

AUTOMOTIVE

## Dealerships ill-equipped to sell electric vehicles: report

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*Tesla Model X*

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By FORREST CARDAMENIS

Automakers are not sufficiently training employees to inform consumers about electric vehicles, according to a report from Sierra Club.

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Even though laws have been passed in 10 states mandating that increasing shares of vehicular sales must be emissions-free or reduced emissions vehicles, many automakers are not highlighting those vehicles. While profit margins are slim or negative on some electric vehicles, brands that do not push their emissions-free fleet might find themselves playing catch-up as such vehicles rise in prominence.

"Despite lackluster performance by the overall U.S. auto industry in taking the steps needed to successfully sell EVs, our study revealed that some automakers and their affiliated dealerships are successfully marketing and selling EVs," said Mary Lunetta, project manager for Rev Up EVs survey and co-author of the report. "In addition to areas in clear need of improvement, we also identified dealerships that are models of excellence when it comes to promoting and selling EVs.

"The study shows that some of the automakers and dealers contacted or visited are clearly doing better than others in providing needed EV inventory, sales training, and consumer information," she said.

For "Multi-state Study of the Electric Vehicle Buying Experience," 308 dealerships selling 13 automakers in states mandating zero-emissions vehicle sales were surveyed. One-hundred eight volunteers were prepared and educated on electric vehicles and associated laws.

### Hiding in plain sight

California was the first to pass a law requiring a certain percentage of an automaker's sales within the state be zero-emission vehicles (ZEVs), with hybrids and low-emission vehicles receiving partial credit. Since then, Connecticut, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island and Vermont have also become "ZEV states."

Sierra Club found that when compared to California, dealership lots in the nine other ZEV states are roughly 2.5

times as likely to not have electric vehicles on the lot. California dealerships also had twice as many on the lot among all dealers with at least one EV.



*BMW i3*

Overall, 42 percent found that EVs were either not displayed prominently or were only "somewhat prominently displayed."

Moreover, 14 percent of respondents who asked to test drive were told that the vehicle was not sufficiently charged. When discussing EVs, a third reported that a salesperson did not mention any federal or state tax credits and rebates that would reduce the cost of the vehicle.

Among individual brands, Tesla provided by far the highest percentage of positive experiences, with none rated as "negative." Such a result is natural consequence of its all-electric fleet.

BMW followed Tesla, with almost 75 percent of experiences with the brand being rated as "positive" or "very positive" and less than 5 percent being negative. After Chevy and Nissan, Audi ranked fifth, with no negative experiences and positive experiences slightly outweighing mediocre.



*Porsche Mission E*

Of the 13 brands overall, Porsche had the highest rate of negative experiences nearly half with Mercedes right behind. Interestingly, Porsche's low satisfaction did not prevent it from having the highest share of EV sales in the U.S. among non-Tesla brands, at 4.95 percent.

Profit margins on electric vehicles are narrower than for petroleum and diesel-fueled counterparts, with some suspected to sell at a loss. As a result, some automakers might actually be incentivized to limit sales.

However, as volume production goes up, cost per unit will decrease. Since regulations will only become stricter and more widespread, automakers must be able to scale sales in accordance with consumer demand.

Sierra Club cites a poll that found that more than 65 percent of California drivers and 55 percent of drivers in the Northeast are interested in electric vehicles. Despite the high numbers, less than a quarter of them were aware of incentives that will lower the cost compared to the sticker price, suggesting even more room to grow.



### *Mercedes electric B-Class*

The survey found that on a five point scale, only Tesla and Fiat scored an average of a four or higher when asked whether salespeople at dealerships with EVs on the lot were knowledgeable about rebates and tax credits. Audi, BMW, Mercedes and Porsche all scored between a 3.0 and 3.9, showing room for improvement.

Given the evident and growing consumer interest, Sierra Club recommends dealers have at least 10 electric vehicles on the lot to ensure consumers have sufficient choice of color and trim. Accordingly, automakers will need to increase production and leverage economies of scale to recoup profit margins.

Salespeople must also be educated on financial incentives for electric vehicles and about on-the-go charging possibilities. When working with associates rather than first-party dealerships, charging stations and better deals on EVs will also help spur sales.

### **Changing climate**

While restrictions tighten in the U.S., other countries are also taking drastic steps to force automakers to join the fight against climate change.

In June, Norway announced that it plans to ban petroleum-fueled automobiles within a decade.

Several sources have now reported that politicians have reached a bipartisan agreement to ensure that all cars sold in Norway will run entirely on green energy by 2025. Norway's small population and history of ecological progressivism make its ambition more feasible, but the development nonetheless points to trends in both the automotive and political spheres ([see story](#)).

Hotels are also responding to the rising popularity of electric vehicles by implementing charging stations into their properties.

For example, The Ritz-Carlton Hotel Company is bolstering a sustainable future with the addition of electric vehicle charging stations at properties across its global portfolio.

The hospitality brand has currently installed the chargers at the majority of its properties in North America and at select international hotels. Keeping its dedication to service close at hand, the addition of the charging stations will benefit guests who own electric vehicles ([see story](#)).

"Articulating to consumers the value of EV technology and incentives can be one of the most effective tools to increase widespread EV adoption," Ms. Lunetta said. "Automakers and auto dealers should engage in certification and training programs to ensure that salespeople have the proper knowledge and enthusiasm about EVs, including charging methods and state and federal rebates and tax credits."