

The State of Media and Entertainment Streaming 2025

By Jake Ward

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Not unexpectedly, 2024 saw a slowing down in the rapid user acquisition that entertainment streaming platforms enjoyed in previous years without the influx of new platforms and the boost in subscriber numbers gained during the pandemic.

ADS DRIVING DISNEY+ PROFITS

Disney's global subscriber base grew to 158.6 million, a rise of 9 million compared to 2023, and the streaming side of the business finally started to turn a profit, making $321 million in Q4 2024.

The ad-supported side of the service definitely appears to be driving this growth, with 60% of new signups choosing that option. Overall, 37% of US subscribers are on the ad-supported tier of the service, and around 30% of the global subscriber base is on that tier, which roughly equals 36.8 million subscribers globally.

Disney CEO Bob Iger stated in a financial update that subscription price increases, which last rose in October 2024, were not just about raising more revenue but also about the AVOD side of the service. "It's not just about raising pricing," Iger said. "It's about moving consumers to the advertiser-supported side of the streaming platform. ... The pricing that we recently put into place, which is increased pricing, was actually designed to move more people in the AVOD direction. ..."

PRIMING THE AD PUMP AT AMAZON

This ad-centric strategy now seems to be the norm, with even Amazon Prime downgrading its offering to consumers. The standard Prime subscription now includes ads, with the ad-free service available only at an additional cost.

Amazon Prime Video had a mixed year, despite growing to reach 117 million viewers in 2024, which is up slightly from 2023. However, some inconsistent performance from its content marred this steady growth.

Fallout was Prime's big hit of the year, being viewed by 65 million people in the first 2 weeks after its release. This puts it ahead of the first series of *Lord of*

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the Rings: The Rings of Power in terms of viewership, and it had massive cut-through with the key 18–34 demographic, where it was the most watched programme ever on the platform. Additionally, viewership was 60% from outside the US, which was a major win.

However, the second series of *The Rings of Power*, while still a big hit, seemed to lose momentum from the first, with 55 million viewers in around 34 days, which was lower than *Fallout*. Nielsen numbers also suggested there had been a drop-off, with 1 billion viewed minutes for the series compared to Series One's 1.3 billion during the same period.

Again, these are still very large numbers, but in terms of important shows on the platforms, the direction of travel should be to significantly grow the Series One audience.

Since the introduction of advertising into the service, basic Amazon Prime has seen a small decline in subscribers, but that has been offset by the increase in subscribers to the ad-supported service and has led to overall growth in viewer numbers.

In an interview with the *Financial Times,* Prime Video international VP Kelly Day explained that the company took a gradual approach to introducing advertisements. It started with a "very light ad load" to give its subscribers a "gentle entry into advertising," she said. That included not serving ads in the middle of its programming.

In 2025, Amazon will increase the advertising load, and how that impacts the audience uptake of the premium level or standard subscription will be interesting to watch. Could the increase in ad revenue be offset by a drop in the overall number of subscribers?

EMEA LEADING NETFLIX AD TIER'S GLOBAL GROWTH

Netflix has even more ad-based subscribers, with around 70 million from a userbase of 282.7 million globally, and EMEA (Europe, Middle East, and Africa) is now the biggest region, accounting for 96 million subscribers in total.

In terms of advertising revenues, CEO Greg Peters said during an earnings call that ad revenue will likely double in 2025, "albeit off a small base." This service tier does have the potential to generate more revenue for Netflix if the growth in new subscribers continues to flatten. Growth was roughly 19 million subscribers in Q4 2024 compared to 9 million in Q4 2023.

Big shows for Netflix included *Bridgerton* Series Three in the first half of 2024, which pulled Series One and Two back into the global top 20. Other breakout hits included *Baby Reindeer*, *The Gentleman*, and *Fool Me Once,* a Harlan Coben Mystery. These mysteries continue to pull in big audiences, with another addition, *Missing You,* scoring high numbers at the end of 2024.

The big addition to the platform in 2024 was a second series of *Squid Game,* which reached 126.2 million views in just 11 days, putting it on track to outperform Series One. Series Three, which was filmed back-to-back with Two, will launch in 2025.

2025 sees a plethora of new series for popular hits in addition to *Squid Game*, including *The Night Agent*, *Wednesday*, *The Witcher*, *Stranger Things*, and *The Sandman*, making it look like it could be an exceptionally strong year for this streamer.

