

2022 Electric Vehicle Demand: A Tipping Point



Data Report: The role of future-forward
F&I in dealership electrification



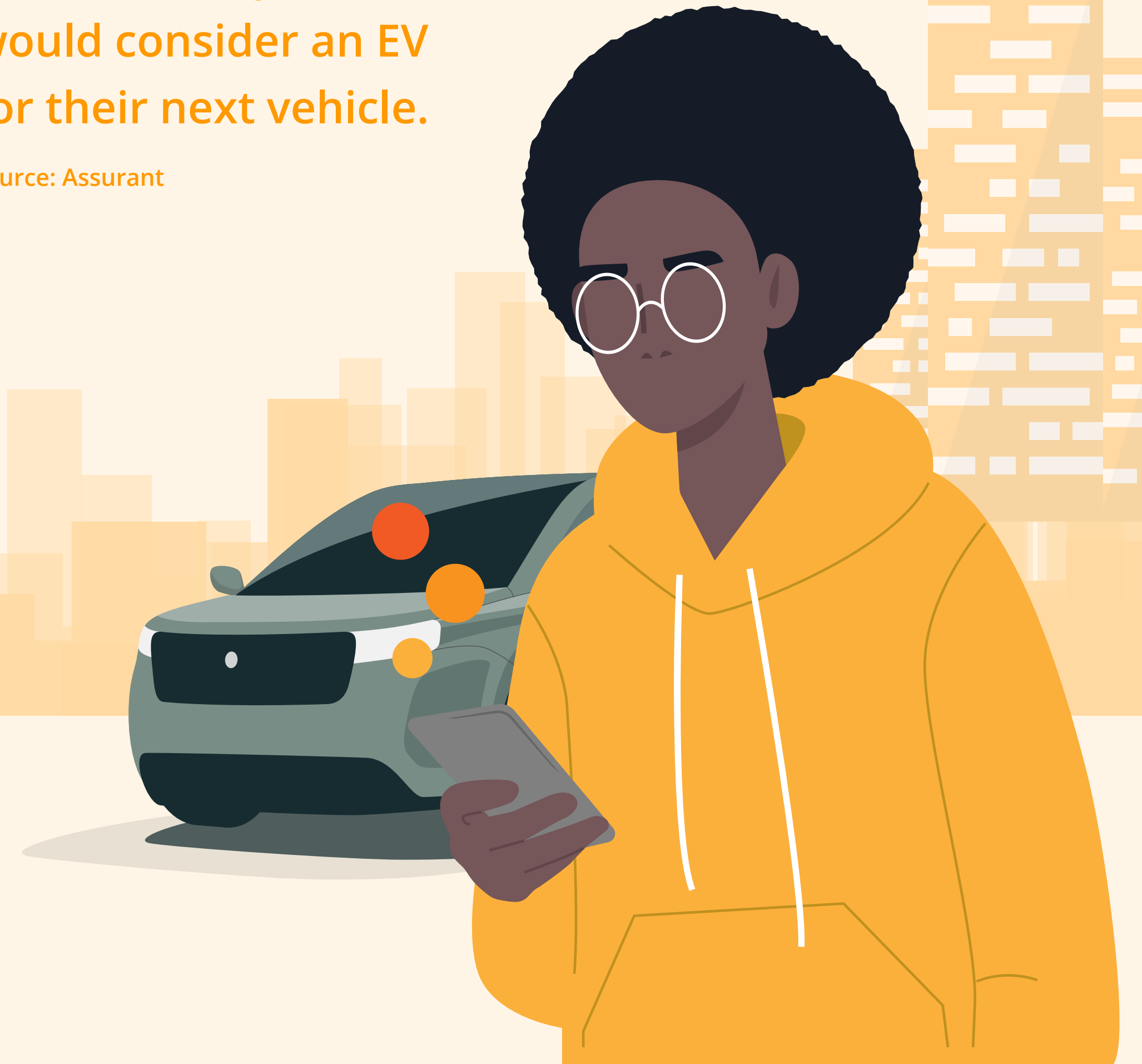
The future of EV demand is here

Excitement around electric vehicle (EV) adoption is at an all-time high—especially among high-end buyers. While environmental awareness, a proliferation of new models and supportive government policies have all contributed to this trend, there is also genuine enthusiasm for EVs that has eluded the technology in the past. Yet, obstacles to purchase remain. EVs come with higher sticker prices and repair costs. Range anxiety and critical questions around battery life—especially in colder climates—persist. And despite recent investment in charging infrastructure, there’s still much to be done until sufficient capacity exists.

For dealers, EV inventory will grow exponentially—and they will have to move product out the door despite concerns about cost and range anxiety. Dealers who can transition traditional ICE buyers into EVs will be uniquely positioned to profit.

