

# Amazon's Prime Day advertising hiccup highlights the event's importance

Article

**The news:** Amazon's ad portal crashed and was down briefly on Tuesday evening, per Bloomberg, rendering the company's self-service ad system largely unusable for sellers in the

midst of the retailer's two-day **Prime Day** sales event.

- An Amazon representative told Bloomberg that the company was working to address the issue, and advertisers shouldn't expect delivery or campaigns to be disrupted. Amazon did not respond to a request for comment on the status of the ad portal as of this writing.

**Prime Day's importance:** The recurring sale is a massive event for ecommerce. We expect this summer's event to generate \$13.41 billion in global sales for Amazon, up 6.8% from last year. But beyond sales, Prime Day is also a major contributor to Amazon's fast-growing advertising business.

- A significant portion of merchant sales are sent directly back into Amazon's pockets via advertising: 80% of Amazon sellers participated in 2023's Prime Day, and sellers spent 14% of their Prime Day revenues on Amazon ads, per Momentum Commerce.

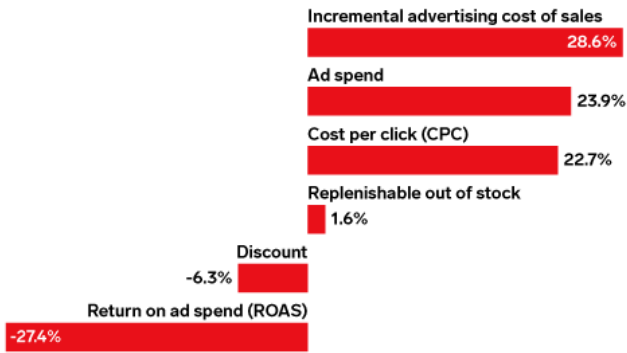
**Rough edges:** Some sellers have decried the increased cost of advertising on Amazon in recent years, a sign that there's tension between the platform and its merchants.

- Operating an Amazon storefront comes with steep costs thanks to logistics expenses and advertising—and those costs only increase on Prime Day, when a much more crowded field of merchants vie for limited space.
- But those merchants can't afford to avoid Amazon: The platform accounts for 40.4% of total ecommerce sales and just over 70% of retail marketplace sales.
- Amazon's ad portal outage during an incredibly competitive advertising period could further expose those tensions. Regulators are also pressuring the company: The FTC and 17 states filed a suit against Amazon in September 2023 for allegedly inflating prices and maintaining a monopoly.

**Our take:** The Prime Day ad outage won't cause a sea change at Amazon, and the event is still set to generate record revenues. But the problem highlights an increasingly tense relationship between Amazon and its sellers, who are struggling to stay above water with high advertising and logistics costs.

## 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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