

Companies try to put a dent in Netflix

September 29 2011, By Stanley A. Miller II

It's been a tedious couple of months for Netflix subscribers, who have seen a service they adored transformed by a dramatic increase in prices, unbundling of streaming video from DVDs by mail, and vanishing content.

Netflix initially downplayed customers' concerns, but when the company cut its customer forecast by 1 million - sending its [stock](#) into a nosedive - [CEO](#) Reed Hastings penned a blog entry pouring fuel on the fire.

In an attempt to "apologize and explain," Hastings also announced Qwikster, the new name of Netflix's spun-off DVD-by-mail service. He also described how Qwikster will work, including that customers who want video streaming and DVDs will have to manage two separate queues on two different websites and get billed twice.

Some customers described the changes as inconvenient and confusing. And for some, the news from Netflix-Qwikster might just be the last straw.

Growing discontentment aside, experts note that the Netflix-Qwikster combination is still unrivaled.

"When you look at all the services out there, Netflix today is still kind of the best option," says Bryan Gonzalez, director of the Social & Digital Media Technology Labs Entertainment Technology Center at the University of Southern California. "The reason I say that is Netflix is a subscription model that a lot of mainstream users understand and enjoy."

Gonzalez says that many digital alternatives to Netflix boil down to pay-per-view while Netflix's streaming library offers viewers all they can watch for one price. It's kind of like comparing an all-you-can-eat buffet to a small-plates menu.

"I feel a lot of users were with Netflix because it was cheap and easy," Gonzalez said. "Now that the Netflix user base is stirred up, they might be exploring their options."

So for those whose goodwill toward Netflix is at an end, there are other options, including DVD-by-mail rentals, video streaming and pay-per-view choices.

BLOCKBUSTER: Blockbuster - once on the ropes thanks to Netflix's meteoric rise - is trying to cash in on its rival's recent woes. It even went so far as to promote a tweet last week across all of Twitter mocking Netflix's fallout with fans: "Netflix customers, seeing red? We have the newest releases."

Indeed, Blockbuster begins renting many new releases about 30 days before its competitor because of deals made with several studios. Blockbuster has embraced per-day pricing: Just-released movies cost \$3 for the first day, and other new movies are \$2 for the first day with extra days running \$1.

Blockbuster does not offer a monthly streaming plan; all of its online rentals are pay-per-view. Blockbuster's DVD-by-mail subscriptions are similar to Netflix: \$9.99 a month for one movie or video game at a time or \$14.99 for unlimited two-at-a-time rentals. A similar DVD-only plan from Netflix that would include Blu-ray DVDs but not games costs \$9.99 a month for one disc and \$13.99 for two.

Blockbuster renters can return mailed DVDs to the company's stores,

some of which offer unlimited exchanges for customers unwilling to wait for the next disc to arrive via mail. Blockbuster's digital offerings can be downloaded to computers and some tablets and smartphones.

HULU AND HULU PLUS: For Netflixers subscribing for streaming TV episodes, Hulu provides a reasonable offering of television programming, as well as some movies and original programs. In addition to the free service, Hulu Plus [subscribers](#) pay \$8 per month for more content, high-definition viewing and access on the iPad and newer-model iPhones, as well as video game consoles and some TV sets.

AMAZON INSTANT VIDEO: Amazon.com rents more than 100,000 movies and TV shows online, with prices ranging from \$1 to \$5. There is no monthly subscription plan, but the pay-per-view library includes more than 15,000 rentals in high definition. Viewers have access to a video for one to seven days after they've started watching.

Amazon also provides free movie streaming to shoppers who are members of its \$79-a-year Prime club, which includes free two-day shipping and discounts on next-day shipping. The menu of movies is smaller compared with Netflix's library, with Amazon streaming about 6,000 movies and TV shows vs. more than 20,000 available from Netflix. Amazon lets viewers watch movies on their computers and on TVs using some Internet-connected electronics, including some Blu-ray players and set-top boxes from companies like Logitech or Roku.

APPLE ITUNES: Apple's online store rents and sells television shows and movies in standard and high definition, viewable on iOS devices such as the iPad, computers or on a television using an Apple TV set-top box. Many iTunes rentals cost \$3 or \$4, but first-run, high-definition movies available the day they come out on DVD cost \$5. TV shows generally range around \$1. Once you've started watching a rental, it lasts a couple of days before expiring.

REDBOX: Redbox, which has rental kiosks all over Milwaukee, rents standard DVDs for a \$1 a night and Blu-ray discs for \$1.50. Each machine - typically located outside grocery stores and drugstores - holds 200 movies that are refreshed every Tuesday. Redbox, similar to [Netflix](#), delays renting new releases for 28 days to honor deals with Universal, Warner Bros. and Fox, which want the suspension to encourage DVD sales.

WAL-MART'S VU-DU: Walmart.com offers more than 30,000 streaming movies and TV shows through Vudu.com. Vu-du doesn't offer subscriptions, but many movies are available for streaming and in HD via pay-per-view the same day they come out on DVD. Rentals range from \$1 to \$6, and permanent purchases start around \$15. Vu-du is available on some HDTVs, Blu-ray players, computers, Apple's iPad and Sony's PlayStation 3.

MICROSOFT ZUNE: Microsoft's online media service sells and rents movies and TV shows through computers, the Xbox 360 game system and some media players and smartphones. Many movies usually cost \$20 and rent for \$6.

SONY PLAYSTATION NETWORK: Sony sells and rents movies, including new releases, through its online PlayStation Store on the PlayStation 3 game system. [Movies](#) usually cost \$20 to own and \$6 to rent.

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