

WHY ELECTRIC VEHICLE INTEREST IS STAGNATING AT THE WORST POSSIBLE TIME

A slew of consumer concerns are having a ripple effect on every major player in the EV industry. Here's how to regain momentum.

An Ipsos Point of View

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GAME CHANGERS



KEY FINDINGS:

- New EV launches, price cuts and climate change worries should be incentivizing considerers, but economic woes and shifting IRA restrictions are hampering a clear opportunity for growth.
- Younger buyers, the generation most likely to consider BEVs, lost interest compared to last year, a worrisome trend.
- Range anxiety and cost concerns remain the most obvious barriers of consideration.
- Charging station availability and charging behaviors introduce a slew of issues post-purchase that could hamper BEV owners from becoming advocates.

After years of increased consideration in battery electric vehicles (BEVs), Ipsos' syndicated Navigator study has recently noticed a worrying backslide in interest. The trend couldn't come at a worse time for the automotive industry, where new BEV launches are happening at an accelerating pace.

This should be an optimistic climate for the industry to push forward with BEVs.

The market share of BEVs is still relatively low but climbing steadily. According to Kelley Blue Book data, 5.8% of new cars bought in the U.S. in 2022 were electric, an increase from 3.2% in 2021. On top of that, automakers expect to reach a tipping point in their preparation to provide BEVs to the masses. Industry experts expect U.S. EV sales to exceed one million vehicles in 2023, and competition has never been fiercer; there are over 40 BEV models currently on the road in the U.S., with 60 more announced in the coming years offer a wide variety of body styles and segments.

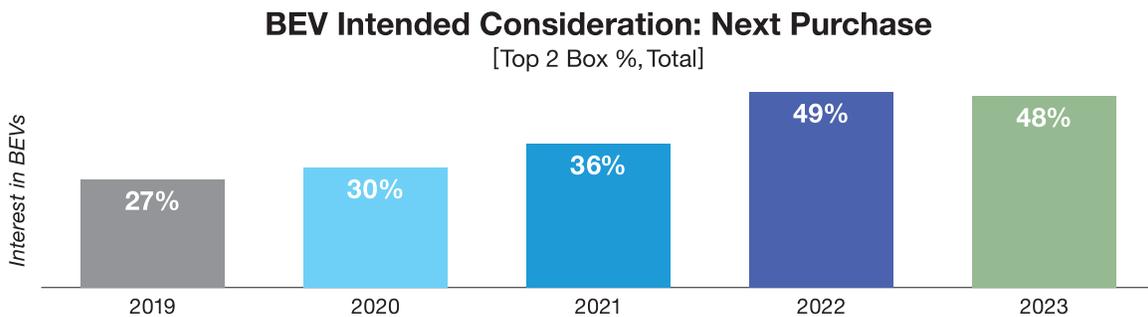
The vehicles themselves are becoming more accessible to the consumer. Through the federal Inflation Reduction Act, tax credit incentives have been renewed and overhauled, encouraging automakers to cut their BEV prices at a time when the average new vehicle price is climbing for traditional internal combustion engine vehicles. And regarding charging infrastructure, public spending on EV charging is surging, and private collaborations like Ford and Tesla's recent charging station partnership are positive headlines that could help address a major pain-point. Add the sustainability benefits BEVs bring to an environmentally conscious world, and this should theoretically be a perfect opportunity for the industry to capitalize and see a spike in BEV adoption.

