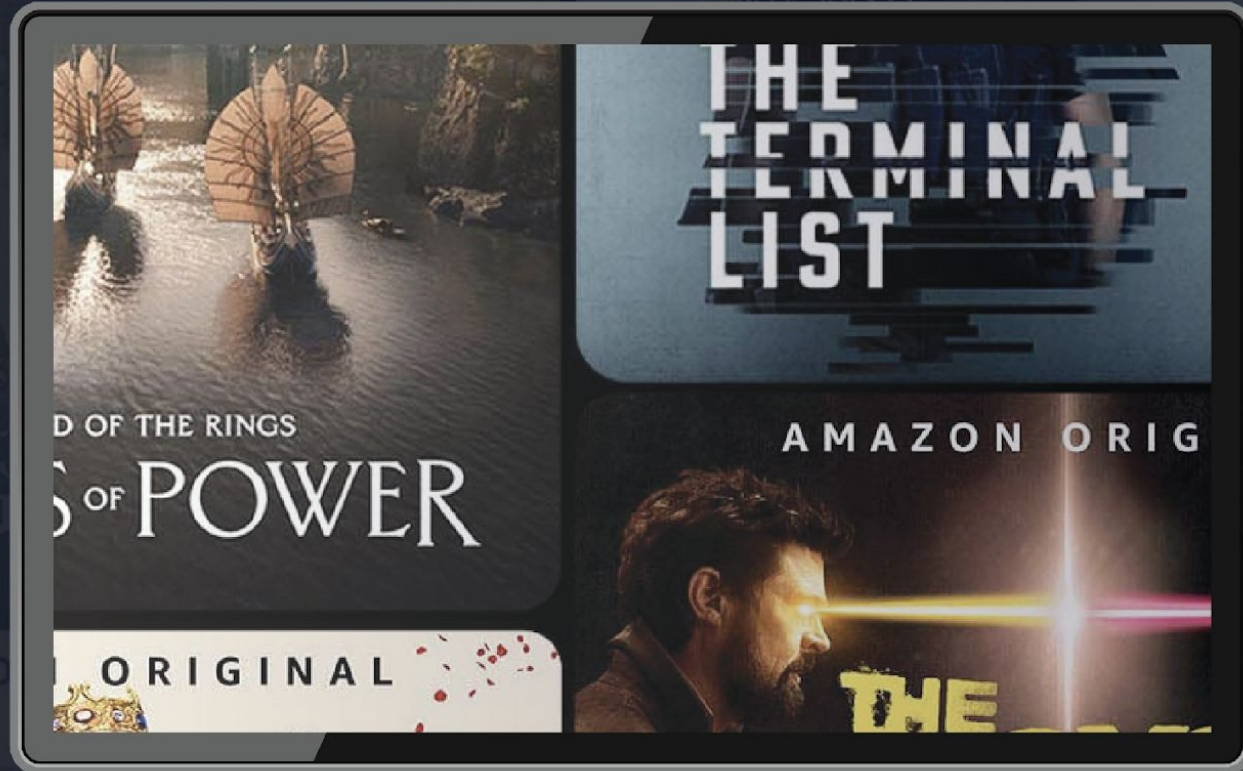


# AMAZON PRIME VIDEO

*Strategic Recommendations*



## Who's watching?



MAYA



WINSTON



RUDY



VIVIENNE



SEAN



DAVID

Edit profile

prime video  




“

Amazon Prime Video, also known simply as Prime Video, is an American subscription video on-demand (SVOD) over-the-top (OTT) streaming and rental service hosted by Amazon.

“

# Table of Contents

01

Market Trends &  
Opportunities

02

Strategic  
Recommendations

03

Implementation  
& Execution

# Executive Summary

---

*Amazon Prime  
Video*

*Market Trends &  
Opportunities*

*Strategic  
Proposals*

*Implement  
& Execute*

**Began in 2006**

**Market value of over  
\$550 billion**

**Invest in more original  
content**

**Within the course of the  
next few years**

**A benefit included with  
Amazon Prime  
subscription**

**Growth in SVOD  
revenue worldwide**

**Invest in more sports  
deals**

**Increase  
advertisement  
spending, subscription  
prices, and original  
content**



**Goal:** Become a leading competitor within the SVOD market by offering a wide variety of unique and high quality content.

# Company Overview



- ❖ Est. Sept. 7th, 2006
  - Rebranded several times
  - 2011, 2015, 2018



Offers streaming, renting, and purchasing options



Option of Amazon Prime Video only subscription \$8.99/month



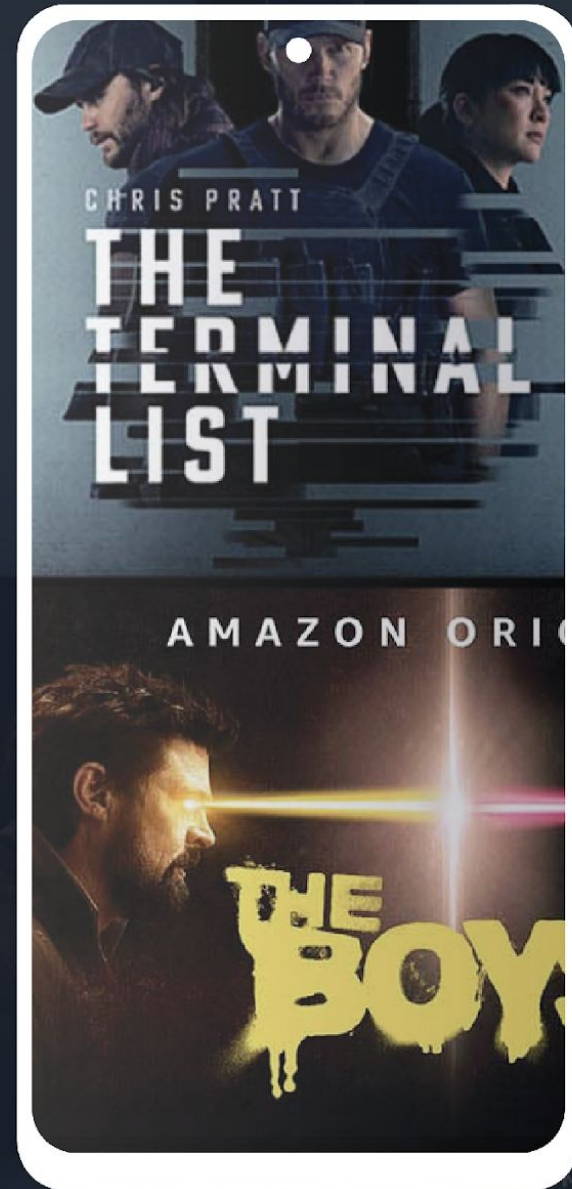
Amazon Prime subscription is \$14.99/month or \$139/year



