

CPG digital ad spend surges in 2024, driven by D2C shift

Article

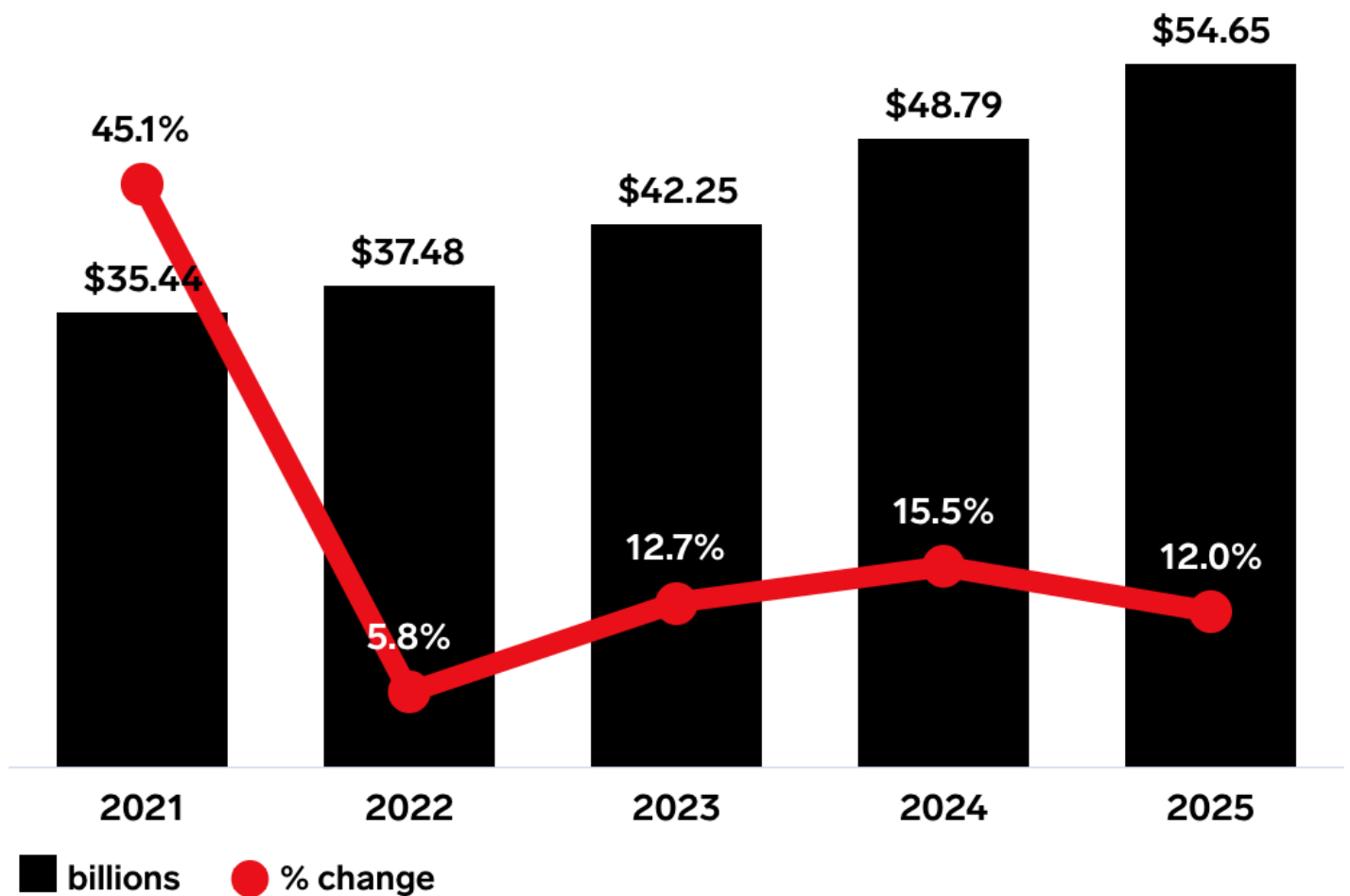
The forecast: The digital advertising landscape for **consumer packaged goods (CPG)** has seen a significant uptick, with spending due to post its strongest rise in three years in 2024 as companies adjust to changing consumer behaviors. Several factors are behind this sector's strength:

- The shift toward direct-to-consumer (D2C) strategies has been pivotal. Brands are leveraging online platforms more aggressively to connect directly with their target audience. This is particularly evident in the food and household subcategories, which have seen noticeable year-over-year growth.
- CPG brands are increasingly investing in search ads, shifting from upper-funnel campaigns to performance marketing for immediate, measurable ROI in the competitive online market.
- The increasing reliance on digital advertising reflects a broader CPG industry trend toward more targeted, measurable, and direct marketing strategies. As consumer behaviors evolve, particularly in the digital realm, CPG brands are looking to remain relevant and effective in their advertising efforts.

Key figures: In 2024, CPG is projected to spend **\$48.79 billion** on digital advertising, placing it as the second-highest spender behind the retail industry at \$88.13 billion.

CPG Industry Digital Ad Spending

US, 2021-2025



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; numbers may not add up to total due to rounding

Source: Insider Intelligence | eMarketer, December 2023

Insider Intelligence | eMarketer

- Display ad spending for CPG is expected to reach \$28.19 billion; retail leads with \$46.44 billion.
- Mobile ad spending for CPG is forecast at \$33.94 billion, significantly higher than media and entertainment at \$22.62 billion and healthcare and pharma at \$12.06 billion.

- CPG's nonmobile ad spending is estimated to reach \$14.86 billion, less than half of the retail industry's \$31.86 billion.
- Search ad spending for the CPG industry is slated at \$19.53 billion, compared with \$39.85 billion for retail.

How social fits in: CPG social network ad spending (the first time we have broken this out as part of our forecast) is experiencing 15.1% year-over-year growth.

- Total social ad spending for CPG will hit \$13.2 billion, ranking it second after retail. Approximately 31.2% of CPG's digital ad budget is allocated to social networks.
- CPG and retail are powering social ad spending growth: The two categories made up **62.7%** of new social ad dollars from 2022 to 2023.