

Disney+ adds subscribers amid cost-cutting campaign

November 9 2023, by Julie JAMMOT



Fans are reflected in Disney+ logo during the Walt Disney D23 Expo in Anaheim, California in September 2022.

Disney's streaming service has attracted nearly seven million new subscribers, the company said Wednesday, reversing a period of decline

that had raised doubts about its rivalry with industry leader Netflix.

Disney has been under significant pressure ever since CEO Bob Iger left the company only to be brought out of semi-retirement a year ago after his replacement no longer had the confidence of executives and the company board.

Upon his return, Iger embarked on a cost-cutting campaign that saw major cuts to the lavish spending to get Disney+ off the ground.

Those efforts saw Disney's streaming losses contract to \$387 million in the most recent quarter, down from \$1.47 billion a year earlier.

Disney Plus clients rose to 112.6 million at the end of September from 105.7 million at the end of June.

If subscriptions to a Hotstar Disney+ bundle offered in India and elsewhere are added, the overall number of subscribers tallies 150.2 million.

"Our results this quarter reflect the significant progress we've made over the past year," Iger said, pointing to the success of Disney+'s recently added ad-supported tier.

"While we still have work to do, these efforts have allowed us to move beyond this period of fixing and begin building our businesses again," Iger said.

The solid quarter may bring back confidence in Iger who had begun to face criticism for his once celebrated decisions such as paying massively in 2019 to buy 21st Century Fox from Rupert Murdoch.

Cutting costs

In the past year, the Disney share price has slumped to multi-year lows.

Activist investor Nelson Peltz has turned the heat on Iger asking him to cut costs.

In the results released Wednesday, Disney said the company was pushing to cut costs by \$7.5 billion, an increase from a previous pledge of \$5.5 billion.

In all, the entertainment giant posted sales of \$21.24 billion for the period, up slightly on the previous year, according to its earnings release on Wednesday.

Disney last month said it will become the sole owner of Hulu, which it already markets in subscriptions that include its own Disney+ service and the ESPN+ sports content streaming platform.

Hulu is Disney's arm for adult-focused programs such as *The Handmaid's Tale*, while family content falls under Disney+, launched four years ago.

Both services, like their competitors, were hit by a historic writers' and actors' strike this summer.

Hollywood actors and studios reached a tentative deal late Wednesday to end a months-long strike that has crippled the [entertainment industry](#), delayed hundreds of popular shows and films, and cost billions to the US economy.

The Screen Actors Guild (SAG-AFTRA) called off its 118-day strike after finally reaching an agreement with the likes of Disney and Netflix for a new contract including higher pay, and protections against the use of artificial intelligence.

The announcement paves the way for actors to head back to movie sets, an end to picket lines outside studios, and a return to employment for thousands of other jobs linked to the entertainment industry.

The deal still needs to be ratified, but is widely expected to pass.

Hollywood script-writers have already signed a deal with the studios and are back on the job.

In addition to content and subscriber numbers, Disney is trying to improve its profitability.

The Burbank, California-based group posted net earnings of \$264 million.

Disney rival Netflix last month said subscriber numbers grew nearly 11 percent to 247 million as it cracked down on password sharing and refined an ad-supported tier.

The leading streaming service increased prices on some of its plans, perhaps creating an opportunity for competitors such as Disney.

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