Renting and purchasing are available to non-members

# Market Trends & Opportunities

prime video



# Market Overview

2023 – 2027

**\$554.3 Billion**

Global Market Size for Video on Demand



**45.6%**

Global Penetration in OTT video segment



**\$95.9 Billion**

Projected 2023 SVOD market revenue worldwide



**CAGR: 9.47%**

Expected segment growth between 2023 and 2027



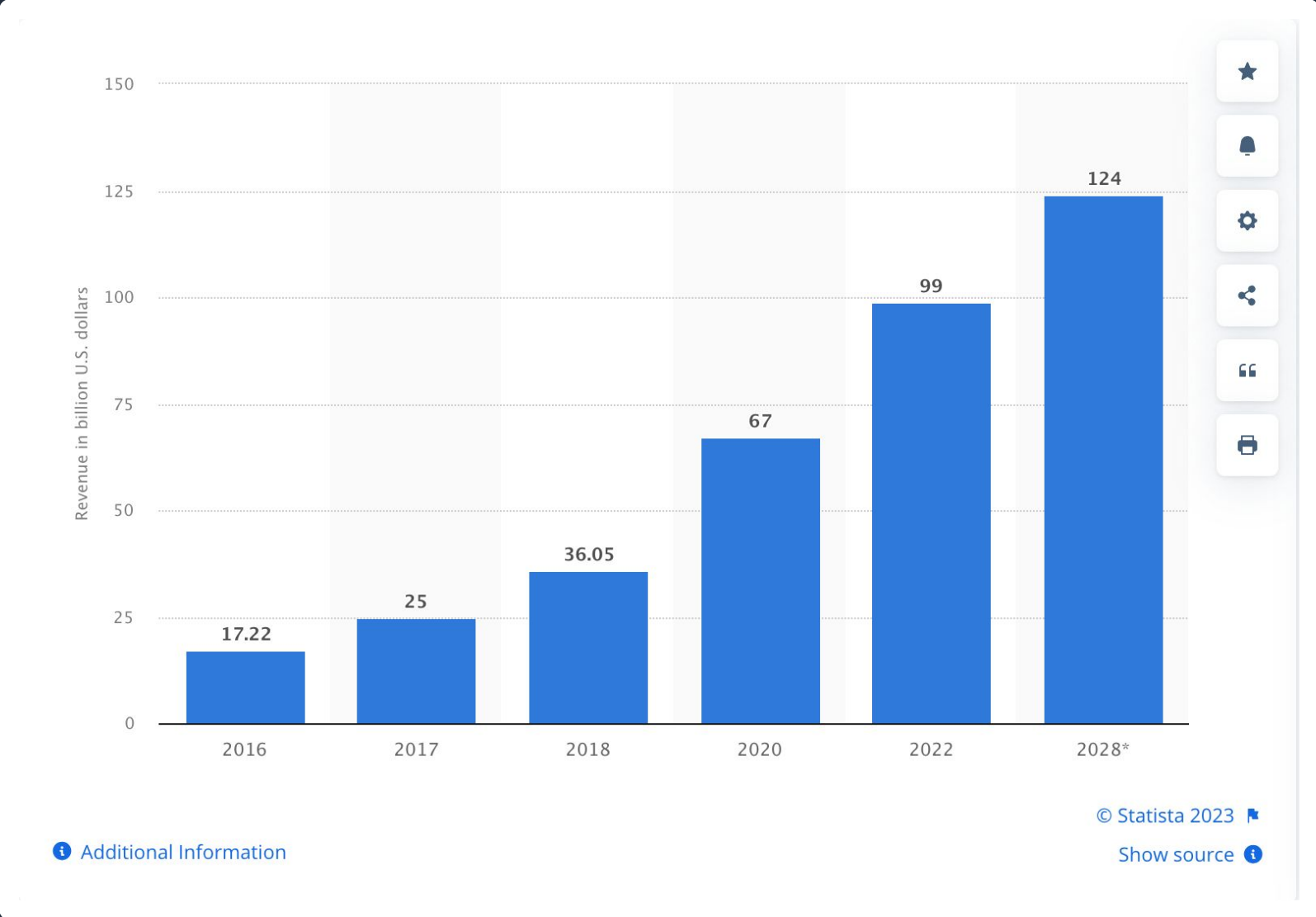
**1.6 Billion**

Predicted number of worldwide users by 2027





# SVOD Revenue Worldwide (2016-2028)



# Current Challenges Faced by Prime Video

1

POOR ORIGINAL CONTENT OFFERINGS



2

INTERNAL STRUCTURE ISSUES



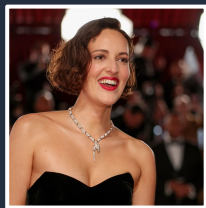
3

POOR BARGAINING POWER W/ STUDIOS



4

POOR CREATIVE PARTNERSHIPS



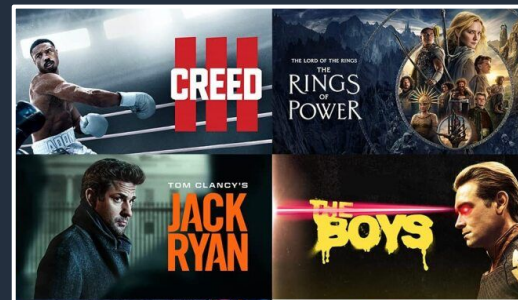
Phoebe Waller Bridge  
3 year \$60m deal  
(2019)



Lena Waithe 2  
year \$8m deal  
(2019)

5

LIMITED CONTENT RANGE



# Competitive Analysis

The background of the slide is a dark, semi-transparent collage of various Amazon Original series posters. Visible titles include 'The Terminal List' featuring Chris Pratt, 'The Boys', 'Coming 2 America', and 'The Kings of Power'. The central text 'Competitive Analysis' is overlaid in a large, white, sans-serif font.

