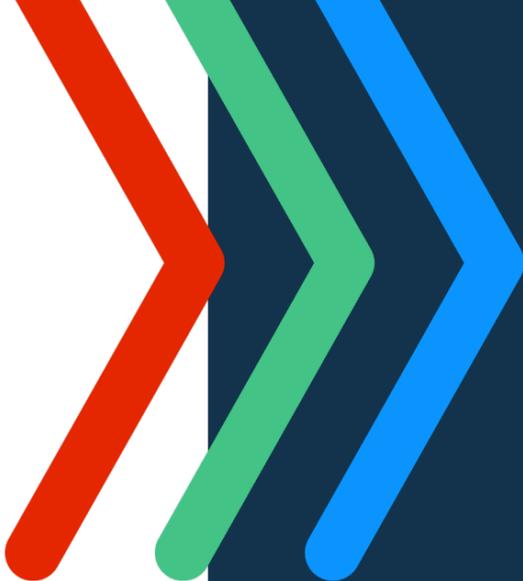


T>>>VISION

# The State of CTV

December 2021





# Understanding the CTV Landscape

As we close out 2021, it is clear that this was a year of transformation across the streaming ecosystem.

On the advertising side, questions of whether consumers would embrace ad-supported streaming television largely dissipated as viewers now spend more time with AVOD than SVOD, and dMVPD providers also represent a growing share of streaming viewing time. It became clear during the Upfronts in Spring that advertisers and media sellers were ready to move on CTV in a big way - as CTV advertising became a real component of both advertisers' media strategies and media sellers' inventory offerings.

As you will see in the report, our data suggests that as advertisers make increasing investments in CTV, they can work to optimize their media plans to increase attention. Overall, CTV ad attention rates are lower than linear TV advertising norms. Advertisers can find more engaged viewers by optimizing for frequency, ad length, content alignment and more.

While CTV advertisers continue to optimize their strategies, streaming providers are doing the same to identify the right approach to content releases in order to drive engagement. In this report we review the impact of "Ted Lasso" on Apple TV+ viewer engagement. It shows how valuable premium content can be in driving engagement for still emerging apps.

2021 was also an innovative year for the movie industry, as the large studios worked out their strategies for in-theater and at-home releases in a post-COVID world. We analyzed Disney+'s strategy for Cruella, to understand its impact on audience engagement. As movie studios work to identify the most profitable strategies for reaching the largest paying audiences, Disney+'s pay-for-early-access strategy will be studied in depth.

As CTV's influence on the ad and television industries expands, we will continue to ensure transparency by providing these insights to the industry, our clients, and partners.

# Table of Contents

- 4** Americans Spend More Time on AVOD than SVOD
- 5** Consumers Are Streamlining Their App Dashboards
- 6** YouTube Makes a Run at Netflix Among Top Apps
- 7** Top Apps by Engagement
- 9** The Power of Breakout Programming
- 11** How Cord Nevers and Cord Cutters Watch TV
- 13** Premium Movie Distribution Strategies Drive Engagement
- 15** The Industries Investing in CTV
- 16** The Brands Breaking Through to Capture Attention on CTV

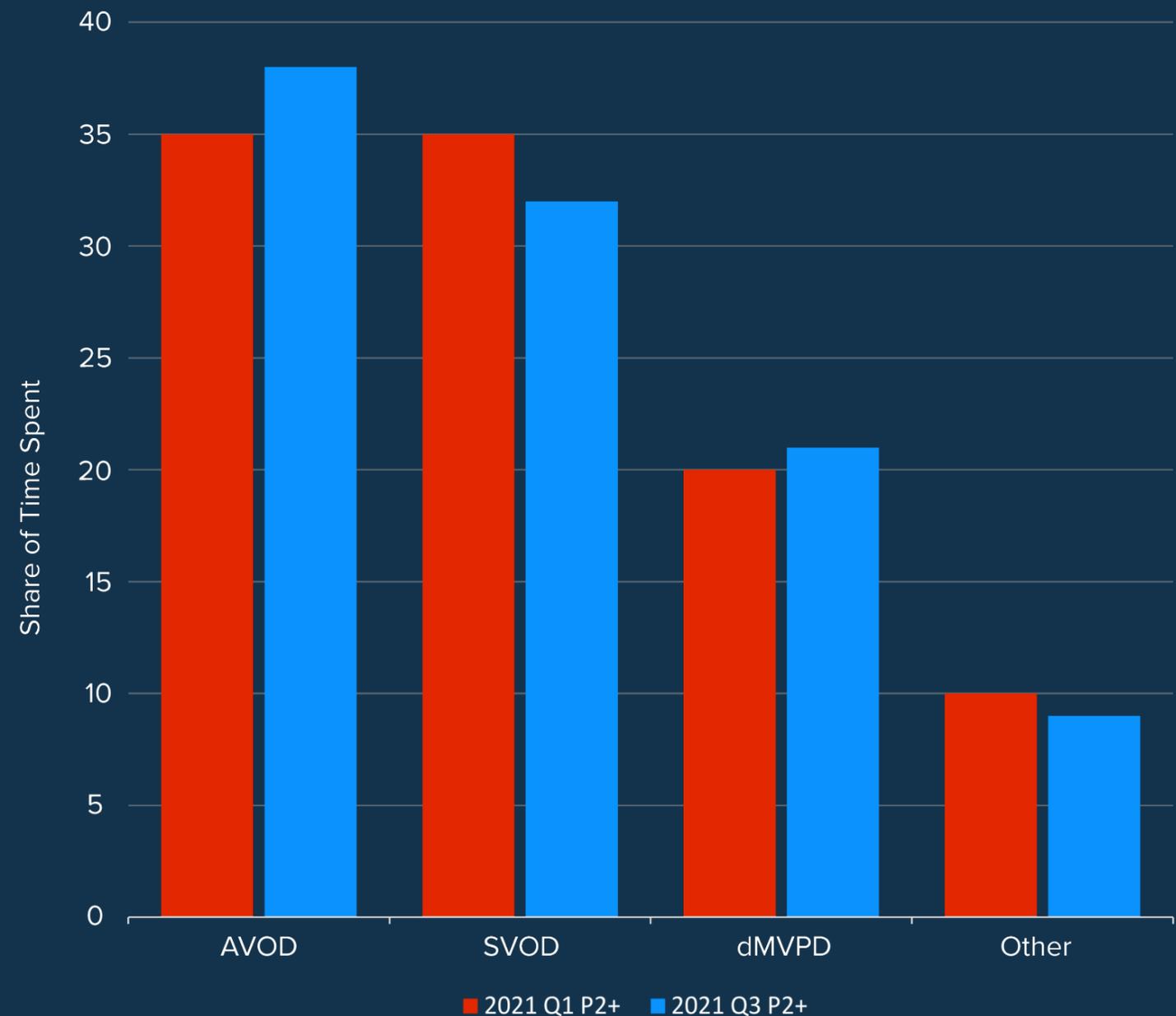


# Americans Now Spend More Time Watching AVOD than SVOD

A year ago, the question on everyone's mind was whether or not streaming TV audiences, who had become accustomed to commercial-free viewing, would embrace ad-supported video on demand. Fast forward to 2021 and Americans are spending more time watching AVOD than SVOD. dMVPDs, another ad-friendly vehicle for streaming TV viewers, have also increased their share.



Time spent on SVOD decreased by 8.6% from Q1 2021 to Q3 2021, while time spent on AVOD increased by 9.3% in the same time period.



# New Apps Proliferate And Consumers Embrace Choice

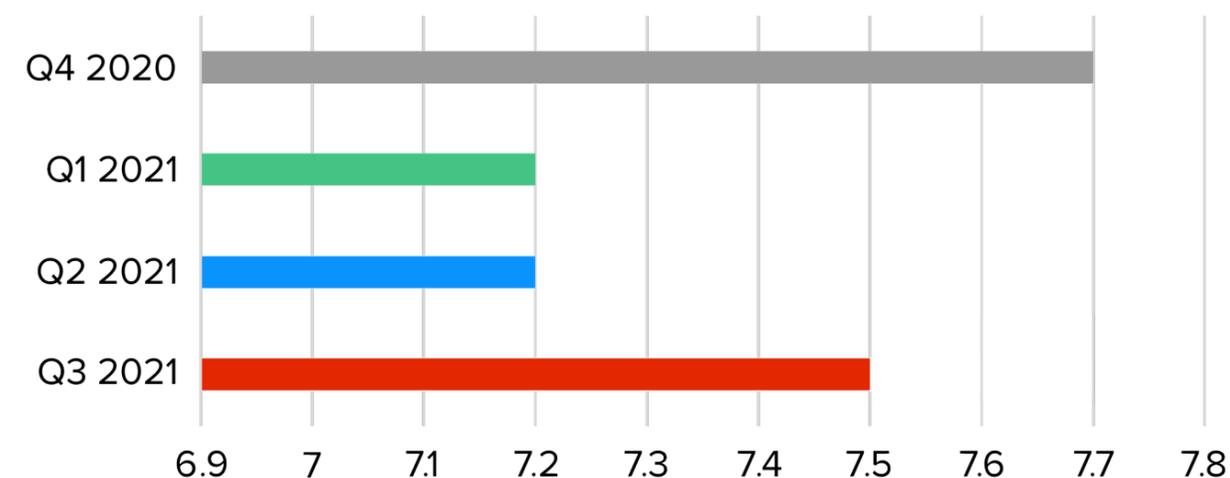
New streaming services continue to hit the market and TVision now measures hundreds of apps. While households reduced the number of apps they had in early 2021, going from 7.7 in Q4 2020 to 7.2 in Q1 2021, that number has since begun to climb again. In Q3 2021, households had 7.5 apps installed.

This Fall, almost 30% of households had 10 or more apps installed on their main television. As AVODs and dMVPDs grow their content libraries and consumers become more accustomed to ad-supported CTV, we may see the total number of apps installed continue to increase.

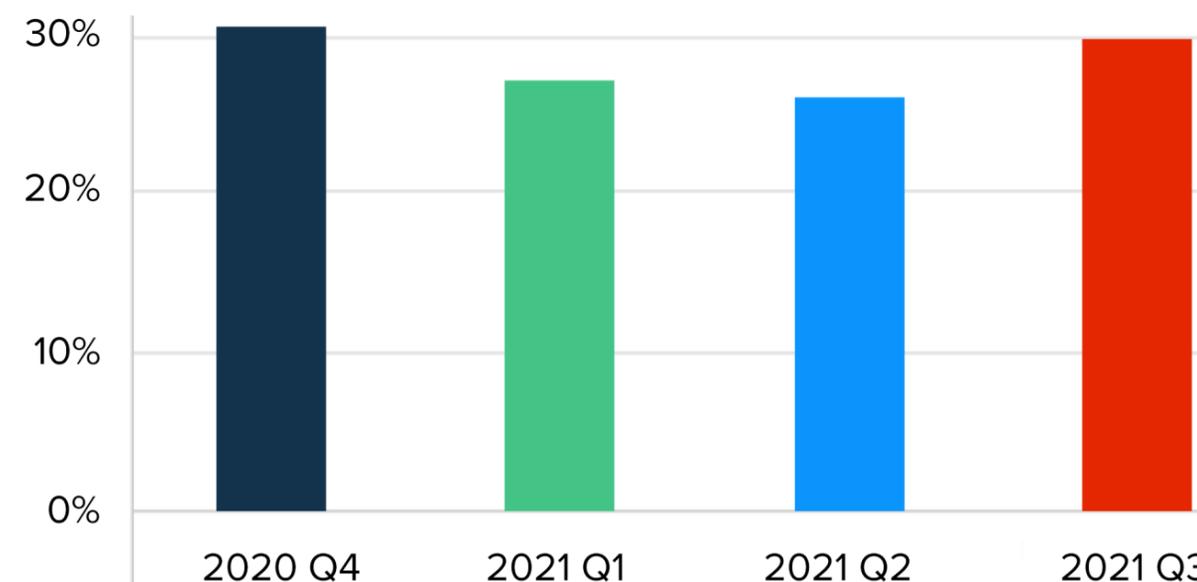


The number of households with 10 or more apps installed is on the rise.

