

Amazon offers Prime discount to those on government benefits

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In this Tuesday, May 30, 2017, file photo, the Amazon logo is displayed at the Nasdaq MarketSite, in New York's Times Square. Amazon is offering a discounted rate on its Prime membership for people who receive government assistance. The discounted rate is \$5.99 per month. The regular annual membership is \$99 per year, or \$8.25 a month. But those who cannot afford to pay up front have to pay \$10.99 a month for the same benefits. (AP Photo/Richard Drew, File)

Amazon is making a play for low-income shoppers.

The online leader is offering a discount on its pay-by-month Prime membership for people who receive government assistance.

The move, announced Tuesday, is seen by some analysts as an attempt to go after rival Walmart's lower-income shoppers. The world's largest retailer has revamped its shipping program and improved other services to drive online sales growth as it tries to narrow the gap with Amazon.

People who have a valid Electronic Benefits Transfer card, used for programs such as the Supplemental Nutrition Assistance Programs, or food stamps, will pay \$5.99 per month for the Amazon Prime benefits like free shipping and unlimited streaming of movies and TV shows.

The typical Prime membership is \$99 a year, but those who cannot afford to pay up front also have a \$10.99-a-month option.

Amazon designed this option to make its "selection and savings more accessible, including the many conveniences and entertainment benefits of Prime," Greg Greeley, vice president of Amazon Prime, said in a statement.

Walmart has gained momentum in its online business, seeing its e-commerce sales soar 63 percent in its first quarter, up from a 29 percent increase the previous period. It now offers free-two-day shipping for online orders of its most popular items with a purchase of \$35. Online shoppers who collect their purchases at a store get extra discounts. And Walmart has dramatically expanded its online offerings—though it's still far behind the hundreds of millions of products at Amazon.com.

Amazon's aim with the latest move is two-pronged, says Ken Perkins, president of research firm RetailMetrics.

"It is part of Amazon's overarching goal to inexorably move into every

corner of retail," he said. "Secondly, it is a direct move to pull consumers away from its chief retail rival Walmart, which has been far more aggressive competing with Amazon on price, offerings, delivery and building out its formidable e-commerce operations."

Internet consultant Sucharita Mulpuru-Kodali says Amazon's move "seems inevitable" because it's saturated a good part of the affluent and middle-class sector—but describes it as a "head scratcher."

"These consumers have always indexed lower in online transactions, and their living circumstances are often not well-suited to package delivery, and many of these consumers don't have vehicles to drive to a location pick up packages," she wrote in an email. "Of the long list of business that Amazon could target, this doesn't seem like the biggest one."

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