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Alternative-fuel vehicles slow to gain traction



Professor Garcia surveyed car enthusiasts on their interest in alternative vehicles. Photo by Lauren McFalls.

April 22, 2010

Each Earth Day (April 22), many of us pay a little extra attention to issues of environmental sustainability, climate policy, going green in our everyday lives and, increasingly, alternative-fuel vehicles.

Rosanna Garcia, associate professor of marketing at Northeastern's **College of Business Administration**, has conducted a survey of 7,500 car enthusiasts to gauge their interest in alternative vehicles, including hybrids, plug-in hybrids, electric and diesel. A National Science Foundation grant funded the study as part of an overall effort to reduce greenhouse gases and dependence on foreign oil.

Can you please explain your recent survey and simulation study to determine consumer readiness for new alternative fuel technologies?

A consumer study in February 2009 — conducted in conjunction with MyShine Box and AutoWeek and sponsored by the National Science Foundation — focused on how consumer product knowledge may affect purchase intention of different types of alternative-fuel vehicles (AFVs). The survey found that factors such

as distances between refueling, price, fuel type and car type among the most important attributes. The survey also suggests that word-of-mouth may be influential.

Are consumers ready for a move away from traditional vehicles? When do you predict that the American marketplace will be receptive to such a change?

Our findings show that consumers aren't ready to move away from traditional gasoline-powered vehicles today. The reasons are many, including ease of use and access to fuel, uncertainty in technology, car style, comparative long-term costs and just being "old school."

What should manufacturers be doing to capture market share in this next generation of vehicles?

Educating consumers about future technologies will reduce their uncertainty about AFVs and thus, increase their willingness to adopt them. I recommend the auto companies start advertising now. Secondly, I think Nissan's approach of partnering with government agencies is very practical. This strategy gets the product into the hands of people who are the mainstream market and gets government agencies thinking about the infrastructure issues that must be resolved before the mainstream consumer accepts AFVs — in particular, the availability of charging stations for electric and plug-in hybrid vehicles.

What can the government do to expedite this changeover from fossil fuels to alternative technologies? How important a role does the consumer play in marketplace dynamics?

The biggest impact the government can have is to provide incentives for companies and local agencies to provide charging stations for electric vehicles and make alternative fuels available. The second thing would be to continue with the rebate programs that have been put in place and not to cap the programs that they do now. Consumers are crucial in the acceptance of AFVs, and auto manufacturers need to start approaching them now. We've found that most consumers will accept the AFV technology if it is the only type of vehicle available. But they are looking for a cost/value balance. The technology must improve over their existing vehicles, yet be priced in the same ballpark as their internal combustion engines.

What is the next step to encourage American consumers to embrace sustainable innovation in motor

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vehicles? What work are you doing to change this consumer mindset?

Conducting marketing research about consumers' perspectives on future AFVs is difficult, as the average buyer does not understand the differences between them. A lack of knowledge delays purchase decisions, so educating consumers today about the technology of tomorrow is important.

Our future research is focused on how to collect market data about future technologies such as AFVs, and how to reduce the uncertainty and risks of new fuel technologies for the "average" car buyer in order to speed the diffusion of AFVs. We also intend to investigate the most important way to inform buyers (advertising, word-of-mouth, test drives, etc.), as well as the Internet's impact as an educational tool.

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