



Automotive & CPG: The two biggest advertising categories in Canada trade places

AUTOMOTIVE & CPG: THE TWO BIGGEST ADVERTISING CATEGORIES IN CANADA TRADE PLACES AMONGST A COVID-ADAPTED LANDSCAPE

Together, Automotive and CPG (Consumer Packaged Goods) make up almost half of Canadian national brand ad spend. Recent COVID-induced shifts have knocked Automotive out and put CPG in as the top-spending category. Let's look at how the two biggest advertising categories are spending their ad dollars given their very different positions within the current consumer landscape.

Before the pandemic, Automotive was the top-spending advertising category year-over-year, holding between 22%-23% share of total ad spend in 2017, 2018, and again in 2019. CPG was always a close second to Automotive, holding between 21%-22% share in the same years. Prior to 2020, both categories also had similar ad spend seasonality, with April/May seeing the largest investment levels and January/February seeing the lowest. They both tracked a lull in ad spend during the summer months where June, July, and August saw month-over-month declines across both categories.

The media mix across the two categories was what differentiated them the most, with Automotive being heavily digital. Back in 2017, Automotive national brand ad spend was 48% digital, much higher than total cross-media spend, which at that time was sitting at 42% digital. Automotive's 48% digital share kept increasing over the next two years, rising to 53% in 2018 and rising again to 56% in 2019.

Meanwhile, CPG was heavily invested in linear television, with 52% of CPG ad spend going to TV in 2017 at a time when most other categories were spending closer to 40% on TV. Over the next two years, CPG's 52% share of the TV remained relatively flat, even as the total category share to TV was decreasing.

Then in March 2020, COVID turned the world upside down. Like many other global markets, the Canadian advertising landscape suffered as advertising dollars left the market. Consumer behaviour changed drastically, and brands of all sizes followed suit.

Uncertainty was everywhere and big-ticket purchases like cars suddenly seemed unlikely, while at the same time, demand for all things CPG skyrocketed.

Marketing spend followed this trend and by the end of Q1 2020, one month into the pandemic, CPG was outspending Automotive by +3%. A drastic difference compared to the first quarter of pre-pandemic years, where on average, Automotive outspent CPG by +19%.

By April 2020 Automotive spend had fallen -68% vs the prior month, while CPG only fell -16%. The next month in May 2020, Automotive was down -74% vs the same month in 2019, while CPG only saw a -25% decline. CPG continued to outspend Automotive for the rest of 2020 and has been the top-spending category in every month of 2021 including July, leaving Automotive in second place.

2021 brought the Canadian ad market into recovery mode, with Q2 up +77% vs last year but still down by -10% vs the same quarter in 2019. The market continues to normalize as we get further into Q3, but Automotive isn't showing any signs of returning to the top-spending spot. CPG now holds a 26% share of total media spends, an increase of 5 share points vs 2019, vs Automotive with 20% share, a 3-point decline vs 2019. CPG is not only in a growth position vs hard-hit 2020 but is also up +18% in investment vs the same time period in 2019, whereas Automotive is struggling to meet 2019 levels, still down by -16%.

The pandemic accelerated the delta between digital and linear TV dollars for all categories, but Automotive, which historically was highly digital, continues their digital growth trajectory with current digital share sitting at 65%, a 9-point increase since 2019. This increase does not come at the expense of linear TV as Automotive's TV share has remained relatively flat to 2019, currently sitting at 28%.

CPG, which was historically highly TV-focused, has decreased TV share below the 50% mark, currently at 46%. Although not at the same level of digital share as Automotive, CPG now spends 52% of ad dollars on digital. This marks the first time the category has spent more than half of its ad dollars on digital channels.

Standard Media Index will continue to track these two categories closely over the coming months to see if CPG will keep outspending Automotive, or if Automotive will fully recover to regain the top-spender spot it occupied in previous years.



These insights are driven by Standard Media Index's Core solution in Canada, sourced directly from the major holding companies and leading independent agencies.

For a more detailed summary of the first half of 2021, click [here](#).

Source: SMI Core Canada excluding SMI Pool.



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