

US subscription over-the-top and connected TV advertising won't slow down next year

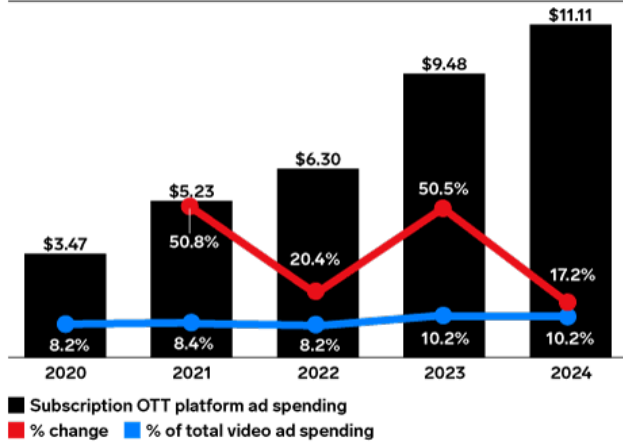
Article

We expect US subscription OTT video ad spending to near \$10 billion and account for 3.4% of all digital ad spending—and 10.2% of total video ad spending—by the end of 2023. This

estimate includes streaming ads across all devices. But it is limited to ads that appear in paid subscription services (like Hulu, HBO Max, and Paramount+). It excludes ads in free streaming services (such as Pluto TV, The Roku Channel, and most YouTube viewing).

US Subscription Over-the-Top (OTT) Platform Ad Spending, 2020-2024

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



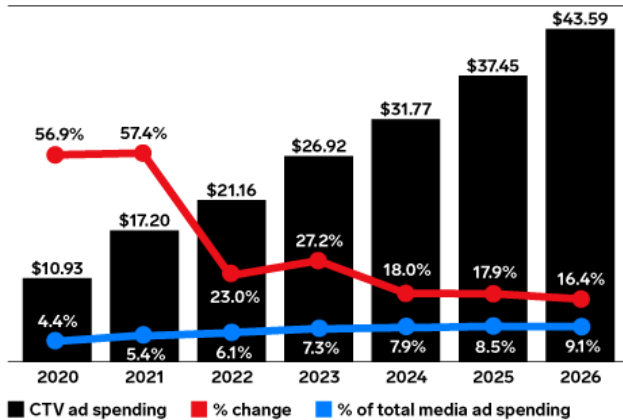
Note: includes in-stream video such as those appearing before, during, or after digital video content on a subscription-based OTT platform (pre-roll, mid-roll, post-roll video ads) and video overlays; appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices for all formats mentioned
Source: eMarketer, Oct 2022

278722 eMarketer | InsiderIntelligence.com

Once again, we raised our CTV forecast in our latest update. We expect US CTV ad spend to exceed \$21 billion this year and \$26 billion in 2023.

US Connected TV (CTV) Ad Spending, 2020-2026

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



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
Source: eMarketer, Oct 2022

278741 eMarketer | InsiderIntelligence.com

We raised our forecast because more streaming services added advertising, and mid-tier streaming services experienced more ad growth than we previously expected.

Now we expect US CTV ad spending to be 50.0% the size of linear TV ad spending by the end of 2024. While linear TV may still account for significantly more ad dollars than CTV, the latter is rapidly catching up. In our inaugural CTV forecast in 2019, we estimated CTV ad spending to be about one-tenth of linear TV. By the end of 2024, CTV will have gone from one-tenth of TV ad spend to exactly half.

Given how embedded TV has been in marketing campaigns for the past six decades, CTV's ability to catch up in ad dollars is impressive.

By the end of 2024, US advertisers will spend nearly \$100 billion on linear TV and CTV combined. In 2024, CTV will account for nearly one-third of combined TV and CTV ad spending. Pre-pandemic, CTV accounted for under one-tenth of this spending in 2019.

We define OTT as any app or website that provides streaming video content over the internet and bypasses traditional distribution. OTT advertising excludes outstream social video ads.

Our CTV ad spending estimate differs from our subscription OTT estimate in a few ways. Our CTV estimate encompasses all digital advertising on TV screens, including via free services (like Pluto TV) and platforms that rely on user-generated content (like YouTube and TikTok). That contributes to our CTV estimate being significantly greater than our subscription OTT estimate.

Report by Ross Benes Nov 10, 2022

US Connected TV Advertising Forecast 2022



