

Amazon preps TV programs to add momentum to Prime service

31 October 2013, by Jay Greene

Maybe the most astute observer of Amazon.com's daring foray into television production is Clark Johnson.

He's one of those journeyman actors who is immediately recognizable to television viewers, even if he's not a household name. Johnson, who has starred in such hits at NBC's "Homicide: Life on the Street" and HBO's "The Wire," is working on his latest project, "Alpha House," produced for Amazon Studios.

The comedy about four Republican congressmen who share a Washington, D.C., house was created by "Doonesbury" cartoonist Garry Trudeau and stars Hollywood veteran John Goodman. Amazon put the pilot on its website in April to get feedback from viewers.

Johnson watched the pilot online as well. When the show ended, he joked, "I had a flat-panel TV in my shopping cart."

To Amazon, that's no joke. It's the [business](#) model.

Amazon is attempting to disrupt the way television programs get made. The [company](#) is creating a new paradigm, dialing into its wide Web reach to tap what may be the world's biggest focus group. The company posts pilots on its site and waits to see how viewers respond, sifting through the data to guide decisions about which programs get the green light.

But Amazon isn't just disrupting the way programs get made. It's also trying to change the rules for how consumers pay to watch their favorite shows. "Alpha House" will be available next month exclusively to subscribers of Amazon Prime, the \$79-a-year service that also includes free two-day shipping for 15 million products.

customers to sign up for a service: Amazon Prime Instant Video, where they can watch more than 41,000 movies, television shows and, increasingly, original programs available only on its service. But unlike Netflix, Amazon can generate revenue from those customers in businesses well beyond streaming video.

Prime members are Amazon's best shoppers. Analysts estimate that they spend three times as much as non-Prime shoppers, buying items such as books, diapers and even that flat-panel TV Johnson joked about.

To Amazon Chief Executive Jeff Bezos, programs like "Alpha House" are part of a larger bid to boost Prime's appeal.

"It's about making delight for Prime members," Bezos said in an interview with The Seattle Times. "What can we do that would make somebody be a happy Prime member? If we can make great television for them, that's going to be an element of that. And they pay us an annual fee for that."

Bezos is a big believer in the Flywheel Effect, a concept introduced by business theorist Jim Collins in his best-seller "Good to Great." The basic idea is that as small initiatives are added to the core business - the flywheel - their impact is magnified and the wheel spins faster.

Amazon Studios feeds the Amazon Prime flywheel. Video streaming makes the service more appealing to customers. That, in turn, adds more customers. As the service grows, Amazon is able to achieve scale, making operating Prime more efficient. That allows the company to add even more services, such as free digital book lending to Prime customers who also own Kindle e-readers. The more services added, the more customers are drawn to it, spinning that flywheel even faster.

Much like rival Netflix, Amazon wants to persuade Amazon may be playing the same game as

Netflix. But it's doing so under an entirely different set of rules.

"That Prime membership, we want that to be the best version of Amazon, of everything we do," Bezos said.

Of course, Amazon is late to a game that often favors early entrants. Right now, that's Netflix, whose early lead in subscriptions has given the company a flywheel of its own. The studios that own the content - movies and television series - want to have their programming in front of the largest number of viewers possible.

Netflix said it has more than 30 million U.S. subscribers, more than double the number of Prime members, according to analyst estimates. (Amazon won't disclose its subscription data.)

Providing streaming video is also a game Amazon needs to play. Just as consumers are increasingly reading digital books and listening to digital music, they are also watching digital versions of movies and TV shows. Amazon may be the largest seller of DVDs on the planet, but it knows that those sales eventually will be displaced by digital streaming. So it has created a business to do that, lest it lose those customers to Netflix and others.

To make that business succeed, Amazon recognizes it has to create buzz to get consumers to sign up for the service. Netflix is flourishing, in part, because it's the only place people can watch hit shows such as "House of Cards" and "Orange is the New Black." That's why Amazon is racing to offer a slate of new programs.

The company posted 14 pilots on its site earlier this year, and watched. As with other Amazon products, customers could give pilots anywhere from 1 to 5 stars.

But Amazon at its core is a technology company that uses data to shape so many of its business decisions. The company has the ability to peer into how viewers watch their programs, zeroing in, for example, on the number who watched the various pilots from beginning to end.

