Brand Doctor

Brand Check-up

Netflix

As of February 24, 2026

Status: Needs attention

A strong subscription brand with rising revenue and margins, now carrying the uncertainty of a pending, contested deal to buy Warner Bros.

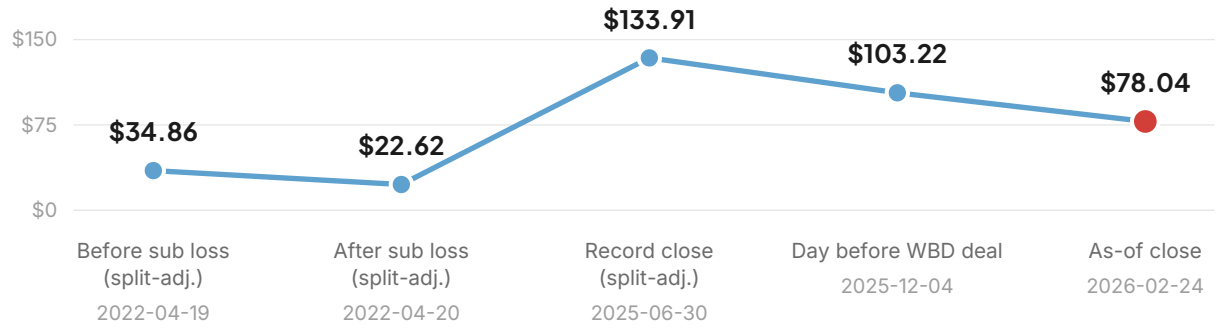
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on February 24, 2026. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [2, 10, 3, 4, 1, 9]



Share price

$78.04

Nasdaq close, February 24, 2026 (after the 10-for-1 split of November 2025) [1, 8]

Change from record

Down 42%

From a record close of $133.91 on June 30, 2025, split-adjusted; down 24% from $103.22 on December 4, 2025, the day before the Warner Bros. deal [1, 3, 4]

Revenue, 2025

$45.2 billion

Up 16% year over year; operating margin 29.5%, up from 26.7% [5]

Paid memberships

More than 325 million

Milestone crossed in Q4 2025; Netflix stopped reporting quarterly counts in 2025 (301.63 million at end of 2024) [5, 6]

Ad revenue, 2025

Over $1.5 billion

Up more than 2.5 times; expected to roughly double in 2026 [5]

Warner Bros. deal price

$27.75 per WBD share

Pending; all cash after the January 2026 amendment; enterprise value about $82.7 billion, equity value $72.0 billion when announced December 5, 2025 [9, 5]

Timeline

2022-04-20	Shares fall 35%, the biggest drop since October 2004, after Netflix reports its first subscriber loss since 2011. [10, 2]
2022-11	A lower-priced plan with ads launches in 12 countries. [7]
2023-05	Paid sharing rolls out in the United States. [12]
2023-07-19	Second-quarter results show 5.89 million paid net additions and 238.4 million members worldwide. [12]
2025-01-21	A record 18.91 million net additions take paid memberships to 301.63 million; Netflix says it will stop reporting memberships every quarter. [6]
2025-06-30	Shares reach a record close of $133.91 (split-adjusted). [3, 4]
2025-11-17	Shares begin trading on a split-adjusted basis after a 10-for-1 split announced October 30. [8]
2025-12-05	Netflix agrees to buy Warner Bros., including HBO Max and HBO, for an enterprise value of about $82.7 billion. [9]
2026-01-20	Netflix reports 2025 revenue of $45.2 billion and more than 325 million paid memberships; the WBD deal becomes all cash at $27.75 a share. [5]
2026-02-17	WBD reopens talks with Paramount Skydance for seven days under a Netflix waiver and sets a March 20 vote on the Netflix deal. [13]

Symptoms

- Shares closed at $78.04 on February 24, 2026, 42% below the June 2025 record (split-adjusted).
- View hours grew 2% in the second half of 2025, against 16% revenue growth for the year.
- A rival bidder, Paramount Skydance, is contesting the Warner Bros. deal.
- Bridge financing commitments rose by $8.2 billion to $42.2 billion to support the all-cash deal.
- Membership counts now appear only at milestones, not every quarter.

Diagnosis

1 Growth by headcount stalled in 2022

Netflix lost 200,000 subscribers in the first quarter of 2022, its first decline since 2011, and forecast a further loss of 2 million. The shares fell 35% the next day, the biggest drop since October 2004. Netflix estimated about 100 million households were watching on someone else's account. [10, 11]

2 Price and access became the growth engine

A lower-priced plan with ads launched in November 2022 in 12 countries, and paid sharing reached the United States in May 2023. Netflix added 5.89 million paid members in the second quarter of 2023 and a record 18.91 million in the fourth quarter of 2024, ending 2024 with 301.63 million. In January 2025 it raised prices across most plans in the US, Canada, Portugal and Argentina. [7, 12, 6]

3 Engagement is growing more slowly than revenue

Revenue rose 16% to $45.2 billion in 2025, but view hours rose 2% year over year in the second half, carried by a 9% rise in viewing of branded originals. With quarterly membership counts no longer reported, engagement and revenue carry more of the story. [5, 6]

4 A contested acquisition is testing focus

On December 5, 2025 Netflix agreed to buy Warner Bros., including HBO Max and HBO, at an enterprise value of about $82.7 billion, and in January it moved to an all-cash $27.75 per WBD share. Paramount Skydance is pressing a rival $30-a-share offer; WBD reopened talks with it on February 17, and Paramount said on February 24 that it had submitted a revised proposal. That day the shares closed 24% below their close on the day before the deal. [9, 5, 13, 14, 1]

Prognosis

Netflix's core business is in good shape: revenue grew 16% in 2025, the operating margin widened to 29.5% and the company expects ad revenue to roughly double in 2026. The open questions sit around the core. On February 24 Paramount Skydance confirmed it had submitted a revised proposal to acquire WBD, and a WBD shareholder vote on the pending Netflix deal is set for March 20. When it announced the deal in December 2025, Netflix said it expected it to close in 12 to 18 months. Watch engagement against price increases, ad revenue against the 2026 goal, and how Netflix explains HBO's role.

Treatment

- Publish a steady set of engagement and ad-plan measures so members, advertisers and investors can judge demand without quarterly membership counts.
- Tie future price increases to visible gains in what members watch, since view hours grew far more slowly than revenue in 2025.
- Decide before any close how HBO will sit beside Netflix in the brand architecture, and explain it plainly to members.
- Keep product and programming news ahead of deal news in public communication while the WBD contest runs.

Lessons for growing companies

Count the people who do not pay

Netflix estimated about 100 million households used someone else's account. Treat heavy free use as a pricing question before you write it off as lost demand.

Use a cheaper tier as a door

A lower-priced plan can bring in price-sensitive customers. Track switching from your main plan so the cheaper tier adds customers instead of trading them down.

Change your metrics on purpose

When Netflix stopped reporting quarterly memberships it put revenue, margin and engagement in front. Pick the few numbers that show real health and report them consistently.

Sources

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

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