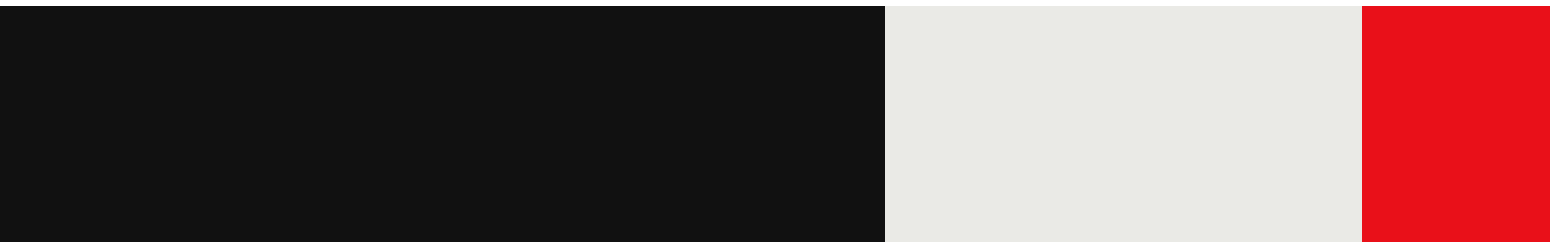



Who stands to lose with Prime Video's new ads?

Article



Amazon Prime Video ads launched today, defaulting Amazon's 163.3 million US viewers into its ad-supported tier unless they pay a premium to opt out. This is good news for Amazon's \$44.26 billion dollar retail US media business. But who could this move hurt?

Linear TV vs. Amazon

The addition of ads to Prime Video, which we forecast will have 163.3 million US viewers this year, is yet another bump in the road for traditional TV, which has been losing US viewers since

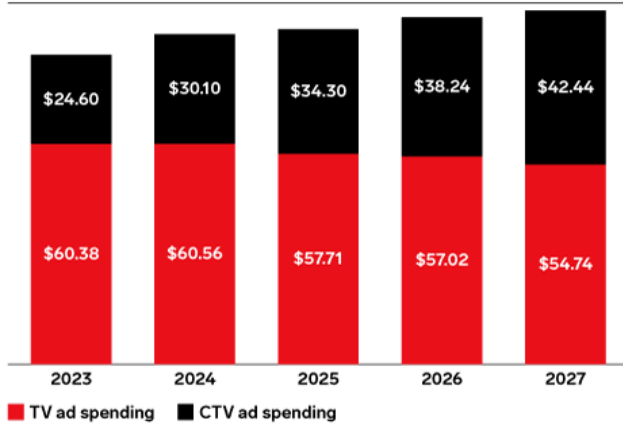
2012.

US TV ad spend growth is coming from connected TV (CTV) rather than **linear**. Linear ad spend will decline starting in 2025, according to our October 2023 forecast, while CTV ad spend will grow through the end of our forecast period in 2027.

“Prime Video’s new ad tier will siphon money from linear TV ad budgets,” said our analyst Ross Benes. “It will also further establish Amazon as a must-buy for advertisers investing in streaming, which means Roku, Hulu, and others in this space will face heightened competition for ad dollars.”

On the other hand, CTV rivals could benefit in the long run from improving the connection between CTV and retail media. “Right now, the means for tying retail media to CTV are few and it’s kind of a low priority for the main advertisers,” said our analyst Max Willens. “So the extent to which brands can build case studies and unite lower-funnel and upper-funnel spending in a single ecosystem is something that is very good for retail media’s overall health.”

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

283931

Insider Intelligence | eMarketer

Winner: Amazon (and CTV on the whole)

TV advertisers vs. Amazon

Advertisers who don't currently sell with Amazon must choose: Advertise with Prime Video and accept contributing to Amazon's ad revenues, or avoid the entire ecosystem and miss out on a major advertising opportunity.

"The people that are going to be squeezed by this are the brands that are used to using live sports as a way to reach their audiences but have tried to sell their products without relying on Amazon's ecosystem," said Willens. "A lot of them may chafe at being pulled into Amazon's orbit."

Winner: Amazon

Consumers vs. Amazon

With Amazon defaulting Prime Video viewers into its ad-supported tier, it's clear the days of ad-free subscription video are waning.

"With Netflix, Disney+, and now Amazon including ads, the pendulum has completely swung, and streamers are essentially forcing advertising upon CTV consumers," Willens said.

Winner: Amazon

Retail media competitors vs. Amazon

Amazon will account for a 74.2% share of US retail media digital ad spend in 2024, according to our October 2023 forecast. That share could be higher, as our forecast was updated before the company announced ads were coming to Prime Video. Even so, Amazon's share is slowly shrinking, but it still accounts for the majority of US retail media ad dollars.

Even without Amazon, retail media is a \$15 billion dollar business this year. Of course, Prime Video ads will benefit Amazon, but this move will also have a maturation effect on the industry on the whole as brands and publishers become more comfortable with retail media partnerships.

Winner: Everyone

This was originally featured in the Retail Media Weekly newsletter. For more retail media insights, statistics, and trends, subscribe [here](#).