

What's driving CTV's advertising growth?

Article

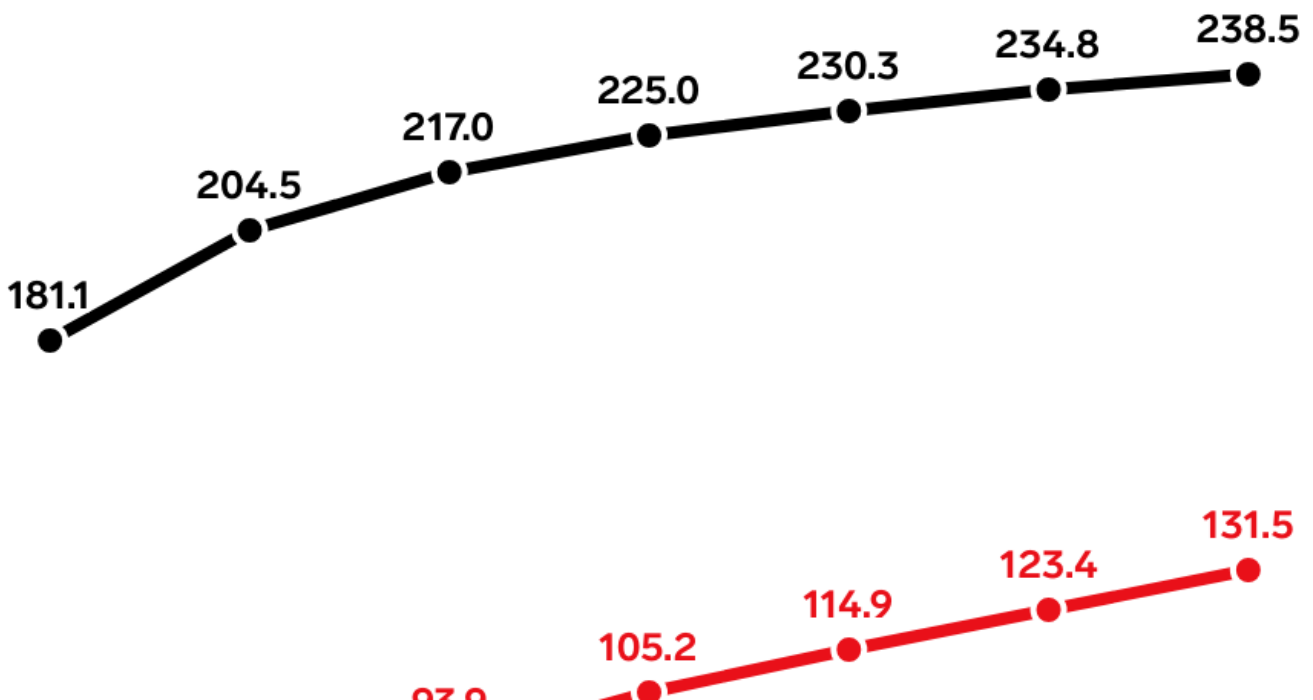
Connected TV (CTV) ad spending is expanding because more services have adopted ads, streaming services have increased their ad loads, and people continue to spend more time streaming. Not too long ago, HBO, Netflix, and Disney+ featured no advertising. Now they all have ads. And some of the most popular ad-supported streamers, like Hulu, have increased their ad loads in recent years.

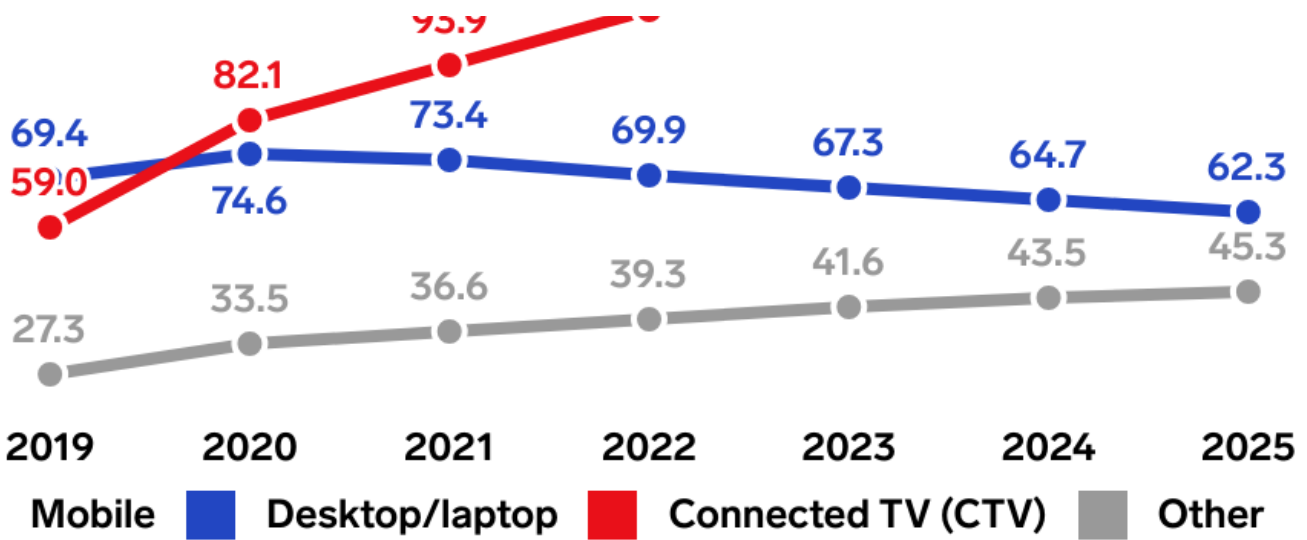
- **People are spending more time streaming.** We expect **time spent with CTV** among US adults to double from about 1 hour per day in 2019 to just over 2 hours per day in 2024. CTV usage

also exceeds time spent on desktops and laptops. CTV will account for more than one-fourth of total time spent with digital media this year.

- **Although time spent on CTV is catching up to linear TV, CTV isn't replacing ad inventory as quickly.** CTV accounted for a 15% to 23% share of total CTV and TV ad inventory between 2021 and 2023, according to Brian Wieser of Madison and Wall. But CTV's share of total viewing was higher, between 34% to 40%.
- The gap between these shares underscores the large amount of streaming activity that happens without ads. Streaming ad loads also tend to be lighter than linear loads.
- **Viewers will spend less time watching ads on TV screens than they used to.** Put another way, the share of total CTV and TV viewing that is ad-free increased from 17% in 2021 to 22% in 2023, per Wieser. As total TV ad exposures decline, marketers will have to become more strategic about how they grow their reach. Pray and spray methods will be more difficult to execute. A targeted approach, based on crisply defined audience targets, will become more favorable.

Mobile Remains Dominant but CTV Narrows the Gap *minutes per day on connected devices*





Note: ages 18+; includes all time spent with internet activities on mobile devices (smartphones, feature phones, and tablets), desktop/laptop computers, CTV devices (e.g., such as Apple TV, Xfinity Flex, connected Blu-ray devices, connected game consoles, Google Chromecast, Roku, and smart TVs), and other internet-connected devices (e.g., smart speakers, smartwatches, smart appliances, and connected vehicles); connected game consoles are in the "other" category for gaming, but within CTV for all other activities

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Report by Ross Benes Jun 16, 2023

Connected TV Explainer