# PLATFORM COMPARISON

2023

**NETFLIX**

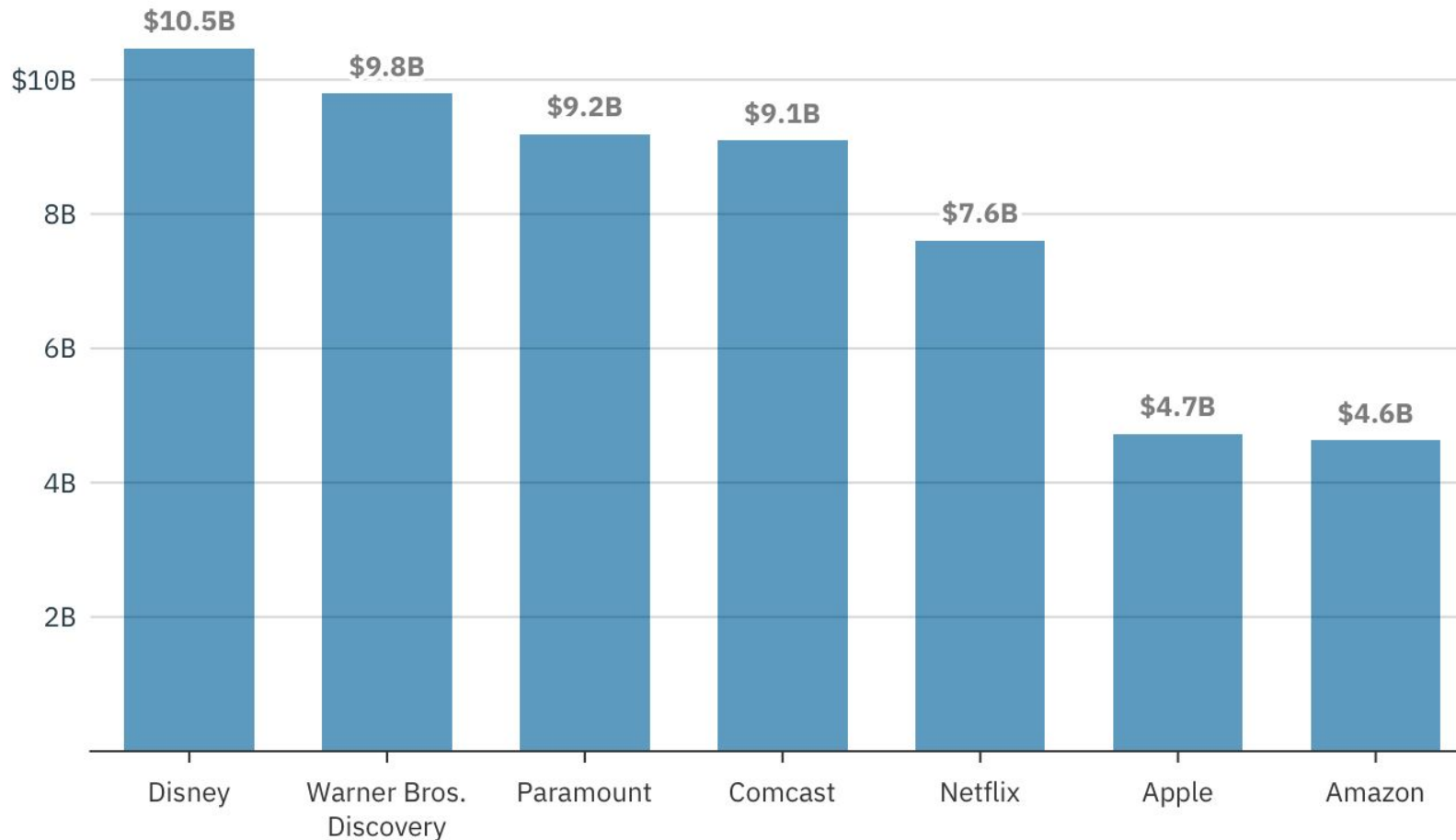
prime  
video

Disney+

<b>Original Programs</b>	<i>Stranger Things, You, The Crown, and Black Mirror</i>	<i>Jack Ryan's Reacher, Lord of the Rings: Rings of Power, and The Boys</i>	<i>Only Murders in the Building, The Mandalorian, and Loki.</i>
<b>Total Subscriber Count (2023)</b>	247 Million	200 Million	150 Million
<b>Churn Rate (Past 6 months)</b>	17%	23%	12%
<b>High-quality Service Ranking (Statista)</b>	#1	#2	#4

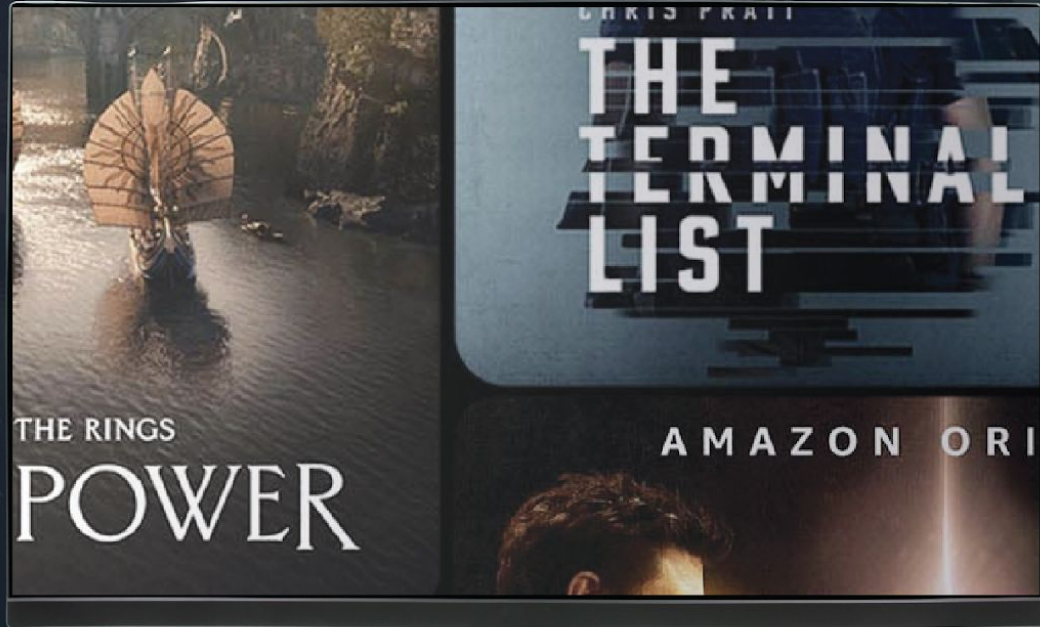
# Spending on Original Content Worldwide (2023)

2023 Spend Forecast for Original Content



SOURCE: AMPERE ANALYSIS

# Strategic Recommendations



prime video

# 01: Expand Original Content Offerings



# Prime Video Current Position

**7th**

among top streaming  
platforms in original  
content spending at  
\$4.6B

**\$3B**

less than what 5th place  
Netflix spends on original  
content

**\$6B**

less than what 1st place  
Disney+ spends on  
original content



# Current Content w/ Existing IP

\$500M

Cost to produce

25M

Viewers at premier



100M

Total Viewers Worldwide

24B

Minutes Streamed

# Updated Mandates

## Strategic Focus:

*Investment in a diverse range of original content to cater to a broad audience, with a focus on genres and formats that resonate with the target demographic.*

## Target Demographic:

- **Primary Demographic:** Males aged 18-45
- **Secondary Demographic:** Females aged 18-45
- **Tertiary Demographic:** Families with an emphasis on content suitable for family viewing

## Content Categories:

### 1-Hour TV Series:

- **Genres:**
  - Action/Adventure
  - Sci-Fi/Fantasy
  - Crime/Thriller
- **Production Frequency:** Bi-weekly

### Comedy Series:

- **Genres:**
  - Dark Comedy
  - Satire
  - Workplace Comedy
- **Production Frequency:** Monthly



# Updated Mandates

## Production Guidelines:

### **Diversity and Inclusivity:**

- Ensure diverse representation in both on-screen talent and production teams.

