

OCTOBER 2024

CLOUD  THEORY™

ON THE HORIZON

Automotive Industry Inventory Report

Inventory Hits
3 Million for the
First Time in More
Than Four Years

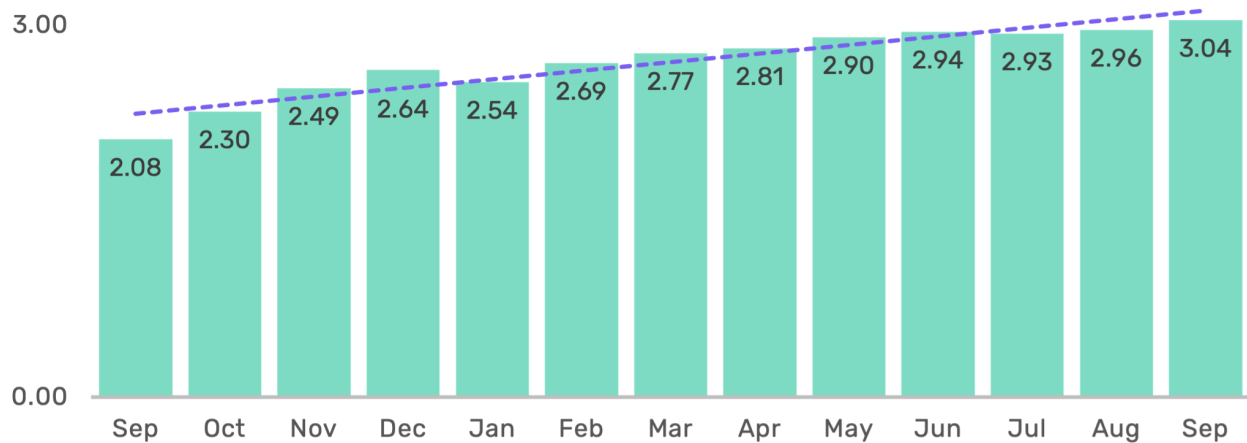
Market Adjustments
Triple As Supply Rises

Inventory and Movement

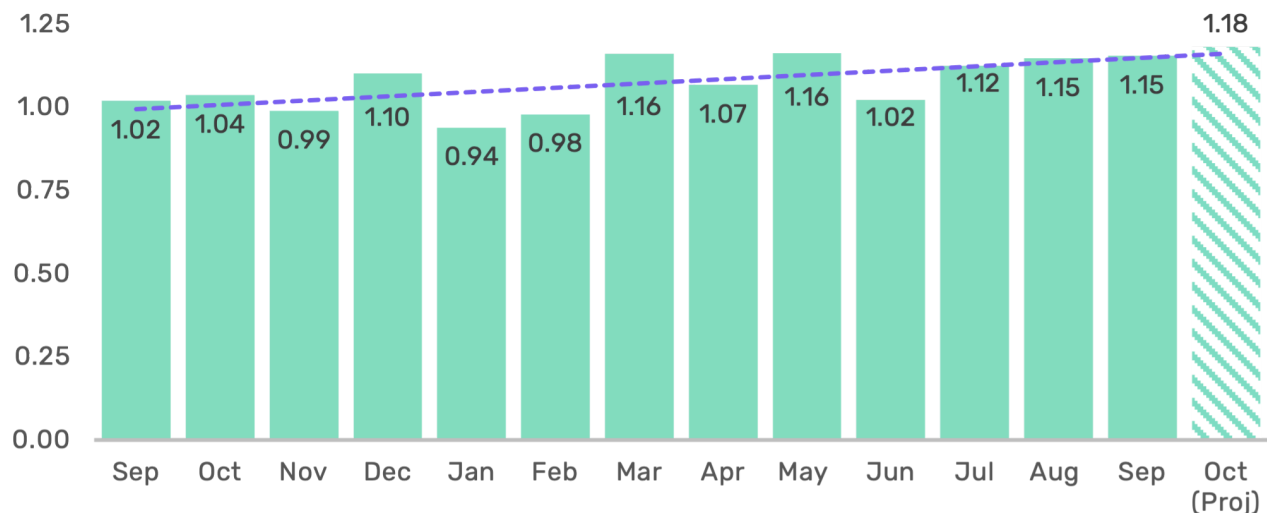
Based on data collected and analyzed from its innovative Horizon platform solution, Cloud Theory reports that **new vehicle inventory surpassed a significant milestone**, with a count of more than 3 million for the first time since April 2020.

