

With 100 Million Prime Members on Board, Amazon Lifts Fee by 20%

Membership price increase comes as company profit surges

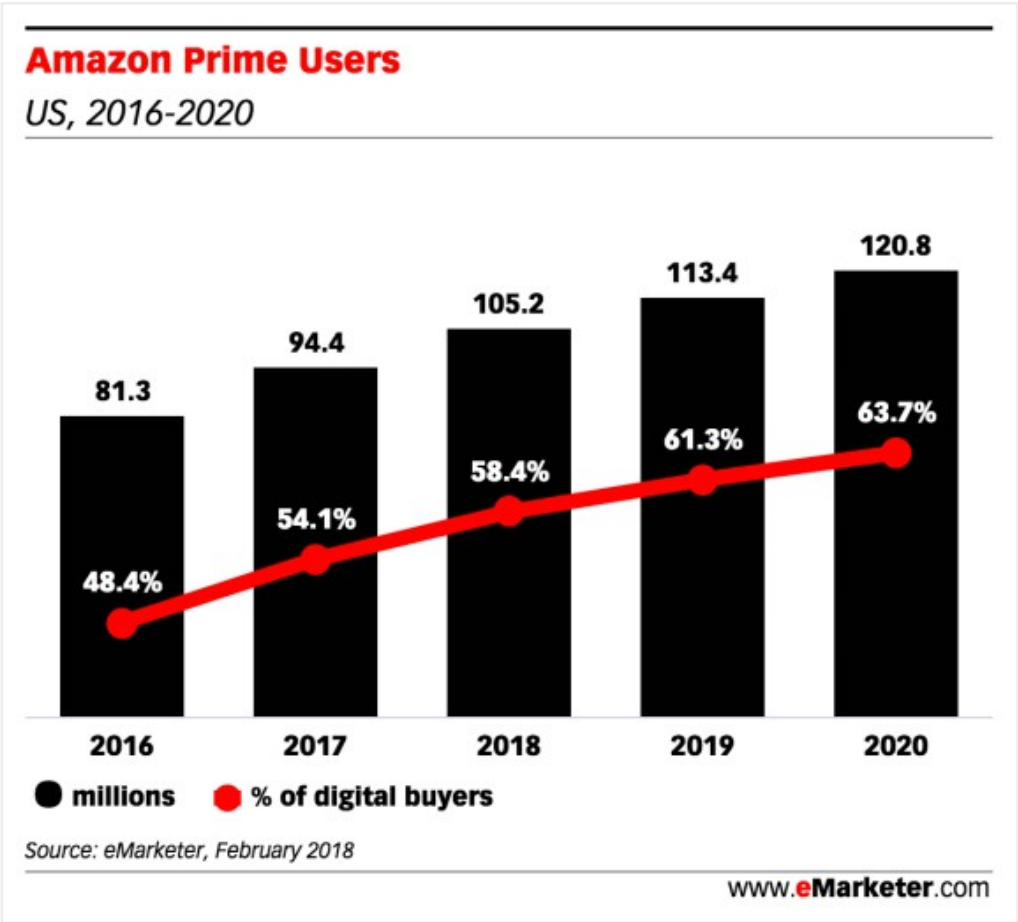
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After disclosing for the first time how many Prime members it has, Amazon has followed up with a price increase of roughly 20%, lifting the annual membership fee to \$119, the first time it has bumped up the price in four years.

The price increase was disclosed as the company posted earnings on Thursday. Amazon founder Jeff Bezos had revealed in his annual letter to shareholders last week that there are over 100 million Amazon Prime members worldwide.

The Prime membership number is in line with eMarketer's earlier estimate that by the end of 2018 the number of Amazon Prime members in the US will break the 100 million mark, reaching 105.2 million figure is for the US only. eMarketer does not estimate worldwide Prime members, and Amazon did not break out international subscriptions for the eight other countries Prime is offered in. Still, it's fair to guess the US has the majority of members.



The disclosure of the increased Prime membership cost came as Amazon released spectacular results for the first quarter, with overall sales jumping 43%. A significant portion of that was driven by demand for Amazon's cloud services, but product sales registered a very strong 33% gain.

Notably, the company also delivered strong profits (not always a focus for the growth-oriented enterprise), and while Amazon has shown no fear of doubling down on investing in its ecommerce operations, it's interesting that it lifted the Amazon Prime fee amidst such strong growth and profitability.

Amazon said it made \$9.7 billion from subscription services, working out to about 5% of total sales. That figure is not exclusively Prime membership fees, as it includes sales from Amazon's Kindle Unlimited, Music Unlimited service and others, though.

The rising costs of providing the service were cited as a factor in the price change. The company pointed up faster shipping speeds and the wider range of eligible items. "It's much different that in was in 2014," said Amazon CFO Brian Olsavsky on a call with analysts.

In March, Amazon introduced grocery delivery from Whole Foods Market in 10 US cities with the Prime Now free two-hour delivery window. There was no word when or if this will expand to more cities.