

NOVEMBER 2024

CLOUD  THEORY™

ON THE HORIZON

Automotive Industry Inventory Report

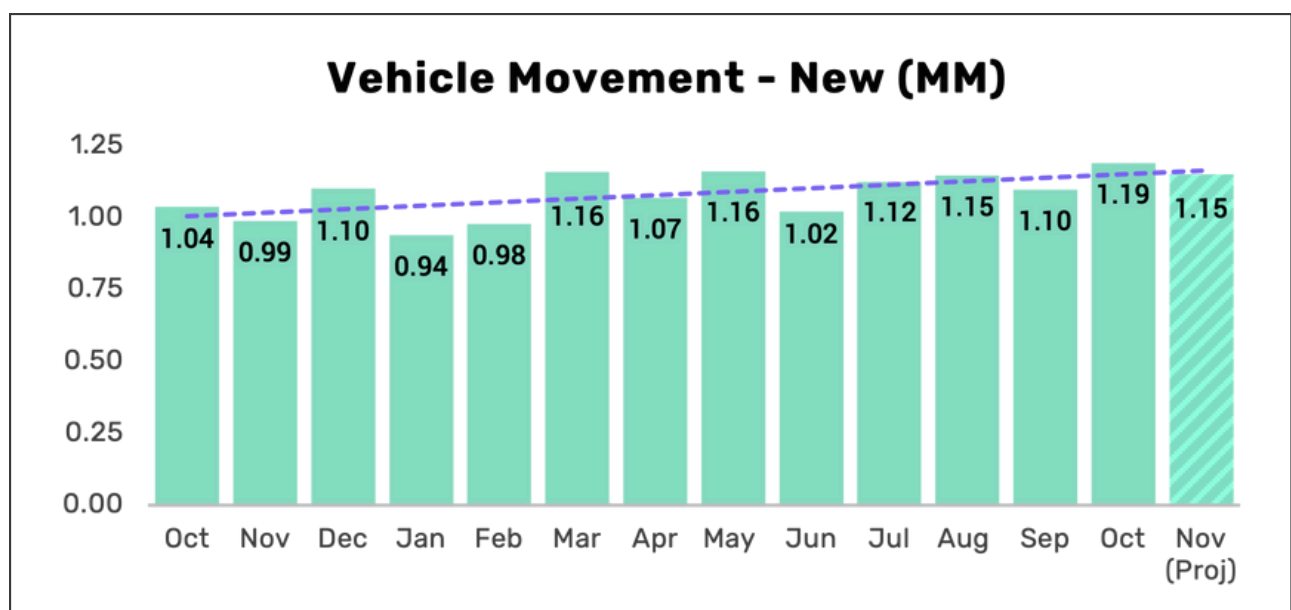
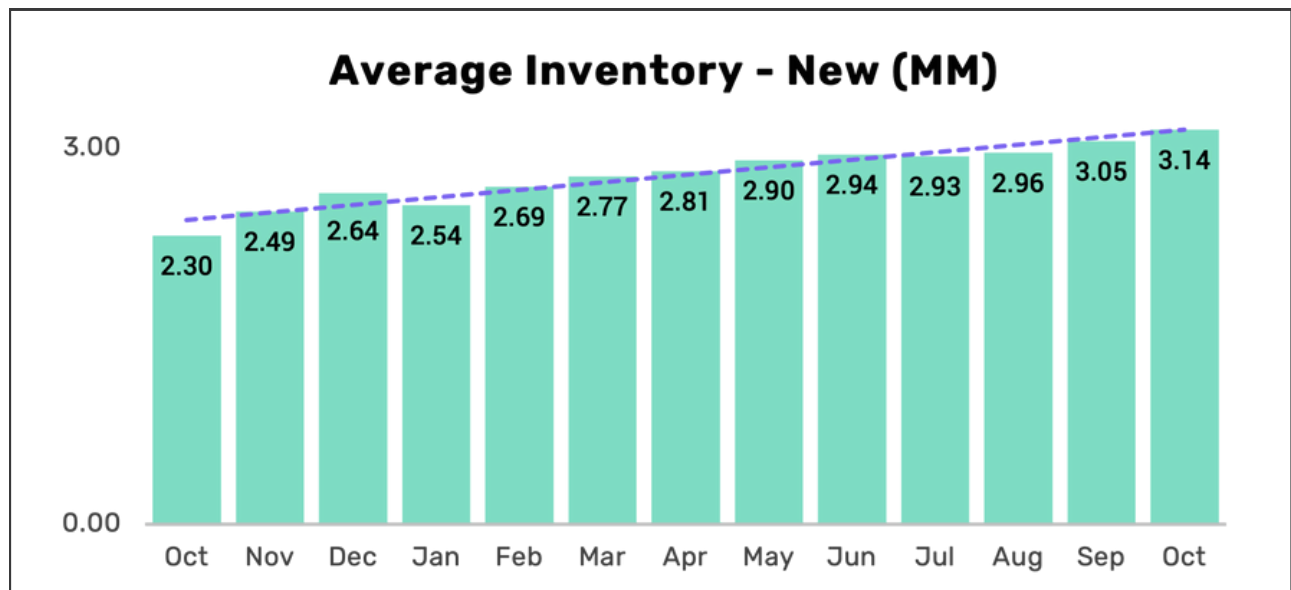
Automotive
Industry Isn't in
an Oversupply
Situation...Yet

