

Apple TV+ tests the ad-supported waters through Major League Soccer

Article

The news: Apple TV+ is one of the last major streaming services holding out on launching an ad-supported subscription tier, but it's beginning to cave. Bloomberg reports that the

streaming service is launching a live TV ad platform for its broadcasts of **Major League Soccer** (MLS) games.

Sports are a gateway in: Apple has been inching its way into sports broadcasting through deals with the MLS and **Major League Baseball**, and the strong ad spending on sports content makes it an ideal way to test the ad-supported video waters.

- In a year that's seen a diversion of ad spending away from linear TV toward digital channels, sports has remained a strong bastion for advertising. Political advertising on sports content is expected to nearly triple this year from 2018—a sign of a hotly contested midterm season, yes, but also proof that advertisers view it as a highly effective space.

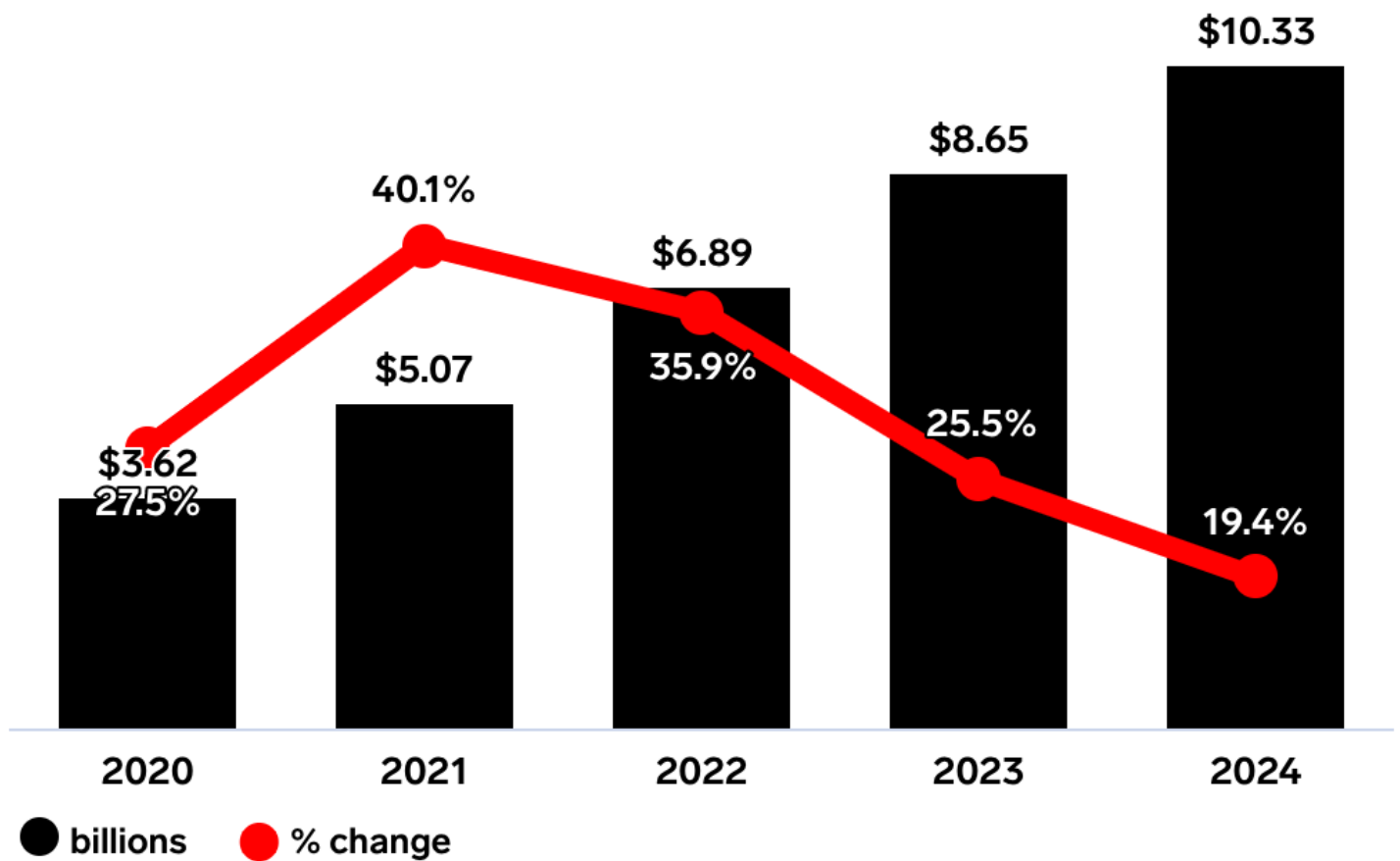
Apple's ad ambitions: Now that even the stalwart anti-ad streamer **Netflix** has caved to opening an ad-supported tier, it only makes sense that Apple would do the same—especially since it's made advertising a core part of its business model.

- Apple's advertising revenues are expected to reach around \$4 billion this year, but it is reportedly aiming to expand those revenues into “the double digits,” per Bloomberg.
- That ambition has led to the billboard-ification of the iPhone. Apple has debuted new ad placements on the App Store (some of which didn't go so well), on the maps app, on the podcasting app, and the books app—at this point, expect that any Apple-run app will debut ads sometime in the near future.
- But unlike with Netflix, whose ad-supported tier was the product of a historically bad quarter, there's little time pressure on Apple TV+ to launch an ad-supported tier before it's well and ready.

Our take: MLS broadcasts are the perfect testing ground for Apple to debut a video ad platform. Sports and streaming content is of high interest to advertisers, and the smaller size of the MLS compared with events like The World Cup or NFL games means there won't be as dire of consequences for any early mistakes.

Apple Ad Revenues

Worldwide, 2020-2024



Source: eMarketer, March 2022

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