

Amazon's Sponsored Brands now make up nearly one-quarter of its console ad business

Article

The news: Spending on Amazon's Sponsored Brands ads grew a healthy 25% year over year (YoY) last quarter and now account for 23% of Amazon's pay-per-click ad business, per

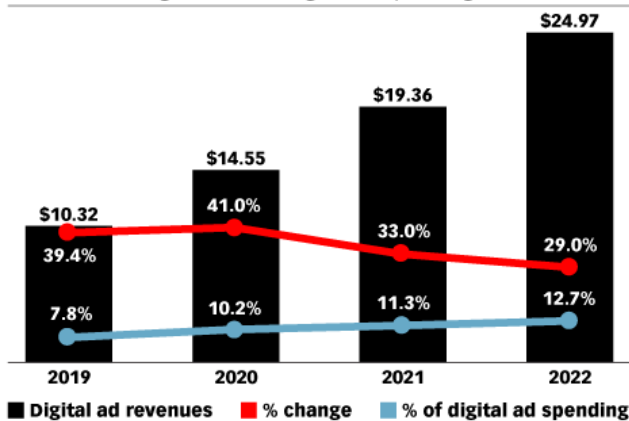
Merkle's Q1 2021 Digital Marketing Report. For comparison, Merkle reported that spending on Amazon's Sponsored Products ads only grew 0.1% YoY.

The bigger picture: Companies like **Pacvue** and **Tinuiti** also reported higher growth rates for spending on Sponsored Brand ads (89% and 86%, respectively) compared with Sponsored Product ads (41% and 28%). This growth is partially because Sponsored Brand ads are newer —plus, Amazon **released** several new Sponsored Brand formats in 2020, including its popular Sponsored Brand Video options.

What this means: Sponsored Brand ads are higher-funnel than Sponsored Product ads—they highlight an entire brand via product carousels or videos at the top of a page rather than individual items. That helps Amazon attract marketers from all stages of the customer journey, which helps the platform capture a larger share of the digital ad economy. We **expect** Amazon to pull in \$19.36 billion in ad revenues this year, making up 11.3% of US digital ad spending.

US Net Digital Ad Revenues at Amazon, 2019-2022

billions, % change, and % of digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: eMarketer, Oct 2020

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