

# US AUTOMOTIVE INDUSTRY STATPACK 2018

## Digital Ad Spending Forecast and Trends

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# **This StatPack includes updated eMarketer forecasts and third-party data**

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# Behind the Numbers: Methodology

eMarketer's US digital ad spending, by industry estimates are updated twice a year to keep our subscribers abreast of trends in this business-critical area. **For this forecast, we analyzed over nearly 60 interviews and over 160 metrics from 16 sources**, including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues from major ad publishers; estimates from other research firms; consumer media consumption trends; consumer device usage trends; and eMarketer interviews with executives at ad agencies, brands, media publishers and other industry leaders.

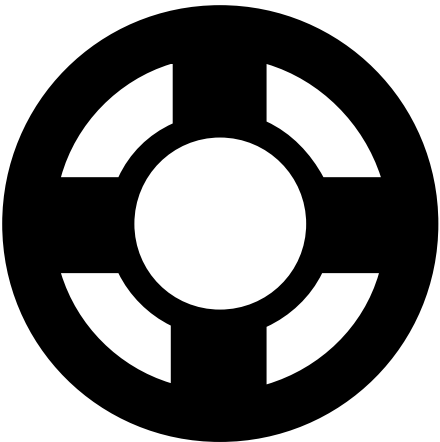
# Behind the Numbers: What We Measure

eMarketer's digital ad spending figures include **advertising that appears on desktop and laptop computers, as well as on mobile phones and tablets**, and all the ad formats on those platforms: banner ads (static display), classified ads, email (embedded ads only), mobile messaging (SMS, MMS and peer-to-peer [P2P] messaging), rich media, search ads (including contextual text links, paid inclusion, paid listings and search engine optimization [SEO]), sponsorships, lead generation (referrals and video (including in-banner, in-stream and in-text)).

# eMarketer's definition of **automotive**



**This industry includes all automotive-related categories including sale/purchase of vehicles and parts and maintenance.**



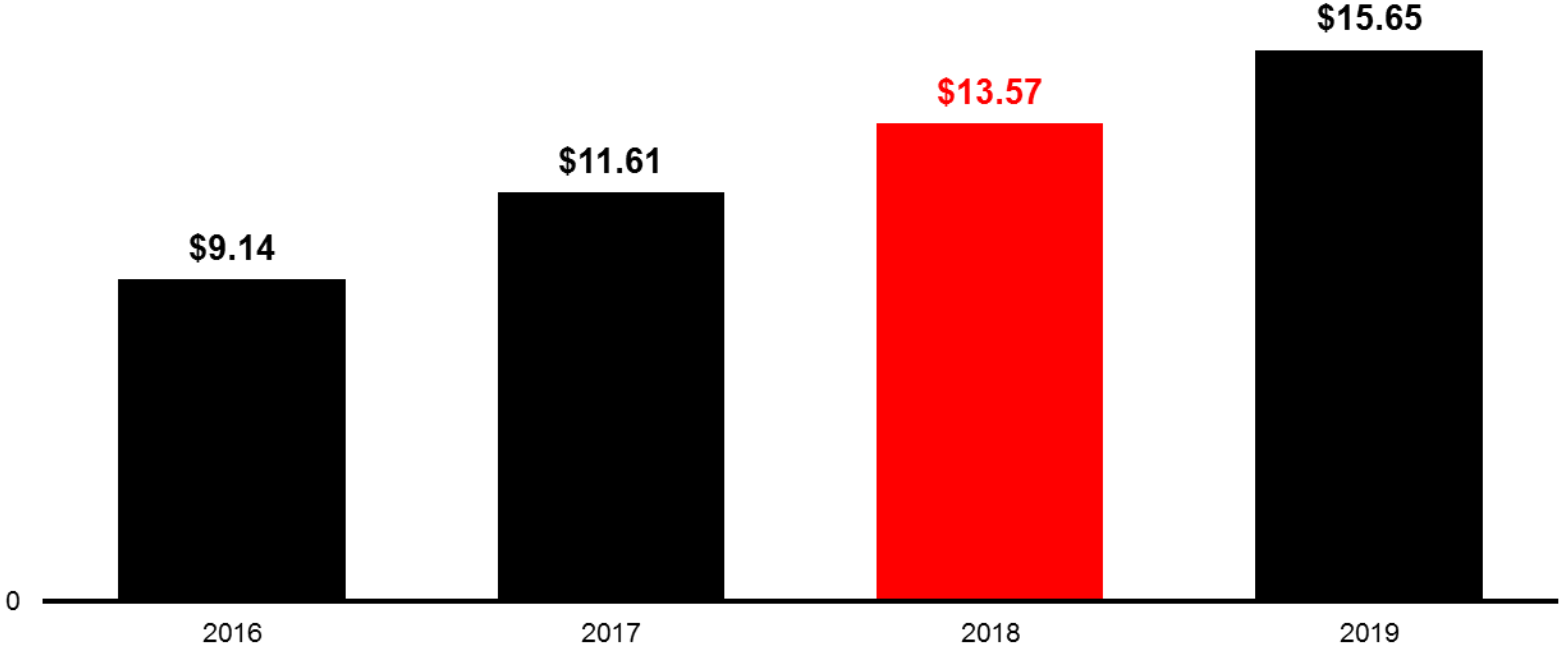
# Digital Automotive Ad Spending Outlook