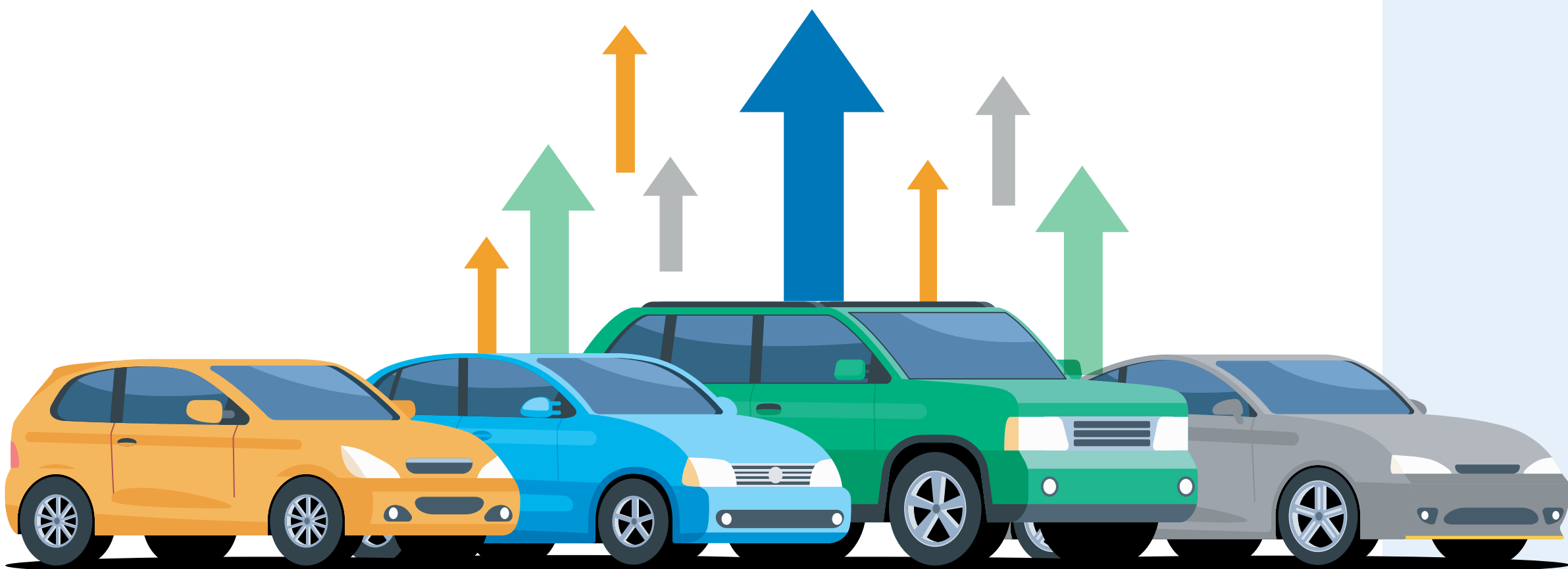
43%
of U.S. car buyers
would consider an EV
for their next vehicle.

