BRAND COMMERCE™ INTEL FOR TODAY'S CMO

THE BLUE CHIP WHITE PAPER SERIES

THE RISK TO CPG BRANDS THAT PAUSE MARKETING

VOLUME 2

Fall 2025

blue chip

TABLE OF CONTENTS

Introduction

Consumers Purchase Advertised CPG Brands

Brand Visibility

Cost of Going Dark

Trial and Discovery

Findings from our Controlled Experiment

Recommendations

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01 Introduction
"I am struggling to figure this out."

Q4 Retail Pressures Spark Anxiety Among CPG Marketers

As brands enter Q4 2025 facing slower growth and continued retail headwinds, pressure to cut budgets is rising. Morgan Stanley forecasts consumer spending growth to slow to 3.7% in 2025 and 2.9% in 2026, down from 5.7% in 2024, with the sharpest deceleration expected in Q4 2025 and early 2026.[1] Several CPG earnings calls and media buyers have hinted at marketing reductions, suggesting that "going quiet" remains tempting.

In *The Fight to Prove the Value of Marketing*, Volume 1 of the Blue Chip White Paper Series, we reported on the extreme pressure CPG marketing leaders face on a daily basis. In response to the question – What new ideas or approaches would you like to see implemented to help you defend or grow your marketing budget? – many of the answers reflected real worry, and in some cases, desperation:

- "I am struggling to this figure out."
- "Anything and everything."
- "We need help just to stay afloat."

As our research revealed, the threat to marketers and marketing budgets is real. In fact, at this very moment, you and your company may be contemplating budget cuts, pausing marketing or even taking the foot off the gas altogether. In the face of financial pressure, this may seem like a justifiable decision. But before you take such a drastic step, read on.

New Evidence from Blue Chip Reveals True Cost of Going Dark

Blue Chip's exclusive 2025 consumer research of a cross-section of 200 adult U.S. consumers, including a compelling controlled experiment, delivers powerful evidence that cutting marketing spend erodes purchase and trial intent, brand trust and consumer memory. Our findings show that even a single ad exposure increased purchase intent by 43%, and 85% of consumers were more likely to choose an advertised product when given equivalent options. These results quantify the long-term risks of short-term cuts and reinforce a fundamental marketing truth: If your brand isn't visible, it's not top of mind and likely not in the cart.

The Takeaway

Cutting ad spend may feel like a financial fix, but it risks long-term sales, trust and visibility. If consumers don't see you, they don't choose you and will likely buy a competitor product that does advertise.

1 Morgan Stanley

02 Consumers Purchase Advertised CPG Brands

Recognition Drives Choice And Advertising Fuels Recognition

When all else is equal, consumers choose the brand they recognize and advertising drives that recognition. In our nationally representative survey of 200 U.S. adults, 85% said they'd pick an advertised product over an unadvertised one, even at the same price. This preference stems from trust and familiarity, but it also underscores a commercial truth: Advertising drives purchase. Of respondents, 98% said they had purchased products they first encountered through advertising, and 70% said ads remind them to repurchase brands they already use.

This behavior echoes the findings of Les Binet and Peter Field, whose widely adopted 60/40 brand-building rule has helped U.S. marketers balance immediate gains with long-term equity.[1 2] Our survey affirms their core insight: Brands that build salience through advertising earn preference and sales.

85%

of consumers said they'd purchase an advertised product versus a similarly priced, equivalent product

The Takeaway

Advertising builds recognition and recognition drives purchase. If consumers don't see you, they won't choose you.

1 IPA 2007
2 IPA 2019

03 Brand Visibility Drives Trust and Quality Perception

CPG marketers often underestimate the degree to which advertising influences perception, not just awareness. Our survey reveals:

- 78% say advertised brands feel more trustworthy and established.
- 59% question the quality of products they don't see advertised.
- 76% feel more confident trying new products after seeing them advertised.

These perceptions align with recent U.S. research underscoring advertising's role in shaping consumer trust. A 2024 study by Vevo, MAGNA and Initiative[1] found that 76% of U.S. consumers believe advertising is a key way for brands to create connections and build trust.

This trust-by-association effect—what we call the "advertising halo"—gives well-marketed brands a competitive edge, particularly in routine, habitual categories where consumers use shortcut thinking, like "I've seen this brand advertised, so it must be good" or "I remember this one from an online ad—let's go with it," to simplify purchase decisions.

Put another way, effective, well-executed advertising remains a powerful tool for earning consumer confidence and driving sales. What consumers see in-market sends a clear signal: If a brand is visible, it's active, credible and worth considering.

78%
of consumers say advertised brands feel more trustworthy and established

The Takeaway

Advertising doesn't just build awareness; it builds trust. When consumers see a brand, they believe in it.

