



CAR
SHOPPERS
BATTLE

EV
MYTHS



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OVERVIEW

An array of electric vehicles are now on the market from traditional automakers as well as the likes of Tesla and Rivian. They've also begun to dramatically fill used car lots, offering a more affordable entry for drivers to go electric.

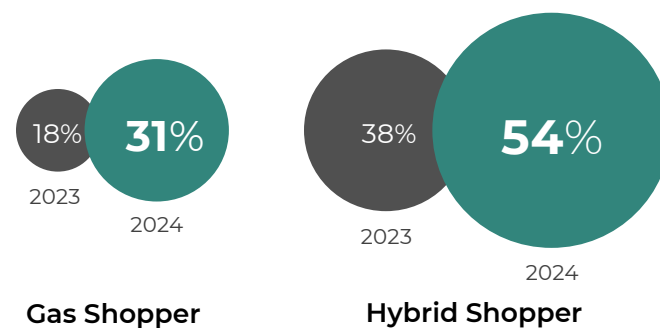
This broader expanse of electric options, tax incentives and dramatic price cuts are spurring more adoption — even if it's slower than once envisioned. 2024 will likely close with EVs nearing 10% of all car sales in the U.S. Yet, that leaves the majority of car shoppers opting for hybrids, plug-in hybrids, or the good-old internal combustion engine. But all shoppers are still sifting through the pros and cons of EVs as if the technology was brand-new to the market. Ideas around range, cost and maintenance remain out of touch with what EVs actually deliver.

That's why CDK has once again surveyed over **1,000 new car shoppers** of all powertrains to gauge why some went EV, and even more importantly, why they didn't.

The answers are vital to the franchised dealer community because the tide isn't turning back to gas power despite considerable setbacks for EVs in terms of promised demand.

Those shopping for gas or hybrids today are considerably more likely to choose an EV as their next vehicle than they were last year.

Will you buy an EV in the future?



This year, we also surveyed plug-in hybrid shoppers since that particular powertrain gains in popularity as an option that alleviates some of the concerns of relying on a car that's fully electric. However, plug-ins seem to be a true stopgap choice. More than half of plug-in shoppers (**58%**) plan to buy an EV in the next three to five years.

And no matter the powertrain, the dealership is increasingly important. Across the board, fewer shoppers plan to complete their purchase entirely online, with only **6%** of EV buyers going that route.

This report will look at what EV shoppers are truly like despite myths that may exist about them. It'll also reveal how these shoppers rely on the dealership for clarity, whether it's about the vehicles themselves, tax incentives or where they're going to charge.

58%

of plug-in shoppers plan to buy an EV in the next three to five years.

6%

of EV buyers plan to complete their purchase entirely online.

DEMOGRAPHICS

TOTAL SURVEY PARTICIPANTS

1,113

CAR BUYER TYPE



AGE

Gen Z (18-26)	16%
Young Millennials (27-33)	24%
Old Millennials (34-42)	28%
Gen X (43-58)	22%
Boomer + Silent (59+)	11%

ANNUAL INCOME

Less Than \$25,000	6%
\$25,000-\$50,000	18%
\$50,000-\$100,000	44%
\$100,000-\$200,000	26%
More Than \$200,000	6%



BATTLING MYTHS

There are some hard truths about today's crop of EVs that can't be argued.

EVs generally cost more to purchase compared to a gas counterpart. Repairs are also more expensive due to the complexity of the vehicle. This leads to generally higher insurance costs as well. They also tend to wear through tires quicker than other cars due to their weight and the higher torque most EVs produce. However, they're vastly less expensive to maintain and operate.

Every type of shopper we surveyed accurately identified the negatives of EVs but most also think EVs are more expensive to maintain — removing one of the primary benefits of going electric — outside, of course, their environmental benefits. This holds true even for EV shoppers.

But when it comes to overall cost effectiveness, more EV shoppers point to that as a key motivator (43%) than the other options, although it's a slim margin.



What vehicles do shoppers think are the most expensive when it comes to ...