Source: Assurant

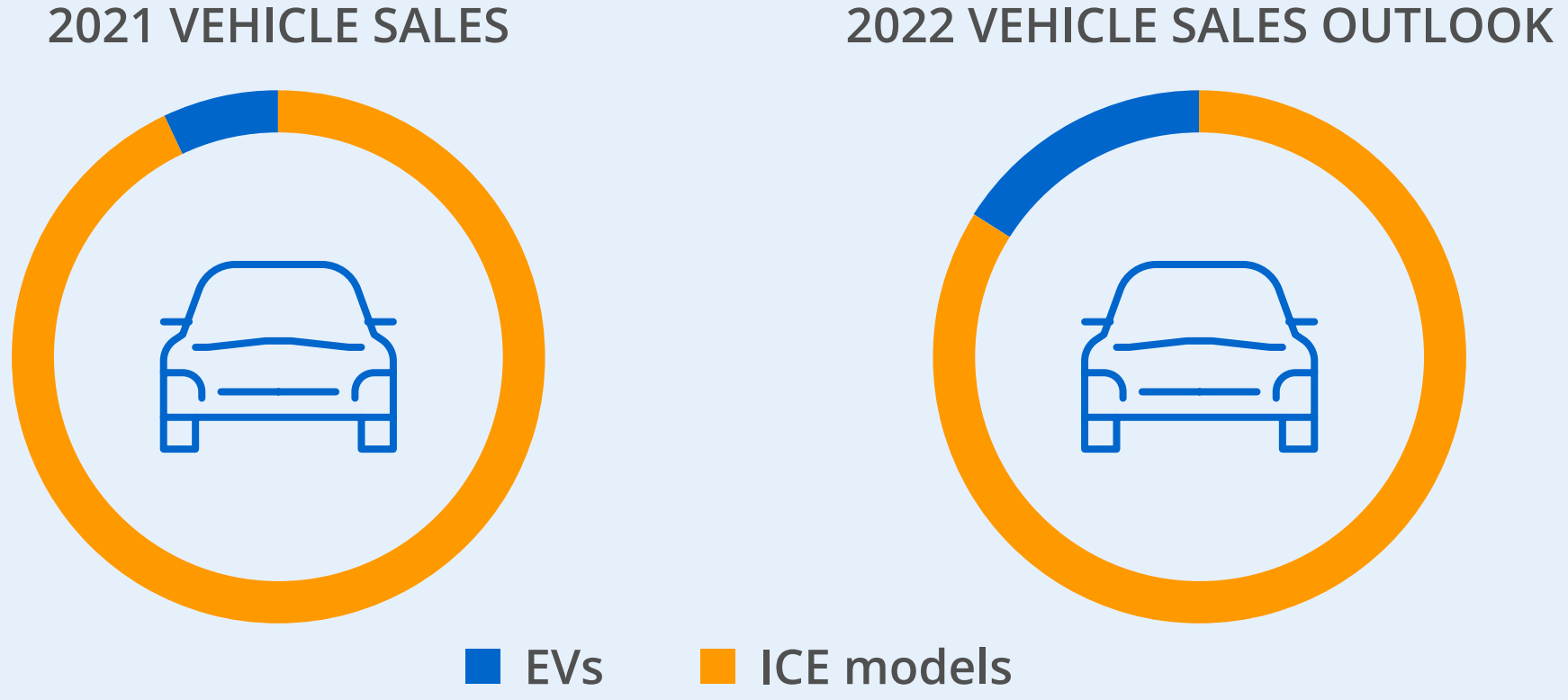


The EV market: skyrocketing demand

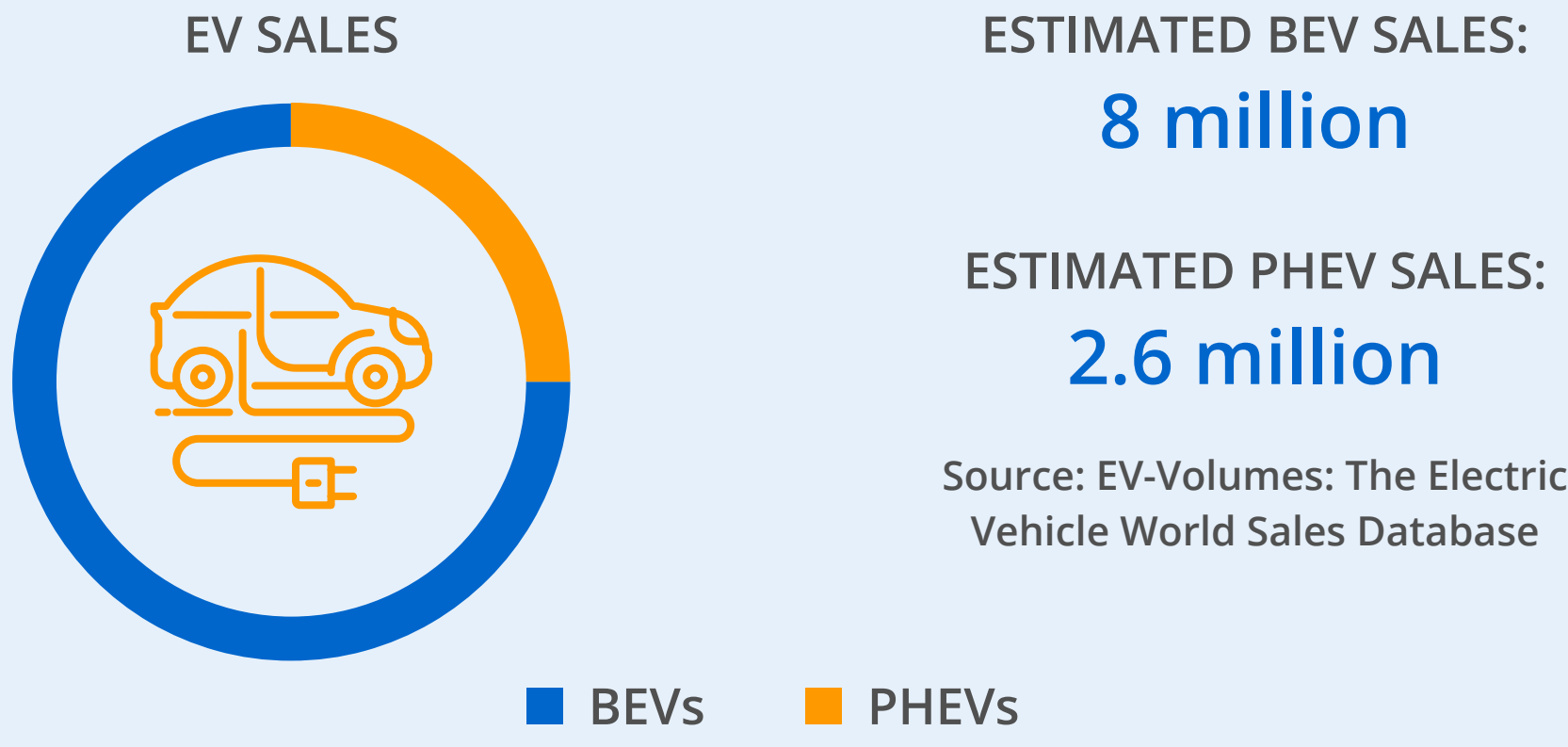
Today, there is a massive proliferation in EV models, with more than 500 models available across 90+ markets. Sales of these vehicles hit record highs last year, despite challenges from the COVID-19 pandemic and bottlenecks in the supply chain. In fact, EVs accounted for almost 9% of all vehicles sold globally (~6.6 million vehicles in total) in 2021, which is almost double the market share compared to 2020. This year, the Electric Vehicle World Sales Database estimates 10.6 million EVs will be sold, representing a 57% increase from 2021. With record demand and OEMs pledging massive commitments to increasing EV production, a tipping point for electric vehicle adoption appears to have arrived.



