

Informing and influencing car buyers to support market growth for low carbon cars

cecee Summer Study

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LowCVP - accelerating a sustainable shift to low carbon vehicles and fuels - stimulating opportunities for UK businesses

LowCVP programmes currently focus on:

- ❑ **Incentivising and informing lower carbon choices for cars**
- ❑ Building the market for lower carbon commercial and public service vehicles
- ❑ Tackling market barriers to use of lower carbon fuels
- ❑ Facilitating the creation of a successful UK supply chain for low carbon vehicle and fuel technologies
- ❑ Monitoring progress and tracking pathways to lower carbon transport
- ❑ Enhancing stakeholder knowledge and understanding (to increase engagement and build consensus for sustainable change)



Policy and market context

- ❑ To c2005 economics of vehicle production encouraged marketing of bigger, faster cars
- ❑ Strengthening drive to improve vehicle energy efficiency through regulatory, fiscal and other measures
- ❑ European 'Cars and CO2' regulation has changed car makers' advertising messages
- ❑ Government is playing a greater role in provision of information to consumers (but should governments advertise directly?)
- ❑ Consumer preferences need to keep pace with regulation to avoid imbalances in the market

Government interventions in provision of environmental information to consumers

- ❑ Fuel economy labelling (national, EU)
- ❑ Direct advertising and web-based information provision
- ❑ Advertising and marketing guidance

