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Amazon Ready for Another Credit Card

Card Portfolio Encourages Spending, Yet Has Not Kept Up with Amazon Prime

CHICAGO, IL – Friday, January 13, 2017 - Consumer Intelligence Research Partners, LLC (CIRP) today released analysis of branded credit cards offered by Amazon, Inc. (NASDAQ:AMZN), including co-branded Visa credit cards and proprietary Amazon and Amazon Prime charge cards.

This week, Amazon announced a new Visa credit card program with JP Morgan Chase & Co. (NYSE:JPM). The Amazon Prime Rewards Visa Signature Card provides Amazon Prime members 5% cash-back on Amazon purchases and 1% and 3% rewards on other purchases. Currently, Amazon offers its Amazon Rewards Visa card, also through Chase, and Amazon and Amazon Prime store cards that consumers can use only for Amazon purchases.

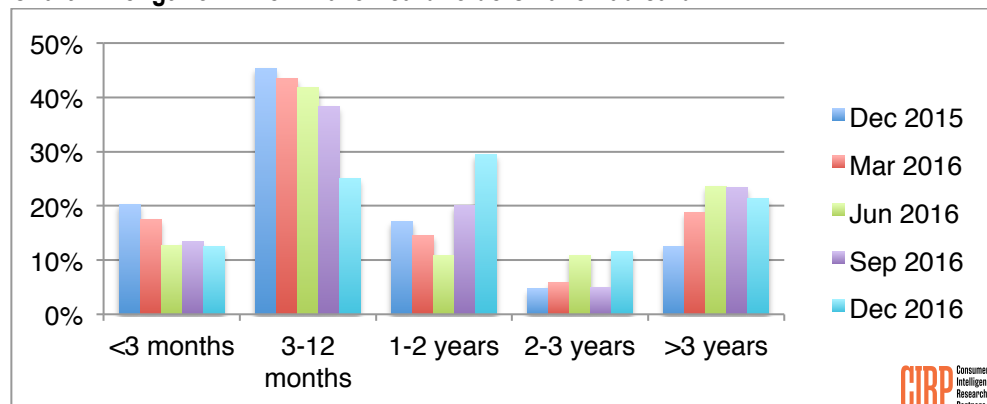
CIRP analysis indicates that approximately 15% of US Amazon customers currently have one of Amazon's credit cards, representing approximately 21 million customers. One year ago, as of December 31, 2015, CIRP estimates approximately 13% of US Amazon customers had one of Amazon's credit cards, representing approximately 17 million customers. Customers with Amazon credit cards are the highest spending cohort of shoppers, exceeding even Amazon Prime members' average annual expenditure by 16%.

"Amazon credit cards cement customer loyalty as well or better than Amazon Prime membership does," said Josh Lowitz, Partner and Co-Founder of CIRP. "While both encourage Amazon customers to shop at Amazon.com more often, Amazon cardholders also spend somewhat more per item and per visit compared to Amazon Prime members as a whole. Cash-back rewards for using the Amazon Visa and Amazon Prime store cards seems to encourage greater spending."

Growth in Amazon credit cards has slowed somewhat. A lower percentage of Amazon Visa and charge card users report signing up for a card in the past year. In the most recent quarter, ending December 31, 2016, 38% of customers with a Visa or charge card reported having the card for less than one year. A year ago, in the quarter ending

December 31, 2015, 65% of customers with an Amazon Visa or charge card reported having the card for less than one year (Chart 1).

Chart 1: Length of Time Amazon cardholders have had card



“Any retailer would love a credit card portfolio of 20 million or more customers, yet Amazon seems to want to grow that number,” said Mike Levin, Partner and Co-Founder of CIRP. “Growth in the Amazon card customer base has not kept pace with the tremendous growth in Amazon Prime membership. So, Amazon may sense an opportunity to add a significant number of accounts with aggressive marketing of a well-designed and competitive card.”

“While the card base has increased in size in the past year, we attribute some of this growth to the natural growth in the Amazon customer base,” continued Lowitz. “Amazon Prime continues to drive customers to spend more and more often at Amazon, to the point that more than half of Amazon customers have a Prime membership. Amazon no doubt sees similar potential in a Prime credit card program.”

CIRP bases its findings on surveys of 500 US subjects who made a purchase at Amazon.com in the period from September-December 2016, and similar earlier quarterly surveys. 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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