



AMAZON PRIME PRICING STRATEGY



OUR TEAM



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PROBLEM AT HAND



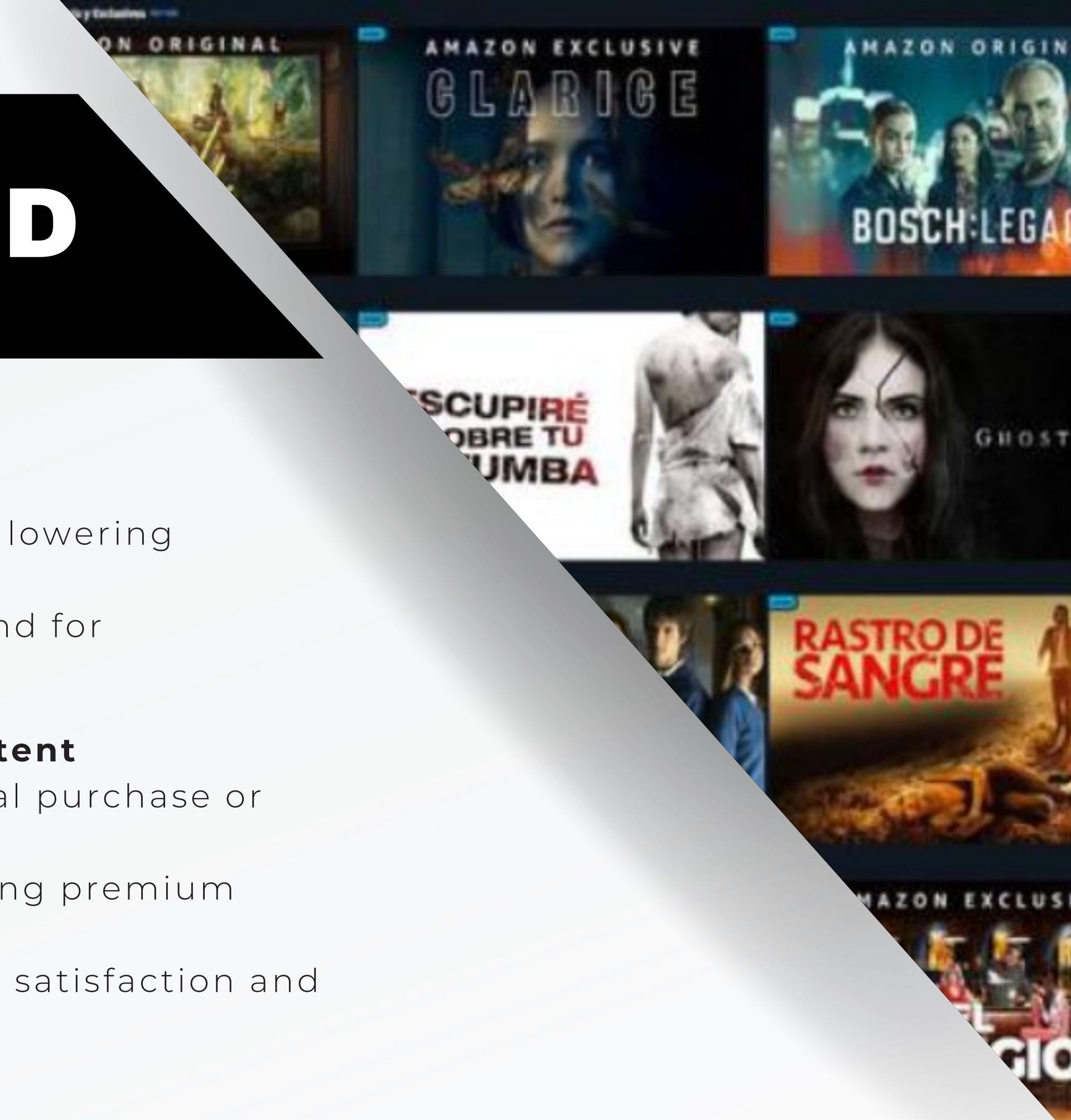
Recurring Ads with Paid Content

- Content on Prime comes with ads.
- Ads disrupt the viewing experience, lowering subscription value.
- Misalignment with consumer demand for uninterrupted viewing.



Rent or Buy Option for Premium Content

- Premium content requires additional purchase or rental.
- Extra costs deter users from accessing premium content.
- Fragmented experience affects user satisfaction and loyalty.



Amazon Prime Video lawsuit seeks class action status over streamer's 'ad-free' rate change



Amaris Encinas

USA TODAY

Published 5:23 p.m. ET Feb. 19, 2024 | Updated 5:23 p.m. ET Feb. 19, 2024



Amazon may ask users to pay more for these shows on Prime Video

TIMESOFINDIA.COM / Feb 13, 2024, 17:14 (IST)

Streaming platforms like **amazon prime** Video are implementing changes to increase revenue and subscriber base. These changes include limiting password sharing, charging more for ad-free content, and removing certain subscription plans to encourage users to pay...