Subaru Takes Over
Third Place for
Inventory Efficiency as
Honda Loses Ground
on Market Share

Inventory and Movement

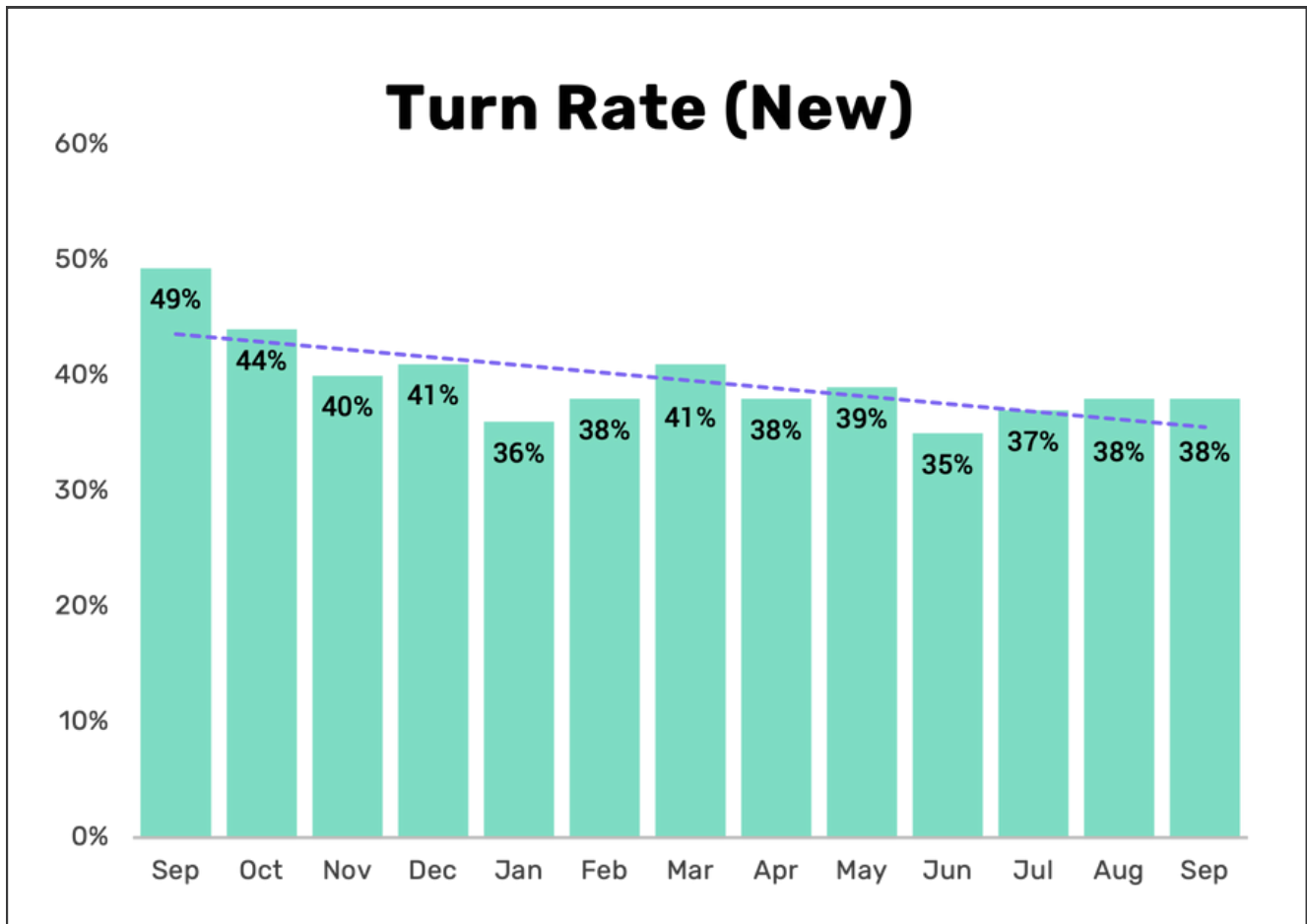
Based on data collected and analyzed from its innovative Horizon platform solution, Cloud Theory reports that **new vehicle inventory growth has accelerated over the past two months**, with gains of 90,000 units in each period. Much of this has to do with maturing model year changeovers, with gains of 2025 inflows outpacing 2024 outflows by 107,000 in the past 30 days.

