

The State of CTV Advertising Mid-Year 2022 Report

July 2022

T>>>VISION



Executive Summary

As audiences continue to shift to CTV, advertisers are doing their best to keep up. Buyers and sellers of television advertising have worked in a traditional way for so long, but the CTV opportunity, combined with advancements in television measurement are upending the industry. Important questions are emerging:


- ▶ Will the consumer shift to CTV from linear continue at its already impressive pace?
- ▶ Will the emergence of FAST and ad-supported models signal the end of SVOD dominance?
- ▶ Which advertisers will be the first to fully embrace and capitalize on the CTV opportunity?
- ▶ How will advertisers measure CTV and compare performance to linear?
- ▶ What role does premium content play in CTV app usage?
- ▶ How will advertisers measure and track performance across apps and compared the linear?

In this deep dive into to CTV landscape, we answer these questions and more.



34.5%

CTV ad attention increased to 34.5% from 31%.



-15%

Netflix share of time spent dropped 15% in Q2 2022 from Q4 2021.



58%

CTV viewers spend 58% more time per viewing session than linear viewers.

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Ad-Supported Apps Emerge as the Future of CTV

The future of CTV is ad-supported.

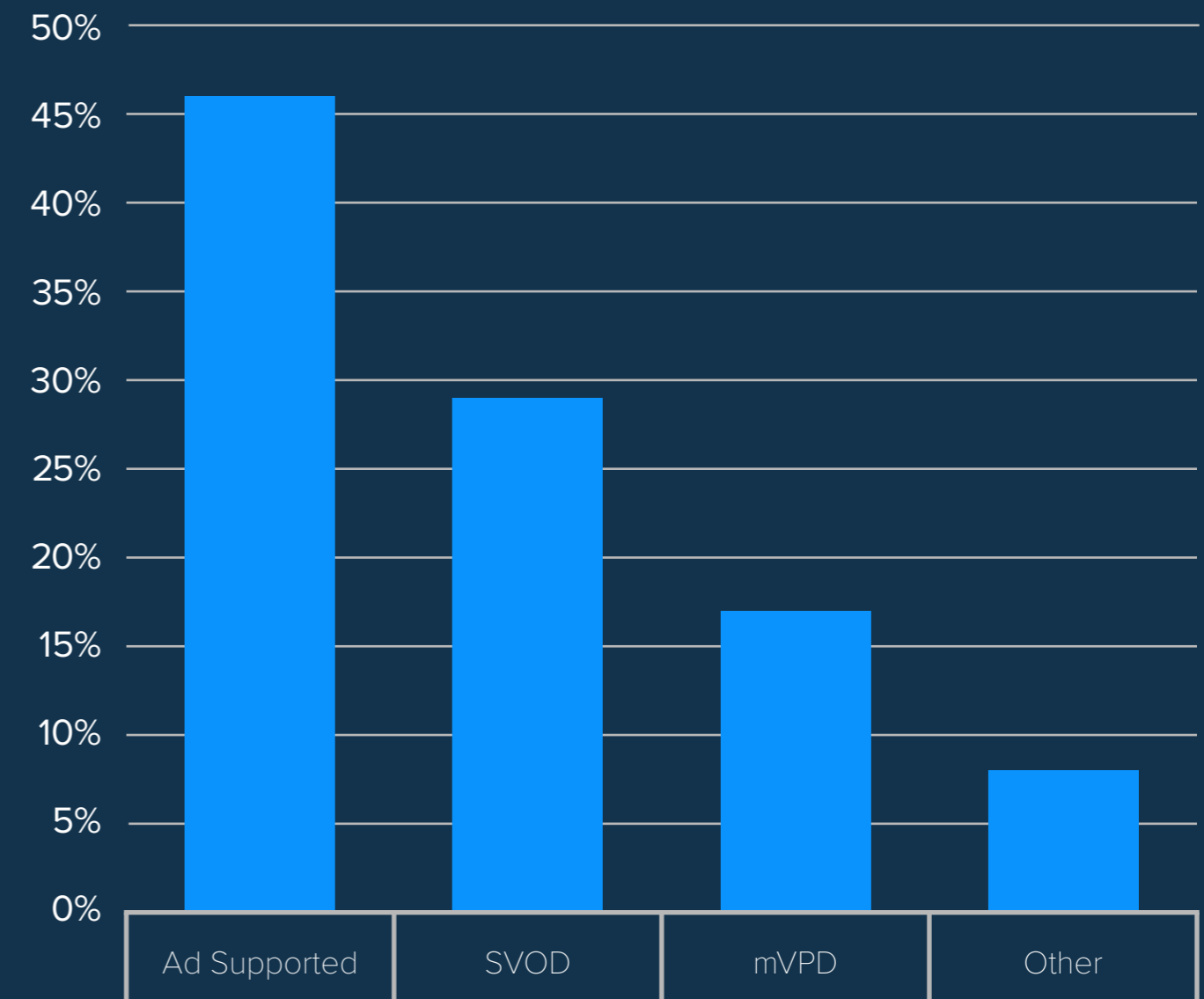
In Q4 2021, TVision revealed that Americans were spending more time on Ad-Supported Apps, such as YouTube and Hulu, than on premium, subscription-only apps like Netflix.

Then, in April 2022, Netflix surprised the industry by signaling their intent to introduce an ad-supported model and Disney+ followed suit. Soon, nearly all of the major streaming vendors will offer free or lower-cost ad-supported models.



In the first half of 2022, 46% of Time Spent Viewing CTV went to Ad-Supported Apps, and just 29% to SVOD.

Distribution of Time Spent Viewing CTV



Americans Get Choosy About Their Apps

New streaming services continue to hit the market. But interestingly, as consumers get more familiar with CTV content offerings, they aren't necessarily increasing the number of apps that they actually watch. In fact, despite having more choice, households have instead reduced the number of apps they use compared to peak pandemic highs. They have gone from 7.7 apps in Q4 2020 to 7.2 in Q2 2022.

That said, it is still a dynamic market. The proliferation of free, ad-supported apps has led to Americans having more apps actually installed on their TVs, with 30% of households now having access to ten or more apps. We are also seeing increasing consumer churn among subscription-based apps as audiences toggle between paid apps to find their content and programming preferences.

TVision now measures hundreds of CTV apps.

[Contact Us for more CTV insights.](#)



The number of households with 10 or more apps installed is on the rise.

7.2

Average Number of Apps per Household in Q2 2022

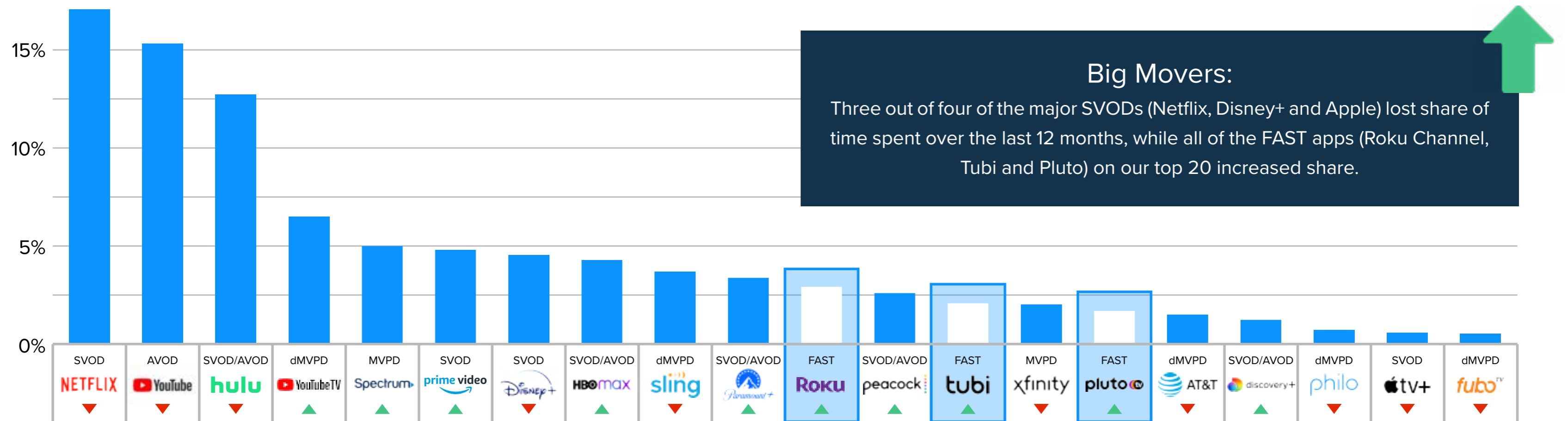
30%

Of Households Use 10 or More Apps

Netflix's Share of Time Spent Viewing Declines; FAST Apps Make Gains

Netflix, long the standard-bearer in streaming television, maintains a substantial share of viewer time spent, but that share has been on a decline for several quarters. When we compare the latest data from Q2 2022 to just six months ago - Q4 2021 - we see that Netflix's share of viewing time decreased by nearly 15%.

Ranked Share of Time Spent Viewing By App, Q2 2022

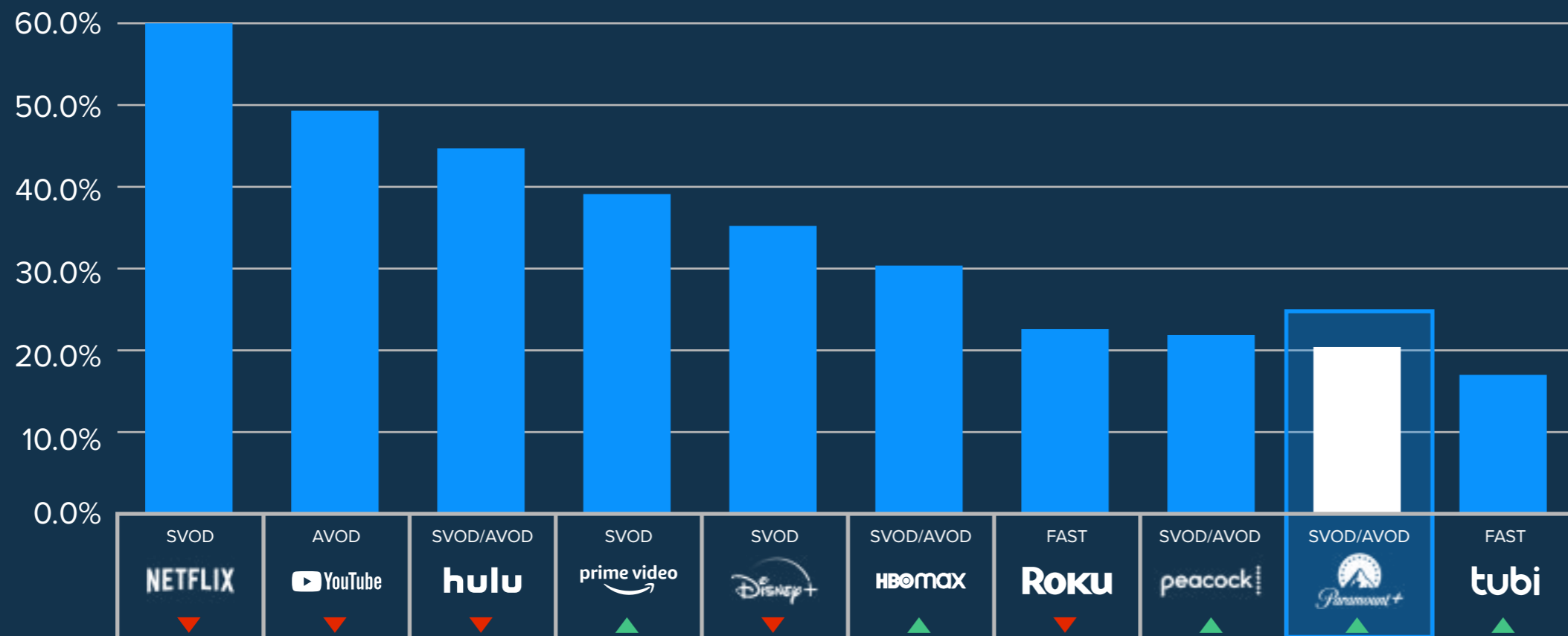


The Apps On America's TVs

With more than 83 percent of all households CTV enabled, the streaming wars continue to be very competitive. While ad-supported apps chip away at Netflix's lead in Share of Time Spent Viewing, its considerable Household Reach provides ample opportunity to engage viewers.

