

SNAPSHOT

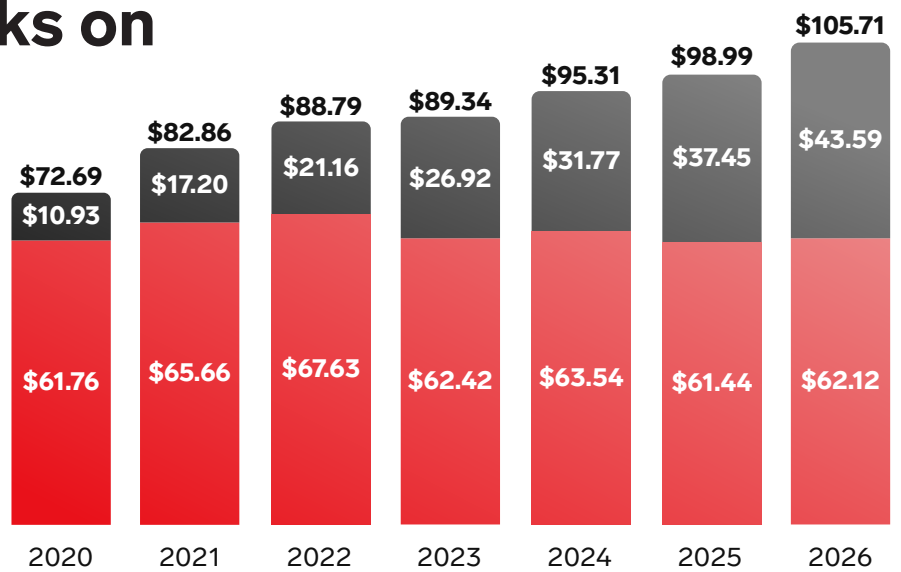
What's Behind Connected TV's \$21 Billion Ad Spending Boom?

US households that don't pay for linear TV will outnumber those that do in 2023. Streaming services like Hulu, YouTube, and Roku are experiencing more ad growth than ever. And now, Netflix and Disney+ are getting in on the act. In this infographic, we look at the rapidly growing connected TV (CTV) space and what's fueling this \$21 billion ad spending boom.

Streaming video races ahead as linear TV looks on

The big picture

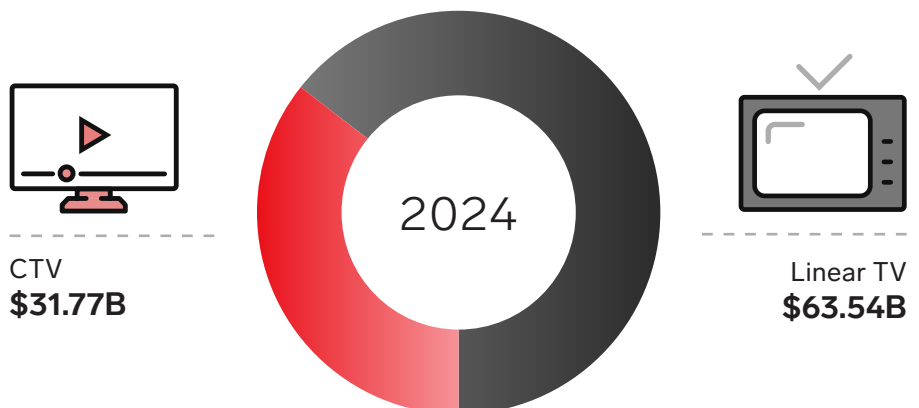
The ad spending gap between CTV and linear TV continues to close as more Americans choose to stream video content on their smart TV sets.



Combined US Linear and Connected TV Ad Spending billions, 2020-2026, eMarketer, October 2022

What we expect

By 2024, we anticipate advertisers will spend **\$31.77 billion** on CTV, compared to **\$63.54 billion** on linear TV. CTV ad spend will be **50%** the size of linear TV ad spending by the end of 2024.



