AUGUST 2024

CLOUD THEORY™

ON THE HORIZON

Automotive Industry Inventory Report

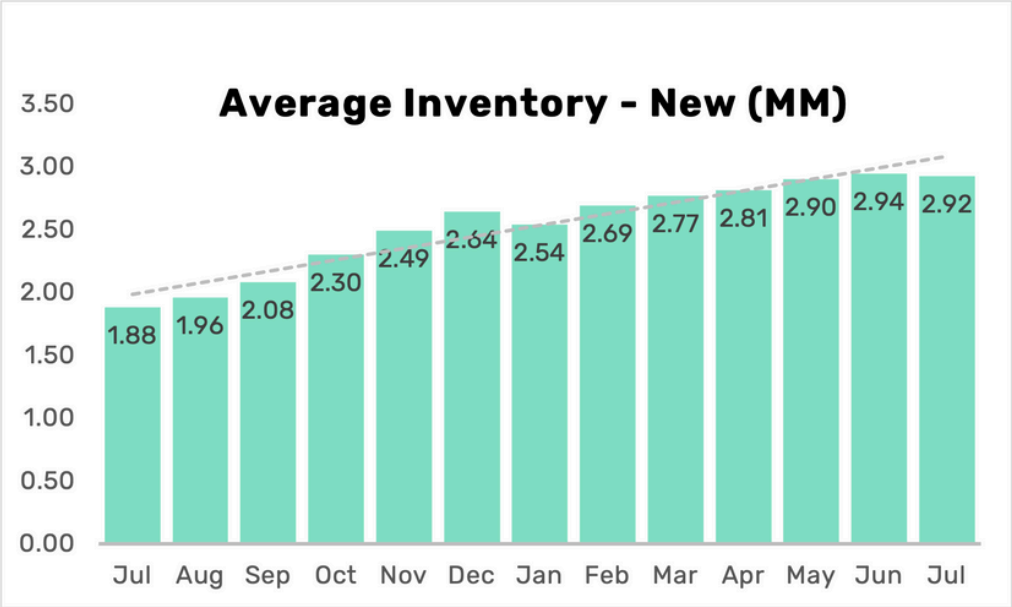
New Vehicle Inventory Growth Hits a Hiatus

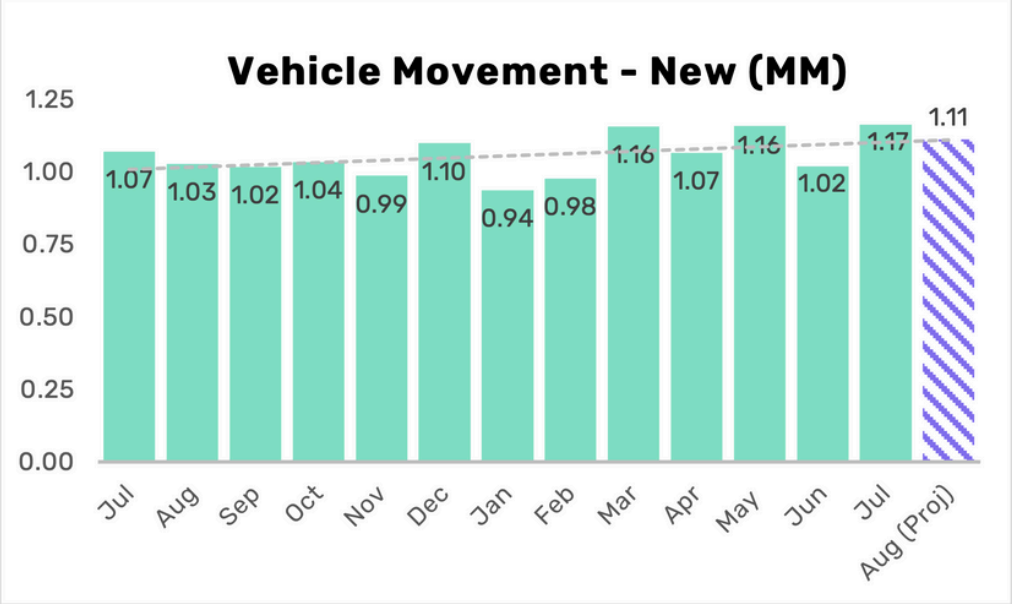
Supply Sees a (Non-Seasonal) Decline for the First Time in Two Years

