

Is the value of a Netflix subscription diminishing?

Article

The news: Developers have dug up code from the **Netflix** app that reveals the streamer will not allow subscribers of its ad-supported tier to download shows and movies for viewing offline, per Bloomberg.

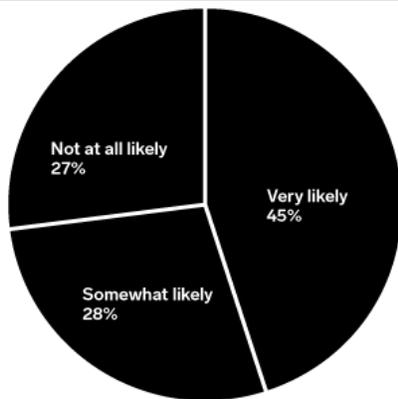
But hold on a second—limiting offline downloads to ad-free subscribers only is something of a standard in streaming. Both **Hulu** and **HBO Max** only open up the feature to premium subscribers, so why is this news getting a [huge share](#) of [media attention](#)?

The value of a Netflix subscription: Ever since Netflix announced a crackdown on password sharing and the launch of an ad-supported tier following its [first-ever subscriber loss](#), there's been concern about whether changes to its bottom line are diluting the value of its service.

- The offline viewing outcry may be unwarranted given competitors' policies, but it's a bad look for Netflix nonetheless, especially in light of news last month that its [full catalog won't be available](#) to ad-supported subscribers on launch due to licensing issues.
- The introduction of ads itself is a sea change for Netflix's brand and service. For years, the company insisted that the lack of ads made it distinct from competitors. But now, with dwindling revenues, it's caving to investor and advertiser pressure to jump on the [ad-supported video wave](#).
- Part of that sea change has also been the introduction of password sharing crackdowns, which Netflix has started testing in certain markets. The idea itself is simple: prevent people from piggybacking off of others' subscriptions and convert them into new subscribers.
- If all goes well, that crackdown could net it [additional billions](#) in subscription and ad revenues —but early signs aren't great. Nearly half of US Netflix subscribers said they would [unsubscribe if the service charged them extra](#) for sharing accounts.

How Likely Are US Netflix Users to Cancel Their Subscription if Netflix Begins Charging Extra for Account Sharing?

% of respondents, March 2022



Note: ages 18+ who have an account and share it with others not in their household
Source: CivicScience as cited in company blog, March 23, 2022

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Gaming's future at Netflix: The company's ad-supported pivot has interrupted its plans to become a home entertainment giant, and it's unclear how its new gaming service will fit into its

ad-supported plans.

- There's no official word on whether Netflix's ad-supported tier will include access to **Netflix Gaming**, the mobile gaming service Netflix has invested tens of millions into through [acquisitions](#) and high-level hires.
- Its gaming service has a catalog of well-curated titles and also serves as a platform for Netflix to expand on its high-profile intellectual properties—something it's publicly said it wants more of—through video games, but rumors have swirled recently that player counts are extraordinarily low.
- Netflix has also put surprisingly little marketing or promotion behind its gaming efforts for something it's invested so heavily in.
- Still, gaming could be a natural fit for Netflix's ad-supported plans. Video game consumers may be wary of the coming wave of ads in games, but advertising is already native to the mobile gaming experience.

The big takeaway: Netflix might be getting unfair negative press about offline viewing policies, but the outcry hints at a larger concern about the value of the streaming service as it changes its long-standing attitudes toward password sharing and ads.