Amazon Prime Video Ad Tier Sparks Class Action Lawsuit From Subscribers

The lawsuit takes aim at the ecommerce giant turning on ads for Prime Video users and charging them an additional fee for its ad-free tier.

Amazon Sued Over Prime Video Ads: Class Action Complaint Accuses Tech Giant of moral, Unethical, Oppressive, scrupulous' Conduct

odd Spangler ▾



Amazon faces legal trouble over introducing ads on Prime Video
TIMESOFINDIA.COM / Feb 13, 2024, 19:44 (IST)

Amazon's Prime membership and subscription services face increased scrutiny. The FTC filed a lawsuit against Amazon for making it difficult to cancel Prime subscriptions and using misleading tactics. Other lawsuits have accused Amazon of deception regarding access to...

Amazon Prime Video News Article

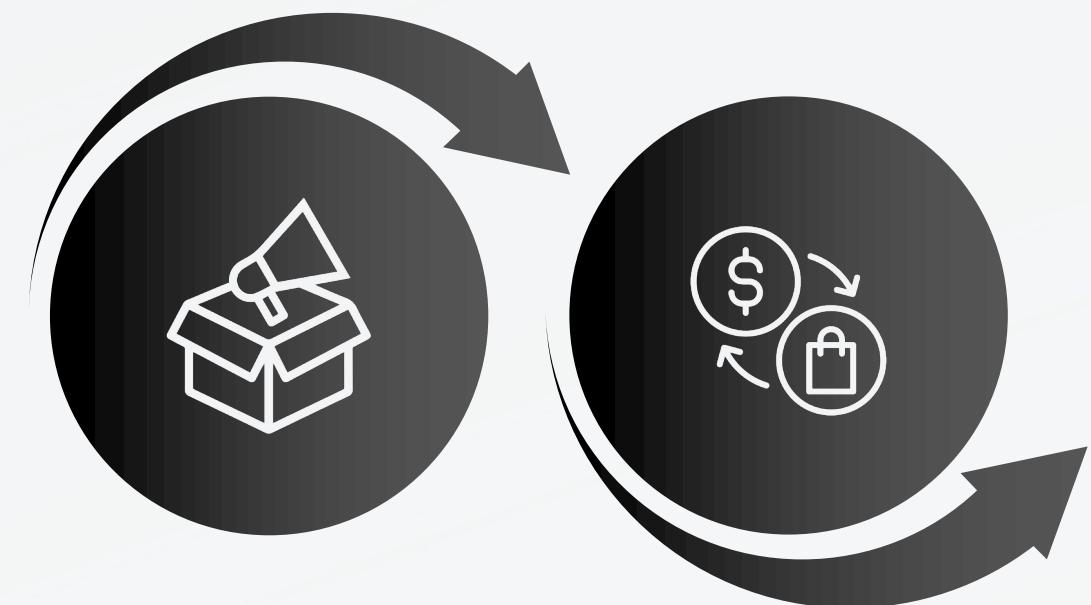
PROBLEM SOLVING APPROACH



ASSUMPTIONS

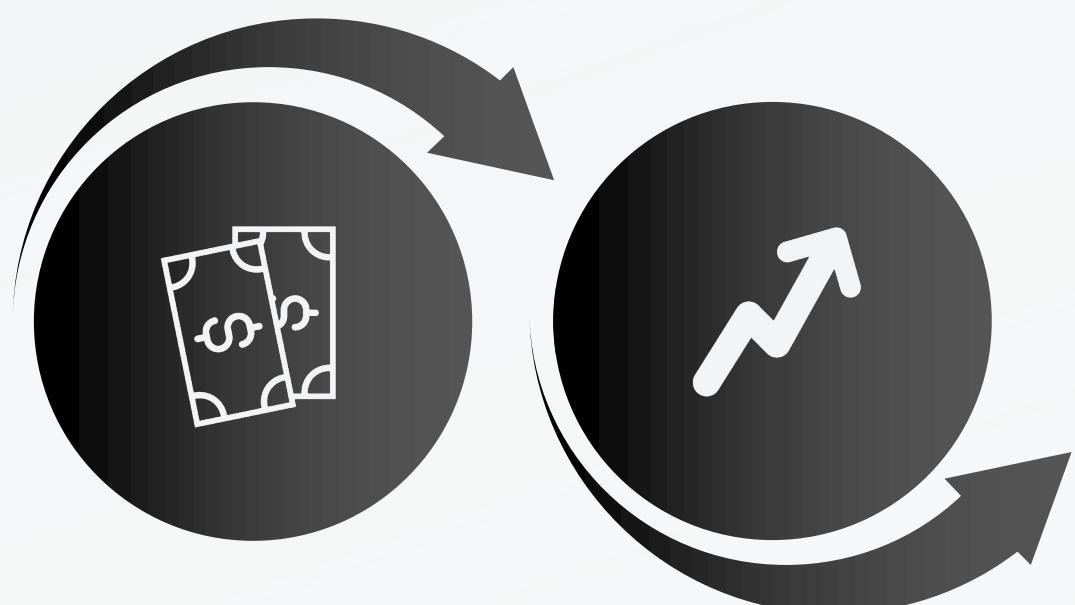
- People have answered the survey honestly
- Trends observed in sample are valid for larger population
- Higher limits have been taken wherever price range has been mentioned
- Quantitative analysis is based only on survey data
- Analysis and recommendations are based on limited sample size of the survey

