

# Amazon's ad business surges amid ecommerce slowdown

Article



This article was compiled with the help of generative AI based on data and analysis that is original to EMARKETER.

The close tie between Amazon's [ecommerce](#) and advertising businesses presents both opportunities and challenges. "When ecommerce sales are growing, [retail media](#) dollars are going to go up," our analyst Jeremy Goldman said on a recent episode of the ["Behind the](#)

[Numbers" podcast](#). "But when ecommerce dollars aren't growing that much, it's harder to get the retail media dollars to grow because they're so intertwined."

As ecommerce growth moderates, Amazon is leaning on advertising and cloud computing to boost profits. Amazon's advertising revenue grew 20% YoY in Q2 2024, nearly matching last year's growth rate, as the company continues to diversify its revenue streams beyond ecommerce.

"There are a ton of people who use [Amazon](#) virtually every day," Goldman said. "You know why they're there. They're telling you why they're there with their searching, and that becomes a major [advantage]."

Here are three key factors driving Amazon's ad business growth:

### 1. Large, intent-driven customer base

Amazon's vast user base and strong customer intent data allow it to offer highly targeted advertising. "That's something that you can charge quite a bit for—these are highly motivated, targeted customers, so you're not interrupting them," said Goldman. "In theory, you're adding value to their experience by routing them to the right products at the right time."

### 2. Robust measurement capabilities

Closed-loop [measurement](#) and the ability to get real-time feedback about what is and isn't working is driving advertiser demand, said Goldman. "That's something advertisers have told me is a major portion of why they keep coming back to Amazon and why they're willing to spend a lot more on a per-click basis."

### 3. New ad inventory

Expanding ad placements, including on [Prime Video](#), has significant potential, he said. "And, all of the information that they get from serving ads to consumers through Prime Video essentially gets appended to their customer record, which will then help them more with the retail media side of their business. So, it's a virtuous cycle."

**What's next:** Amazon is investing heavily in content rights, like its \$1.8 billion annual NBA deal, to expand its advertising reach. The company will begin [streaming NBA games](#) on Prime Video in the 2025-26 season.

[Listen to the full episode.](#)

*This was originally featured in the EMARKETER Daily newsletter. For more marketing insights, statistics, and trends, subscribe [here](#).*