

Sizing up Netflix's, YouTube's, and Amazon's streaming viewing and advertising

Article

To understand how streaming viewing and advertising align, we analyzed various services' ad revenues and time spent estimates. Our ad revenue figures come from Insider Intelligence

forecasts. Time spent estimates come from Nielsen's The Gauge. Among our findings:

Netflix's time spent exceeds its ad revenues the most. Netflix accounts for more than one-fifth of total streaming time spent, but because it has so few viewers on its new ad plans, it will represent just 2.5% of US CTV ad revenues in 2023. This indicates that, due to its massive userbase, Netflix has the most potential to expand ad revenues.

YouTube leads in time spent and ad revenues. On a gross basis, it accounts for nearly one-fourth of total US CTV ad revenues and streaming time spent. YouTube is operated by the world's largest ad seller, the vast majority of its viewers use the free ad-supported version, and the service features heavy ad loads, which contributes to heightened ad revenues.

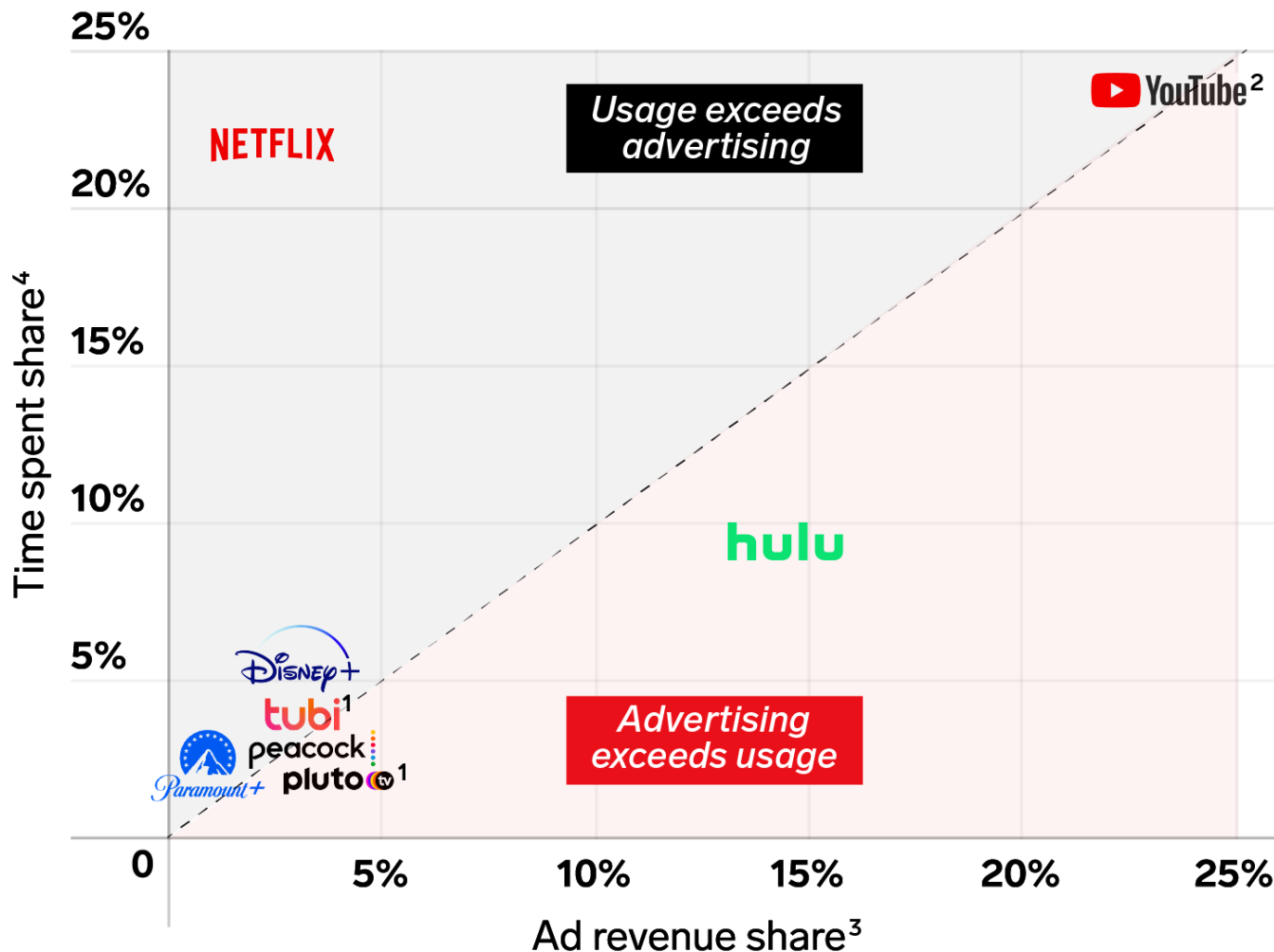
Amazon will make a big splash in streaming advertising. In September, Amazon announced that Prime Video will have ads by default beginning in early 2024 in the US, UK, Germany, and Canada. The move could shake up the market. Amazon estimated that ads on Prime Video will reach more than 115 million US viewers per month, according to a pitch deck obtained by Insider.

Streaming services operate under various business models, so comparing them isn't exactly apples to apples. A streaming service that underindexes on advertising may be doing so intentionally because it relies most on subscription fees to fund content production and it doesn't want to increase churn by opening up the advertising firehose too widely. Meanwhile, other services are free and serve ads to all viewers. Notable issues affecting streaming usage and revenue comparisons include advertising loads, prices, and sign-up rates.

We break down these issues in our new report "**US CTV Time Spent vs. Ad Spending 2023.**"

US Connected TV Time Spent vs. Ad Revenues, 2023

% of total connected TV time spent and ad revenues



Note: (1) free services without ad-free tiers; (2) gross ad revenues; (3) digital advertising that appears on connected TV (CTV) devices; examples include display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising; (4) ages 2+; streaming category excludes "linear streaming" such as YouTube TV

Source: ad revenues from Insider Intelligence | eMarketer Forecast, March 2023; time spent from Nielsen as cited in company blog, Aug 2023

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Insider Intelligence | eMarketer

Report by Ross Benes Oct 18, 2023

US CTV Time Spent vs. Ad Spending 2023