Annual Maintenance



Gas Car Shoppers

41%	16%	43%
Gas/Hybrid	Plug-In	EV



Hybrid Shoppers

32%	29%	39%
Gas/Hybrid	Plug-In	EV



Plug-In Shoppers

30%	37%	33%
Gas/Hybrid	Plug-In	EV



EV Shoppers

35%	25%	40%
Gas/Hybrid	Plug-In	EV

Tires

48%	13%	39%
Gas/Hybrid	Plug-In	EV

34%	28%	38%
Gas/Hybrid	Plug-In	EV

33%	36%	31%
Gas/Hybrid	Plug-In	EV

34%	24%	42%
Gas/Hybrid	Plug-In	EV

Purchase Price

36%	12%	52%
Gas/Hybrid	Plug-In	EV

23%	20%	57%
Gas/Hybrid	Plug-In	EV

21%	35%	44%
Gas/Hybrid	Plug-In	EV

21%	17%	62%
Gas/Hybrid	Plug-In	EV

Insurance

42%	15%	44%
Gas/Hybrid	Plug-In	EV

27%	31%	42%
Gas/Hybrid	Plug-In	EV

24%	37%	39%
Gas/Hybrid	Plug-In	EV

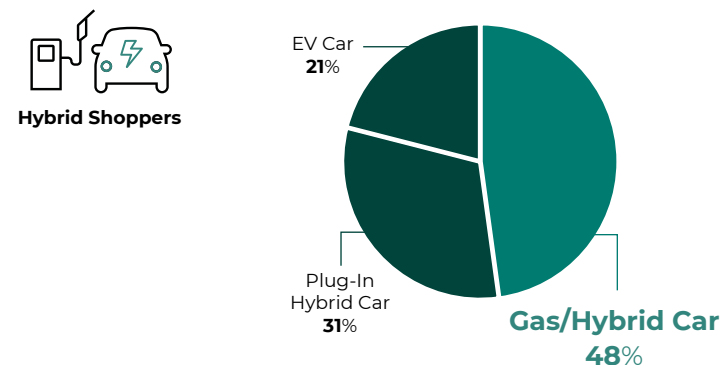
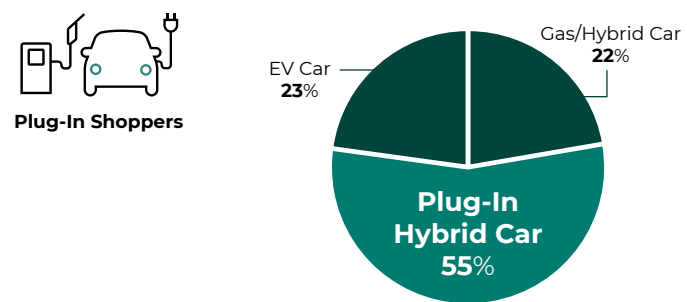
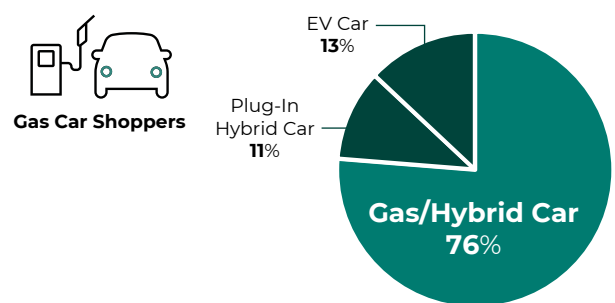
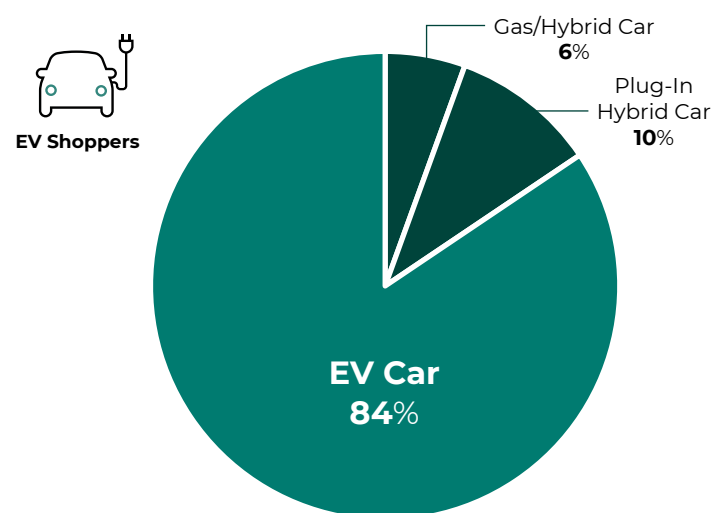
30%	25%	45%
Gas/Hybrid	Plug-In	EV

One other drawback that's reared its head in recent months is the horrible depreciation hitting many EVs.

