

CTV: The Big Shift

How Connected TV Adoption and Viewing Behaviors are Shaping the Future of Television



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There have been two recent 'big shifts' in television viewing habits. The first big shift was rapid adoption of streaming content on connected televisions, fueled in-part by stay-at-home guidance at the onset of the pandemic. This first shift was underpinned by subscription-based video content. The second big shift is underway right now. Consumers are drifting away from some of their CTV subscriptions and increasingly preferring free content that is supported by ads. This presents an opportunity to provide better CTV experiences for viewers and opportunities for marketers to connect with their audiences on the biggest screen in the home.

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Tony Marlow
Global Chief Marketing Officer
LG Ad Solutions



Introduction



Connected TV (CTV) adoption continues to skyrocket since the early days of the pandemic which drove rapid adoption through 2020. Now in 2022 and through 2023 consumer behaviors continue to shift and CTV preferences have changed.

This report investigates CTV usage and preferences amongst US internet users.



Study objectives and design

LG Ads conducted an online survey in the US to determine consumer perceptions and behaviors related to Connected TV (CTV)

Survey field period

September 2022

Participation

Online panel, US general population

n=773



CTV owns the living room with reach near saturation

93%

of US internet users are reachable by CTV

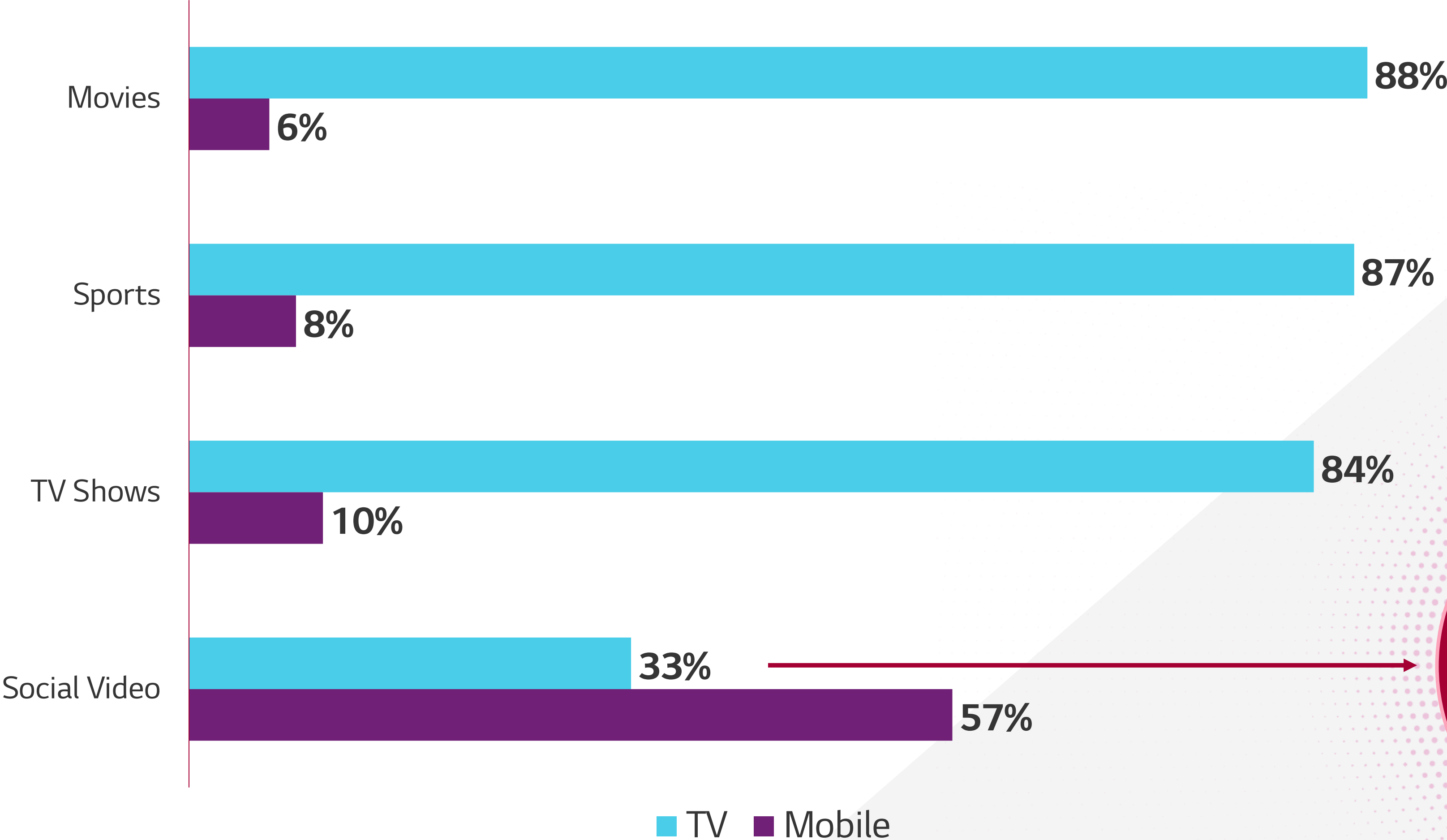
- only **7%** do not have access to CTV
- **80%** of CTV households say the living room is their main TV

