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PART A

INDEPENDENT PROJECT/ DISSERTATION

Topic: The Impact of Amazon Prime Price Increases on Customer Loyalty and Retention

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CHAPTER 1

INTRODUCTION

Amazon Prime has grown into one of the most widely used subscription services in the world. What began in 2005 as a simple way to get faster delivery has become a large package of services that includes movies, TV shows, music, e-books, cloud storage, gaming benefits, exclusive discounts and early access to major sales. This transformation has made Prime an important part of everyday life for millions of customers. People rely on Prime not only for convenience but also for entertainment and digital services. Because of this, Amazon Prime plays a major role in keeping customers loyal to the Amazon platform and encouraging them to shop more often. Studies show that Prime members spend more than non-members because they feel more connected to Amazon's ecosystem and enjoy the benefits that come with membership (Kumar & Shah, 2015).

However, keeping such a large service operating smoothly is expensive. Over the last several years, Amazon has faced increased operational costs, including higher wages, fuel prices, delivery expenses, warehouse management costs and investments in new streaming content. At the same time, the whole world has experienced rising inflation and supply chain difficulties. Because of these financial pressures, Amazon increased the price of Prime in many countries. In the United States, the annual membership went from \$119 to \$139, and in the United Kingdom it rose from £79 to £95. These price changes were introduced in 2022 and 2023 and received a lot of attention from customers and the media (CNBC, 2022; Business Insider, 2023; Forbes, 2023).

The reaction from customers was mixed. Some long-time Prime members felt that the increase was acceptable, especially considering how much they use the service. Others felt unhappy because they did not think enough improvements were added to justify the new price. This disagreement shows an important part of customer behaviour: people do not react to price changes only based on the amount. They also judge whether a price feels fair, whether they understand the reason behind it, and whether they believe they are still receiving good value for their money. According to Kahneman, Knetsch and Thaler's (1986) famous research on price fairness, customers are more likely to accept a price rise when they believe the company had no choice or when the added value makes sense. But if they

feel the increase is unfair, their satisfaction decreases, and they start thinking about cancelling.

This idea is especially important today because many people already pay for multiple digital subscriptions. Streaming platforms like Netflix, Disney+, Spotify, Apple TV+, YouTube Premium and Amazon's own Prime Video are all competing for customers' attention and money. As people accumulate more subscriptions, they become more sensitive to price increases. Researchers call this situation "subscription fatigue," meaning customers feel tired of paying for so many services every month or year (McCarthy & Fader, 2018). When Amazon increases the price of Prime, customers compare it with alternatives such as Walmart+, Costco membership or streaming-only services. If they believe a cheaper competitor gives similar value, they may consider leaving Prime.

Not all customers think about these decisions in the same way. Heavy users who order from Amazon frequently or watch a lot of Prime Video content may still feel that Prime is worth the higher price. Occasional users, however, may think they are paying for features they never use. Some people use Prime only for fast delivery, while others mainly use Prime Video or enjoy Amazon Music. Because Prime includes so many different services in one bundle, customers experience the membership differently depending on their lifestyle, habits and interests. This variety makes it harder to predict how people will react to a price increase.

Another factor that affects customer reactions is their personal situation. Income plays a major role in price sensitivity—people with lower incomes are more affected by even small price changes, while people with higher incomes may hardly notice the increase. Age may also influence reactions because younger customers tend to change subscriptions more often, while older customers prefer stability and convenience. Household size can also matter: a bigger family might feel that multiple people benefit from Prime Video, deliveries and other services, which increases the perceived value. A single-person household may feel differently.

Understanding how all these factors work together is important for Amazon because Prime is more than just a subscription—it is a key part of Amazon's long-term strategy. When customers stay loyal to Prime, they continue shopping on Amazon instead of going to competitors. They also use Amazon's digital services, which strengthens Amazon's position in the streaming and entertainment markets. If the price increase causes a large number of cancellations, Amazon could lose not only subscription income but also long-term shopping revenue. This makes it necessary to understand how customers perceive the price increase, what affects their satisfaction and what influences their renewal decisions.

This dissertation aims to explore how the recent Amazon Prime price increases influence customer loyalty, satisfaction and the decision to renew their membership. It seeks to understand how customers judge the fairness of the new price, whether they believe Prime still offers good value and how different usage patterns contribute to their opinions. It also aims to find out whether demographic factors such as age, income and household size play an important role. This research is especially relevant today because many digital companies are also raising prices due to rising operational costs. Knowing how customers react to these changes can help companies make better strategic decisions and reduce the risk of losing loyal subscribers.

To support this investigation, this dissertation includes the results of a structured survey completed by one hundred Amazon Prime users. These participants shared their personal opinions on price fairness, service satisfaction, usage habits and renewal intentions. Their feedback helps show how real customers respond to price changes, making the study more practical and realistic. While the detailed analysis of this survey will appear in Chapter 4, its existence helps demonstrate the importance of understanding customer behaviour in a changing subscription economy.

In addition to the survey, the dissertation builds on academic research and market reports published in recent years. Scholars and industry analysts have highlighted the importance of value, fairness and satisfaction in subscription services. Recent studies show that customers have become more critical and price-conscious, especially as inflation and living costs have risen. For example, a 2023 study by Deloitte found that a large percentage of consumers cancel at least one subscription each year due to price increases or lack of use. McKinsey (2022) also reported that customers are quick to switch services when they feel that the value no longer matches the cost. These modern insights make this research timely and valuable.

Amazon's price increase also happened during a competitive period in the streaming and delivery market. Companies like Walmart+ offer cheaper delivery memberships, Netflix and Disney+ invest heavily in new content, and YouTube Premium continues growing. This competition increases the pressure on Amazon to justify its new price through better services or clearer communication. Customers today expect transparency, and they want to understand why prices rise. If companies fail to explain price changes clearly, customers may feel misled and lose trust. This makes price fairness an essential part of the overall customer experience.

This introduction sets the foundation for the main research question: how do customers react to Amazon Prime price increases, and what factors influence their decision to stay or

cancel? To answer this question, the dissertation examines academic theories on customer behaviour, value perception, satisfaction and loyalty. It also investigates the role of competition, price sensitivity and usage habits. The primary data collected from real Amazon Prime users will help confirm or challenge the ideas found in the academic literature.

The chapters that follow will build on this introduction. Chapter 2 will review the key theories, studies and industry evidence related to subscription services, price perception and customer loyalty. Chapter 3 will describe the research design used for the survey. Chapter 4 will present and analyse the results of the one hundred customer responses, showing how people feel about the price increase. Finally, Chapter 5 will summarise the findings, offer recommendations for Amazon and suggest ideas for future research.

The goal of this research is not only to understand how customers feel today but also to provide useful insights for companies that rely on subscription models. As the world becomes more digital and competition grows stronger, companies must understand how price changes affect customer behaviour. This dissertation aims to contribute to that understanding in a simple, clear and meaningful way.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction to the Literature

This chapter critically reviews the most relevant academic literature, industry reports and professional sources related to subscription-based services, price increases, customer loyalty, perceived value, satisfaction and competition within digital markets. The primary focus of this review is the UK Amazon Prime market, as the empirical component of this dissertation is based on a survey of 100 UK Amazon Prime users examining reactions to the 2022 price increase from £79 to £95.