But the true outlook of BEV adoption is muddy

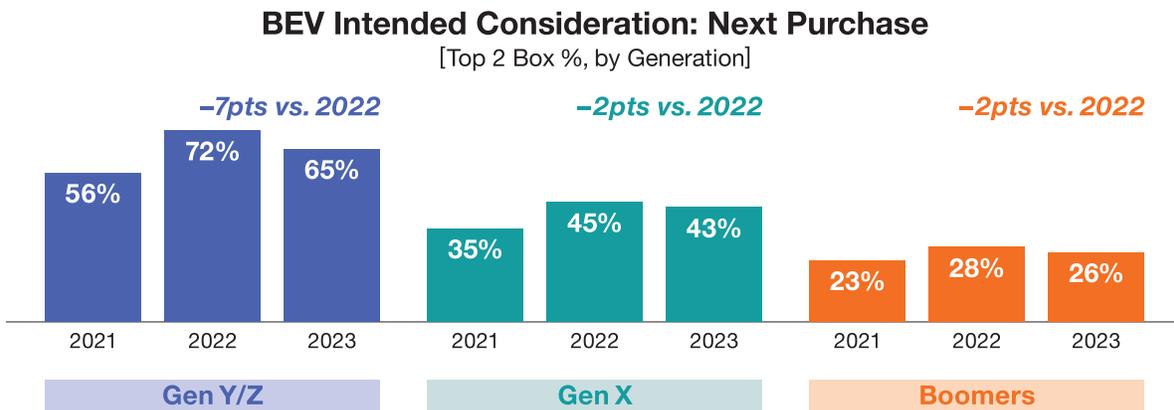
Over-regulation is limiting the potential impact of these new incentives. Income limits and supply chain restrictions complicate vehicle eligibility and stifle consumer choice. Recent EPA restrictions continue to send the wrong message, trying to push consumers away from traditional internal combustion engines rather than a more attractive pull *toward* BEVs. And while there is optimism in the growth of public charging in the nation, it is overshadowed by the rough condition of the current public station network, where availability and reliability issues affect the recommendations of BEV owners as advocates for the technology.

What do consumers actually think?

It looks like these attempted advancements are a missed opportunity. After years of continuous growth in BEV consideration, we are seeing interest level off.