Did you know? - What's the Difference Between CTV and Linear TV?



CTV is video watched only on a TV screen connected to the internet or through an external device, like a gaming console or set-top box. Examples include Apple TV, Google Chromecast, and Roku. CTV can feature OTT video and streaming video content that bypasses linear TV distribution.

Linear TV is traditional TV programming distributed through cable, satellite, or broadcast networks; includes video-on-demand.

Yesterday's moderate viewers are today's heavy streamers

The big picture

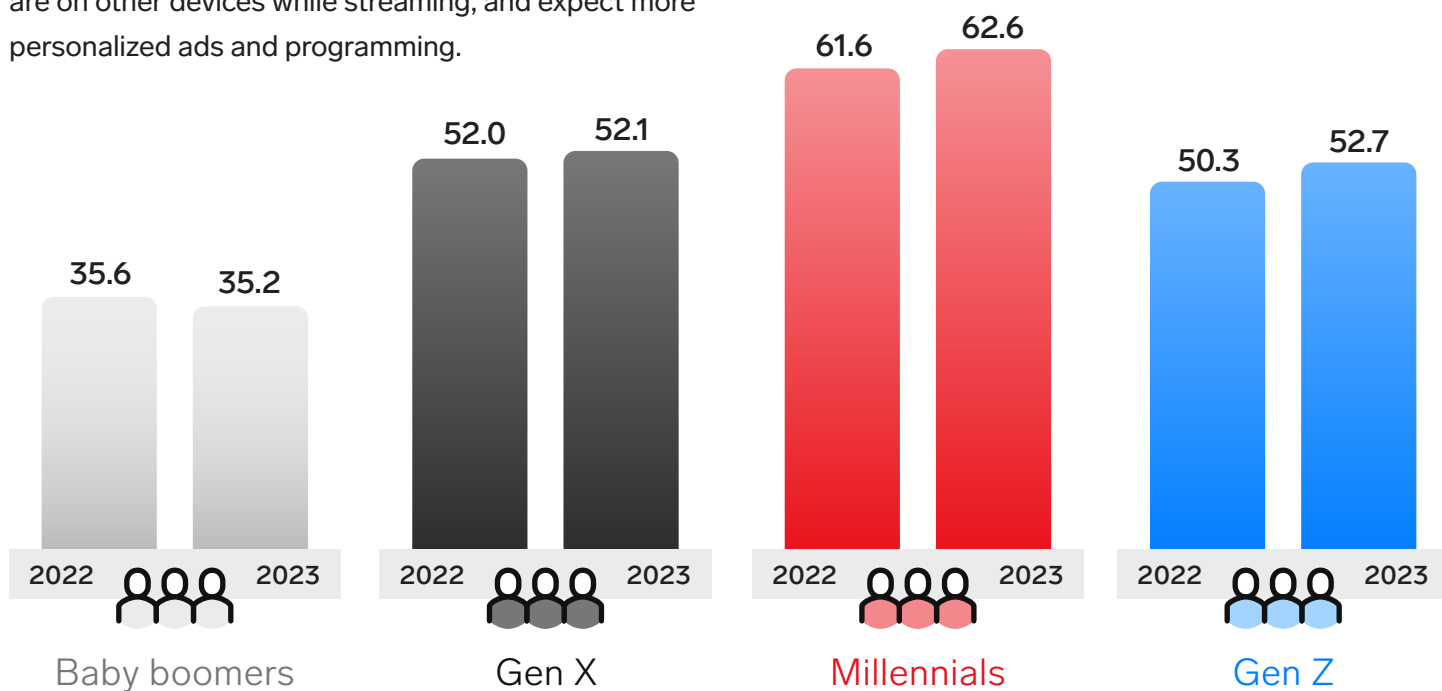
Today, about **225.7** million Americans watch video content via CTV, and that number is growing. On the other hand, linear TV viewership is losing airtime fans.

