

# Amazon Prime Video reshapes ad-supported streaming landscape, fuels 20% ad growth in Q2

Article

**By the numbers:** While most eyes were on Amazon's retail and cloud revenues during its Q2 earnings call, its continued progress as a media and advertising leader didn't go unnoticed: Advertising revenues were \$12.78 billion, **up nearly 20% year-over-year**.

**Why it matters:** Prime Video's ad model positions **Amazon** as a strong competitor to traditional TV networks and streaming services like **Netflix**.

**In context:**

- **Amazon** has entered an increasingly competitive ad-supported streaming market, facing rivalry from Netflix, **Disney+**, and others. Its entry **forced Netflix to lower CPMs** to \$29-\$35 from last summer's \$39-\$45. Prime Video's default ad-supported offering for 97.2 million US households and its competitive pricing drove significant revenue growth.
- Ads personalized according to extensive shopper data give Amazon a competitive edge over traditional networks and other streaming platforms. And unlike its competitors, **Amazon** ties ads to product sales, offering a unique value proposition to advertisers.
- To bolster its Prime Video ad business, the company recently hired top ad executives from **NBCUniversal** and **Disney**, including **Krishan Bhatia**, VP of global video advertising, and **Jenny Burke**, director, global video strategy, from **NBCUniversal**; and **Jeremy Helfand**, VP and global head of advertising for Prime Video, from **Disney**.
- Amazon's content strategy and deep pockets facilitated its success. Prime Video released 19 films and series from Amazon MGM Studios in Q2, including high-performing titles like "Fallout" and "The Boys." The streamer earned 62 Primetime Emmy Award nominations, boosting its profile and attractiveness to advertisers.

**Our take:** Prime Video's innovative advertising strategy is gaining traction with advertisers and viewers.

- The integration of shoppable ads and expansive sports offerings, including **the recent NBA deal**, positions Amazon to capture significant market share.
- A likely price increase for Prime in 2025, coinciding with the **NBA** deal—which includes rights to **the surging WNBA**—reflects Amazon's confidence in its streaming service's value.
- On its earnings call, CEO **Andy Jassy** pointed to Prime Video's model of having meaningfully fewer ads than linear TV and other streaming providers as a key differentiator. It also makes an ad-free option available for an additional \$2.99 per month.

- Over time, Amazon will likely raise that upcharge fee, which can only bode well for overall streaming revenues.
- We expect ad loads will inevitably creep up over time—but Prime Video will closely monitor viewers' tolerance for those increases.
- Prime Video's ongoing innovation in ad formats and viewer engagement sets it up to lead the next wave of streaming and advertising integration—and serve as a formidable competitor to Netflix.

### Netflix vs. Amazon Prime Video Viewers in Select Countries, 2024

millions

	Netflix viewers	Amazon Prime Video viewers
US	173.7	163.6
India	48.1	65.9
UK	35.0	26.9
Germany	29.4	32.3
France	27.1	13.6
Canada	18.9	14.6
Australia	10.5	4.9
Japan	10.4	16.2

*Note: Individuals of any age who watch Netflix or Amazon Prime Video via app or website at least once per month*

*Source: Insider Intelligence | eMarketer Forecast, Sep 2023*

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**Go further: [Read our coverage of Amazon's Q2 ecommerce performance.](#)**