



HEARST AUTOS INSIGHTS

2023 YEAR-END AND 2024 OUTLOOK

As the leading automotive media organization in the world, Hearst Autos connects

car buyers, owners, and enthusiasts to the information they need, the experiences they crave, and the stories they love—while connecting automotive marketers to this audience of unrivaled breadth and diversity.

With insight into the shopping activity of more than **19 million monthly visitors**,¹ Hearst Autos has a unique view into emerging trends in consumer interest. We are thrilled to share a quarterly view on this ever-changing industry—from the top segments, brands, and models, to an unrivaled understanding of what car-shoppers really want.

¹ comScore Media Metrix, October - December, 2023

WHAT'S INSIDE

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STATE OF THE INDUSTRY

YEAR-END RESULTS

NEW CAR SALES

NEW CAR SALES VOLUME (M)

15.56

2023 sales grew **9.4%** from 2022, and reached a four-year high. Industry analysts are projecting modest increases in 2024, ranging between **1 – 3%**.

CAR vs. TRUCK MIX

20% vs. 80%

The light truck category grew **13.5%** in 2023 with CUVs continuing to dominate at **60%** share of light trucks and **48%** share of all light vehicle sales.

LUXURY vs. NON-LUXURY MIX

18% vs. 82%

Luxury's share grew **(3.2%)** and reached an all-time high of **18%** in 2023. Higher income buyers with lighter financing needs are helping to drive luxury sales.

RETAIL % OF TOTAL SALES

84%

Retail maintained its share of sales in 2023 at **84%** and saw nearly **10%** growth in volume. At the same time, fleet volume grew **32%** year-over-year.

NEW CAR PRICING

AVERAGE TRANSACTION PRICES³

\$46,055
at the end of 2023

Average new car transaction prices came down **6%** as inventory normalized for most manufacturers. In 2024, we will see more downward pressure on pricing due to the market shifting to a buyer's market.

AVERAGE INCENTIVE SPEND²

\$2,458
at the end of 2023

Incentive spend climbed more than **90%** in 2023, representing **4.9%** of MSRP compared to only **2.3%** in December last year. Discounts are likely to rise again in 2024 with the surplus of supply.

USED CAR SALES & PRICING

USED CAR SALES VOLUME (M)³

35.9

Used car sales are down slightly from last year. Despite improved inventory and pricing, interest rates on used loans, which stayed above 10% for most of the year, pushed many subprime buyers out of the market.

CERTIFIED PRE-OWNED (CPO) SALES (M)³

2.6

CPO sales grew more than **5%** as inventory saw improvements. Affordability is still affecting this segment, but it offers an alternative to new car buyers who are price-sensitive, while still appealing to used car shoppers.

AVERAGE TRANSACTION PRICES ON USED CARS³

\$27k

Used car prices continued to decrease **4% to \$27k** in 2023, while values came down **7%**. Transaction prices ended at just over **\$26k** in December, and are

Sources:

¹ Wards Intelligence, January 2024

² J.D. Power and LMC Automotive, December 2023

³ Cox Automotive, January 2024



MARKETPLACE SUMMARY

All eyes were focused on the UAW and Unifor labor contracts early in Q4 as the Detroit OEMs went through multiple rounds of negotiations with the unions. The 46-day strike came to a close on October 30th, having reached new agreements that will hold until April, 2028. The automakers estimated that the strike cost them north of \$3 billion in revenue, however Wards Intelligence reported that GM and Stellantis only recorded less than 1% loss in production for 2023 (compared to 2022), while Ford was up 3.6%.

Overall, total North American production surpassed 16 million units, a 9.3% increase from 2022 and sales volume reached 15.56 million (+9.4%). In another unique and challenging year for the auto industry, sales surpassed initial forecasts (14.95 million) as pricing came down and the market started shifting slightly in favor of the buyer.

WHAT TO WATCH FOR IN 2024

THE GOOD:

- The market is shifting to a buyer's market as inventory is more widely available and manufacturer discounting returns
- New and used pricing is returning to normal (albeit, a new normal), and interest rates should be slowly coming down each quarter
- Manufacturers continue to bring exciting new cars to the market; more than 70 launching over the next two years

THE BAD:

- Interest rate declines will be modest, so affordability and credit availability will still be a hindrance for many potential car buyers
- Tax rebates for EVs just got way more complicated, and only a fraction of EVs now qualify for the full \$7,500 rebate
- There's a surplus of EVs piling up, ending the year with 113+ day's supply; Low gas prices, fewer tax credits, and higher sticker prices are slowing adoption

THE UNKNOWN:

- An election year in a divided political arena. Consumer sentiment and confidence is on a rollercoaster ride and has the potential to drive an unpredictable market

In 2024, supply is expected to be sufficient for global demand growth of 3% to 92.3 million units. However, the outlook is not without risks.

