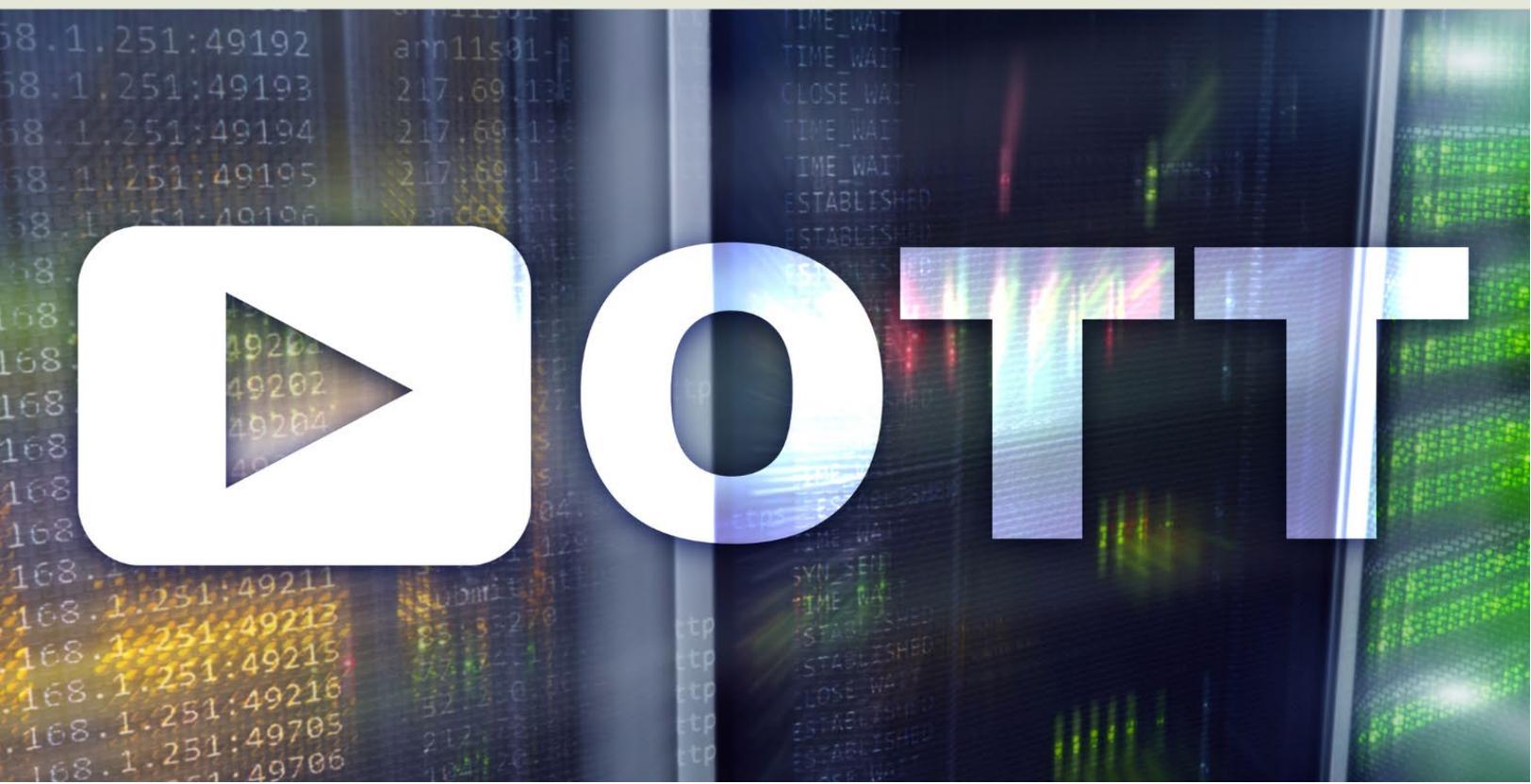




Over-the-Top (OTT) Forecast Brief

Prepared for TVB Forward Attendees

SEPTEMBER 2022



The U.S. Local Ad Market and OTT's Share

Supply chain issues, pandemic flare-ups with continuing variants of COVID emerging, the war in Ukraine, and a challenging economy featuring record high inflation, an unsettled work force and a polarized political environment set the stage for the second half of 2022.

