



STUDENT
INTERNATIONAL
BUSINESS COUNCIL

Spring 2025

STEM
Amazon



- Team Introduction**
- Prompt Overview**
- Current State Assessment**
- Student Accounts**
- Loyalty Points**
- Discovery Day**
- Risks and Mitigations**
- Implementation Timeline**

a Team Introduction



Victoria Caruso
Sophomore
Computer Science
Darien, CT



Kate Bonneau
Sophomore
Business Analytics & ACMS
Dallas, TX



Francisco Borlongan
Freshman
Computer Science & ACMS
Laguna, Philippines



Luis Cruz
Freshman
Computer Science & Economics
Bridgeport, CT



Aryan Patel
Freshman
Computer Science
Logansport, IN



Vera Casquero
Sophomore
Computer Science
Santo Domingo, DR



Stephen Playford
Freshman
Electrical Engineering
New York City, NY



Amalia Solis de Ovando
Sophomore
Economics
Santiago, Chile



Lindsay Wurth
Freshman
Business Analytics & Computer Science
Sioux Falls, SD



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Objectives



How can Amazon **increase** the number of Prime members?



Is there a certain **demographic** Amazon should focus on?



Evaluate the **benefits** of the Prime membership and propose any changes/additions.



How can Amazon **improve** the UX to communicate and engage members on high priority benefits?



Opportunities

Main Problem: The overall awareness of benefits Prime users receive is low, so increasing visibility and discovery in those areas

Demographics: A low percentage of Gen Z and student Prime members, so must focus on those demographics

Benefits: New programs for specified student benefits and a loyalty point system for Prime members

UX/UI Experience: Utilizing personalized ad structure and ML to find these ads engaging and increase communication



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a Amazon Prime Overview



Services Provided



Delivery: Free delivery on over 300 million items with Two-Day, One-Day and Same-Day delivery zip codes



Developed by Amazon: Free services Prime Video, Amazon Music, Amazon Gaming, etc.



Grocery: Amazon Fresh partners with Whole Foods to discount delivery fees



Partnerships: Free Grubhub+ for Prime members and select Shutterfly discounts with partnership



Exclusive Deals: Early access to lightning deals on Amazon.com and Prime-Day exclusive discounts

Prime Subscribers (Millions)

Amazon Prime

Cost:

\$139 per year
\$14.99 per month.
1-Month Free Trial

Amazon Family:

share select benefits and manage content
• Link 1 Adult account
• +4 Children

Medical Care:

\$5 RxPass Subscription
80% off Prescriptions

Prime Visa, Amazon First Reads, Alexa+, etc.

Prime Student

Cost:

\$69 per year.
\$7.49 per month
6-Month Free Trial

Prime for Young Adults:
4-year limit; 18-24 years old and college students

StudentUniverse:
10% off travel benefits for flights and hotels

Prime Reading:
Discounted Textbooks

Amazon Music Unlimited
Discounted Rate: \$5.99

Prime Student accounts convert automatically to normal Prime memberships after four years, the user's studies end, or the user turns 25 years old.



Amazon Prime Overview



Key Statistics



Prime boasts benefits in **81%** of company segments



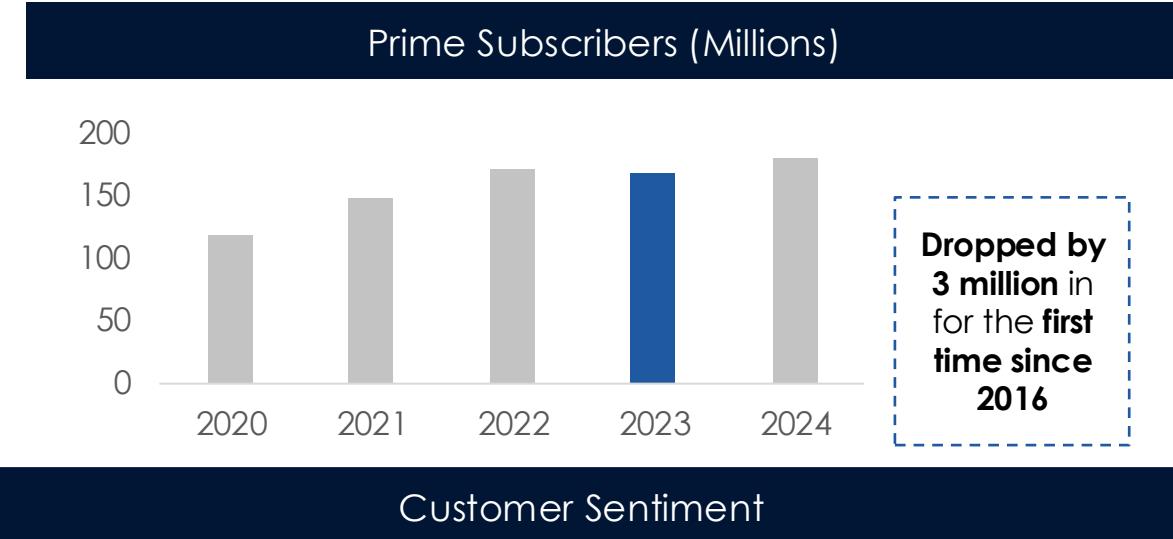
90% of members are in the U.S.



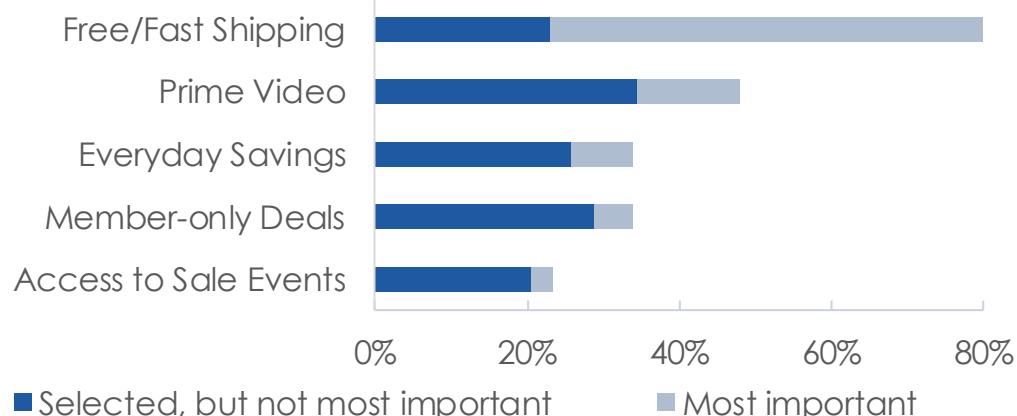
Avg. member spends **~\$1,400 per year**



75% of US Amazon customers are Prime members



Reasons for Purchasing Prime



Customer Sentiment

90% of members report being **satisfied** with Prime

Satisfaction decreasing due to slow delivery, poor item quality, and customer service issues



Amazon has responded by focusing on **customer service and return systems**

Boasts +170 million subscribers with consistent yearly growth, offering major services for a cost of \$139 per year, \$14.99 per month.



Competitive Analysis

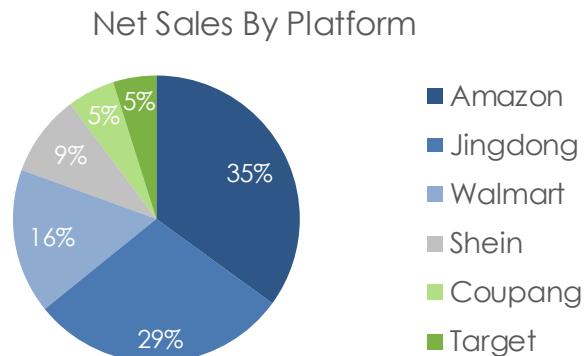


Industry Overview

Asia accounts for **60% of the total e-commerce market**

Walmart had the **largest growth rate** in the industry

\$36.20 billion in sales from Amazon third-party sellers



Market Share Vs. Competitors



Video

Evenly splits share with Netflix in key markets



Music

Only **2%** behind Apple Music in shares



Twitch

Lost **10%** in shares in 2024 to Kick and YouTube



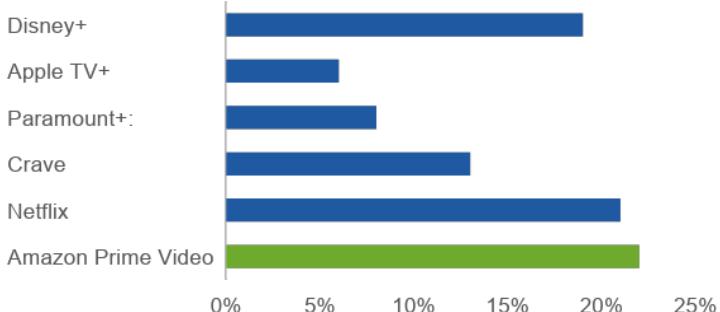
Retail

Outdone by Walmart's **72%** share increase in 2024

Music Streaming

31% Spotify
14% Tencent Music
13% Apple Music
11% **Amazon**
31% Other

Video Streaming



Projected Retail Revenue 2027 (\$bn)



Alibaba closely trails in the international market

Walmart is the main domestic competitor

Boasts +170 million subscribers with consistent yearly growth, offering major services for a cost of \$139 per year, \$14.99 per month.



