Marketing Doctor

Marketing Check-up

Netflix

As of February 24, 2026

Condition: Under observation

From subscriber shock to studio bid

In April 2022 Netflix reported its first subscriber loss in more than a decade. It did not answer with a bigger ad campaign. It changed who could watch and what they paid. As of February 24, 2026, it has more than 325 million paid memberships, viewing that is barely growing and an agreed deal to buy Warner Bros. that faces a rival bid. This check-up looks at what fixed the 2022 problem and what could test the brand next.

Key takeaways

- Netflix treated its 2022 subscriber loss as a pricing and access problem. It launched a lower-priced plan with ads and started charging for password sharing.
- Both moves worked. Paid memberships passed 325 million by the end of 2025, and the ads plan grew into a real advertising business.
- Viewing is the soft spot. View hours rose 2% in the second half of 2025, after price increases on most plans in the U.S. and Canada.
- In our view, the pending Warner Bros. deal, contested by Paramount Skydance, is the biggest test of the brand's focus since 2022.

Marketing health check

Area	Finding
Reach	Strong. More than 325 million paid memberships.
Pricing	Working. The ads plan widened the door without trading members down.
Access	Fixed. Paid sharing turned borrowers into members.
Engagement	Soft. View hours up 2% in the second half of 2025.
Focus	At risk. A contested deal to buy Warner Bros.

Timeline

When	What happened
Apr 2022	Netflix reports its first subscriber loss since 2011 and estimates 100 million households share passwords.
Nov 2022	A lower-priced plan with ads launches in 12 countries.
May 2023	Paid sharing reaches the United States.
Jul 2023	Paid sharing covers more than 100 countries; 5.89 million members join in the quarter.
Q4 2024	A record 18.91 million net additions; the ads plan is over 55% of sign-ups where offered.
Jan 2025	Prices rise on most plans in the U.S. and Canada.
Dec 5, 2025	Netflix agrees to buy Warner Bros., including HBO and HBO Max.
Jan 20, 2026	Netflix reports more than 325 million paid memberships.
Feb 2026	Warner Bros. Discovery reopens talks with Paramount Skydance and sets a March 20 vote.

What happened: viewers who were not paying

In April 2022 Netflix said it had lost 200,000 subscribers in the first quarter, its first decline since 2011, and expected to lose another 2 million in the second.

Netflix pointed at password sharing. It estimated that about 100 million households were watching on someone else's account. The brand had plenty of viewers. It was not charging a large share of them.

The treatment: a cheaper door and a sharing fee

In November 2022 Netflix launched a lower-priced plan with ads in 12 countries. It reported engagement on that plan in line with comparable ad-free plans and very little switching from other plans. This is pricing strategy used as a door: a lower price that adds customers without pulling existing ones down.

In May 2023 paid sharing reached the United States. By July the stricter rules covered more than 100 countries, and Netflix added 5.89 million paid members in the second quarter. Instead of writing off the borrowers, it treated them as a market to convert.

The result: more members and a new ad business

By the end of 2024 Netflix had 301.63 million paid memberships after a record fourth quarter of 18.91 million net additions, and the ads plan made up over 55% of sign-ups in the countries where it was offered. Netflix then stopped reporting memberships every quarter.

Its January 2026 shareholder letter reported more than 325 million paid memberships. Advertising grew more than 2.5 times in 2025 and is expected to roughly double again in 2026. Two changes to price and access did what a marketing campaign alone could not.

The symptom to watch: viewing

View hours rose 2% year over year in the second half of 2025, carried by a 9% rise in viewing of Netflix's own branded originals. Netflix also raised prices on most plans in the U.S. and Canada in January 2025. When what members pay grows faster than how much they watch, the value they feel deserves close watching. That is a customer retention question long before it shows up as cancellations.

The next test: the Warner Bros. deal

On December 5, 2025, Netflix agreed to buy Warner Bros., including HBO and HBO Max. Paramount Skydance is pressing a rival offer. In February, Warner Bros. Discovery reopened talks with Paramount under a waiver from Netflix and set a March 20 shareholder vote on the Netflix deal. On February 24, Paramount said it had submitted a revised proposal. The Netflix deal remains pending.

Netflix fixed its 2022 problem with price and access. Its 2026 risk is focus. Buying HBO would give Netflix a second premium brand to run, and a long contest keeps public attention on the deal rather than on the service members pay for. The brand strategy question is whether HBO stays a

distinct brand beside Netflix or is folded into it. We would want that answer settled, and explained to members, before any close.

Lessons for your marketing

1. Count the people who use your product without paying. They may be your next customers.
2. A cheaper tier can widen the door. Track whether it adds customers or trades existing ones down.
3. Fix access and price before you spend more on advertising.
4. When you change what you report, choose the replacement marketing KPIs on purpose.
5. Watch engagement as closely as sign-ups. Members who watch less will eventually question what they pay.

The doctor will see you now.

Book a free marketing check-up at marketingdoctor.ca/contact. We'll examine your marketing, show you what's holding growth back and prescribe what to fix first.

Sources

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