

## Consumer Morsel

# Consumers binge on streaming spending

29 February 2024

### Key takeaways

- Bank of America aggregated internal data shows that consumers have not been rolling back on their streaming subscriptions or 'at home' entertainment. Aggregate spending activity shows a sharp increase in spending on streaming relative to discretionary spending, with spending in January on streaming services up more than 70% since 2021.
- Despite rising prices or "streamflation," the January 2024 share of households spending over \$100 monthly on streaming services increased by four percentage points (pp) compared to January 2021, while the share of households spending less than \$20 dropped by 16pp over the same time period.
- Millennials and Gen Xers are paying more per household on streaming as they are paying for multiple streaming subscriptions. These cohorts have also seen the largest share increases of those streaming over the past three years.

### Bringing the entertainment home?

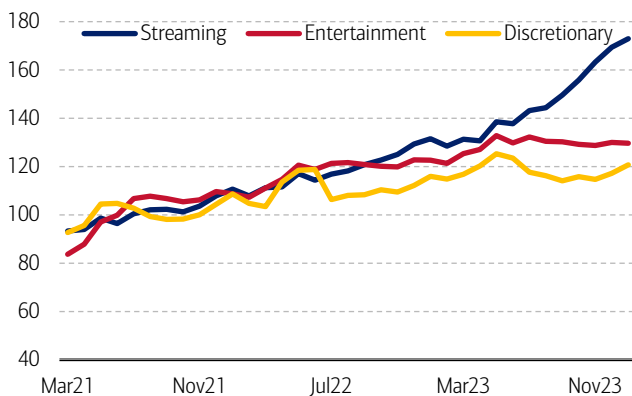
Services spending continues to be a story of strength for the consumer. Within services, as we highlighted [last month](#), a surge in "out-of-home" entertainment was a key part of the story in 2023. However, in 2024, we could see a shift as consumers rotate towards "at home" entertainment, with the [Bank of America Winter Spending Survey](#) suggesting that consumers plan to pull back across a range of "out of home" experiences this year.

Music and video streaming could well benefit further from this trend. And looking at Bank of America internal aggregated spending data which includes data from debit and credit cards, automated clearing houses (ACH), and online bill pay, we saw a sharp rise in streaming spending over 2023 (Exhibit 1).

Some of the most recent growth likely reflects the crackdowns on password sharing, as well as price increases. However, more broadly, the share of US households spending on streaming services has been steadily increasing over the last few years. Exhibit 2 shows that, as of January 2024, approximately 39% of households had a monthly streaming payment, up by more than 4pp on the same period in 2021.

**Exhibit 1: Monthly spending on entertainment and streaming has been outpacing overall discretionary spending**

Aggregate spending on select categories (indexed, 2021 average = 100, 3-month moving average)

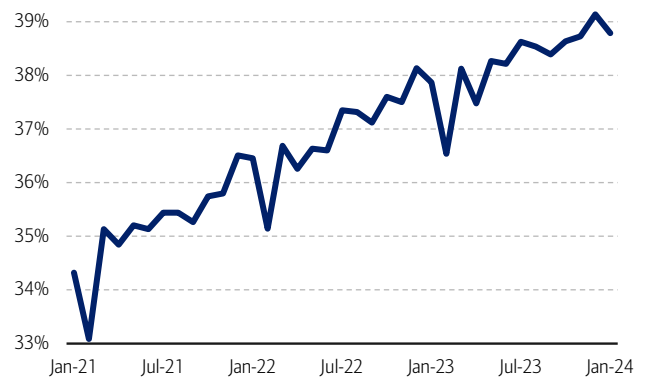


Source: Bank of America internal data

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**Exhibit 2: The share of households making streaming payments has been steadily increasing over the past few years**

Share of households with a streaming payment (%)



Source: Bank of America internal data

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## New series premiere of “Streamflation”

