

Carrot or Stick?

Will Americans Accept Hybrid-Electric Vehicles?

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J.D. Power and Associates is the Voice of the Customer

CORE STUDIES

Initial Quality (IQS, PP100)

Design Appeal (APEAL)

POWERTRAIN STUDIES

2001 Hybrid Vehicle Consumer Acceptance

2002 Clean Diesel Market Acceptance

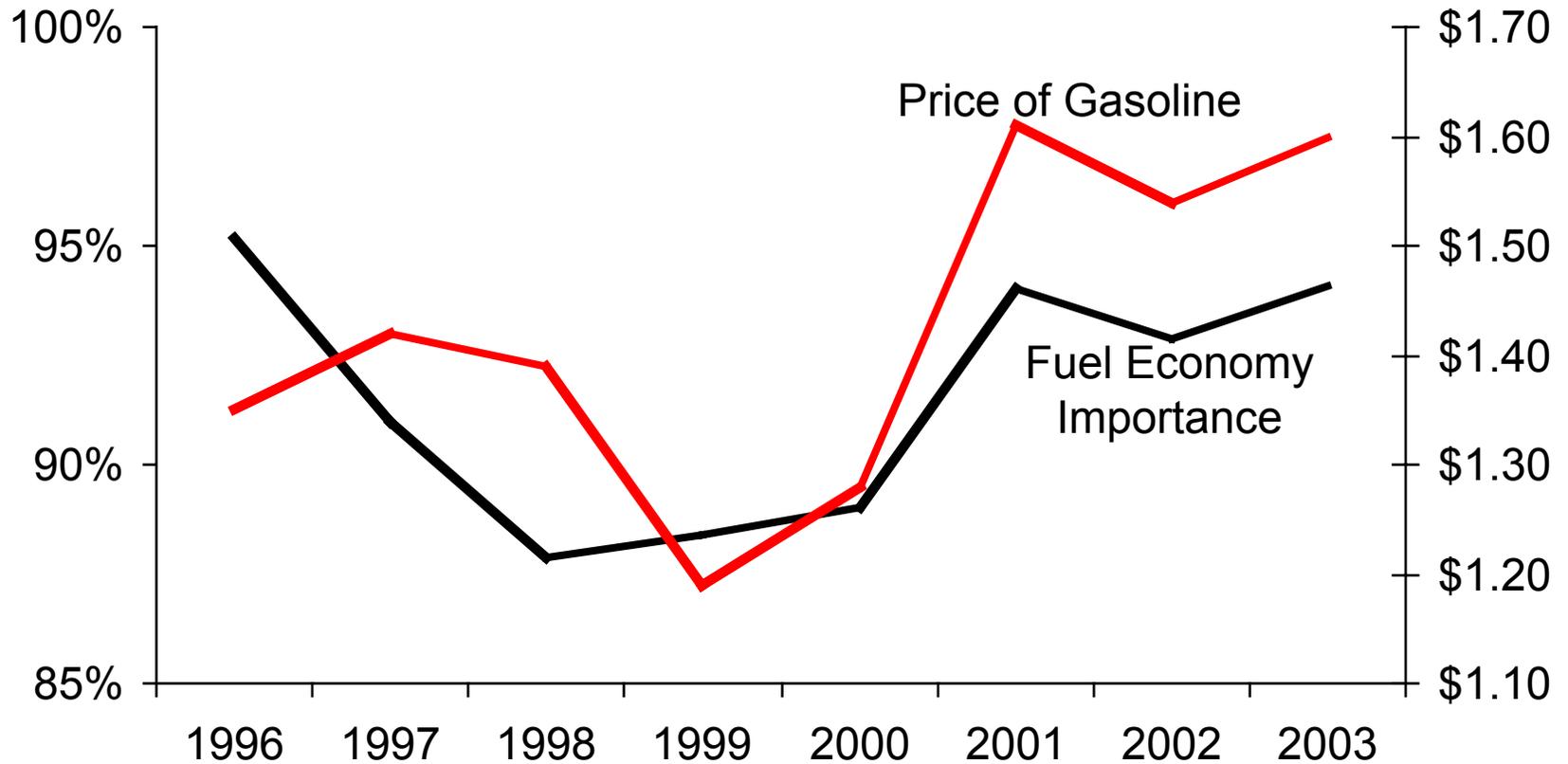
2004 Consumer Acceptance of Alternative Powertrains



American drivers care more about fuel economy when the price of gasoline is higher.

