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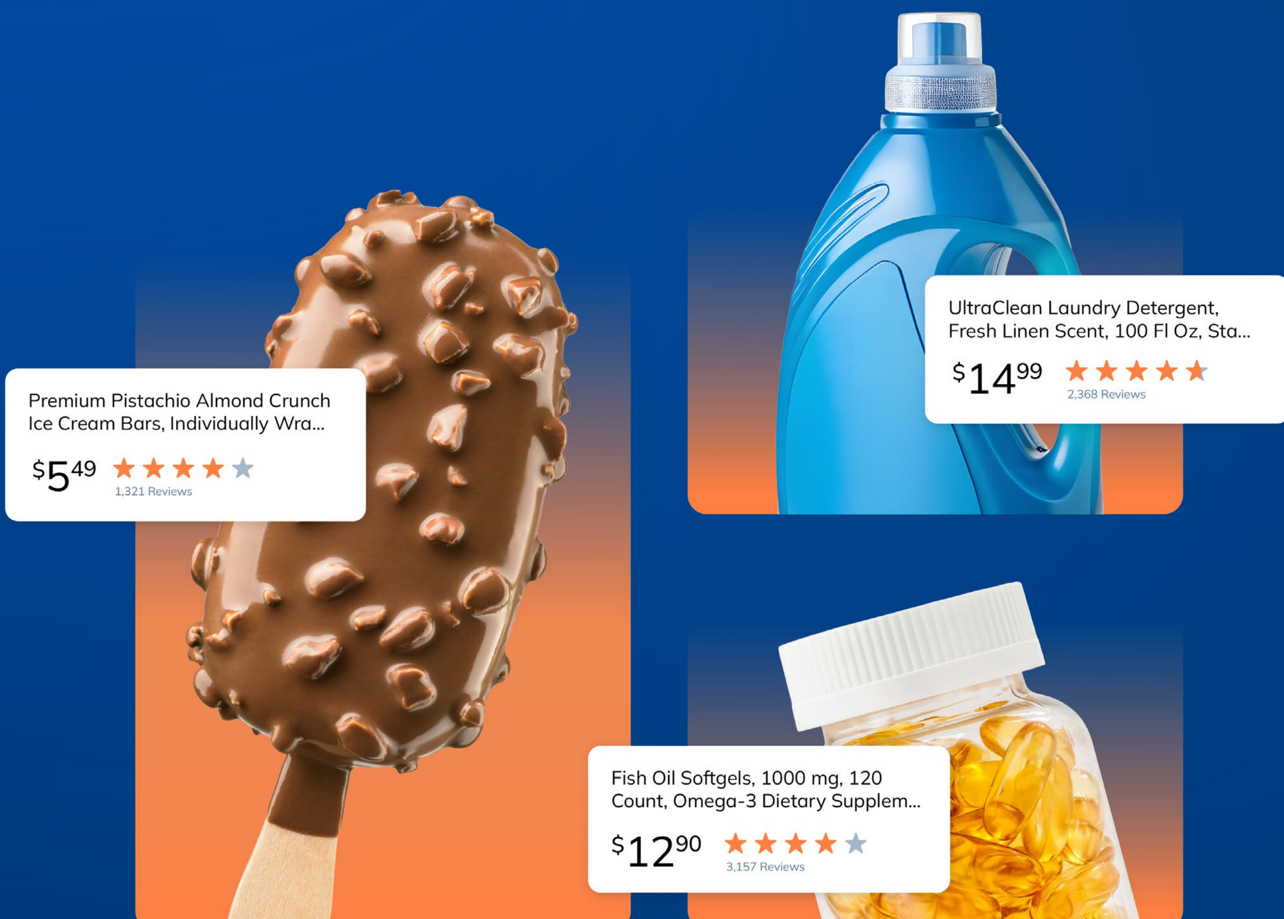
Seizing the CPG Moment:

Your H2 2026 Action Plan for Winning **Grocery** and **Health & Household**



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The CPG market has reached an inflection point.

While Grocery & Gourmet Food and Health & Household, two key CPG categories, are steadily growing, converting these customers has only become more complex.

CPG shoppers move fast, buy deliberately, and expect a seamless, curated experience across discovery, search, and checkout. They're very budget-conscious, too.

