

Prime Opportunity to Add Value

Just as Amazon increased the value of Prime membership with a host of added benefits, so too should bulk service providers increase their offerings.

By Bryan J. Rader / *Pavlov Media*

Isn't it great when you are surprised by getting something extra without having to pay for it? A waiter brings you a free dessert after a delicious meal. A barista offers you a free scone with your coffee. A SiriusXM subscription is included with your new car at no charge.

All those moments create added value for customers.

Who does it best? Amazon Prime, the subscription service from Amazon that in 2005 began offering free, two-day delivery for just \$79 a year.

Rather than adding value by expanding the products offered with the free shipping benefit, Amazon chose to "add value" to this service over time. Yes, it has raised rates every few years to keep up with inflation, but it has added value at a much faster clip than the rate increases.

In 2014, the company added Prime Music, which provides unlimited, ad-free music streaming to Prime members. Later that year, it added Prime Photos, a free, cloud-based service to store photos. In 2019, it increased the number of products that offer same-day delivery to more than 10 million. Included in the Prime annual fee was the ability to order (or reorder) millions of products and get them the same day at no charge. Wow, that's value.

Probably the best value-add Amazon offered is the Prime Video service, which began as a small video-on-demand feature and has grown to one of the largest movie libraries online today with the purchase of MGM in 2021. Amazon built its own studio and is now creating unique content. This service alone is quickly catching up to other streaming services and is offered free to Prime members.

Several years ago, it was reported that more than half of all U.S. households subscribe to Amazon Prime service. I know that the added value rolled in each year keeps retention high, and customer satisfaction elevated.

Today, the annual Prime membership fee is \$139, almost twice what it was when it began. But the perceived value is increasing much faster than the rate, which is why I call this the best example of creating value.

As a bulk services provider in the MDU space, you promise clients a number of things: internet speed, reliability, tech support, bandwidth capacity, etc. In most cases, you can raise your rate once a year. The question is, do property owners see added value over time?

Some operators believe increasing speed every so often or enhancing the overall bandwidth to the site is sufficient. But *is* this enough?

What if you did something more special? What if you rolled in other features to increase the perceived value of your bulk internet subscription? Managed service providers have a lot of products in their arsenals, and incorporating some of these services into core packages, similar to Amazon Prime, is quite possible. Doing so will definitely improve the added value of your service. Just as Amazon has increased the number of products available for same-day delivery, we MDU providers should increase our offerings too.

I've always said that the broadband business is definitely not a "set it and forget it" proposition. When you install the new bulk service, don't expect it to create value year after year for your MDU owners if you don't keep layering in new features, concepts or services.

Follow Amazon's lead and keep building in more value for your subscription. It's a "prime" idea.❖

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