

Toward a Green Vehicle Marketing Partnership

Discussion Points on

Marketability of the Future Car

SAE/DOE Future Car Conference • April 6, 2000

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Asking the Right Questions

Not:

- Will the public buy the future car?
- How do we market future technologies?

But rather:

- What can be done this year, next year, and so on, that will lead to market conditions where future cars succeed?

In addressing the marketability of the future car, it is clear that many things will have to come together to make it happen, and not just on the technology side. What I want to consider is whether there might be a role for a new partnership approach, this time, confronting the barriers on the demand side of the market.

As always, it helps to begin by asking the right questions.

Marketing always happens in a present tense. Products appeal to customers and sales are made in the "here and now." Thus, to move forward, the question is not so much:

- Will the public buy the future car? or
- How do we market future technologies?

But rather:

- What can be done this year, next year, and so on, that will lead to market conditions where future cars can succeed?

In other words, how do we transform the market so that the goals which motivate future car development are met?

Taking a cue from the USDA food pyramid, I answer this question with what I call the Market Transformation Pyramid.

At the top sits R&D, from which technical solutions flow.

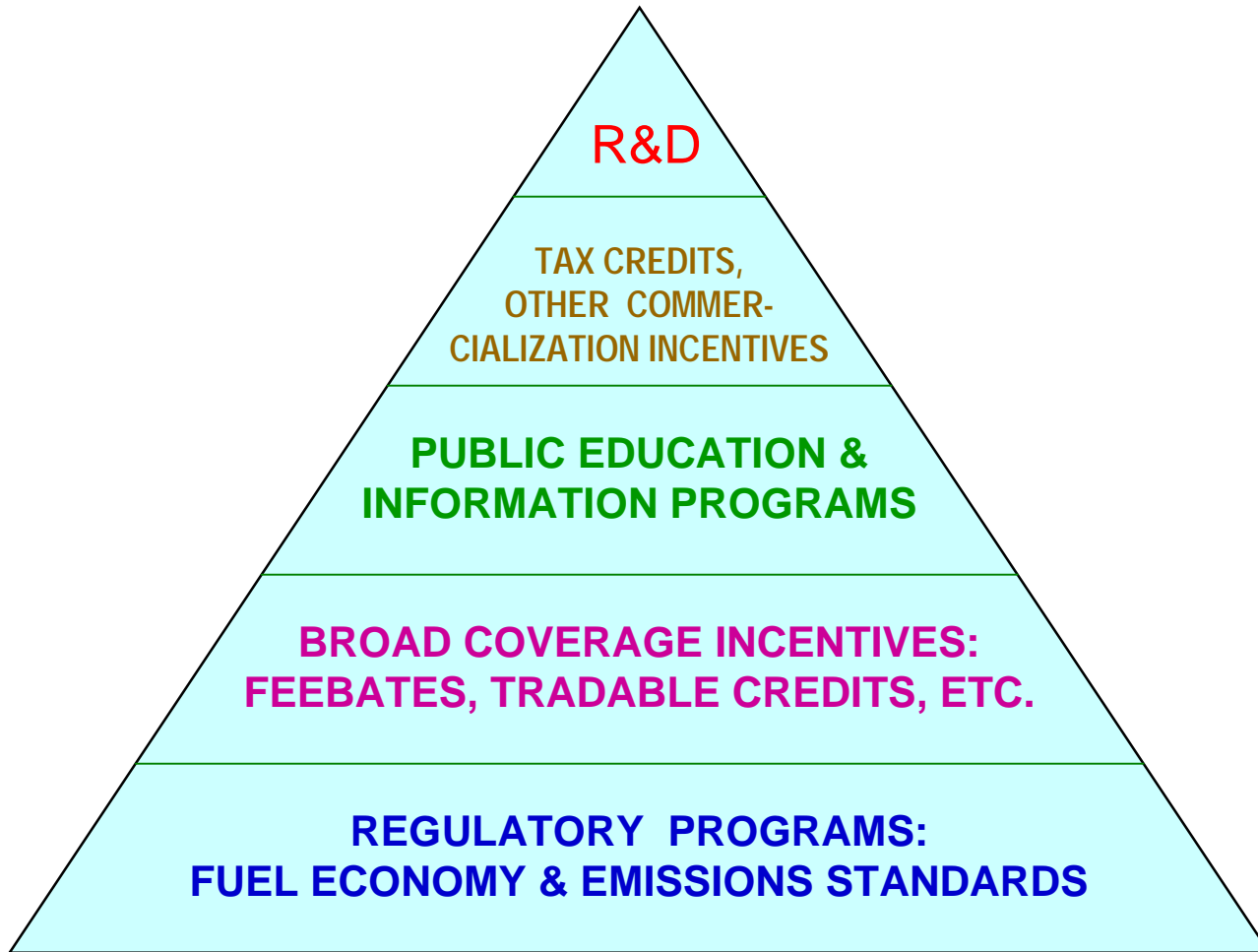
Commercialization programs and incentives help get new technologies introduced. Examples include fleet programs to cultivate strategic niche markets and financial incentives such as the advanced vehicle tax credit proposal.