Overview Of Recommendations



Increase Student Prime Members

Student Accounts



82% of students do not use a Student Amazon Prime account

Back-To-School Prime Day

Advertise Directly to Parents

Increase Number of Prime Members

Loyalty Points



People are not enticed to spend more than they need to

Earn Points on Every Purchase

Gamify the Amazon Experience

Increase Awareness of Benefits

Discovery Day



Most Amazon users (Prime and non-Prime) do not realize benefits

Utilize Machine Learning/Rufus

Watch Videos to Earn Points



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Risks and Mitigations

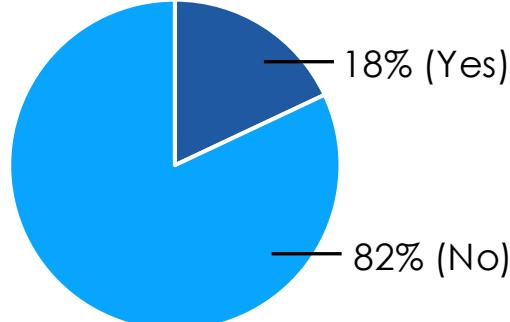
Implementation Timeline



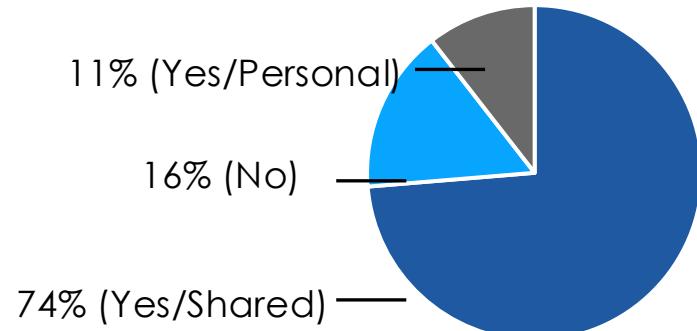
Why do Students Not Have a Prime Account?



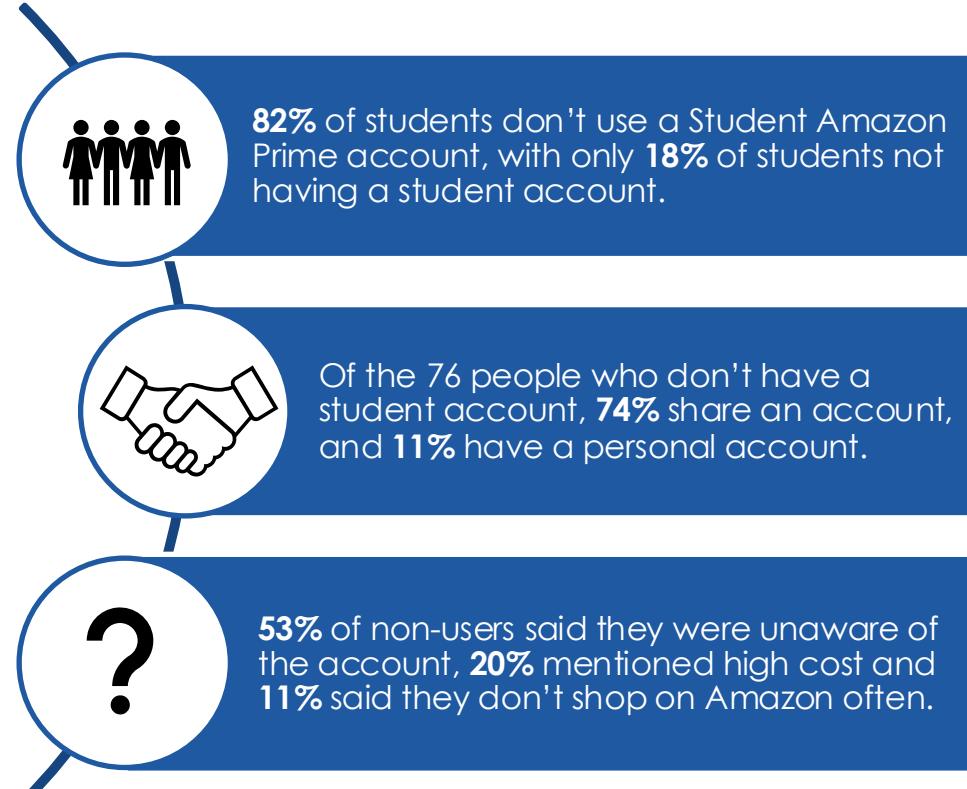
Do you own a Student Prime Acc.?



Do you use a different account?



Survey Results



Only 18% of students have a Student Prime account, showing awareness and shared usage are issues to Amazon's reach in the student market.

Key Takeaways

Lack of awareness is the main barrier, as over half of non-users didn't know Prime Student existed.

Prime Student is **underutilized**, with most students either not using Prime or **relying on shared accounts**.



Additional Student Account Benefits



Linked Payment Plan

Student Account



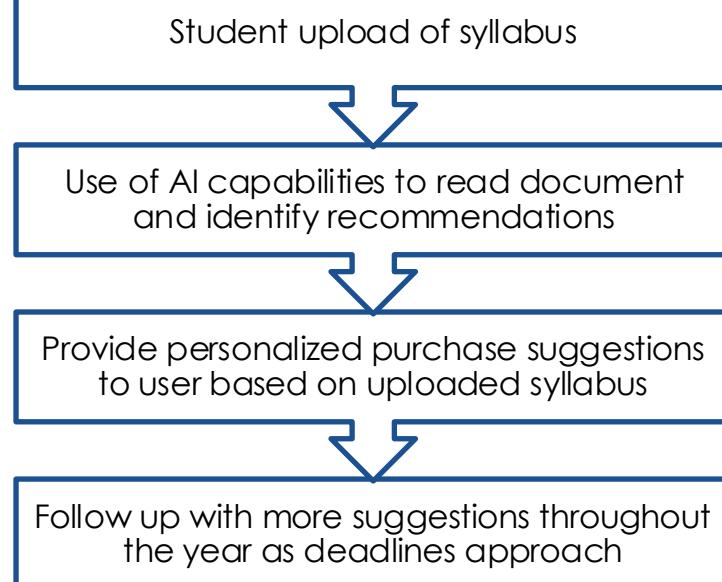
Parent Account

With a linked payment plan, parents have the option of paying for their student's account **directly from their own account**.