# Factors influencing digital ad spending in the automotive industry

- US new-vehicle sales fell 1.8% in 2017, the first decline in eight years. Automakers are expecting the same pattern in 2018 due to car ownership saturation. Companies are attempting to mitigate losses by trimming their ad budgets and discounting car prices.
- **TV will take the biggest hit** in automotive ad spending this year. However, it is still the primary medium for campaigns.
- Last year, dealership spend on **digital advertising made up more than half of total ad spending** for the first time, according to the National Automobile Dealers Association (NADA).
- The rise of OTT video platform viewership, including live digital TV, is motivating automakers to **increase cross-platform spending**. Auto ads are increasingly being served via both traditional TV and digital platforms.

# Despite the slowdown in auto sales, automotive digital ad spend will grow steadily

Spending on digital ads in the auto industry will rise **16.9%** in 2018



US Automotive Industry Digital Ad Spending (billions)



# For auto brands, making content that is most engaging to potential buyers is a top focus

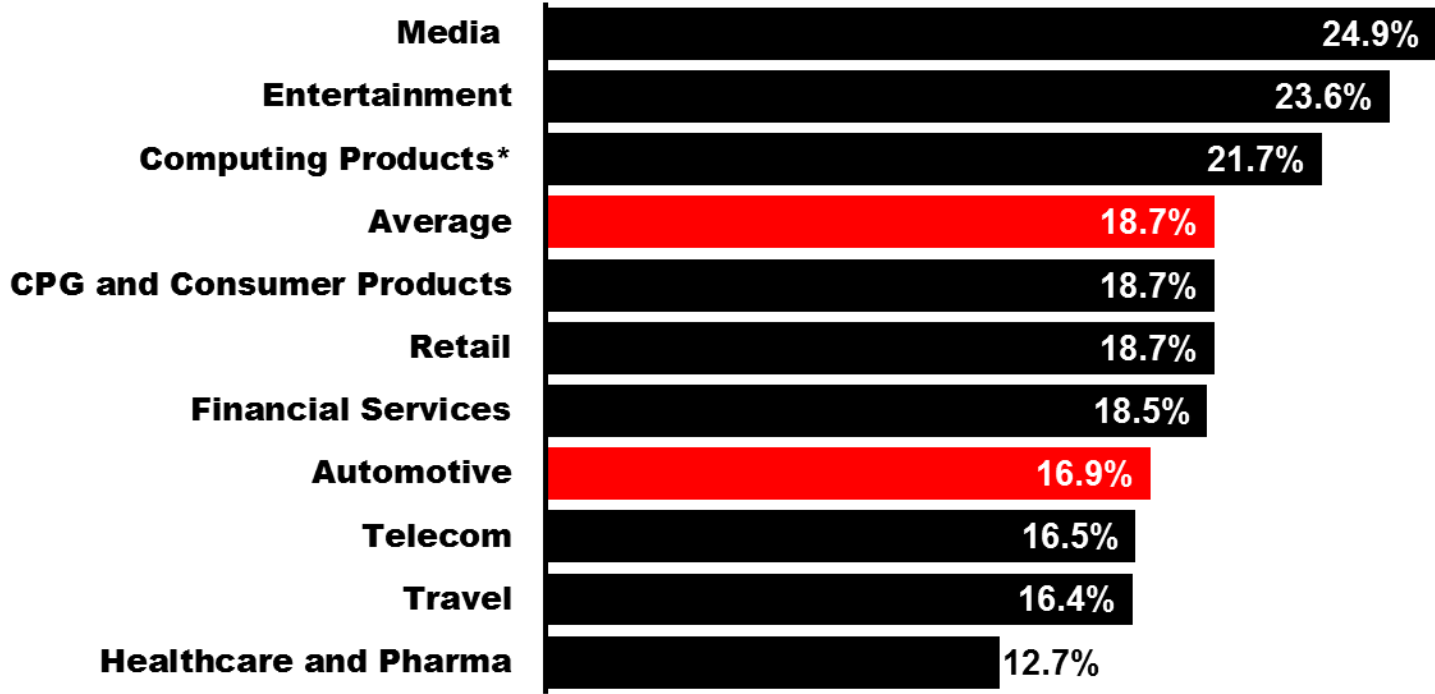
“Consumers are using comparison tools on third-party sites like Edmunds.com and Cars.com to get themselves completely ready to buy a car. Manufacturer sites will have to ... create **content that sells consumers on what the auto brand means** and how it will represent an extension of themselves.”