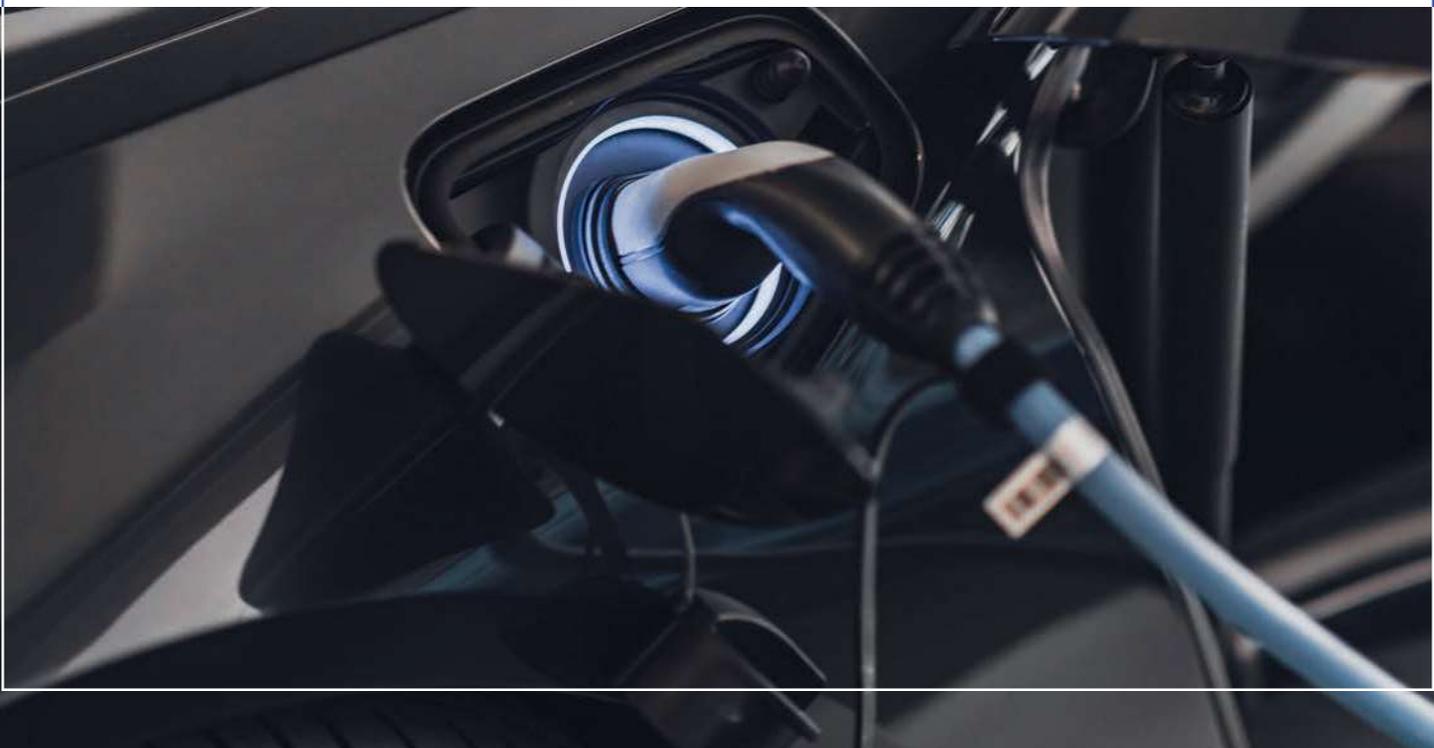
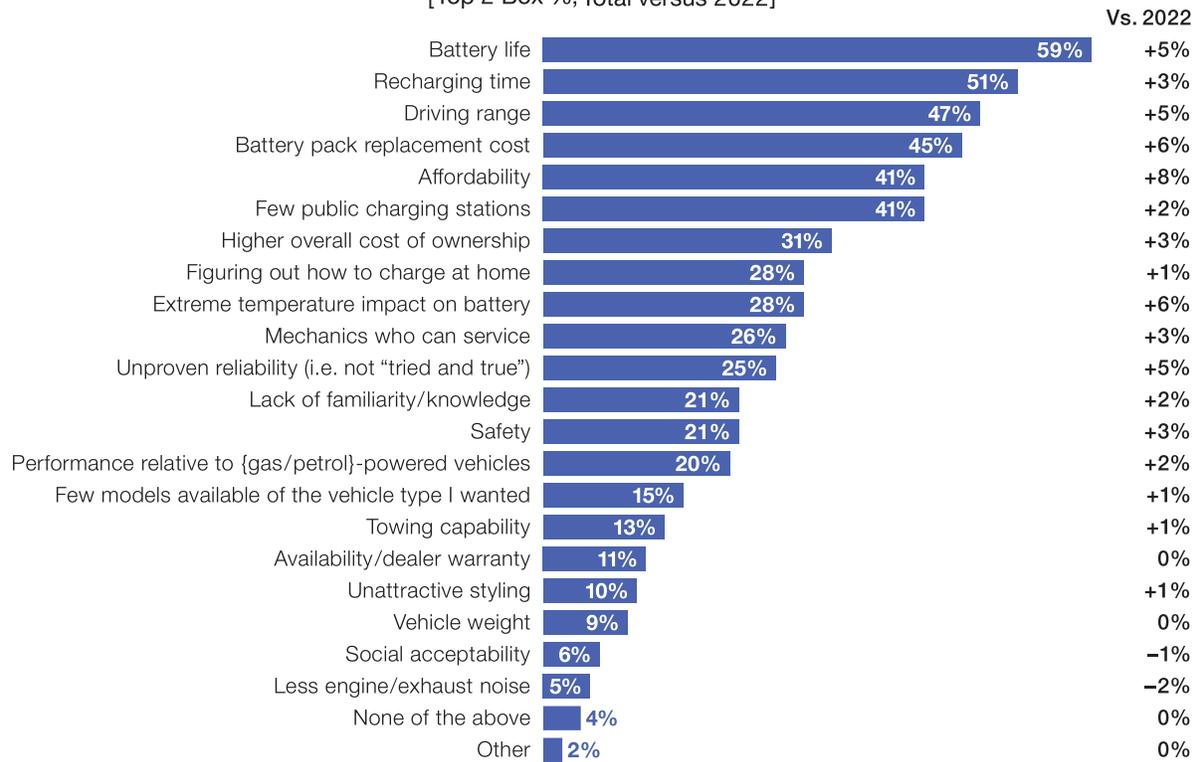
The larger worry is that consideration has decreased year over year for younger buyers, the segment of potential buyers *most* interested in BEVs. In a world where potential consideration is waning for the population of the future, regaining their attention is paramount.



The main concerns affecting this plateau are the same as past years. **Driving range** and **battery life** cannot yet measure up to what traditional ICE vehicles provide. The **charging experience (time and reliability)** does not meet the expectations of potential buyers. **Cost-related worries** make it difficult for BEV considerers to pull the trigger with any certainty. The difference this year is that these top concerns are all up across the board compared to 2022.