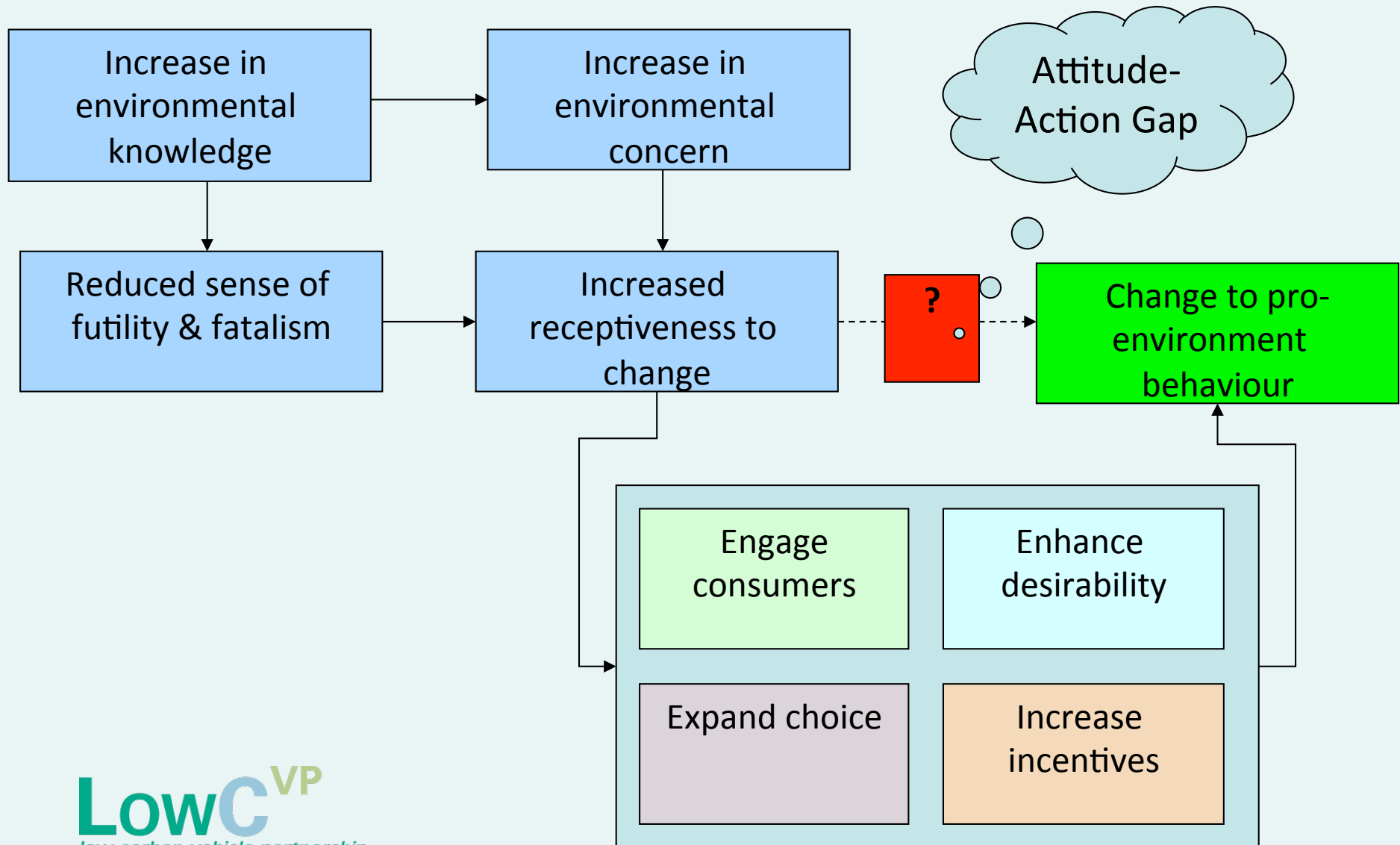


Communications messages

– some challenges

- ☐ If we raise environmental awareness (esp. of climate change) will people understand the problem and act more appropriately?
- ☐ Should emphasis be on environmental performance of cars or their cost saving potential, or both?
- ☐ Is fuel economy sufficient to explain cost saving potential and how should it be expressed?
- ☐ How can life-cycle running costs be explained effectively?
- ☐ How to ensure advertising messages focusing on environment/climate change are honest and truthful and don't promote greater skepticism?

Improved environmental information is an enabler for changing buying behaviour; but increased demand for low carbon vehicles requires bridging of the “attitude-action gap”



Fuel economy not environmental messages have greater resonance with car buyers

Car-buyer reported concerns

Top priorities

Price/value
Size/Practicality
Fuel efficiency / costs

Some influence

Style/Appearance
Performance
Image
Brand
Insurance
Engine size
Equipment levels
Reliability
Comfort
Safety

Low priorities

Depreciation
Experience
Sales Package
Dealership
Environment
Vehicle Emissions
Road tax
Alternative fuel

Cost related
Specification related
Environmental
Other

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Illustration of key attributes for new car-buyers
NB: will vary between markets and segments

Better stock up on sweets.

665 miles without refuelling.



532 00S

The 245hp BMW 330d Saloon.

BMW EfficientDynamics
Less emissions. More driving pleasure.

The BMW 3 Series Saloon
www.bmw.co.uk
Tel: 0800 333 833

The ultimate Driving Machine

Based on combined mpg. Official fuel economy figures for the 3 Series Saloon Range: Urban 21.4 - 49.9 mpg (13.2 - 6.7 km/l) Cycle Urban 14.3 - 39.9 mpg (6.1 - 17.0 km/l) Combined 20.7 - 40.1 mpg (8.7 - 17.0 km/l) CO₂ emissions 121 - 152 g/km

Fuel economy is reported as an important car buying factor - but appears to have less real influence



Example from the Act on CO2 best-in-class website

The fuel economy paradox arises since:

- ☐ Buyers assume similar 'mpg' for all cars within a class
- ☐ Buyers have little confidence in published mpg figures
- ☐ Buyers believe improving mpg compromises performance and safety
- ☐ Costs too complex to compute (mpg and p/litre → p/mile)
- ☐ Private motorists use a high private discount rate

Rank	Make	Model	Tax Band / Cost P/A	CO ₂ (g/km)	
1	TOYOTA	Prius	A	£0 £0	89
1	TOYOTA	Auris Hybrid	A	£0 £0	89
2	SEAT	Leon	A	£0 £0	99
2	FORD	Focus	A	£0 £0	99
2	VW	New Golf	A	£0 £0	99
2	VOLVO	C30	A	£0 £0	99
2	VOLVO	S40	A	£0 £0	99
2	VOLVO	C30	A	£0 £0	99
3	HONDA	Insight	B	£0 £10	101
4	VOLVO	S40	B	£0 £20	104

