

'Disney Prime' could be on the way as the entertainment giant pursues a membership offering

Article

The news: Disney is considering a membership program similar to **Amazon Prime** that would give subscribers access to discounts and exclusive perks for its streaming service, theme parks, merchandise, and resorts, per The Wall Street Journal.

The entertainment company is also looking to introduce commerce features to its Disney+ service before the end of the year.

The Prime playbook: Disney is the latest company to see Amazon's enormously successful Prime program as a blueprint for driving sales and maximizing engagement. Amazon has used Prime to accelerate its flywheel of commerce, media, and advertising, which has enabled the giant to maintain its ecommerce dominance.

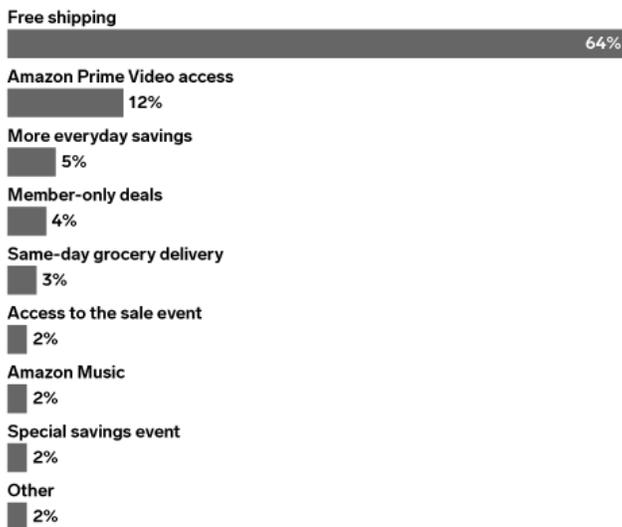
- **Amazon Prime members spend, on average, four times more than nonmembers**, per Bank of America. Shopping events like Prime Day also give the company a big sales and advertising boost.
- Perhaps most important, Prime gives Amazon access to a trove of customer data it can use to spur more spending, both from consumers and the advertisers looking to reach them.
- But copying Prime isn't always a successful strategy: **Walmart** has struggled to grow Walmart+ membership, largely because the features it offers don't align with how most people interact with the retailer.

Disney+'s commerce tie-in: By contrast, adding in-app commerce capabilities to Disney+ gives the entertainment company the opportunity to grow incremental revenues from subscribers. It's also a chance to make money off users who otherwise wouldn't engage with Disney's other product offerings.

- The WSJ reports that Disney plans to add a QR code to its streaming service that, once scanned, will direct users to the Shop Disney website. The company has also floated offering subscribers exclusive merchandise tie-ins to Disney+ shows, like a toy darksaber from "The Mandalorian."
- This is yet another move borrowed from Amazon: Prime Video's X-Ray feature lets viewers buy items related to the shows they're watching, such as NFL merchandise during a football game or items from fashion competition "Making the Cut."

Reasons US Amazon Prime Subscribers Subscribe to Amazon Prime, June 2022

% of respondents



Note: n=2,963

Source: PYMNTS.com, "Walmart+ Weekend: Prime Rival Or Trip To The Grocery Store?" July 11, 2022

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Following social commerce trends: The planned shopping features resemble those implemented by **TikTok** and **Instagram**. Combined with data from “Prime” memberships, the features will help Disney bump up its average revenue per user (ARPU)—and also open up interesting possibilities down the line.

- The in-app shopping features show Disney taking a cue from social media companies, which have launched a bevy of ecommerce features in recent years. **TikTok**’s in-app shopping features, which often appear as regular videos in a user’s feed, have helped [skyrocket its ad revenues](#).
- If Disney can similarly find a way to naturally implement ecommerce, it can avoid complaints from users who may feel like they’re inundated with ads—something Instagram is learning the hard way.

Will it work? With Disney+ preparing to roll out its ad-supported tier, it’s no surprise Disney is looking to collect as much data as it can about its customers. But a membership program like the one Disney is reportedly pursuing will have limited appeal to anyone who isn’t a superfan—unless it’s able to layer in significant perks from third parties.

- Like Walmart, Disney has to make sure that its service fits with the ways people interact with the brand.

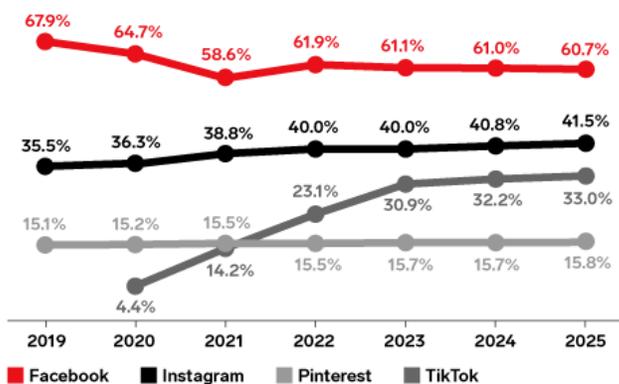
- Customers are sensitive to what they see as money grabs, noted **Patty Soltis**, eMarketer principal analyst at Insider Intelligence. To avoid that, “the focus for this program should be on enhancing the customer experience and building loyalty, retention, and advocacy.”

Looking forward: If Disney wants its new memberships to make an impact, it will have to excite more consumers than just its already devoted fans. Meanwhile, its in-app shopping tools are likely to pique the interest of advertisers and retailers alike looking to partner with the Disney brand.

- The introduction of in-app shopping begs the question of when—and whether—Disney will give third-party merchants access to those ecommerce tools.
- While a move like that could help Disney develop a marketplace to rival TikTok or Amazon, the company’s reputation for highly curated, strict branding suggests that it’ll be a long, long time before Disney thinks about opening the floodgates.

US Social Commerce Buyer Share, by Platform, 2019-2025

% of total US social commerce buyers



Note: ages 14+; social network users who have made at least one purchase via the platform, including links and transactions on the platform itself, during the calendar year; including online, mobile, and tablet purchases
Source: eMarketer, July 2022

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