Resale value for EVs has long been worse than their gas counterparts and, depending on the month, is often significantly worse. Most shoppers believe their specific powertrain holds the most value after five years, including an astonishing **84%** of EV shoppers. But nearly a quarter of hybrid and plug-in shoppers think EVs have better resale value as well. All are wrong on this score.



Buyers believe their preferred car will hold the most value.

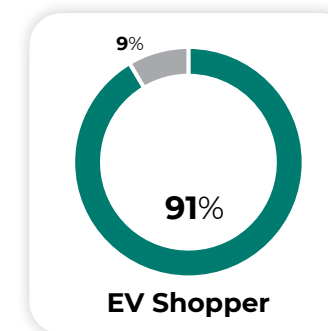
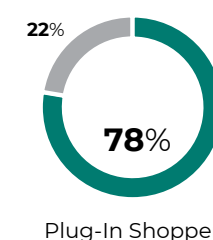
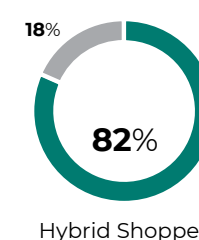
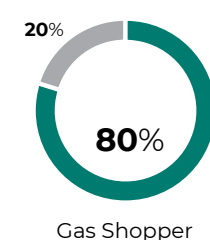


This miscalculation around resale value carries over to leasing as well. **Leasing has become a key tool for dealers to get shoppers into EVs at a very low monthly cost.** These deals are generated by both the traditional economics of leasing being less each month than a loan payment as well as applying tax incentives and other deals directly to the lease amount. Often this has led to incredibly affordable lease deals for EVs. Many, if not most, are far lower than an equivalent gas vehicle or an even less expensive gas vehicle.

EV shoppers say they're not interested in leasing.

How do shoppers plan to own an EV?

- Purchase
- Lease



A whopping **91%** of EV shoppers plan to purchase rather than lease an EV. That number doubles for other types of shoppers. Perhaps a hybrid shopper would be more easily swayed to an EV if the deal were too good to pass up.

What's the main issue against leasing? Many automakers have removed the buyout option for EVs at the end of the lease term and **52%** of EV shoppers say that alone is keeping them from leasing.

Considering the state of EV resale values today, it's likely any buyout price would be significantly higher than the car's market value at the end of the lease. This knowledge should remove the myth that leasing is a bad deal from EV shoppers' minds just because a buyout option isn't offered. A lessee could hand over their keys and walk to the used lot and find an identical CPO version for less money than the likely buyout. This was true for many vehicles before pandemic-era inventory shortages and is especially true about today's EVs.



52% of EV shoppers said they won't lease because there's no buy-back option at the end of the lease period.

