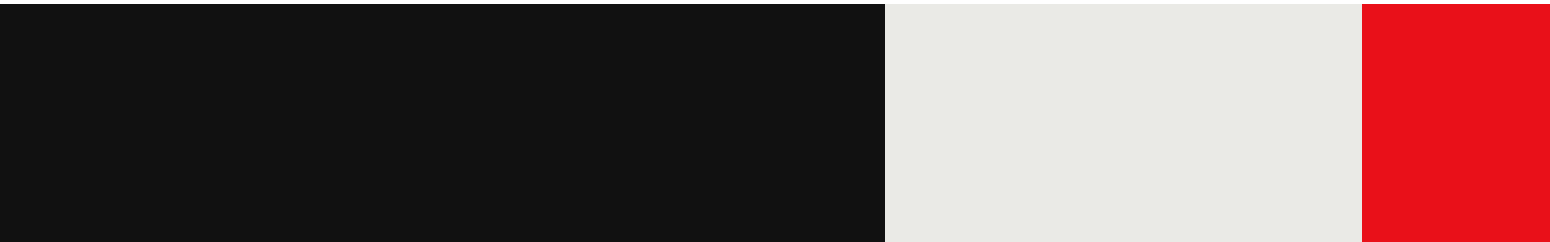



# Pitching CTV investment in 5 charts

Article

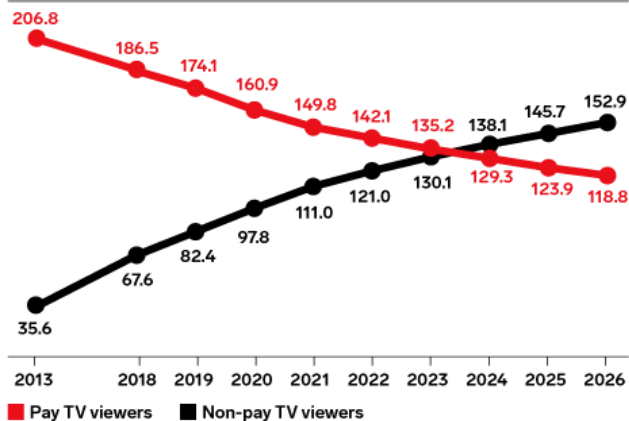


Even as we approach a potential ad spend winter, connected TV (CTV) advertising is in decent shape. Netflix and Disney+ just joined the ad-supported streaming game. Cord-cutters are outpacing pay TV viewers. And YouTube is increasingly watched on CTVs. These five charts offer a closer look at CTV's past, present, and future.

## 1. Pivoting from pay TV

## US Pay TV vs. Non-Pay TV Viewers, 2013 & 2018-2026

millions



Note: pay TV viewers are those with a subscription to traditional pay TV services; excludes IPTV and pure-play online video services (e.g., Hulu, Netflix, YouTube, Sling TV, etc.); non-pay TV viewers are those who have canceled their subscription or have never had traditional pay TV services; includes cable, satellite, telecom/fiber operators, and multiple system operators (MSOs)  
Source: eMarketer, Feb 2022

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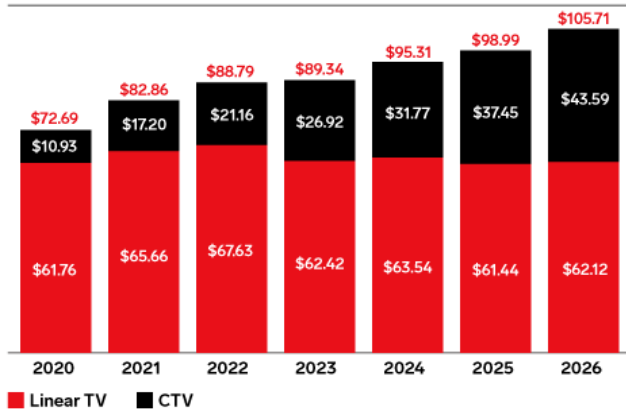
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In 2024, the number of **cord-cutters and cord-nevers** will surpass the number of pay TV viewers, reaching 138.1 million versus 129.3 million. Roughly \$1 in \$3 spent on TV advertising will go to CTV in 2025, up from less than \$1 in \$10 in 2019. CTV advertising has a leg up on pay TV in terms of targeting. Now, it also has an advantage in terms of audience size.

