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TALKING POINTS

Lessons from Netflix show what not to do

By Andrea Obston

Poor Netflix. First they announce a 60 percent price hike in July, causing a mass exodus of 1 million users. Then, the company who made its name on providing good, fast entertainment waits a good, long time to realize those customers were mad. But that's okay. They are a modern company with buckets of smart communications people on hand, so some genius must have proposed an apology ... one from the big boss himself. One that comes two months late ... One that comes on a Sunday night ... One that's 16 paragraphs long and only mentions the word "improvement" twice.

Unless you're a night owl like me, you probably weren't in front of your computer Sunday night so you missed the big moment. But I saw it and I was initially impressed. After all, in a world where corporate CEOs value hubris over customers, any exec who starts off with "I messed up. I owe everyone an explanation" gets my attention. "Good for you, Reed Hastings," I mentally applaud. "You're gonna take it on the chin and tell all 600,000 of us how you'll be making it up to us."

Boy was I wrong. In fact, the missive turned out to be the ramblings of a guy claiming that the only explanation I needed was "... because we are Netflix." His big point was that because he loves his company, his concept and his red envelope that I should, too. No matter what they do. No matter how badly they're treating me. And why would I do that?



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Because they are Netflix. Any questions?

Let me be clear: I'm fine with the price increase. It's always been "such a deal" and now it's just "a deal." For \$16 a month I can get all the movies I want. Sixteen bucks is like one trip to the cinema and that's without having to burn the gas. It's not the price increase I'm steamed about. It's Netflix's self-importance I'm supposed to swallow with it.

In a day when every politician, sports figure and corporation has educated us in what NOT to do in a crisis, it's amazing that no one at Netflix has learned anything. So here are a few lessons in black and white that the incident highlights:

On the plus side:

- An apology that starts with an admission by the CEO of "messing up" gets your attention.
- A CEO who openly talks about his love of his company and its concept gets your heart into play nicely.
- A blog entry in which the CEO uses the phrase "I slid into arrogance based upon past success" gets your sympathy.
- A missive that ends with an apology to customers for treating them "thoughtlessly" gets them thinking about forgiveness.

On the minus side:

- Anything written in an email or blog that's over 1000 words, makes the reader want to take a nap half way through and hope for a power failure.
- Any company that thinks they can distract you with so many details that you don't

notice how badly they are treating you makes you wonder how stupid they think you are.

- Any apology that doesn't include an effort to fix the problem makes you wonder why they bothered to make it. In this case, grandfathering existing customers at a discounted rate for year would have made it feel more like an effort to close the gap.

- Any mea culpa that makes it clear that the issue is YOUR problem (not theirs) makes you question your own sanity in continuing to do business with them.

I do believe that the unfolding Netflix saga is a morality play for all of us in business. It's a cautionary tale about companies that repeatedly turn a deaf ear to the market.

It's about being so bigheaded and high-handed with your own customers that you take them for granted.

Every one of us in business has one and only one job — to give people what they want and need and make enough of a profit that we can continue. Most folks are fine with you making a profit. And most understand the need for change. But no one's happy when you make those profits and changes "because we said so." It's the height of arrogance and few will suffer that and stick around for more. ■

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