Netflix took a step forward, in terms of its live-streaming offering, with the controversial Paul vs. Tyson fight, despite technical issues before the start of the main event (see go2sm.com/tysonpaul). Viewers complained of pixelation, buffering, stuttering, crashes, and, in some cases, the stream not being available at all.

However, the peak concurrent viewers clocked in at 65 million, and despite the technical issues during the undercard, the live stream of the main event seemed to be reasonably solid. Live for Netflix is still somewhat of a learning curve, and the fact that it was able to improve the experience over the course of the event—whilst not excusing the original poor performance—does suggest that it is more than capable of refining the live service going forward. With those kinds of viewer numbers, Netflix will surely want to.

On the interactive and gaming side of the platform, despite Netflix delisting all but four of its interactive shows and the company shutting down its AAA game studio known as Team Blue before it had released a game, the mobile gaming side of the service provided some cause for optimism. Data from mobilegamer.biz showed that lifetime downloads for mobile games were 210 million. The top 10 list featured two Grand Theft Auto titles, as well as two games based on Netflix properties, suggesting that creating content based on shows and licencing other games could still help retain subscribers and deliver more content engagement for the service.

Two Netflix games made mobilegamer.biz' top 10 for 2024.



Across all three services, as audiences continue to grow, it will be interesting to see if ad-supported tiers can continue to attract new viewers or if there is a ceiling on the total audience for streaming platforms, both ad-supported and ad-free.

COST-CUTTING AND RESCALING AT APPLE TV+

Apple TV+, as always, doesn't release subscriber figures, but by October/November, estimates suggested there were just more than 44 million subscribers. Nielsen numbers show the service now accounts for just 0.3% of viewing in the US.

Apple seems to have always viewed the service as more of a bonus/loyalty/retention scheme offering a bolt-on additional revenue service for existing customers. However, costs for production and internal indecision look like they may precipitate a change in this approach.

While *Ted Lasso*, *Slow Horses*, and *Severance* have all been multi-series successes for the service (both with the critics and with audiences), and in 2024, *Disclosure* and *Presumed Innocent* were also hits, there now seems to be increased focus on the costs of content creation.

Series Two of *Severance* was released in mid-January 2025 and is likely to resonate with the subscriber base, but the cost of the new series has now risen to an eye-watering $200 million, making it one of the most expensive streaming shows alongside Prime Video's *The Rings of Power* and Netflix's *Stranger Things*. In contrast, both of those shows have sizable visual effects budgets, unlike *Severance*.

Bloomberg reported in July that Apple's SVP of services, Eddy Cue, has been hosting regular meetings with studio chiefs Zack Van Amburg and Jamie Erlicht and pushing them to bring down spending.

There have also been issues with talent and the way that Apple manages its shows. *Wolfs*, starring George Clooney and Brad Pitt, was meant to receive a worldwide cinema release. After another Apple film, *Fly Me to the Moon*, grossed only $42 million in cinemas worldwide against a budget of $100 million, release plans for *Wolfs* were reduced to the minimum to make the movie eligible for the Oscars. As soon as the film was available on the service, *Wolfs* became Apple TV+'s most watched movie ever, and Apple announced a sequel was in the works.

Apple then had to reverse that decision as the movie's director, Jon Watts, in an interview with Deadline Hollywood, stated that he had returned his advance and refused to do the sequel "because I no longer trust [Apple] as a creative partner."

In the interview, Watts stated that the reduction of the cinema release "was a total surprise and made without any explanation or discussion. I wasn't even told about it until less than a week before they announced it to the world. I was completely shocked, and I asked them to please not include the news that I was writing a sequel. They ignored my request and announced it in their press release anyway, seemingly to create a positive spin to their streaming pivot."

2025 may need to be a year of cost-cutting and rescaling for Apple as well as better talent relationship management. In a *Telegraph* article on the issues, Tom Harrington from Enders Analysis suggested that management is not willing to continue operating in the way it has previously.

"There are signs around the edges that management is becoming impatient with [Apple TV+'s] assumed losses," Harrington said. "They are looking at bundling, pragmatic decisions about giving expensive films theatrical runs rather than launching exclusively on the service and licensing more content to bulk out the offering and increase browsing and retention."

The big question for Apple management is whether it mimics other services and begins to offer an ad-supported service. It is a balancing act, as advertising would go against the idea of bundling the service with new devices as a value-add, which could potentially alienate existing Apple customers. However, it would generate revenue and offset significant costs, potentially attracting a new audience to the service who would be willing to try it, despite its limited content selection, at a lower price point.