—Frank Puma, Managing Director, Digital Investment, Mindshare

“Aside from attribution, **personalization is the next biggest challenge**—segmenting the customers and speaking to them on their terms. ... As a digital marketer who's responsible for luxury automotive, video is king. When you're looking at where video is making the biggest impact, it is **mobile video, and specifically vertical video.**”

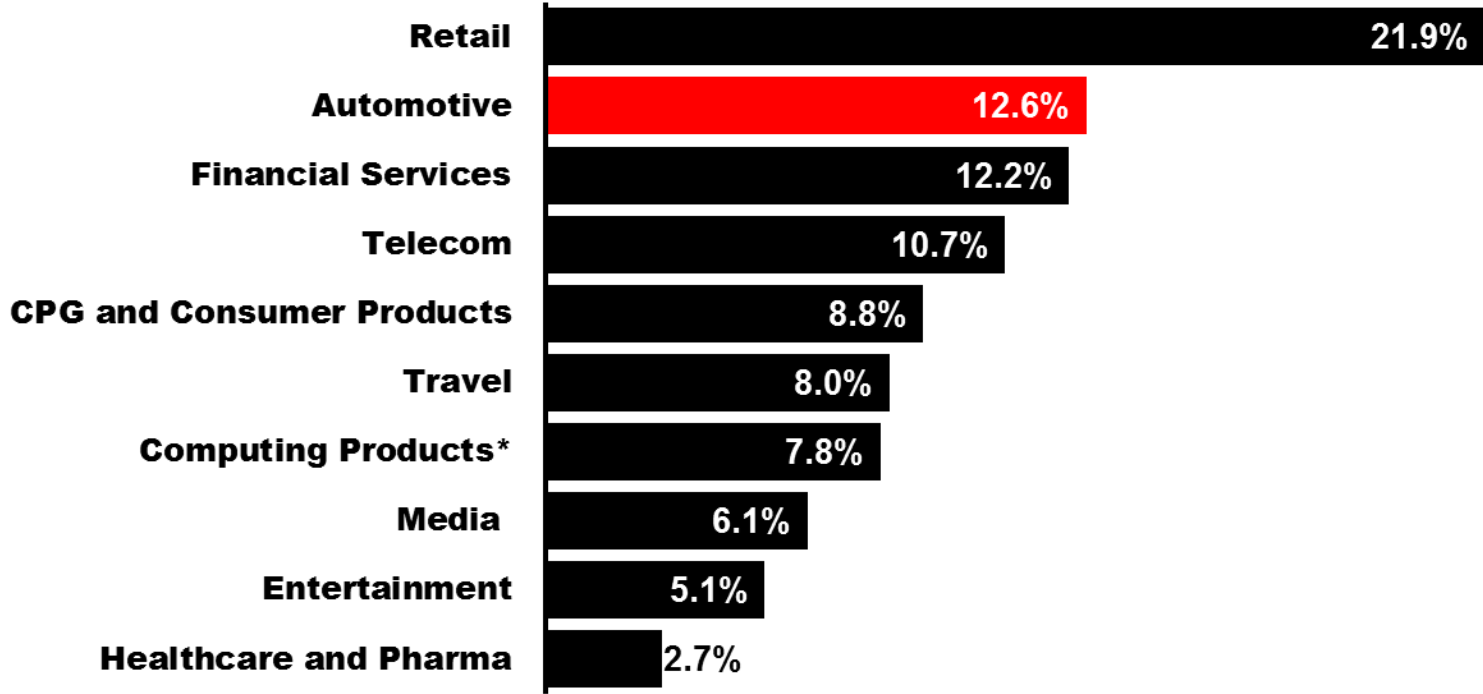
—Joseph Barbagallo, Manager, Digital, Social & CRM, Jaguar Land Rover North America

# Digital ad spending will see below-average growth, due to declining auto sales



US Digital Ad Spending Growth, by Industry, 2018

# However, the automotive industry will have the **second largest share** of digital ad spend



US Digital Ad Spending Share, by Industry, 2018 (% of total)

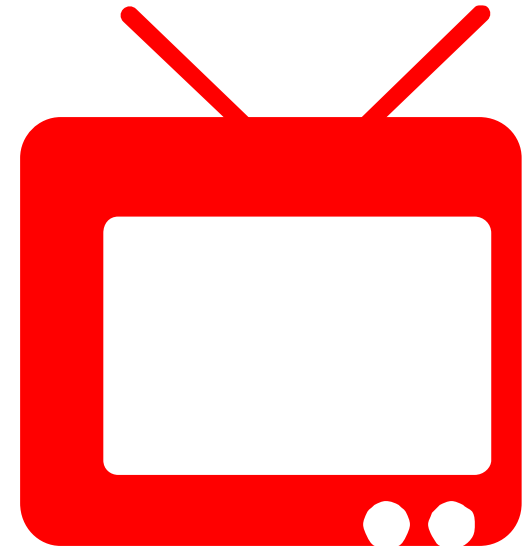
# According to Magna Global, automotive TV ad spending declined by 3% YoY in January

