**Auto & Truck Market 2022 PLUS**

**Inventory Challenges Frustrates Response to Consumer Demand**

US consumers are in the market for a new vehicle, with a total estimated pent-up demand of one million; however, manufacturers still can’t build enough, primarily because of continued supply-chain issues, which are unlikely to rebalance until 2023.

Media Group Online’s June 2022 Auto Update Report shared the grim news that all the reporting manufacturers had YOY double-digit sales declines during May, except Ford, which achieved a “respectable” YOY decrease of 4.4%.

Reports from dealerships across the country indicate a vast majority of any new-vehicle inventory they receive is already sold. Most can only take pre-orders and many consumers are waiting as much as 12 months before they take delivery of a new vehicle.

**Comparison of Indices\* of New-Vehicle Inventory**

**to Franchised-Dealers’ Profits, Q3 2021–Q2 2022**

|  |  |  |
| --- | --- | --- |
| Period | Inventory | Profits |
| Q3 2021 | * 13
 | * 86
 |
| Q4 2021 | * 14
 | * 81
 |
| Q1 2022 | * 25
 | * 81
 |
| Q2 2022 | * 25
 | * 82
 |

 Cox Automotive, June 2022 \*an index of 100 is the average

**More Dealership Challenges**

Tesla has been the pioneer in direct-to-consumer sales while some manufacturers are considering updating vehicles remotely, reducing trips to a dealership’s service department. State legislatures are addressing this trend to protect dealer franchise laws.

Although inventory under-indexed significantly in the Q2 2022 Cox Automotive Dealer Sentiment Index cited in the table above, dealers rated the current market for vehicles in their market areas better: franchised dealers at 67 and independent dealers at 50.

Their sentiment for their markets by the beginning of Q3 2022 is not much better: franchised dealers at 64 and independent dealers at 50. During Q1 2022, these indices were 69 and 63, respectively, for the beginning of Q2.

**Comparison of Indices\* of Various Dealer**

**Sentiment Categories, Q3 2021–Q2 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Period | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 |
| Customer Traffic  | * 51
 | * 44
 | * 40
 | * 40
 |
| Credit Availability  | * 61
 | * 60
 | * 60
 | * 58
 |
| Operating Costs  | * 66
 | * 71
 | * 72
 | * 76
 |
| New-Vehicle Sales Environment  | * 51
 | * 45
 | * 50
 | * 52
 |

 Cox Automotive, June 2022 \*an index of 100 is the average

 (color represents the change from the previous quarter)

**Oh, For a Repeat of 2021**

The SAAR, or the seasonally-adjusted, annualized rate, of new vehicles sold during June 2022 was 12.8 million. The 14.9 million sold during 2021 wasn’t a great number, but much better than the current level. LMC Automotive forecasts 15.0 million units for all of 2022.

2021 was the year new vehicles’ share of dealerships’ total sales dollars began to decline, at 52.2%, compared to 55.0% during 2020. More consumers were buying used vehicles, which increased dealerships’ share from 33.0% during 2020 to 36.7% during 2021.

Dealers spent more for advertising during 2021 or a total of $8.19 billion, compared to $7.48 billion during 2020, which subsequently increased the amount of advertising per new unit sold or $602 (2021) and $582 (2020).

**Share of Dealerships’ Advertising Spending by Medium, 2021**

|  |  |
| --- | --- |
| Medium | Share |
| Internet | * 63.6%
 |
| TV | * 12.4%
 |
| Radio | * 9.8%
 |
| Direct mail | * 8.2%
 |
| Newspaper | * 4.5%
 |
| Other | * 1.5%
 |

 National Automobile Dealers Association, January 2022

**Price Pressures on Consumers**

Cox Automotive reported via data from its company, Kelley Blue Book, the average new-vehicle transaction price during May was $47,148, the second-most after December 2021 ($47,202). The average for May increased 1% from April, but 13.5% from May 2021.

To buy a luxury vehicle during May 2022, consumers had to pay an average of $65,379, which was slightly less than April, but was $1,071 more than the average sticker price, indicating how significantly demand exceeded supply.

