

Netflix apologizes for snafu, renames DVD unit

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Chief executive Reed Hastings made no change to the new pricing scheme, which resulted in a whopping price increase for many customers, but apologized for his handling of the move.

"I messed up. I owe everyone an explanation," Hastings said in a letter to subscribers posted on the [Netflix](http://www.netflix.com) website Sunday.

"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."

Netflix announced in July that online streaming and DVD-by-mail service that previously cost subscribers \$10 per month will jump to \$16 monthly.

[Subscribers](#) can also opt to sign on for one service or the other for \$8 a month.

Hastings said the DVD service would be renamed Qwikster "because it refers to quick delivery" and Netflix will be used for video streaming. Customers who get both will receive two separate charges.

He added 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."

"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," he added.

Netflix shares tumbled recently when its subscriber forecast for the United States for the third quarter was cut from 25 million to 24 million.

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