

Amazon Prime Members and Their Need for (Shipping) Speed

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Last week, Amazon announced its latest ploy to attract and retain Prime members: [An \\$800 million investment in one-day delivery](#). This expansion initiative comes when growth among its most lucrative shoppers is waning. We estimate that US Prime user growth will be less than 9% this year, vs. 12.5% in 2018.

The new plan makes sense, as an overwhelming majority of Prime members say their favorite offering from Amazon is free two-day shipping, according to a February 2019 [Feedvisor](#) study conducted by [Zogby Analytics](#).

What Do US Amazon Prime Members Like Most About Prime?

% of respondents, Feb 2019



Note: Amazon Prime members ages 18+ who have purchased a product on Amazon in the past 24 months

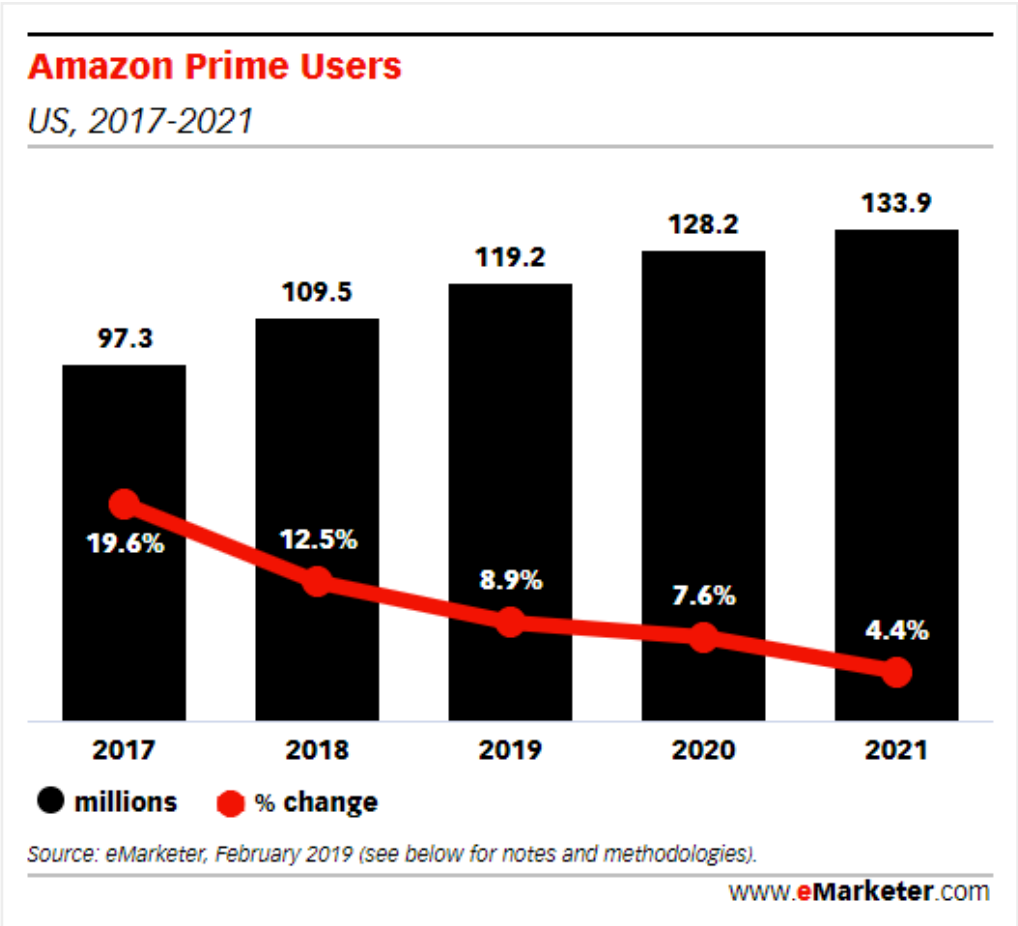
Source: Feedvisor, "The 2019 Amazon Consumer Behavior Report" conducted by Zogby Analytics, March 19, 2019

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Consumers of all ages are willing to pay for quicker delivery, and Amazon's free shipping upgrade will likely make Prime more appealing. According to a 2018 [LaserShip](#) survey conducted by Hanover Research, next-day shipping was something 32% of those ages 18 to 25 would pay for, as well as 26% of those 26 to 54. This topped the 31% of 18- to 25-year-olds who said the same of two-day shipping, as well as the roughly 20% of respondents 26 to 54. Amazon's rumored shipping upgrade could indeed attract new consumers looking for faster shipping speeds and retain the nearly 119 million shoppers who already subscribe.

