

Peacock reveals its strategy for winning subscribers: spend, spend, spend



Comcast executives announced today that Peacock reached 24.5 million monthly active accounts in the US at the end of 2021, with more than 9 million of those being paid members. To continue growing that number, Peacock plans to *double* its content budget to around \$3 billion in 2022 alone.

This week's figures were surprisingly transparent for a streamer that has recently held its subscriber data close to the chest – in the past, the company has declined to specify the number of its paid subscribers. Peacock's monthly active accounts are up from the 20 million active the company last reported in July of 2021. Speaking during the earnings call for Peacock parent Comcast on Thursday, Comcast chief Brian Roberts said that the company also expects the 7 million "highly engaged" Peacock members who receive Premium at no additional cost through Comcast's own Xfinity service and other distributors will convert to paid subscribers over time.

Peacock is still teeny compared to giants in the space like Disney Plus and Netflix, which have hundreds of millions of subscribers globally between the two of them. But Peacock's notable shift in content spend certainly aligns it with big-league streamers who are similarly dumping billions into original programming to boost their subscribers.

"The reality is we're seeing a massive global shift in consumers away from traditional TV bundles toward streaming," LightShed partner and analyst Rich Greenfield tells *The Verge*. "Every single media company is looking at this and is realizing that this is the future. This is how consumers want to watch content."

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Currently, Peacock offers three tiers: a free and ad-supported plan with more limited content selections, a \$5 ad-supported premium plan that unlocks all Peacock's content, and a \$10 premium plus plan that removes ads from most of its programming. Roberts said that based on the company's own internal research, 80 percent of customers prefer an ad-supported service over a pricier ad-free option.

"We see this in our customer mix, with the vast majority of our paid subscribers choosing the \$5 paid AVOD tier over the \$10 tier without ads," Roberts said, adding that "our paid subscribers have much lower churn and significantly higher engagement."

With that in mind, Roberts said the company plans to reallocate resources and increase investments to ramp up its paid subscriptions, which offer users access to exclusive programming. Peacock plans to spend over \$3 billion this year on domestic content – double its budget the previous year – with that company planning to bump that figure up to \$5 billion "over the next couple of years."

“The news today out of Comcast was less about the 9 million paying subscribers and far more about the fact that they’re ramping their spend towards \$5 billion over the next couple of years,” Greenfield says. “Everyone sees the fact that to grow streaming requires substantial investment. You need a ton of content, not just here, but all around the world.”

Greenfield adds that’s exactly what we’re likely to see more of as Comcast shifts its resources toward its streaming business. Content is king. Peacock knows it needs to cough up for the programming or step aside while everyone else breaks out their checkbooks.

<https://www.theverge.com/2022/1/27/22905079/peacock-24-5-million-subscribers-9-million-paid-q4-earnings-2022>