### Avg # of Apps per HH



### Share of Households That Tune Into 10+ Apps

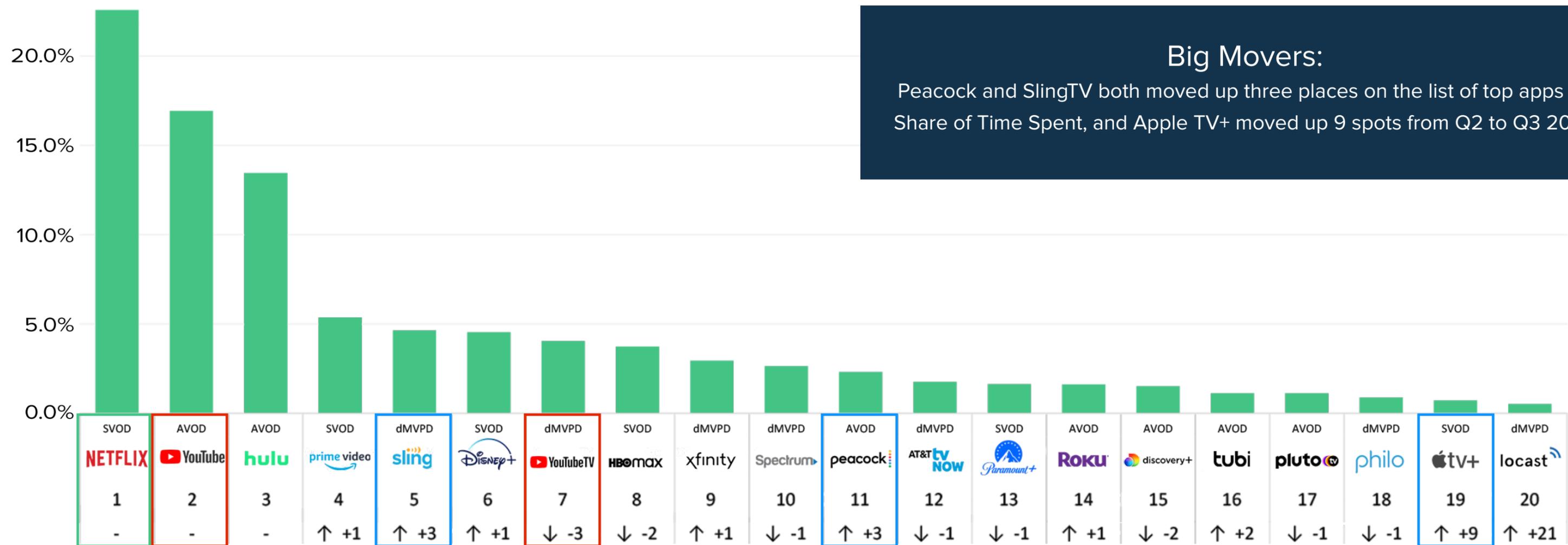


# YouTube Threatens Netflix's Dominance

Netflix, long the standard-bearer in streaming television, maintains a substantial share of viewer time spent. However, their share has decreased from 27% in the first half of 2020, to 22% in the first half of 2021.

While Netflix maintains a massive lead in terms of household reach - it was in 67% of all households in Q3 2021, AVOD and dMVPD entries are cutting into Netflix's share of time spent. YouTube's share of time spent consistently increases, and in fact, when YouTube and YouTube TV are combined, we find that Google's Ad supported properties capture greater share of time spent than Netflix.

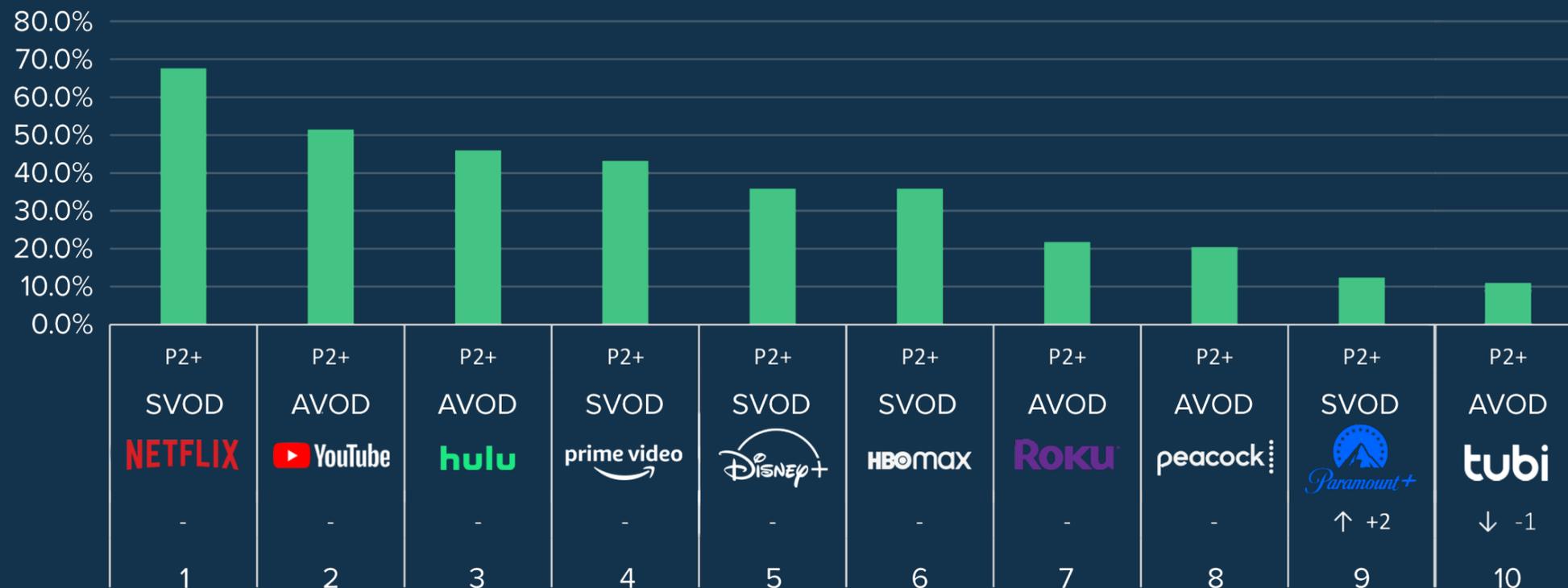
Ranked Share of Time Spent by App for Q3 2021



**Big Movers:**  
 Peacock and SlingTV both moved up three places on the list of top apps by Share of Time Spent, and Apple TV+ moved up 9 spots from Q2 to Q3 2021.

# The Apps Capturing Attention and Engagement in Q3 2021

With more than 80 percent of all households CTV enabled, the streaming wars continue to be very competitive. While major players chip away at Netflix's lead in Share of Time Spent viewing, other metrics like household reach, attention to programming and co-viewing provide interesting insights about the applications that are gaining momentum.



## Top Ten Apps by Household Reach

Paramount+ broke into the top ten for Household Reach, but the rest of the list continues to be the leading players and first-to-market providers.



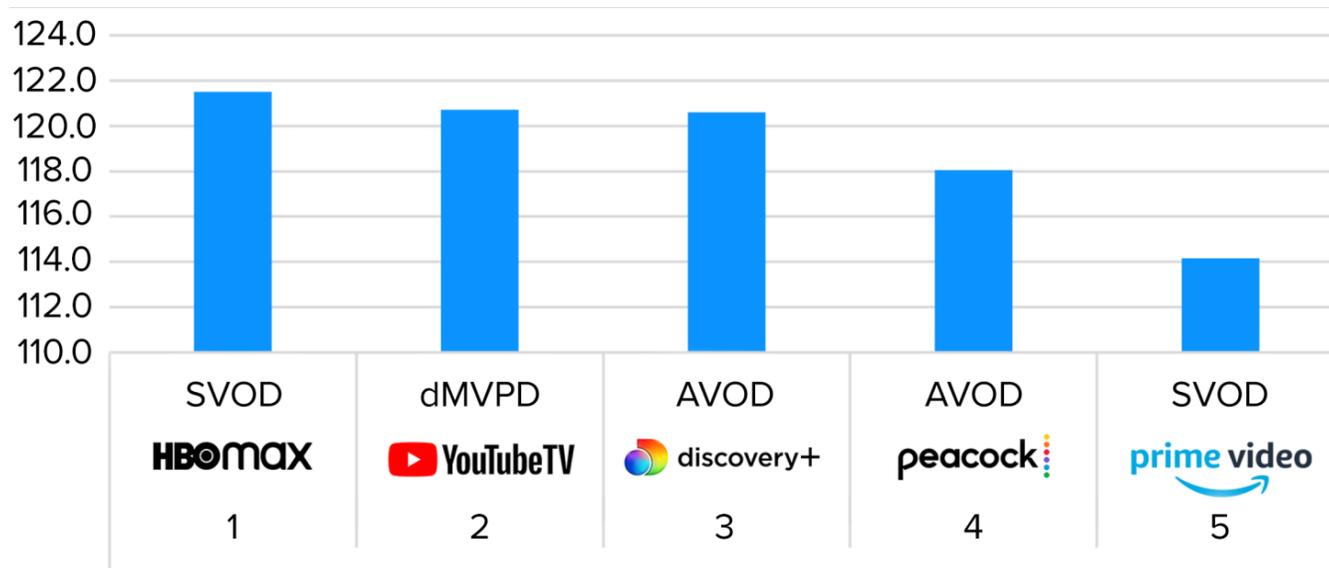
Just outside of the Top Ten, AppleTV+ moved up four spots on the list.

Netflix maintains a massive lead in terms of household reach - it was in 67% of all households in Q3 2021

## Top Apps by Attention

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 HBO Max leads the group for Attention, an important insight as the application began showing ads in Q3 2021.