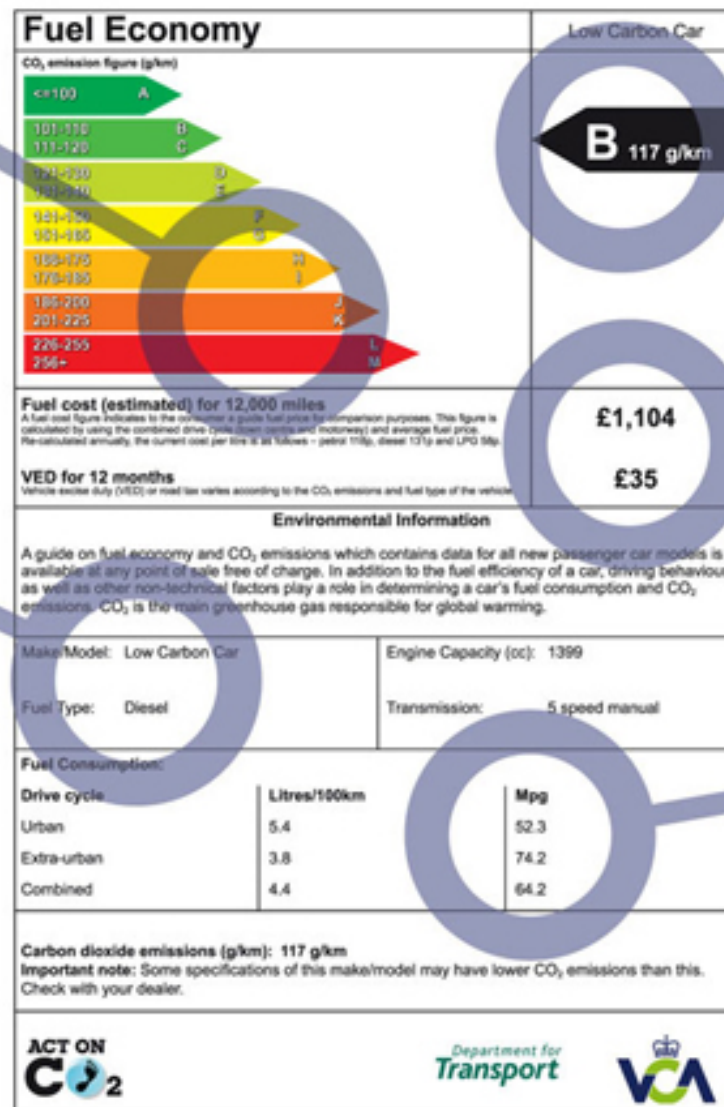
UK has operated voluntary vehicle efficiency labelling since 2005 – experience is overwhelmingly positive

Thirteen VED bands

The figures on the coloured arrows (A-M) indicate the 13 ranges of emissions by g/km that correspond to levels of annual Vehicle Excise Duty (VED or Road Tax). Low carbon-emitting cars pay less tax. The lowest – Band A – pay no tax.

Make, model and engine details

The vehicle make, model, fuel type, engine capacity and transmission type are all listed. Together they determine the CO₂ emissions and running costs.



CO₂ emissions figure

The black arrow points to the vehicle's relevant band of CO₂ emissions on which Vehicle Excise Duty (VED or Road Tax) is based.

Running costs

Average yearly fuel costs are calculated and displayed together with the relevant level of Road Tax. Figures updated with recent prices.