Q1. Do you currently have access to an internet-connected TV, either directly through a smart TV or via an HDMI device (such as AppleTV, Roku, Amazon FireTV, Chromecast, etc.) Select all that apply.




The biggest screen in the home is still preferred

Preferred Device by Content Type

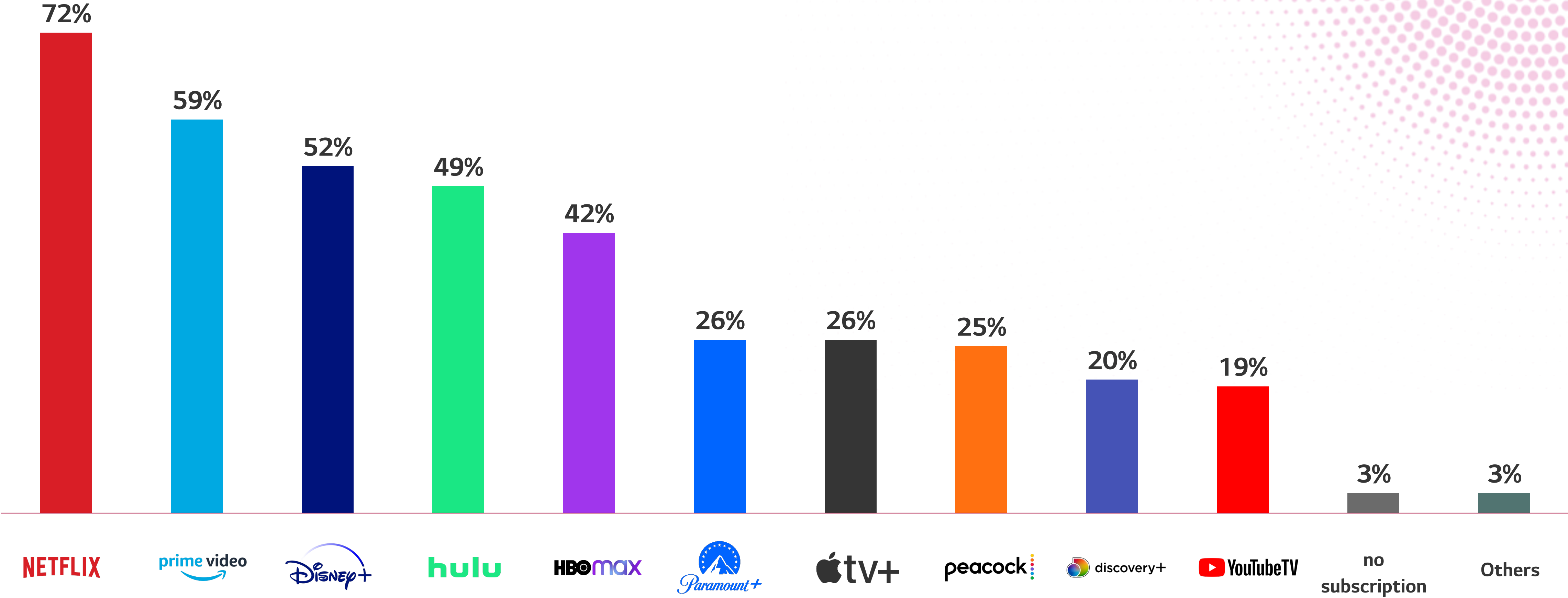


43%
of households with children prefer the TV for social video viewing



Q7. What is your preferred device for watching each type of video content?

Subscription services used



Q8. Which of these streaming services does your household subscribe to, if any?



Ad-supported CTV is most preferred

80%

use ad-supported
models of CTV

67%

prefer ad-supported
models of CTV

Q9. Does your household watch free streaming content with ads?

Q10. I prefer streaming free video content with ads instead of paying for a subscription without ads (agree/disagree)?.