Global EV sales 2021 vs 2022



Global sales projections for BEVs vs PHEVs



What's driving EV demand?

It's important to consider drivers of consumer demand when dealing in forecasts of any kind, especially for a category as complex as electric vehicles. And while heightened environmental awareness, supportive governmental regulation and a proliferation of new models drive sales, challenges to demand remain and will play an important role moving forward.

Factors driving EV demand

- + Lower costs of production due to advances in technology
- + Massive investment by government and industry
- + Mass market interest due to proliferation of models
- + Rising oil prices play an important role in demand
- + Raw material cost—like those in new EV batteries—must remain manageable
- + Consumer environmental awareness must convert to a willingness in the consumer



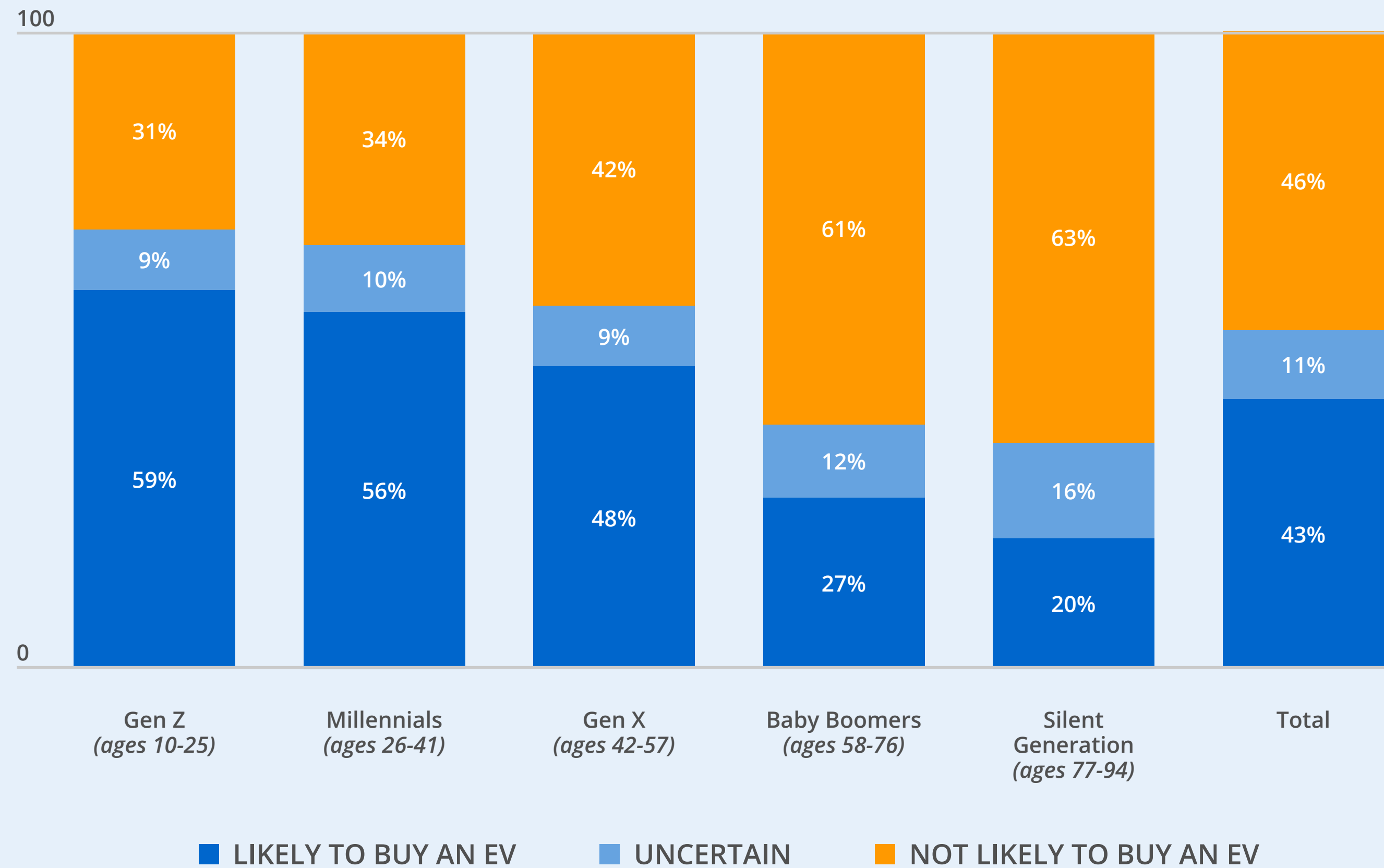
Demographics influence demand:

