# Watch & Learn: Arts & Lifestyle
## Entertainment & Tech: Streaming Trends
## Cheap Streaming is Over (6:25 min)
### Video Script & Vocabulary (page 1 of 2/v32714)

**Advanced Level (C1) and above**
- ◊ Read the script and note new vocabulary
- ◊ Write three sentences using new vocabulary
- ◊ Prepare for the discussion questions

**Starting Off**

***When streaming first came onto the scene, it came with a promise: the movies and TV that you love, without ads, for a much cheaper price than cable. Less than 20 years down the line, it feels like that promise has been broken.***

1 Read the **Video Script** below. The words in **bold** are defined in the **Vocabulary** section. Look up any new words in a dictionary.

2 Go to the **Your Turn** section at the end of this document. Practice using new words and expressions from the video script to prepare for your next class.

3 Look at the **Discussion Questions** and prepare your responses for the next class.

### Discussion Questions:

- ◊ What are some of your favorite streaming services and series they show?
- ◊ Do you enjoy the variety of services and programs available?
- ◊ Do you think there's anything we can do about the increasing price-hikes or are we prisoners of these streaming behemoths?

### Video Script:

**Narrator:** Late last year, I got an email. It said that the price of my Disney Plus annual plan was increasing to $140. But that wasn't the only one. Netflix was going up and their most affordable **tier** would now have ads. Amazon Prime would be $3 more a month. Apple TV+ went from $6.99 to $9.99. Hulu is going up to $18 a month. There are so many great things to watch and they're all **spread** across so many different services. I want to watch them all, but man, does it hurt to **fork up** so much money every month to do it. It kind of makes you wonder, how did we all end up in this position where we're paying so much for streaming every month? And maybe more importantly, can we as consumers do any better?

To answer these questions, we first need to look at the story from the streamers' perspective. And we'll start with Netflix, the biggest oldest streamer around. For most of its history, Netflix made money in one way, its subscribers. So if Netflix wanted to make more money, they either had to add subscribers or raise prices. This was always Netflix's strategy. As this 2021 New York Times article explains, the CEO and founder of Netflix was **betting** that the company could attract subscribers and raise its prices faster than the debt **clock was ticking**.

And Netflix had **taken on** a lot of debt, almost $15 billion by 2020, with the purpose of building an entire platform's worth of content, ensuring that they weren't reliant on movies and TV that they didn't own, like The Office or Friends. This strategy worked, and for a long time, Netflix grew really reliably, even as its prices went up.

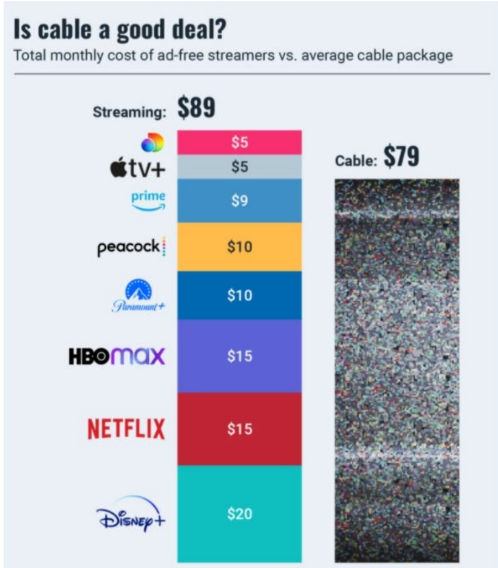
**Lucas Shaw, Managing Editor for Media and Entertainment at Bloomberg News:** They'd had very **steady** growth, 2015, 16, 17, 18, 19, and then the pandemic happens in 2020, and they have their best year ever.

**Narrator:** That's Lucas Shaw, by the way.

**Shaw:** Managing Editor for Media and Entertainment at Bloomberg News and I'm also the author of the newsletter "Screentime". Netflix got to a point where they realized that their growth was much slower than it had been. Growth continues to be slower in 2021 and looking into 2022, they get nervous. And then in 2022 Netflix actually lost subscribers. Just 200,000 at first, and then a million. There are only so many people in the population, right? Even if you got everyone there is a **ceiling** to that.

