

5 charts on how CPG is becoming more digitally focused

Article

The store is no longer the only place where consumers can discover and shop for consumer packaged goods (CPG) products. Younger generations are finding products via search and social media, while Amazon Prime Day offers shoppers the opportunity to stock up on essentials for less.

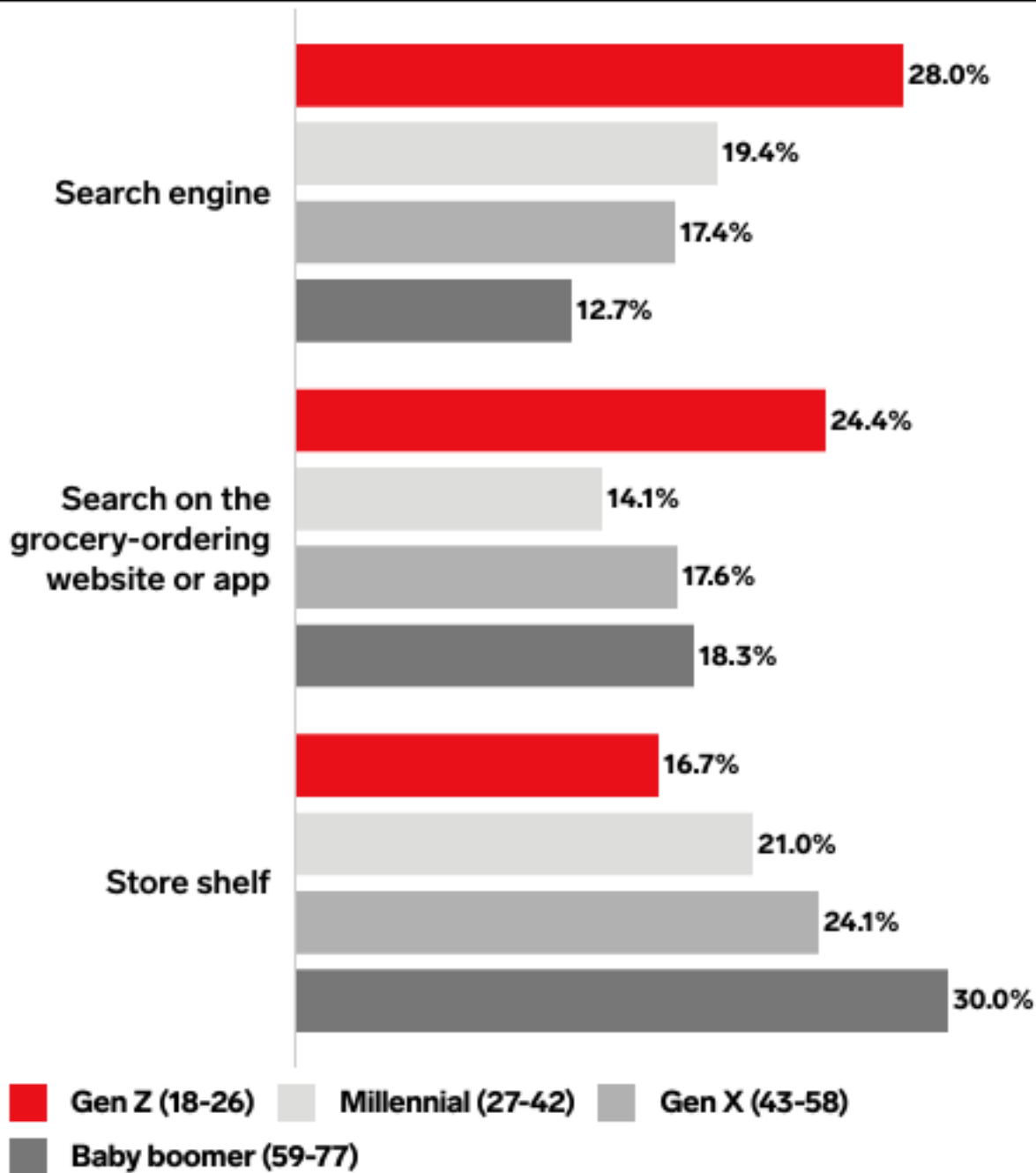
Perhaps because of this, CPG's share of digital ad spend and its ad spend growth will see a comeback next year after a few years of decline, according to our forecast.