While all these factors are huge drivers for ad spending, BIA sees encouraging progress as some sectors are recovering back to pre-pandemic levels and once again achieving organic growth.

According to the June 2022 issue of our U.S. Local Advertising Forecast, BIA forecasts that overall spending across all media platforms will see an increase from \$138 billion in 2020 to \$167 billion in 2022, a 10 percent CAGR.¹

Interestingly, marketers' shift in spending from traditional media to digital rose from 41.7 percent of total local ad spending in 2020 to 47.5 percent forecast in 2022.

By far the two digital platforms capturing most of the growth in ad dollars are Mobile (+\$10.1 billion) and PC or Laptop (+\$7.9 billion). Video display, search, social and audio ad inventory are particularly popular with advertisers.

However, Over-the-Top (OTT)² holds the number one seat for fastest growing digital channel.

BIA estimates that OTT spending will grow nearly 43 percent (CAGR) in 2022 over 2020 spending.

In dollars, for 2022, BIA forecasts a substantial U.S. local OTT spending increase of over \$1 billion from \$991 million in 2020 to just over \$2 billion in 2022.

BIA attributes OTT's acceptance into the marketing mix and dramatic growth rate to its unique properties that bring to marketers some of the best features of traditional and digital media.

First, as with linear TV, OTT buyers can select ad inventory in premium video and brand safe environments with data-driven audience targeting

joining first and third-party data in both direct and programmatic trading.

Second, digital campaign management tools for optimization and attribution further help marketers create, manage, and evaluate campaigns to achieve both branding and activation KPIs.

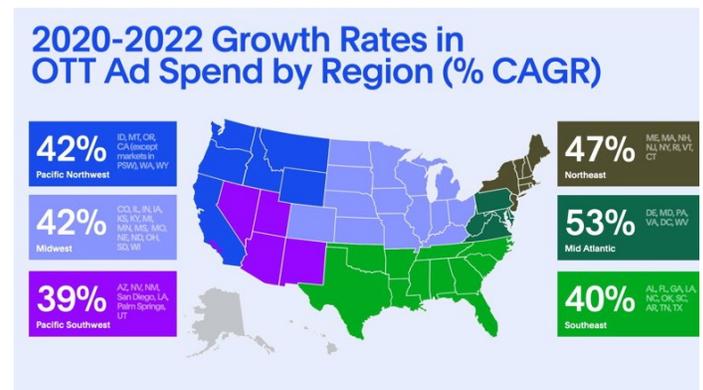
Regional OTT Spending

Realizing the growth in OTT, it is illuminating to explore OTT spending growth across regions of the country and by verticals.

Looking across five geographic regions, they all show high growth rates from 2020-2022, with three key takeaways:

1. Overall average of the regions is 42.7 percent growth from 2020-2022
2. Mid-Atlantic region has the highest growth rate at 53 percent CAGR
3. Pacific Southwest and Southeast regions show growth just below the overall average of 42.7 percent.

Growth Rates in OTT Ad Spend by Region (% CAGR)



Source: BIA Advisory Services, U.S. Local Ad Forecast, Issued June 2022
(Larger version of graphic at the end of the report.)

Business Verticals Driving Regional OTT Spending

Five verticals lead the pack when it comes to OTT Spending, where key takeaways include:

- **Businesses in the large General Services Vertical** (i.e., legal, plumbers and HVAC,

