About Cox Automotive

Cox Automotive is a leading provider of products and services that span the automotive ecosystem worldwide.

Our goal is to simplify the trusted exchange of vehicles and maximize value for dealers, manufacturers and car shoppers.

We’ve built the industry’s strongest family of more than 25 brands to provide industry-leading digital marketing, software, financial, wholesale and e-commerce solutions to help our clients thrive in a rapidly changing automotive marketplace.

Our Vision
Transform the way the world buys, sells and owns cars.

33,000+
team members

40,000+
clients

MOST RECOGNIZED BRANDS
Autotrader & Kelley Blue Book

73% OF ALL CAR BUYERS
use Autotrader or KBB.com
About Cox Automotive

Our client-obsessed culture breeds passionate, proactive people who ensure each client gets the right solution.

As a subsidiary of 116-year-old Cox Enterprises Inc., one of the world’s largest privately owned communications, media and automotive services companies, innovation and leadership is in our DNA.

Our focus on building a better future for our clients, consumers and the industry is ingrained in everything we do, from responsible services and solutions development, to team member care and giving back to the communities where we live, work and play.
Survey Field Dates: 9/16/2016 – 9/30/2016

Goals:
• Understand the current value proposition of EVs
• Learn how to market EVs to multiple consumers: EV owners, EV considerers, and non-EV considerers
• Recognize the gap from consumers’ expectations and current EV realities
• Learn what brands and models are successful in marketing EVs

Sampling Information:
• Mobile Survey: fielded to individuals visiting the KBB.com mobile websites
• Total of 6499 Respondents
• Sample representative of a geographically spread of the U.S.
• Sources are listed in the slide footers
EV continues as a niche market
Consumers feel the road to mass EV ownership is long

In HOW MANY YEARS do you expect EVs to be AS COMMON on the road as NON-EVs?

10 years

Q: In how many years would you expect Electric Vehicles to be as common on the road as non-electric vehicles? N = 2165
There’s little indication consumer demand will increase even as new products emerge.
After declining through 2016, EV traffic increased slightly due to interest in Chevrolet Bolt.
Fuel efficiency has declined in importance to consumers
More than half of current EV owners would buy again, but is that enough?

**Repurchase Likelihood**

- **Traditional Gas**: 82%
- **Electric**: 53%
- **Diesel**: 47%
- **Hybrid**: 44%
- **Plug-in Electric**: 31%


Q: Do you currently own any of the following types of vehicles? (Please select all that apply) N = 6499

Q: Which of the following are you most likely to purchase/lease for your next vehicle? (Please select one response only) N = 5402
How do consumers think about EVs?
It’s less about the environment and more about the economics

Owners’ & Considerers’ **PRIMARY REASON** to purchase **EVs**

**SAVE MONEY on fuel costs**


Q: Which of these is the primary reason you feel people purchase electric vehicles? N = 2165

Q: Which of the following types of vehicles would you consider? (Select all that apply) N = 2165

Q: Do you currently own any of the following types of vehicles? (Select all that apply) N = 2165
After that, owners are driven by practical factors

PRACTICAL

Lower maintenance
Cheaper monthly payment/lease
Receiving an HOV sticker

Q: Which of these is the primary reason you feel people purchase electric vehicles? N = 2165
Q: Do you currently own any of the following types of vehicles? (Select all that apply) N = 2165
Consideration split into Curious vs. Serious

Curious

Considering an EV

Serious

Considering an EV PLUS

Will most likely purchase an EV for their next vehicle


Q: Which of these is the primary reason you feel people purchase electric vehicles? N = 2165
Q: Which of the following types of vehicles would you consider? (Select all that apply) N = 2165
Q: Which of the following are you most likely to purchase/lease for your next vehicle? N = 1713
Serious considerers think more practically, like an owner.

Curious

- Saving $$ on fuel costs

Serious

- Helping The Environment
- Lower Maintenance
- Receiving a HOV Sticker
- Available Incentives


Q: Which of these is the primary reason you feel people purchase electric vehicles? N = 2165
Q: Which of these questions do you think would be top of mind for someone shopping for an electric vehicle? (Select 2) N = 2165
Q: Which of the following types of vehicles would you consider? (Select all that apply) N = 2165
Q: Which of the following are you most likely to purchase/lease for your next vehicle? N = 1713
Mass market pricing could put EVs on more shoppers’ radars

What it would take for non-EV considerers to think about purchasing EVs?

- Affordable Pricing: 52%
- Longer Driving Range: 37%
- Improved Infrastructure: 19%

Q: What would it take for you to consider an Electric Vehicle? N = 1872, “Nothing would make me consider an electric vehicle” option removed
EV purchases dropped after Georgia’s $5K Zero Emission Vehicle Tax Credit ended in 2015
There are many concerns that keep people from considering EVs.

Non-Considerers care more about these issues than Considerers.

