Amazon Approaches $10 Billion in US Net Digital Ad Revenues This Year

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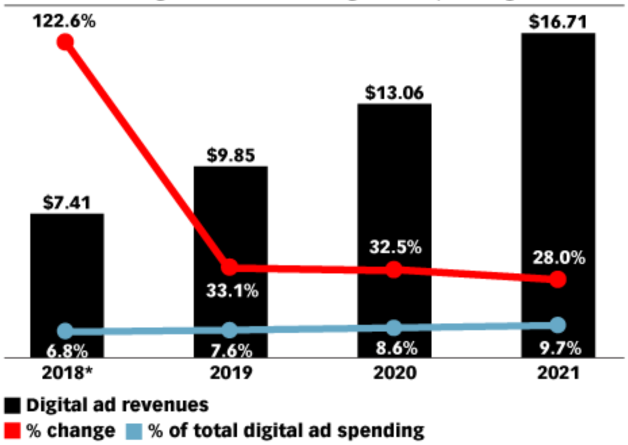
Amazon will earn almost $10 billion in US net digital ad revenues this year, we estimate. That's an increase of more than 33% over 2018.

This represents a downward revision from our previous forecast due to slower-than-expected growth in H1 2019. Earlier this year, we estimated Amazon's ad business would grow by 53% to $11.33 billion.

US Net Digital Ad Revenues at Amazon, 2018-2021
billions, % change and % of total 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; *in 2018, Amazon changed how it accounted for advertising revenues to comply with ASC Topic 606*
Source: eMarketer, Oct 2019

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We expect Amazon's US net digital ad revenues to continue growing at double-digit rates through at least 2021, when the ecommerce giant will claim almost 10% of US digital ad spending.

And despite the downward revision, Amazon is growing faster than any other publisher with at least $1 billion in net US digital ad revenues this year. That will also continue through at least 2021, when Amazon's ad revenues will grow more than 10 percentage points faster than Facebook's, and more than twice as quickly as Google's.

Net US Digital Ad Revenue Growth at Select Digital Ad Sellers, 2018-2021
% change

	2018*	2019	2020	2021
Amazon	122.6%	33.1%	32.5%	28.0%
Facebook	36.3%	26.0%	21.0%	17.7%
Twitter	19.6%	18.7%	18.1%	11.1%
Google	18.8%	17.6%	14.0%	12.8%
Microsoft	19.7%	11.3%	8.0%	6.8%
Verizon	-4.2%	-0.7%	2.0%	2.0%

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Amazon makes most of its money from keyword-targeted, CPC-based placements—that is, from search ads. For the first time in two years, we have broken out estimates of search vs. display advertising at Amazon. We estimate that Amazon will earn 72% of its US net digital ad revenues from search ads this year, a figure that will drop slightly to 70% by 2021.

Amazon has recently announced several ad product changes, like IMDb TV, that could boost branding-oriented display ad spending on its owned and operated properties—as well as innovations like a data clean room (a tool for comparing first-party and aggregated data), which could foster more display spending via Amazon's demand-side platform.