

# Spotify dips into CTV advertising with Roku partnership

Article

**The news:** Spotify is delving into the connected TV (CTV) ad business. The company will launch video ads for its CTV apps, with Roku as its initial partner. Over time, the company will add more to what it's calling the **Spotify CTV Partner Network**, per Ad Age.

- Video ads will begin alpha testing next month, with additional markets following in the coming months.

**Why CTV?** Ironically, music makes more sense on CTVs than formats like short-form video. The ability to stream music from TV screens effectively turns them into speakers, and apps like Spotify are often used to play music throughout a household. That Spotify would delve into CTV advertising suggests this is a popular use case.

- Spotify's head of advertising business development, **Emma Vaughn**, cited CTV's strong advertising growth, saying "CTV is essentially the highest growth category for where advertisers are spending and where the eyeballs are."
- Vaughn is right: We expect CTV ad spending to grow 21% this year to **\$25.01 billion** in the US and **\$40.90 billion** by 2027, making it one of the fastest-growing ad sectors. Spotify and Roku will share responsibility for selling inventory, but did not disclose how revenues would be shared.

**The big picture:** Partnering with CTV providers lets Spotify tap into growing spending, but it also factors into Spotify's plan to create an advertising stack that lets advertisers target users using Spotify on various platforms.

- "The dream is ubiquity," Vaughn told Ad Age. "We're going to bring the Spotify experience with all of these new consumer and advertising products to every point of consumption."
- Spotify is making its **Video Takeover** format, which serves video ad breaks to users and is available on mobile devices, available on CTVs. But even if it's being used from a TV screen, users may not be too pleased to watch TV-style ad breaks while using an audio streaming service.
- To avoid friction, Spotify has encouraged advertisers to put extra effort into ads to make sure they work well, whether listened to or watched. Vaughn said that initiative is an especially important priority for CTVs.

**Our take:** Spotify's push into CTV advertising is an example of the medium's powerful advertising potential beyond video. There are challenges in adapting audio ad formats for TV screens, making Spotify's effort one to watch.

## Media Platforms That Capture Consumer Attention According to US Consumers vs. Marketers, July 2023

% of respondents

	Marketers	Consumers
TikTok	43%	57%
Instagram	39%	52%
Pinterest	37%	14%
Amazon	30%	29%
Spotify	30%	43%
Google	29%	38%
Facebook	29%	19%
Snapchat	29%	14%
Reddit	29%	14%
YouTube	28%	48%
Twitter	26%	19%

Note: consumers ages 16-65

Source: Kantar, "Media Reactions 2023," Sep 6, 2023

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