**Among dealers, TV's share of ad spending shrank from 24% to 15% between 2016 and 2017,** per NADA.

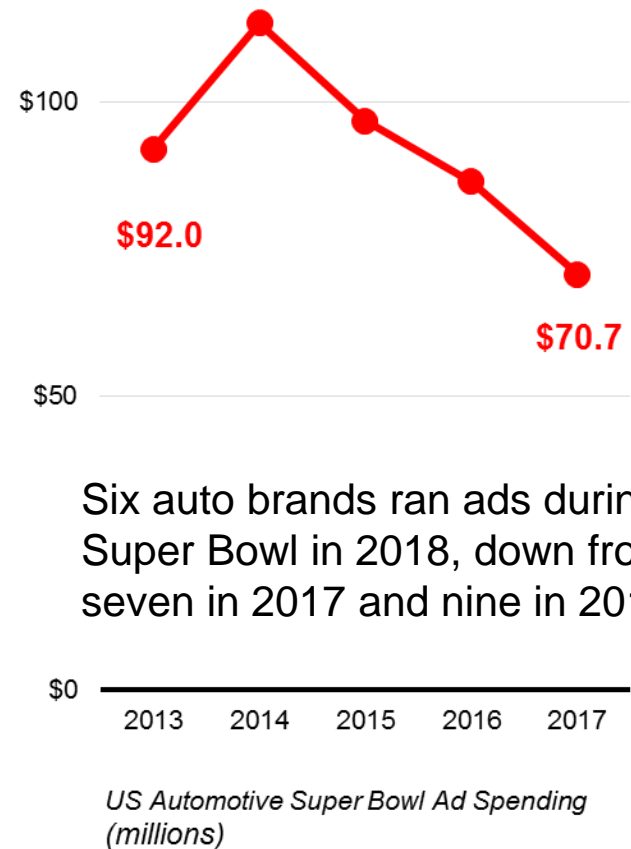
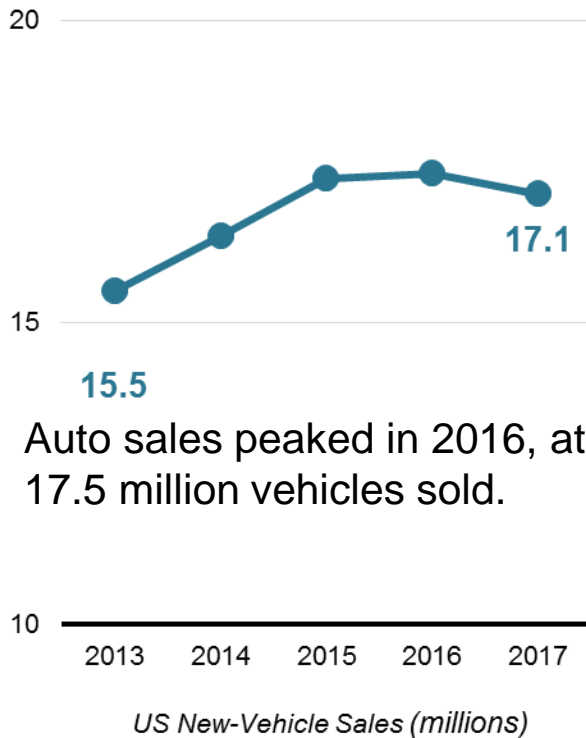
Advertisers are curbing losses by reducing spend on television.

Cutbacks were evident during this year's sporting events. Just six auto brands ran ads during the Super Bowl. And General Motors and BMW spent less during the 2018 Winter Olympics compared with levels during the 2014 Sochi Olympics.

Exceptions to cutbacks were Fiat Chrysler during the Super Bowl and Toyota during the Olympics. Both brands identified the events as key branding opportunities.



