

5 charts to help marketers evaluate Amazon Prime Video ads

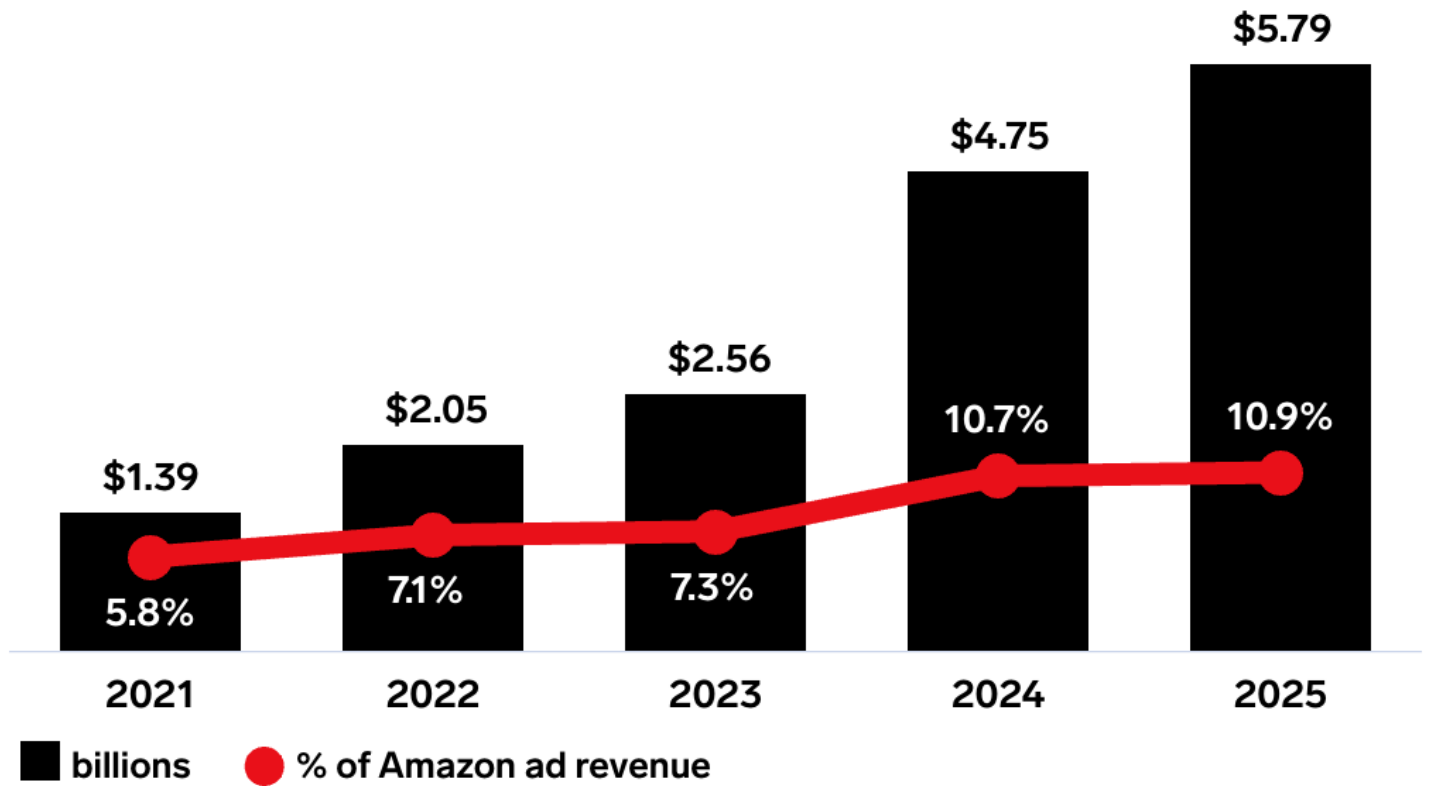
Article

Amazon Prime Video will introduce ads to its streaming content starting on January 29. The move will leverage Amazon's existing ad business and first-party retail media data to deliver ads on video content, something the company already does on Freevee and Fire TV. Here are five charts to prepare advertisers for this change.

1. Amazon's OTT ad revenues are exploding

Amazon OTT Ad Revenues

US, 2021-2025



Note: includes in-stream video such as those appearing before, during, or after digital video content (pre-roll, mid-roll, or post-roll video ads) and video overlays; appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices for all formats mentioned; includes Twitch, FreeVee, Prime Video, and FireTV

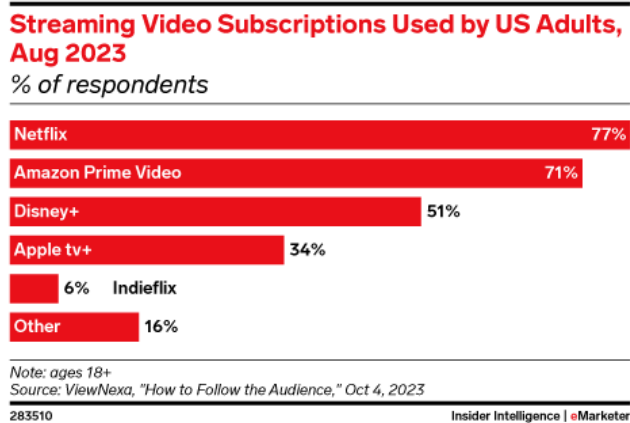
Source: Insider Intelligence | eMarketer, October 2023

Insider Intelligence | eMarketer

Amazon's OTT ad revenues will nearly double in 2024, according to our October 2023 forecast, as ads come to Prime Video. Previously, ad revenues came from Amazon properties like Freevee, Fire TV, and Twitch.

