

Ad duopoly looks over its shoulder as Amazon ad revenues jump 26%

Article

The news: Amazon's ad business is now one of the company's fastest-growing sectors. Ad revenues enjoyed a 26% increase in Q3, totaling more than \$12 billion—double Amazon's 13% overall revenue growth.

- Amazon's ad business has grown impressively over the last several years after a 57.6% boost from the coronavirus pandemic, [per our forecast](#). We expect worldwide ad revenues to grow 18.9% to \$44.88 billion this year and to reach \$67.59 billion by 2025.
- In a call with analysts, CEO **Andy Jassy** said the company has “barely scratched the surface” of its advertising opportunities.

Growth sectors: Amazon's strong advertising primarily comes from its dominance of the retail media market and new opportunities surrounding its purchase of **Thursday Night Football (TNF)** streaming rights in 2021.

- Retail media is one of the fastest growing digital advertising sectors, expected to grow to \$45.15 billion in the US this year—and Amazon will make up [a staggering 75.2%](#) of that spending, 10 times more than second-placed **Walmart Connect**.
- That growth is helping Amazon catch up to the ad duopoly of **Google** and **Meta**. Amazon's US ad revenues will reach \$33.96 billion this year, with Meta and Google at \$51.35 billion and \$71.5 billion, respectively. Its US ad revenue growth of \$5.04 billion will outpace Google and Meta combined.
- TNF has also opened up new advertising options for Amazon. The company underdelivered on its first year of streaming football, but [2023 results have been positive](#) and the [inevitable flow of sports viewership](#) from linear TV to streaming will yield higher results for Amazon over time.

A duopoly threat: With US ad growth set to outpace the ad duopoly, Google and Meta are paying special attention to Amazon.

- While testifying during its [legal battle](#) with the Department of Justice, Google senior vice president **Prabhakar Raghavan** said that Amazon's search growth was a primary concern of his and that he “feels a keen sense not to become the next roadkill.”
- That could just be Google playing up the success of competitors like Amazon and **TikTok** as it faces historic antitrust claims, but there's truth to Raghavan's anxieties. Amazon will be the second-largest search advertising firm in the US this year, bringing in \$23.95 billion versus Google's \$57.49 billion.
- Google and Amazon are also competing for football viewership. Both companies have decade-long deals with the NFL, and whichever platform can provide higher viewership and

advertising opportunities could get an ever larger share of rights in the distant future once those deals expire.

Our take: Amazon's retail media growth and investment into sports streaming are putting it neck-in-neck with digital advertising leaders and giving it a foothold for growth. With [ads coming to Prime Video](#)—a major driver of Prime subscriptions—and [other ad initiatives](#) in place, Amazon is well positioned to solidify its place as one of the world's leading digital advertising firms.

Retail Media Ad Revenues, by Company

US, 2023, billions

Amazon

\$33.96

Other ecommerce channel

\$4.18

Walmart

\$3.16

Instacart

\$1.14

eBay

\$0.45

Etsy

\$0.24

Note: 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; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: Insider Intelligence | eMarketer, March 2023

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