— Jeff Schuster, group head and executive vice president, automotive at GlobalData via J.D. Power

OEM RESULTS






TOP 5 MANUFACTURERS

General Motors held the top spot among OEMs with nearly **2.6 million** in vehicle sales for the year. Although the fourth quarter was down **7%** in sales volume, GM ended the year up **14%** and saw success among its large trucks, as well as its subcompact and compact crossovers. On a brand level, all four of GM's divisions saw year-over-year growth with Buick leading at a **61%** increase, followed by **Chevrolet (11%)**, **GMC (3.6%)**, and **Cadillac (1%)**. As for EVs, **Bolt** and **Bolt EUV** delivered more than **63%** growth and over **62,000 units**, while the **Hummer truck and SUV** sold more than **3,200 units** compared to just over 850 last year.

While **Toyota Motor N.A.** has been one of the most inventory constrained manufacturers (Toyota and Lexus days' supply has remained between 30 and 40 days for most of the year), it ended the year strong with **7%** growth. On an individual brand level, Toyota still holds the lead against Ford and outsold them for the third consecutive year, while Lexus ranks third among luxury brands and saw **24%** growth.

OEM	Q4 VOLUME	% CHANGE vs. Q4 2022	% CHANGE vs. Q3 2023	2023 VOLUME	% CHANGE VS. 2022
General Motors	625,126	0%	-7%	2,594,698	14%
Toyota Motor N.A.	619,661	15%	5%	2,248,477	7%
Ford Motor Co.	487,840	1%	-3%	1,995,912	7%
Hyundai Motors N.A.	402,339	4%	4%	1,652,821	12%
Stellantis	345,806	-1%	-10%	1,534,787	-1%

Hyundai Motors N.A. (Hyundai, Kia, Genesis) had a great year with each brand posting double-digit gains, and strong sales across its expansive crossover lineup and fleet of EVs. Although no longer ranked among the Top 5, **Honda** saw the biggest year-over-year gains of all mainstream brands with 33% growth. Its top sellers, CR-V and Civic saw 50%+ growth, and Accord grew 28%. **Acura** saw growth among every model ranging from 24 – 146%.

 <p>TOP SELLERS: Silverado, Equinox, Envision, Bolt, Bolt EUV, Encore GX, Trailblazer, Trax, Malibu</p> <p>MOST GROWTH: Trax, Encore GX, Trailblazer, Bolt & Bolt EUV, Envision</p>	 <p>TOP SELLERS: RAV4, Camry, Tacoma, Corolla, Highlander, RX, NX, LX, Supra</p> <p>MOST GROWTH: LX, bZ4X, Sequoia, NX, Mirai, Tundra, Sequoia, RAV4</p>	 <p>TOP SELLERS: F-Series, Explorer, Mach-e, Navigator, Transit, Maverick, Edge, Bronco Sport</p> <p>MOST GROWTH: Bronco Sport, Maverick, Edge, Nautilus, Econoline, Transit, Navigator</p>	 <p>TOP SELLERS: Elantra, Forte, Santa Fe, Kona, Sportage, GV70, Tucson, Ioniq 5 & 6</p> <p>MOST GROWTH: Carnival, Seltos, GV60, GV70, Ioniq 5, Kona, Tucson, Niro, G80</p>	 <p>TOP SELLERS: Ram 1500, Grand Cherokee, Wrangler, Compass, Pacifica, Charger, Durango, Challenger</p> <p>MOST GROWTH: Voyager, Pacifica, Durango, Compass, Grand Cherokee, Ram Promaster, Grecale</p>
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BRAND LEADERS

NON-LUXURY BRANDS

Among non-luxury brand share, **Toyota leads Ford** by a tenth of a percentage point (**15% share vs. 14.9%**), but Toyota's volume sellers are **RAV4 and Camry**, while Ford's volume continues to be driven by **F-150, the #1 selling vehicle** in the U.S.. **Honda and Nissan** saw some of the biggest gains with **32% and 26% growth**, respectively. Honda's growth is largely attributed to its flagship vehicles, **CR-V, Civic, and Odyssey**, while Nissan saw significant growth among a majority of its lineup. **Buick and Mazda** also closed the year strong with **61% and 23%** increases in volume.