Kelley Blue Book’s Q1 2022 Brand Watch revealed more consumers were considering buying a sedan instead of a luxury vehicle or SUV, because of substantial new-vehicle price increases, the cost of gasoline and increasing interest loan rates.

**Comparison of Average New-Vehicle Transaction Prices for**

**Selected Manufacturers, May 2022 vs. May 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Manufacturer | May 2022 | May 2021 | Change |
| Total industry | * $44,254
 | * $38,694
 | * +14.0%
 |
| Ford | * $51,027
 | * $43,388
 | * +17.0%
 |
| GM | * $50,566
 | * $46,352
 | * +9.1%
 |
| Stellantis | * $53,370
 | * $46,593
 | * +15.0%
 |
| Toyota | * $39,073
 | * $36,641
 | * +6.6%
 |
| Honda | * $37,352
 | * $32,145
 | * +16.0%
 |
| Nissan | * $36,156
 | * $31,031
 | * +17.0%
 |

 Automotive News (TrueCar), June 2022

**Auto Loan Market Constrictions**

Cox Automotive’s Dealertrack Credit Availability Index for May 2022 decreased 0.8% to 105.4, making it more difficult for consumers to obtain an auto loan; however, credit access was more available YOY at 7.9%, with all new loans even easier at 8.2% YOY.

Although auto loans are available, a new car loan interest rate for consumers with the best credit rating (750 or more) was 7.60% for the week of 6/6/22. For those with an average credit rating (700–749), the interest rate was significantly more at 10.30%.

According to a March 2022 Morning Consult survey, 59% of respondents said they would prefer to arrange financing at a dealership, compared to 26% preferring financing online; however, 63% would seek vehicle information online, compared to 46% at a dealership.

**Indices of Adults 18+ Who Have a Vehicle Loan,**

**by Type of Vehicle Owned and Generation, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Vehicle Ownership | * Gen Z
 | * Millennials
 | * Gen X
 | * Baby Boomers
 | * Silent Generation
 |
| Any domestic brand | * 98
 | * 95
 | * 102
 | * 104
 | * 90
 |
| Any foreign brand | * 103
 | * 103
 | * 102
 | * 96
 | * 99
 |
| Any Japanese/Asian brand | * 81
 | * 99
 | * 100
 | * 103
 | * 108
 |
| Any European brand | * 206
 | * 116
 | * 111
 | * 69
 | * 46
 |

Based on The Media Audit’s 2021 Aggregate Report of 49 consumer/market surveys

**SUV, Minivan and Fleet Sub-Sectors**

SUV sales have been similarly affected by the lack of inventory at dealerships as all other vehicle sub-sectors. The latest data from Good Car/Bad Car shows the Toyota RAV4 was the top seller during Q1 2022 at 101,192 units, but that was 11.4% less YOY.

More units of two minivan models were sold during Q1 2022 than Q1 2021: Chrysler Pacifica at 26,366 and 10,989, respectively, and Kia Carnival at 2,387 and 2,040, respectively. Sales of the popular Honda Odyssey plummeted, or 11,210 and 20,066 units, respectively.

With the travel industry still recovering, Cox Automotive reports rental fleet sales decreased 33.4% YOY during May 2022. Government fleet sales increased 5.9% YOY while commercial fleet sales were virtually unchanged YOY at a 0.1% decrease.

**Top-10 SUV Models by Units Sold and YOY Change During Q1 2022**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| SUV Model | Total Units | YOY Change | SUV Model | Total Units | YOY Change |
| #1: Toyota RAV4 | * 101,192
 | * -11.4%
 | * #6: Mazda CX-5
 | * 50,653
 | * +39.8%
 |
| #2: Jeep Grand Cherokee | * 75,116
 | * +36.1%
 | * #7: Jeep Wrangler
 | * 45,553
 | * -8.2%
 |
| #3: Toyota Highlander | * 66,026
 | * +3.4%
 | * #8: Nissan Rogue
 | * 45,235
 | * -47.8%
 |
| #4: Honda CR-V | * 58,579
 | * -37.5%
 | * #9: Ford Explorer
 | * 42,736
 | * -35.0%
 |
| #5: Chevrolet Equinox | * 56,037
 | * -11.4%
 | * #10: Honda HR-V
 | * 42,168
 | * +61.1%
 |

Good Car/Bad Car, June 2022

**Truck Sector Sales Are a Tough Pull**

For many years, new pickup truck sales have far outpaced passenger car sales. According to the National Automobile Dealers Association (NADA), the average franchise dealer increased its total new-truck sales by an average of 24.5% during 2021.