EV acceptance is at an unprecedented rate with nearly 45% of U.S. consumers in 2022 reporting that they would consider the benefits of electrification when buying their next car. This demand is heavily influenced by generational differences. Gen Z and millennials tend to fit into the technophile consumer category and are more likely to have a strong focus on sustainability. In fact, a recent study found that nearly 60% of this demographic were already likely to buy an EV even prior to recent gas price increases. In comparison, only 27% of Baby Boomers and 20% of the Silent Generation reported the same. While the generational sentiment on this topic is split, overall demand is still growing with almost half of all U.S. drivers saying they're likely to purchase an EV in the future.

EV purchase likelihood per generation

THE ELECTRIFYING 2020s

Share of each generation of U.S. drivers that say they are likely (or not) to purchase a fully-electric vehicle at some point in the next decade (percentages may not total 100 due to rounding).



Assurant electric vehicle consumer insights

Analyzing EV customer demand: what's under the hood?

At Assurant, we've conducted an in-depth survey to better understand electric vehicle customer needs, the EV purchase journey and how dealers can improve the buying experience before, during and after purchase. By evaluating customer insights, including obstacles to purchase, we can help prepare our partners to successfully meet the coming increase in EV sales with an F&I approach that properly addresses customer needs.

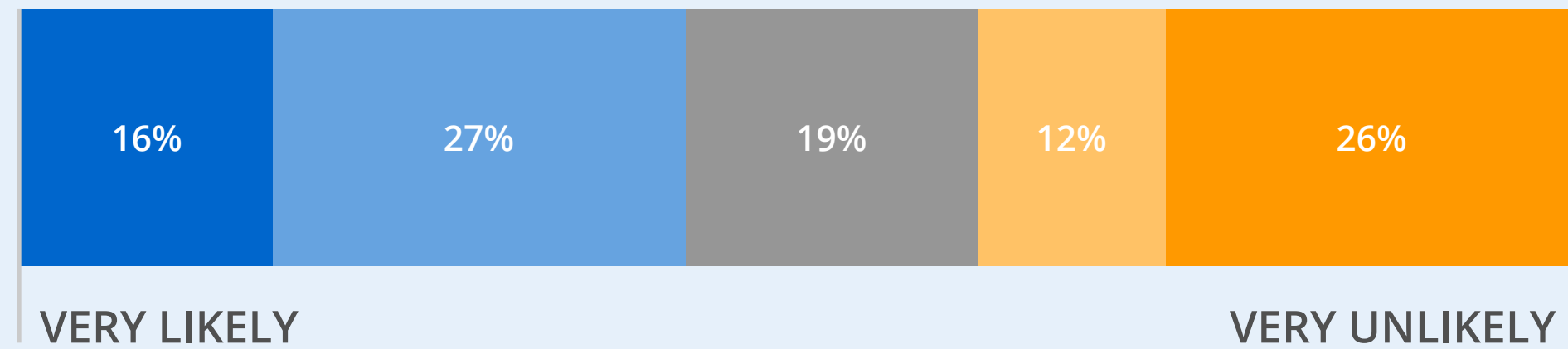
Preparing to profit: EV customer demand data

As expected, many of the respondents to our Assurant U.S. survey reported being open to purchasing an EV, with 43% stating they would consider an EV for their next vehicle — an unprecedented rise in adoption. In addition to this, a full 66% of potential buyers were open to the idea of purchasing a vehicle service contract geared towards EV technology. Research also explored the reasons for wanting a service contract, with battery concerns being the top ranked option followed by the electric motor and electronics. We also evaluated the way in which customers want to shop for an EV. Not surprisingly, 57% of potential EV buyers reported an interest in having online options during the EV purchase process.

