

AUTO DECLINE NOT BRINGING LOCAL MEDIA DOWN-AS MUCH AS IT COULD HAVE

Since I elaborated on my auto industry/news industry analogy the other day, I wanted to point to this article describing how the auto industry's woes haven't brought down local media as much as it might have. As I've been pointing out for some time, auto advertising accounts for a huge chunk of local advertising.

Local traditional media – television, radio and newspapers – are more reliant on automotive advertising than any other medium. In 2008, TV stations got 23 percent of their total advertising from auto, followed by local newspapers at 17 percent and radio stations at 14 percent, according to a Sanford C. Bernstein & Company report released this month.

And the amount of advertising manufacturers, co-op, and individual dealers are buying has declined by numbers that almost match the decline in auto sales.

Local automotive ads come from three sources: Companies like Ford and Toyota take out some ads on local television to promote their new models, in addition to their nationwide ads. Local dealers also pool money, helped out by the corporation, to promote their brand of cars regionally. Then, each dealership takes out television, radio and newspaper ads to list its autos for sale or special discounts.

The ads from automakers – running nationally and locally – fell 19 percent in the first quarter of 2009, compared

with a year earlier, according to research firm TNS Media Intelligence. Ads from dealer associations fell 62 percent, while ads from the individual local dealers declined almost 40 percent.

[snip]

Auto advertising in local media declined more than twice as fast as it did in national media in 2008 compared with 2007, according to Bernstein. But it has been so bad already this year that local media managers say they believe they have absorbed much of the pullback in auto advertising.

But the recent further cutbacks associated with the Chrysler and GM bankruptcy have not hit local media still further, largely because the dealers that got closed really weren't selling that many cars, and because the ones that are left are increasing their advertising. Plus the dealers that shifted into used sales are re-introducing themselves to consumers.

Obviously, the auto industry is so big that it's linked with everything. That's particularly true, however, of the auto industry and media. This is an interesting snapshot of how that's working out.