



Can Amazon Beat Apple and Spotify in High-Def Music Streaming?

Description

In its quest to load more and more industries into its worldwide monopoly of retail, **Amazon.com** ([NASDAQ: AMZN](#)) announced last month that it will launch Amazon Music HD, which will stream more than 50 million songs in high definition “and millions of songs in Ultra HD.”

Amazon is calling this the “highest quality streaming audio available,” and it’s laying a framework for a smooth transition for Prime customers to become Amazon Music customers, or to upgrade their memberships. The internet giant is offering the service for a monthly fee of \$12.99 for Prime subscribers and \$14.99 for non-Prime subscribers.

While there are several players in the music streaming market, the two biggest are **Apple** ([NASDAQ: AAPL](#)) and **Spotify** ([NYSE: SPOT](#)). Spotify has over 100 million premium subscribers, and Apple reportedly has more than 50 million, although its last official report was in May 2018. Amazon has 32 million subscribers, a perfect spot to from which to pounce.

Upping the stakes for music streaming

Right now, the only other companies that offer real competition in the HD market are Tidal and Deezer, which each have a \$19.99 monthly price tag. Tidal speculatively has three million customers, and Deezer has over 14 million. Spotify and Apple each charge \$9.99. Amazon is putting itself squarely in the center, charging current customers \$5 more than their currently monthly payments for the high-fidelity sound.

If Amazon’s gamble pays off, Spotify and Apple will likely have no choice but to jump on the HD bandwagon to keep customers. Apple can handle the bait since its streaming service is largely a ploy to keep [Apple customers using Apple products](#). Music streaming is far from its only business, so Apple doesn’t need to bring in high revenues to make the service worthwhile.

Spotify, on the other hand, might have a harder time working with the new paradigm. It's been going through troubles as the company struggles to make a profit and the stock price fluctuates. Spotify is investing \$500 million in [podcast technology](#) to differentiate and offer exclusive content, a la **Netflix**.

Can Amazon win?

Amazon already has a large customer base, so it has very little to lose in offering this service. On top of the current Amazon Music subscribers, the company has millions more other customers to whom to market Amazon Music HD. The question is, will anyone else be interested? The HD market already looks small when looking at the customers who currently subscribe. Amazon is betting that with its lower price tag, it can pull away those current customers as well as add new customers who will spring for the extra five bucks to get better quality music.

But it may not be so simple. Even with Spotify's travails, odds are on the company to push forward, figure out its game, and keep its top slot. In the same time that Apple added ten million users to its service, Spotify added 25 million. It's been named best streaming service by multiple magazines for its user-friendliness, features, and fee options. Apple's just behind it. But Amazon is way down on most of the lists.

If Amazon can manage to gain new customers through this venture, it can turn this segment into a closer contest with its direct music-streaming competitors. However, as they stay hot on its heels, Amazon will need to upgrade the rest of the service's features to match those of their rivals if it wants to keep its slice of the pie. Regardless of what happens, Amazon remains one of the strongest [technology stocks](#) on the market and will almost certainly be a winner overall.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:AMZN (Amazon.com Inc.)
3. NASDAQ:NFLX (Netflix, Inc.)
4. NYSE:SPOT (Spotify)

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