"It's one thing to start an episode," said Joe Lewis, Amazon Studios head of original programming. "It's another thing to finish it."

Viewers panned pilots such as a TV-adaptation of the movie "Zombieland" and "Browsers," a musical comedy starring Bebe Neuwirth. Neither was picked up.

"Betas," a comedy about life at a Silicon Valley startup starring Ed Begley Jr., made it through Amazon's digital gantlet, as did "Alpha House." (The company is also creating children's programming using the same methods, and it's just beginning to shoot a second round of comedy pilots, with shows featuring actors such as Jeffrey Tambor.)

Amazon Studios executives, though, are quick to point out that while the data guides their decisions, there still is a fair amount of old-fashioned gut-feeling at work as well. The data can provide insight, but it's not yet clear which data points are best at predicting a show's success.

"The key over time is to see which of those data points are most meaningful," said Amazon Studios director Roy Price.

And while the digital tools are good at reading broad perceptions about a program, the company isn't as interested in using them to shape story lines.

"You get into more shaky ground if you're looking to the community to make creative choices for the show," Price said.

The creative choices at "Alpha House" start with Trudeau, a Pulitzer Prize winner who, during the shooting at Kaufman Astoria Studios in Queens, N.Y., raced from a writing room, where he crafted upcoming episodes, to the set to watch his words come to life when filming began. In the race to complete the first season, Trudeau declined to be interviewed about the show.

Watching scenes on a monitor from a canvas director's chair emblazoned with his name, Trudeau often mouthed the words as the actors read them in

the next room. As one character, an African-American janitor, critiqued a re-election commercial of Sen. Robert Bennett, played by Johnson, the janitor noted that the African-American politician had "to go all Clarence Thomas on us." Trudeau smiled when he nailed the line.

Trudeau has dabbled in [television](#) before. His "Tanner '88," a political satire about a congressman's bid to win the Democratic nomination for president, aired on HBO in 1988. He followed that up with a 2004 sequel, called "Tanner on Tanner," that featured "Alpha House" stars Cynthia Nixon and Matt Malloy.

The genesis of "Alpha House" stems from living arrangements of four Democrats - Sens. Richard Durbin and Charles Schumer and Reps. George Miller and Bill Delahunt - who shared a house in the District of Columbia while they were away from their homes (a story *The New York Times* chronicled in 2007).

Trudeau riffed on that, switching the lawmakers to Republicans because he thought it would be funnier, said Jonathan Alter, the political pundit and best-selling author of "The Center Holds: Obama and His Enemies."

Alter was traveling with his friend Trudeau during the 2012 New Hampshire primary when the concept for the show that Trudeau had been considering for years came up. Alter suggested bringing the idea to Amazon, which he heard was going to produce original programming.

"Garry's first reaction was, 'YouTube videos? I don't want to do that,'" Alter recalled.

But Alter explained that the company was pursuing something different. And when Amazon agreed to produce the pilot, Alter said, Trudeau told him that he had just been "promoted to executive producer." On the set and in the writing room, Alter offers guidance regarding political verisimilitude.

As Netflix has learned with its original program, the model of letting customers stream programs whenever they want shifts the development dynamic. Each episode can have a story that flows

into the next.

Producers still have to worry about attracting an audience. But they don't need to fret about rival networks putting a popular program in the same time slot, sucking away the show's audience. With that knowledge, Amazon has given the producers latitude.

"They realize it's not all about the short-term metrics," Alter said. "It's about the long-term customer relationships."

The "Alpha House" actors, too, realize that Amazon's approach is novel. But for actors, it's still about doing their jobs.

"It's exciting to go in a new direction, away from broadcast TV," Goodman said, sitting in his dressing room two floors above the set. "But from my end, it's no different."

He knows that [viewers](#) have commented on the "Alpha House" page on the Amazon Studio's website. But he said he's never looked at remarks, avoiding the snark that often accompanies anonymous reviews.

"I kind of have to divorce myself from all of that," Goodman said.

Not so much for Amazon, though. To the company, those comments, and the viewing behaviors of its customers, are driving its new business.

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APA citation: Amazon preps TV programs to add momentum to Prime service (2013, October 31)
retrieved 24 January 2022 from <https://phys.org/news/2013-10-amazon-preps-tv-momentum-prime.html>

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