

DEALERSHIP EXPERIENCES AND OUTLOOKS ON SELLING, LEASING, AND SERVICING EVS

Findings from interviews with automotive dealers and other key
players

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Executive Summary

As the automotive sector continues to move toward greater levels of electrification, automotive dealers have emerged as key players in the transition. This report seeks to share dealerships' experiences and outlooks on electric vehicles (EVs)¹ by describing key takeaways from interviews Atlas Public Policy (Atlas) conducted with seven dealers across four states. The goal is to understand and identify solutions that could improve both consumer and dealer experiences with EVs. Atlas asked interviewees about their experiences so far with EVs; what they see as challenges or opportunities related to EVs; and what, if any, resources, policies, or programs would help support them as EV adoption increases. Atlas also interviewed the National Automobile Dealers Association (NADA); VinFast, an EV-only manufacturer pursuing a franchise dealership model; and an EV education professional. Table 1 lists and describes key themes from the interviews. Table 2 lists and describes each interviewee.

The interviews revealed substantial alignment among dealers on certain points related to EVs. In particular, nearly all dealers interviewed believe that consumer demand for EVs is not entirely, if at all, in a dealer's control. They explained that things such as expanding public charger availability and offering cheaper EVs are what drive EV sales. They explained that, while dealers are not opposed to selling EVs, they affirmed their job is to sell whichever cars their customers want.

Dealers were also fairly aligned in saying they were not worried about losing service revenue due to the anticipated lower service needs for EVs. However, their reasoning for this lack of concern varied. Some dealers explained that they were confident EVs would bring new service revenue streams, whereas at least one dealer said the reason they were not worried about losing service revenue was that they did not expect to see much electrification in the

¹ Throughout this report, "EV" will refer to battery electric vehicles (BEVs) unless specified otherwise. BEVs are fully-electric vehicles.

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foreseeable future. Notably, two dealers did say they were worried about losing service revenue due to EVs.

Interviewees identified a few key opportunities that could help dealers sell, lease, and service EVs, such as easier to administer and understand incentive programs and educational resources for dealers and the general public. There is an opportunity for dealers to position themselves as a key resource for EV customers and potential EV customers. Many EV advocates, researchers and other EV groups are actively engaging with dealers to understand their needs and goals and provide supportive resources as EV adoption increases. More of this resource-sharing and relationship-building can be a valuable resource for all players as the transition continues.

Table 1: Key Themes from Interviews

Theme	Details
Dealers identified consumer demand as the number one driver of dealers' success or failure at selling EVs.	<ul style="list-style-type: none">• Nine out of ten interviewees described concerns about consumer demand for EVs.• Dealers noted that demand is what drives opportunity: "[t]o the extent there is demand, there is opportunity."
Dealers feel that creating demand for EVs is not entirely their role nor fully in their control.	<ul style="list-style-type: none">• E.g. "If [a vehicle manufacturer] makes a product their customers want, it's the dealer's role to sell it to them, service it, etc. It is not the dealer's role to convince them they want EVs." – Dealer from Texas
Generally, dealers felt most manufacturer EV requirements were reasonable and saw value in preparing for EV sales.	<ul style="list-style-type: none">• One dealer explained that a year ago, they might have thought the manufacturer requirements were too burdensome, but now they are happy they made the investments when they did.• One dealer said it was "a good decision signing on early."

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Theme	Details
	<ul style="list-style-type: none">Note, there were exceptions and some dealers described certain requirements as “extremely heavy-handed.”
Dealers’ key wishes to help them succeed with EVs align with common EV industry policy goals, such as expanding public charging and helping make EVs more affordable.	<ul style="list-style-type: none">Nine interviewees (seven dealers) highlighted the need for a more robust public charging network.
Dealers emphasized the value of incentive programs being clear, easy to understand, and quick to administer.	<ul style="list-style-type: none">Dealers described challenges and concerns regarding incentive programs, including:<ul style="list-style-type: none">Difficulty signing up with the Internal Revenue Service to administer the federal EV tax creditConcerns about long reimbursement periods from federal government when dealers provide federal EV tax credit value at point of saleConfusion for customers and dealers around eligibility criteria
Dealers mostly expressed little concern about lower service requirements from EVs.	<ul style="list-style-type: none">When asked, six interviewees said reduced service needs from EVs was not a concern.Two dealers said they were concerned or at least thinking about the potential for electrification to reduce service revenue for dealers.

