

Amazon, Walmart expanding retail media offering into a full-funnel affair

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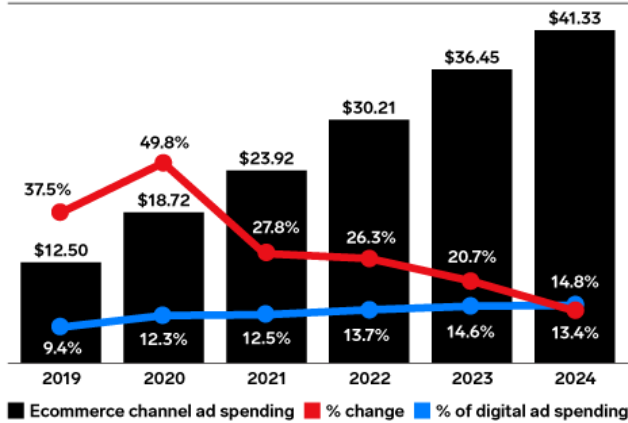
These are just some of the latest trends in the retail media landscape we'll discuss at length in our upcoming live Meet the Analyst Webinar, "[Retail Media: What Advertisers Need to Know.](#)"

The pandemic supercharged ecommerce sales in the US, accelerating the digital market about two years into the future in terms of its penetration of total retail sales. Retail media was already one of the fastest-growing digital ad channels before that, and now it's set to account for one in eight digital ad dollars this year.

We estimate that US advertisers will increase investments in ads that appear on ecommerce properties by 27.8% this year, nearing \$24 billion. That's after almost 50% growth in 2020.

US Ecommerce Channel Ad Spending, 2019-2024

billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce; examples include advertising on Amazon, Walmart, and eBay; excludes advertising on social networks or search engines
Source: eMarketer, March 2021

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Amazon is the biggest beneficiary of this spending, and also has a significant business using its data and targeting capabilities to place ads across the web—another key retail media offering in addition to on-property placements. We estimate Walmart is in second place in the US, and exceeded \$1 billion in ecommerce channel ad revenues last year. Walmart recently partnered with The Trade Desk for retail media placements elsewhere on the internet.

To date, retail media has been a largely lower-funnel affair, with search ads accounting for the majority of revenues, both overall and at Amazon specifically. The success of Amazon's sponsored search results, and their effectiveness in reaching shoppers who have shown a strong intent to convert, has helped the ecommerce giant take a bite out of Google's share of the US search ad market. We estimate Amazon will net almost one in five search ad dollars in the US this year—more than three times Microsoft's share.

Net Search Ad Revenue Share in the US, by Company, 2019-2023

% of total search ad spending

	2019	2020	2021	2022	2023
Google	61.3%	57.0%	56.8%	54.8%	53.3%
Amazon	13.3%	18.6%	19.0%	21.1%	22.6%
Microsoft	6.6%	5.6%	5.3%	5.0%	4.6%
Verizon Media	1.9%	1.5%	1.3%	1.2%	1.1%
Yelp	1.7%	1.3%	1.2%	1.2%	1.1%
Walmart	0.3%	0.8%	1.1%	1.5%	1.9%
IAC	1.0%	0.7%	0.6%	0.6%	0.5%
Other	14.1%	15.1%	15.8%	16.2%	16.8%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, paid listings (paid search), and SEO; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to 100% due to rounding

Source: eMarketer, March 2021

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But Amazon and other players in the market are doing more to offer a full-funnel experience to advertisers, especially with more video ad offerings. Over the past two years, Amazon's Sponsored Brand Video ad product has gained popularity among a wide swathe of its advertisers, and CTV-based offerings are getting more sophisticated. Amazon featured shoppable CTV video ads in its IAB Digital Newfronts presentation, for example. And Walmart offers activations including the ability to sponsor placements across in-store TV walls—a unique option that combines the branding possibilities of a large digital out-of-home ad with the fact that shoppers are already in-store and can be directed to purchase a product right then and there.