Amazon Prime Pricing!



2005

Amazon launched its Prime subscription in February of 2005 at the initial price point of **\$79 a year, offering unlimited 2-day delivery.**



2014

2014 was a big year for Amazon Prime, with multiple launches including:
Raised the price of the annual Prime subscription from \$79 to \$99.



2022

Amazon raised the price of the annual Prime subscription from **\$119 to \$139**, and the monthly membership from \$12.99 to \$14.99.

2024

Prime Video shows and movies will include limited advertisements. Prime offers a new ad-free option on Prime Video for an additional \$2.99 per month for U.S viewers.

CURRENT SCENARIO

MONTHLY: \$7.5

YEARLY: \$69

STUDENTS

WORKING
PROFESSIONAL

MONTHLY: \$15

YEARLY: \$139





prime video

PRIMETIME EMMYS® 1X winner in 2014

How I Met Your Mother

Season 1 ▾

Available to buy

Buy Episode 1 HD \$2.99

Buy Season 1 HD \$19.99

More purchase options

how i met your mother

S5 E22 - Robots vs. Wrestlers

Ted, Marshall, Lily and Barney crash a highfalutin party where Ted gets to show off his pret... [See More](#)

► WATCH NEXT EPISODE: S5 E22

Starring: Josh Radnor, Jason Segel