NON-LUXURY MANUFACTURER	2023 U.S. SALES	% CHANGE vs. 2022
Toyota	1,928,228	4%
Ford	1,914,094	7%
Chevrolet	1,716,280	13%
Honda	1,162,531	32%
Nissan	834,097	26%

LUXURY BRANDS

As **Tesla** continues to take a wider lead against luxury rivals with **23% market share**, many are asking the question of whether the brand is really competing with luxury rivals, especially where pricing is concerned. Leading with a margin of more than **265,000 units** from its next luxury competitor, its top-selling models range from a base price of \$32k – \$38k (plus qualifying tax incentives), whereas German rivals are priced 33% – 100% higher than Tesla.

Aside from Tesla, **BMW** reported **best-ever sales results** in the U.S., while **Lexus** saw a **strong uptick** after slow supply-chain recovery, and reported strong sales increases for **RX, NX, and LX600**. **Audi** saw growth among its high-volume vehicles, but also saw **increases ranging from 54% – 223% among the e-tron lineup**. Newcomer **Rivian** has also reported **strong sales growth** in 2023, with an **uptick of 80%** compared to 2022.

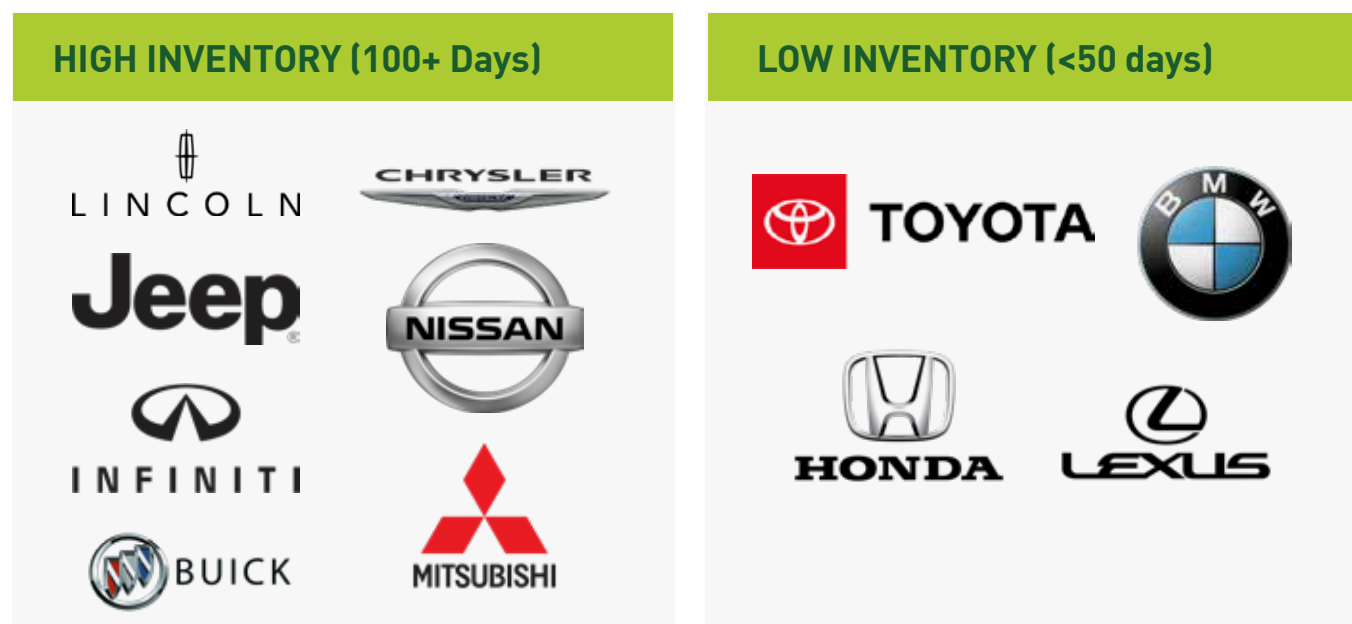
LUXURY MANUFACTURER	2023 U.S. SALES	% CHANGE vs. 2022
Tesla	617,600	43%
BMW	352,181	7%
Lexus	320,249	24%
Mercedes-Benz	292,338	5%
Audi	230,224	24%

PRODUCTION & INVENTORY

Production and inventory levels continue to be strong gauges of market performance and were especially valuable in seeing the drastic peaks and valleys of the pandemic and post-pandemic supply chain crisis. Luckily, much of that is in the past, and on a national average we saw the market returning to more “normal” levels in 2023.

