

Amazon raises Prime membership fees to offset growing costs



New York, February 4 (RHC)-- Amazon.com Inc on Thursday said it was raising the price of its Prime subscriptions, as it looks to offset higher shipping costs and wages even after beating profit expectations for the holiday quarter.

Shares rose 12 percent in after-hours trade. Before the market's close, Amazon's stock had dropped nearly 8 percent as part of a broader technology share selloff sparked by Facebook owner Meta Platforms Inc's outlook.

On the heels of its windfall from at-home shopping during the coronavirus pandemic, Amazon has poured money into its operations to manage disruptions, most recently the Omicron variant of COVID-19. It has marketed signing bonuses to attract hundreds of thousands of workers in a tight labour market, and it has

paid more for shipping because it could not get products into the right warehouses.

U.S. subscribers' annual fees last went up four years ago to \$119 from \$99, and they went up four years prior from \$79. Amazon has more than 200 million paid subscribers to its loyalty club Prime. The U.S. monthly fee will increase to \$14.99 from \$12.99, and the annual membership to \$139 from \$119, effective February 18 for new members, the company said.

With more than 200 million members globally, Prime is an incentive to consumers to direct more of their shopping to Amazon so they can make the most of their subscriptions. Such fees for the fourth quarter alone grew 15 percent to \$8.1 billion.

Still, Amazon forecast first-quarter sales below Wall Street estimates, projecting between \$112 billion and \$117 billion, or to grow between 3 percent and 8 percent.

Analysts were expecting \$120.04 billionn, according to IBES data from Refinitiv. Net income for the holiday quarter, the busiest time of the year for Amazon, rose to \$14.32 billionn, or \$27.75 per share, from \$7.22 billion, or \$14.09 per share, a year earlier.

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