

Amazon to raise annual Prime subscription to \$119, a 20% increase (Update)

April 27 2018, by Elizabeth Weise, Usa Today

Amazon is raising the annual cost of its Prime subscription service for U.S. customers to \$119 per year, up from \$99.

The new pricing will apply to existing members' renewals starting June 16. Annual Prime members will receive an email with their renewal details in May.

The company's chief financial officer Brian Olsavsky made the announcement during the company's financial results call Thursday afternoon.

Asked why the company was raising the cost of the membership now, Olsavsky said it is always evaluating the price of Prime in the countries where it is offered.

"This is a better reflection of the cost value of the program," he said.

The 20% increase comes four years after Amazon last raised the annual price of the highly popular Prime program. In 2014 the cost went from \$79 to \$99.

In January Amazon raised the monthly rate for its Prime service by 18%, from \$10.99 to \$12.99, but didn't raise the annual price. At the same time it also raised the cost of the monthly Prime program for students, from \$5.49 to \$6.49.

Discounted membership is also available to people with Electronic Benefits Transfer cards or qualifying recipients of Medicaid, who pay \$5.99 per month. No annual commitment is required.

Amazon CEO Jeff Bezos said last week in his annual letter to shareholders that the Prime program had more than 100 million paying customers. The number tops recent analyst estimates.

Amazon's Prime members get free two-day shipping, as well as free same-day and one-day shipping in many areas. They also have access to streaming movies, TV shows and Amazon Prime Video, online storage, music streaming and access to a Whole Food rewards program/membership.

Since the last annual increase in 2014, both the value of Prime and the cost to offer it have increased significantly, Amazon said in a statement.

Prime subscribers spend almost twice as much on Amazon—\$1,300 per year on average—compared to about \$700 for non-Prime members, according to Consumer Intelligence Research Partners.

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Citation: Amazon to raise annual Prime subscription to \$119, a 20% increase (Update) (2018, April 27) retrieved 24 June 2024 from <https://phys.org/news/2018-04-amazon-price-annual-prime-membership.html>

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