

The power of Amazon's advertising: The retail media network pioneer maintains its dominance amid mounting competition

Article

Amazon Ads remains the torchbearer for the fast-growing retail media industry. Despite nearly every major retailer launching their own retail media network (RMN) in recent years—with several beginning to scale—Amazon's No. 1 position will be secure well into the future.

- **Amazon dominates retail media advertising.** Amazon will capture 75.2% of the \$45.15 billion US retail media advertising market this year, more than 10 times that of No. 2 Walmart Connect.
- **Amazon Ads is even closing the gap with Google and Meta.** The newest digital ad powerhouse is making the duopoly sweat, capturing 12.9% of the US digital ad market this year (behind Google's 27.1% and Meta's 19.5%). Amazon is expected to see its US ad revenues increase by \$5.04 billion this year, more than that of Google and Meta combined (\$3.34 billion).
- **Amazon is moving beyond search ads to display, video, and streaming TV ads.** Amazon's search business is reaching maturity with heavy sponsored product ad loads appearing on most search result pages. Sellers are being encouraged to shift ad budgets into upper-funnel ads, including on-site display and video ads and off-site display and video ads accessed via Amazon DSP. The retailer is now turning attention to ad-supported streaming TV opportunities with Prime Video, Freevee, and NFL Thursday Night Football—and it will debut the first-ever Black Friday NFL Football game this year.
- **But competition from omnichannel RMNs is mounting.** Amazon's formidable brick-and-mortar competitors like Walmart, Target, and Kroger boast sizable physical store footprints that can reach 100 million shoppers a month. Amazon Fresh, its full-scale grocery stores featuring national brands, has paused expansion efforts to retool operations, thereby delaying its ability to close the gap with the competition.

Amazon Ads is the envy of the industry and remains well ahead of the competition across every dimension, except for its physical store footprint.

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The Power of Amazon in 2023

