

Netflix shares soar as ranks of viewers surge

April 23 2013, by Glenn Chapman



The Netflix company logo is seen at Netflix headquarters in Los Gatos, CA on April 13, 2011. Netflix shares jumped 24 percent in after-hours trades Monday on earnings figures that indicated original programs and other tactics are luring viewers to the streaming Internet video service.

Netflix shares jumped 24 percent in after-hours trade on Monday on earnings figures indicating that original programs and other tactics are luring viewers to the streaming Internet video service.

The Northern California-based company said revenue climbed to \$1.02

billion as it added 2.03 million new subscribers in the first three months of this year.

Profit for the quarter was reported as \$3 million, compared to a loss of \$5 million posted a year earlier.

[Netflix](#) shares, which closed the official trading day up more than six percent, leapt 24.44 percent to \$216.98 after-hours on the [Nasdaq](#).

The company boasted of "wins" in the quarter that included new algorithms for better recommending shows or films based on what people have viewed.

The launch of the "House of Cards" original series was also used to test an improved method for promoting programs to viewers based on their expressed [tastes](#).

Netflix planned to roll out "profiles" in the coming months that would enable viewing suggestions to be tailored to individuals in homes where various [family members](#) generally share an account.

Netflix accounts allow for two shows or films to be streamed simultaneously in a [nod](#) to the fact that most belong to multi-member households in which people may be watching shows in different rooms at the same time.

This year, Netflix will introduce a plan allowing four shows to be streamed simultaneously at a price about 50 percent higher than the \$8s monthly charged for accounts today, according to [chief executive](#) Reed Hastings.



(From L) Producer David Fincher, actor Kevin Spacey, Chief Content Officer, Netflix, Inc. Ted Sarandos and actor Mahershala Ali attend Netflix's 'House Of Cards' New York Premiere after-party at Alice Tully Hall, on January 30, 2013.

He downplayed the potential for losing revenue due to people sharing Netflix accounts.

"We like to think that a husband and wife can share an account and that is perfectly appropriate," Hastings said on an [earnings](#) call with [financial analysts](#).

"We really don't think there is much going on of sharing a password with casual acquaintances."

Hastings said Netflix was making a priority of exclusive content that

attracts members and keeps them loyal to the service.

"Long term, we believe the value of our Original series in driving acquisition and retention improvements will be borne out as we add more seasons of already popular shows," Netflix said in a letter to investors.

"Harry Potter was not a phenomenon in book one, compared to later books in the series."

The siblings behind the blockbuster "Matrix" sci-fi movie franchise are slated to distribute their first TV series via Netflix next year.

Netflix said Andy and Lana Wachowski's "Sense8"—which it called "a gripping global tale of minds linked and souls hunted"—would go out exclusively to its members "to watch instantly in late 2014."

Primarily a platform for viewing recent and not-so-recent films and TV shows, Netflix branched out into original programming with the political thriller "House of Cards" starring Kevin Spacey.

Breaking with convention, it released all 13 episodes of "House of Cards" in one go on February 1 to the delight of fans of so-called "binge viewing." A second season is in the pipeline.

Netflix will make the entire fourth season of "Arrested Development" available for streaming beginning May 26.

"We are feeling very good about a release strategy of all episodes at once," Hastings said.

"I think with the continuing roll-out of these Original shows you will see a very nice redefining and broadening of what Netflix is."

A total of more than four billion hours of films and television shows was streamed at Netflix in the first quarter, with slightly more than 36 million members using the service.

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