

Detroit Free Press

Stellantis sales woes prompt theories, worries as UAW blasts CEO

By Eric D. Lawrence (excerpt)
August 20, 2024

By many measures, 2024 has been rough for one of the Detroit Three.

Stellantis, owner of Jeep, Ram, Chrysler, Dodge and Fiat, among other brands, has seen shrinking sales in its key U.S. market, down 21% in the second quarter, which put it out of step with competitors. It also had a hefty drop in net profit in the first half, down 48%, although it remained profitable.

A slew of notable executive departures and job cuts, either through white-collar buyouts or blue-collar layoffs, including plans to drop a shift at Warren Truck Assembly north of Detroit, have helped set the tone.

CEO Carlos Tavares has referenced the company's "arrogance" in discussing some of the issues, pointing to either production problems or excess inventory. He's cited problems at a couple of U.S. plants, without being too specific, but clearly that's not the full picture.

'Things are starting to come apart'

David Kudla, CEO of Mainstay Capital Management, said that comparison is cherry-picking a bit since it followed a big run-up, but he said the numbers highlight how investors see the company now.

"You've got to have something to support that guidance," Kudla said. ...

... The automaker has highlighted lower pricing more directly in recent months. Jeep brand CEO Antonio Filosa said earlier this year that one strategy to grow the brand would be to cut prices and add content, and during the rollout of the 2025 Ram 1500 RHO, executives pointed to price, at thousands of dollars less than the base model Ford Raptor, as a way to offer a more attainable high-performance pickup.

That RHO, however, isn't powered by a V8 engine. Experts as well as the company will credit the performance chops, better efficiency and improved emissions expected from the company's inline-six cylinder Hurricane engines, but not everyone agrees with the decision to move away from the Hemi V8.

That includes Kudla, who pointed to the company's upcoming new vehicle launches, which are heavy on electric vehicles at a time when the industry is recalibrating to account for a slower ramp-up of EV sales than predicted. Promising a new electric pickup this year, while dropping a V8 option, is an odd choice, Kudla said.

"I don't think you need to be an auto analyst at J.P. Morgan for 10 years to know or to believe that maybe that's not the best strategy. And so I think that the concerns about understanding the American consumer and American demands is a valid one," Kudla said, noting that the approach of not offering a V8 in the 2025 Ram 1500 while promising an EV option this year might seem reasonable in Europe, where Stellantis is headquartered.

Stellantis, it's worth noting, also touts its hybrid offerings and will offer a range extender version of its 2025 Ram 1500, called the Ramcharger.

The Hemi V8 is iconic to U.S. consumers, Kudla said, recalling TV commercials where the Hemis in the Ram pickups and the muscle cars were the focus.

For Kudla, however, an announcement in June was notable even if it's unclear whether it signals a shift.

The company said the Jeep Wrangler 392, with its 6.4-liter V8, would be back for the 2025 model year.

Bill Peffer, senior vice president and head of Jeep in North America, said the Jeep brand had listened to its audience.

"When news broke in March that Jeep Wrangler 392 was roaring off into the sunset, the comments, coverage and conversation showed us that the Jeep community isn't quite ready to say goodbye to the V-8-powered Wrangler," he said.

For the full article, please click [here](#).