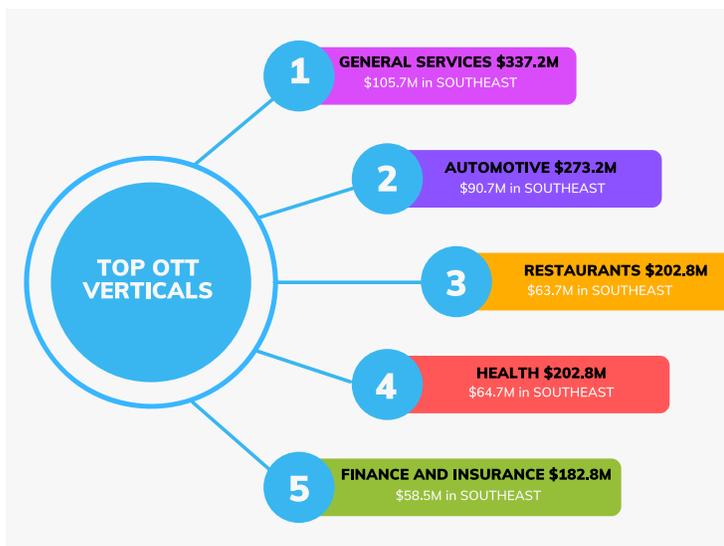
¹ Source: [BIA's 2022 U.S. Local Advertising Forecast, Issued June 2022](#).

² BIA's category for OTT ad spending comprises ad spending targeting local viewers of long form premium video content delivered via the Internet.

utilities, funeral homes and more) are the highest spenders (\$337.2 million) across all regions in 2022, led by the Southeast (\$105.7 million).

- **Automotive** (\$273.2 million) comes in second overall with the Southeast region (\$90.7 million) in lead.
- **Restaurants** (\$202.8 million), **Health** (\$202.8 million) and **Finance/Insurance** (\$182.8 million) round out the top five business verticals in local OTT ad spending.
- For each of the top five verticals, the Southeast region leads spending levels on OTT.

Top Five Business Verticals in Local OTT Ad Spend in 2022



Source: BIA Advisory Services, U.S. Local Ad Forecast, Issued June 2022
(Larger version of graphic at the end of the report.)

When examining the positives around OTT, it's clear to see that it combines the best of linear TV and digital ad platforms.

BIA also asserts that while many advertisers target OTT viewers across a range of mobile, desktop, tablet, and other devices, most of the viewing and monetized ad impressions occur on TV sets.

More OTT Data, Insights and Analysis

OTT is one of the 16 media platforms in BIA's local advertising forecast that tracks historical and go-forward ad spend across 96 business verticals.

Our OTT forecast data is available in a variety of reports and can be accessed within our BIA ADVantage platform for all 210 TV markets and nationwide.

Contact BIA to discuss your local OTT initiatives, to strategize about next steps or to set up a competitive intelligence project to track this media channel. You can also purchase a local OTT Forecast for your local market or set up a discussion with BIA's VP of Forecasting and Analysis, Nicole Ovadia.

Follow any of these links for more information and to contact us:

- [OTT LOCAL SNAPSHOTS](#)
- [U.S. LOCAL AD FORECAST \(INCLUDING OTT\)](#)
- [BIA ADVANTAGE PLATFORM](#)
- [BIA DAILY NEWSLETTER](#)
- [BIA PODCAST](#)
- [EMAIL US \(SCHEDULE PRIVATE BRIEFING\)](#)

