

# Walmart's advertising business outpaces Amazon with Q2 growth of 26%

Article

**The news:** Walmart's advertising business continues to be a significant growth engine, boosting the company's second quarter financial performance. The **global ad segment saw a**

**26% increase in revenues** as the US-focused **Walmart Connect** division outperformed with 30% growth.

- Walmart Connect's growth has been fueled by a surge in advertiser participation, including marketplace sellers.
- The company's strategy of leveraging its vast customer base and omnichannel capabilities allows advertisers to reach consumers more effectively.
- Globally, Walmart's advertising business reflects a similar trend, with segments like **Flipkart** and **Walmex** driving 23% growth in non-US advertising revenues. This global expansion is a testament to Walmart's ability to adapt its advertising model to different markets, further solidifying its position in the global retail landscape.

**In context:** Walmart's ad growth of 26% surpasses that of its retail and commerce competitor **Amazon**, whose advertising unit grew 20% YoY, to \$12.8 billion—and fell just short of expectations.

**The flywheel effect:** Walmart's advertising arm is not only a source of revenues but also a critical component of the company's broader digital strategy. With ecommerce sales up by 21% globally, the synergy between Walmart's online shopping platforms and its ad business is evident. The ability to capture and use customer data across these platforms provides Walmart with a competitive edge in delivering targeted advertising, thus driving higher returns for ad clients.

- Case in point: [Disney and Walmart Connect's partnership](#), announced in May, allows brands to target ads on **Disney+** and **Hulu** using Walmart's shopper data, marking Disney's first use of retail data for ad sales.
- The success of the ad business justifies the expense associated with other innovations, including the company's [new AI-powered Creative Builder tool](#), which allows advertisers to create and optimize ad content.

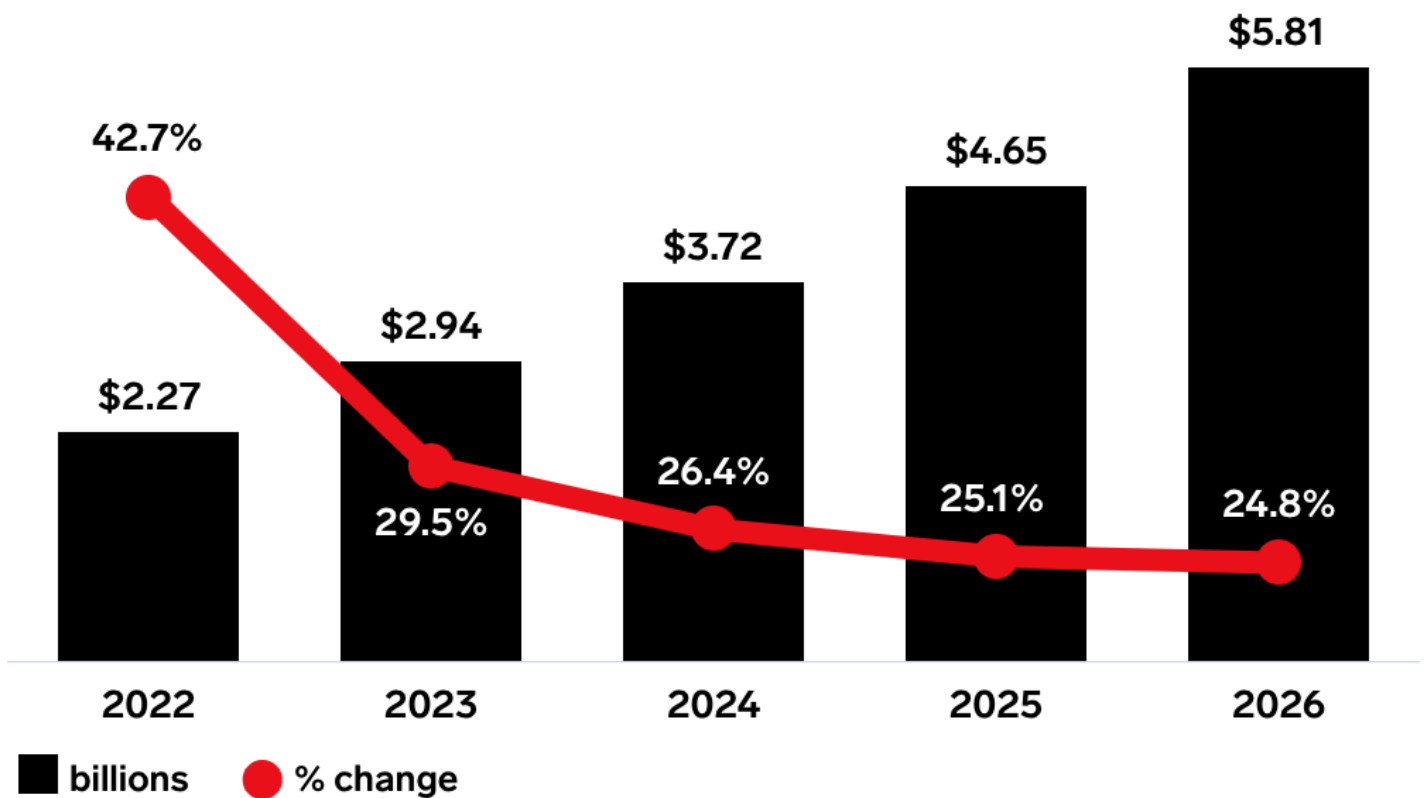
**Our take:** This expansion underscores Walmart's successful diversification efforts beyond its traditional retail operations, especially in digital and data-driven sectors.

- As CEO **Doug McMillon** said on the company's earnings call, more nascent units such as advertising and marketplace “are also contributing, diversifying our profits and reinforcing the resilience of our business model.”

- The robust performance of Walmart's ad business signals its increasing importance to the company's profitability.

## Walmart Ad Revenues

US, 2022-2026



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: EMARKETER Forecast, March 2024