Household Reach indicates which apps viewers have installed on their TV screens and have logged into once within the last six months.

Household Reach by Apps, Q2 2022



Shows Big Gains

Paramount+ household reach jumped 30% when compared to Q4 2021.

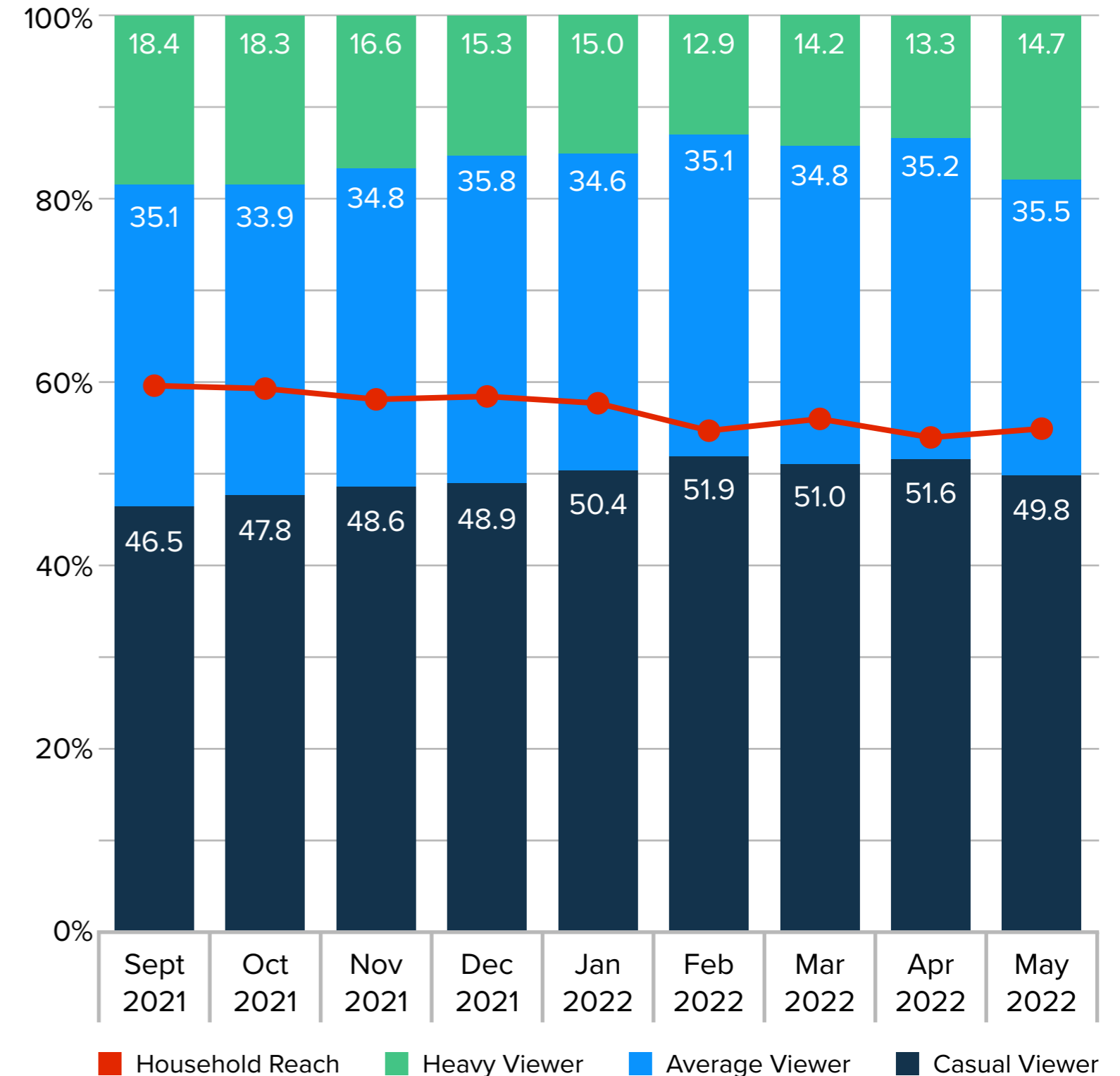
This was part of a larger trend where FAST and Ad-Supported Apps gained Household Reach in addition to Share of Time Spent, while legacy SVOD household penetration remained largely steady, or dropped.

What's Going On With Netflix?

News that Netflix subscribers were on the decline shook the streaming TV industry and resulted in changes at Netflix, from a crackdown on subscription sharing to an announcement that the streamer would pursue an ad-supported model. We examined what's changed in the Netflix viewer habits between the last quarter of 2021 and June 2022.

While Netflix household reach declined from September 2021 to May 2022, the drop may be leveling off. When we look at the viewers who are watching Netflix we see more “casual viewers” engaging with Netflix now. A “casual viewer” watches less Netflix, and is defined as a viewer who consumed lower volumes of Netflix content per day from 2021 through Q2 2022. These patterns help explain why Netflix’s Share of Time Spent has decreased.

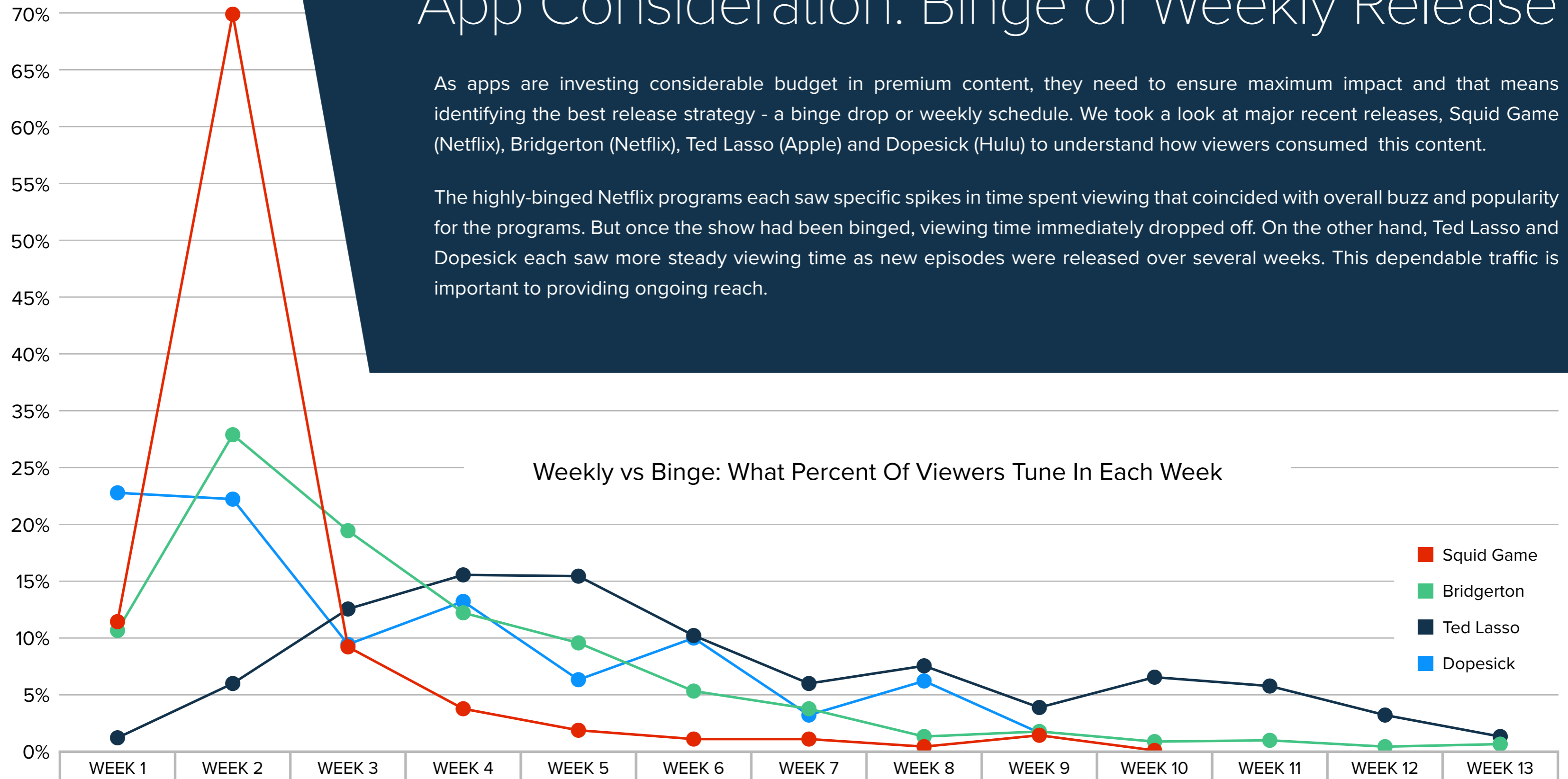
Unique Viewers by Volume Versus App Reach



App Consideration: Binge or Weekly Release

As apps are investing considerable budget in premium content, they need to ensure maximum impact and that means identifying the best release strategy - a binge drop or weekly schedule. We took a look at major recent releases, Squid Game (Netflix), Bridgerton (Netflix), Ted Lasso (Apple) and Dopesick (Hulu) to understand how viewers consumed this content.

The highly-binged Netflix programs each saw specific spikes in time spent viewing that coincided with overall buzz and popularity for the programs. But once the show had been binged, viewing time immediately dropped off. On the other hand, Ted Lasso and Dopesick each saw more steady viewing time as new episodes were released over several weeks. This dependable traffic is important to providing ongoing reach.



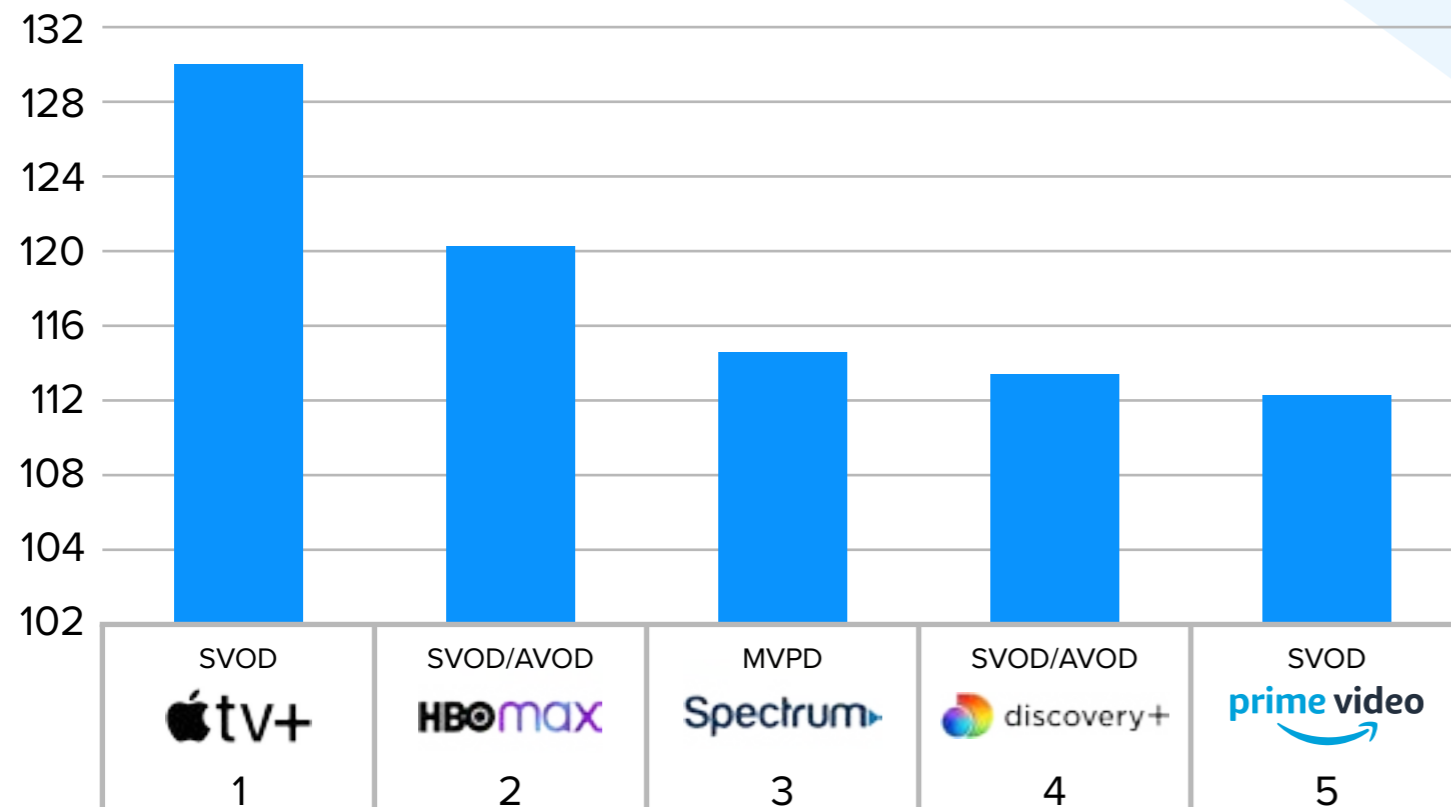
*data in this chart was pulled from the first 13 weeks of each show's release, across 2021 and 2022.