TVPG • 2010 • Comedy, Sitcom • TV Series

hulu

\$2
STUDENTS

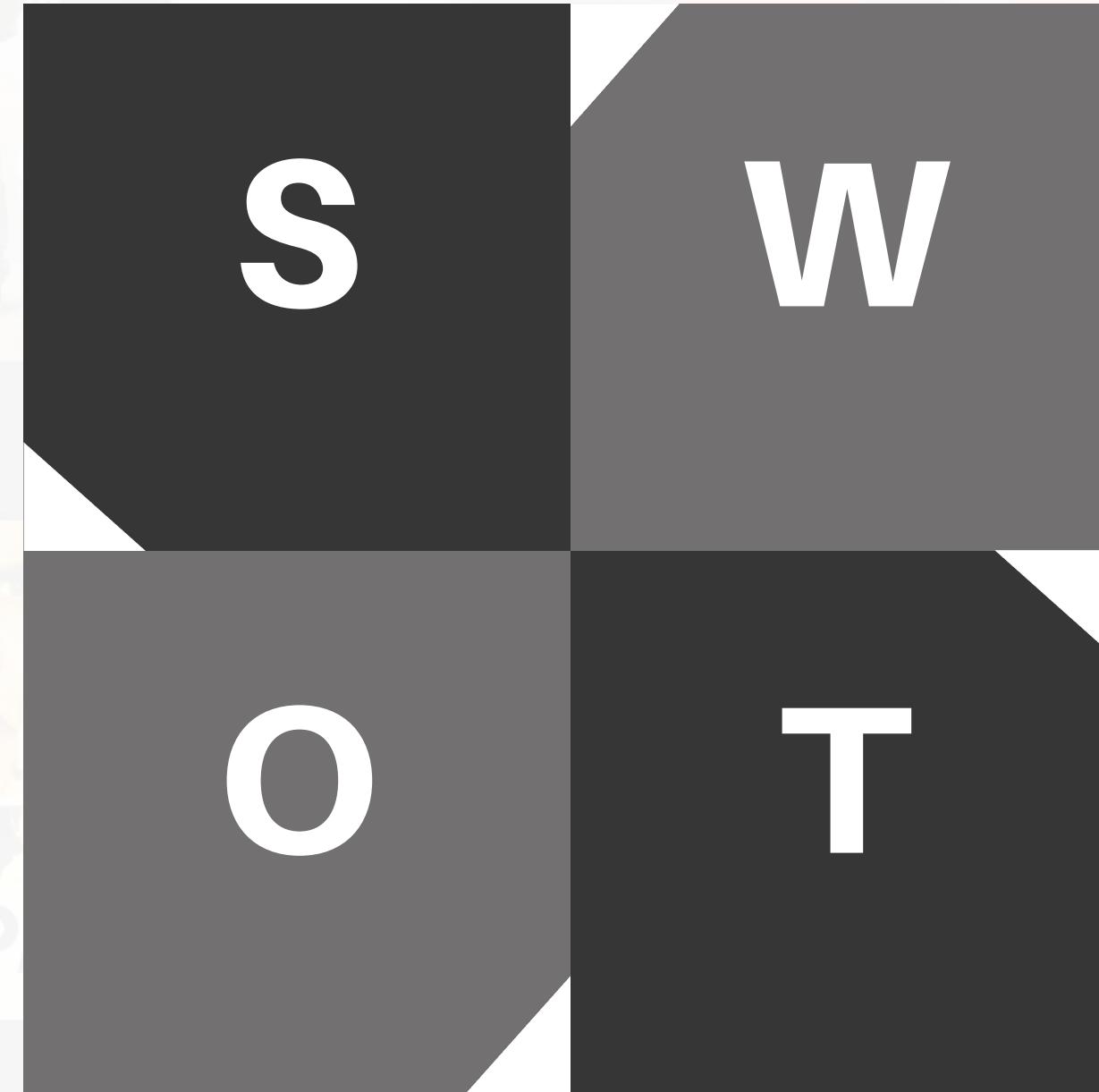
\$7.99
REGULAR

COMPETITION

SWOT ANALYSIS

STRENGTHS

Bundled Shopping Services



WEAKNESSES

Differentiated pricing (rental and buying option)

OPPORTUNITIES

Enhanced User Experience

THREATS

Intense Competition

OUR SURVEY



Demographics

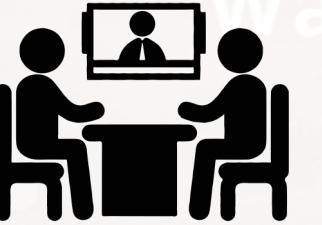
Amazon Original Series [See More](#)

- Student
- Working Professionals



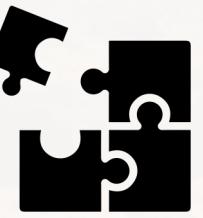
Feature Importance

- Content
- Offline Availability
- Subscription Cost
- User Interface
- Streaming Quality
- No. of screens that can be used at one time
- Bundling and Combo offers



Type of content

- Movies
- TV Series
- Live Sports
- Documentaries
- News and others



Frequency of watching

- Never
- Once a week
- 2-3 times a week
- Daily
- Binge Watch

OUR SURVEY FINDINGS



Demographics

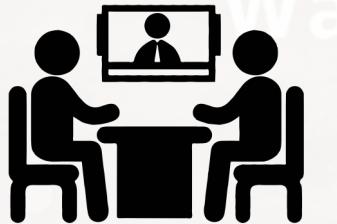
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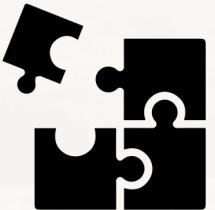
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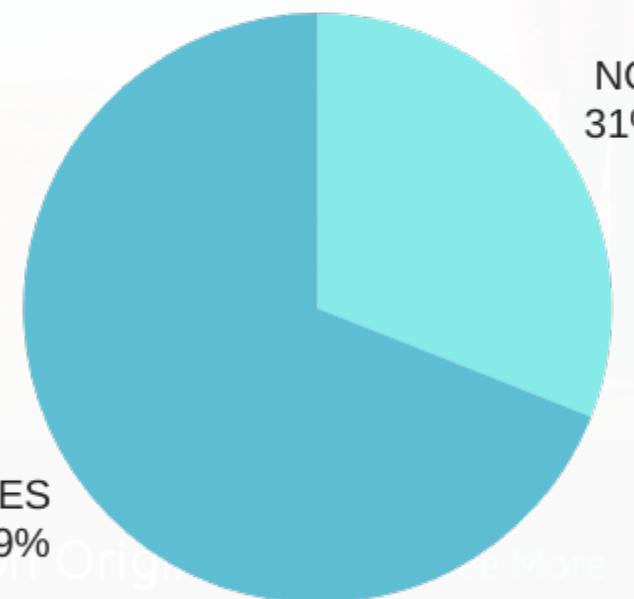


