

## Netflix sets \$7 monthly price for its ad-supported service

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A logo for Netflix is seen on a remote control in Portland, Ore., on Aug. 13, 2020. Netflix will unveil the first version of its video streaming service with ads in November 2022, giving cost-conscious viewers a chance to watch most of its shows at a steep discount in exchange for putting up with commercial interruptions. Credit: AP Photo/Jenny Kane, File

Netflix next month will unveil the first version of its video streaming service with ads, giving cost-conscious viewers a chance to watch most of its shows at a steep discount in exchange for putting up with commercial interruptions.

The ad-supported service is scheduled to debut Nov. 3 as Netflix tries to reverse a drop in subscribers. It will cost \$7 per month in the U.S., a 55% markdown from Netflix's most popular \$15.50-per-month plan, which is ad-free.

Netflix's ad-supported option will also be rolling out in Australia, Brazil, Canada, France, Germany, Italy, Japan, Korea, Mexico, Spain and the U.K., according to [a Thursday post](#) by the company's chief operating officer, Greg Peters.

Besides putting up with roughly four to five minutes of ads during each hour of viewing, Netflix subscribers who sign up for the cheaper service also won't be able to download TV shows and movies to watch when their devices are offline. Peters also said a "limited" amount of programming available on the commercial-free service won't be on the ad-supported version because of licensing issues.

Netflix's 15-year-old streaming service has until now been commercial free, but the Los Gatos, California, company decided to head in a new direction six months ago after reporting its first loss in subscribers in more than a decade.

The customer erosion worsened a wrenching decline in its stock price that has wiped up more than \$200 billion in shareholder wealth during the past 11 months. The shares rallied after Thursday's announcement, but still have lost about two-thirds of their value since reaching their peak last November when the streaming service was still growing.

Through the first half of this year, Netflix lost 1.2 million subscribers, leaving it with nearly 221 million. Management in July predicted it would regain about 1 million of those subscribers during the summer months. The numbers for the July-September period are scheduled to be disclosed Tuesday.

Netflix is betting the low-priced option with ads will be particularly popular at a time that persistently high inflation is pressuring millions of households to curb their spending, particularly on discretionary items such as video streaming. The streaming market also has become crowded with tougher competition from the likes of Amazon, Apple and Walt Disney Co., [which also is preparing to offer](#) an ad-supported version of its service soon.

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