

More ways to make people dislike your company

It is the marketing kiss of death when people actively start disliking your company. People like to do business with people (and companies) they like. Except where there is monopoly-like with the power company or the phone or cable company—then people are forced to do business with companies they do not like very much.

Yesterday, Netflix became a very disliked company. In an email to subscribers (which again hit AFTER the press release hit the blogosphere), Netflix raised its prices for the second time in less than one year. The company, which was offering people a plan that allowed one DVD at a time (unlimited in a month) and unlimited streaming for \$9.99 (raised from \$8.99 last December), is now offering this combination for \$15.99 OR you can get the DVD option only for \$7.99 or the streaming option only for \$7.99. You can read it Netflix own words here:

<http://blog.netflix.com/2011/07/netflix-introduces-new-plans-and.html>

Needless to say, a price hike of this magnitude was not greeted with open arms by Netflix subscribers. Just check out the more than 6,000 comments on the blog (link above), or these stories from USA Today and the New York Post.

On Twitter, many people are expressing their dislike for this price hike and threatening to cancel their subscription altogether.

Netflix is pretty disliked right now. But what really is driving the discontent?

1. **Raising rates without offering more.** In effect, most people are complaining because Netflix' streaming option does

not offer the equivalent value of the DVD option (i.e. you can't get everything on streaming that you can get on DVD).

2. Thinking your customers will grin and bear it. Yes, it probably will help to raise revenue...if you keep your current base! The result here is that customers will find other options better suited to the value they perceive the service should be worth.

3. Underestimating the power of social media. With Twitter and Facebook one person's discontent spreads like wildfire.

4. Underestimating your customer's intelligence. The email from Netflix about the price hike says this:

We are separating unlimited DVDs by mail and unlimited streaming into two separate plans to better reflect the costs of each. Now our members have a choice: a streaming only plan, a DVD only plan, or both.

This presumes customers want a choice or that they don't like the choice they have or that if you put it as a choice then people will accept it.

Companies that treat their customers like revenue sources and not like people who actually do have a choice in which companies they do business with, risk losing business. Netflix will probably survive this episode, but not without a lot of bad blood and bad publicity.