NIQ

A NielsenIQ bi-annual publication for the automotive industry

Driving in the Future: Uncovering consumer perspectives on Electric Vehicles

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Understanding consumers perspectives on Electric Vehicle adoption

In the ever-evolving landscape of transportation, the rise of electric vehicles (EVs) has captured the attention and imagination of individuals, industries, and governments around the world.

EV's are seeing exponential growth as sales touched 10 Mn units in 2022. Three markets dominated global sales. China continues to be the frontrunner, accounting for almost 60% of global EV sales, followed by Europe and USA.

However, adoption in other markets have been muted. While a lot of commentary exist on the industry view of this category, it is important to understand the consumer view on how to increase adoption. This will allow the ecosystem to tailor solutions to enable a smoother transition to this new form of transportation.

In order to provide a consumer perspective, NIQ carried out primary research among current car owners in China, Germany, India, Indonesia, Malaysia and Vietnam in the first half of 2023

The aim is to provide a consumer-based understanding of the stated consideration of EV vehicles, and to create a framework for arriving at the **likely actual consideration** in these markets. This is going to be a bi-annual feature, aiming to provide the industry with steps on prioritization of markets, target consumer profiles and improve adoption rates.

There is a high level of enthusiasm among consumers with regards to the EV as a category.

While awareness of EV and its different forms are high, only 1 in every 3 consumers cite familiarity with the category. With only 21% of them having researched the category extensively.

While availability of charging infrastructure has always been cited as the key aspect that impacts consumer consideration, product related elements are increasingly being cited more by consumers.

IMPORTANCE OF FACTORS

Safety of vehicle	58%
Charging facility	48%
Reliability of vehicle	47%
Performance of vehicle	43%
Range of battery	42%
Electricity cost	**41%**

27% Mention being very familiar with EV category across markets

21% Mention having done a lot of research about EV across markets

Safety, reliability, performance of the vehicle all feature as top elements to consider. Interestingly, cost of household electricity also come in as one the key consideration. This is perhaps on the back of the recent increases in household electricity prices across the world. Building customer confidence is imperative for any new category of products, hence capable after-sales service is another element that consumers have cited as being extremely important.

While there are similarities across most markets, there are some specific nuances also that come out. For India, cost of electricity feature among the top 5. Household electricity prices in India have gone up from less than INR 4 / KWH to more than INR 6 /KWH over the last 12 months. Indonesian consumers feature capability of after-sales network among the top 5 concerns. In addition, vehicle safety has the highest mention across markets by Indonesian customers.

There is high level of interest among consumers towards adopting this new mode of transportation as their primary next vehicle. Across the markets, more than 1 in 3 customers cite a strong preference to consider EV model during their next purchase.

At the same time, there are a sizeable proportion of consumers who can be affirmed as rejectors of this category. While these consumer sets will evolve over a period along with the category, there are yet many unknowns towards mass adoption for consumers.

Despite this enthusiasm towards stated consideration, the in-market reality today is different. There are multiple concerns that have been mentioned, which are likely to be inhibitors of their final purchase decision. These remain in the **areas of performance of EV models along with acquisition price**.

- Battery performance comes in among the top concerns towards adoption. Given the high congestion in most emerging markets and extensive use of HVAC, the ability of the battery to hold charge does come in as a barrier.
- In many markets there is a dearth of dedicated parking space for cars, coupled with lower potential of charger deployment. Given that most urban dwellings are around apartments, individual charger deployment can be an issue, affecting convenience of ownership.

These inhibitors are likely to dampen adoption, we estimate the likely consideration for EV in the short to mid term to be at 19%

We, complemented this with the unsolicited view of consumers on the key topics. Sentiments by markets differ in proportion, with 15% - 30% customers positively disposed. This is inline with our estimation of the likely consideration. Thailand and India among emerging markets leads this trend on the back of new model launches, with Indonesia lagging. Recent roll-out of LST (Luxury sales tax) norms for EV in Indonesia, have generated polarity, with a lot of consumers expressing doubts on the government's inability to fund the incentives.

Cost of acquisition remains a polarizing topic with consumers comparing ICE and EV models. Brands that can explain the value proposition of EV will reap wider adoption rates.

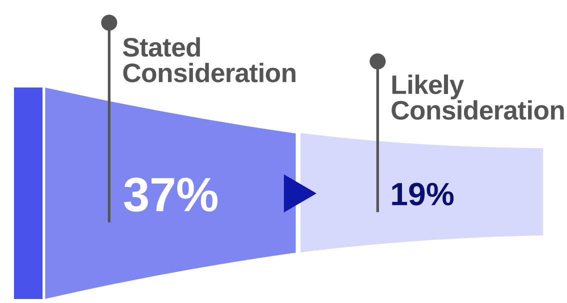
Improvements on on-road range and performance of models trend positively. At the same time, skeptical views on vehicle performance, ability of the vehicle to carry load, climb slope etc. continue to feature.

