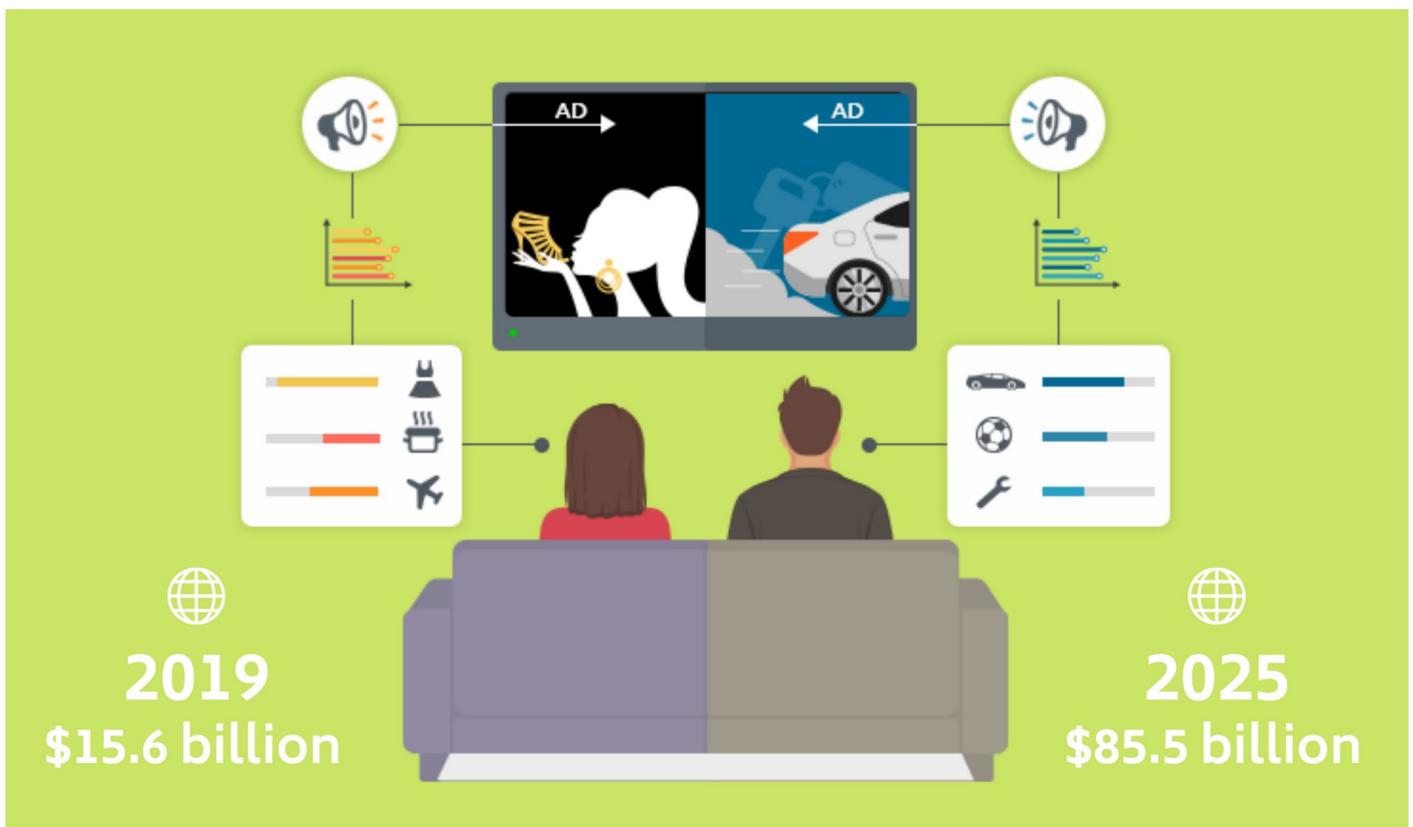




Addressable advertising boom across all regions and platforms

Addressable Advertising Forecast to 2025

RETHINK TV: THE RESEARCH ARM OF FAULTLINE ONLINE REPORTER



Companies mentioned in this report: ABC, Alibaba, Amazon, AMC Networks, Apple, AT&T, Baidu, Barclays Bank, British Airways, CBS, Changhong, Channel 4, Clypd, Comcast, Comscore, Discovery, Disney, ESPN, Facebook, Freeform, Free Sheel, Hearst Television, Hisense, Hotstar, Liberty Global, NBCUniversal, Netflix, Nielsen, Roku, Sky, Skyworth, SportX, Star India, Tencent, Turner, Virgin Media, Vizio, WarnerMedia, Xandr, Xiaomi, Youtube

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Executive Summary

Authored by Philip Hunter

“Rethink has a commitment to forecasting markets that others shy away from – those on the verge of radical transformation”