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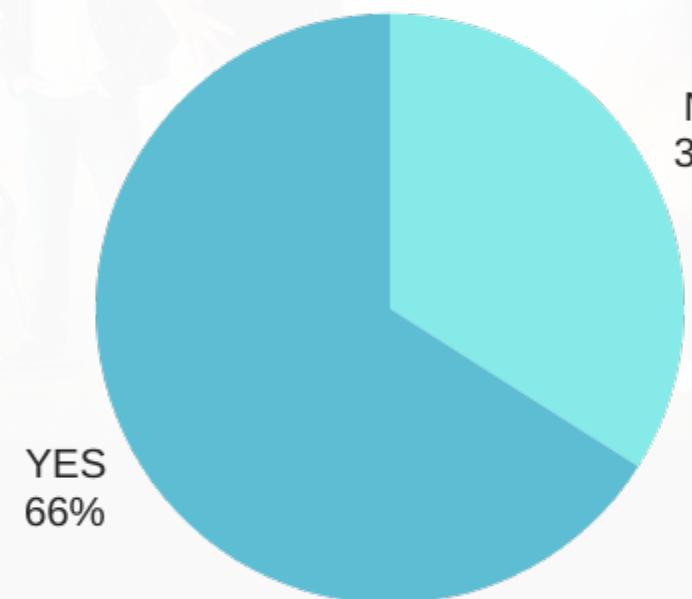
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WOULD YOU STILL SUBSCRIBE TO PRIME

