

# 4 CTV trends to watch: Collapsing funnel, Gen Z, and more

Article



Connected TV (CTV) ad spend in the US will pass \$25 billion this year and continue to grow by double digits through the end of our forecast period in 2027. Even with a challenging market, the format is in decent shape.

“CTV didn’t take as much of a hit as social, but it wasn’t helped by economic uncertainty and inflation, rising interest rates, a war, and a lot of other stressors,” our analyst Paul Verna said at

our recent “[Attention! Streaming and the New Digital Ad Economy](#)” summit.

Here are four trends on where CTV is headed.

## 1. CTV is outpacing every other major ad format

CTV will outpace every other major ad format we track, with a growth rate of 21.2% this year. In the next four years, only retail media’s growth will surpass CTV.

“You put those together and you’re looking at macro trends that really focus on the collapse of the traditional funnel,” said Jack Myers, media ecologist and founder of MediaVillage.

Retail media and CTV’s combined growth shows how transactional, shoppable media is moving up the funnel, pushing consumers toward purchase faster, said Myers.

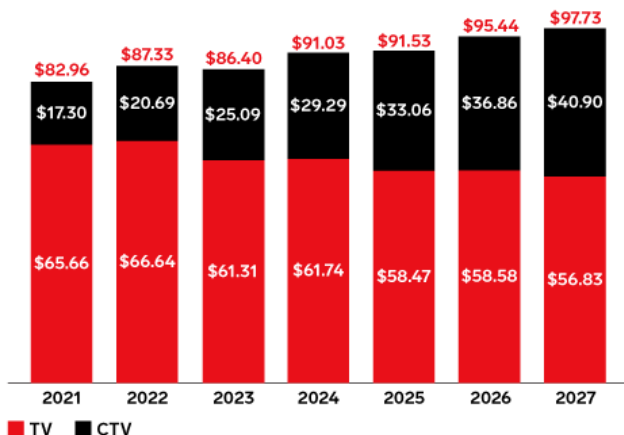
## 2. CTV is buoying TV ad spend on the whole

Linear TV ad spend has its bright spots, specifically during elections and major sporting events. But overall, US linear TV ad spend is declining as CTV spend picks up. Over the next four years, US linear ad spend will decrease by \$4.48 billion while CTV will increase by \$15.81 billion.

“CTV is catching up with linear TV, but [a point of inflection] is not likely to happen until probably toward the end of this decade,” said Verna.

## US TV and Connected TV (CTV) Ad Spending, 2021-2027

billions



Note: TV includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital; CTV includes digital advertising that appears on CTV devices; includes 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, March 2023

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### 3. CTV won over Gen Z

Linear viewership is declining by a couple of million each year, and will fall below 40 million viewers next year, according to our forecast. But the generation's CTV viewership is on the rise, approaching 55 million viewers next year.

### 4. The CTV market is cluttered and full of opportunity

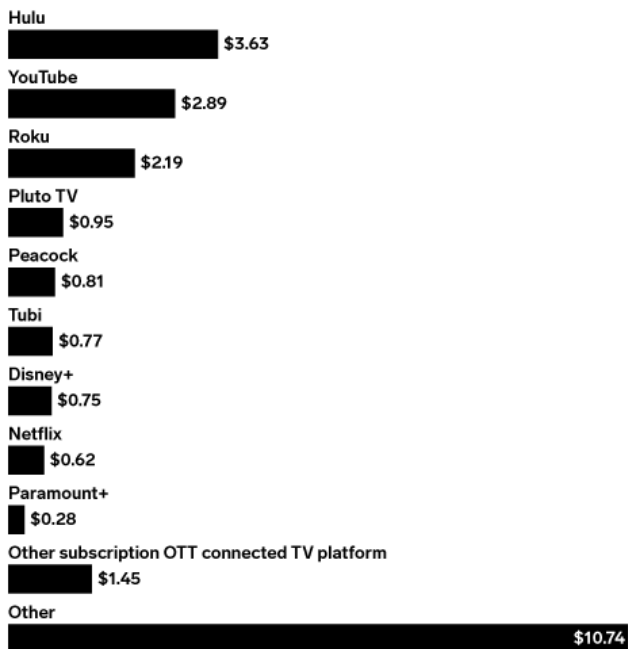
Hulu (\$3.63 billion), YouTube (\$2.89 billion), and Roku (\$2.19 billion) are the biggest players for US CTV ad spend, but the market is "very dynamic," according to Verna.

"We're definitely going to see [Disney+ and Netflix] grow and scale up and eventually get toward the top of the ranking," he said.

And keep an eye on the \$10.74 billion going to other services, because even smaller platforms are potential contenders in this emerging market.

## US Connected TV Ad Revenues, by Company, 2023

billions



Note: digital advertising that appears on connected TV (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: Insider Intelligence, April 2023

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