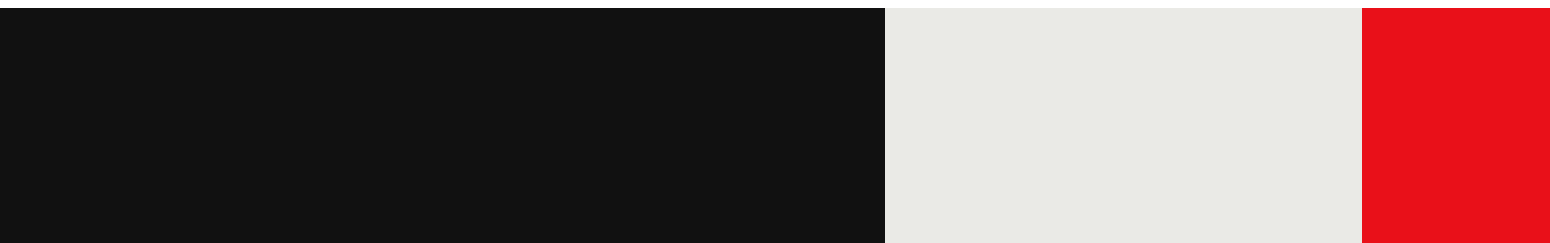



30% of Disney+ subscribers use the AVOD tier, earnings call reveals

Article



The news: Disney inched ahead of expectations in its fiscal Q4, with profit and revenues narrowly topping analysts' forecasts. But the real headline news dropped in a hot mic moment when CEO **Bob Iger** shared key figures about the company's ad-supported streaming audience.

- During the company's earnings call, Iger said **37% of Disney+ subscribers in the US and 30% globally now use the ad-supported tier**—a rare revelation from a major streaming player about its advertising reach.
- Iger could be heard saying he wasn't sure if he was supposed to disclose those figures.

By the numbers:

- **Revenues:** \$22.57 billion, up 6% YoY versus \$22.45 billion expected.
- **Earnings per share (EPS):** \$1.14 vs \$1.10 expected.
- **Subscribers:** Disney+ reached 122.7 million subscribers, up 4% YoY. Hulu had 52 million, up 1% YoY.

India gains: Disney's earnings came alongside news that the company completed its merger with Indian media entity Reliance in a deal worth \$8.5 billion. The newly merged entity, of which Disney is the second-largest shareholder, will have unparalleled rights to cricket matches, a high-value sporting event for which streaming services bid billions.

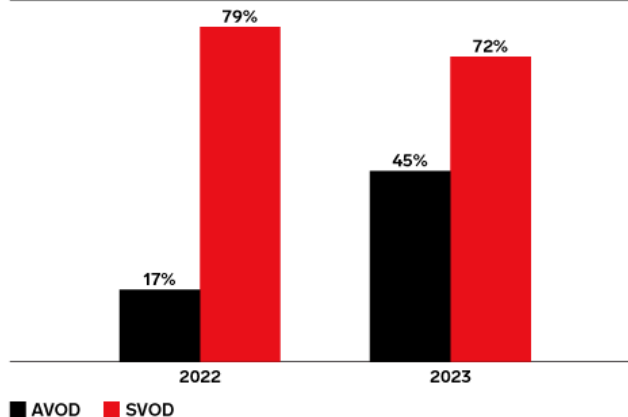
- We forecast that India digital ad spending will jump 25.1% this year, the most of any country and nearly 10 points above runner-up Argentina.
- India is a hotly contested region among streaming services due to its enormous population and room for subscription growth, but its variety of spoken languages makes it a difficult sector to penetrate with original content—hence cricket's value.

Our take: Iger's statement gave a precise snapshot of Disney+'s advertising audience that can be used to assess other ad-supported video-on-demand efforts. **Netflix**, for example, only reveals monthly active users for its ad-supported tier (it recently reported 70 million monthly active ad-supported users).

- With 30% of global subscribers using the AVOD tier (excluding Disney+ Hotstar, the Indian streaming service), **that gives Disney+ an ad-supported subscriber count of 36.81 million**.
- That number is likely to grow significantly in the coming quarters. Disney recently kicked off its own password-sharing crackdown, which (like Netflix before it) will likely create a steady stream of new subscribers who will choose the service's lowest-cost entry point.

US Household Penetration of Subscription Video-on-Demand (SVOD) and Ad-Supported Video-on-Demand (AVOD) Streaming Services, 2022 & 2023

% of total



Source: Advertising Research Foundation (ARF), "TV Deconstructed: Latest Findings From the DASH Study," June 20, 2024

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