

Amazon Is Now the No. 3 Digital Ad Platform in the US

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US digital ad revenues at Amazon will more than double this year, eMarketer estimates, moving it up the ranks past Oath and Microsoft to take the No. 3 position behind Facebook and Google.

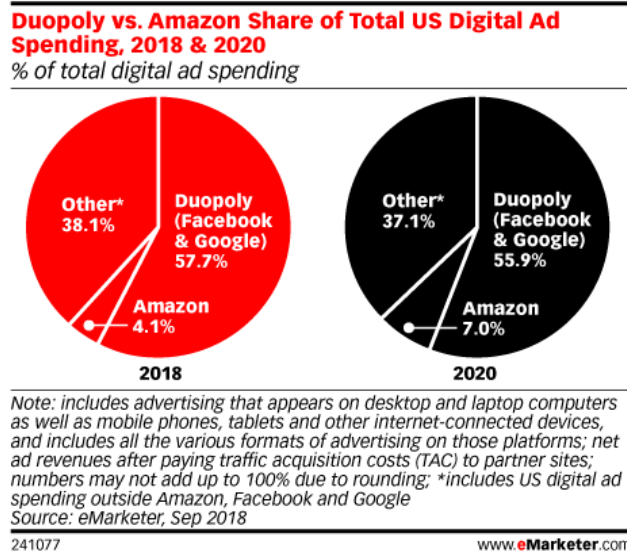
US advertisers will spend \$4.61 billion on Amazon's platform this year, accounting for 4.1% of all digital ad spending in the country. It's important to note that much of that growth is thanks to an accounting change Amazon made that affected estimates for 2018 and later, leading to the growth spike this year.

Even so, the forecast increases eMarketer's estimate of ad revenues at Amazon by about 10% to 12% over the course of the year, thanks to stronger-than-expected organic growth.

And that increase is clearly still robust. After 2018's artificial growth spike, eMarketer expects increases of more than 50% per year through at least 2020, when Amazon will enjoy 7.0% of all US digital ad spending.

For more than a year now there's been a steady murmur about Amazon's encroachment on the territory of the Facebook-Google duopoly. This year, 57.7% of US digital ad spending will go to one of those two platforms. Amazon may be in third place, but 4.1% is far behind Facebook's 20.6% or Google's 37.1% of market share. In 2020, Amazon's 7.0% share will compare with Facebook's 20.8% and

Google's 35.1% of US digital ad spending. So while the gap may be narrowing, the duopoly pillar still stands.



Amazon has the ingredients for a truly powerhouse digital ad business, the key to which is doing more than just selling ad impressions. It's impossible to say how much of Amazon's business comes from selling ads on its own properties vs. facilitating ad transactions across the web. But with the ad tech tax accounting for a significant share of all display spending, there's no way for a digital ad seller—not even Google or Facebook—to crack the highest earnings rankings without benefiting from those revenue streams as well.

And Amazon is now making it easier to buy ads on its platform. Many buyers have complained that Amazon's ad products were confusing and difficult to buy. On September 5, Amazon announced that all ad buying and reporting would fall under a new "Amazon Advertising" banner and be fully consolidated by the end of the year, with new names for many offerings.

Major changes include:

- Amazon Marketing Services (AMS, Amazon's suite of cost-per-click (CPC)-based ad formats including Sponsored Products), Amazon Media Group (AMG, the business unit that sold display advertising on

Amazon properties and Kindles) and Amazon Advertising Platform (AAP, now known as Amazon DSP) are becoming Amazon Advertising.

- **Headline Search ads**—a cost-per-click (CPC) format that features multiple products on search results pages—is being renamed **Sponsored Brands**. **Sponsored Products ads** and **Product Display Ads**, other CPC formats, will keep the same names.

eMarketer's latest report, "[Amazon Advertising 2018: The New No. 3 US Digital Ad Firm](#)," explores how marketers and media buyers are planning to use Amazon for advertising, and how Amazon's audience data and product search capabilities offer a point of differentiation from Facebook and Google.

eMarketer PRO subscribers can access the full report now.

Report by Nicole Perrin Sep 18, 2018

Amazon Advertising 2018

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The New No. 3 US Digital Ad Firm

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In the latest episode of "Behind the Numbers," eMarketer analyst Nicole Perrin talks about the different advertising products on Amazon. Listen In.