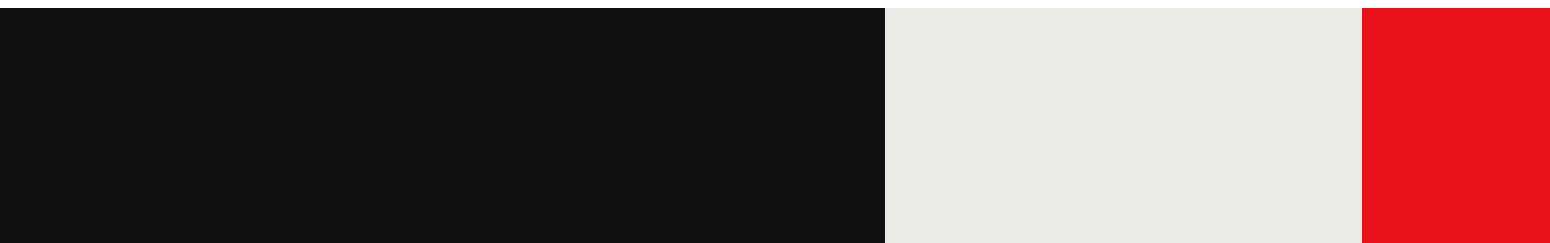



# CPG's booming ad spend growth will recede next year

Article



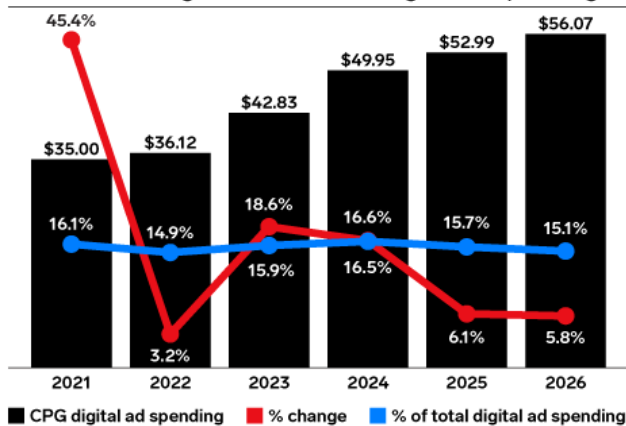
**CPG digital ad spending growth in 2024 will beat the average across industries.** Overall, US digital ad spending growth in 2024 will be 12.6%, but CPG will manage a 16.6% increase. That will leave CPG in third place in the [growth rankings](#) among the 10 industry verticals we track (or fourth if you count “other,” which will see an inordinate boost from political ad spending

this year). CPG's surge began last year when it vastly outperformed our expectations with an 18.6% spending increase.

**Like many industries, CPG has been on a digital ad spending roller coaster.** Its growth spiked in 2020 and 2021, then collapsed in 2022. Many industries mirrored this trend, but CPG's swings have been more extreme than most, and we did not foresee such a massive rebound in 2023. That momentum has carried into 2024, but after two years of outsize increases, we now expect moderated growth for 2025 and 2026.

### US Consumer Packaged Goods (CPG) Digital Ad Spending, 2021-2026

billions, % change, and % 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  
Source: EMARKETER Forecast, Aug 2024

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**Inflation, competition, market unpredictability, and economic uncertainty have led to these whipsaw results for CPG advertising.** Although price increases have at times helped CPG bottom lines, wobbly consumer confidence—and frustration with sticker shock—has challenged CPG marketers. In 2022, the response was to be cautious. More recently, the approach has been the opposite.

**The two biggest drivers of the 2023–2024 CPG ad spending boom have been:**

- The need to reconnect with consumers who have pulled back on spending, particularly at the lower end of the income scale
- Pressure from private label brands that have successfully eroded long-standing CPG customer loyalty

These drivers are interrelated, and both have led to a surplus of promotions focused on reaching value-seeking customers.

**Nonetheless, we expect macroeconomic normalization in 2025 will lead to a reset in CPG ad spending decision-making.** As inflation eases, interest rates decline, fears of a recession ebb, and consumer spending choices get closer to 2019 norms, CPG companies will feel less compelled to grow their marketing spend at such an outsize rate. Ad spending growth should align more closely with sales growth next year.

Read the full report, [US CPG Industry Ad Spending 2024](#).

**Report** by Ethan Cramer-Flood Oct 02, 2024

## US CPG Industry Ad Spending 2024