WITHOUT PRIME VIDEO

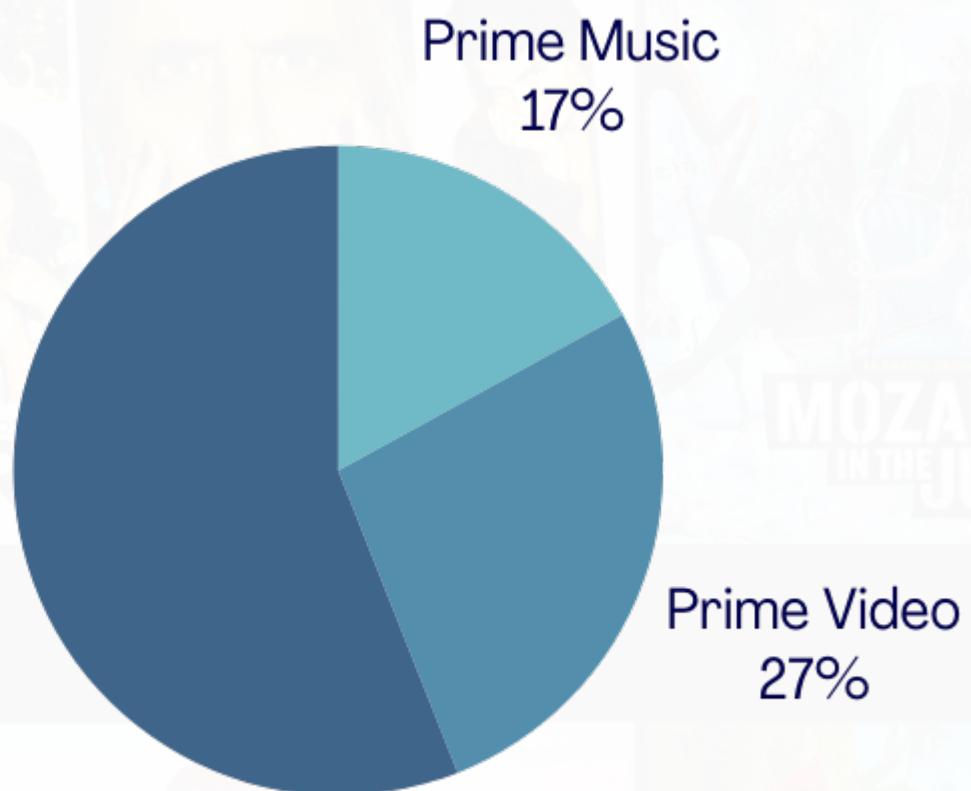


WITHOUT SHOPPING BENEFITS



IMPORTANCE OF AMAZON PRIME FEATURES

Shopping Benefits
56%



IMPORTANCE OF AMAZON PRIME VIDEO FACTORS

Cost

Content

