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## "Education for mass market- and demand issues"

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Especially when the big OEMs' will ramp-up their production, it is very important that not only the products are "in place" but the customers as well. The first driving schools popping up with electric cars for their students and a blog earlier this year stated "the last actual driver was already born". Now in a world with more and more autonomous vehicles, it will still be important to know how to drive for the next decade, as not everyone can afford such systems. But the direction is clear. During the 70s it was important to know how to fix a motor with a pair of stockings, while nowadays you need to understand new technologies and being more dependent on the automotive companies, you have to learn new things than before. This not only ends with driving schools – but it will be interesting for people to know, what the actual point of development we have, to be able to compare the different offers and find the right vehicle – especially in a few years. Until now, the experience in most (not all) car dealerships is very sad, due to a variety of reasons. But it is especially the customer knowledge that will push sales – not only the product on the shelf itself.

*#business model #communication #education #mass market #user behaviour*

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### **1 Review = Education for the market & the future of "learning to drive"**

From the review of the situation to an outlook as well as special hints towards the industry, this paper will push a process which in my opinion is much too slow or let's say, years behind! We are able to change this but we have not only to do but to live it!

While I was working in the photovoltaic industry (2011-2013) I experienced the fast rise of the Tesla brand and the development not only in photovoltaics but also electric mobility. I follow the market since about 10 years now, while building up the network for an own company and most of the paper expresses my own experiences through personal contacts, interviews and reviews of the situations we have today. I also read the daily newsletter from electrive.[3]

As the automotive industry is now charging up for the electric mass market (and have to), due to recent news e.g. of a Chinese electric car sales quotas [3] (which were unlikely when I began to write this paper) things are developing very fast and maybe some points are solved during the next few years easily. Even if this is a subject to rapid change, I better show every point I found, to smoothen the entry of mass market electric vehicles, not only for the big manufacturers, but to accent some important general issues of our time.

At the end of every passage I will ask some questions as a help to identify the needs that could be addressed. The questions will help you understand not only the need but gives you a specific guideline of optimization.

## 1.1 Classical knowledge

Most of the customers' knowledge nowadays comes through social media and internet, of course. While big carmakers (or their marketing departments / service companies) still produce brochures with just classical pictures in it from cars with combustion engines (and nowadays hybrids) and on the other side technology interested people search for themselves, the natural "seller-customer" relationship will stay broken. It is not only, that some OEMs have not (yet) understood to make their customers their biggest supporters, it is also because they were not ready or didn't want this change to happen this quickly (of course for several reasons'). Soon, there will be a huge choice of products in the marketplace but who are the buyers and in which are they interested in? This paper wants to help and show possibilities of what is actually possible.

### QUESTIONS:

- > Am I prepared that customers want to experience a product online first and then buy it at the dealership?
- > Have I understood the principles or do I have a strategy to convert customers into brand-supporters?

## 1.2 Two types of people

Right now the market consists mainly of early adopters, which will change soon. In the very near future there will be roughly two types of people in the mass market scenario:

1. new or younger drivers with a fresh licence
2. experienced drivers with an existing licence

Beside age and status, this is a very important topic which a lot of companies don't realize today. There are several strategies to offer something for both and I will introduce you to some of them.

### QUESTIONS:

- > Do I address these two groups with different strategies?

## 1.3 New drivers

There is a trend towards hybrid or electric cars in driving schools but still at a very low level. In driving schools, youngsters often have their very first real driving experience which will be important for their next car purchase or brand experience. Additionally you have to think of the fact, that even if young drivers are financially able to purchase or just use cars (e.g. autonomous taxis in the near future), car-ownership is not very popular anymore than it used to be. The more emotions and experience a driving school offers to their students, the more they are able to relate to these specific technologies and or products. Another (probably only Germany) issue: the driver's training car must be a manually shifted one, to get the full license... otherwise you are only allowed to drive automatic. This of course makes sense for future mobility but doesn't support the way to full electric education.

Additional information: There is a research project based in Stuttgart called "mobility school" where they educate driving schools about different topics of new forms of mobility in general, which is quite a good start but the project seems to end this December (2017).[3]

### QUESTIONS:

- > How can I approach new or younger drivers with attractive proposals?
- > Am I able to work together with schools and or driving schools to spread the emotion?

