

Three Key Takeaways on Amazon's Plans for Advertising, Video and Voice

ARTICLE | SEPTEMBER 20, 2018

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Amazon has grown exponentially and seeped into what seems like every product line and service. In 2018 alone, its retail ecommerce sales totaled \$258 billion and are expected to grow another 26% by 2019, according to our latest estimates.

At eMarketer's "How Amazon Is Changing ... Everything" invite-only breakfast yesterday, eMarketer co-founder Geoff Ramsey and a panel of our analysts explained how brands and companies can work with the ecommerce giant. Here are some key takeaways:

The Customer Comes First

Amazon's advertising business continues to grow. According to our estimates, US digital ad revenues at **Amazon will more than double this year**, placing the ecommerce giant in the No. 3 digital ad platform position, behind Facebook and Google. But advertising is not its core business.

"We talk about Amazon rivaling the duopoly, but the consumer is still going to be more important to Amazon than the advertiser," said eMarketer senior analyst Nicole Perrin.

"Amazon knows how to get people to convert," she added. "It isn't going to create an intrusive experience that will make the ads less effective."

It's All About the Data

According to eMarketer principal analyst Andrew Lipsman, there's some real genius behind focusing on the consumer—all those happy shoppers are generating massive amounts of highly valuable shopping data.

Amazon's future lies in what he believes is a story that hasn't quite materialized yet—its potential to take on the **\$70 billion TV advertising market**. "Combine its closed-loop ad measurement with video inventory, and you have something really powerful that could be very disruptive to TV advertising," Lipsman noted.

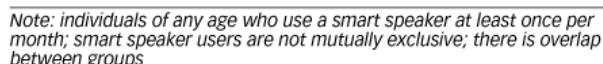
Amazon's recent NFL deal, as well as its hiring of former NBC Entertainment president Jennifer Salke to run its video studio earlier this year, emphasize the strategic moves the company has taken to play in that space. "We're going to be in a sea-change when that comes," Lipsman said.

Alexa's Great, but Don't Count Siri or Cortana Out

While Amazon's Echo is the most popular smart speaker in the US, **it's losing share as speaker rivalry heats up**.

This year, Amazon is capturing roughly two-thirds of the US smart speaker audience, and that figure will decrease to 60.8% by 2020. In contrast, Google Home will capture 29.5% of the smart speaker audience in 2018, and that will grow to nearly 33% by the end of the forecasting period.

% of smart speaker users



Source: eMarketer, April 2018

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