Concerns About Owning a BEV

[Top 2 Box %, Total versus 2022]



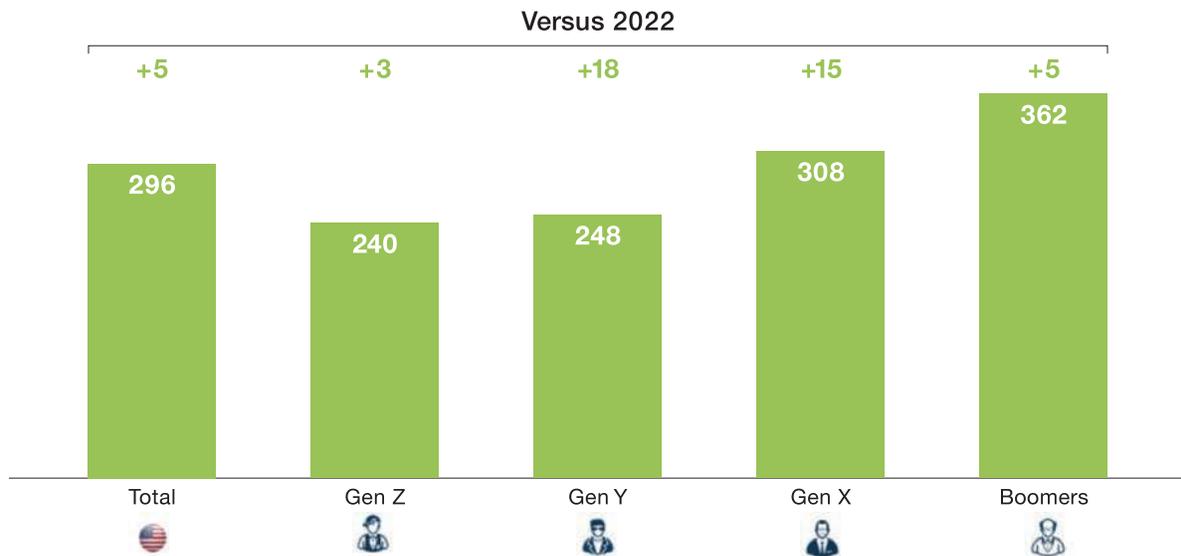
The other metrics associated with these concerns paint a clearer picture

Minimum acceptable range

Buyers want an average of 296 miles of range (up from 291 in 2022). While that aligns with the 300-mile range of the average BEV on the road, according to Bloomberg, any imperfect driving conditions can deteriorate that number and increase range anxiety.

Average Minimum Acceptable Range (Miles)

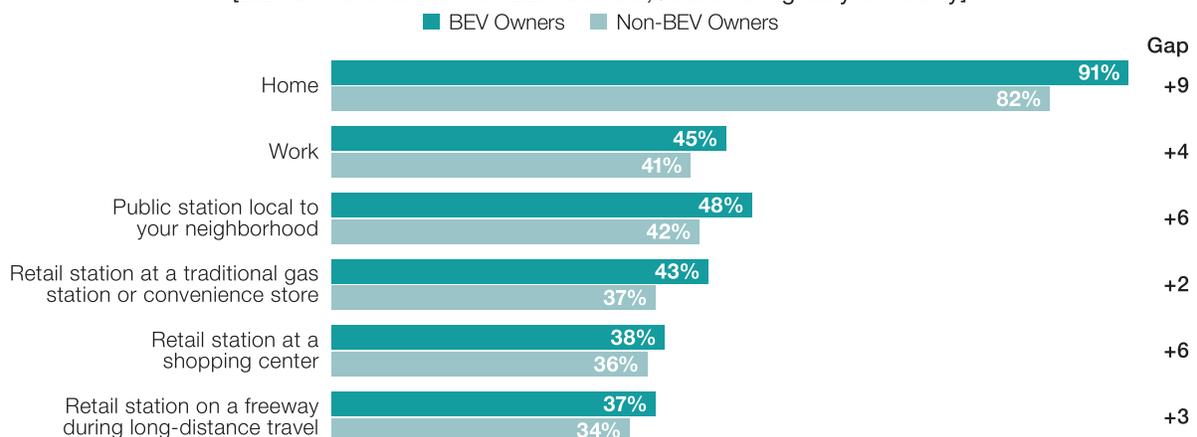
[Total, by Generation]



Charging frequency

BEV Charging Frequency Versus Non-Owner Expectations

[BEV Owners versus Non-BEV Owners, % answering daily or weekly]



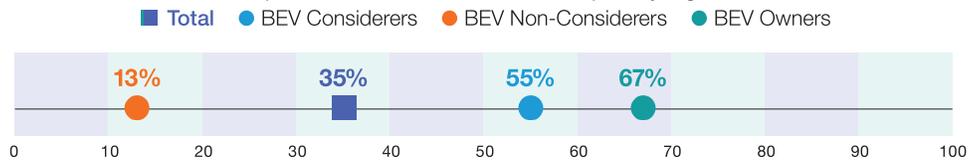
BEV owners report they charge *daily or weekly* at a higher rate than BEV considerers expect, whether at home, at work or at various public charging stations. For BEV owners, 73% say they need more public charging stations in their area. Until BEV considerers' expectations align with BEV owners' true behavior, and until they feel more comfortable with the availability of charging stations, there will be apprehension pre- and post-purchase.