Here are five charts on how an increasingly digital world is changing the CPG industry.

1. Gen Z is more likely to discover CPG products on search than on store shelves

Gen Z Is More Likely to Discover Grocery Products Browsing Search Than Store Shelves

% US digital grocery buyers



Note: responses to question, "Think of a few of the grocery products (including food, beverages, cleaning, health, beauty, or pet products) that you discovered in the past 12 months and now purchase regularly. How did you first come across them?"

Source: Insider Intelligence | eMarketer, May 2023

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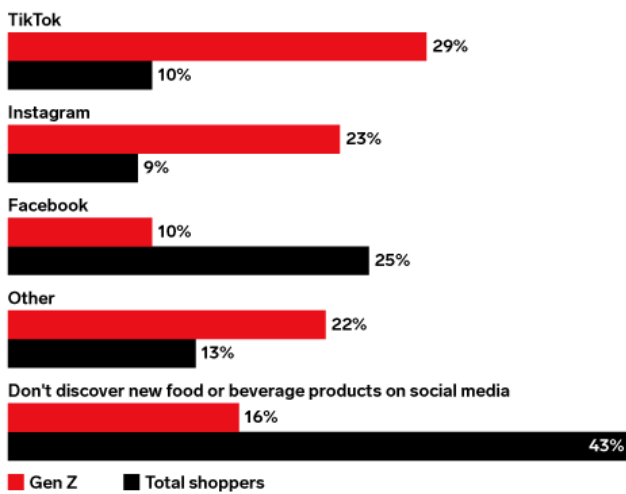
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Over a quarter (28.0%) of Gen Z consumers have discovered grocery products via search engines, compared with 16.7% that have discovered products while browsing store shelves, per our May forecast.

Age is the determining factor in willingness to try new products, with millennials and Gen Zers more likely to branch out than Gen Xers or baby boomers, according to our [CPG and Grocery Product Discovery 2023](#) report.

2. Social media is also playing more of a role in discovery

Social Platforms on Which US Gen Z vs. Total Shoppers Most Often Discover Consumer Packaged Goods (CPG) Products, Feb 2023
% of respondents



Note: ages 18+
Source: Tinuiti, "The 2023 CPG Customer Journey," March 29, 2023

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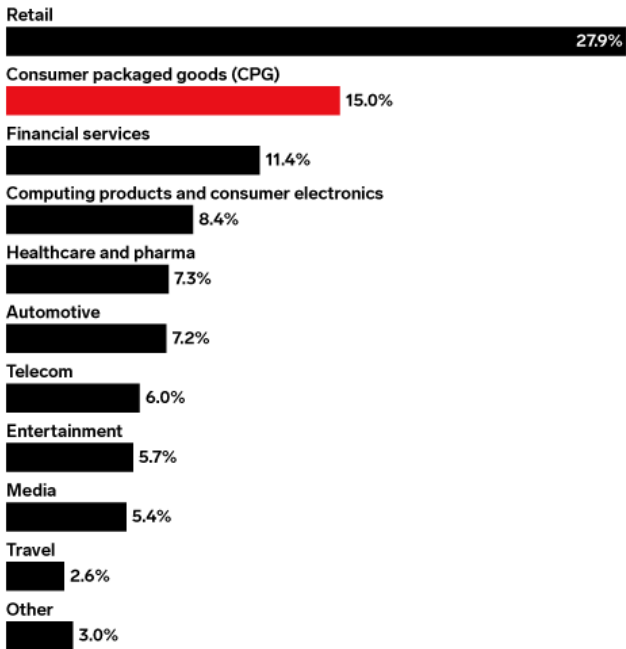
Gen Zers are also prone to finding new products via social media, with TikTok and Instagram being the leading platforms where they discover CPG items, per a Tinuiti report from March. On the other hand, total shoppers (or at least those that do discover new products through social media) prefer Facebook.