During Q1 2022, only the Toyota Tundra and Nissan Frontier, among the top 10 pickup truck models by total sales, increased YOY units sold at 18.3% and 108.2%, respectively. Although the Ford F-Series was the top seller, its Q1 units sold decreased by 31.0%.

In the commercial truck industry, the NADA reported medium-duty truck units sold decreased 10.9% YOY and heavy-duty truck units sold decreased 9.3% YOY. Q1 2022 totals were slightly better at -8.8% and -8.2% YOY, respectively.

**Top-10 Pickup Truck Models by Units Sold and YOY Change During Q1 2022**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pickup Truck Model | Total Units | YOY Change | Pickup Truck Model | Total Units | YOY Change |
| #1: Ford F-Series | * 140,701
 | * -31.0%
 | * #6: Toyota Tundra
 | * 22,643
 | * +18.3%
 |
| #2: Ram Pickup | * 127,116
 | * -14.6%
 | * #7: Nissan Frontier
 | * 22,406
 | * +108.2%
 |
| #3: Chevrolet Silverado | * 121,107
 | * -4.3%
 | * #8: Chevrolet Colorado
 | * 21,693
 | * -9.9%
 |
| #4: GMC Sierra | * 56,616
 | * -10.0%
 | * #9: Ford Maverick\*
 | * 19,245
 | * +100.0%
 |
| #5: Toyota Tacoma | * 53,182
 | * -20.0%
 | * #10: Jeep Gladiator
 | * 17,912
 | * -4.8%
 |

Good Car/Bad Car, June 2022 \*new model for 2022

**The Electric Vehicle Revolution Is Here (Almost)**

The transition to electric vehicles (EVs) is progressing, however, according to a McKinsey & Company May 2022 report, the three primary challenges are the raw materials for batteries, more gigafactories to produce those batteries and many more public charging stations.

A measure of EV sales is the almost doubling of EVs’ share of the light-vehicle market, from 2.3% during January–April 2021 to 4.4% for the same 2022 period. EV registrations increased 53% YOY during January–April 2022.

Ford, Kia and Hyundai had the most new EV registrations during the first four months of 2022, at 11,751, 11,483 and 9,675, respectively; however, Tesla dominated with 139,338 registrations, a 52% YOY increase. These results are reflected in the J.D. Power data below.

**Top-5 Premium and Mass-Market EV Customer Satisfaction**

**Index Ranking, October–November 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Premium EV Models | Score\* | Mass-Market EV Models | Score\* |
| #1: Tesla Model 3 | * 777
 | * #1: Kia Niro EV
 | * 744
 |
| #2: Tesla Model Y | * 770
 | * #2: Ford Mustang Mach-E
 | * 741
 |
| Segment average | * 770
 | * Segment average
 | * 709
 |
| #3: Tesla Model S | * 756
 | * #3: Nissan LEAF
 | * 708
 |
| #4: Audi e-tron | * 718
 | * #4: Hyundai Kona EV
 | * 692
 |
|  |  | * #5: Volkswagen ID.4
 | * 692
 |

 J.D. Power, January 2022 \*based on a 1,000-point scale

**Consumers Start to Pivot to EVs**

According to a March 2022 Morning Consult survey cited on page 3, 20% of all respondents said they were very interested and 29% were somewhat interested in purchasing an EV during the next five years. Millennials were the most who were very interested at 29%.

J.D. Power’s 2022 U.S. Electric Vehicle Consideration StudySM reported similar results, with 24% of respondents saying they were “very likely” to consider an EV for their next purchase or lease; however, 37% of premium vehicle owners were “very likely.”

