

Netflix price hike angers users, some drop plan

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FILE - In this file photo taken April 21, 2010, Carleen Ho poses with a Netflix movie she is picking up from her mail box in Palo Alto, Calif. Netflix has provoked the ire of some of its 23 million subscribers Wednesday, July 13, 2011, by raising its prices by as much as 60 percent for those who want to rent DVDs by mail and watch video on the Internet (AP Photo/Paul Sakuma, file)

(AP) -- Some Netflix customers called it a slap in the face. Others a betrayal. Many threatened to drop the movie service.

On Wednesday, many of them vented on [Twitter](#), [Facebook](#) and elsewhere, seething over [Netflix Inc.](#)'s decision to raise its prices by up to 60 percent for the millions of subscribers who want to rent DVDs by mail and watch movies online.

"I can definitely afford it but I dropped them on principle," said Joe Turick, a technology engineer in Monroe, N.C., who has been with Netflix for about a decade, cancelled his subscription within an hour of learning of Tuesday's price changes and plans to try competitors.

By Wednesday afternoon, more than 40,000 people had responded to a post on Netflix's Facebook page announcing the change, with some saying they would switch to [rivals](#) such as Hulu.com's paid service and to Redbox's DVD-rental kiosks.

Outrage bubbled on Twitter, and on Netflix's blog a posting about the new plans had garnered 5,000 comments - the limit allowed by the site's host, [Google](#) Inc.-owned [Blogger](#) - which included many seething customers.

Netflix said [company executives](#) expected the intense reaction.

"Everything Netflix does is with extensive research and testing and analysis, so we expected some people to be disappointed," spokesman Steve Swasey said.

While thousands complained on Facebook, Twitter and other websites, with 22.8 million customers in the U.S., it's clear that plenty of them are not upset about the change.

In online postings, a number of users concluded that, even at the higher price, Netflix is still a better deal than competitors.

On Tuesday, the company said it was splitting up its two services, which means that subscribers who want both streaming video and DVD-by-mail access will have to get separate plans that cost at least \$16 per month total.

Netflix had been offering both services as a single package that was available for as little as \$10 per month. The price changes took effect immediately for new subscribers, and will begin Sept. 1 for current Netflix customers.

With the new rates, Netflix isn't changing the \$8 monthly price for an Internet streaming-only option.

However, instead of charging \$2 more for a plan that also offers one DVD at a time by mail, the company will charge \$8 for a comparable DVD-only plan. That brings the total to \$16 for customers who want both services.

Customers who want to rent up to two DVDs at a time with streaming will pay \$20 per month, or 33 percent more. Those wanting three DVDs at a time with streaming will pay \$24 per month, or 20 percent more.

While the changes will help Netflix bring in more money to cover rising costs it faces to cover buying and shipping discs while licensing more content for its streaming library, they also put off a number of subscribers - at least in the short term.

Turick, the technology engineer, was paying \$10 a month to have unlimited streaming and a single disc out at a time, and with the new plans he would be on the hook for \$16 per month.

The change felt "like a slap in the face," he said, adding that he'll try renting movies from Redbox kiosks, ordering on-demand videos through his cable TV provider or using his Blu-ray player to stream videos from the Web.

Zach Olsen, who is vice president of a public relations firm in San Francisco and has used Netflix for about five years, canceled his

subscription on Tuesday after receiving an email from the company announcing the price hike.

"I was fired up. And I wanted to put my electronic foot down," Olsen said.

Doug Baker, a software developer in Fort Collins, Colo., who has used Netflix since 2000, isn't cutting it off completely, but he is downsizing to a cheaper plan.

Since his bill for unlimited streaming and four DVDs out at a time would rise to \$30 in September, he's opting instead to pay \$16 for one DVD at a time and unlimited video streaming.

Baker thinks the company should have offered a smaller price increase to long-time subscribers, saying, "it would have been nice if they showed some appreciation" to them.

"It makes you wonder if they really want to serve their customers or just their stock holders," Baker said.

Swasey, the Netflix spokesman, would not comment about how many subscribers have actually cancelled their Netflix subscriptions, saying the company will discuss subscriber metrics during its quarterly earnings conference call on July 25.

Chris Caggiano, a professor at The Boston Conservatory, isn't planning to change his Netflix plan either, even though he'll pay \$20 in September - up from \$15 currently - to have unlimited streaming and two DVDs out at a time.

"Prices go up. I don't see the big deal. There's this huge hue and cry - it's like the end of the world," he said.

And Netflix, Caggiano pointed out, is a for-profit business.

"This is not a public service," he said. "And, as many people are deciding to do, you can go elsewhere."

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