Closing out the year, Cox Automotive reported that inventory was more than **50% higher** than December, 2022 with 2.65 million vehicles, and days’ supply hovered between 60 – 70 for most of the fourth quarter. For reference, pre-pandemic levels ranged between 60 – 80 days, signaling that this aspect of the market is normalizing.

Brand supply is much more varied than the national average, however, and Toyota, Honda, and Lexus continue to remain on the low side. Lincoln, Chrysler, and Jeep are on the other end of the spectrum and need to move more inventory, while Nissan, Infiniti, Mitsubishi and Buick are all accumulating more than necessary.



An uneasy consumer translates to an expectation of a mildly progressing auto sales environment next year. Stronger advances in new vehicle inventory could potentially result in increased incentives and dealmaking to help mitigate consumer headwinds.

— Chris Hopson, manager of North American light vehicle sales forecasting, S&P Global Mobility

HEARST AUTOS SHOPPING ACTIVITY

With a view into a highly-engaged audience of **19M+** in-market shoppers, Hearst Autos measures shopper interest based on sessions, visitors, and pages viewed for every vehicle on the market in the U.S.

Aligning with industry sales, demand still heavily favors SUVs/CUVs and trucks, with full, family-sized SUVs/CUVs holding the highest volume. Sizable shifts in segments this year include the continuous growth in Midsize Pickup Trucks and Full-Size Luxury SUV/CUV categories, but it’s also worth noting that as we reported earlier in the year, **Hybrids are not slowing down.**

TOP 10 SEGMENTS IN CONSUMER INTEREST	% Share 2023	% Change vs. 2022
Compact SUV/CUV	7.8%	0%
Full-Size SUV/CUV	6.9%	6%
Full-Size Luxury SUV/CUV	5.2%	43%
Midsize Pickup Truck	4.8%	51%
Midsize SUV/CUV	4.4%	3%
Luxury EV Car	3.6%	-13%
Subcompact Plus Crossover	3.4%	4%
Midsize Luxury SUV/CUV	3.4%	-7%
Compact Car	3.1%	-22%
Midsize Sedan	3.1%	-3%

VEHICLE SEGMENTS THAT ARE TAKING OFF, 2023 VS. 2022

Among 47 segments that we measure at Hearst Autos, we’ve identified some of the fastest growing segments. When looking at some of these categories, there’s undeniable interest around launches, new electrics and alternative fuels entering the market, and even some cars that are grabbing the attention of both car shoppers and enthusiasts.

Segment	% Change in Share	+ / - Rank
Midsize Pickup Truck	51%	+7
Full-size Luxury SUV/CUV	43%	+4
Electric SUV	34%	+2
Midsize Luxury Sedan	29%	+4
EV Car	26%	+4

Though not among the mainstream, two specialty segments that represent less than 1% of shoppers, Fuel Cell and High-Performance Muscle Cars, both saw growth of more than 50% year-over-year.

KEY VEHICLES DRIVING GROWTH IN SHOPPER INTEREST



MIDSIZE PICKUP TRUCK

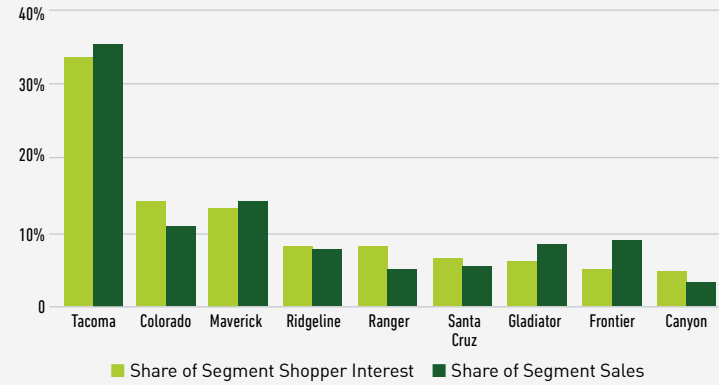
Toyota Tacoma

- Continues to lead the category with **34%** share, and still grew **30%** in 2023

Ford Maverick and 2024 Hybrid option

- Jumped 6 spots in the segment to **#3** and captured **13%** share of the segment
- Maverick's year-over-year growth of **363%** outpaced all other competitors

Midsize Pickup Trucks
Shopper Interest vs. Sales Share



FULL-SIZE LUXURY SUV/CUV

Lexus GX & TX

- GX jumped 8 spots and **223%** to take the lead in the segment, while newcomer TX (2024) grabbed **10%** share of interest and the **#2** rank in a highly competitive segment