The Q2 2022 Cox Automotive Dealer Sentiment Index for EV sales was 51 overall, unchanged from Q1 2022 while franchised dealers’ index increased slightly from 52 to 54. The index was more positive for EV sales by Q3 at 64 compared to 59 during Q2 2021.

**Top-10 Reasons for Consumers’ EV Interest, March 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Reason | Percent | Reason | Percent |
| #1: Environmental sustainability | * 49%
 | * #6: Maintenance costs
 | * 38%
 |
| #2: Price | * 48%
 | * #7: Performance
 | * 37%
 |
| #3: Quality/Reliability | * 42%
 | * #8: Ease of maintenance
 | * 37%
 |
| #4: Availability of charging stations | * 41%
 | * #9: Ownership cost
 | * 33%
 |
| #5: Vehicle range (between charges) | * 39%
 | * #10: Fewer gas-powered vehicles
 | * 16%
 |

Morning Consult, April 2022

**EV Battery and Charging Technology**

Lithium is the most critical raw material for EV battery production. Lithium production will increase from 500,000 metric tons during 2021 to three to four million by 2030, but an additional 200 gigafactories are needed worldwide to produce enough batteries.

McKinsey & Company predicts the current 100,000 charging stations in the US could increase to 1.2 million by 2030, but it estimates that increase would require a $35 billion investment. The recent Infrastructure Investment and Job Acts include just $7.5 billion.

More homeowners are installing home chargers, as 48% of EV owners told Morning Consult in its March 2022 survey they park their vehicle in their driveway and 36% in their garage. Conversely, renters and other non-homeowners have very little access to charging.

**At-Home Vehicles EV Charging Access, by Income and US Region, March 2022**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Income | Always | At Times | No | US Region | Always | At Times | No |
| All owners | * 11%
 | * 11%
 | * 78%
 | * Northeast
 | * 19%
 | * 11%
 | * 70%
 |
| <$50K | * 9%
 | * 8%
 | * 83%
 | * Midwest
 | * 9%
 | * 4%
 | * 87%
 |
| $50K–$99K | * 13%
 | * 10%
 | * 77%
 | * South
 | * 7%
 | * 9%
 | * 84%
 |
| $100K and more | * 26%
 | * 8%
 | * 66%
 | * West
 | * 19%
 | * 13%
 | * 68%
 |

Morning Consult, April 2022

**The Effect of the Workplace Revolution**

Although a new Nielsen study indicates 86% of Americans work outside the home, many of them are working a hybrid schedule. According to a 2022 survey from Ladders, 25% of all professional jobs in North America will be remote by the end of 2022.

The pandemic-era “workplace revolution” has and will continue to affect daytime driving patterns, with more consumers likely eating lunch and shopping in their communities.

Record-high prices for gasoline may cause some employers to allow more workers to work from home to help them balance their household budgets. The significant increase in the number of commuters may result in needed vehicle service that had been delayed.

**Share of Workers Who Used a Household Vehicle to Commute to Work, March 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Days/Week | * All Commuters
 | * Northeast
 | * Midwest
 | * South
 | * West
 |
| More than 5 days | * 21%
 | * 24%
 | * 17%
 | * 24%
 | * 19%
 |
| 5 days | * 34%
 | * 29%
 | * 37%
 | * 34%
 | * 34%
 |
| 3–4 days | * 16%
 | * 22%
 | * 17%
 | * 11%
 | * 18%
 |
| 1–2 days | * 8%
 | * 7%
 | * 6%
 | * 8%
 | * 12%
 |
| Fewer than 1–2 days | * 5%
 | * 6%
 | * 7%
 | * 4%
 | * 5%
 |

Morning Consult, April 2022

**In-Car Audio Trends**

Nielsen’s March 2022 survey also found 39% of surveyed commuters had spent an hour or more in their vehicle during the previous day and 69% are heavy AM/FM radio listeners.