## 1.4 Experienced drivers

Most of them grew up with the combustion engine and have mostly a less deep connection to new technologies. You can reach out to drivers through driving events, trade fairs or exhibitions but you won't reach the majority with that. These group are not usually "petrolheads" but normal people that have mostly no connection to the topic of yet expensive and complicated, sometimes dangerous pieces of high-tech.

## QUESTIONS:

- > How can I approach this group properly = how can I take the fears away?
- > Do I push the emotional arguments like acceleration, driving experience?
- > Do I cover their fears (e.g. range, safety, quality, ...) enough instead of announcing another "Teslakiller"?

## 1.5 Selling Points

For both types of people another issue occurs = where to buy an electric car? Of course the brands' dealership is the most obvious shopping point but it holds several risks:

- is my staff educated enough to sell these types of vehicles?
- is my dealership e-car-friendly (special advisers for the topic, charging points for future customers, ...)?
- is my staff motivated enough to sell electric cars?

Most of these points are addressed nowadays, as there are specific selling points from e.g. BMW to sell their i-brand but most other companies seem to have no visible strategy to appeal to the next generation of drivers yet. This is not about marketing in Formula e or in presenting big slogans around a future brand that will "come soon" but the experience for the buyers at the store itself.

Unfortunately, this is a topic that companies need to address, if they want to be successful in this business. It is not enough to bring out some nice facade posters but to educate and train your people, excite them about the possibility and motivate them, too! Some companies do but often they don't – or at least in the eyes of the customer, there are big differences in customer satisfaction when it comes to really buying such a car and in the future you will need loyal customers, especially when the technology gets more and more comparable!

## QUESTIONS:

- > Are we prepared to sell these vehicles customer-friendly?
- > Do we have charging points for potential customers with foreign brands and let them charge freely?
- > Do we provide a welcoming environment where people get curious and excited about our products?

## 1.6 Manufacturers' obstacles' or "the other target group"

There is another similar but also different topic of big impact to be aware of. This time it is not the customer but the partners and car dealerships. As soon as they start to sell more electric cars and they will do that in the not too distant future, they experience less workload in their workshops which leads to less revenues, which is not a secret, less total revenue and a smaller profit. This leads to early releases mostly of experienced workers as the new products demand well educated young people with digital experience of the existing staff must be trained massively to keep up with the pace of the market. This applies not to every sales point but is a realistic situation for a lot of car dealerships in the near future.

Furthermore the sales of tuning equipment, accessories and especially the business with spare and wear parts will drop significantly. If this scenario occurs, it is most likely that the dealership might not be eager to sell new technologies at all. This is not only for certified sales points but for every car dealership out there. If they don't have hybrid or electric cars yet, they are probably not amused by the new models that crash their business model and they will probably not endorse this technology.

The question here is = how can we keep up the business while motivating our partners to "pull at the same end of the rope".

I remember a story a few weeks ago where a car seller was complaining that his Diesel cars won't sell anymore (at least that good as he was used to) but had daily questions about electric cars and when they are able to deliver. This was a very tough situation for him and I personally don't see any relaxation in that topic during the next few years.

## **QUESTIONS:**

- > Are my partners prepared for such a change?
- > Is it good, if I support my partners who work with my products every day?
- > How can I support them in this transition from old to new markets?
- > Are driving events enough or do I have to educate them and provide specific material or trainings?

## **2 Target audience = early adopters**

### **2.1 Fanboys & Specialists**

If you research online panels and groups of early adopters, you will find detailed, technical discussions about what is usually called as "engineering knowledge". If a new product is rated after its technical specifications, the best product will win.

Example: I am not talking about the size of the battery in kWh, I am talking about "how much percentage the power output of the pedal changes, when temperatures are under 10 degrees and driving a 30 degree mountain uphill between 9.33 o'clock for exactly five minutes including the impact of the SOC of the battery after 50.000 km". Such a discussion is sometimes very emotional and yes – it is good that there are customers out there who are testing a product in such detail but they are a minority. Nonetheless these people are important!

You might test your product extensively before the launch and keep your data while they will test it in real life and publish the data officially how they feel about it!

## **QUESTIONS:**

- > Are you honest or realistic in your marketing? They will find out!
- > Would it be possible or maybe consequential to include future customers in your testing process?
- > How is your credibility index and how could you improve?

### **2.2 Connoisseurs**

On the other hand, there are a lot of users on the road already, who enjoy being an early adopter. They enjoy that their product is superior to comparable cars, that it is at the edge of technology or that it is just an alternative way of mobility. For them, such a product simply has to work, the range should be enough for them and the experience must be different. They don't think about going too deep into details and they are just happy to show their status.