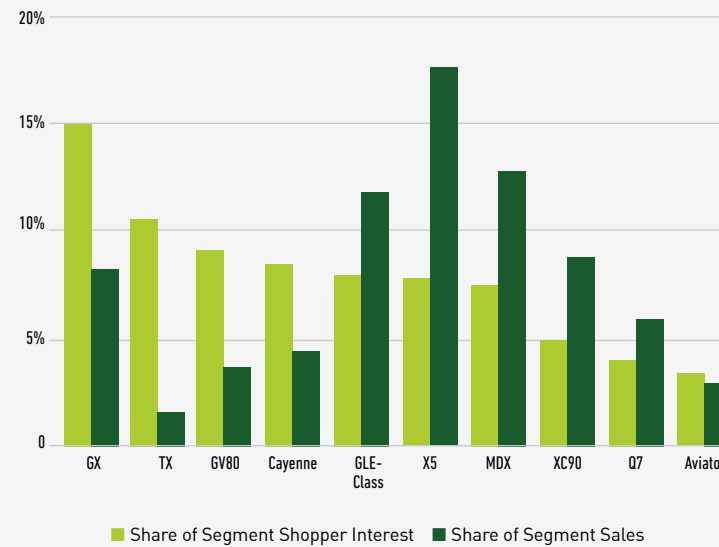
Porsche Cayenne

- Cayenne moved up two spots and saw **44%** growth in the segment, holding a very small margin against Mercedes-Benz GLE-Class

BMW XM

- New in a 2023 model year, the XM ranks **#12** in the segment but the addition of a high-power Label edition for 2024 helped it to grow **28%** year-over-year

Full-size Luxury SUVs/CUVs
Shopper Interest vs. Sales Share



ELECTRIC SUV

We anticipate a lot of shifts in classification and new entries across all EV segments over the next two years, therefore a comparison of sales and shopper interest won't be available until the segments start to normalize.

Kia EV9

- EV9 leads the segment by a wide margin with nearly **44%** share and the highest year-over-year growth of **142%**

Toyota Compact Cruiser (new entrant)

- New to the segment this year, Compact Cruiser ranks **#3** in the segment with **11%** share

GMC Hummer EV SUV

- Moving from **8% to 11%** share, Hummer EV SUV grew **34%** and up one spot in the category ranks to **#4**

KEY VEHICLES DRIVING GROWTH IN SHOPPER INTEREST



MIDSIZE LUXURY SEDAN

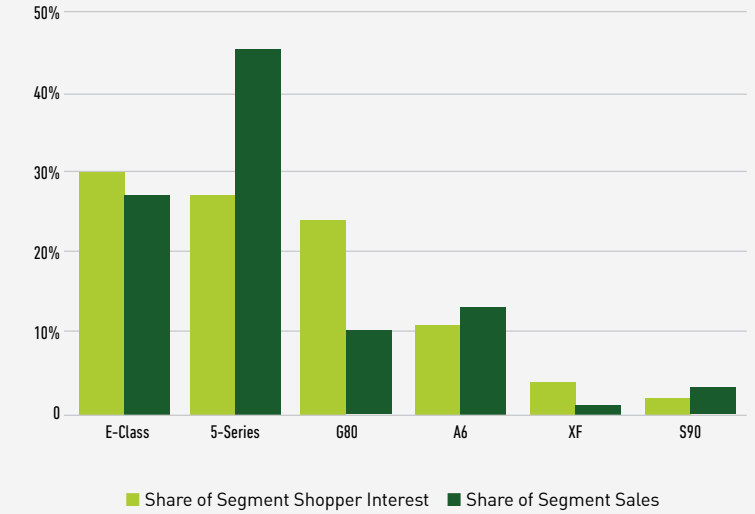
Mercedes-Benz E-Class and E-Class Hybrid

- E-Class jumped to **#1** with **40%** growth and pushed Genesis G80 down to **#3**
- Its Hybrid variation, though less than 1% share, saw significant growth in shopper interest

BMW 5-Series and 5-Series PHEV

- 5-Series held its **#2** rank and grabbed **11%** growth in the segment where only the top-two and their hybrids saw growth
- Similar to E-Class, the 5-Series PHEV saw significant growth in shopper interest

