

Netflix now has nearly 270 million subscribers after another strong showing to begin 2024

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The Netflix logo is shown in this photo from the company's website, in New York, Feb. 2, 2023. Netflix reports their earnings on Thursday, April 18, 2024. Credit: AP Photo/Richard Drew, File

Netflix gained another 9.3 million subscribers to start the year while its profit soared with the help of a still-emerging expansion into advertising, but caught investors off guard with a change that will make it more difficult to track the video streaming service's future growth.

The performance announced Thursday demonstrated that Netflix is still building on its momentum of last year, when a crackdown on free-loading viewers relying on shared passwords and the rollout of a low-priced option including commercials revived its growth following a post-pandemic lull.

The strategy resulted in Netflix [adding 30 million subscribers last year](#)—the second largest annual increase the service's history.

Netflix's gains during the January-March period more than quadrupled the 1.8 million subscribers that the video streaming service added at the same time last year, and was nearly three times more than analysts had projected. The Los Gatos, California, company ended March with nearly 270 million worldwide subscribers, including about 83 million in its biggest market covering the U.S. and Canada.

Investors increasingly are viewing Netflix as the clear-cut winner in a fierce streaming battle that includes Apple, Amazon, Walt Disney Co. and Warner Bros. Discovery—a conclusion has caused its [stock price](#) to more than double since the end of 2022.

But Netflix surprised [investors](#) by disclosing [in a shareholder letter](#) that it will stop providing quarterly updates about its subscriber totals beginning next year, a move that will make it more difficult to track the video streaming service's growth—or contraction. The company has regularly posted its quarterly subscriber totals since going public 22 years ago.

Netflix's shares dipped more than 5% in extended trading, despite the

strong financial showing.

In a video meeting with analysts, Netflix co-CEO Greg Peters said management believes the company's financial growth has become more meaningful to watch than quarter-to-quarter fluctuations in subscribers.

"We think this is a better approach that reflects the evolution of the business," Peters said.

The company still intends to give annual updates on total subscribers. That plan indicates Netflix is trying to get investors focus on long-term trends rather than three-month increments that can be affected by short-term factors such as programming changes and household budgetary pressures that cause temporary cancellations, said Raj Venkatesan, a business administration professor at the University of Virginia who studies the video streaming market.

Now that Netflix has been cracking down on password sharing for more than a year, management also likely realizes it has reaped most of the subscriber gains from those measures and recognizes it will be more difficult to maintain that momentum, eMarketer analyst Ross Benes said.

"They are quitting while they are ahead by no longer reporting quarterly subscriber numbers," Benes said.

Netflix's renewed subscriber growth has been coupled with a sharper focus on boosting profit and revenue—an emphasis that has led management to be more judicious about its spending on original programming and regularly raising its subscription prices.

It's a formula that helped Netflix earn \$2.33 billion, or \$5.28 per share, in the most recent quarter, a 79% increase from the same time last year. Revenue rose 15% from a year ago to \$9.37 billion. Analysts polled by

FactSet had projected earnings of \$4.52 per share on revenue of \$9.27 billion.

Advertising sales still play a small role in Netflix's finances, with BMO Capital Markets analyst Brian Pitz projecting the company will bring in about \$1.5 billion from commercials streamed on its service this year, while foreseeing years of steady growth ahead. The low-priced option with ads is having a big impact on bringing in and retaining [subscribers](#), according to Pitz, who expects 41 million customers paying for the commercial format.

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