

Connected TV Ad Inventory Keeps Growing

Even platforms that get much of their traffic from mobile can benefit

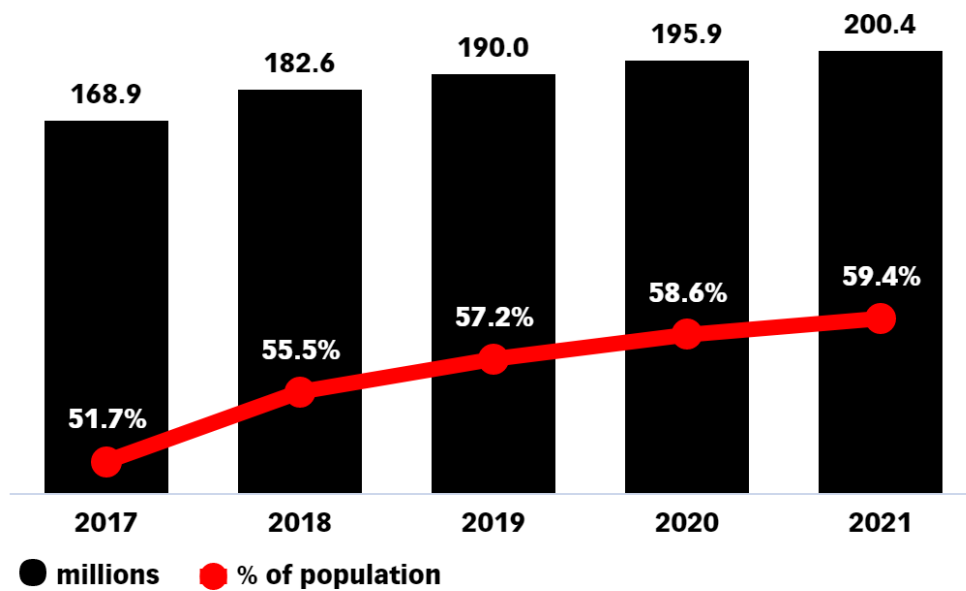
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Connected TV inventory is growing like weeds. We expect that more than half of the US population (57.2%) will watch connected TV in 2019, up from 51.7% in 2017, and because the time they spend watching will increase too, the amount of connected TV inventory available to advertisers will proliferate.

Connected TV Users

US, 2017-2021



Source: eMarketer, July 2018

www.eMarketer.com

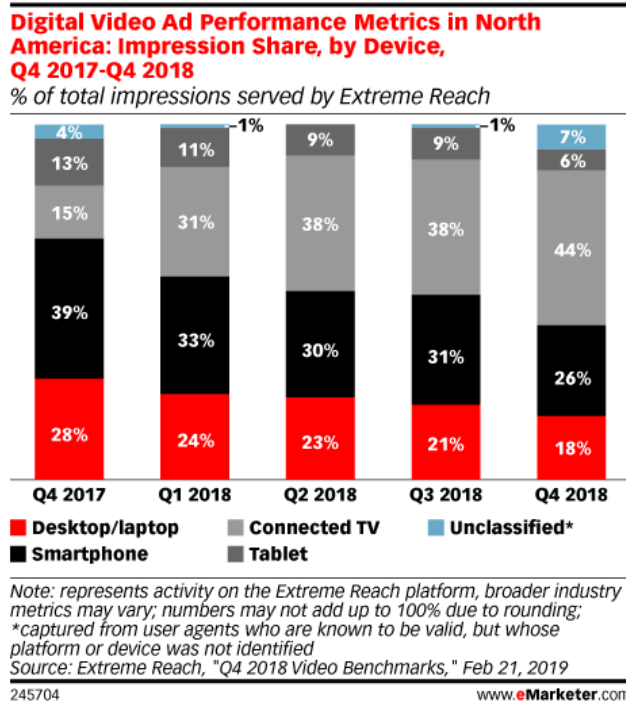
We define connected TV advertising as ads served to TV sets via the internet, be it via a smart TV or another device, such as a Blu-ray player, game console or Roku.

Though the degree to which connected TV inventory is changing varies depending on what research you look at, the trend is clear.

“The inventory out there has opened up substantially over the past 12 to 16 months,” said April Weeks, executive vice president of media operations and services at demand-side platform Centro.

From 2016 to 2018, the share of total ad impressions that video ad platform **Innovid** served through connected TVs jumped from 13% to 27%. Video ad serving firm **SpotX** saw the share of impressions it serves through connected TVs increase from 15% in Q1 2018 to 33% in Q1 2019.

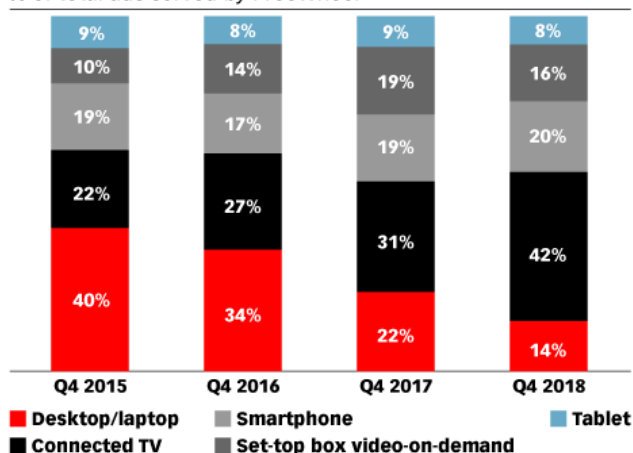
In a quarterly review of digital video ad impressions served by **Extreme Reach** to various devices across North America, the firm found connected TV's impression share jumped from 15% in Q4 2017 to 44% in Q4 2018.



