

Amazon's bid for a bigger piece of the CTV ad revenue pie involves leaning on developers

Article

The news: Amazon is set to enforce a new developer policy that compels both US and international creators of ad-supported streaming video services on Fire TV to reserve 30% of

their in-country advertising impressions for the tech giant.

- As of September 1, Amazon Publishing Services (APS) enrollment will be mandatory for developers of such Fire TV apps in the US that register over 50,000 hours of usage per month.
- The policy extends to international app developers, albeit with a threshold of 30,000 usage hours monthly.
- Where APS is not available, Amazon will claim 30% of these developers' ad revenues, commencing September 30.

Why it matters: Increasing advertising revenues is one way to offset rising content costs.

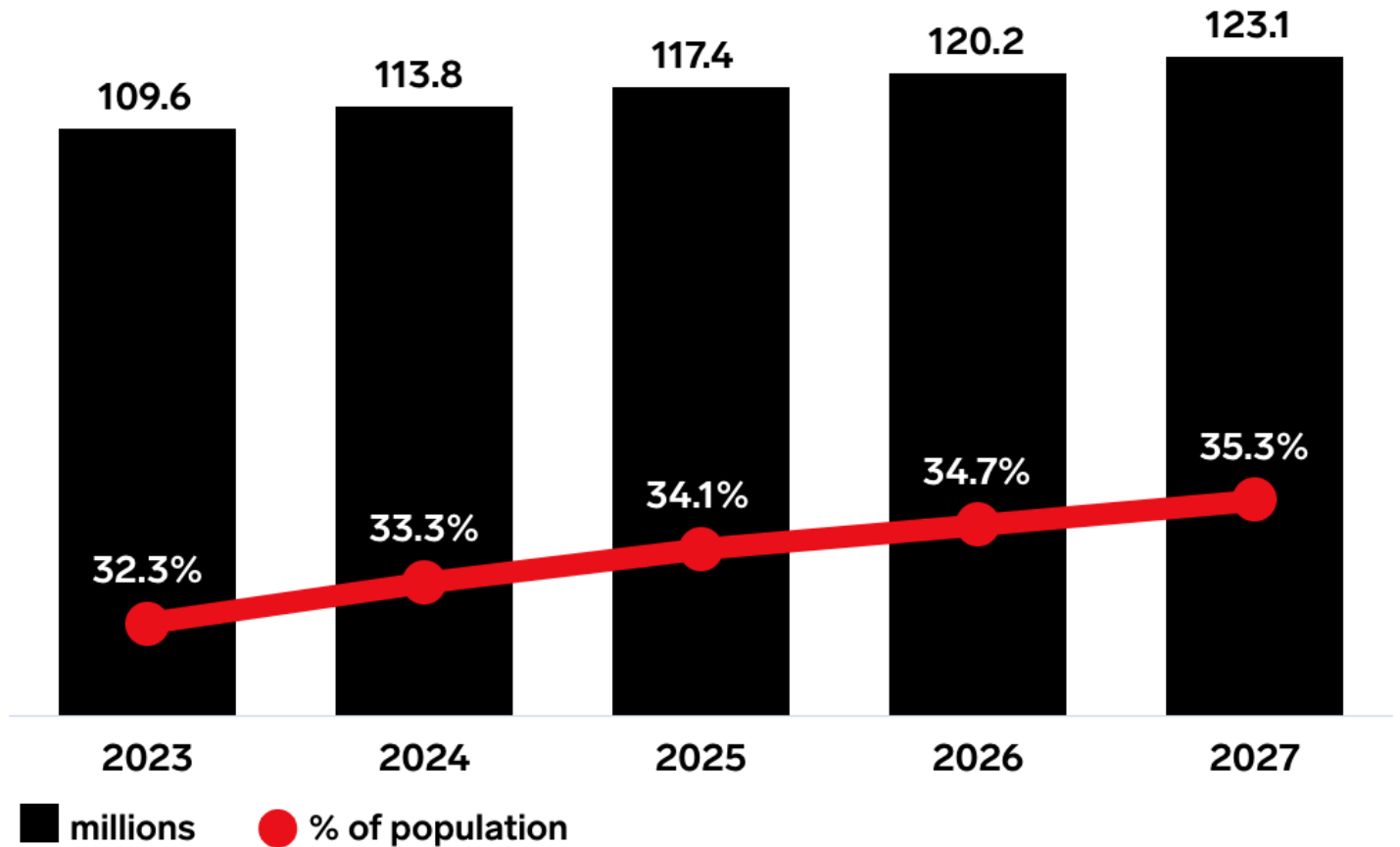
- Amazon's content expenditures climbed by 28% to \$16.6 billion in 2022 from \$13 billion in 2021, with Amazon Originals, live sports coverage, and licensed third-party video bundled with Prime growing roughly 40% to \$7 billion.
- This new policy could reshape the streaming landscape and developer ecosystem given Amazon's considerable US presence; nearly three in 10 US CTV households own a Fire TV.
- Amazon Fire TV uses a modified version of the Android operating system and hosts third-party apps such as **Netflix, Disney+, Hulu, and YouTube**. These apps must adhere to Amazon's policies and be approved by the company before being made available to users.
- This shift in policy is particularly significant as it could disrupt the balance between Amazon and its competitors, including **Roku, Apple TV, and Google TV**.

Our take: Amazon's move to secure a larger slice of advertising revenues and impressions from developers might be seen as an aggressive stance, potentially leading to pushback or even a departure of major services from the Fire TV platform.

- This strategy mirrors past disputes. In 2017, Google removed YouTube from Amazon Fire TV devices, citing issues with Amazon's app developer policies (the service came back two years later under a new deal), while in 2020, Comcast's **Peacock** streamer initially didn't support Amazon Fire TV devices due to a disagreement over ad inventory control in Peacock's ad-inclusive plans.
- While the policy may prove lucrative for Amazon, it risks alienating app developers and causing friction within the industry.

Amazon Fire TV Users

US, 2023-2027



Note: individuals of any age who use the internet through an Amazon Fire TV at least once per month; includes boxes, sticks and smart TVs with a licensed operating system

Source: Insider Intelligence | eMarketer, February 2023

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