



Dealers start to overcome used buyers' EV fears

Should dealers decide to go big early to build a reputation as a used EV expert, or risk being left to catch up, *asks Alex Wright*

With sales of used electric vehicles (EVs) starting to pick up after a relatively slow start, this presents a new revenue stream opportunity for franchised car dealerships.

Sales of sub-two-year-old EVs recorded their highest ever market share of 11.2% in February, according to Indicata UK's Market Watch.

Over the same period, there was a 24.9% monthly increase in sub-one-year-old cars entering the market as manufacturers invested in tactical incentive campaigns to drive nearly-new EV sales.

The shortage of new sub-£25,000 EVs also

boosted overall prices by 6.4% to £21,707 in the fourth quarter of 2023 after five consecutive quarterly falls as demand for cheaper EVs turned to the used market, according to Aston Barclay.

Added to that, 65% of buyers considering an EV as their next car expect to purchase a used rather than new vehicle, Motors' recent consumer insight panel research has found, with the inclination to buy strongest among current petrol or diesel users at 81%.

Additionally, the growth in used EV sales is borne out in the fact that market days' supply is 54 days – the lowest in Europe – according to the latest Market Watch, reflecting growing consumer confidence in going electric.

"With rising new EV registrations gradually generating more volumes in the used market, buying secondhand is becoming a realistic consideration for a growing number of car buyers," says Lucy Tugby, marketing director of Motors.

"Our research shows how the majority of decision-makers considering buying an EV as their next car will realistically think about buying used, although the actual cost of purchase remains a significant barrier for many.

"However, we believe this will be gradually addressed by the ongoing reduction in wholesale values, which, in turn, will give dealers more confidence to source EV stock and pass on savings to customers ready to transition away from petrol and diesel."

Nick Thompson, Aston Barclay's chief customer officer, adds: "Many leasing companies are seeing a growing number of used EVs coming back from



Sponsored by



Marketing Delivery



fleet customers. The restricted number of new budget EVs on sale is helping create demand for used cars, which will build confidence among dealers looking to stock EVs on their forecourts."

It's a trend that looks set to gather pace, with 54% of buyers considering an EV as their next car, EY's latest Mobility Consumer Index has revealed. That compares with 41% who are thinking about an internal combustion engine (ICE) vehicle.

"The volumes of EVs reaching the remarketing sector is roughly doubling each year and is likely to continue to do so going forwards," says Stuart Pearson, BCA COO. "Government policy is to increase the car parc share of EVs to meet climate change objectives and OEMs are being 'incentivised' to produce more electric vehicles.

"While EVs remain a very small percentage of our daily online auctions, a much broader cross-section of buyers has engaged with purchasing and we've continued to invest in infrastructure to support the growth in volume and adapted some of our remarketing processes to reflect the distinct characteristics of EVs."

BARRIERS TO SALE

There remains, however, a host of barriers to selling used EVs. Chief among them is cost, as EVs are currently significantly more expensive than ICE vehicles, with 36% of buyers citing it as a key concern, according to EY.

Then there is the issue of having the charging

“ THE VOLUMES OF EVs REACHING THE REMARKETING SECTOR IS ROUGHLY DOUBLING EACH YEAR AND IS LIKELY TO CONTINUE TO DO SO GOING FORWARDS



STUART PEARSON, BCA

infrastructure to support the technology, with 37% of consumers saying they are deterred from buying an EV by the lack of charging stations currently in place. Fears about battery life and not being able to get to a charging point before their vehicle's power runs out also results in so-called 'charging anxiety'.

Added to that, 42% have a lack of confidence in the reliability of public chargers. A further 54% are worried about the cost of running and installing home chargers, the research found.


Within this, male and female drivers have different concerns. Biggest worry for women is cost being too high (46%), according to Motors' research, while, for men, quality and performance of the battery is the overriding factor (45%).