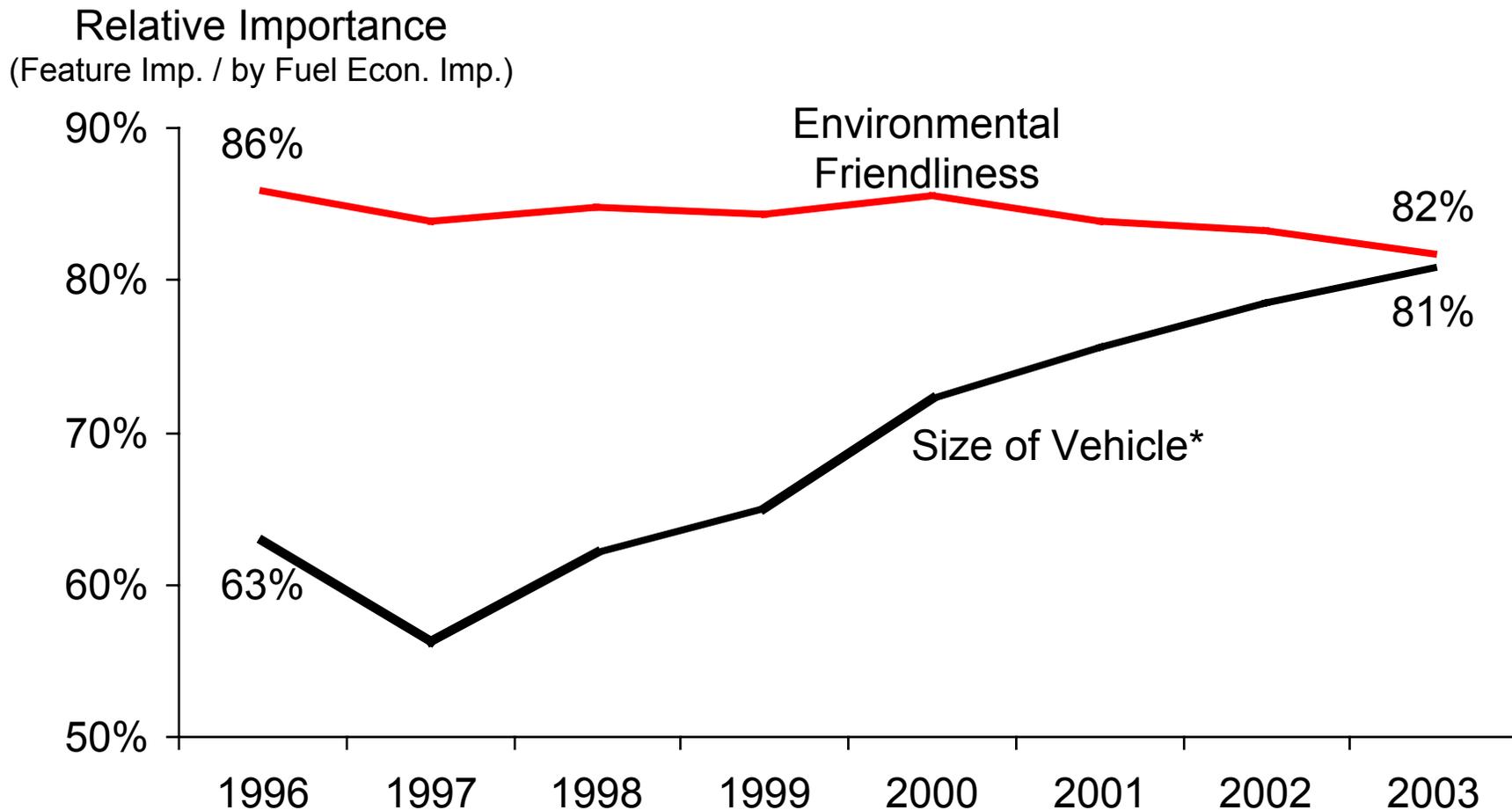
Fuel Economy Importance
(Percent of New-Vehicle Buyers)

Real Price of Gasoline
(2003 Dollars per Gallon)



