



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

Team Introduction



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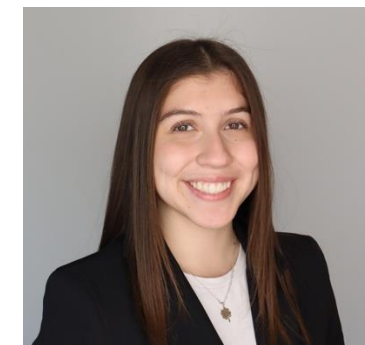
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Objectives



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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Amazon Prime Overview



Services Provided



Prime Subscribers (Millions)

Amazon Prime	Prime Student
Cost: \$139 per year \$14.99 per month. 1- Month Free Trial	Cost: \$69 per year. \$7.49 per month 6-Month Free Trial
Amazon Family: share select benefits and manage content <ul style="list-style-type: none">• Link 1 Adult account• +4 Children	Prime for Young Adults: 4-year limit; 18-24 years old and college students
Medical Care: \$5 RxPass Subscription 80% off Prescriptions	StudentUniverse: 10% off travel benefits for flights and hotels
Prime Visa, Amazon First Reads, Alexa+, etc.	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.

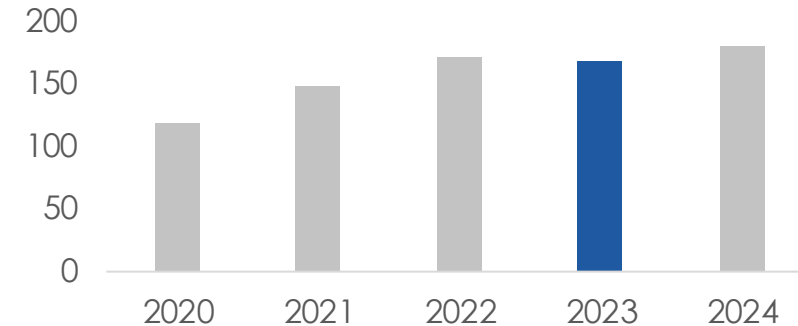


Avg. member spends ~**\$1,400 per year**



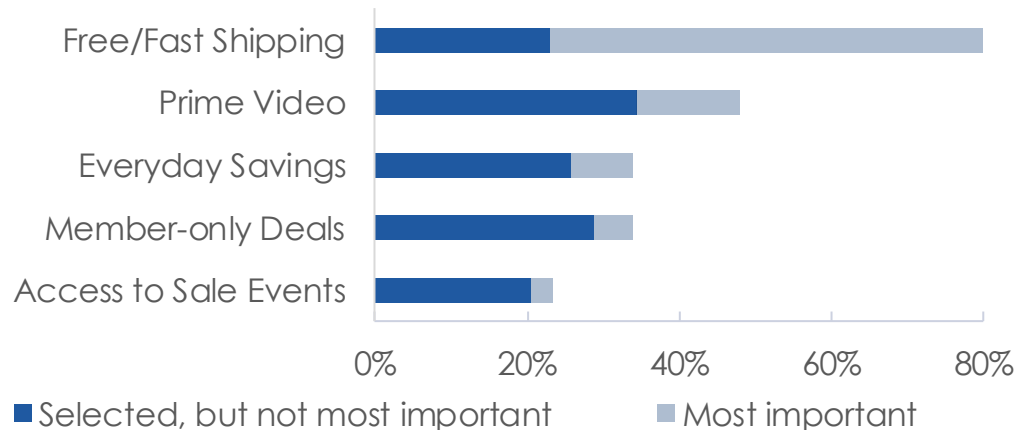
75% of US Amazon customers are Prime members

Prime Subscribers (Millions)



Dropped by **3 million** in for the **first time since 2016**

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



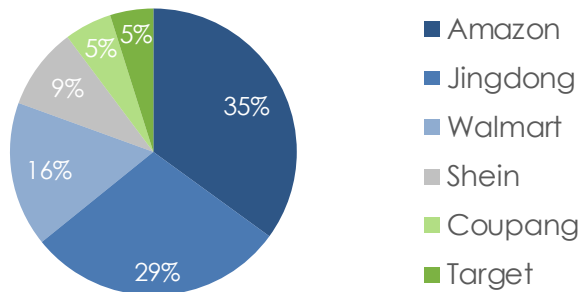
Industry Overview

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

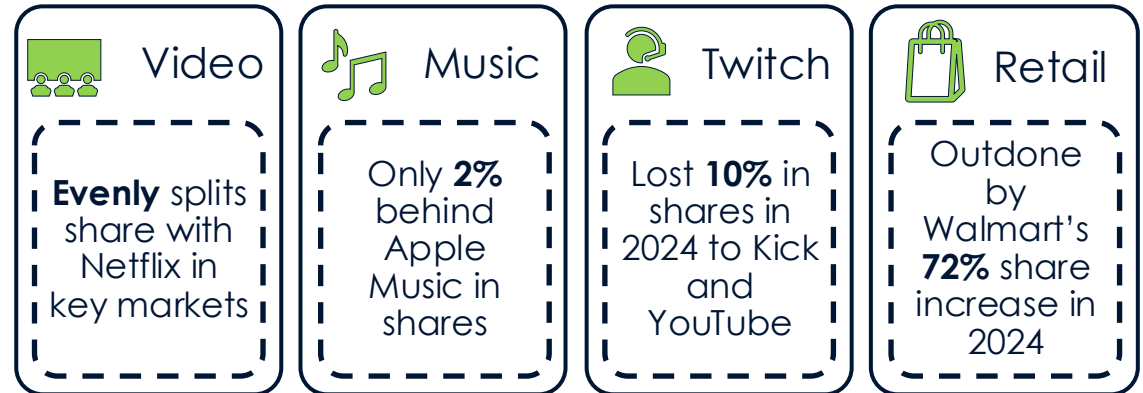
Walmart had the **largest growth rate** in the industry