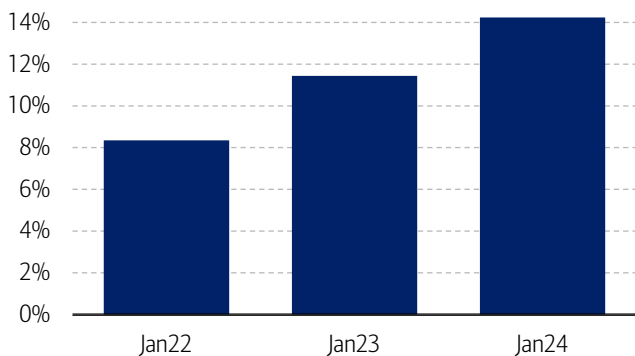
Internal Bank of America aggregated data from debit and credit cards, automated clearing houses (ACH), and online bill pay shows that spending jumped 14% year over year (YoY) after an 11% YoY increase in January 2022 (Exhibit 3).

Yet, away from streaming services, consumers faced inflationary headwinds from rising costs, such as [childcare](#), [insurance](#) and sticky services inflation. So, has higher inflation impacted their tolerance to pay more for existing streaming services or for signing up for new subscriptions?

According to Bank of America data, it does not appear so. We find that the share of households making streaming payments paying on average more than \$101 a month has more than doubled compared to 2021, while the share of households paying less than \$20 a month has dropped by 16pp in 2024 (Exhibit 4). Some of this increase would be accounted for by price rises, but it also suggests that some households have had a fairly healthy appetite for increasing their overall spending in this area.

### Exhibit 3: The average spend per household on streaming in January 2024 was up 14% year-over-year in January 2024

Average spending per households on streaming services year-over-year % (YoY)

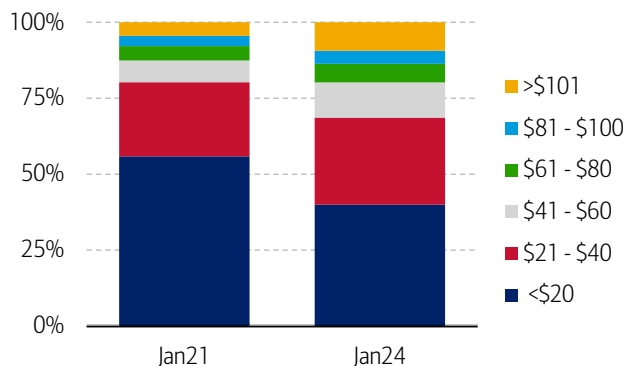


Source: Bank of America internal data

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### Exhibit 4: The share of households with monthly spending on streaming of more than \$101 has increased while households spending less than \$20 has decreased significantly

Share of households making streaming payments by average monthly amount (%)



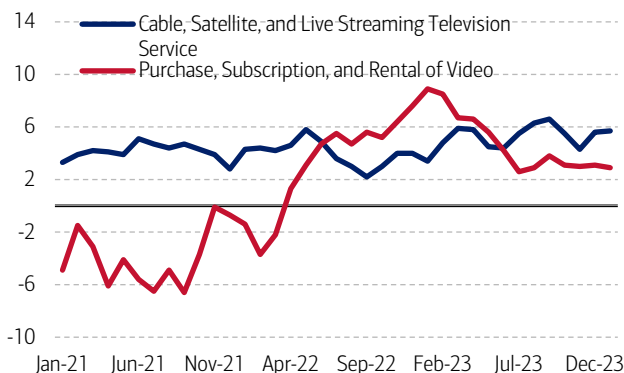
Source: Bank of America internal data

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An additional tailwind working in streaming’s favor is that prices for these services, though still increasing, appear to be doing so at a pace less than cable TV (Exhibit 5) according to data from the Bureau of Labor Statistics (BLS). And nearly four times as many people spend time watching TV on a streaming service than those who don’t according to a recent Bank of America proprietary survey (see Methodology for more details) (Exhibit 6).