A recent CNN poll discovered that 3 out of 5 US adults changed their grocery-shopping habits this year because of challenging economic conditions. To that point, EMARKETER and Bizrate Insights published a survey in May 2026 that found more than half (51%) of US digital shoppers purchased food or beverages from Amazon (which offers a broad range of low-cost options) in the past 30 days.

And all the while, CPG shoppers are now finding products across several entry points, including feed placements and discovery commerce platforms like TikTok, instead of simply through on-platform search. The battle for these customers begins upstream, long before they ever land on your listing.

To remain competitive in this evolving market, you need a clear picture of what's actually happening.

This playbook cuts through the noise. We'll show you what's moving the needle in CPG commerce right now, including which untapped opportunities will soon become table stakes. You'll learn where smart brands are shifting their budgets in H2 2026, which formats and retailers they're active on, and why building a multi-platform strategy is integral to sustainable CPG success.

The State of CPG Commerce

Amazon US Sponsored Products

Category	CPC (2026)	ROAS (2026)	CVR (2026)
Grocery & Gourmet Food	$1.62 (+5.9% YoY)	$3.78 (Flat YoY)	36.70% (+8.3% YoY)
Health & Household	$2.18 (+9% YoY)	$3.38 (-1.7% YoY)	27.80% (+8.7% YoY)

In most cases, CPG purchases are need-based or impulse-driven. They move fast, purchase with intention, and rely on a limited set of signals to make decisions. They're also increasingly price sensitive, shopping more with discount and club retailers on Instacart to stretch their budgets.

In Q2 2026, Pacvue data showed that the Grocery & Gourmet Food category had a robust 36.7% conversion rate, while Health & Household followed close behind with a 27.8% CVR.

This data suggests that shoppers arrive on Amazon with their minds already made up, ready to buy instead of just browsing. The key to winning their business is to be there when they're looking.

"Prime members are loving the convenience of getting fresh groceries alongside other products they're buying on Amazon, and perishables sales have grown over 40x YoY and make up 9 of the top 10 most-ordered items for Same Day Delivery where the service is available. Customers shopping Same Day perishables build larger baskets—adding nearly 3x as many items to their order—and spend over 80% more than customers who don't."

Andy Jassy, CEO at Amazon

The Bottom-of-Funnel Bottleneck

Sponsored Products campaigns are still the standard for CPG advertising on Amazon, where they accounted for approximately 82% of total Grocery & Gourmet Food ad spend in Q2 2026.

We saw a similar ratio across Amazon's other categories, too, as Sponsored Products claimed roughly 71% of Amazon ad budgets. On Instacart, the ad format secured 67% of ad spend.

This pattern isn't surprising. By concentrating their spend on bottom-of-funnel placements, advertisers can invest their ad dollars closer to the moment of conversion.

However, while they're fighting over keyword real estate in search, more forward-looking advertisers are quietly but effectively building awareness and shaping category perception with upper-funnel campaigns, which can ultimately make a greater impact over the long term.

Where CPG Spend Is Headed

Across Amazon and Instacart, three trends are reshaping how CPG brands allocate their budgets.

Successful brands are:

1. Shifting toward Sponsored Brands and full-funnel advertising on Amazon
2. Expanding to Shoppable and Display formats on Instacart
3. Investing in discovery commerce