Midsize Luxury Sedans
Shopper Interest vs. Sales Share



EV CAR

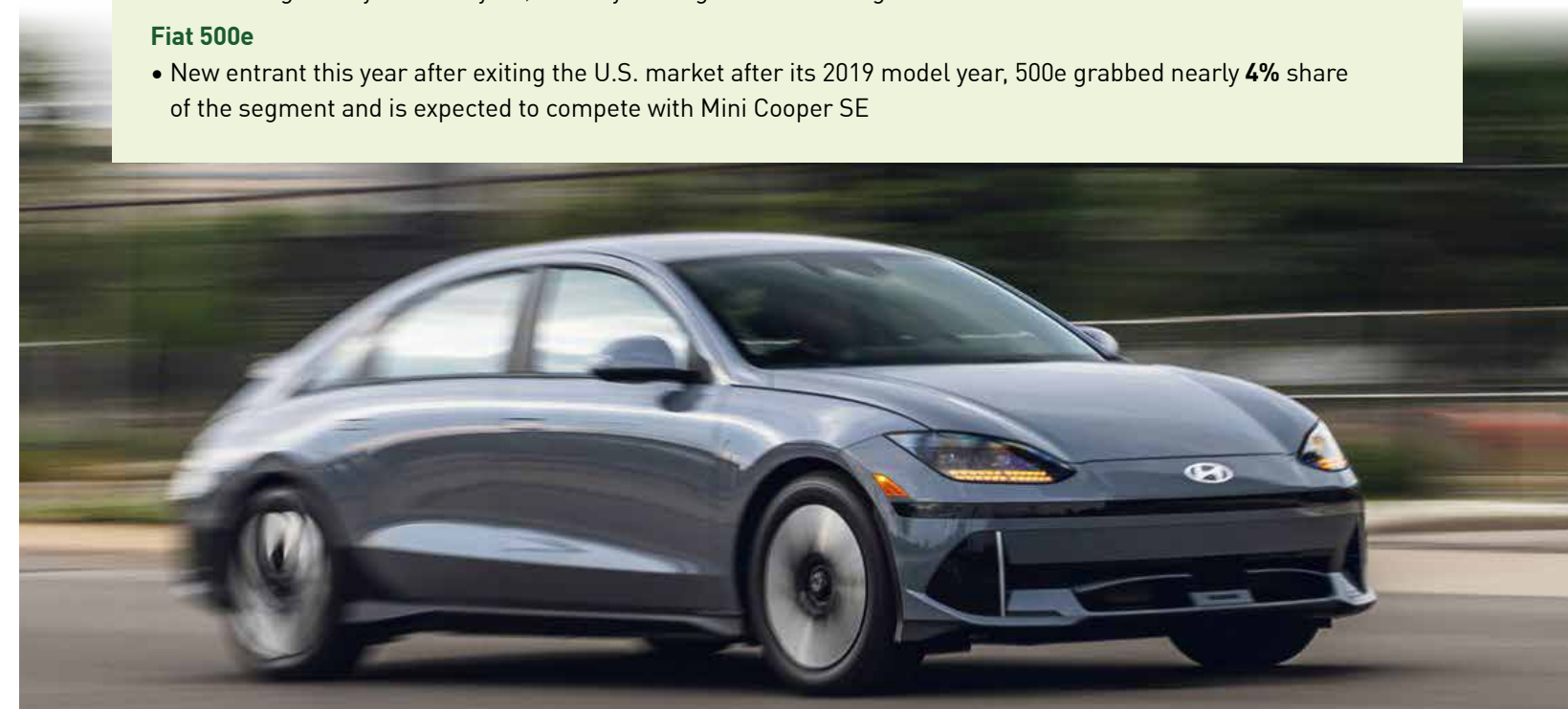
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Hyundai Ioniq6

- Jumping two spots to **#1** in the segment, Ioniq6 holds nearly **50%** of the segment in its first model year
- With **83%** growth year-over-year, the only other growth in the segment came from new entries

Fiat 500e

- New entrant this year after exiting the U.S. market after its 2019 model year, 500e grabbed nearly **4%** share of the segment and is expected to compete with Mini Cooper SE



EVOLUTION

Alternatives to the internal combustion engine (ICE) have been sought after by policy makers, environmentalists, and consumers for many years, but the transition to full battery electric vehicles (BEVs) became almost a singular focus of the industry over the past five years. Pressure to meet emission reduction targets continues to mount, but despite manufacturers rapidly bringing new EVs to the market, consumer adoption still remains a challenge.