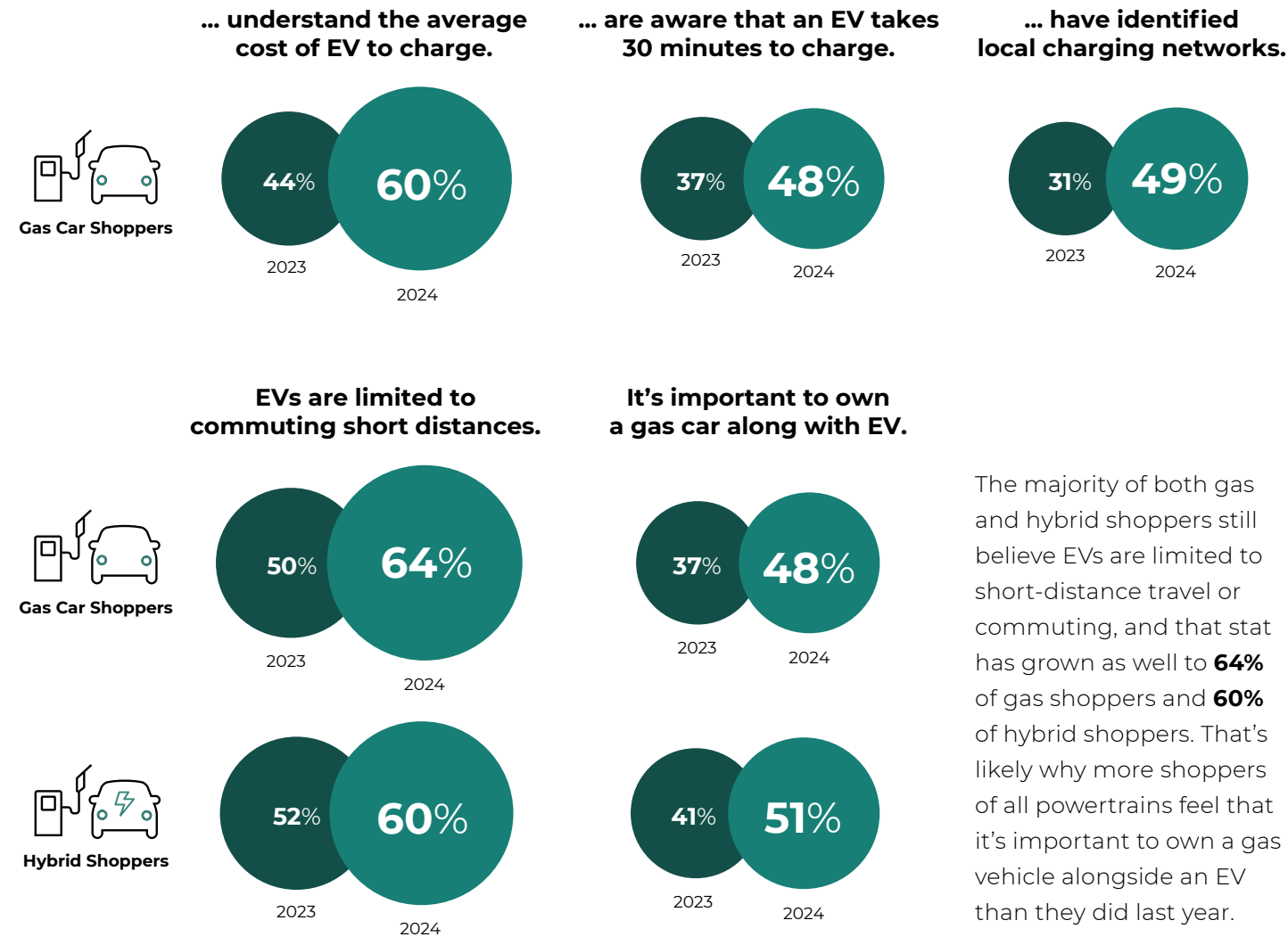
And, indeed, most metrics show when it comes time to sign paperwork, approximately half of EVs are leased. Some reports indicate that number could be as high as 80%. Somewhere along the purchase process, the dealer is convincing EV shoppers of the benefits of leasing — buyout or not.

DEMYSTIFYING CHARGING AND RANGE

When you look at a full transition to an electric fleet in the U.S., it's perfectly understandable that there'll be a learning curve and even skepticism and hesitancy. But in just a year's time, **there's a considerable evolution of non-EV buyers** when it comes to their thinking around plugging in a car rather than filling it up.

Gas shoppers are becoming more aware of the cost to charge, for example. Six out of 10 (**60%**) said they understand the cost to charge compared to only 44% in 2023. Numerous reports and government tools like FuelEconomy.gov detail how charging an EV is less than filling up with gas and that may be one reason for this uptick among gas shoppers.

Nearly half (**48%**) also said they're aware that an EV generally takes 30 minutes to charge at a fast charger, up from 37% last year. And approximately half (**49%**) said they've even identified local chargers, up considerably from 31% last year. The numbers are higher for hybrid shoppers as well.



The majority of both gas and hybrid shoppers still believe EVs are limited to short-distance travel or commuting, and that stat has grown as well to **64%** of gas shoppers and **60%** of hybrid shoppers. That's likely why more shoppers of all powertrains feel that it's important to own a gas vehicle alongside an EV than they did last year.

For good or bad, the idea that an EV is "perfect" for only a portion of driving situations has taken hold with shoppers.

They understand an EV isn't ideal for long trips with the current state of infrastructure. When asked how EV shoppers plan to use their new vehicle, only **44%** plan to use them for long trips, up slightly from 42% last year. Meanwhile, more see them as fit for running errands, up to **70%** this year compared to 64% last year.

“Just to make me feel safe, like I have a backup if needed ...”

This could explain why **55%** of EV shoppers will continue to own a gas or hybrid vehicle alongside their EV. However, it can't be understated that a quarter of EV shoppers (**24%**) plan their new EV as their only car while another third (**37%**) will be pairing the new EV with an existing EV.

24%
of EV shoppers plan their new EV as their only car.

37%
of EV shoppers will be pairing a new EV with their existing EV.

“Just for backup or for long trips where there may be no charging station available ...”



WHAT'S HOLDING SHOPPERS BACK?

