



Distribution of Amazon Ad Spend by Ad Type (U.S. Market) – Latest Data

Amazon's advertising business has grown rapidly, with a few key ad formats dominating spend. The **major Amazon ad types** include **Sponsored Products**, **Sponsored Brands**, **Sponsored Display**, and **Amazon DSP** (Demand-Side Platform). The table below shows the latest estimated breakdown of Amazon's U.S. ad spend by format (across all product categories):

Ad Format	Share of Amazon U.S. Ad Spend (approx. late 2023)
Sponsored Products	~80% (vast majority of spend)
Sponsored Brands	~10–15%
Sponsored Display	~5%
Amazon DSP	~3%

Sources: Industry analyses by Jungle Scout and others indicate Sponsored Products comprise about **75–80%** of Amazon's ad dollars, with Sponsored Brands around **10–15%** and Sponsored Display roughly **4–5%** ¹ ². Amazon's DSP (programmatic display/video ads) accounts for only a few percent of spend ³. This distribution means the bulk of Amazon's advertising investment is in **sponsored search ads** (Products/Brands), while display and DSP are smaller but growing segments.

Top Ad Formats and Why They Dominate

Below we discuss the **top three ad types by spend share** – Sponsored Products, Sponsored Brands, and Sponsored Display – and explain **why they command the largest shares** of Amazon advertising spend. Factors include their performance, targeting abilities, ad placements, and return on investment (ROI). (*Amazon DSP, while an important channel especially for off-Alexa reach, is excluded here as its spend share is smaller than these three.*)

1. Sponsored Products – Dominant Search Ads ($\approx 80\%$ of Spend)

Sponsored Products are keyword-targeted **pay-per-click** ads that appear in Amazon's search results and product detail pages. They are by far the **most heavily utilized ad format**, making up roughly **three-quarters or more of all ad spend** ³. Several factors explain why Sponsored Products dominate:

- **High Intent & Conversion:** These ads reach shoppers *exactly when they search for products*, capturing high purchase intent. Sponsored Products often exhibit strong conversion rates and ROI. In fact, they generate a proportionate share of sales – about **80% of Amazon advertising-attributed sales** come from Sponsored Products, mirroring their hefty spend share ³. This indicates that spend on Sponsored Products translates efficiently into sales. By appearing where customers are actively shopping, Sponsored Product ads convert browsers into buyers at a high rate.

- **Prime On-Page Placement:** Sponsored Products blend into search results and appear in premium slots (top of search, middle of results, and on product pages). Amazon has steadily increased the number of these placements, including multiple Sponsored Product listings at the top of search results ⁴. Being integrated with organic results gives them a **placement advantage** that drives high visibility and click-through rates.
- **Widely Accessible & Used by Advertisers:** Sponsored Products are available to virtually all sellers and vendors on Amazon, with simple CPC bidding. This broad accessibility means *the majority of Amazon advertisers leverage Sponsored Products campaigns*. Studies show nearly **70-90%** of advertisers' Amazon budgets go to Sponsored Products ⁴. Because they are straightforward and directly sales-focused, advertisers from small third-party sellers to large brands heavily invest in this format.
- **Strong ROI and Performance Optimization:** Amazon and agencies have developed robust tools to optimize Sponsored Product campaigns (automated targeting, negative keywords, bid optimizations, etc.), which helps maintain favorable performance. Amazon's CEO has emphasized improving ad relevancy for Sponsored Products to boost performance further ⁵. Many advertisers see a solid **return on ad spend (ROAS)** from Sponsored Products, making them a "must-have" in media plans. Top-of-search Sponsored Product placements are especially lucrative – for example, in one analysis, **55%** of Sponsored Products sales came from the coveted top-of-search slots ⁶.

Overall, Sponsored Products dominate because they **deliver results**. They reach shoppers at the point of purchase intent, enjoy prominent placement, and reliably drive sales volume with a strong ROI. This makes them the default and largest investment for most advertisers on Amazon ³.