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

Net Sales By Platform



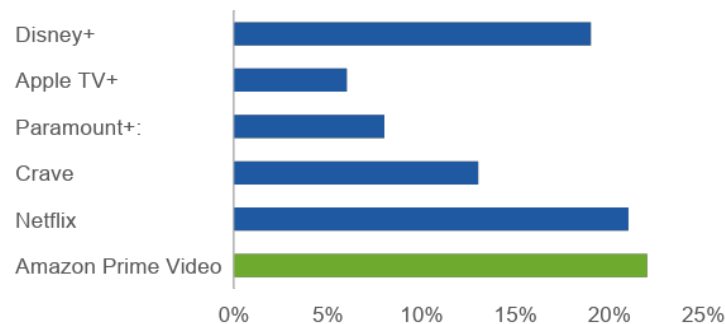
Market Share Vs. Competitors



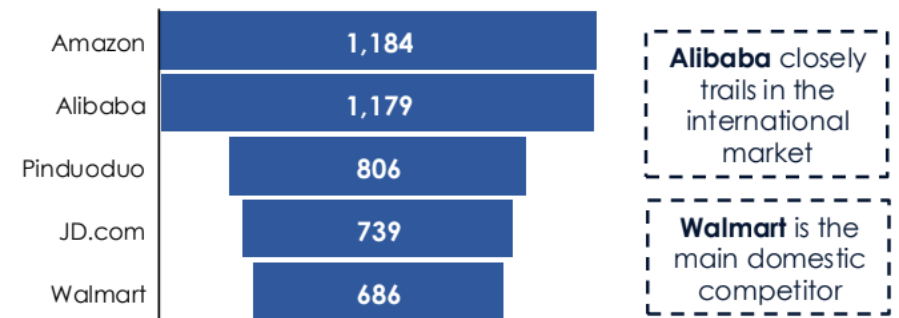
Music Streaming

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

Video Streaming



Projected Retail Revenue 2027 (\$bn)



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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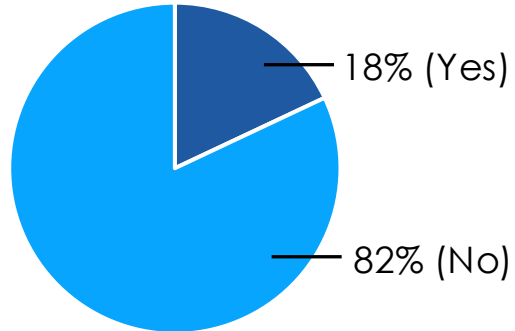
Implementation Timeline



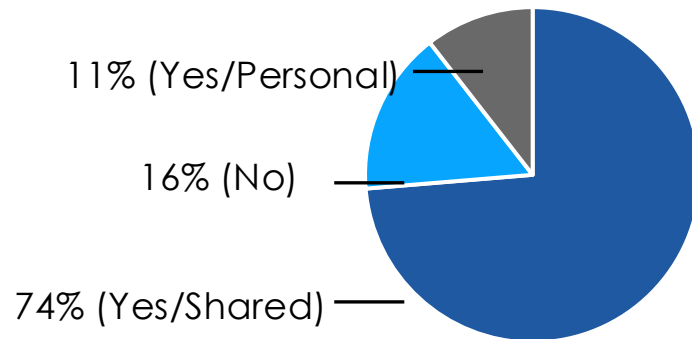
Why do Students Not Have a Prime Account?



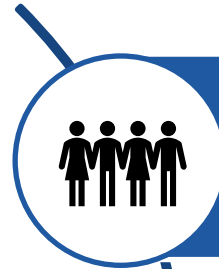
Do you own a Student Prime Acc.?



Do you use a different account?



Survey Results



82% of students don't use a Student Amazon Prime account, with only **18%** of students not having a student account.



Of the 76 people who don't have a student account, **74%** share an account, and **11%** have a personal account.



53% of non-users said they were unaware of the account, **20%** mentioned high cost and **11%** said they don't shop on Amazon often.

Sample Size of 93

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**.

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

Additional Student Account Benefits



Linked Payment Plan

Student Account



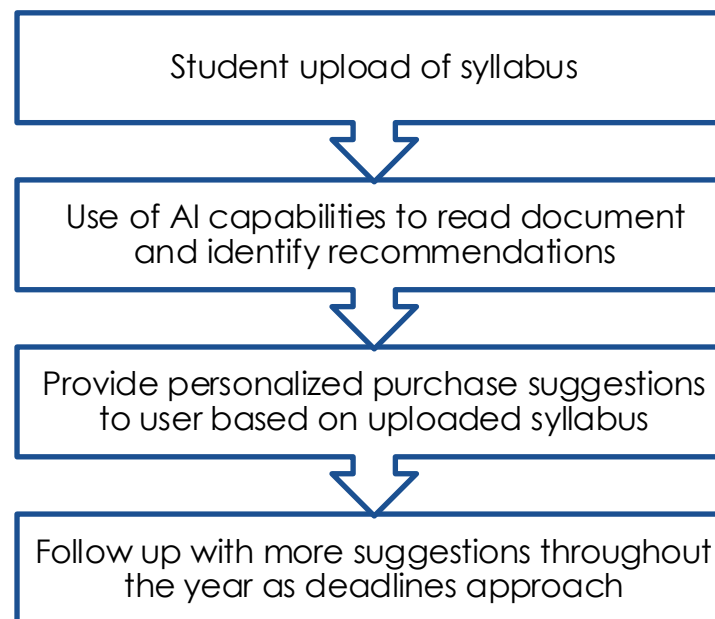
Parent Account

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.