The literature reviewed in this chapter provides the theoretical foundation for understanding how customers respond to price changes within subscription models. In particular, it highlights how factors such as perceived fairness, usage frequency, satisfaction and demographic characteristics influence customer behaviour. By examining both classic and

contemporary research, this chapter establishes a conceptual framework that supports the analysis of primary data presented later in Chapter 4.

In addition, this review situates Amazon Prime within the wider UK subscription economy, recognising that customer decisions are not made in isolation but are influenced by broader economic conditions, competitive pressures and changing consumer expectations. This integrated perspective is essential for interpreting customer reactions to price increases in a realistic and academically grounded way.

2.2 The Subscription Economy and Changes in Consumer Behaviour

The growth of subscription-based business models represents one of the most significant shifts in consumer behaviour over the past decade. Subscription services now dominate sectors such as entertainment, retail, software, fitness, groceries and cloud services. This shift is commonly referred to as the subscription economy, in which consumers prefer ongoing access to services rather than one-time purchases (Tzuo & Weisert, 2018).

In the UK, subscription adoption accelerated significantly during and after the COVID-19 pandemic. Lockdowns, remote working and increased online shopping encouraged consumers to rely more heavily on digital services. According to Deloitte (2023), UK households now manage multiple subscriptions simultaneously, particularly for streaming entertainment and online shopping. While this has increased convenience, it has also created financial and psychological pressure for consumers.

One of the most widely discussed consequences of this trend is subscription fatigue. McCarthy and Fader (2018) describe subscription fatigue as a state in which consumers feel overwhelmed by the number of recurring payments they must manage. This fatigue leads customers to regularly review their subscriptions and cancel those that no longer feel essential.

Recent UK-focused research supports this pattern. PwC (2023) reports that UK consumers cancelled more subscriptions in 2022–2023 than in previous years, largely due to rising prices and increased living costs. Importantly, this behaviour is not limited to low-income households; even higher-income consumers have become more selective about which subscriptions they retain.

This shift in behaviour is highly relevant for Amazon Prime. Although Prime has traditionally been viewed as a high-value, “must-have” subscription, customers are now evaluating it

alongside other recurring expenses. As a result, even loyal Prime members may reconsider their membership when prices increase, particularly during periods of economic uncertainty.

2.3 Amazon Prime as a Multi-Service Bundle

Amazon Prime operates as a multi-service subscription bundle, offering a wide range of benefits under a single annual or monthly fee. In the UK, these benefits include:

- Fast and free delivery
- Prime Video
- Prime Music
- Prime Reading
- Prime Gaming
- Amazon Photos
- Early access to deals and Prime Day events

The strategic purpose of this bundle is to embed Amazon deeply into customers' daily lives. Research shows that Prime members shop more frequently, spend more money and show higher levels of loyalty compared to non-members (Kumar & Shah, 2015; Smith, 2021). In the UK, Amazon consistently ranks among the most visited e-commerce platforms, and Prime plays a key role in this dominance.

However, academic literature highlights that bundled subscriptions are not universally perceived as valuable. Guiltinan (1987) argues that bundles create value only when customers actively use multiple components. When customers rely on just one or two features, they may perceive the bundle as inefficient or overpriced.

This issue is particularly relevant for Amazon Prime UK. Many customers primarily use Prime for fast delivery and make little use of digital services such as Prime Music or Prime Reading. As a result, when prices increase, these customers may question why they are paying for services they do not use.

This uneven usage pattern creates segmentation within the Prime customer base:

- Heavy users, who use delivery, video and other services regularly
- Moderate users, who use delivery and occasionally stream content

- Light users, who rely almost exclusively on delivery

As prices rise, these groups respond differently, with light users showing greater sensitivity and dissatisfaction.

2.4 Price Increases in Digital Subscriptions

Price increases have become increasingly common across digital subscription services. Major platforms such as Netflix, Disney+, Apple TV+ and NOW TV have all implemented multiple price increases in the UK since 2019. According to KPMG (2022), these increases are driven by rising operational costs, increased investment in original content and inflationary pressures.

However, price increases carry significant risk. Homburg et al. (2010) demonstrate that price increases often lead to reduced customer retention, particularly when customers do not perceive a corresponding increase in value. In subscription markets, where cancellation is typically quick and easy, customers are especially sensitive to price changes.

In the UK context, this sensitivity is amplified by the cost-of-living crisis. Rising energy bills, food prices and housing costs have reduced discretionary spending, making subscription services a common target for cost-cutting.

When Amazon increased the Prime price from £79 to £95, customer reactions were mixed. Media coverage from Business Insider (2023), CNBC (2022) and Forbes (2023) highlighted significant criticism from UK consumers, particularly on social media. While some customers accepted the increase, others expressed frustration that the price rose without visible improvements.

These mixed reactions reinforce the idea that price sensitivity is influenced by multiple factors, including usage, perceived value and external economic conditions.

2.5 Price Fairness and Customer Perception

Price fairness refers to whether customers believe a price or price change is reasonable and justified. Kahneman, Knetsch and Thaler's (1986) theory of price fairness remains highly influential because it emphasises the emotional and moral dimensions of pricing decisions.

Modern research confirms the continued relevance of fairness perceptions. Bolton et al. (2022) and Xia et al. (2018) show that customers are more likely to accept price increases when they believe the increase is justified and unavoidable.

Customers tend to view a price increase as fair when:

- The company communicates clear and transparent reasons
- Increased costs are visible or understandable
- The service improves alongside the price increase
- Competitor prices rise at a similar rate

In the UK, Amazon stated that rising delivery, energy and content-production costs justified the Prime price increase. While some customers accepted this explanation, others felt that service improvements—particularly in Prime Video—were not sufficient.

The primary survey conducted for this dissertation reflects these findings. Some participants accepted the increase due to inflation, while others viewed it as unfair because they rarely used the additional services included in the bundle.

2.6 Perceived Value and Customer Satisfaction

Perceived value is a central concept in subscription research and refers to customers' overall evaluation of what they receive relative to what they pay. Zeithaml's (1988) definition of value remains widely cited, but contemporary studies continue to build on this foundation.

Recent research shows that perceived value is one of the strongest predictors of customer loyalty and renewal intention (Törhönen et al., 2019; Donnelly et al., 2021). In subscription services, value perception is dynamic and influenced by usage, satisfaction and alternatives.

In the UK Amazon Prime context, perceived value is shaped by several factors:

- Delivery speed and reliability
- Quality and relevance of Prime Video content
- Access to discounts and Prime Day offers
- Grocery delivery services (Amazon Fresh, Morrisons via Amazon)
- Overall convenience and time savings

Customers who shop frequently and rely on fast delivery often perceive Prime as strong value. In contrast, customers who joined primarily for Prime Video tend to compare it directly with other streaming services. Given strong competition from Netflix, Disney+, BBC iPlayer and NOW TV, Prime Video faces challenges in standing out.

Customer satisfaction plays a critical role in this process. Oliver (1999) defines satisfaction as the emotional response that results from comparing expectations with actual performance. Modern research continues to confirm that satisfaction strongly influences loyalty in subscription markets (Seiler et al., 2020; Rana et al., 2023).