- **One-time setup** to ensure timely payments, with auto-renew available across all linked accounts
- **Centralized dashboard** to pay for and manage accounts
- Option to **separate accounts** when students age out

Smart Syllabus

Amazon Smart Syllabus allows students to upload their class syllabi and receive **personalized purchase suggestions** specifically catered to their class needs



Study Resources

Benefits to Students

- **Discounted prices** for study resources
- Ability to utilize Amazon products, like **Amazon Alexa**, while studying with Chegg or other resources

Benefits to Amazon

- Increases **student account membership** with added benefits
- Improves the customer experience and customer satisfaction

Benefits to Partner

- Larger reach due to Amazon's widespread **customer base**
- Increased brand recognition through Amazon advertisements

Partnership Options:

Quizlet **Chegg**  Pearson

Through additional student account benefits like a linked payment plan, Amazon Smart Syllabus, and easier access to outside study resources, Amazon can increase the appeal of a Student account, encouraging more users to purchase their own personal account.

a Back-to-School Prime Day



Overview



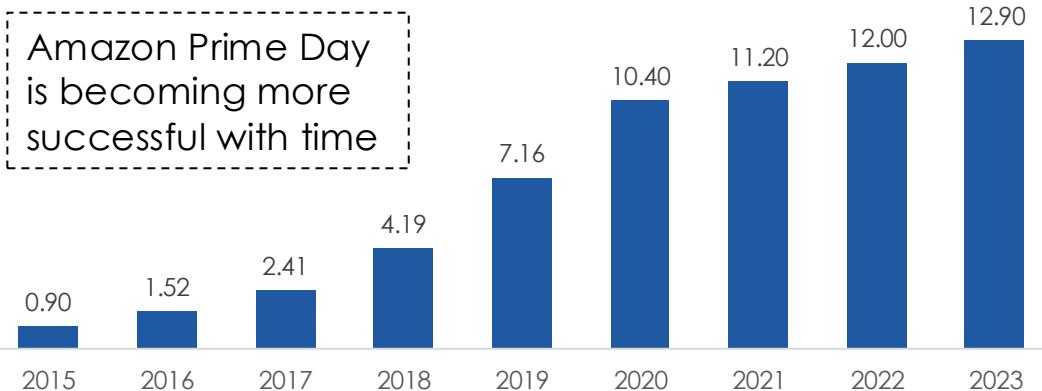
Exclusive sale event for student accounts

Takes place **in August**, separate from Amazon's regular Prime Day



Enticing discounts on **school-related purchases** only

Global Amazon Prime Day Sales (\$bn)



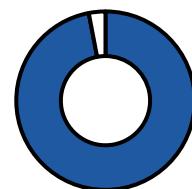
Benefits

78.9% of our survey respondents said that exclusive **student deals and discounts** would make them more likely to purchase a student account

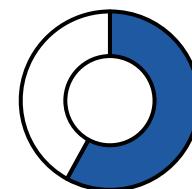
Encourages students to **purchase personal accounts** given its student exclusivity

Increases sales during back-to-school period as students will turn to Amazon for their needs

Sale Event Customer Satisfaction



97% are at least slightly satisfied



58% are very satisfied

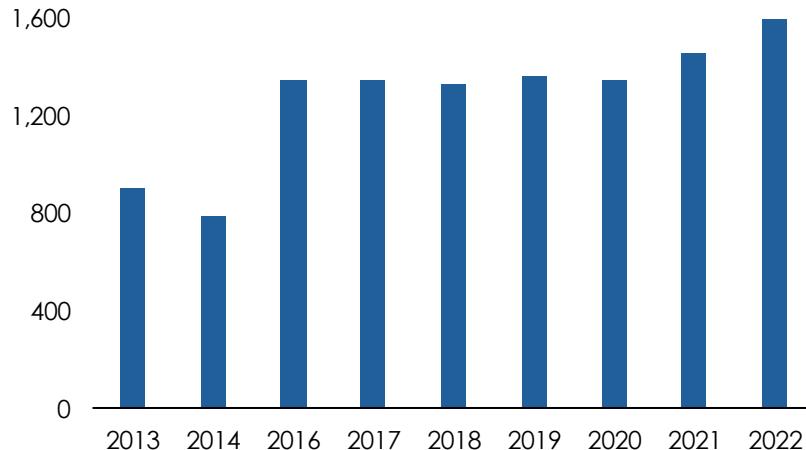
Amazon's sale events are successful, indicating **high potential** for a back-to-school sale event

A Back-to-School Prime Day, exclusive to student accounts and focused on school-related purchases, will increase Prime membership and sales during the back-to-school period.

a Target Audience - Parents



Expected B2S Spending of U.S. Parents Per Child (\$)



Parents expect to spend **\$1600** on B2S materials per child

Consumer Tendencies

#1 reason for joining Prime is to save money

Older adults are more likely to take Prime deals

50% of B2C consumers shop online

Ad: Top of the Homepage



Effective UI/UX Design Elements



Visibility: Placed in high-traffic areas without overwhelming users (top of the homepage, search results, etc.)



Relevance: Tailored to user interests based on browsing history, profiles of Amazon Family members, etc.



Non-intrusive: Pro-user experience, allowing users to scroll past without disruption to their flow (minimize pop-up ads, etc.)

Effectiveness of Advertising to Parents

Sanders and Kirby (2013)

In a UK survey, working parents indicated that the **proven effectiveness** of a program was a **strong predictor of participation**



Tangible benefits drive engagement from parents

Parents are the most penetrable demographic for student deals and should be targeted for the Prime Student Account.



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a Loyalty Points for New Users



Earn Points on Every Purchase

Membership	Earning Rate	Expiration
Non-Prime Member	1 point per \$1 spent	30 days unless user subscribe
Prime Member	Scales based on Tiered System	1 year for Prime Members.

Benefits of Implementation



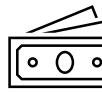
Increases Prime Subscriptions:

Creates urgency to subscribe in order to redeem points



Boosts Customer Retention:

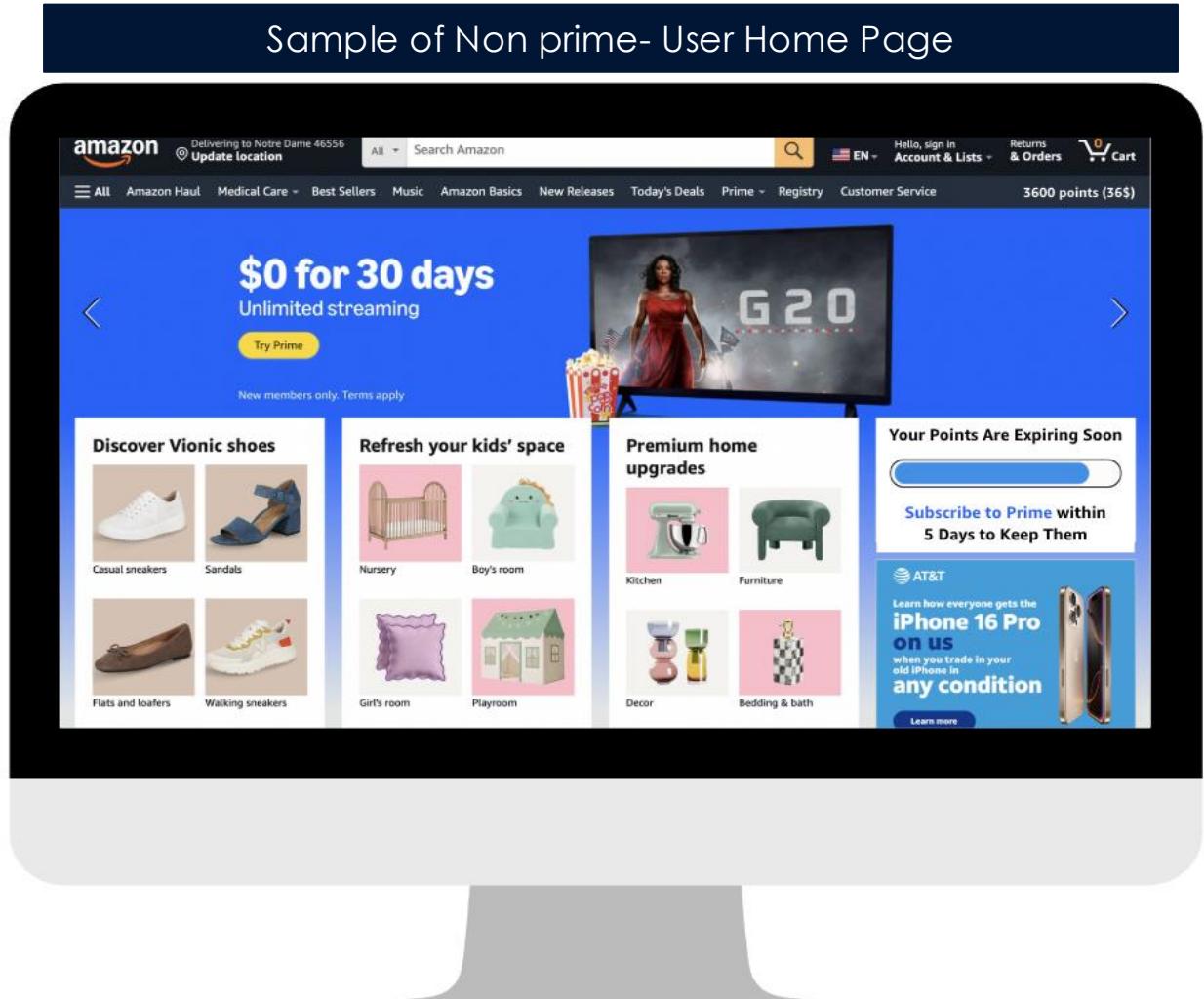
Expiring points boost user activity.