### **Innovation and Risk-Taking:**

- Encourage creativity and experimentation in storytelling and production approaches.

### **Global Appeal:**

- Develop content with international appeal to attract a global audience.

### **Audience Feedback:**

- Actively seek and analyze viewer feedback to inform future content decisions.

## Key Performance Indicators (KPIs):

### **Viewer Engagement:**

- Track the average watch time and viewer ratings for each original series and film.

### **Subscriber Growth:**

- Monitor the impact of original content on Amazon Prime subscription sign-ups.

### **Social Media Impact:**

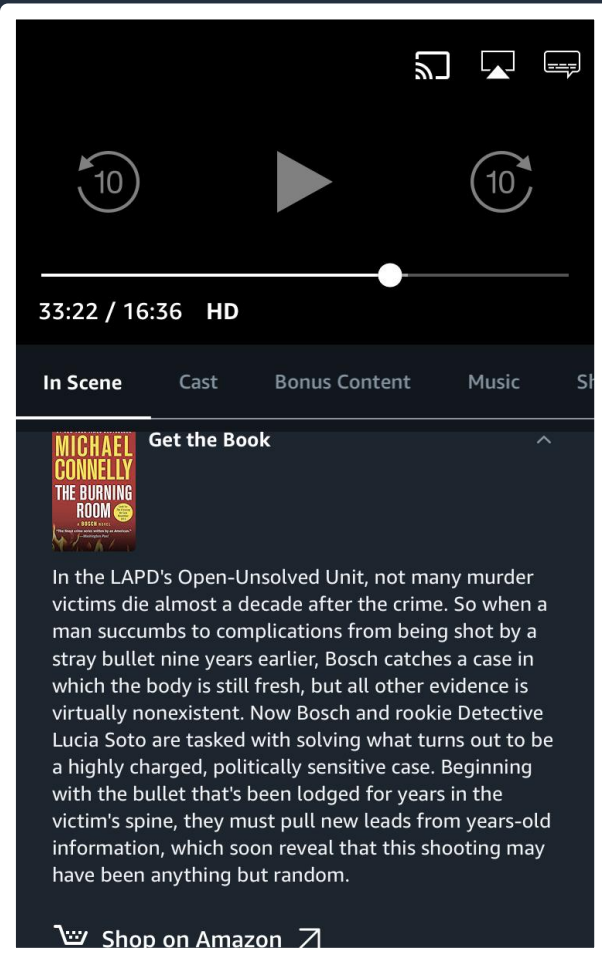
- Evaluate the social media presence and engagement related to Amazon Prime Video's original content.

### **Awards and Recognitions:**

- Aim for nominations and wins in prestigious industry awards to enhance the brand's credibility.

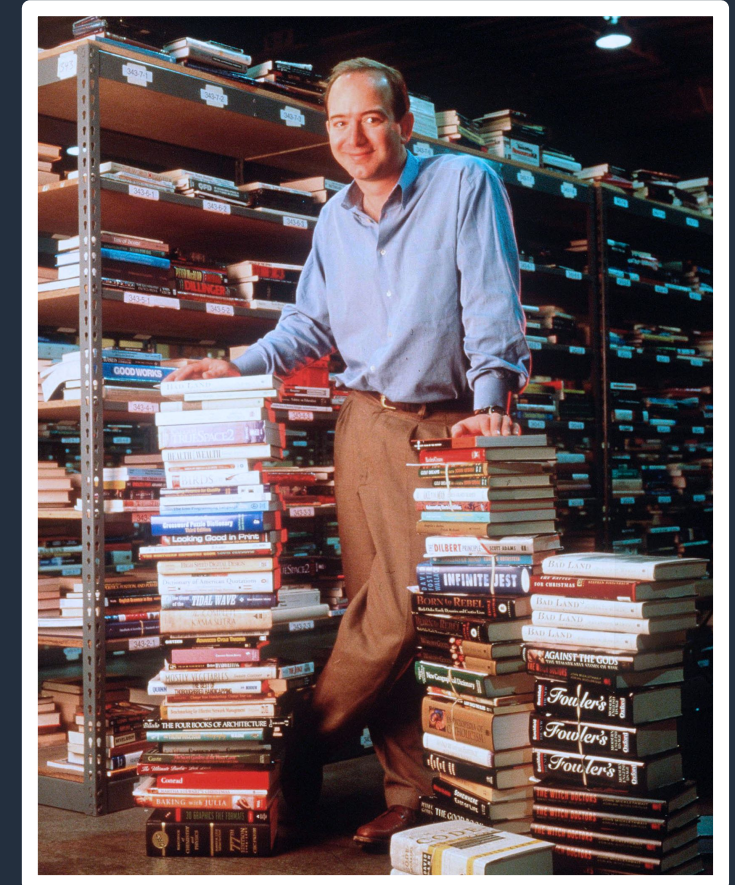
# Original Content: Literature & Existing IP

1. Established audience
2. Aligns with Amazon's roots
3. Aligns with Amazon's ecosystem



The screenshot shows a video player with a progress bar at 33:22 / 16:36. Below the player, there are tabs for 'In Scene', 'Cast', 'Bonus Content', and 'Music'. A 'Get the Book' section features the book cover for 'The Burning Room' by Michael Connelly. The text below the cover reads: 'In the LAPD's Open-Unsolved Unit, not many murder victims die almost a decade after the crime. So when a man succumbs to complications from being shot by a stray bullet nine years earlier, Bosch catches a case in which the body is still fresh, but all other evidence is virtually nonexistent. Now Bosch and rookie Detective Lucia Soto are tasked with solving what turns out to be a highly charged, politically sensitive case. Beginning with the bullet that's been lodged for years in the victim's spine, they must pull new leads from years-old information, which soon reveal that this shooting may have been anything but random.'