### Exhibit 5: The price of cable is rising compared to streaming subscription services

Consumer Price Index (CPI) (monthly, YoY%)

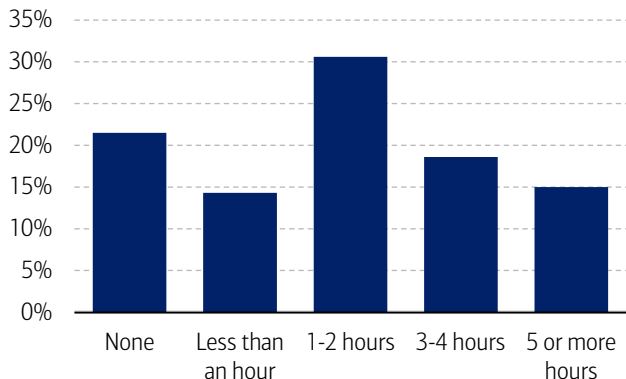


Source: Bureau of Labor Statistics

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### Exhibit 6: Nearly four-out-of-five people spend time streaming

Responses to the question “Generally speaking, how much time do you spend each day watching TV on a streaming service?” (%)



Source: Bank of America Proprietary Market Landscape Insights Study (4Q23)

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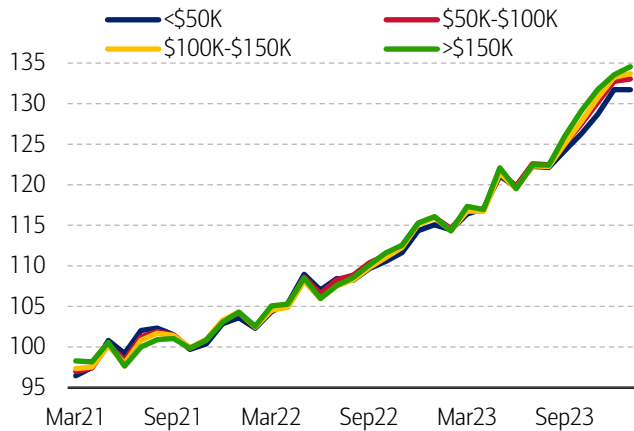
## Millennials and Gen Xers pay more and subscribe more

According to Bank of America payments data to streaming services, we find higher-income households are somewhat more likely to be paying more for streaming services than they did two years ago (Exhibit 7), possibly because they are more capable of absorbing the costs of these price hikes.

Additionally, Millennials and Gen Xers are paying more for streaming now than they did a year ago (Exhibit 8). It's possible these generations are bundling for family options, driving up the costs but serving more individuals.

### Exhibit 7: Higher-income households are starting to spend slightly more on streaming compared to lower-income households

Average streaming payment per household by select income groups (indexed, 2021 average = 100, 3-month moving average)

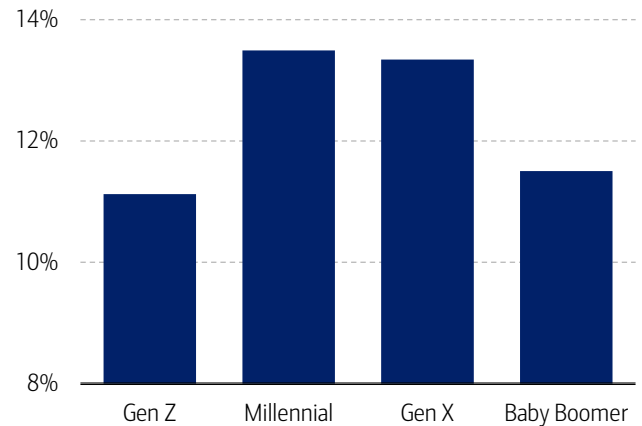


Source: Bank of America internal data

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### Exhibit 8: Millennials and Gen Xers are paying more per household on streaming

Growth of average yearly streaming payments per household by select generations (%YoY)



