

Streaming services crack down on piracy as subscription costs rise

Article

The news: The **Alliance for Creativity and Entertainment (ACE)**, an entertainment industry group whose members include **Disney** and **Amazon**, took partial credit for the mass closure of popular pirating sites last week. Collaborating with Vietnamese authorities, ACE helped shut down **Fmovies**, a network of sites that it called “the largest pirate streaming operation in the world.”

Several other longstanding pirating sites for animated content also shut down this week, posting notices on their websites encouraging users to consume media through legal channels.

Why do people pirate? It's free. That's the underlying reason behind the popularity of pirate streaming sites. But their mass use also highlights two growing frustrations with the age of streaming services: Costs continue to rise, and catalogs are fractured across multiple services.

- Streaming costs have risen sharply over the last decade, even as the number of streaming offerings on the market has rapidly multiplied. A **Netflix** ad-free subscription, for example, now costs \$15.49, versus \$7.99 in 2011. US households paid an average of \$726 on streaming services in 2023, per Deloitte. Some pay as much as **\$1,236**.
- Content is also gated behind platform exclusivity more than ever before: **Apple TV+**, **Max**, **Netflix**, and **Disney** might all have big-name shows in a single year, forcing consumers to pick and choose. Even among the most ardent TV fans, not everyone has the means to keep up with the pace of new releases.

Why streaming services crack down: The presence of easy, free hubs to view streaming content eats into streaming's market share and its ability to attract advertisers.

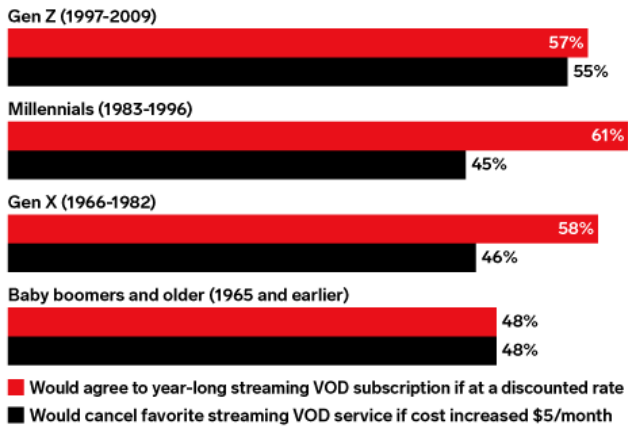
- Netflix named piracy as a threat multiple times in its 2023 annual SEC filing, writing that “its fundamental proposition to consumers is so compelling and difficult to compete against: virtually all content for free.”
- Netflix and many other streaming services have touted the emergence of ad-supported streaming tiers as a low-cost alternative to ad-free streaming, a message that is undercut by the prevalence of pirating options—particularly if they offer access to content from *all* platforms.

Our take: The massive blow to easy-access pirating could help streaming services win new subscription gains in Q3, but since users are likely to pirate due to financial limitations, those gains would be small and spread across all the big streamers.

Still, piracy's popularity reveals fomenting frustrations with how the streaming landscape has evolved over time, potentially foreshadowing problems to come.

Attitudes About Streaming Video-on-Demand (VOD) Service Costs Among US Teens/Adults, by Generation, Oct 2023

% of respondents



Note: n=3,517

Source: Deloitte, "2024 Digital Media Trends," March 20, 2024

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