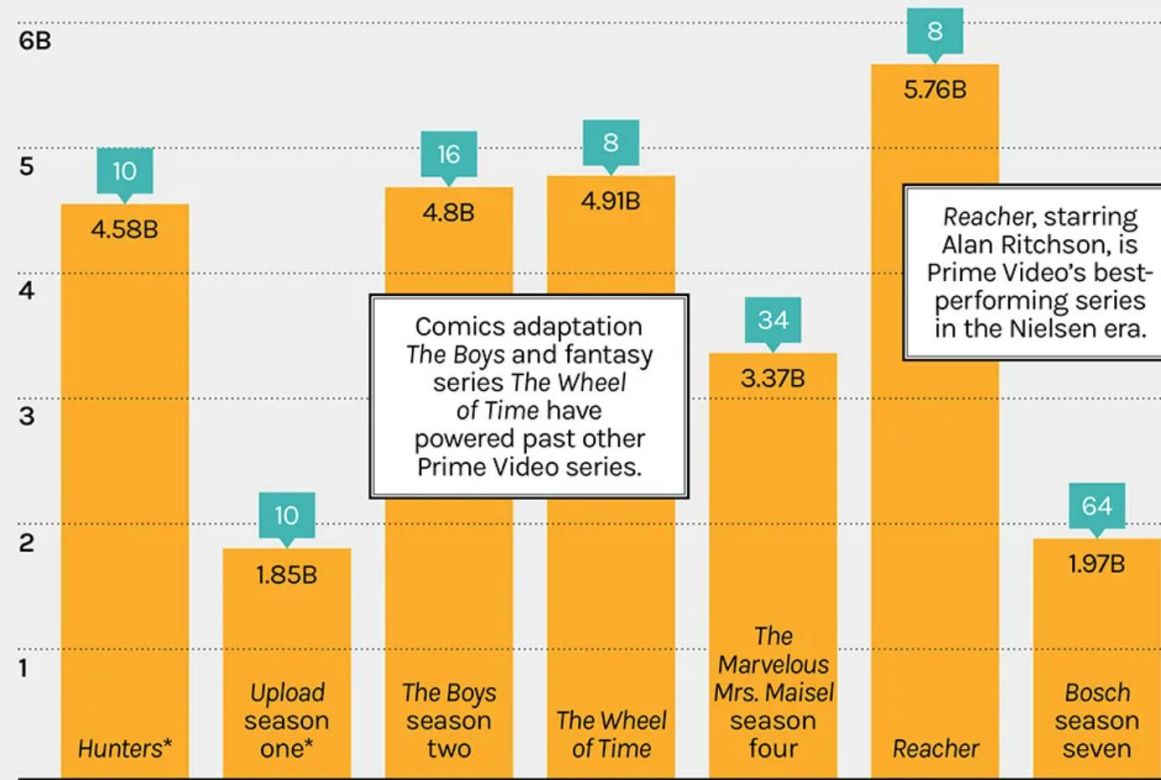
Shop on Amazon



# Success of Prime Originals

## Prime Video Showdown

■ TOTAL VIEWING IN MINUTES ■ SERIES' TOTAL NUMBER OF EPISODES



Comics adaptation The Boys and fantasy series The Wheel of Time have powered past other Prime Video series.

Reacher, starring Alan Ritchson, is Prime Video's best-performing series in the Nielsen era.

# Licensing Cost for Book Rights

**2–3%**

of production costs will go  
to author to acquire the  
literary production rights.

# Expanding Original Content Investments



# \$5,700,000,000



*We recommend that Amazon increase its original content investment by 23.9% annually to approximately \$5.70 billion dollars in 2024, and to match Netflix by 2026.*



# Subscriber Growth & Expected Spending

**Expected  
Content  
Spending  
(Billions of \$)**

	2023	2024	2025	2026
<b>NETFLIX</b> (STAGNANT/ADJ. FOR INFLATION)	\$7.60	\$8.04	\$8.41	\$8.76
<b>PRIME VIDEO</b> (23.9% GROWTH RT)	\$4.60	\$5.70	\$7.06	\$8.75

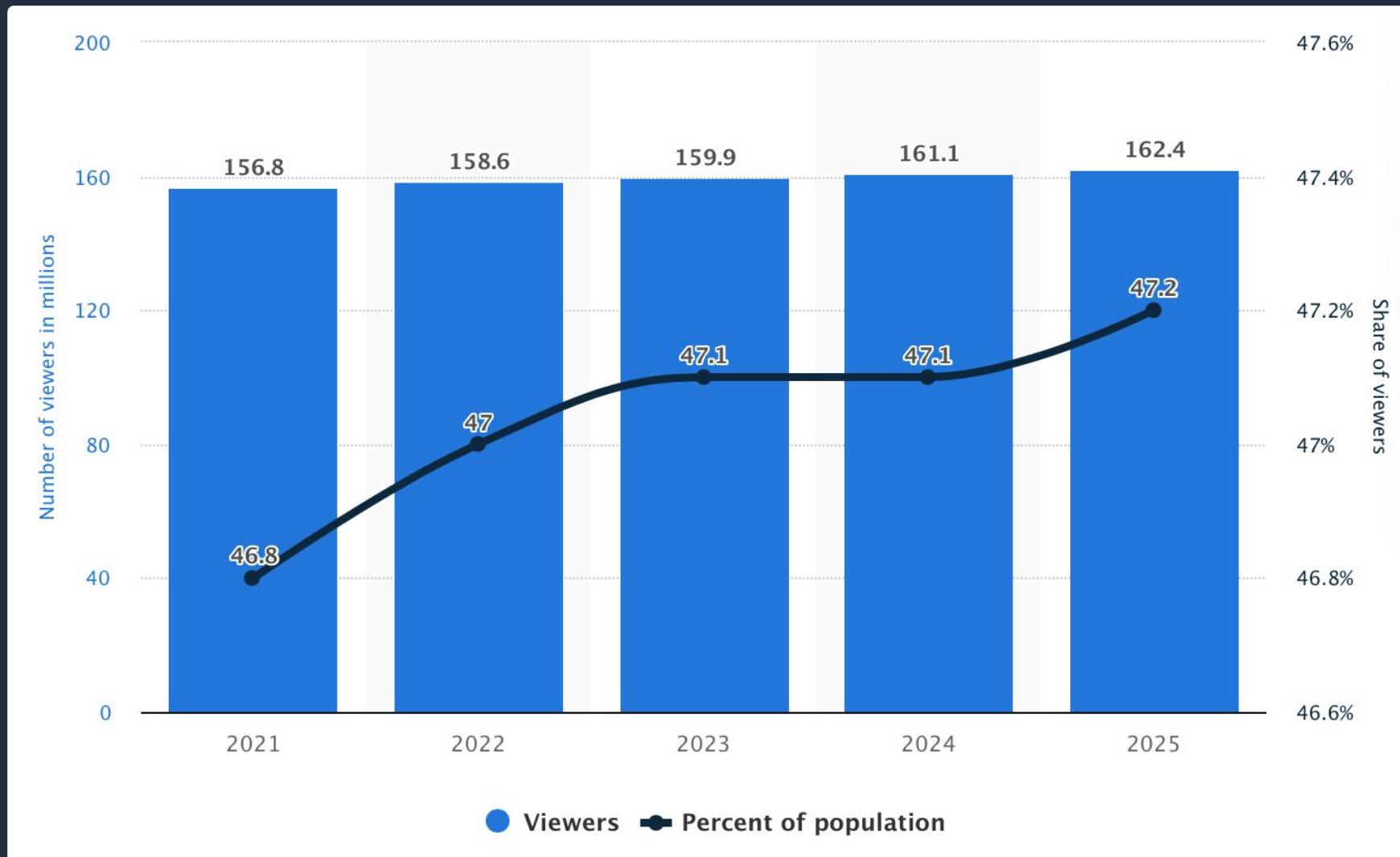
**Expected  
Subscriber  
Growth  
(In Millions)**

