

In the UK, the CPG Industry Is the Second-Highest Digital Ad Spender This Year, Behind Only Retail

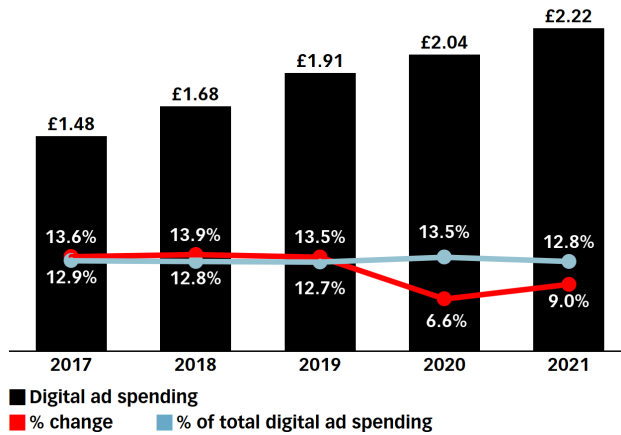
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eMarketer Editors

Advertisers of consumer packaged goods (CPG) in the UK will spend £2.04 billion (\$2.60 billion) on digital ads in 2020, up 6.6% year over year. Any growth is good growth in the current environment, but this will represent the most modest growth across all the industries we forecast to increase spending this year.

CPG & Consumer Products Industry Digital Ad Spending in the UK, 2017-2021

billions of £, % change and % of total digital ad spending



Note: includes food and beverage products, household products, packaged goods, tobacco, personal care, toiletries and cosmetic products; 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

Source: eMarketer, August 2020

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None of this will stop the CPG industry from being the second-highest digital ad spender in 2020, behind only retail.

The CPG and retail categories in the UK have faced similar issues during the pandemic. Sales have been somewhat curtailed by the decline in traffic to physical stores—no foot traffic whatsoever for several weeks, in fact, thanks to lockdown measures. However, with consumers spending so much time at home, demand has remained strong for certain products.

According to May 2020 polling by YouGov, adults in Great Britain reported spending more on some product categories since the lockdown. Groceries led in this regard, with 52% of respondents saying they had spent more on them, while another 34% said they had spent more on alcohol after the lockdown began.

Coronavirus Effect: Adults in Great Britain Who Have Spent More or Less on Select Product Categories Since the Lockdown*, May 2020

% of respondents

	1	2	3	4	5	6
	1 Significantly more			4 Significantly less		
	2 Somewhat more			5 Somewhat less		
	3 No difference			6 Don't know		
	1	2	3	4	5	6
Groceries	11%	41%	34%	10%	2%	2%
Alcohol to consumer at home	7%	27%	51%	4%	7%	3%
Takeout food	3%	13%	40%	17%	24%	3%
Furniture and home improvement	3%	16%	60%	5%	13%	3%
Supplies for hobbies	3%	21%	58%	5%	8%	4%
Digital services	2%	18%	68%	4%	5%	4%
Electronic devices	2%	9%	70%	4%	11%	4%
Other entertainment	2%	12%	69%	3%	9%	5%
Tobacco	1%	4%	77%	1%	7%	10%
Clothes and beauty	1%	6%	58%	20%	22%	3%
Activewear and exercise equipment	1%	8%	70%	5%	12%	4%
Transport	0%	1%	26%	19%	52%	2%
Holidays and travel	0%	1%	34%	11%	51%	4%
Nondigital services (cleaner, dry cleaning, haircut)	0%	2%	39%	21%	36%	3%

Note: ages 18+; numbers may not add up to 100% due to rounding; *March 23, 2020

Source: YouGov, May 26, 2020

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The YouGov data shows that some product categories fared better than others, but across the board, digital purchasing has played an important role in sustaining the CPG industry’s growth. Little surprise, then, that advertising spend in the UK’s CPG sector has been heading online, too.

While growth in CPG digital ad spend won’t be spectacular in 2020—an increase of 6.6% year over year—it will represent steady performance under challenging conditions.

Likewise, performance across formats will be broadly in line with the prevailing trends we’ve outlined for some time, with display, search, and social spend each set to post decent rates of growth in 2020, ranging from 7.5% (for social) to 8.7% (for display and for search).

It’s in social advertising, though, where CPG will outspend most other industries. At £1.01 billion (\$1.29 billion), CPG social spend will make up 21.5% of social ad spending across all industries in 2020. Direct-to-consumer (D2C) brands, which tend to be heavy advertisers on social channels, will be a bright spot for CPG during the pandemic and drive its robust showing in social spend.

This D2C consideration also plays into the other “status quo” trend that we will continue to see in the CPG space, of mobile investments growing at the expense of desktop/laptop. This year, 82.1% of CPG brands’ digital advertising investments will go toward mobile, making CPG the most penetrated industry for mobile advertising that we track.

For our latest forecasts on digital ad spending across the six largest sectors we track in the UK, eMarketer PRO subscribers can read our recent report:

Report by Bill Fisher Sep 24, 2020

UK Digital Ad Spending by Industry 2020

UK DIGITAL AD SPENDING BY INDUSTRY 2020

Pandemic Leads to Mixed Results as Retail Pulls Ahead and Travel Tanks

SEPTEMBER 2020
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Consultant: Eric Gruber/Head, Retail/Travel, Bill Fisher



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