Table 2: Interviewees

Interviewee	Type	Location
Bird Kultgen Ford	Dealership	Waco, Texas
Childre Ford	Dealership	Sandersville, Georgia
Cornerstone Automotive	Dealership	Elk River, Minnesota
Friendly Chevrolet	Dealership	Dallas, Texas
Kline Nissan	Dealership	Maplewood, Minnesota
Lester Glenn Auto Group	Dealership	Toms River, New Jersey
Liberty Cars	Dealership	Emerson, New Jersey
VinFast	EV-only manufacturer	N/A
EVTransformation	Independent, non-brand specific EV educator	N/A
National Automobile Dealers Association	Trade Association	N/A

This table lists each of the interviewees who participated in a 30-minute interview with Atlas.

Background

Electric vehicle sales have grown substantially in recent years, with light-duty sales by volume showing year-over-year growth every quarter since the first quarter of 2022 [1].² In March 2024, the U.S. Environmental Protection Agency (EPA) finalized its strongest ever vehicle pollution standards, which the agency projects could result in a 69 percent market share for EVs, including plug-in hybrid electric vehicles (PHEVs), by 2032 [2]. Combined with the hundreds of billions of dollars made available for EV investments in the 2021 Infrastructure Investment and Jobs Act and the 2022 Inflation Reduction Act, EV adoption in the United States is poised to accelerate rapidly in the coming decades [3, 4].

Today, in the United States, dealership franchise laws exist that require customers to purchase vehicles through a franchised dealership. While some states have passed laws creating exceptions for some or all EV-only manufacturers to sell directly to consumers,

² Sales data is currently available through the first quarter of 2024.

dealers overall will continue to have a significant role to play in selling and leasing EVs in the coming years.

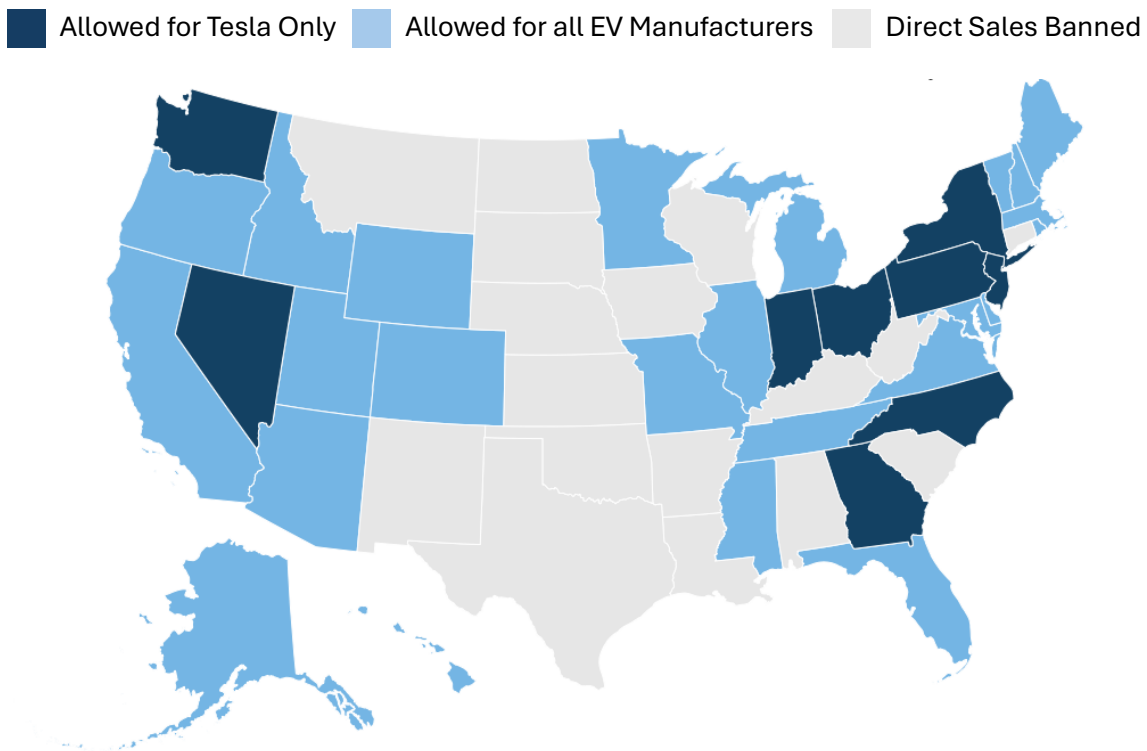
Dealership Franchise Model

The dealership franchise model, whereby dealership franchise laws require customers to purchase vehicles through a dealership, has been the prominent model in the United States for decades. These laws emerged in the 1920s, when manufacturers found it beneficial to outsource operations to a third party. In subsequent years, court cases and laws such as Automobile Dealers' Day in Court Act of 1950 provided legal protections for dealers against the market power of the three large U.S. automakers at the time, General Motors, Ford, and Chrysler [5]. Now, with many other manufacturers having substantial market share and new EV-only manufacturers with different business models entering the market, some states have created exceptions to dealership franchise laws for some or all EV-only manufacturers.

