

The CPG industry is one of the highest spenders on digital advertising, but the 2023 outlook is shaky

Article

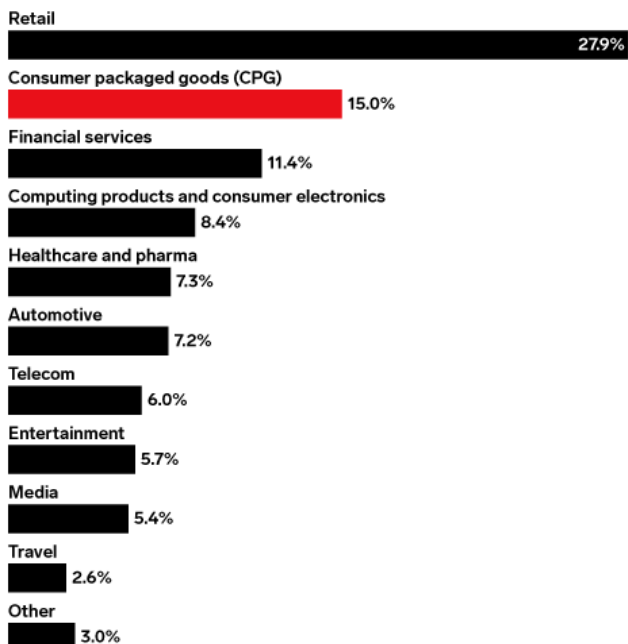
CPG companies spend more annually on digital ads than every cohort besides the retail industry. However, CPG digital ad spending growth underperformed compared with most

other industries last year, and it will do so again this year. Next year is looking better though.

- **CPG's share of digital ad spending has been declining, but it will bounce back next year.** CPG companies will account for 15.0% of all US digital ad spending this year, a decline from the industry's high-water mark of 16.1% in 2021. Stronger spending growth in the coming years will bring that share figure back up—but only slightly.

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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Insider Intelligence | eMarketer

- **CPG digital ad spending growth has been poor compared with the average for all US industries.** Overall US digital ad spending growth in 2023 will be 7.8%, but CPG will manage only a 6.1% increase. That will leave CPG in seventh place in the growth rankings among **the 10 industries we track**. Last year was similar—CPG ad spending increased by just 4.7%, versus the national industry average of 10.6%.
- **Regardless of slow growth, CPG is locked in as the second-largest spender on digital ads.** CPG's \$39.50 billion in spending this year will be over \$9 billion more than the third-ranked spender, financial services. Conversely, CPG's total will trail retail by more than \$34 billion.

CPG has ranked second to retail every year since our tracking began in 2016, and those two industries will likely remain Nos. 1 and 2 for a very long time.

- **We expect the economy to stabilize in 2024—and for CPG digital ad investment to rebound as a result.** As fears of a recession recede and inflation cools, CPG companies should feel less pressure on their bottom lines next year. Some brands will need to spend on ads to tempt customers back from private labels, while others will try to reclaim wallet share among consumers who had diverted spending to services. We anticipate a 12.9% digital ad spending increase next year for CPG, which will be good enough for third fastest among industries. (The overall US growth rate will be 11.2%.)

Report by Ethan Cramer-Flood Sep 27, 2023

US CPG Industry Digital Ad Spending 2023