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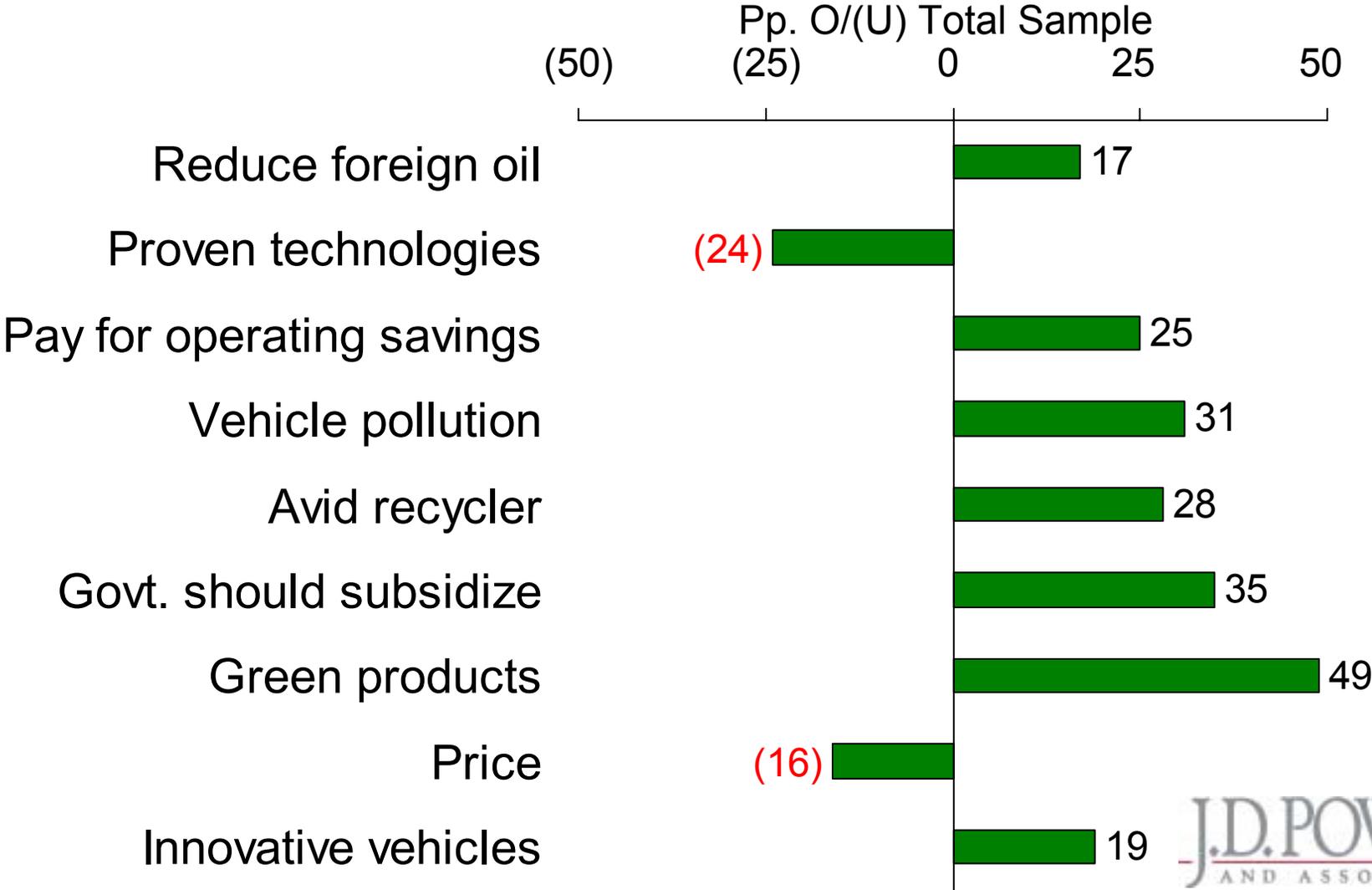
American drivers say environmental friendliness is important yet they continue to want larger vehicles.



