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As streaming wars heat up, nearly three in 10 US internet households are canceling services to save money

Article

The news: Nearly one-third (29%) US internet households are canceling streaming video services to save money, according to a new Parks Associates study, which also reveals a 47% annualized subscriber churn rate for streaming platforms.

Why it's happening: Inflation and its effect on consumer behavior are on everyone's mind. Consumers are making more judicious choices, especially with discretionary purchases such as streaming services.

- The ongoing Hollywood strikes and a rise in free ad-supported TV (FAST) services have forced companies like **Disney** to adjust their pricing and content strategies accordingly.
- Consumers will continue to prioritize which streaming services they maintain and which they let go. This creates a competitive landscape where streaming platforms vie to be the "chosen ones."

Winner—for now: **Netflix** added 2.6 million US subscribers in July, with 23% opting for its $7-a-month advertising tier, reflecting a 4% increase from June, per Antenna data.

- After initiating a crackdown on password sharing in May, which included an $8 fee for shared passwords, the company saw its four largest single-day sign-ups from May 24—27.
- The company's Q2 earnings revealed a global subscriber count of 238.3 million, with 5.9 million added in that quarter.

The content conundrum: Everyone else is investing in content to ensure they're not on consumers' chopping block.

- This week, Disney's EMEA division announced several new UK unscripted original titles for Disney+, including documentaries on sports brands, music, and fashion, with a focus on A-list collaborations.
- **Warner Bros. Discovery** is launching a 24/7 CNN stream named **CNN Max** on its **Max** service on September 27, which will be part of an open beta for news featuring both live shows from CNN and new programming tailored for the Max streaming audience. This service will be available across all of Max's subscription tiers. The platform has also hinted at expanding its sports content.

Our take: The long-term sustainability of all these streaming platforms is uncertain, especially as they grapple with the need to adjust pricing. As they continue to invest in content, they'll eventually face the inevitability of raising subscription prices yet again.

- Prices are already going up: Netflix ended its "Basic" ad-free subscription last month, **NBCUniversal**'s **Peacock** just raised its "premium" tier to $6 and its ad-free tier to $12, and YouTube Premium just went up $2.
- Who will be left standing and who will falter is up for debate, but platforms like Peacock and **Paramount+** will be closely watched over the next few quarters as marketers assess their long-term viability.