# Slowing automotive sales growth reflects lower Super Bowl ad spending



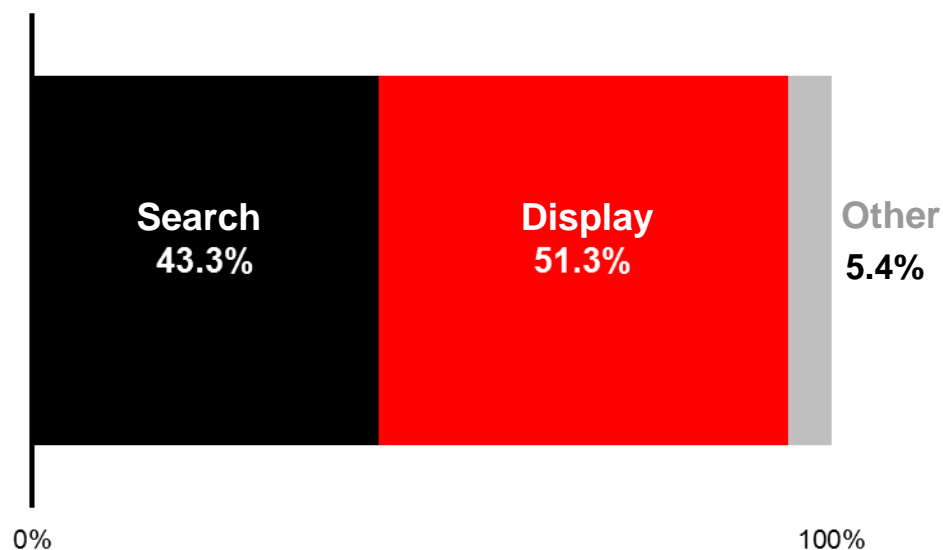
# Digital Automotive Ad Spending by Format

# Display will account for over half of automotive digital advertising this year

Manufacturer investment in digital video has helped display take the lead in digital advertising. Search advertising is still important, especially to local dealers and research sites, but growth is leveling off.

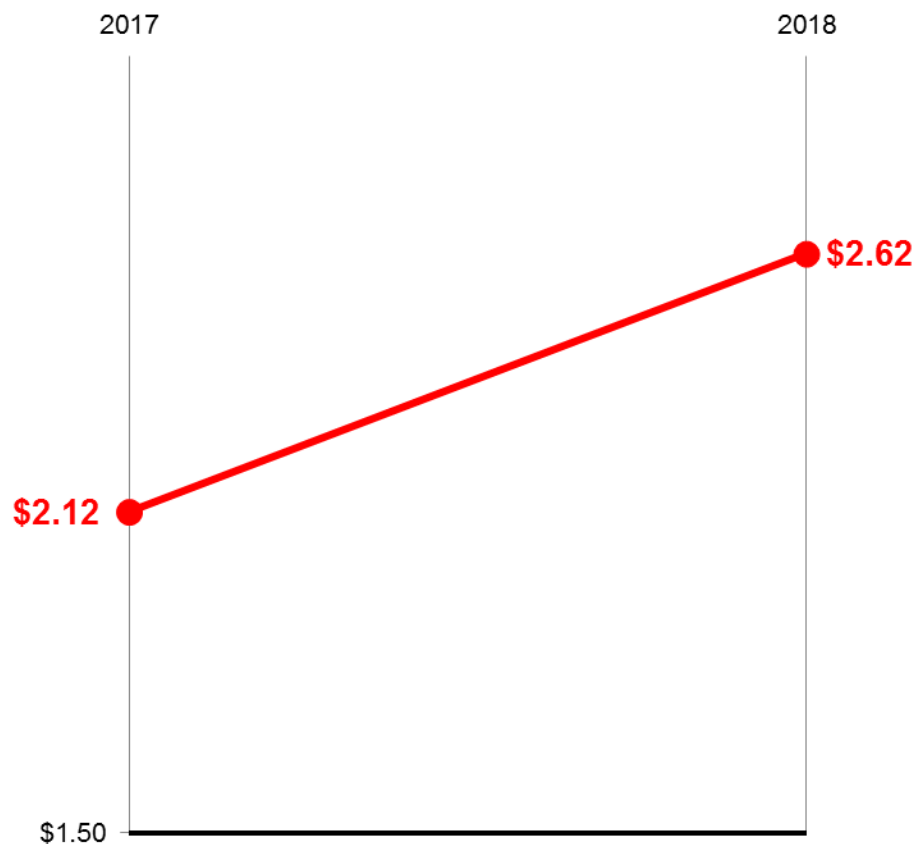
According to advertising platform Marin Software, cost per clicks (CPC) for automotive search keywords between Q1 2017 and Q1 2018 climbed from \$1.85 to \$2.22.

Two factors are contributing to CPC escalation: increased advertiser competition for search keywords and falling click rates on search ads.



US Automotive Digital Ad Spending Share, Search vs. Display, 2018

# Auto brands are ramping up spending on OTT platforms to carry video advertising



US Automotive Industry Digital Video Ad Spending, 2017–2018 (billions)

An April 2018 Interactive Advertising Bureau (IAB) and Advertiser Perceptions survey found that **64% of automotive advertisers are buying cross-platform package deals with cable/satellite providers.**

Package deals are enabling automotive advertisers to edge into digital video where they lag. Some 56% of respondents had plans for digital video over the next year—below the 66% average among all advertisers surveyed.

