



Prime Opportunity: Building loyalty on retail platforms

Amazon Prime now reaches about half of all American households and has upwards of 100 million members, all of whom have grown accustomed to the platform's seemingly limitless choice and dedication to convenience. As e-commerce continues its unrelenting growth trajectory, the preferences and expectations of the Prime consumer are likely to spread to the broader consumer landscape.

The Amazon Prime member shows a preference for simultaneously preferring two different approaches to the marketplace: **discovery** and **loyalty**. They value choice and variety more than non-Prime members, while also valuing the power and comfort of a trusted brand name.

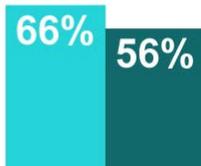
■ Amazon Prime Members ■ Non-Amazon Prime Members*

Discovery



Prime members value choice

When deciding where to shop, it's important that I'm introduced to new products

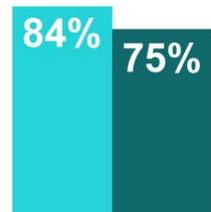


Loyalty



Prime members can be loyal

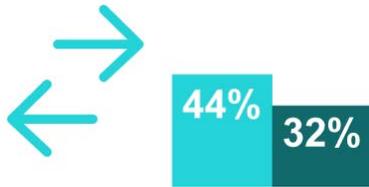
I've had such a positive experience with a brand that it will always be my first choice





Prime members are more likely to switch brands

I would consider switching from a name brand to a store brand**



Prime members trust brand names

I trust products from name brands more than I trust products that are generic store brands



Be Compelling

To align with the discovery mindset, brands need to be discoverable. 58% of all consumers, regardless of Prime membership, agree that “when deciding which brand to buy, there are often too many options to choose from.” With more than 350 million SKUs and counting on the Amazon platform, the need to stand out will only become more pressing. Whether it’s through optimized algorithms, renegade positioning, or a memorable brand story, being exceptional is paramount in the increasingly crowded and commoditized retail platform era.

Be Compassionate

To build the bridge between discovery and loyalty, a brand needs to prioritize its humanity and empathy. As we discussed in our U.S. Outlook, consumers are bringing ever Greater Expectations to the marketplace. Price and quality continue to flatten as major differentiators while service and convenience are quickly gaining ground in the value equation. It’s critical for brands to adopt the mantra of Amazon CEO Jeff Bezos himself and be “customer obsessed.”

Be Amazing

Continuing to earn the affections of the increasingly discerning consumer means being anticipatory and finding the right time and place to engage. It means being endlessly innovative and accepting that what inspires loyalty today will likely be eclipsed by something else tomorrow. It also means being meaningful and aware that the consumer of the future will increasingly look at a brand’s purpose and whether it stands for something more than a product or service.

* Data for Amazon Prime and non-Prime members are for consumers with an annual household income of \$50K or greater in order to control for income variability

** Among grocery, household items, personal hygiene, and apparel categories for relevance of store brand competition