Cost of ownership

The myth persists that BEV ownership costs are higher than internal combustion vehicles. Only 35% of buyers agree that BEVs have a lower cost of ownership compared to internal combustion engine vehicles. That figure increases to 55% for BEV considerers. In reality, the average cost of maintaining a BEV is \$9,048 per year, compared to the \$10,728 industry average, according to AAA's annual cost of ownership report. Without proper dealer education, buyers will falsely believe they must suffer higher up-front and ongoing costs to switch to BEVs.

The overall cost of ownership for a BEV is less than for a traditional gas/petrol/diesel vehicle

[Top 2 Box %, Somewhat or Completely Agree]



Rebounding from this plateau starts with redefining what drives consideration, and focusing efforts on what matters to consumers.

Historically, there have been various ways to position your brand's lineup to attract buyers: Quality, safety, value, performance and even your brand's reputation as an established automaker. But in the new world of BEV production, most of these perceptions barely drive BEV consideration, even among brands that perform well in those areas.

While value is still an important perception to BEV considerers, opinions surrounding range, sustainable materials, fast-charging networks and heat pumps drive BEV consideration far more than the style and reputation of the brand. Very few automakers perform well in these areas, which has limited their potential to emerge as a leading BEV provider. More importantly, these areas are blind spots that are hurting the industry at large. With no brands properly focusing and performing well in these areas, BEV growth could continue to suffer.

At the end of the day, the main concerns persist and need to be addressed adequately.

The most effective way to strengthen consideration is to alleviate the pain points we hear from potential buyers. The onus is not on one party, but on everyone: auto manufacturers, charging companies, governments, dealers and the buyer themselves.

- **Range must continue to improve.** It is at the forefront of everyone's mind when contemplating the switch from gas to electricity.
- **Invest in charging infrastructure.** Establishing a widespread, reliable, fast-charging network can work two-fold, providing proof of a fully developed solution to BEV considerers and improving the driving experience for BEV owners. We covered this key concern in a recent piece looking at the [dark side of EVs](#).
- **Educate the consumer.** While the price of a BEV may be higher than their ICE counterparts, understanding the [cost of ownership savings](#) and [available incentives](#) can minimize "sticker shock." The complication of government incentives needs to be explained and made easier for the consumer.



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Program Overview

Ipsos Navigator is a syndicated research program that focuses on the key trends and disruptions impacting the automotive and mobility industries.

There are TWO core modules, plus an optional THIRD module each focused on a distinct topic:

1. ELECTRIFICATION | Spring of 2023
2. DRIVING TECHNOLOGY | Summer of 2023
3. MOBILITY | Fall of 2023 (various sample options, standard is US only)

This program has been in existence since 2017 and enables subscribers to compare key metrics both over time and between different markets.

- Become a charter member of our **EV Charging Station competitive benchmark study** and better understand the current landscape of public EV charging across brands and U.S. regions.

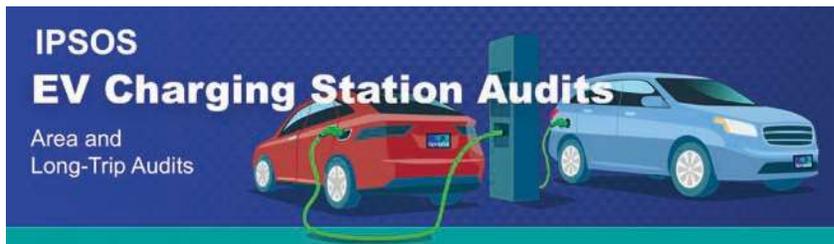


EV CHARGING STATION
COMPETITIVE BENCHMARK

A syndicated consumer sentiment and mystery shopping study on EV charging stations across the US

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- For a more curated approach, we also provide [proprietary EV Charging Station Audits](#) to evaluate the efficacy of your chargers and competitors.



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