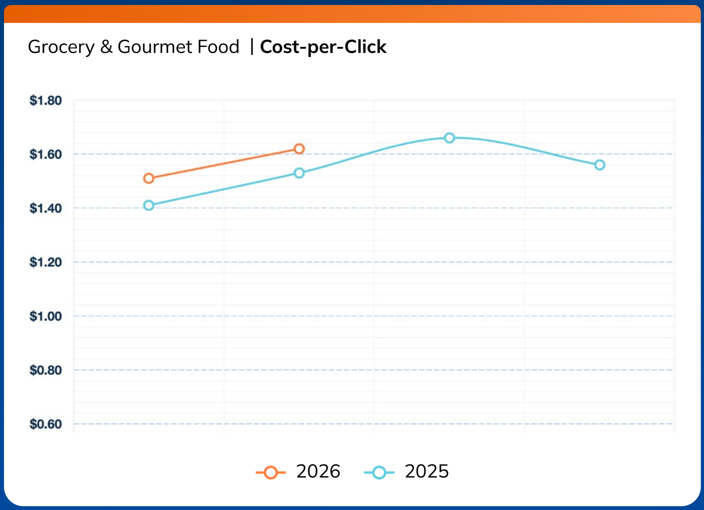
Amazon: Moving from Search to Brand

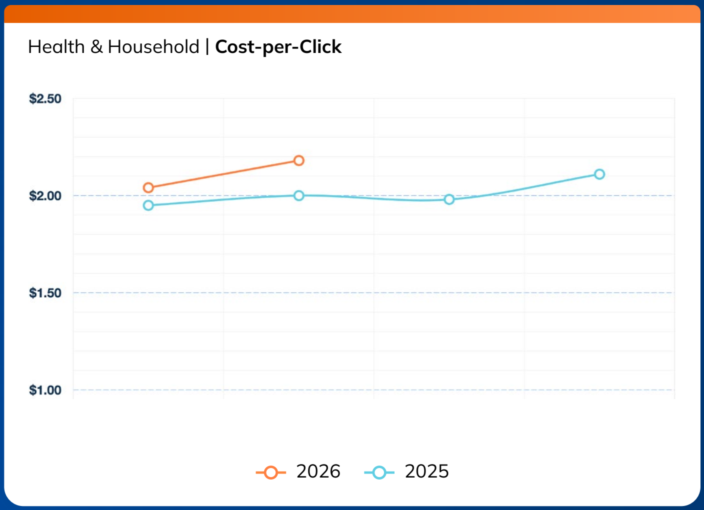
In a market defined by intense bottom-of-funnel competition, Sponsored Brands campaigns increasingly capture and convert more shoppers.

On Amazon, Sponsored Brands CVR surged +26.5% YoY to a robust 22.8% in Q2 2026, while Sponsored Products CVR improved just +4% YoY to 19.6% last quarter.

Pacvue data shows Sponsored Brands campaigns drive category preference at scale, which is instrumental in winning over CPG shoppers. Repeat purchases are the default behavior in this category, while brand affinity greatly enhances customer lifetime value.

The Cost Paradox: Rising CPCs, Flat Spend





Health & Household was the most expensive Amazon category we tracked, with CPCs increasing +9% YoY to a stiff $2.18 in Q2 2026. Grocery & Gourmet Food came in third place at $1.62 (up +5.9% YoY).

While CPCs are rising, they're mostly in line with other retail categories. The market may be consolidating, pushing out smaller players through unsustainable auction pressure, while larger brands can absorb those costs through stronger Sponsored Brands efficiency.

However, the biggest story is how brands are allocating their budgets in response to these trends. Health & Household brands are investing aggressively, increasing their average daily spend by +31.1% YoY despite higher CPCs. Meanwhile, Grocery & Gourmet Food brands are keeping their spend flat (-0.3% YoY), as they optimize for profitability instead of growth.

Instacart: Driving Growth with Shoppable & Display

In Q2 2026, Instacart Display ROAS surged +22.1% YoY while ACOS improved by -18.1%, generating more sales with less spend.

This efficiency gap may not last, however. Instacart Display hasn't reached saturation yet, which may be why it's delivering outsized performance. Until broader adoption brings stiffer competition, Instacart Display is a genuine opportunity for CPG brands, especially those with recurring purchase cycles.

Instacart's Shoppable Video ads, meanwhile, connect brand storytelling with direct purchase capability, enabling advertisers to drive awareness and conversion in a single stroke. Reveal Pet Food saw double-digit ROAS growth from their Shoppable Video campaigns, with average CPC falling in the very affordable $0.25-$0.85 range."

"What we're seeing more brands recognize is that those consumers don't appear out of nowhere. Discovery formats like display and inspiration ads help fill that pipeline. On Instacart, shoppable recipe ads drive 78% out-of-aisle impressions and 43% new-to-brand sales that make your sponsored product investment more durable over time."

