

Advising Greentech companies to help maximize growth

What Inherent Market Dynamics are Stifling EV Adoption?



...and are Chinese EVs popular with Europeans?



Some purchase dissatisfaction is to be expected no matter what the product may be, and the "long trip" concern is well documented.

In my mind, the role sustainability plays was also predictable: it's a factor for "believers" and much less so for those not fully environmentally committed.

The disappointment related to performance and acceleration was unexpected.

Satisfaction far from guaranteed



- 29% expressed concern about the impact of charging on longer trips.
- 26% reported that planning charging stops makes travel more stressful.
 - For millennials and owners with children, charging on long trips may "feel particularly burdensome."
- EV owners who consider returning to ICE vehicles are 3x more likely to have been disappointed with acceleration and performance.
- Sustainability is a factor for "believers"
 - Sustainability concerns only impact the decision to switch back to an ICE vehicle about half the time.
 - For those who plan to stay with EVs, sustainability was a factor for well over 60% of respondents.

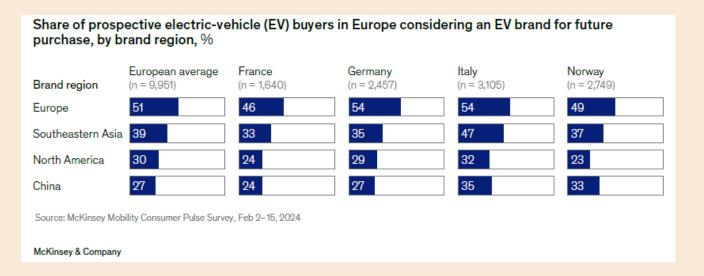


The Semafor newsletter recently described the impact of EU carbon targets and inexpensive Chinese EVs as an "EV winter" for European automakers.

All but one of the largest EU automakers have announced profit warnings.

In response to regulatory requirements and competition, 170 new EU models are expected in the next two years.

Made in Europe not a necessity



- The good news: about half of Europeans have a preference for European brands (BMW, Mercedes-Benz, Renault, and Volkswagen).
- The bad news: only about half of Europeans have a preference for European brands.
 - Asian brand buyers would consider Hyundai, KIA, and Toyota.
 - American brands of course include Tesla, but also Rivian and Cadillac.
- Chinese brands (BYD, LiAuto, NIO, and Xpeng) have already basically achieved parity with other regions in terms of buying consideration.
- For China, the question becomes the impact of tariffs.



Cartoon: Bothell-Kenmore Reporter

Governments and climate activists are doing all they can to "force" the transition to net-zero transportation, and for good reason. Power generation and transportation are the two biggest sources of carbon emissions.

But they forgot one thing: it's almost impossible to artificially accelerate an emerging market.

The inherent challenges of emerging markets



- Governments have offered attractive financial incentives and imposed emissions standards on automakers that force them to introduce zero or low emission offerings.
- The problem is that for most people, buying an EV is a discretionary purchase.
- Outside of the positive environmental impact, EVs offer little or no incremental value over internal combustion engine vehicles. In fact, the need to charge makes them "inferior."
- Those dynamics, coupled with two characteristics of emerging markets, arguably result in insurmountable headwinds:
 - Initial product offerings in emerging markets are always significantly more expensive that subsequent offerings. Outside of early adopters, most people wait for prices to approach parity.
 - 2. By definition, technology advances rapidly in emerging markets. Except for those who feel compelled to have the latest and greatest, most consumers wait for the technology to "stabilize" before purchasing.
- Given this, it's doubtful the optimistic projections of EV adoption will come to fruition.

Tomorrow we'll cover another headwind: resale value and the secondary market.





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Unbiased and Unfiltered

- An honest assessment of the climate change effort.
- I cover what's working but more important the issues/roadblocks that the industry would prefer to ignore.
- A must-read for anyone with a desire to understand what's really going on with renewable energy and climate change.



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