

Why performance marketers should capitalize on CTV's surge —and what's holding them back

Article

Next year, connected TV (CTV) ads will move from conception to creative to production faster. That's according to Michael Hopkins, vice president of go to market at MNTN, who spoke this week on our **"Behind the Numbers: The Daily"** podcast.

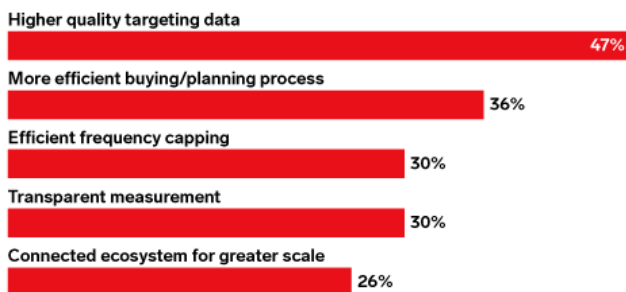
"2022 has been a pretty exciting year for CTV," he added. "This year has definitely legitimized and elevated the platform and really helped it come to the forefront as a performance marketing channel."

But measurement remains a challenge.

- Nearly half (47%) of advertisers worldwide say higher-quality data targeting would encourage higher spend on CTV, according to a Lotame study conducted by PureSpectrum. The same study found marketers are looking for a more efficient planning and buying process and for transparent measurement.
- For 2023 and beyond, Hopkins is looking at incrementality and incrementality reporting. "It's gonna help take the guesswork out of campaigns, when you can see beyond just how a campaign is performing [and] really see the incremental value that it's bringing to advertisers and brands that are spending," he said.

Factors That Would Influence Marketers Worldwide to Spend More on Connected TV (CTV) Ad Spending, Sep 2022

% of respondents



Source: Lotame, "Beyond the Cookie: Next-Generation Customer Acquisition & Retention for Marketers and Publishers" conducted by PureSpectrum, Nov 3, 2022

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It's (still) complicated: Our analyst Paul Verna agreed fragmentation is a pain point for CTV. "As a buyer, you might be buying an ad from a device company, or a TV network, or an aggregator, or a set-top box-maker. Really any number of companies that are in that value chain," he said.

- Many publishers are still relatively new to CTV, and that doesn't help the cause. Hopkins said cross-platform and cross-publisher tools will be vital to marketer adoption of CTV.

“The viewers are there [for] CTV, and the advertisers are doing a fast follow,” Hopkins noted about CTV's positives.

Speaking of positives: In the US, CTV is the fastest-growing ad format we track, with a projected growth of 27.2% in 2023, for a total of \$26.92 billion. By contrast, we project US retail media ad spend to increase by 20.5% and US social network ad spend to grow by 8.8% in the next year.

“CTV is a performance medium,” Hopkins said, meaning it doesn't only inform top-of-funnel impressions. Marketers can look not just at “how many eyeballs you're reaching,” but also at how CTV drives action.

- That action is encouraged by campaign creativity and especially by shoppable ads. Shopping behaviors of younger people are more malleable, and people under 25 years old account for more than a quarter of CTV users.
- Some 90% of Gen Z adults in the US use the internet and TV at the same time—more than any older generation—so advertisers can count on younger viewers being on two screens at once.

Everyone's a winner: Ad-supported video content benefits consumers and advertisers alike, according to Hopkins, expanding the availability of streaming content.

- The viewers are already there. Next year, 230.0 million people in the US will use CTV, accounting for 67.8% of the population. By the end of 2026, 7 in 10 people in the US will be CTV users.
- Marketers are meeting TV viewers where they are, which explains why CTV ad spend has grown by more than 50% each year between the start of our forecast period in 2018 and this year.
- In 2023, CTV will account for 16.5% of all US display ad spend.

Listen to the full podcast.

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