

Procter & Gamble regains its title as top global advertiser

Article

The news: Procter & Gamble will take back the title of the world's top advertiser from Amazon this year, **per** Ad Age Datacenter.

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- P&G spent **\$11.5 billion** on its marketing expenditures worldwide in its last fiscal year, which ended in June. That's enough to surpass Amazon in the rankings, as the ecommerce giant said it spent **\$10.9 billion** on its global advertising and related promotional costs.
- However, P&G's annual filing indicated that **marketing as a percentage of its net sales actually remained flat** year over year. The consumer packaged goods (CPG) giant reported a 7% sales growth to **\$76.1 billion** in its 2021 fiscal year.
- In the previous year's rankings, Amazon's **\$11 billion** spend beat P&G's **\$10.7 billion** expenditure. Before that, the last company to beat P&G's annual advertising budget was **Samsung** in 2017.
- The Ad Age rankings interpret advertising broadly, including most marketing and promotional efforts as components of ad spend.

The bigger picture: While it won't put the debate on advertising effectiveness to bed, it is noteworthy that consumer brands like **Coca-Cola**, which cut ad spend in 2020, experienced **dips in revenues**.

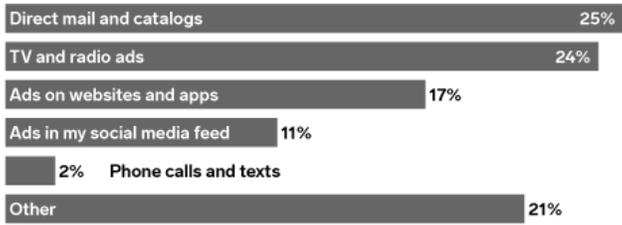
- "P&G prospers because of hard times, not despite them," brand consultant Mark Ritson wrote in Marketing Week. Ritson argued the company's commitment to continued advertising in difficult times, when other brands cut back, has tended to benefit the CPG giant.
- "There's a big upside here in terms of **reminding consumers of the benefits** that they've experienced with our brands and how they've served their and their families' needs, which is why **it's not time to go off air**," P&G CEO Jon Moeller (then CFO and COO) said at the time.
- Coca-Cola, by contrast, cut advertising spend by **35%** in 2020 when there was a global pause on all ads in April and June.

What's next? Some say P&G's reinstatement as the world's top advertiser may not last long since Amazon has the capacity to increase ad spending at any time.

- The marketplace's sales jumped **35%** in the first half of 2021 versus the first half of 2020. That's especially impressive given that H1 2021 was quite favorable for the company because of the initial pandemic lockdowns.
- "Last year, **Amazon likely benefited from the continued shift in product searches from Google**—where Amazon is a huge spender—onto its own marketplace," said Andrew Lipsman, eMarketer principal analyst at Insider Intelligence. "This makes it easier for Amazon to fund future ad expenditures as they see fit."

Types of Advertising US Consumers Are Most Comfortable Receiving, March 2021

% of respondents



Note: ages 18+
Source: LoopMe, "Understanding Consumer Ad Preferences & Online Data Regulation,"
March 31, 2021

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