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Amazon Prime Doubles in Size in Two Years

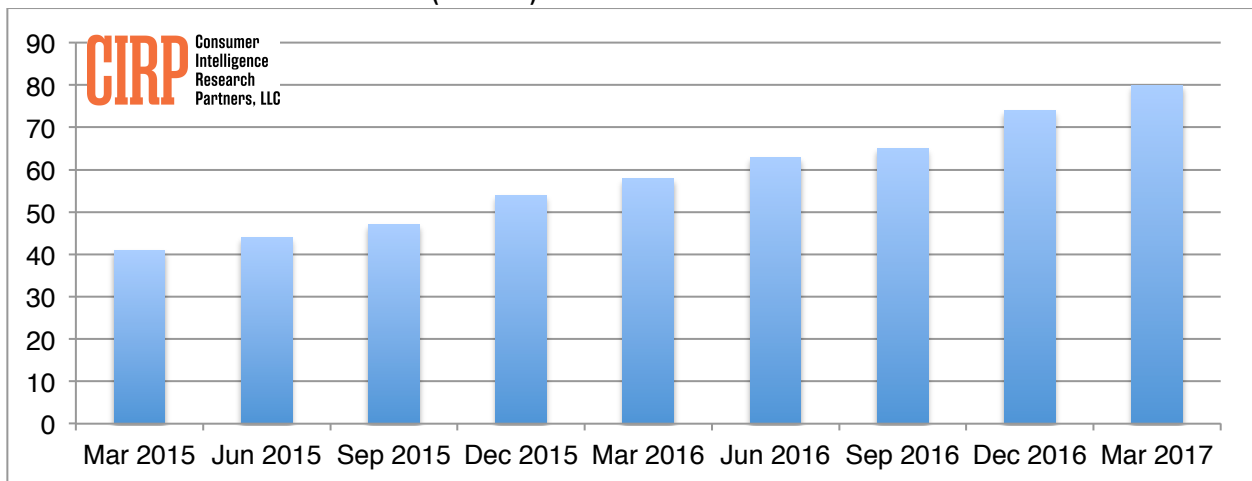
Over 25% Pay for Prime Membership Monthly

CHICAGO, IL – Tuesday, April 25, 2017 - Consumer Intelligence Research Partners, LLC (CIRP) today released analysis of buyer shopping patterns for Amazon, Inc. (NASDAQ:AMZN) for the first quarter of 2017.

This analysis indicates that Amazon Prime now has 80 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 58 million US members at the end of the March 2017 quarter, or an increase of 38% in one year.

As of March 31, 2017, CIRP estimates that in the US, 60% of Amazon customers are Prime members. Based on this estimate, CIRP estimates that in the US, Amazon Prime has 80 million members (Chart 1).

Chart 1: US Amazon Prime Members (millions)



“Looking back, Amazon Prime membership doubled in the US in two years,” said Josh Lowitz, Partner and Co-Founder of CIRP. “While slower growth is expected as it reaches natural limits, Amazon had a surprisingly strong quarter. Membership grew 8% in the most recent quarter, compared to 7% growth on a smaller base in the year-ago quarter ending in March 2016.”

In its December 2016 financial release, Amazon disclosed figures that allow a rough estimate of Amazon Prime membership. For Fiscal Year 2016, Amazon disclosed \$6.4 billion in worldwide “Retail subscription services”. This includes Amazon Prime fees and various forms of digital media subscription fees.

“While it’s tempting to use the newly released services figure to estimate Amazon Prime members, it does miss a couple of important factors,” said Mike Levin, Partner and Co-Founder of CIRP. “First, 5-10% of Amazon Prime members don’t pay the standard fee or at all for their membership because they are within the 30-day free trial period, or because they take advantage of Amazon Student or other similar reduced-fee programs. Second, Amazon’s accounting for Prime membership fees spreads the fee over a full year, and recognizes only a portion of the \$100 fee each month, so partial year members further distort the equation. In this way the \$6.4 billion figure does not reflect a year of revenue from each Prime member.”

CIRP estimates that 26% of Amazon Prime members have elected to pay monthly for a membership, instead of annually. Since April 2016 Amazon offers Amazon Prime members the option of paying \$10.99 per month instead of \$99 per year.

“The monthly payment plan proved attractive, even though it costs more than the annual plan,” continued Lowitz. “We think that the monthly membership option appeals to the later Prime adopters, with a smaller, potentially temporary commitment, that ultimately yields a long term commitment. With smaller dollar, single month decisions, the new plan winds up helping with retention rates, which already average 85% for a member renewing after their first year.”

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