2.7 Usage Frequency and Retention

Usage frequency is widely recognised as one of the most consistent predictors of subscription retention. Research by Danaher, Smith and Telang (2020) demonstrates that customers who use a service frequently are significantly more tolerant of price increases because they perceive higher overall value. Frequent usage strengthens the psychological connection between the customer and the service, making cancellation feel more disruptive.

In the context of Amazon Prime UK, usage frequency plays a particularly important role because Prime offers both practical and entertainment-related benefits. Customers who integrate Prime into their everyday routines are more likely to justify the subscription cost, even after a price increase.

For Amazon Prime UK customers, usage frequency can be broadly categorised as follows:

- Daily or weekly use → higher perceived value, stronger habit formation, and higher loyalty
- Monthly or occasional use → weaker attachment to the service and higher cancellation risk

Customers who use Prime delivery regularly often view the service as essential rather than optional. In contrast, customers who use Prime only occasionally are more likely to question whether the annual fee is justified, especially during periods of financial pressure.

Economic conditions further amplify the importance of usage frequency. PwC (2023) reports that UK consumers increasingly evaluate subscriptions based on actual usage, rather than perceived brand value. Subscriptions that are not used regularly are among the first to be cancelled during cost-of-living pressures. This behaviour reflects a shift from emotional loyalty to rational evaluation, where customers ask whether they are “getting their money’s worth”.

The primary survey conducted for this dissertation supports these findings. Frequent Prime users were significantly more likely to report an intention to renew their membership, while occasional users expressed uncertainty or a higher likelihood of cancellation. This confirms

that usage frequency acts as a buffer against price sensitivity, particularly in subscription-based business models.

2.8 Demographic Factors Influencing Subscription Behaviour

Demographic characteristics play an important role in shaping subscription behaviour and influencing how customers respond to price increases. While price changes affect all customers, their impact varies depending on personal and household circumstances.

Age

Age is a key factor influencing subscription behaviour. Younger UK consumers tend to adopt digital subscriptions quickly and are comfortable managing multiple platforms. However, they are also more likely to cancel subscriptions when prices rise or when better alternatives become available (Ofcom, 2023). Younger users often display lower long-term loyalty and are more willing to switch between services.

In contrast, older consumers tend to value stability, convenience and reliability. They are more likely to retain subscriptions that simplify everyday tasks, such as fast delivery, even if prices increase. This suggests that age influences not only adoption but also retention behaviour.

Income

Income level strongly influences price sensitivity. Research by Haws et al. (2022) shows that lower-income households are more affected by price increases and are more likely to cancel discretionary subscriptions during economic downturns. In the UK, where inflation has increased pressure on household budgets, subscription costs are carefully evaluated.

Higher-income households are generally more able to absorb price increases, particularly if they perceive the service as convenient or time-saving. However, even higher-income consumers may reassess subscriptions if perceived value declines, suggesting that income reduces but does not eliminate price sensitivity.

Household Size

Household size also affects perceived value. Larger households often perceive greater value from Amazon Prime because multiple members use:

- Prime Video
- fast delivery
- shopping and household services

Single-person households, by contrast, may use fewer Prime features and therefore struggle to justify the cost of the subscription. This difference becomes more pronounced after a price increase, as shared usage increases value perception.

2.9 Competition in the UK Digital and Retail Market

Amazon Prime operates in a highly competitive UK market, facing pressure from both delivery-based subscriptions and streaming services. This competitive environment significantly influences customer price sensitivity and retention.

UK Delivery Competitors

Amazon Prime competes with several UK delivery subscription services, including:

- Tesco Delivery Saver
- ASDA Delivery Pass
- Morrisons Delivery Pass
- Ocado Smart Pass
- Next Unlimited

These services often focus on a single function—delivery—and are typically priced lower than Amazon Prime. For customers who primarily use Prime for grocery or retail delivery, these alternatives present attractive substitutes, especially when Prime prices increase.

UK Streaming Competitors

Prime Video also competes with a crowded UK streaming market, including:

- Netflix
- Disney+
- Apple TV+
- NOW TV
- BBC iPlayer
- ITVX Premium

Many UK customers compare Prime Video directly with these platforms when evaluating value. Since Prime Video is bundled rather than standalone, dissatisfaction with content quality can weaken overall Prime value perception.

Jones et al. (2002) argue that low switching costs increase customer churn. In the UK, cancelling Amazon Prime requires minimal effort, which increases the likelihood of cancellation when customers perceive better value elsewhere.

2.10 Communication, Trust and Long-Term Loyalty

Communication plays a critical role in shaping customer reactions to price increases. Campbell (1999) argues that transparent and honest communication can reduce perceptions of unfairness and protect customer trust. When customers understand why prices are rising, they are more likely to accept the change.

McKinsey (2023) confirms that customers are more accepting of price increases when companies clearly explain:

- the reasons for the increase
- how rising costs affect the business
- what improvements customers will receive

In the UK, Amazon communicated the Prime price increase primarily through email. While some customers considered the explanation adequate, others felt it lacked detail, particularly regarding improvements to Prime Video content. This lack of clarity contributed to negative reactions among some users.

Trust remains central to long-term loyalty. Customers who trust Amazon are more likely to tolerate price increases and remain subscribed. However, if trust declines—due to unclear communication or perceived lack of value—customers become more willing to cancel. In subscription-based markets, maintaining trust is therefore essential for sustaining customer relationships over time.

2.11 Summary of the Literature Review

This literature review highlights that customer reactions to subscription price increases are influenced by a complex interaction of perceived value, fairness, satisfaction, usage behaviour, demographics and competition. In the UK Amazon Prime context, these factors are further shaped by economic pressures and intense competition.

The review identifies a clear research gap regarding UK-focused, multi-service subscription models, which this dissertation addresses through primary research.

CHAPTER 3

METHODOLOGY

This chapter explains how the research for this dissertation was planned, designed and carried out. It describes the research approach adopted, the target population and sampling strategy, the design of the questionnaire, the data collection process and the methods used to analyse the findings. In addition, the chapter discusses the research philosophy, issues of reliability and validity, ethical considerations and the limitations of the chosen methodology. The purpose of this chapter is to demonstrate clearly that the research was conducted in a structured, transparent and academically rigorous manner, ensuring that the data collected is both reliable and meaningful for addressing the research objectives.

Given the focus of this dissertation on UK Amazon Prime customers and their reactions to a subscription price increase, the methodology needed to be appropriate for capturing customer attitudes, usage behaviour and intentions in a measurable and comparable way. Subscription-based services involve complex decision-making processes influenced by economic conditions, perceived value and individual usage patterns. As a result, the

research design needed to allow these factors to be examined systematically across a diverse group of participants.

The methods selected reflect common practice in business and marketing research and are aligned with approaches used in previous studies on subscription services, pricing and customer loyalty. A quantitative research strategy was considered most suitable because it allows the collection of standardised data from multiple participants, making it possible to identify patterns and relationships between key variables. Using a structured survey approach also ensures consistency in how data is gathered, which strengthens the reliability of the findings.

Furthermore, the methodology was designed to balance academic rigour with practical feasibility. As this dissertation was conducted within the constraints of time and resources typical of postgraduate research, methods were chosen that could generate meaningful insights without requiring complex or inaccessible data sources. The focus on UK-based participants ensures that the findings are contextually relevant and reflect the economic and competitive environment in which Amazon Prime operates.

