

# Smart TV sales are recovering, but their ad dominance has dwindled

## Article

**The news:** Smart TV sales are expected to recover in 2022 after a year of supply chain issues hurt manufacturers' volumes, according to a report from S&P Global Market Intelligence.

- A refreshed supply of LCD panels at cheaper costs will help smart TV sales grow by 2% in 2022, helping the market overcome a period of stagnant growth.

**A much-needed break:** The decline in sales was a major pain point for manufacturers like Roku, who had to pivot to other ventures to make up for weaker revenues.

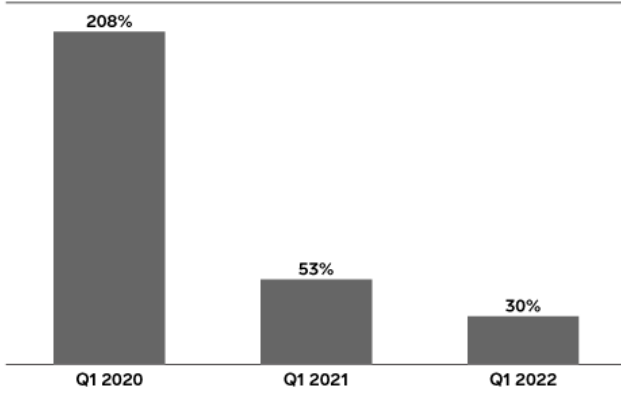
- Smart TV sales have been slowing for some time now thanks to supply chain issues and relatively steep penetration. **Sixty percent of US households** use smart TVs, making them the most popular connected TV (CTV) device in the US.
- But as sales started to slow last year, Roku considered taking manufacturing into its own hands and refocused on measurement and content efforts. Those moves have helped turn Roku into a rising darling of advertising in the first half of the year, and stronger hardware sales could further bolster its business.

**A different world:** A lot has changed since smart TV sales were on the up and up that have cast doubt over their advertising prowess.

- CTV advertising was a major driver of ad spend over the last year, even as sales slowed. But because of issues with fraud, ad duplication, and miscounting, a shadow of doubt has been cast over the effectiveness of CTV advertising that could stifle its sales recovery.
- A June report from GroupM and iSpot found that many CTV ads were running while TVs were off, costing advertisers \$1 billion in miscounted ads. That news caused CTV spending to be among the first to go when advertisers started pulling back.
- Roku felt that shift in a big way. Its Q2 results revealed heavy losses and lower-than expected revenues, tossing the future of CTV advertising into question.

#### Connected TV (CTV) Ad Spending Growth in North America, Q1 2020-Q1 2022

% change vs. same period of prior year



Note: as measured by Pixalate  
Source: Pixalate, "Global Connected TV (CTV) Ad Supply Chain Trends," June 2, 2022

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**Looking forward:** As smart TV sales start to ramp up again, expect companies like Roku to invest in measurement and publicly address credibility issues in order to reignite advertiser interest and tee up spending to back up the new wave of demand.

- Major sporting events in the second half of the year and the explosion of streaming offerings are likely to give a boost to smart TV sales.