



Open Letter



IS NETFLIX DEAD?

An open letter to the company's embattled chief Reed Hastings from someone who knows a thing or two about customer service

December 8, 2011

Dear Reed Hastings:

Earlier this week, you blamed Netflix's downfall on overconfidence. What you failed to mention is that greed, arrogance, and lack of quality customer service is what brought down the video-subscription giant. The numbers back it up: in just over 100 days, Netflix lost roughly \$12 billion in market value to go along with a million subscribers who bailed on the company. Netflix stock plunged from a high of \$304.79 to its current value of \$69.

Based on your comments this week, it's clear that even after these last few terrible months, the company has not learned a thing about service. That **lame apology** on YouTube was too little too late, and there have been no special offers to entice customers to sign up again. Netflix acted arrogantly, like it held a monopoly on movie rentals, while its largest competitor, Redbox, has been a master of speed, technology and price that's built around service.



Regardless of how much Netflix spends in marketing, recovering all those customers — not to mention the public’s good will — is nearly impossible now. Let this serve as an example to other companies that first and foremost you are in the service business. People want five things: price, quality, service, empowerment and speed. Give your customers these five things and, it doesn’t matter whether your product comes in little red envelopes or over a broadband connection, you’re going to be in business for a long time.

Sincerely,
John Tschohl

*Hailed in the media as “the Guru of Customer Services,” **John Tschohl** is the president of **Service Quality Institute**. He has been instructing and motivating employees, managers, supervisors and company CEO’s for nearly 40 years. He’s also a bestselling author. His latest book is “**Achieving Excellence Through Customer Service and Empowerment: A Way of Life.**”*