

Netflix ups fees for Blu-ray amid rising demand

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(AP) -- Online DVD rental leader Netflix Inc. is raising its prices for Blu-ray discs in a change that will triple or quadruple the high-definition surcharge on Netflix's most popular subscription plans.

The new rates announced Monday are being driven by the growing appetite for the Blu-ray format among Netflix's more than 10 million subscribers.

About 1 million of the subscribers are requesting Blu-ray discs instead of standard DVDs, and Blu-ray discs cost about 30 percent more. That means Netflix's profit margins are being squeezed as it expands its high-definition inventory.

The Los Gatos, Calif.-based company had been imposing a \$1 monthly surcharge for Blu-ray rentals since September, regardless of how much the basic subscription plan costs.

Effective April 27, [Netflix](http://www.netflix.com) will adopt a sliding scale that will slap higher Blu-ray fees on plans that enable customers to check out multiple DVDs at a time.

Renters who pay \$14 per month for Netflix's two-DVD package will have to fork over another \$3 if they want Blu-ray discs. Under another popular plan that costs \$17 per month for three DVDs, customers who prefer Blu-ray discs will have to pay an additional \$4. Subscribers who have more expensive rental plans will pay even more for the Blu-ray

luxury.

All monthly fees will remain the same for customers who exclusively rent standard DVDs. Netflix is trying to make it easy for people to avoid the new surcharges by disabling the Blu-ray preference in their rental accounts.

Netflix's Blu-ray selection spans about 1,300 titles, a paltry number compared with the more than 100,000 movies and TV shows in its library of standard DVDs.

The higher Blu-ray fees come at a time when Netflix's subscriber growth has been accelerating, partly because more households have been gravitating toward relatively cheap forms of home entertainment to save money.

Since September, Netflix has added more than 1.3 million customers and its stock has surged more than 30 percent. Netflix shares were up \$1.25, 3.2 percent, at \$40.93 in trading Monday afternoon.

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