CONTENTS

	Page
Contents	2
Graphs and Tables	3
Consolidation and convergence around common metrics and platforms will push addressable out from early adopters	4
Sector and Geographical Discussion	7
Connected TV (CTV)	7
Linear TV Addressable Advertising	10
VoD and catch up addressable advertising	14
Online Video Addressable	18
Technology and Standardization	21
Conclusion	23
Rethink TV: Forecasting disruption in video	24
Contacts	25
About Rethink Technology Research	26

GRAPHS AND TABLES

	Page
Addressable TV Advertising Revenues by category 2019	4
Addressable TV Advertising Revenues by category 2025	4
Linear Addressable Impressions	5
Connected TV Addressable Revenues	7
CTV Addressable Revenue Shares by Geography 2018	8
CTV Addressable Revenue Shares by Geography 2025	8
Linear Addressable Impressions	12
Linear Addressable Revenues 2019	13
Linear Addressable Revenues 2025	13
VoD Addressable Impressions	16
VoD Addressable Revenues 2019	17
VoD Addressable Revenues 2025	17
VoD Non-addressable Impressions	18
Online Addressable Impressions Totals	20
Online Addressable Revenues	20

Introduction

Addressable advertising is poised to sweep through all sectors of pay TV and geographies after taking five years to proceed from early adoption to mainstream consideration. Evidence that it works is conspiring with development of and convergence around key platforms, standards and metrics, providing better information about engagement.

Aggregation of inventory is increasing the size of addressable targets, making them viable for larger brands and advertisers, overcoming the barrier of fragmentation within the ecosystem. As a result, we predict rapid growth in addressable advertising in all geographies, in impressions, absolute revenues and percentages of the total TV advertising take.

Because addressable ads are targeted at people identified as likely to be interested in the associated product or service, they fetch higher CPMs (Cost Per 1000 impressions) than general spots broadcast to all viewers of a program. This is reflected in addressable ads accounting for a higher proportion of revenues than total impressions. Addressable TV ads come in three categories, linear TV, VoD/catch up and Connected TV (CTV), with the latter delivered by traditional pay TV operators over the Internet and not within their legacy broadcast service. Aggregating these three categories, we find that addressable TV advertising drew \$XX.X billion total revenue worldwide in 2019, rising almost six-fold to \$XX.X billion by 2025. This reflects advertising dollars switching to addressable as the platforms mature and also as its value even for blanket advertising becomes more widely acknowledged.

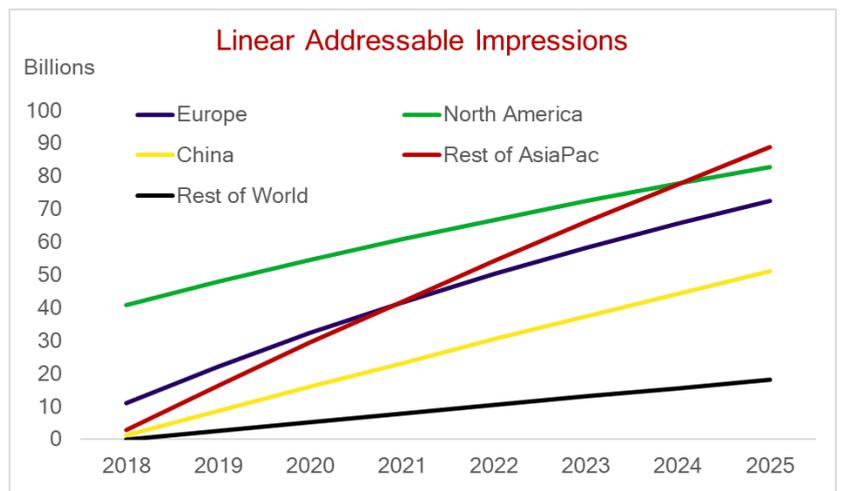
One slightly surprising aspect of this growth is that the proportion of the total addressable pie taken by Connected TV (CTV) advertising will actually decline slightly over the forecast period, while linear will increase. This seems surprising because CTV has propelled much of the early growth in addressable TV advertising, especially in North America and the bigger economies of Asia Pacific.

But it reflects the fact that both linear and VoD addressable advertising within legacy broadcast domains is only just getting going apart from a few hot spots, such as the UK with Sky AdSmart. As a result there is more scope for percentage growth from a much lower base for linear and VoD addressable advertising and CTV will still account for the bulk of the growth in volume terms. Remember we are talking here about CTV advertising delivered by the same pay TV operators but over the Internet rather than their broadcast channels.