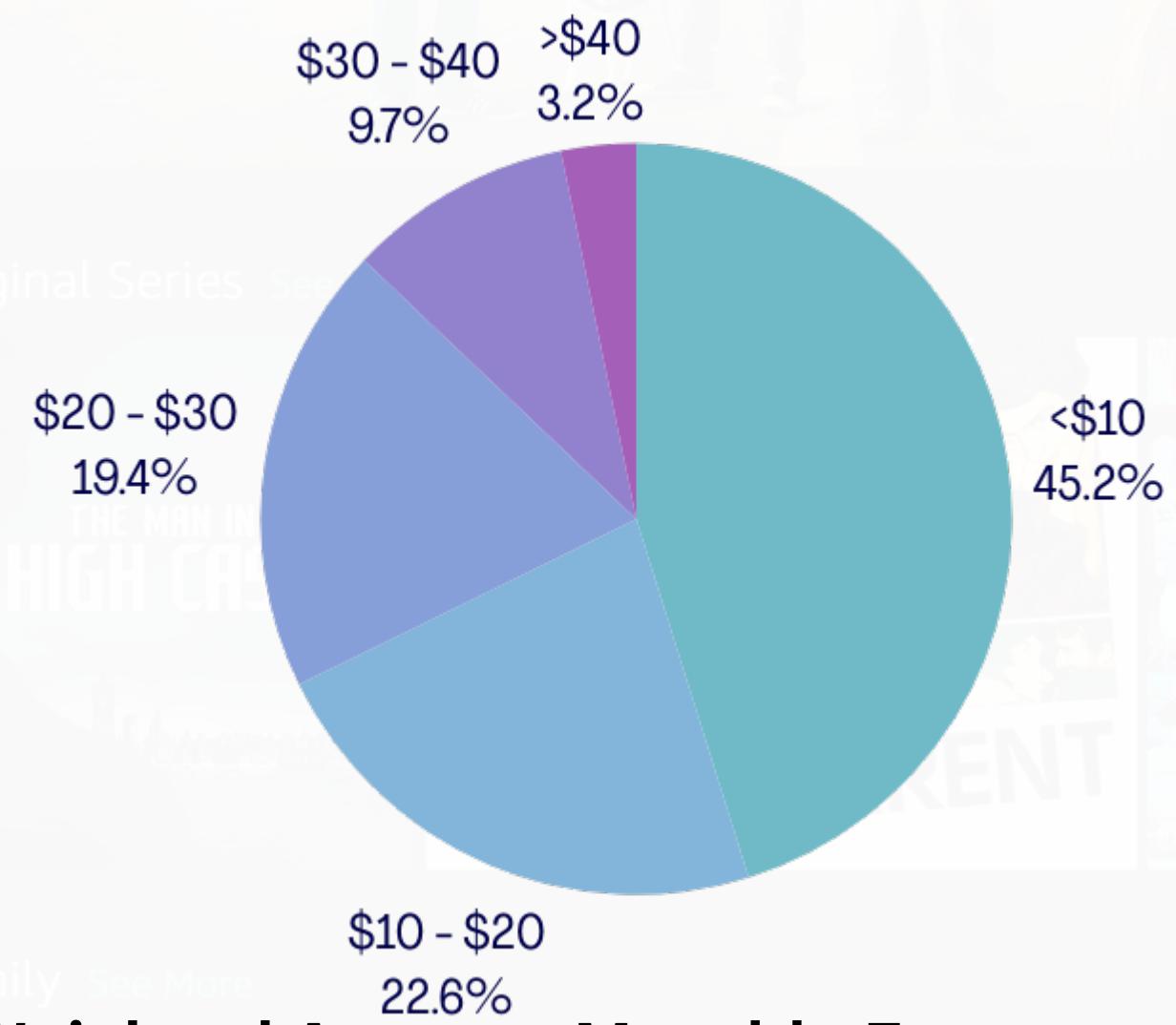
Interface

Bundling

Screens

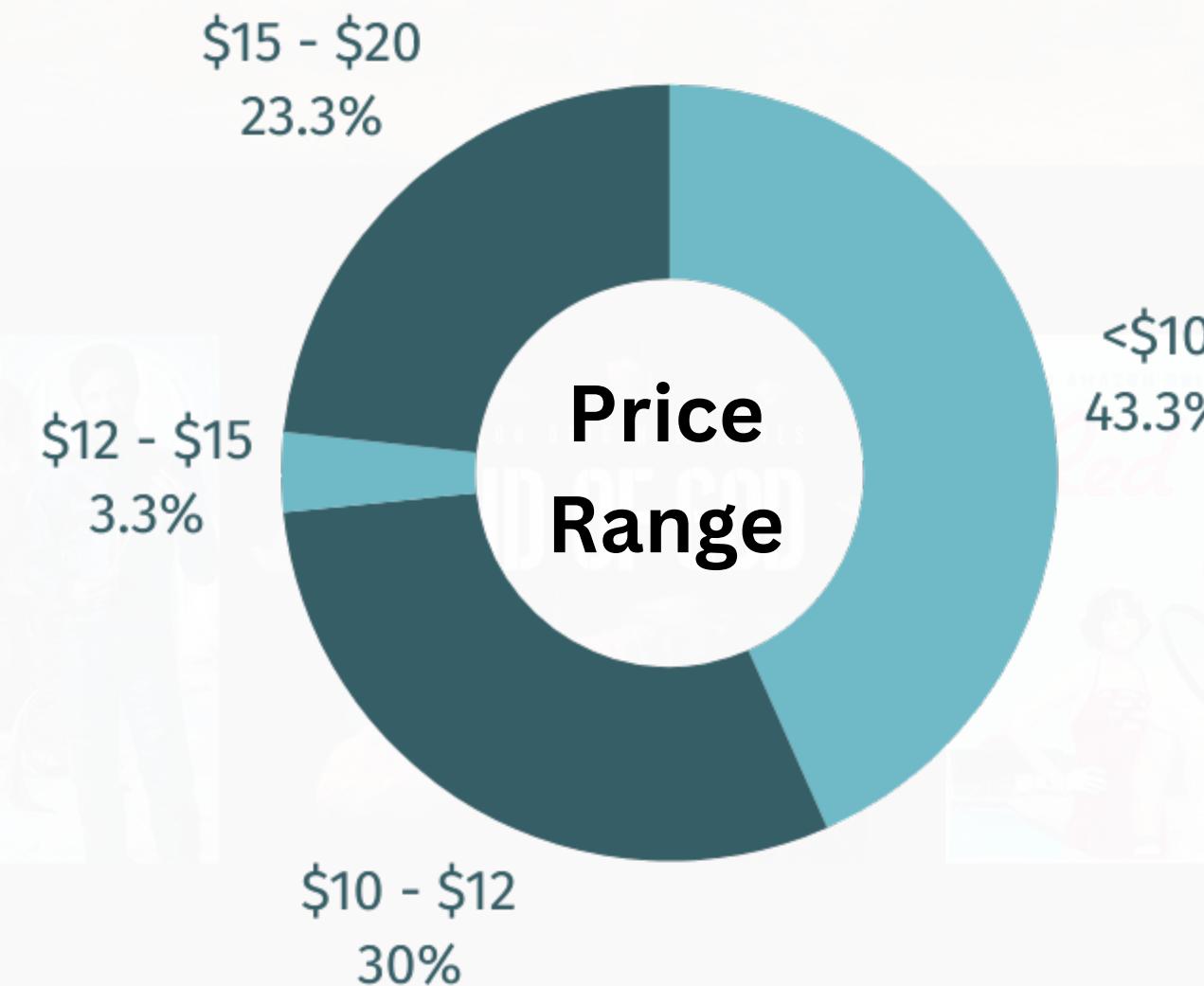
People are willing to spend **65%** of their monthly media entertainment expense on **Prime Video**