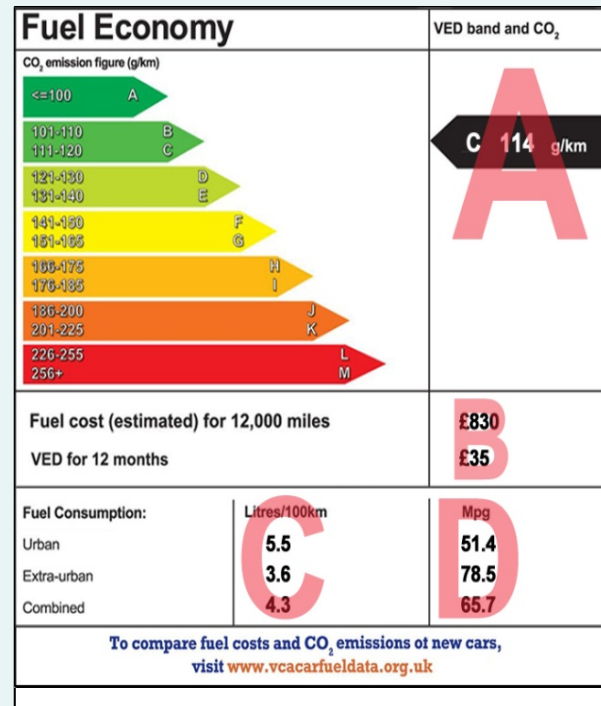
Fuel consumption

Shows how efficient the car is in miles per gallon and litres per 100km in town, country and combined driving situations.

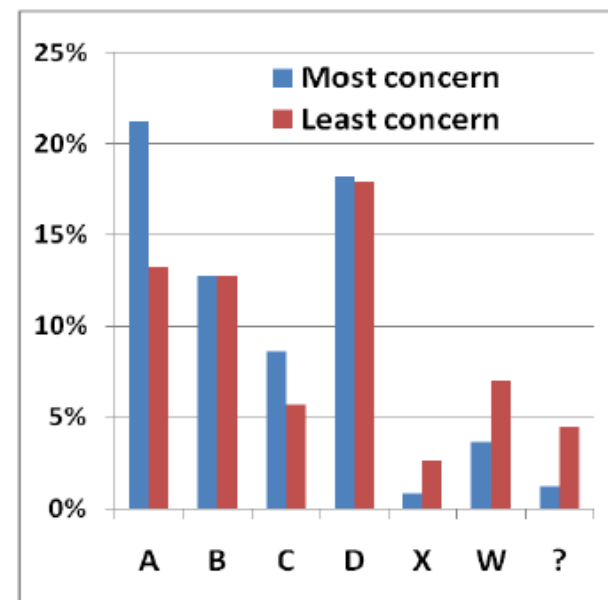
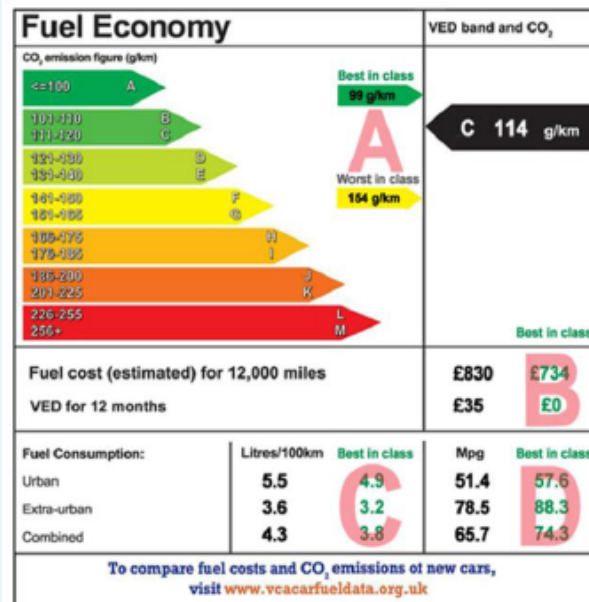
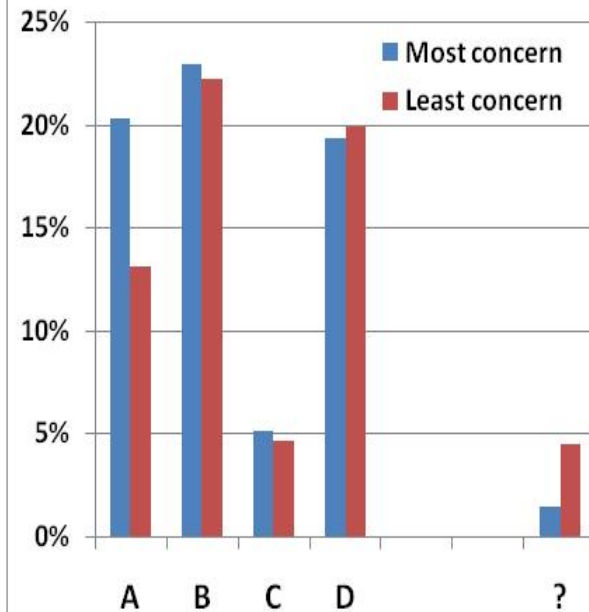
The optimum form for vehicle labelling requires:

