

[Ad spending data reveals how streaming TV services like Netflix and Disney are changing their marketing tactics](#)



BUSINESS
INSIDER



Subscribe

BI PRIME

Ad spending data reveals how streaming TV services like Netflix and Disney are changing their marketing tactics

Ashley Rodriguez 8 minutes ago



Hulu

Ashley Rodriguez

Apr 9, 2020 at 12:58pm PDT

With people spending more time in front of their TV sets, an advertising battle is emerging among streaming-video platforms

that are vying for an audience surge like the one Netflix recently reported.

New subscription services like Quibi, Disney Plus, and Apple TV Plus, as well as players like Hulu and Amazon Prime Video, are driving up ad spending in the entertainment category.

The video-entertainment category spent 41% more on national TV ads during March 2020 compared with a year earlier, reaching a total of \$52 million, largely because of online platforms including Amazon Prime Video, Hulu, and Disney Plus, according to data from WPP's research arm, Kantar.

Data from iSpot.tv, Pathmatics, and MediaRadar showed the streaming-ad wars continued in April, both on TV and online.

Netflix is one streaming service that isn't spending more on advertising, but experts say it may just be marketing more efficiently.

[Click here for more BI Prime stories.](#)

With people spending more time in front of their TV sets, an advertising battle is emerging among streaming-video platforms that are vying for an audience surge like the one Netflix just reported.

Netflix said on Tuesday that its [audience swelled to 183 million paid subscribers worldwide](#), after it signed up nearly 16 million paying members from January to March.

New subscription services like Quibi, Disney Plus, and Apple TV Plus are trying to buy their ways into audiences' consideration sets, while Hulu and Amazon Prime Video are stepping up advertising to maintain their leads. The combination is driving up spending in the category overall.

The video-entertainment category spent 41% more on national TV ads during March 2020 compared with a year earlier, reaching a total of \$52 million, largely because of on online platforms including Amazon Prime Video, Hulu, and Disney Plus, according to data from WPP's research arm, Kantar.

Amazon Prime Video spent nearly \$7 million to promote the series "Hunters" on TV, on top of other campaigns it ran during the month. And Hulu dropped millions on a brand campaign and promotions for "Little Fires Everywhere" and FX's "Devs," to name a few of the big-budget pushes.

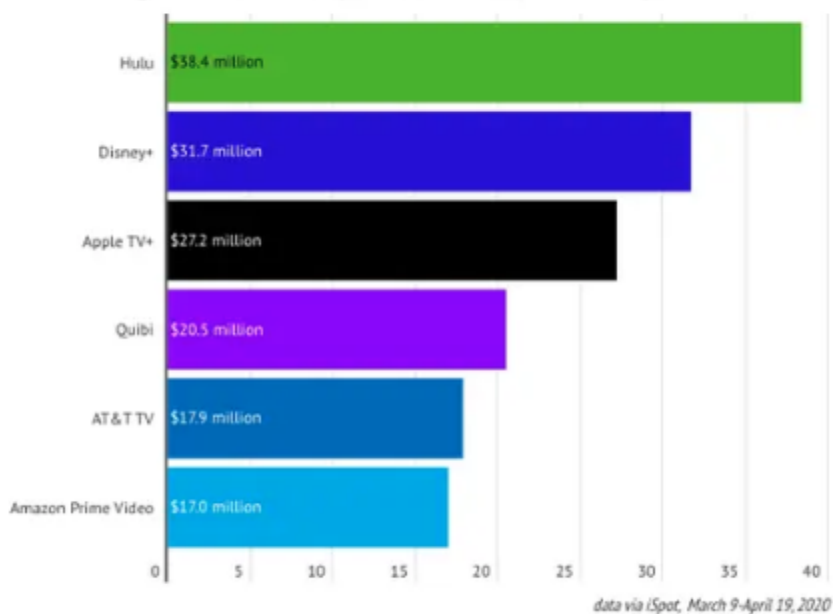
The uptick in ad spending by video services came as other major ad categories, such as automakers, fast-food chains, and airlines pulled back on ad spending, which helped amplify those marketing messages even further.

"It's not just that they're stepping up, it's that everyone else is stepping down and there's a wider opportunity to influence," said Stephen Davis, global product director for advertising-intelligence services at Kantar Media. "We're all seeing more entertainment advertising because there's not as much auto, or there's as much insurance."

Streaming TV's marketing war continued in April

Data from iSpot.tv, which tracks national-TV ad airings, estimates that prior to lockdown the streaming-video category aired about \$20 million to \$25 million worth of TV ads per week. Since late March the category has aired about \$40 million worth of TV ads per week, the firm estimates.

Streaming Services Ads by Media Value, Mar. 9 - April 19



Top streaming-video advertisers from March 9 to April 19

iSpot.tv

Note: iSpot.tv's media-value estimates wouldn't include discounts platforms like Disney-owned Hulu or Disney Plus may have received from airing ads on parent-company-owned TV networks. The data represents how much the advertising was worth, rather than what it cost.

