

Amazon could launch standalone grocery, healthcare subscriptions

Article

The news: Amazon is considering launching standalone healthcare and grocery subscriptions as it looks to attract younger and low-income customers to its Prime membership service, [per Insider](#).

- The retailer is also exploring [adding primary care services](#) via **One Medical** to the existing suite of Prime benefits.
- The new subscriptions could be rolled out as early as the end of the year.

Searching for growth: Adding membership options could be the boost that Amazon Prime needs as user growth slows to single digits.

- The number of Prime users will grow just 3.9% this year and slow to 1.8% by 2026, [according to our forecast](#).
- While that's mostly because Prime is approaching saturation in the US—roughly two-thirds of the population and 72% of internet users currently use the service, per our estimates—the retailer is also reportedly having difficulties convincing younger and lower-income consumers to sign up.
- Amazon already offers lower-cost options for both college students and households that receive government assistance, but adding cheaper memberships for essential services like healthcare and groceries could attract consumers unwilling to pay \$139 annually for the full complement of benefits.

The fourth pillar: The push to expand subscription revenues comes as Amazon faces criticism over its failure to develop a fourth pillar to rival Prime, its marketplace business, and Amazon Web Services.

- Despite high-profile investments in grocery and healthcare, the company has so far been unable to dominate those industries as it has in the ecommerce and cloud services sectors.
- Amazon recently [overhauled its grocery business](#) in a bid to grow its share of online grocery dollars and reduce supply chain costs, but **Walmart** still has a commanding lead. Over six in 10 (61.4%) digital grocery buyers [have ordered from Walmart](#), compared with 49.5% for Amazon.com and just 18.6% for Amazon Fresh.
- Offering a standalone grocery service could help Amazon narrow the gap, assuming it prices the membership low enough to compete with Walmart+, **Instacart**, **Kroger**, and the numerous other retailers vying for a piece of the market.

The big takeaway: With Prime growth slowing, Amazon faces a choice between adding more features—which could require it to raise fees—and launching standalone memberships that

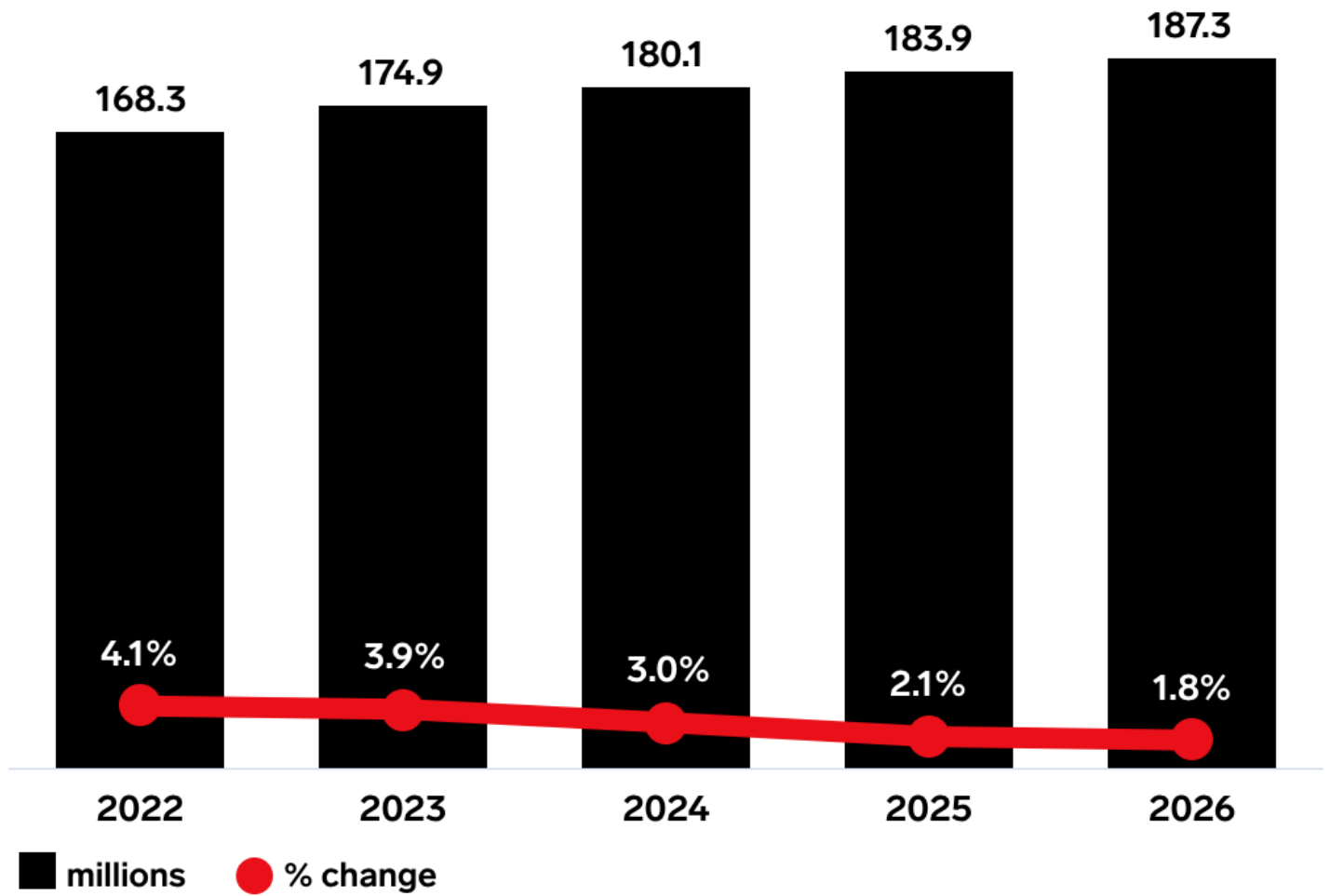
offer consumers more entry points to the service, but risk diluting the Prime brand and its overall value proposition.

- At the same time, expanding the range of benefits to grocery and healthcare could protect the retailer from the growing threat posed by **TikTok Shop**, **Temu**, and **Shein**, all of which are leveraging their popularity with Gen Z audiences to boost their share of ecommerce sales.

Go further: Read our [Power of Amazon](#) report for more on the company's growth prospects and challenges.

Amazon Prime Users

US, 2022-2026



Note: individuals ages 18+ who have an Amazon Prime account and sign in at least once during the calendar year

Source: Insider Intelligence | eMarketer, June 2023

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