FACTS & FIGURES

BEVS

SALES VOLUME¹

1.12M

SHARE OF SALES¹

7.2%

EV SALES GROWTH¹

49%

TRANSACTION PRICE²

\$60K

HYBRIDS

SALES VOLUME¹

1.47M

SHARE OF SALES¹

9.4%

GROWTH¹

55%

TRANSACTION PRICE²

\$42K

With just over **7% share** of the market nationally and a surplus of inventory sitting on dealer lots (114+ days' supply), the U.S. has shown that there are still barriers to entry in going fully electric. Range anxiety has commonly been cited as the top concern for middle America, but unreliable infrastructure, battery performance in various climates, and high sticker prices continue to trouble those who are on the fence. And in a perfect storm on the affordability equation, gas prices have remained relatively low and tax credits have become harder to come by. Meaning, eligibility of receiving the full government tax credits for EVs became significantly restricted as part of the Inflation Reduction Act (IRA). Consumers are left questioning if EVs are really their best option.



¹Hybrid includes both hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs)

BEVS AND PLUG-INS APPROVED FOR IRA CREDITS - 2024 VS. 2023

Series	Propulsion Type	Credit Allowance	End of 2023	Start of 2024
Audi Q5	PHEV	\$3,750	X	
BMW X5	PHEV	\$3,750	X	
Cadillac Lyriq	BEV	\$7,500	X	
Chevrolet Blazer	BEV	\$7,500	X	
Chevrolet Bolt	BEV	\$7,500	X	X
Chevrolet Bolt EUV	BEV	\$7,500	X	X
Chevrolet Equinox	BEV	\$7,500	X	
Chevrolet Silverado	BEV	\$7,500	X	
Chrysler Pacifica	PHEV	\$7,500	X	X
Ford Escape	PHEV	\$3,750	X	X
Ford F-150	BEV	\$7,500	X	X
Ford Mustang Mach E	BEV	\$3,750	X	
Ford Transit	BEV	\$3,750	X	
Jeep Grand Cherokee	PHEV	\$3,750	X	X
Jeep Wrangler	PHEV	\$3,750	X	X
Lincoln Aviator	PHEV	\$7,500	X	
Lincoln Corsair	PHEV	\$3,750	X	X
Nissan Leaf	BEV	\$3,750	X	
Rivian R1S	BEV	\$3,750	X	X
Rivian R1T	BEV	\$3,750	X	X
Tesla Cybertruck	BEV	\$7,500	X	
Tesla Model 3	BEV	\$7,500	X	X
Tesla Model X	BEV	\$7,500	X	X
Tesla Model Y	BEV	\$7,500	X	X
Volkswagen id.4	BEV	\$7,500	X	

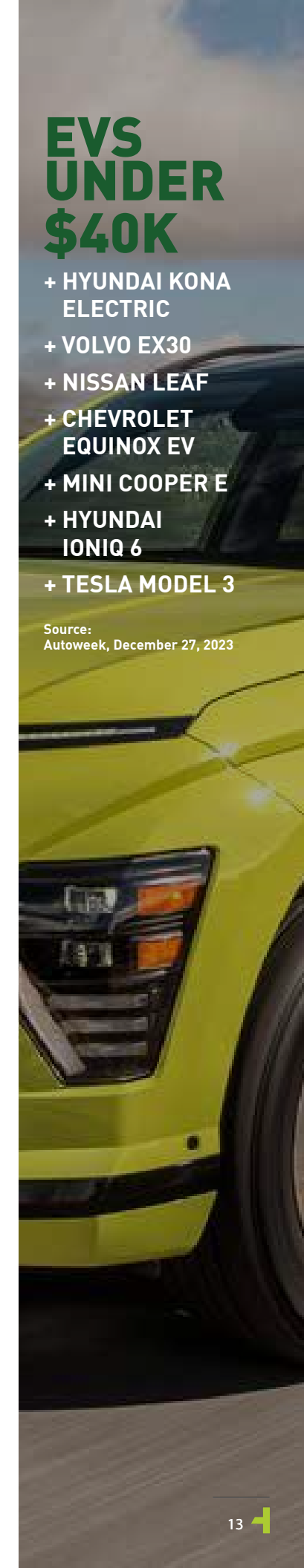
Source: Internal Revenue Service

This may seem as if the EV future is bleak, however EVs still saw strong growth of **49%** in 2023. And while pricing averaged around **\$60k** for much of the year, it was falling down towards **\$51k** by the end of the year, helping to shrink the price differential between ICE (\$46k) and BEVs. What's more is that there are many more affordable EVs hitting the market over 2024 and 2025, as well as more lease and discounting offers from manufacturers. In fact, the EV lease rate was already **24%** in 2023 (vs. 18.5% national average) and is expected to grow as this offers consumers some ease on their buying or ownership concerns, as well as a potential way of receiving the tax credits that may not otherwise be available with buying.