Vehicle movement has also been on a longer-term growth trajectory, albeit at a slower rate than supply. The next 30 days are expected to continue that slight increase.

Average Inventory - New (MM)



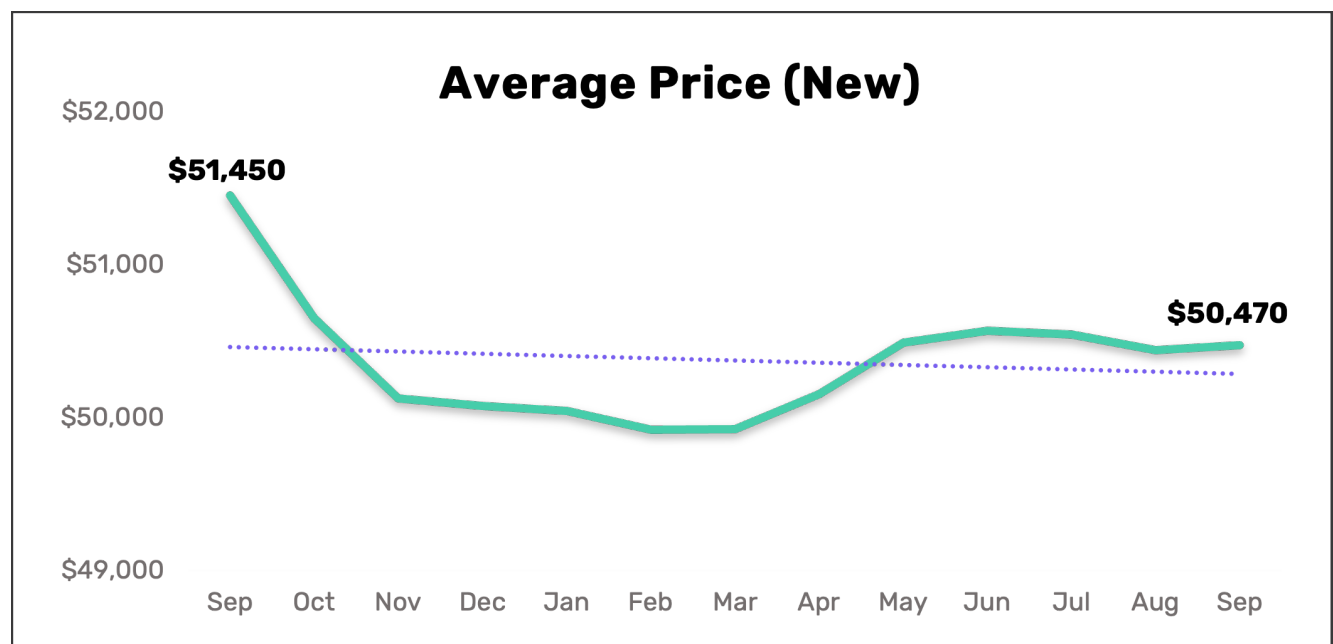
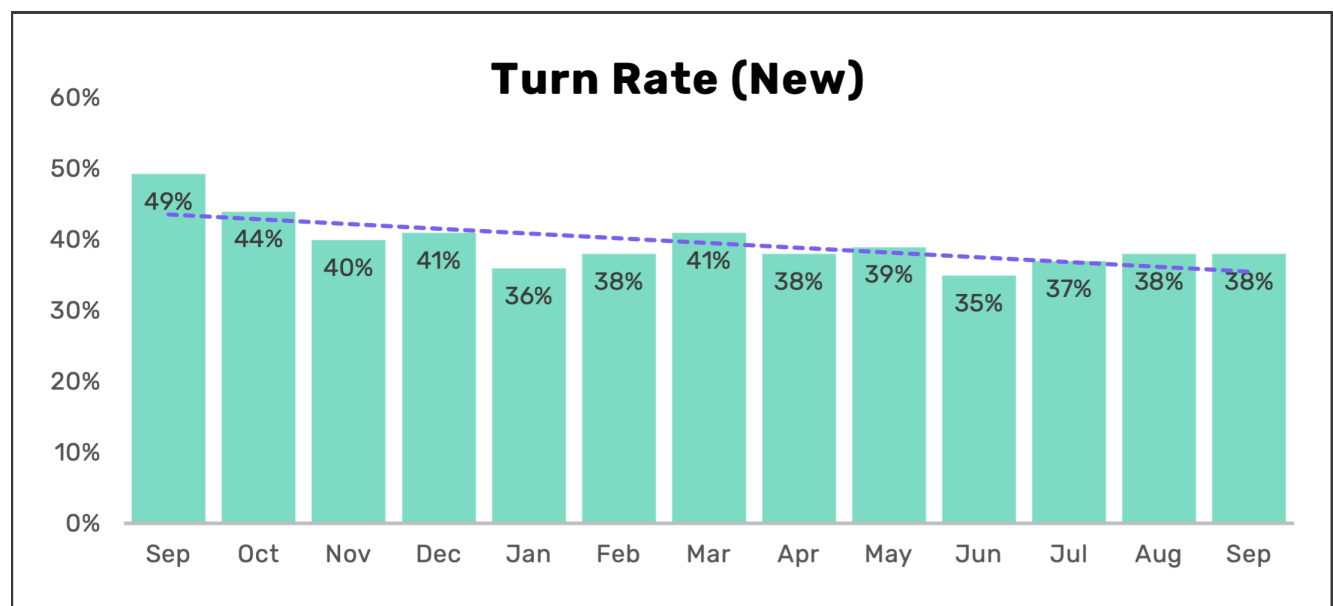
Vehicle Movement - New (MM)