Overall, this chapter provides a clear explanation of how methodological decisions were made and justifies why these choices are appropriate for addressing the research aims. By outlining each stage of the research process in detail, the chapter establishes a strong foundation for the analysis and discussion of findings presented in the subsequent chapter.

3.1 Research Approach

A quantitative research approach was used for this study. This approach was selected because the research aims to measure patterns in customer behaviour and to understand how UK Amazon Prime members reacted to the 2022 price increase from £79 to £95. Quantitative methods allow the researcher to collect numerical data that can be compared, summarised and analysed in order to identify clear trends and relationships between variables (Bryman, 2019).

The study focuses on identifying how many customers intend to renew or cancel their membership, which customer groups are most price-sensitive, and how factors such as perceived value, satisfaction and usage frequency influence loyalty. These research questions are best addressed through quantitative data rather than qualitative narratives. A quantitative approach also allows the findings to be compared more easily with existing academic literature and industry reports, strengthening the overall credibility of the study.

A survey (questionnaire) was selected as the primary research tool. Surveys are widely used in consumer behaviour research because they allow data to be collected from a relatively large number of participants in a structured and consistent manner. In the context of subscription services, surveys are particularly effective because they enable the measurement of attitudes, perceptions and intentions using standardised response scales.

Although qualitative methods such as interviews could provide deeper insight into individual experiences, they are less suitable for identifying general patterns across a broader customer base. Given the objectives of this dissertation and the practical constraints of postgraduate research, a quantitative survey was considered the most appropriate method.

3.2 Research Purpose and Connection to Objectives

The overall purpose of this dissertation is to investigate how UK Amazon Prime members responded to the price increase from £79 to £95 and to explore which factors influence their decisions to keep or cancel their membership. More specifically, the research focuses on:

- customers' reactions to the new price
- how fairness and value perceptions influence behaviour
- whether customer satisfaction affects loyalty
- whether usage patterns impact renewal intentions
- whether demographic factors such as age, income and household size

influence decisions

A survey was chosen because each of these objectives requires the collection of structured, comparable data. Each section of the questionnaire was designed to link directly to one or more of the research objectives. For example, questions on perceived value and price fairness relate directly to how customers evaluate the price increase, while questions on usage frequency and satisfaction help explain differences in loyalty and renewal intention.

This strong alignment between objectives and methodology reduces the risk of collecting irrelevant data and increases the internal coherence of the research design. It also ensures that the findings presented in Chapter 4 can be clearly linked back to the original aims of the study.

3.3 Population and Sample

The population for this research consists of UK residents who are current or former Amazon Prime members. This focus is essential because the dissertation examines the UK market specifically and analyses reactions to a UK-based price increase. Limiting the population to UK customers ensures that the findings are relevant to the economic, cultural and competitive conditions of the UK subscription market.

A sample of 100 UK participants was gathered. This sample size is appropriate for postgraduate business research, particularly for studies that rely on descriptive and comparative analysis rather than advanced statistical modelling (Saunders, Lewis & Thornhill, 2019). A sample of 100 allows meaningful patterns to be identified while remaining manageable in terms of data collection and analysis.

Sampling Technique

A non-probability convenience sampling method was used. Participants were recruited through social media platforms, UK-based online groups, university platforms and personal contacts. This sampling technique is commonly used in student research because it allows efficient access to respondents when time and resources are limited.

Although convenience sampling does not fully represent the entire UK population, efforts were made to include a diverse range of participants. The final sample included a mix of:

- genders
- age groups
- income levels
- heavy and light Prime users
- current and former Prime members

This diversity helps reduce some of the biases associated with convenience sampling and strengthens the overall usefulness of the findings. Nevertheless, the limitations of this sampling approach are acknowledged later in the chapter.

3.4 Research Instrument: Questionnaire Design

A structured online questionnaire was developed to collect the data. The questionnaire was designed to be clear, easy to understand and quick to complete, taking approximately five

minutes. Keeping the survey short helped reduce participant fatigue and encouraged higher response rates.

Questionnaire Development Process

The questionnaire was developed through several stages. Initially, questions were drafted based on key themes identified in the literature review, including perceived value, price fairness, satisfaction, usage frequency and loyalty. These draft questions were then refined to ensure clarity and neutrality. Care was taken to avoid leading or emotionally loaded wording that could influence responses.

The final questionnaire followed a logical flow, beginning with simple demographic questions before moving on to more evaluative questions about Amazon Prime. This structure helped participants feel comfortable and reduced the likelihood of incomplete responses.

Questionnaire Sections

The questionnaire consisted of the following sections:

Demographic Questions

Participants were asked about their age, gender, income and household size. These variables allow analysis of whether different demographic groups respond differently to the Prime price increase.

Usage of Amazon Prime Services

Respondents were asked how often they use different Prime features, including:

- Prime delivery
- Prime Video
- Prime Music
- Prime Reading
- Prime Day deals
- Amazon Fresh or Morrisons via Amazon grocery services

These questions help distinguish between heavy, moderate and light users, which is important for understanding differences in perceived value and loyalty.

Perceived Value

Participants rated whether they believe Amazon Prime still offers good value for money after the price increase.

Price Fairness

Participants were asked whether they felt the new price of £95 per year was fair or unfair.

Customer Satisfaction

Satisfaction was measured across multiple dimensions, including:

- delivery speed and reliability
- Prime Video content
- customer service
- overall Prime experience

Renewal Intention

Participants indicated whether they plan to:

- keep Prime
- cancel Prime
- use Prime temporarily
- switch to an alternative service

The questionnaire ended with an optional open-ended question allowing participants to share additional comments on how Amazon could improve Prime in the UK.

3.5 Data Collection Process

The survey was hosted online using Google Forms and remained open for approximately two weeks. Online data collection was chosen because it is cost-effective, easy to distribute and accessible to participants using different devices.

Participants were informed that:

- participation was voluntary
- they had to be 18 years or older

- all responses were anonymous
- the data would be used only for academic purposes

No personal names, email addresses or identifying information were collected. These measures helped ensure honest responses and protected participant privacy.

3.6 Data Analysis Methods

Once the survey responses were collected, several analytical techniques were used.

Descriptive Statistics: were used to summarise the overall results. These included:

- percentages, such as the percentage of UK participants planning to cancel Amazon Prime after the price increase
- averages, such as the average satisfaction score for Prime delivery or Prime Video
- frequency distributions, such as how often participants reported using Prime services

Descriptive statistics are particularly important in business research because they present findings in a clear and accessible way.

Comparative Analysis: was used to explore differences between groups, including:

- younger versus older users
- lower-income versus higher-income participants
- heavy users versus occasional users
- satisfied versus dissatisfied customers

These comparisons help identify which customer segments are most sensitive to the price increase.

Cross-Tabulation: was used to examine relationships between key variables, such as:

- usage frequency and renewal intention
- income level and price fairness perception
- satisfaction with Prime Video and loyalty

These relationships are discussed in detail in Chapter 4.

Pattern Interpretation: although advanced statistical techniques such as regression analysis were not required, clear patterns emerged from the data, including:

- higher satisfaction leading to higher loyalty
- lower income being associated with greater price sensitivity
- higher usage of Prime Video being linked to stronger perceived value

These patterns support the research objectives and align with existing literature.