Consumer CTV preferences are shifting



30%

removed a subscription-based CTV service in the last 12 months

25%

added a free ad-supported CTV service in the last 12 months

Q13. In the last 12 months, has your household added or subtracted any streaming services? Select all that apply.

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This shift to ad-supported will continue...

31%

plan to remove a subscription-based CTV service in the next 12 months.

23%

plan to add a free ad-supported CTV service in the next 12 months.

Q14. In the next 12 months, do you expect your household will add or subtract any streaming services to your accessible apps?
Select all that apply.



Viewers support the idea of Ad-Subsidized subscriptions

76%
will trade off less expensive
subscriptions for ad inclusion

Q11. I prefer a cheaper subscription for CTV content with fewer ads

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Over one-third discover CTV content from the TV's home screen

36%

search for content to watch directly
from the TV's native homescreen

Q12. When trying to find TV content to watch, which of the following describes your typical approach?

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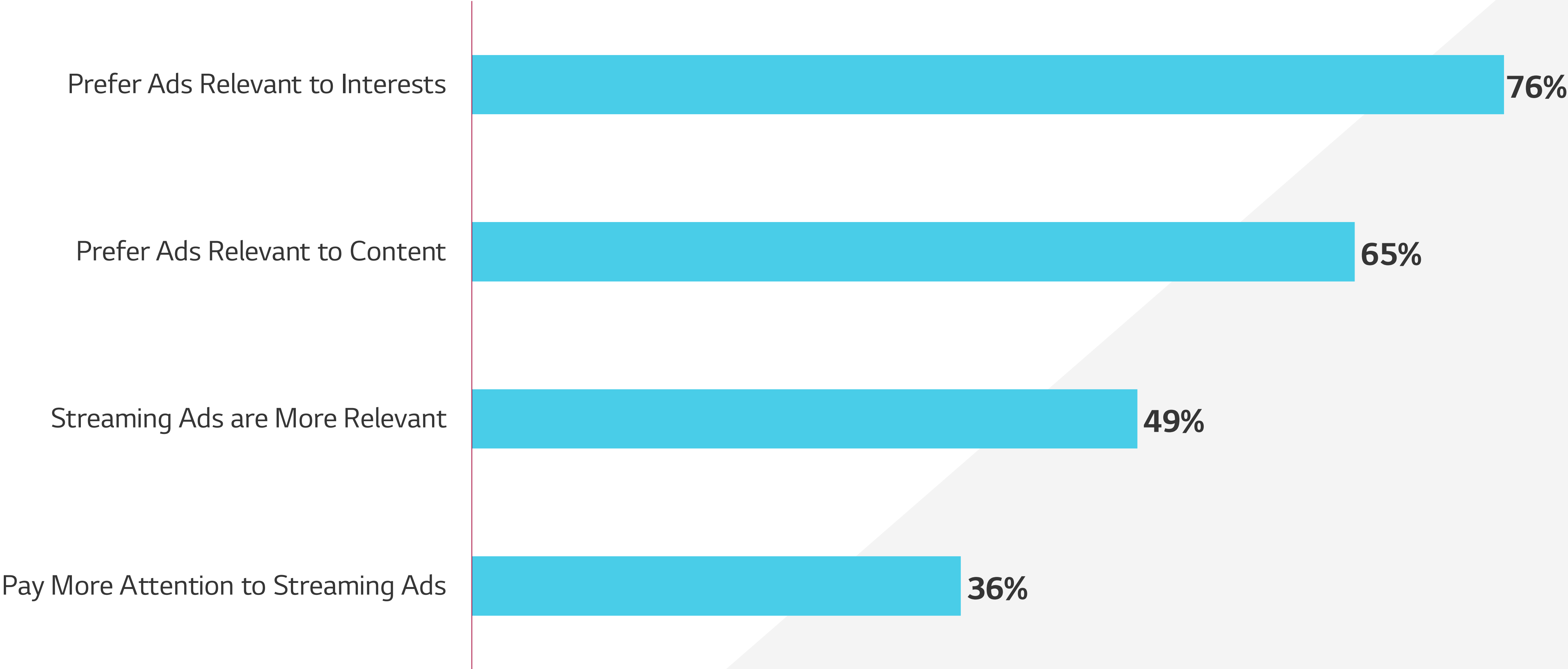
CTV is cannibalizing Linear TV at a steady rate



Q15. Compared to 12 months ago, are you watching more or less TV via cable or satellite?

