

# Netflix just lost subscribers for the first time in over a decade

Netflix's struggle to boost its subscriber count took a dire turn in the first quarter of 2022. The company reported a loss of 200,000 subscribers globally compared to Q4, and it's forecasting even bigger losses to come. Netflix estimates it could lose up to 2 million subscribers in the second quarter.

"Our revenue growth has slowed considerably," Netflix acknowledged in its letter to shareholders. "Covid clouded the picture by significantly increasing our growth in 2020, leading us to believe that most of our slowing growth in 2021 was due to the Covid pull forward." Netflix ended the quarter with roughly 222 million subscribers, so it's still the largest streamer – but it's facing a slew of challenges.

In January, Netflix announced its first monthly subscription increase in two years. Today's earnings report contains the aftermath: Netflix says it lost 600,000 customers across the US and Canada and that this was "largely the result of our price change which is tracking in-line with our expectations."

## *Netflix's price hike led to many cancellations*

The streaming giant has recently indicated it will tighten the screws on customers who share passwords and login info as it seeks to maximize revenue from the users it already has. Netflix now estimates that as many as 100 million households are using the service via shared passwords. "It's harder to grow membership in many markets," as a result of the situation, Netflix said.

The slowdown in signups is reflective of a more competitive streaming landscape: Netflix is contending with more rival services than ever before, each vying for consumer eyeballs and attention. The competition is also getting cheaper, with Disney Plus announcing plans to offer a lower-cost, ad-sponsored tier later this year. So it's no surprise that Netflix's growth has become more incremental in recent years. In March, the company suspended service in Russia after the country's invasion of Ukraine. Today's earnings report says that Netflix lost around 700,000 subscribers as a result.

So what comes next? "Our plan is to reaccelerate our viewing and revenue growth by continuing to improve all aspects of Netflix – in particular the quality of our programming and recommendations, which is what our members value most," Netflix said in its earnings letter. "On the content side, we're doubling down on story development and creative excellence." The company noted that "on the product side, we recently launched 'double thumbs up' so members can better express what they truly love versus simply like – enabling us to continue to improve our personalized recommendations and overall experience." Netflix also says international success is critical to its future. "Over the longer term, much of our growth will come from outside the US," the company said.

As it explores new paths to bring in more customers, Netflix has expanded deeper into gaming. Just this week, it announced a partnership with *Exploding Kittens* that will produce both a mobile game and animated series.

Netflix never had high hopes for tallying new subscribers this quarter to begin with. The company projected an increase of 2.5 million subscribers compared to the 4 million it gained in the same quarter one year ago. It provided that outlook in January after coming up short of its Q4 growth estimates – even with the release of high-profile original films *Red Notice* and *Don't Look Up*. Netflix's stock went into a plunge on that news, and with today's results being significantly

worse than predicted, the stock is again tumbling.

This quarter wasn't loaded up with quite the same big-Hollywood entertainment. Instead, Netflix leaned on the return of *Bridgerton* and other fan favorites.

<https://www.theverge.com/2022/4/19/23032399/netflix-lost-subscribers-q1-2022-earnings>