

# /// AUTOMOTIVE UPDATE

April 2022 [www.mediagrouponlineinc.com](http://www.mediagrouponlineinc.com)



## Q1 Sales Extend Industry's Misery

The significant decrease in Q1 2022 sales for the auto industry should come as no surprise to even the casual observer. Parts supply issues limit how many vehicles can roll off assembly lines and inflation is shrinking the consumer base able to afford a new vehicle – even if they were available.

For the first quarter, total units sold were 3,242,850, decreasing 15.7% YOY. The best-case scenario for March's SAAR (seasonally adjusted annualized rate) is 13.6 million units, a 24% decrease from 17.8 million for March 2021. (Most automakers don't publish monthly sales separately.)

Toyota, which has been the top manufacturer, surpassing General Motors during late 2021, recorded a 14.7% decrease to Q1 2021. Toyota remained ahead of GM as its Q1 2022 sales decreased 20.4% YOY. Buick sales decreased 58.2%, Cadillac 24.3% and Chevrolet 19.9%.



Even Hyundai-Kia Automotive Group, which had positive sales during January and February, decreased 3.7% for Q1 as the Hyundai brand was estimated to decrease 21% during March. The other major Asian automakers suffered similarly with American Honda decreasing by 23.2% and Nissan Group by 29.6%. (See the table on page 4 for the details.)

## Dealers Grasping onto Optimism

Cox Automotive's latest Automotive Dealer Sentiment Index, conducted during late January/early February 2022, is unlikely to retain much of the optimism it recorded, considering the final Q1 sales performance. At the time, the index was 57, in positive territory (above 50), but not by much.

The future three-month index was 64, which was better than Q1 2021's 59, but the profit index decreased slightly from 57 during Q4 2021 to 54. Despite the new-vehicle index increasing 11 points to 25 and being the highest since Q1 2021, it was still a miserable reflection of dealers' inventory woes.

Inventory and significant price increases have dampened the used-car sector at franchised dealers. The used-car index was essentially flat at 52 and continued a trend of decreases for three straight quarters.



**COMPARISON OF TOP FACTORS LIMITING FRANCHISED DEALERS' BUSINESS, Q1 2022, Q4 2021 AND Q1 2021**

Index Subsectors	Q1 2022	Q4 2021	Q1 2021
Limited inventory	68%	71%	41%
COVID-19 impact	35%	29%	42%
Market conditions	34%	31%	31%
Economy	30%	26%	36%
Political climate	20%	21%	38%

*Cox Automotive, March 2022*



### You Need Deep Pockets to Buy a New Vehicle

Even if there were new vehicles to sell, inflation and other financial pressures have made it difficult for consumers with median to lower household incomes to afford a purchase.

According to Cox Automotive, buyers with household incomes of less than \$75,000 have decreased almost two percentage points from Q1 2021. Today's new-vehicle buyer has an average household income of \$124,000.



Traditionally, households with median to lower incomes were the prime target audiences for automakers, such as GM and Ford and Asian-based companies, such as Honda, Kia, Nissan and Subaru. Consumers with household incomes of more than \$100,000 or more are likely to buy a Mercedes, Tesla or BMW, but they are not high-volume manufacturers and dealers.

AVERAGE NEW-VEHICLE TRANSACTION PRICES FOR SELECTED BRANDS, Q1 2022		
Brand	Q1 2022 Price	YOY Change
Daimler	\$73,238	+17.0%
Ford	\$48,236	+7.2%
GM	\$50,717	+18.0%
Honda	\$36,451	+17.0%
Nissan	\$33,223	+15.0%
Subaru	\$34,709	+12.0%
Toyota	\$40,077	+13.0%
Industry	\$43,841	+16.0%

*Automotive News (TrueCar), March 2022*

### Ohio Chevrolet Dealer Increases Profits with New Radio Strategy

Radio advertising has proven to be a solid strategy for many new-vehicle dealers in markets across the country as it has historically for Dave White Chevrolet in Sylvania, OH. A challenging market inspired Joe Mehling, the general manager, to use radio to motivate consumers to sell their current vehicles to the dealership.

This is not a trade-in program, since Dave White Chevrolet like many other dealers, has few new vehicles to sell, but a straight selling proposition. Since starting the new radio strategy during August 2021, it has purchased an average of 40 used vehicles per month.

With the used-car market tight and many people unable to afford a new vehicle, these purchased vehicles are sold rather quickly. The dealership has averaged a profit of \$5,000 per vehicle and generated net profits of approximately \$1.1 million.

