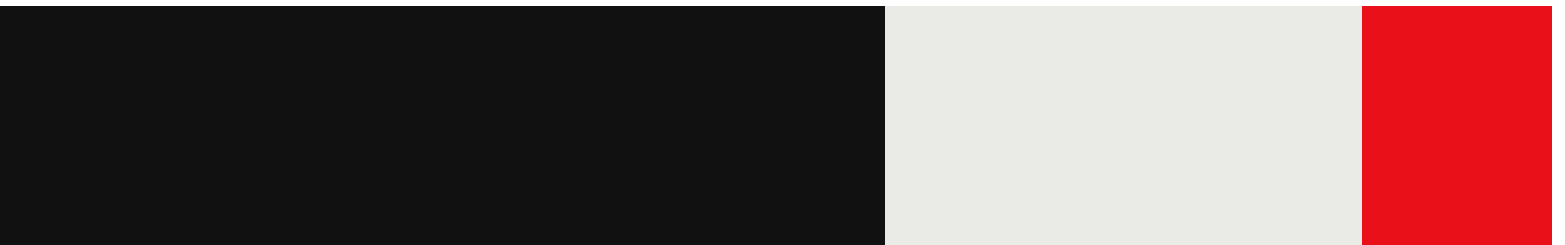# The Daily: How far have the TV/CTV scales tipped and a shuffle at the top for the CTV ad streamers

Audio

On today's podcast episode, we discuss how much time folks are spending with TVs and CTVs, how many ad dollars are going to both, and which of the streaming platforms will make the

most from ads going forward. Tune in to the discussion with our analyst Ross Benes.

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Episode Transcript:

Marcus Johnson (00:00):

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Ross Benes (00:27):

The ad-supported experience or the ad-supported content on streaming is much broader than it was a few years ago when much less than half of the time spent streaming was ad-supported. A few years ago, that was like almost a niche.

Marcus Johnson (00:48):

Hey gang, it's Thursday, June 20th. Ross and listeners, welcome to the Behind the Numbers Daily and eMarketer podcast. Made possible by Roundel. I'm Marcus, who's joined today by one of our senior analysts who covers everything digital advertising and media based above New York City. It's Ross Benes.

Ross Benes (01:04):

Keep it rolling baby.

Marcus Johnson (01:09):

Good intro. Today we're talking about CTV, but we'll start with the fact of the day. Ross, I've got two for you here the longest. They're both sellout streaks, so tickets selling out and tickets streaks. One is by total games, the other is by overall time. So do you know the longest sellout streak by a sports team in terms of total games?

Ross Benes (01:33):

It's probably Husker football, right?

Marcus Johnson (01:35):

That is by time, yes. Oh, the longest sellout streak by time Nebraska Corn Huskers. I have the longest running sellout streak. Started November 3rd, 1962 and it's still going today. That means they've sold out the 85,000 person Memorial Stadium. Does that sound right, Ross?

Ross Benes (01:55):

Yeah. The capacity's changed a lot over the years. It was a little higher than that. Now it's shrinking again. Of course. Yep.

Marcus Johnson (02:01):

Okay. But they sold that stadium out for over 60 years and nearly 400 games. So that's the longest streak by time, the longest streak by games because

Ross Benes (02:11):

Is this worldwide?

Marcus Johnson (02:12):

This is US,

Ross Benes (02:15):

US

Marcus Johnson (02:15):

Sports, but football, there's not that many games per year, which is why that struggles to have the

Ross Benes (02:20):

Record. So baseball would have the games. Baseball, I don't think anyone has the current streak going, but I mean the Yankees probably had a long streak for years during

Marcus Johnson (02:30):

The dayday. This one ended this one for us from May 15th, 2003 to April 10th, 2013. So a 10 year span.

Ross Benes (02:38):

Was it the Yankees?

Marcus Johnson (02:40):

No, they're rivals.

Ross Benes (02:42):

The Red Sox a little smaller stadium, but they were good during that period.

Marcus Johnson (02:46):

Red Sox yet hold the records for the largest number of consecutively sold out home games at a US sports stadium at Fenway Park and it was for 794 regular season games or 820 if you include playoffs. And the reason that's significant is because the Huskers have not always been good, but they continue to sell out Ross, so it's pretty impressive.