Attention: What Apps Keep People's Eyes on Screen

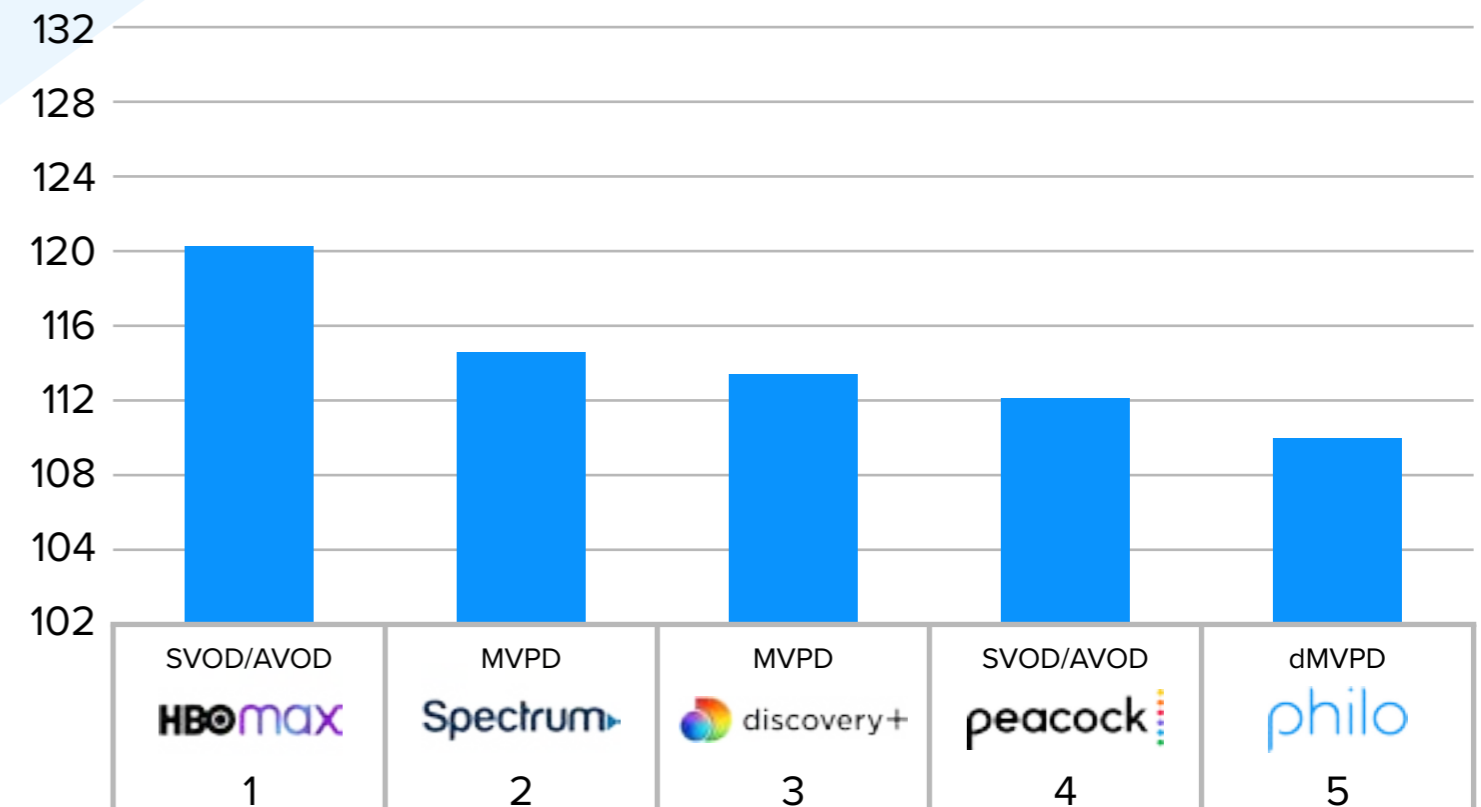
How well viewers pay attention to content is an important metric for marketers seeking to understand the different opportunities available on streaming - whether for in-content product placement or advertising. When we look at the top applications for Share of Time Spent, we see that AppleTV+ leads the list. It's known for high-value premium content like Ted Lasso and Oscar-winning CODA.

Advertisers looking for the most valuable CTV opportunities should pay attention to an app's overall attention scores. Here we list the top Ad-Supported Apps for attention. Our Attention to Visible Index reveals how likely audiences in the room are to be paying eyes-on-screen attention to the programming. HBO Max leads the group, an important insight as the application began showing ads in Q3 2021.

The Most Popular Apps: Top 5 for Attention to Visible Index



Ad-Supported Apps: Top 5 for Attention to Visible Index



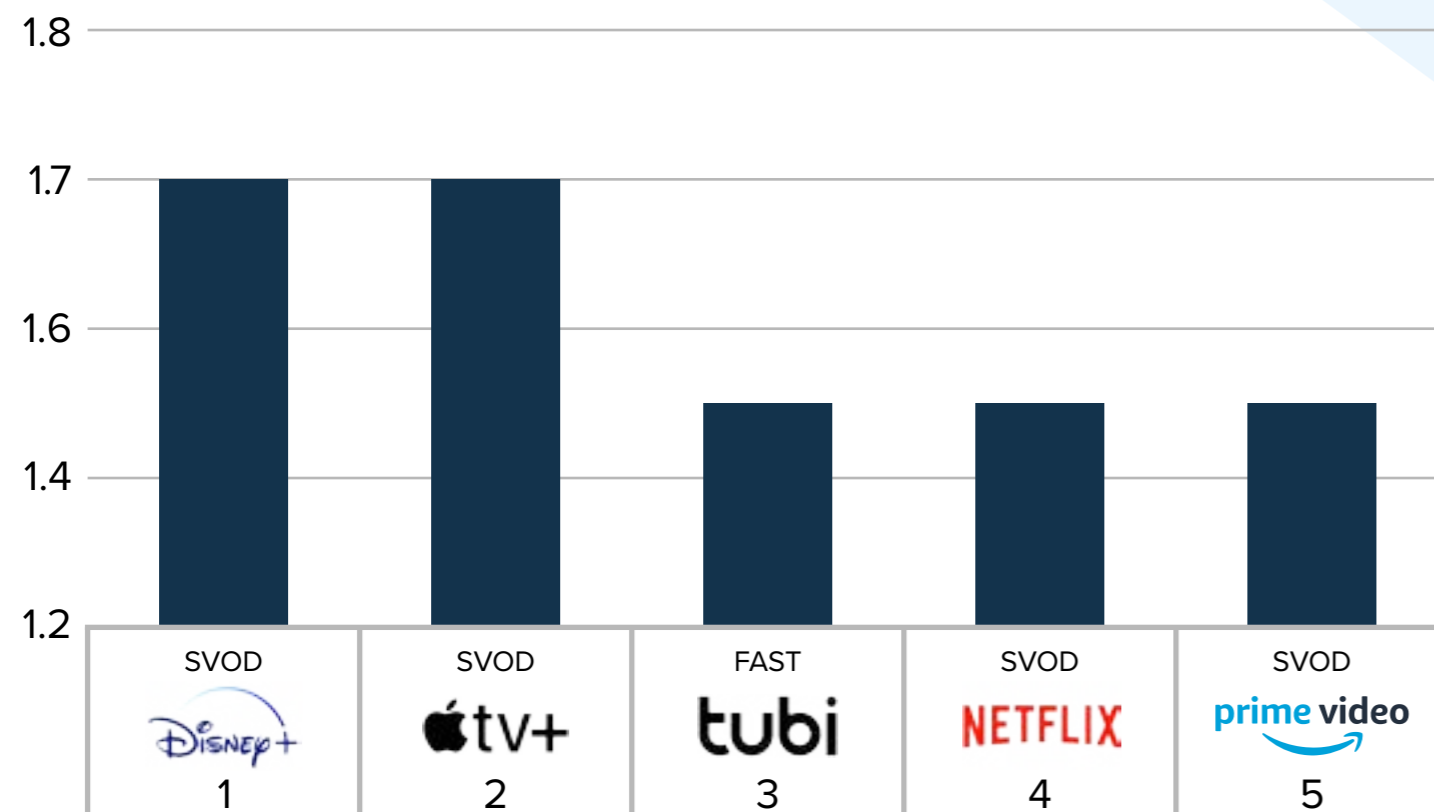
To qualify, apps needed at least 1% share of time spent

Co-Viewing: How Many People Are In The Room?