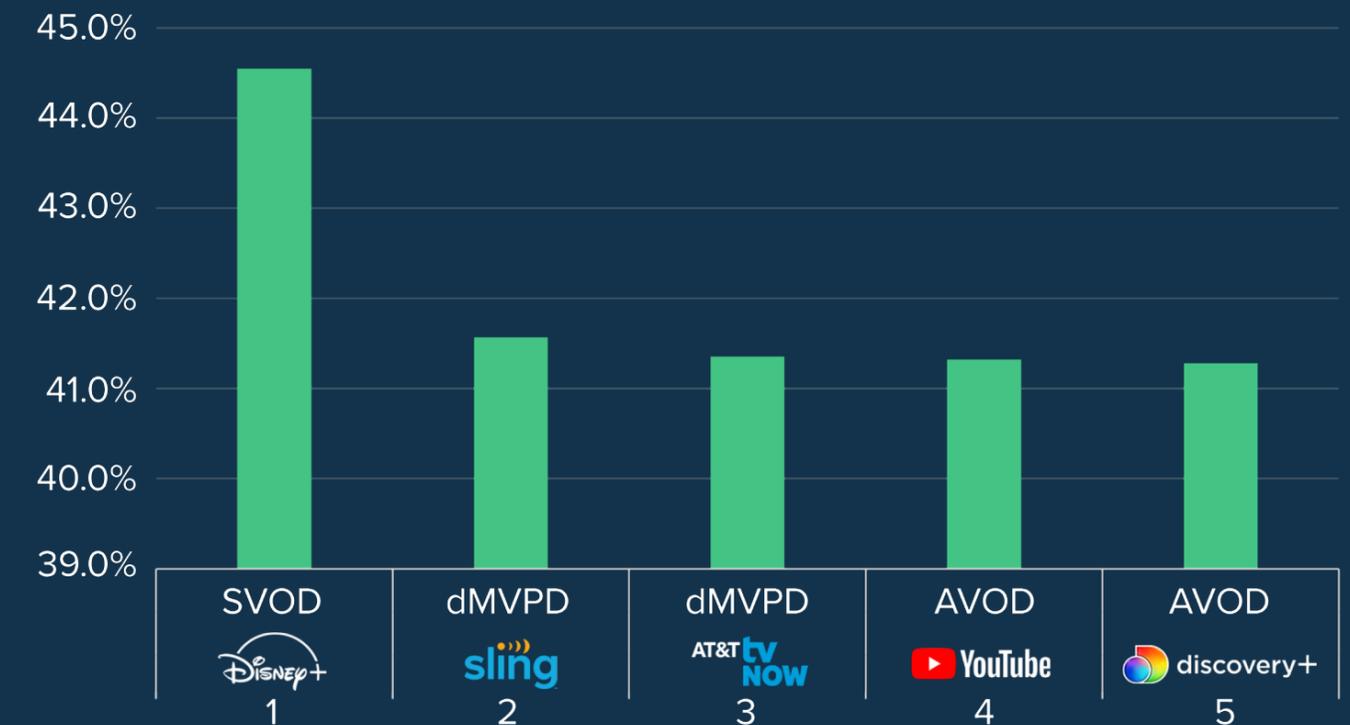
**Apple TV+** isn't included in the chart below because it didn't make our list of the top apps for Share of Time Spent. However, it is worth noting that their Attention to Visible Index of 123.2 for Q3 2021 would otherwise put it at the top of the list.



## Top Apps for Co-Viewing

Co-viewing 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 and this held true in Q3 2021.

### Percent of Time Spent Co-Viewing



# Breakout Hits Drive Engagement on Emerging Apps

## Case Study: Apple TV+

He's beloved by many, but perhaps the biggest fans of everybody's favorite soccer coach, Ted Lasso, are the executives at Apple TV+. After all, season 2 of the breakout hit closely correlates to a dramatic increase in time spent on the Apple TV+ platform in Q3 2021.

In the same quarter that the second season of the Jason Sudeikis comedy was released, Apple TV+ improved 4 spots to number 12 for Household Reach (9% of all households), and up 9 spots for Share of Time Spent, meaning viewers are subscribing and viewing AppleTV+ in larger numbers than before.

The multiple-Emmy winning comedy is a clear example of the impact that popular premium content can have on the fortunes of newer apps that do not have the library or entrenched position of Netflix.



**TEAMWORK MAKES  
THE TEAM WORK.**



AppleTV+ Ted Lasso



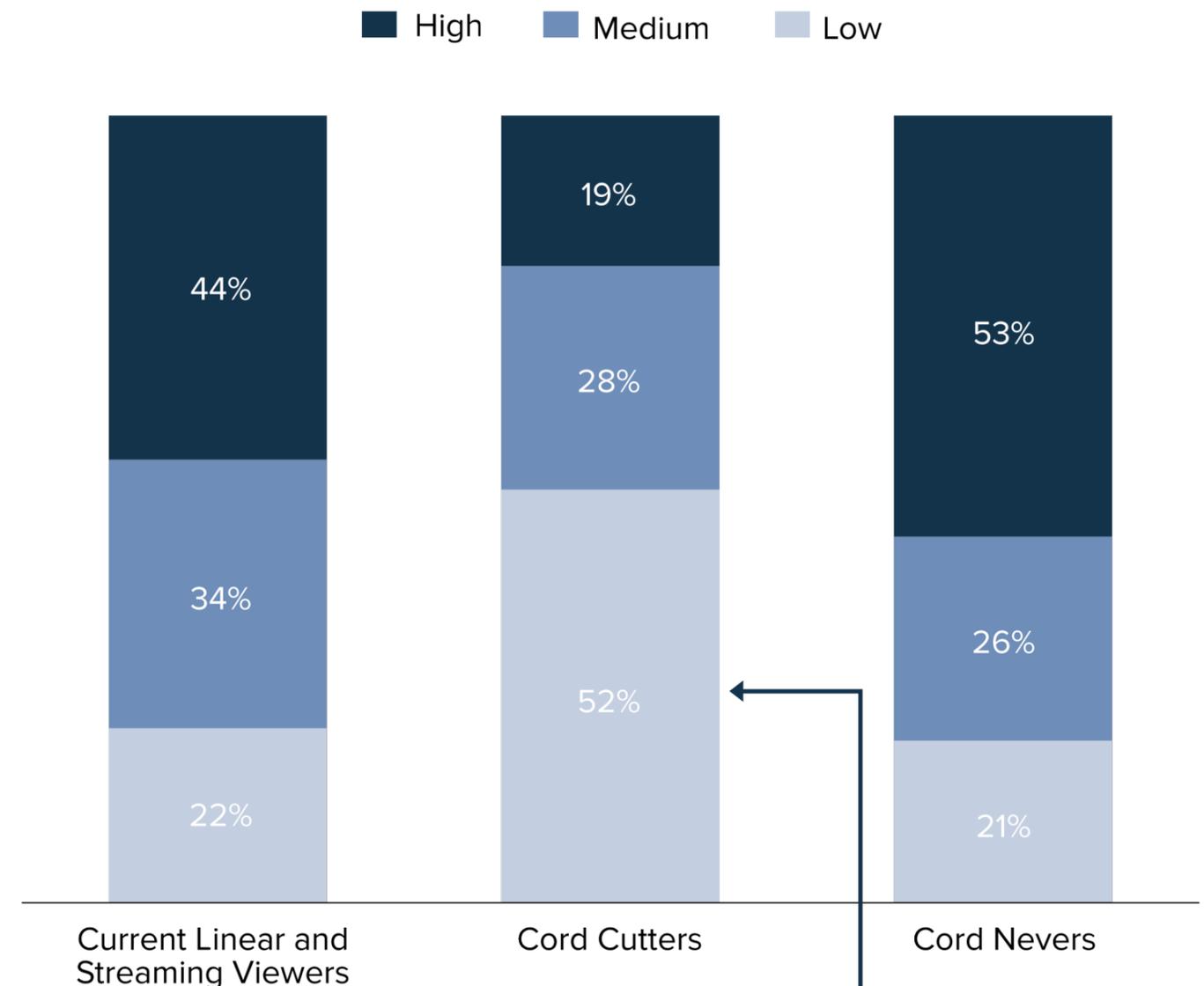
August 14th, 2020:  
Ted Lasso S1 is  
released

July 23rd, 2021:  
Ted Lasso S2  
is released

# Cord Nevers Are Younger and Watch TV on Fewer Apps

While the majority of television viewers continue to consume both linear and streaming television, TVision is tracking a group of viewers known as “cord nevers” - viewers who do not have a history of watching linear TV. These viewers make up 2% of all time spent watching television, skew younger than the average TV viewer and watch fewer apps overall.

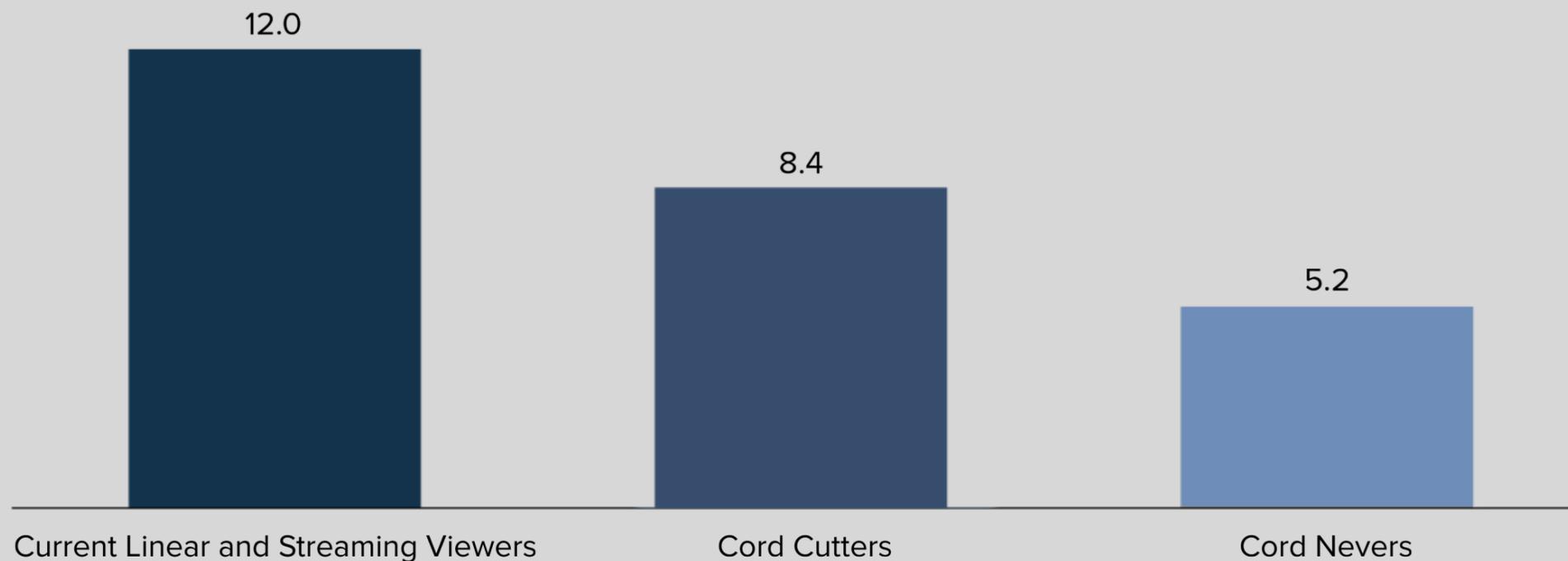
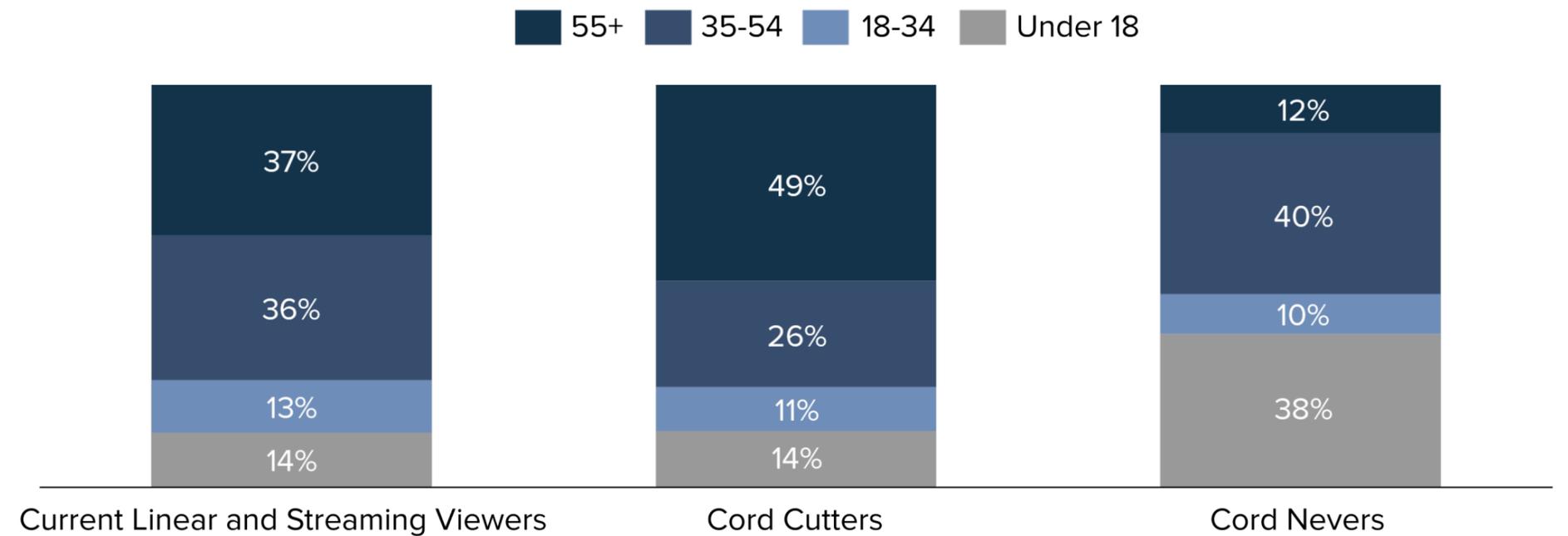
### Percent of High, Medium and Low Volume Viewers