- How many miles/years will the battery last?
  - EV Considerers: 20%
  - non-EV Considerers: 27%
- Would it be suitable for my lifestyle?
  - EV Considerers: 11%
  - non-EV Considerers: 16%
- How much will a home charging installation cost?
  - EV Considerers: 9%
  - non-EV Considerers: 14%
- How will electric cars behave in harsh winters?
  - EV Considerers: 5%
  - non-EV Considerers: 11%
- What incentives do they have?
  - EV Considerers: 4%
  - non-EV Considerers: 10%
- Will the car manufacturer provide roadside assistance?
  - EV Considerers: 1%
  - non-EV Considerers: 5%
- Do all EVs charge the same way?
  - EV Considerers: 2%
  - non-EV Considerers: 4%
EV considerers are concerned about obsolescence, so are more likely to lease

EV Considerers’ Biggest Drivers To Lease

- Outdated Technology
- Long-Term Battery Reliability

Q: Are you more likely to buy or lease an Electric Vehicle? N = 293
Q: Why are you more likely to lease (vs buy)? N = 53
Q: Which of the following types of vehicles would you consider? (Select all that apply) N = 2165
Consumers Need More Education on EVs
Consumers have trouble distinguishing hybrids from EVs.

The first EV that comes to mind…isn’t an EV

- Prius: 44%
- Volt: 33%
- Leaf: 13%
- Model S: 5%

Q: Name the first electric vehicle that comes to mind. (Free response) N = 2169
So it comes to no surprise that they aren’t familiar with which brands have EVs in their product line-up

Some of the first brands that come to mind… don’t have EVs *(prior to Bolt launch, but announced)*
Current range doesn’t meet the average consumer’s expectations, even for EV shoppers

Consumers are willing to spend an additional $5K for an increased range from 150 to 200 miles

- **107 mi** (Minimum driving range)
- **215 mi**
- **238 mi**
- **245-250 mi** (EV Shoppers)
- **300 mi** (Other Shoppers)


Q: For an EV, what is the minimum driving range that is acceptable between battery charges? (Please indicate the number of miles per full charge) (Free response) N = 2165 (Median reported)

Q: Which of the following types of vehicles would you consider? (Select all that apply) N = 2165

Q: Do you currently own any of the following types of vehicles? (Select all) N = 2165

Q: Imagine a $30,000 electric vehicle that has a range of 150 miles when fully charged. What would you expect the price to be for a version of the same vehicle that had a 200 mile range? 150 mile range = $30,000, 200 mile range = (enter price) N = 2165 (Median reported)
And Then There’s This…
Changing trends in mobility may change consumer perceptions of EVs.
# Levels of Autonomy

<table>
<thead>
<tr>
<th>Our World Today</th>
<th>Near to Distant Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>HUMAN ONLY</td>
<td>MODERN VEHICLE</td>
</tr>
<tr>
<td>The driver (human) controls everything: steering, brakes, throttle, power</td>
<td>Most functions are still controlled by a driver, but some (like braking) can be done automatically by the car</td>
</tr>
</tbody>
</table>

## Autonomous Vehicles “Tipping Point”

Transition from human drivers to vehicles driving
Americans want to buy Level 4 Full Autonomy (+ Human) as much as vehicles available today

### Purchase Consideration (Forced Choice)
Among Plan to Purchase/Lease Vehicle

<table>
<thead>
<tr>
<th>Level</th>
<th>11%</th>
<th>27%</th>
<th>20%</th>
<th>26%</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MODERN VEHICLE</td>
<td>MODERN PLUS</td>
<td>PARTIAL AUTONOMY</td>
<td>FULL AUTONOMY (+ HUMAN)</td>
<td>FULL AUTONOMY (NO HUMAN)</td>
<td></td>
</tr>
</tbody>
</table>

Please Note: Capital letters indicate statistical differences at the 95% confidence level: A-E
Base: Plan to Purchase/Lease Vehicle at Some Point (n=1695)

**LEVEL 4** is the most appealing to me because it allows the vehicle to take over all driving tasks for the human, **while still allowing the human to have 'executive control'** in case of emergencies, system errors, or other unforeseen circumstances.
By 2020, assuming all levels of autonomy are available, 59% of consumers would be interested in purchasing/leasing higher levels of autonomy.

On average, Americans plan to purchase or lease their next vehicle in 3 years.

Base: Currently Own/Lease (n=1550); Planning to Purchase in the Future (n=1234)

S16. When are you planning to purchase or lease your next vehicle? (n=1770)

AV4. Please select what level of vehicle autonomy applies to a car you currently own or lease, or have owned or leased in the past.

AV11. Assuming each level of autonomy was available on the market today, what level of autonomy would you be most likely to purchase/lease?

Base: Currently Own/Lease (n=1550); Planning to Purchase in the Future (n=1234)

S16. When are you planning to purchase or lease your next vehicle? (n=1770)

Base: Currently Own/Lease (n=1550); Planning to Purchase in the Future (n=1234)

Assuming each level of autonomy was available on the market today, what level of autonomy would you be most likely to purchase/lease?
Key Takeaways

Disconnect between regulator/government pressure to advance EVs and consumer demand will continue
• Slow change in perceptions and low fuel prices remain the challenge

More concerted education effort is needed
• Consumers are hoping for better pricing, but missing many advantages of EVs

Autonomous/self-driving vehicles could change all this
• If most AVs are EVs, consumers could become amenable to EVs
Thank you!

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