

Is Amazon Slowing Down?

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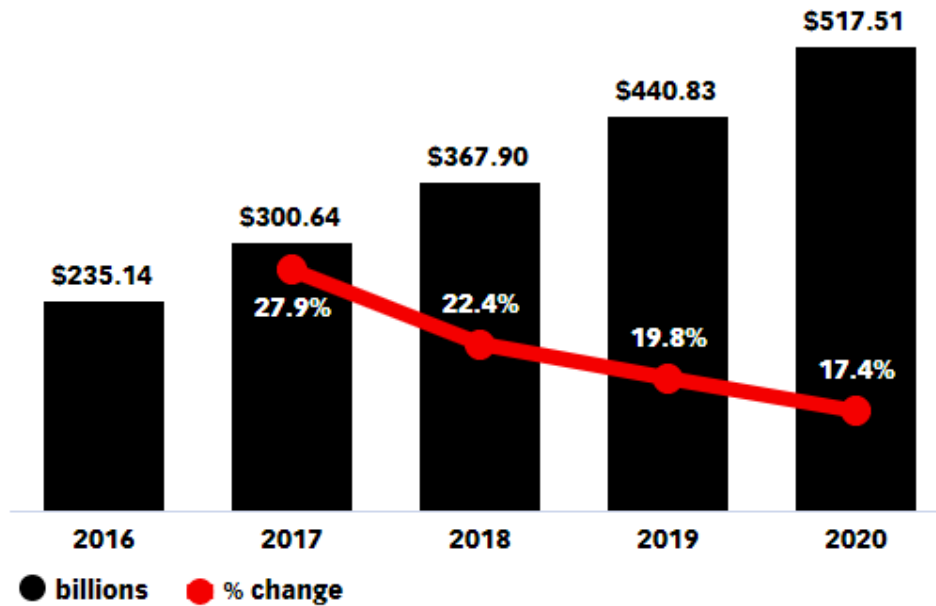
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Amazon's retail ecommerce business may have passed the stage of rapid growth, and as a result, we have lowered our previous forecast.

This year, we expect Amazon will generate roughly \$440.83 billion in worldwide retail ecommerce sales, a 19.8% increase over 2018. This represents a slowdown in growth from a 22.4% increase in 2018.

Amazon Retail Ecommerce Sales

Worldwide, 2016-2020



Source: eMarketer, February 2019 (see below for notes and methodologies).

www.eMarketer.com

To put that in perspective, Amazon's retail ecommerce business makes up roughly 89% of total company revenues. It's made up of both Amazon's direct sales, as well as its marketplace sales.

"Amazon's US direct sales is a maturing business, and it's growing at a similar rate to the overall ecommerce market. At the same time, we expect the influx of Amazon's third-party sellers to slow down because the company has already captured a large portion of this market," said eMarketer vice president of forecasting Martín Utreras.

We have also lowered our expectations for direct and marketplace sales. For marketplace sales, we previously projected a 34.5% growth in 2018, which is now lowered to 27.4%. For first-party sales, we lowered our forecast from 16.5% in 2018, to 13.5%.

The company is still growing much faster than its peers. We forecast that Amazon will account for 47.0% of US retail ecommerce sales in 2019, making it the largest ecommerce platform in the country.

And other segments of Amazon's business are experiencing rapid growth, including subscription services and advertising. More US brands are spending enough on the platform to make it the No. 3 digital ad seller in the country. Worldwide, we expect Amazon to generate \$14.03 billion in ad revenues this year, a 52.5% increase over 2018.