Inventory and Movement

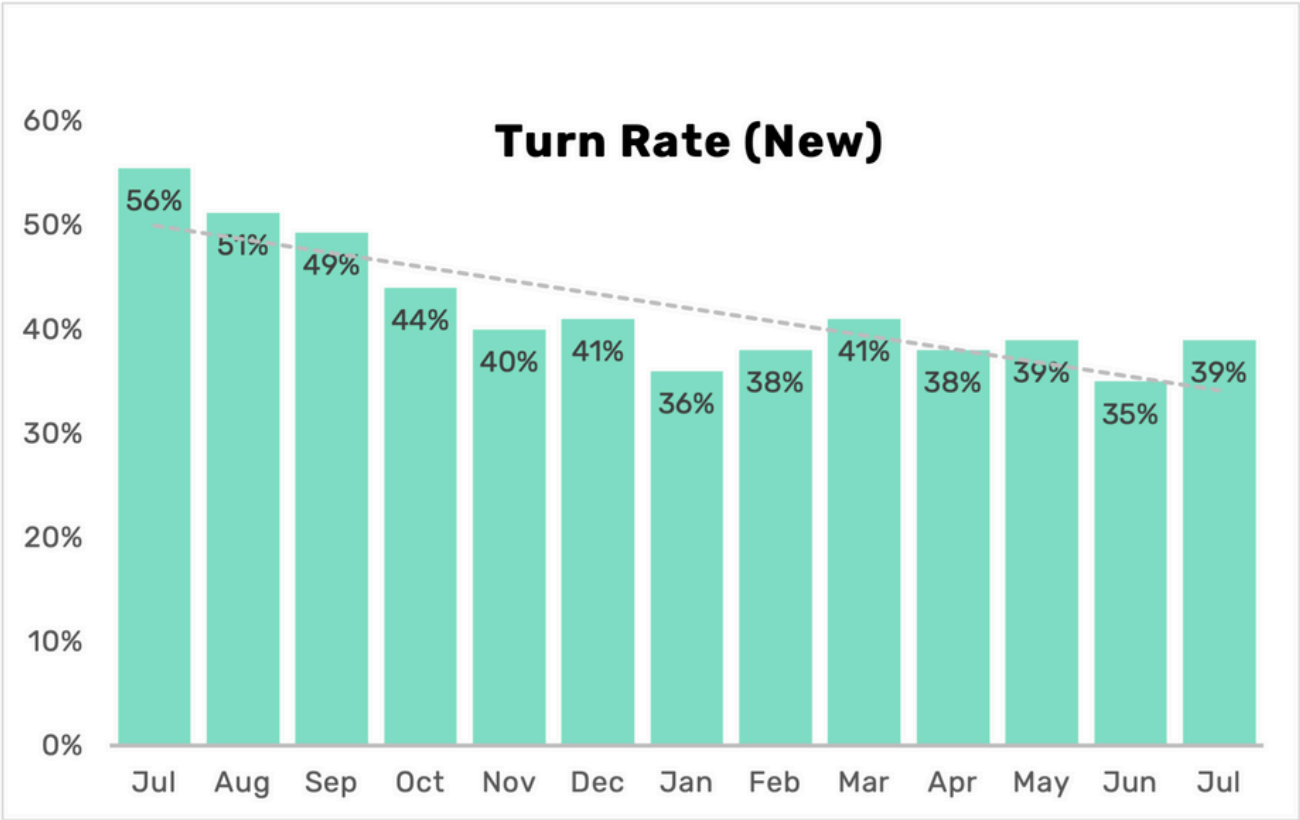
Based on data collected and analyzed by its innovative Horizon platform solution, Cloud Theory reports that new vehicle inventory ticked down slightly to 2.92 million, a decline of 0.02 million from the prior month. This is the first pullback—other than seasonal drops from December to January—to have occurred in two years.

