TV ad spending takes hit from 'cord cutting'

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Television is gradually losing its share of the US advertising market as Americans shift to digital platforms and move away from pay packages, a market tracker said on Wednesday.

A report by the research firm eMarketer said outlays on TV ads will slip 0.5 percent in 2018 to $69.87 billion.

As a result, television's share of total US media ad expenditures will drop from 33.9 percent in 2017 to 31.6 percent.

Researchers said TV is feeling the pinch from online platforms—sometimes called "over the top" or OTT services—like Netflix and Amazon that let viewers watch on demand.

"The shift of audiences to OTT viewing is changing the climate of the TV ad market," said eMarketer senior forecasting director Monica Peart.

"As ratings for TV programming continue to decline, advertiser spending will also continue to see declines, especially in years that do not boast major events such as presidential elections and Olympic games."

The researchers said the downward trend may see a slight respite in 2020 due to the US presidential election and Summer Olympics in Tokyo, but it will sink back to negative territory in the following years and fall to less than a quarter of total ad spending by 2022.

According to eMarketer, cord-cutting—or dropping pay TV packages such as cable or satellite—continues to gain momentum in the United States.

The number of traditional TV viewers in the US will drop 0.2 percent to 297.7 million, the report said, while streaming services will grow 2.7 percent to reach 198.6 million this year.

In 2017, total ad spending on traditional television dropped for the first time since 2009, the report said.

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