

Prime Video ads gave Amazon a healthy boost in Q1

Article

The news: Amazon delivered another solid quarter of growth despite evidence of [slowing consumer spending](#).

- Revenues rose 13% year over year (YoY) to \$143.3 billion, beating LSEG's consensus estimate of \$142.5 billion.

- Earnings per share increased to \$0.98, up from \$0.31 last year and significantly outpacing the \$0.84 estimate.
- Amazon's advertising business grew 24% YoY in the quarter to \$11.82 billion, slightly ahead of expectations, helped by the launch of Prime Video's ad-supported tier.

More of the same: Under CEO **Andy Jassy**, Amazon's strategy has been to lean into its biggest profit generators—Prime sales, advertising, AWS—while cutting costs wherever possible.

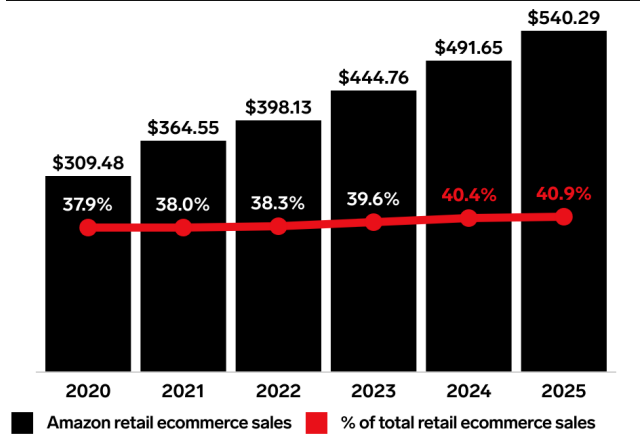
- The retailer ran its first-ever [Big Spring Sale](#) in the last weeks of Q1. While the event delivered a modest sales lift, it proved to be a successful Prime acquisition tool: Nearly one in four non-Prime shoppers (23%) ended up subscribing to the service to access better discounts, according to PYMNTS data.
- Amazon continues to be laser-focused on improving delivery speeds and offering shoppers additional convenience. Nearly 60% of Prime orders in the top 60 US metro areas arrived the same or next day in Q1, up from around 50% in Q2 2023, the company said.
- And Prime Video ads are giving Amazon's already thriving ad business an additional boost. We expect 80% of Amazon Prime subscribers to be on the ad-supported tier this year—and advertisers' early successes on the platform could net Amazon as much as 15% of video budgets for the year, one ad buyer [told Business Insider](#).

Looking ahead: While Amazon's retail business continues to grow at a healthy clip, the retailer isn't entirely immune to economic uncertainty.

- The company forecast Q2 revenues below analysts' expectations, due in part to softer spending from business on its cloud services. Amazon expects revenues of between \$144 billion and \$149 billion, or growth of 7% to 11%, missing LSEG's estimate of 12% growth.
- Still, Amazon's booming ad sales, coupled with its growing roster of Prime events and overall hold on the [US ecommerce market](#), should keep its business humming along.

Amazon Will Surpass 40% of US Ecommerce Sales in 2024

billions in US Amazon retail ecommerce sales and % of total retail ecommerce sales, 2020-2025



Note: represents the gross value of products or services sold on amazon.com (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales; excludes Amazon Business sales
Source: EMARKETER Forecast, Feb 2024

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