

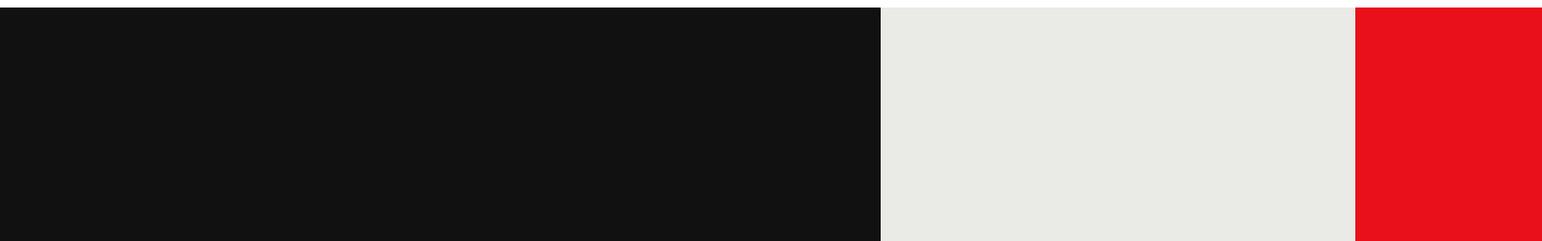
Automakers spent 23% less on TV advertising in June

Article



The news: Automakers are re-evaluating their relationships with TV advertising as economic pressures mount. The industry's TV spending dropped 23% in June compared with last year and has shifted away from local advertising, according to iSpot.TV.

By the numbers: Car brands spent a hefty **\$161.3 million** on TV advertising last month with a greater focus on national ads and sporting events.



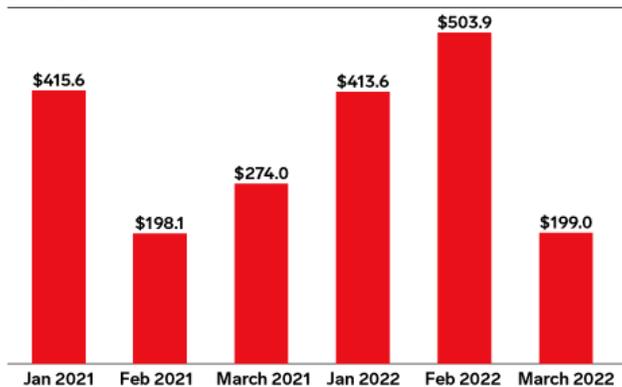
- The **NBA Playoffs** were a hotly contested space for auto manufacturers, though scheduling changes diminished the event's presence in June compared with last year.
- **Toyota** spent 73% of its **\$18.7 million** national TV spend on newly aired programming, about half of which went to the playoffs.
- 92% of **Nissan's** spend with **ABC** went to the playoffs, as did 43.7% of **Kia's** spending.
- Local impressions dropped 3 percentage points to **20.7%** compared with last June as automakers focus on national buys.

How we got here: Manufacturers saw diminishing returns from TV ads in the year's first half and are looking for other places to reinvest their spending, especially in the face of economic uncertainty.

- June's TV dip isn't the only sign of auto manufacturers reeling in spending. Linear ad impressions started to drop off as early as February, when spending fell 16% from January, according to Samba TV.
- That dip continued through May, with impressions failing to climb past 7 billion—a low not seen during any month in 2021.
- Last month, **Ford** also said it's considering pulling back entirely on its electric vehicle ad spend—a sector automakers have invested heavily in—and said it would instead focus on customer experience.

**US Automotive TV Ad Spending,
Jan 2021-March 2022**

millions



Source: iSpot.tv as cited by MediaPost, April 1, 2022

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Sign of the times: Mounting economic worries are starting to hit consumers and industries, and automakers are investing more in consumer experience and loyalty programs rather than linear TV.

- Automakers pulling back on advertising spending is likely to send more waves of anxiety through an already-nervous industry staring down a possible recession. We forecast that the auto industry will spend **\$17.01 billion** on US advertising in 2022, making it the fifth-largest advertising spender overall.
- Many industries from automakers to tech are reeling in spending after the Fed raised interest rates by three-quarters of a point last month; another similar hike could come later this month.
- Despite several months of strong spending, the last few months have seen consumer spending begin to cool off as inflation continues to climb and recession concerns loom.

The big takeaway: Economic uncertainty paired with a relatively dry TV event calendar lead to a steep drop in ad spending for automakers in June, but several major sporting events in the year's second half and strong job reports mean there's opportunity for ad spending to recover.