

CTV is still among the fastest-growing channels in digital advertising

Article

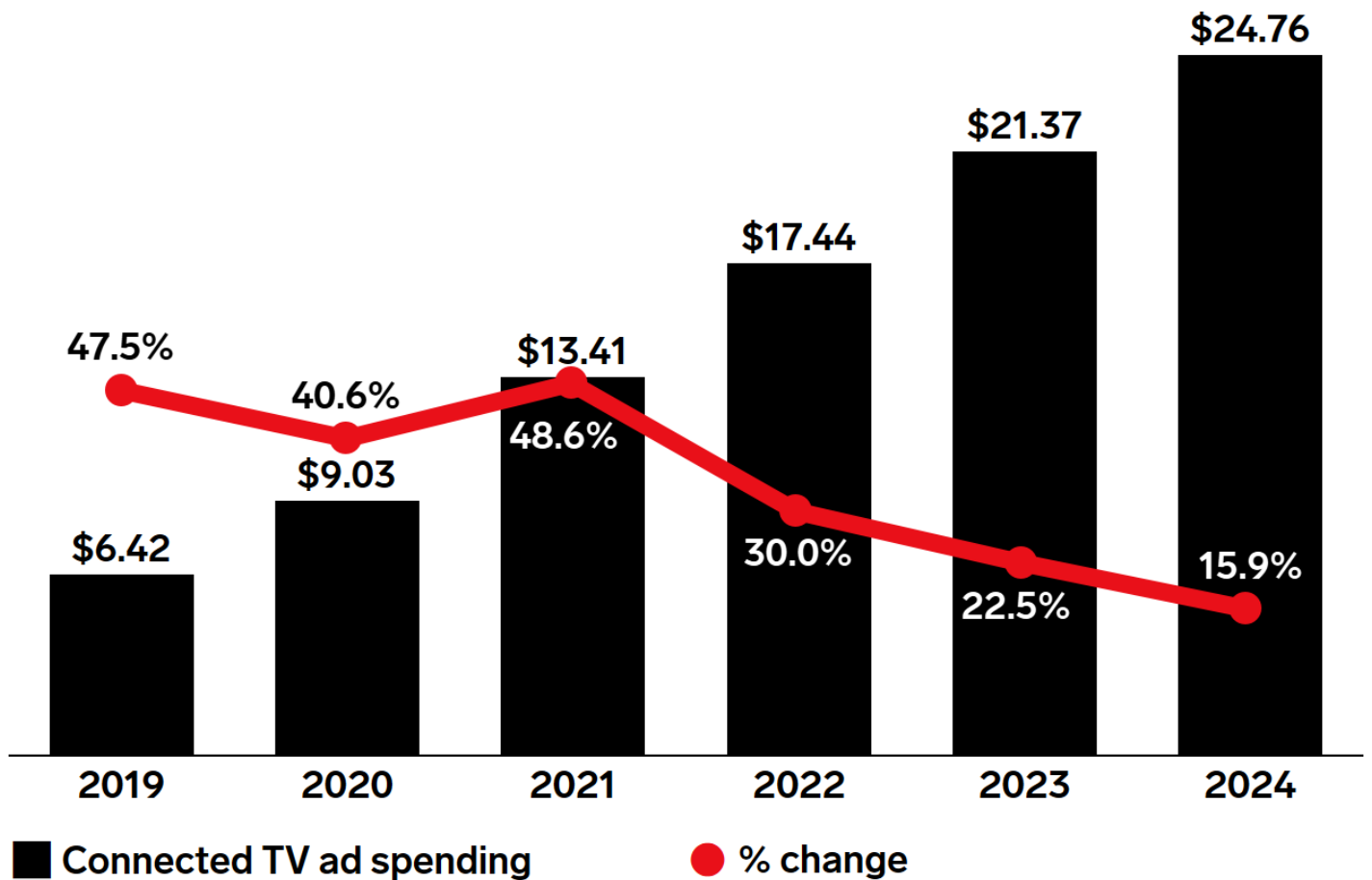
Connected TV (CTV) advertising was a beneficiary of pandemic trends and remains one of digital advertising's fastest-growing channels. Last year, linear TV decreased in importance to advertisers, as cord-cutting accelerated and more programmatic CTV inventory became available than ever before.

Consumers have increasingly cut the cable cord and spent more time with OTT video, especially video streamed to CTV devices. Naturally, advertisers have followed these viewers to the media channel. Not only has CTV advertising grown throughout the pandemic, but it also rose at rates that were among the fastest for any significant sector of the US digital ad market, thanks in part to the expanded availability of its offerings with scaled targeting through programmatic buying options, as well as the greater flexibility it offers compared with linear TV.

We estimate CTV investments in the US grew by 40.6% year over year in 2020, to more than \$9 billion. Growth will accelerate this year as spending reaches \$13.41 billion—a figure that will more than double by the end of our forecast period in 2025.

Connected TV Ad Spending in the US, 2019-2024

billions and % change



Note: digital advertising that appears on connected TV (CTV) devices; examples include 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
Source: eMarketer, March 2021

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Among US marketers with digital video in their media budgets, 60% said they were shifting ad dollars from linear TV to CTV and OTT this year, per November 2020 research by the Interactive Advertising Bureau (IAB). While we expect linear TV ad spending in the US to

increase this year, it won't fully recover from its 12.5% drop last year, nor will it ever reach pre-pandemic levels again.

What's changed: Prior to the pandemic, we'd had high expectations for CTV ad spending in 2020, but they were exceeded. We have updated our estimate for 2020 growth upward from the 34.8% we had expected pre-pandemic. We've also boosted our outlook for growth through our entire forecast period.

Our estimate of the CTV user base in the US has changed, too—we now expect 213.7 million people to use the internet through such a device at least monthly in 2021, compared with our pre-pandemic forecast of 208.1 million. In addition, we've revised our 2021 figure for traditional pay TV households downward, from the 76.8 million we had expected prior to the pandemic to our current forecast of 74.0 million.

To learn more about how investments in video and performance-oriented ads drove pandemic gains, Insider Intelligence subscribers can read our recent report:

Report by Nicole Perrin Apr 14, 2021

US Digital Ad Spending 2021

