

Forecast: Just how big is Amazon Prime and how fast will it grow?

Article

At the heart of Amazon's flywheel is Amazon Prime—a subscription service that includes a wide variety of perks such as discounts on select items, expedited shipping, and online videos, games, and music, to name a few. In fact, in June this year, J.P. Morgan estimated the value of a Prime subscription (which costs \$119 annually) at approximately \$1,000.

Amazon launched Prime in 2005 with the offer of unlimited two-day shipping for \$79 per year on a wide selection of products housed on the retailer's site. Six years later, Amazon added Prime Video, giving subscribers access to ad-free movies and TV shows.

In 2014, the company raised Amazon Prime's price to \$99 and started experimenting with adding more services—some of which, like Prime Pantry and Prime Now, were aimed at facilitating repeat household item purchases but have been discontinued as standalone services. Then, in 2015, Amazon created its own shopping holiday, Prime Day, now a multiday event that generated \$11.19 billion in sales worldwide for the company in 2021, according to [Digital Commerce 360](#).

We forecast that the number of US Amazon Prime households will reach 81.4 million in 2021, up 4.8% year over year (YoY). Put another way, nearly two-thirds (63.4%) of all US households will have an Amazon Prime membership this year. To put that in perspective, we estimate that in 2016, 44.8 million US households—35.6% of all households—had Amazon Prime. We forecast that those numbers will grow to 90.2 million and 68.0% by 2025.

As Amazon adds more services to its platform and looks to offer even faster shipping via its Prime Air drone delivery service, we expect more households to sign up for Prime in the coming years.

Read more about Amazon in our recent report on The Power of Amazon.

Report by Suzy Davidkhanian, Blake Driesch, David Morris, Nicole Perrin, Lisa Phillips, Jillian Ryan, Jaime Toplin, Paul Verna, Sara M. Watson, and Yoram Wurmser Sep 09, 2021

The Power of Amazon