Ross Benes (03:05):

There's nothing else going on

Marcus Johnson (03:06):

Like the Knicks of college. Somewhat fair. Anyway, Joe's real topic, just how far have the TV slash CTV scales tipped in episode's first in the league? We'll cover CTV and some TV things, knowing other news today. None I tell you. Alright, let's do it Ross. We're checking in on the linear and CTV race, linear being how we used to watch tv, CTV being how we now watch tv. Let's start Ross by looking at how many people there are watching both.

Ross Benes (03:46):

Well, this year is the first year that CTV is actually going to have more people, but they're basically even at this point, over 230 million viewers for each of them. And I just want to mention they're not mutually exclusive. A lot of people, I mean, because if you add those up, you're going to get a sum that's greater than the US population. A lot of people watch both.

Marcus Johnson (04:07):

Right, but that's quite the milestone, isn't it? A quiet milestone it seems.

Ross Benes (04:12):

Yeah, it's a quiet milestone, but it's been building up for a long time. If you're a young person, it feels like didn't that already happen a few years

Marcus Johnson (04:20):

Ago? That's true. Maybe that's why it's not made The seismic impact that you would expect. Something like this to make is it has been slow but steady growth overtaking linear viewers by CTV ones because in 2021 the gap was 30 million in favor of linear TV people. Today it's a dead heat. As Ross mentioned. Next year, CTV will be ahead by 10 million. But as he also mentioned, you can be both. It's just CTV has pulled slightly ahead in terms of how many people are watching that versus linear. How about time Ross? How much time are viewers spending with each?

Ross Benes (04:54):

Well, if you look at just at the viewers, people who are actually watching and at the whole population with television it's like four hours per day and with CTV it's about three hours per day. So A CTV is generally about an hour per day, less time spent per person.

Marcus Johnson (05:14):

It's still shocking disparities Ross by generation as well. This is probably the biggest generation on gap I think you can find across all the numbers we cover Gen X and baby boomers watch about five and a half hours a day on average Millennials and Gen Z, it's just two. I mean these are worlds apart in terms of viewership

Ross Benes (05:35):

And they're only going to continue to diverge. So that older audience is what's propped up TV for a long time and they probably got another five, maybe 10 years of doing that more before the young crowd is the majority. And then those numbers are really going to decline dramatically.

Marcus Johnson (05:57):

Yeah, those numbers are pretty resilient. I mean if you go back a couple of years, if you look at 2021 to 2025, we expect baby boomers to lose about a couple of minutes in TV time. Gen X to lose no minutes over that stretch, actually gain one or two over that four year stretch. Millennials will lose about seven and it's Gen Z. That's where the numbers drops by about 15 minutes over that time. But still 15 minutes over those four or five years is not very much at all when it comes to watching linear tv. That is. And then obviously CTV gaining in comparison to that, one of the promises Ross of CTV was less ads and it seems like that's come true thus far,

at least. Daniel Stanrich though, who writes for our marketing and advertising briefing says that ad loads on CTVs are likely to increase. Do you agree and if so, by how much?

Ross Benes (06:49):

I do agree, and it wouldn't be surprising if most of these servers get closer to 10 minutes per hour. A lot of them have already increased. That's

Marcus Johnson (06:58):

Up from what, four or five currently?

Ross Benes (07:00):

Well, it depends on what service you're looking at roughly. I mean the ones that have probably the smoothest ad experience, mostly because they have the least ads are Peacock, Netflix and Max. Those are all only a few minutes of ads per hour. If you're just something like Hulu, you're probably already at seven and it's only going to edge upward. So I expect them all to go up. YouTube's already got something like 10. It's tough to measure it out though because the ad load differs based on what you're watching and some stuff is skippable, some is not. Some are really long ads. Are you going to sit through all that? So it kind of depends on how much you're paying attention to whether you're going to skip through ads. But there's ready heavy ad loads, free services too. I mean Pluto tv, I would not be surprised if that's almost 10 minutes of ads per hour. So

Marcus Johnson (07:47):

10 per hour. I mean it is higher than it once was.