### Vocabulary:

- **tier** - a level, grade or offer within the hierarchy of an organization or system
- **spread** - distributed across a range
- **fork up** - give something, especially money, to someone when you don't want to
- **bet** - risk a sum of money or valued item against someone else's on the basis of the outcome of an unpredictable event
- **clock is ticking** - time is passing quickly or running down; there is not much time left
- **take on** - assume responsibility or a burden or some kind (such as debt)
- **steady** - regular, even, and continuous in development, frequency, or intensity
- **ceiling** - an upper limit usually relating to money or the size of a market




**SOARING COST OF STREAMING**

| SERVICE | MONTHLY COST WITHOUT ADS | SERVICE | MONTHLY COST WITHOUT ADS |
|---|---|---|---|
| NETFLIX | $15.49 | tv+ | $9.99 |
| prime video | $14.99 | Disney+ | $13.99 |
| max | $15.99 | hulu | $17.99 |
| peacock | $11.99 | britbox | $8.99 |
| Paramount+ | $11.99 | TOTAL | $121.41 |

GRAPHIC: DAILYMAIL.COM

**ADVANCED LEVEL (C1) AND ABOVE**
- ◊ Read the script and note new vocabulary
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**Video Script continued…**

**Narrator:** But they also knew that they had more customers than it appeared.

**Shaw:** This phenomenon of password sharing. Netflix had said publicly that they were not worried about it. And I think early on, it's true, they were not worried about it because password sharing was a way of exposing the service to more people and if people liked it, they would **convert**. But at a certain point when they hit a bit of a ceiling, they're looking at the numbers and they said, the only way that we're going to be able to grow is if we convert some of those sharers into payers.

**Narrator:** This move created a temporary **surge** in subscribers. It made enough of a **dent** that other companies are following in these footsteps. But Netflix isn't the only trendsetter. While all this was going on, another company was **carving out** a slightly different path.

Hulu has always had two tiers to its service, ad free and ad supported. According to this 2019 article, Hulu's ad supported option was the most lucrative tier of their business. It was so successful, they actually lowered the price from $7.99 to $5.99.

**Vocabulary continued...**

- **convert** - change to another format
- **surge** - a sudden increase in activity
- **dent** - reduction in amount or size
- **carve out** - establish an alternative
- **bundle** - group a number of things together as a single unit
- **bottom line** - the final total of an account or balance sheet; profit or loss
- **churners** - customers who switch from one supplier to another
- **static** - lacking in movement, action, or change
- **hop around** - move from one place or thing to another in a seemingly quick or restless manner
- **media diet** - sum of information and entertainment media taken in by an individual or group
- **weird** - strange, unusual, bizarre

**Shaw:** Advertising has been the key to a successful video business forever. You know, you think about the cable business, you don't think about paying for discrete channels, but you are paying for a **bundle** of channels. And, oh by the way, those channels still have advertising. So it's not really a foreign concept. That's something that Hulu had done quite effectively.

**Narrator:** As more streamers crowd the market with ever increasing prices. pretty much every service, including Netflix, has introduced a more affordable, ad supported tier to their offerings, which people seem to appreciate. Ad supported plans have been driving an increasing percentage of new signups and supplementing each company's **bottom line**. But here's the thing. Most of these companies still aren't profitable.

**Shaw:** Part of it is just they're so new. I think we lose sight of that. Like these companies spent billions and billions of dollars to launch new services and take on Netflix. And they tried to condense, you know, 15 years of Netflix's streaming service into 3-5. And that was very expensive.

**Narrator:** So that's it, more or less. Companies fighting debt, revenue losses, subscriber losses, or a mix of those things have raised prices and added ads in hopes to become or remain profitable. But what does that mean for us as individuals? Well, if you're like me and have crafted your personality around filmmaking, movies and TV, then you might be subscribed to a bunch of streaming services indefinitely. This isn't cheap, but it's the kind of thing that you might be willing to invest in. So maybe the answer for me is to do nothing and just accept the increased monthly cost because I find value in having access to all of the streaming services.

But in researching this video, I found that there is a growing group of people that have a much more strategic approach. They're called serial "**churners**," which is just the industry way of saying that this type of consumer isn't **static**. They're churning, or unsubscribing and resubscribing, to services based on what they want to watch in a particular month. According to the analytics group Antenna, one in five people were serial churners in 2023. It seems like the answer for these people is that it's worth the effort to **hop around**. They can save money and more selectively access content on their own timeline. A more middle ground approach might be to subscribe to one or two services indefinitely and then hop around on the other ones.

**Shaw:** I've opened Max, Netflix, Hulu and Amazon all within the last month, maybe within the last couple of weeks. And then Paramount Plus and Peacock, I guess yes, I'm a churner for those. I sign on and off depending on what happens, and that's fine for me. And everyone else, their appetite is going to be different. Maybe other people only want to be permanently signed on for two.

**Narrator:** This approach requires some effort and strategy around your **media diet**, but it could be quite cost effective in the long run. And that's one of the reasons that we switched from cable to streaming to begin with; the ability to choose what you pay for. Streaming has changed a lot. We're in a new, **weird**, increasingly expensive era of it. Maybe that means it's time we start looking at our relationship to streaming differently and start asking the question: How do you make your streaming diet work for you?