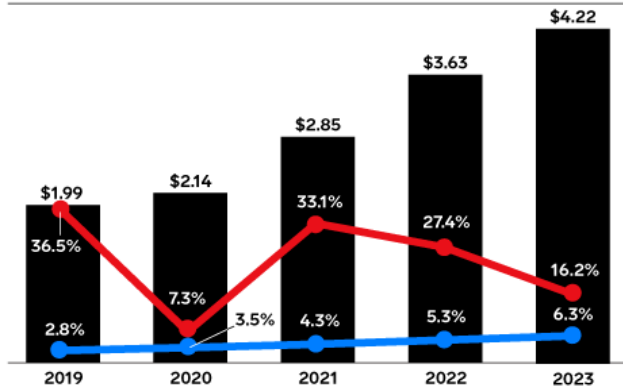
Before the pandemic, linear addressable TV ad spending was soaring in the US, with annual growth rates of 50.7% in 2018 and 36.5% in 2019. But that spending increased by just 7.3% in 2020, amid advertising budget cuts in the TV industry.

We expect TV ad spending to bounce back this year, which will help outlays on US linear addressable TV ads increase by 33.1% to \$2.85 billion. By the end of our forecast period in

2023, linear addressable TV ad spending will surpass \$4 billion annually.

US Linear Addressable TV Ad Spending, 2019-2023

billions, % change, and % of total TV ad spending



■ Linear addressable TV ad spending
■ % change ■ % of total TV ad spending

Note: targeted TV ads delivered on a home-by-home basis via cable and satellite boxes; includes video-on-demand (VOD) and ads delivered by dynamic ad insertion (DAI) technology from smart TVs connected to set top boxes; excludes connected TV, internet-only connected smart TVs, and over-the-top (OTT)
Source: eMarketer, April 2021

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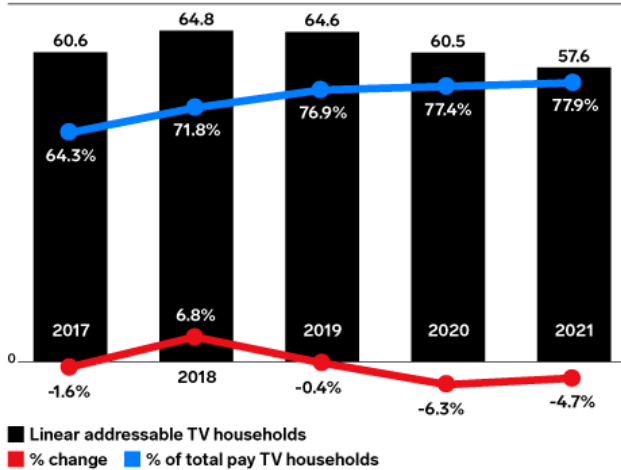
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We define linear addressable TV as targeted TV ads delivered on a home-by-home basis via cable and satellite boxes. It includes video-on-demand content accessed through a pay TV login. It excludes content streamed through connected TV and OTT devices.

Although linear addressable TV ad spending is growing, the TV networks and video distributors selling this inventory face a formidable challenge in the form of cord-cutters. In 2021, the number of linear addressable TV households in the US will shrink by 4.7% to fewer than 60 million. We define these households as homes with a subscription to traditional pay TV services and with a set-top box that allows for addressable TV advertising.

US Linear Addressable TV Households, 2017-2021

millions, % change, and % of total pay TV households



Note: addressable TV households are those with a subscription to traditional pay TV services and a set-top box that allows for addressable TV advertising; includes targeted TV ads delivered on a home-by-home basis via cable and satellite boxes; includes video-on-demand (VOD); excludes connected TV, smart TV, and over-the-top (OTT)
Source: eMarketer, April 2021

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Behind this linear addressable TV household shrinkage is the growing share of consumers who have left their cable and satellite TV packages. Because cord-cutting is reducing the number of pay TV viewers, it could in turn reduce the amount of addressable TV inventory that's available. Numerous trade groups, coalitions, device-makers, measurement companies, vendors, TV networks, and advertisers are trying to compensate for these trends by increasing the share of traditional TV inventory that is addressable and standardizing its measurement.

To learn about how various organizations are working to make linear TV advertising more targeted and automated, Insider Intelligence subscribers can read our recent report:

Report by Ross Benes Apr 28, 2021

Analyst Take: What Advertisers Need to Know About Addressable and Programmatic TV in 2021

