

Prime Video with ads will launch with \$30 CPMs, undercutting rivals

Article

The news: Amazon Prime Video with ads will launch [at the end of January](#) with CPMs (the cost to reach 1,000 users) in the **low- to mid-\$30 range**, per [Adweek](#) reporting.

Streaming CPMs stabilize: The \$30 price point is highly competitive and far lower than the \$50 or even \$60 CPMs that rivals like **Netflix** and **Disney+** burst onto the scene with in late

2022, showing that competition is causing streaming advertising costs to fall.

- Netflix and **Warner Bros. Discovery** drew negative attention in late 2022 for charging record-high CPMs. But in the time since, both have lowered their expectations. Netflix has reportedly curbed its average ask to **\$39 to \$45** due to lower-than-expected initial results for its advertising business and a bevy of new competitors.
- In short, **competition has been good for streaming CPMs**, lowering the cost of entry and allowing more advertisers to tap into streaming services' large, walled gardens of audience data.

But there's more: For Amazon, \$30 CPMs is about more than just undercutting the competition. Its ad-supported subscription model gives it a significant leg up against other streaming services, and the lower price point will entice a large number of new advertisers to its platform.

- Rather than getting users who have become accustomed to a decade of ad-free streaming to jump on the ad-supported train by axing cheap subscription options and cracking down on cord-cutters, Amazon is simply **making ad-supported streaming the default** for all **Prime** members. To avoid ads, users will have to pay an extra \$2.99 monthly.
- That means the vast majority of the **288.9 million global Amazon Prime households** (with 94.5 million in the US) will now become ad-supported viewers. By comparison, Netflix reported that it had reached **15 million ad-supported subscribers** as of November 2023, with total global subscribers across tiers reaching 247 million.
- For advertisers, it's a relatively easy decision: Advertise with Amazon and get cheaper access to streaming audiences than through competing platforms, with a much larger audience out of the gate. Amazon has also offered significant advertising credits to new advertisers on its other video platforms, like **Twitch** and **Freevee**, and could act similarly with Prime Video.

Our take: Amazon's competitive pricing, high-profile content, and large out-of-the-box audience could drive peers to lower their prices, leading to a much more accessible streaming advertising market.

- For Amazon specifically, video presents an opportunity not just to boost its advertising revenues but to bring new advertisers of varying sizes into its fold and entice them to spend in other sectors of the company's rapidly growing ad business.

Netflix vs. Amazon Prime Video Viewers in Select Countries, 2024

millions

	Netflix viewers	Amazon Prime Video viewers
US	173.7	163.6
India	48.1	65.9
UK	35.0	26.9
Germany	29.4	32.3
France	27.1	13.6
Canada	18.9	14.6
Australia	10.5	4.9
Japan	10.4	16.2

Note: Individuals of any age who watch Netflix or Amazon Prime Video via app or website at least once per month

Source: Insider Intelligence | eMarketer Forecast, Sep 2023

283857

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