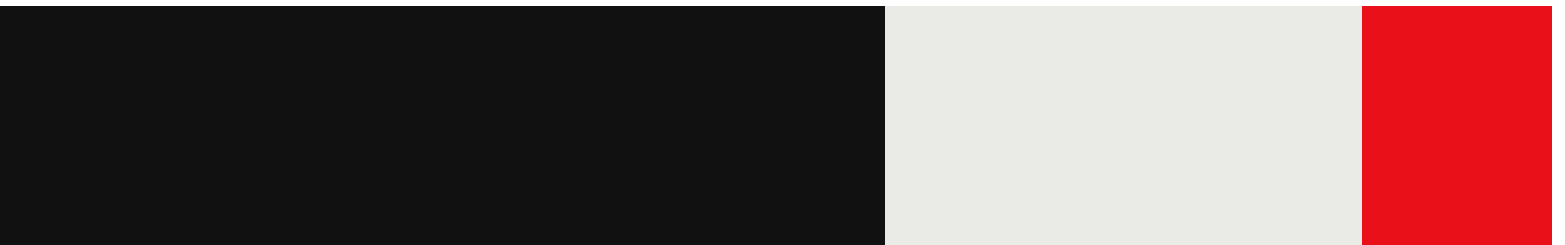


5 charts on Netflix's ad progress: Growth, viewership, Gen Z penetration

Article

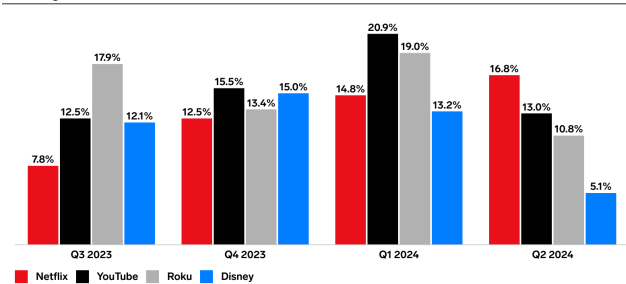


Netflix's ad tier is less than two years old, but is growing due to its password-sharing crackdown and high demand for [connected TV \(CTV\)](#) advertising. One in 10 US [Netflix](#) users

will opt for its ad-supported tier next year, and the company’s US ad revenues will surpass \$1 billion, per our March 2024 forecast. Here are five charts demonstrating the progress Netflix has made —and the potential it still holds for [advertisers](#).

1. Netflix’s ad revenue growth is outpacing competition

Netflix, YouTube, and Roku Digital Ad Revenue Growth and Disney Streaming Revenue Growth Worldwide, Q3 2023-Q2 2024
% change



Note: YouTube includes all YouTube ad revenues and excludes revenues from subscriptions (i.e., YouTube Premium and YouTube TV); Roku includes platform revenues only (i.e., from The Roku Channel), includes subscription fees, ad revenues, and licensing fees, and excludes device revenues; Disney includes all direct-to-consumer revenues, which include Disney+ and Hulu
Source: company earnings releases, Aug 2024

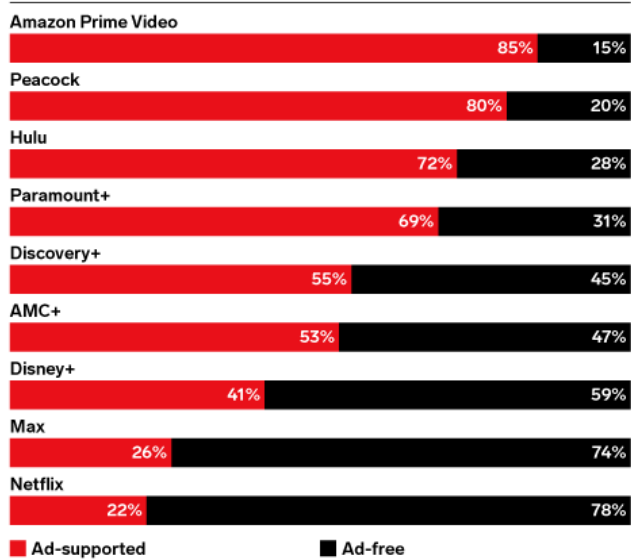
Netflix’s ad revenues grew faster than those of YouTube and Roku in Q2 2024. Netflix’s ad revenue growth has accelerated quarter-over-quarter for the past year while its competition fluctuates. Though, it’s important to note Netflix started from a smaller ad revenue base than its competitors, so high growth requires a smaller increase in ad spend.

Bottom line: What two years ago felt nascent is becoming a well-established ad platform that brands are buying onto.

