

Taboola acquires Connexity to help publishers push into ecommerce

Article

The news: Taboola is **acquiring** ecommerce ad platform Connexity for \$800 million, its first buy since **going public** less than a month ago.

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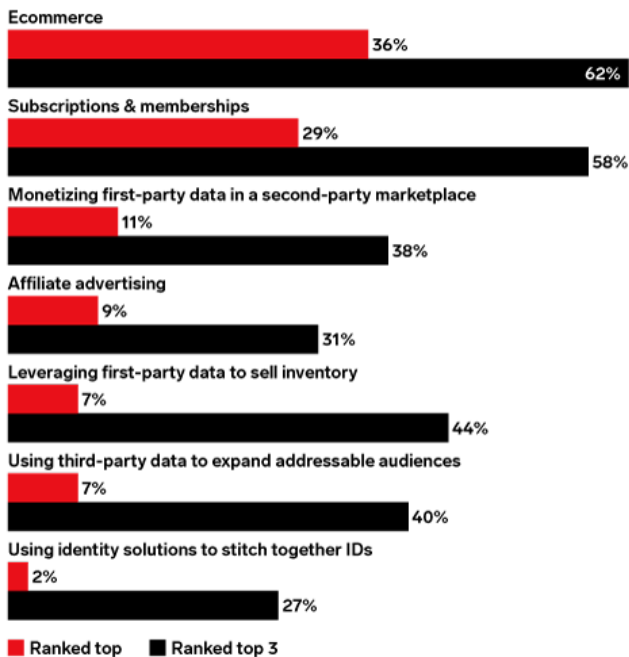
- **Taboola** is an ad platform best known for its “Around the Web” and “Recommended for You” boxes under web articles. It’s typically used by **publishers**, who are either trying to **recirculate their own content to their audiences** or get **referral revenue** by sending traffic to other sites. Taboola boasts 13,000 advertisers and 500 million daily active users across 9,000 digital property partners, **per** TechCrunch.
- **Connexity** is an ad network focused on ecommerce retailers. While it covers everything from search ads to influencer marketing, its main draw is **helping retailers advertise on publisher sites** via **affiliate links** and **sponsored content**. It has 40,000 publishers in its network and an audience of 100 million.

What it means: The acquisition will expand Taboola’s client base to include Connexity’s retail clients with benefits on both sides.

- **Taboola’s publishers will be able to tap into a growing source of revenue.** Ecommerce is one of the few areas publishers are still seeing revenue potential: When US publishers were asked what they **expected their largest source of revenue** would be in Q1 2021, more than a third (**36%**) **named ecommerce**, making it the top-ranked choice, according to a December 2020 **survey** by Lotame. Some **62%** ranked it at least in their top three.
- The hope is the partnership will give publishers more viable alternatives to the walled gardens of Facebook and Google, especially as the latter moves to deprecate third-party cookies by the end of 2023.
- **Connexity’s retail clients that want to diversify their channel mix will have even more options.** “Amazon has millions of merchants, but merchants mainly have Amazon,” **said** Taboola CEO Adam Singolda in the acquisition announcement. (For context, we **expect** Amazon to capture **10.7%** of US digital ad spend this year.)
- Similar to the partnership’s benefit to publishers, retailers’ access to Taboola’s wide base of publishers could help ease them away from relying on Amazon or the other members of the triopoly.

Largest Expected Sources of Revenues in Q1 2021 According to US Publishers

% of respondents, Dec 2020



Note: n=45
Source: Lotame, "Beyond the Cookie: The Future of Advertising for Marketers & Publishers,"
Feb 17, 2021

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The bottom line: Ecommerce advertising is only growing more and more important. We **expect** the retail industry to account for just under a quarter (**24.9%**) of all US digital ad spend this year, or **\$47.59 billion**—and its share will only keep growing, so it's all the more imperative for publishers to tap in now. Meanwhile, Amazon's share of digital ad revenues will keep growing, too, making it increasingly important for retail advertisers to diversify so as to avoid dependence.

For more on this topic, read our "[Publishers and Commerce 2021](#)" report.