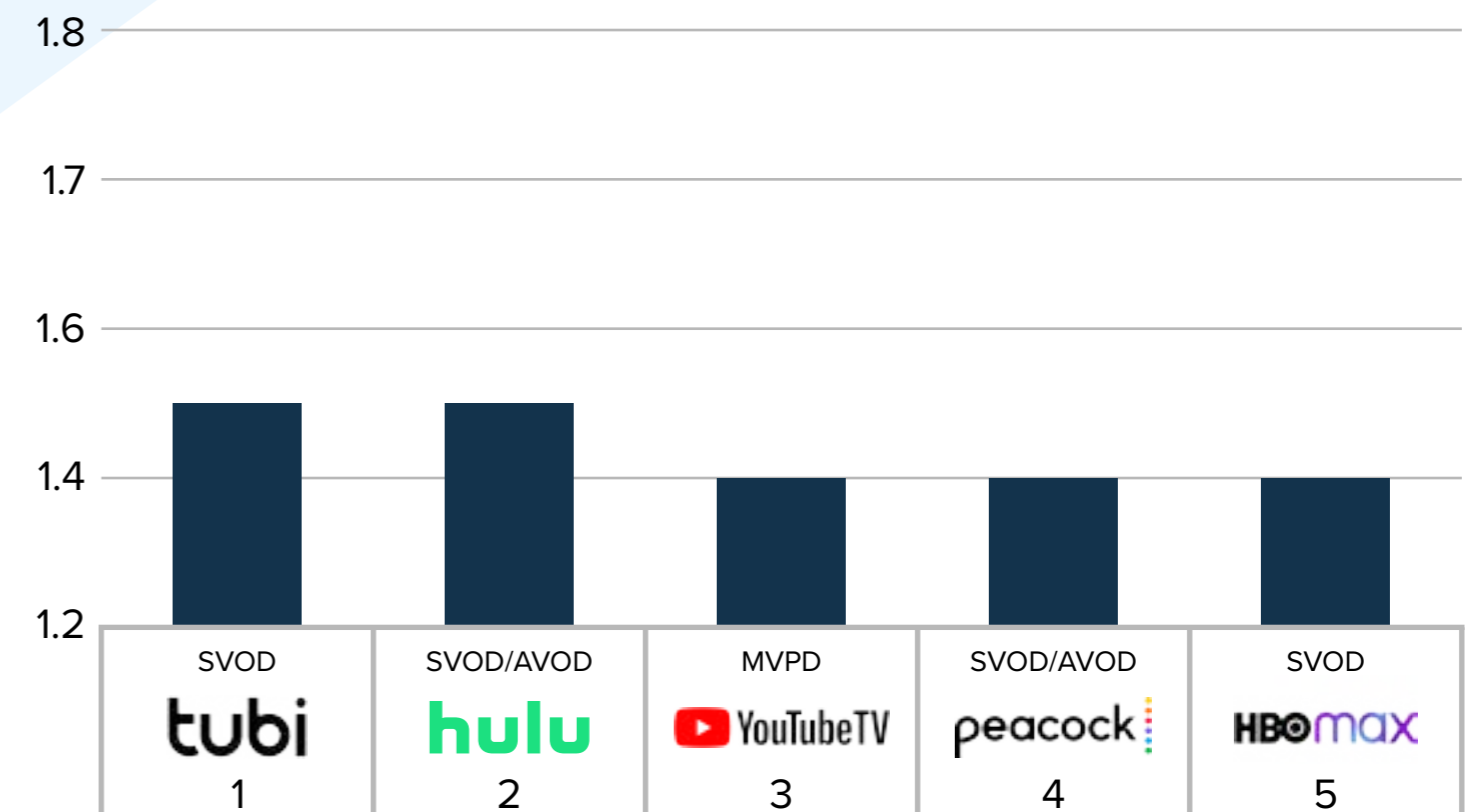
Viewers Per Viewing Household (VPVH) is an important metric to understand the real reach of applications, and provides an important distinction between household and person-level viewing. Disney+ and other family viewing applications typically top our co-viewing lists with high VPVH scores.

Advertisers want to know who is in the room to view their ads, which is why person-level data matters. Apps with high VPVH offer opportunities to reach more viewers. Our studies have also show that when viewers watch TV with at least one other person, they also pay more attention. Here are the top Ad-Supported Apps by VPVH.

Top Overall Apps for Viewers per Viewing Household



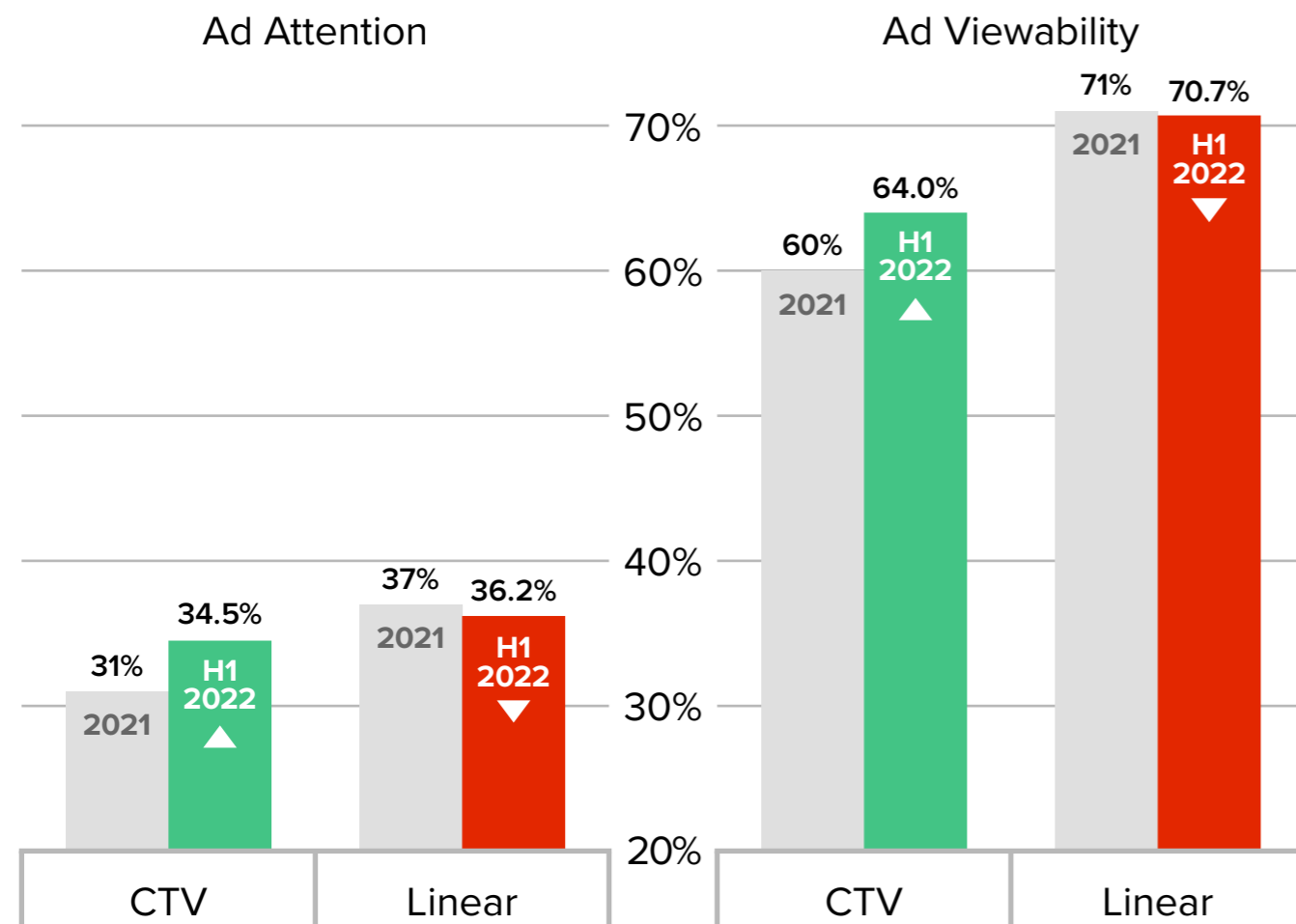
Top Ad-Supported Apps for Viewers per Viewing Household



To qualify, apps needed at least 1% share of time spent

CTV Ad Attention and Viewability Are on the Rise

Ad attention and viewability are lower on CTV than linear TV; but CTV is closing the gap. In fact CTV Attention increased 11% in H1 2022 compared to 2021. CTV Viewability is also on the rise.



Did You Know?



A recent study from TVision and Upwave shows that for every percentage point increase in % Attention, there is close to a 1% corresponding lift in Aided Awareness. Likewise, there is similar impact on Ad Recall. In other words, a campaign reaching 100M people, earning 38% Attention instead of 34% Attention will result in nearly 4M additional people who think of your brand when they think of your industry.

Comparing the Experience of CTV and Linear Viewers

In general, CTV viewers are more intentional than linear TV viewers. Because of the nature of CTV “channel surfing” viewers must actively choose the content they view. This leads to higher overall attention scores, higher co-viewing rates and longer viewing sessions for programming.

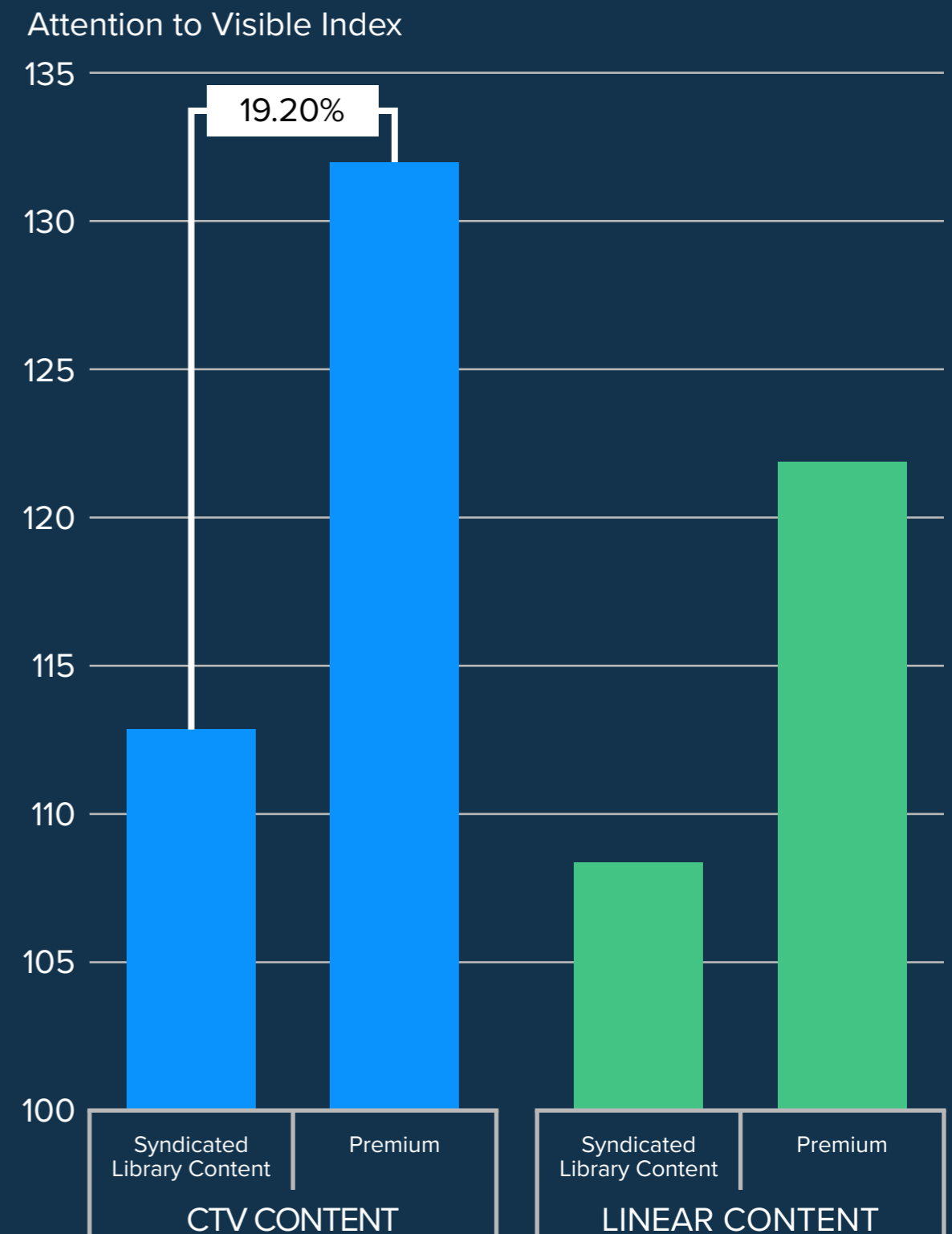
CTV Outperforms Linear Across Key Engagement Metrics

58% More Time Per Viewing Session **48%** More Likely To Co-View

However, the type of content matters. CTV viewers pay significantly more attention to premium content than syndicated content. While the same is true for linear TV viewers, the difference between CTV premium and syndicated viewer attention is striking - 19.2%.

The implications of viewer preference for premium CTV content are significant, especially as ad-supported CTV becomes defacto. Because CTV ad attention is lower, advertisers should consider placement in apps that offer more premium content, which can potentially help drive better ad engagement. And, to be successful at engaging viewers, CTV application providers must double-down on premium content.

