



Hybrid Hooray

When first introduced, hybrid electric technology was met with skepticism by many consumers regarding reliability and concerns about maintenance costs. Others saw hybrid electric vehicles as an environmentalist “badge,” and not the average person’s vehicle. Consumers would also cite the unusual shape of hybrids as a reason to not consider this type of vehicle. Still, there were many who were interested in hybrid electrics and were not discouraged or negatively swayed by any of these issues, but the cost premium was often more than they were willing to absorb.

With more than 50 models available today, it is no longer unusual to see alternative powertrain vehicles on the road, which reflects consumers’ acceptance of them. Certainly, the bulk of these are hybrid electric vehicles. So what has shifted consumers’ attitudes toward such vehicles?

Common Technology, Common Vehicle, Common Needs

The earliest hybrid electric vehicles were aerodynamically styled cars that looked very different from the standard vehicle of the day. Their design brought attention to the product, but often not in a positive way. In addition, the green movement afoot in the United States, while certainly often talked about, rarely personally impacted the typical consumer. Given a lack of personal investment, little was understood about this new technology. Confusion, misinformation, and a general association with environmentalists made the hybrid electric both niche and misjudged.

Much has changed since then, which has made hybrid electrics more acceptable among general consumers. First and foremost, the hybrid electric powertrain is now a proven technology. Many of the concerns regarding reliability and maintenance have diminished, and hybrid electrics now perform similar to traditional vehicles. Positive consumer experiences, published information, and continual campaigning have helped educate the public on hybrid electrics and have set consumer expectations. In addition, hybrid electrics are no longer only odd-shaped, stand-alone vehicles. Today, they exist as cousins to traditional vehicles powered only by an internal combustion engine, and share the same styling, content and—in many ways—performance, with the added boost in fuel economy as well as reduced emissions. Hybrid electric vehicles are now available in most segments: cars, trucks, and SUVs, as well as in premium and non-premium categories, and have evolved to become a common offering for US consumers.

Hybrid electric acceptance also received an additional boost during the economic downturn in 2008 and 2009. Fuel prices rising above \$4.00 and concerns regarding spending opened consumers’ minds to alternative powertrain products as one way to save money.

American Green

Consumer confidence is healthier today than it has been in the past. Consumers are also more educated on alternative powertrains and are more attuned to the potential fluctuations in fuel prices. Because of this, they will be more comfortable in switching to an alternative powertrain if economic conditions dictate. There are more options today for consumers to improve their fuel economy than ever before.

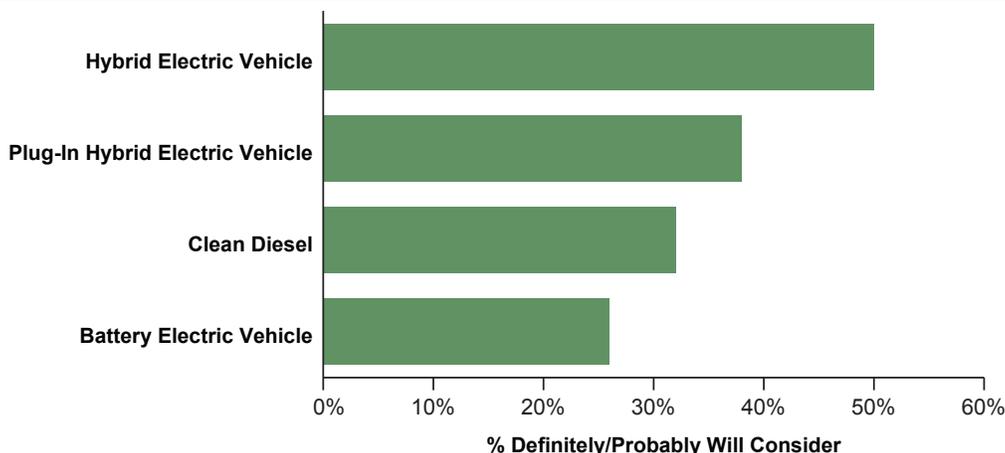
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This *Power Insight*, excerpted from the inaugural *J.D. Power and Associates US Green Automotive StudySM*, focuses on the most important aspects of the alternative powertrain vehicle market. The study includes information from J.D. Power’s extensive resources and data, perspective based on consumer data, forecast and social media information, and opinions from the company’s experts in this market.

Continued

With so many alternatives available, the hybrid electric appears to be the easier technology choice for consumers, as newer alternative powertrain choices such as battery electrics and plug-in hybrid electrics are not as well understood. Both of these powertrain types are hampered by consumer concerns regarding charging availability when away from home. The driving range of battery electric vehicles is also a major concern for consumers. Clean diesel products face the challenge of higher fuel costs, and the benefits of better fuel economy and performance are partially offset by the price paid at the pump. Additionally, due to the difficulty of finding diesel fueling stations and a lingering negative association with “dirty” diesels of the past, clean diesel becomes less attractive to many consumers.

Alternative Powertrain Consideration



Source: J.D. Power and Associates

With hybrid electrics being offered as a variant to traditional gasoline-powered vehicles, consumers can more comfortably make the transition from their former vehicle to a hybrid electric. For US consumers, these vehicles are more commonly viewed as green products, given their time in market and a history of advertising and dialog that has fostered this reputation. All this is positioning hybrid electrics as the right green choice for US consumers in today's economically and environmentally focused world.

Dollars and Sense

The greatest challenge that all alternative powertrain products face is the premium that typically must be paid to purchase them. Even with a market motivated to be more practical and responsible over the long haul, the ability for many consumers to make the necessary up-front investment—which can range from \$1,500 upwards to \$25,000, depending on the vehicle segment and alternative powertrain—is more than most consumers can afford. Incentives, tax benefits, and other financial support will continue to play a large role in the success of all of the alternative powertrain products.

If alternative powertrain vehicles remain priced above that which consumers consider is a reasonable investment, the majority will still choose vehicles powered by a traditional gas engine. Economic stress will sway consideration toward green products, but it is this same stress that will make it hard for consumers to invest in tomorrow when they need to survive today.

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