Streamers Lose Billions to Password Sharing, But ‘There’s No Easy Solution’ to the Problem

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Geeta Bharathi, an account executive at the PR agency LaunchSquad, streams shows and movies on Amazon Prime Video, Hulu and Netflix. But she doesn’t pay for subscriptions to any of them. Instead, Bharathi uses the login information from her immediate and extended families, who have agreed to divvy up responsibility for different services and share credentials with each other.

“My parents get Hulu, my cousin’s parents get Netflix, and my sister has the Amazon Prime account,” Bharathi said. “And then me and my cousin will pay for HBO, but we only buy it for part of the year when stuff that we’re watching is on.”

Bharathi calls her personal streaming bundle her “self-made family plan,” and the arrangement comes with few downsides. In exchange for occasionally having to swap texts with relatives to get a password or a two-factor authentication code, Bharathi is able to keep her subscription costs low while still being able to stream whatever she wants.

“Everyone I know has these weird account-sharing situations,” Bharathi said. “Some people are saying that if you’re stacking subscription costs and you’re paying for six or seven subscriptions, that’s suddenly comparable to the price of a cable bundle. But for most people that I know, you’re probably paying a fraction of the cost.”

Bharathi’s family’s arrangement breaks the official rules of

streaming services like Amazon, HBO and Netflix, which limit sharing to a single household under one roof. But her setup isn't unusual. In the golden age of streaming television, consumers are frequently swapping and sharing streaming passwords to watch shows on different services without having to pay for their own accounts. A consumer survey from the research firm Magid conducted in August found that 23% of respondents accessed streaming video content using a shared password. (The survey did not break out how many people sharing passwords lived under the same roof.)

For media companies, that's a lot of subscription revenue left on the table. The research firm Parks Associates projected that password sharing will cost media companies $6 billion this year, a figure that will increase to $9 billion by 2024, Bloomberg recently reported.

While the industry agrees something needs to be done, some executives feel their hands are tied when it comes to cracking down on the practice. Implementing safeguards might make accessing services more cumbersome, angering customers who can easily leave for another service on the market.

"The problem is, it's so easy to share, but putting rules in place is really anti-consumer and is going to be really problematic," said Rich Greenfield, co-founder and partner at the research firm LightShed Partners. "There's no easy solution."

The 'balancing act' for streaming services





Password sharing is top of mind for WarnerMedia CEO John Stankey, who is readying the streaming service HBO Max for a May 2020 premiere. Addressing sharing will require "a

balancing act” as the company determines the right approach to maximize subscribers without frustrating customers, he said last month at an investor day for HBO Max.

“I don’t think you want it to be punitive where you damage customers, but at the same time as growth taps out and everybody’s more cognizant of this, the industry’s going to come up with a mechanism that’s maybe a little more rigorous than what we see today,” Stankey said.

Disney+, which premiered Nov. 12, will monitor for signs of rampant password sharing as the service gets off the ground, said Michael Paull, Disney’s president of streaming services, but there aren’t any plans to punish customers outright for password sharing.

“We do recognize password sharing exists and will continue to exist,” Paull said. “We have created some technology that’s in the backend to understand behavior, and when we see behavior that doesn’t make any sense, we have mechanisms that we put in place that will deal with it.”

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