

Disney+ will soon give advertisers access to Hulu's ad targeting capabilities

Article

The news: Disney will start rolling out some of Hulu's ad targeting capabilities to Disney+ in April, Disney Advertising President Rita Ferro said in a Digiday interview ahead of the

company's annual Tech & Data Showcase advertiser event this week.

- She added that Hulu's "full suite of ad products and services" will be accessible across Disney's entire streaming portfolio by the end of July.

The context: According to **Aaron LaBerge**, CTO of Disney Media & Entertainment Distribution, Disney's ad server—"the heart of our platform," in his words—already powers all of Hulu's and Disney+'s US-based addressable ad systems at 100%, and over the course of the next 12 months, it will power all of Disney's addressable platforms. This digital transformation was possible by Disney's acquisition of Hulu nearly four years ago.

Why it matters: Through this effort, Disney is attempting to streamline its back-end ad tech business as it works to automate 50% of its ad sales. They're already at 35%, according to Ferro, but achieving that remaining 15% will be huge as companies including Google are focusing more on self-serve, automation, and profitability.

- Disney's efficiencies should help it compete with **Netflix**, which launched its own ad-supported plan in November. It has gotten off to a "solid" start and will soon bring in at least \$3 billion in annual revenue, according to company's executives, who believe Netflix's ad business could be as large or larger than Hulu's over time.

Our take: Thanks to its stake in Hulu, Disney has an advantage over Netflix when it comes to launching an ad-supported business.

- According to Ferro, Disney+ has not seen any under-delivery problems similar to those Netflix has experienced with its nascent ad-supported tier.

Subscription OTT Platform Ad Revenues, by Company

US, 2023, billions

Disney+	\$1.02
Netflix	\$0.83
Paramount+	\$0.48
Peacock	\$1.05
Other	\$1.85

Note: includes instream video such as those appearing before, during or after digital video content on a subscription-based OTT platform (pre-roll, mid-roll, post-roll video ads) and video overlays; appears on appears on desktop, and laptop computers as well as mobile phones tablets, and other internet-connected devices for all formats mentioned

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