EXCLUSIVE MEDIA

# Netflix Is Exploring Live TV and Bundles as It Struggles to Keep Viewers Hooked

## Streamer is rethinking some of its core strategies to compete with rivals

By Jessica Toonkel and Ben Fritz
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Quick Summary

- Netflix is discussing the addition of live channels and bundling other subscription-based streaming services to bolster subscriber engagement.

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Top Netflix NFLX 0.05% ▲ executives who gathered for its annual business review this spring had a lot to be cheerful about. Profits were rising, customer defections remained at industry lows and it had hit franchises including "Bridgerton" and "Stranger Things."

But one metric was pointing in the wrong direction: Subscriber engagement was showing signs of decline, according to attendees. At the time, it was a small part of a conversation about the company's goals, but it has since become a frequent topic of discussion at meetings, people familiar with the matter said.

Engagement, which measures how long people spend watching content and how frequently they finish a movie or series, is the holy grail in modern Hollywood. It signals that customers are satisfied and less likely to cancel their subscriptions.

While Netflix remains the industry leader among subscription-streaming services, shares are down more than 40% over the past 12 months. In April, the company reported disappointing guidance for the second quarter, including lower operating margins year over year. Its share of TV viewership fell to 7.8% in April, according to Nielsen, the lowest level since May 2025.

To bolster engagement, executives at the company have recently discussed adding live channels that would continuously stream certain programs, or shows and films from a certain genre, according to people familiar with the matter. The company has also explored bundling other subscription-based streaming services, including NBCUniversal's Peacock, into its offering. It would sell those subscriptions through its main app as rivals such as Amazon.com and Apple have long done, some of the people said.

Netflix's discussions about adding TV channels and potentially streaming bundles, which would appear like tiles on the streamer's home page, show how the company is willing to pivot from its roots.

For years, Netflix's co-founder Reed Hastings preached the importance of focus and simplicity to succeed. But Netflix now faces increasing competition from the likes of Disney, HBO Max and YouTube. Free ad-supported streaming services such as Fox Corp.'s Tubi and the Roku Channel, which include linear channels and are known for more-casual viewing than Netflix, are gaining viewership fast.

Fox and The Wall Street Journal's parent company, News Corp, share common ownership.

Focus and simplicity at Netflix were hallmarks for co-founder Reed Hastings. DAVID PAUL MORRIS/ BLOOMBERG NEWS

In response, Netflix has made changes Hastings once eschewed, such as adding an advertising-based tier to the service.

The media landscape is shifting quickly. Last month Fox said it was paying around $25 billion to buy Roku, one of the biggest providers of streaming platforms for connected TVs. The combination will better compete with streaming services such as Netflix for ad dollars. And Comcast recently said it was splitting up its media and connectivity businesses to give each company more flexibility to grow.

Then there is Paramount, the home of CBS and Paramount+, which is working to close its $81 billion deal to buy Warner Bros. Discovery, the owner of CNN and HBO Max.

Netflix stock started to drop when news leaked last year that the streamer was exploring a bid to buy Warner's studio and streaming service. The company, which had long shied away from big acquisitions, ultimately lost that deal, and its stock has continued to decline.

The bid for Warner highlighted for investors that Netflix is concerned about growth, said Uday Cheruvu, a portfolio manager and analyst at Harding Loevner, which invests in Netflix.

"That got investors starting to think, 'Are we missing something?'" he said.

Cheruvu attributed Netflix's stock drop to growing concern that engagement has peaked in the U.S. and over what that means for ad and revenue growth overall. Netflix, like its peers, has increased pricing periodically, moves that can test subscribers' willingness to stick around. Its ad-supported plan now costs $8.99 a month, while its standard plan costs $19.99 and its premium plan costs $26.99.

"The important thing for me is what is happening with 'churn,'" the industry term for customer defections, he said. "It may not be a concern yet, but it is something I am keeping my eye on."

The streamer is expected next week to report earnings and release its latest engagement report, which reveals viewership of its top programming.

Netflix has said that it doesn't need to make a major acquisition to continue to compete and that Warner was "a 'nice to have' at the right price, not a 'must have' at any price."

The company, which nabbed 111 Emmy nominations this week, recently tried to boost engagement with low-cost programming such as video podcasts and content previously released on YouTube. Earlier this month, it said it is adding short-form video from publishers including BuzzFeed and Condé Nast. Those cost significantly less than glossy series and movies.

Netflix recently released the second season of the series 'Beef.' NETFLIX

In France, Netflix has started giving subscribers access to the broadcaster TF1's programming, which includes news. The French network said it hit streaming records thanks to the partnership. Netflix is looking to sign similar deals across Europe and Latin America as an eventual next step, some of the people said.

Executives are also focused on what other sports events they can add to the streaming service. While the co-chief executives, Ted Sarandos and Greg Peters, have been clear they don't want to get into the expensive game of bidding for seasons for sports rights, the company is picking and choosing events.

Netflix executives are discussing bids for the 2030 and 2034 editions of the World Cup, according to people familiar with the situation. CNBC earlier reported the streamer's interest.

Live TV could be a shot in the arm for Netflix's budding ad business, which has gained substantial momentum and generated about $1.5 billion last year. Earlier this year, the company said it expects to double ad revenue in 2026. With live programming, consumers can't skip commercials.

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