

Amazon reports better-than-expected revenue, profits for the holiday shopping season

February 1 2024, by Haleluya Hadero



Credit: Unsplash/CC0 Public Domain

Amazon on Thursday reported better-than-expected revenue and profits for the fourth quarter, driven by strong consumer spending during the

holiday shopping season.

The Seattle-based e-commerce company said it earned \$170 billion in revenue and \$10.6 billion in profits during the last three months of 2023, beating expectations from analysts surveyed by FactSet.

In a statement, Amazon CEO Andy Jassy called it a "record-breaking" holiday shopping season for the company, which saw a 14% growth in revenue compared to the same period in 2022.

Despite challenges posed from increasing credit card debt and delinquencies, along with higher prices and borrowing costs, U.S. consumer spending was up in November and December, following a slip in October after six straight months of gains.

Like other retailers, Amazon aimed to lure holiday shoppers through fast-shipping and discount events, including a prominent sales event for Prime members held in October. The company said its online retail business earned \$70.5 billion in revenue during the quarter, a 9% jump compared to \$64.53 billion during the same period in 2022.

On a call with reporters on Thursday, Amazon's Chief Financial Officer Brian Olsavsky said the company is seeing more purchases from Prime members who are being lured by [better delivery speeds for online orders](#). He also said revenue is being driven by fees from third-party sellers and the company's advertising business, which is poised to grow as the tech giant brings ads to Prime Video.

"There's a lot of enthusiasm from advertisers," Olsavsky said, while noting customers who don't want ads to intrude their streaming experience can pay an additional \$2.99 per month to avoid it.

Meanwhile, the company's cloud computing unit AWS earned \$24.2

billion during the last quarter. That represented a 13% jump in revenue compared to the same period in 2022, but its growth has slowed down compared to prior years.

Olsavsky also said he expects AWS to accelerate this year, saying businesses that use the cloud service are cutting costs less than before and are more interested in generative AI products Amazon has rolled out in the past year, like [the chatbot Q](#).

Generative artificial intelligence has been a major area of focus for the company, which initially appeared to be falling behind the AI arms race sparked by San Francisco startup OpenAI's release of ChatGPT in late 2022. But since then, it has been making investments to capitalize on the surging public and business interest in new AI tools.

Roughly an hour before it released its earnings on Thursday, Amazon announced a new generative AI-powered shopping assistant called Rufus. The company—which has also integrated AI-generated summaries of product reviews into its online shopping site—says Rufus will answer customer questions on products and help them discover new items.

Amazon is also pouring up to \$4 billion into an artificial intelligence company called Anthropic, an investment that's under scrutiny by federal regulators concerned about the relationship tech companies are forging with AI startups.

The company's sway has long been under scrutiny by regulators in the U.S. and abroad. This week, Amazon and iRobot [called off an acquisition deal](#) after receiving pushback from regulators in Europe. The Federal Trade Commission is also suing Amazon over allegations it inflates online prices and overcharges sellers.

Overall, the company reported it earned \$30.4 billion in profits last year after losing \$2.7 billion in 2022.

In an effort to increase profitability and cut down on costs, Amazon laid off roughly 27,000 corporate employees between late 2022 and early last year. The company and subsidiaries, such as the streaming platform Twitch and the audiobook service Audible, also cut thousands of jobs last month.

Amazon's stock rose as much as 8% in after-hours trading.

© 2024 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Amazon reports better-than-expected revenue, profits for the holiday shopping season (2024, February 1) retrieved 30 April 2024 from <https://techxplore.com/news/2024-02-amazon-revenue-profits-holiday-season.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.