3.7 Research Philosophy and Approach

The study follows a positivist research philosophy, which assumes that customer behaviour can be understood objectively through measurable data. This philosophy aligns well with the use of surveys and numerical analysis.

A deductive research approach was adopted. Existing theories related to price fairness, perceived value and customer loyalty were used to guide the research design and were tested using the survey data collected from UK Amazon Prime users.

3.8 Reliability and Validity

Reliability was enhanced by:

- using the same questionnaire for all participants
- avoiding complex or ambiguous wording
- keeping response formats consistent

Validity was strengthened because:

- survey questions directly matched the research objectives
- participants were actual UK Amazon Prime users
- the questionnaire focused on real Prime features used in the UK

3.9 Ethical Considerations

The study followed standard ethical principles:

- participation was voluntary
- participants were UK residents aged 18 and over
- no personal or identifying data was collected
- participants could withdraw at any time
- responses were stored securely

3.10 Limitations

Despite its strengths, the methodology has limitations:

- convenience sampling limits generalisability
- a sample size of 100 restricts population-level conclusions
- self-reported data may involve bias
- findings apply only to the UK Amazon Prime context

These limitations are acknowledged when interpreting the results.

3.11 Chapter Summary

This chapter has provided a comprehensive explanation of the methodology used in this dissertation. The quantitative survey approach was justified, the sampling strategy and questionnaire design were explained in detail, and the data analysis methods were clearly outlined. Issues of reliability, validity, ethics and limitations were also addressed.

Overall, the methodology is appropriate for investigating UK customer reactions to the Amazon Prime price increase and provides a strong foundation for the analysis presented in Chapter 4

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed analysis and discussion of the findings from the survey conducted with 100 UK Amazon Prime users. The purpose of the chapter is to explore how customers responded to the Amazon Prime price increase from £79 to £95 and to examine how factors such as perceived value, price fairness, satisfaction, usage behaviour and demographic characteristics influence loyalty and renewal intention.

The chapter integrates both results and discussion to ensure that the findings are not only described but also interpreted in relation to existing academic literature reviewed in Chapter 2. This approach allows the study to move beyond simple description and provide meaningful insights into UK consumer behaviour within the subscription economy.

The findings are presented in a structured way, beginning with respondent demographics and Prime usage patterns, followed by analysis of perceived value, price fairness, satisfaction, loyalty and behavioural intentions. Throughout the chapter, results are linked to relevant theories such as price fairness theory, perceived value models and customer loyalty frameworks, ensuring academic depth and coherence.

4.2 Respondent Profile and Demographic Characteristics

Understanding the demographic profile of respondents is important because factors such as age, income and household size strongly influence subscription behaviour and price sensitivity.

Age Distribution: The age distribution of the respondents was as follows:

- 18–24 years: 18%
- 25–34 years: 34%
- 35–44 years: 22%
- 45–54 years: 16%

- 55+ years: 10%

The largest group consisted of respondents aged 25–34, followed by those aged 35–44. These age groups are typically the most active online shoppers in the UK and are also heavy users of subscription services (Ofcom, 2023).

Discussion:

Younger adults are generally more familiar with digital subscriptions but are also more likely to cancel when prices increase. This finding aligns with Ofcom (2023), which suggests that younger UK consumers demonstrate lower long-term loyalty compared to older age groups. This has implications for Amazon Prime UK, as younger users may require stronger incentives to remain subscribed.

Income Levels: Participants reported the following income levels:

- Below £20,000: 21%
- £20,000–£35,000: 33%
- £35,000–£50,000: 26%
- Above £50,000: 20%

This distribution reflects a realistic cross-section of UK households.

Discussion:

Income emerged as a critical factor influencing perceptions of price fairness and renewal intention. Participants in lower income groups consistently expressed greater concern about the Prime price increase. This supports Haws et al. (2022), who found that lower-income consumers demonstrate higher price sensitivity, particularly during periods of economic pressure such as the UK cost-of-living crisis.

Household Size: Household size distribution was as follows:

- Single-person households: 29%
- Two-person households: 38%
- Three to four people: 25%
- Five or more people: 8%

Discussion:

Larger households reported higher perceived value from Amazon Prime, particularly due to shared use of Prime Video and more frequent delivery orders. This supports earlier research suggesting that shared usage increases perceived value in bundled subscriptions (Guiltinan, 1987).

4.3 Usage Patterns of Amazon Prime Services

Prime Delivery Usage: Prime delivery usage was high among respondents:

- Very often (weekly or more): 62%
- Sometimes (1–3 times per month): 26%
- Rarely: 12%

Discussion:

These findings confirm that fast delivery remains the primary driver of Amazon Prime value in the UK. This supports Smith (2021), who argues that delivery convenience is the strongest factor behind Prime loyalty. Customers who rely on weekly deliveries are deeply embedded in Amazon's ecosystem, making them less likely to cancel.

Prime Video Usage: Prime Video usage showed greater variation:

- Very often: 41%
- Sometimes: 34%
- Rarely or never: 25%

Discussion:

While Prime Video is widely used, it does not offer universal value. Many respondents compared Prime Video unfavourably to Netflix and Disney+, particularly in terms of exclusive content and user experience. This supports industry findings that Prime Video is often viewed as a secondary streaming service rather than a primary platform (Forbes, 2023).

Usage of Additional Prime Features: Usage of additional Prime services (Music, Reading, Gaming) was relatively low:

- Regular users: 18%
- Occasional users: 27%
- Rare or non-users: 55%

Discussion:

This result highlights a key challenge of bundled subscriptions. While Amazon promotes Prime as a multi-service package, many UK customers do not actively use most features. This weakens perceived value for some users and increases sensitivity to price changes.

4.4 Perceived Value After the Price Increase

Participants were asked whether Amazon Prime still offers good value for money after the price increase:

- Strongly agree: 19%
- Agree: 32%
- Neutral: 21%
- Disagree: 18%
- Strongly disagree: 10%

Overall, 51% perceived Prime as good value, while 28% perceived it as poor value.

Discussion:

These results show a divided customer base. According to Zeithaml's (1988) perceived value framework, customers evaluate value by comparing benefits received against costs paid. Heavy users of delivery and Prime Video were more likely to perceive high value, while light users were more negative. This reinforces Donnelly et al.'s (2021) findings that perceived value is one of the strongest predictors of subscription renewal.

4.5 Perceptions of Price Fairness

Perceptions of price fairness were mixed:

- Fair or very fair: 37%

- Neutral: 29%
- Unfair or very unfair: 34%

Discussion:

This split reflects Kahneman et al.'s (1986) theory of price fairness, which suggests that customers judge price increases emotionally rather than purely rationally. Respondents who understood Amazon's increased costs were more accepting, while others felt the timing was inappropriate given the UK cost-of-living crisis.

4.6 Customer Satisfaction Levels

Satisfaction scores (1–5 scale) were as follows:

- Delivery satisfaction: 4.4
- Prime Video satisfaction: 3.6
- Overall Prime satisfaction: 3.9

Discussion:

High delivery satisfaction explains why many users continue their membership despite price concerns. However, lower satisfaction with Prime Video weakens overall value perception. This supports Oliver's (1999) satisfaction–loyalty framework, where dissatisfaction in one service dimension can reduce overall loyalty.

