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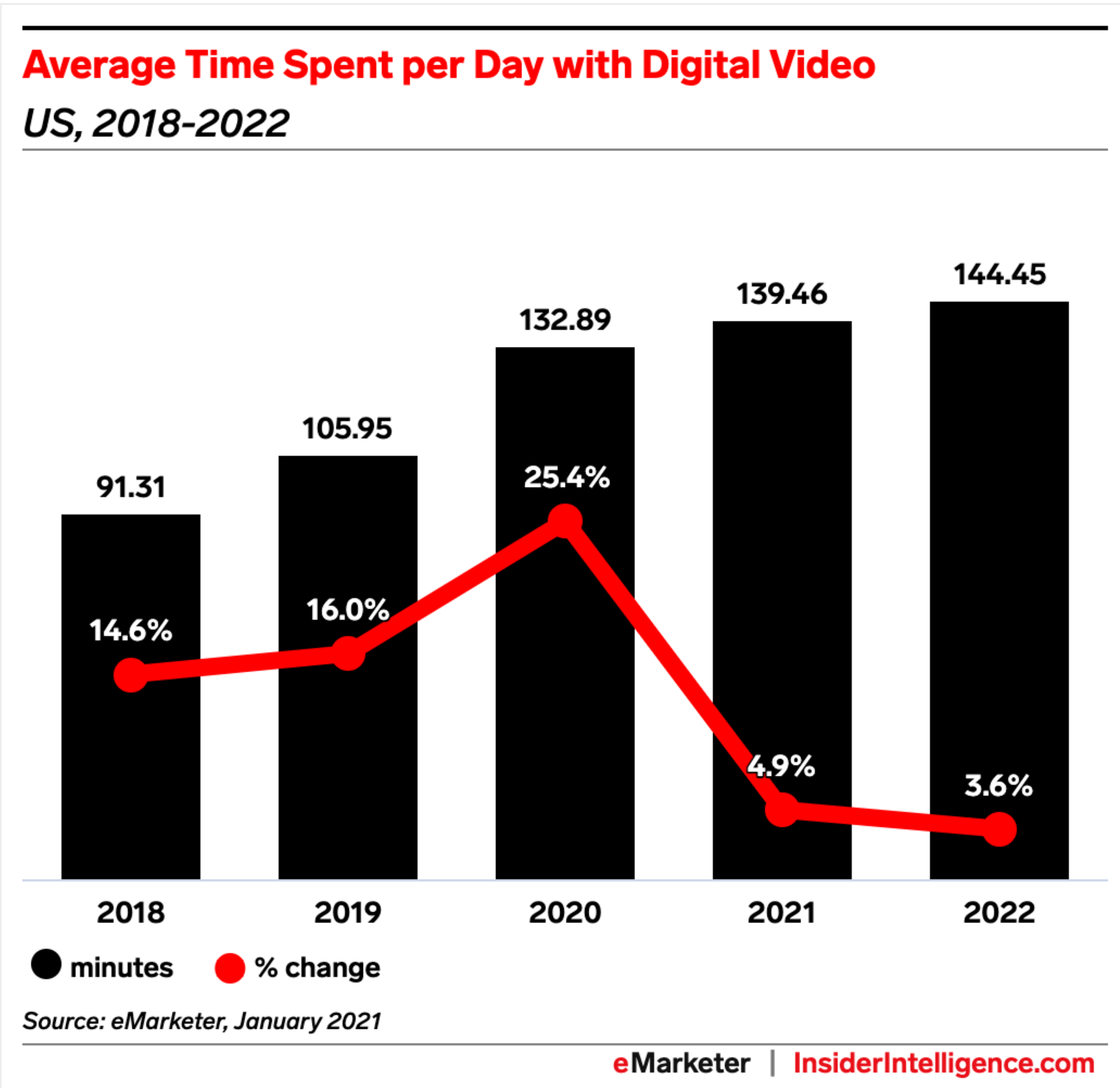
Nina Goetzen

# Ad-supported video viewership is on the rise, and so are marketing opportunities

Article

Streaming video has long been dominated by ad-free subscription platforms like Netflix, but ad-supported services like The Roku Channel, Hulu, and Pluto TV are beginning to gain share.

In January 2021, just over a third (34%) of US households that had video streaming capability used ad-supported streaming services, up 6 percentage points from January 2020, per Nielsen. That 34% can be split into the 26% who used ad-supported video-on-demand (AVOD) platforms, and 8% who opted for linear streaming. (For context, we estimate that average daily time spent with digital video was up 25.4% last year—so the Nielsen data indicates AVOD captured a larger share of that explosive growth.)



**Plus, AVOD viewer growth is likely to continue into this year, as all three major drivers of its rise in 2020 are persisting in 2021. Those drivers are:**

- **The launch of new ad-supported streamers** like Peacock and Quibi (which ultimately sold Roku the exclusive global distribution rights to its content library for The Roku Channel, another big AVOD player). Since the Nielsen data was gathered, several more platforms have released, or announced plans to release, ad-supported tiers, including HBO Max, Discovery+, and Paramount+.
- **Price-consciousness** has been a big driver of AVOD adoption among US consumers, especially early in the pandemic, according to Deloitte polling from June 2020. But strained pandemic budgets aren't the only reason for the move to AVOD—the increase in the number of streaming services and fracturing of content libraries also hurts consumers' wallets, a problem that is alive and well in 2021. People may need to sign up for multiple services to access all the content they want to see, and cheaper, ad-supported tiers give people an easier way to afford that.
- **Migration away from linear TV** and toward virtual multichannel video programming distributors (vMVPDs), like Comcast's Xfinity Instant TV, is another driver. Though vMVPD viewership isn't rising quickly enough to counteract the effects of cord-cutting, such services do provide a digital alternative for both viewers and advertisers, and they'll continue to be an important stopgap as cord-cutting keeps ramping up this year and into the future.