Car shoppers may be getting familiar with the idea of charging, but it's still the act of plugging in that's holding them back the most from going electric. When asked what aspects of EVs would have to change for they themselves to change their minds, **faster charging capability** and **longer range** were top answers depending on whether they were gas or hybrid shoppers.



Gas Car Shoppers

- 01. Longer driving range
- 02. Lower cost of ownership
- 03. Faster charging ability
- 04. More dependable charging network
- 05. Proof EV batteries don't deteriorate
- 06. Better selection within favored brands



Hybrid Shoppers

- 01. Faster charging ability
- 02. Longer driving range
- 03. Lower cost of ownership
- 04. More dependable charging network
- 05. Proof EV batteries don't deteriorate
- 06. Better selection within favored brands



Plug-In Hybrid Shoppers

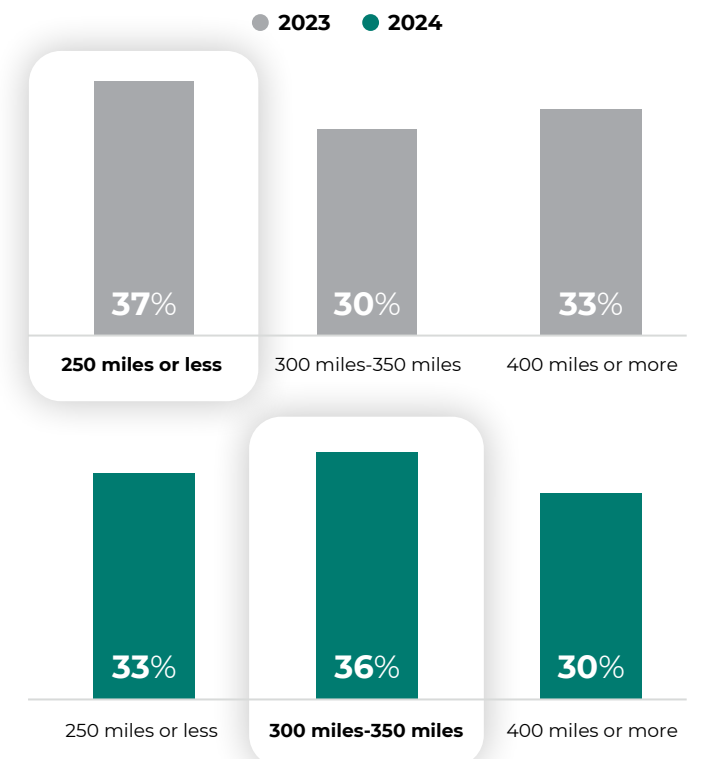
- 01. Longer driving range
- 02. Faster charging ability
- 03. Lower cost of ownership
- 04. Proof EV batteries don't deteriorate
- 05. More dependable charging network
- 06. Better selection within favored brands



The range factor has always been at play for shoppers' considerations, but now there's a new issue.

As new, more advanced EVs enter the market with more range, shoppers' range expectations are also increasing. Gas and hybrid shoppers are now expecting a 300-mile range or more, up from last year's expectations. The number of gas shoppers who'd be comfortable with 250 miles of range or less dropped from **37%** last year to **33%** this year. However, 300 to 350 miles of range seems to be the sweet spot as fewer gas shoppers are looking for 400+ miles of range, dropping from **33%** last year to **30%** this year.

Gas car shoppers' expectations with range have increased.

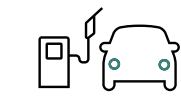


Lower cost of ownership was another top concern keeping gas and hybrid shoppers from making a switch last year and that continued in 2024.

And all non-EV shoppers believe their pick to be a more affordable option, whether it's gas, hybrid or plug-in. But a recent study by J.D. Power proved that EVs would cost less to own over five years than a comparable gas vehicle in all 50 states. The message around the financial impact of going electric clearly isn't busting myths.

Shoppers think their purchase is more affordable than buying EV.

