

Retail media ambitions fuel marketplace expansion

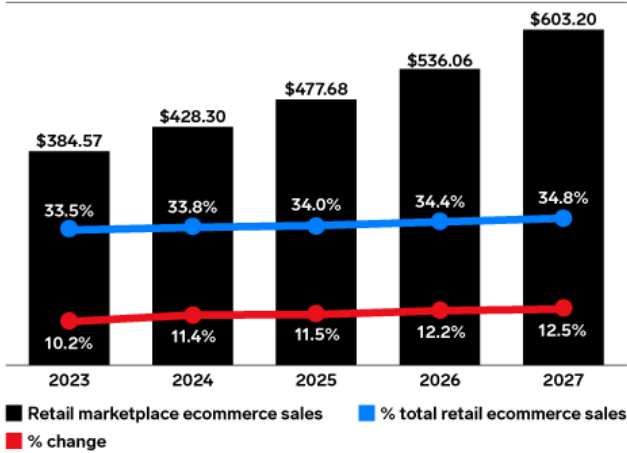
Article

The pandemic ecommerce boom may have come to an end, but marketplaces will continue to expand their share of US retail ecommerce. We expect US ecommerce sales to grow by \$588 billion over the next five years with marketplaces accounting for nearly 40% of those gains. The channel will continue to grow in importance as more brands seek consumers wherever they are.

More retailers and brands are building out their own marketplaces. Walmart is the largest retailer to rapidly scale its third-party sales platform, but a slew of others including Macy's, Kohl's, The Kroger Co., J.Crew, Michaels, and Lands' End are leaning into the channel with varied approaches.

US Retail Marketplace Ecommerce Sales, 2023-2027

billions, % change, and % total retail ecommerce sales



Note: represents the gross value of products sold by third-party sellers on a retail marketplace platform; excludes first-party sales on these platforms; excludes travel and event tickets; excludes food services and drinking place sales
Source: eMarketer, March 2023

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Retail media's play with marketplaces

Retail media will continue to be the fastest-growing segment of digital advertising in the coming years. By opening up their digital platforms to third-party sellers, retailers can generate high-margin revenues from advertising and marketing services charged to sellers to promote their products both on- and offsite. Amazon has built a commanding lead in this space—Amazon Ads draws more than three-quarters of US retail media ad spend.

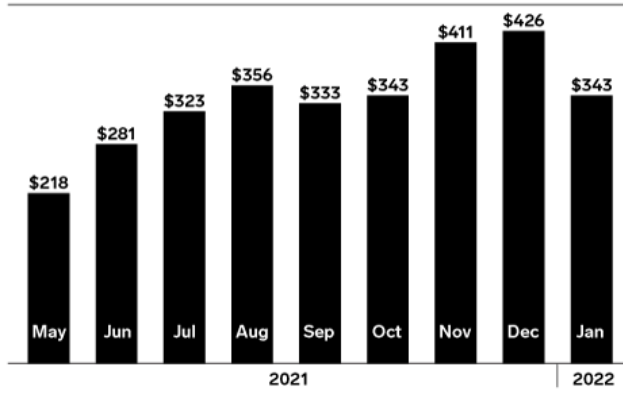
- **Walmart's ad revenues are growing twice as fast as Amazon's.** They will grow by 39.1% YoY in 2023 to more than \$3 billion and surpass \$6 billion in 2025, per our forecast. Walmart's open marketplace and enhancements in ad targeting and measurement helped it double the number of third-party sellers using its advertising services over the past year.
- **Other major marketplaces are pinning their hopes on retail media.** Ebay's ad revenue growth has been a bright spot for the company, and more sellers are getting on board as it rolls out

new products and improvements. Etsy requires sellers above a certain threshold to spend a portion of their revenues on advertising with its media network.

- **Competition is expanding the scope of retail media offerings.** Macy's recently partnered with The Trade Desk to widen the reach of Macy's Media Network, soon after it launched its third-party marketplace. Now, advertisers will be able to use customer data from Macy's and Bloomingdale's to run a wider range of display, CTV, and audio ads via the ad tech vendor's platform.

US Digital Retail Media Ad Spending, May 2021-Jan 2022

millions



Note: among US brands analyzed by MediaRadar, broader industry metrics may vary
Source: MediaRadar, "The State of Retail Media: What to Know and Why Advertisers Are So Excited," March 29, 2022

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Report by Sky Canaves Jun 06, 2023

US Retail Ecommerce Marketplaces Forecast 2023



