Path to EV Adoption: Consumer and Dealer Perspectives

SUMMARY / JUNE 2023
Study background and methodology

Background
Cox Automotive started researching the EV market in 2019 and continues to monitor changing consumer and dealer sentiment. This research focuses on understanding how EVs will change the consumer shopping and ownership experiences along with impacts to the dealership.

Cox Automotive surveyed...

1,024 CONSUMERS

152 DEALERS
Consumer sentiment is changing
Consideration is growing; however, price remains the top roadblock

EV CONSIDERATION
% of Consumers Considering a BEV Within the Next 12 Months (New and Used)

2022: 51%

vs. 38% in 2021

TOP EV PURCHASE BARRIERS
New EV Considerers

2022: 43%
2021: 41%
Too Expensive

2022: 32%
2021: 40%
Lack of charging stations in my area

2022: 27%
2021: 28%
Concern over cost of battery replacement

Source: Cox Automotive Path to EV Adoption: Consumer and Dealer Perspectives. (C) 2023, Cox Automotive, Inc. All rights reserved.
Fuel savings and ownership efficiency are top reasons for consumer EV consideration

…it’s what’s most important to EV considerers

<table>
<thead>
<tr>
<th>Reason</th>
<th>Mentioned (%)</th>
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<tbody>
<tr>
<td>Fuel Savings</td>
<td>73%</td>
</tr>
<tr>
<td>Environmentally Friendly</td>
<td>53%</td>
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<tr>
<td>Performance</td>
<td>44%</td>
</tr>
<tr>
<td>Maintenance Efficiency</td>
<td>42%</td>
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<tr>
<td>More Affordable/Save Money</td>
<td>27%</td>
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73% of EV Considerers are more than 50% certain that their next vehicle will be an EV.

Source: Cox Automotive Emerging Technology Study by Cox Automotive, Inc. All rights reserved.
New EV Buyers are open to a purchase experience that is mostly digital

**New EV Buyers**

- **87%** OPEN TO BUYING FULLY ONLINE
- **80%** WILL DO MOST OR ALL OF PURCHASE ONLINE IN THE FUTURE*

**Sites consumers could see themselves purchasing or leasing from online in the next 1-2 years**

- **66%** DEALER WEBSITE
- **50%** OEM WEBSITE

*Source: 2022 Digitization of End-to-End Retail Study *Excluding Search, Calculate Estimated Payment, and Finding Incentives. Represents percent of steps person does online based on number of steps person does.*
New EV Buyers are more likely to walk into the dealership knowing what they want

**EV buyers spent less time…**

- Looking at vehicles and talking with salespeople
- Negotiating a price and trade-in offer
- Discussing and signing sales contract

**Time spent at dealership where purchased (HH:MM)**

- **2:23** New EV (A)
- **2:55** New ICE

91% of EV buyers already had in mind the vehicle they purchased prior to visiting dealerships.

Letters indicate significant difference between groups at the 95% confidence interval. Arrows indicate significant difference between years at the 95% confidence interval.

Source: 2022 Cox Automotive Car Buyer Journey. © 2023 by Cox Automotive, Inc. All rights reserved.
Consumers are ready for an electric future, but many dealers are not

**FEEL EVS ARE THE FUTURE AND WILL LARGELY REPLACE GAS ENGINES OVER TIME**

22 POINT GAP

53% 31%

53% of consumers feel that EVs are the future and will largely replace gas engines over time. However, only 31% of dealers feel the same way.

45%

45% of dealers feel that EVs need to prove themselves in the marketplace.
Despite concerns, dealers see EVs as important to the growth of their dealership. Majority expect to integrate them in less than 2 years.

**Importance to Growth of Dealership** (% T2B Very/Somewhat important)

- **55%** SELLING EVS
- **57%** SERVICING EVS
- **91%** SAY SALE/LEASE OF EVS WILL INCREASE SIGNIFICANTLY / SLIGHTLY IN THE NEXT 3-5 YEARS

Source: Cox Automotive Emerging Technology Study by Cox Automotive, Inc. All rights reserved.
Expectation of EV growth and importance to their dealership is likely fueled by OEM investment requirements

82% of dealers are required by their OEM to make an EV investment

Source: Cox Automotive Car Buyer Financing Journey – 2022 ©2023 by Cox Automotive, Inc.
Less than half of dealers feel extremely prepared to sell or service EVs

**PREPAREDNESS FOR EVS (1-10 SCALE)**

AMONG FRANCHISED DEALERS

<table>
<thead>
<tr>
<th>Selling EVs</th>
<th>Servicing EVs</th>
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</thead>
<tbody>
<tr>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>45%</td>
<td>43%</td>
</tr>
<tr>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>54%</td>
<td>53%</td>
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Source: Cox Automotive Emerging Technology Study by Cox Automotive, Inc. All rights reserved.

“We still need more infrastructure for DC fast charge and more technicians dedicated to BEVs.”
- Franchised Dealer

“We] need to ramp up service department training, tools, parts along with 2 onsite rapid charging stations, one for sales and service.”
- Franchised Dealer
**EV buyers prefer dealerships for maintenance needs**

Dealers need to increase knowledge of battery and overall electric vehicle servicing

**PREFERRED EV MAINTENANCE LOCATION**

- Franchise Dealer: 57%
- Independent Dealer: 41%
- Mobile service (comes to you): 36%
- Independent repair facility: 29%
- Do it yourself (DIY): 21%

**Areas where dealers need to learn more about servicing EVs:**

1. Battery Lifecycle
2. Battery Health
3. Overall Servicing of an EV
A majority of EV owners are interested in battery health, but dealers need more education

81% of consumers are very/somewhat interested in a battery health report out on its own

63% of dealers are slightly or not at all familiar with battery health diagnostic tools

94% of EV owners monitor overall battery health always/often/sometimes
Key takeaways

**EV consideration is growing more rapidly than sales:**
While 51% of vehicle shoppers now indicate they are considering an electric vehicle, EV share of total sales in the U.S. in 2023 will be less than 8%. Affordability continues to be the top barrier for many shoppers.

**There’s a large gap in EV readiness between consumers and dealers:**
Consumer adoption of EVs is expected to grow as more models hit the market, but dealers are not yet prepared to support an influx of customers in sales or service.

**Support from OEMs is needed to close the readiness gap:**
Dealers are thirsty for EV information to ensure they are the go-to resource for customers and look to OEMs for guidance in learning more about EVs, specifically in the areas of charging and batteries.

**Sales will come, but equipping dealerships with EV servicing capabilities is crucial in the near term:**
The likelihood that an EV buyer has made the purchase decision before visiting a dealership is high. Still, current owners prefer dealerships for servicing and maintenance, where over half of dealers are not fully prepared.