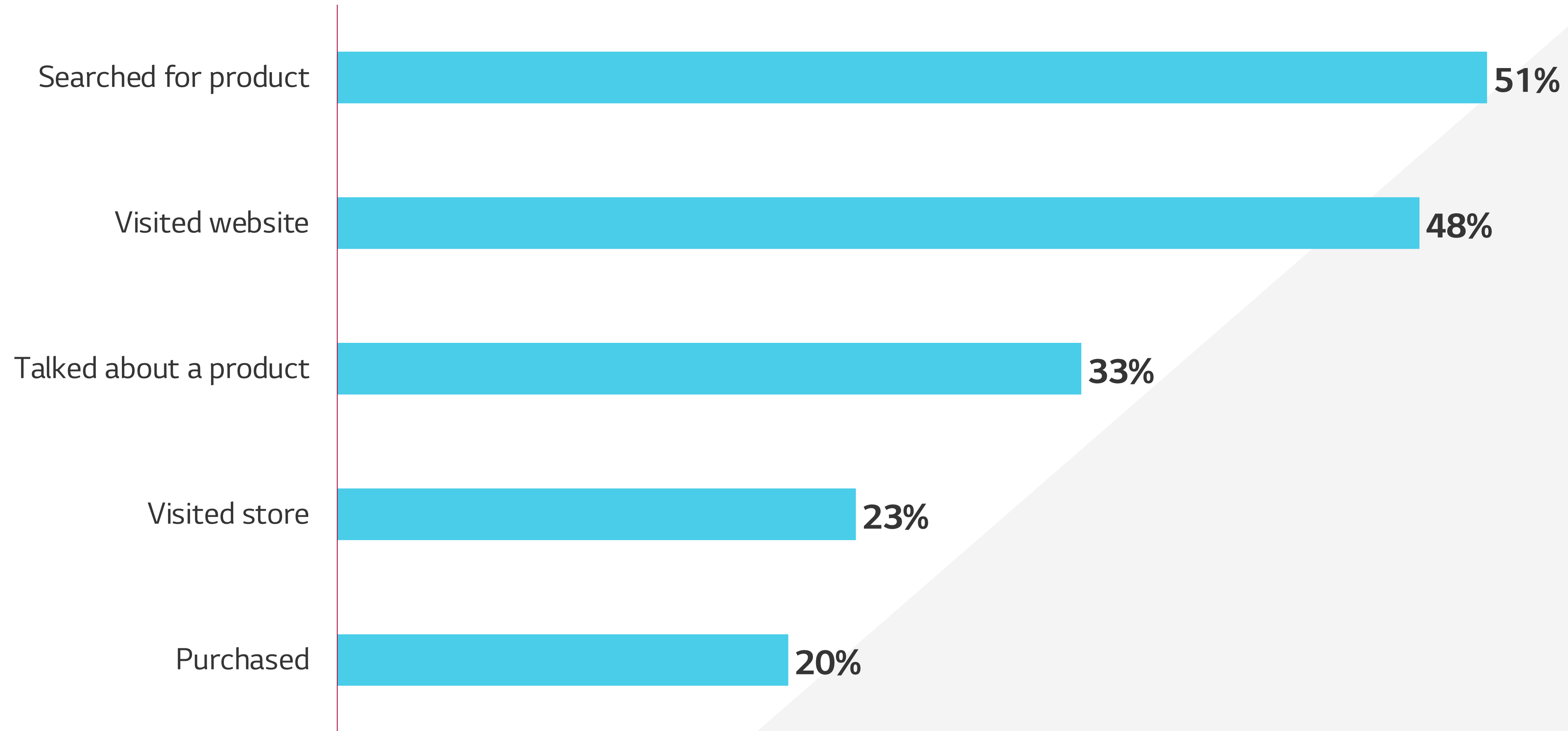
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Consumer perceptions of streaming ads



Q16. To what extent do you agree or disagree with the following statements?

Actions taken after seeing CTV ads



Q17. In the last 12 months, what actions have you taken after seeing an ad on a streaming service?

It is important for advertisers to take a multi-screen approach because multitasking is common

96%

multitask with mobile/laptop *while* watching TV

30%

“Always” multitask with mobile/laptop *while* watching TV

Q18. How often do you multitask with a mobile device or laptop while watching TV?

CTV is at near saturation

93%

of US internet users are
reachable by CTV

Ad-supported CTV is rapidly gaining traction

80%

use ad-supported
models of CTV

67%

prefer ad-supported
models of CTV

Viewers want their ads to be relevant

76%

prefer CTV ads relevant to their
interests

