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# The US streaming ad market diversification story, as told by Netflix, Disney+, and Peacock

Article

“The streaming ad market is diversifying, and will only continue to do so,” our analyst Ross Benes said at our “Attention! Trends and Predictions for 2023” summit.

Before the pandemic, Roku, Hulu, and YouTube made up about half (45.9%) of the US connected TV (CTV) ad market. That market has expanded significantly. Despite solid US CTV ad revenue growth across all three companies, their combined share will account for around one-third of the $26.92 billion that will go to CTV in 2023.

**What's changed?**

- Netflix, Disney+, and HBO Max all introduced ads.
- Amazon has become a much bigger CTV player, especially within sports and its Freevee service.
- Social video from places like TikTok are taking more CTV ad share as users watch this content on TV screens.

**US Connected TV (CTV) Ad Spending Share, by Company, 2020-2024**

*% of total CTV ad spending*

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Hulu | 19.8% | 17.6% | 15.5% | 13.8% | 13.4% |
| YouTube | 14.3% | 14.1% | 13.3% | 11.7% | 11.7% |
| Roku | 7.6% | 9.5% | 10.1% | 9.5% | 10.1% |
| Pluto TV | 3.5% | 4.2% | 4.1% | 4.1% | 4.4% |
| Tubi | 1.9% | 2.7% | 2.9% | 2.7% | 2.8% |
| Disney+ | 0.0% | 0.0% | 0.0% | 3.1% | 3.1% |
| Netflix | 0.0% | 0.0% | 0.0% | 2.5% | 2.6% |
| Paramount+ | 0.0% | 1.0% | 1.3% | 1.5% | 1.7% |
| Peacock | 0.5% | 1.6% | 3.2% | 3.0% | 3.1% |
| Other | 52.4% | 49.4% | 49.6% | 48.1% | 47.0% |

*Note: digital advertising that appears on CTV devices; includes 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; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to 100% due to rounding*
*Source: eMarketer, Oct 2022*

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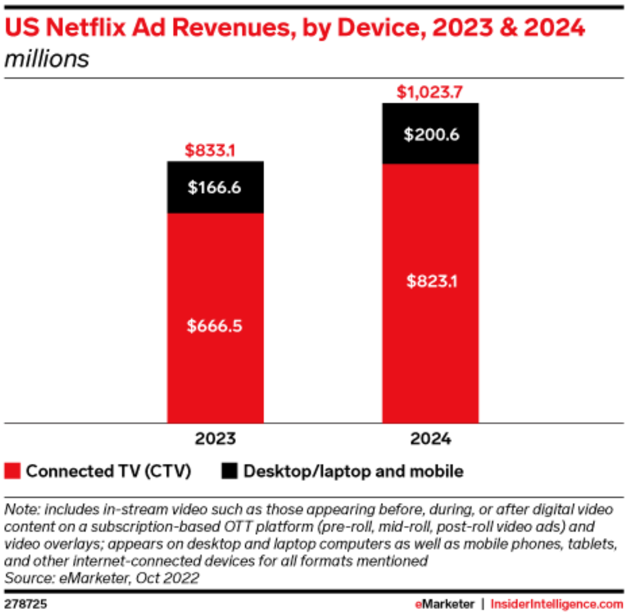
**Netflix's tricks:** "Given just the scope of [its] business, Netflix could become one of the largest players in streaming advertising within a few years," said Benes.

- Benes warned that "Netflix will be slow out [of] the gate." The company missed initial viewership guarantees for its first class of advertisers. But according to Benes, "[its] potential is immense."
- Netflix accounts for about a quarter (23%) of all time spent with streaming video in the US, according to Nielsen.

- We expect Netflix to pass $1 billion in US CTV ad revenues in 2024, assuming it can successfully convert ad-free users into ad-supported ones.




**Disney original:** Disney+'s pivot to ad-supported video has a leg up on Netflix. "Streaming ads may be new to this service, but it's not new to the company," said Benes.

- The Walt Disney Co. has years of experience selling ads on its TV channels, as well as streaming ads on ESPN+ and Hulu. That means "[its] ad business can get off the ground running," according to Benes.
- Hulu grew its ad-supported tier with promotions, bundles, and discounts. With Hulu and ESPN under its umbrella, Disney+ will be able to follow the exact same playbook.
- So even though Disney+ accounts for about 5% of time spent with streaming video, its ad business is primed and ready, while Netflix faces growing pains.

**Peacock's flock:** "Peacock is going to be a pretty significant player in streaming advertising," said Benes.

- Peacock will hit $1 billion in US CTV ad revenues in 2024, putting it neck and neck with Netflix, despite the fact that it will have more than 100 million fewer US viewers.
- Peacock's ad strengths are on the distribution side because it's already tethered to NBC and can be included in package deals with NBCUniversal's inventory.

**Looking downstream:** Players like Hulu and YouTube face a shrinking share of CTV ad spend in the US, not because they're getting weaker but because the market is getting stronger. Time spent with streaming is climbing, and ad dollars will follow as more streamers introduce ads. Marketers can spread out ad revenues across platforms like never before.

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