New vehicle movement, meanwhile, remains in a relatively narrow range, albeit with some month-to-month volatility. The forecast for August points to a continuation of sales within that same tight band.





Turn Rate



Diagnostic numbers also point to a range-bound demand picture, with turn rates perpetuating a trend that has generally been in the mid-to-high 30s for the past seven months.

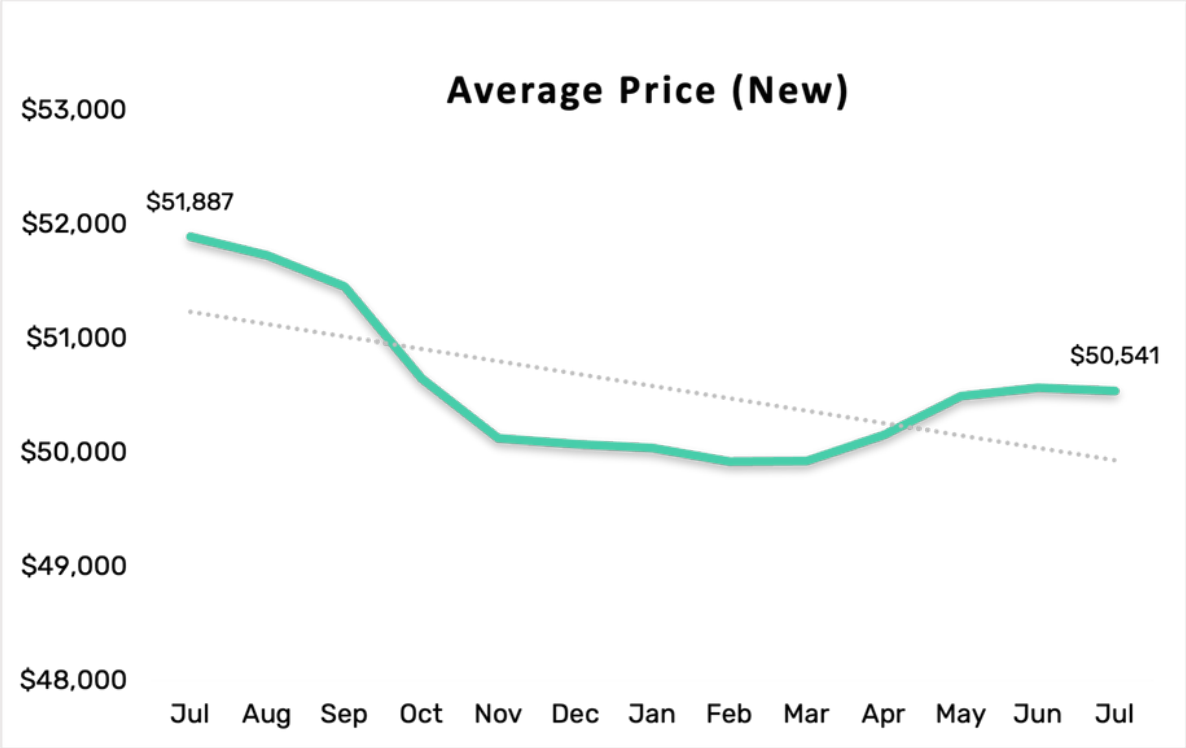
"Our numbers have been pointing to a slowdown in supply growth, and it was inevitable that the industry would eventually reach a ceiling. We had been slowly marching toward a three million count, and it looks like we are going to land very close to that number."