## **QUESTIONS:**

- > What can be done to improve the happiness of the customers already driving electric/hybrid?
- > Do they already act as brand ambassadors for the public or how could you help them do exactly that?

## **3 Target audience = mass market**

### **3.1 The common customer**

Let us envision ourselves to the year 2025. Instead of a dozen electric vehicles, the choice grew to probably way over 40 different vehicles with different design, technologies and specifications. The range is at an acceptable level and combustion cars are comparable or most probably less competitive than electric vehicles (in terms of running costs) and make less sense anymore as they are impractical and banned from some cities as well. This situation is, what the mass market demands or will demand, as well.

## **QUESTIONS:**

- > How am I able to differentiate my product from the others?
- > What am I doing with my old technologies (further developments or budget-killer)?
- > What are the biggest arguments for the customers when they use the car in their daily life?

### **3.1.1 Planning horizon**

Now what if this issue from 3.1, occurs not in 7-10 years but in much less time? It is not only the issue, that there is a danger for all jobs connected to the automotive industry but also that there will be a huge demand for these vehicles in general.

As you could see the development speeding up with smartphones during the last ten years, it is my prophecy that the same will happen with electric vehicles – maybe even faster. We (Germans) have some big brands but we are not the center-market of electric vehicles. So there will be a tipping point for the market, where the products are ready for the customer – but the customers are not ready for the products yet.

This time this argument is not used to say that the automotive industry was sleeping while innovation happened but rather that if there are companies out there which are at the forefront of innovation with more trust and real market-experience, you must have a strategy to conquer the hearts of your customers again as mobility will more and more become a logical than an emotional issue – especially for the young people.

## **QUESTIONS:**

- > How do I target logic and emotion in my marketing strategy?
- > Am I prepared for a fast reaction when competitors appear with a similar or better product?

### **3.2 Who will buy in 20XX?**

This mass market demand includes mostly experienced drivers, which are used to vehicles with combustion engines, maybe hybrids. So as soon as the first product range is completely converted, the communication to the potential customer has to change completely, especially if you consider a part of your fleet autonomous!

## **QUESTIONS:**

- > Consider who is the biggest group of customers in the near future?
- > If you prepare to target experienced drivers, what is the most important thing for them?

### **3.3 The sustainability issue = "soft facts"**

Customers will buy brands, customers will buy technical specifications and customers will buy experiences. In the future it will be more important, how sustainable a product is in total, which impact it has on the environment from rare earth minerals to batteries (second life / recycling) or other lightweight and special materials. These soft facts can be communicated with regular advertising.

Do not damage the image of an electric car – it might damage your whole fleet! Often the electric industry gets asked about their total sustainability of their products in terms of rare materials and energy consumption during production. While that is totally right, there is almost no coverage to compare the whole lifecycle of an internal combustion engine car yet. If that changes and more and more people are watching the automotive industry and begin to research and compare, you know which part will lose.

I am not talking about a sustainability report or some philanthropic projects that might be on a good way, what I wanted to say is: Have a look at the sustainability of your production. Tesla wants to power their Gigafactory with solar and wind but actually Volvo had the first CO<sup>2</sup>-free plant worldwide back in 2007![3]

Example: Get your production CO<sup>2</sup>-free and you compete on a whole different level in marketing!

### **QUESTIONS:**

- > What do I do for sustainability in general?
- > Are there some specific projects that make sense AND the public is able to see?

### **3.4 The education issue = "hard facts"**

Hard facts instead, are the real problem. Especially German customers are a little bit spoiled here. The product will be accepted, as long as it combines high speed with a good travel distance but with different drivetrain solutions you cannot only compare horsepower to range, comfort to speed or battery size to range. There are so many factors that will make an easy comparison almost impossible for a regular customer, as long as he is interested in buying not just one brand but the best or most suitable product to his needs.

### **QUESTIONS:**

- > What influences the range in every electric vehicle?
- > What kind of battery is used and which lifetime is plausible?
- > Which vehicle offers the best range for my needs?
- > What is the real need of the customer?
- > What are additional services and guarantees on the technologies?
- > How to compare different vehicles best?

## **4 Knowledge transfer**

### **4.1 Customer benefits**

A lot of people are still skeptical about this technology, even it is very simple and mostly robust. So beside a competition of products, it will bring a competition of not only knowledge but real implementation, which is only positive for the customer but an additional effort for the seller to show, why his product is the best to buy.

