

Amazon Prime Day 2020 Kicks Off an Early Holiday Season

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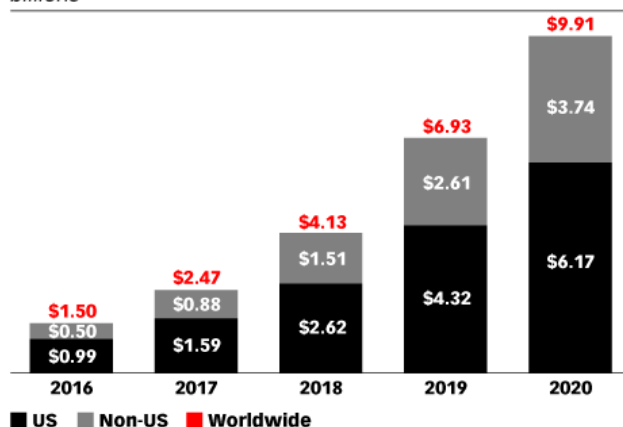
Andrew Lipsman

Amazon Prime Day this year will be unlike any other since its debut five years ago. Against the backdrop of a pandemic and recessionary headwinds, this year's event promises significant changes that will shake up the entire retail landscape heading into the holidays.

Prime Day kicks off tomorrow, nearly three months later than its typical mid-July timing. This will result in a different focus: de-emphasizing products for summer and back-to-school, and making the event an early lead-in to the holiday season. We forecast that it will generate \$9.91 billion in worldwide sales for Amazon, up 43.0% from last year's event.

US vs. Non-US Amazon Prime Day Retail Ecommerce Sales, 2016-2020

billions



■ US ■ Non-US ■ Worldwide

Note: represents the gross value of products or services sold on Amazon.com (browser or app) during the Amazon Prime Day sales event, regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales
Source: eMarketer, Sep 21, 2020

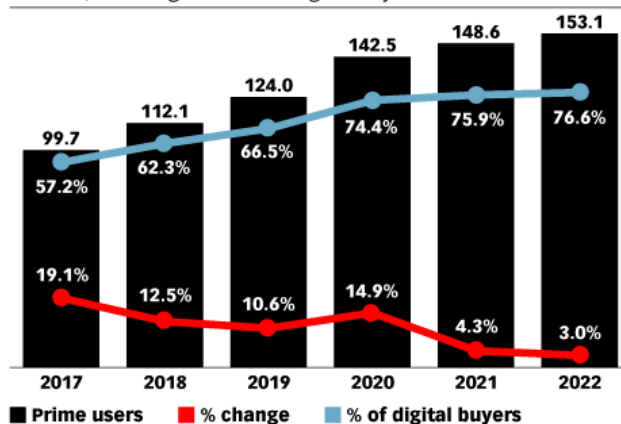
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A major force behind the anticipated success of Prime Day 2020 is this year's growth in Amazon Prime members. Since Prime membership is required to take advantage of deals, the event—and the free media exposure leading up to it—function as a huge membership drive. Prime Day lowers Amazon's customer acquisition costs and increases customer lifetime value. The company reported that last year's Prime Day event delivered the highest-ever number of new Prime membership sign-ups over a two-day period. Earlier this year, CEO Jeff Bezos revealed that Prime membership had surpassed 150 million worldwide, just two years after reporting it had reached 100 million.

We forecast that the number of US Amazon Prime memberships will grow by 14.9% to 142.5 million US users in 2020, surpassing 50% of the US population for the first time. This is a sizable upward revision from our previous forecast of 7.4% growth to 133.1 million. Fast and free shipping remains the top reason for subscribing to Prime, but Prime Video has become an important benefit that attracts new members and keeps them around.

US Amazon Prime Users, 2017-2022
 millions, % change and % of digital buyers



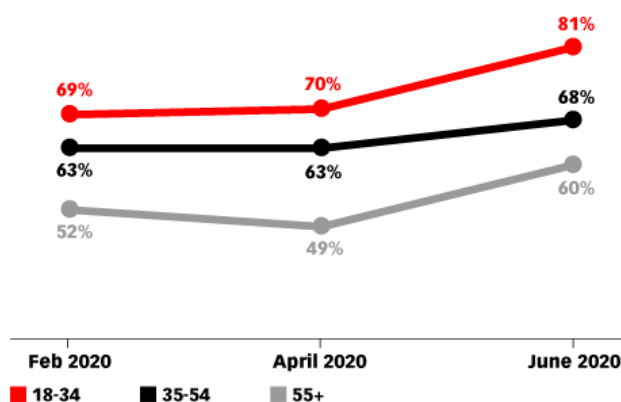
Note: individuals ages 18+ who have an Amazon Prime account and sign in at least once during the calendar year
 Source: eMarketer, Sep 14, 2020

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The pandemic only seems to have underscored Prime’s utility as membership appears to be climbing in recent months. According to our bimonthly Bizrate Insights ecommerce survey, Prime membership has grown across all age segments between February and June of this year—jumping from 69% to 81% among 18- to 34-year-olds, 63% to 68% among 35- to 54-year-olds, and 52% to 60% among adults 55 and older.

US Amazon Prime Membership by Age Group, June, April, & June 2020
 % of respondents in each group



Source: "The eMarketer Ecommerce Survey" conducted in June 2020 by Bizrate Insights; eMarketer calculations, June 9, 2020

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With Prime penetration already so high, recent gains have important long-term implications. Because of an unanticipated external event, Amazon is getting difficult-to-acquire Prime customers off the sidelines and habituating them to the benefits of membership.

To learn more about this year's unique Amazon Prime Day, eMarketer PRO subscribers can read our recent report:

Report by Andrew Lipsman Sep 29, 2020

Amazon Prime Day 2020

**AMAZON
PRIME DAY
2020**

From 'Black Friday in July' to
Early Holiday Season Kickoff

By Andrew Lipsman
Contributors: Robert Cialini, Jennifer Wang, Lucy Roth, Chris G. North, Thomas
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