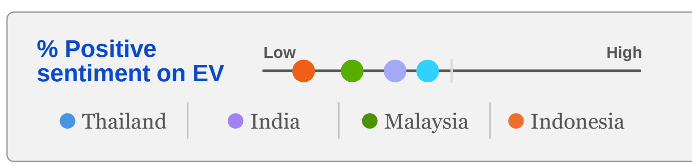
37% Mention being high likelihood to consider an EV for the next purchase

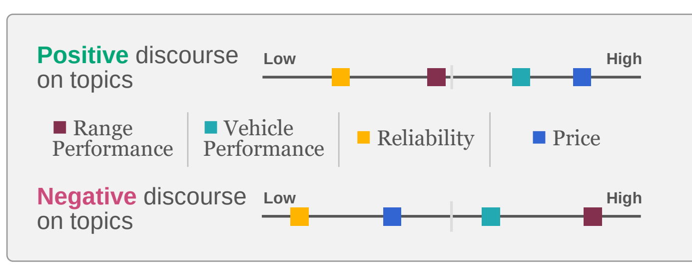
20% Mention being somewhat / very unlikely to consider an EV for their next purchase

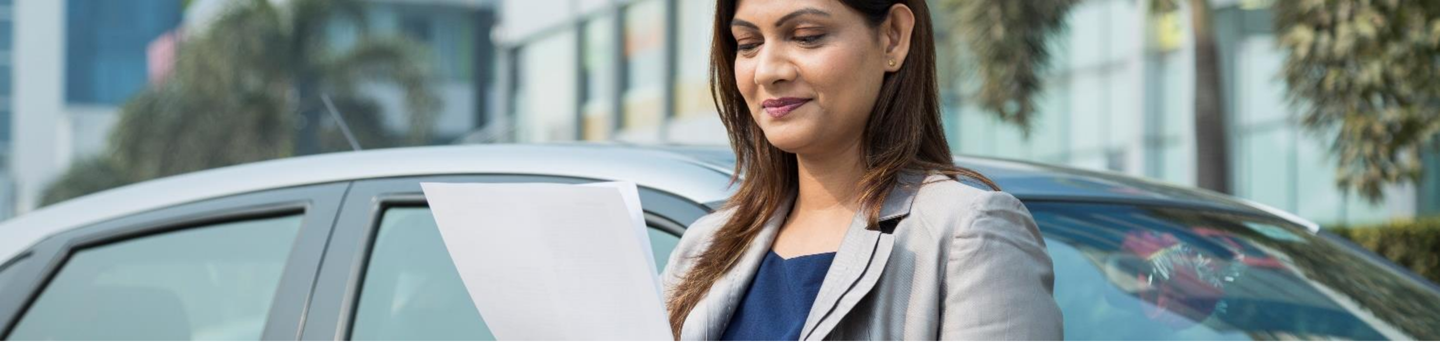
KEY CONCERNS FOR ADOPTION

Time to charge	40%
Inadequate infrastructure	37%
Inadequate battery life	37%
Ease of charging at home	36%
Limited actual range	35%
Acquisition price	34%
Inadequate battery performance	31%









Enabling Adoption will require a multi-pronged approach

There is no doubt that the time for EV is now. Consumer perceptions of the category is positive, driven by environmental concerns, technological advancements, product innovations and an awareness that cost of running an EV is considerably lower than ICE models. As these perceptions evolve and align with ongoing transition, it will result in wider adoption.

However, as we highlighted, multitude of challenges exist, which will need to be addressed by the eco-system for wider adoption. Today, we leave you with one such pillar to be addressed.

Validated Information dissemination to consumers:

- Current level of familiarity with EV and understanding of the category dynamics remain sub-optimal with consumers. It is extremely imperative that the wider automotive ecosystem run a sustained educational campaign with validated facts to let consumers make an informed decision on the category.
- Some examples of the same could be done via experiential test drives at specific events and outreach campaigns. Specificity of vehicle performance should be demonstrated during these drives e.g., passenger carrying capability, driving on slopes, stop – go driving.
- Current dealers of relevant OEMs with EV products to promote BEV via loaner vehicles during service. Given that the consumers of today have become digital, prudent to have online cost of ownership calculators that clearly highlight the difference in ownership costs over an ICE model throughout the product life cycle.
- Dealers to be trained on handling objections related to charging, clarify service support, aggressively market off-road support.
- Activation of validated social media. Consider using KOL / influencers to supplement information that are not provided via the traditional mediums.

NIQ will be publishing the 2nd edition on this topic in November '23. In that, we will be talking about learnings from some of the markets in Europe, prioritization of markets & identification of the target profile of consumers to drive adoption.

In the meanwhile, for more information, contact your local NIQ automotive vertical team or Email: kaustav.roy@nielseniq.com