

# Amazon Prime Video's ad strategy is split between small merchants and major ad spenders

Article

**The news:** Amazon is aggressively courting advertisers for **Prime Video**, including requests for commitments of more than \$100 million, according to The Information.

- It's not just after big spenders: Amazon is also reaching out to smaller advertisers who purchase its ecommerce ads and **offering to produce advertisements for them if they buy at least \$15,000 in ad space on Twitch and Freevee**. This is all in an attempt to introduce new spenders to the format.

**Building up:** Amazon announced that [ads were coming to Prime Video](#) last month, moving into ad-supported streaming at a time when most major competitors had already begun establishing a foothold. That leaves Amazon behind in the race to attract spending, but its broader ad ecosystem gives it a unique edge.

- The company's larger requests were apparently not received well by some advertisers. Executives told The Information that Amazon's demands were "excessively high." One ad executive said Amazon had requested commitments that amounted to the company's annual spending on **Hulu**.
- The steep demands show that Amazon is looking to streaming to contribute a significant amount on top of its expected [\\$33.96 billion in ad revenues this year](#). But with a large number of major streaming services now competing in the ad market—and [charging record high CPMs](#) to boot—Amazon could have trouble reaching its spending goals.
- But the scattered brands and merchants that make up that \$33.96 billion could also be where opportunity lies. Large spenders may already have commitments dedicated to major streaming services, but Amazon can tap into its thousands of existing advertising spenders to generate video ad revenues.

**Our take:** Prime Video is a chance for Amazon to kill two birds with one stone. By offering credits and bearing the cost of ad production, it can introduce existing, smaller advertisers to a new spending channel.

- On the other hand, advertisers who work with Amazon for the first time via Prime Video will be introduced to its broader ecosystem, where they could spend more in the future.

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## **Subscription OTT Video Viewers, by Provider**

*US, 2023, millions*

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**Netflix**

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170.6

Amazon Prime Video

158.6

Hulu

126.2

Disney+

110.3

HBO Max

89.7

Paramount+

72.6

Peacock

68.1

ESPN+

53.2

Apple TV+

42.9

Youtube TV

15.8

Hulu + Live TV

11.4

Sling TV

5.4

Note: individuals of any age who watch video at least once per month via any app or website that provides paid subscription access to streaming video content over the

*website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Prime Video, Disney+, Hulu, Netflix, Sling TV, and YouTube Premium*  
*Source: Insider Intelligence | eMarketer, September 2023*

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