Cord-cutters, those viewers who watched linear more than 6 months ago, but not since, watch the least amount of TV, which might explain why they are seeking to limit their television bills. 52% of cord-cutters are low-volume viewers.

## Who Are Cord Cutters and Cord Nevers? Time Spent Viewing by Age and Viewer Type

**48%** of “cord nevers” are under age 34, with the vast majority under 18, meaning that a good portion of this younger generation does not engage with linear TV. But **49%** of Cord Cutters are over age 55, which means that senior viewers are also moving away from linear as streaming options continue to expand.



## What Are They Watching: Number of Apps Installed for Linear, Cord Cutters and Cord Nevers

Cord Nevers are finding programming and content on fewer apps overall. These viewers tune into just **5.2** apps, compared to **12** apps for linear and streaming viewers.

# The Impact of Disney+'s Premium Movie Strategy

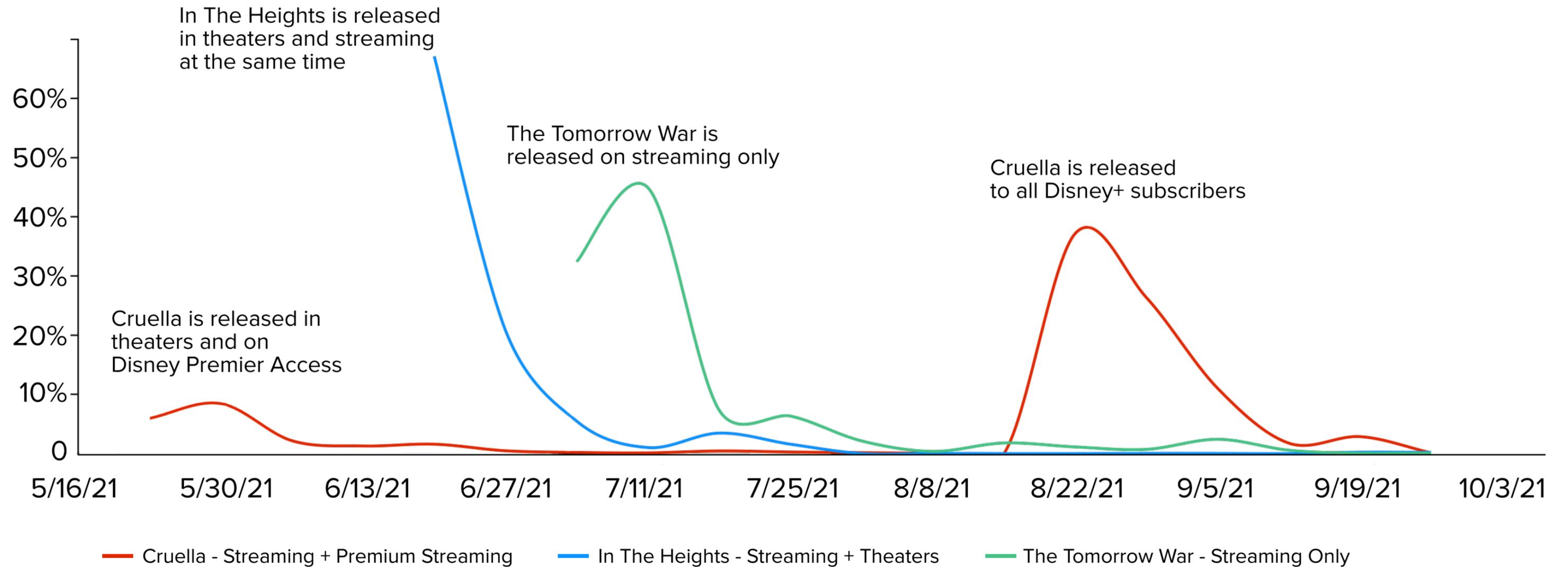
As the country recovers from the COVID-19 pandemic and the public has returned to in-theater experiences, questions remain about the role streaming can play in commercially successful movie premieres.

We took a look at three different release strategies from this summer - Cruella, which was released at a premium price on Disney+ first, before general availability on the app; In The Heights, which was released on HBO Max and in the theaters simultaneously; and Tomorrow Wars which was released exclusively on Amazon Prime.

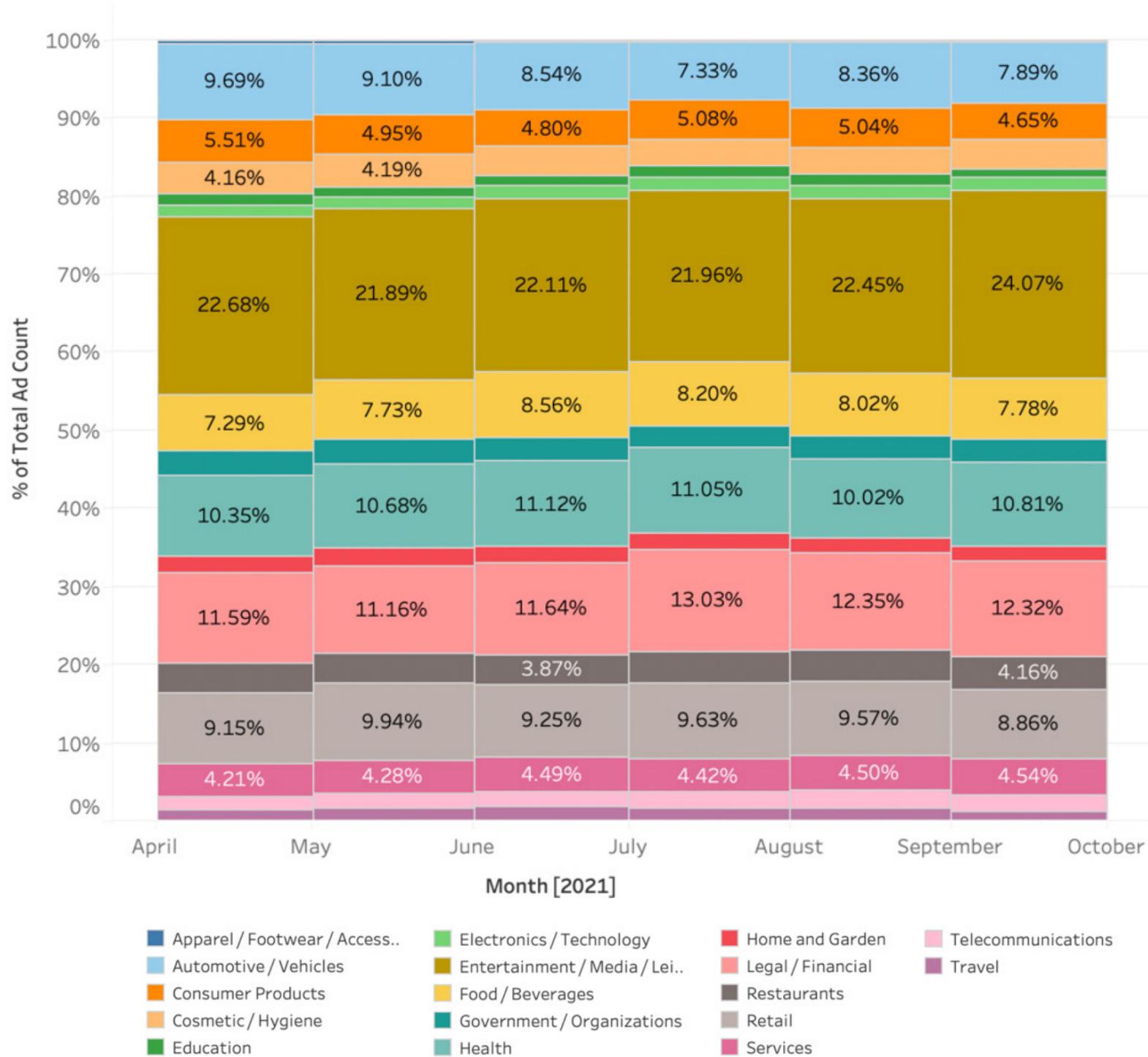
While attention to Cruella was 5.7% higher when viewers paid extra for the opportunity to view the movie, we see that Disney+ was able to leverage demand for the movie to capitalize on two chances to encourage viewers to subscribe or continue to subscribe to see Cruella. While the first bump in viewership was smaller, a second, larger bump occurred in August, when the movie was generally available. Overall viewing of Cruella tapered off more slowly than In The Heights and Tomorrow Wars, which saw dramatic peaks and drops at first availability and no subsequent bumps.



