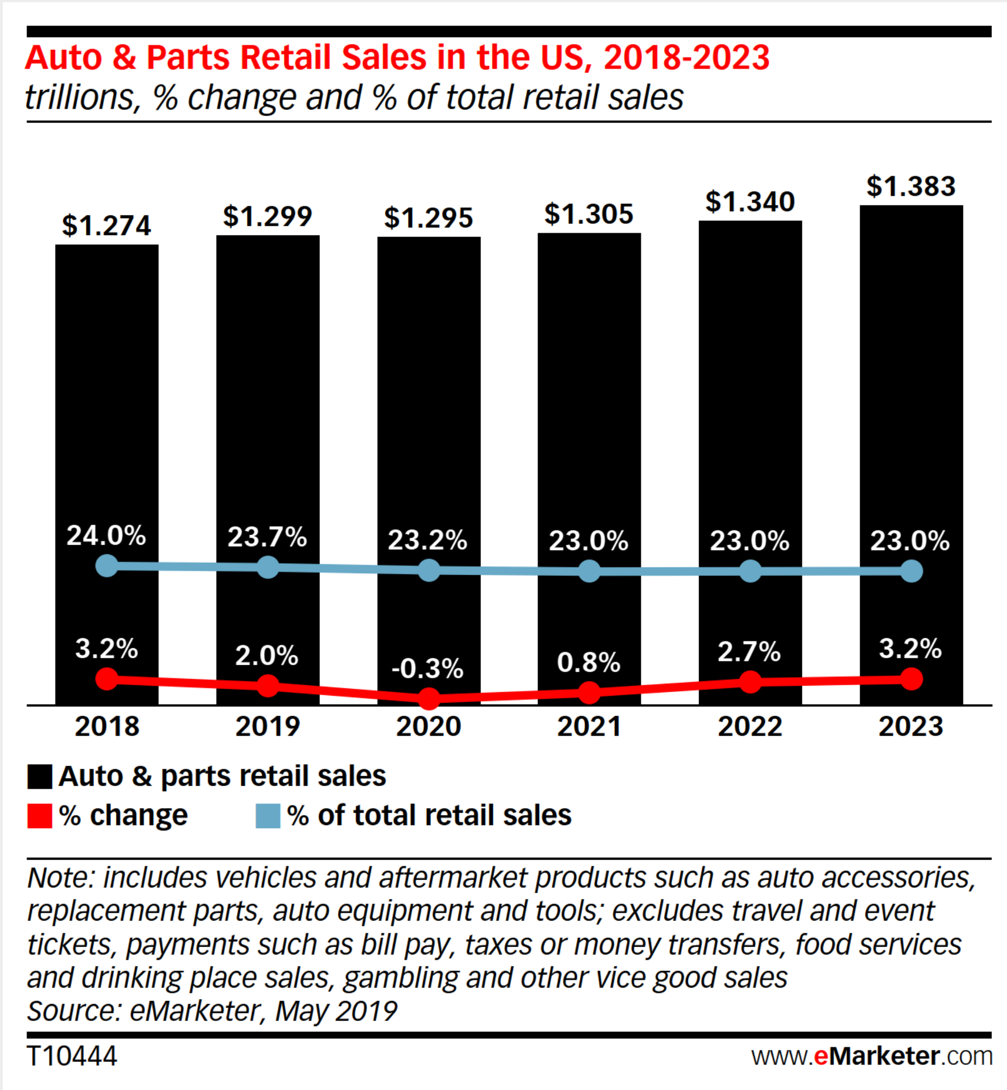
# Auto Sector Dragging Down US Retail Sales

## Flat growth expected through 2022, hurting digital ad spending

**ARTICLE**

**eMarketer Editors**

US auto and auto parts sales in the US are slowing, which will weigh down the entire retail sector. This year, the auto industry will grow 2.0% to $1.299 trillion, the slowest growth rate since at least 2011. Growth will flatten through 2022, according to eMarketer's latest US retail forecast.