That's partly because there are more services than there were before. Quibi, a mobile-video platform, launched on April 6, and planned a big marketing push for its debut. Disney Plus and Apple TV Plus are months old and still advertising heavily. And NBCUniversal's Peacock and WarnerMedia's HBO Max are laying the groundwork for their national launches, though they haven't rolled out large ad campaigns yet.

Some services are also taking advantage of the opportunity to reach people who are home and looking for things to do.

"Streaming companies are seeing an opportunity in all of this chaos to complement the natural behavior for people to consume more video during the day," said Stuart Schwartzapfel, senior vice president of media partnerships at iSpot.tv.

Apple TV Plus, Hulu, and Quibi broke into the top 60 ad spenders in US TV during the period of March 20 to April 20, joining Amazon Prime Video, analysts at research firm LightShed Partners [wrote in an April 21 blog post](#), which also cited iSpot.tv data. Amazon Prime Video was the only streaming-video service in the ranking during the prior 12-month period.

Hulu blanketed the airwaves advertising for "Mrs. America," "Little Fires Everywhere," and FX content that was coming to Hulu, iSpot.tv data showed. Disney Plus pushed new releases like Disney's "Elephant" and "Dolphin Reef," "Frozen II," and Pixar movie "Onward," which came to Disney Plus less than a month after it hit theaters. And Apple TV Plus showcased its breadth of titles, as well as new shows like "Amazing Stories," "Defending Jacob," and "Home Before Dark."

Digital marketing is an even bigger opportunity for streaming-TV services, some experts say

Disney Plus is spending a ton of money on marketing overall. Ad-analytics platform MediaRadar, which has a broad view of ad spending including mobile, web, national TV, print, and platforms like Snapchat, said Disney spent 318% more on advertising during the month of March than it did in February.

Pathmatics, which tracks digital advertising, estimates Disney Plus shelled out nearly \$99 million in the 30 days ending April 14, more than four times what the next largest streaming advertiser, Hulu (also owned by Disney), spent during the period.

Online, Disney Plus also pushed the final season of "The Clone Wars" and "Frozen II," and Hulu promoted subscription add-ons like HBO and Starz, the Pathmatics data showed.

Quibi, which [said prior to the pandemic that digital advertising would be a big part of its launch strategy](#), spent more \$10 million on digital ads, according to the Pathmatics data, which includes most US desktop and mobile advertising, as well as advertising on Facebook, YouTube, and Twitter.

Anecdotally, it appears Quibi has also been all over Instagram and TikTok, but those platforms were not included in the advertising data that Business Insider analyzed.

"Why fish where the fish aren't?" Rich Greenfield, analyst at LightShed, told Business Insider via email. "I don't understand heavy TV ad spend when everyone is on digital devices ... The spending should be on YouTube, TikTok, Snapchat, Twitter, Instagram, etc."

Netflix hasn't boosted ad spending but may be marketing more efficiently

Digital marketing is where industry leader, Netflix, has been focusing much of its ad efforts of late.

In February, before lockdowns were widespread, [Netflix partnered with Samsung](#) to promote its originals with exclusive outtakes and

behind-the-scenes videos for subscribers with certain Samsung Galaxy smartphones. In April, [Netflix teamed up with Instagram](#) for a series of social videos that feature talent like Caleb McLaughlin from "Stranger Things" discussing issues young people are facing, alongside mental-health experts.

Despite Netflix's stellar subscriber growth in recent months, the streaming company has not appeared to spend more on advertising, which may suggest it's getting efficient in how it's marketing.

"Advertising CPMs are down significantly, across all forms of media, driven by a combination of increased consumer usage and decreased advertiser demand," analysts at equity-research firm Bernstein wrote in an April 22 note. "This creates opportunity for Netflix to either: a) deliver the same advertising weight, spending a lot less money; or b) spend the same amount of money, delivering much more advertising weight."

MediaRadar said Netflix's spending has remained steady week over week. From January through March, when Netflix added more subscribers than during any other quarter in its history, the streaming company said it spent 18% less on marketing globally than it did a year earlier. And Pathmatics estimated the Netflix spent about \$9 million on digital marketing during the 30 days ending April 14, down 17% from a year earlier.

There have been some subtle shifts in Netflix's marketing tactics.

The Pathmatics data suggested that Netflix ran a broader range of online campaigns than in the year-ago period, when it was primarily pushing "Bird Box" and "Our Planet." This year, it promoted the platform as a whole, as well as shows including "Love Is Blind," "I Am Not Okay With This," "Elite," "Ozark," and "Tiger King," the data showed.

MediaRadar also spotted a slight shift in Netflix's spending toward TV in April.

"Netflix is way more committed to digital than everyone else," said Todd Krizelman, CEO of MediaRadar. "However, their digital spend is decreasing. They're putting more money back into TV just in the last few weeks."

Netflix has had some recent success with TV ads.

In March, Netflix ran a \$1.2 million campaign for the original film "Spenser Confidential," its largest TV push during the month, the Kantar data showed. The campaign paid off. Netflix said the movie was watched by 85 million households in its first four weeks on the service.

Disclosure: Mathias Döpfner, CEO of Business Insider's parent company, Axel Springer, is a Netflix board member.