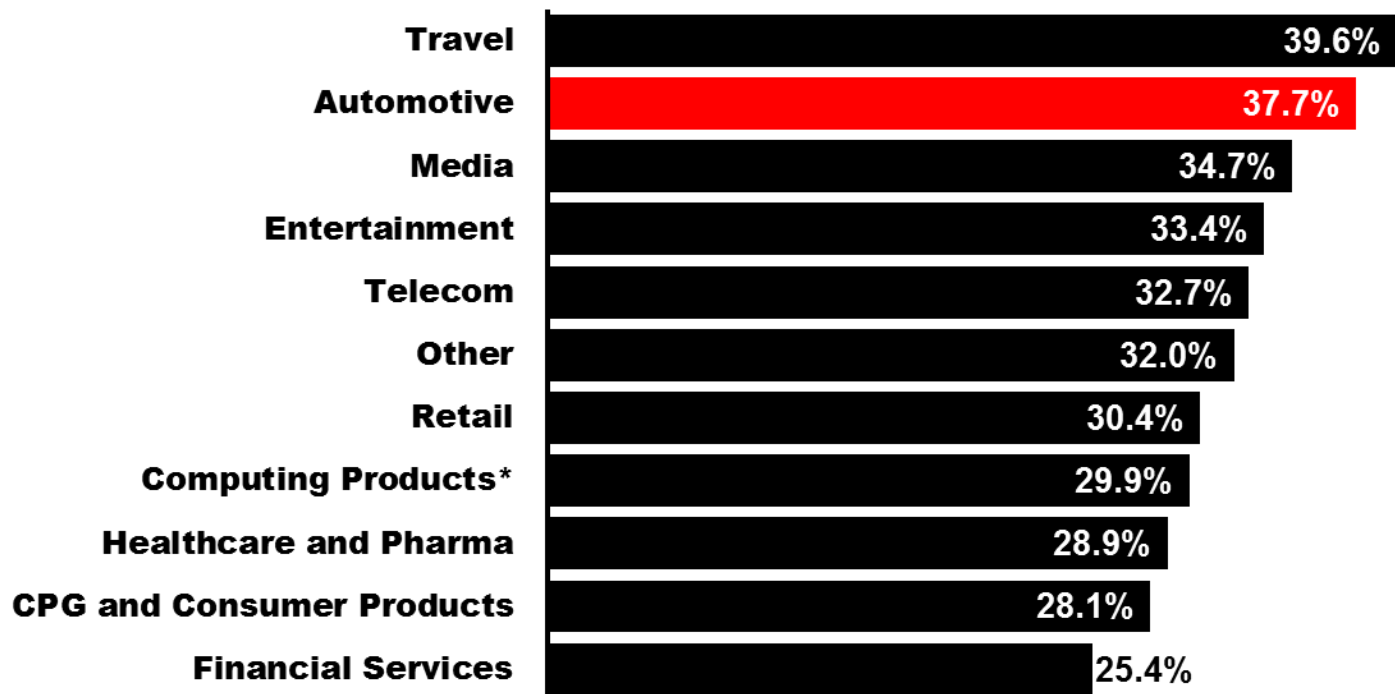


# Rising impression volume for display ads will drive steady video ad growth



*US Digital Video Ad Spending Growth, by Industry, 2018*

# Automotive brands are more reliant on video for branding than most other industries



*US Digital Video Ad Spending Share, by Industry, 2018 (% of total display ad spending)*