- ☐ Simple form
- ☐ Clear language
- ☐ Focus on fuel efficiency or cost
- ☐ Use understandable metrics (mpg)
- ☐ Use an absolute not relative scale
- ☐ Provide comparative information?
- ☐ Use multiple dissemination routes

X = none of the additional info.
 W = Prefer label without additional info.
 ? – No opinion

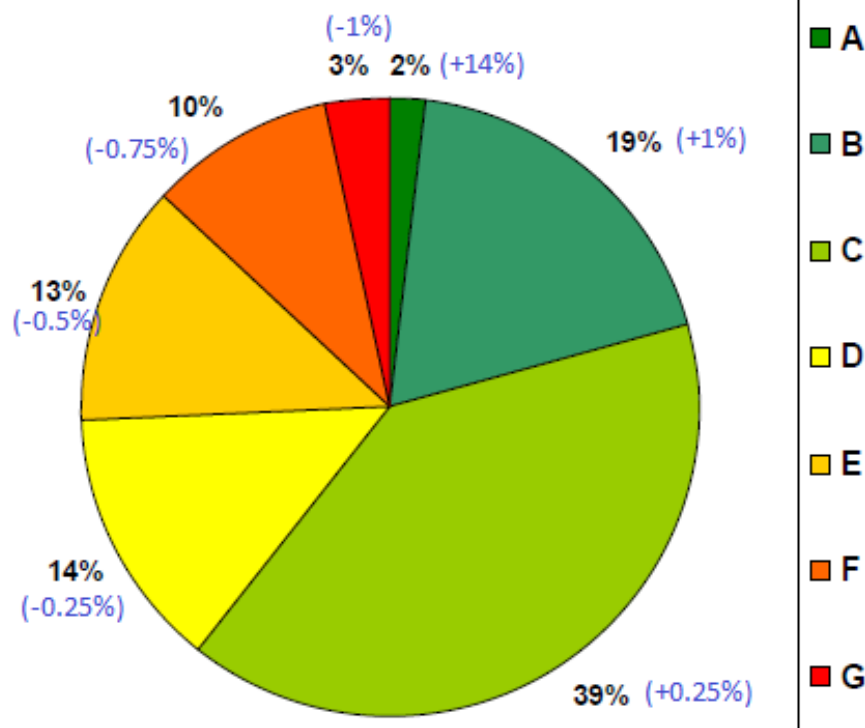


Most useful information

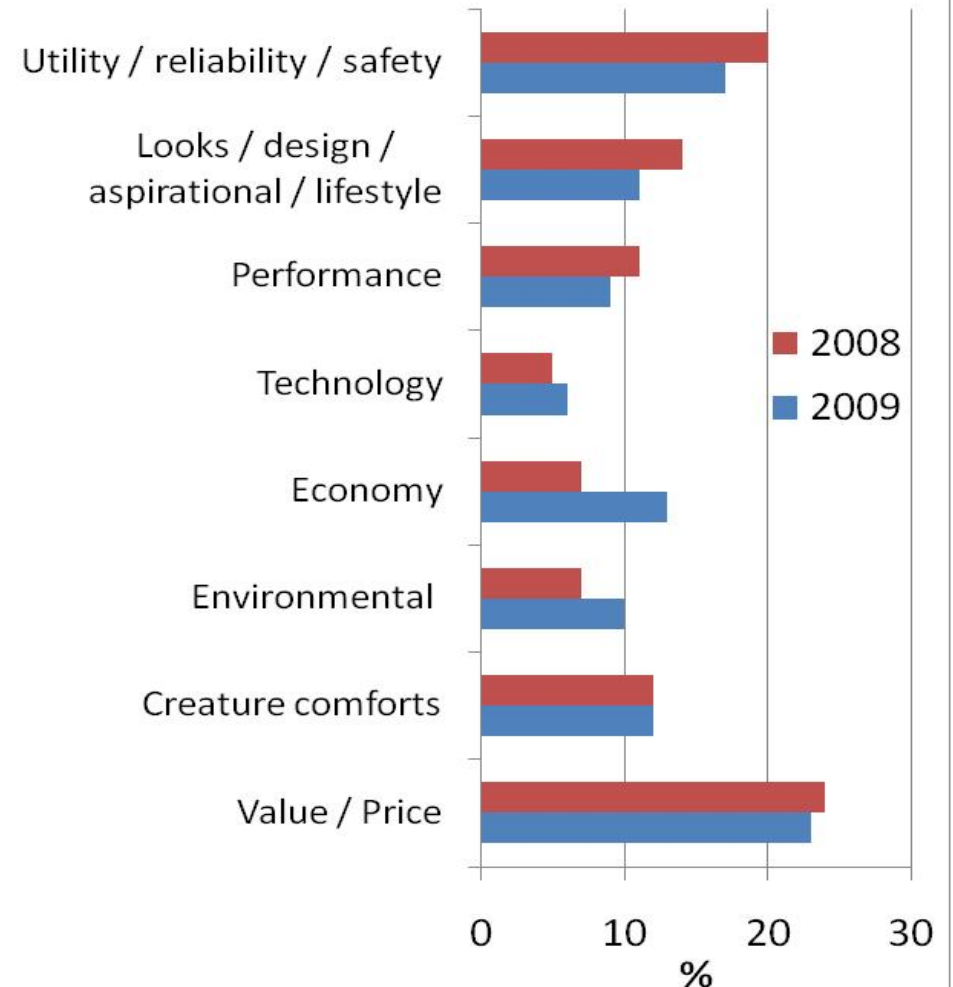


Advertising spending on lower carbon models is increasing with messages concerning both environment and fuel economy

2009 National Press Spend by VED Band



Share of National Press Messages



Building consumer trust in fuel efficiency information is essential – the UK has recently adopted Best Practice Marketing Principles for Environmental claims

Best Practice Principles for environmental claims in automotive marketing to consumers

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The Voice
of British
Advertisers

ISBA

A good practice example



We all like to feel that we're saving a little.

Which is exactly the reason why Ford designed EConetic. With the clever application of technology, you can now achieve fuel efficiency like 76.3mpg* on the Fiesta, and reduced CO₂ emissions from only 98g/km. This now means that our EConetic models are kinder on your pocket and on the environment. Visit www.fordconetic.co.uk

FordEConetic

Feel the difference

For all the latest information on the Government scrappage scheme visit www.ford.co.uk/scrappageincentive



- ❑ Marketing communications should be legal, decent, honest and truthful.