What we expect

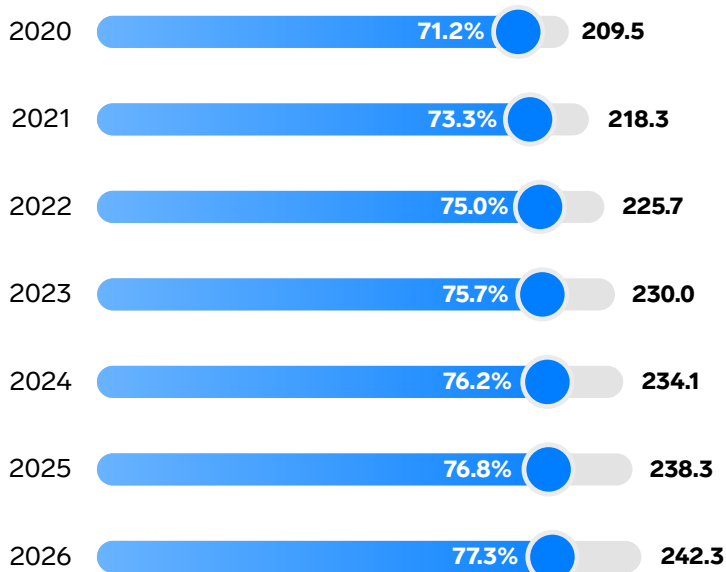
Since two-thirds of Americans are already CTV users, CTV viewership growth will begin to slow down. But those who are streaming are spending more time doing it.

CTV by the numbers

Millennials continue to be the top generation viewing video on CTV at 62.6 million in 2023. Gen X and Gen Z are closely behind. But digitally native Gen Zers look at TV differently compared to the generations before them. They are on other devices while streaming, and expect more personalized ads and programming.

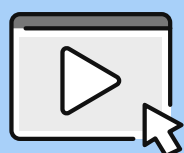


US CTV Users, by Generation
millions, 2022-2023, eMarketer, September 2022



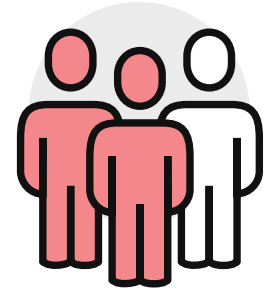
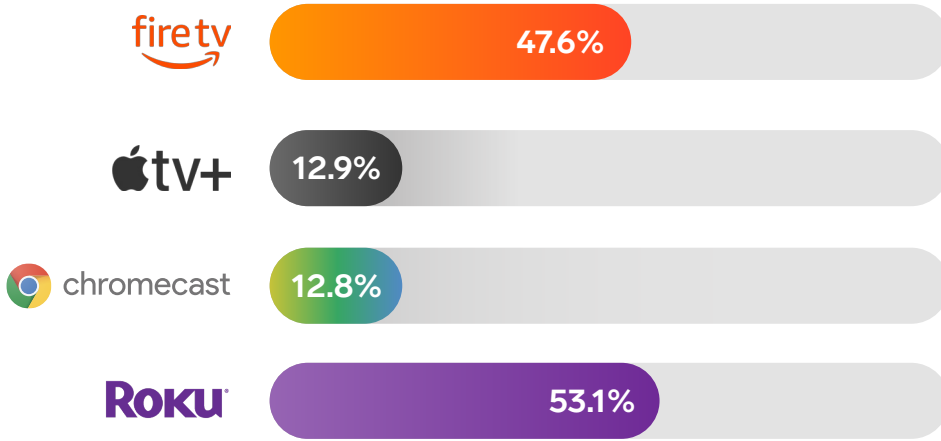
US Connected TV Users and Penetration
millions, % of internet users, 2020-2026, eMarketer, September 2022

Did you know? - OTT Video



OTT video is streaming video content that appears on any app or website over the internet and bypasses linear distribution. OTT video is delivered independently of a linear pay TV service, regardless of device. Popular platforms—including HBO Max, Hulu, Netflix, and YouTube—feature OTT video.