Vehicle movement hit a recent high in the past year, though it is noted that November forecasts point to a decline that will bring that number back down into recent ranges.



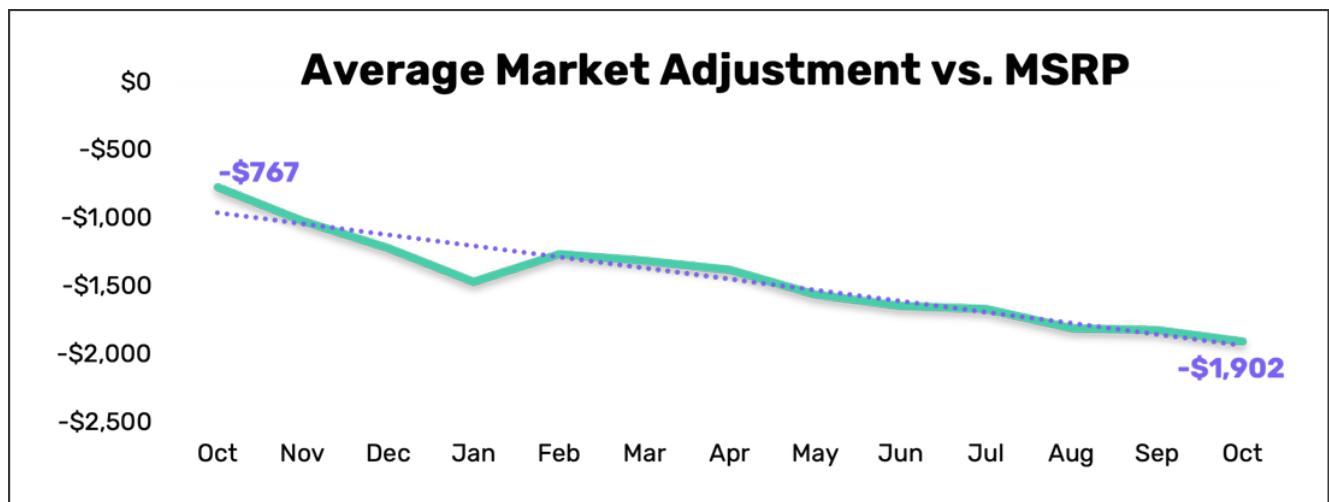
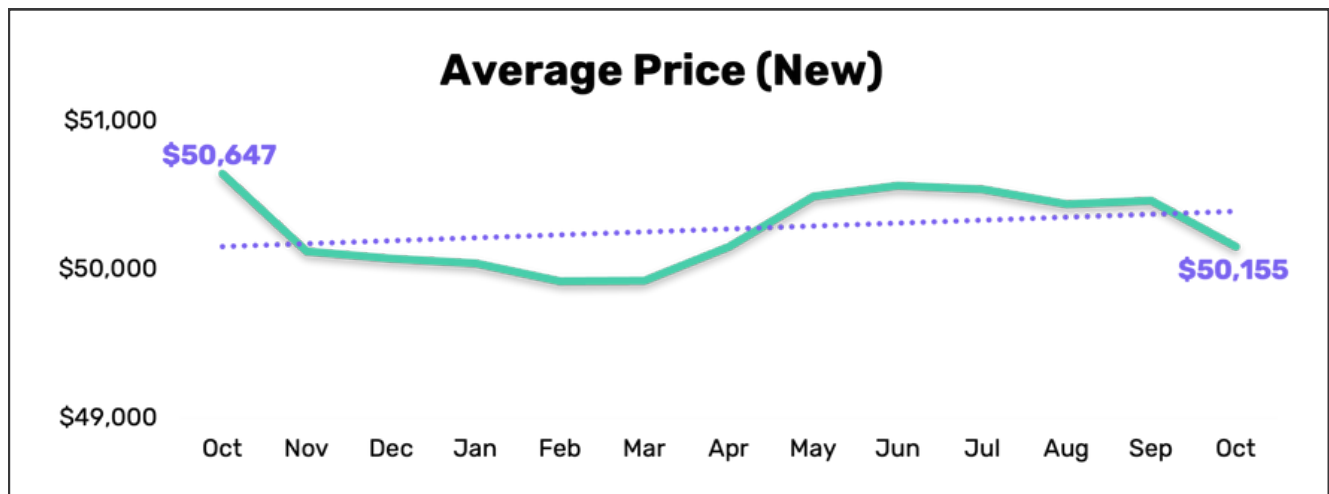
Turn Rate

