

# Amazon reports strong 1Q results driven by its cloud-computing unit and Prime Video ad dollars

May 1 2024, by Haleluya Hadero

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An Amazon Prime truck is seen on Friday, April 5, 2024, in Portland, Ore. Amazon will reports earnings on Tuesday, April 30, 2024. Credit: AP Photo/Jenny Kane, File

Amazon on Tuesday reported strong results for the first quarter, driven by growth in its cloud-computing unit and new advertising dollars from its Prime Video streaming service.

The Seattle-based e-commerce giant said it brought in \$143.31 billion in revenue in the first three months of this year, a 13% jump compared to the same period last year. Net income came out to \$10.43 billion, or 98 cents per share. That soundly beat Wall Street analysts' expectations for 84 cents a share, according to FactSet.

"It was a good start to the year across the business, and you can see that in both our customer experience improvements and [financial results](#)," Amazon CEO Andy Jassy said in a statement.

The nation's biggest online retailer is coming off better-than-expected results for the holiday shopping period, when it saw strong consumer spending aided by discounts and faster shipping speeds. Amazon held another discount event in late March, right before the end of the first quarter.

Overall, U.S. consumer spending has continued to grow despite higher prices and higher borrowing costs resulting from the Federal Reserve's interest rate hikes. The nation's economy slowed down during the first three months of this year, but hiring has also remained robust.

Amazon's U.S. customers are being "very thoughtful" about their spending, Chief Financial Officer Brian Olsavsky said in a call with reporters. He noted consumers are looking for deals and trading down, and that the company is "particularly" seeing lower spending in Europe.

Aside from its core retail business, Amazon said [first-quarter](#) sales in its cloud computing unit, Amazon Web Services, amounted to \$25.04 billion, up 17% from the same period last year.

AWS, whose customers are mostly businesses, has been the cornerstone of Amazon's strategy in the competitive artificial intelligence race among big tech companies. The unit saw a slowdown in growth last year as companies cut back on costs amid concerns about the economy. However, Amazon has been using its AI offerings to push back on that trend and attract more enterprises to its cloud business.

Jassy said AI capabilities have reaccelerated AWS' growth rate and it is now on pace for \$100 billion in annual revenue.

Hours before Amazon released its earnings report on Tuesday, the company announced a full rollout of a business chatbot called Q that it says can help employees be more productive at work. Last month, it finished its \$4 billion investment in San Francisco-based [AI startup Anthropic](#), a competitor to Microsoft-allied OpenAI. Anthropic is collaborating with Amazon to develop so-called foundation models that underpin AI technologies.

Sales in the company's online advertising business also spiked 24%, majority of which is driven by advertising for sponsored products, Olsavsky said.

He said Amazon, which started showing advertisements on Prime Video in late January, currently has a "light" number of ads on the streaming service compared to TV or other streaming providers. Olsavsky said the ads, which customers can avoid with a \$2.99 additional monthly fee, are going well and "attracting a number of new advertisers who are not currently using Amazon advertising services."

Shares in Amazon.com Inc. rose about 2% in after-hours trading.

Under Jassy, Amazon has cut costs in different parts of its business to remain profitable. This year, the company cut hundreds of positions

across AWS, Prime Video and MGM Studios. Its subsidiaries, the popular social media platform Twitch and the audiobook service Audible, have also laid off workers.

In addition, Amazon has also been facing regulatory hurdles. In January, the company [called off a deal](#) to purchase the robot vacuum maker iRobot after facing regulatory hurdles in Europe. It's also been sued by the Federal Trade Commission over antitrust concerns.

Amazon says it expects to post net sales between \$144 billion and \$149 billion during the second quarter. Analysts are expecting \$150.2 billion, according to FactSet.

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Citation: Amazon reports strong 1Q results driven by its cloud-computing unit and Prime Video ad dollars (2024, May 1) retrieved 21 May 2024 from <https://techxplore.com/news/2024-05-amazon-strong-1q-results-driven.html>

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