

Brexit's Impact on the UK Auto Industry Means a Drop in Digital Ad Spending

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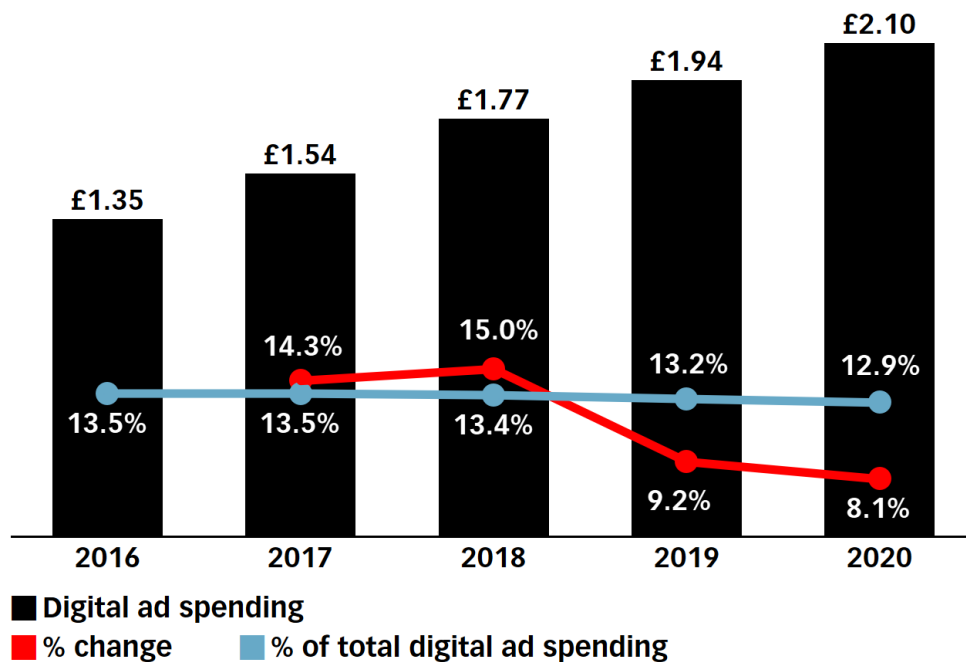
Amy He

Lingering uncertainty over Brexit has had an impact on all industries across the British economy, but the automotive sector has been hit particularly hard, which has affected how much it can spend on digital ads.

We estimate that the UK automotive industry will spend £1.94 billion (\$2.58 billion) on digital ads this year, which makes up 13.2% of all digital ad spending in the region. Digital ad spend will grow 8.1% to £2.10 billion (\$2.80 billion) next year, down from the 9.2% growth this year and a steeper drop even from the 15.0% growth in 2018.

Automotive Industry Digital Ad Spending in the UK, 2016-2020

billions of £, % change and % of total digital ad spending



Note: includes all automotive-related categories including sale/purchase of vehicles and parts and maintenance; 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; converted at the exchange rate of US\$1=GBP0.750089

Source: eMarketer, July 2019

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While the auto industry's digital ad spend is growing, it's growing at a below-average rate. The industry's 13.2% share of total digital ad spending is down 0.2 percentage points from what it was the previous year. Next year, that share will decrease even further to 12.9%.

Auto industry advertisers will spend money pretty evenly across display and search, with £0.71 billion (\$0.94 billion) going to display and £0.69 billion (\$0.92 billion) going to search. A majority (67.7%) of ad spend will go toward mobile (£1.31 billion/\$1.75 billion), which still represents the smallest proportion of ad dollars devoted to mobile

across all industries covered in [our latest report collection on digital ad spending](#).

Automotive Industry Digital Ad Spending in the UK, by Device, 2016-2020					
	2016	2017	2018	2019	2020
Mobile (billions of £)	£0.71	£0.97	£1.16	£1.31	£1.46
—% change	-	36.5%	19.3%	13.4%	10.9%
—% of mobile ad spending	13.2%	13.2%	12.8%	12.6%	12.4%
—% of digital ad spending	52.7%	62.9%	65.2%	67.7%	69.4%
Desktop/laptop (billions of £)	£0.64	£0.57	£0.62	£0.63	£0.64
—% change	-	-10.4%	7.8%	1.5%	2.4%
—% of desktop ad spending	13.8%	14.1%	14.7%	14.5%	14.5%
—% of digital ad spending	47.3%	37.1%	34.8%	32.3%	30.6%
Total (billions of £)	£1.35	£1.54	£1.77	£1.94	£2.10

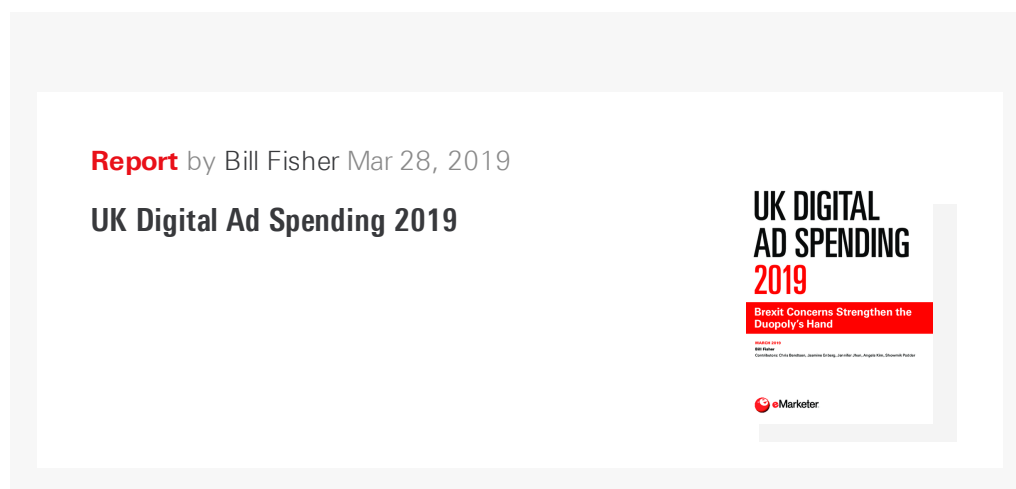
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Source: eMarketer, July 2019

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This spending is set against the backdrop of a massive drop in year-on-year car production. There were 21% fewer cars produced between May 2018 and May 2019, with a majority (52.6%) of exports going to the EU—which does not bode well for the UK auto sector. With a potential no-deal Brexit on the line, some auto manufacturers have slowed down—and, in some cases, shut down entirely—their operations in the UK. Toyota has shut down its Burnaston plant, for example, and UK-based carmaker Vauxhall has described redundancies at its Ellesmere Port plant.

“The specter of Brexit has loomed large over the UK auto industry for the past three years,” eMarketer senior analyst Bill Fisher said. “But a no-deal Brexit will hit this industry particularly hard. Complex and well-integrated supply chains have operated largely tariff-free for many years, but if the UK has to operate on World Trade Organization [WTO] terms in the event of no-deal, then potentially large tariffs will come into play. And auto manufacturers don’t want to have to deal with that, hence the high-profile retrenchments we’ve seen.”

For more analysis on how other sectors in the UK are spending money on digital ads this year, read our latest report.



And for a deep dive on digital ad spending across Germany and eight verticals in the US, read our latest report collection.