By 2021, that figure will grow to nearly 134 million Amazon Prime users, accounting for more than half of the US population. But Prime membership growth will slow to just 4.4%.

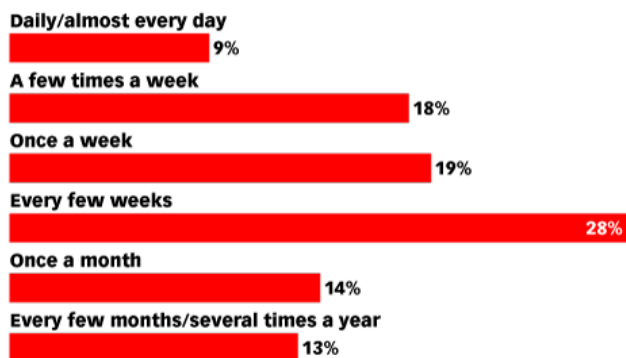


Amazon’s focus on Prime member growth is logical, as these consumers are the most lucrative for the business — Prime members spend an average of \$1,400 per year on Amazon, vs. nonmembers’ \$600, according to an October 2018 study from CIRP.

These shoppers likely spend more because they’re buying more frequently. According to Feedvisor, 46% of Prime members said they make a purchase on Amazon at least once a week, and 9% said they do so almost every day or daily.

How Often Do US Amazon Prime Members Make a Purchase on Amazon?

% of respondents, Feb 2019



Note: ages 18+ who have purchased a product from Amazon in the past 24 months

Source: Feedvisor, "The 2019 Amazon Consumer Behavior Report" conducted by Zogby Analytics, March 19, 2019

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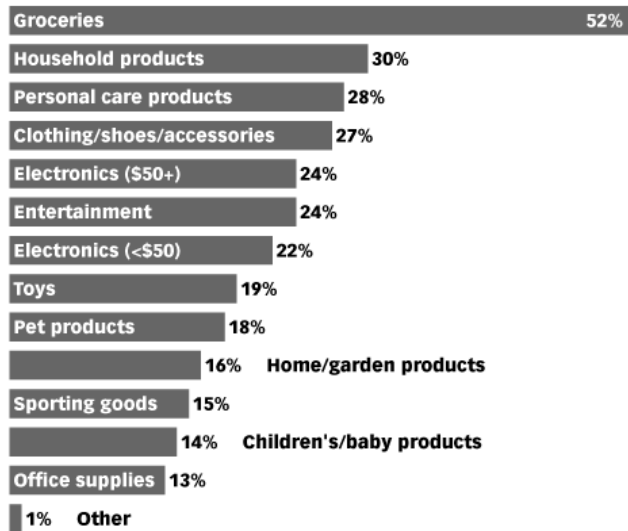
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Nearly half of Prime members said they buy products online (not specifically on Amazon) with similar frequency. Only 13% of Prime nonmembers do the same.

These consumers spend on myriad product categories, and timing makes all the difference. Amazon Prime Now members flock to the e-tailer for groceries above all else, according to a [Cowen and Company](#) survey concluded in September 2018. Household and personal care products came in a distant second and third.

Which Product Categories Do Amazon Prime Now Users Purchase on the Site?

% of respondents, Jan-Sep 2018



Source: Cowen and Company, "Amazon: Hungry for More U.S. Grocery Market Share," Dec 11, 2018

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But as Walmart and Target plan to roll out same-day delivery in the near future, only time will tell what Amazon plans for its next upgrade.