

Latin America is a boon to Netflix's global expansion efforts

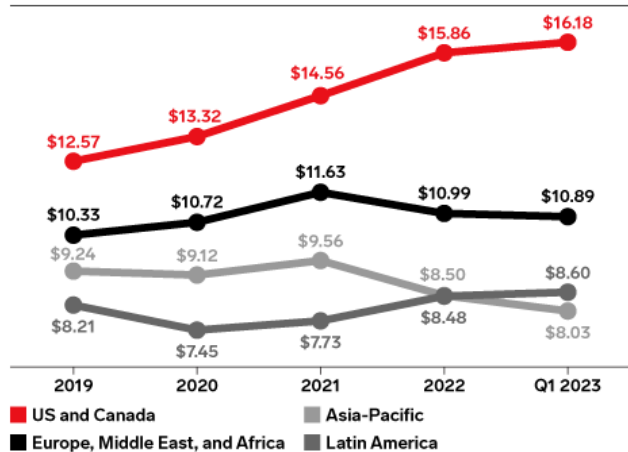
Article

The news: As Netflix matures and faces moderating growth in its home US market, its paid memberships in Latin America rose 4.1% year-over-year (YoY) in the first quarter.

Zoom out: Underscoring its importance to growth, Latin America was chosen as the region to pilot the company's password crackdown.

- **Netflix launched** an “add extra member/household” feature in eight countries in 2022, as the region has a higher rate of account sharing than others. Brazil and Mexico were excluded from the pilot to avoid upsetting subscribers in its two biggest Latin American markets.
- **The company quickly reversed course amid a public outcry from subscribers.** In true Latin American fashion, users protested the changes on social media. The hashtag #ChauNetflix (“ByeNetflix” in English) trended on Twitter not long after. Netflix sunset the feature in October after considering customers’ feedback.
- **Netflix’s policy changes didn’t stymie subscriber growth in Latin America.** Despite users threatening to leave the platform en masse, Latin America was Netflix’s third-fastest-growing paid subscriber market in Q1 2023 after Asia-Pacific, and Europe, the Middle East, and Africa (EMEA), where paid memberships rose 17.1% and 4.9% YoY, respectively.
- **Latin America shows promise for Netflix’s bottom line.** Despite having 33.1 million fewer paying members than regions like the US and Canada in Q1 2023, Latin America was the second-fastest-growing market for average revenues per Netflix membership (ARM), at 2.7% YoY, according to the company. Latin America’s ARM in Q1 was roughly half that of the US and Canada, at \$8.60.

Average Revenues* per Netflix Membership Worldwide, by Region, 2019-Q1 2023



Note: *average revenue per membership (ARM) is defined as streaming revenue divided by the average number of streaming paid memberships divided by the number of months in the period; figures do not include sales taxes or VAT
Source: Netflix, “First Quarter 2023 Earnings,” April 18, 2023

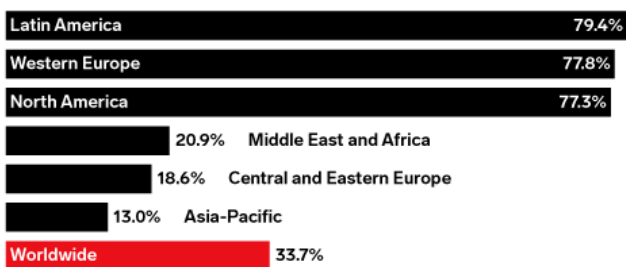
Looking ahead: Netflix will dominate paid streaming in Latin America. While new players have emerged on the scene, the global giant will remain victorious in this year’s streaming wars,

according to our [latest forecast](#).

- We estimate that 79.4% of sub OTT viewers, or 142.9 million people in Latin America, will watch Netflix at least once per month. That puts the region ahead of Western Europe and North America.
- Starting next year, Latin America will be the only region where Netflix will have a penetration rate above 80% through 2026 among sub OTT viewers.

Netflix Viewer Penetration Worldwide, by Region, 2023

% of subscription OTT video service users



Note: individuals of any age who watch Netflix via app or website at least once per month
Source: eMarketer, Oct 2022

280501

eMarketer | InsiderIntelligence.com

Go further: Read our report, [Latin America Digital Video Forecast 2023](#), to learn more about growth opportunities in the region.