

Younger audiences drive ad acceptance on streaming platforms—particularly during live events

Article

The news: Two-thirds (66%) of US TV viewers now prefer ad-supported streaming over ad-free alternatives, as major platforms like **Netflix** and **Amazon Prime Video** expand their advertising reach, per new Hub Research data.

The study shows ad tolerance varies significantly by demographic and content type:

- Younger viewers ages 16 to 34 show **higher acceptance of live TV ads** at 69%.
- Live content, particularly sports, creates natural ad opportunities that **66% of viewers** use as breaks.

In response to those trends (and their own bottom lines), platform strategies are evolving:

- **Amazon Prime Video's** ad tier launch has decreased CPMs across major platforms.
- **Netflix** and **Max** stand out by maintaining lighter ad loads compared with services that include content from traditional TV, like **Paramount+** and **Hulu**.
- It's not just premium streamers that show less ads than TV. Free ad-supported streaming TV (FAST) services average 9 minutes of ads per hour, **well below linear TV's 15 minutes**, per Wurl Analytics.

Why it matters: Economic pressures and platform competition are reshaping streaming business models. Rising subscription costs drive consumer behavior, with inflation concerns pushing viewers toward ad-supported options.

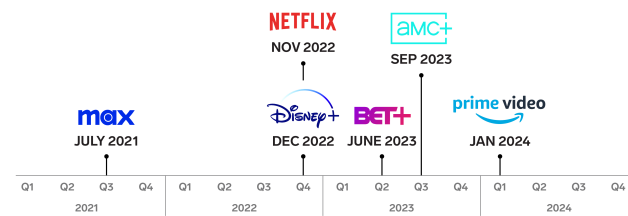
Live content has emerged as a key differentiator as major platforms invest in live sports content, as viewers accept commercial breaks during natural game stoppages and timeouts.

- But live event strategies now extend beyond traditional sports, with platforms like **Amazon** and **YouTube** securing rights to other live content like award shows to create highly-coveted ad inventory.
- Younger demographics' higher tolerance for ads during live content (69%) has sparked fierce competition for sports rights, with **Amazon** securing NBA games and **YouTube** winning NFL Sunday Ticket.

Our take: The streaming industry's pivot to ad-supported models marks a fundamental shift in digital entertainment.

- **Netflix's** success in attracting 46.1 million ad-tier subscribers and 43% ad revenue growth this year, per our forecast (both US) demonstrates the market's potential, but platforms must carefully balance this revenue opportunity against user experience.
- Despite being open to ads, streaming subscribers want a quality overall experience. Nearly 80% of viewers express frustration with issues like ad loading latency. Reducing technical friction will be essential to keep viewers.
- As the market matures, expect platforms to continue refining their ad strategies. Premium services will differentiate themselves through lighter ad loads, superior placement technology, and meaningful ad personalization.

Subscription Streaming Services Keep Rolling Out Ad Tiers
 years of the advertising tier launches of select US streaming services, 2021-2024



Source: EMARKETER, Nov 2024

351623

EM EMARKETER