Direct Sales Laws

Some EV-only manufacturers like Tesla Motors (Tesla), Rivian, and Lucid Motors have based their businesses on selling vehicles directly to consumers and therefore require state legislation to grant them exceptions to dealership franchise laws. There are currently 24 states that allow direct sales for EV-only manufacturers and nine that have that exception for Tesla only. Figure 1 below shows states with direct sales laws.

Figure 1: States that allow some form of direct-to-consumer sales for EVs



This map shows which states allow some form of EV direct-to-consumer sales. The map differentiates between those states that only allow Tesla to sell directly and those that allow for any EV-only manufacturer to sell directly to consumers.

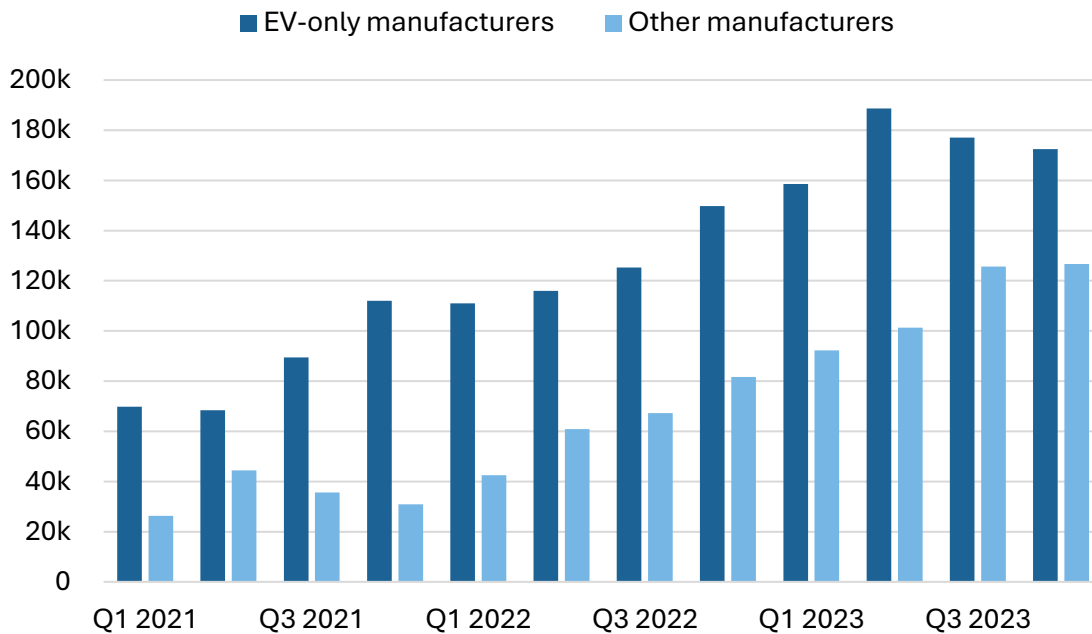
Source: Atlas Public Policy [6]

Notably, not all EV-only manufacturers pursue direct-to-consumer sales models. For example, the EV-only manufacturer, VinFast, announced in 2023 that they were moving from a direct-to-consumer approach to a “hybrid” approach that includes both direct-to-consumer and partnering with dealerships [7]. VinFast launched their first dealership partnership in 2023 in North Carolina with the Leith Automotive Group, and in January 2024, announced they had signed agreements with five dealers in North Carolina, New York, Texas, and Kansas [8]. VinFast reported that they received 70 applications from dealers across the country interested in selling and servicing their vehicles, indicating that there is dealership interest in working with EV-only manufacturers [7].

To date, EV-only manufacturers using a direct-to-consumer sales model lead in terms of EV sales, with Telsa far exceeding total EV sales from any other manufacturer. Figure 2 shows EV sales over time, broken out by EV-only manufacturers versus other manufacturers. While EV-only manufacturers have a strong lead, EVs’ share of the light-duty market is still low in

the United States, reaching a monthly high of nine percent in December 2023. As the global market advances, EVs will likely reach much higher levels of market share in the United States and the market will move from early adopters to mainstream consumers. It is too early to tell if EV-only manufacturers will maintain this lead once the market reaches this level of maturity. Regardless, it is likely that dealerships will have an important role to play in achieving substantial deployment of EVs.

