

Netflix in crisis: a teachable moment for marketing leaders

By Mike Gospe

Monday morning I awoke to find an email in my inbox from Reed Hastings, co-founder and CEO of Netflix. I, too, am a Netflix subscriber. The subject line read “An Explanation and Some Reflections.” I was surprised and intrigued, so I opened it. I expected to find a short email that acknowledged the customer firestorm that had erupted and offer an empathetic response. This was not to be the case.

In response, Ragan.com posted a very insightful article, [Will the Netflix mea culpa work?](#) As I read their article and reflected on my own personal experience, I realized that there is a deep lesson for all marketing leaders here -- the lesson of what happens to a company when no one owns [the marketing high ground](#).

First, let’s separate the business decisions from the marketing decisions. By all accounts, experts agree that streaming is the way of the future. To embrace that, Netflix is challenged by a whole series of difficult business decisions that includes everything from negotiating license agreements to capturing and creating content to providing top-notch customer service. But it is the marketing decisions that intrigue me because the only thing I can say for certain is that no one at Netflix appears to own their marketing high ground. If they did, Mr. Hasting’s impassioned email and video post would have been different.

The marketing high ground represents that special place where marketers know the market so well that they become acknowledged and valued within their company as the customers’ advocate. I can only surmise that as Netflix has grown so quickly, somewhere along the line the path to the marketing high ground was abandoned, becoming trumped either by demands from investors or the complexity of running the business – challenges that are common to every business.

Failure to communicate

Failure to own the marketing high ground leads to decisions that customers don’t understand. For example, Netflix continues to defend its pricing decisions using language that appeals more to business investors than it does to consumers. And yet Netflix has not acknowledged the deeper issue that anger customers, namely that the streaming service currently lacks content (value) worthy of its pricing.

In Mr. Hasting’s email, he failed to address these issues and instead announced the launch of Qwikster, furthering customer dissatisfaction. If Netflix had known how

customers where using the queues to juggle both their DVD and online viewing habits, perhaps the decision to separate the DVD and streaming queues into two different branded websites would have been different.

Why the Marketing High Ground matters

Control is an illusion. In the age of social media, customers have more power than ever before. This is even more important when we realize, perhaps much to our own dismay as marketers, that emotion drives purchase decision (or decisions to cancel services), not logic. The only way to succeed in business and hold on to a market leadership position requires business leaders to ***empathize*** with their customers because whoever understands the customer best, wins. It's as simple as that.

The most seasoned marketing leaders, from the CMO to product marketing, product management, and corporate marketing leaders, must be able to channel the sentiment of the customer and relay it to others inside the company when participating in business decisions and forming marketing campaigns and plans. The best marketers make recommendations not based on personal opinion, but on an understanding of market trends, customer use cases, and customer feedback – three key elements that can change at any time. Standing upon the marketing high ground means being the customer's advocate. Only then can company leaders make the best-informed decisions that will guide superior actions in everything they do.

About the Author: [*Mike Gospe*](#) is a marketing strategist, co-founder of KickStart Alliance, and the author of [*Marketing Campaign Development*](#). His new book, [*The Marketing High Ground*](#), is a B2B marketer's playbook describing the best practices surrounding persona development, positioning statements, and messaging. The book is loaded with illustrations, figures, templates, and examples. Both books are now available on the Kindle.

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