

Amazon to sell ad tools to other retailers in expansion of ad ambitions

Article

The news: Amazon will begin selling its ad tech to other retailers, creating a potentially lucrative revenue stream for its fast-growing [ad business](#).

- The new product, which the company is calling Amazon Retail Ad Service, enables retailers to display “contextually relevant ads” to shoppers on their search, browse, and product pages.
- The service is currently being tested by online Asian supermarket **Weee!**, party supplies seller **Oriental Trading Company**, and wellness retailer **iHerb**, with other retailers (including **Tillys**) set to join soon.
- The solution puts Amazon in direct competition with companies like [ad tech giant Criteo](#) as well as [Publicis](#), both of which have benefited considerably from the retail media boom.

How it works: The service allows retailers to leverage Amazon’s advertising expertise and its sophisticated capabilities for their own benefit.

- Ads take into account product availability and pricing, as well as contextual information such as search queries and product category, to ensure relevance.
- Retailers decide where and how many ads will be shown across their apps and sites, determine ad creative formats, and control what shoppers see after clicking on an ad.
- Companies also have the option to make their ad inventory available via Amazon’s ad console and APIs—essentially opening their platforms to brands that already advertise on Amazon, and making it possible for advertisers to manage campaigns across multiple retailers.
- Amazon takes a share of the ad revenues and charges for the use of its technology infrastructure, the company told Ad Age.

Why it matters: The new ad product reinforces Amazon’s position as a dominant force within digital advertising and will help solidify its grip on retail media even as competitors like **Walmart** and **Instacart** enhance their own capabilities.

- The ability to get in front of Amazon’s advertiser audience is an enticing opportunity, especially for small and midsize retailers that would otherwise find it difficult to attract brands’ ad dollars. Over 1,200 of the brands iHerb sells already advertise on Amazon, marketing senior vice president **Neil Folgate** said in the ad service’s launch announcement.
- That said, some retailers might be wary of teaming up with a rival, especially if it involves valuable shopper data. Amazon took pains to note that retailers’ information is kept separate from Amazon Ads and the rest of its businesses.

In addition to the retail ad service, Amazon noted several enhancements to its ad offerings.

- Advertisers will soon be able to use genAI to build custom audiences that can be used for full-funnel Amazon Ads campaigns across streaming TV, audio, and digital channels.
- The retailer is also giving brands access to five years of customer purchase signals via Amazon Marketing Cloud, offering more comprehensive insights into consumer behavior; previously, marketers could only query 13 months of data.

Our take: Offering its ad tech capabilities as a standalone service is a familiar play for Amazon, and one that emphasizes how advanced its retail media business is relative to the rest of the field.

We expect Amazon's ad revenues to climb 19.4% this year to \$47.52 billion—nearly 10 times what its closest competitor, Walmart, will pull in.

Dozens of Retail Media Networks Are Fighting Over a Small Slice of the Pie
% of US retail media digital ad spending, by company, 2025



Note: only select US companies with retail media networks shown; 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; digital ad spending 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; numbers may not add up to 100% due to rounding
Source: EMARKETER Forecast, Nov 2024

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