# Time Spent by Release Type



## CTV Ad Industry Diversity



# The Industries Investing in CTV Advertising

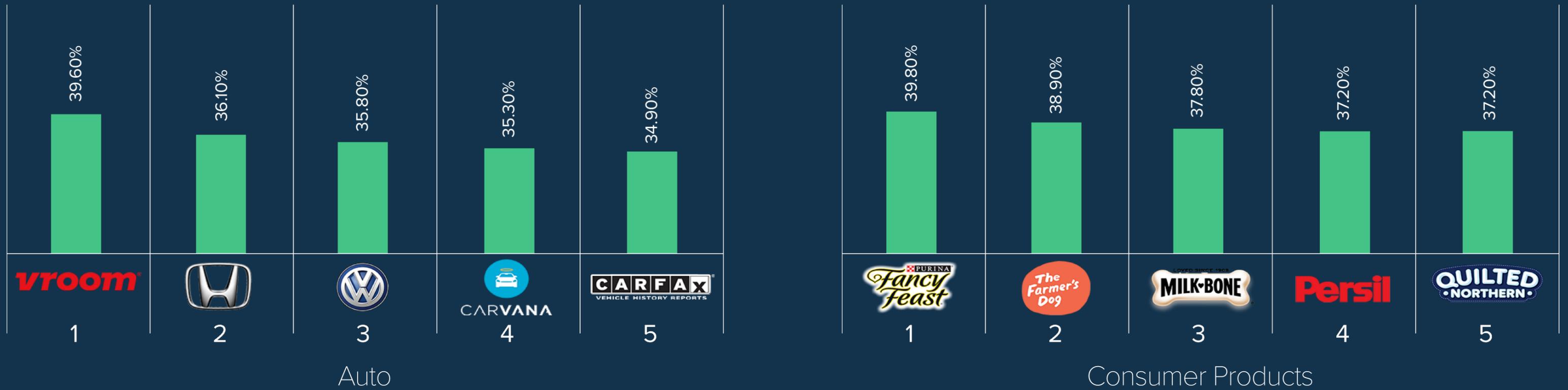
While overall CTV ad volume remained generally consistent in the six months between April 2021 and September 2021, we did see changes in industry investments in CTV over time. Notably, the automotive industry and consumer product companies both decreased their share of CTV advertising from April to September of 2021. Whether this is a result of advertisers pulling back on CTV spending or other categories increasing their CTV investments remains to be seen. It is worth noting that supply chain issues have limited inventory for automotive companies especially, which in turn may have caused marketers to pull back on spending across the board.

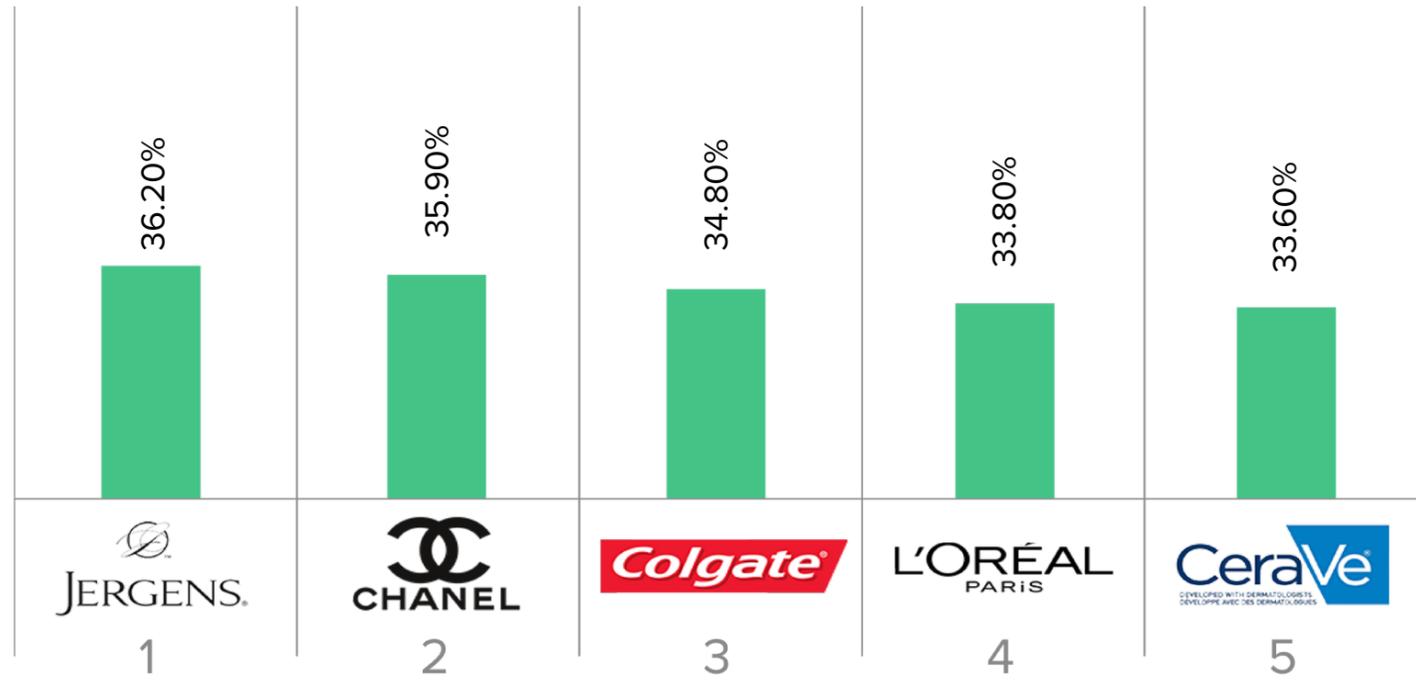
The entertainment industry, which includes television networks and streaming apps themselves, is the industry with the largest share of CTV advertising, by a wide margin. From April to September the industry increased its CTV advertising by more than 6%, and the industry is responsible for nearly one quarter of all CTV ads. This may be a result of networks, taking advantage of unsold inventory to promote their programming. It also speaks to the value of identifying highly engaged audiences, as TBS viewers are more engaged with ads for other TBS programming.

# Top CTV Advertisers by Attention

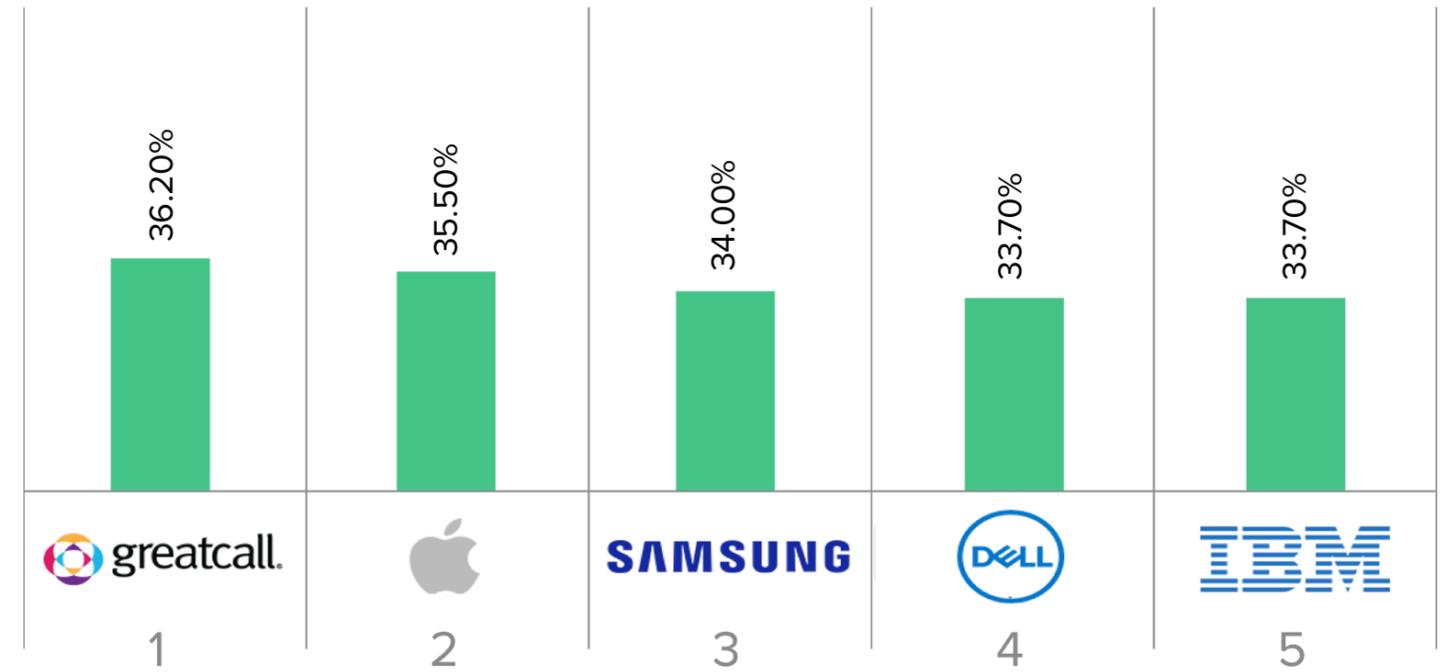
CTV advertising typically secures lower levels of attention than linear TV averages. This is likely due to the fact that CTV viewers are less accustomed to watching ads. However, as brands begin to formulate their CTV advertising strategies and optimize their investments, we have seen advertisers in entertainment and health capture high levels of engagement.

These are the top advertisers that are breaking through to capture attention with their CTV advertising strategies.