Comcast-owned video ad server **FreeWheel** had similar findings. In Q4 2018, FreeWheel served 42% of its ad impressions through connected TVs, which was a year-over-year increase of 11 percentage points.

US Digital Video Ad Performance Metrics: Ad View Share, by Device/Channel, Q4 2015-Q4 2018

% of total ads served by FreeWheel



Note: represents activity on FreeWheel's platform, broader industry metrics may vary

Source: FreeWheel, "Video Marketplace Report: Growth & Convergence: The Evolution of Premium Video in 2018," March 27, 2019

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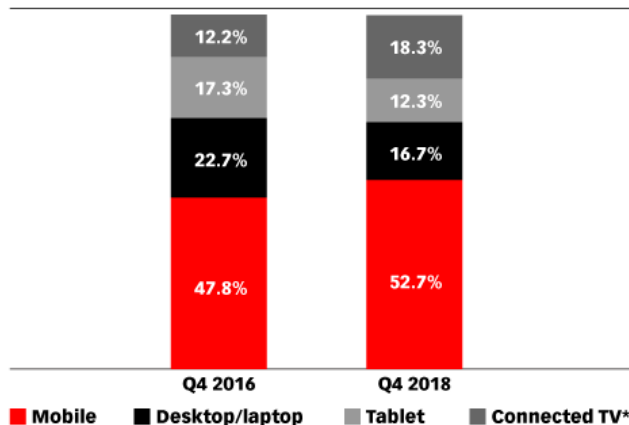
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Even platforms that get much of their traffic from mobile can benefit from the growth in connected TV.

Take YouTube, for example. Though most of its video is watched on mobile, there is indication that the site is contributing to rising connected TV inventory. Between Q4 2016 and Q4 2018, the share of YouTube video views that occurred on TV screens in the US increased by about 6 percentage points, according to digital video studio [Collab](#).

Device Share of YouTube Video Views Among US YouTube Viewers, Q4 2016 & Q4 2018

% of total



■ Mobile ■ Desktop/laptop ■ Tablet ■ Connected TV*

*Note: represents activity tracked by Collab, broader industry metrics may vary; *refers to viewership on large screens via game consoles, over-the-top devices and other connected TV devices*

Source: Collab, May 17, 2019

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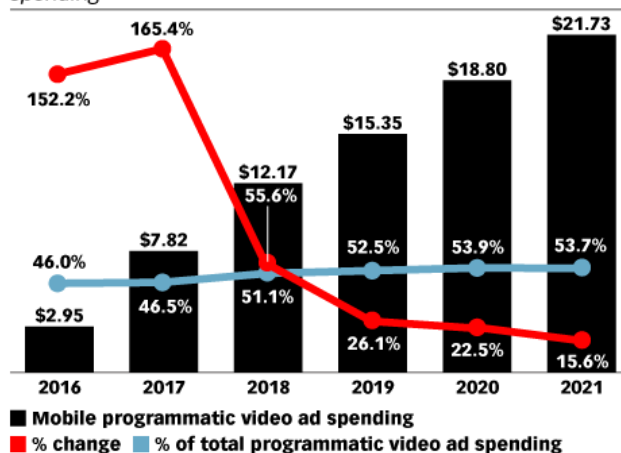
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As supply levels rise, connected TV CPMs should decline. Already, some sources interviewed for our "[Digital Display Ad Pricing StatPack](#)" said they are seeing a slight drop in pricing. According to three US buy-side sources who anonymously shared data with us, CPMs for in-stream ads on connected TV ranged from \$19.84 to \$28.33 between Q4 2017 and Q4 2018.

The growth in connected TV inventory will affect where and how ad dollars get spent. Video accounts for about [half of programmatic spend](#) in the US. And this spring, we revised our programmatic video forecast upward due to growth in spend on channels like connected TV.

US Mobile Programmatic Video Ad Spending, 2016-2021

billions, % change and % of total programmatic video ad spending



Note: mobile display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; video includes in-stream video ads such as those appearing before, during or after digital video content in a video player (pre-roll, mid-roll, post-roll video ads) and video overlays; includes social network in-stream video advertising in platforms such as Facebook Watch and Snapchat Shows; includes outstream video ads such as native, in-feed (including video ads in Facebook's News Feed and Twitter's Promoted Tweets), in-article, in-banner and interstitial video ads; data for 2008-2016 excludes in-stream video ads; includes ad spending on tablets

Source: eMarketer, April 2019

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Programmatic video dollars allocated to mobile devices edge out dollars given to desktop, laptop or connected TV only slightly this year. Mobile's share of programmatic video will peak in 2020 at 53.9%. By 2021, that share will dip, as ad buyers ramp up investments in areas like connected TV.