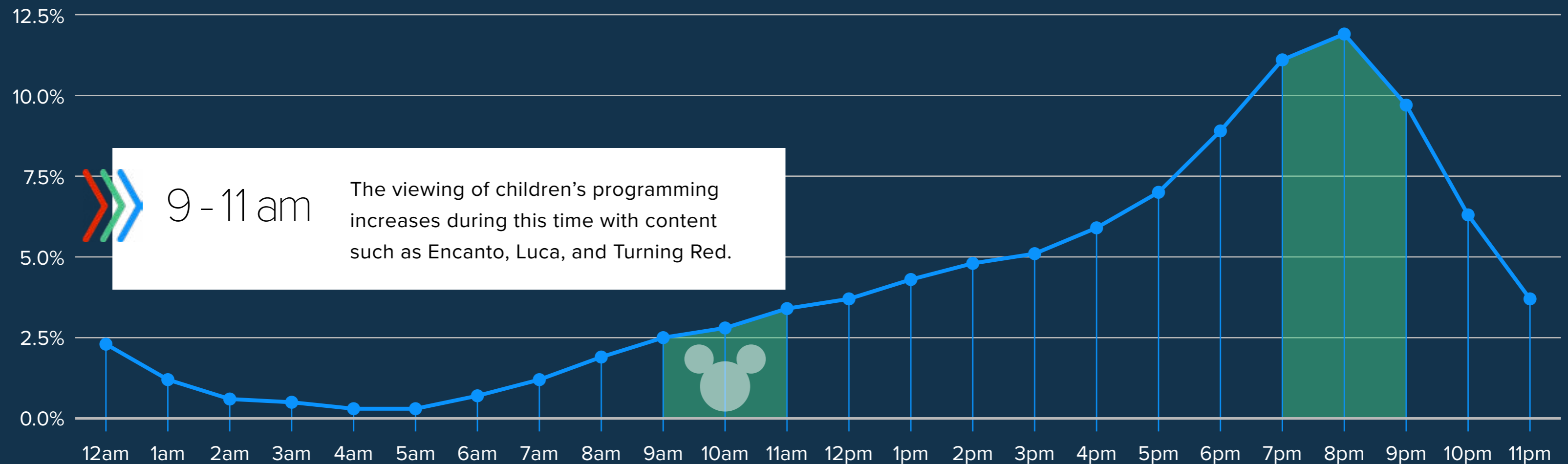
Viewers Pay Most Attention to CTV Premium Content



A Day in the Life of a CTV Viewer

The daily viewing experience of CTV audiences tracks closely to that of a linear TV viewing experience. We see heavy spikes in attention, binging and co-viewing in the evening primetime hours. During morning hours, we see a spike in attention to children's programming.

Share of Time Spent by Hour of Day



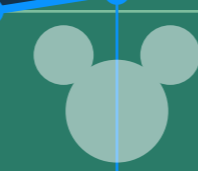
8 pm

Time spent on all major applications (Netflix, Disney+, HBOmax, etc.) builds in the evening and peaks at 8pm.



9 - 11 am

The viewing of children's programming increases during this time with content such as Encanto, Luca, and Turning Red.

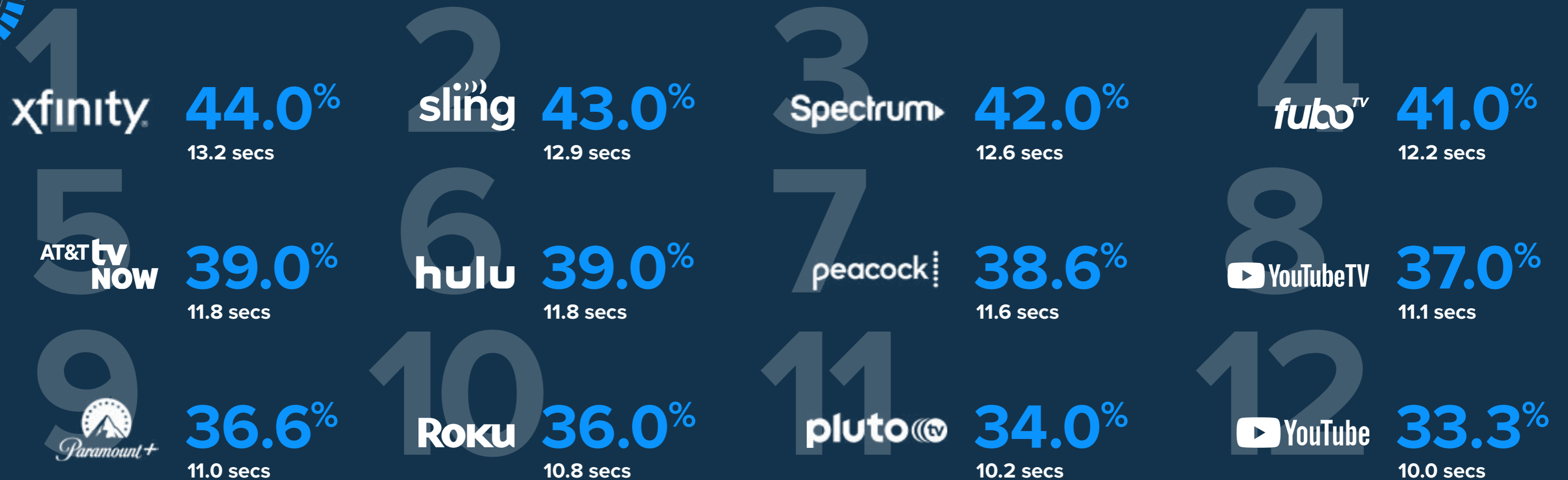


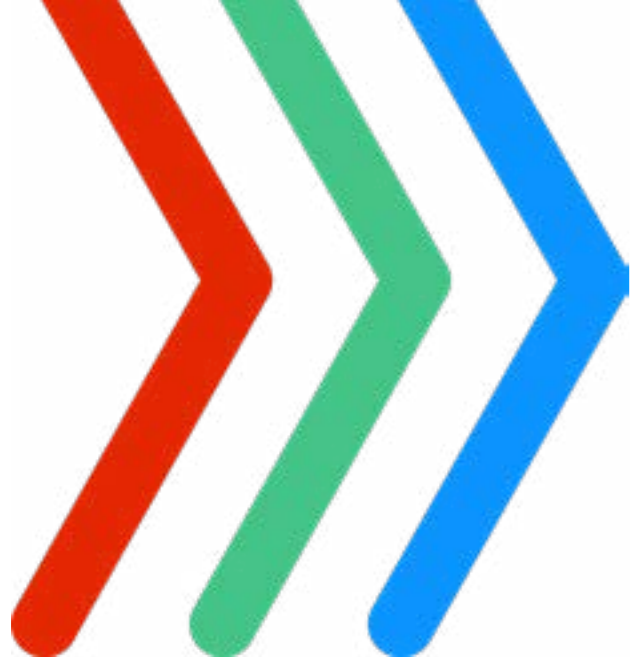
These are the Apps That Deliver the Most Attentive Ad Seconds

Just like we reported in August 2021, MVPD apps continue to lead for overall ad attention, perhaps because the viewing experience in an MVPD is similar to a linear TV experience. Hulu, Peacock and YouTube TV also deliver strong ad attention to 30 second ads.



Largest Ad-Supported Apps, Ranked By Attention Time to 30 Second Ads, H1 2022



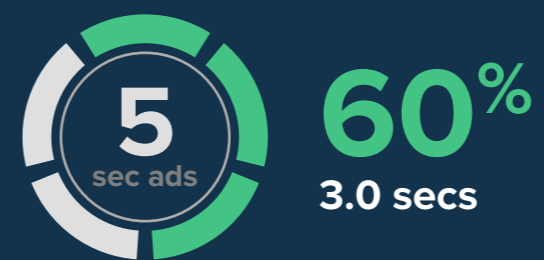
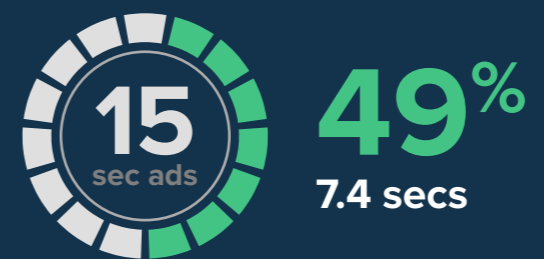


Maximize Attention with Short, Concise Ads

Traditionally, longer ads have given marketers a greater opportunity to reach their audience. Our data shows that while viewers do pay attention to more total seconds of the longer the ad, the growth is not proportional, and in fact a 30-second ad captures 80% of the attention that a 60-second ad captures.

Across the board, viewers pay more attention to larger portions of shorter ads. Assuming each second of ad time costs the same (for example a 60 second ad is 2X the cost of a 30 second ad), this means that shorter ads may deliver a better value. CTV advertisers may find greater efficiency by delivering a full message in a shorter ad.

Attention By Creative Length



Viewability By Creative Length

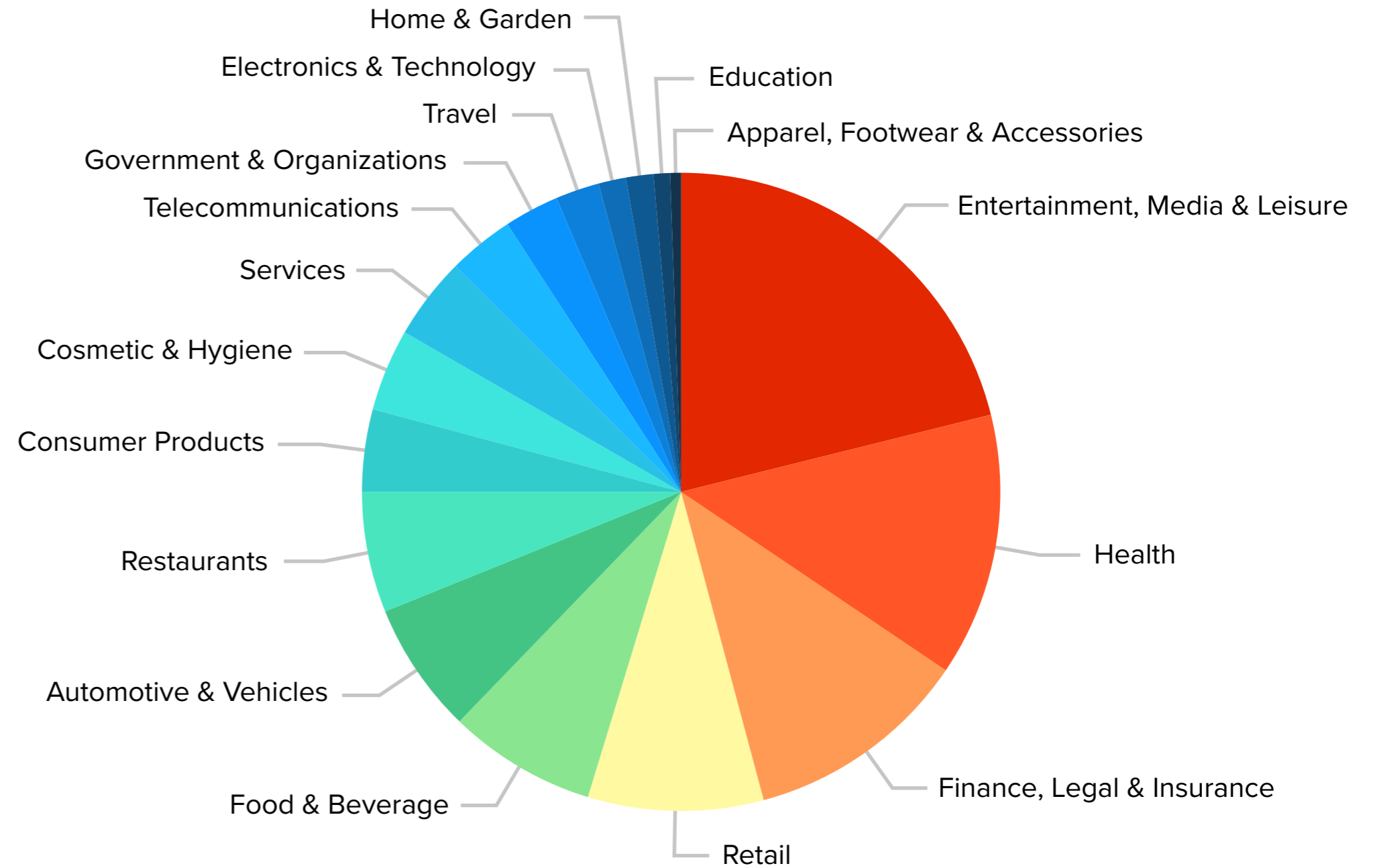


The Industries Investing in CTV Advertising

CTV ad volume continues to increase as marketers invest in, and media sellers push, CTV inventory as package deals with linear investments. Notably though, the entertainment industry, which includes the apps and featured programming, continues to hold the largest share of CTV advertising by far. This could be an indication of excess inventory, or maybe it is an indication of a similar approach to linear where up to a third of advertising spots can be saved for network promotions.