1 The Drum 2024

The Cost of Going Dark: Memory Decay & Switching Risk

04

54%

of consumers say they are likely to forget brands that stop advertising

Every marketer knows advertising builds memory but fewer realize how quickly that memory fades without it. Our research shows:

- 54% of consumers are likely to forget brands that stop advertising
- 50% may switch to another brand if theirs goes dark

This is mental availability in action, a concept championed by Byron Sharp, professor of marketing science and director of the Ehrenberg-Bass Institute.[1] His work, used by U.S. giants like Coca-Cola and P&G, shows that growth depends on reaching light buyers—infrequent purchasers who make up the largest share of a brand's customer base and are most likely to forget.

Supporting research from Ehrenberg-Bass confirms: Brands with high mental availability are more likely to be chosen, even when price or features are considered.[2] Going dark doesn't just pause awareness; it weakens brand equity and invites churn.

The Takeaway

When brands stop advertising, consumers forget and often switch. Visibility keeps you in the cart.

1,2 Marketing Architects 2025

05

Trial and Discovery Depend on Advertising

Even in the age of digital discovery and social commerce, advertising remains a cornerstone of consumer product trial:

- 79% of consumers often or sometimes buy items they first encountered in an ad.
- Only 3% claimed they never do.
- 77% reported being open to trying a new brand after seeing an advertisement for it.

Discovery leads to purchase. And purchase leads to repeat purchase. This progression is at the heart of brand growth, and our data shows that advertising is the key that starts the engine.

When we couple these findings with broader industry data, like Deloitte's report[1] showing Gen Z (63%) and Millennial (49%) consumers' purchase decisions are influenced by ads on social platforms, it's clear that advertising is more than awareness. It's a point of entry into the purchase funnel. Today's CPG advertising must activate across multiple channels to foster discovery in moments of intent.

77%

of consumers say they are open to try a brand for the first time after seeing it advertised

The Takeaway

Advertising introduces brands into the consumer consideration set. And in categories where trial leads to loyalty, that first impression is everything.

1 Deloitte 2025

Findings from our Controlled Experiment

The Impact of Advertising on Consumer Purchase Intent

06

> As part of our survey, we conducted a controlled experiment to explore the causal impact of advertising exposure on brand preference. One group of 117 consumers saw a static ad for a mid-tier cheese brand before completing the survey. A control group of 83 respondents saw no ad. At the end of the survey, we asked both groups about their purchase intent and brand rankings.

43%

relative lift in purchase intent based on seeing a single product ad

- 13.7% of respondents who saw the target ad selected the target brand as their most likely purchase, compared to 9.6% of the control group who didn't see the ad, a 4.1 point difference and a 43% relative lift in purchase intent.
- 33% of exposed respondents ranked the target brand first or second vs. 24% of the control group.

These consistent shifts mirror patterns from our broader survey and align with decades of research on mental availability, particularly from Byron Sharp and the Ehrenberg-Bass Institute.[1] Even minimal ad exposure can boost brand salience, and our experiment offers real-world validation of that effect.

The Takeaway

Even a single ad exposure can boost brand salience, making your brand easier to recall and more likely to be purchased.

1 Marketing Architects 2025

07 Recommendations

Protecting Your Marketing Budget Is a Growth Strategy

Cutting ad spend may feel like a financial fix—but as this report shows, it's a revenue risk. When visibility fades, so do memory, trust, trial and loyalty. And in a crowded, price-sensitive retail environment, silence is costly.

Our exclusive results confirm what decades of marketing science, brand case studies and advertising measurement models have long suggested: **advertising works.**

A Smarter Marketing Playbook

At Blue Chip, we help CPG companies build brands while also driving sales. Based on our research and over 40 years of in-market experience, here's what works:

1. **Stay visible, stay chosen.** Don't disappear. Consumers reward visibility. Focus on broad-reach campaigns that build familiarity and drive mental availability.
2. **Be memorable, not just present.** Use distinctive assets, repetition and emotionally resonant storytelling to reinforce memory structures, especially for light or infrequent buyers.
3. **Balance equity & activation.** Pair short-term sales drivers with long-term brand building. It's not either/or—it's both. The most effective brands invest across the full funnel.
4. **Show up where it counts.** Ensure visibility across high-traffic retail and shopper environments where consumers are actively seeking value and making purchase decisions.
5. **Leverage Brand Commerce™.** Our proprietary approach unites brand building and sales performance, creating marketing that builds equity, drives conversion and delivers measurable ROI. It's not just marketing—it's a growth strategy. By aligning storytelling with selling, Brand Commerce ensures your brand doesn't just show up, but stands out, scales and sells.

Ready to Drive Growth?

Let's defend, and grow, your marketing budget while also making it work harder—and smarter. Request a free audit, and see how Blue Chip's **Brand Commerce™** approach can unlock visibility, preference and purchase at every stage of the consumer journey.

About Blue Chip

We're an independent, full-service Brand Commerce™ agency. We bring change for our clients by uniting brand building and sales performance. We build brands over time and sales overnight.

About the Report

In June of 2025, Blue Chip conducted an exclusive online survey of 200 US-based adult consumers regarding their attitudes and opinions towards CPG advertising. We also conducted a controlled experiment in which we exposed one group to a single static ad and a second group to no ad at all.

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