● 2023 ● 2024



Gas Car Shoppers

71%



71%



Hybrid Shoppers

69%

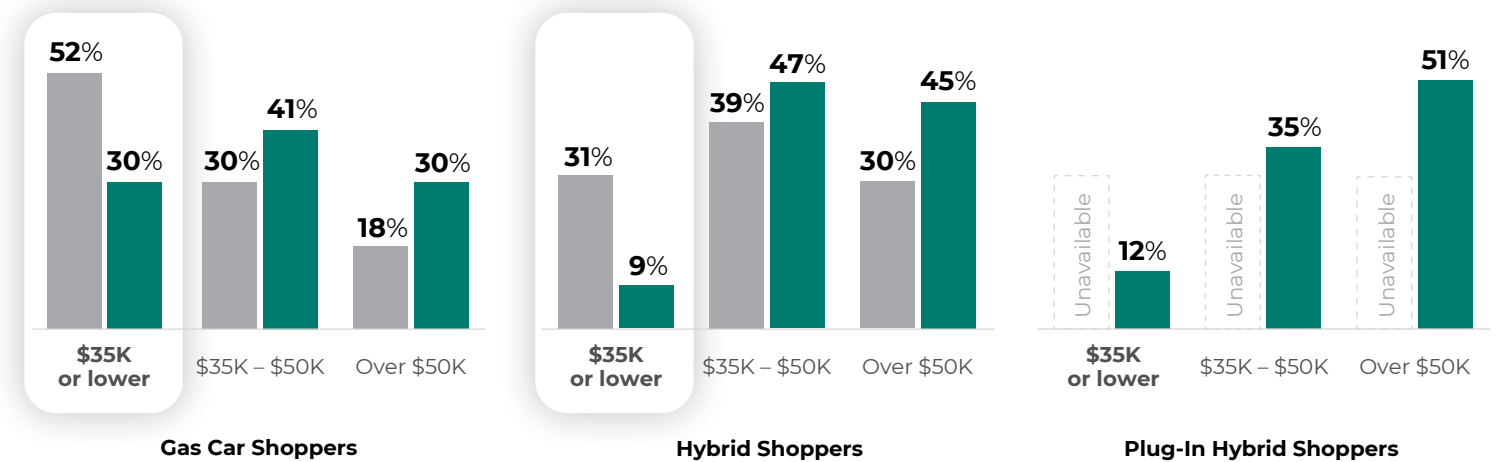


80%

Interestingly enough, these same shoppers are willing to pay more for an EV than they were last year.

How much are you willing to pay for an EV?

● 2023 ● 2024



A majority of gas shoppers (**52%**) said they'd only be willing to pay \$35,000 or less for an EV last year. That number fell dramatically to **30%** this year. The range that saw the biggest jump among gas shoppers was actually the most expensive, \$50,000 or more, even though most settled in the middle range of \$35,000-\$50,000. Hybrid shoppers saw a similar shift but were willing to pay more last year. They saw a significant increase in how many would pay luxury prices, with nearly half (**45%**) saying they'd pay \$50,000 or more, up from **30%** last year.

DEALER SENTIMENT VS. CUSTOMER NEEDS

The topsy-turvy transition to EVs and the robust media coverage around it has likely led to some fatigue among dealers.

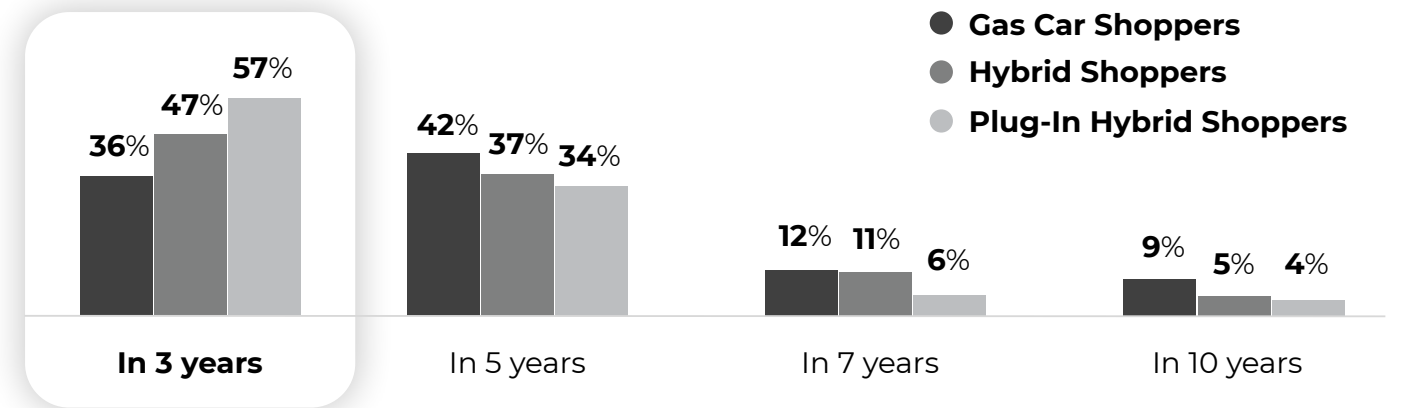
In a 2024 CDK study of dealers, 65% of dealers said they're pessimistic about the future of EVs and 55% of them think it'll take at least 15 years before half of vehicle sales are electric.