The industries that spend the most on linear TV are also investing the most in CTV.



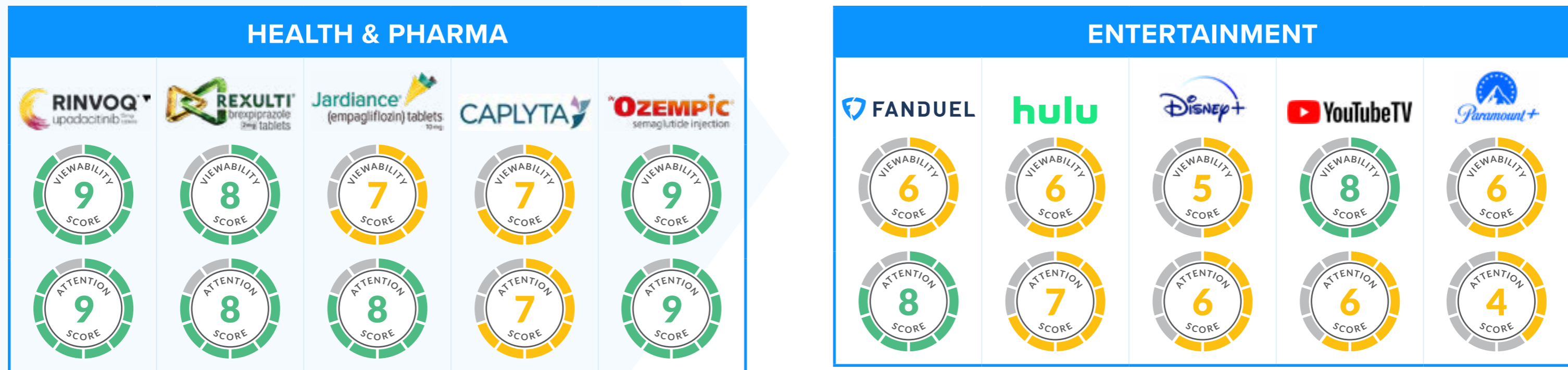
*Ranked by 30 Second CTV Ads, for H1 2022

CTV Advertiser Engagement

As you've seen on page 12, CTV advertising typically secures lower levels of attention and viewability than linear TV averages.

This is likely due to the fact that CTV viewers are less accustomed to watching ads.

However, as brands begin to formulate their CTV advertising strategies and optimize their investments, and as FAST apps grow in popularity, we have seen scores increase across the board. Below we highlight how well some of the top national advertisers (according to Media Radar advertising spending) are able to engage audiences on CTV.