CTV by the numbers cont.

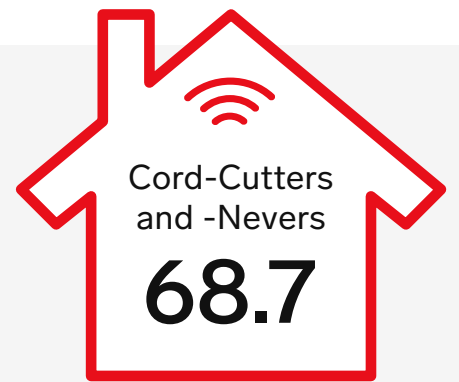
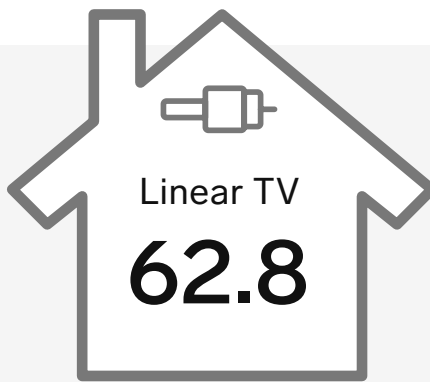


Nearly two-thirds of CTV viewers use a smart TV. The most popular CTV operating system is Roku, used by just over half of CTV viewers.

US CTV Users, by Device

% of CTV viewers, 2023, eMarketer, September 2022

For the first time, households that don't pay for linear TV will outnumber those that do in 2023.



47.8%

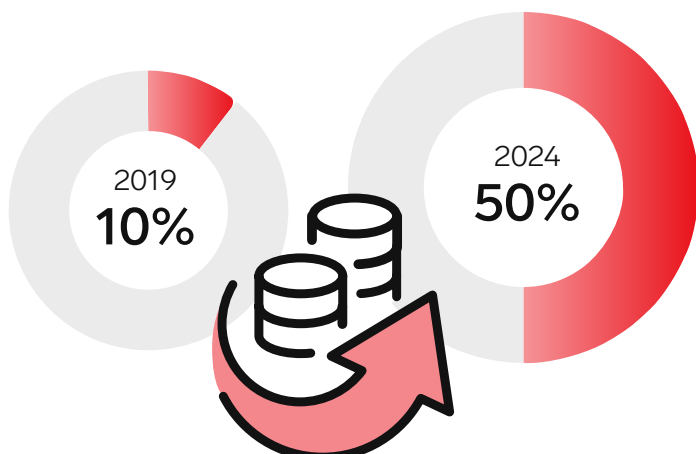
52.3%

US Connected TV Users and Penetration

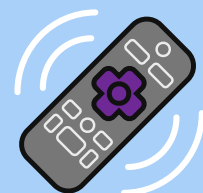
millions, % of households, 2023, eMarketer, September 2022

The video ad race is on

CTV is rapidly catching up with linear TV in ad spending. In 2019, we estimated CTV ad spending to be about 10% the size of linear TV. By the end of 2024, CTV will be exactly half the size of linear TV ad spend.

