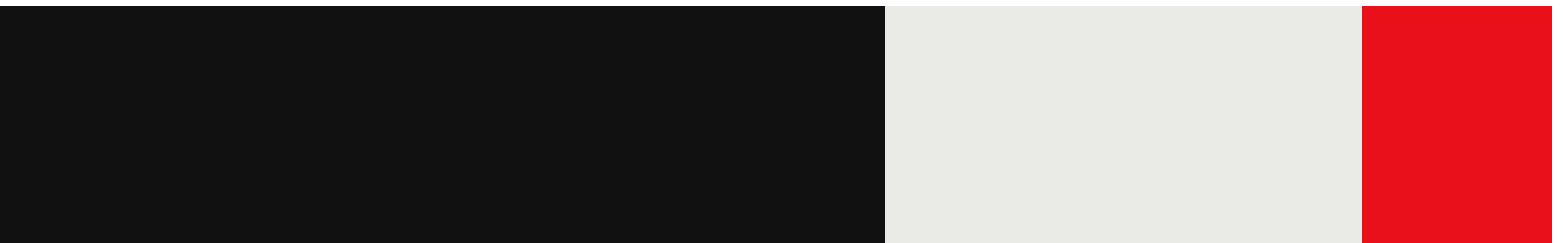


Consumers curb media subscriptions as cost of living jumps

Article



The trend: Consumers worldwide are rethinking their subscriptions for streaming and other services as they feel the squeeze from inflation and rising interest rates.

- 31% of 2,612 Americans surveyed in March planned to cancel some subscription services this year, [per](#) a Recurly study.

- 19% of UK consumers have abandoned a video streaming service as subscription rates increase to be able to cover grocery bills, per [KPMG](#). Nearly a third (29%) of UK consumers have borrowed or used savings to pay for subscriptions to video, music, and gaming and streaming services as well as news in 2022.
- From October 2021 through May, retail product subscriptions have fallen among the major US age groups, [per](#) PYMNTS.com. The average number of subscriptions of baby boomers and seniors during that time slipped from 2.2 to 2.0, while other generations saw steeper drops—Gen Z and Gen X subscriptions fell from 4.9 to 3.6, and millennials’ from 5.6 to 4.7.

Consumers are [shifting priorities](#) to being able to afford non-discretionary goods, making entertainment options a luxury as prices rise.

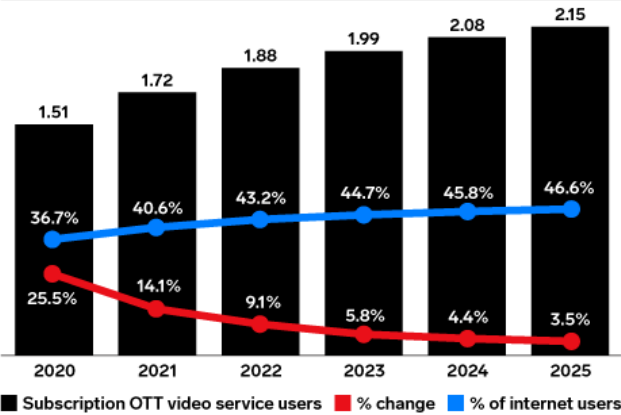
Scramble for media companies: Netflix lost [970,000 subscribers](#) in Q2 and plans to launch an ad-supported subscription tier in early part of 2023. As consumers spend less time and money on subscription OTT video, the fortunes of many companies hang in the balance.

- Digital media player supplier **Roku** cited “recessionary fears” as it reported quarterly results that missed analyst expectations last week and said consumer spending would soften.
- Social media companies are also testing the waters around subscription options, with [Instagram](#) testing various features for creator subscriptions.

Why this matters: Although subscriptions are a reliable way to bring in profit, consumers will prioritize spending on essential goods for the time being and may abandon digital subscriptions at a growing rate.

Subscription OTT Video Service Users Worldwide, 2020-2025

billions, % change, and % of internet users



Note: individuals of any age who watch video via any app or website at least once per month that provides paid subscription access to streaming video content over the Internet and bypasses traditional distribution; examples include Amazon Prime Video, HBO Max, Hulu, Netflix, Sling TV, and YouTube Premium; OTT video services are not mutually exclusive; there is overlap between groups
Source: eMarketer, Feb 2022