

Customers win in war of online DVD rental firms

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Subscribers, who order movies online and receive and return them through the mail, have already seen their monthly fees fall dramatically even as the firms have spent millions of dollars expanding their roster of available titles and improving service. The online rental business has caught on because it offers tremendous convenience and anyone renting at least four to five movies a month can save money. Customers pay a monthly fee and can keep the movies as long as they want with no late fees.

On paper, Blockbuster's mail-order DVD delivery service is a far better deal than what industry pioneer Netflix offers. Blockbuster charges \$3.15 less a month for the comparable three-movies-at-a-time Netflix service and throws in two free in-store rentals. Over the course of a year, that means a consumer gains access to more movies and pays nearly \$38 less.

The service gap between the two companies appears to be narrowing, but in a monthlong, head-to-head comparison I found Netflix's website quicker to navigate and more of its titles immediately available. Netflix also delivered movies slightly faster than Blockbuster.

"We created this category," said Steve Swasey, a spokesman for Netflix, which launched its online service five years ahead of Blockbuster. "We did it first, and we continue to do it better."

In mid-May, "Mystic River," the Clint Eastwood-directed movie that was released in 2003, was immediately available on Netflix but required a "long wait" on Blockbuster. There was also a long wait on Blockbuster for "Star Wars: Episode II -- Attack of the Clones" and short waits for the "Wizard of Oz" and, more recently, for "Finding Neverland." All of the movies were immediately available on Netflix.

The sluggishness of the Blockbuster website was particularly annoying. I was often able to search out three titles and add them to my queue on Netflix in the time it took me to complete the same process for just one title on Blockbuster. Shane Evangelist, senior vice president and general manager of Blockbuster Online, said he had never received a similar complaint and was puzzled by it. "I'm clicking through our site now, and it's very quick for me," he said.

I tried searching Blockbuster on another computer here at work and encountered the same difficulty. I also tried ordering movies on my home computer, which has dial-up service, and found processing times slightly slower with Blockbuster than with Netflix.

Netflix of Los Gatos, Calif., had similar problems when it created the online DVD subscription business in 1999, but no more. A recent study by Web surveyor ForeSee Results rated Netflix number one in customer satisfaction among the

top 40 Internet retailers. The Netflix website is easy to navigate, processes commands quickly, and offers all sorts of bonuses, including movie reviews, personalized movie recommendations, and the ability to swap movie-request-lists with friends and family members.

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