In the center tier sit consumer information and educational strategies.

Next are broad coverage incentives such as gas guzzler taxes or efficiency-based fees and rebates. I distinguish these from commercialization incentives in that they apply to most or all vehicles, rather than initial introductions of new technologies.

At the base, regulation provides a firm foundation, ensuring that new technologies get applied in a timely manner and in ways that address the concerns which motivate their development.

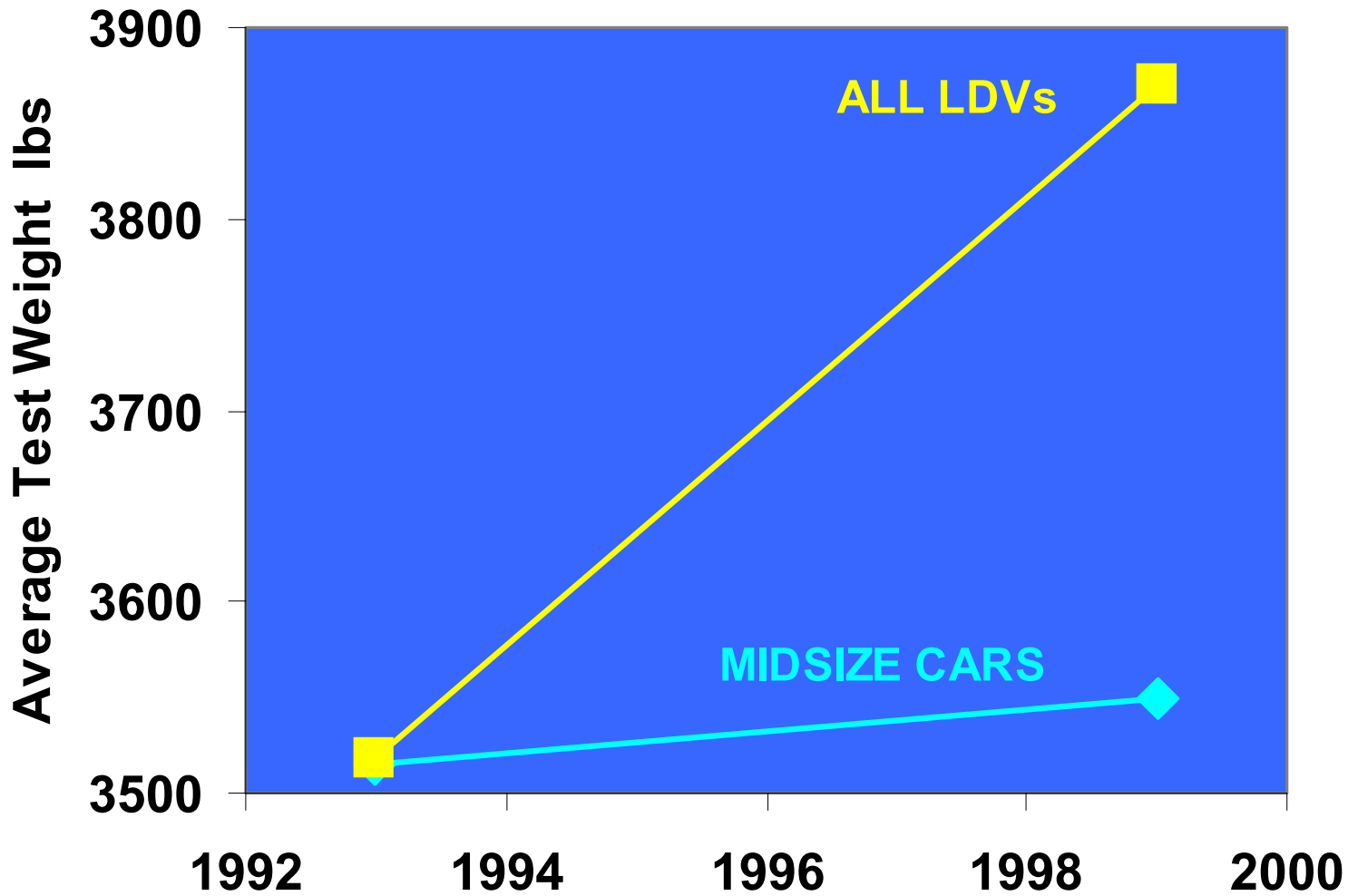
Market Transformation Strategies for Greening the Motor Vehicle