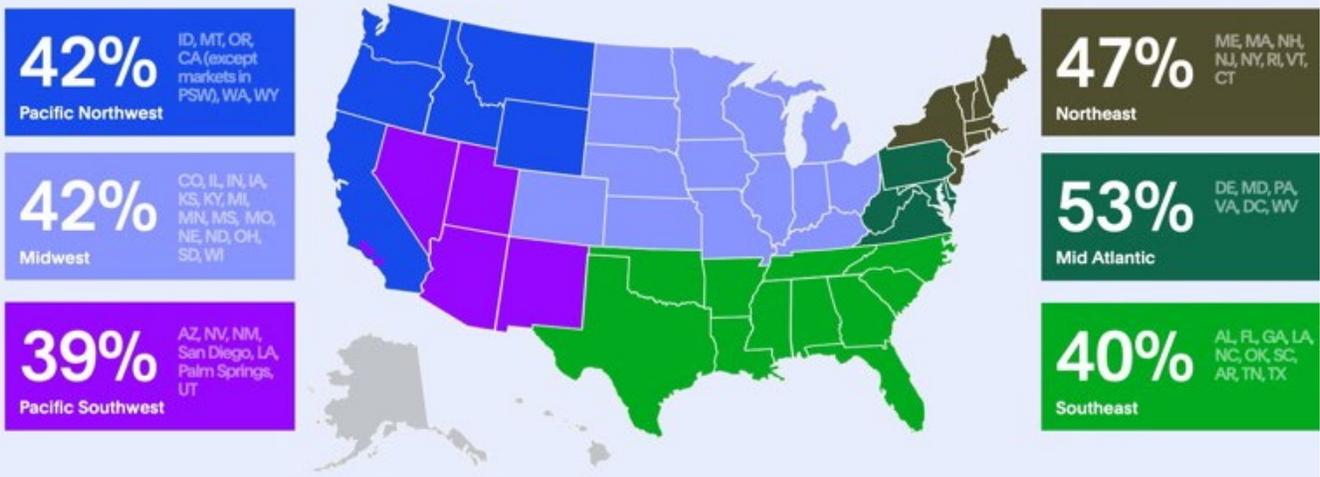
Connect with us on social media:



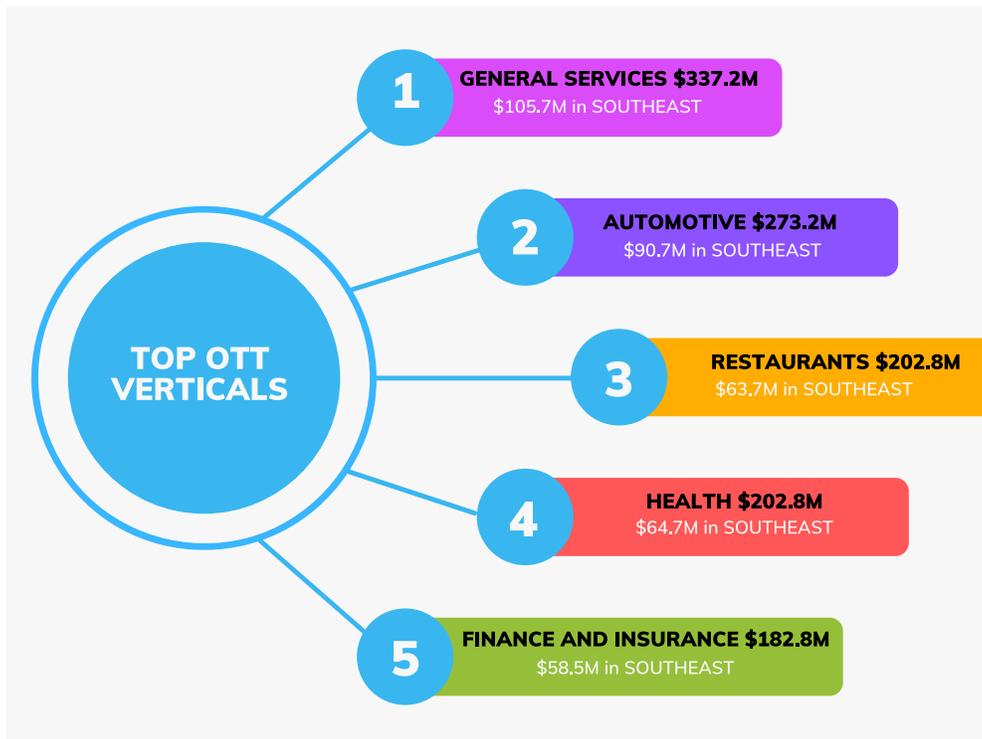
Resources:

Portions of this report were taken from BIA's U.S. Local Advertising Forecast ([more here](#)) and a report BIA authored for Vevo that is available for download [here](#).

2020-2022 Growth Rates in OTT Ad Spend by Region (% CAGR)



Source: BIA Advisory Services, U.S. Local Ad Forecast, Issued June 2022



Source: BIA Advisory Services, U.S. Local Ad Forecast, Issued June 2022