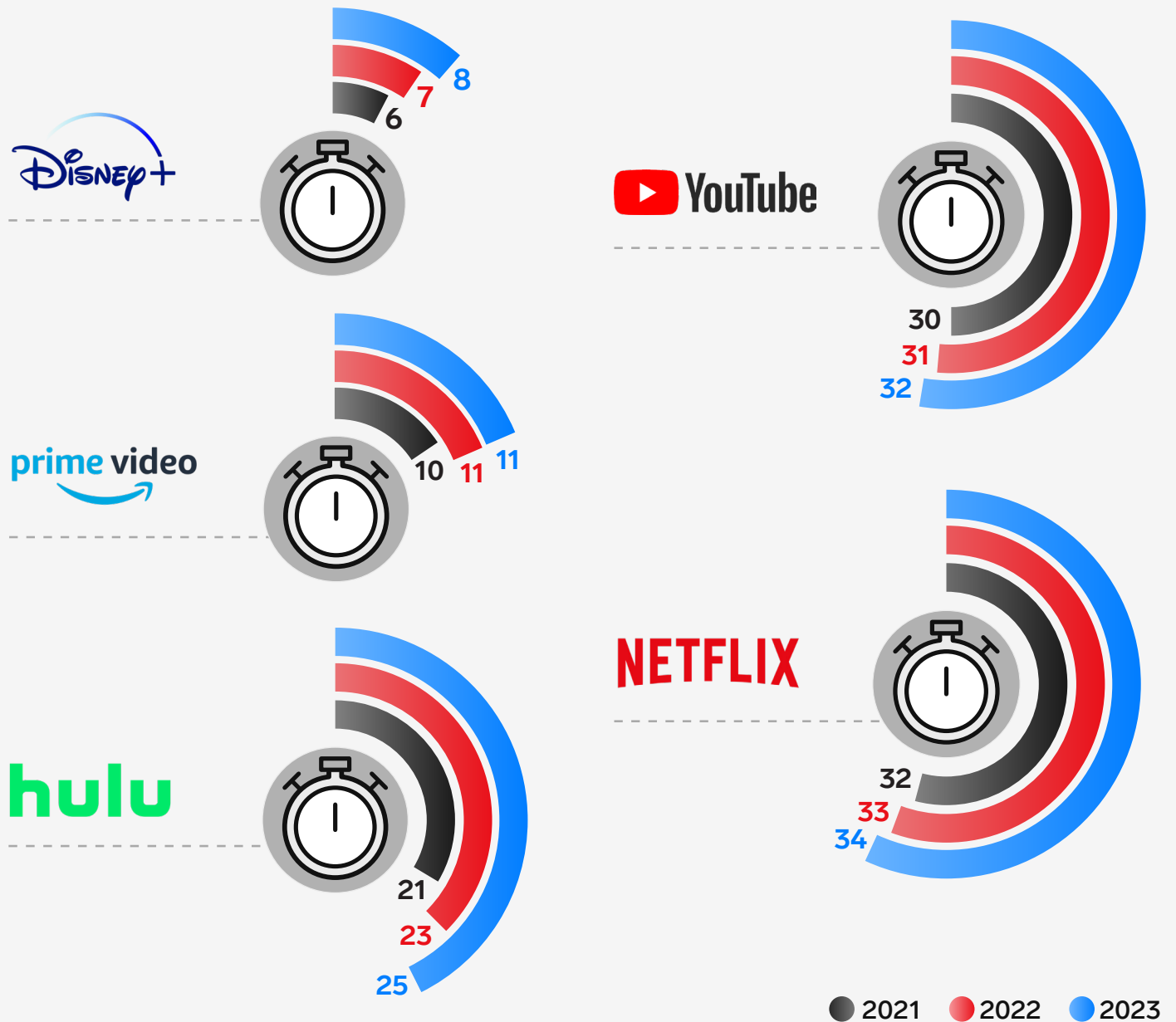


Did you know? - Roku



Not only does Roku have a foothold in the CTV space as the most popular operating system, but it's also in the free ad-supported streaming space as well with The Roku Channel.