	2023	2024	2025	2026
<b>NETFLIX</b> (STATISTA)	247	267	288	311
<b>PRIME VIDEO</b> (APPX. 15.7% GROWTH RT)	200	232	268	310

# Expanding Live Sport Offerings



# 02: More Sports Deals



# Industry-wide Sports Spending

**\$24.2B**

Disney, Comcast, Paramount,  
and Fox are projected to spend a  
combined amount for live sports  
rights in 2024

# Current Offerings

**Exclusive  
11 Year  
\$1B/Yr**

First broadcast – record number of new Prime sign-ups in 3 hour period. More than Prime Day, Black Friday, Cyber Monday



# Thursday Night Football viewership:



Average age 7 years younger than standard NFL TV viewership



71% increase over 2021 viewership solely on NFL network



21% increase over last year's beginning average at 11.95M



Averaging 14.48M viewers through the beginning of this season



# 02: More Sports Deals



NBA selling domestic media rights from 2025/26 season:

- ❖ 2-3 partners
- ❖ Eyeing \$50-75BN deal
- ❖ Netflix potential bid



*Inaugural in-season tournament providing viewership boost. ESPN saw one game 73% increase compared to same window last season*

# Operational Improvements





# Operational Improvements

Prime Video boosted operational efficiency by cutting web-services infrastructure costs by appx. 90%



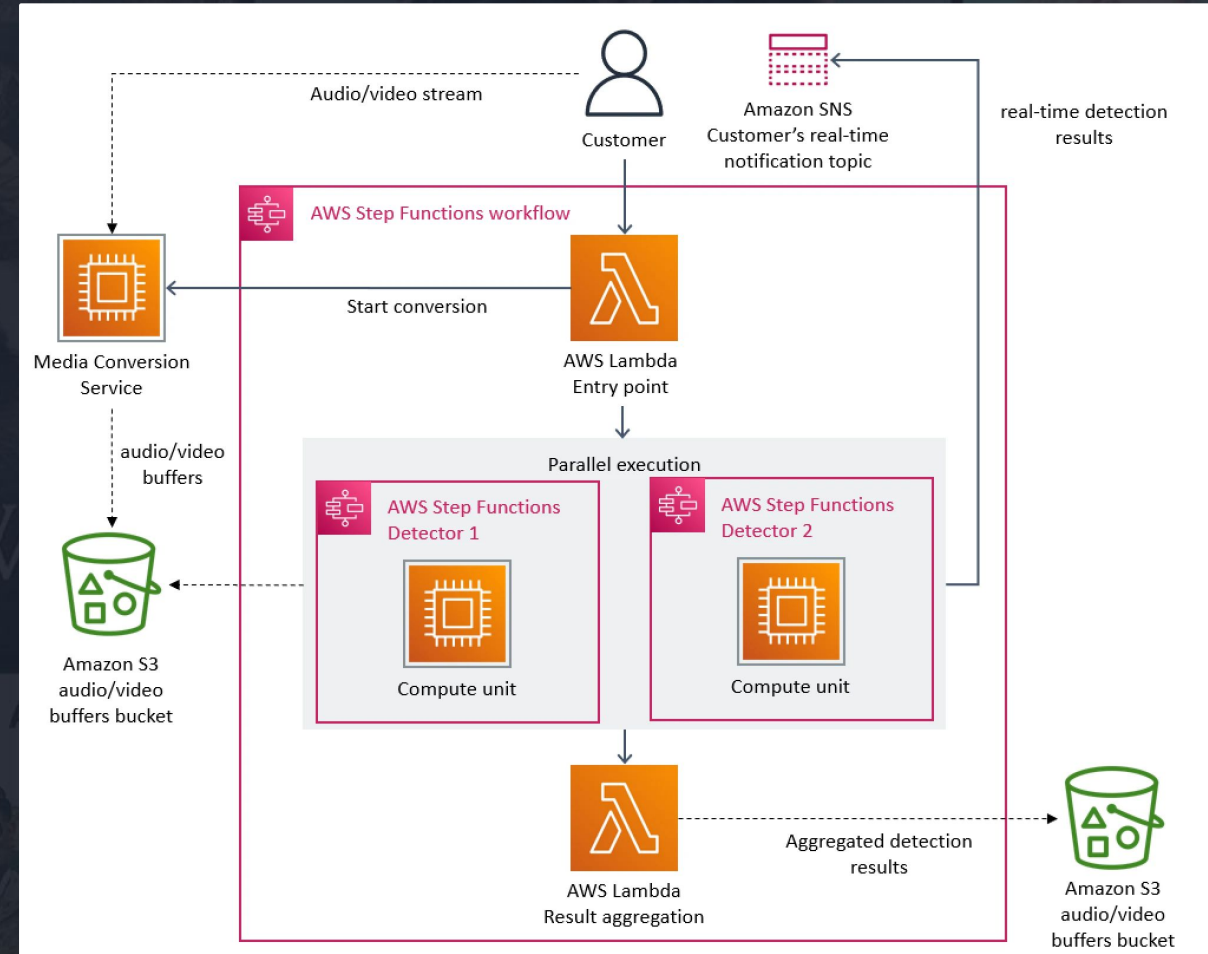
Achieved through a recent shift from a microservices -serverless model to a monolith architectural structure.