Encourages Higher Spending:

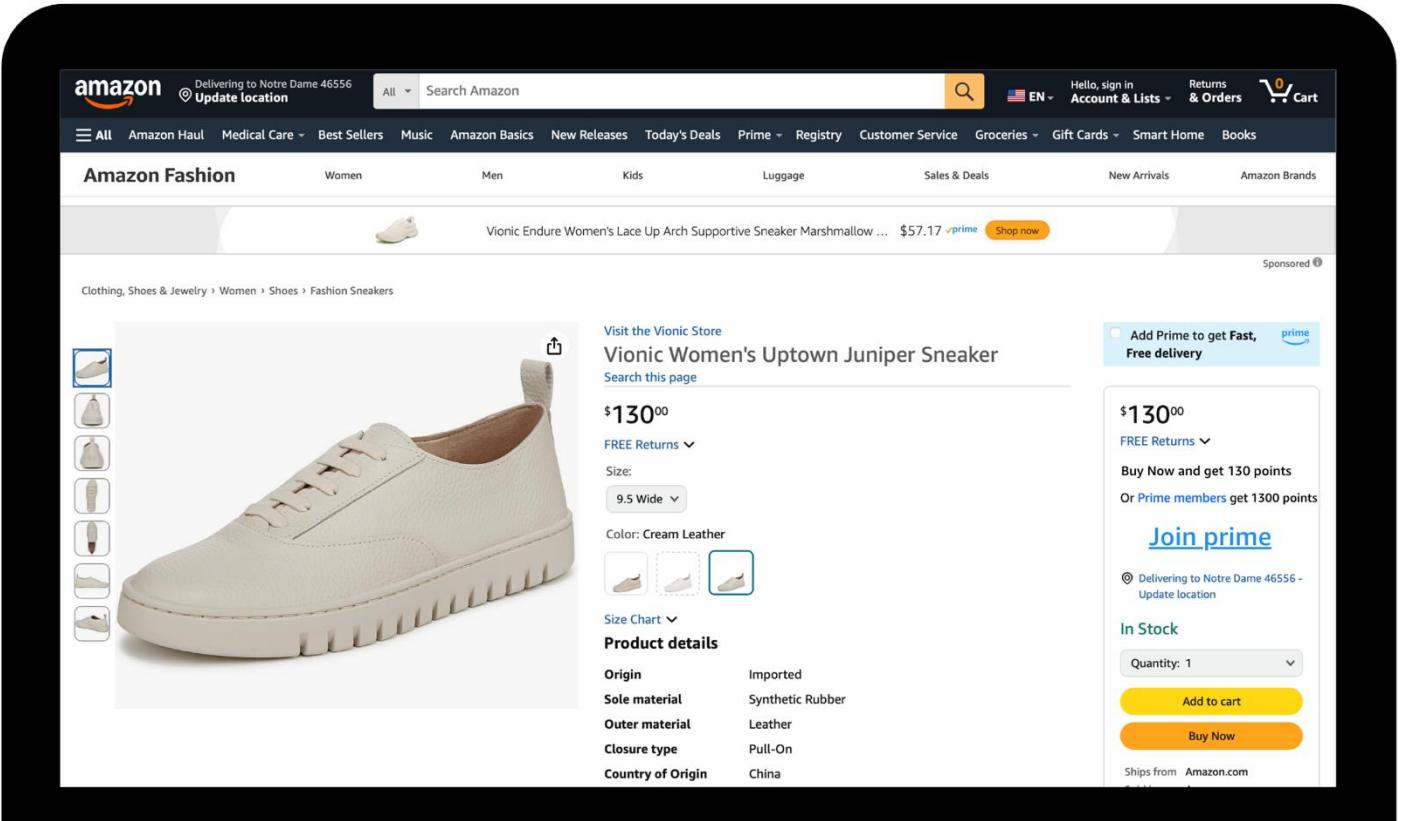
Earning more points with Prime motivates users to spend

Sample of Non prime- User Home Page



Amazon's loyalty and referral program incentivizes new users to subscribe to Prime, spend more, and refer others

a Loyalty Points for New Users

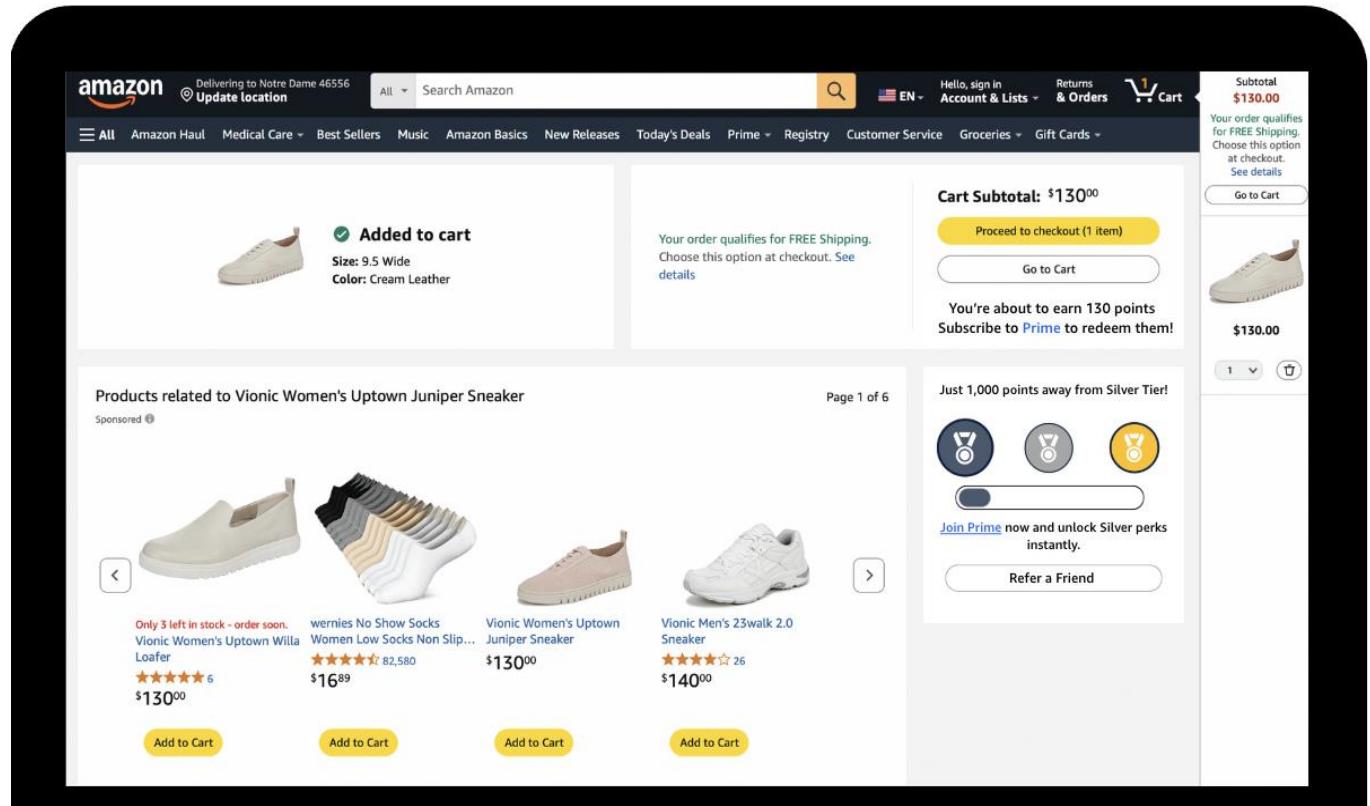


The image shows a screenshot of an Amazon product page for the Vionic Women's Uptown Juniper Sneaker. The page is displayed on a smartphone screen. The product is a light-colored, lace-up sneaker with a textured upper and a thick, light-colored sole. The page includes the following details:

- Product Name:** Vionic Women's Uptown Juniper Sneaker
- Price:** \$130.00
- Color:** Cream Leather
- Size:** 9.5 Wide
- Origin:** Imported
- Sole material:** Synthetic Rubber
- Outer material:** Leather
- Closure type:** Pull-On
- Country of Origin:** China

The page also features a "Join prime" button, a "Buy Now" button, and a "Add to cart" button. A sidebar on the right side of the phone screen shows a summary of the product details and purchase options.

a Loyalty Points for New Users



The screenshot shows a mobile browser displaying the Amazon website. The user is viewing a cart page with a single item: a Vionic Women's Uptown Juniper Sneaker. The subtotal is \$130.00. A message indicates that the order qualifies for FREE Shipping. The user has earned 130 points, which are highlighted in a yellow box. A call-to-action encourages the user to "Subscribe to Prime to redeem them!" and "Join Prime now and unlock Silver perks instantly." The page also features a "Refer a Friend" button. Below the cart summary, there is a section for "Products related to Vionic Women's Uptown Juniper Sneaker" with several items listed, each with an "Add to Cart" button.