"US light vehicle sales have been off to a slow start this year and will contribute to the slowdown in the overall US retail market," said eMarketer forecasting analyst Cindy Liu. "Auto buyers remain hesitant to purchase new vehicles amid uncertainty surrounding the economy and rising interest rates."

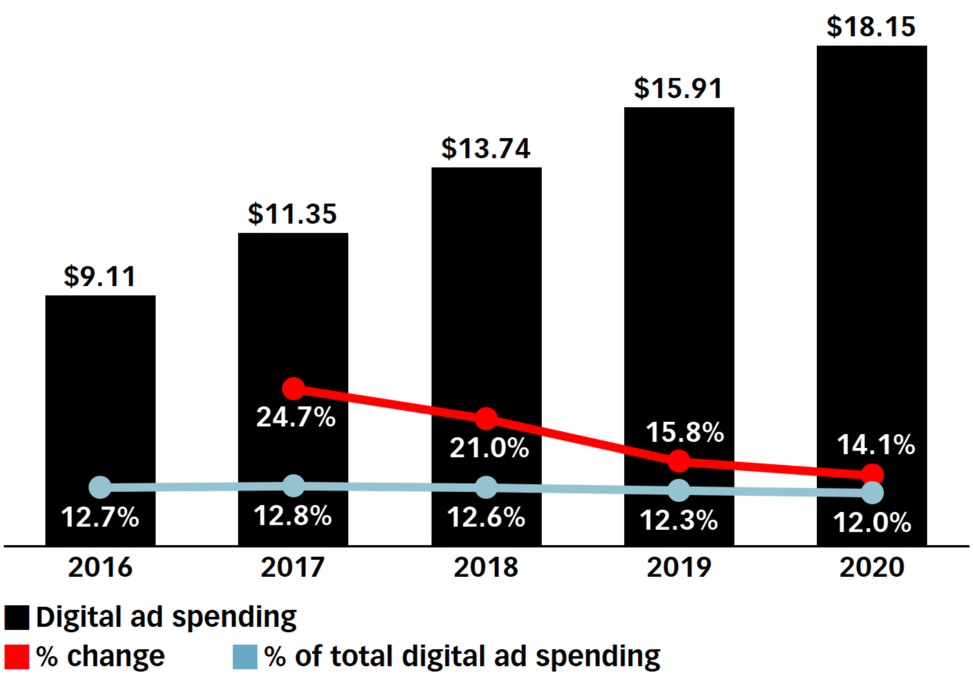
The auto industry—which includes sales of cars, light trucks and auto parts and accessories—represents 23.7% of all US retail sales, making it the largest retail sector. As a result, it has a large impact on the aggregate. Total retail sales in the US will grow 3.0% in 2019 to $5.475 trillion.

"Because auto represents nearly one-quarter of total US retail, any growth or contraction will have an outsized effect," Liu said. "If we excluded auto from the equation, total retail would actually grow 3.3%, which is pretty healthy."

As a result, the US auto market will fall from the second-highest digital ad spender to third next year. Automakers and dealers will spend $15.91 billion on digital ads this year, up 15.8% from 2018. That's a slower growth rate than in previous years.

**Automotive Industry Digital Ad Spending in the US, 2016-2020**

*billions, % 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*

*Source: eMarketer, May 2019*

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"We expect weakness in the automotive market to lead to more subdued digital ad spending into 2020," said eMarketer senior forecasting analyst Oscar Orozco. "Brands are grappling with new technologies, stricter emission standards and shifts in car-buying behaviors, which are leading to tighter ad budgets. Dealers are facing similar pressures, as budgets for advertising new cars have continued to decrease over the past five years."

The auto sector's share of US digital ad spending has been steadily declining, with that trend expected to continue, as the travel, media and consumer electronics industries take a larger share of the digital ad pie.