Turn rates have remained relatively steady in the past five months despite these supply gains, though at levels below where they were earlier in the year.



Pricing

Pricing power has begun to feel more pressure, with average marketed prices taking a more-than \$300 hit in October and a continuing aggressiveness in Market Adjustments (which measure the discounts and incentives being marketed to consumers on dealer websites).



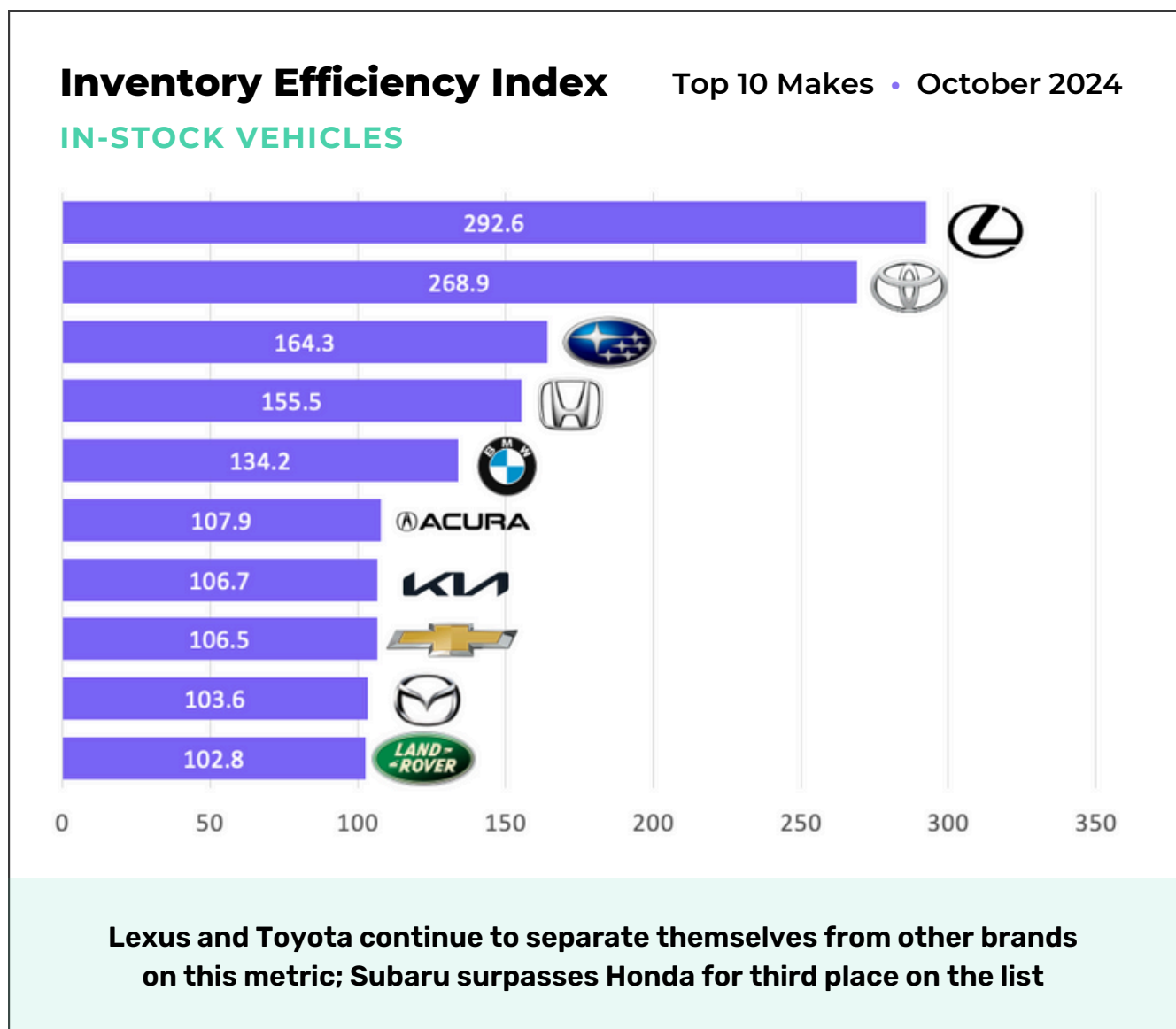
“While we are not back to the oversupply situation that existed prior to the pandemic, we’re certainly getting closer. Pricing actions can mitigate sales velocity slowdowns, which appears to be the case currently. But the increasing aggressiveness on discounts and incentives may be a harbinger of other things to come.”

