



NETFLIX

US & CANADA BLOG

Sunday, September 18, 2011

An Explanation and Some Reflections

I messed up. I owe everyone an explanation.

It is clear from the feedback over the past two months that many members felt we lacked respect and humility in the way we announced the separation of DVD and streaming, and the price changes. That was certainly not our intent, and I offer my sincere apology. I'll try to explain how this happened.

For the past five years, my greatest fear at Netflix has been that we wouldn't make the leap from success in DVDs to success in streaming. Most companies that are great at something – like AOL dialup or Borders bookstores – do not become great at new things people want (streaming for us) because they are afraid to hurt their initial business. Eventually these companies realize their error of not focusing enough on the new thing, and then the company fights desperately and hopelessly to recover. Companies rarely die from moving too fast, and they frequently die from moving too slowly.

When Netflix is evolving rapidly, however, I need to be extra-communicative. This is the key thing I got wrong.

In hindsight, I slid into arrogance based upon past success. We have done very well for a long time by steadily improving our service, without doing much CEO communication. Inside Netflix I say, "Actions speak louder than words," and we should just keep improving our service.

But now I see that given the huge changes we have been recently making, I should have personally given a full justification to our members of why we are separating DVD and streaming, and charging for both. It wouldn't have changed the price increase, but it would have been the right thing to do.

So here is what we are doing and why:

Many members love our DVD service, as I do, because nearly every movie ever made is published on DVD, plus lots of TV series. We want to advertise the breadth of our incredible DVD offering so that as many people as possible know it still exists, and it is a great option for those who want the huge and comprehensive selection on DVD. DVD by mail may not last forever, but we want it to last as long as possible.

I also love our streaming service because it is integrated into my TV, and I can watch anytime I want. The benefits of our streaming service are really quite different from the benefits of DVD by mail. We feel we need to focus on rapid improvement as streaming technology and the market evolve, without having to maintain compatibility with our DVD by mail service.

So we realized that streaming and DVD by mail are becoming two quite different businesses, with very different cost structures, different benefits that need to be marketed differently, and we need to let each grow and operate independently. It's hard for me to write this after over 10 years of mailing DVDs with pride, but we think it is necessary and best. In a few weeks, we will rename our DVD by mail service to "Qwikster".

We chose the name Qwikster because it refers to quick delivery. We will keep the name "Netflix" for streaming.

Qwikster will be the same website and DVD service that everyone is used to. It is just a new name, and DVD members will go to qwikster.com to access their DVD queues and choose movies. One improvement we will make at launch is to add a video games upgrade option, similar to our upgrade option for Blu-ray, for those who want to rent Wii, PS3 and Xbox 360 games. Members have been asking for video games for many years, and now that DVD by mail has its own team, we are finally getting it done. Other improvements will follow. Another advantage of separate websites is simplicity for our members. Each website will be focused on just one thing (DVDs or streaming) and will be even easier to use. A negative of the renaming and separation is that the Qwikster.com and Netflix.com websites will not be integrated. So if you subscribe to both services, and if you need to change your credit card or email address, you would need to do it in two places. Similarly, if you rate or review a movie on Qwikster, it doesn't show up on Netflix, and vice-versa.

There are no pricing changes (we're done with that!). Members who subscribe to both services will have two entries on their credit card statements, one for Qwikster and one for Netflix. The total will be the same as the current charges.

Andy Rendich, who has been working on our DVD service for 12 years, and leading it for the last 4 years, will be the CEO of Qwikster. Andy and I made a short welcome video. (You'll probably say we should avoid going into movie making after watching it.) We will let you know in a few weeks when the Qwikster.com website is up and ready. It is merely a renamed version of the Netflix DVD website, but with the addition of video games. You won't have to do anything special if you subscribe to our DVD by mail service.

For me the Netflix red envelope has always been a source of joy. The new envelope is still that distinctive red, but now it will have a Qwikster logo. I know that logo will grow on me over time, but still, it is hard. I imagine it will be the same for many of you. We'll also return to marketing our DVD by mail service, with its amazing selection, now with the Qwikster brand.

Some members will likely feel that we shouldn't split the businesses, and that we shouldn't rename our DVD by mail service. Our view is with this split of the businesses, we will be better at streaming, and we will be better at DVD by mail. It is possible we are moving too fast – it is hard to say. But going forward, Qwikster will continue to run the best DVD by mail service ever, throughout the United States. Netflix will offer the best streaming service for TV shows and movies, hopefully on a global basis. The additional streaming content we have coming in the next few months is substantial, and we are always working to improve our service further.

I want to acknowledge and thank our many members that stuck with us, and to apologize again to those members, both current and former, who felt we treated them thoughtlessly.

Both the Qwikster and Netflix teams will work hard to regain your trust. We know it will not be overnight. Actions speak louder than words. But words help people to understand actions.

Respectfully yours, -Reed Hastings, Co-Founder and CEO, Netflix

Posted by [Reed Hastings](#) at [8:59 PM](#)

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Hello and welcome to the official Netflix Blog! We the blog authors are various members of the Netflix team. We're also rabid movie fans. We hope this will be a great forum for us to talk about what we are doing, and for you to tell us what you think.

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RT @oczimmer Woo hoo it's official everyone...get ready... @ditzkoff: @netflix will release all 13 episodes of House of Cards <http://t.co/U7oEK4>

@katmars77 Yes, but we don't have a premiere date for Season 2 yet.

@AraabSocialite @LOVEFILM Uh oh, @NetflixUK looks like we are homewreckers...

@TheEverBopp Hi Evert, @Netflixhelps can work with you to deactivate. Hope to have you back soon.

@pootle76 Yep! Follow us at @NetflixUK for the latest and greatest for our UK members. We wouldn't leave you hanging.

[!\[\]\(e2a6b4bae6b82cf7b2468d27b5ff76c0_img.jpg\)](#) [Follow us on Twitter](#)

Video





NETFLIX

US & CANADA BLOG

Monday, October 10, 2011

DVDs will be staying at netflix.com

It is clear that for many of our members two websites would make things more difficult, so we are going to keep Netflix as one place to go for streaming and DVDs.

This means no change: one website, one account, one password... In other words, no Qwikster.

While the July price change was necessary, we are now done with price changes.

We're constantly improving our streaming selection. We've recently added hundreds of movies from Paramount, Sony, Universal, Fox, Warner Bros., Lionsgate, MGM and Miramax. Plus, in the last couple of weeks alone, we've added over 3,500 TV episodes from ABC, NBC, FOX, CBS, USA, E!, Nickelodeon, Disney Channel, ABC Family, Discovery Channel, TLC, SyFy, A&E, History, and PBS.

We value our members, and we are committed to making Netflix the best place to get movies & TV shows.

Thank you.

-Reed

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Qwikster

a Netflix company

Launching soon,
so start popping the popcorn.