* "Size of Vehicle" is average of "6 Adult Passengers" and "4 Doors"



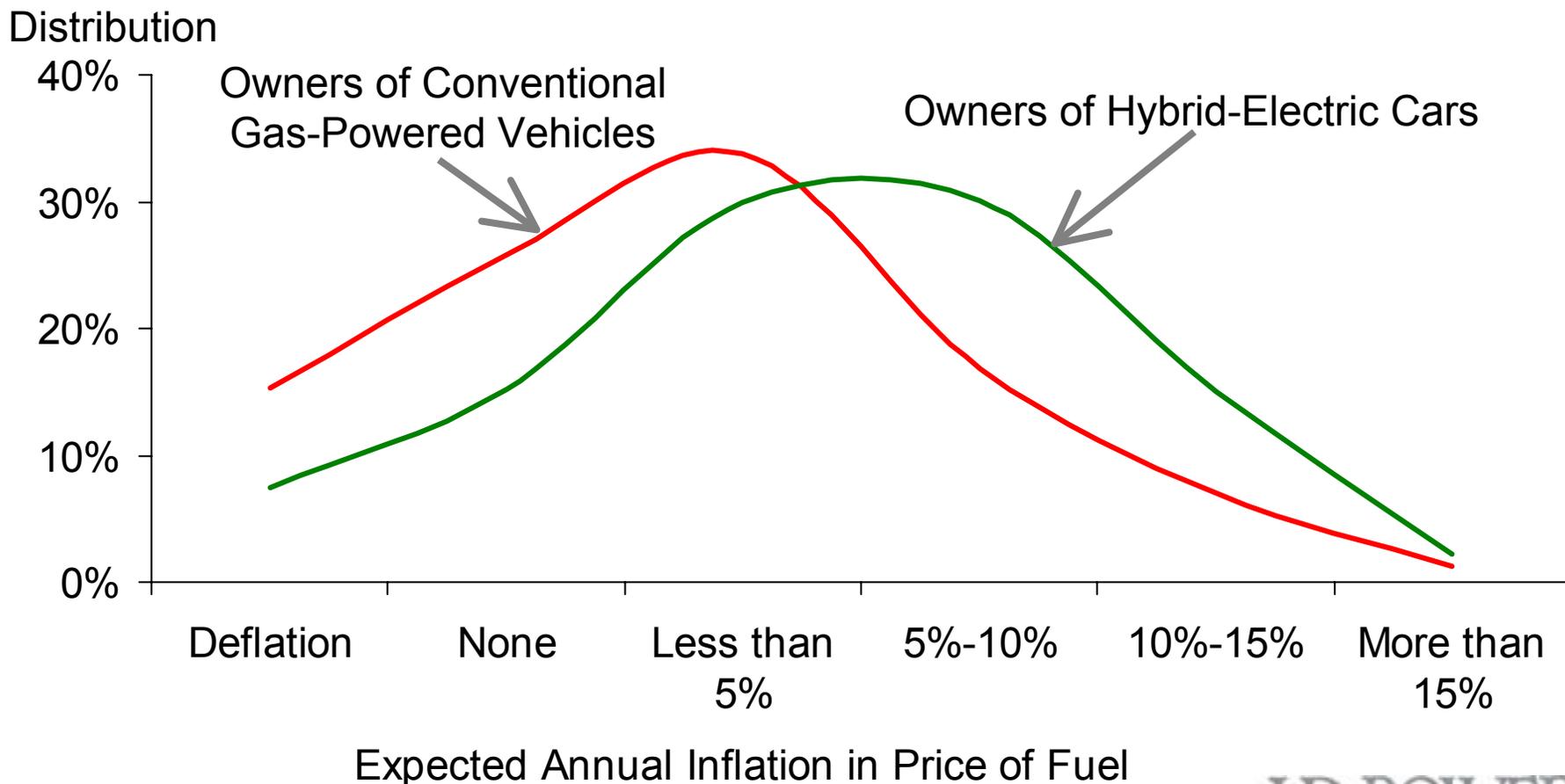
Owners of Hybrid-Electric cars have views that are very different from the views of the average new-vehicle owner.