Subtotal
\$130.00

Your order qualifies for FREE Shipping. Choose this option at checkout. See details

Cart Subtotal: \$130⁰⁰

Proceed to checkout (1 item)

Go to Cart

You're about to earn 130 points. Subscribe to Prime to redeem them!

Just 1,000 points away from Silver Tier!

Join Prime now and unlock Silver perks instantly.

Refer a Friend

Added to cart

Size: 9.5 Wide
Color: Cream Leather

Products related to Vionic Women's Uptown Juniper Sneaker

Vionic Women's Uptown Juniper Sneaker

Vionic Men's 23walk 2.0 Sneaker

wernies No Show Socks Women Low Socks Non Slip...

Vionic Women's Uptown Willa Loafer

Only 3 left in stock - order soon.

★ ★ ★ ★ 6 82,580

\$130⁰⁰

\$16⁸⁹

\$130⁰⁰

\$140⁰⁰

Add to Cart

Add to Cart

Add to Cart

Add to Cart



Loyalty Program For Existing Users



Loyalty Program Overview

Amazon already has **very strong customer loyalty**

Point System

\$1 spent is equivalent to **3/4/5 points earned**

Create Status

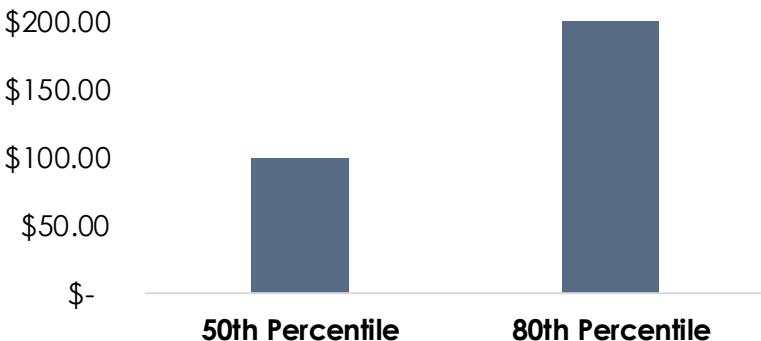
45% of consumers actively seek status

Target Groups

Set goals at **target percentile** spending

Consumer Spending Habits

Average Spending Per Month



Increase spending for customers **near target spending** percentiles.

Profit Margins

Maintain an average of:

40%+ Gross Profit Margin

and

8%+ Net Profit Margin

for all purchases on the Amazon Site

Return On Investment

Loyalty Margin



Vary speeds at which members **progress through rewards**

Incremental Share



Aim for **15% incremental share** at **3-5% expenditure**

Program Size



Minimize overhead costs and **prove profitability** first

To effectively implement a loyalty/rewards system, Amazon must focus on leveraging relevant loyalty components to enhance spending and status



Building a Successful Loyalty Program



Optimizing Loyalty Programs



Earn-and-Burn:

Offer **high-perceived-value**, low-cost **rewards**.

Combine with CRM insights for **personalized offers**.



Status and Recognition:

Make consumers **feel valued** as a customer

Introduce **tiered levels** to encourage spending



Consumer Recognition and Management:

Create **targeted and personalized** rewards

Cater **everything** to the specific **user's needs**

Loyalty Hub Mockup

Silver Member



Earn **5,000 more points** to reach
Amazon Prime **Gold** Status

Gold Benefits Include:

- Earn **5 points** for every **\$1 spent** (25% increase)
- **Personalized discounts** on frequently shopped items
- Capitalize on **pop-up discounts** and quick deals

Develop a personalized and efficient loyalty system and scale applications as it becomes increasingly profitable



Building a Successful Loyalty Program



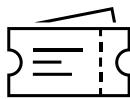
Customer Experience



Leaders offer **more sophisticated personalization** and **gamification**; leverage **Gen AI**



Know the Consumer: Most Gen Z consumers are willing to purchase at full price; **find alternative benefits**



VIP customer experiences: Invite-only virtual events, early access to new features,

Gamification

Make pursuing rewards a **fun experience** for the user

22%
increase in
customer retention

47% increase
in total
customer engagement

15% increase
in overall
brand awareness

Implementation

Tier Systems

- **Base Level:** 0 - 4,000 loyalty points
- **Silver Level:** 4,000 – 10,000 loyalty points
- **Gold Level:** 10,000+

Gamification



Earn a free movie rental if you **order 2 books** through Amazon

- **Online mediums** provide a low-cost, high-value, opportunity
- Use rewards to **incentivize cross-service discovery** and use
- Additionally offer "**badges**" which users can **collect and share**

Personalization

- Exclusive **discounts on frequently purchased items** or early access to preferred product categories.

Amazon needs to focus on leveraging **low-cost, high value** loyalty levers such as status, gamification, and consumer recognition



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Machine Learning & Gen AI for Ads



Advertising through lifestyle imagery

Leverage **Rufus** as a platform to employ hyper-personalized advertising campaigns, specifically through **lifestyle imagery**, to improve conversion rate.



Emotionally Resonant Scenes: show how the product fits into user's ideal lifestyle to build an emotional and tangible connection to the product.



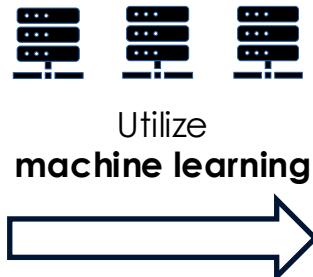
Real-Life Context: Highlight relatable settings where the product naturally enhances daily life.



Product-Specific Visuals: Realistic images of products integrated into everyday contexts, highlighting their role in enhancing lifestyles.

Conversion Rates w/o vs. w/ Machine Learning

98%
of people viewing a product **do not** purchase it



2-4X
more effective on users: **retargeted advertisements**

Pop-up ads, leveraged via **machine learning**, can **maximize conversion rates** for e-commerce and other unused/underused Prime benefits

Types of Machine Learning Applications



Gen AI and ML can curate personalized discovery experiences, targeting users accordingly with lifestyle imagery and pop-up ads.

a Discovery Program



Overview

Two Days a Year:
Before Prime Day &
Christmas Shopping Season

or

One Week
during the Year

Highlight niche benefits of Prime on Amazon.com to
expose users to benefits they are **missing out** on

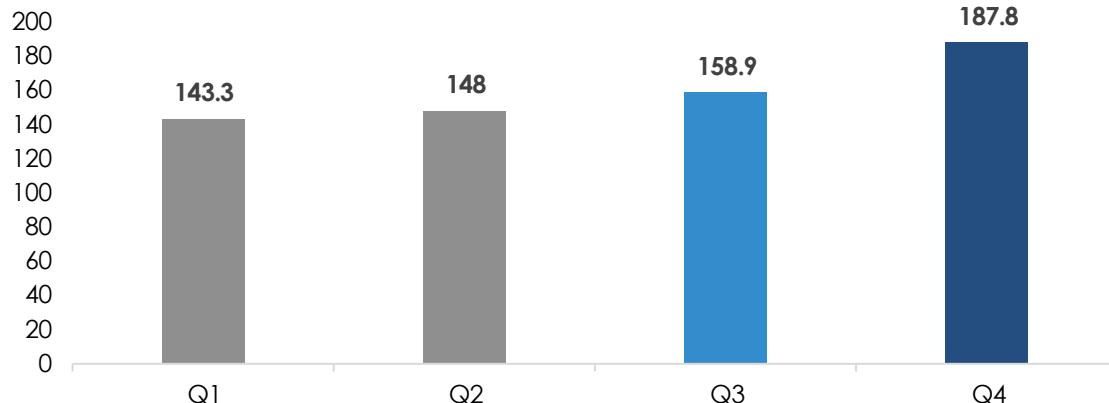
For Non-Prime Members

Advertising Campaign: pop-up videos or
advertisements on Amazon.com or under the
hot bar **detailing Prime benefits**



