

What Amazon Prime Day's growth means for retail media

Article



With the anticipated growth of **Prime Day sales**, retail media spending will balloon as Amazon retailers invest in marketplace ads to capture more attention during the event.

“It’s very competitive for the sellers. They’re fighting for visibility, and the best way to guarantee visibility is to **ramp up your ad spend**,” said our analyst Andrew Lipsman. “If you don’t pay, you’re not going to be visible, because everyone else is.”

We expect **US Amazon Prime Day sales** will grow 10.0% this year to \$8.03 billion. Prime Day Early Access sales growth will rival Prime Day at 8.2% for a projected total of \$5.90 billion, according to our forecast.

A boost in spending: Amazon's US ecommerce channel search ad revenues will total \$23.95 billion this year, up 16.2% from last year, according to our forecast. And much of that growth is **powered by Prime Day**.

"Any time you get sellers concentrating their efforts around an event, they are going to level up what they are doing from what they've done in the past," said Lipsman.

Amazon's search ad spending is still growing because its product search results are ahead of the field, according to Lipsman. Nearly half (49%) of US adults **start their product searches on Amazon**, more than Google (34%), TikTok (3%), or Instagram (2%), according to CivicScience. Still, Amazon advertisers are looking beyond search.

Diversifying channels: "Amazon needs sellers to start advertising outside of search results because it's getting so crowded," Lipsman said.

Amazon's US ecommerce channel display ad revenues will total \$5.48 billion this year, up 11.3% from 2022, according to our forecast. Prime Day serves as a concentrated period of activity during which **Amazon can push advertisers to other formats**, like display and video.

Outside of Amazon: Prime Day is a major retail holiday for all US ecommerce, not just Amazon. **Walmart+ Week will coincide** with Prime Day this year, a change from last year when Walmart tried to jump the gun by offering its retail day in advance of Prime Day. With Best Buy and Target hosting events of their own, retail media spending won't be limited to Amazon.