

# Buy with Prime extends Amazon's reach to third-party retailers' sites

Article

**The news:** Amazon launched **Buy with Prime**, a new feature that enables third-party merchants to appeal to Amazon Prime members by leveraging the retail giant's massive logistics infrastructure to fulfill orders on their own websites.

**More on this:** Buy with Prime melds Amazon's fulfillment and payments services to provide a streamlined checkout process on non-Amazon websites.

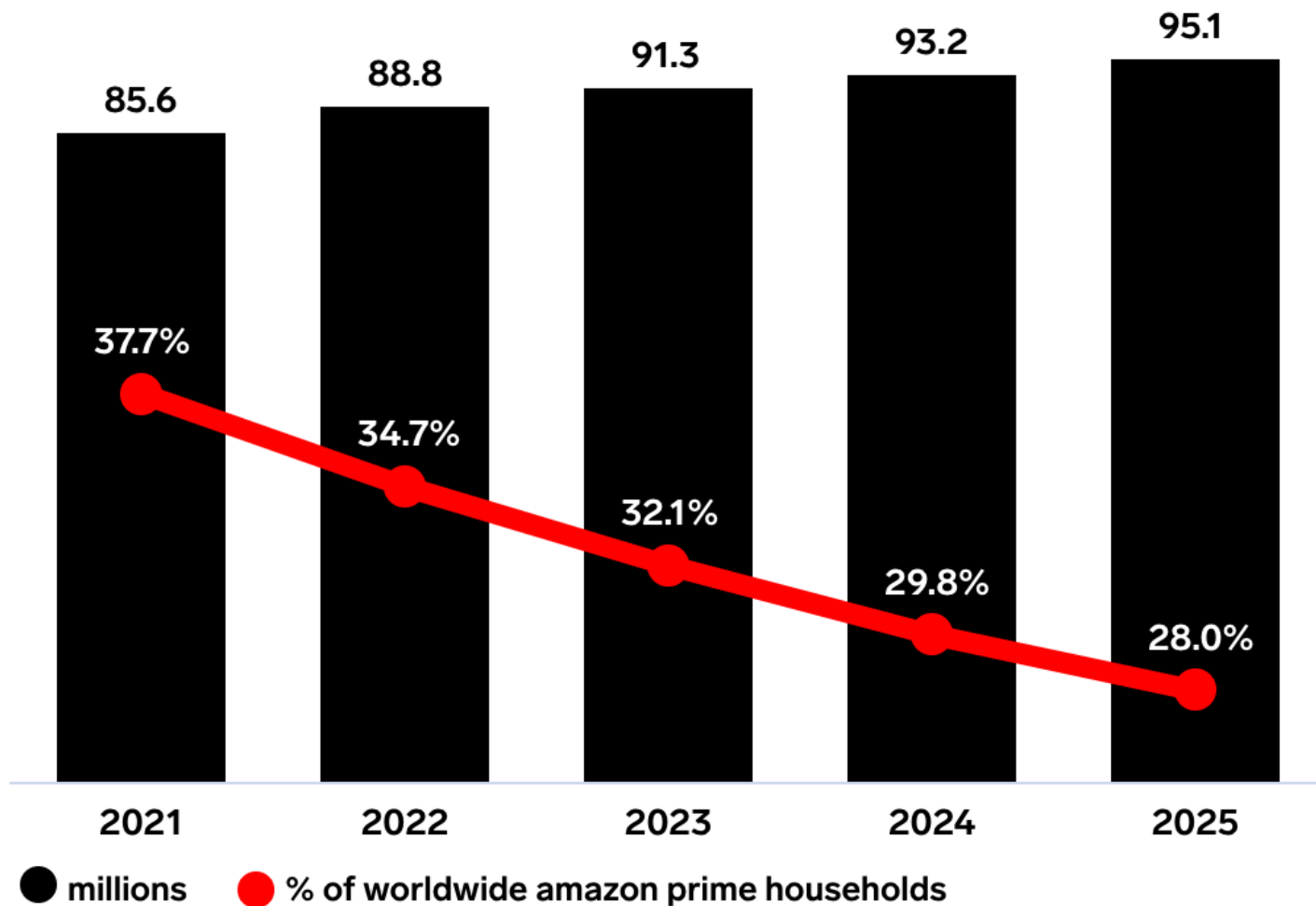
- Buy with Prime is initially only available by invitation for merchants that already use Fulfillment by Amazon, but throughout this year it will expand to retailers that do not sell on Amazon or use FBA.

**Prime's value:** Buy with Prime provides other merchants access to the lucrative Amazon Prime customer base, which is a key cog within the retailer's business.

- We estimate that **88.8 million US households, or 65.9% of total US households, have a Prime membership** this year.
- Amazon generated **\$31.77 billion** in subscription revenue last year (the vast majority of that is from Prime memberships), which was a 15% jump year-over-year.
- **US Prime members vastly outspend US non-Prime members.** Prime members spent \$1,968 per year on Amazon on average, which is roughly four times as much as the non-Prime shoppers, per a 2021 Bank of America survey of US shoppers reported on by Quartz.

## Amazon Prime Households

US, 2021-2025



Source: eMarketer, February 2022

eMarketer | InsiderIntelligence.com

**There's no free lunch:** Of course, access to those Prime members comes at a cost.

- Pricing for Buy with Prime will vary based on merchants' use of payment processing, fulfillment, storage, and other fees, per CNBC.

**Taking on Shopify:** Amazon has long had a complicated relationship with the merchants that sell on its marketplace. While sellers appreciate access to Amazon's massive customer base, that access comes at the cost of handing Amazon control of their customer relationships.

- That's provided an inroads for **Shopify**, **BigCommerce**, and other platforms to give retailers the tools to sell directly to consumers on their own easy-to-navigate websites with a streamlined checkout.
- Shopify has built out its fulfillment services, and is reportedly in talks to buy technology startup **Deliverr**, which helps retailers that sell on online marketplaces get products to consumers' doors in no more than two days, per Bloomberg.
- With Buy with Prime, retailers can access Amazon's logistics network to provide same, one-, or two-day delivery.
- The service builds off Amazon Multi-Channel Fulfillment's integration with BigCommerce that launched last year, said **Sky Canaves**, senior analyst at Insider Intelligence. That service allows BigCommerce US merchants to use Amazon's order fulfillment services regardless of whether they sell on Amazon. "Buy with Prime appears targeted at Shopify," she said. "It could work for existing or prospective merchants on BigCommerce who now have a better fulfillment option with Prime."

**The big takeaway:** Amazon regularly touts the tremendous value consumers receive via Prime membership.

- By extending the reach of its payment and fulfillment services beyond Amazon, the retailer could unlock more value while, at the same, providing a new revenue channel from its existing logistics infrastructure in much the same way it built out Amazon Web Services from its computing infrastructure.