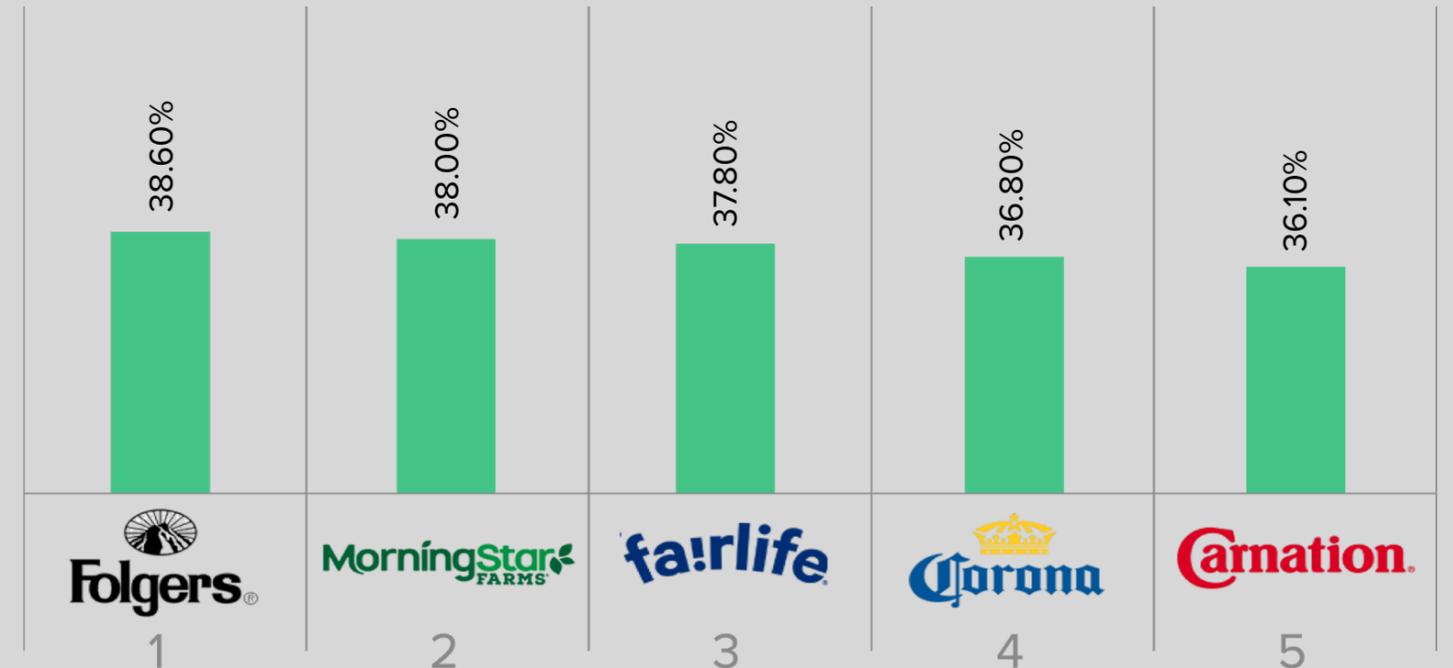
Cosmetics and Hygiene



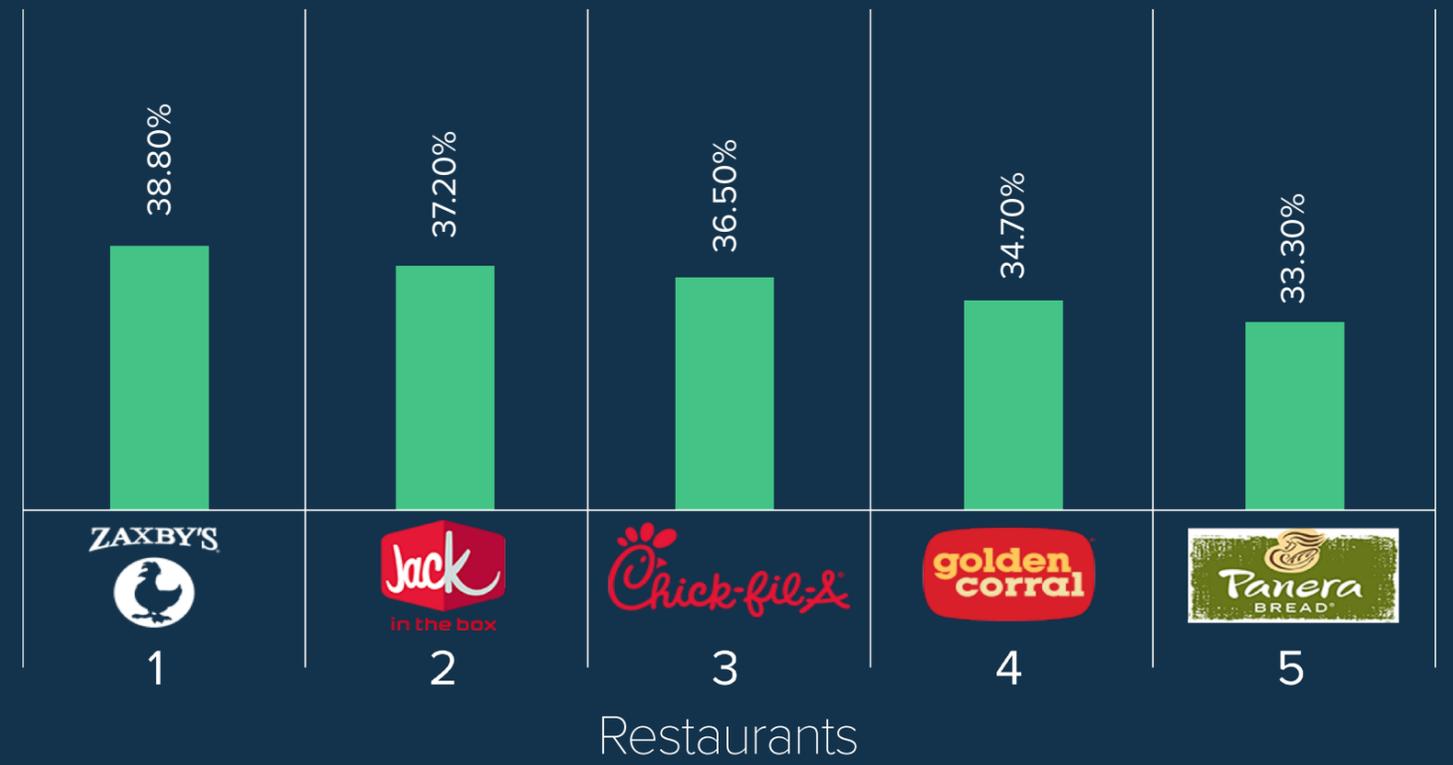
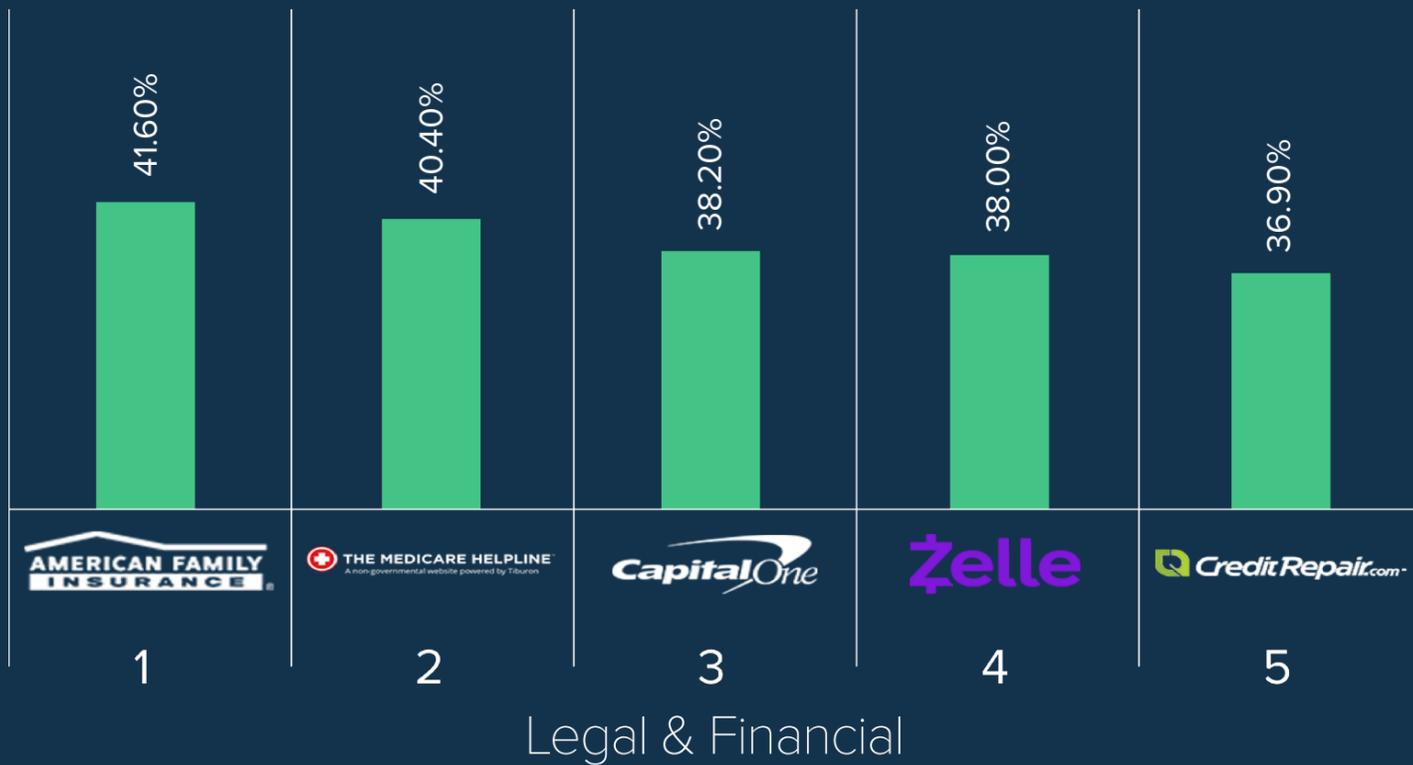
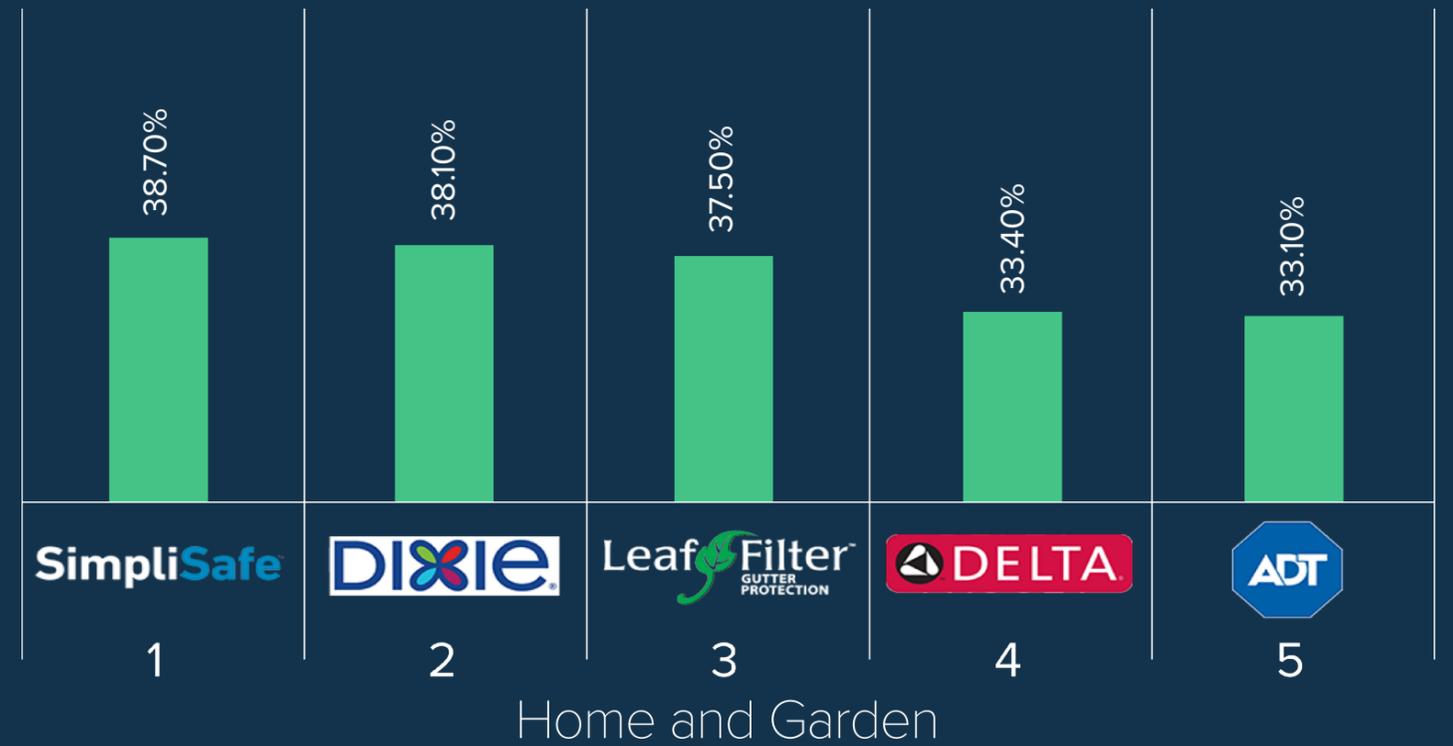
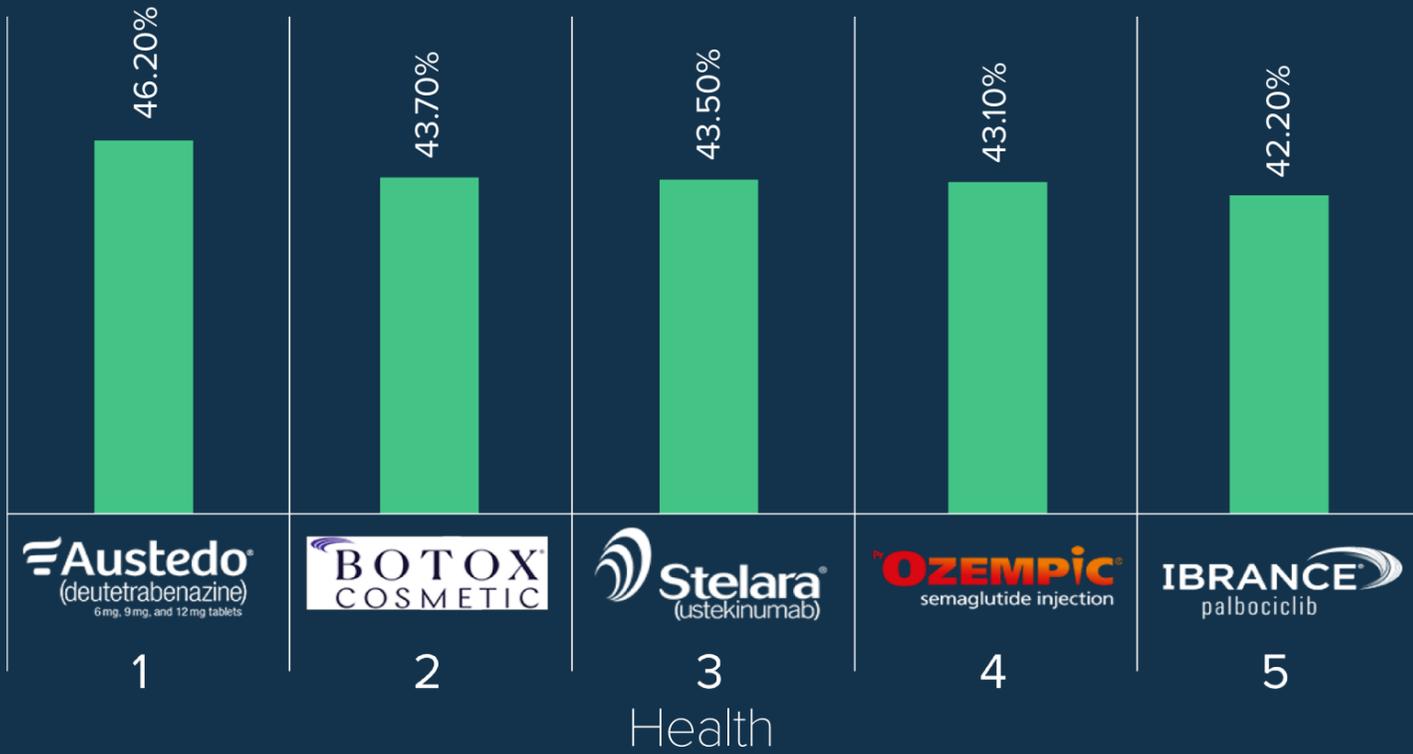
Electronics

