

Netflix's ad-supported tier hits 22 million US subscribers just ahead of Upfronts

Article

The news: Netflix's ad-supported tier could have as many as 22 million US subscribers, according to a survey from HarrisX on consumer streaming habits. According to the survey,

the “Basic with ads” tier is the second most popular subscription plan behind the ad-free “Standard” plan.

- Netflix last [revealed its ad-supported subscription figures](#) in January, when it said it had at least 23 million “highly engaged” users worldwide. The company said its ad-supported memberships rose 65% in Q1 2024 and accounted for 40% of new signups.
- That could be one of the last few glimpses on this metric; Netflix will stop reporting subscription figures in its earnings reports in 2025.

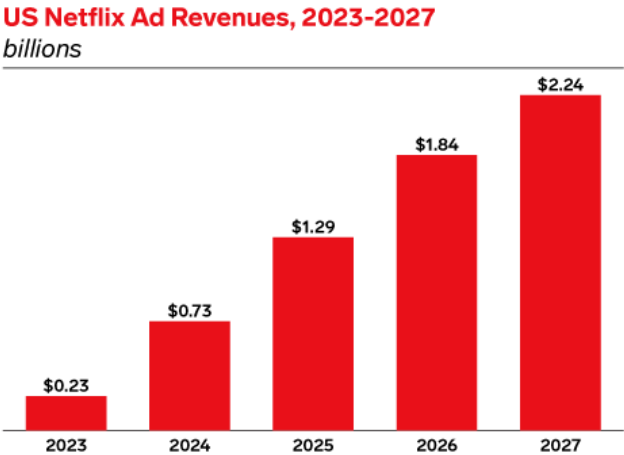
Ad-supported surge: The strong subscription growth for the ad-supported tier is largely attributable to Netflix’s password sharing crackdown efforts and consumer demand for cheaper access to streaming.

- A traditional consumer disdain for ads has softened. A recent survey from **Disqo** found that only [13% of consumers are opposed to ad-supported streaming](#), down from 36% in 2022; ads are a small pill to swallow if it means reducing the potential [\\$1,236 US households spend yearly](#) on streaming services.
- Netflix has restated its commitment to increasing the value of its ad-supported tier, which drives larger average revenues per user than its ad-free tiers. The company’s shift away from reporting subscriber numbers—a move it telegraphed last year—signals that the company may be satisfied with its ad-supported base and that subscription numbers are not as important as ARPU going forward.

The Upfronts angle: The 20 million milestone comes as Netflix and its competitors gear up for a contested Upfront season courting advertising partnerships.

- The company has steadily built up its ad-supported numbers and touted growth to build excitement among advertisers for opportunities with Netflix. Showing strong subscription growth this year is more important than ever since **Amazon Prime Video** will have its upfront debut and is a significant threat to Netflix’s market.
- The company has put other tentpoles in place for its ads business: Earlier this year, Netflix signed a \$5 billion deal to become the new home for **World Wrestling Entertainment (WWE)** for the next five-to-10 years, putting a valuable sports rights contract in Netflix’s arsenal.
- The company has also attempted to build up marquee sports events of its own, like a tennis tournament last quarter and an [upcoming boxing match](#) between **Mike Tyson** and **Jake Paul**.

Our take: Netflix’s password-sharing crackdown has a longer runway than initially expected and has helped its ad-supported tier grow to formidable size in a short period of time. But with Amazon now on the market with ads as the default for Prime Video, Netflix knows it has to do more than tout subscriber numbers to drive revenue growth.



Source: Ampere Analysis as cited in company blog, May 4, 2023
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