

More streaming viewers are adopting ad tiers

Article

Streaming services are raising subscription prices to nudge viewers to choose advertising plans. While striving toward profitability amid rising content costs, streaming services have prioritized ad-supported tiers, which tend to generate more revenues per user than ad-free tiers.

- **Ad-supported sign-ups are increasing.** One-fourth of streaming sign-ups were ad-supported through H1 2023, up from about one-fifth in 2021, according to a June 2023 Antenna report.

With Prime Video set to introduce advertising in 2024, ad-supported sign-ups will continue to increase.

- **The likelihood that viewers will choose an ad tier varies by platform.** Over two-thirds of the viewership on **Peacock**, **Paramount+**, and **Hulu** will be ad-supported next year, according to our inaugural US ad-supported streaming viewers forecast. But after avoiding ads for more than a decade, Netflix is taking a cautious approach to shifting viewers over.
- **Hulu has the most ad-supported viewers among US streaming services.** Although Peacock and Paramount+ have a greater portion of their viewers on ad plans, Hulu has the most ad-supported viewers because its overall audience is much larger than most streaming services'. We forecast about half of all ad-supported viewers will watch Hulu next year.
- **Disney+ and Netflix are poised to grow their ad-supported viewers the most.** Advertising is new to **Disney+** and **Netflix**, so they have fewer ad-supported viewers than subscription services like Peacock and Paramount+, which have always had advertising. But we expect Netflix and Disney+ to grow their ad-supported viewers substantially next year, with 69.7% and 45.1% increases, respectively.

Subscription OTT Ad-Supported Viewer Penetration, by Provider

US, 2024, % of total viewers

Peacock

78.8%

Paramount+

73.2%

Hulu

68.1%

Disney+

23.5%

Max

20.8%

Netflix

7.5%

Note: Individuals of any age who watch video via app or website through an ad-supported subscription at least once per month

Source: Insider Intelligence | eMarketer, September 2023

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