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History of netflix price increases

Netflix is increasingly driving up prices in the US—and more often—than ever before. The video-streaming service raised prices for new registrations today (January 15) by 13% to 18%, the largest increase among its streaming plans in the US, where it has more than 58 million subscribers. The increase comes as the company invests more in high-end original series and movies, as well as marketing and technology. Netflix has raised its prices in the US only a few times since introducing a standalone streaming plan in November 2010. Recently, it started raising rates more regularly. The last price increase was announced in October 2017, about 15 months ago. Netflix standalone streaming plan price change at USDateBasicStandardPremiumJanuary 20198.9912.9915.99October 201710.9913.99October 20159.99Matober 201710.99October 20159.99May 20147.99 (introduced)8.99April 201311.99 (introduced)November 20107.99 (introduced)Source: Company announcement and news report Standard package price in the US, which launched at \$8 per month in 2010, has risen more than 60% since then. Unlike previous price hikes, which only affected some plans, the new increase will sweep away all Netflix streaming offerings in the US. The price of Netflix's basic plan, which supports standard formats and delivery on one screen at a time, is up by \$1 to \$9 per month. The monthly cost of the standard plan, which supports high definition and viewing on two screens at a time, goes up by \$2 to \$13. And the premium plan, which allows streaming of up to four devices at the time, will cost \$16 a month, \$2 more. People who sign up for Netflix will see new prices starting today in the US. Price increases will be rolled out to existing U.S. customers in the next few months. Current customers will be notified by email and in the Netflix app 30 days before the price increase reaches their account. About 40 countries in the Caribbean and Latin America where Netflix bills in U.S. dollars will also be affected, including Uruguay, Barbados and Belize. Major Latin American markets such as Mexico and Brazil are billed in local currency and therefore will not see prices rise. The fare hike comes as Netflix invests billions each year in original content such as the Stranger Things season and upcoming films such as Martin Scorsese's The Irishman; talents such as TV creators Shonda Rhimes and Ryan Murphy; and new technologies, such as your own adventure select format underlying Bandersnatch Black Mirror. Last year, the company spent \$10 billion on content and marketing, and began producing more original programming itself rather than licensing shows and moving from other studios. Self-producing content generally requires more investment from licensing. We change prices over time as we continue to invest in great entertainment and improve the overall Netflix experience for the benefit of our members, the company said in a statement to Quartz. Netflix shares are trading from yesterday's close of about 6% at the time of this writing, at \$351.70. News of the price increase—first reported by the Associated Press—comes two days before Netflix is scheduled to report earnings for the fourth quarter of 2018. However, Netflix is also raising prices at a time of increasing competition for viewers in the U.S. Streaming rivals such as Amazon Prime Video and Hulu are also investing more in content and technology to catch up with Netflix, and media giants such as Disney and WarnerMedia are gearing up to launch their own streaming services this year. Some people on social media expressed frustration with today's rate hike. Netflix's streaming subscriber base has swelled to more than 58 million members in the U.S. as of September 2018. But growth is already starting to negotiate now that so many people in the US already own Netflix. International subscribers have become the fastest growing group in the company and comprise about 58% of Netflix's member base, after the U.S. eclipse in 2017. Netflix CEO Reed Hastings attends the red carpet during Netflix's presentation party at invernadero del Palacio de Cristal de la Arganzuela on April 4, 2019 in Madrid, Spain. Netflix announced Thursday it will raise prices for U.S. subscribers. Don't be surprised if you read the same story next year, and the year after that. The company's decision to raise its standard plan by \$1 per month, from \$12.99 to \$13.99, and its premium plan of \$2 per month, from \$15.99 to \$17.99, is a key part of Netflix's long-term strategy. That's why Netflix has a market valuation of \$218 billion with just \$2.8 billion of net income in the last 12 months. Netflix's last price increase was January 2019. Video streamers can largely avoid significant price increases because they have consistently added customers, giving investors a clear growth story. But Wall Street relies on consistent price increases as customer growth wanes. At the time, investors were hoping Netflix was an unexable staple in people's homes, such as cable TV for the past four decades. Preliminary evidence suggests Netflix is on the right track. Monthly churn for Netflix (close to 2%) well below other streaming services, such as CBS All Access (soon renamed Paramount+) and Starz, according to data from Antena, a measurement and analytics company that tracks purchasing behavior. The key to a price hike without a significant spike in cancellations or dissatisfaction is convincing customers that they are still getting great value. Netflix genius The last two or three years have been a subtle shift from trying to be HBO and towards becoming a replacement for the entire cable bundle. The goal is to be HBO faster than HBO can be us, us, co-CEO Ted Sarandos said in a Q&A interview in 2013. But that's actually not what Netflix has done. Netflix has focused on a range of offerings, including children's animated shows, breezy romantic comedies, Adam Sandler films, reality shows like Love is Blind, lowbrow documentaries like Tiger King, food shows like The Great British Bakeoff, and fun game shows like The Floor is Lava. It's hard to imagine any of these series on HBO. And, of course, it's got HBO-style fare too - films like Rome, series like The Crown, and Sex and the City imitations like Emily's in Paris. The full suite is similar to a cable bundle. Ironically, HBO didn't want to be Netflix until recently, despite Sarandos' claims to the contrary. While HBO made the decision to steer to consumers