Previously utilized AWS Step Functions and Lambda serverless functions which led to several bottlenecks around orchestration management.



Users were charged per state transition which quickly led to account limit constraints.



Amazon's Serverless Architecture.

# Opportunities

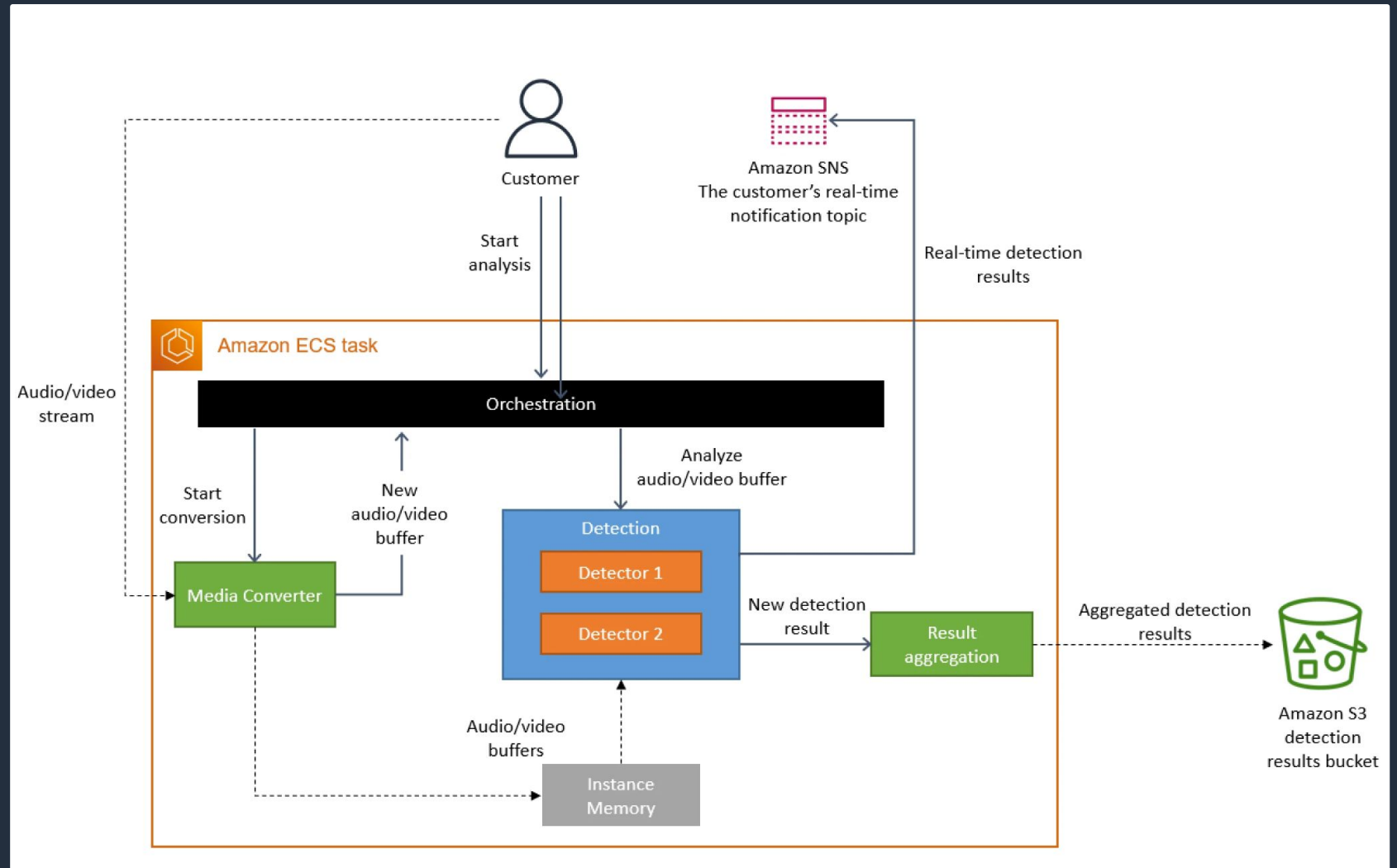
Transitioning to monolith consolidated components into one single process.

Increased Scalability

Reduced Operational Complexity

Implemented a cost effective Model that Reduced per function usage fees.

Reduced Latency through fewer network hops.



*Transition to monolith AWS infrastructure.*



# Expand Promotional Investment and Increase Subscription Prices

# Promotion Commitment Key Areas

**15%**

Raising subscription prices and titles by 15%



**\$1.47 BN**

In 2022, Prime Video spent appx. \$1.438 BN in promotional costs.

We hope to increase by 2.5% to \$1.47 BN to help increase brand awareness and therefore market share

**\$1.59 BN**

Netflix's 2022 advertising and promotion cost



**World Map  
that shows  
the Highest  
and Lowest  
Subscription  
Prices in  
each region**

U.S.

Ireland

U.K.

Switz.

Saudi Arabia

India

Philippines

Argentina

New Zealand

# Increase Subscription Prices

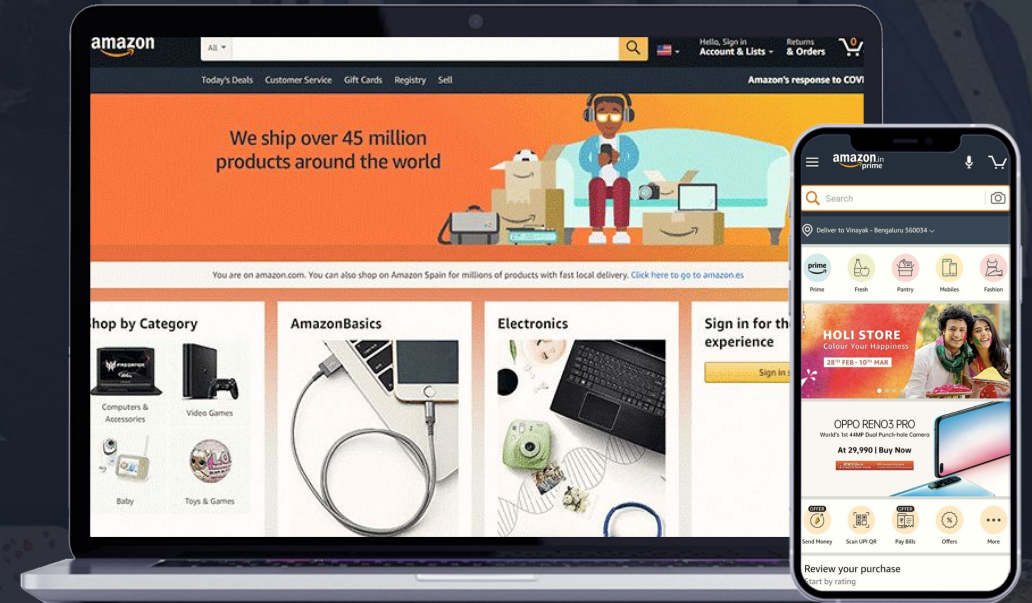
\$35 Million  
Increase in Ad  
Spending  
(2.5% Increase)