Tim Castelli
VP of Global Advertising Sales
Instacart

Discovery Commerce: Building Interest Before Search

The CPG customer journey doesn't always start on Amazon or Instacart. It often begins on TikTok, Pinterest, YouTube, Instagram, and LLM platforms like ChatGPT, where shoppers are scrolling, researching, discovering new products, and comparing options.

This process is called discovery commerce, and it's playing an increasingly pivotal role in your CPG funnel. If you don't connect with your customers upstream, you'll struggle to convert them later when they're ultimately ready to buy.

As a growing number of shoppers explore products on social media before purchasing them on Amazon or Instacart, brands that tell a coherent narrative across multiple platforms will have a competitive advantage. A shopper who discovers your product on TikTok and later sees your Sponsored Brands ad is more likely to convert than one who simply searched for you on Amazon.

"Sponsored Brands prompts use AI to automatically engage shoppers with relevant product information during their journey, while Sponsored Brands collections let advertisers showcase up to ten related products in a single, shoppable ad unit across high visibility placements. CPG specifically is driving this growth because the category is largely defined by shoppers who search by category need rather than by specific product, so owning the top of search with brand storytelling is critical."

-Amazon

A Comprehensive CPG Strategy

TikTok, Pinterest & Instagram

Create short-form video content showing your product in action—recipe ideas, lifestyle moments, or real customer testimonials—to create top-of-funnel awareness, capturing shoppers when they're most receptive to discovery.

Amazon Sponsored Brands, DoorDash Spotlight, & Instacart Display

When the shoppers who discovered you on social media now search for you on platform, target them with Sponsored Brands, Spotlight, or Display ads that reinforce the same brand messaging, nurturing awareness into consideration.

Amazon, DoorDash & Instacart Sponsored Products

Now that shoppers are primed to purchase, deploy Sponsored Products ads on Amazon, DoorDash, or Instacart to close the sale, which might include adjacent or supplementary products to increase average order value.

The brands that restrict their CPG spend to a single retailer are stuck fighting for every dollar against a horde of competitors bidding on the same keywords.

The brands that build awareness upstream, on platforms where CPG shoppers discover the products they later purchase, enjoy powerful momentum by the time those shoppers ultimately search for them, winning more conversions at a lower cost.

"In a DoorDash study, 60% of consumers surveyed responded that they are 'somewhat or very likely' to buy new products while browsing online at the last minute. The grocery trip has become a discovery moment, not just a fulfillment one. For CPG brands, the opportunity isn't only to win the items shoppers came for, but to show up in those unplanned moments and influence what ends up in the basket before the trip is done."

Katie Daleo
VP of Global Advertising Sales
DoorDash

From Insight to Action: Four Opportunities to Capitalize On

Opportunity #1 Shift Incremental Budget to Upper-Funnel Tactics

If you're still allocating 80%+ of your ad budget to Sponsored Products campaigns, you're leaving performance on the table.

On Amazon, Sponsored Brands placements convert better and drive a higher average order value.

Try shifting 10-15% of your Sponsored Products budget to this upper-funnel format, especially if you operate in a very crowded category like Grocery & Gourmet Food or you're running a campaign during a high-intent promotional period like Cyber 5.

Opportunity #2 Diversify into Instacart Shoppable & Display

Instacart Display's dramatic ROAS growth (+22.1% YoY) is a clear signal that the format is still very underutilized.

That window will inevitably close, and probably sooner than you expect, so take advantage of this placement's currently low competition by testing Instacart Display in your H2 tentpole campaigns (back-to-school, Halloween, Cyber 5, etc.).

Don't forget to round out your advertising repertoire with upper-funnel, performance-based formats like Shoppable Display, too. With Shoppable Video ads, brands can merge top-of-funnel storytelling with bottom-of-funnel conversions, shortening the path to purchase.

CPG shoppers operate in a high-intent environment, which makes friction especially dangerous; there's no shortage of competitors trying to lure them away to their own listings. In H2, stand out from the crowd by experimenting with holiday-themed messaging, while creating a shared narrative across your Display and Shoppable Video ads to reinforce your brand identity.

Opportunity #3 Drive Sales with Discovery Content

As culture and commerce converge, the most successful brands are telling their story upstream on discovery platforms like TikTok and Instagram to capture inspiration as it strikes.