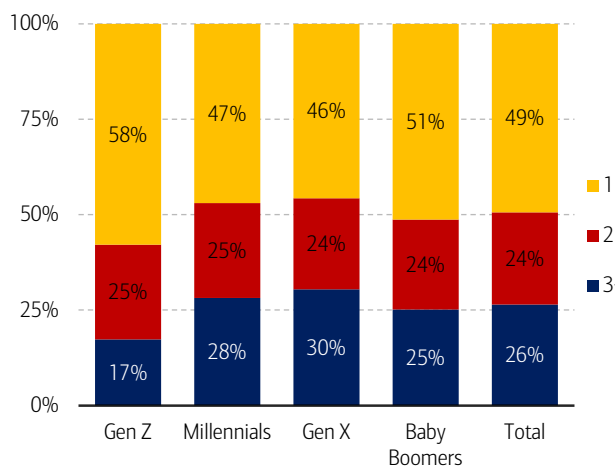
Source: Bank of America internal data

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Additionally, there has been strong growth in people signing up for multiple services. Bank of America internal data (Exhibit 9), shows that more than 50% of Millennials and Gen Xers pay for two or more streaming subscriptions. Further, these age cohorts have also seen the largest increase in the proportion of households that subscribe to three or more streaming services (Exhibit 10). Note that this only includes the number of households that pay for streaming and not the households that receive services via a bundle, package, or incentive. Some households may be receiving other bundled services alongside paying for other streaming options.

### Exhibit 9: Millennials and Gen Xers have the highest share of households paying for 2 or 3+ streaming subscriptions for January 2024

Share of households based on number of streaming subscriptions by age (%)

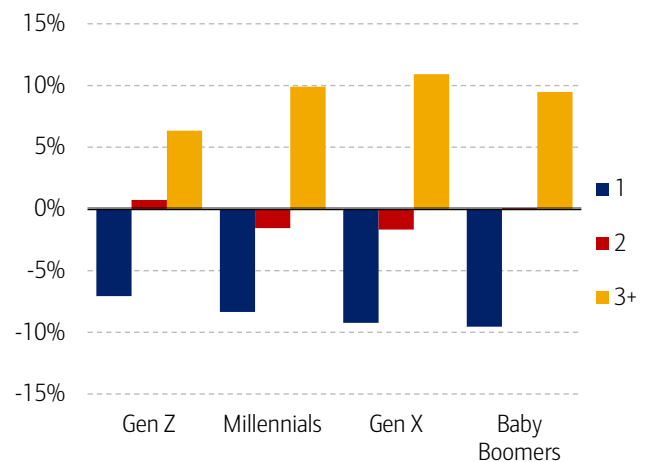


Source: Bank of America internal data

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### Exhibit 10: Millennials and Gen Xers have seen the largest increase in the share of households with two or more streaming subscriptions over the past three years as of January 2024

Difference of the share of households that pay for streaming subscriptions by number of subscriptions by age (YoY3%)



Source: Bank of America internal data

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## Streaming: Stay tuned

Despite the increase in adoption amongst US consumers, the streaming industry is in a period of change. With many streaming providers not yet profitable according to BofA Global Research, there has recently been a widespread increase in higher subscription fees, the launch of less costly ad-supported tiers, limits on password sharing, and the introduction of “bundling” several subscriptions in one. However, Bank of America data tends to show that thus far, customers have generally been willing to absorb cost increases and even sign up for more services to access the at-home entertainment options they are looking for. Will this continue? We might have to tune in next season to find out.

## Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards is excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

If applicable, the consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level.

If applicable, any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Any reference to aggregated streaming spend include total credit card, debit card, ACH, or bill pay.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Bank of America conducts a Proprietary Market Landscape Insights Study in order to provide an ongoing pulse on consumer attitudes, insights, and trends to help understand consumer responses to an ever-changing external landscape. The bank's Culture and Trends team manages quarterly and monthly online quantitative surveys conducted among customers and non-customers that provide a representative view of the U.S. adult population. Insights are based on aggregated and anonymized responses to surveys.

Additional information about the methodology used to aggregate the data is available upon request.

## **Contributors**

### **Taylor Bowley**

Economist, Bank of America Institute

### **Joe Wadford**

Economist, Bank of America Institute

### **David Michael Tinsley**

Senior Economist, Bank of America Institute

## **Sources**

### **Jonathan Kaplan**

Senior Vice President, Digital and Data

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