# Manufacturers are using video to drive engagement on social media

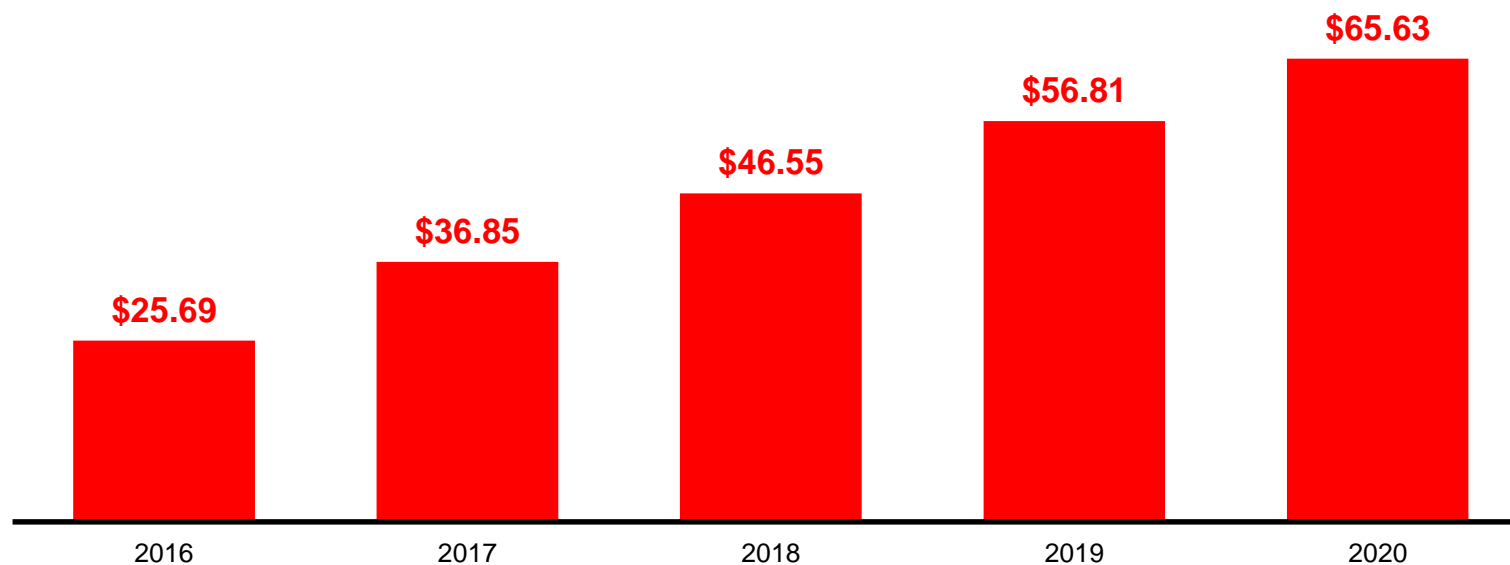
Alongside standard 15- and 30-second video ads, live streams of vehicle launches are becoming common and hold evergreen potential.

In March, Subaru held a live stream unveiling the 2019 Forester, with the company posting the 18-minute video to its Facebook page afterward. As of June, the video had 73,000 views and over 600 shares.

RhythmOne's 2017 "Influencer Marketing Benchmarks Report" shed light on how difficult it can be to engage car shoppers on social media without video. Among a small set of automotive influencer campaigns run in 2017 *without video*, the cost per engagement (CPE) reached \$2.35, ranking as the third most costly rate among industries.



# Video advertising is helping to drive programmatic advertising growth



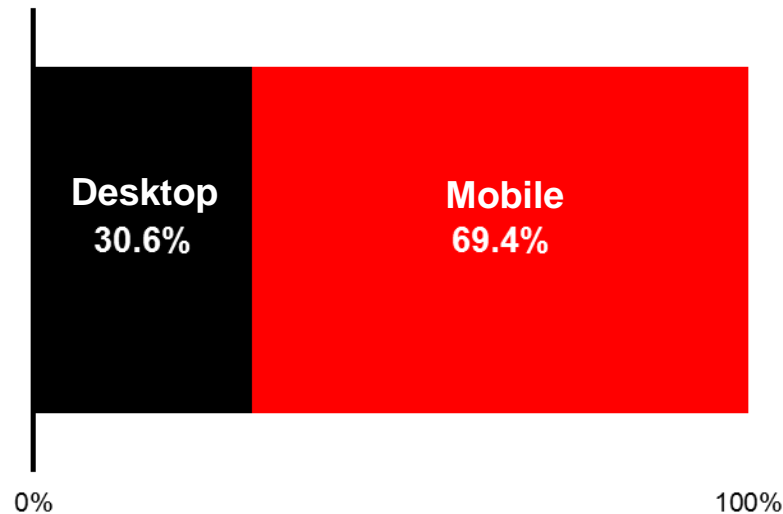
*US Programmatic Display Ad Spending (billions)*

# Nearly three-quarters of all video ads will be sold through programmatic channels

- According to the IAB and Advertiser Perceptions study, **60% of automotive advertisers plan to invest in programmatic digital video** during the next year.
- **Auto brands view programmatic as a safe option.** However, a CNN story from April revealed that ads from over 300 companies (including Nissan) ran on YouTube channels promoting hate speech. Nissan pledged to pull all advertising on YouTube until the issue was resolved.
- **Nissan is one the most forward-thinking auto companies for programmatic** in the automotive industry. In October 2017, Nissan used programmatic platform Ve to target ads for its used car models in the UK. The company saw a 78% jump in CPE.