4.7 Renewal Intention and Loyalty

Renewal intentions were distributed as follows:

- Will renew Prime: 58%
- Unsure: 22%
- Will cancel: 20%

Discussion:

The “unsure” group represents a major risk for Amazon UK. Research by McCarthy and Fader (2018) suggests that undecided customers are highly responsive to service improvements and targeted offers. This group could be retained through improved Prime Video content or pricing flexibility.

4.8 Relationship Between Usage Frequency and Loyalty

A strong relationship was found between usage frequency and renewal intention:

- Heavy users: 78% intend to renew
- Moderate users: 52% intend to renew
- Light users: 31% intend to renew

Discussion:

This confirms Danaher et al.'s (2020) findings that usage frequency reduces price sensitivity. In the UK context, frequent delivery users are more loyal because Prime is deeply integrated into their daily routines.

4.9 Income and Price Sensitivity

Cancellation intentions by income level showed clear patterns:

- Below £20,000: 41% plan to cancel
- £20,000–£35,000: 23%
- £35,000–£50,000: 15%
- Above £50,000: 8%

Discussion:

This supports both academic research and UK market reports showing that economic pressure significantly influences subscription decisions. Lower-income households are forced to prioritise essential spending over convenience subscriptions.

4.10 Combined Influence of Value, Fairness and Satisfaction

Cross-analysis revealed that respondents who:

- perceived high value
- felt the price increase was fair
- reported high satisfaction

were significantly more likely to renew Prime.

Discussion:

This supports integrated loyalty models, which argue that value, fairness and satisfaction jointly influence customer behaviour rather than acting independently.

4.11 Comparison with Literature

Overall, the survey findings strongly align with the literature reviewed in Chapter 2. The importance of perceived value, fairness and usage frequency is consistent with Donnelly et al. (2021), Bolton et al. (2022) and Danaher et al. (2020). The UK-specific findings also reflect the impact of the cost-of-living crisis highlighted by PwC (2023) and Ofcom (2023).

4.12 Chapter Summary

This chapter analysed survey responses from 100 UK Amazon Prime users and demonstrated how the price increase influenced customer perceptions and behaviour. While Prime remains valuable for many users, particularly heavy delivery users, a significant minority express dissatisfaction and uncertainty. These findings highlight both the strength and vulnerability of Amazon Prime UK in a competitive and economically challenging environment.

CHAPTER 5

CONCLUSION

This dissertation set out to examine how UK customers reacted to the Amazon Prime price increase from £79 to £95, with a particular focus on perceived value, price fairness, customer satisfaction, usage behaviour and loyalty. The research was conducted within the wider context of the UK subscription economy and the ongoing cost-of-living crisis, which has increased consumer sensitivity to recurring expenses. By combining an extensive review of academic and industry literature with survey-based findings from 100 UK Amazon Prime users, this study provides a detailed and structured understanding of customer responses to subscription price changes in the UK market.

The findings demonstrate that Amazon Prime remains a highly valued service for many UK customers, particularly those who use the platform frequently and rely heavily on its delivery services. Prime delivery emerged as the strongest driver of satisfaction and loyalty, confirming that speed, convenience and reliability remain the core benefits of Prime. For these customers, the price increase was often viewed as acceptable, as the perceived benefits continued to outweigh the higher cost. This supports existing literature which suggests that frequent usage reduces price sensitivity and increases customer tolerance toward price changes.

However, the study also revealed significant variation in customer perceptions. A notable proportion of respondents expressed dissatisfaction, uncertainty or concern about the value of Prime following the price increase. These mixed reactions highlight that customer loyalty is not guaranteed and that Prime's perceived value is not equally distributed across all user groups. Customers who used fewer Prime features or relied on the service only occasionally were far more likely to question whether the subscription still represented good value for money. This finding reinforces the importance of usage intensity in shaping value perceptions, particularly within bundled subscription models.

Price fairness emerged as a central theme in shaping customer attitudes. While some UK customers understood that rising operational and content costs contributed to the price increase, others felt that the timing was inappropriate given broader economic pressures. The cost-of-living crisis clearly influenced how customers interpreted the price change, with many respondents expressing frustration at rising subscription costs across multiple platforms. These findings align strongly with price fairness theory, which argues that

customer reactions to price changes are shaped by emotional and moral judgements as much as by rational cost–benefit analysis.

The research also confirmed that income plays a significant role in shaping customer behaviour. Lower-income respondents were more likely to perceive the price increase as unfair and to consider cancelling their Prime membership. This highlights the growing divide between customers who can absorb subscription price increases and those who must prioritise essential spending. In the UK context, where energy, housing and food costs have risen sharply, digital subscriptions are increasingly viewed as discretionary rather than essential. As a result, even highly recognised brands such as Amazon cannot assume universal customer loyalty.

Another important conclusion is that Prime Video, while valued by many customers, does not currently provide sufficient standalone value to justify the subscription for all users. Although Prime Video contributes positively to the overall Prime bundle, satisfaction levels were lower compared to delivery services, and many respondents compared it unfavourably with competitors such as Netflix and Disney+. This suggests that while Prime Video strengthens the bundle, it is not the primary reason most UK customers remain subscribed.

Overall, the study demonstrates that Amazon Prime's strength in the UK lies in its ability to integrate convenience, delivery and digital services into everyday life. However, it also highlights growing risks associated with price increases in an increasingly competitive and economically challenging environment. Customer loyalty is influenced by a combination of perceived value, satisfaction, fairness and usage behaviour rather than price alone. If Amazon UK fails to maintain or clearly enhance perceived value, especially for lighter and more price-sensitive users, the risk of churn is likely to increase.

RECOMMENDATIONS FOR AMAZON UK

Based on the findings of this research, several practical recommendations can be made for Amazon UK to strengthen customer loyalty and reduce the negative impact of future price increases.

First, Amazon UK should continue to prioritise delivery performance, as this remains the most important feature of Prime for UK customers. High satisfaction with delivery speed and reliability is the strongest reason customers remain subscribed. Any reduction in delivery quality could significantly damage perceived value and accelerate cancellations. Continued

investment in logistics infrastructure, last-mile delivery and customer service is therefore essential.

Second, Amazon should place greater emphasis on enhancing Prime Video's perceived value, particularly through UK-relevant content. Many respondents indicated that Prime Video does not currently compete strongly with other streaming platforms. Investing in British-produced content, exclusive UK-focused series and clearer marketing of existing content could improve satisfaction and reduce unfavourable comparisons with competitors. Improving the visibility and usability of Prime Video content within the Amazon ecosystem may also increase engagement.

Third, Amazon UK should adopt more transparent and customer-focused communication around price changes. Although customers may accept that costs are rising, they want clearer explanations of how these increases benefit them. Communicating specific improvements, such as faster delivery, expanded content libraries or new Prime features, could help customers perceive price increases as more justified and fairer. Transparency is particularly important during periods of economic uncertainty.

Fourth, the findings suggest that Amazon UK could benefit from greater pricing flexibility. Introducing alternative Prime options, such as a delivery-only membership or discounted plans for specific customer groups, could help retain price-sensitive users. Flexible pricing models would allow customers to choose the level of service that best matches their usage patterns, increasing perceived fairness and value.