Beyond profits, multiple benefits have accrued to all involved. The dealership is able to maintain its brand presence on radio; consumers receive top dollar for their used vehicles; and used-car customers can choose from a larger inventory.



## ROAD SIGNS



### Gasoline Prices Move the Needle for EVs



As the price increases for a commodity, product or service, fewer buyers are willing or able to pay the price. This economic rule is applying itself to the recent spike in gasoline prices and more consumer interest in EVs.

According to the latest AAA report (4/2/22), the national average for a gallon of gasoline was \$4.20. An owner of a vehicle with a 12-gallon tank would pay \$50.40 to fill it; however, many vehicles on the road are large and have larger tanks, so the cost to fill a 20-gallon tank is \$84.00.

Those price pressures are why QuoteWizard.com found a 300% interest in electric vehicles (EVs) after analyzing February–March 2022 Google Search analytics. Tesla, which is considered an outlier by most of the other automakers, is expected to announce record Q1 sales. Plus, battery, rapid charging and other “under-the-hood” technologies are advancing quickly.

All of these trends indicate EVs may have reached their first breakthrough point. The billions of dollars automakers have spent and will spend are about to push dozens of new EV models into the pipeline during the next few years.

### The ICE Death Knell Continues

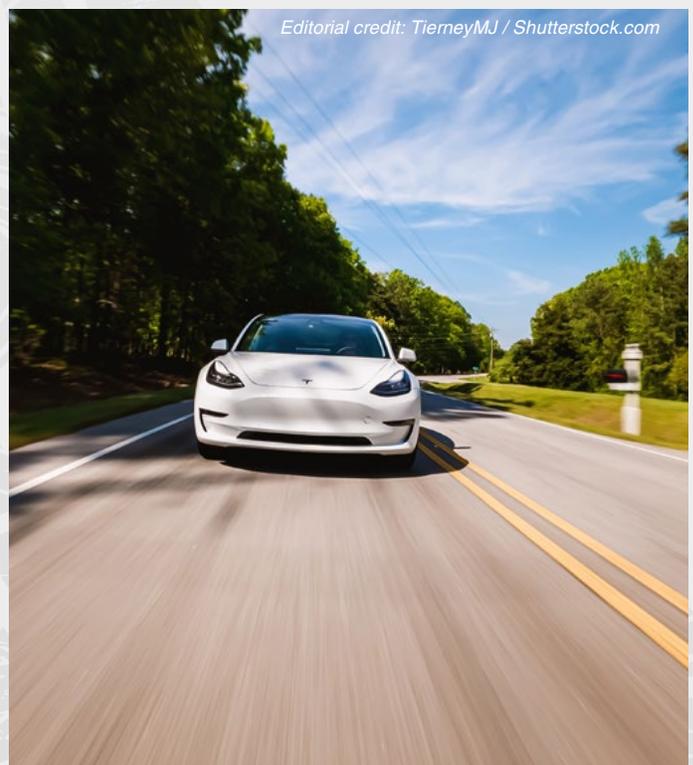
Another factor likely to increase interest in EVs is government mandates to end the sale, purchase and registration of vehicles with internal-combustion engines, ICEs.

Washington State has just become the newest state with legislation to compel the transition from ICEs to EVs by 2030. Rhode Island and Hawaii also have similar legislation pending to match that 2030 date.

The QuoteWizard.com analysis revealed Washington was the state with the third-highest search index average for alternative fuel vehicles at 80, a 16% increase during just weeks.

With even the lowest-cost EVs at approximately \$30,000 (Nissan Leaf and Chevrolet Bolt) and a Tesla Model 3 at \$47,000, consumers with moderate to lower incomes will find it difficult to comply with these mandates.

The Washington State legislation includes \$25 million in rebates for residents who purchase an EV. The state's next budget may include a \$7,500 rebate for a new EV or fuel-cell vehicle or \$5,000 for a used vehicle.





## MONTHLY AUTOMOBILE SALES CHART

NOTE: General Motors, Stellantis and Tesla announce their light-vehicle sales quarterly instead of monthly; however, Ford is now reporting monthly again. The brands and manufacturers in the table are ranked by their total Q1 2022 sales. Q2 2022 sales will be reported in the July Automotive Update Report.