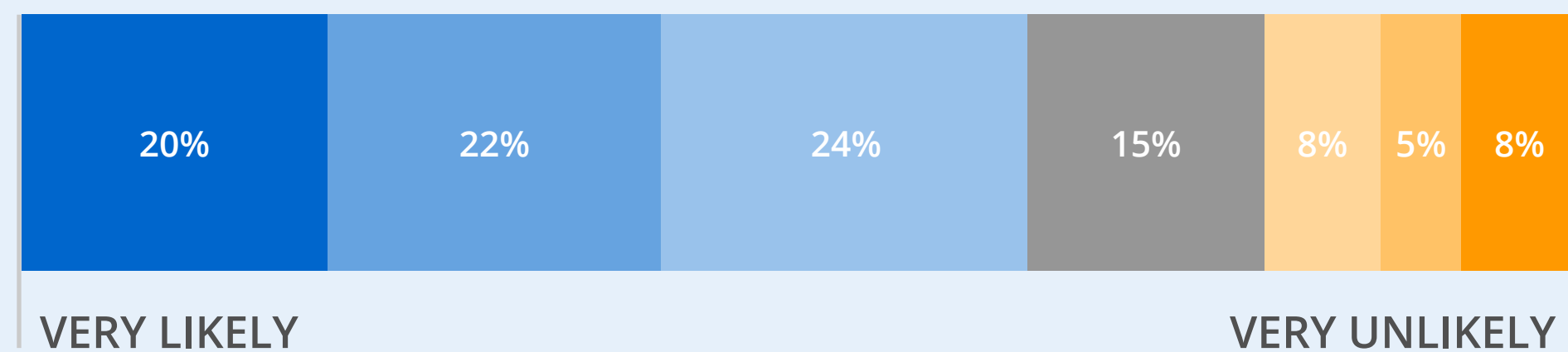


U.S. EV customer insights

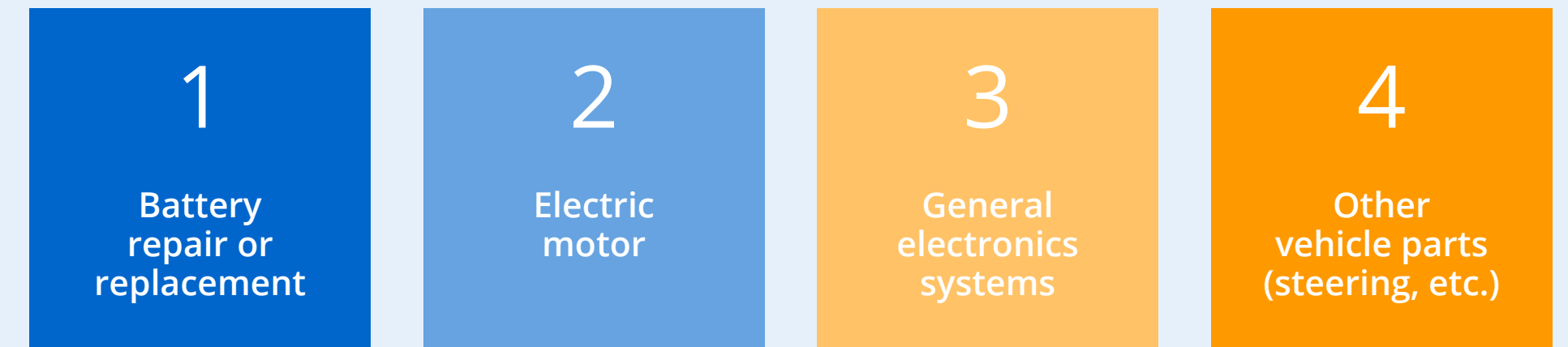
CUSTOMERS ARE OPEN TO PURCHASING AN EV
EV purchase likelihood of gas powered vehicle owners