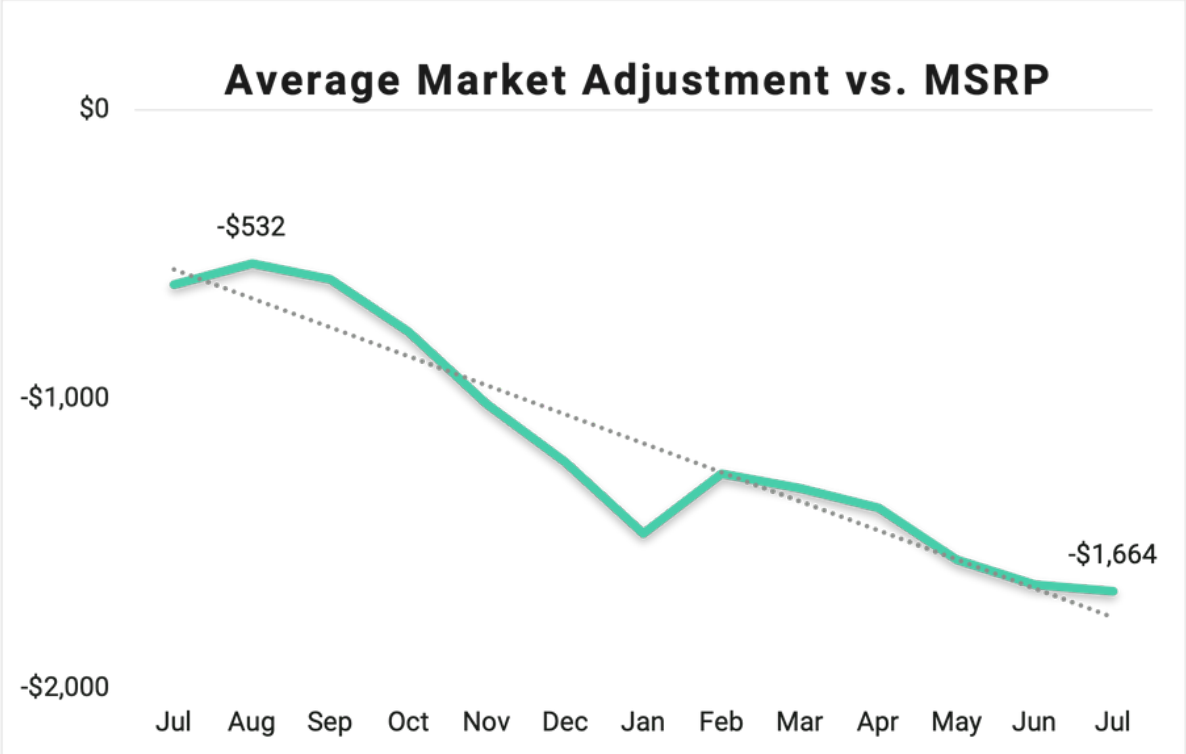
—

RICK WAINSCHEL
VP OF DATA SCIENCE & ANALYTICS, CLOUD THEORY

Price

Average marketed pricing has stayed steady for three months running, but market adjustments—which measure the discounts and incentives visible to consumers—continue to increase.



