

Ecommerce channel ad spending surges forward

Article

One of the pandemic's overarching effects was accelerated digital transformation across the economy and society. A steep increase in the amount of retail sales transacted digitally buoyed digital ad spending last year and boosted digital advertising's long-term prospects.

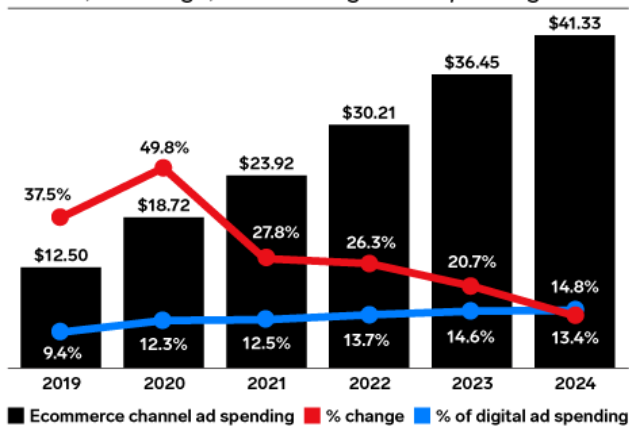
Even before the pandemic, ecommerce channel advertising was attracting a lot of attention from advertisers—especially in verticals like consumer packaged goods (CPG)—as well as retailers, which hoped to add new higher-margin revenue streams to their businesses after seeing Amazon's success in the area. Amazon had become the No. 3 digital ad seller in the US

thanks primarily to placements on its ecommerce property, and companies including Walmart, Target, and eBay had been growing similar businesses.

But the pandemic boost in ecommerce sales—including a major shift toward digital grocery shopping—accelerated growth in US ecommerce channel advertising to 49.8%. By the end of last year, ads on properties where the primary activity was ecommerce accounted for 12.3% of US digital ad spending, up from 9.4% in 2019. We expect investments in these ads to continue growing faster than the overall digital ad market.

US Ecommerce Channel Ad Spending, 2019-2024

billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce; examples include advertising on Amazon, Walmart, and eBay; excludes advertising on social networks or search engines

Source: eMarketer, March 2021

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eMarketer | InsiderIntelligence.com

What's changed: We started breaking out estimates of ecommerce channel ad spending only in Q3 2020, so we can't make comparisons to pre-pandemic expectations for this portion of the digital ad market. But performance in this sector was so strong late last year that we have revised our estimate for 2020 upward from \$17.37 billion to \$18.72 billion. Last October, we forecast 38.8% growth for ecommerce channel advertising for 2020, but it turned out to be nearly 50%.

To learn more about how the pandemic affected the US ad market in 2020, Insider Intelligence subscribers can read our recent report:

Report by Nicole Perrin Apr 14, 2021

US Digital Ad Spending 2021

