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Amazon Prime Reaches 85 Million US Members

Almost Two-Thirds of Customers Have Prime Membership

CHICAGO, IL – Thursday, July 6, 2017 - Consumer Intelligence Research Partners, LLC (CIRP) today released analysis of buyer shopping patterns for Amazon, Inc. (NASDAQ:AMZN) for the second quarter of 2017.

This analysis indicates that Amazon Prime now has 85 million US members, spending on average about $1,300 per year, compared to about $700 per year for non-member customers. The current membership figure compares to an estimated 63 million US members at the end of the June 2016 quarter, or an increase of 35% in one year.

As of June 30, 2017, CIRP estimates that in the US, 63% of Amazon customers are Prime members. Based on this estimate, CIRP estimates that in the US, Amazon Prime has 85 million members (Chart 1).

Chart 1: US Amazon Prime Members (millions)

“Amazon Prime membership basically doubled in the US in the past two years,” said Josh Lowitz, Partner and Co-Founder of CIRP. “Quarterly growth measured as a percentage continues to slow down, which makes sense as the base of Prime members grew and penetration of the Amazon US customer base continues. Still, Amazon had...
another good quarter. Membership grew 6% in the most recent quarter, compared to 9% growth in the year-ago quarter ending in June 2016, accounting for five million new Prime members in each of the June quarters.”

On average, US Amazon Prime members shop at Amazon.com 25 times per year. In contrast, customers without Amazon Prime shop at Amazon.com an average of 14 times per year.

“The difference in annual spending between Amazon Prime and other Amazon customers is driven by number of transactions,” said Mike Levin, Partner and Co-Founder of CIRP. “Amazon Prime membership encourages much more frequent shopping, likely because the free shipping benefit knocks down a key barrier to buying online often and makes Amazon their first stop for online purchases. Otherwise, Amazon Prime members buy the same number of items per visit, and spend roughly the same amount per visit as non-Prime members.”

Since April 2016 Amazon offers Amazon Prime members the option of paying $10.99 per month instead of $99 per year. CIRP estimates that 28% of Amazon Prime members pay for their membership monthly, rather than annually.

“The monthly payment option continues to grow,” continued Lowitz. “Even though the total annual cost is higher, smaller monthly payments are more affordable and allow new Prime members to delay making a full-year commitment to the service. Along with accepting government benefits for low-income families and discounting Prime membership for families receiving government assistance, the monthly payment plan is consistent with Amazon’s apparent strategy to expand its reach to broader shopper demographics.”

CIRP bases its findings on surveys of 500 US subjects who made a purchase at Amazon.com in the period from April-June 2017. 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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