

Password sharing could end as Netflix sees fall in subscribers

Netflix has hinted it could crack down on password sharing after losing 300,000 subscribers in the first three months of the year.

This is the first time [Netflix has reported a loss in subscribers](#) in more than a decade, with the company warning another two million subscribers could leave in the three months to July.

“Our revenue growth has slowed considerably,” the firm told shareholders after publishing its first quarter results.

“Our relatively high household penetration – when including the large number of households sharing accounts – combined with competition, is creating revenue growth headwinds.

“The big COVID boost to streaming obscured the picture until recently.”

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The streaming giant estimated around 100 million households worldwide are watching its service for free by using the account of a friend or another family member, including 30 million in the US and Canada.

“Those are over 100 million households (that) already are choosing to view Netflix,” co-chief executive Reed Hastings said.

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“We’ve just got to get paid at some degree for them.”

To encourage more people to pay for their own accounts, Netflix indicated it would expand a trial programme it has been running in Chile, Costa Rica and Peru, where subscribers

can extend service to another household for a discounted price.

In Costa Rica the cost for sharing a subscription is \$3 (£2.30).

Netflix considers ads

The streaming giant is also considering creating a low-cost subscription service supported by advertising – a change it has long resisted.

The drop in subscribers represents a huge miss for Netflix, which originally estimated it would add 2.5 million subscribers in the first quarter of the year.

The company lost 700,000 customers when it suspended its service in Russia last month after the country's invasion of neighbouring Ukraine.

Netflix last reported losing customers in October 2011.

Read more: [Netflix, Amazon and Disney+ subscriptions cancelled 'due to shrinking budgets'](#)

The Silicon Valley giant's stock price plunged by more than 36% on Wednesday following the announcement.

Netflix said it was also facing fierce competition from other streaming giants like Amazon, Disney, and Apple.



First-quarter revenue for the company increased 10% to \$7.87bn (£6.04bn), missing Wall Street's forecasts of \$7.93bn (£6.10bn).

Last year, streaming services such as Netflix spent \$50bn (£38.40bn) on new content in an effort to win or retain subscribers, according to researcher Ampere Analysis.

Britons cancel subscriptions amid cost of living crisis

But the news is also likely to spook tech companies outside of the streaming world.

Analysts have warned any indication of a slowdown in the rate at which consumers are subscribing to services could spell trouble for the wider industry – and hit companies like Spotify and HelloFresh as the cost of living crisis bites and households scale back on expenses.

A new report released on Tuesday found the number of people subscribing to at least one video streaming service in the UK had fallen, with more than 1.5 million people cancelling memberships.

Market research firm Kantar said more than half a million cancellations were due to the cost of living crisis, as households deprioritise streaming services as they try to make ends meet.

A total of 1.51 million cancellations happened in the first quarter of 2022.

Roughly 58% of Britons now have at least one paid streaming service such as Netflix, Amazon Prime Video or Disney+.

During the pandemic and government-enforced lockdowns, there was a surge in subscriptions to platforms, with more people stuck at home.

However, the report found the proportion of consumers planning to cancel subscriptions due to tightening budgets has risen to its highest level ever, from 29% to 38%, in the last three months of 2021.