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Lotlinx Automotive Inventory Predictions for 2025

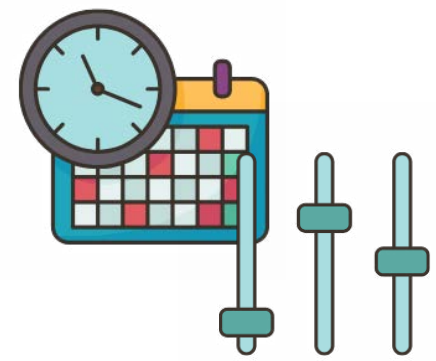
1 DIGITAL TRANSFORMATION WILL ACCELERATE SIGNIFICANTLY

- › Leveraging machine learning automation will enhance the end-to-end car buying experience. Dealers will need to invest heavily in platforms offering a seamless car-buying experience online, from browsing to financing and delivery. Investment in this category is likely to be a “cost of doing business” and unlikely to generate significant upticks in sales. Types of platforms needed are ones that combine the CRM, DMS, Inventory, Google Analytics, and CDP into one platform where machine learning is overlaid to analyze and monitor the data 24/7.
- › Predictive analytics and AI tools will play a significant role in tailoring marketing efforts, automating inventory management, and improving customer service.
- › The largest transformational payoffs will come through leveraging AI tools to automate operational tasks and to perform these tasks with higher certainty and consistency. Dealers should expect these systems to either automatically perform these tasks or to offer data driven advice over traditional reports.



2 AN INVENTORY IMBALANCE ACROSS BRANDS

- › Where days supply is a problem for a brand, dealers will need to mitigate risk by maintaining leaner inventories. Emerging AI tools can facilitate acquiring the right vehicles, pricing them correctly, and identifying risk factors early.
- › The used car market will remain robust, but luxury and larger sized vehicles will be challenging to sell. Dealers will need to focus and rely heavily on certified pre-owned (CPO) programs to attract budget-conscious customers despite shortages from off-lease vehicles.
- › New day supply is expected to continue its increasing trend with high disparity between brands with Toyota and Lexus running a very tight day supply while Stellantis continues to operate on a very high day supply. Used car day supply is expected to remain tight and steady as it has for the entirety of 2024.



3 DEALERS EXPECT OEMS TO ADDRESS HIGH DAYS SUPPLY

- › Dealers will put mounting pressure on OEMs to offer competitive incentives, address challenges with final pay of significantly aged units, and to do a better job configuring vehicles to match the affordability challenges of consumers.
- › Shareholders will increase pressure on OEM leadership to be more responsive to current economic conditions.



4 ECONOMIC PRESSURES ARE STILL PREVALENT

- › Higher interest rates may continue to pressure affordability, leading to longer loan terms and greater emphasis on leasing options.
- › Rising operational costs, including labor and energy, could narrow profit margins, putting a lot of pressure on marketing costs. Marketing plans must be scrutinized like never before.
- › Sales prices are expected to grow slightly across used cars while elevated inventories and higher aged inventory profiles for new vehicles are forecasted to lead to declining prices and intensified competition in the market.



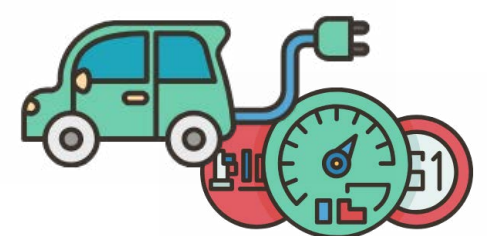
5 CONSUMERS EXPECT ENHANCED CUSTOMER EXPERIENCES

- › Successful dealers will need to leverage AI and machine learning tools that combine their DMS, CRM, and inventory data in order to have more personalization in everything they do.
- › AI and machine learning will help dealers better target those shoppers who are just browsing to those ready to buy to ensure they are spending ad budgets more efficiently and crafting messaging that is more personalized and relevant.



6 EXPECTED GROWTH FOR HYBRIDS AND EVS

- › EVs are projected to account for 20-25% of new car sales in the U.S., up from around 12% in 2024. This growth will be driven by improved affordability due to declining battery costs, expanded charging infrastructure, and federal and state incentives, including potential subsidies for used EVs.
- › While EVs dominate headlines, hybrid and plug-in hybrid electric vehicles (PHEVs) will continue to attract buyers who value fuel efficiency and the flexibility of a gasoline engine for long trips.



For over 12 years, Lotlinx has been helping dealers take control of their inventory operations by leveraging sophisticated machine learning that understands how their advertising is impacting each VIN, where the consumer demand is in a market for every VIN, where their price and promotion stands against their competitors.

To get an assessment on your dealership's inventory, meet with one of our inventory specialists.

Call 877-VIN-RISK or email risk@lotlinx.com.

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