Ross Benes (07:50):

It's not going to happen next month. I just think that's where it's going to

Marcus Johnson (07:53):

Go. But then can it continue to go up because this is down from the 20 to 22 minutes that we've been used to per hour with linear?

Ross Benes (08:01):

Well linear, I mean on some programming it's 20 to 22. I think the median is probably closer to like 15. Oh, okay. Still high. Still certainly high. I wouldn't see it going up to linear levels. A lot of services you could use instead if the ad load. I think those ad loads are viewed as, I wouldn't say unbearable, but annoying, overwhelming, overwhelming for a lot of people now, especially for streaming viewers. A lot of them have been habituated to having low ad loads to no ad loads thanks to Netflix. A lot of viewers are still going to have no ads at all. They're going to pay extra to not have that, but I don't see it going much over 10.

Marcus Johnson (08:42):

Interesting.

Ross Benes (08:44):

That's still a big growth for most of them, but I could absolutely be wrong. Maybe in 15 years there'll be a half hour event. That's all you see.

Marcus Johnson (08:52):

Hopefully. Madison and War Ross think though, the combined ad inventory across CTV and Linear will shrink by nearly 7% annually from 2023 to 2027. What'd you make of this? The combined ad inventory across both there just going to be less slots for advertisers, even if they cost more.

Ross Benes (09:12):

Yeah, there will be less slots. I think the analysis is pretty decent. It just makes sense when there's lighter ad loads in streaming and more viewers are ad free. If you transition from linear to streaming, you're not going to get the same ad output. But that's kind of projecting based off of where ad loads are now four years. The ad loads will probably be a little higher in streaming, but you're still going to see erosion just maybe not 25% over four years.

Marcus Johnson (09:42):

How do the linear TV and dollars stack up against the CTV ones?

Ross Benes (09:46):

Well, linear TV is still two thirds of the total spending. So linear is still around 60 billion just under that CTV is inching up toward 30 billion. But if you look at the whole timeframe of when

we've done this forecast, we started it in 2019 and that year we thought CTV was 7 billion in linear was 70. It was like one 10th of the total. By 20 28, 10 years later, we're projecting them to be basically dead even. They're both going to be in the forties, maybe 45 billion a piece, something like that. So it took five years to go from one 10th of total spending being CTV to one third. That's where we are now. Think in another five years, it'll go from one third to one half.

Marcus Johnson (10:33):

Wow. So traditional, it's surprising to mean considering that the number of people watching both is on par. That traditional still holds such a convincing lead over CTV when it comes to the advertising money. Obviously the ad dollars take a while to catch up with the viewers. That's always been the case, but to think that CTV has half the number of dollars as traditional TVs does is shocking this tipping point that you're talking about that we're approaching in 2028 advertisers spending the same amount of money with linear TV as they do on connected TVs at 45 billion. A significant milestone indeed. But

Ross Benes (11:08):

Just to walk through some of those numbers we already talked to, the reason linear has more is there's an hour more per day per viewer in time spent with linear and the ad loads are higher. So CTV ad prices are higher price per ad, but if you have an hour more viewing per day and higher ad loads, even if the number of viewers is even, you're just going to have a lot more money funneled toward linear even though it's a declining asset.

Marcus Johnson (11:36):

What's interesting as well, Ross, is what linear TV is losing CTV is making up. And if you look at all of tv, so CTV plus linear, I think Converge TV is one of the names that we call it Converge TV is a near 99 billion market today and will be a near 90 billion market in four years. The makeup of those dollars just shifting from linear to CTV, surprised that those dollars are just kind of, I mean maybe not moving directly from one to the other. Maybe they're finding other places and then finding their way back to CTV. But I feel like there was a bit of a fear that CTV wouldn't be able to make up the shortfall for linear.