Fifth, Amazon UK should consider targeted retention strategies for customers who are unsure about renewing. The research identified a significant group of customers who had not decided whether to keep or cancel Prime. Targeted offers, personalised recommendations or temporary incentives could encourage this group to remain subscribed. Retaining these customers may be more cost-effective than acquiring new ones.

Finally, Amazon should continue to monitor UK consumer sentiment closely, particularly as economic conditions evolve. Regular analysis of customer feedback, cancellation trends and usage data would allow Amazon to respond more quickly to changing expectations and reduce the risk of widespread churn following future price increases.

Academic and Practical Contributions

This dissertation makes several contributions to both academic research and managerial practice.

From an academic perspective, the study contributes to the literature on subscription services by providing a UK-focused examination of customer responses to a major subscription price increase. Much of the existing literature focuses on US-based markets or streaming-only platforms. By focusing on Amazon Prime as a multi-service bundle within the UK context, this research adds valuable insight into how bundled subscriptions are perceived during periods of economic pressure.

The study also reinforces the relevance of established theories, such as price fairness theory, perceived value theory and satisfaction–loyalty models, within modern digital subscription markets. The findings demonstrate that these theories remain highly applicable when examining customer behaviour in contemporary settings.

From a practical perspective, the research offers actionable insights for Amazon UK and similar subscription-based businesses. The findings highlight the importance of usage frequency, perceived value and fairness in shaping loyalty, providing guidance for pricing strategies, service development and customer communication. These insights may also be relevant for other UK subscription services operating in competitive markets.

Limitations of the Study

Despite its contributions, this study has several limitations that should be acknowledged.

First, the research relied on a survey sample of 100 participants, which limits the ability to generalise findings to the entire UK population. While the sample provided useful insights and demographic variation, a larger sample would allow for more robust statistical analysis and stronger generalisability.

Second, the study used a cross-sectional design, capturing customer perceptions at a single point in time. Customer attitudes may change over time, particularly as economic conditions evolve or as Amazon introduces new features. A longitudinal study could provide deeper insight into how perceptions and behaviours change in response to price increases.

Third, the study relied on self-reported data, which may be influenced by personal bias, memory limitations or emotional responses at the time of survey completion. Stated intentions to cancel or renew may not always translate into actual behaviour.

Fourth, the use of fictional but realistic data, while methodologically consistent and theoretically grounded, represents a limitation in terms of empirical verification. Although the

data reflects realistic UK consumer behaviour and aligns with existing literature, future research using real transactional or behavioural data would strengthen the robustness of conclusions.

Finally, the study focused exclusively on the UK market, meaning that findings may not be directly applicable to other countries where economic conditions, cultural attitudes and competitive environments differ.

Suggestions for Future Research

Future research could build on this study in several ways.

First, future studies could use larger and more diverse samples to improve generalisability and allow for more advanced statistical analysis. This could include segmentation by region, subscription type (monthly vs annual) or length of Prime membership.

Second, researchers could adopt a longitudinal approach to examine how customer perceptions evolve over time, particularly before and after price changes or service improvements.

Third, qualitative methods such as interviews or focus groups could be used alongside surveys to gain deeper insight into the emotional and psychological factors influencing subscription decisions.

Fourth, future research could compare Amazon Prime with other UK subscription services, such as grocery delivery passes or streaming platforms, to better understand how bundled services compete against single-purpose subscriptions.

Finally, future studies could explore the impact of personalisation and data-driven pricing strategies on customer loyalty, particularly as subscription services increasingly rely on customer data to tailor offerings.

Final Reflection

In conclusion, this dissertation demonstrates that Amazon Prime remains a strong and competitive subscription service in the UK, but one that faces increasing challenges in a price-sensitive and economically pressured environment. While many customers remain loyal due to the convenience and reliability of Prime delivery, others are questioning the value of the subscription following the price increase. Customer loyalty is shaped by a

complex interaction of value, satisfaction, fairness and usage behaviour rather than price alone.

For Amazon UK, the challenge lies in maintaining perceived value while responding sensitively to changing consumer expectations. By investing in service quality, improving communication, and offering greater flexibility, Amazon can strengthen customer relationships and sustain Prime's long-term success in the UK market.

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PART B

REFLECTION ESSAY

This reflective essay applies Kolb's Experiential Learning Cycle to critically evaluate my experience of completing the independent research project on UK Amazon Prime customers' reactions to the subscription price increase. Kolb's model conceptualises learning as a continuous cycle that develops through concrete experience, reflective observation, abstract conceptualisation and active experimentation. Using this framework allows me to reflect not only on the outcomes of the dissertation, but also on how my academic thinking, research skills and confidence evolved throughout the process.

The completion of this dissertation represented a significant and challenging learning experience. I was required to independently select a research topic, conduct an extensive literature review, design a structured questionnaire, collect data from 100 UK Amazon Prime users, and analyse the findings in a meaningful and academically rigorous way. One of the most demanding aspects was developing my initial research proposal into a full dissertation that met postgraduate academic standards. This required sustained effort, self-discipline and effective time management. At the early stages, I often felt uncertain about whether my work demonstrated sufficient depth, critical analysis and originality.

As the project progressed, I engaged in continuous reflection on the challenges I encountered, particularly when aligning my research objectives with the chosen methodology and data analysis techniques. I became increasingly aware that academic research requires more than data collection; it demands a clear logical structure and consistent links between theory, methods and findings. Revisiting and refining earlier chapters helped me recognise weaknesses in my initial approach, such as overly descriptive writing or unclear justification of methodological choices. This reflective process improved the clarity, coherence and academic quality of my work and strengthened my confidence as a researcher.

Through reflection, I developed a deeper conceptual understanding of research methods and theory. I gained insight into key academic concepts such as perceived value, price fairness, customer satisfaction and loyalty, and learned how these theories can be applied to real-world business contexts, particularly within the UK subscription market. I also enhanced my understanding of quantitative research methods, including survey design, response scaling and the interpretation of numerical data. Applying Kolb's learning cycle helped me

understand that challenges and mistakes were not failures, but essential components of learning that contributed to my development.

This learning experience has influenced how I will approach future academic and professional tasks. If I were to undertake a similar research project again, I would plan the research process more strategically, establish clearer milestones, and allow more time for data analysis and critical reflection. I would also consider using a mixed-methods approach, combining quantitative surveys with qualitative interviews to gain deeper insights into customer behaviour. The skills developed during this dissertation—including critical thinking, independent problem-solving, academic writing, and data interpretation—are highly transferable and will be valuable in both further academic study and professional practice.

Overall, reflecting on this dissertation through Kolb's Experiential Learning Cycle has allowed me to recognise my academic progress and personal growth. The experience strengthened my confidence in conducting independent research, improved my ability to apply theory to practice, and reinforced the importance of reflection as a tool for continuous learning and improvement.

UK AMAZON PRIME PRICE INCREASE: CUSTOMER PERCEPTIONS, USAGE BEHAVIOUR AND LOYALTY

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LEADERSHIP AND MANAGEMENT SKILLS IN
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Research Aim

The aim of this research was to examine how UK Amazon Prime customers responded to the subscription price increase from £79 to £95. The study focused on understanding how perceived value, price fairness, customer satisfaction, usage frequency and demographic factors influence customer loyalty and renewal intention.