We should not be under any illusions about the challenges, which is why multiple strategies will be needed. This chart shows how average vehicle weight has evolved since PNGV was formed. In 1993, the midsize car class was representative of the overall fleet. But since then, average weight has risen by 10 percent and the midsize car class itself has increased weight by 1 percent. A lot of technology has gone into the fleet, yet average fuel economy has dropped by 5 percent.

These trends show no signs of abating. Extrapolating to 2004, the technologies which might have tripled the MPG of a 1993 car may serve only to double the MPG of the heavier, more powerful vehicle likely to typify the near-term market.

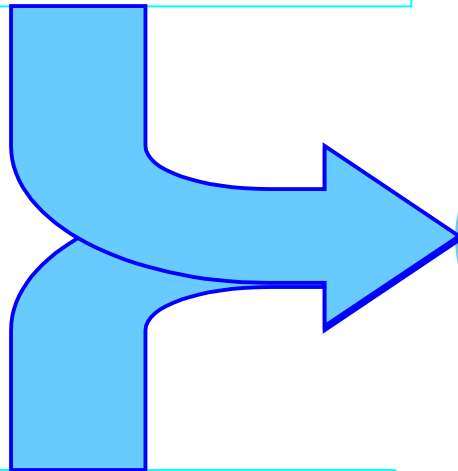
Average Light Duty Vehicle Weight vs. PNGV Benchmark



Greening the Market Means Closing the Gaps

DEMAND

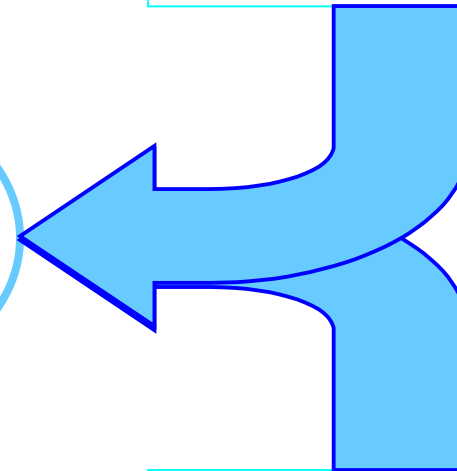
Consumer Preferences



Environmental Values

SUPPLY

Product Plans



Green Design

**Future Car
Market**

Thus, a large gap exists between the vast majority of products now planned and the directions needed for new generation vehicles. Right now, gaps exist on both sides of the market, between where customers are today and the preferences that will help sustain a future car market, between today's vehicles and the green designs of tomorrow.