2. Sponsored Brands – High-Visibility Brand Ads (~10-15% of Spend)

Sponsored Brands (formerly Headline Search Ads) are banner-style ads showcasing a brand's logo, a custom headline, and multiple products. They typically appear at the **top of Amazon search results**, above the product listings, as well as in other placements (including video slots in results). Sponsored Brands claim the **second-largest share of ad spend** (roughly 10-15% of Amazon ad spend) ¹. Key reasons for their prominence include:

- **Premium Placement & Branding:** Sponsored Brands ads occupy *prime real estate at the top of search pages*, making them highly visible. The format is designed for **brand awareness and product discovery** – a Sponsored Brands banner can feature 3 products plus branding elements, ensuring a seller's offerings catch the shopper's eye early in the search journey ⁷. This prominent placement is invaluable for brands to **stand out against competitors**, especially on important keywords.
- **Engaging Creatives (Including Video):** Sponsored Brands ads allow richer creatives than Sponsored Products. In particular, **Sponsored Brands Video** has become a popular sub-format. These autoplay video ads in search results are extremely eye-catching and often yield higher engagement. Industry data shows Sponsored Brands videos can drive **click-through rates 4-7 times higher** than static ads, and about **+29% higher conversion rate** vs. other ad formats ⁸. Lower cost-per-click on videos (as they are newer and less saturated) further boosts their ROI ⁹. The strong performance of video and custom creatives in Sponsored Brands campaigns helps justify significant spend on this format for many advertisers.

- **Broad Reach Across Funnel:** While Sponsored Products excel at bottom-funnel conversions, Sponsored Brands ads serve both mid- and upper-funnel goals. They **drive shoppers to Brand Stores or product pages**, helping increase brand visibility and cross-sell multiple products. Brands often use Sponsored Brands to *complement* their Sponsored Products campaigns – for example, running a brand banner on a keyword to capture shopper attention, then the individual product ads seal the deal. Amazon notes that using Sponsored Brands alongside Sponsored Products can lift overall conversion rates and ROI (one analysis found using both increased total conversion by 50% and ROAS by 24% in combination) ¹⁰. This synergy motivates advertisers to allocate budget to Sponsored Brands ads in addition to Sponsored Products.
- **Brand Eligibility and Strategy:** Only brand-registered sellers and vendors can use Sponsored Brands, and virtually all major brands on Amazon take advantage of it. Large consumer brands often devote meaningful budget to Sponsored Brands for **brand defense** (owning their brand keywords) and **category visibility**. This has grown the format's spend share over time. (By 2021 Sponsored Brands' share had risen to ~20%, though it has since leveled in the mid-teens as newer formats emerged ¹¹ ¹².)

In summary, Sponsored Brands are the second-biggest Amazon ad channel because they offer **high-impact placements and creative storytelling** that complement the direct sales focus of Sponsored Products. They dominate the top of search results, enabling brands to **boost awareness and showcase multiple products**, which in turn drives a substantial (though smaller) portion of ad spend and sales on Amazon.

3. Sponsored Display – Emerging Retargeting & Display Ads (~5% of Spend)

Sponsored Display is Amazon's self-serve display advertising channel, enabling ads both *on Amazon* (*product detail pages, etc.*) and *off Amazon* (across Amazon's audience network) using Amazon's shopper data. While still a relatively small slice of spend (~4-5% in recent estimates ²), Sponsored Display is the **fastest-growing** ad type and holds the third-highest share. Reasons for its rising influence include:

- **Retargeting Power and Audience Targeting:** Sponsored Display allows sellers to **retarget shoppers** who viewed their products or similar items, and to target audiences by interest or demographics – capabilities that Sponsored Products/Brands (search ads) lack. This means advertisers can re-engage potential customers beyond the search page. For example, a brand can show display ads to a shopper off-site who viewed a product but didn't purchase. This "**views remarketing**" often converts well; Sponsored Display ads aimed at audiences who previously showed interest boast strong conversion rates (one source cites ~**10.4% conversion rate** for Sponsored Display video ads) ¹³. By leveraging Amazon's rich first-party data, Sponsored Display gives advertisers a way to **reach customers at different touchpoints** and nurture them towards a purchase.
- **On-Page Product Targeting (Defensive & Offensive):** On Amazon's own site, Sponsored Display ads appear in high-visibility spots like **product detail pages** (for instance, under the "Buy Box" or below product information). Sellers use these placements to **cross-promote their products or even target competitor product pages**. This can effectively siphon traffic from competing listings or defend one's own product pages from rivals' ads. The performance can be strong – studies have found that Sponsored Display product targeting ads on detail pages can yield ROAS equal or better than search ads, partly because they appear when a shopper is evaluating a specific product (high purchase intent) ¹⁴ ¹⁵. The ability to **drive incremental sales through product page placements** has made more advertisers invest in Sponsored Display.

