Amazon hikes Prime subscription for first time since 2014

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mazon is to hike the cost of its Prime packages despite global cost of living squeeze citing “inflation” and “operating costs” for the first rise in the service since 2014.

The e-commerce giant will raise the subscription that offers free next day delivery, entertainment and live sport events by £1 from £7.99 a month to £8.99 from September 15 for new customers, or those renewing the service.

Cost of an annual membership will be upped from £79 to £95 a year for UK customers.

A spokesperson for the company, said: “With increased inflation and operating costs in the UK continuing to rise, we will change the price of Prime.

“We have increased the number of products available with fast, unlimited Prime delivery, recently added ultra-fast fresh grocery delivery, and have significantly expanded our high-quality digital entertainment.”

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“We have increased the number of products available with fast, unlimited Prime delivery, recently added ultra-fast fresh grocery delivery, and have significantly expanded our high-quality digital entertainment, including TV, movies, music, games, and books.”

Amazon has pumped billions of dollars into original programming and acquisitions and has streamed the latest James Bond film ‘No Time To Die’ following the company’s $8.5 billion (£7 billion) buyout of MGM, along with Amazon originals including Chris Pratt in ‘The Tomorrow War’.

The streaming service is to launch one of its most ambitious projects yet in September, with the release of ‘The Lord Of The Rings: The Rings Of Power’ series, which cost the platform an estimated £750 million in rights and filming costs.

However, it has faced heavy competition from rivals Netflix, Disney+ and now the newly-launched Paramount+ in its battle for market share.

On the price increase, Greg Harwood partner at business consultancy Simon-Kucher, said: “Ultimately pricing comes down to perceived value, and Prime will be banking on the fact that today’s subscribers get more value for their money than they did when they first subscribed, and this should be reflected in their willingness-to-pay.

“Whilst customers are unlikely to be happy with the price increase given the broader economic climate and the cost-of-living challenge, Prime will be hoping that the first class shopping experience and the continued investment of billions of dollars into entertainment and the overall streaming proposition will make it difficult for customers to walk away from.”