Ross Benes (12:15):

Well, everyone's added an ad tier except for Apple and Apple's, not really. It's a nice service, but it's not like it's the largest in terms of viewership. So

Marcus Johnson (12:24):

That's what's

Ross Benes (12:25):

Driving there was that fear, but that was before Max, formerly HBO Disney plus Netflix all got into advertising and then all these streaming services, including those and others have paid a lot of money to have live sports. So the ad supported experience or the ad supported content on streaming is just much broader than it was a few years ago when way less than half of time spent streaming was ad supported A few years ago. It was almost a niche. It was popular with certain services, but not within the whole industry

Marcus Johnson (13:01):

With the CTV ad spending growth. I'm curious just to know why. So CTV and spending growth is kind of facing a step change downwards from here on out. So if you look at the last couple of years, growth has been 19% almost every year, 20 22, 20 23, 20 24. It's been about 19% from next year onwards, it's closer to the kind of 10 to 13% range. What's happening here?

Ross Benes (13:28):

Well, we would've lowered that growth sooner if Amazon didn't launch ads into Prime video. So we were expecting the growth rate to decline and it's a maturing space. It's a lot harder to grow double digits from a huge base, even if it means more total dollars. When CTV was only 7 billion in spending, it was a lot easier to grow over 25% than when it's 25 billion in US spending. So the growth rate was going to slow down at some point, even if it was significantly above inflation. Still really this year and next year, the rates got bumped, especially this year. They got bumped up in the last forecast update because Amazon injected a few billion dollars into this field by forcing everyone into heads.

Marcus Johnson (14:16):

So

Ross Benes (14:16):

There's not a lot of those moves that you can make. Right?

Marcus Johnson (14:20):

So Amazon and then just the law of large numbers at play. For the following question, Ross, let's zoom in a bit on the CTV ad space. What jumps out to you when you look at how the CTV ad dollars are shared across the various streaming platforms?

Ross Benes (14:34):

Well, 2020, you had three services in the US that would crack a billion dollars in CTV ad spend, Hulu, Roku, YouTube, and everyone else was fairly small. Now you have five services that are going to exceed a billion dollars this year and really close to having seven or eight services that's going to have a billion dollars in spend. So there's a lot more places that have large ad supported viewership than there was just a few years ago.

Marcus Johnson (15:05):

Yeah, yeah, that's a great take. Mine was more looking at the folks at the top, because you're right, the market got bigger. There are now a lot more players and all making a significant amount of money, but the shuffle at the top ISS interesting this year, the ranking of players making the most CTV ad dollars goes Hulu number one, YouTube number two, Amazon number three

Ross Benes (15:25):

H. I want to point out that that's by net though. YouTube is really much larger than it

Marcus Johnson (15:30):

Hulu, right? True.

Ross Benes (15:31):

If you look at all the money from an advertiser perspective, just how much money is going to go into YouTube. We're just looking at what Google takes home in that data, but half the money is going to the creators and stuff, and the advertiser doesn't necessarily know what that breakdown looks like when they're putting the money forward. So YouTube has way bigger scale than Hulu.

Marcus Johnson (15:50):

That's true. I mean, what's interesting though here is that next year Amazon goes from third to first. Hulu from first to third. YouTube in this scenario stays the same. So Amazon's going to leapfrog Hulu and YouTube and in 2026 it'll be the same ranking. Amazon up top, just with slightly bigger gaps for those three. Roku hanging out in a more distant fourth place.

Ross Benes (16:13):

Amazon has a lot of ways to sell streaming advertising. The Prime Video part is just one facet. They have the operating system with Fire tv, we include Twitch stuff on there. If it's at least shown on a television screen, freebie still exists. We'll see if it just gets folded into Prime video. But there's a lot going on with Amazon. Yeah.

Marcus Johnson (16:35):

Alright folks, that's all we've got time for today's episode. Ross, thank you so much for hanging out today, fella.

Ross Benes (16:39):

Thanks Marcus. Yes,

Marcus Johnson (16:40):

Indeed. Thank you to Victoria who edits the show. Stuart, who runs the team and Sophie does on social media. And thanks to everyone for listening in. We hope to see you tomorrow for the Behind the Numbers Weekly Listen as eMarketer video podcast made possible by Roundel, you can come hang out with us on YouTube for that if you want to see what we look like. And you can also follow along to the data we are discussing as we show the charts and the graphics of the numbers.