

Netflix's US ad tier launch delivers highest domestic sign-up rate since April 2020

The new plan attracts 8% of the streaming giant's new subscribers and those changing their existing plan

Three-quarters of subscribers to the ad tier take at least two other streaming services

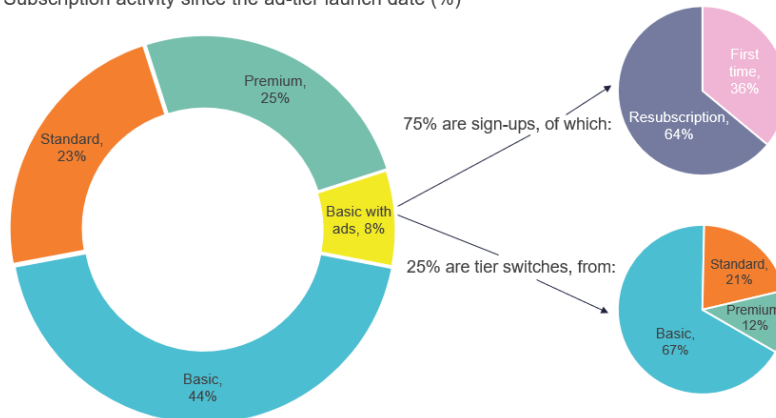
London, 19th January 2023: Netflix recorded its highest daily subscription sign-up rate in the US since the start of the pandemic in April 2020 with the launch of its ad-supported plan on November 3rd, according to a new report by Ampere Analysis. Specifically, the release of the ad tier led to a 58% increase in the streamer's average daily sign-up volumes from 3rd to 5th November, compared to the three days before the launch.

Since the new plan was made available to subscribers, 8% of those signing up to Netflix or changing their plan have taken the ad-tier. Of these, three out of four are new sign-ups, mostly re-subscribers* (64%), but also first-time users of the platform (36%).



USA: Netflix ad-tier customer distribution (%)

Subscription activity since the ad-tier launch date (%)



Source: Ampere Subscription Video Economics
Note: Subscription activity includes both sign-ups and tier changes.

According to the study, over 75% of new 'Basic with Ads' subscribers are stacking at least three Subscription Video on Demand (SVoD) services, with Amazon Prime Video, Disney+ and Hulu being the most common other choice.

Tier switching

One in four of the ad tier subscribers are existing Netflix users that have switched tiers. As expected, a large proportion (67%) of these come from the Basic tier – the most price-sensitive group of Netflix subscribers. One fifth of switchers (21%) moved from the Standard tier, and just 12% come from the Premium tier.

Mayssa Jamil, Analyst at Ampere Analysis, says: “Netflix’s ‘Basic with Ads’ tier, which is \$3/month cheaper than the Basic tier, has succeeded at drawing back more price-sensitive Netflix subscribers who had previously churned. In addition to this, with the strengthening of competitor services, the low \$6.99 price point makes it more affordable to subscribe to multiple services at once, and has therefore also appealed to heavy stackers. Finally, some Basic tier users (who are more prone to churning as economic uncertainty and competition increases) have been downgrading to the ad-tier, which will aid customer retention in the long-term.”

Notes to Editors

Data from Ampere’s Subscription Video Economics application tracks daily sign-up and cancellation activity of streaming services in the US, using a panel of several million households.

*Resubscriptions represent sign-ups to a platform by consumers whom we can identify as having previously subscribed to that platform in their lifespan on the panel.

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About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company’s experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks. www.ampereanalysis.com