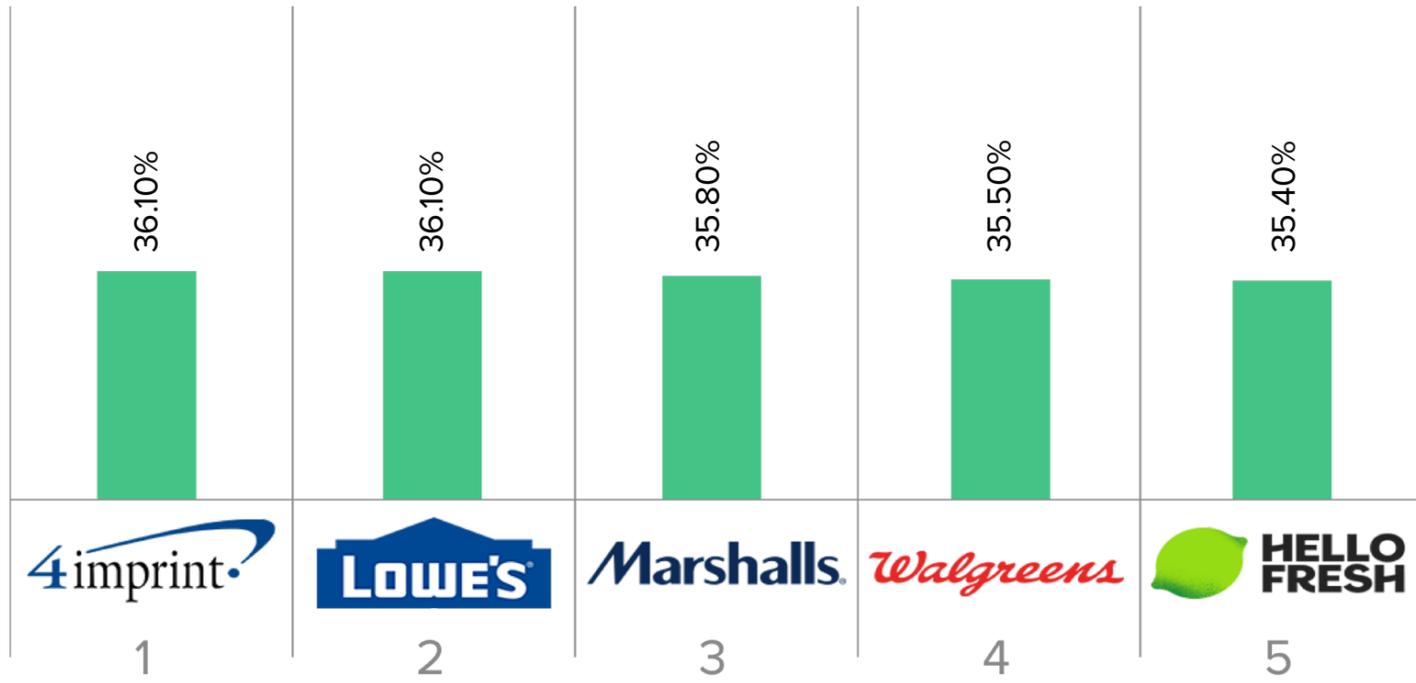


Entertainment

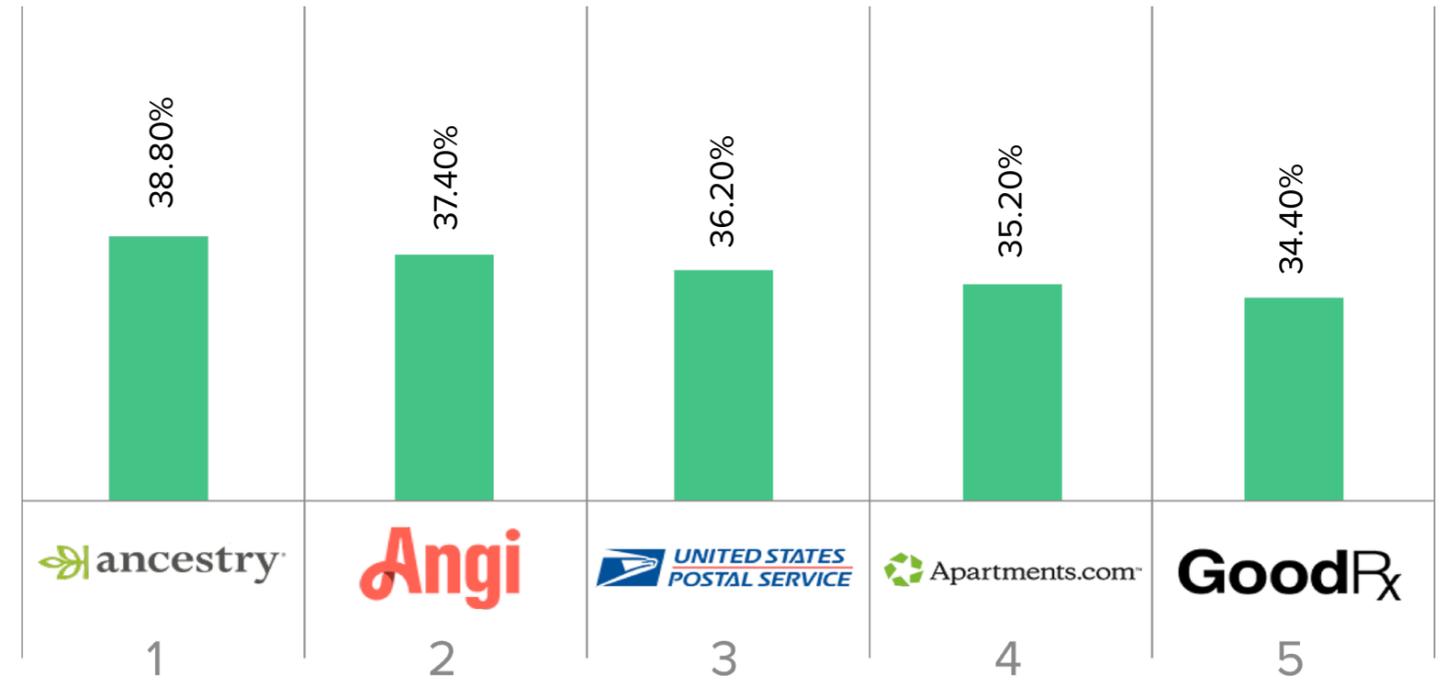


Food and Beverage

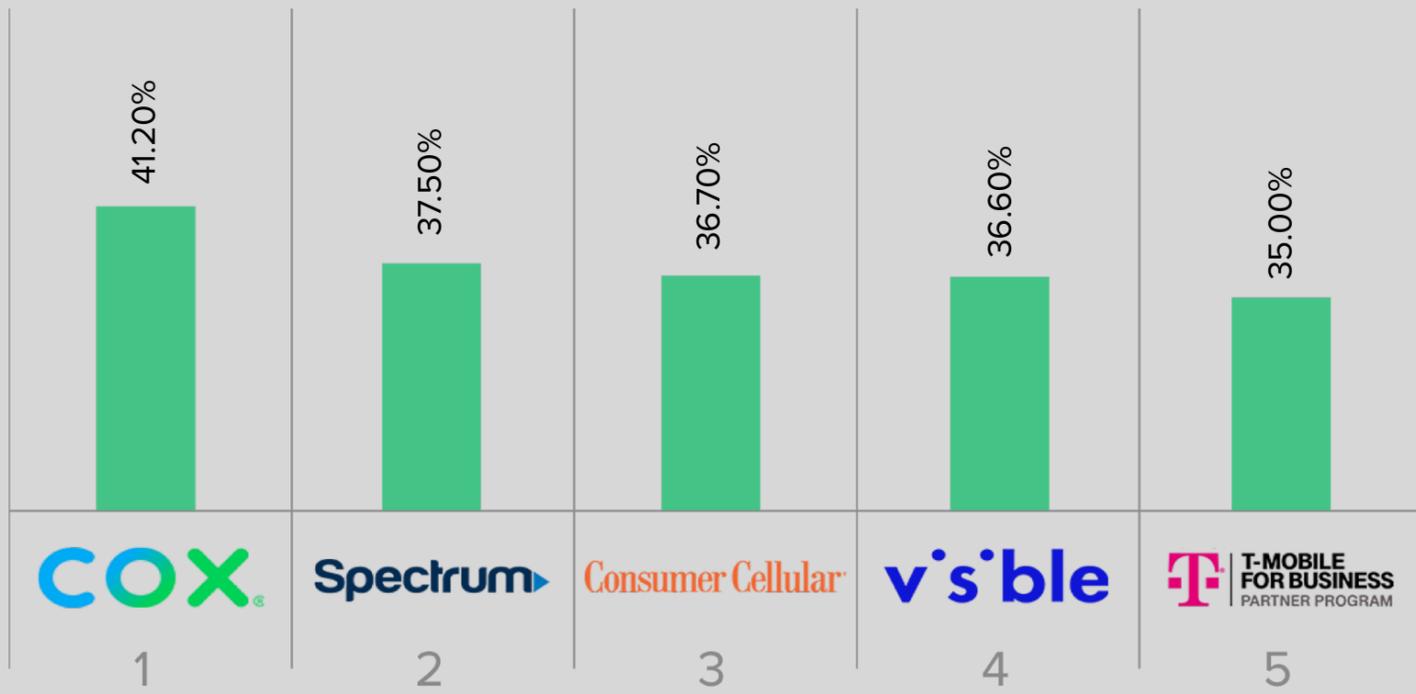




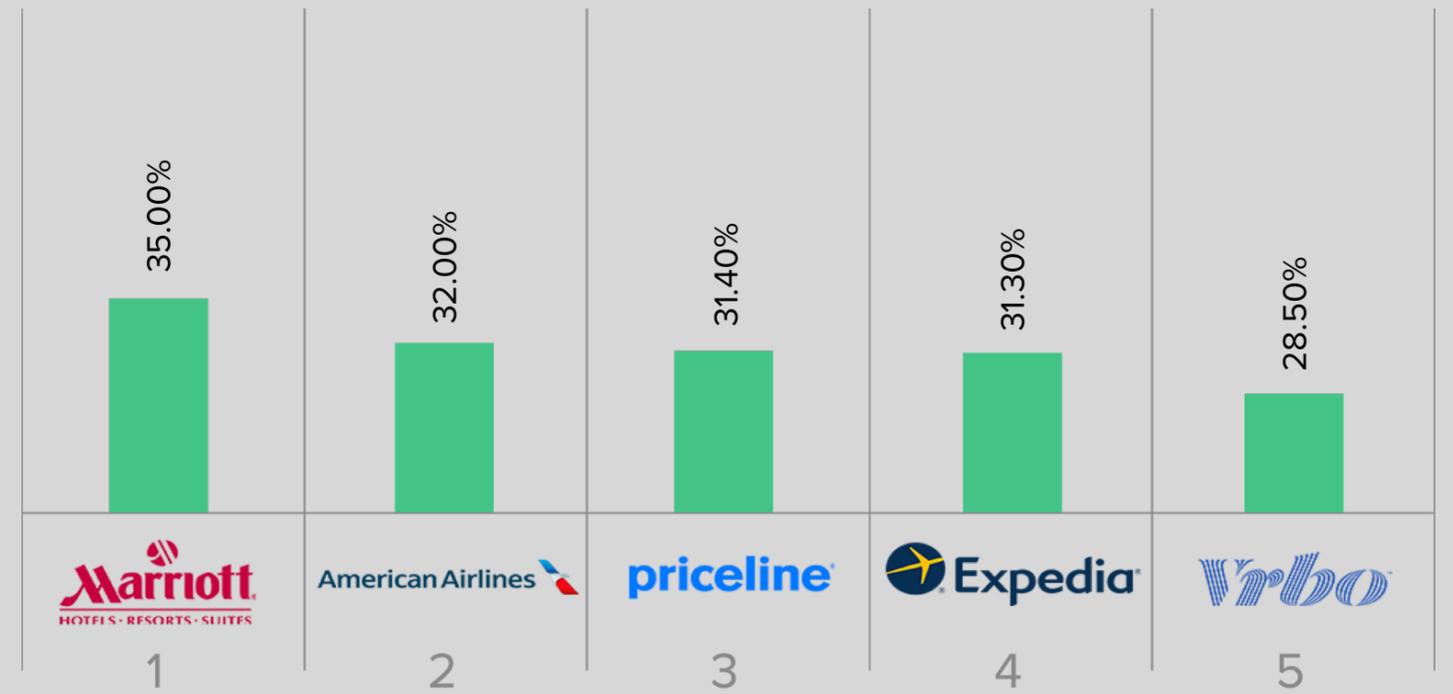
Retail



Services



Telecommunications



Travel

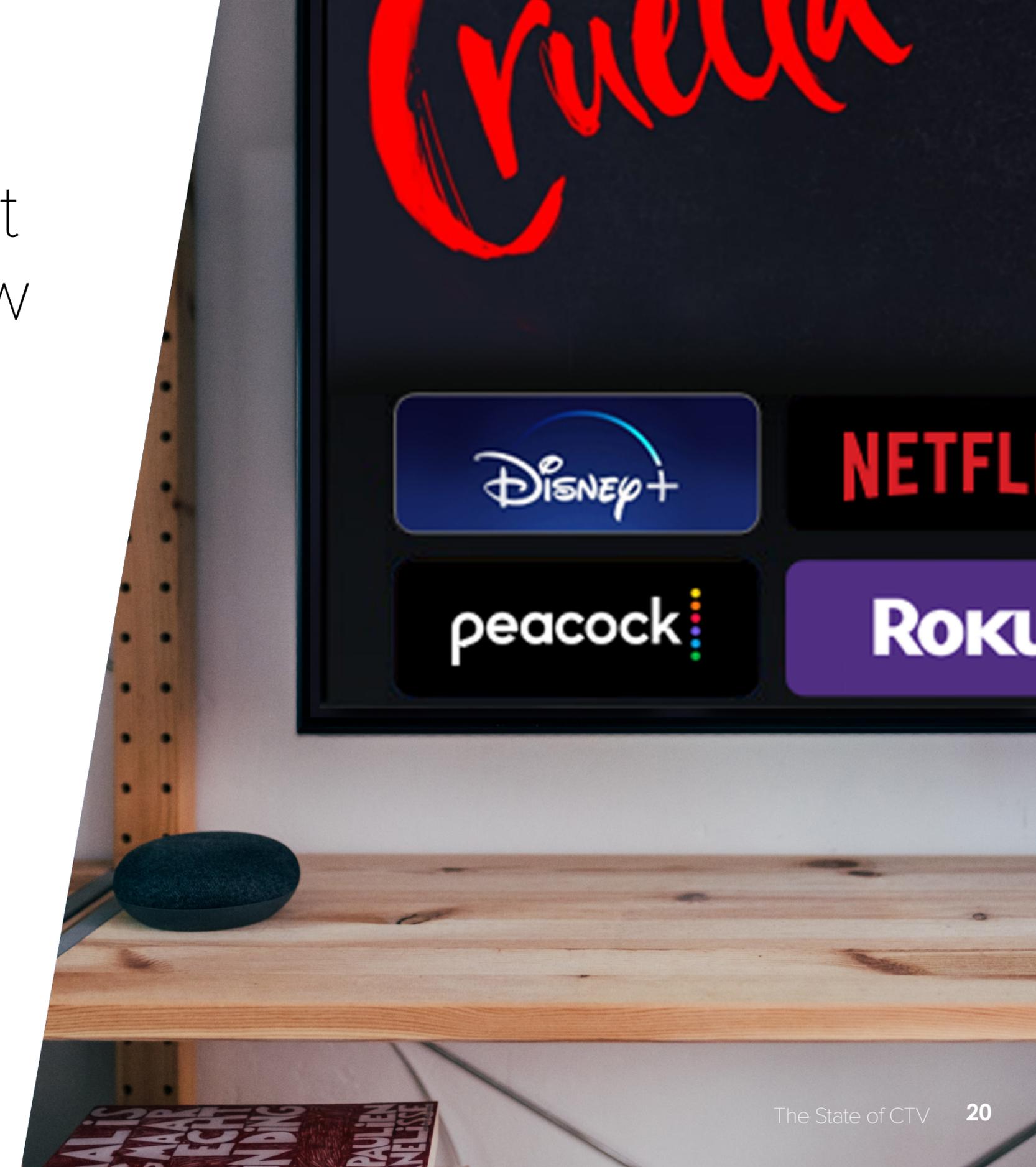
# What You Need to Know About The CTV Landscape Right Now

American viewers spend more time with AVOD and dMVPD than SVOD, meaning opportunities to reach engaged CTV audiences are expanding.

Netflix remains dominant in many comparisons, but YouTube apps are now capturing more time spent. For smaller apps, quality content is key to driving engagement.

Streaming-only viewers are more likely to be younger, but seniors are cutting the cord as well now, too. Advertisers should embrace CTV to reach these viewers.

Apples-to-apples comparisons of content performance across linear and CTV allows for more accurate, transparent, and effective media planning.



With TVision's CTV Analytics Platform you can start optimizing your campaigns for greater impact right away.

TVision's CTV Analytics platform provides unparalleled transparency and access to engagement data for CTV walled gardens. Get answers to critical questions such as:

What CTV devices, apps, and shows are popular?

How is share shifting between devices and apps?

Which ad lengths perform best in any given app?

What is the co-viewing rate for an app?

How do demos vary across apps and shows?



Contact TVision to learn more.  
[hello@tvisioninsights.com](mailto:hello@tvisioninsights.com)

# 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, 2020, to September 30, 2021, 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. All data is for Q3 2021, and viewers P2+, unless otherwise noted. Top programs and ads are limited to English-speaking content only. To qualify for rankings, all brands must have a minimum sample size of 250.

## Definitions

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

**Attention Index** - This is the average amount of seconds that viewers engage with a program.

**Coviewing Rate** - measures the proportion of episode or app views that occur with another viewer present for 5 or more minutes.

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

Contact Tvision at  
[hello@tvisioninsights.com](mailto:hello@tvisioninsights.com)

T>>>VISION