



Bump In Auto Sales Boosts Consumer Morale, TV Ads

By Sonari Ginton, February 22, 2011

Consumer spending in the U.S. was flat in 2010 — if you didn't include auto sales.

New and used vehicle sales jumped 20 percent last year as consumers replaced their aging vehicles, according to a survey of businesses done by Sageworks, a financial research firm.

"But I don't think one sector is going to drive us out of the recession or continue the expansion that we've seen recently in the last couple of quarters," says Brian Hamilton, an economist and the CEO of Sageworks.

Belief That The Worst Has Passed

Economists say the uptick in car sales wasn't necessarily a sign of recovery. But it was a sign that Americans are coming to believe the worst has passed.

"The moment you think you've got a problem with your job opportunities and you're losing jobs, autos just collapse," says Barry Bosworth, an economist at the Brookings Institution.

He says car sales are directly tied to how consumers feel about their employment outlook. During a recession, even if someone's job is secure, he or she might not want to buy a new car for fear of offending those around them.

But cars also have a life cycle.

"These cars wear out, and after a couple of years you expect a big rebound just to return to normal," Bosworth says. "But in other areas of consumer spending, it didn't go down as much. It's not going to snap back as much."

Retail sales overall didn't snap back as much. Beer, wine and liquor went up 2.6 percent, grocery sales rose 1.5 percent and clothing climbed 0.7 percent.

More Car Ads On TV

Signs that the car sector is coming back are also visible on TV, which is flooded with car ads.

"Commercials are all about marketing and sales and about a product. So, we're really at the mercy of what's going on in business," says Annie Schwartz, a talent agent in Hollywood who focuses on getting her clients jobs in TV commercials.

When the economy is down, so is her business. But Schwartz says at the end of 2010, she saw a change for the better.

"There seemed to be a lot of dollars to actually do car commercials this year," she says. "And it didn't seem to be just one car, like Toyota or, you know, the SUVs."

Opportunities For Families Of Actors

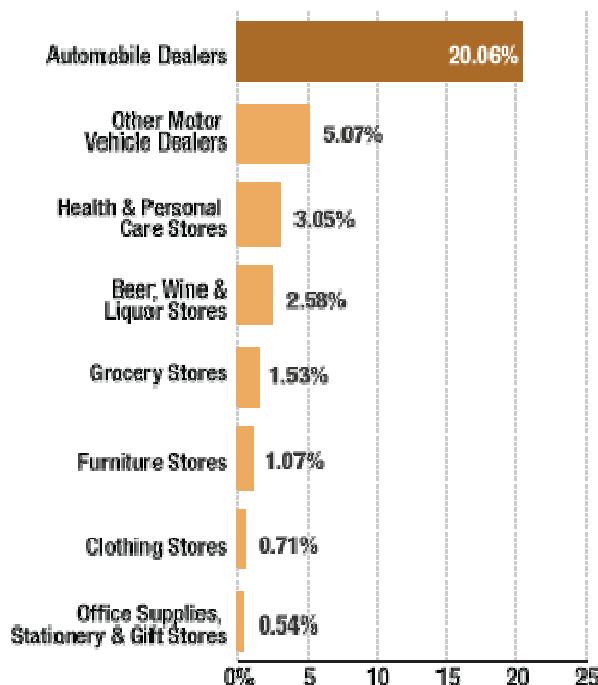
After a long dry spell, Schwartz says she has been able to consistently place her actor clients in a variety of car commercials.

What's different with this recent uptick is that demand for family vehicles translates into opportunities for families of actors. Casting calls for kids have requested that parents also attend the audition, she says.

While TV advertising hasn't been as healthy in other sectors, Schwartz says one good car commercial could feed an actor's family for a year.

Autos Lead Retail Sales Growth*

The only retail industries that saw growth of over 5 percent in 2010 were auto and other vehicle dealerships.



Notes

*Growth in the past 12 months among privately held retailers.

Source: Sageworks

Credit: Stephanie d'Otreppe/NPR