This pessimistic sentiment is understandable with EVs making up just about 10% of the new car market, but multiple studies, and not just those from CDK, paint a picture of inevitability when it comes to electrics. It's just the pace of that adoption that's out of focus.

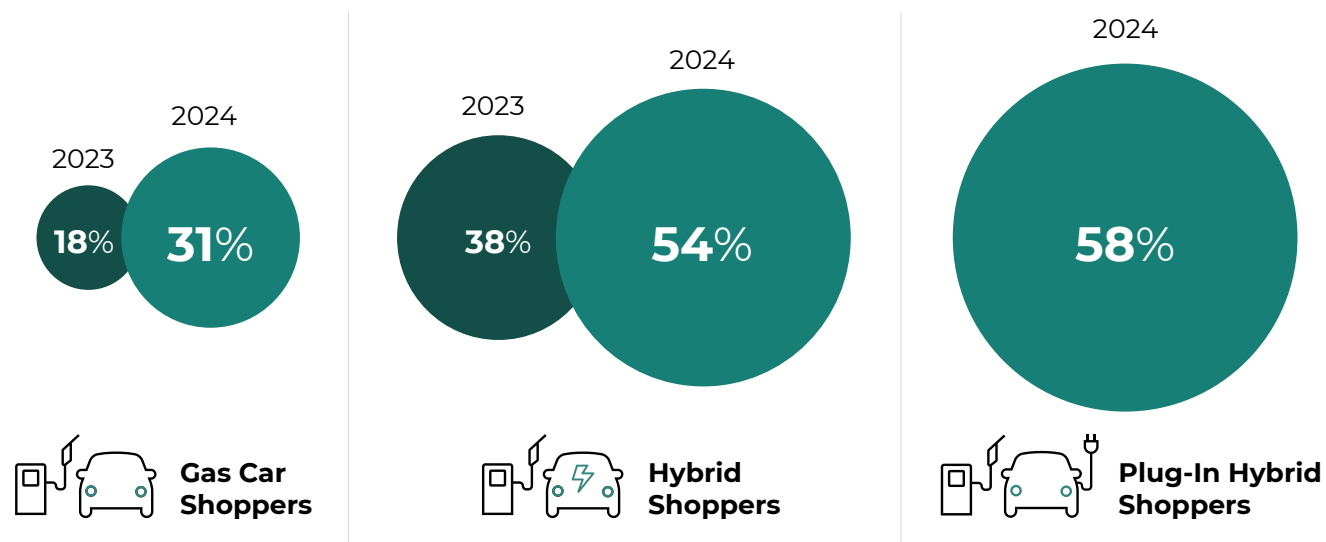
When we asked gas shoppers this year if they'll buy an EV in the future, almost a third (31%) answered yes, up from just 18% last year. Hybrid shoppers were already more favorable to EVs and their plans to go electric grew from 38% to 54% this year. And those are just the affirmatives. Another 43% of gas shoppers and 37% of hybrid shoppers are keeping the possibility open, answering "maybe" to buying an EV in the future. A quarter of gas shoppers (26%) are a firm no to electrics but just 9% of hybrid shoppers responded the same.

A large majority of all shoppers answering yes to a future EV say they'll purchase one in the next five years, although these numbers barely shifted from last year.


When in future will they be purchasing an EV?



More shoppers say they plan to buy an EV in the future.



We also know from previous CDK studies that those who own EVs say they're never going back, with nearly three out of four (73%) responding that they'll only buy EVs moving forward.