The rise of addressable can be seen by comparing its changing share of total TV advertising across the forecast period. In terms of impressions, addressable accounted for just X.X% of total TV advertising in 2019, rising by about 3.5-fold to X.X% by 2025. But because addressable ads cost more, their revenue contribution is greater, rising from X.X% of total TV advertising in 2019 to XX.X% or virtually one third by 2025. We have taken 2019 as our base year here and for some of the other projections because addressable advertising was virtually non-existent in some markets in 2018 and so yields no meaningful data points for comparison, or certainly for plotting growth. For some addressable advertising markets the world begins in 2019.

The impending boom in addressable linear TV advertising also shows up in the graph of ad impressions which does start from 2018.

The total TV advertising market itself against which we are comparing addressable here will also rise despite some predictions to the contrary, but not by that much more than the rate of inflation. It will be up from \$XXX.X billion in 2018 to \$XXX.X billion in 2025. The other sector worth assessing is online advertising, given that targeting is widespread there.



Online advertising we define as all ads served over the Internet to a connected device, whether this is a smartphone, tablet or connected TV. It therefore includes the CTV advertising sector which we have discussed and lies in the intersection between online and TV. The CTV data discussed in the context of TV advertising from pay TV operators is also a subset of all video ads delivered to connected TVs, since the latter includes ads from online services beyond that service provider's domain that the user encounters during browsing, from YouTube for example.

To make matters even more confusing, the total digital advertising sector further includes non-video ads such as banner displays that are served via the major online platforms including Facebook as well as YouTube. That is beyond the scope of this report since our focus is video.

We have covered online addressable video advertising in our forecast, as well as CTV TV advertising as a subset of that. We find that online addressable advertising will grow substantially faster than TV advertising as a whole over the forecast period, as it has been doing for some time. Yet it will not grow as fast as addressable TV advertising, which is coming from a low base and is also in some cases attracting custom back from online sources. The high viewability and freedom from fraud of TV advertising is proving attractive as the medium embraces addressability and saves marketers from paying for impressions viewed by people outside their target.

The global online addressable advertising market was worth \$XX.X billion in 2018, rising to \$XXX.X billion in 2025. Finally, aggregating all sources of digital video advertising, excepting the rare species of totally untargeted online ads, but including all ads served to TVs, the global total revenue was \$XXX billion, rising to \$XXX.X billion in 2025.

Who should read this report and what should they get out of it?

This report is compelling reading for anyone who is involved in planning TV advertising campaigns, including programmatic, addressable or broadcast campaigns and VoD advertising.

It will also help software vendors in the ad tech market get to grips with demand, and help broadcasters, pay TV operators and streaming specialists plan their advertising strategy.

Readers should be operating at the C-Suite level of executives, or as strategy advisers, as well as their support teams.

This report would benefit being read in conjunction with our previous content reports, for instance on Sports Rights or eSports emergence, and customers will find if they buy one, they have immediate access to the others.

This report will;

- Give you a planning tool for the transition into addressable advertising of all types
- It will also give advertisers confidence on whether to follow this lead into addressable advertising and how
- It should help anyone positioning in the advertising technology market to measure their future success

A direct eCommerce purchase can be made [here](#) or you can contact client services at natalia@rethinkresearch.biz to be put in touch with one of our account managers to get more details and a walk through the service offerings.

Rethink TV: Forecasting disruption in video

Rethink TV is our video research team, producing market forecasts, technology white papers and tracking operator-technology vendor relationships in pay TV, OTT video and have documented the transition of TV services from the TV set, onto laptops, tablets, phones and smart TVs and other devices.

Our sister publication Faultline Online Reporter has been Rethinking the ideas behind TV for the past 20 years. We thought it was time we gave you a reliable source of business forecasts for the underlying technologies which have made that transition possible.

Rethink TV also tracks the top 100 paid OTT service providers and their suppliers, providers monthly updates to their key providers whether that is Adaptive Bit Rate packaging, encoding, DRM, recommendation systems, analytics or programmatic advertising systems.

It comprises of two parts:

- 1) 12 forecasts a year, delivered once a month, related to OTT and video
- 2) 100 up-to-date profiles on the top 100 operators globally.

Here are some sample titles of reports we have produced recently:

- Globalization lifts TV sports rights past 85 billion future
- Esports on verge of hypergrowth to \$5bn plus gambling
- Who benefits as Global DTH revenue set to shed \$ billions
- Disney, AT&T, Comcast stumble in the Netflix slipstream

Annual 1-5 User license - \$3,800 (*A group license permits up to 5 users*).

Annual corporate license—\$5,100 (*unlimited distribution inside your organization*).



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About Rethink Technology Research

Rethink is a thought leader in quadruple play and emerging wireless and IoT technologies. It offers consulting, advisory services, research papers, plus three weekly research services; Wireless Watch, a major influence among wireless operators and equipment makers; Faultline, which tracks disruption in the video ecosystem, and OTT video. Riot on enterprise disruption from the combination of AI/IoT and cloud.



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