

# Netflix password sharing could net the platform \$1.6 billion in a crackdown —and indirectly lead to an ad-supported tier

Article

**The news:** As **Netflix** recently announced measures to crack down on password sharing, new research points to the impact this effort could have on the platform and the streaming world at large.

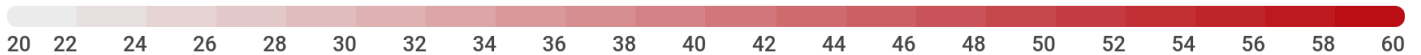
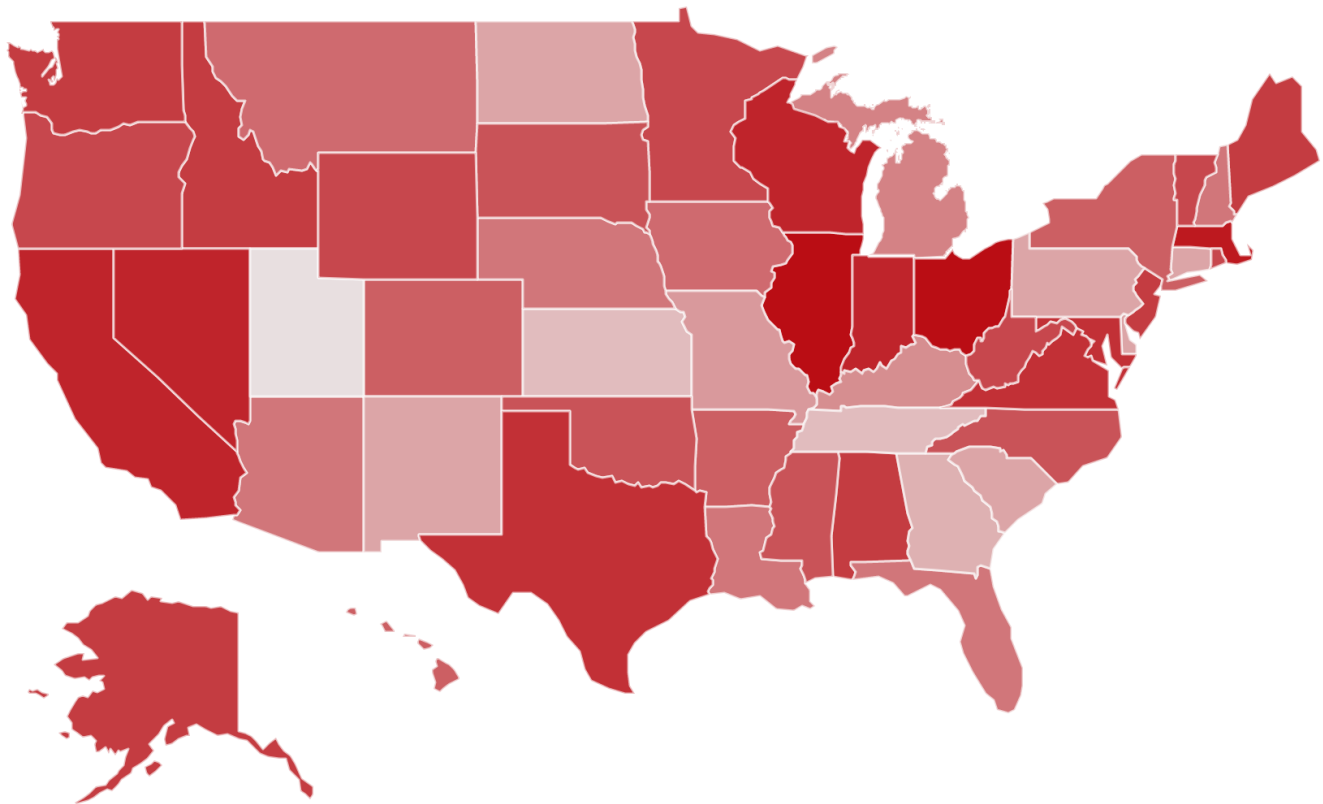
**Sizing up the problem:** How widespread is password sharing? Estimates vary as to the exact number of subscribers who do this.

- 50.7% of subscribers share their password with someone outside of their household, a violation of Netflix policy, **according** to a study of US-based Netflix subscribers by time2play.
- That figure is 33%, **according** to a new Leichtman Research Group study.
- 18% of US Netflix subscribers said they share streaming service passwords with other households in a 2021 study by Interpret/VideoWatch; it also found that 9% shared the expense of a streaming subscription (and the password) with another family.

**More on this:** The time2play study also revealed:

- The average subscriber sharing a password does so with 2.3 people living outside the household.
- **79% of those using someone else's password wouldn't get their own account** if Netflix were to ban password sharing.
- **28.8% of Netflix watchers also report using illegal sources** for viewing.
- The study includes a state-by-state breakdown to show where residents are most likely to use someone else's Netflix password, with Utah, Tennessee, and Kansas as the most ethical states, and Ohio, Illinois, and Massachusetts the most likely to illegally share an account.

## Percentage of Residents Who Use Someone Else's Netflix Account, 2022



Source: time2play

**Passwords & pricing:** Analysts say Netflix could add **\$1.6 billion** in revenue per year by charging password-sharers additional fees, per Variety.

- The time2play study asked at what price would Netflix be too expensive for respondents to keep it. That figure was **\$24.66**.
- Netflix's standard price is \$15.49—meaning the platform may have flexibility to raise fees.
- Even so, the higher the price, the more Netflix has to pay for quality content. It's likely that incremental \$1.6 billion made in a password-sharing crackdown would fund high-quality, sticky content.

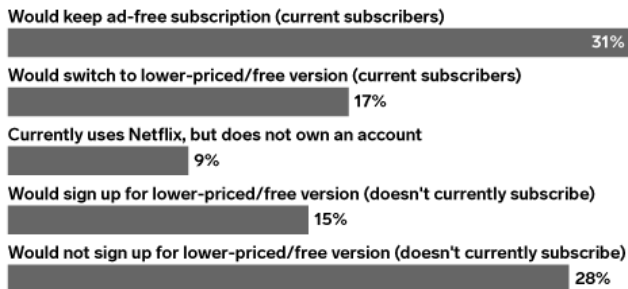
**The elephant in the room:** If password-sharing is a sign of price sensitivity, is an ad-supported tier in the offing?

- Several major streamers, including subscription-based video-on-demand (SVOD) services, **have** expressed interest in adding an ad-supported tier.
- **Warner Bros. Discovery** **has said** it will offer one.
- **Disney+** **will launch** an ad-supported model later this year.
- With **struggles** to make inroads into coveted markets like India and the aforementioned password drama, an ad-supported Netflix tier is not a question of if, but when.

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**If Netflix Offered a Lower-Priced/Free Ad-Supported Tier, Which Course of Action Would US Adults Take?**

*% of respondents, Jan 2022*



*Note: n=1,643 ages 18+*

*Source: CivicScience as cited in company blog, Jan 26, 2022*

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