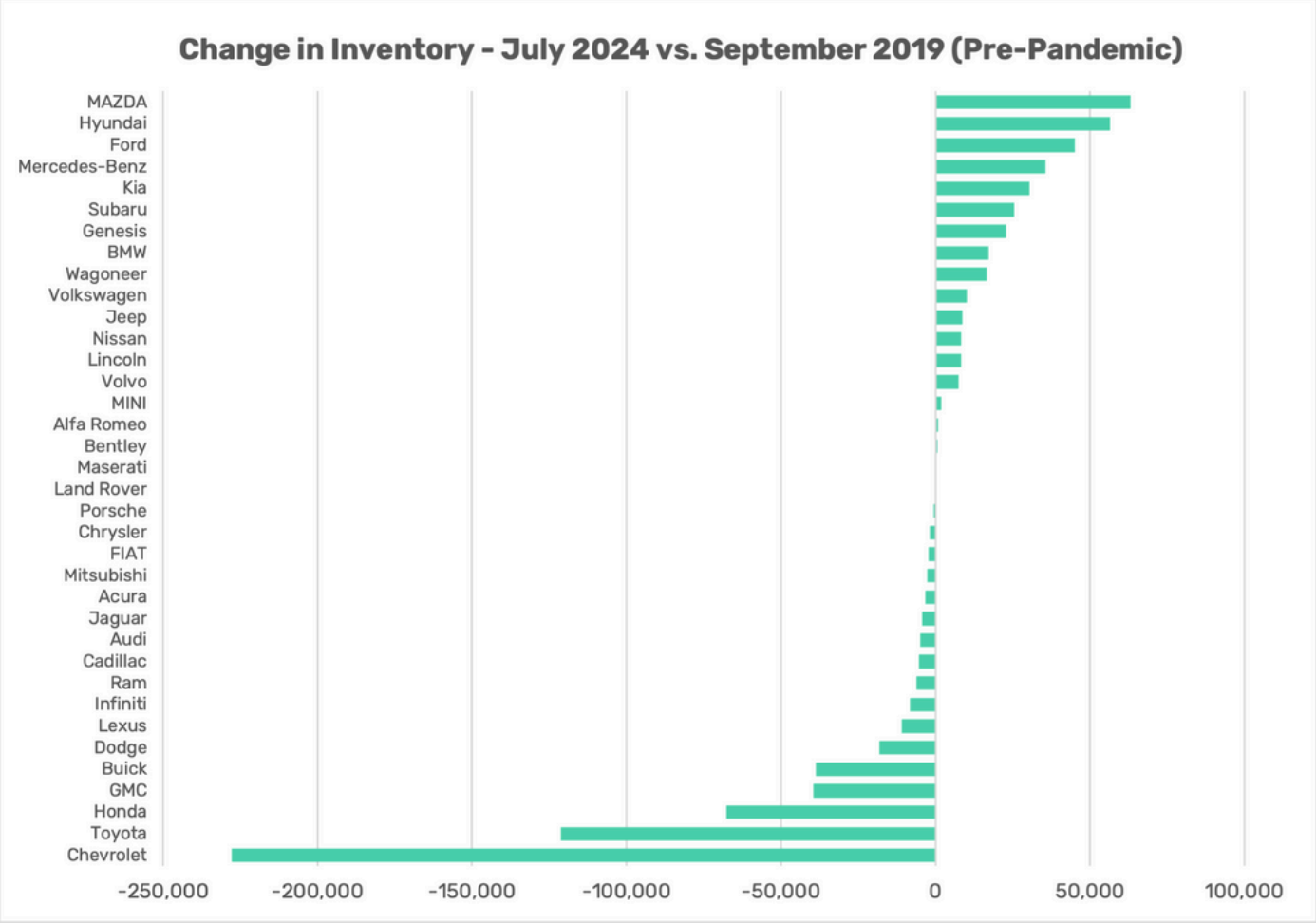


Inventory Efficiency Index

CLOUD THEORY™

With inventories largely recovered from their supply chain-fueled woes and settling in to a “new normal,” it is important to evaluate how efficiently each OEM is in selling their vehicles. A key determining factor in the current efficiency outcomes can be illustrated by the changes in make-level supply between September 2019—a pre-pandemic period when inventory levels were similar to today—and now.

While there can be various influences on a specific OEM’s supply count—new model introductions or entering or exiting a particular vehicle segment, for example—the macro-view of this data clearly demonstrates a shift to a leaner inventory approach on the part of General Motors, Toyota Motor Corporation, and Honda Motor Company.



Inventory Efficiency Index

These same manufacturers are prominent in Cloud Theory's top 10 rankings on its Inventory Efficiency Index. Toyota Motor Corporation continues to dominate this month's scores, with Toyota and Lexus in the top two slots (and leading every segment in which they compete). Honda Motor Company, with Honda at #3 and Acura at #6, also continues to fare well. And General Motors, with three brands in the top 10 (and Cadillac at #12), remains strong on this metric.