<i>Highest Subscription Prices</i>	SUBSCRIPTION PRICE	PER TITLE PRICE	TOTAL # OF TITLES
UNITED KINGDOM	\$10.91	.00086	12,740
IRELAND	\$10.90	.00084	13,018
SWITZERLAND	\$10.90	.00155	7,018
UNITED STATES	\$8.99	.00074	12,150

\$22 Million  
Net Increase in  
Revenue

Country ▼	Current Subscription Price ▼	Number of Subscribers ▼	Current Revenue ▼	15% Subscription Price Increase ▼	Added Revenue ▼	New Revenue ▼
Philippines	\$2.63	60000000	\$157,800,000.00	\$3.02	\$23,670,000.00	\$181,470,000.00
India	\$3.58	60000000	\$214,800,000.00	\$4.12	\$32,220,000.00	\$247,020,000.00
Argentina	\$3.28	1000000	\$3,280,000.00	\$3.77	\$492,000.00	\$3,772,000.00
New Zealand	\$4.24	500000	\$2,120,000.00	\$4.88	\$318,000.00	\$2,438,000.00
Saudi Arabia	\$4.09	100000	\$409,000.00	\$4.70	\$61,350.00	\$470,350.00
Total					\$56,761,350.00	\$435,170,350.00

# Implementation Plan



# Implementation Timeline

2024

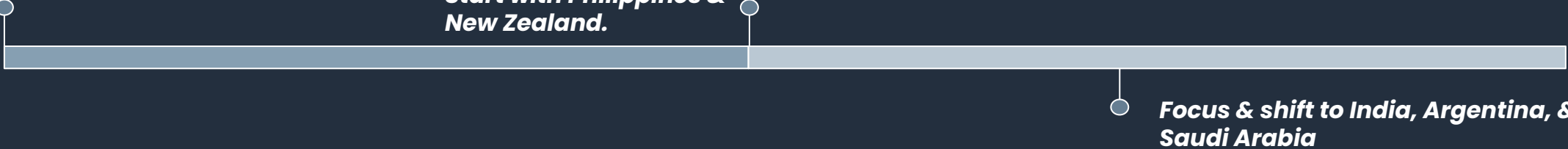
2025

2026

**Increase  
spending on  
promotion**



**Increase  
Subscription  
Prices**



**Original  
Content  
Investments**



**Live Sports  
Offerings**





**THANKS FOR WATCHING!**



# APPENDIX



## Political Factors

- Regulatory Environment – Prime Video must cooperate with different regulations globally on content, censorship, and data protection that can affect operations.
- Government Stability – Political stability ensures a favorable environment for business operations

## Legal Factors

- Content Regulations: Prime Video must comply with content regulatory bodies to avoid legal troubles and fines.
- Data Protection Laws: Prime Video must comply with data protection and privacy laws as they collect user data.

## Economic Factors

- Economic growth can influence consumer spending on entertainment services
- Exchange Rates: Fluctuations in exchange rates can impact subscription prices.

# PESTEL

## Environmental Factors

- Sustainability – Energy consumption and electronic waste is a growing concern. Prime Video must adhere to Amazon's sustainability goals
- Climate Change – Climate disruptions can affect data centers and infrastructure which can affect operating costs and service reliability

## Social Factors

- Demographic Trends: Understanding demographics of target audiences can help to create and promote content that resonates with viewers.
- Cultural Preferences: Adapting content to cultural preferences is fundamental for success in international markets.

## Technological Factors

- Innovation – Prime Video has to stay advanced to improve the streaming experience which requires significant R&D Investment.
- Digitalization – Influences consumer behavior and preferences for online streaming

# SWOT

## STRENGTHS:

- Global Presence – Prime Video relies on Amazon’s extensive global reach which includes a widespread and diverse audience
- Original Content – Invested heavily in original content including award-winning shows like “**The Boys,**” and “**The Marvelous Mrs. Maisel**”
- Bundled Services – Integration of Prime Video with Amazon Prime services provides added value to subscribers and enhances customer loyalty
- Technological AWS Infrastructure – Amazon’s extensive technological infrastructure encourages seamless streaming experiences

## Threats:

- High Levels of Competition
- Free Streaming
- Piracy
- Rules and Regulations
- Changing Customer Preferences

## Opportunities:

- Content Expansion
- Market Growth
- Increase Subscriber Base
- Acquisitions
- Third Party Entry Points – Smart TVs can come with Amazon Prime Video

## WEAKNESS:

- **Content Library:** Lacks archive of classic streaming titles held by legacy competitors such as Netflix, HBO Max, or even Hulu. e.g Friends or BlockBuster movies.
- **Brand Perception:** Prime Video has significantly less distinct brand identity in the streaming space.
- **International Market Challenges:** In certain regions Amazon prime Video struggles to compete with local streaming services and adapting content for diverse cultural preferences. Examples include the Southeast Asian region.
- **Messy Interface** – Lack of visually appealing UI/UX relative to competitors. It’s visual storytelling aspects, slow content search, now watching section, and difficulty finding material are all lacking.

## Value (V):

**Yes:** Amazon Prime Video provides a valuable service by offering a wide range of streaming content, including movies, TV shows, and original content. It adds value to the overall Amazon Prime subscription, making it a comprehensive package for customers.

## Imitability (I):

**NO:** While competitors can also produce exclusive content, Amazon's vast resources and existing relationships with content creators make it difficult for others to replicate the extensive library and original content that Amazon Prime Video offers.

# VRIO

## Rarity (R):

**YES:** Exclusive content and partnerships with various studios and content creators give Amazon Prime Video a rare and unique position in the streaming market. The availability of certain exclusive shows and movies sets it apart from competitors.

## Organization (O):

**YES:** Amazon has a well-established organizational structure and financial resources that support the development and maintenance of Prime Video. The integration of Prime Video into the broader Amazon ecosystem enhances its organizational support.

The **VRIO analysis** suggests that Amazon Prime Video has a sustainable competitive advantage. Its value proposition, rarity of content, and strong organizational support make it a valuable resource for Amazon in the highly competitive streaming industry. The challenge for Amazon will be to continually invest in and evolve its content library to maintain and enhance its competitive advantage over time.