Back-to-School Prime Day



Overview



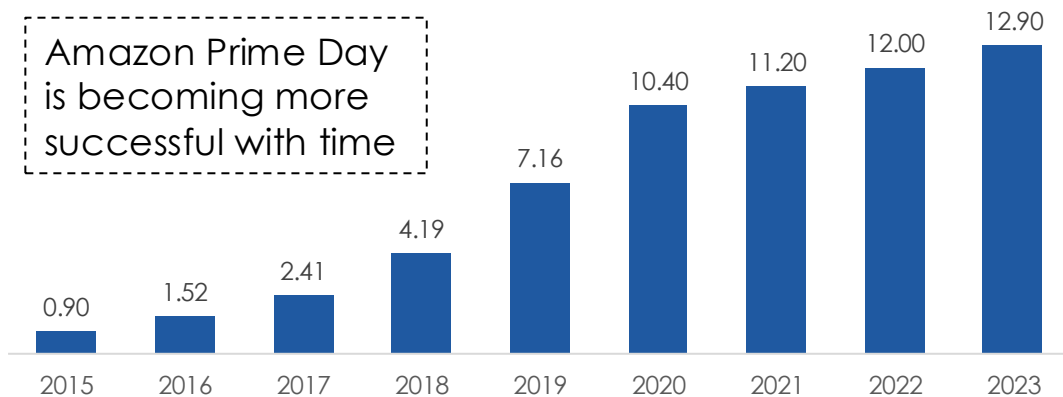
Exclusive sale event for student accounts

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



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

Global Amazon Prime Day Sales (\$bn)



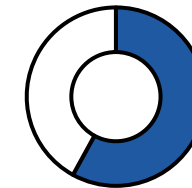
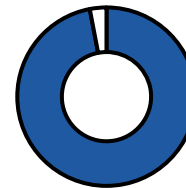
Benefits

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



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

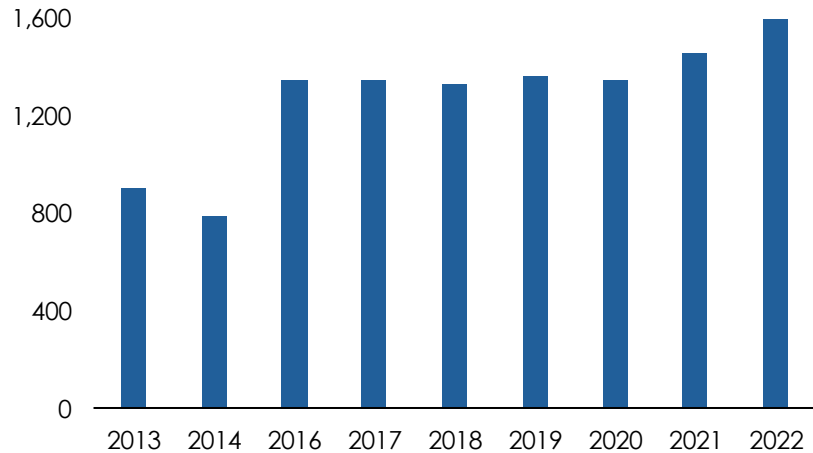
A Back-to-School Prime Day, exclusive to student accounts and focused on school-related purchases, will increase Prime membership and sales during the back-to-school period.



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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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



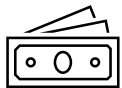
Increases Prime Subscriptions:

Creates urgency to subscribe in order to redeem points



Boosts Customer Retention:

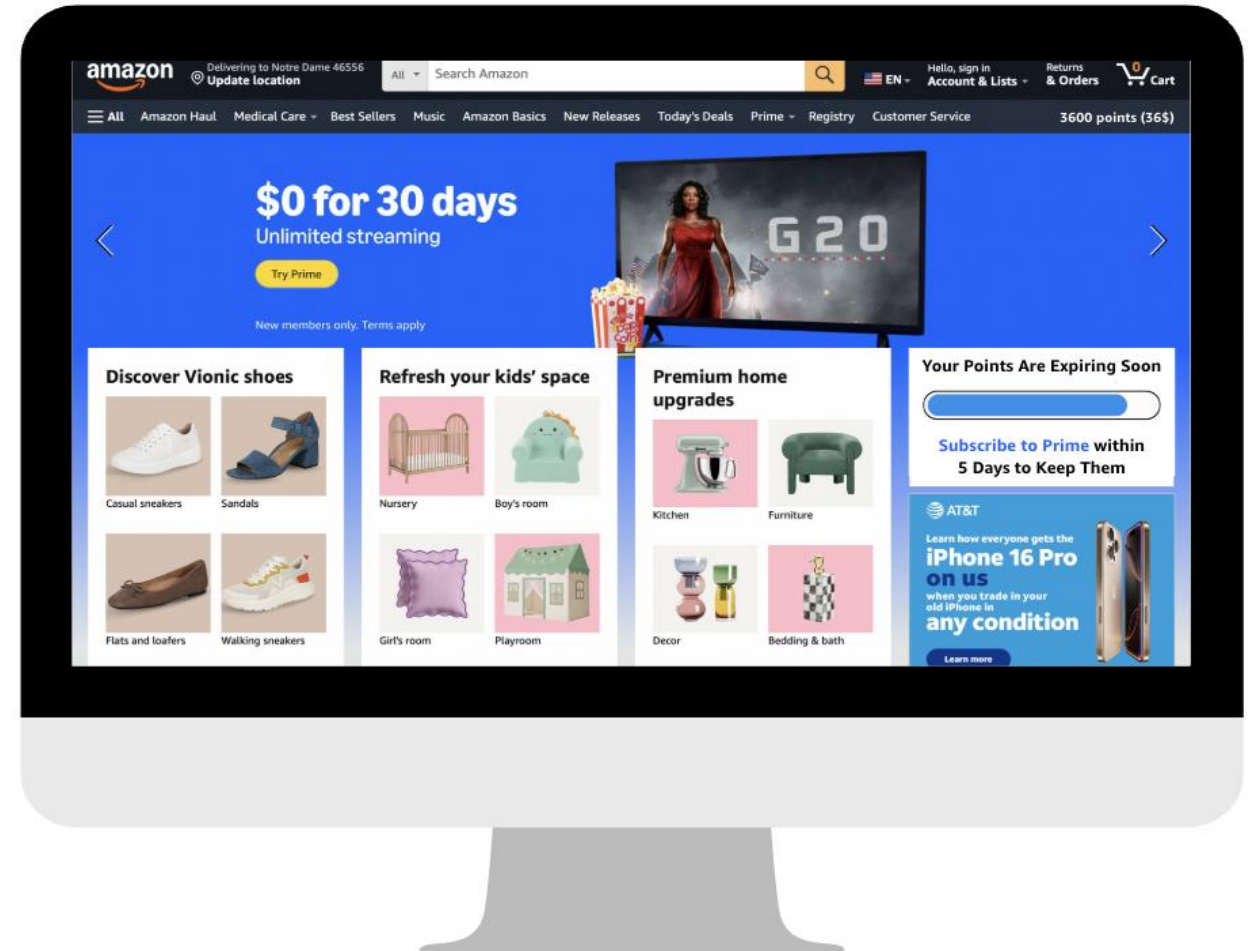
Expiring points boost user activity.