Brands that want to boost discoverability of their products on social media need to know where their target audiences are spending their time and tailor their messaging to that platform.

3. CPG digital ad spend is expected to bounce back next year

US Digital Ad Spending Share, by Industry, 2023

% of total digital ad spending



Note: 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; numbers may not add up to 100% due to rounding

Source: Insider Intelligence | eMarketer, Aug 2023

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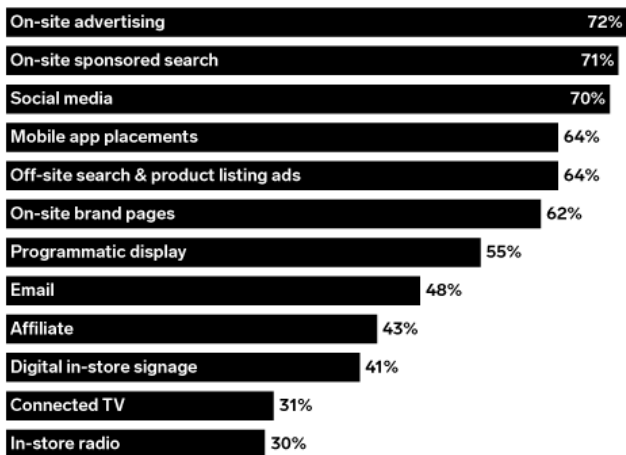
CPG is the second-largest industry spender on digital ads behind retail, per our forecast.

But the industry's digital ad spend growth and its share of spend have declined over the past few years, according to our [US CPG Industry Digital Ad Spending 2023](#) report. Both are due for a comeback in 2024 as the economy stabilizes and CPG companies begin to feel less pressure on their bottom lines.

4. Though on-site ads dominate CPG, off-site formats are growing in importance

Select Retail Media Channels Ad Agency Professionals Worldwide Find Most Effective for CPG Clients, April 2023

% of respondents



Note: respondents selected "very effective" or "extremely effective"
Source: Path to Purchase Institute, "What Your Agency Won't Tell You About Retail Media," June 27, 2023

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US CPG companies will spend \$39.50 billion on digital advertising this year, according to our [US CPG Industry Digital Ad Spending 2023](#) report. The majority of that will be spent on display (\$22.33 billion) and search (\$16.18 billion) but dollars are flowing to other formats like email, lead generation, and mobile messaging.

Retail media networks looking to secure CPG ad dollars need to consider off-site formats too, like social media or connected TV (CTV), as evidenced by the Path to Purchase Institute's April survey of ad agency professionals worldwide.

5. Amazon Prime Day patterns are shifting in favor of CPG

Product Categories US Consumers Purchased on Amazon Prime Day, 2021 & 2022

% of respondents

	2021	2022
Consumer packaged goods (CPG)		
Household essentials	27%	30%
Health and beauty	28%	28%
Grocery	15%	17%
Pet care	13%	15%
Baby items	8%	9%
General merchandise		
Consumer electronics	28%	27%
Apparel and shoes	27%	26%
Home and garden	25%	23%
Smart home devices	16%	16%
Toys/video games	15%	15%
Office supplies*	-	13%
Books, videos, and media	12%	10%

Note: 2022 n=6,065; *added to 2022 survey

Source: Numerator, "Amazon Prime Day 2022 Recap Report," July 25, 2022

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In addition to using Prime Day discounts to shop pricier categories like consumer electronics and appliances, consumers have begun to use the shopping event to stock up on more CPG products, including household essentials, grocery, and pet care items, per Numerator data.

As Amazon's second Prime Day approaches, CPG companies should make sure their strategies are tailored to these behaviors and use deals to drive spending across Prime Day and similar retailer sales events.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).