## 2. CTV is outpacing linear

### Combined US Linear and Connected TV Ad Spending, 2020-2026

billions



Note: linear TV includes broadcast (network, spot, and syndication) and cable TV; excludes digital; connected TV (CTV) includes digital advertising that appears on 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, Oct 2022

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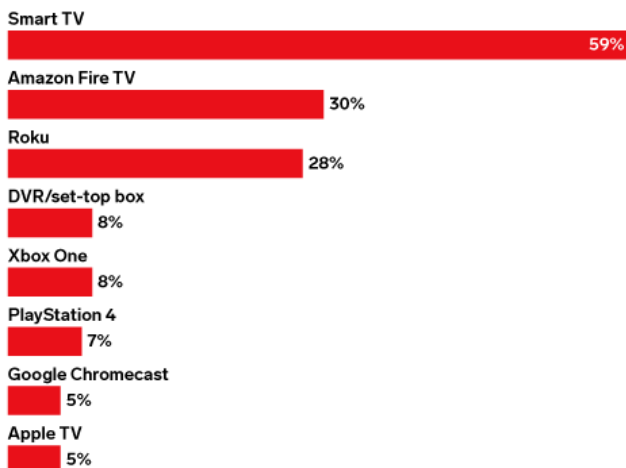
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CTV ad spending has a **healthier outlook** than many other advertising ecosystems. CTV ad spend will near \$27 billion in the US next year, growing by 27.2%. Double-digit growth will continue through 2026. One aspect boosting CTV ad spend is the introduction of advertising across more services. There is quite literally a bigger CTV ad opportunity now than there was a year ago.

### 3. The hardware is already there

#### Share of US Households with Connected TV (CTV), by Device, Feb 2022

% of total



Source: Comscore OTT Intelligence as cited in company blog post, May 12, 2022

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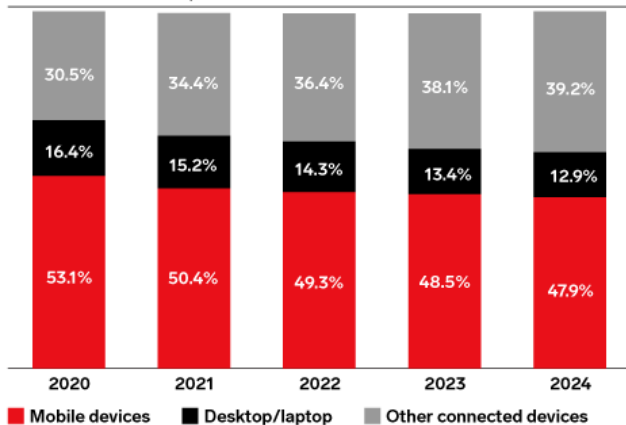
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Around 85% of US households **already use CTV**, per our forecast. Nearly 60% of US households already have a smart TV, according to Comscore, and Amazon Fire TV sticks and Roku boxes are already used in around 30%. Amazon Fire TV and Roku adoption is increasing the fastest, according to our forecast. More than 3 in 4 people aged 12 to 54 in the US are CTV users. Advertisers can target users across age groups both via streaming ads and via display ads on those devices.

### 4. Digital video is moving to CTVs

## US Share of Average Time Spent per Day with YouTube, by Device, 2020-2024

% of total time spent with YouTube



Note: ages 18+; includes YouTube TV; mobile devices include smartphones, feature phones, and tablets; other connected devices include Apple TV, connected Blu-ray devices, connected game consoles, Google Chromecast, Roku, smart TVs, Xfinity Flex, and other internet-connected devices  
Source: eMarketer, May 2022

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This year, for the first time since we began our forecast, less than half of **time spent with YouTube** will be on mobile as viewers pivot to watching videos on other connected devices, which include CTVs. Even as time spent with TV **decreases** and time spent with digital video goes up, CTV is winning.

## 5. There are plenty of good options

### Free Ad-Supported TV Services That Provide Excellent/Good Value According to US TV Viewers, May 2022

% of respondents



Note: ages 14-74 who have used free ad-supported TV services and watch at least 1 hour of TV per week  
Source: Hub Research, "TV Advertising: Fact vs. Fiction, Q2 2022," Aug 16, 2022

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Big players like Netflix, Disney+, HBO Max, and Hulu either have pivoted or are pivoting to ads. But there are other ad opportunities. Around 10% of CTV ad spend share will go to Roku

next year, and 84% of US TV viewers consider **The Roku Channel** to be of high value. So while ad spots on Netflix and Disney+ may feel risky because they're new, free ad-supported video should not be overlooked as a well-watched alternative.

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