CTV Advertiser Engagement

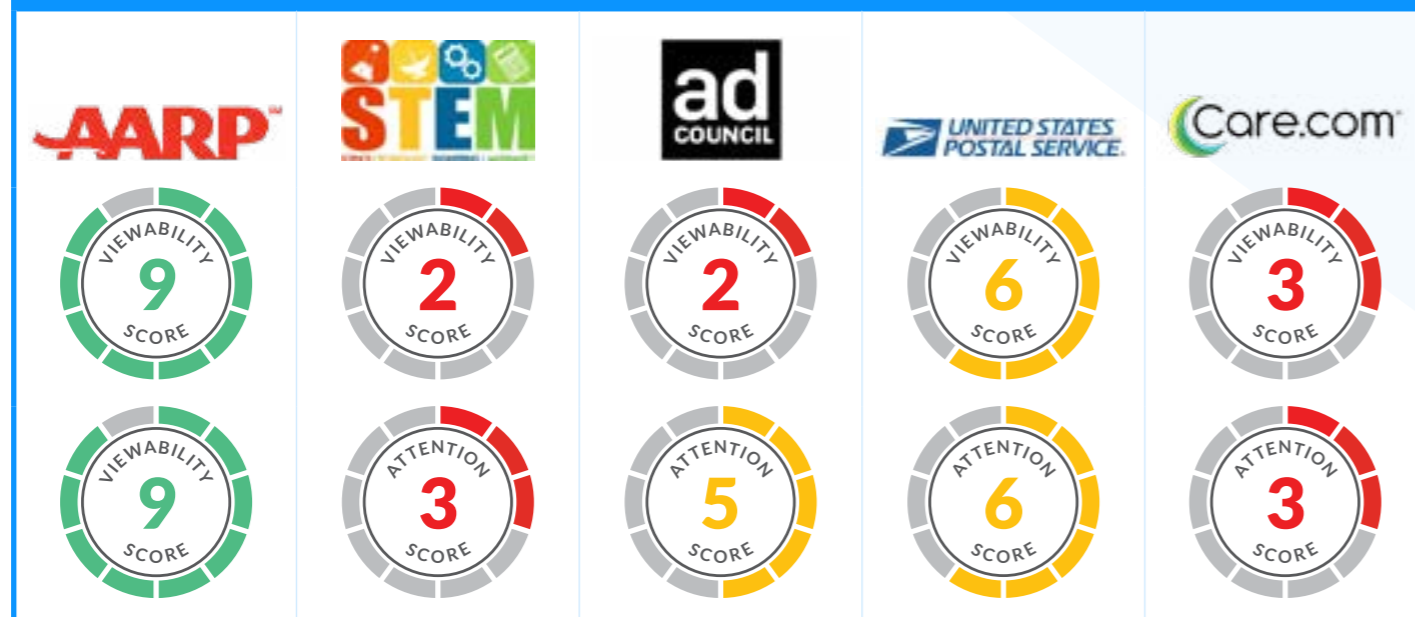
FOOD & BEVERAGE



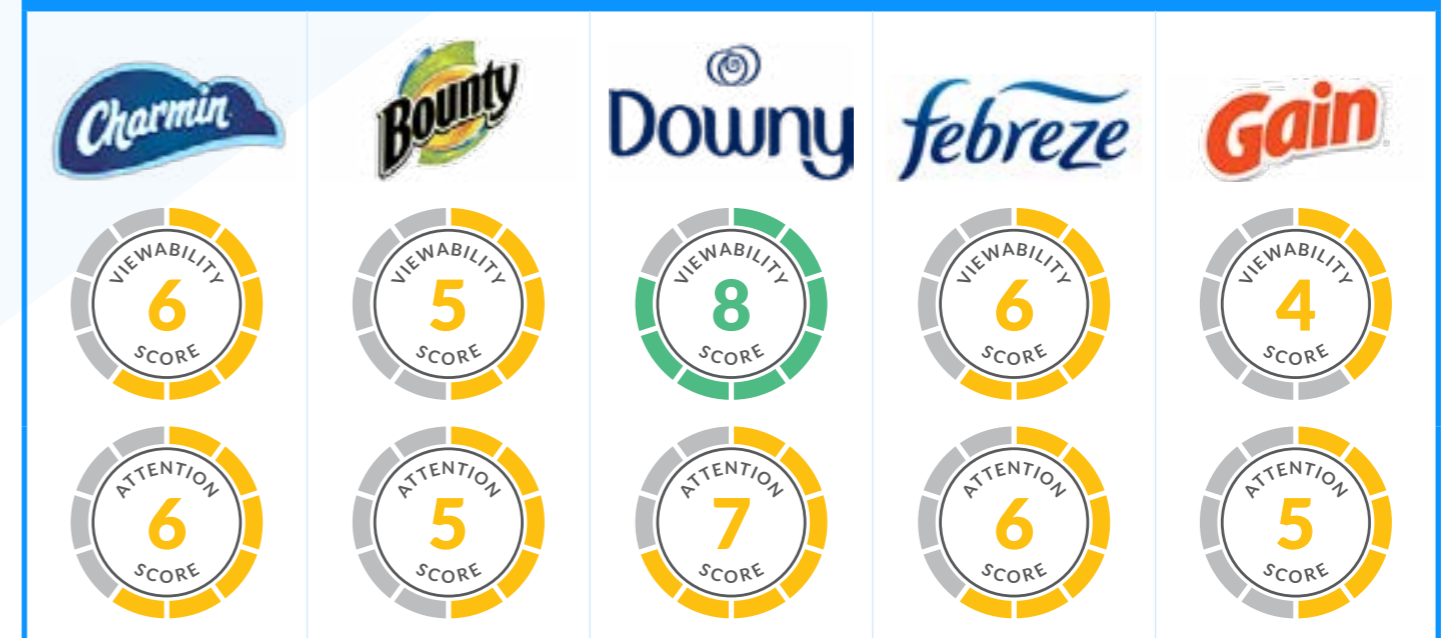
RETAIL



SERVICES

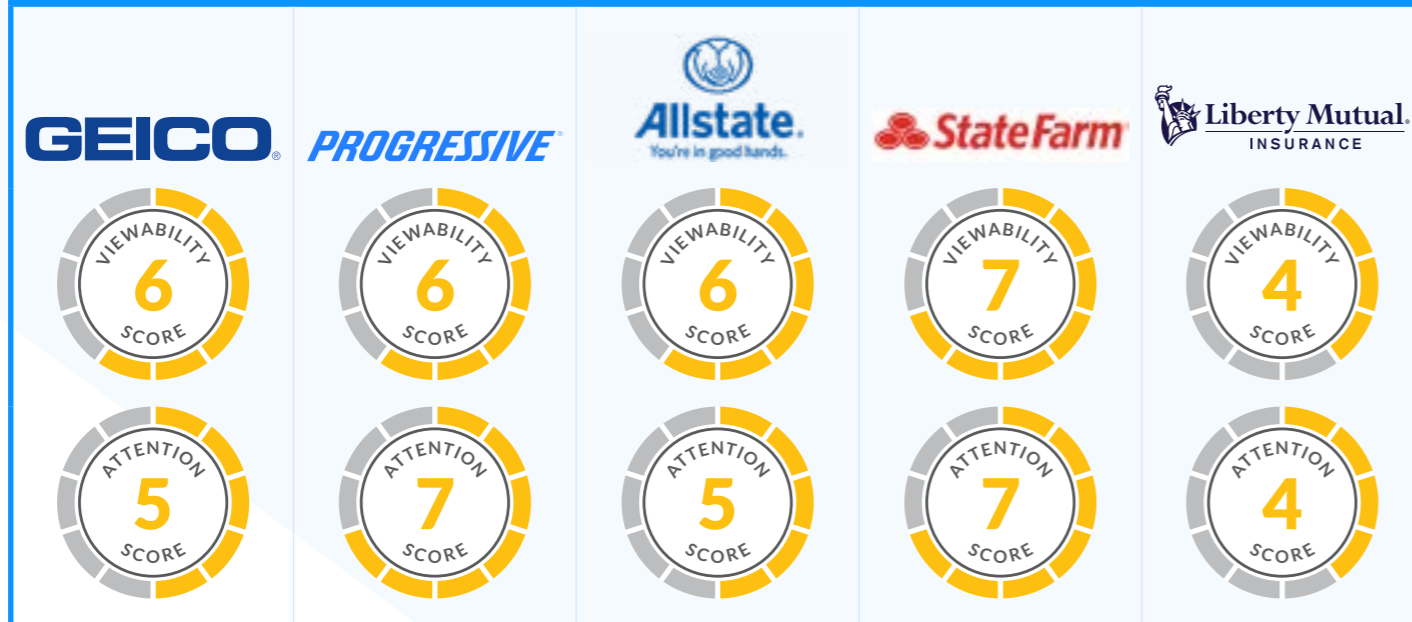


CPG

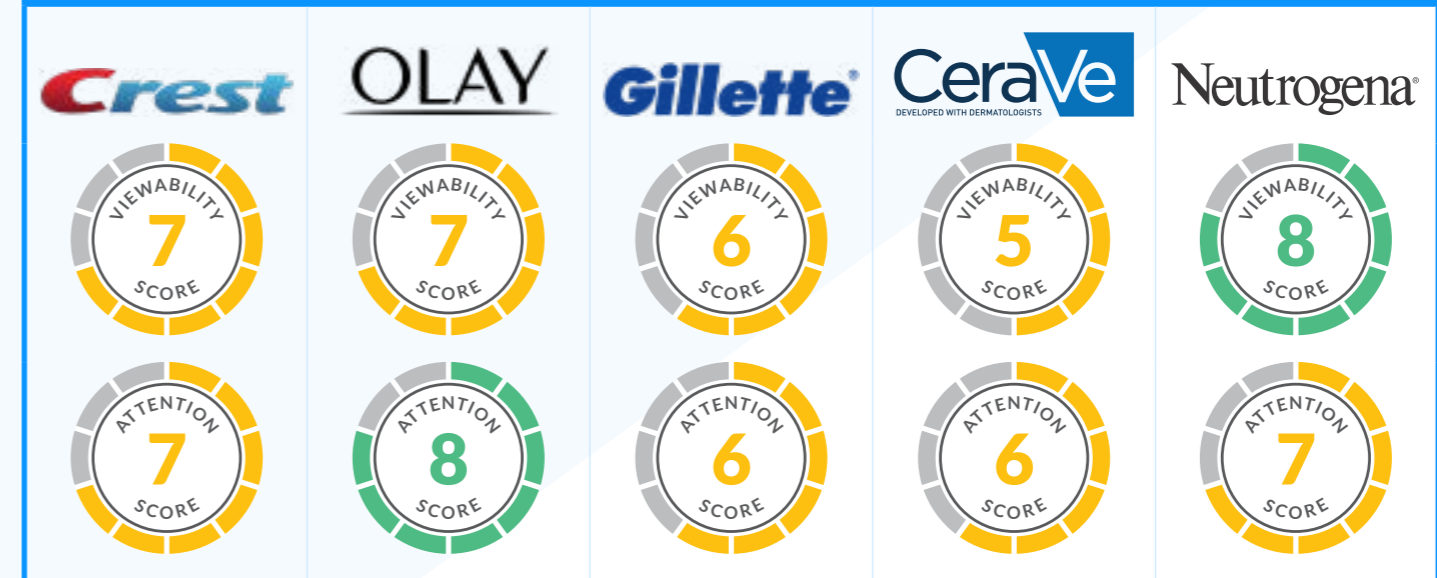


CTV Advertiser Engagement

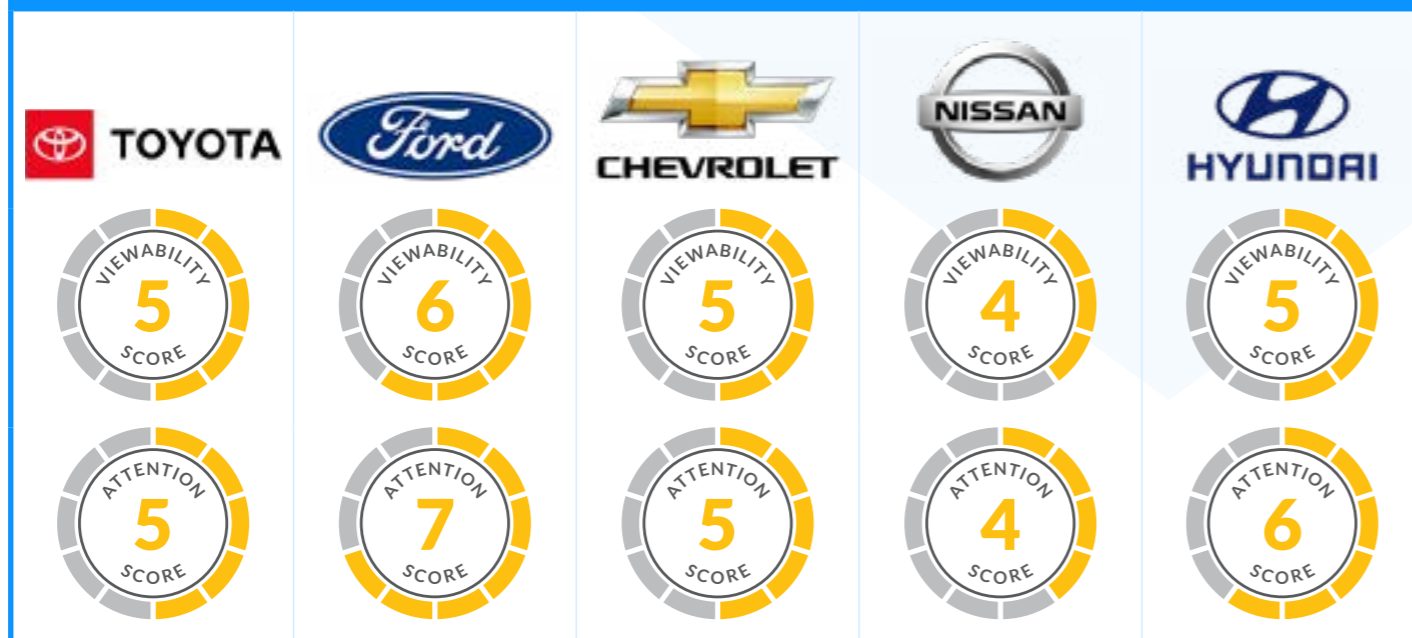
FINANCE & INSURANCE



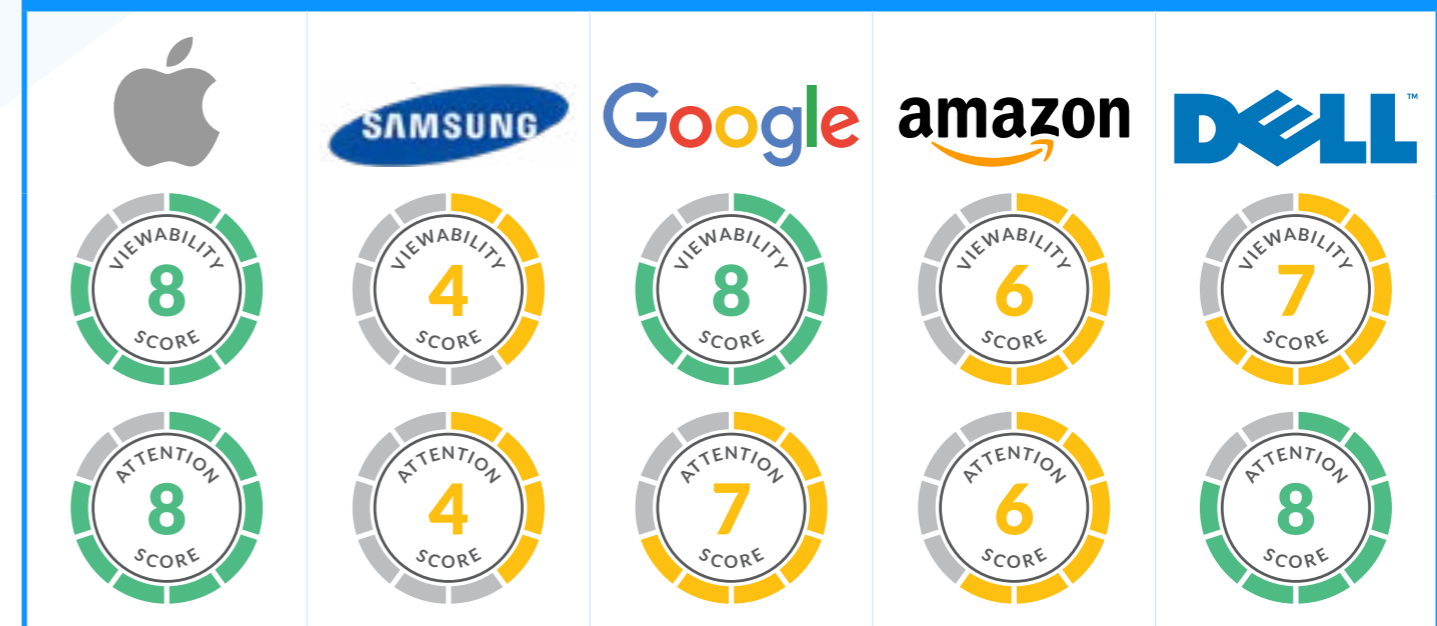
COSMETICS



AUTO

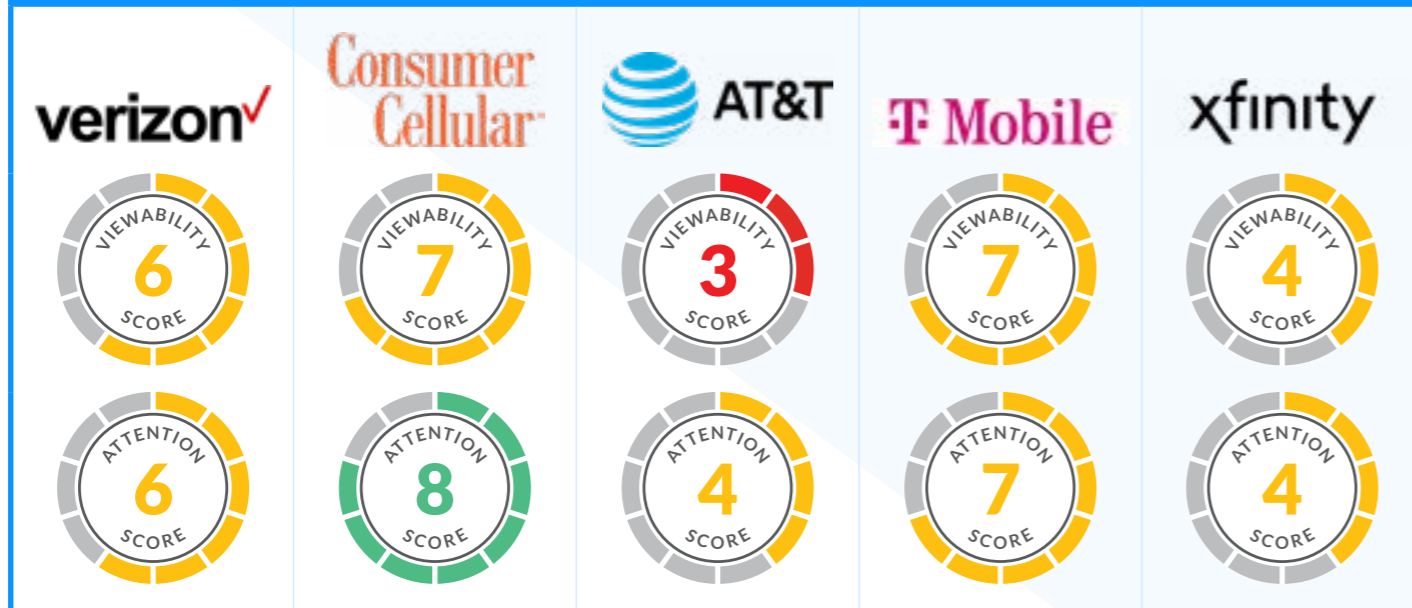


TECHNOLOGY

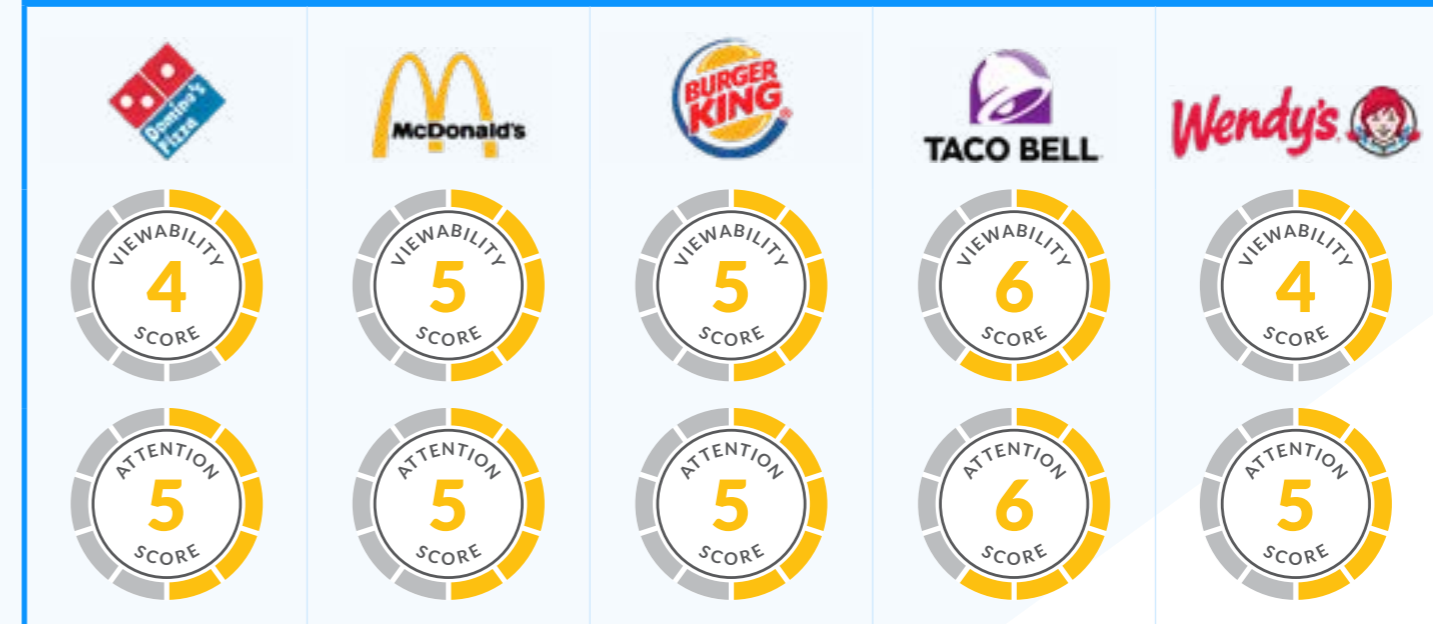


CTV Advertiser Engagement

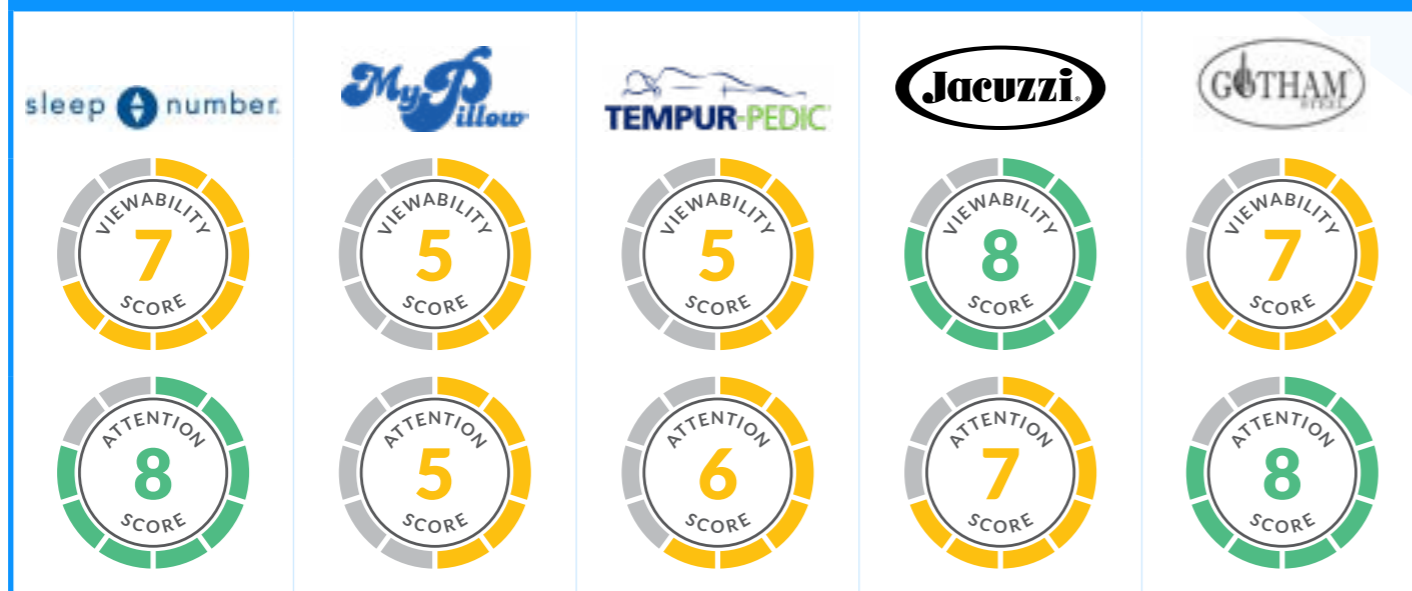
TELECOMMUNICATIONS



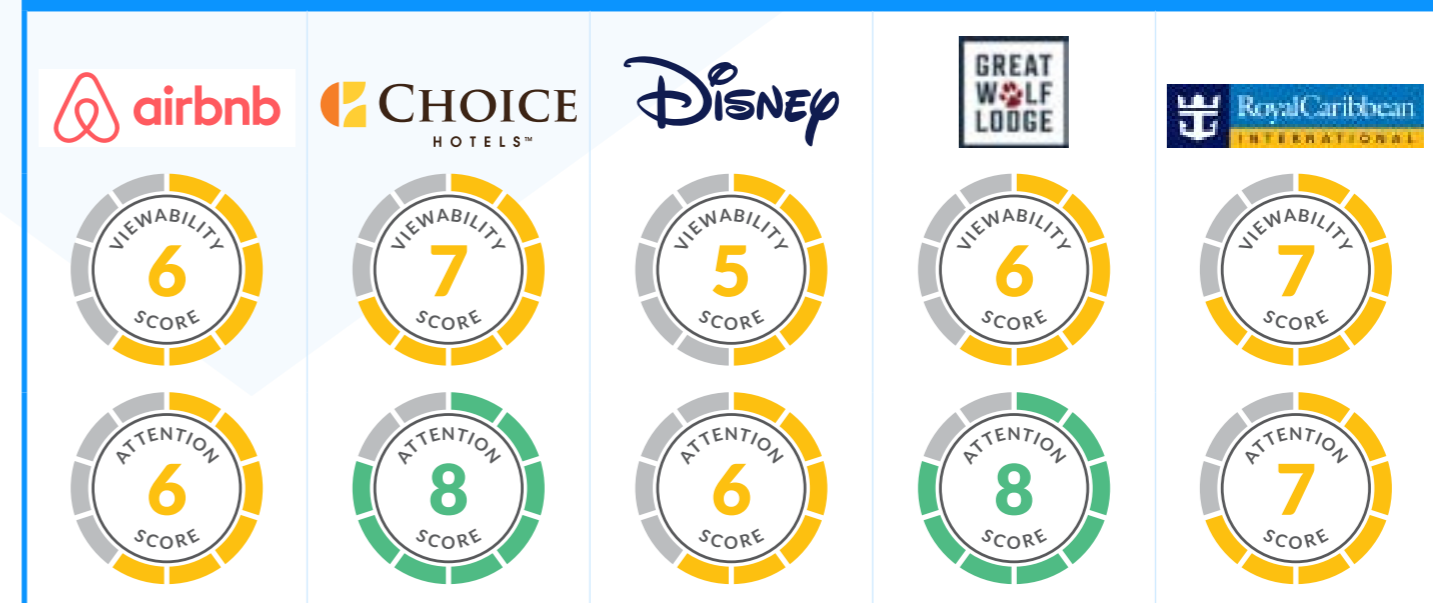
RESTAURANTS



HOME FURNISHINGS



TRAVEL



TVision's Ad Scoreboard: Uncover CTV Advertiser Attention and Viewability

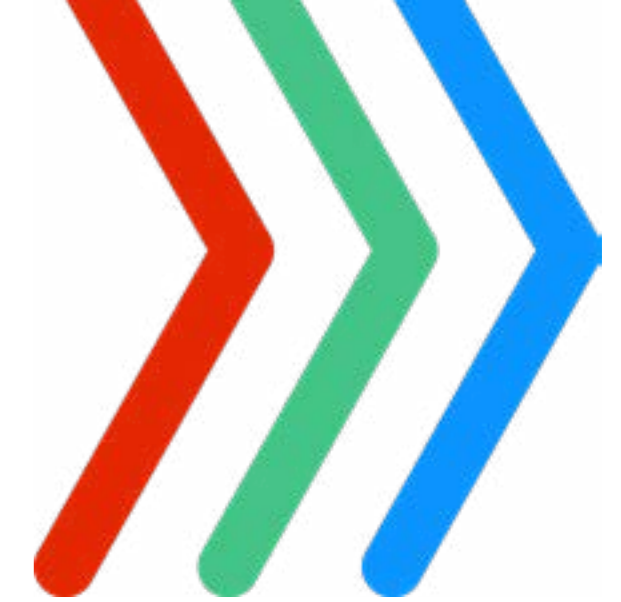
As brands rush to invest more heavily in CTV and to understand their opportunity for engagement there, ad attention and viewability are increasingly important metrics. How does a brand's CTV strategy measure up to its competitor's?

TVision is the only measurement provider delivering apples-to-apples, cross-platform attention and viewability metrics for CTV advertising campaigns, and we provide these metrics in our easy-to-use SAAS platform, Ad Scoreboard.

TVision measures engagement of thousands of commercials and hundred of brands across the major ad-supported CTV apps. Advertisers use our data to ensure they are optimizing their campaigns for attention and viewability, and keeping pace with competitors.



Key Findings Shine Light on the Future of CTV



While the CTV landscape will continue to evolve and change over the next few years, these trends will have a lasting impact on CTV app providers and advertisers:

- ▶ **FAST apps are on the rise - The Roku Channel, Pluto and Tubi, are seeing increasing amounts of audience viewing time.**
- ▶ **As the CTV industry optimizes on advertising best practices, CTV ad attention is trending closer to the linear average, and is now at 34.5% in 2022.**
- ▶ **The industries responsible for the highest volume of linear TV ads also run high volumes of CTV ads.**