Encourages Higher Spending:

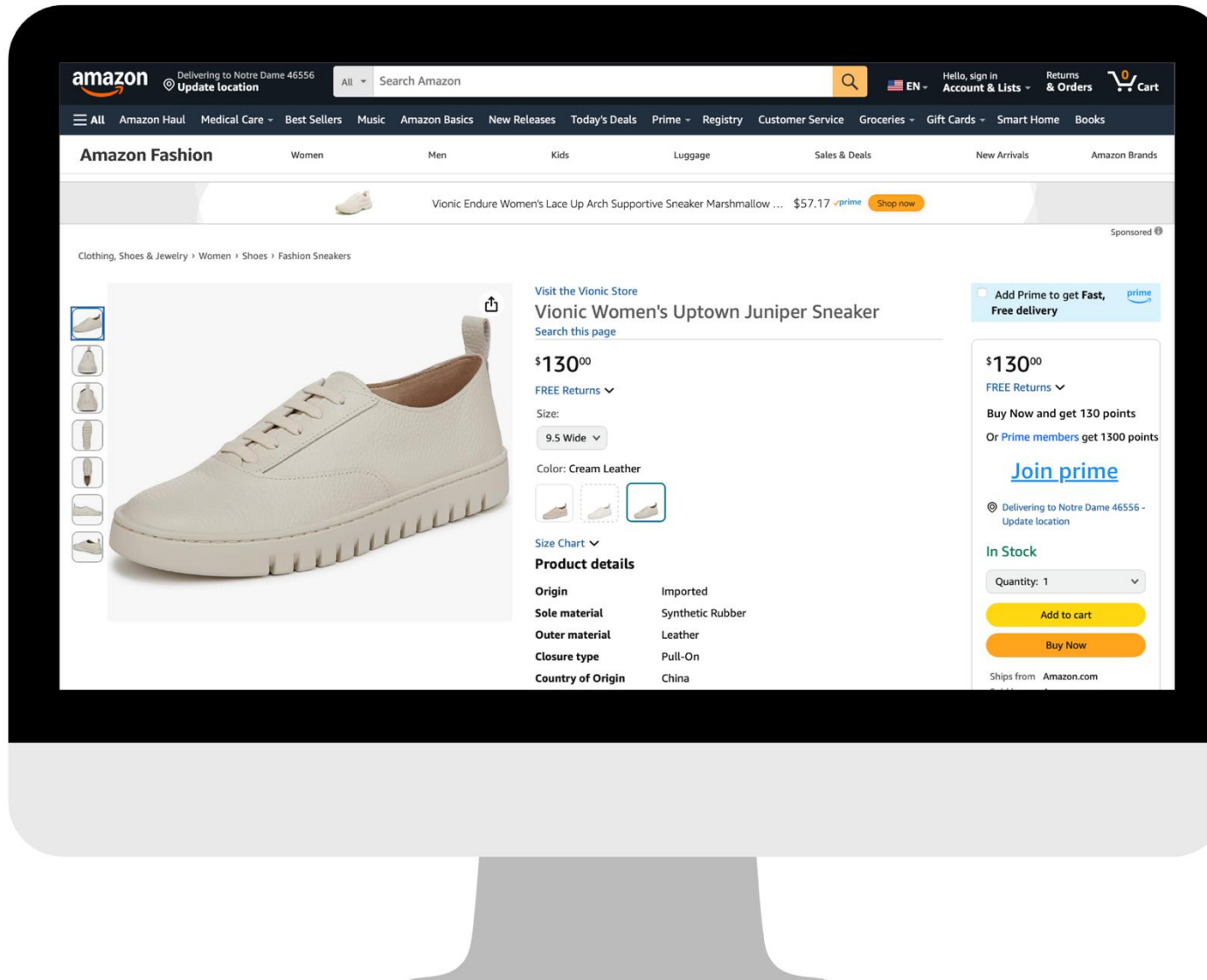
Earning more points with Prime motivates users to spend