RICK WAINSCHEL • VP OF DATA SCIENCE & ANALYTICS, CLOUD THEORY

Inventory Efficiency Index

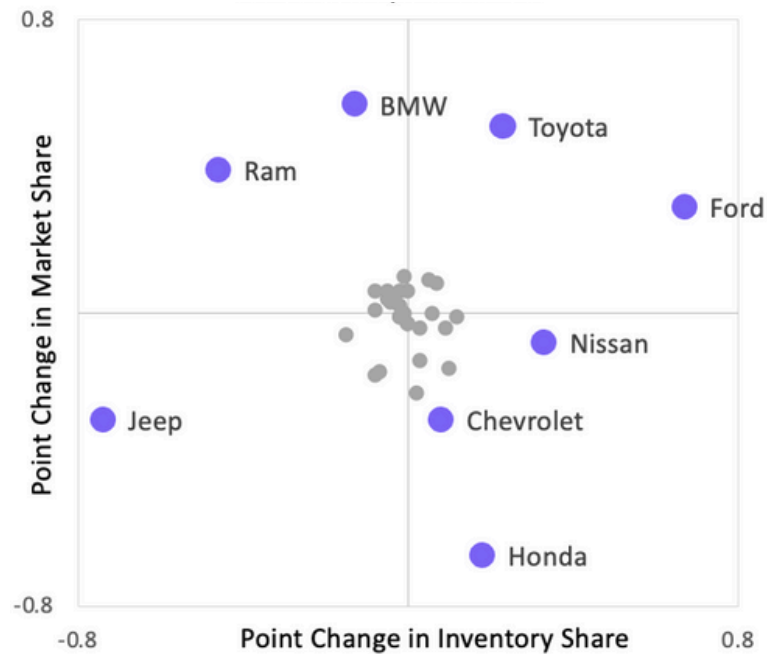
With supplies growing and discounts/incentives rising, it is important to view Cloud Theory's Inventory Efficiency Index **through the lens of in-stock vehicles**—those that are currently on dealer lots—to determine the OEMs that are getting at or above their fair market share given their relative inventory in the marketplace.

In doing so, it points to manufacturers that are either short on supply or successfully generating demand. In both of those cases, OEMs can be more focused in their incentive and discounting strategies.



Notable Share Movers

OCTOBER VS.
SEPTEMBER 2024



On a month-over-month basis, several brands stand out in terms of market share and inventory share trajectories:

- Ram and BMW are growing market share despite a decline in inventory share (in other words, they are getting more efficient)
- Nissan, Chevrolet, and Honda are seeing declining market shares despite a gain in inventory share (in other words, they are getting less efficient)
- Toyota and Ford are growing on both share metrics, while Jeep is declining on both

“Some makes have inherent advantages in their Inventory Efficiency Index performance based on factors such as brand appeal, segment scope, or inventory philosophy. But those scores are not static, and moves from brands like Ram, Honda, or Ford show that change—whether for the good or the bad—is always possible.”

RON BOE • CHIEF REVENUE OFFICER, CLOUD THEORY

Inventory Efficiency Index

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.

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