- **Full-Funnel and Off-Amazon Reach:** Sponsored Display is Amazon's gateway to *display advertising beyond search*. As e-commerce marketing evolves into a full-funnel approach, brands are allocating more budget to awareness and consideration stages. Sponsored Display provides an easier, self-service alternative to the Amazon DSP for running display ads on third-party websites/apps using Amazon data. It lets even smaller sellers **extend their reach off Amazon** to find new customers or re-engage past viewers. With formats like **Sponsored Display Video**, advertisers can run rich creatives outside of Amazon's site, expanding brand reach. This versatility is increasingly attractive to brands seeking a holistic advertising presence, thereby boosting Sponsored Display's adoption.
- **Improving Performance & Adoption:** Since its introduction in 2019, Sponsored Display's capabilities have expanded (e.g. new audiences, video, reporting improvements). Advertisers have reported improving results year over year. Indeed, Sponsored Display's share of ad spend grew from about **3% in 2021 to ~5% in 2022** ¹⁶ as more advertisers embraced it. Some advertisers now see **excellent ROI** from Sponsored Display – for instance, one analysis of Q4 campaigns found Sponsored Display delivered the *highest ROAS* among sponsored ad types (ROAS ~4.3, equating to ~23% ACOS, outperforming Sponsored Products) in retargeting use cases ¹⁷ ¹⁸. Such performance improvements and success stories are contributing to greater spend on this format.

In short, Sponsored Display is still an **emerging but rapidly growing** part of Amazon's ad mix. Its strength lies in **targeting Amazon's audiences outside of search** – whether re-engaging past viewers or reaching new shoppers on and off Amazon. As advertisers seek more **full-funnel advertising** on Amazon, Sponsored Display's role (and share of spend) continues to expand ¹², making it the third-largest ad type by spend.

Amazon DSP (Brief Note)

(*Although not in the top three by spend share, Amazon's Demand-Side Platform is a notable ad channel and often considered alongside the above formats.*) **Amazon DSP** is a programmatic advertising platform that allows brands to purchase display **and video ads at scale**, using Amazon's data to target audiences both on Amazon's owned-and-operated sites (e.g. IMDb, Twitch, Prime Video, Fire TV apps) and across the broader web. DSP usually requires larger budgets or working with Amazon/agency reps, so its usage is concentrated among big brands. With an estimated **~2-3% of Amazon ad spend** ³, DSP is smaller in share, but it's **growing quickly** (e.g. DSP ad spending was up +18% year-over-year in Q1 2024 among advertisers using it) ¹⁹. Notably, DSP campaigns can be highly effective for **upper-funnel reach and retargeting**: advertisers can target very granular audiences (e.g. in-market segments, past purchasers, genre viewers on Prime Video) and access premium video inventory. Amazon's first-party shopper data makes DSP targeting **very precise**, often yielding **high conversion rates** relative to typical display ads ²⁰. Amazon's own analysis has highlighted that DSP ads, with their rich audience targeting and formats, can drive a "**higher willingness to buy**" among exposed consumers ²¹. In other words, **when shoppers do see and engage with DSP ads, they often convert at an above-average rate**, underscoring DSP's effectiveness in driving incremental sales. As Amazon expands into new ad avenues (like **streaming TV ads on Prime Video**), the DSP is poised to capture more budget going forward, though for now it remains a smaller slice of the pie compared to the core Sponsored ads.

Conclusion

Amazon's U.S. advertising spend is heavily skewed toward **sponsored search ads** – especially Sponsored Products – which command the lion's share thanks to their direct impact on sales and high ROI. **Sponsored Brands** ads hold the second-largest share, leveraging prominent placements and rich creatives (like video) to drive brand discovery and complement product ads. **Sponsored Display** is the third major format, a growing channel that enables retargeting and off-Amazon reach, increasingly important for full-funnel marketing. These top three formats dominate Amazon's ad spend because they **deliver performance** – via superior targeting, placement advantages on the Amazon site, and proven returns in driving sales. Meanwhile, **Amazon DSP**, though a smaller portion of spend, is an important tool especially for larger brands, offering expansive reach and sophisticated targeting that can yield strong conversion outcomes.

Advertisers typically allocate budgets in line with the performance and scale of these formats: the bulk to Sponsored Products (for maximum sales yield), a healthy share to Sponsored Brands (for visibility and brand-led engagement), and growing investment in Sponsored Display and DSP (to retarget and expand reach). This distribution is reflected in recent analyses of Amazon advertising spend, and we can expect these trends to continue into 2025 with Sponsored Products remaining the workhorse of Amazon advertising, while Sponsored Brands and Display/DSP steadily rise as Amazon's ad offerings diversify.

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