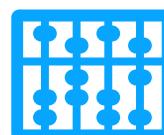
Leverage Rufus as a Discovery Tool: non-prime
members can interact with Rufus for **limited time**
to discover benefits

Amazon 2024 Quarterly Sales (Billions)



For Prime Members

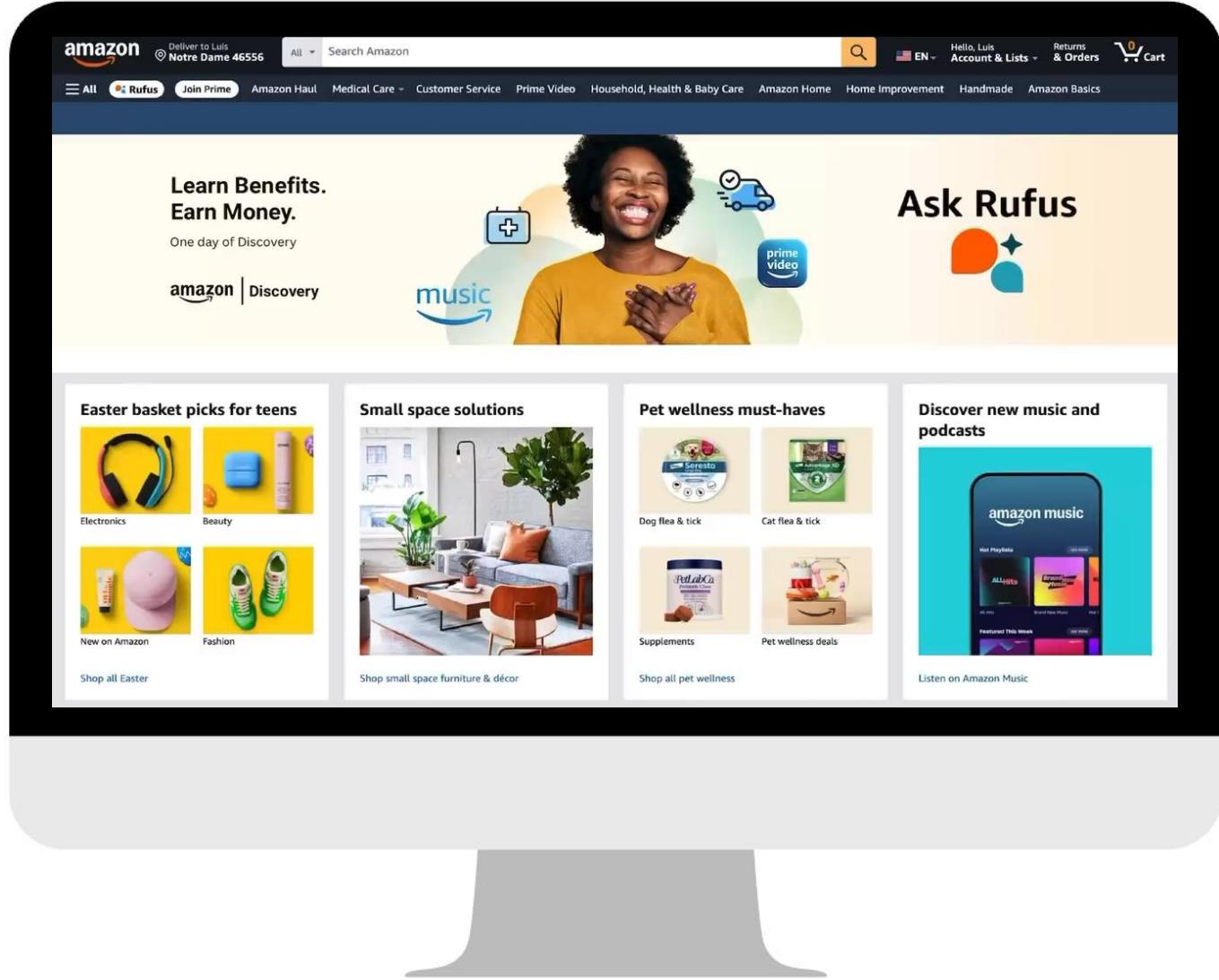
Highlights and Tutorials: personalized pop-up ad
can take you to **new webpage** detailing benefits
and watch instructional videos



Interactive Onboarding Experience: educate
new members on their benefits with Prime and
earn **loyalty points**

Both Non-Prime Members and Prime Members earn Loyalty Points through discovery engagement, encouraging Prime Day participation.

a Figma Non-Prime Mockup



Purpose

1

Targeted towards non-prime members for them to **experience** and **learn** the benefits of Amazon Prime without having to pay any additional fees.

Rufus

2

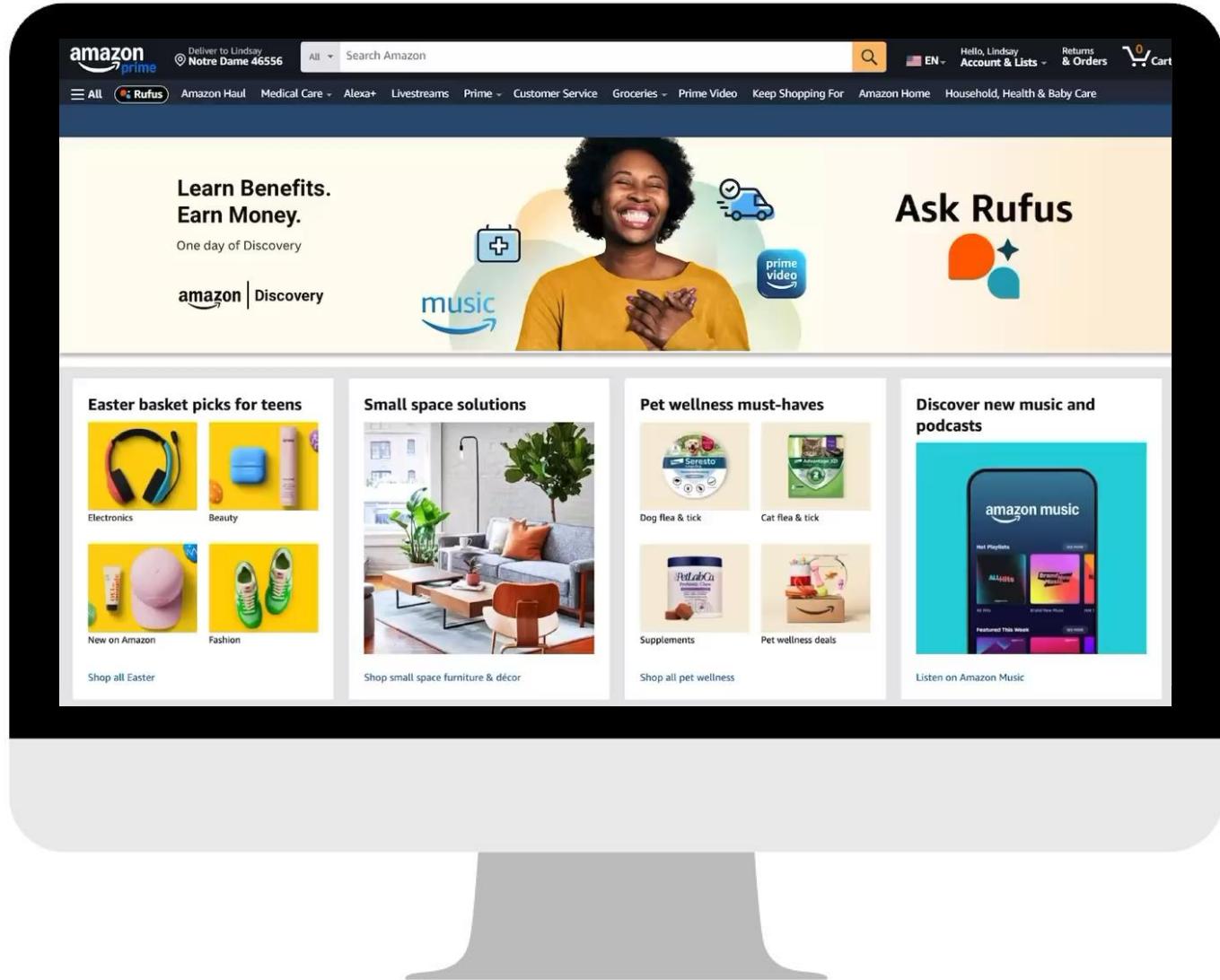
Making Rufus larger and more prevalent, the discovery experience is funneled through the AI assistant, creating a **more intuitive and personalized** approach.

