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## Amazon Prime Grows in the US, at a Slower Pace

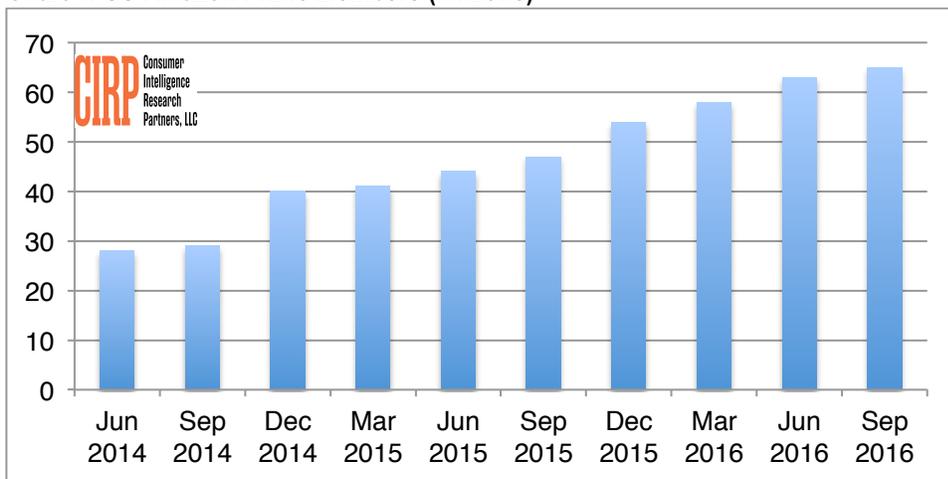
### Almost 20% Pay Monthly Fee, Helping Retention

CHICAGO, IL – Tuesday, October 25, 2016 - Consumer Intelligence Research Partners, LLC (CIRP) today released analysis of buyer shopping patterns for Amazon, Inc. (NASDAQ:AMZN) for the third quarter of 2016.

This analysis indicates that Amazon Prime now has 65 million US members, spending on average about \$1,200 per year, compared to about \$600 per year for non-member customers. The current membership figure compares to an estimated 47 million US members at the end of the September 2015 quarter, or an increase of 38% in one year.

As of September 30, 2016, CIRP estimates that in the US, 52% of Amazon customers are Prime members (Chart 1).

**Chart 1: US Amazon Prime Members (millions)**



“US Amazon Prime membership continues to grow, although at a slower pace than before,” said Josh Lowitz, Partner and Co-Founder of CIRP. “As Amazon starts to reach

a limit of available US households, it saw its annual growth rate decline a bit. Sequential growth, from the June 2016 quarter, also slowed, to 3%, compared to 7% in the June 2015 to September 2015 quarter, which benefitted greatly from the inaugural Amazon Prime Day.”

CIRP estimates that 19% of Amazon Prime members have elected to pay monthly for a membership, instead of annually. Beginning in April 2016 Amazon offers Amazon Prime members the option of paying \$10.99 per month instead of \$99 per year.

“A monthly payment plan is pretty clever, and will no doubt help with conversion rates,” said Mike Levin, Partner and Co-Founder of CIRP. “Amazon has seen a leveling in the rate at which free trial customers convert to full members, from 66% two years ago to 62% in the most recent twelve-month period. Allowing free trial members to pay only \$10.99 monthly, rather than spending \$99 all at once, should help improve that conversion rate. In addition, we predict the monthly payment option will improve Amazon Prime’s already very high retention rate, by eliminating the \$99 annual decision point. Of course, for a single membership the monthly payment option also increases Amazon’s fee revenues by about one-third relative to the single annual payment, so monthly payments also boosts Amazon’s revenues.”

CIRP bases its findings on surveys of 500 US subjects who made a purchase at Amazon.com in the period from July-September 2016. For additional information, please contact Mike Levin ([mike@cirpllc.com](mailto:mike@cirpllc.com)) or Josh Lowitz ([josh@cirpllc.com](mailto: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](http://www.cirpllc.com).

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