

Taking stock of streaming: Netflix's ad tier gains momentum, Max makes its debut, and Paramount+ gets a helping hand

Article

As the dust settles from Q1 earnings and upfronts, it's time to check in with streaming.

Picking up speed: Netflix says it has **5 million global monthly active users on its ad-supported tier** and that the number of ad-tier subscriptions has more than doubled this year.

The platform's **ad-supported business had a rocky start**, but thanks to improvements on both the consumer and advertiser side, it's making good progress, our analyst Jeremy Goldman said.

Playing catch up: "Netflix has made a commitment to catching up as an ad platform," he said on a recent "**Behind the Numbers: The Daily**" podcast. "Now [that it] has a bit of an install base, [it's] going to build on this success and continue to innovate to drive that number upward."

- Netflix is giving advertisers **more choice in where and when their ads run**. US advertisers will soon have the choice to place ads within Netflix's top 10 shows or movies or sponsor the launch of an anticipated series. The company is also partnering with Nielsen to provide better ad measurement.
- For consumers, Netflix made **improvements to the picture quality for ad-tier watchers** and added the ability to watch on two devices simultaneously.
- Netflix said it's **making more on a per-user basis for its ad-supported tier** than its standard subscription.

"That's why Netflix is doing all of these things to make [its] ad tier better," said Goldman. "[It's thinking]: 'If we give them that and we get more subscribers, then our overall revenue per user for the entire company will go up.'"

Speed bump ahead: Could Netflix lose this momentum as its **password crackdown begins in the US**? Possibly.

- Over a third (37%) of current **Netflix subscribers in the US said they would cancel their account** if they could no longer share their password with people outside of their home, according to a survey by Samba TV and HarrisX as reported by TV Tech.

- That percentage rises when it comes to Gen Z (52%) and millennials (51%), but is lower among Gen X and baby boomers (around a quarter each).
- “As we know, there’s a major difference between what people say they’re going to do and what they’re actually going to do,” Goldman said of those threatening to leave.

Off to the races: Max, the new streaming service that **combines content from HBO Max and Discovery+**, debuted May 23.

- Apart from some initial technical issues where users’ apps didn’t automatically update, the rollout has gotten “early positive feedback,” said Goldman.
- But the long-term success of the app will depend on whether the Discovery+ content will be enough to keep HBO fans engaged.
- “The demographics are actually pretty different [between] the typical HBO Max subscriber and the typical Discovery+ subscriber,” said Goldman. “The question is, are you able to get people to sign up because of HBO content and then stick around for the reality TV content that is Discovery’s bread and butter?”

Better together: Also on the horizon is the new **Paramount+ and Showtime bundle**, which will launch in the US on June 27.

- With this tie-up, Paramount+ hopes it can save itself from the chopping block many streaming services face as customers cut down on entertainment costs.
- “Paramount+ sees itself as the service that people might find most cuttable,” said Goldman. “This bundle with Showtime is smart, though the branding is a bit awkward.”

Listen to the full episode.

This was originally featured in the eMarketer Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).