- ❑ Consumers should be able to access the information to inform their purchase decision.
- ❑ The Principles should apply throughout the marketing chain to all promotional material and practices
- ❑ Principles concern
 - The form of environmental claims
 - Accessibility of information
 - Appropriate comparisons
 - The use of green imagery, symbols and endorsements

Some Conclusions

- ❑ Energy efficiency labelling is a useful tool in informing car buyers but increasing environmental awareness has little direct effect on purchase choices (but is an enabler for change)
- ❑ The current statutory labelling requirements fail to engage consumers
- ❑ Information used in labelling must be simple in form and in terms of the language and metrics used
- ❑ Environmental concerns are still a low priority for most car-buyers; fuel and other (including tax) costs are more influential purchase criteria
- ❑ There are perceived trade-offs between vehicle efficiency and other key buying decisions which improved consumer awareness can address
- ❑ Most car-buyers fail to recognise “best in class” opportunities which appropriate comparable “in-segment” information can address
- ❑ An entirely harmonised EU label will use inappropriate metrics for some markets – (e.g., l/100km) - flexibility is needed to maximise impact
- ❑ Providing reliable information to build consumer trust is important
 - The UK’s Best Practice Principles for Environmental Claims
- ❑ Purchase incentives /penalties are a stronger lever for changing behaviour

Any Questions?



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