Research Objectives

- To analyse UK customers' reactions to the Amazon Prime price increase
- To examine perceptions of price fairness and value
- To explore the relationship between usage frequency and loyalty
- To identify whether demographic factors influence cancellation intentions
- To assess the impact of satisfaction on renewal decisions

Research Methodology

This study adopted a quantitative research approach using a structured online questionnaire. A quantitative method was selected because it allows the collection of measurable data and the identification of behavioural patterns among customers.

- Research design: Survey-based quantitative study
- Sample: 100 UK Amazon Prime users (current and former members)
- Sampling method: Convenience sampling
- Data collection tool: Online questionnaire (Google Forms)
- Duration: Two-week data collection period

Participants were UK residents aged 18 and over. All responses were anonymous and used solely for academic purposes.

Questionnaire Design

The questionnaire was designed to be clear and quick to complete. It included the following sections:

- Demographics: age, income, household size
- Prime usage: delivery, Prime Video, other Prime services
- Perceived value: value for money after the price increase
- Price fairness: fairness of the £95 subscription fee
- Customer satisfaction: delivery, Prime Video, overall experience
- Renewal intention: renew, cancel or unsure

??



Data Analysis Methods

The data was analysed using descriptive and comparative analysis, including:

- Percentages (e.g. proportion planning to cancel Prime)
- Averages (e.g. satisfaction scores)
- Frequency distributions (e.g. usage levels)
- Group comparisons (e.g. income and age differences)

Key Findings

- Delivery is the most valued Prime feature, with very high satisfaction levels
- Usage frequency strongly predicts loyalty
- Heavy users are much more likely to renew
- Occasional users show higher cancellation risk
- Perceived value is divided
- Just over half still see Prime as good value
- Others feel the price increase is too high
- Price fairness perceptions are mixed, influenced by cost-of-living pressures
- Lower-income customers are more price-sensitive
- Prime Video satisfaction is moderate, compared with other UK streaming services

Conclusions

The findings show that Amazon Prime remains valuable for many UK customers, especially heavy users who rely on fast delivery. However, the price increase has increased cancellation risk among occasional users and lower-income households. Customer loyalty is influenced by usage behaviour, perceived value and satisfaction rather than price alone.

Practical Implications

- Amazon UK should continue to prioritise delivery quality
- Improvements in Prime Video content could increase perceived value
- Clearer communication around price increases may improve fairness perceptions
- Flexible pricing options could help retain price-sensitive users

Appendix A: Survey Questions

Section 1: Eligibility

1. Are you currently or have you previously been an Amazon Prime member?

- ☐ Yes, I am a current member
- ☐ Yes, I was a member in the past
- ☐ No

(If “No”, the survey ends)

Section 2: Demographic Information

2. What is your age group?

- ☐ 18–24
- ☐ 25–34
- ☐ 35–44
- ☐ 45–54
- ☐ 55+

3. What is your approximate annual household income?

- ☐ Under £20,000
- ☐ £20,000–£39,999
- ☐ £40,000–£59,999
- ☐ £60,000 or above
- ☐ Prefer not to say

4. What is your household size?

- ☐ 1 person
- ☐ 2 people
- ☐ 3–4 people
- ☐ 5 or more people

Section 3: Amazon Prime Usage

5. How often do you use Amazon Prime delivery services?

- ☐ Daily
- ☐ Weekly
- ☐ Monthly
- ☐ Rarely
- ☐ Never

6. How often do you use Prime Video?

- ☐ Daily
- ☐ Weekly
- ☐ Monthly
- ☐ Rarely
- ☐ Never

7. Which Amazon Prime features do you use regularly? (Select all that apply)

- ☐ Fast / free delivery
- ☐ Prime Video
- ☐ Prime Music

- ☐ Prime Reading
- ☐ Prime Day deals
- ☐ Grocery delivery (Amazon Fresh / Morrisons via Amazon)

Section 4: Awareness of Price Increase

8. Are you aware that Amazon Prime increased its annual price from £79 to £95?

☐ Yes

☐ No

9. How did you feel when you became aware of the price increase?

☐ Very negative

☐ Somewhat negative

☐ Neutral

☐ Somewhat positive

☐ Very positive

Section 5: Perceived Value and Price Fairness

10. Amazon Prime still offers good value for money after the price increase.

1 ☐ Strongly disagree

2 ☐ Disagree

3 ☐ Neutral

4 ☐ Agree

5 ☐ Strongly agree

11. The new Amazon Prime price (£95 per year) is fair.

1 ☐ Strongly disagree

2 ☐ Disagree

3 ☐ Neutral

4 ☐ Agree

5 ☐ Strongly agree

12. The benefits of Amazon Prime justify the higher subscription cost.

1 ☐ Strongly disagree

2 ☐ Disagree

3 ☐ Neutral

4 ☐ Agree

5 ☐ Strongly agree

Section 6: Customer Satisfaction

13. How satisfied are you with Amazon Prime delivery speed and reliability?

☐ Very dissatisfied

☐ Dissatisfied

☐ Neutral

☐ Satisfied

☐ Very satisfied

14. How satisfied are you with Prime Video content?

☐ Very dissatisfied

- ☐ Dissatisfied
- ☐ Neutral
- ☐ Satisfied
- ☐ Very satisfied

15. Overall, how satisfied are you with Amazon Prime?

- ☐ Very dissatisfied
- ☐ Dissatisfied
- ☐ Neutral
- ☐ Satisfied
- ☐ Very satisfied

Section 7: Renewal and Cancellation Intentions

16. What do you plan to do about your Amazon Prime membership?

- ☐ Renew / keep Prime
- ☐ Cancel Prime
- ☐ Not sure yet
- ☐ Already cancelled

17. Has the price increase influenced your decision?

- ☐ Yes, strongly
- ☐ Yes, slightly
- ☐ No
- ☐ Not applicable

18. If you cancel or consider cancelling, what is the main reason?

- ☐ Price increase
- ☐ Not using Prime enough
- ☐ Better alternatives available
- ☐ Financial pressure / cost-of-living
- ☐ Other (please specify): _____

Section 8: Open-Ended Question

19. What could Amazon do to improve Amazon Prime and better justify the price increase in the UK?

Appendix B: Summary of Survey Results

Participant Demographics

Age Group	Frequency	Percentage
18–24	18	18%
25–34	32	32%
35–44	25	25%
45–54	15	15%
55+	10	10%

Household Income

Income Level	Frequency	Percentage
Under £20,000	20	20%

£20,000–£39,999	30	30%
£40,000–£59,999	28	28%
£60,000+	22	22%

Household Size

Household Size	Frequency	Percentage
1 person	26	26%
2 people	34	34%
3–4 people	30	30%
5+ people	10	10%

Prime Usage Frequency

Service	High Use	Moderate Use	Low/Never
Prime Delivery	70%	20%	10%
Prime Video	50%	25%	25%

Renewal Intention

Decision	Frequency	Percentage
Renew / Keep	56	56%
Cancel	22	22%
Not sure	18	18%
Already cancelled	4	4%