

Essential Goods and Personal Care Products Are Seeing Growth

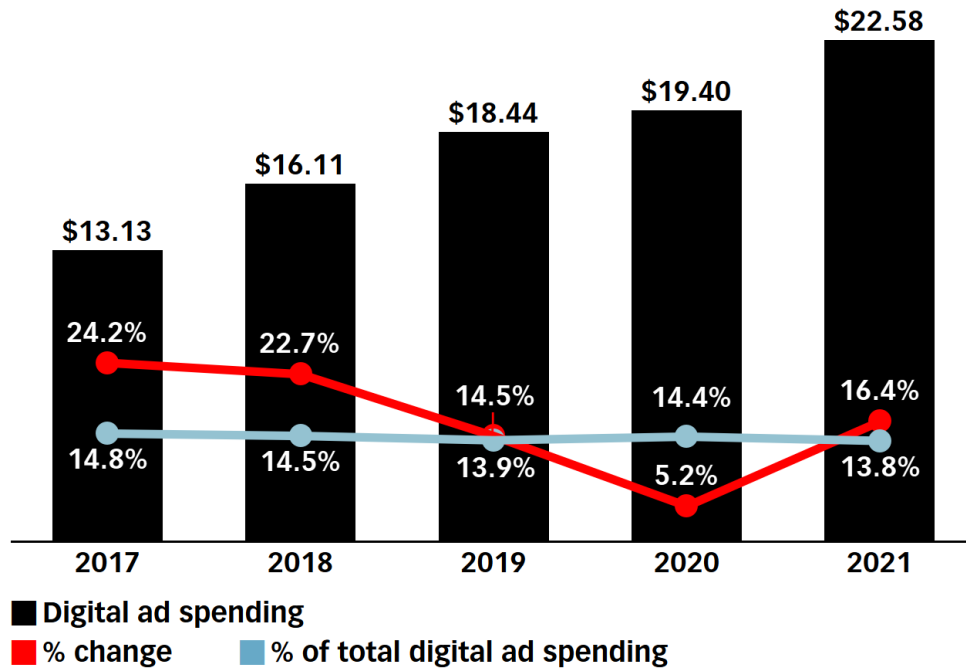
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eMarketer Editors

From the onset of the pandemic, US consumers have shifted to ecommerce for essential goods and personal care products, which is keeping consumer packaged goods (CPG) digital ad spending afloat. We expect the industry to increase its digital ad spending 5.2% to \$19.40 billion this year.

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

billions, % change and % of total digital ad spending



Note: includes food products, household products, packaged goods, tobacco, personal care products, 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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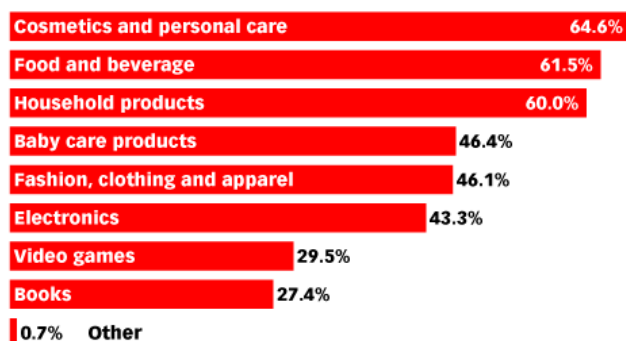
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CPG was expected to grow 15.1%, but this outlook was tempered by the pandemic. We expect spending will return to double-digit growth next year (16.4%) and reach \$22.58 billion.

The CPG vertical spans multiple subcategories. Some subcategories like essential goods and personal care products did well amid the pandemic, while others faltered. According to a March 2020 survey conducted by OnePoll for ecommerce technology company Red Points, more than three in five US internet users said they were more likely to purchase cosmetics, personal care products, and food and beverage products online during the pandemic.

Products US Internet Users Are More Likely to Digitally Purchase During the Coronavirus Pandemic, March 2020

% of respondents



Source: Red Points, "Impact of COVID-19 on Ecommerce Sales" conducted by OnePoll, March 23, 2020

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And while US retail sales will decline 10.5%, overall sales of health, personal care, and beauty products will rise 6.9%, while food and beverage sales (much of which fall under CPG) will grow 12.5%.

Food and beverage ecommerce sales will grow 58.5% this year to \$41.52 billion. Health, personal care, and beauty product sales will increase 32.4% to \$72.10 billion. While these categories make up a fraction of total ecommerce sales (a combined 16.7%), they continue to be the fastest-growing, as they have been since 2018.

CPG advertisers responded in different ways to this pandemic-induced shift in consumer behavior. Procter & Gamble, the biggest overall ad spender in CPG, increased spending for digital and traditional this spring as demand for cleaning and personal care products rose. However, Unilever cut advertising at the height of the pandemic, shifting spend from ice cream (its core food category) to hygiene products. After evaluating spend on a weekly basis, the company now plans to make significant increases during H2 2020.

Interviews conducted for our recent report "[US CPG Digital Ad Spending 2020](#)" confirmed that some advertisers cut spend for essential products because demand was already outweighing supply. Others focused more heavily on performance advertising, attempting to drive sales on ecommerce retailers like Amazon and Walmart. However,

many advertisers continued spending on brand advertising, which has traditionally been CPG's focus.

"For the most part, the branding piece stayed relevant during a time when advertising and marketing were getting quieter," said Jennifer Kohl, senior vice president and executive director of integrated media at ad agency VMLY&R. "There were studies in the beginning of the pandemic that said marketers who kept at it would rebound quicker. That was definitely an approach many CPG brands took."

For our annual forecast of US CPG digital ad spending, which includes estimates by channel, device, and format, and the pandemic's impact on these figures, eMarketer PRO subscribers can read:

Report by Blake Droesch Sep 03, 2020

US CPG Digital Ad Spending 2020



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