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Amazon Prime Membership Growth Slows

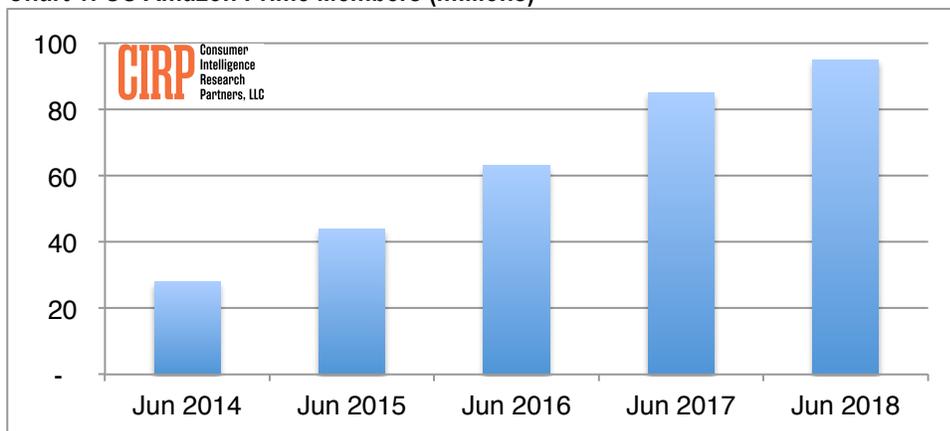
Annual Spending Increases as Long-Term Members Buy More

CHICAGO, IL – Friday, July 13, 2018 - Consumer Intelligence Research Partners, LLC (CIRP) today released analysis of buyer shopping patterns for Amazon, Inc. (NASDAQ:AMZN) for the second quarter of 2018.

Amazon Prime has 95 million US members. These shoppers spend on average about \$1,400 per year, compared to about \$600 per year for non-member customers.

As of June 30, 2018, CIRP estimates that in the US, 59% of Amazon customers are Prime members. Based on this estimate, CIRP estimates that in the US, Amazon Prime has 95 million members (Chart 1).

Chart 1: US Amazon Prime Members (millions)

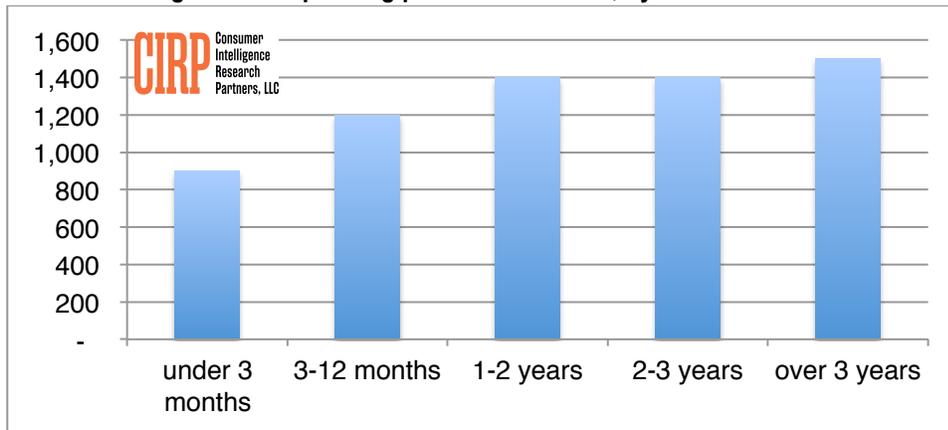


“As we’ve seen in the past few quarters, and as expected, the rapid growth in membership slowed,” said Josh Lowitz, Partner and Co-Founder of CIRP. “Membership grew 12% in the past 12 months, down from 35% growth during the previous 12 months, and around 50% for each of the two years before that. Based on this past

growth, and also on conversion and retention rates for new members, we expect growth will continue to slow.”

Prime member spending has gradually increased. A Prime member spends an average of \$1,400 per year at Amazon, compared to \$600 per year for a non-member. As of the June 2017 quarter, on average a Prime member spent \$1,300 per year at Amazon, and non-members spent \$700 per year. Prime members with the longest tenure spend more, as customers with memberships longer than 3 years spend \$1,500 per year, compared to \$900 per year for the newest members (Chart 2).

Chart 2: Average annual spending per Prime member, by duration of Prime membership



“From Amazon’s perspective, Amazon Prime members improve with age,” said Mike Levin, Partner and Co-Founder of CIRP. “As more Prime members reach their third, fourth or even longer anniversary, average spending should increase. Conversely, Amazon shoppers who are Prime members spend less, as the most active among them move to Prime membership. Uniquely, through Prime, Amazon created a dedicated installed base of loyal retail customers. Stronger than a subscription business model, Amazon uses the power of member affiliation and a desire to amortize their fixed cost of membership across more member benefits, mostly by buying more stuff from Amazon.”

CIRP bases its findings on surveys of 500 US subjects who made a purchase at Amazon.com in the period from April-June 2018. For additional information, please contact Mike Levin (mike@cirpllc.com) or Josh Lowitz (josh@cirpllc.com) at 312.344.3664. Further information on CIRP, which provides securities research to the investment community using advanced consumer market research strategies, methods, and techniques, is at www.cirpllc.com.

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