Turn Rate

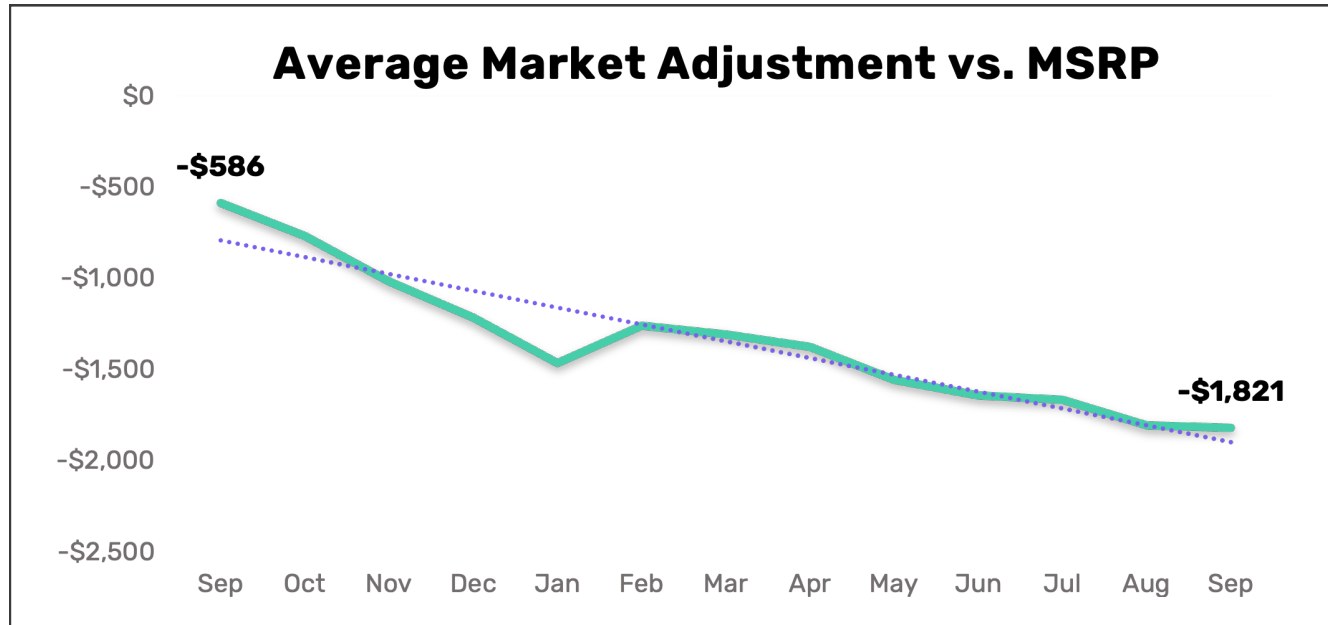
Over the past year, the steady growth in inventory and slower growth trajectory of vehicle movement has resulted in a drop in turn rates, which have now settled into a range in the mid-to-high 30s.

