

# Netflix leadership discusses scaling ad business engagement, inventory

Article

Netflix CFO Spencer Neumann is optimistic about the future of ads on Netflix. “When you get into ‘26 and beyond, [advertising] can be even more meaningful and, hopefully, it becomes to

the point where it is a primary [revenue] contributor, given all of that engagement and reach that we're building," he said on the company's earnings call last week.

[Netflix](#) is on track to achieve "critical scale goals" for ads in all countries where they are served, co-CEO Greg Peters.

Ad spend won't be a primary driver of revenue growth for Netflix in 2024 or 2025, Neumann said, but ad-supported tiers contribute to subscriber growth, with 45% of new subscribers opting for ad tiers in markets where they are available, per Netflix.

"We're very pleased with how we're scaling our ads business," said Neumann, referring not only to the number of viewers seeing ads but also to ad engagement, inventory, and [measurement](#). Netflix is improving its ad scale in two areas: go-to-market capabilities and ad server innovations, said Peters.

- Go-to-market capabilities are being enhanced via more sales and operations hires, as well as giving advertisers "more effective ways" to buy ads via existing demand sources, per Peters.
- Netflix is also building its own [ad server](#), which will launch in Canada this year and elsewhere in 2025, per Peters. This follows a shift away from [Netflix's Microsoft partnership](#), which will allow Netflix to keep more ad revenues in-house.

These efforts are big changes for Netflix. "From its [tech stack](#), to where its ads can be bought, to who is in charge of selling them, Netflix's future ad business won't resemble the product it initially launched," said our analyst Ross Benes.

Netflix's US ad revenues will total \$0.95 billion this year, per our forecast. That's just 0.9% of total US video ad spend. But Netflix's ad business is less than two years old, and revenues will hit \$1.24 billion come 2025.

While Netflix's ad figures may be low, its time spent figures are mighty. US adults average 35 minutes per day on Netflix, putting it behind only YouTube at 36 minutes, per our forecast.

Netflix and YouTube are competing for the same digital video ad dollars. YouTube will see nearly 10 times Netflix's US ad revenues this year, per our forecast.

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