Inventory Efficiency Index Scores – Total US – July 2024

Rank		July 2024 Score	June 2024 Score	Score Change	Rank Change
1		235.7	232.8	+2.9	--
2		183.3	202.8	-19.5	--
3		165.7	150.3	+15.4	
4		134.3	126.7	+7.6	+1
5		129.0	125.7	+3.3	+1
6	ACURA	124.4	108.9	+15.5	+2
7		115.1	127.9	-12.8	-3
8	GMC	103.0	106.3	-3.3	+2
9		101.7	117.9	-16.2	+1
10		100.9	102.8	-1.9	+1

Inventory Efficiency Index

CLOUD THEORY™

Top Inventory Efficiency Models by Segment
July 2024
(Among Models With 1,000+ Vehicles in Average Inventory)

Sedans		SUVs		Trucks		Luxury	
Small Sedan	**Toyota Corolla** Kia Forte Toyota Crown	Small SUV	**Toyota Corolla Cross** Chevrolet Trax Kia Soul	Mid-Size Truck	**Toyota Tacoma** Chevrolet Colorado GMC Canyon	Luxury Mid-Size SUV	**Lexus NX 350h** Lexus NX 250 Lexus RZ 300e
Mid-Size Sedan	**Toyota Camry** Honda Civic Kia K5	Mid-Size SUV	**Toyota RAV4** Honda CR-V Toyota Venza	Full-Size Truck	**Toyota Tundra** Chevrolet Silverado 1500 GMC Sierra 1500	Luxury Full-Size SUV	**Lexus RX 350h** Lexus GX 550 Lexus RX 350
		Full-Size SUV	**Toyota Highlander** Toyota Grand Highlander Chevrolet Traverse	Heavy Duty Truck	**Chevrolet Silverado 2500 HD** GMC Sierra 3500 HD GMC Hummer	Luxury Mid-Size Sedan	**Lexus ES 350** Acura TLX BMW 3 Series
		XL SUV	**Toyota Sequoia** Chevrolet Tahoe GMC Yukon				

"It is not a coincidence that the makes with leaner supplies are the ones moving their vehicles efficiently. Toyota, Honda, and General Motors have demonstrated that it is possible—and maybe even probable—to do more with less."

RON BOE
CHIEF REVENUE OFFICE, CLOUD THEORY

Inventory Efficiency Index

CLOUD THEORY™

About Cloud Theory's Inventory Efficiency Index

Cloud Theory's patent-pending Inventory Efficiency Index provides a previously unavailable real-time view of market-relevant supply and demand for all makes and models and across all geographies. Key decision makers can use the IEI to confidently allocate valuable marketing and incentive dollars to locations requiring a boost in demand or reallocate vehicles to areas that are moving inventory more efficiently.

Cloud Theory's Inventory Efficiency Index determines scores for vehicle makes or models based on relative inventory and movement data compared to competitors.

- A score of 100 means that an OEM's demand is in balance with its relative supply in the marketplace.
- A score above 100 indicates that a make or model is selling its inventory more efficiently than average.
- A score below 100 means that there are opportunities to bring demand into better alignment with supply (or vice versa).

ABOUT CLOUD THEORY

Cloud Theory is more than a concept. It is the eye of the storm, where cutting-edge data, software, and artificial intelligence meet deep industry knowledge and experience. Built for automotive manufacturers, agencies, and affiliates, Cloud Theory enables our customers to understand – in real time – the complex competitive world in which they do business and to make bold decisions that drive them forward. The combination of billions of data points, interactive tools, and expert consulting gives our clients the ability to weather any storm and find their way to clear blue skies. Learn more at cloudtheory.ai.

Contact

hello@cloudtheory.ai

Cloud Theory
1331 Lake Dr, Suite 100
Grand Rapids, MI 49506