

US auto industry slingshots back from H1 2020 losses

Article

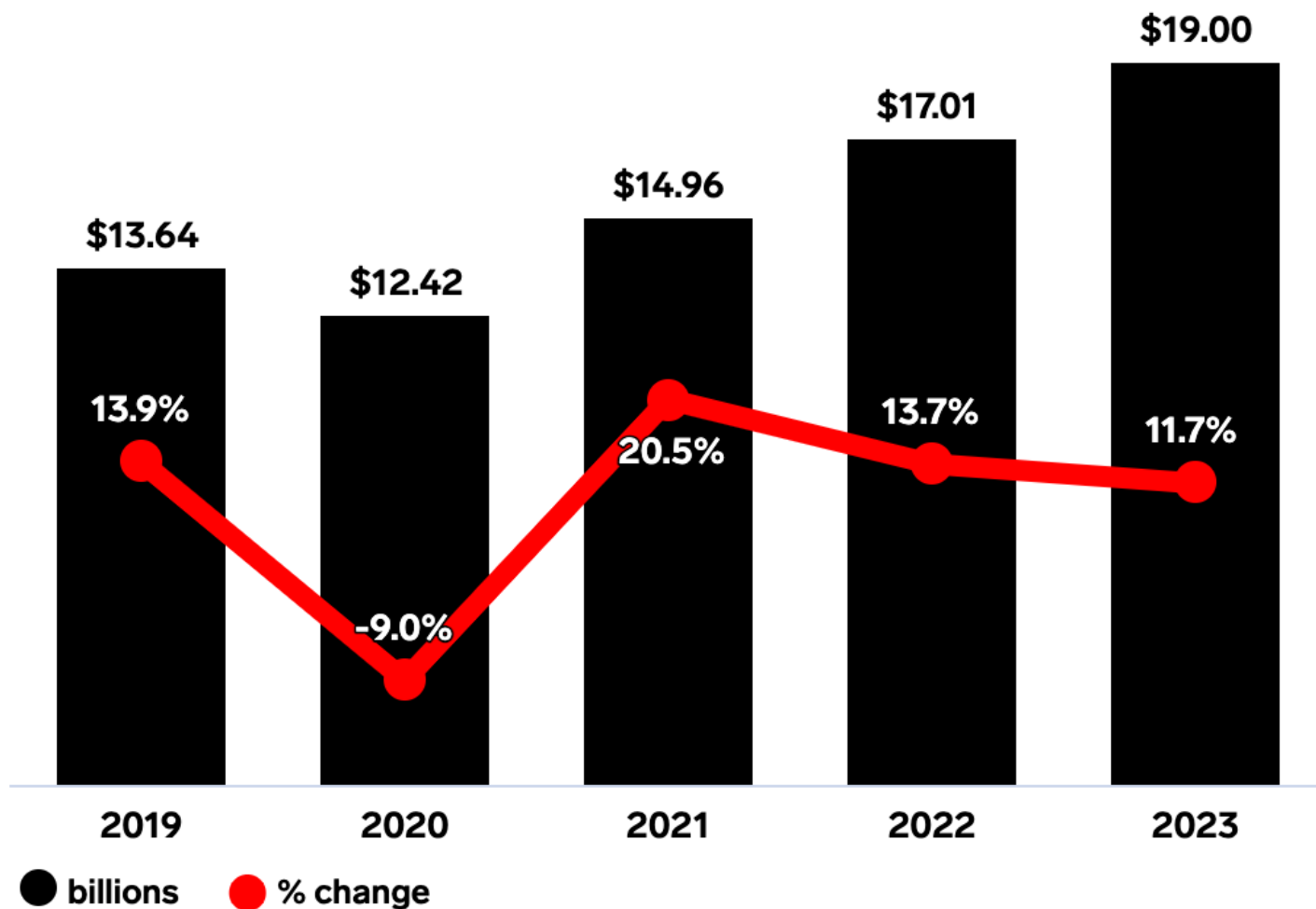
The forecast: The US auto industry's digital ad spending will rebound completely from 2020's pandemic-propelled losses, allowing for a full recovery in ad spending by the end of 2021. This year, auto will more than make up for the drop of \$1.22 billion in digital ad spending it lost in 2020.

A deeper dive:

- In 2020, we predicted that auto industry digital ad spending in the US would drop by 18.2%, as the pandemic led consumers to delay purchases. But a strong H2 2020 performance led to a more respectable **9.0% decline** in digital ad spend for the full year.
- Per our estimates, the automotive and auto parts industry saw positive but minimal retail growth in 2020, at **1.5%**. Additionally, overall costs were higher than usual due to supply issues, chip shortages, and high costs of raw materials and shipping. Because of this, auto brands held back on advertising in 2020.
- Auto brands spend heavily on digital video advertising: More than **3 in 10** digital ad dollars spent go to in-stream and outstream video formats.

Automotive Industry Digital Ad Spending

US, 2019-2023



Source: eMarketer, June 2021

eMarketer | InsiderIntelligence.com

Looking ahead: As previously mentioned, US auto's digital ad spend is on the mend in 2021 and will continue to grow to **\$19.00 billion** by 2023, we estimate.

That said, the auto industry will make up a decreasing share of the US digital ad spending pie. In 2016, auto brands and dealers made up around 12% of all digital advertising. This number fell precipitously to around 8% of all digital ad spending in 2020, and we expect it to stagnate to around 7.6% by 2023.