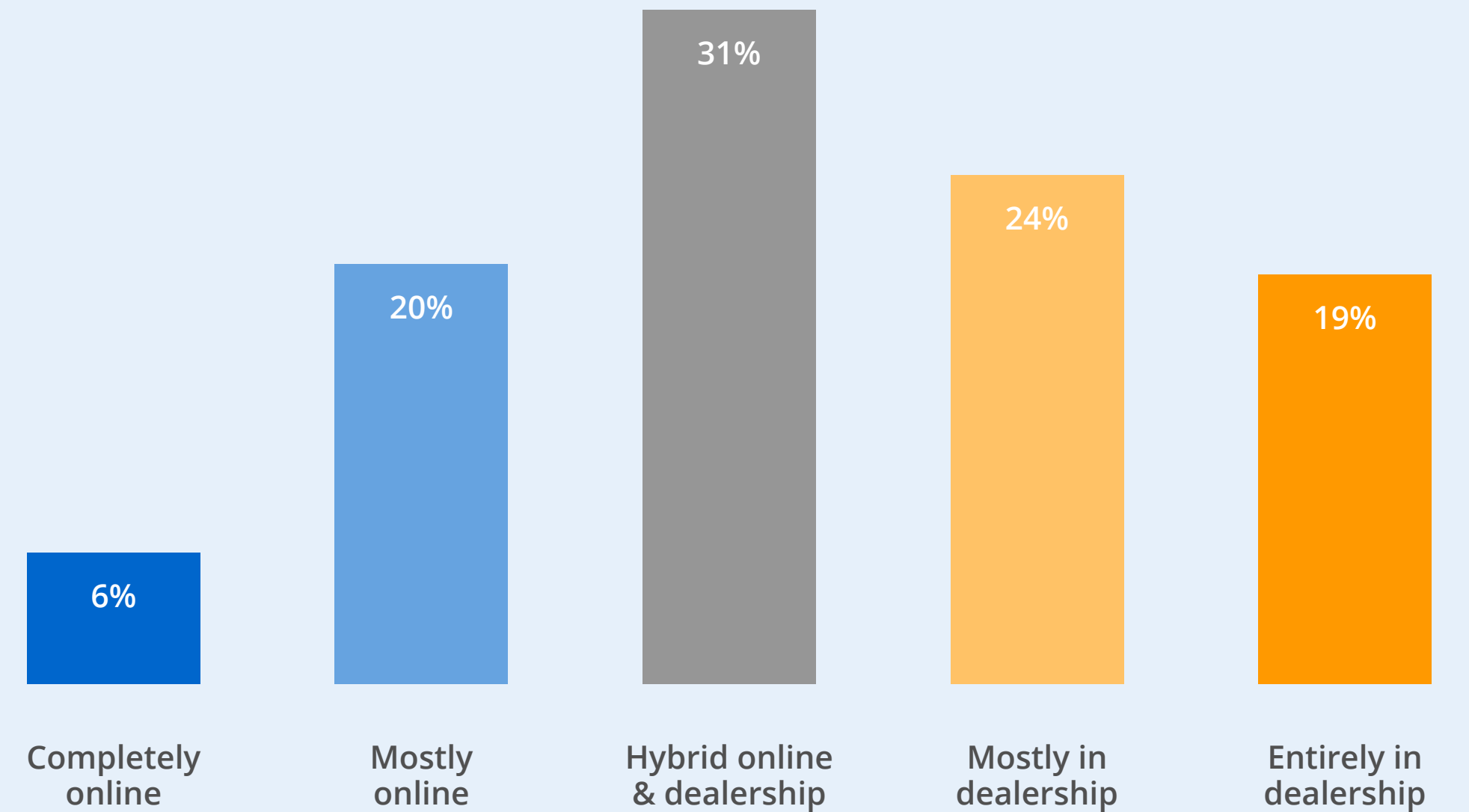
CUSTOMERS ARE OPEN TO PURCHASING A VEHICLE SERVICE CONTRACT WITH AN EV
EV service contract purchase likelihood



REASONS FOR EV SERVICE CONTRACT PURCHASE



INTEREST IN EV SHOPPING OPTIONS



Assurant insights: What the EV customer mindset means for dealers

Meeting EV revenue goals means educating customers

With so much interest among consumers in electric vehicles, your dealership should expect to see more consumers visiting in person and online to gather information about, and potentially purchase, a new EV and vehicle service contract. This is an opportunity to become a trusted source of expertise for your customers. By properly educating them about EVs and EV protection products, you can help overcome concerns around new technology, repair costs and range anxiety. This will be a critical to converting traditional Internal Combustion Engine (ICE) drivers into EV buyers in the future.

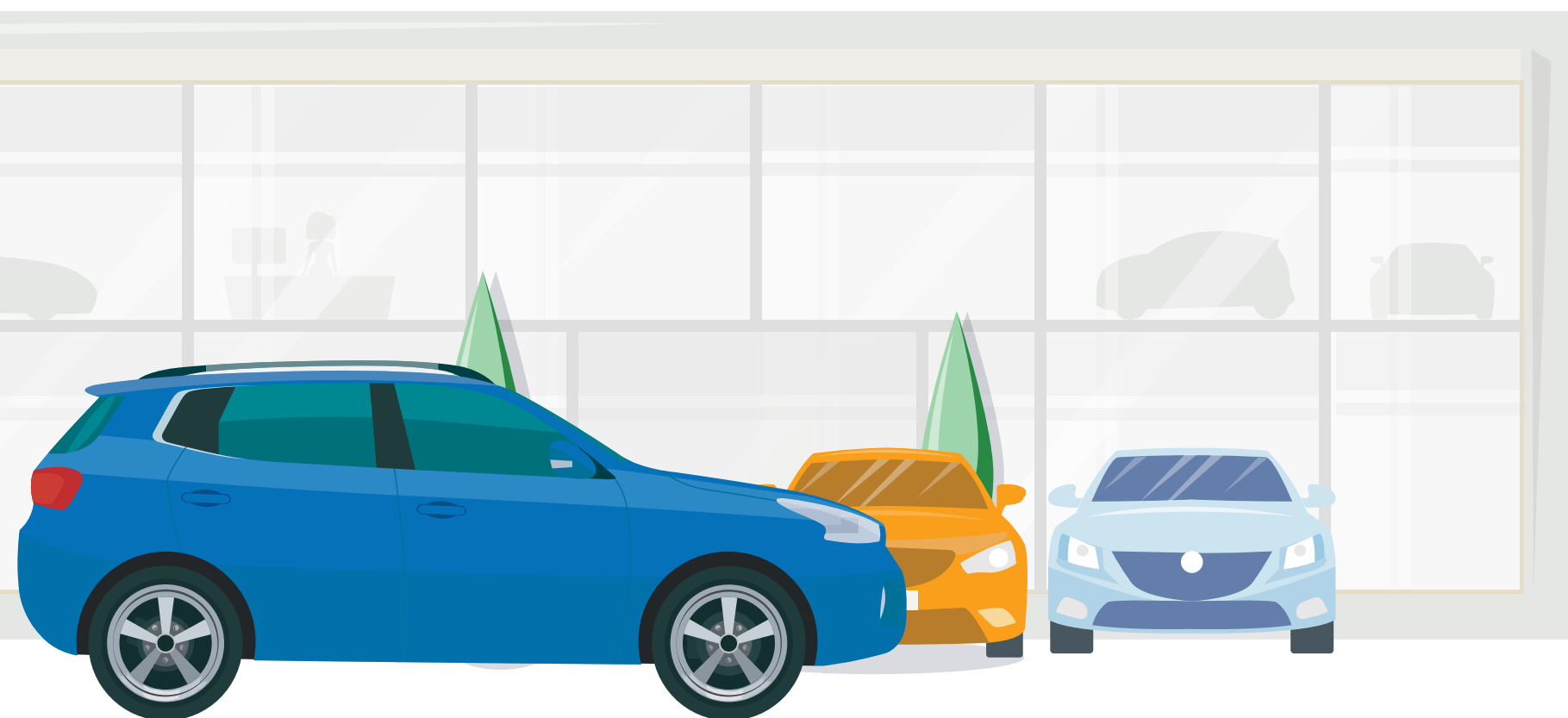
EV customer satisfaction requires a straightforward omnichannel experience