Video will account for an increasing share of Amazon's ad revenues as the company leverages its rich retail media data alongside exclusive entertainment content.

2. Prime Video is second only to Netflix in use

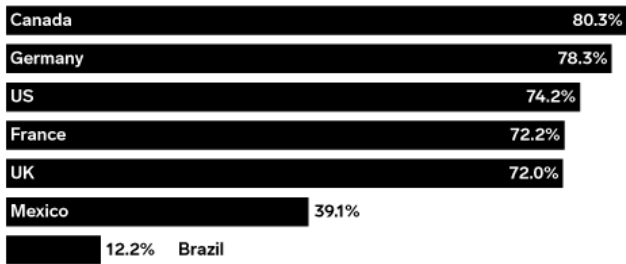


Some 71% of US adults use Prime Video, putting it second to Netflix's 77%, according to August 2023 ViewNexa data. Our September 2023 forecast shows 72.3% of subscription OTT video viewers will watch Prime Video in 2024, while 76.7% will watch Netflix. That puts Amazon on par with Netflix in terms of viewership.

3. Amazon has a wealth of retail media data

Amazon Ad Revenues Share in Select Countries Worldwide, 2024

% of total retail media ad spending



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 Forecast, Nov 2023

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Insider Intelligence | eMarketer

Amazon accounts for 74.2% of all US retail media ad spend, according to our November 2023 forecast. Some 69% of US adults pay for an Amazon Prime membership, according to an October 2023 eMarketer survey conducted by **Bizrate Insights**. With so much first-party shopper data and ad experience, Prime Video has the potential to target specific and effective ads, maximizing return on ad spend for advertisers.

Prime Video ads will start out in the US, the UK, Germany, and Canada in early 2024, then expand to France, Italy, Spain, Mexico, and Australia later in the year, according to a company statement. As Amazon expands Prime Video ads, these markets will offer even more opportunities for advertising.

4. Other platforms have had success introducing ads

Subscription OTT Ad-Supported Viewer Penetration, by Provider

US, 2024, % of total viewers

Peacock

78.8%

Paramount+

73.2%

Hulu

68.1%

Disney+

23.5%

Max

20.8%

Netflix

7.5%

Note: Individuals of any age who watch video via app or website through an ad-supported subscription at least once per month

Source: Insider Intelligence | eMarketer, September 2023

Insider Intelligence | eMarketer

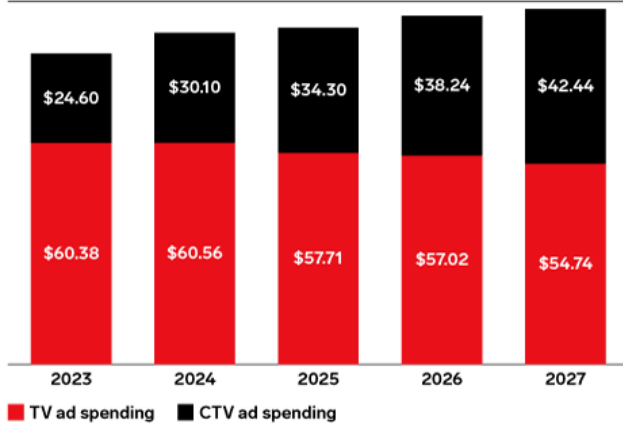
Prime Video will join platforms that already offer ad-supported viewing. Relative newcomers to ad-supported OTT include Disney+, Max, and Netflix. On Disney+ and Max, over one-fifth of subscribers are ad-viewers, according to our September 2023 forecast. On Netflix, this figure is still fairly low. But on Prime Video, viewers will automatically be shown ads and have

the option of upgrading to ad-free, rather than the other way around. This will help Prime to start with a high penetration of ad-supported viewers.

5. The connected TV (CTV) ad opportunity is only getting bigger

US TV and Connected TV (CTV) Ad Spending, 2023-2027

billions



Note: TV includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital; CTV includes digital advertising that appears on CTV devices; includes display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising

Source: Insider Intelligence | eMarketer Forecast, Oct 2023

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Insider Intelligence | eMarketer

Prime Video is adding inventory to the ad market responsible for all of TV's ad spend growth. Almost all of TV's ad spend growth will come from CTV in 2024, according to our October 2023 forecast. Amazon's introduction of ads will only add inventory to this fast-growing channel.

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