- ▶ **Premium content is still king - CTV premium content commands 19.2% more attention than CTV syndicated content.**
- ▶ **Consumers are spending more of their time with ad-supported apps (now at 46% of all time spent on CTV). With Netflix and Disney about to join this group, time spent on ad-supported apps will continue to increase.**

Definitions & Methodology

Our Methodology

TVision measures TV and CTV engagement for every second of programming and advertising. Every time a person walks into the room, our technology detects who the viewer is, where they are in the room, and what their eyes are looking at. We do all this without personally identifying individual users, and without transmitting any images or videos.

The data for this report was collected from January 1, 2022, to June 30, 2022 except where noted, from 5,000 homes across the United States. All data is weighted to represent the country. All demographic data was self-reported by the respondents. All data is measured second by-second, person-by-person. Top programs and ads are limited to English-speaking content only.

Definitions

Ad Attention - This measures the amount of time the viewer was engaged in the content

Ad Attention Score - Describes a brand's attention rank relative to other brands.

Ad Viewability Score - Describes a brand's attention rank relative to other brands.

Attention % - Measures the proportion of impressions when viewers had their eyes on screen for at least 2 seconds.

Attention to Visible Index - Attention to Visible Index measures how attentive viewers are while in the room.

Household Reach - Measures if viewers tuned into the app once in the last six months.

Share of Time Spent - Compares the amount of time spent viewing the app or program.

Viewers Per Viewing Household (VPVH) - VPVH measures how many viewers are in the room.

Viewability % - Measures the proportion of impressions when viewers had their eyes on screen for at least 2 seconds.

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hello@TVisioninsights.com

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