# Mobile Automotive Ad Spending

# Automaker spending on **mobile ads** is keeping pace with mobile shopping traffic



*Desktop vs. Mobile Share of US Automotive Ad Spending, 2018*

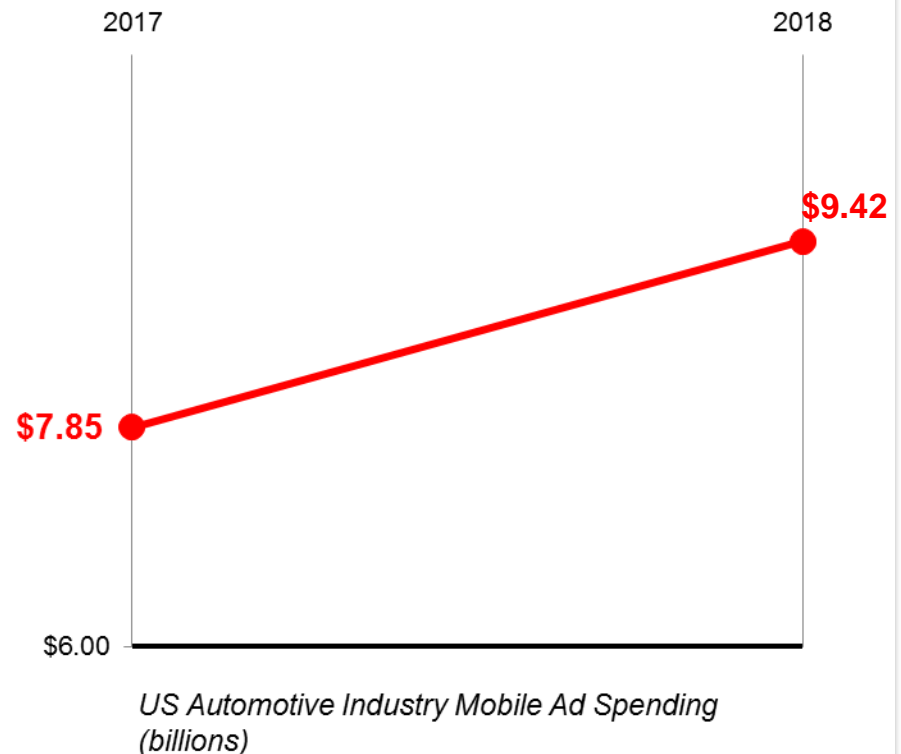
Digital marketing platform Netsertive reported 72% of clicks on auto dealer search ads were on smartphones in Q4 2017.

But mobile generates more traffic than desktop. IgnitionOne found that desktop automotive sites register moderately higher engagement than mobile devices.

# Automakers are investing more in mobile as they explore new ad products

In November 2017, Kia launched chatbot “Kian” on Facebook Messenger to enhance the mobile shopping experience. The bot is capable of analyzing millions of vehicle data points to answer any shopper questions.

Chatbots have the potential to play a larger role in mobile advertising, as the technology continues to evolve and become incorporated with voice-activated tech in cars.





# Additional Resources

## Interviews

**Lee Baler**, *Senior Media Director, Planning and Investment, iCrossing*

**Joseph Barbagallo**, *Manager, Digital, Social and CRM, Jaguar Land Rover North America*

**Alia Kemet**, *US Digital Marketing Director, McCormick & Company*

**Brian Krick**, *Executive Vice President, Global Media Planning, Essence*

**Jeremy Leon**, *Senior Vice President, Media, Laundry Service*

**Frank Puma**, *Managing Director, Digital Investment, Mindshare*

**Jeffrey Rothman**, *Vice President, Marketing, Danone North America*

**Brooke Skinner Ricketts**, *CMO, Cars.com*

**Shelagh Stoneham**, *Senior Vice President, Brand Marketing, Chico's*

**Agency sources**, *VML*

# Additional Resources

## Sources

[Advertiser Perceptions](#)

[IgnitionOne](#)

[Interactive Advertising Bureau \(IAB\)](#)

[Kantar](#)

[Magna Global](#)

[Marin Software](#)

[National Automobile Dealers Association \(NADA\)](#)

[Netsertive](#)

[RhythmOne](#)

## Related Reports

[US Ad Spending: Facebook and Google to Capture Over One-Quarter of the Market](#)

[US Mobile StatPack 2018: An Atlas of eMarketer Forecasts to Keep at Your Fingertips All Year Long](#)

[Q2 2018 Digital Video Trends: Monetization, Audience, Platforms and Content](#)

[US Programmatic Ad Spending Forecast 2018: Private Setups Pull Even More Ad Dollars to Automation](#)

# This StatPack is part of an eight-series package

## About eMarketer's Industry Ad Spending Series

eMarketer breaks down ad spending for 10 industries annually. Each year, the package not only forecasts digital ad spending, but also examines the market forces that will determine how brands allocate budgets to digital channels.

## Related Reports

Digital Ad Spending Benchmarks by Industry: The Complete eMarketer Series for 2018

US CPG and Consumer Products Industry StatPack 2018: Digital Ad Spending Forecast and Trends

US Financial Services Industry StatPack 2018: Digital Ad Spending Forecast and Trends

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US Media and Entertainment Industries StatPack 2018: Digital Ad Spending Forecast and Trends

US Retail Industry StatPack 2018: Digital Ad Spending Forecast and Trends

US Telecom and Computing Products and Consumer Electronics Industries StatPack 2018: Digital Ad Spending Forecast and Trends

US Travel Industry StatPack 2018: Digital Ad Spending Forecast and Trends