 **73%**
EV owners said they'll only buy EVs moving forward.



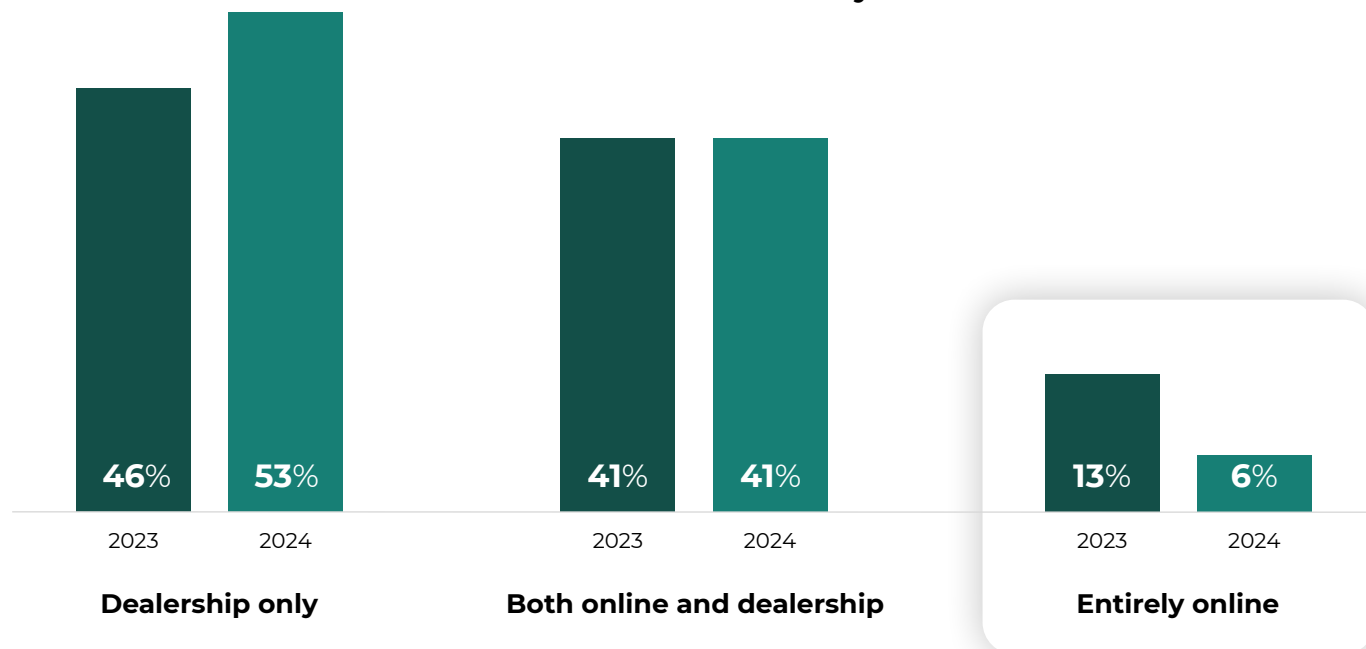
Today's electric shoppers aren't very different than the typical dealership customer in that they do plan on completing their purchase at the dealership.

Tesla's direct-to-consumer sales process is often identified as the way all customers want to purchase an EV. CDK tracks buying habits each month and very few car buyers of any kind actually transact entirely online, generally hovering around 1% or 2%.

The EV shoppers we surveyed this year were very similar with just **6%** planning to buy entirely online, down from **13%** last year. A majority (**53%**) plan on completing the entire process at the dealership, up from **46%** last year.

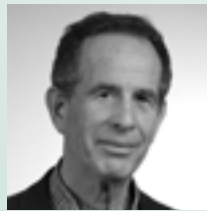
That means the dealership is a pivotal place to dispel the myths uncovered in this study. Education is also becoming a more frequent theme in the electric transition conversation and shoppers will expect Sales staff to be the ones ready to answer their questions.

EV Purchase Journey



ABOUT THIS STUDY

CDK focuses on automotive trends that impact car dealers so they can plan and prepare for whatever may come over the horizon. Electrification is becoming a fact of life that the industry can't ignore or dismiss no matter its measured road to adoption. This report continues our research into electrification covering EV shoppers, owners and how dealers are working to meet the demands of the future.



Peter Kahn
Head of Research

With over 20 years of experience in researching all aspects of the automotive retail industry, Peter's work is focused mainly on how dealerships and brands can improve efficiencies and meet the changing needs of the vehicle buyer and service consumer. As the Senior Director of the CDK Research and Insights group since 2015, Peter has produced work that covers a range of topics, such as artificial intelligence in the dealership, women in automotive, the state of the automotive retail industry, job seekers in automotive retail, and many more that help inform decision-makers in our industry.



Devika Birnale
Market Research Analyst

Devika Birnale is a Market Research Analyst at CDK, where she works on a variety of research initiatives across thought leadership and the Product Technology and Marketing teams. Her research focuses on bridging the gap between end customers, dealerships and CDK. Devika holds a master's degree in marketing intelligence from the University of San Francisco, California.

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