People are spending more time streaming



US Average Time Spent per Day With Subscription OTT Video, by Platform

minutes, 2021-2023, eMarketer, April 2022

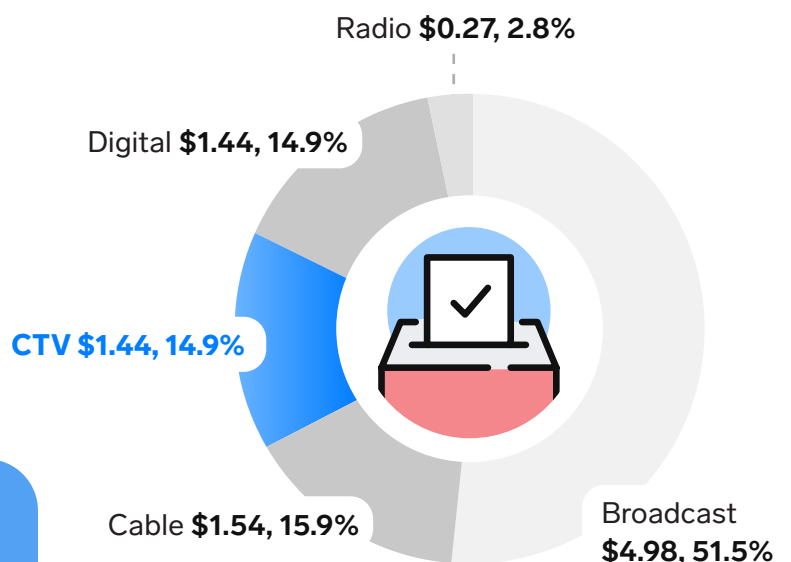
Political windfall

CTV will account for 14.9%—or \$1.44 billion—of all political ad spend this year, according to AdImpact. The percentage of spending flowing to CTV this past fall is expected to get a further bump as target audiences broaden and budgets grow.

Did you know? - What Is AVOD?



Ad-supported video-on-demand (AVOD) includes platforms that charge a subscription fee in addition to serving ads, like Hulu and Paramount+. It also includes free ad-supported services like The Roku Channel, Tubi, and Pluto TV. AVOD excludes platforms like YouTube that rely heavily on user-generated content.



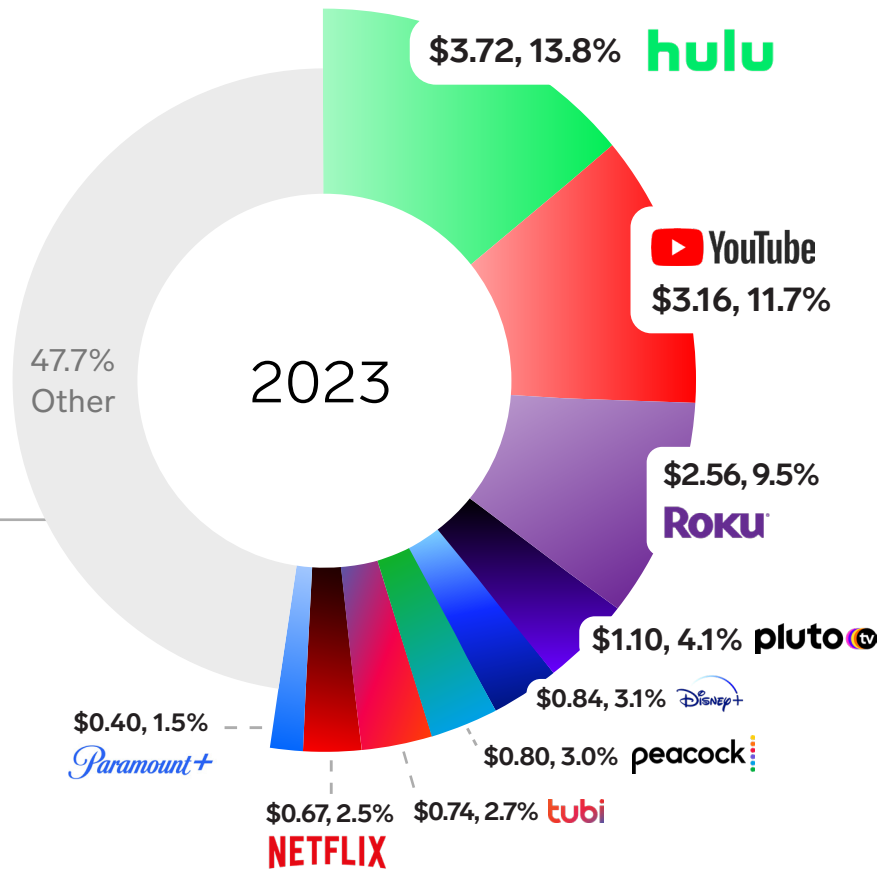
US General Election Political Ad Spending, by Media

billions, % of total, 2022, AdImpact, August 2022

Streaming services are cashing in, and newcomers like Netflix and Disney+ are greenlighting ads

