**Growth of Amazon Prime Membership is Waning**

**MKTG 6050**

Amazon Prime memberships- the main engine behind the retailer’s online dominance – may be starting to step off the gas.

That’s according to new research by Consumer Intelligence Research Partners suggesting that in the past year, Prime memberships grew 8 percent- the lowest annual rate since the group began tracking the data in 2012.

The group also put the number of US Prime members – a stat Amazon has famously kept under wraps – at 97 million, with prime shoppers spending an average of roughly $1,400 per year, compared to $600 per year for non-member shoppers.

The numbers offer hard-to-find insight into what one analyst dubbed “as opaque a company as I’ve ever covered.” But they also raise questions about how Amazon might revamp or reimagine Prime when there are fewer and fewer people left to reach.

“It’s not a surprise that the member count is nearing saturation in the US,” said Josh Lowitz, partner and co-founder of CIRP. “Arguably it’s a victory that Amazon got there so fast.”

That leaves what Lowitz boiled down to “the magic question”: What will Amazon do next?

Amazon did not response to request for comment on CIRP’s report. The company’s founder, Jeff Bezos, also owns The Washington Post.

Lowitz said that since Prime’s inception in 2005, Amazon has honed in on making the service “compelling” to customers, including with two-day shipping, streaming video services and promotions like Prime Day. But as it reaches saturation, Amazon must rely on monetizing its existing Prime members. That might include getting members to listen to their favorite podcasts on an Echo Dot, or a slew of other measure to bring Amazon services and products into daily life.

In time, Lowitz said that approach could position Amazon to “become the pharmacy of choice, the travel agent of choice.”

“We think a Prime member is more likely to say, ‘maybe I like my dress shirts from Amazon,’ because of that trusting relationship,” Lowitz said.

(CIRP draws its figures from quarterly surveys of 500 Amazon shoppers. Prime estimates are drawn from the surveys as well as Amazon financial information.)

In April, Bezos announced that Prime membership had exceeded 100 million paid Prime members worldwide. Bezos unveiled the figure in his annual shareholder letter – published since 1997 and widely considered a must-read among executives and business leaders around the globe – and noted that in 2017, Prime gained more new members than in any previous year. By comparison Netflix at the time had 125 million subscribers.

Possible comprehensive questions

1. Develop a SWOT high lighting the company’s strengths and weaknesses as well as the opportunities and threats facing Amazon.
2. Given your understanding of consumer behavior and market research what additional research would you recommend that Amazon implement? Outline your research including objectives and methodology.
3. On the basis of the information given in the case and your understanding of the company and its environment, how can Amazon build prime membership and gain a competitive advantage? Identify two strategic options, chose one that you believe is the best choice, identify your target market and develop your marketing plan recommendations you would make to Mr. Bezos for the next three years. Please be specific and justify your response.