Average marketed prices have also declined over the past year, though have been tightly range-bound since May.



Pricing

Market Adjustment levels, which measure the discounts and incentives that are visible to consumers on dealer websites, continue to get more aggressive over time.



“Hitting the three million mark on inventory is a tangible and symbolic milestone, signifying how far the auto industry has come in recovering from the Covid pandemic and its aftermath.

While we aren't there yet, OEMs should be vigilant to balance supply with demand and avoid the hyper-aggressive discounts that were needed to sell vehicles in the past.”

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

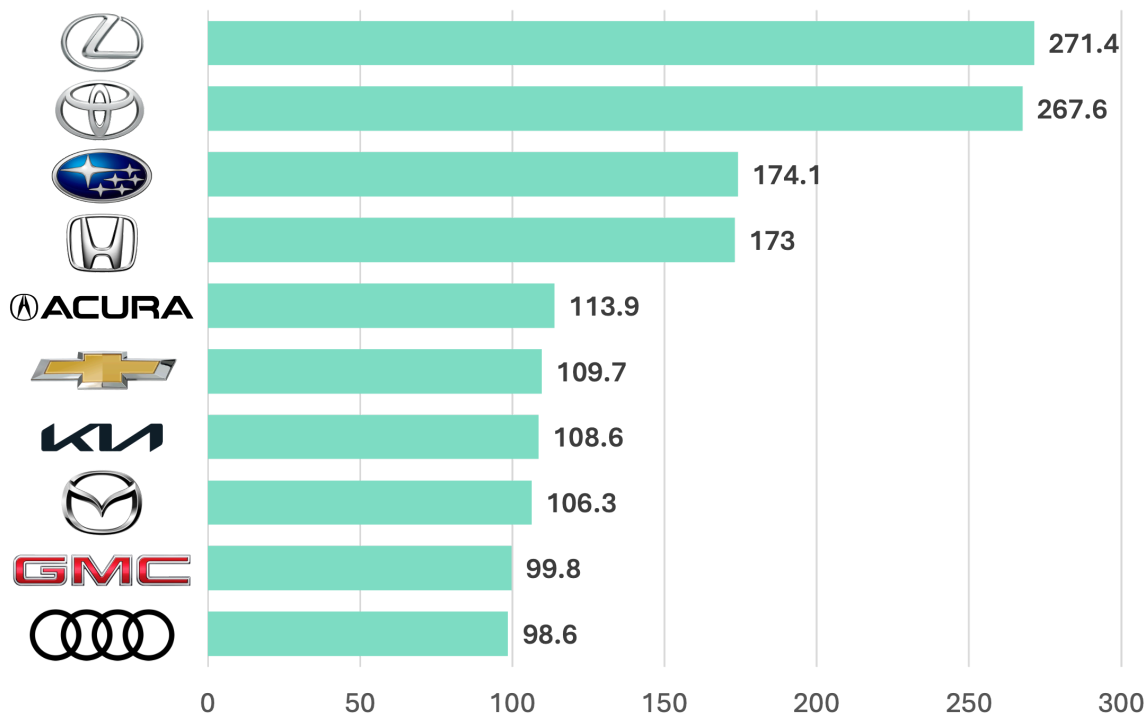
Inventory Efficiency Index

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 cases, those OEMs can be more focused on their incentive and discounting strategy. Perennial leaders Lexus and Toyota continue to do well on this metric, but the in-stock filter enables new makes—namely, Mazda and Audi—to enter the top 10 list.

Inventory Efficiency Index Top 10 Makes • September 2024

IN-STOCK VEHICLES



"Incentive programs are aimed at moving vehicles that are available to purchase in the short term, so brands with high in-stock Inventory Efficiency Index scores have the luxury to allocate funds to the models and geographies that need the help and reallocate from ones that don't."

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.

Contact

hello@cloudtheory.ai

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