



Netflix Faces Massive Subscriber Fall



Netflix has signalled that it may tighten down on sharing passwords as it tries to boost its subscriber base following a steep drop in numbers.

Within the first three months of the year 2022, Netflix faced a drastic fall in subscribers. The streaming giant almost lost 200,000 subscribers in that period of time. In the three months leading up to July, Netflix told its investors that another two million members were expected to quit. The numbers were also harmed because of rising prices in some nations and exiting Russia after it invaded Ukraine.

After publishing the quarterly result the firm said to [shareholders](#) that “Our revenue growth has slowed considerably,” It also mentioned that, “Our relatively high household penetration – when including the large number of households sharing accounts – combined with competition, is creating revenue growth headwinds.” According to the streaming platform more than 100 million households, are breaching company rules by exchanging passwords. The practice has previously been defined by Founder and Chairman Reed Hastings as “something you have to learn to live with,” with much of it being “legitimate” amongst family

members. Account sharing, according to the company, has likely aided its development by increasing the number of individuals who use Netflix.

However, Mr Hastings stated on Tuesday that it was making it difficult to attract new subscribers in some nations. “When we were growing fast, it wasn’t a high priority to work on account sharing. And now we’re working super hard on it,” Mr Hastings mentioned this to the board.

The company claimed that the procedures it is experimenting with within Latin America to prevent password sharing might be expanded to other countries, with accounts that breach the rules being fined a fee.

According to Dominic Sunnebo, an analyst at Kantar, the plan might backfire for Netflix. He says, “Converting even a small fraction of the 100m people sharing passwords to full paying customers is not an easy task, particularly so when consumers are looking for ways to save money, not spend more,” He also mentioned, “If the schemes to counter password sharing move too fast and too aggressively, it also risks alienating a potential future audience – many who password-share beyond the household are not actually aware they’re breaking the terms of their subscription.”

Netflix has lost 700,000 members and there [opening stock](#) value as a result of its withdrawal from Russia in March in response to the Ukraine conflict. Another 600,000 individuals in the United States and Canada stopped using its service when the company raised pricing in January. All of the company’s US plans have been raised in price, with a basic plan rising from \$9 to \$10 per month and a standard plan rising from \$14 to \$15.50. Meanwhile, the basic and standard plans in the United Kingdom have also increased by £1 per month to £6.99 and £10.99, respectively.

Despite the cancellations, Netflix stated that an increase in price will bring in more revenue for the company. However, economists believe that the rise in the cost of streaming services is putting a strain on households as the cost of living rises. In the first three months of this year, families in the United Kingdom cancelled more than 1.5 million streaming subscriptions, with 38% claiming they wanted to save money.

Like several other IT companies, Netflix too had an intense pandemic. Netflix’s future, which looked so promising only a few months ago, suddenly appears to be in jeopardy.

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