EVS UNDER \$40K

- + HYUNDAI KONA ELECTRIC
- + VOLVO EX30
- + NISSAN LEAF
- + CHEVROLET EQUINOX EV
- + MINI COOPER E
- + HYUNDAI IONIQ 6
- + TESLA MODEL 3

Source: Autoweek, December 27, 2023

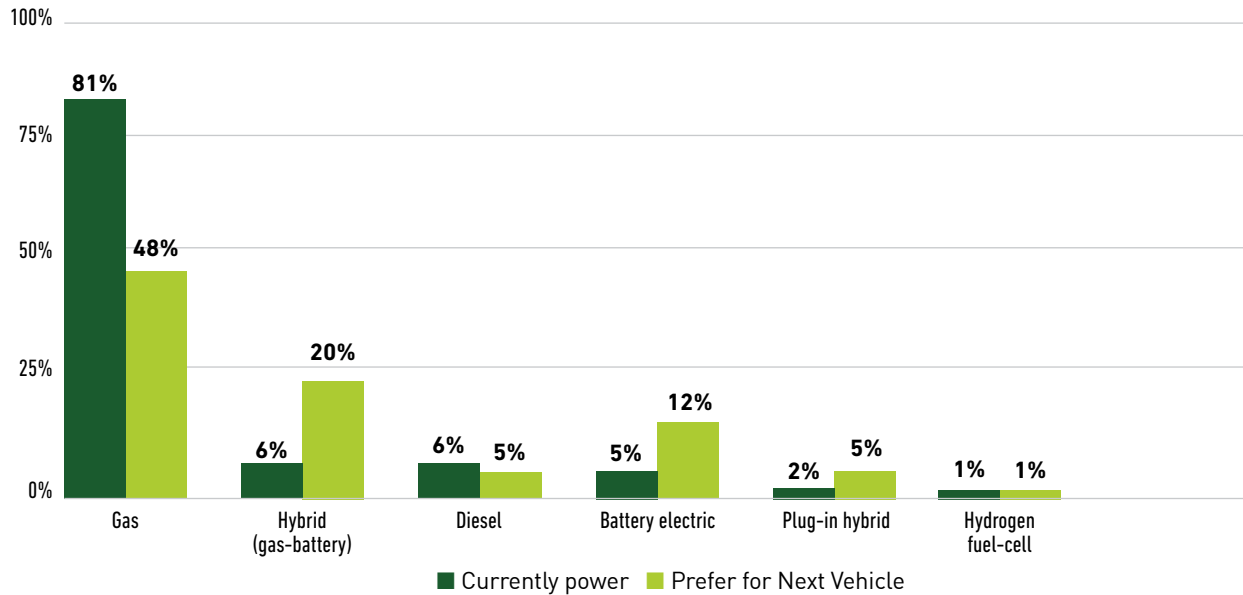


BACK TO THE ORIGINAL ALTERNATIVE

Hybrid and plug-in hybrid vehicles continue to offer a comfortable, safe, and environmentally friendly option for consumers who aren't quite ready to make the plunge into fully electric. Though many manufacturers have pulled their focus from hybrids in recent years, others have considered keeping their lineup diversified between ICE, HEVs, PHEVs, and BEVs, and that's proving to be a safe bet for now.

In Hearst Autos' most recent consumer study of in-market shoppers, consideration for Hybrids outpaced the growth seen among EVs, showcasing that consumers are still fans of this alternative.

Current Ownership vs. Plan to Buy / Lease



CURRENT OWNERSHIP

81%

own gas vehicles but only 48% plan to purchase this powertrain next.

1 in 7

own an alternative fuel vehicle. This almost triples for future consideration.

FUTURE CONSIDERATION

Hybrid: +233%

BEV: 140%

Gas: -41%



Gen Z and Young Millennials are not looking not to spend much on their next vehicle, with **~one-third expecting to spend \$10,000 – \$35,000 and another quarter \$35,000 – \$55,000**. And both have more reservations about **increased planning around trips or usage and battery performance in different climates** than older generations.

Source: Hearst Autos 2023 In-Market Survey, April 2023

Citing their top two motivations for purchasing an EV as “**lower fuel/charging costs**” and “**environmental benefits**,” even taking baby steps by purchasing a hybrid will help them to achieve both of these advantages. And this is especially true for younger millennials and Gen Z, who already have less disposable income and are also balancing the cost of rent, mortgages, and student loan payments.

Needless to say, manufacturers understand that consumers need more affordable options to get wider adoption, but in the meantime, Hybrids of all kinds continue to be a reliable stepping stone towards an electric future.



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