

Prime Is Key to Amazon's International Expansion

Article

Amazon's influence over the US ecommerce market is undeniable. Prime, Amazon's customer loyalty program, has been a major driver behind its success in the US.

eMarketer's latest report, "[Amazon Around the World: 'Primed' for International Expansion, but Faces Challenges from Alibaba, MercadoLibre, Flipkart and Others](#)," lays out which countries Amazon is already in and how it has tailored its approach to each market.

Amazon currently offers Prime memberships to residents of 17 countries worldwide. Access to Prime Video and some form of premium shipping is a common denominator, but other

benefits and membership prices vary from country to country. (China is the only market without Prime Video).

Prime is also the key to Amazon’s international expansion in general. While the platform has influenced how people from all over the world shop, it still only makes up a small percentage of worldwide ecommerce sales. In 2018, for instance, we forecast that Amazon will make up 13.7% of the worldwide ecommerce market and just 5.6% when the US is excluded.

“Once Amazon fully establishes Prime culture abroad, it’ll be difficult for local ecommerce players to compete,” Daniel Knijnik, co-founder and CEO of Amazon advertising agency Quartile. “We saw that happen here in the US. Prime customers can log into their account, search for an item, and purchase with a click or two. And they know it’ll arrive in two days. If they want to return it, they can press one button, and it’s done. That user experience is very hard to emulate.”

In May 2018, J.P. Morgan estimated that there will be 118.0 million Amazon Prime subscribers worldwide this year, of which 59.5 million, or 50.4%, will be located outside the US.

Amazon Prime Subscriber Growth Worldwide, US vs. Rest of World, 2014-2019

millions and % change

	2014	2015	2016	2017	2018	2019
US	20.4	30.0	39.3	49.1	58.5	67.2
—% change	50%	47%	31%	25%	19%	15%
—New subscribers	6.8	9.6	9.3	9.8	9.3	8.8
Rest of world	12.7	20.0	31.7	45.9	59.5	72.8
—% change	58%	57%	59%	45%	30%	22%
—New subscribers	4.7	7.3	11.7	14.2	13.7	13.2
Worldwide	33.1	50.0	71.0	95.0	118.0	140.0
—% change	53%	51%	42%	34%	24%	19%
—New subscribers	11.5	16.7	21.0	24.0	23.0	22.0

Source: J.P. Morgan, "Retail vs. Amazon: Customer Acquisition, CPG and Furnishings War Escalates; Retailers Making Strides on Last Mile," May 14, 2018

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