Tutorials

3

All the tutorials and videos are **Amazon-made**, found on YouTube and commercials, showing the more niche and unknown benefits for those who do not know.

a Figma Prime Mockup



Purpose

Instead of aiming to acquire new Prime Members, it focuses on **increased engagement** with Prime and highlighting niche benefits that members may not be aware of.

1

Machine Learning

This Prime Discovery Day utilizes Rufus and new Machine Learning technology to **prioritize the display of benefits/tutorials** based on user behavior and need.

2

Loyalty Points

Since all members will be Prime, they will get access to points (up to \$5) that they can redeem during Prime Day, which **encourages more Prime Day participation**.

3



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Risks and Mitigation



Recommendation



Student Prime Day

Identified Risk

Non-Student Prime members might feel **excluded** leading to dissatisfaction.

Mitigation

Clearly **communicate student-focused initiatives** to ease financial burden.

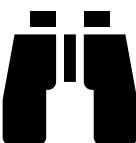


Loyalty Points

Costly data management, security, and organization.

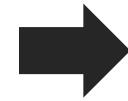


Automated data management system through **machine learning**.



Discovery Program

Privacy concerns with personalization of ads and use of personal data.



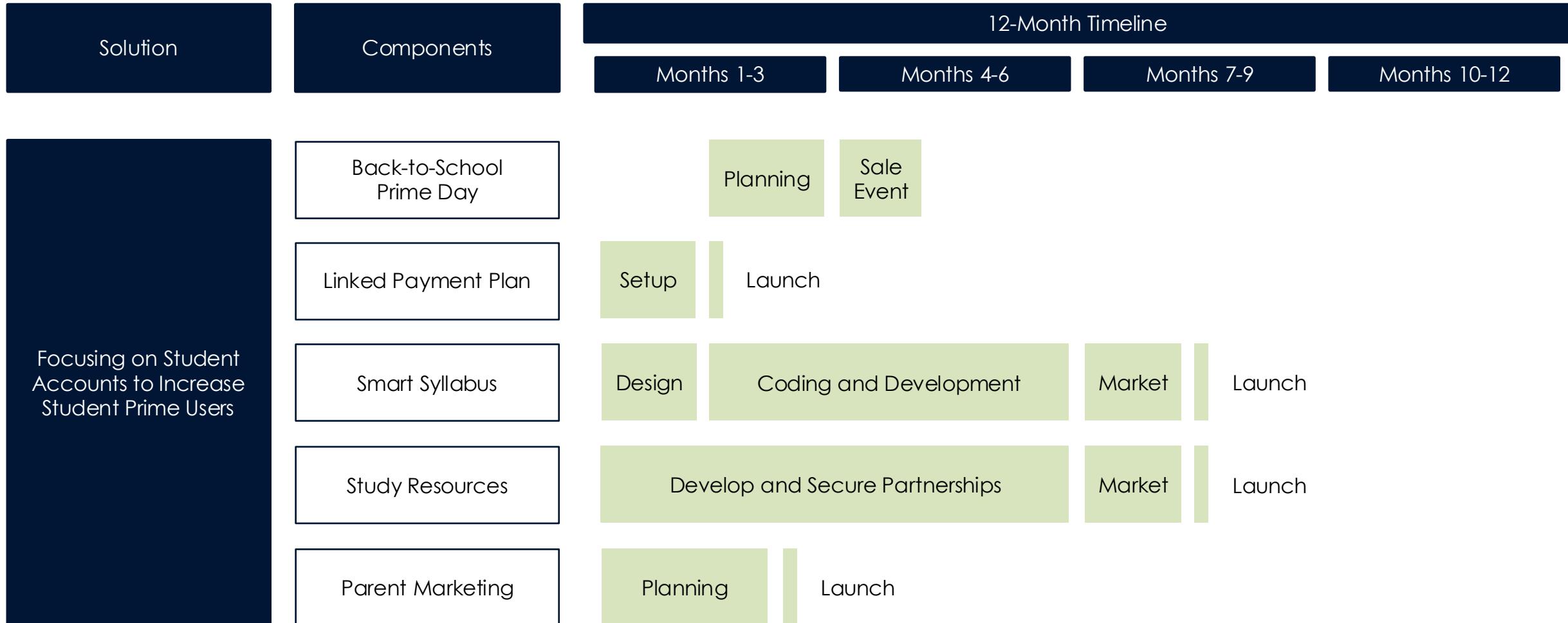
Transparency about data usage, offering an **opt-out** for ads created by Gen AI



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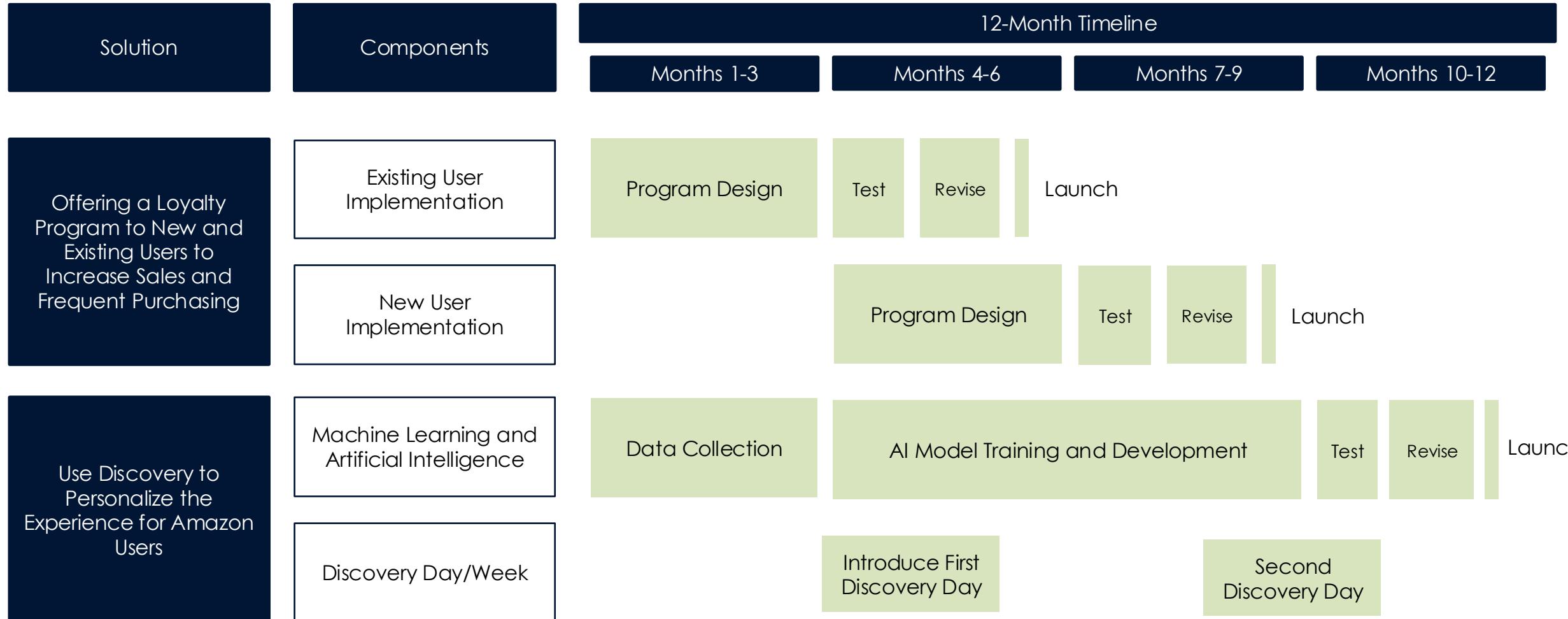
Implementation Timeline



Following this timeline, Amazon will transform their student account platforms, attracting new young users and increasing membership.



