

Amazon amps up Prime with unlimited photo storage

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Amazon is amping up one of the most potent weapons in its competitive arsenal, adding unlimited online photo storage to its Prime subscription service.

Prime members, who pay \$99 a year for the [service](#), which includes two-day shipping on more than 20 million items, can now store every digital image they have in any size on Amazon Cloud Drive for no additional cost.

Prime Photos is the latest benefit of Prime, which also includes a Netflix-like video-streaming service and a lending library of more than 500,000 books for Amazon's Kindle e-reader.

The offerings are turning Prime, which debuted in 2005 as a two-day shipping service, into "the gateway" to a host of Amazon services that customers use daily, said Greg Greeley, Amazon Prime vice president.

Amazon has never disclosed the number of Prime members, but RBC Capital Markets analyst Mark Mahaney has placed it at 40 million to 50 million.

Amazon continues to add benefits for a simple reason: Prime subscribers spend more money - Mahaney estimates as much as 2.3 times more - than non-Prime customers. They often want to maximize the \$99 membership fee by using the service frequently. The more benefits Amazon can add to Prime, the more revenue Prime membership is likely

to generate.

"Our customers have a voracious appetite," Greeley said. "People are thinking about Prime for their daily needs."

Adding unlimited photo storage, a service Amazon is launching Tuesday, gives customers yet another reason to spring for the membership fee and then rationalize that expense by increasing their shopping on the site.

Greeley said he expects new subscribers to "try the photo storage and stay for the shipping."

Among Amazon's largest rivals, only Microsoft offers unlimited online photo storage, along with other types of digital files such as documents and spreadsheets as well as videos and music. Microsoft unveiled the new offering last month for customers of its Office 365 service, which starts at \$69.99 a year for personal use. It is beginning to roll out the unlimited storage to customers.

Yahoo's Flickr photo service comes close to a free, unlimited digital vault, offering 1 terabyte of storage, more space than most customers will ever need.

Unlike many of the other photo-storage services, Prime Photos won't limit the size of individual photos. It will let customers store pictures in the Raw format that many professional photographers favor.

And customers using a desktop application will be able to download pictures to their PCs from Prime Photos in batches, not just individually. A Mac version is "coming soon," according to an Amazon spokeswoman.

One thing customers won't be able to do is use the unlimited storage for

videos. And if customers decide not to renew their Prime membership, they'll only be allowed 5 gigabytes of free storage. Customers will have access to photos that exceed that limit for only six additional months before the company deletes them.

That's one reason why photo storage may well prove an effective way to retain Prime subscribers. There is little emotional cost in dropping a service that offers two-day shipping or video streaming. But when that service includes a cache of thousands of treasured photos stored on Amazon's servers, walking away for many may become more difficult.

Amazon can offer the new photo storage because of the billions of dollars it has spent developing Amazon Web Services, the business that rents data storage and computer-server time to corporations. Those data centers will also be a digital repository of Prime Photos.

"We've got that robust infrastructure," Greeley said. "We get the benefits of scale."

When Amazon raised the annual fee for Prime in March from \$79 - the first increase for the service - some analysts speculated membership growth might slow. Greeley said that hasn't happened.

"We're continuing to see the trajectory," Greeley said. "We don't even talk about (the price hike) inside. It's kind of forgotten. It's a nonevent."

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AMAZON PRIME BENEFITS

Amazon Prime subscribers spend more money and shop more often than Amazon's non-Prime shoppers. That's why Amazon continues to add more benefits to lure more members. Here are some of the offerings that

the \$99 annual fee gets:

-Two-day shipping

-Streaming movies and television programs through Prime Instant Video

-E-book borrowing for Kindle owners

-Streaming music from a catalog of more than 1 million songs

-Source: Amazon

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