

# Netflix ads could debut as soon as Q4

## Article

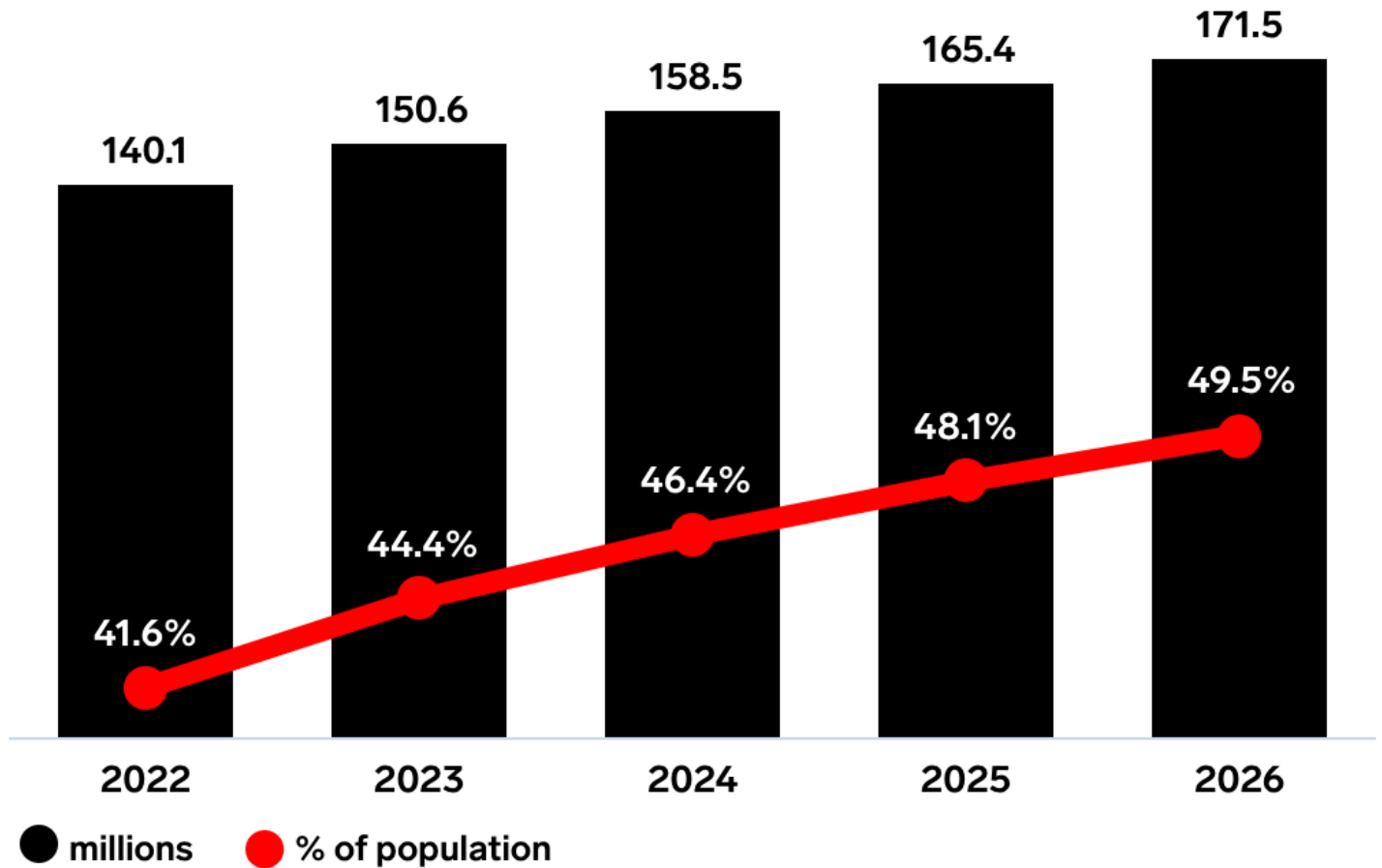
**The news:** Netflix's much-discussed ad-supported tier may come sooner than expected. Despite initially saying it could take one or two years to implement, the company recently told employees that it hopes to launch an ad platform between October and December 2022, [per](#) a New York Times report.

**How we got here:** Being ad-free used to be a point of pride for Netflix, something it touted as making it better than its competitors. But that quickly changed after Netflix's most recent earnings report shocked investors with the news that 200,000 subscribers had left the service, [its first subscription loss in a decade](#).

- To soften the blow of those losses, Netflix made two major announcements: It would crack down on password sharing and bring ads to the platform for the first time ever.
- Investors and marketers had been urging Netflix to implement ads since its inception. The decision to finally dive in was made easier by the fact that competitors—including the historically ad-averse **HBO**—have been adopting ad-supported viewing channels.
- Consumer concerns about rising costs, opportunities for additional advertising revenues, and the growing popularity of free (or discounted) ad-supported streaming made implementing ads an easy choice for streaming services.

## AVOD Viewers

US, 2022-2026



Source: eMarketer, February 2022

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**Netflix's uneasy ad approach:** Delivered just after bad news, Netflix's uncertain advertising announcement left some feeling nervous.

- CEO **Reed Hastings** said the company would “figure it out over the next year or two,” laying out an unclear roadmap leaving many wondering if work on the project had even begun.
- Hastings also said Netflix would seek partners to help it build an ad platform. That might have been good news for the various adtech firms that have [struck partnerships](#) with content giants, but it also suggested that Netflix was cutting itself out of developing a proprietary

adtech platform that could be licensed out as a lucrative solution to the fractured state of digital video ads.

**Speeding things up:** Netflix’s decision to rev up the project is a sign that criticism reached the company’s ears. But by Netflix’s own admission, the acceleration will come with caveats: “Yes, it’s fast and ambitious and it will require some trade-offs,” the internal note said.

- The acceleration gives Netflix even less time to develop a proprietary ad platform. The New York Times reports that Netflix has “ramped up” conversations with adtech firm **The Trade Desk**, which counts former Netflix CFO **David Wells** as a board member, to potentially build one out.
- Netflix’s note also tried to preempt concerns that a rushed ad rollout could hurt its reputation. The note cited competitors like **HBO** who were able to “maintain strong brands while offering an ad-supported service,” according to the Times.

**Looking forward:** The big remaining question mark for Netflix centers on how the consumer experience will be affected by ads.

- How frequently will ad-supported viewers have content interrupted, and for how long? How will Netflix’s ad platform deal with users’ personal data? Turning on ads is not so simple as flipping a switch, and Netflix will have to handle its rollout carefully or risk further alienating viewers.

#### Netflix Streaming Subscriptions Worldwide, by Region, Q1 2021-Q1 2022

millions

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
US and Canada	74.4	74.0	74.0	75.2	74.6
Europe, Middle East, and Africa	68.5	68.7	70.5	74.0	73.7
Latin America	37.9	38.7	39.0	40.0	39.6
Asia-Pacific	26.9	27.9	30.1	32.6	33.7

Note: paid subscribers only; excludes revenues from DVDs; numbers may not add up to total due to rounding  
Source: Netflix, April 19, 2022

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