Implementation Timeline



Following this timeline, Amazon will begin to personalize the shopping experience to every user's specific needs.



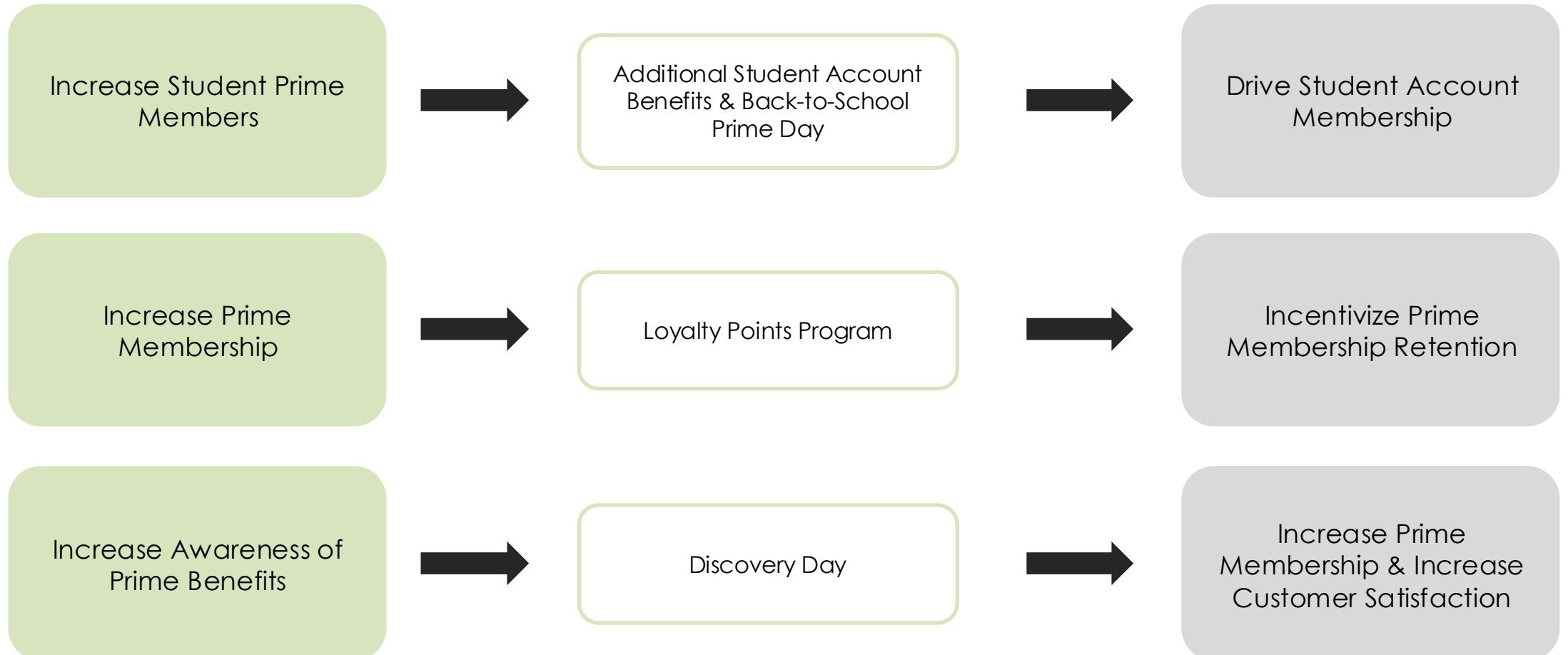
Executive Summary



Proposed Solution

Implementation

Impact





Thank You!

Questions?



Appendix A – Cost Analysis Student Accounts



Back-to-School Prime Day

Revenue Projections:

Participation = 20% (2 million buyers)*
Average Order Value = \$85
Total Revenue: = \$170 million

Cost Breakdown:

COGS = \$110 million
Discounts = \$20 million
Marketing = \$10 million
Total Cost: = \$140 million

Profit: \$30 million**

*assumes 5% of Amazon's 200 million Prime subscribers are students

**this profit estimate includes COGS, which would be a cost to Amazon even without the sale

Marketing to Parents



Total Cost: \$15 million (included in cost analysis for all four components)

Linked Payment Plan

Cost Breakdown:

Development = \$3 million
Security/Compliance = \$1 million
Marketing = \$1 million
Operational = \$1 million

Total Cost: \$6 million

Smart Syllabus

Cost Breakdown:

Development = \$2.5 million
AI Infrastructure = \$1 million
Security/Compliance = \$500,000
Marketing = \$2 million
Operational = \$1 million

Total Cost: \$7 million

Study Resources

Cost Breakdown:

Licensing/Integration = \$3.5 million
Participation: = 10% (1 million users)
Subsidize Accounts: = \$7.5 million
(Quizlet Plus at a 67% discount with users paying ~50% of discounted price)
Marketing = \$2 million

Total Cost: \$13 million



Appendix B - Cost Analysis Discovery



Cost Category	Cost
Stage 1 Machine Learning Data Collection	\$200,000
Stage 2 Launching	\$27,500
Stage 3 Ongoing Maintenance	\$330,000
TOTAL	\$557,500

Assumptions:	
1.	Amazon's already created ML model, utilized for 3 rd party ads, is sufficient and easily accessible
2.	Amazon Cloud systems will be accessed without charge for data collection and storage
3.	All labor costs come from the US Bureau of Labor where they would be in charge of many tasks (Rufus, Advertisements, Discovery Day ML)
4.	Depending on Amazon's ML model , with access could give a more accurate estimate

Maintenance Costs Breakdown			
Machine Learning Model	Amazon Already Created		\$0
Data Engineer	104K x 1		\$104,000
Business Analyst	98K x 1		\$98,000
Machine Learning Engineer	128K x 1		\$128,000
	TOTAL ML MAINTENANCE COST		\$330,000



Appendix C - Profits Discovery Day



Assumptions:

1. **200 million** out of the 315 million shoppers of Amazon see Discovery Day
2. Out of the 200 million shoppers, they are **proportionately** split between Prime and Non-Prime (below)
3. Purchase of Prime Membership is all profit with **no costs** involved

2024 Total Shoppers:

315 million

2024 Prime Members:

200 million (64%)

2024 Non-Prime

Members: **115 million (36%)**

Total Prime Members (64%)	Low Engagement (5% complete videos)	Moderate Engagement (20% complete videos)	High Engagement (50% complete videos)
Total Prime Members Watched Videos	6.4 Million Prime watch all videos	25.6 Million Prime watch all videos	64 Million Prime watch all videos
How much is discounted (\$5 loyalty points)?	\$32 Million	\$128 Million	\$320 Million
Total Non-Prime Members (36%)	Low Engagement (5% complete videos)	Moderate Engagement (20% complete videos)	High Engagement (50% complete videos)
Total Non-Prime Members Watched Videos	3.6 Million Non-Prime watch all videos	14.4 Million Non-Prime watch all videos	36 Million Non-Prime watch all videos
Net-Even shoppers to Buy Prime (include ML Cost)	237,037 (6.58% Non-Prime who watch all videos buy Prime)	948,148 (6.58% Non-Prime who watch all videos buy Prime)	2,388,059 (6.63% Non-Prime who watch all videos buy Prime)
5% Profit Margin (including ML cost)	253,880 (7.1%)	1,006,119 (6.98%)	2,510,597 (6.97%)



Appendix D - Cost Analysis Loyalty Points



Loyalty Ads Costs

- **Assumption:** \$30M allocated to promote the new program
- Channels might include:
 - Homepage banners
 - Sponsored placements
 - Email campaigns
 - Push notifications
 - Social ads

For comparison, Amazon spent over \$20B globally on marketing in 2022. A \$30M launch budget for a major new Prime perk is modest and very feasible.

Incremental Share (At 15% increased Spending)

Revenue	Scaled Costs	Profit (40% Margin)
50 Million Users: \$750 M / Month \$9B / Year	50 Million Users: \$200 M / Month \$2.4 B Total Costs	50 Million Users: \$100 M / Month \$1.2 B Total Costs
100 Million Users: \$1.5 B / Month \$18B / Year	100 Million Users: \$400 M / Month \$4.8 B / Year	100 Million Users: \$200 M / Month \$2.4 B / Year
150 Million Users: \$2.25 B / Month \$27B / Year	150 Million Users: \$600 M / Month \$7.2 B / Year	150 Million Users: \$400 M / Month \$4.8 B / Year