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STRATEGIC ALLIANCE AMAZON & AMERICAN EXPRESS

On 23 October 2017 American Express and Amazon launched a new card for a small business. This is a successful beginning financial partnership between international trading company and banking company. We can notice the improvement of cash flow thanks to the commerce card. Amazon wants to enter small business market while American Express wants to update cash flow in enterprises. In addition, both want to widen market share [1].

American Express won partnership with Amazon for the co-branded after competing with other big banks like Citi and Chase. As a matter of facts, the one of principle tasks of American Express is to provide commerce cards for the small and medium enterprises. What's more, the company admits issuing more commerce cards than any other bank in the United States of America. Thanks to the cards, Amazon and American Express would like to get access to the SME customer base as well as to automate process of purchase. This project is one more step in Amazon's effort to cement relationship with small and mid-sized businesses, which can prove lucrative for both the online retailer and banks. The new co-brand card will enhance the way small companies buy goods and services in Amazon.com, Amazon Business, Amazon Web Services and Whole Foods. Moreover, the card is a next step in a multi-year partnership [1].

Interest rate on the card varies between the prime rate plus 10.99% and the prime rate plus 18.99%. The card, with no annual credit card fee, features rich rewards, greater visibility into 6 every transaction, and provides an enhanced checkout experience on Amazon Business and Amazon.com that empowers small businesses to make the best financing choice acquisition based on purchase. The card offers members either to earn back extra cash or limited-time interests-excluded payments on select buying. The card also offers access to line-item details on U.S. purchases made on Amazon Business, such as cost per item and quantity [2].

Since 23 October 2017 Amazon and Amex had been working on their common product. With time they've shown a range of new solutions and options for customers that should give them new benefits and therefore bring more users.

American Express has teamed up with Amazon.com to allow Membership Rewards points as an additional payment method. If a customer have an eligible American Express card enrolled in a Membership Rewards program, he can link his program to his Amazon.com account [2].

Since the beginning of 2020:

- Return protection, which is found on many cards today and is one of my favorite credit card benefits, will be limited to top-tier cards only starting for purchases made on or after 1/1/20. This will continue to allow users to return items 90 days from purchase, up to \$300 each and \$1,000 per year that a store won't take back due to final sale or a limited time return policy.

- Extended warranty, which now matches the manufacturer's warranty up to 2 years, will only match it for up to 1 year for purchases made on or after 1/1/20.

- Purchase protection, which now covers damaged or stolen items on all cards and lost items on select cards, will be lowered from 120 days to 90 days from the date of purchase for purchases made on or after 1/1/20. Premium cards will get coverage for lost, stolen, or damaged items up to \$10,000/incident and \$50,000/year, while non-premium cards will get coverage for stolen or damaged items up to \$1,000/incident and \$50,000/year.

- Trip delay insurance will reimburse expenses due to a flight delay. Top-tier cards (like the Business Platinum Card) will get \$500 of coverage for 6+ hour delays and mid-tier cards (like the Business Gold Card) will get \$300 of coverage for 12+ hour delays.

- Trip cancellation and interruption insurance covers trips cancelled or delayed due to weather, terrorism, jury duty, or sudden illness or injury with up to \$10,000 of coverage per trip and \$20,000 per rolling 12 month period.

- Transfer points to a hotel or airline partner (up to 20 cents per point).

Just like with any transferable points program, the best potential value a cardholder can get is from transferring customer's points to a partner program. Amex has 19 frequent flyer and three hotel loyalty program partners, and he can transfer points to any of them.

This is particularly valuable for flying, as opposed to hotel stays. In most cases, the cash price and the miles price of a ticket aren't linked, so it's possible to get exponentially increased value from user's points by transferring them and booking an award ticket instead. That means potentially being able to fly long-haul in first or business class with points, among other things [3].

The card gives an opportunity to receive special rewards for shopping made on Amazon. For instance, Business Prime members can take benefits of a 5% payback or 90-day payment terms for eligible purchases at Amazon in the U.S. We can also list a 3% refund or 60-day payment terms for all other customers on U.S. purchases at Amazon. All card members get 2% cash back after spending money at American restaurants and gas stations, as well as on wireless telephone services acquired directly from the U.S. service providers. What's more, there is a 1% cash back on all other eligible goods bought on Amazon website. Card members can use their rewards to shop at Amazon Business and Amazon.com or apply rewards toward a purchase on their bank statement.

Upon sign-up, new members will also receive a \$125 Amazon gift card if they have Amazon Prime. All the others will get a \$100 Amazon gift card. Cardholders

can use their rewards for purchases at Amazon.com and Amazon Business or redeem them from a bank statement.

Not only do customers get free access to benefits, such as pricing discounts available only to businesses, but also, they can add multiple employees to a single business account. In addition, they may approve or reject, in real time, orders made by their employees on Amazon Business [4].

The future of the alliance seems strong and healthy, as each year in the US there are more than 6.5 million of small companies being formed, which states to more than 90 per cent of all businesses. The position of Amazon in the home market is stable. Thanks to Amazon's co-branded card - American Express - the competitive position has improved, especially when it comes to the small business area, winning over other competitors in the banking sector.

The companies need to be careful, especially in the Indian market. The estimated growth in the Indian online market from 2016 to 2021 is more than 23 per cent, which means that Indian e-commerce retail market has the biggest potential to grow [4].

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