"Concerns over battery life are understandable, but generally unfounded as the latest generation of EVs enter the used market," says Tugby. "Dealers have a role to play in alleviating these concerns, a task made easier by the OEMs who have extended warranty cover on their batteries."

For those in the market for a used EV, there is a whole range of different brands and types already available to meet most needs. The Tesla Model 3 is the bestseller by volume, according to BCA's sales figures, followed by the Jaguar I-Pace and the Nissan Leaf.

Rather than solely focusing on lead generation, however, retailers should advise customers and ask pertinent questions to help them make an informed decision about buying an EV. This discussion should centre on factors such as vehicle usage, its range and access to home chargers.

Dealers also need to explain the benefits of having an EV, particularly potential savings that can be achieved in total ownership costs, as well as the safety and reliability of the vehicle and the track record of its manufacturer. They should also give the buyer more confidence with their product knowledge to answer all questions and by dispelling common myths about EVs.

"EV trade buyers know that their customers will want specific details about charge ports and cables and the time it takes to charge, as well as information about the remaining battery warranty," says Pearson. "Consumers remain concerned" 





**ELECTRIC VEHICLE
RETAILING**

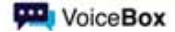
Sponsored by



ASTON BARCLAY



Marketing Delivery



about the lifespan of the battery and many will be unaware that most manufacturers warrant battery life for eight years or up to 70% state of battery health, whichever comes sooner. Also, many of the battery tests that have taken place highlight that the overall condition of most batteries remains positive and any notion of degradation being similar to that seen on mobile phones remains another myth that needs dispelling.”

Mark Palmer, head of data and insights at Auto Trader, says: “A lot of customers will have heard all the stories about EVs such as catching fire and causing car parks to collapse. But retailers need to reassure them that they are safe and reliable.”

STAFF TRAINING

This requires investing in the right training for sales staff so they can understand customer needs, how much and what they will use the vehicle for and then match that with the right option for them.

Dealers such as Arnold Clark, Devonshire, Hartwell, Luscombe and Waylands are prime examples of this level of authoritative knowledge and insight, positioning themselves as EV experts and empowering their staff to sell the whole experience rather than just the car’s key features.

To better serve the customer, retailers also need to look at their target market demographic. That

“ THE RESTRICTED NUMBER OF NEW BUDGET EVs ON SALE IS HELPING CREATE DEMAND FOR USED CARS, WHICH WILL BUILD CONFIDENCE AMONG DEALERS LOOKING TO STOCK EVs ON THEIR FORECOURTS

NICK THOMPSON, ASTON BARCLAY

includes everything from type of user (one person or family) to location (urban or rural).

In terms of aftersales, dealers can provide a range of services to support the customer too. These include regular battery health checks and offering extended warranty.

“Customers will want to see certificates of health backed by industry standards and OEM certificates,” says Jose Pereira, director – client advisory services, mobility group Europe at Frost & Sullivan. “They also want long warranties to limit possible repair costs and battery degradation predictions so they feel confident about investing in this new technology.”

Palmer says that dealers can back this up by showing them real-life examples of how these vehicles and their batteries have performed over a sustained period by using historic data and imagery from independently verified tests.

By gaining that trust, he says, prospective buyers are more likely to make the purchase.

“This shows the customer that the car can and will perform well for them,” says Palmer. “By using this evidence, they can put a customer’s mind at rest that everything will be okay.”

Tugby adds that it is also key that dealers make online searches as frictionless as possible by providing clear, detailed and supportive information about the vehicles they are selling.

“To be blunt, if motor retailers are not looking into the opportunities that the used electric vehicle market represents today, they run the risk of having to play catch-up in the future,” says Pearson. “Switched-on dealers and EV specialists are enjoying great success right now in terms of profitability and stock churn.

“The first movers definitely have the advantage currently. But with many vehicles having pricing parity with their ICE equivalent, I’m sure the entrepreneurial nature of the industry will mean that EVs will become a more mainstream used vehicle that will feature in even more dealerships relatively quickly.”