Rank	Auto Brand	% Change from Q1 2021	% Change from Q1 2021	2022 Year to Date	% Change from 2022 Year to Date
#1	Toyota	450,227	-14.9%	450,227	-14.9%
#2	Ford	410,026	-16.7%	410,026	-16.7%
#3	Chevrolet	340,309	-19.9%	340,309	-19.9%
#4	Honda	238,182	-23.0%	238,182	-23.0%
#5	Jeep	193,281	-2.2%	193,281	-2.2%
#6	Nissan	189,835	-28.8%	189,835	-28.8%
#7	Hyundai	171,399	-2.3%	171,399	-2.3%
#8	Kia	151,194	-5.2%	151,194	-5.2%
#9	Ram	138,153	-15.2%	138,153	-15.2%
#10	Subaru	132,346	-17.5%	132,346	-17.5%
#11	GMC	121,437	-7.5%	121,437	-7.5%
#12	Tesla	110,000	+41.8%	110,000	+41.8%
#13	Mazda	82,268	-1.2%	82,268	-1.2%
#14	BMW	73,714	+3.2%	73,714	+3.2%
#15	Volkswagen	64,993	-28.5%	64,993	-28.5%
#16	Lexus	64,365	-13.3%	64,365	-13.3%
#17	Dodge	41,042	-35.9%	41,042	-35.9%
#18	Audi	35,505	-35.2%	35,505	-35.2%
#19	Chrysler	29,113	-26.7%	29,113	-26.7%
#20	Acura	28,236	-25.5%	28,236	-25.5%
#21	Cadillac	28,216	-24.3%	28,216	-24.3%
#22	Mitsubishi	26,400	-6.5%	26,400	-6.5%
#23	Volvo	22,757	-16.5%	22,757	-16.5%
#24	Lincoln	19,148	-24.6%	19,148	-24.6%
#25	Buick	19,146	-58.2%	19,146	-58.2%
#26	Land Rover	17,400	-26.4%	17,400	-26.4%
#27	Porsche	13,042	-24.9%	13,042	-24.9%
#28	Genesis	11,723	+42.6%	11,723	+42.6%
#29	Infiniti	11,246	-41.0%	11,246	-41.0%
#30	Mini	6,876	+9.4%	6,876	+9.4%
#31	Alfa Romeo	3,291	-29.2%	3,291	-29.2%
#32	Jaguar	2,815	-33.5%	2,815	-33.5%
#33	Maserati	2,100	+33.8%	2,100	+33.8%
#34	Rivian Automotive	900	---	900	---
#35	Bentley	739	+12.0%	739	+12.0%
#36	Lamborghini	557	-13.0%	557	-13.0%
#37	Rolls-Royce	390	+18.2%	390	+18.2%

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Rank	Auto Brand	% Change from Q1 2021	% Change from Q1 2021	2022 Year to Date	% Change from 2022 Year to Date
#38	Fiat	340	-58.3%	340	-58.3%
#39	Polestar USA	260	---	260	---
#40	Lucid Motors	190	---	190	---
#41	McLaren	190	-36.7%	190	-36.7%
#42	Karma Automotive	90	+125.0%	90	+125.0%
	Other	1,132	-2.4%	1,132	-2.4%
	Mercedes-Benz*				
	Toyota Motor North America	514,592	-14.7%	514,592	-14.7%
	General Motors Corporation	509,108	-20.4%	509,108	-20.4%
	Ford Motor Company	429,174	-17.1%	429,174	-17.1%
	Stellantis	407,320	-13.6%	407,320	-13.6%
	Hyundai-Kia Automotive Group	322,593	-3.7%	322,593	-3.7%
	American Honda Motor Company	266,418	-23.2%	266,418	-23.2%
	Nissan Motor Company/Infiniti /Mitsubishi	227,481	-27.5%	227,481	-27.5%
	Volkswagen Group of America	114,836	-30.1%	114,836	-30.1%
	BMW of North America	80,980	+3.8%	80,980	+3.8%
	Jaguar/Land Rover North America	20,215	-27.5%	20,215	-27.5%
	Mercedes-Benz USA*				
	<b>TOTALS</b>	3,242,850	-15.7%	3,242,850	-15.7%

\*did not report Q1 2022 sales for this report

Source: Automotive News, April 2022  
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Sources: Automotive News Website 4/22; Cox Automotive Website 4/22; Reuters Website 4/22; Media Village Website 4/22; QuoteWizard.com Website 4/22; Wards Auto Website 4/22; Edmunds Website 4/22

