

The Trade Desk plans to seize a bigger chunk of CTV advertising

Article

The news: The Trade Desk is working on an operating system to run connected TV apps that could launch next year, per Ad Age reporting.

- The under-wraps operation would give The Trade Desk a much more active role in the CTV marketplace, positioning it against other **CTV platforms like Roku and Amazon** and setting a

standard that removes intermediaries from the ad buying process.

Zoom out: The Trade Desk is a major player in CTV, running a popular demand-side platform (DSP) that hosts ad space across CTVs, retail media, and general web content. CTVs are its fastest-growing segment, per its recent earnings report, and one of the fastest-growing in digital advertising. The Trade Desk wants a bigger piece of the pie.

- CTV made up for 40% of The Trade Desk's business in Q2, largely due to partnerships with **Disney** and **Roku** that made in-demand streaming inventory available programmatically on its marketplace.
- The Trade Desk has also forged partnerships with retail media forces like **CVS** and **Albertsons**, giving it a hand in some of the most-contested sectors in digital advertising.

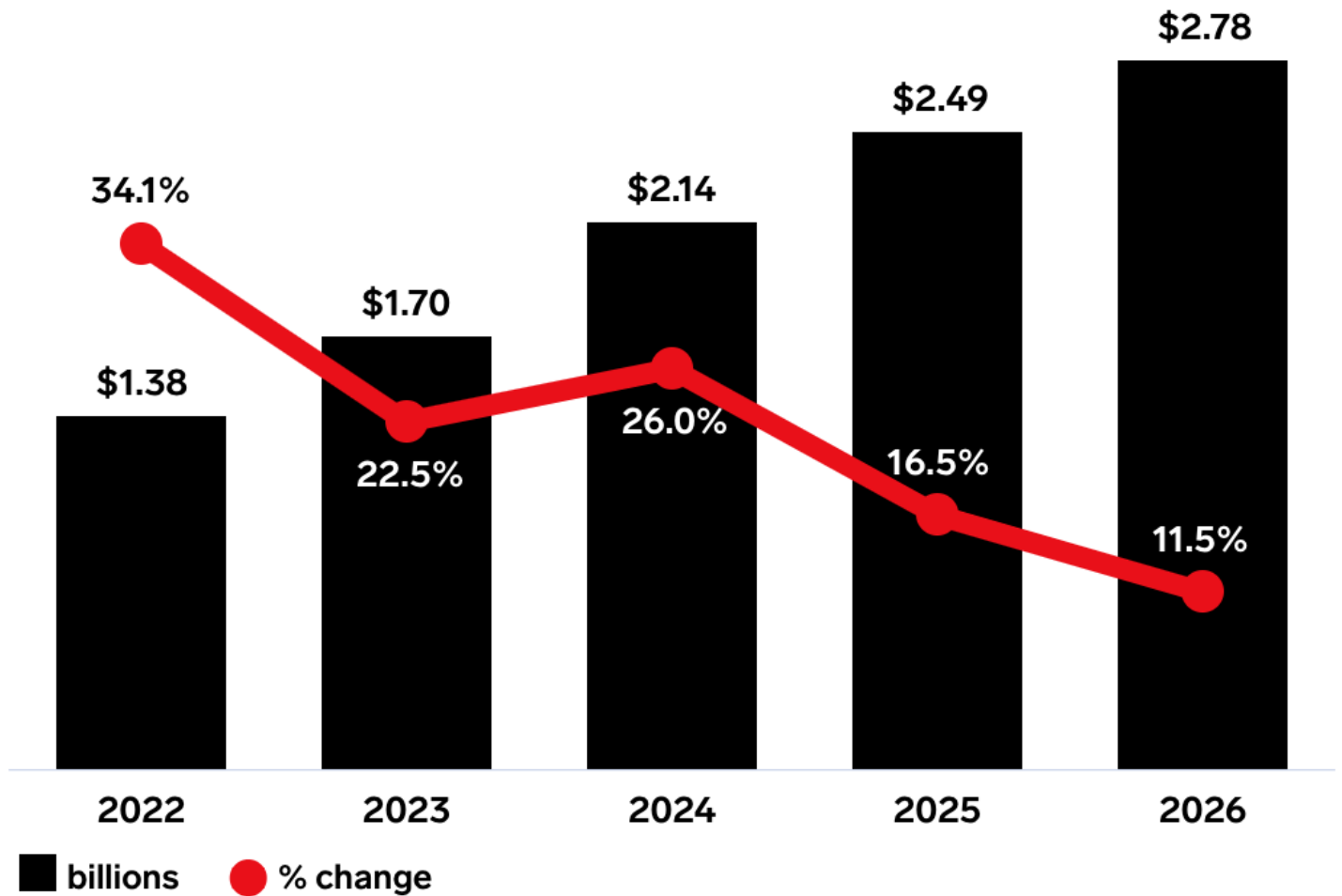
Why it matters: The Trade Desk's move is seen by some as an attempt to preempt signal loss on CTVs that has occurred in other, long-established digital ad channels. While running an operating system would give The Trade Desk broader access to data, there are also challenges with entering the scene at this late stage.

- **Several major operating systems already have built** long-standing relationships with smart TV manufacturers, making it a tough space to break into. That has led to speculation that The Trade Desk could look to acquire a company like Roku that already has a developed system and market ties.
- According to Ad Age, some advertisers were not thrilled at the news, voicing concern that the company's independent stance could be changed by its CTV investment. There is also concern it could set a precedent that threatens other demand- and supply-side platforms by removing mediators.

Our take: Launching a CTV operating system would be a major leap for The Trade Desk, taking it from a measurement and exchange operator to a significant player in CTV advertising. Its ambitions could signal advertising M&A to come and herald significant changes for DSPs and SSPs.

The Trade Desk Net Ad Revenues

US, 2022-2026



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: EMARKETER Forecast, June 2024