

# Amazon is in talks to offer free mobile service to US Prime members

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Amazon.com Inc. has been talking with wireless carriers about offering low-cost or possibly free nationwide mobile phone service to Prime subscribers, according to people familiar with the situation.

The company is negotiating with Verizon Communications Inc., T-Mobile U.S. Inc. and Dish Network Corp. to get the lowest possible wholesale prices. That would let it offer Prime members wireless plans for \$10 a month or possibly for free and bolster loyalty among its biggest spending customers, the people said, who requested anonymity to discuss a private matter.

The talks have been going on for six to eight weeks and have also included AT&T Inc. at times, but the plan may take several more months to launch and could be scrapped, one person said.

Dish shares jumped 14% Friday in New York since a deal with the retail giant could help the struggling satellite-TV company as it transitions to become a national wireless carrier. Meanwhile, T-Mobile fell 8.4%, AT&T dropped 5% and Verizon slid 3.5%. The big three national carriers could see their own subscribers flee to a cheaper option at Amazon. Deutsche Telekom AG, which holds a majority stake in T-Mobile, fell 5.7% in Germany.

"We are always exploring adding even more benefits for Prime members, but don't have plans to add wireless at this time," Amazon spokesperson Maggie Sison said in a statement. Verizon and Dish declined to comment.

Amazon's U.S. Prime subscribers pay \$139 a year for privileges like speedy free delivery, video streaming and access to 100 million songs. Analysts say Prime membership has stagnated in the country since Amazon boosted the annual price from \$119, a sign that a subscription is less attractive to consumers struggling with a stubbornly high inflation rate. About 167 million Amazon shoppers had Prime memberships as of March, unchanged from a year earlier, according to Consumer Intelligence Research Partners.

Amazon is competing with Walmart Inc., whose \$98-a-year Walmart+ membership is emerging as a lower-cost alternative offering many of the same perks as Prime and free grocery delivery on orders of at least \$35. Amazon in February increased its free grocery delivery threshold to \$150 from \$35.

## Amazon's influence

For the wireless industry, an Amazon deal could be seen as a welcome boost to wholesale revenue and a way to attract more traffic to newly expanded 5G networks. But Amazon's entry could be detrimental if Prime wireless becomes popular and starts to chip away at the big carriers' customer base.

A deeply below-market price from one of the world's largest retailers could easily undercut the pricing power of the big three national carriers, making it tempting for subscribers to go to Amazon. Unlimited plans start at \$60 a month at Verizon and T-Mobile, with AT&T starting at \$65.

With Prime wireless, Amazon would become a new national brand, reselling [mobile service](#) from one of the big three carriers. The retailer could choose to offer wireless to its Prime members at an attractive price, prompting customers to cancel their current mobile service. Or, Amazon could go wider and offer Prime wireless to anyone who wants to switch service and become a Prime member.

Anytime Amazon enters a new market, it sends shivers through the industry because the Seattle-based retail giant has shown it's willing to absorb billions of dollars in shipping and movie production costs to fuel Prime membership growth. Wireless service could be just one more item that Amazon's willing to take a hit on if it gives the company a leg up versus Walmart.

## Can't say no

The carriers aren't really in a position to say no to Amazon. Having poured billions of dollars into super-fast, high capacity 5G [wireless networks](#), the [mobile operators](#) have little to show for the effort and are eager to find new applications and sales outlets that can generate some return on the investment.

Dish has the most to gain from a deal with Amazon. The company is attempting to transform itself into a cloud-based wireless carrier capable of competing with Verizon and AT&T. But it's carrying a load of distressed debt and is seeking new avenues of funding to be able to launch its Boost Infinite wireless service. Dish is already working with Amazon, whose AWS division is providing cloud computing to run the core network for its wireless service and is expected to start selling Boost Infinite wireless service on Amazon as soon as next month.

Amazon has already made several forays into wireless. In 2014, Amazon introduced the Fire Phone in an attempt to compete with devices from Apple Inc. and Samsung Electronics Co., but it was killed a year later. The company also plans to start testing a satellite-internet service called Project Kuiper next year.

By taking the approach of a reseller, otherwise known as a mobile virtual network operator or MVNO, Amazon would avoid the huge costs of having to build out its own mobile network.

MVNOs have had a colorful track record. Brands including ESPN Mobile and Virgin Mobile both failed. Alphabet Inc. has the Google Fi service that runs on T-Mobile's network and has about 2 million customers.

Wireless is already starting to sometimes be bundled as a perk in broader

service packages. Cable companies like Charter Communications Inc., which resells service from Verizon, have said they see a time soon when the cable bill includes wireless service. Charter and Comcast Corp. have fueled some of the sector's fastest subscriber growth by offering cheap to free wireless service as a promotion bundled with broadband.

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