

Amazon takes on Home Depot, Meta with Big Spring Sale

Article

The news: Amazon is adding a spring sale to its calendar in an attempt to fortify sales and fuel its thriving ad business.

- The retailer's first-ever Big Spring Sale will run from March 20 to March 25, with deals on "seasonally relevant items" like outdoor furniture and clothing.

- Non-Prime members will be able to shop the event, although Prime users will have access to exclusive promotions.

Our crystal ball: We forecast back in July 2023 that Amazon might hold a Prime Day event in spring.

At the time, former EMARKETER analyst **Andrew Lipsman** theorized in an episode of Reimagining Retail that Amazon might use the sale to grow its share of the home improvement and furnishings market, like **Wayfair** attempted with Way Day.

- That appears to be Amazon's thinking precisely.
- The event is timed to coincide with similar sales by **Lowe's** and **Home Depot** and take full advantage of the fact that spring is typically the busiest period for home improvement.

It's also an obvious effort to juice sales amid weakening consumer spending.

- US retail sales grew slower than expected in February—up 0.6% month over month (MoM) and 1.5% year over year (YoY), per the US Commerce Department.
- Those figures are unadjusted for inflation, which reached 3.2% last month, meaning that in real terms, shoppers are buying less.

Challenging the duopoly: The additional sales event should enhance the strong momentum Amazon's ad business is seeing.

Prime sales events have been huge for Amazon's ad business.

- Total ad spend on Amazon in July and October was up 37% and 33%, respectively, when benchmarked against spending in December 2022, according to Industry KPIs data provided by CommercetIQ.

The retailer is taking ad dollars from Meta and Google.

- Advertisers are increasingly turning to Amazon to drive brand awareness and sales due to skyrocketing customer acquisition costs on other platforms.
- **Brands are now spending between 12% to 15% of their Amazon sales to advertise on the platform**, up from 8% previously, **Mark Power**, the CEO of marketing agency **Podean**, told Business Insider.

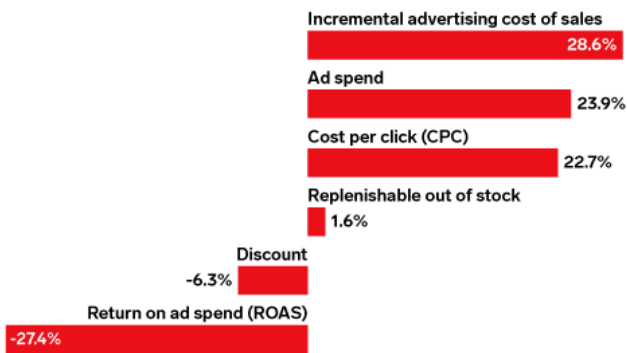
- The additional spend is being allocated to new formats, like **Prime Video** ads, and features like Amazon’s data clean room—helping to crystallize Amazon’s retail media dominance.

The big takeaway: The Big Spring Sale should keep Amazon’s flywheel humming along nicely.

- Our forecast expects Amazon’s US retail ecommerce sales to grow 10.5% this year, outpacing overall ecommerce growth by over two percentage points.
- Ad revenues will grow even faster at 26.6%, helping the retailer narrow the gap further with Google and Meta.

Growth of Select Metrics for US First-Party Amazon Sellers on Prime Day, 2023

% change vs. prior year



Note: based on sellers on the CommerceIQ REM Platform, broader industry metrics may vary; Prime Day 2023=12:00am to 11:59PM PST on July 11 and July 12, 2023
Source: CommerceIQ, "State of Retail Ecommerce," Jan 18, 2024

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