Today, CPG shoppers find, research, compare, and even purchase products in a single session, played out across several platforms. Pacvue data shows that TikTok-driven discovery lifts incremental sales by 10-15% across other retail media channels, like Amazon, in what's known as the halo effect.

Take advantage of this synergy by creating discovery content for TikTok to complement your Sponsored Brands placements on Amazon. Use similar messaging for both campaigns to craft a cohesive narrative, which will prime your audience for the conversion-focused Sponsored Products ads you'll run later in Q4.

Opportunity #4
Unlock CPG Growth on DoorDash

DoorDash delivers an average +30% sales lift for CPG categories, according to first-party data, with a few categories—like Snacks (+65% lift)—performing better still. Even more encouraging, first-time customers represented over 36% of CPG sales on the platform, driving 2.4-2.9x more incremental ROAS.

Start testing DoorDash's new Spotlight format now, while the stakes are relatively low. An immersive homepage ad, it's purpose-built for storytelling and the moment of discovery—the next battlefield of CPG advertising, which you'll need to win in the upcoming holiday season.

H2 2026 Outlook: Forecasting What's Next for CPG

As we move into Q3 and Q4 2026, we predict several dynamics will impact CPG brands:

1. **Amazon Consolidation Accelerates**
   With 82% of grocery spend on Sponsored Products, market concentration will likely increase, challenging smaller competitors with stiffer margin pressure. Brands with solid conversion fundamentals should focus on profitability per sale rather than volume growth.

2. **Instacart Becomes Contested**
   As adoption ramps up, Instacart Display ROAS will begin to normalize. The window to test will soon close; brands that lock in learnings now will be better positioned to scale efficiency as saturation hits.

3. **Upper-Funnel Formats Mature**
   Amazon Sponsored Brands spend (+26.1% YoY) and CVR (+26.5% YoY) growth suggests the format is moving from early-adopter to mainstream. As more budget flows in, competition will certainly follow. But for CPG, where brand affinity drives repeat purchases, ROI will remain durable beyond the initial surge.

4. **Discovery Commerce Becomes a Gold Rush**
   As more CPG brands recognize how upstream inspiration fuels on-platform sales, discovery spending will increase. The brands that take full advantage of discovery platforms—partnering with TikTok creators and taking advantage of cultural moments in real time—will dominate the conversations their customers are already having, driving high-intent traffic to their listings and building powerful brand affinity.

Move Now or Fall Behind

The CPG landscape is evolving. The brands that recognize and move on this shift early will build structural advantages that endure into 2027 and beyond.

Brands that test the strategies outlined in this playbook now, before the holiday rush, will be better positioned to win their categories during critical Q4 tentpole events later this year, when the stakes are higher and competition is particularly fierce.

Above everything else, the key to securing long-term CPG success is connecting diverse platforms across the customer journey into a single, cohesive strategy that nurtures shoppers from inspiration to checkout.

Don't wait until your competitors have the same data you're reviewing now, already well on their way to implementing these recommendations at scale. Get there first.

"The instinct heading into H2 is often to optimize what's already working, but the brands we see winning through the back half of the year tend to expand their format mix rather than consolidate it. A good starting point is a 15-20% incremental allocation from brand awareness budgets toward discovery formats on top of existing sponsored product spend. Seasonal moments in H2, from back-to-school through football tailgate season and the holidays, are when new-to-brand receptivity is highest, and that's when the investment tends to pay back fastest."

Tim Castelli
VP of Global Advertising Sales
Instacart

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Pacvue is the leading Commerce Media OS, powering over $12B in advertising spend across 100+ global retail media networks including Amazon, Walmart, Target, DoorDash, Kroger, Instacart, Criteo, and CitrusAd. Powered by industry-leading AI and real-time data, Pacvue enables over 70,000 brands and agencies to maximize advertising performance, drive incrementality, and expand reach across the commerce universe from a single mission control. As of 2025, Pacvue powers 12% of total retail media ad spend worldwide excluding China. Combined with Helium 10's SMB solutions, Pacvue delivers the industry's most comprehensive platform for businesses of all sizes. Founded in 2018, Pacvue spans Seattle, Los Angeles, Chicago, New York, Washington D.C., London, Shanghai, and Tokyo.

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