

Roku's strong Q2 shows the power of CTV ad spending

Article

By the numbers: Roku's Q2 earnings soared above expectations last week as the company narrowed its losses and grew its audience.

- Revenues were \$968 million, up 14% YoY. Platform revenues—those from Roku services—made up the majority of revenues at \$824.3 million, up 11% YoY. Devices revenues (or

hardware sales) were \$143.8 million, up 39% YoY.

- Roku added 2 million streaming households from Q1 2024, bringing its total to 83.6 million. Streaming household hours jumped by 5 billion YoY, reaching 30.1 billion.
- Average revenues per user remained flat YoY at \$40.68.
- Losses per share shrank dramatically, coming in at \$0.24 versus expectations of \$0.43.

Why this matters: Roku is a leader in the connected TV (CTV) advertising space. We expect its US CTV ad revenues to reach \$2.19 billion this year, behind only **Hulu** (\$3.63 billion) and **YouTube** (\$2.89 billion). A strong quarter reflects continued ad spend growth for CTVs as consumers shift away from linear TV.

In context: Roku has become a sticky platform, strategically surfacing content to users and inking crucial sports deals that make it a hub for content of all kinds.

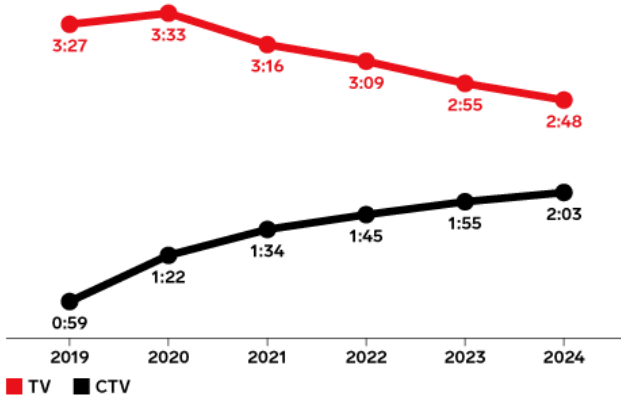
- In its earnings, Roku attributed significant gains in sports content viewership to a recent deal with Major League Baseball and to “Zones” that serve as entry points for viewing **NBA** and **NFL** content. The “Roku Sports Experience” is the platform’s fastest-growing feature.
- Roku recently launched an AI-powered recommendations feature that the company said significantly increased ad impressions. **The Roku Channel** was the #3 app on the platform in Q2, with viewership up 75% YoY. **But few views came from selecting The Roku Channel “tile” on the home screen;** instead, they came from other lead-in viewing features like “What to watch,” “Live TV,” and the AI-powered “Content Row.”

The strong Roku Channel growth suggests that viewers care less about specific branded hubs on streaming platforms and more about ease of accessing content and lowering decision fatigue.

Our take: CTV ad spending is growing fast thanks to reallocation from TV ad spend and a growing audience that wants cheaper entry points into digital video. Roku’s strong Q2 cements its position as a leading CTV platform for viewers and advertisers that can hang with industry giants like Hulu and YouTube.

Average Time Spent per Day With TV vs. Connected TV (CTV) by US Adults, 2019-2024

hrs:mins



Note: ages 18+; TV includes live, DVR, and other prerecorded video (e.g., video downloaded from the internet but saved locally); includes all time spent watching TV; excludes digital; CTV includes all time spent using the internet through a CTV; includes CTV devices such as Apple TV, Xfinity Flex, connected Blu-ray devices, connected game consoles, Google Chromecast, Roku, and smart TVs
Source: eMarketer, June 2023

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