Sample of Non prime- User Home Page

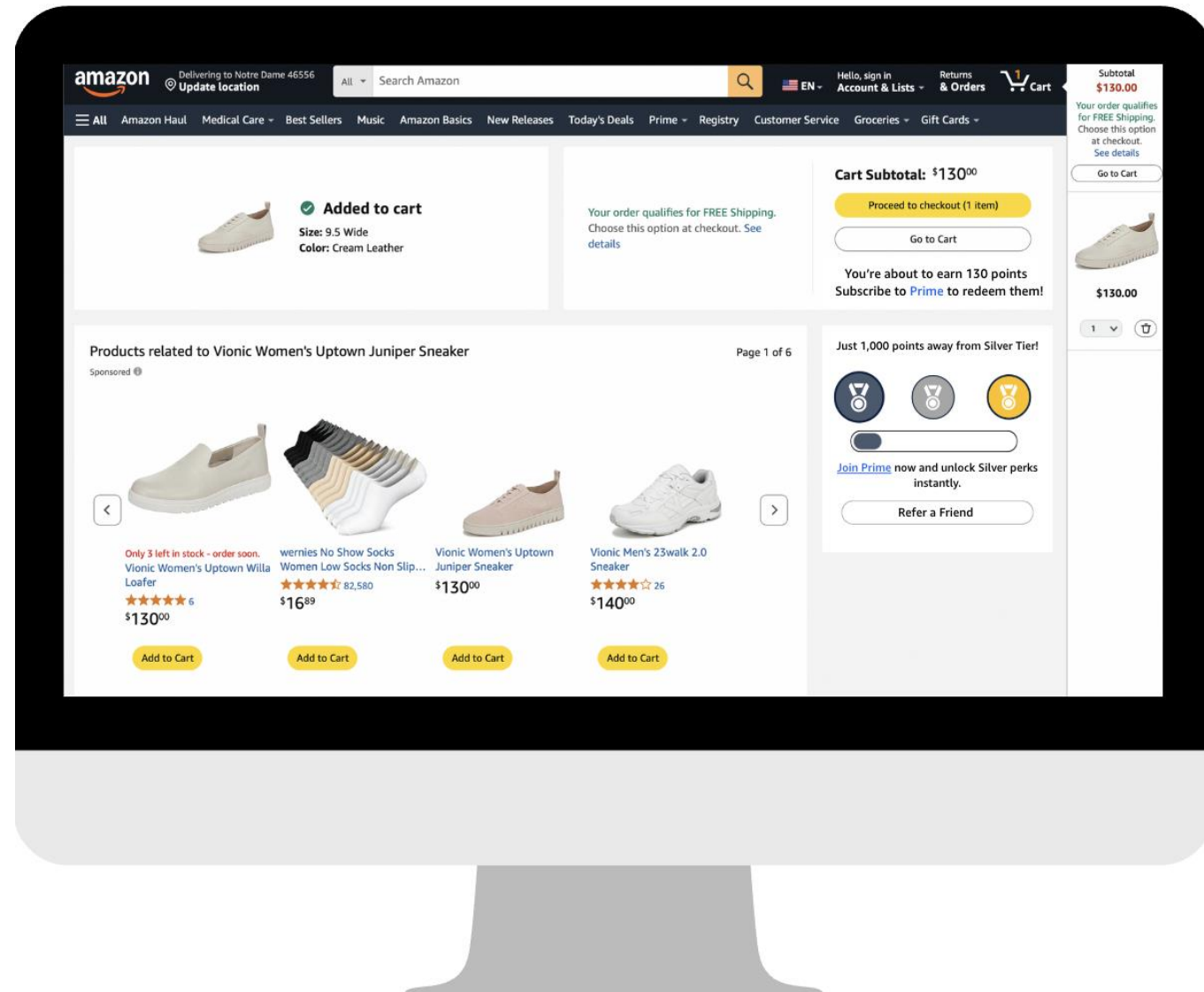


Amazon's loyalty and referral program incentivizes new users to subscribe to Prime, spend more, and refer others

Loyalty Points for New Users



Loyalty Points for New Users



a 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

\$200.00
\$150.00
\$100.00
\$50.00
\$-

50th Percentile

80th Percentile

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



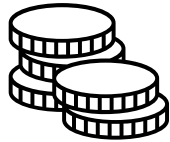
Minimize overhead costs and **prove profitability** first

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



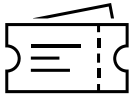
Customer Experience



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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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



Utilize
machine learning



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.



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

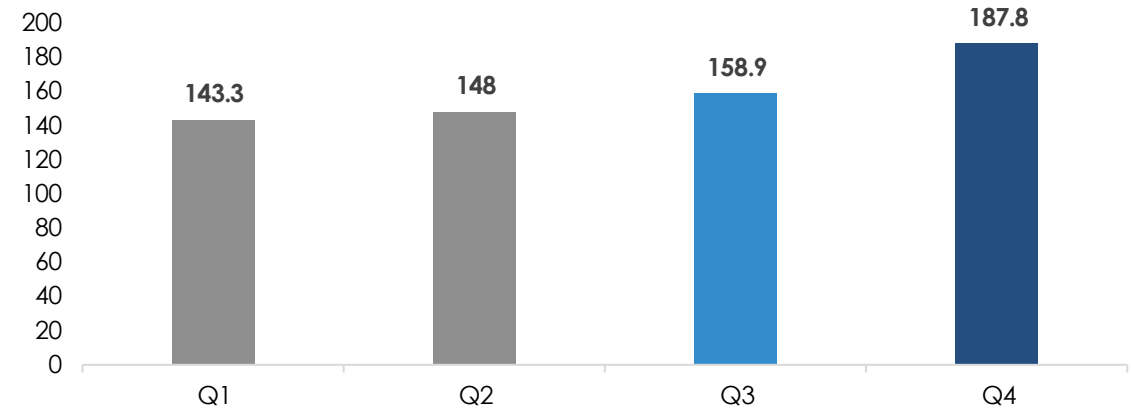
For Non-Prime Members

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



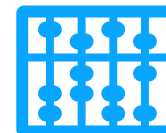
Leverage Rufus as a Discovery Tool: non-prime
 members can interact with Rufus for **limited time**
 to discover benefits