The big picture

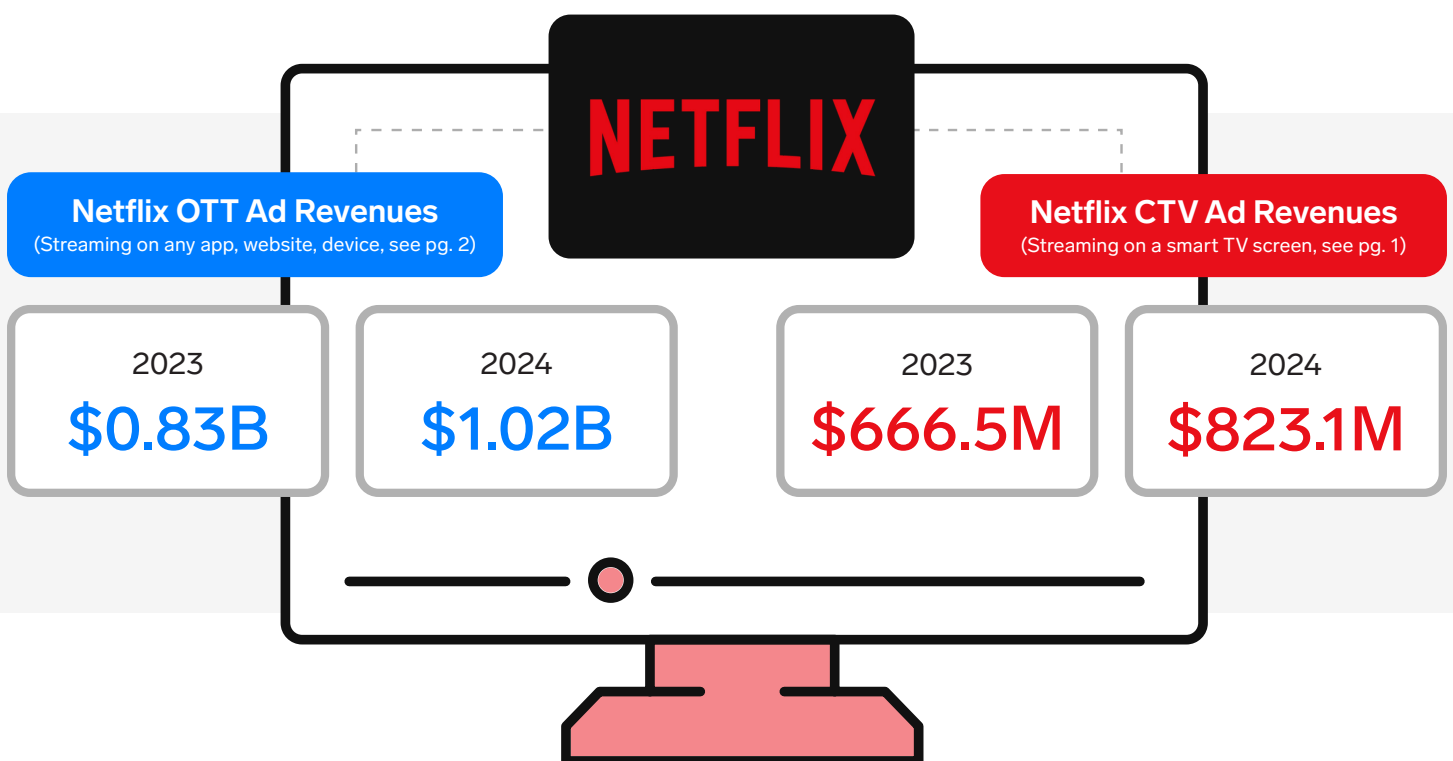
Roku, YouTube, and Hulu's CTV ad revenue continue to grow, but their share has shrunk as the market expanded rapidly over the past year with more services adopting ad strategies.