Source: J.D. Power and Associates, Consumer Acceptance of Alternative Powertrains, 2004

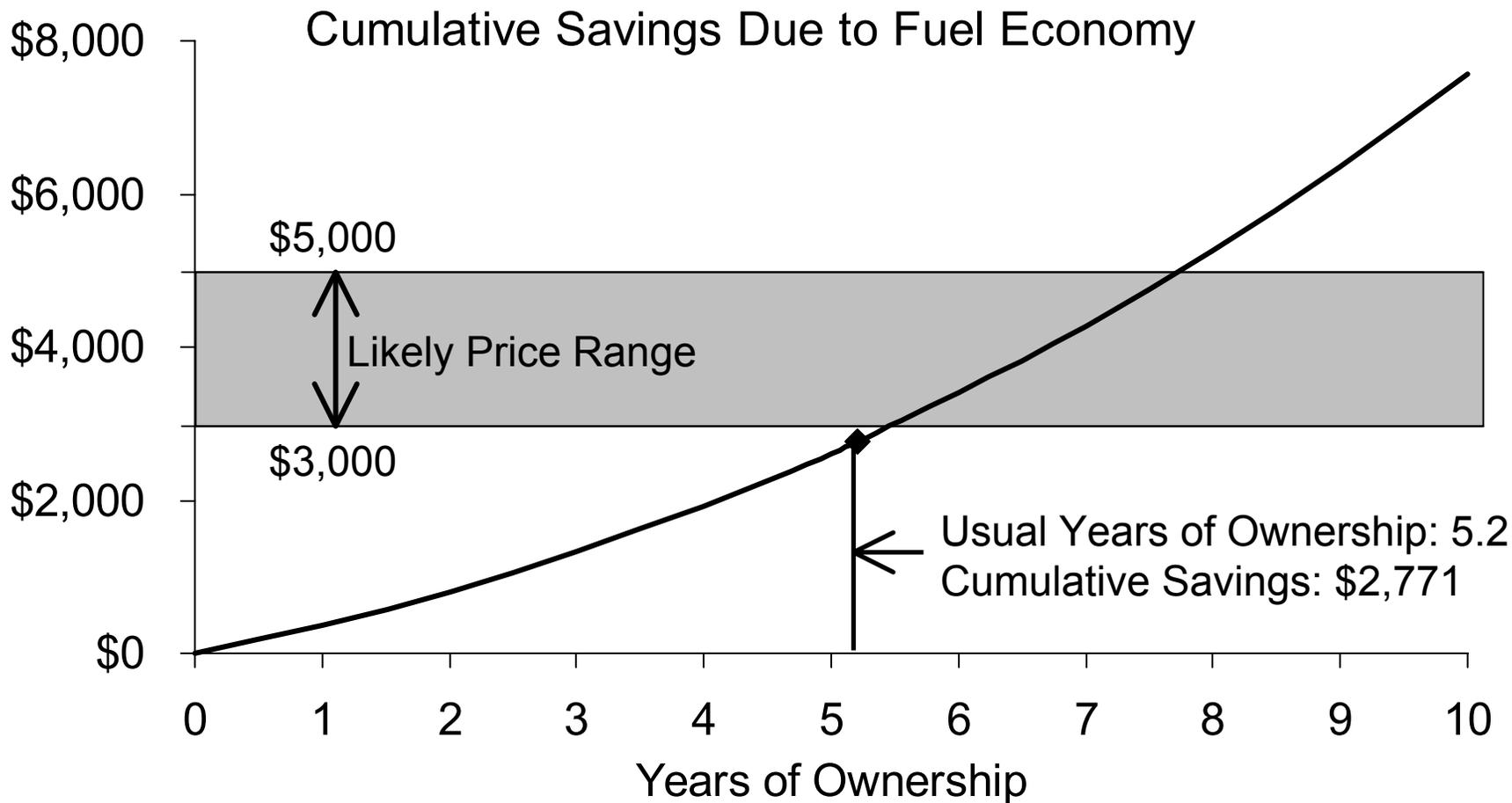
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Owners of Hybrid-Electric cars expect faster inflation in the price of fuel than do owners of conventional gas-powered vehicles.



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Buyers of Hybrid-Electric vehicles face a payback longer than the time they usually hold a vehicle.



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Owners of conventional gas-powered vehicles have concerns about the hybrid-electric powertrain.

Top 5 Concerns Mentioned

- Higher maintenance costs
- Reliability/dependability of the battery pack
- Lower engine performance/acceleration
- Insufficient driving range
- Lifespan of the battery pack

Carrot or Stick?

- Carrots
 - Tax deduction or credit
 - Subsidy by manufacturers
- Sticks
 - Taxes on fuel
 - CAFE and emissions regulations
- With neither carrots nor sticks—the mule won't budge.