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

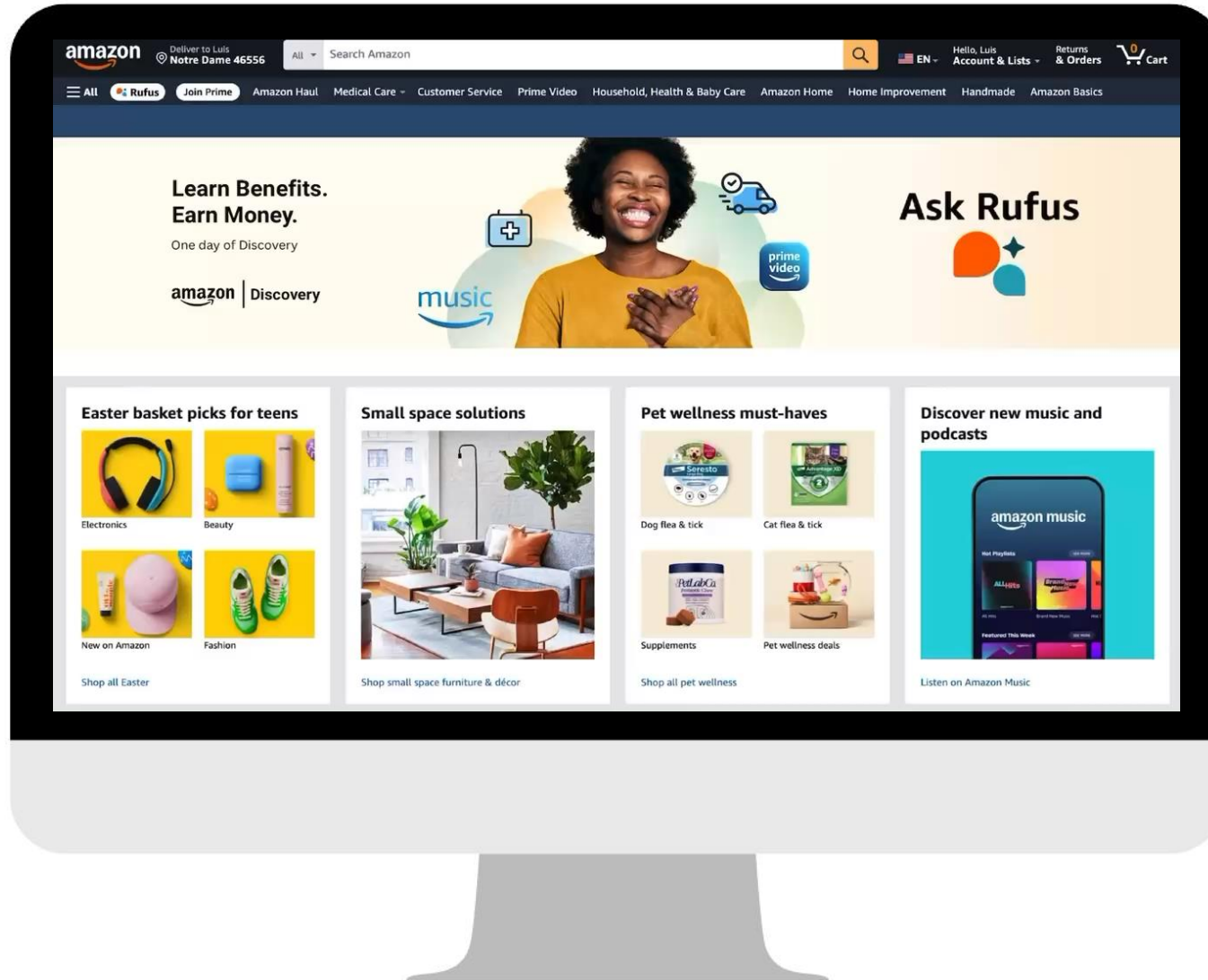


Interactive Onboarding Experience: educate
 new members on their benefits with Prime and
 earn **loyalty points**

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



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

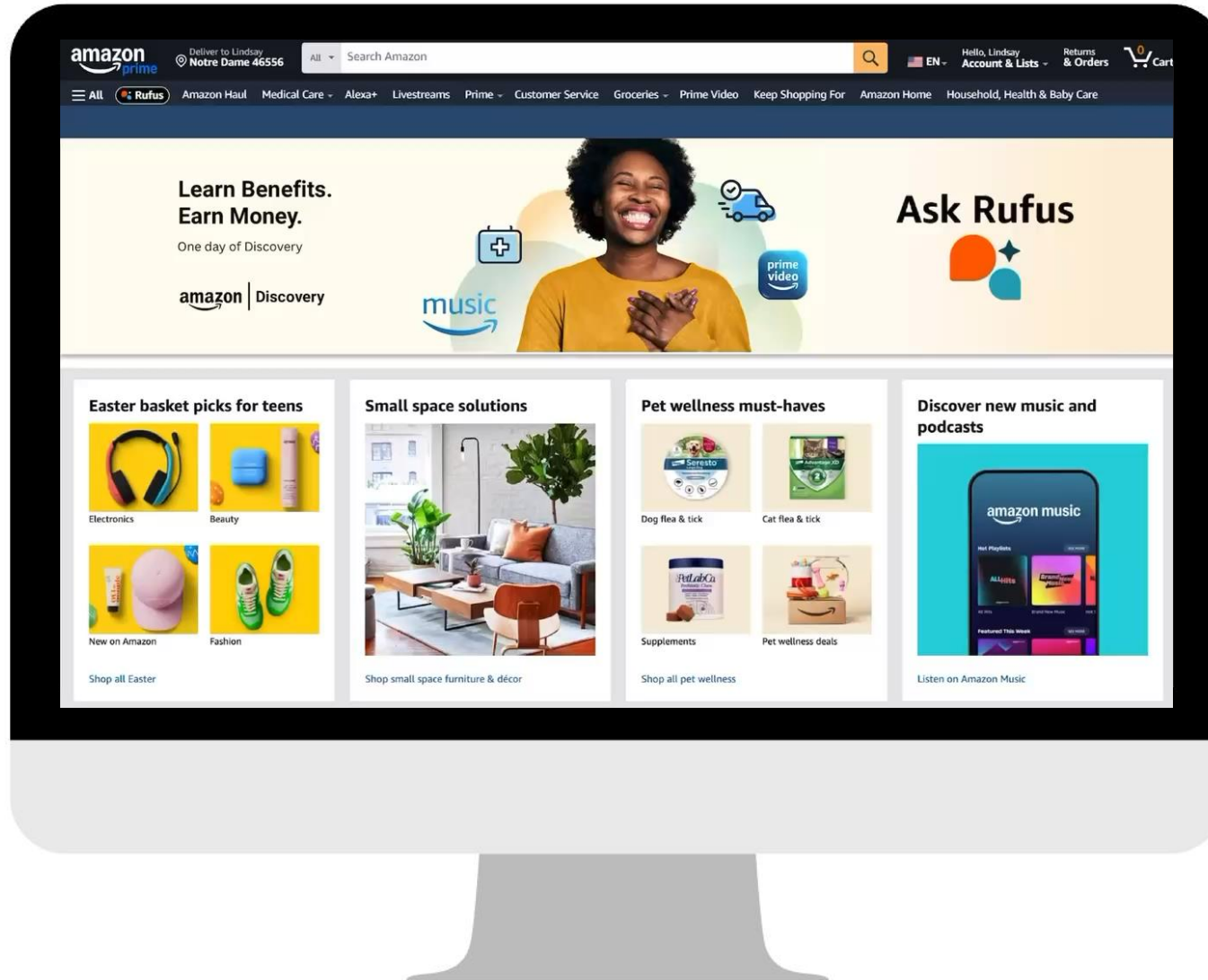
2 Making Rufus larger and more prevalent, the discovery experience is funneled through the AI assistant, creating a **more intuitive and personalized** approach.