The Nielsen survey revealed the value of reaching podcast listeners, which often occurs while commuting. Of those persons 18+ surveyed, 97% of podcast listeners said they shop at stores in person, 81% attend outdoor events and 76% work in an office setting.

**Comparison of Purchase Intentions of Heavy AM/FM Radio**

**and Podcast Listeners and Heavy TV Viewers, March 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Purchase Intentions\* | * Total
 | * TV
 | * AM/FM Radio
 | * Podcast Listeners
 |
| Take a trip with air travel | * 38%
 | * 30%
 | * 45%
 | * 43%
 |
| New tech product for home or office | * 36%
 | * 37%
 | * 41%
 | * 44%
 |
| A major appliance | * 25%
 | * 27%
 | * 34%
 | * 32%
 |
| Buy or lease new or used vehicle | * 27%
 | * 28%
 | * 31%
 | * 34%
 |
| Major home improvement project | * 26%
 | * 23%
 | * 31%
 | * 34%
 |
| A new home entertainment product | * 25%
 | * 21%
 | * 30%
 | * 37%
 |
| A major landscaping project | * 18%
 | * 19%
 | * 27%
 | * 21%
 |
| One or more financial products | * 17%
 | * 13%
 | * 18%
 | * 25%
 |
| A new home | * 8%
 | * 5%
 | * 7%
 | * 11%
 |
| Average | * 24%
 | * 23%
 | * 29%
 | * 31%
 |

Westwood One (Nielsen), May 2022

**More Valuable Insights**

In its 2021 U.S. Vehicle Dependability StudySM,J.D. Power reports the dependability of mass-market vehicles continues to improve as their problems per 100 vehicles (PP100) averaged 190, compared to 204 for premium vehicles, which have more parts.

Consumers surveyed from July 2021 through November 2021 said infotainment systems of the 184 specific problem areas in the study still cause the most problems, averaging a PP100 of 51.9, more than twice as many problems as the next-highest problem area.

**Brand Rankings of Vehicle Dependability (PP100), July–November 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Brand | PP100 | Brand | PP100 |
| #1: Kia | * 145
 | * Industry average
 | * 192
 |
| #2: Buick | * 147
 | * #18: Mercedes-Benz
 | * 195
 |
| #3: Hyundai | * 148
 | * #19: Jeep
 | * 201
 |
| #4: Genesis | * 155
 | * #20: Nissan
 | * 205
 |
| #5: Toyota | * 158
 | * #21: Volkswagen
 | * 217
 |
| #6: Lexus | * 159
 | * #22: Subaru
 | * 226
 |
| #7: Porsche | * 162
 | * #23: Infiniti
 | * 228
 |
| #8: Dodge | * 166
 | * #24: Honda
 | * 230
 |
| #9: Cadillac | * 168
 | * #25: Audi
 | * 232
 |
| #10: Chevrolet | * 171
 | * #26: Jaguar
 | * 233
 |
| #11: MINI | * 173
 | * #27: Chrysler
 | * 240
 |
| #12: Mazda | * 179
 | * #28: Acura
 | * 244
 |
| #13: Lincoln | * 180
 | * #29: Alfa Romeo
 | * 245
 |
| #14: Mitsubishi | * 183
 | * #30: Volvo
 | * 256
 |
| #15: BMW | * 187
 | * #31: Ram
 | * 266
 |
| #16: Ford | * 188
 | * #32: Land Rover
 | * 284
 |
| #17: GMC | * 192
 |  |  |

 J.D. Power, February 2022

*Sources:* *Automotive News* Website, 6/22; Cox Automotive Website, 6/22; National Automobile Dealers Association Website, 6/22; Wards Auto Website, 6/22; *U.S. News & World Report* Website, 6/22; Morning Consult Website, 6/22; The Media Audit Website, 6/22; Good Car/Bad Car Website, 6/22; McKinsey & Company Website, 6/22; J.D. Power Website, 6/22; *Forbes* Website, 6/22; Westwood One Website, 6/22.

*Updated*: June 2022

© 2022 Media Group Online, Inc. All rights reserved.

**Local Market and Station Information**