

Dataxis

Amazon Channels in Europe: a missed opportunity ?

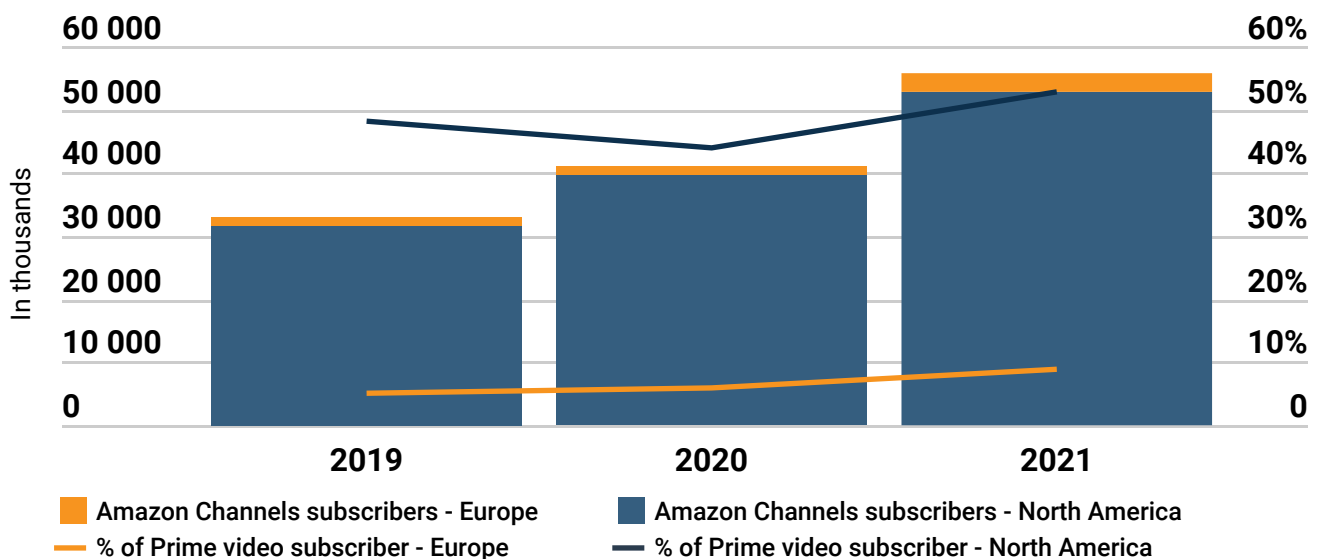
RESEARCH HIGHLIGHT | 11 April, 2022

Despite being available in Europe for almost five years, Amazon Channels remains mostly unknown in the European OTT landscape. Originally launched in May 2017 in the UK and Germany, the service experienced two waves of expansion across 2019 with France, Luxembourg and the Netherlands, and at the end of 2020 with Spain and Italy.

Built as an add-on service for Prime Video subscribers, Amazon Channels focuses on providing access to additional SVOD services and curated virtual channels from broadcasters and content owners in Europe.

But contrary to the US, where the service has been adopted by tens of millions of subscribers, Amazon Channels has been struggling to find its place in the European streaming market. This lack of momentum can be explained by several factors.

Amazon Channels subscribers by region



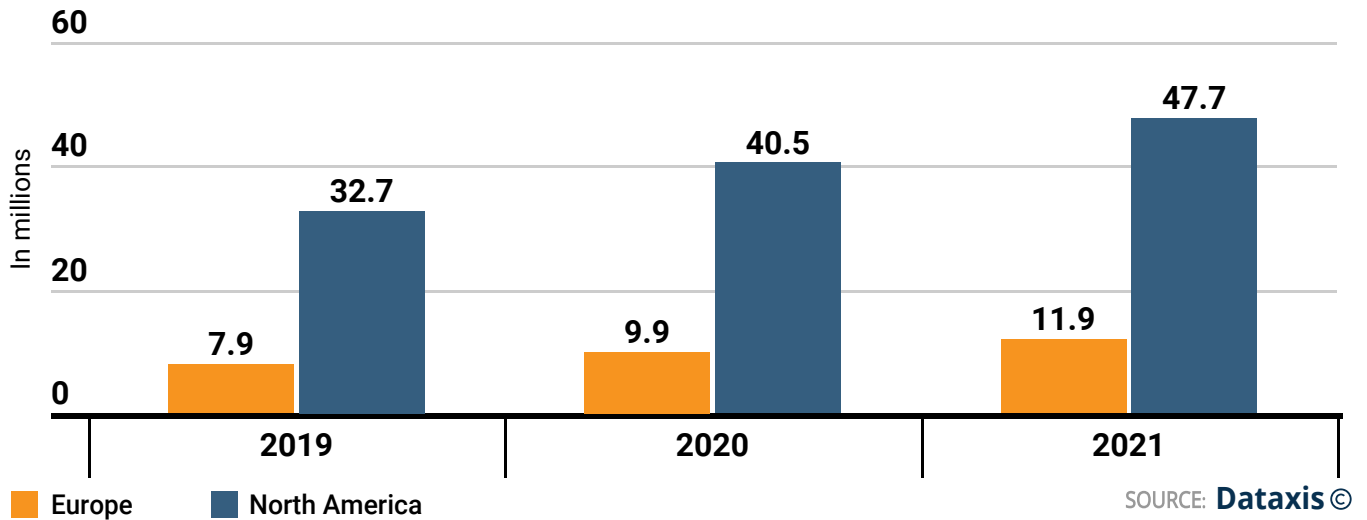
SOURCE: **Dataxis** ©

First of all, the content offer within the service has remained low in most European countries. In most European countries subscribers can only access less than a dozen channels - while in the US, this number reaches almost 200.

With more households subscribing to multiple services in the US - recent polls stated that more than 50% of US households currently subscribe to at least three different SVOD services -, Amazon Channels has become the place for a growing number of subscribers to gather their multiple streaming subscriptions - with the notable exception of Netflix. This becomes less relevant in Europe where SVOD penetration remains lower than in the US, and where services such as AMC Plus, Paramount+, Starz or Showtime are not systematically available in countries in which Amazon Channels operates.

This also adds up with a lower penetration of Amazon Fire TV in Europe on the one hand, and lower adoption rates of Prime and Prime Video memberships in the region. According to Dataxis' researches, the US alone accounted for 75% of all Prime subscriptions at the end of 2021, reaching almost 150 million subscribers, while the e-commerce giant has reached significantly lower penetration figures in Europe for its premium delivery service.

Fire TV devices in use by region



Although Amazon Channels is currently lagging behind other SVOD platforms, the service still has two main assets to increase its footprint across Europe. Contrary to the US, Roku has a limited market share in Europe in the connected devices landscape, leaving room for Amazon to increase its reach, especially in the UK and Germany where it has been gaining momentum over the last three years.

But the main card in Amazon's sleeve might be sports content, as the European sports landscape still has room for dedicated streaming services, contrary to the US in which every major league operates its own OTT service. Over the last three years Amazon has been increasingly consolidating its sports offer, adding rights across Italy, Germany and the UK. But the main acquisition remains the €250 million deal per year for the Ligue 1 in France in June 2021, for the 2021-24 period.

These deals could be Amazon's first steps in the European OTT sports market, a way to increase its video footprint beyond the traditional entertainment landscape.

By: Thibault **GIRY** | Senior analyst at Dataxis