

Connected TV (CTV) ad revenue growth: What's behind the surge?

Article

The news: Connected TV (CTV) advertising is escalating rapidly and poised to grow by 13.2% globally in 2023 to \$25.9 billion, according to GroupM's mid-year forecast.

- According to the forecast, CTV ad revenues will experience an annual compounded growth rate of 10.4% between 2023 and 2028.

- Our own US CTV advertising forecast calls for 21.2% growth in ad spending this year, 13.2% in Canada, and 9.5% in the UK.

Why it matters: This dramatic rise in CTV advertising is significantly altering advertising strategies and budgets. As consumers flock to streaming platforms, advertisers are following suit, viewing CTV as an ideal space to reach an engaged, targetable audience.

- This transition toward CTV points to a broader shift in consumer behavior, as traditional TV consumption patterns are disrupted by the rise of on-demand content and streaming services.

Why it's growing: CTV ad growth can be attributed to a few factors:

- Ad recall and engagement:** Studies have shown that CTV often leads to higher ad recall and engagement rates, partly due to the fact that many CTV ads are unskippable.

**Connected TV (CTV) Ad Performance Metrics
Worldwide: Video Completion Rates (VCR), by Ad Length, 2022**

among impressions served by Innovid

≤10 seconds	90.2%
15 seconds	94.5%
30 seconds	94.1%
45 seconds	91.5%
60 seconds	86.4%
75 seconds	95.3%
90 seconds	91.0%
>90 seconds	27.3%

*Note: represents activity on the Innovid platform, broader industry metrics may vary
Source: Innovid, "Global CTV & Creative Insights," May 11, 2023*

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- Audience segmentation:** CTV allows for more precise audience dissection and targeting based on interests, demographics, and viewing habits, allowing brands to reach prospects more efficiently.
- Data-driven insights:** With CTV, advertisers can analyze viewership trends, audience behavior, and ad performance in real time. This level of data-driven insight can enhance decision-making and campaign optimization.
- Brand safety and viewability:** As a premium ad format, CTV ads are often professionally produced, and the ads are fully viewable on screens—contrasting with many digital platforms

where ads can be adjacent to inappropriate user-generated content or are only partially viewable.

- **Interactive advertising capabilities:** Some CTV platforms offer interactive capabilities like clicking on an ad for more information, making a purchase, or saving an offer for later.

Our take: The continued adoption of CTV signals a pivotal evolution in media consumption habits, with viewers favoring its flexibility, variety, and personalized ads. Advertisers should take heed of this shift and adjust their strategies to align with the increasing relevance of these platforms.

Percent of Ad Budget Shifting to Connected TV (CTV) According to Marketing Professionals Worldwide, by Region, Dec 2022

% of respondents in each group

	Less than 20%	20%-39%	40%-59%	60%-79%	80% or more
Asia-Pacific	11%	27%	34%	17%	6%
Europe, Middle East, and Africa	12%	27%	33%	18%	6%
Latin America	14%	25%	30%	22%	5%
North America	12%	25%	33%	19%	4%

Note: numbers do not add up to 100% due to responses "not applicable", "prefer not to say" and "don't know" excluded from total

Source: Nielsen, "2023 Annual Marketing Report," April 26, 2023

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