Pricing and Profitability in the Age of Incentives: An Introduction

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U.S. Light Vehicle Sales Trend with Forecast

---Incentive War---

Millions of Units

'67 '69 '71 '73 '75 '77 '79 '81 '83 '85 '87 '89 '91 '93 '95 '97 '99 '01 '03 '05
Consumer Incentives Gaps and Spikes in Sales

Source: Power Information Network Data
Would incentives reach $2,500 per vehicle by end of 2003?
Incentives surge with “clearance sales” in Q3 ‘03.
U.S.: Consumer Incentives (Market-wide Average)
Actual and Trend

Uh Oh!

2000 2001 2002 2003 2004
Have incentives finally plateaued?
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