Average Monthly Expense on Media Entertainment



Weighted Average Monthly Expense = \$20

Preferred Price Range for Ad Free Prime Subscription

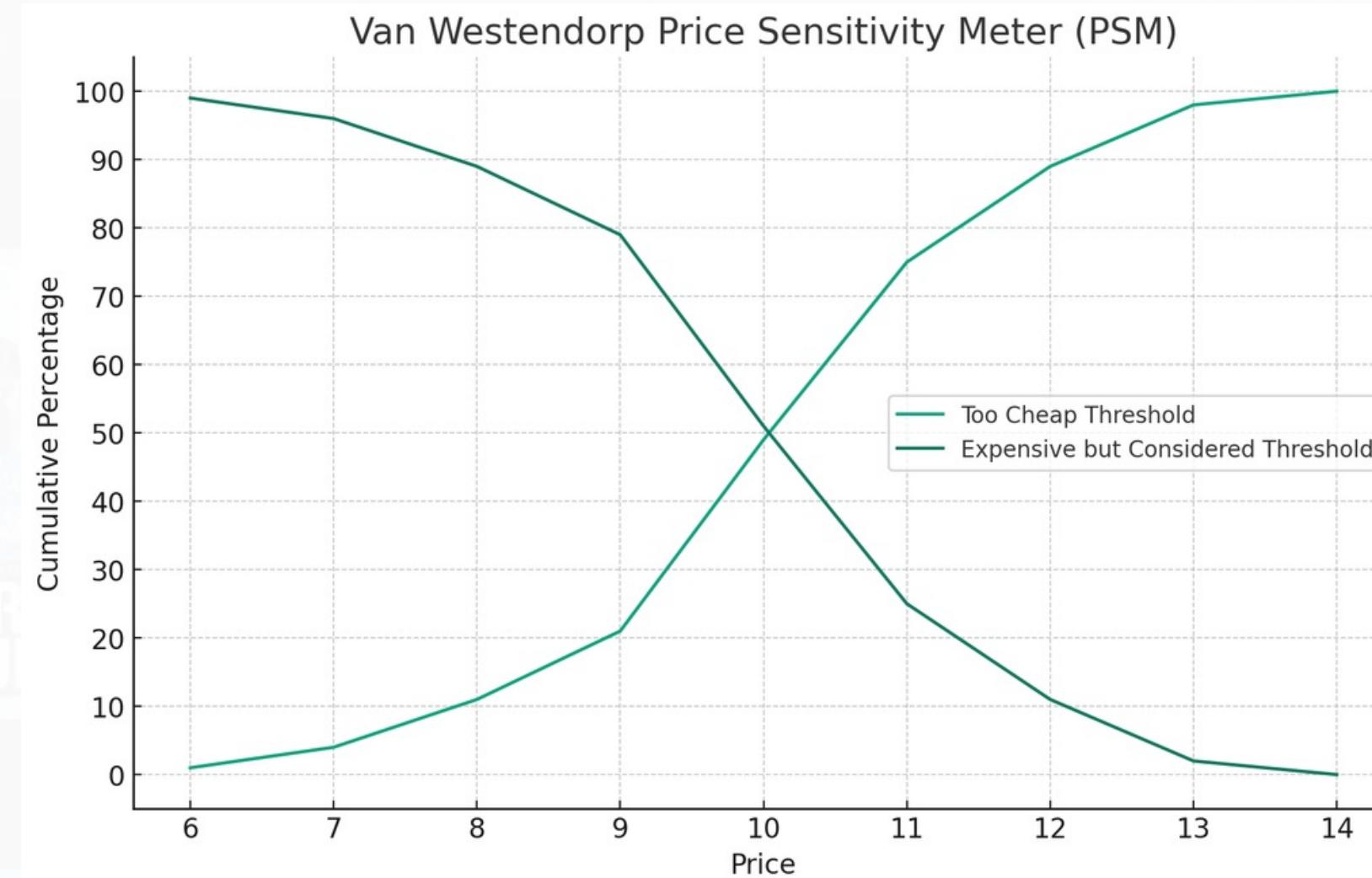


Weighted Average = \$13

- **Quality Perception:** Below the **lower crossover**, prices may be deemed too low, potentially signaling inferior quality to consumers.
- **Willingness to Pay:** The **upper crossing point** suggests the price cap consumers are **willing** to consider before deeming the product too expensive.
- **Data-Driven Pricing :** The statistics from the survey (mean, median, percentile values) anchor our analysis, indicating a central tendency for **price preference around \$10-\$11**.
- **Consumer Price Sensitivity :** Responses span from **\$6 to \$14**, reflecting a realistic spectrum of consumer price points for a comprehensive pricing strategy.

Statistics

- Mean: **\$10.15**
- Standard Deviation: **\$1.59**
- Minimum: **\$6.00**
- Maximum: **\$14.00**
- 25th Percentile: **\$10.00**
- 50th Percentile (Median): **\$11.00**
- 75th Percentile: **\$11.25**



CONJOINT ANALYSIS

Profiles	Features(Shopping Benefits, Prime Video)	Factors(Content, Subscription Cost, etc)	Price
The Streamer	Low Importance	High Importance	7.5
The Deal Seeker	Hight Importance	Low Importance	0 to 7.5
The Busy Shopper	High Importance	Medium Importance	7.5 to 15
The Entertainment Enthusiast	Medium Importance	High Importance	15
The Occasional Viewer	Low Importance	Medium Importance	15
High-Value Shopper	High Importance	Medium Importance	15
Content-Focused Viewer	Medium Importance	High Importance	7.5 to 15
Budget-Conscious Member	Low Importance	Low Importance	0 to 7.5

Attributes	Levels
Features	Very Importance , Medium Importance , Low Importance
Factors	Very Importance, Medium Importance, Low Importance
Price	\$0 to \$7.5, \$7.5 , \$7.5 to \$15, \$15

We have taken baseline for each attributes. We excluded one dummy variable per category to avoid multicollinearity.

CONJOINT ANALYSIS

Attributes	Part Worth
Features_high	-0.0883
Features_Medium	-0.1352
Factors_High	0.1409
Factors_Medium	0.0418
Price_0	0.1932
Price_7.5_to_15	0.4134
Price_15	-0.4682

Upon running the regression model
we get the R square = 15%

From regression model, it is evident that Factors such as content or Number of screens and Subscription Cost leads to high consumer preference.

Willingness to pay

Using these high consumer preference we get the WTP to be between **\$9.27 to \$12.47**.



RECOMMENDATIONS

MAYBE.....JUST MAYBE.....



Watch now

Willingness to Pay:
\$6.5 - \$8.8

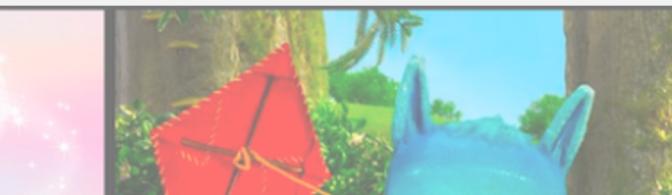
Amazon Original Series [See More](#)



Willingness to Pay:
\$2.8 - \$3.7



Kids and Family [See More](#)





THANK YOU!

amazon
prime video
amazon.com