The following points are the most interesting ones when it comes to shaping the future market. If you follow and support these topics, you can be sure to be seen at least at the forefront of mobility even in five to ten years from now.

#### **4.1.1. Car reviews**

Car reviews (print, online or television) will play an even bigger role in the future, as instead of an inaccurate NEFZ (or more real-world cycles), reviews can provide a deeper look into the technology with an easy to understand conclusion. These tests could be held under extreme condition, to show the real capability and minimum performance data in the real world. A new standard here is highly recommended and I am not talking about a range-cycle for the lab, even if one is more realistic than others.

#### **4.1.2. Experiences**

It will be very important for the customer, to experience and really drive an electric vehicle themselves. This might happen on trade fairs, exhibitions, company events, community events, on holidays. Most people don't have the possibility to test drive it and feel what it is like to enjoy a pure electric drivetrain.

#### **4.1.3. Multi-brand sellers**

The best example for such a system is the young company "EVEN Electric".[3] Founded in Iceland, now located in Canada, it wants to bring online and shop-trade globally, with new and used cars from different brands as a hub for interested customers. To best need the changing needs of the market, they will offer new ways of selling vehicles – concept stores, online sales and test drive road shows. They will act as a

disruptive element in the world of car-dealership. This in my opinion and to date is clearly one of the best approaches to that issue, but still not with the ultimate reach for a transformation of the whole mass market.

#### **4.1.4. Racing series**

It doesn't matter if you take Formula e or the very promising and nearer to the public EGT-Series as an example. Both series are a good step to emotionalize the topic and bring some education as well. Until now its focus is on races only which might be improved with additional learning lessons in the future years, as this is a big chance as well.

#### **4.1.5. Driving schools**

There is already a project that is called Mobilitätsschule (school of mobility), founded by Ms Conny Krieger & Mr Uwe Clarner as a project supported from electrify BW and other institutions. As experienced driving instructors and followers of the electric car movement, they want to give students a real-life experience in theory and on the road.

After my research and several discussions, it is clear for me that it must be especially possible for driving schools, to offer such an education, in the best case combined with a driving experience = at least for one part during their education process. This will be a good start but not enough for a demanding mass market.

#### **4.1.6. Courses**

Specific courses, offered from different partners, should enable future customers to loose their fear of contact. These courses might be offered from adult education centers, driving schools itself, car dealerships or regularly by volunteers in a certain area. Through such a personal connection, it helps the understanding of some frequently asked questions as well as with their choice of which vehicle is best for each customer.

#### **QUESTIONS:**

- > Where is most of our marketing budget right now?
- > Does it make sense to push outdated technologies with massively expensive marketing projects?
- > In which fields could we do more work to get more attention from our future customer base?

## **5 Conclusion**

### **5.1 General**

During my own project, I received a serious criticism, why electric scooters have a range of a 100 km with a price-tag of 5000 €, while most electric cars (2014/2015) hardly reached 130 km in winter conditions or cost ten times as much. This example is of course easily solved with a 2-minute explanation (and some logical thinking) but there is a saying in Germany: "What the farmer does not know, he does not eat!". Far worse it would be, when the market is full of similar choices and you as a brand have to distinguish yourself from the competition.

If we really want to see a transition from gasoline cars to electric, we have to educate the masses, if we want to sell our products successfully. Even small efforts in that direction will pay off, as they simultaneously act as a new form of marketing and bringing new chances to communicate the brand.


If you don't want to see your mass-produced products just sitting on the shelf, you have to act now, before the mass market even starts. It sounds complicated, but like so often – transparency and honesty is king.

Now it is up to you, if the market of alternative driven vehicles will be a success or not.

## References

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## Author

	<p><b>Author: Mark Fandrich</b></p> <p>With his background as a trained salesman and his love for travels and new cultures, he is an open minded business man with a love for new technologies and opportunities. Before his studies, he went to Canada for a language travel and graduated "infrastructure management" in Stuttgart afterwards - including some foreign experiences and projects (TWN / EU / CH). He was very committed to act as a personal buddy for exchange students from abroad. With his engineering degree, he began to work in the photovoltaic industry and experienced the boom plus the regression of this specific market. While building up the locally organized TEDxStuttgart event additional to his strong network, he now works on innovative mobility solutions and on "how technology is able to change our future" in the most positive ways.</p>
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