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.



Figma Prime Mockup



Purpose

1 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.

Machine Learning

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

Loyalty Points

3 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**.



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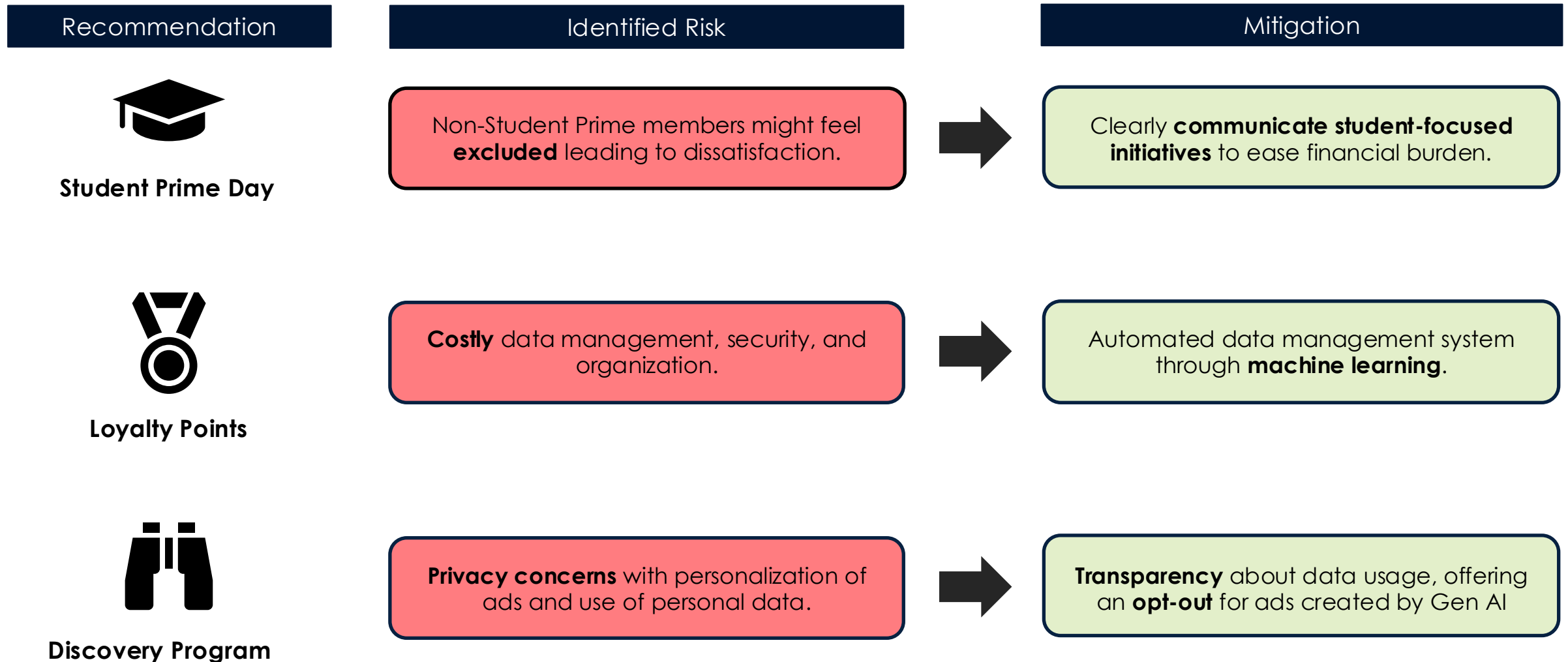
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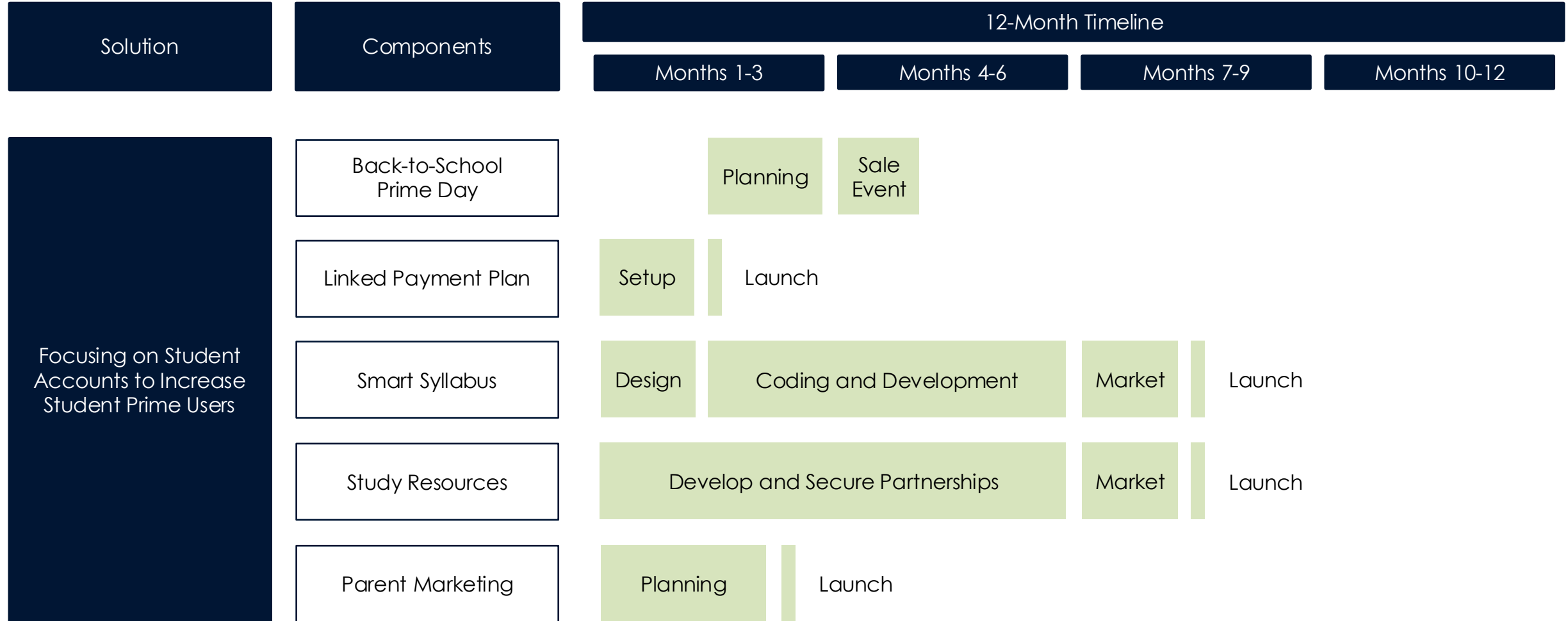
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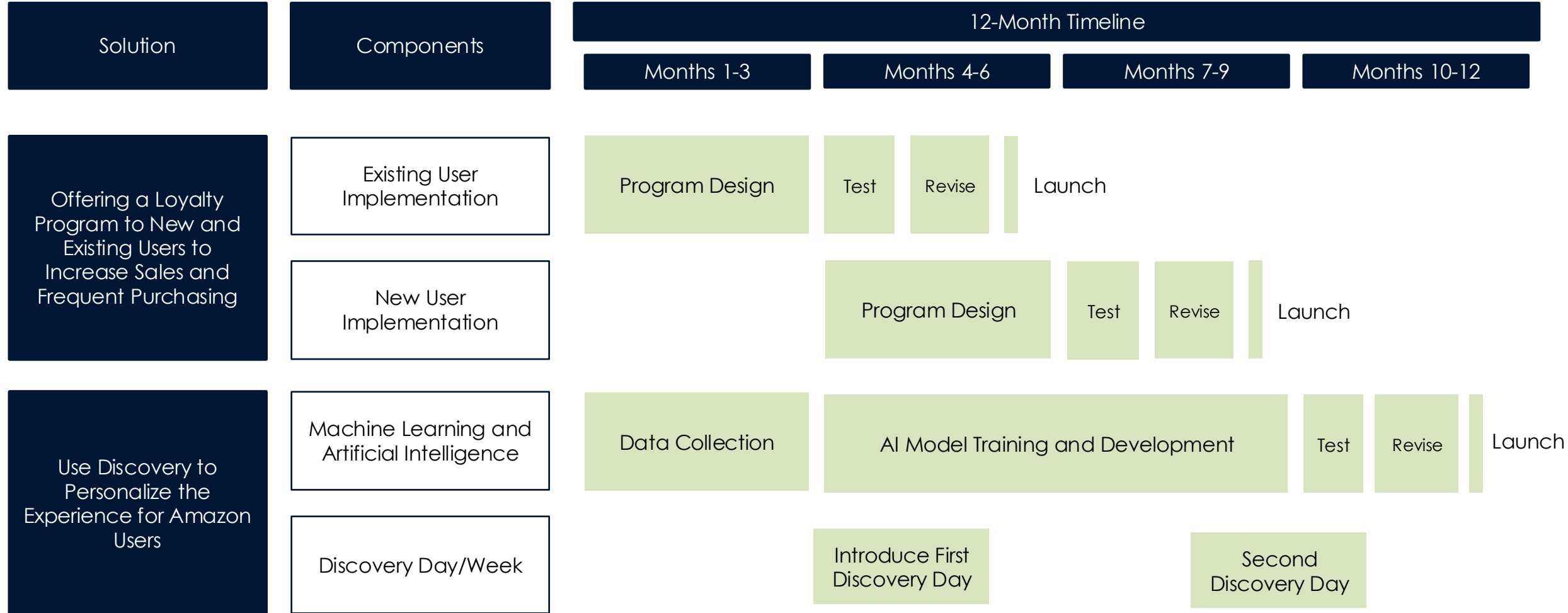
Implementation Timeline



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

Increase Student Prime Members



Additional Student Account Benefits & Back-to-School Prime Day



Drive Student Account Membership

Increase Prime Membership



Loyalty Points Program



Incentivize Prime Membership Retention

Increase Awareness of Prime Benefits



Discovery Day



Increase Prime Membership & Increase Customer Satisfaction



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:

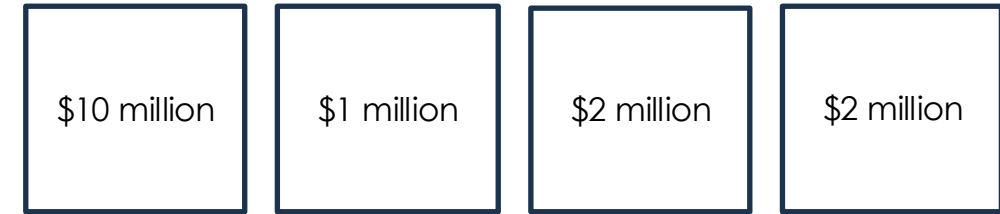
COGS = \$110 million
 Discounts = \$20 million
 Marketing = \$10 million
 Total Cost: = \$140 million

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 3rd 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