Time will tell if Apple thinks this is a risk worth taking.

WBD'S MAX IN THE EU

Warner Bros. Discovery's Max (formerly HBO Max) launched in 20 European countries in summer 2024, but existing deals in Germany, Italy, and the UK stop the service from being launched in those regions until 2026.

However, those launches may be accelerated if Warner Bros. Discovery (WBD) signs similar content partnership deals to the one it reached recently with Sky in the UK. The content deal has been extended until early 2026, and after Max debuts as a standalone app in the region, Sky will be able to bundle the ad-supported version of the service at no extra cost to its subscribers. This should add a significant number of viewers to the service, boosting both Max and allowing Sky to retain those viewers who are drawn to its service by the availability of the Max content.

Broadcasters might not be the only partner WBD is looking at. According to Deadline Hollywood, JB Perrette, CEO and president of global streaming and games for WBD, told Wells Fargo TMT Summit attendees that there are some "great alternatives" in these markets for partnership deals and went on to say how Amazon, in particular, was "eager to be more and more aggressive in that space."

For both Max and services with a smaller or no European footprint, like Paramount+ and Peacock, this

Much of the premium streaming bundling in Europe goes through Sky.



Successful BBC iPlayer Christmas fare included the long-awaited return of Wallace & Gromit with the Netflix collab Vengeance Most Fowl.



type of bundling is both a way of growing audiences and reducing distribution costs.

Paramount+, which has 72 million subscribers globally (although without broken out numbers for Europe), looks likely to have to agree to this type of bundling arrangement, as does Peacock, which is only available in Europe through Sky.

The one thing that may change this direction of travel is the imminent (if embattled) merger of Paramount Global with Skydance Media, which should be completed in the first half of 2025. Skydance Media CEO David Ellison has said he will make significant investments in upgrading the Paramount+ tech stack and interface, but will probably be on content where the service struggles. Without deals with other suppliers, both Peacock and Paramount+ are likely to face headwinds in their efforts to reach a profitable critical mass of subscribers.

OTHER UK-BASED STREAMERS

In terms of UK-based streamers, Paramount did make progress with My5, the streaming service of Channel 5, in the UK. The service grew at its fastest-ever rate in 2024, with Barb TV Viewing Minutes (TVM) for the service up a record 53% from 2023.

Growth for My5 was higher than other streaming services over 2024, with BBC iPlayer rising 24%, ITV's ITVX up 22%, and Channel 4 up 15%.

The My5 services will be relaunching in March 2025 as Channel 5 and My5 come together under a new unified parent brand of 5 across linear, streaming, and digital platforms. The streaming service will be boosted with additional box sets and shows from across the wider Paramount service and "enhanced data-led advertising opportunities" to drive revenue.

Channel 4 is taking a different approach to the other main channels with its Fast Forward initiative. The aim is not just to rely on attracting viewers to its linear channels and app but to double social views of its content by 2030, including increasing the volume of content on YouTube, where viewership had grown by 333% year on year by April 2024. This increase in YouTube viewers has been driven partially by the channel making full episodes of content available.

This is against the backdrop of a weak ad market and Channel 4 posting a record loss for 2023 of £52 million. The transformation seems to be building momentum, and, in the midterm, the channel is seeing a return to profitability.

BBC iPlayer and ITVX both had relatively successful years, with both hitting peak viewing records during the Kro football tournament. BBC iPlayer in particular had large viewership over the Christmas period with hits like *Gavin & Stacey* and the Wallace & Gromit movie *Vengeance Most Fowl*, a co-production with Netflix, attracting significant audiences.

The growth of audience viewing across the UK channels seems to suggest that this combination of linear and digital content continues to be an attractive proposition to audiences. However, it will be interesting to see if Channel 4's strategy of an increased focus on social will reap benefits, help it generate more revenue, and spark the interest of the other channels.

STEADY AS SHE GOES

Looking back on 2024, it was a year of steady but not spectacular growth. In 2025, it will become inevitable that some of the smaller players in the market will have to make deals to cheapen distribution through partnerships or incorporate their services directly into others to make them sustainable and profitable going forward.

If this is the case, then it is highly likely that the services which will really benefit from this are the two strongest platforms, Netflix and Amazon, which will only further strengthen their positions.

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