

Amazon launches same-day delivery from other retailers' stores

Article

The news: Amazon rolled out a new program that lets consumers in 10 US metro areas including Atlanta, Chicago, and Seattle receive same-day delivery from select retail stores.

- The first retailers to participate in the service are **PacSun, GNC, SuperDry, and Diesel**. Amazon plans to expand the program to **Sur La Table** and **100% Pure** in the coming months.

- Delivery is free for US Prime members who spend at least \$25 on qualifying items (otherwise it is \$2.99) and is \$9.99 for non-Prime members. Some stores may also offer a click-and-collect option.

How it works: Shoppers can order from participating retailers via the same-day store section of Amazon's website and app.

- After the shopper clicks the buy button, Amazon sends the order details to the store where an associate fulfills it using store inventory.
- An Amazon delivery driver then picks up the order from the store and delivers it to the customer.
- Shoppers initiate a return via its website and app.

Taking on quick delivery companies: The service puts Amazon in direct competition with quick delivery companies such as **Instacart**, **Target**-owned **Shipt**, and **Walmart**-owned **GoLocal**, which have forged relationships with merchants such as **Dick's Sporting Goods**, **Costco**, and **Home Depot**.

- The timing of the announcement comes days after The Wall Street Journal reported that Instacart—which was reportedly profitable in Q2—plans to go public before year's end.

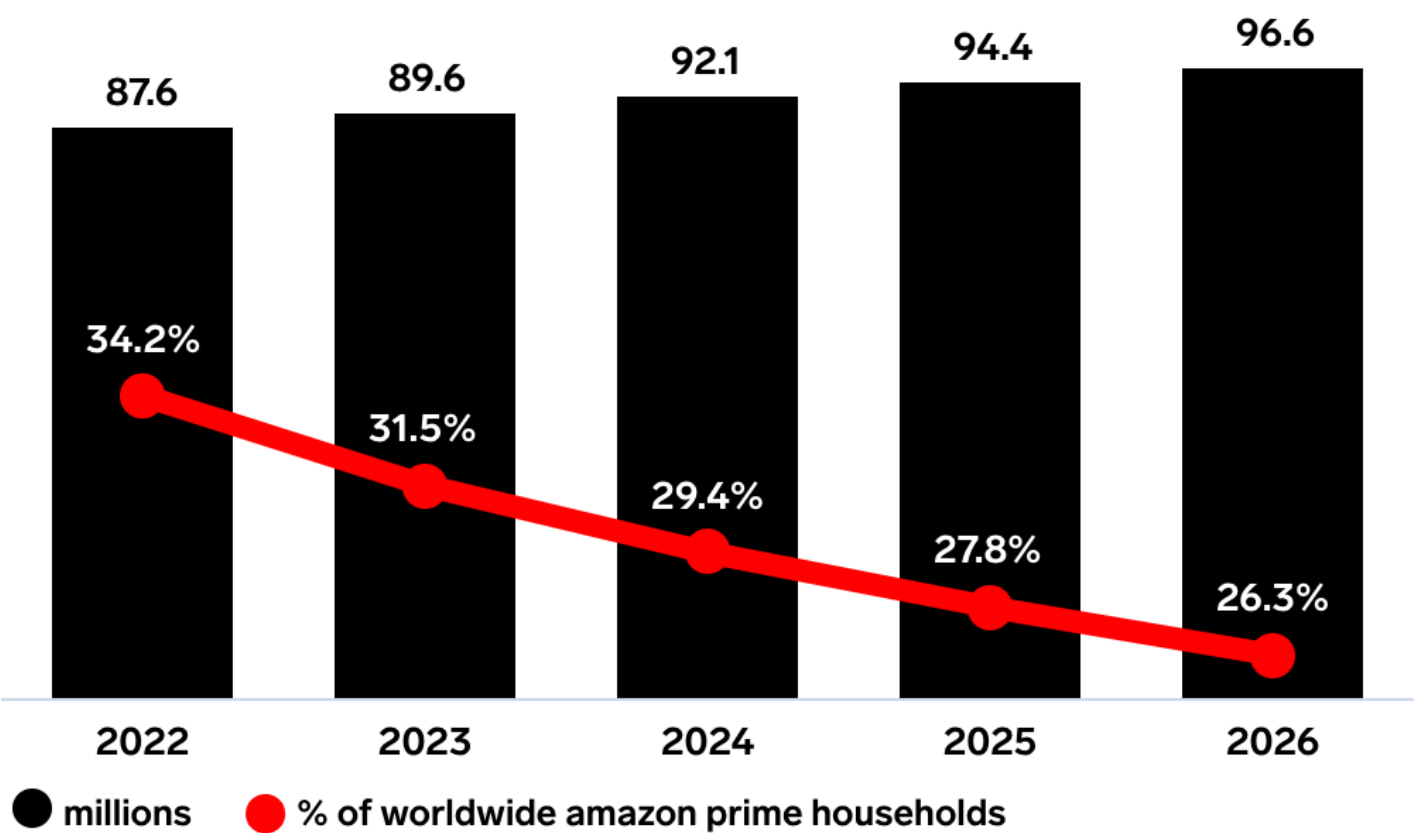
The calculus: By tapping into its existing logistics infrastructure, Amazon is further expanding the value of its Prime membership at a time when its US user growth has begun to slow.

- **More than half the US population—172 million people—are Prime members**, according to Consumer Intelligence Research Partners. Over two-thirds of US households (67%) subscribe to Prime, per our estimates.
- Those customers are extremely valuable to Amazon because **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.
- **Prime membership is also an important revenue channel** for the retailer, with subscription services (which are largely made up of Prime fees) accounting for \$15.497 billion in the first half of the year—a 10.5% increase year-over-year.
- **As membership growth slows, Amazon needs to avoid churn and keep its existing subscriber base satisfied** by offering exclusive benefits such as access to Prime Day and a

second sales event this fall, as well as **perks** such as free food delivery via **Grubhub** (which it invested in), and delivery from other stores.

Amazon Prime Households

US, 2022-2026



Source: eMarketer, June 2022

eMarketer | InsiderIntelligence.com

Another benefit: By offering delivery from other stores, Amazon is able to gather data from other merchants.

- That's a similar calculus to the [Buy with Prime](#) program it launched earlier this year, which melds Amazon's fulfillment and payments services to provide a streamlined checkout process on non-Amazon websites.

The big takeaway: Amazon's newest service is a no-brainer. It enables the retailer to leverage its existing infrastructure to take on companies such as Instacart, Shipt, and GoLocal as well as gather data on other merchants, while further expanding the value of the Prime membership.

Go further: [Read our Power of Amazon report here.](#)