

# Why marketers should understand the differences between CTV and OTT

Article

Many in digital advertising, including the Interactive Advertising Bureau, have begun to use connected TV (CTV) as an umbrella term to include content delivered via CTV devices or OTT

services.

But eMarketer defines these as two separate things:

- **CTV advertising** refers to digitally sold ads that appear on TV screens, including ads shown on smart TVs that have their own internal internet capabilities and external devices like Amazon Fire sticks, Blu-ray players, and gaming consoles. It does not include ads delivered to computers, phones, tablets, or other non-TV devices.
- **OTT advertising** refers to ads delivered over the internet independently of a traditional pay TV service that appears on any screen, including subscription video-on-demand, free ad-supported streaming TV, and virtual multichannel programming distributors. This can include ads served on mobile, desktop, and tablet devices, as well as smart TVs.

While combining the terms makes it easy to refer to the expanding world of streaming video, it's still important to understand the difference between CTV and OTT advertising due to their one main difference: the types of devices where ads are delivered.

**Screened in:** One of the benefits of CTV advertising is that marketers know their ad will always be shown on a TV screen. But depending on the platform, some consumers prefer watching content on a smaller device.

- US consumers will spend an average of 35 minutes a day with YouTube this year, per our June 2023 forecast. While nearly half of that time (16 minutes) will be spent on CTV devices, almost as much (15 minutes) will be spent on mobile.
- We don't break out time spent by device for platforms like Netflix or Hulu, but considering that they host longer-form content, consumers may be more inclined to watch it on a larger screen.

**The play:** Instead of treating CTV and OTT as one and the same, marketers should consider what actions they're trying to get consumers to take and invest accordingly.

Want to increase engagement among consumers? Ads watched via CTV are more likely to be watched all the way through than mobile ads.

- CTV ad completion rates hovered at 98% in the second half of 2021 into the first half of 2022, per our video completion rate data.

- Meanwhile, mobile app completion rates dropped from a high of 64% in Q2 2020 to 58% in Q2 2022.
- Of course, the way viewers watch ads on mobile (where content is sometimes scrollable) is different than on OTT (where they must watch the entire ad to watch the rest of a show or movie), so it's only one piece of the engagement puzzle.

But if you want consumers to actually buy something, OTT may be a better option as it can be delivered via mobile, where consumers may be more comfortable transacting.

- US mcommerce sales will reach \$558.29 billion in 2024, representing 44.6% of total US ecommerce sales, per our November 2023 forecast.
- Shopping via CTV is still relatively new to consumers, so it may take a while for it to become as widely adopted as mobile shopping.

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