US CTV Ad Spending Share and Revenues, by Company
billions, % of total CTV ad spending, 2023,
eMarketer, October 2022

The new kid on the block: Netflix

Advertising newcomer Netflix is expected to reach **\$666.5 million** in 2023 and **\$823.1 million** in 2024. The service will account for over 2.5% of US CTV ad spending over the next two years.



US Netflix OTT and CTV Ad Revenues
2023-2024, eMarketer, October 2022



Advertisers Spent \$21 billion on Connected TV This Year.

Wouldn't it be great if for each dollar that went out, they could measure every dollar that came back in? If they spent those billions with MNTN, they could have.

Only MNTN offers highly targetable, fully measurable CTV advertising that's automatically optimized to drive the metrics that matter most—including revenue, site visits, and more.

Visit mountain.com to learn more

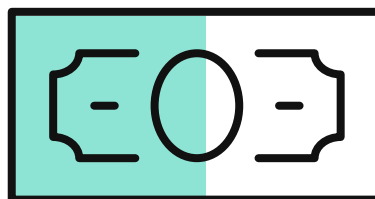


Advertisers are bullish on programmatic ads on CTV

The big picture

CTV advertisers are leaning into automated purchasing. Pre-pandemic, about half (**53.5%**) of CTV ad dollars flowed through programmatic pipes. This year, almost three-quarters (**74.4%**) of CTV ad spending will transact programmatically.

2019
53.5%
of CTV ad spending
transacted programmatically



2022
74.4%
of CTV ad spending
transacted programmatically



US Connected TV Programmatic Ad Spending

% of total connected TV ad spending, 2019-2022, eMarketer, November 2022

What we expect

- By 2024, we anticipate programmatic ad spending for CTV will reach **\$28.86 billion**.
- Header bidding, which runs ad auctions across multiple demand sources on a user's device before calling an ad server, could be next for CTV and OTT.
- **Third-party identifiers** are on their way out for other ad channels, which may cause CTV publishers and advertisers to pro-actively look toward other means.

CTV Programmatic Display Spending

2022

\$17.97B

14.1% of total programmatic digital ad spending

2024

\$28.86B

17.2% of total programmatic digital ad spending

Did you know? - Programmatic Advertising



Programmatic advertising includes any ad that is transacted or fulfilled via automation. If technology takes on any decision-making in the ad serving process, it's programmatic advertising. It's a broad definition, and these days,

programmatic encompasses over 90% of US digital display ad spending. Most programmatic ad spending in CTV occurs via programmatic direct and private marketplace deals.

5 binge-worthy ways to make the most of your CTV campaigns

Focus on frequency.

Take caution with over-targeting. **Build out test and learn practices to measure outcomes**—including those tied to creative that are working or not working—and optimize.

Diversify buying.

The number of streamers offering ads is growing, providing reach to new viewers. One big draw to CTV is that **almost all of the inventory is addressable**.

Put data to work.

Avoid running TV and CTV campaigns in separate silos. With CTV's measurement, you can **collect hard data to gauge your creative's success, then apply those learnings to linear efforts**.

Lean on your tech partners.

The streaming landscape is fragmented, which makes reaching your audience across every app difficult. **Find tech solutions that unify inventory sources and provide effective targeting and measurement**.

Know your audience.

CTV can make TV ads more personalized. With the ability to A/B test creative and target specific viewers, you can **tailor messaging for your specific audience and test different iterations to see what resonates**.