

What CTV's attention challenge means for advertisers

Article

Connected TV (CTV) ad spending will be the fastest-growing medium in the US this year, growing 21.2% to reach \$25.09 billion, according to our forecast.

Despite this ad surge, CTV faces the same challenge as traditional TV: getting consumers' attention.

Better together: Nearly 80% of CTV viewing is shared, meaning two or more people are watching together at the same time, **according to August 2022 research from Amagi as cited in Forbes**. While this practice of co-viewing isn't new, it "majorly undermines CTV's tightly targeted value proposition," said **David Bloom of NextTV**.

Or does it?

"I have to disagree with Bloom on this one," our analyst Paul Verna said on a recent "**Behind the Numbers: The Daily**" podcast episode. "I don't think it's anything at all. In fact, it may even enhance [CTV viewing]."

Verna said CTV advertisers are smart enough to know that TV is not like a cell phone where only one person can use it at a time—and that can be an advantage.

"[My wife and I], we're different genders, but we're in the same demographic. We have similar tastes, we share a budget. So you could argue that an ad targeted to me is actually getting more views when my wife or even my daughter are watching with me."

The sweet spot: **CTV ad attention peaks at six to 10 exposures**, with 12 to 24 hours between each exposure, according to a study from Yahoo and Publicis Media.

Verna disagrees.

"That means you would be seeing the same ad once or twice every day for several days. And [I think] by the time you've seen it three or four times, unless it's a really brilliant ad, you're going to start tuning it out."

Also according to the survey, only a third of CTV ads draw two or more seconds of active, eyes-on-the-screen attention.

"Just because you're watching CTV, it doesn't mean you're not going to do what you've always done, which is tune [commercials] out, walk away, or mute," said Verna, suggesting that advertisers should be aware that ad repetition may further turn consumers' attention away from ads.

Streaming wars: One thing everyone can agree on is it's a crowded field. **Hulu sits at the top with \$3.63 billion in CTV ad revenues this year**, followed by YouTube (\$2.89 billion), and Roku (\$2.19 billion), according to our forecast.

Verna said that Disney+ and Netflix, which have just recently launched ad-supported tiers, will both be short of a billion dollars in CTV ad revenues this year.

The Yahoo/Publicis study found viewers pay more attention to ads on paid, subscription-based apps and ad-free/ad-supported tier hybrids (like Hulu) than to ads on free ad-supported streaming TV (FAST) services, like Tubi, or smart TV channels on FASTs, like Amazon's Freevee.

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