as an a la carte app in 2015, HBO chief Richard Plepler focused on premium programming while actively avoiding most other content. More recently, after TIME Warner's takeover by AT&T, T (and a new executive list), HBO has tried to emulate Netflix with HBO Max. Netflix's decision to become a cable bundle lite - excluding live shows, news, and sports - giving the company an excellent argument for raising rates from a price-value perspective. Netflix's premium service is now \$17.99 a month. The average cable TV bill is about \$100 a month, according to LightShed Partners. While there are cheaper digital alternatives, YouTube TV is \$64.99 a month. AT&T's T Now (formerly DirecTV Now) is \$55 or \$80 per month. Even Sling TV is \$30/month. Meanwhile, the quality of cable bundles is likely to decline in the coming years as most premium content is pushed into streaming services. This should embolden Netflix to keep raising prices, as it will not only be a major one among streaming services (thus justifying it as the most expensive offering), but also an increasingly attractive cable alternative. WATCH: Netflix shares move higher after the company announced an increase in subscription prices Attention all Netflix users: You may only be charged more for the service than ever before. That's because the streaming giant hiked all its prices this year, and that increase has just come into effect. You might say to yourself, Gee, this seems to happen a lot, and you're not wrong. Over the past nine years, Netflix has raised its prices in the US four times. This means that prices go up every year on average. Currently, subscription rates are priced thus: The basic plan goes for \$8.99/month (previously \$7.99/month) Standard is \$12.99/month (previously \$10.99/month) And premium is \$15.99/month (previously \$13.99/month) subscription rates are up at least 12% this year. And price increases in previous years have never been less than 10%. In fact, the price of each Netflix subscription plan has gone up significantly over the past decade. Since 2010, the standard level of has ballooned nearly 63%; base prices have risen slightly more than 12% since 2014; and premium prices have soared 33% since 2013. (That's according to new data provided by Comparitech.) To put things into perspective, \$7.99 - which is Netflix's original price for a standard subscription in 2010 - will be worth \$9.37 in 2019 taking inflation into account. To visualize the changes, we charted every price increase for U.S. users over time since 2010. You can feel what Netflix will look like in the future, and it's not pretty. Netflix (NASDAQ:NFLX) raised its monthly subscription prices in the US for the fourth time in its 12-year history of streaming platforms. Price increases of between 13% and 18% depend on the plan, which makes this Netflix's biggest subscription price increase ever. Despite Netflix's last price hike just 15 months ago, viewers are unlikely to react strongly to this latest hike. That's because streaming sites have proven their worth in recent years. The same can be said for Amazon and the recent increase in Prime subscription prices to \$119 a year, up from \$99. Netflix teaches content platforms that people are willing -- even excited -- to pay for quality content. In fact, Netflix shares rose nearly 7% on January 15, the day the price hike was announced. Netflix is hiking its monthly subscription price for the fourth time. Picture courtesy of Netflix. Netflix's history of price hikes has led Netflix to rise quickly to the top spot in the video streaming market. The company has gone from zero to nearly 140 million customers worldwide in 12 years. Five years ago, Netflix began investing in original content, and its content budget has donated from \$3 billion in 2014 to \$8 billion in 2018. Unfortunately, his debt has also grown. Netflix has \$18.4 billion in long-term debt and short-term liabilities, according to its latest quarterly report. With its growing content budget and debt, Netflix needs to raise cash - a lot of it. And one way to do that is with annual price increases. This latest price increase is expected to give the company \$1.18 billion incremental revenue from its 57 million customers in the U.S., according to RBC Capital estimates. Netflix's previous price hike came in October 2017 when it raised its standard plan by \$1 to \$10.99. On Jan 15, Netflix raised the price of the plan by \$2 to \$12.99. In addition, the price of the basic plan (non-HD) goes up by \$1 to \$8.99, and its premium plan goes up by \$2 to \$15.99. Here's a quick look at Netflix's price increases for its standard plans since 2014: Netflix Price Increase May 2014 October 2015 October 2017 January 2019 price \$1 \$1 \$1 \$2 New price \$ 8.99 \$ 9.99 \$ 10.99 \$ 12.99 Data source: Business Insider. Why Netflix subscribers don't care about another \$1 or \$2 it feels justified in raising prices by \$1 to \$2 on a regular basis because it believes it acquired that extra change with the increasing quality and quantity of its content library, Netflix's chief product officer, Greg Peters, said on a recent earnings call in October. Last year, Netflix released 700 shows and movies on its platform. Customers seem to agree. A recent Piper Jaffray survey of about 1,100 U.S. Netflix subscribers found that 71% said they thought the platform's content had improved. The results of the survey led the investment services company to believe that as long as people continue to believe Netflix is improving every year, it can continue its annual price increases with little or no pushback. In fact, Netflix's last price hike went well for the same reason. After raising prices in October 2017, Netflix reported 8.33 million new global subscribers for the fourth quarter. At the time, this figure broke the previous record of 7.05 million new subscribers. So it's safe to say price increases don't scare customers. And considering the lineup of content due in 2019, including the third season of the hit original series Stranger Things, subscribers will most likely shrink from a \$1 or \$2 subscription increase. The bottom line is, Netflix is still a great deal, and will remain so despite some inevitable price increases. A recent Piper Jaffray survey also showed that 64% of respondents said they would not cancel their subscription before the price reached \$15. That gives Netflix another year or two before subscribers can start raising their eyebrows. See the transcript of the latest Netflix earnings call. Transcript.