Research has established that when researching, selecting a vehicle, and choosing financial options, the majority of EV consumers want a convenient mix of online/offline options. As a result, digital retailing that included protection products is no longer a trend but is now a must-have for dealers. Companies like Tesla have set the bar high for consumer expectations for EV shopping. Thus, if your dealership wants to sell to this rapidly growing market, you'll need to deliver an online experience that is as good or better than what companies like Tesla have to offer.

To deliver this kind of omnichannel experience, dealers can:

- + Update their website to include the latest information about EV ownership and protection products
- + Design and implement an online buying process that supports EV buyers' needs and preferences
- + Become a trusted expert in the field for their customers

By implementing industry omnichannel selling best practices and syncing your digital sales processes with your in-person/in-store sales processes, your dealership will be in a better position to grow EV sales and product attachment. EV-specific training for your sales team will be essential in getting a competitive edge.



Meeting demand with EV-centric solutions

While supporting the demand for electric vehicles may seem daunting, it doesn't have to be. An experienced partner like Assurant can help your dealership meet EV demand with solutions geared specifically towards this new technology. As a complete dealer development partner, we offer a comprehensive portfolio of solutions—including EV-specific solutions that ease the customer's transition to EVs and enable dealerships to give customers the kind of experience they expect.

57%

of potential EV buyers reported an interest in having online options during the EV purchase process.

Source: Assurant



Assurant dealer services EV-specialized solutions

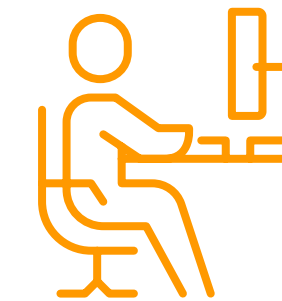


Digital Retailing Strategy is a comprehensive, research-based approach to optimizing auto digital retailing strategy that uses your existing processes, technology, and team to deliver a successful dealership experience no matter where you are in building your digital journey.

- + Digital tools and marketing materials, including product videos and interactive brochures that help build needs awareness, content and templates, help you measure and optimize your digital retailing performance.
- + Assurant F&I Digital Success Builder—This comprehensive, research-based resource offers the tools and recommendations you need to optimize your entire omnichannel journey wherever you are in your digital evolution. So, you can maximize every opportunity and drive PVR.



Assurant EV One Protection is an innovative service contract created specifically for electric and hybrid vehicles regardless of OEM or technology. As more eco-friendly consumers make their way into your dealership and dozens of new EV models head for showroom floors, this customized protection product is designed to help increase your attachment rates by aligning to the coverage needs of EVs and hybrid vehicles. It can be an important part of overcoming consumer concerns around new technology—especially the Lithium-ion battery, electric motor and expensive EV electronics.



Comprehensive omnichannel training from **Automotive Training Academy** prepares your entire team to deliver the customized experience EV customers expect.



Profiting from dealership electrification: The road ahead

In 2022, electric vehicle sales are poised to go mainstream with record demand driven by technology improvements, a proliferation of EV models and government incentives. Customers are genuinely excited about this technology and EVs are ready to become a sizable portion of overall sales.

Yet, challenges to adoption remain. To transition traditional drivers into EVs and hybrid vehicles, dealers must educate customers and ease fears around repairs costs, battery life and charging infrastructure. Those that can educate customers and provide an exceptional buying experience stand to profit from dealer electrification.



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