Low-Cost, High-End Smartphone the Logical Next Step for Amazon

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While many consumers may not be all that interested in a 3D-capable smartphone, they may be very interested in an Amazon smartphone.

I'm going to go out on a limb and say that Amazon will continue its strategy of selling the device it releases at next week's event in Seattle at bargain basement prices. They'll get it to carriers for next to nothing or sell it sans-subsidy to consumers--via Amazon, of course--for somewhere in the $300 to $400 range. In other words, nearly at cost.

Why would they do this you might ask? Because Amazon, when it comes to market with the inevitable "Fire Phone", will be the only smartphone OEM with an ecosystem on par with Apple. Unlike Apple, which uses content to move high-margin devices, Amazon sells its devices as gateways to their vast retail warehouse. Whether it's an MP3 you're looking for or a 5-pound bag of gummy bears, Amazon hopes you'll by it from them using one of their devices.

Amazon is built for a smartphone. Consider its assets: a HUGE customer base; extensive billing system; walled content ecosystem; a line of tablets and eReaders; set-top box that will likely place nice with the new phone. What does that all mean? It means when Amazon brings its phone to market, all those millions of existing Amazon customers are already familiar with the way Amazon products work and will be able to buy the phone, sign in using their existing Amazon credentials out of the box, and voila! , you have instant Amazon smartphone share.

Those worried about whether Amazon's rumored "3D feature" will be anything more than a gimmick can rest assured it will be just that. While the 3D feature could be really "neat" it will never be the thing that consumers use most. It will never be the thing that brings a customer back to Fire Phone 2.0.

So, are there any potential pitfalls? The only bump in the road I could foresee is Amazon putting out a device with a major flaw. Apple survived Antennagate because it had already established itself in the smartphone space, and because it's Apple. Amazon doesn't have that luxury. If it comes to market with a phone that sees high return rates, I doubt it will have another chance with customers.

That said, given the amount of time it took Amazon to bring this device to market, I'm guessing they've covered all their bases.

One final word and then I'll go hang my head in shame as Amazon comes to market next week with 3D tablet and not a smartphone: This is not another Android phone, even though the phone will be built on Google's operating system. This is an

Amazon phone, with a wall around its garden that may not be quite as tall as Apple’s but is sufficient to keep users buying from Amazon. Consumers who buy this phone will be looking for ease-of-use and tighter integration with their existing Amazon products and accounts, and Amazon will profit from that desire.

In closing, the only thing surprising to me about the fact that Amazon will launch a phone next week is that it's actually taken this long for the company bring it all together.

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