A process must be established that progressively closes these gaps, so that the market can evolve into one that meets all customer needs while delivering vastly superior environmental performance. R&D cannot close these gaps. We need to focus on the market-oriented mechanisms in the middle tiers of the pyramid.

Consumer Information and Education

- Strong response to *ACEEE's Green Book* shows that there are untapped consumer information needs.
- Can enable stronger policies by addressing the disinterest or fears that create opposition.
- These tools have not yet been tried in a sophisticated way or on an extensive scale.
- Industry, media, government agencies, and public interest groups all have roles to play.

Clearly, information and education are one place to start, and the potential here is perhaps greater than we have realized in the past.

- The strong response we have seen to *ACEEE's Green Book** shows that there are untapped consumer information needs.
- Consumer information can, in fact, be thought of as an enabling strategy that can address the disinterest or fears that create opposition to other policies.
- These tools have not yet been tried in a sophisticated way or at an extensive scale, and
- Industry, government agencies, and public interest groups all have roles to play.

*see www.greenercars.com

Creating New Elements of Customer Value

Environmental Values

- Care about health, air quality, toxics
- “Don’t trash the planet”
- Concern for future generations

Compatible Values

- Provide customer value in ways that “do no harm”
- Racing will always be with us, but ...
consider, for example, Ford’s Concept 24•7

These strategies can be thought of as ways to create new elements of customer value. There are environmental values to tap, and we are all trying to learn how to do that.

But another approach, which may be just as crucial, is cultivating what I term **Compatible Values**. This means appealing to customers in ways that "do no harm," in contrast to ever more rarely-used size, power, or off-road ability.

To me, one of the most exciting developments this year was not any of the fuel cell or hybrid prototypes, but rather Ford's **Concept 24.7**. As Jacques Nasser said at its unveiling, "We now measure speed in megahertz and gigabytes. No horsepower in the world can match this performance." In short, if we can begin racing in directions based on the power of information technology, we can create new elements of customer appeal that don't trash the planet.

Ford Motor Company Concept 24·7



*We now measure speed in megahertz and gigabytes.
No horsepower in the world can match this performance.
-- Jacques Nasser, January 10, 2000*

Thus, in spite of the immense challenges of marketing the future car, I also see many opportunities. Perhaps it is time think about yet another partnership, a **Green Vehicle Marketing Partnership**. It would need to involve parties on both sides of the market as well as government leadership.

Places to start include public information, environmental labeling, and incentives. Government can broaden its fleets-oriented work, expanding programs like "Clean Cities,"* now restricted to alternative fuels, into voluntary "Green Fleets"** initiatives that also cover fuel economy*** and advanced technologies.

Automakers, of course, must be there with greener product. But a partnership could also profit from industry's knowledge of market research and customer experience, and collaboration will be crucial for effective programs.

*www.ccities.doe.gov **www.greenfleets.org ***www.fueleconomy.gov

From PNGV to GVMP: “Green Vehicle Marketing Partnership”

Government

- Stronger public information, labeling & incentives programs
- Lead “Green Fleets” voluntary market development partnership

Industry

- Share appropriate market research, customer experience
- Collaborate with informational and labeling programs

Other Organizations

- Assist with information provision and education.
- Develop an appreciation of marketing (customer focused) paradigms.
- Private businesses and institutions can join in “Green Fleets.”

Other organizations can have various roles to play, assisting with information provision and education. Speaking from my own experience, we need to learn new ways of thinking, developing a better understanding of marketing-oriented approaches, so that we can contribute to overcoming the lack of showroom interest in the designs needed to protect the environment. There would also be roles for private businesses and other institutions to join in "Green Fleets" efforts and help engage their employees and communities.

To sum up, the marketability challenge is just as worthy of collective effort as the challenge of developing new technologies. But unlike some future car technologies, it does not need to wait for laboratory breakthroughs, it is rather a question of joining together to pursue a market transformation process that can start today.