

What to expect from Amazon Q2 2021 earnings

Article

The news: Amazon will report its Q2 2021 earnings after the market closes today. Here are two things we're expecting:

- **Significant year-over-year (YoY) growth in retail sales.** Retail ecommerce sales at Amazon have been increasing at rapid speed since the beginning of the pandemic, including a 40%

increase in net sales in Q2 2020. With Prime Day shifted into Q2 this year, we don't expect Amazon to have any trouble lapping that success.

- **Continued robust growth in ad revenues.** Spurred largely by growing ecommerce sales, advertisers have likewise increased their investments in Amazon. Ad tech provider Pacvue reported prices on Sponsored Product and Sponsored Brand ads were up by double-digit rates in Q2 2021 YoY. In April, performance agency Tinuiti reported that its clients increased their spending on Amazon Sponsored Products by **38%** in Q2, alongside an increase of **60%** in spending on Sponsored Brand ads. Tinuiti also noted that **ads were a major part of brands' Prime Day strategy this year**, as they typically are.

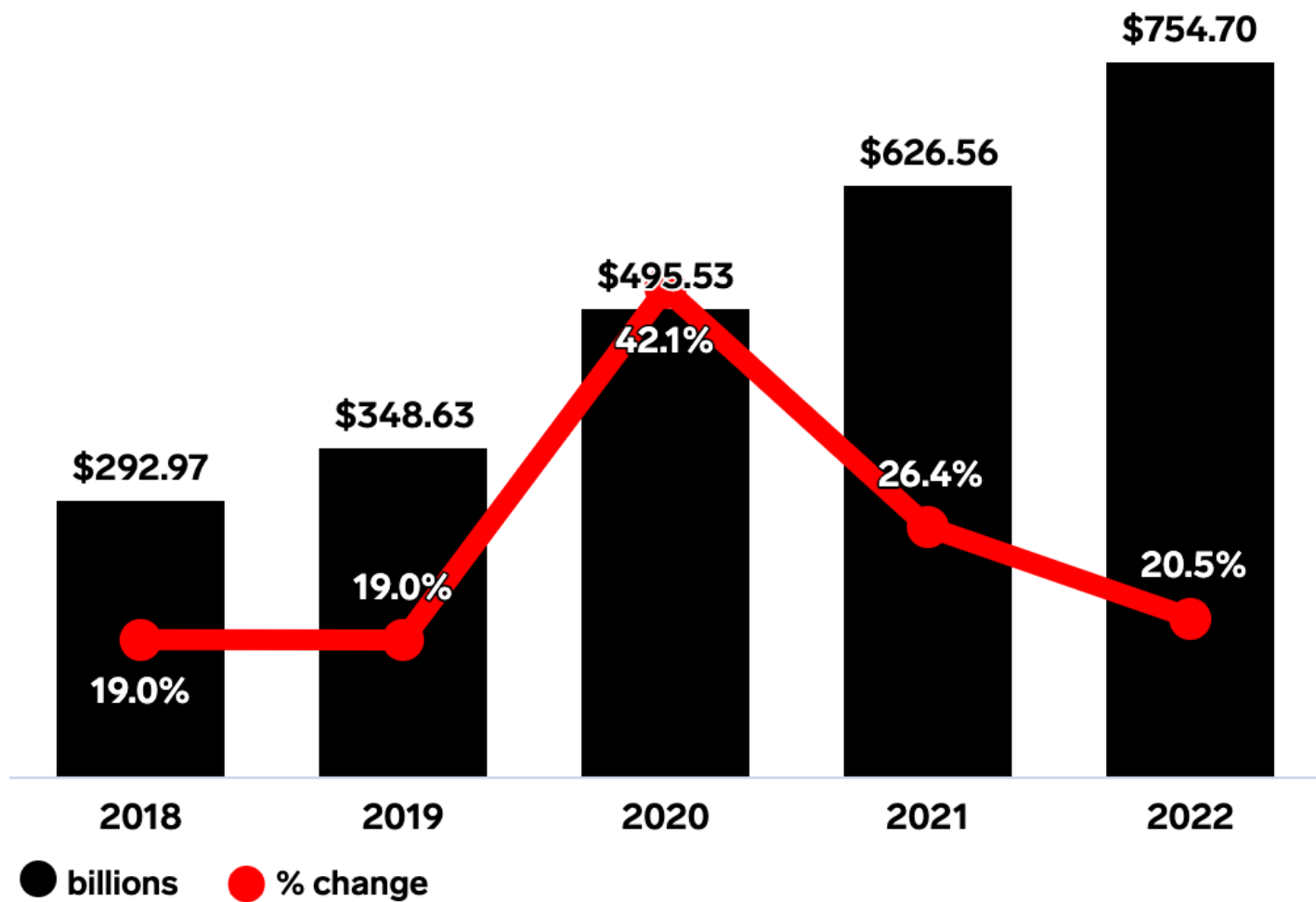
More on this: Amazon's ad prices have been **rising for years thanks to increased competition on the platform**, and the pandemic has only intensified the trend. **Pacvue and Tinuiti also reported price increases**—and corresponding ROI decreases—in Q1 of this year, for example.

What's next: Here is our full-year outlook for Amazon's ecommerce sales and ad revenues:

- We **estimate** that worldwide, Amazon retail ecommerce sales will increase by **26.4%** this year to **\$626.56 billion**. Marketplace sales will account for **61.3%** of the total, up from **60.2%** last year.
- In the US, we **estimate** Amazon retail sales will be up **24.9%** this year to **\$386.40 billion**. Marketplace sales will account for **60.1%** of the total, also up from last year (**59.0%**).
- US net ad revenues at Amazon will increase by **30.1%**, we **estimate** to **\$20.47 billion**.

Amazon Retail Ecommerce Sales

Worldwide, 2018-2022



Source: eMarketer, May 2021

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