


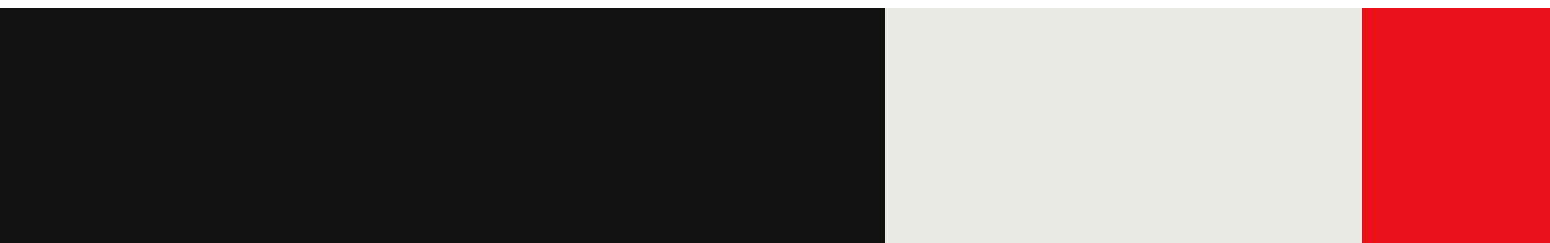
Retail media networks like Amazon are boosting search ad spend

Article



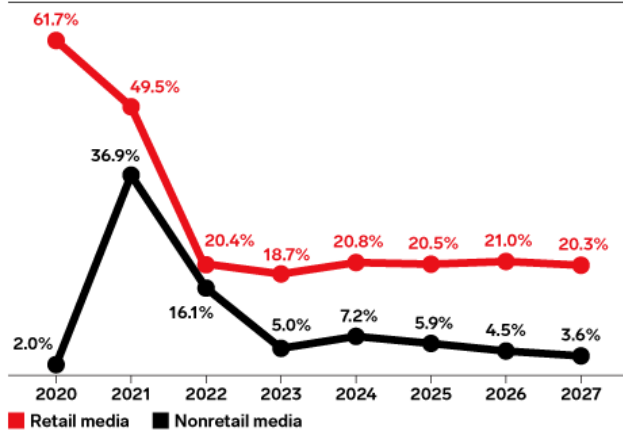
Retail media is outpacing non-retail media in growth in US search ad spend. As performance-driven advertisers push closer to the point of sale, companies like Amazon benefit. Here's what's behind retail media's search success.

Key stat: US retail media search ad revenues will grow at a rate of 18.7% this year, nearly four times faster than the rest of search advertising (5.0%), according to our forecast.



Growth in US Search Ad Spending, Retail Media vs. Nonretail Media, 2020-2027

% change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices for all formats mentioned; includes contextual text links, paid inclusion, paid listings, and SEO; retail media includes digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps

Source: eMarketer, March 2023

281328

eMarketer | InsiderIntelligence.com

Who is driving retail media search growth? Amazon, almost entirely.

- Amazon will account for \$23.95 billion of the total \$29.69 billion **US retail media search ad spend** market this year, per our forecast.
- In other words, while retail media will make up 26.9% of US search ad spend this year, Amazon will account for 21.7% of that spend.
- **Walmart and Instacart** also contribute to retail media's share of search ad spend, though their share is smaller.

Why retail media search? Advertisers trust it. US advertisers will spend almost \$30 billion on **retail media search ads** this year, and by 2027, that figure will be more than double.

- Economic uncertainty fuels retail media ad spend, because retail media search ads are so close to the point of purchase.
- Signal loss also aids spend, as advertisers affected by the loss of third-party data can rely on first-party information from retail media networks.

What's next? More growth. Even as some signs foretell a rebounding economy, **total US ad spend is still down**. Advertisers will keep investing in performance-oriented channels, which is

good news for retail media search.

At some point, retail media search ad spend will hit a ceiling. Amazon shoppers say the feed has already become **cluttered with sponsored results**. But banner ads and retail media advertising on connected TV and social media will rise above the noise, even after search is saturated.

Other search areas are also growing. Google's US search ad revenues aren't growing particularly fast—just 2.4% this year, per our forecast. There's not as much room to grow for Google, whose search ad spend share will fall below 50% of the overall US market next year for the first time since we started tracking it in 2008.

Apple's US search revenue growth will hit 25.7% this year, driven by App Store ads. And **social search is just taking off**, driven by Instagram and TikTok.