2. Netflix has the smallest share of ad-supported viewers

Ad-Supported vs. Ad-Free Subscription Share for Select Streaming Services Among US TV Viewers, Q1 2024

% of respondents



Note: ages 16-74 who watch at least 1 hour of TV per week; among respondents who know which subscription tier they have
Source: Hub Research, "TV Churn Tracker" as cited in press release, May 6, 2024

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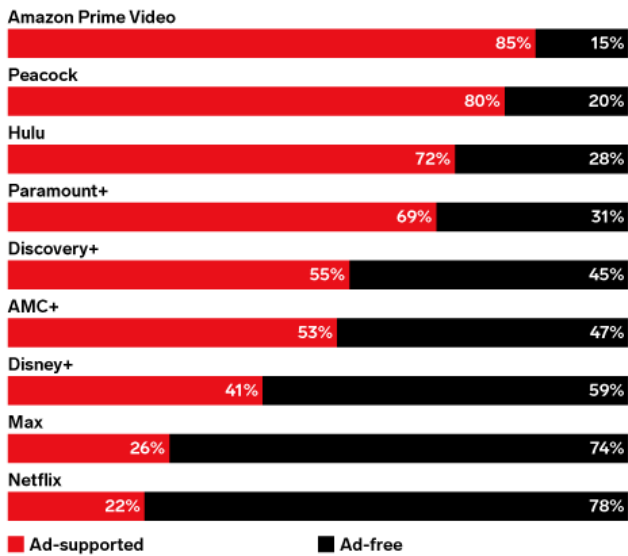
Netflix relies more on ad-free viewers than any comparable streaming service does. Just 2 in 10 US Netflix subscribers see ads, per Q1 2024 Hub Research data. Our forecast shows penetration of US Netflix ad-supported viewers may be even lower, at 7.5%. But that figure is rising as more viewers trade down to its ad-supported tier or create new subscriptions at a lower cost.

What makes Netflix stand out is its audience—52.5% of the US population watches Netflix (179.4 million people), per our forecast. But just 13.5 million people in the US are ad-supported Netflix subscribers.

3. Netflix attracts a high share of Gen Zers, who may be inclined to opt for cheaper tiers

Ad-Supported vs. Ad-Free Subscription Share for Select Streaming Services Among US TV Viewers, Q1 2024

% of respondents



Note: ages 16-74 who watch at least 1 hour of TV per week; among respondents who know which subscription tier they have
Source: Hub Research, "TV Churn Tracker" as cited in press release, May 6, 2024

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Nearly 7 in 10 (67.9%) [Gen Zers](#) watch Netflix, putting the platform behind YouTube (89.3%) but ahead of Disney+ (44.7%), per our forecast. Since Gen Zs spending power is lower than other generations, it's likely they will opt in to ad-supported tiers.

Gen Z still prefers YouTube, but Netflix's penetration of Gen Z users is comparable with [TikTok](#) (71.2%) and [Snapchat](#) (70.3%).

4. Most viewers of other platforms also watch Netflix

Cross-Usage of Select Streaming Services Among US Households, 2023

% of total

| | Netflix | Amazon Prime Video | Hulu | Disney+ | Max | Peacock | Paramount+ |
|--------------------|---------|--------------------|------|---------|-----|---------|------------|
| Netflix | - | 73% | 55% | 49% | 37% | 31% | 22% |
| Amazon Prime Video | 80% | - | 55% | 51% | 39% | 33% | 35% |
| Hulu | 86% | 78% | - | 65% | 46% | 40% | 39% |
| Disney+ | 85% | 81% | 72% | - | 49% | 41% | 42% |
| Max | 88% | 84% | 71% | 68% | - | 44% | 46% |
| Peacock | 83% | 80% | 67% | 63% | 49% | - | 55% |
| Paramount+ | 84% | 86% | 67% | 65% | 62% | 56% | - |

Note: read as 73% of households with Netflix also have Amazon Prime
Source: Advertising Research Foundation (ARF), "TV Deconstructed: Latest Findings From the DASH Study," June 20, 2024

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Among households that watch other popular streaming services, at least 80% also watch content on Netflix, per the Advertising Research Foundation (ARF). Advertisers should avoid hitting the same household too often with the same ad across streaming platforms. Netflix's high penetration among streaming viewers could entice more advertisers if Netflix can attract additional viewers to its ad-supported tier.

5. Netflix's ad load is fairly standard

Share of Ad Load on Select US Ad-Supported Streaming Services, by Ad Length, Q4 2023

% of total

| | 0-15 seconds | 16-30 seconds | 31-45 seconds | 46-60 seconds | 60+ seconds |
|------------------------|--------------|---------------|---------------|---------------|-------------|
| Paramount+ | 49% | 46% | 0% | 5% | 0% |
| Disney+ | 47% | 52% | 0% | 1% | 0% |
| Hulu | 45% | 51% | 1% | 3% | 0% |
| Netflix | 44% | 56% | 0% | 0% | 0% |
| Max (formerly HBO Max) | 42% | 55% | 0% | 2% | 1% |
| Discovery+ | 40% | 52% | 0% | 8% | 0% |
| Peacock | 38% | 58% | 0% | 4% | 0% |
| Pluto TV | 30% | 67% | 0% | 3% | 0% |
| Total | 41% | 55% | 0% | 4% | 0% |

Source: MediaRadar as cited in press release, Feb 8, 2024

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At 56% of its ads lasting between 16 and 30 seconds, Netflix is comparable with other ad-supported streaming platforms, according to MediaRadar. Its ad placements are also comparable to other services, with 86% falling mid-roll and 14% falling pre-roll.

Netflix's ad tier isn't serving users with ads more than any other streaming platform. But users are still hesitant to adopt ads on a platform that for so long has had the appeal of being ad-free.

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