Figure 2: U.S. Light-Duty and Class 2B EV Sales by EV-Only vs. Other Manufacturers



This figure shows light-duty and class 2B BEV sales by EV-only manufacturers vs. other manufacturers.

Source: Atlas analysis of data from S&P Global

New policies are being introduced that could help more consumers access vehicles from dealers or EV-only manufacturers. For example, in February 2024, the New York legislature introduced Senate Bill S7767A, which would expand the ability for EV manufacturers to sell directly to consumers if the state cannot achieve a zero-emission vehicle (ZEV)³ sales target of 35 percent of new vehicles by 2026 and 68 percent by 2028 [9]. While New York already allows some limited direct sales for EV manufacturers, there are currently only five direct sales locations in the state. This bill would direct the Department of Motor Vehicles to issue additional certificates of registration for EV manufacturers with no franchised dealers in the

³ ZEV includes battery electric and hydrogen fuel cell vehicles.

state if certain state EV adoption targets are not expected to be met. The law includes the following benchmarks:

- Less than 35 percent ZEV sales of 2026 models by new motor vehicle dealers, then up to 10 new registrations for new ZEV dealers statewide
- Less than 68 percent ZEV sales of 2030 models by new motor vehicle dealers, then up to 10 new registrations for new ZEV dealers statewide
- Less than 100 percent ZEV sales of 2035 models by new motor vehicle dealers, then up to 10 new registrations for new ZEV dealers statewide

Vehicle Servicing from EV-Only Manufacturers

Buying or leasing directly from the manufacturer is not the only way the customer experience differs for EV-only versus other manufacturers. The experience of obtaining service differs as well. Whereas established manufacturers of conventional vehicles have an extensive network of dealership locations that can provide service, EV-only manufacturers do not yet have such a ubiquitous network. In fact, dealership franchise laws forbid automakers from directly performing service in some states. Instead, most EV-only manufacturers provide service through remote diagnostics or mobile service, where a technician travels to a customer's vehicle to perform service. For service needs that cannot be handled remotely or require special equipment that cannot be brought to the vehicle, most EV-only manufacturers have physical service locations. Tesla leads on the number of such locations, with approximately 200 service locations across 36 states [10]. Rivian and Lucid follow the same service model as Tesla but have fewer service locations to date [11, 12].

Themes from Interviews

Given the significant role that dealers will need to play in broad EV adoption, they are an important player to understand. Atlas interviewed seven dealers across four states to learn more about their experiences with EVs so far, their perspectives on what challenges or opportunities EVs could bring their businesses, and what gaps could be filled to help support them as EV adoption increases. Atlas also interviewed NADA; an EV-only manufacturer, VinFast, that is pursuing a dealership model; and an EV education professional. Themes and key findings from these interviews are described below.

Challenges for Dealers

When asked about challenges dealers face with regard to EVs, the most common topic mentioned by interviewees was concern about consumer demand. Many interviewees also discussed the need for more public charging and cheaper EVs. Other challenges for dealers included complicated incentive programs, some concerns about EVs requiring less service than conventional vehicles, and complaints about some manufacturer-required EV investments being burdensome. The sections below provide more detail on interviewees' descriptions of these challenges.

Concerns about Consumer Demand

When asked about the biggest challenges dealers were facing with regard to EVs, six out of seven dealers interviewed said consumer demand. Dealers explained that they believe consumer demand is the biggest driver of dealer success or failure at selling EVs and that they cannot force consumers to buy EVs. Interviewees were very aligned in claiming that dealers are not opposed to selling EVs but that it is not their role to try to convince a customer to buy any particular type of vehicle. A Ford dealer explained that they want to meet buyers where they are and understand their needs and motivations. A New Jersey dealer explained, “[w]e are happy to sell any car the customer wants to buy and we are not averse to EVs.”

Offering support for dealer's willingness to sell EVs, the same dealer added that they invested in infrastructure to sell and service EVs such as direct current (DC) fast chargers, Level 2 chargers, designated service bays to handle battery replacements, and dedicated forklifts. While dealers are often required to make certain investments in order to participate in a manufacturer's EV program, making that commitment is evidence the dealer is serious about selling, leasing, and servicing EVs. See *Manufacturer Requirements* for more information.

Several dealers described seeing a decrease in EV demand over the past six to twelve months. One Ford dealer explained that about 18 months ago, there was a lot of consumer enthusiasm for EVs like the Ford Lightning and the Mach-E and that they had an extensive waiting list, but after about six months, they saw interest start to wane. This story of decreasing demand was echoed by several other dealers interviewed, with one dealer stating their belief that even aggressive government support would not be enough to stimulate meaningful demand in EVs. However, not all dealers interviewed attributed decreasing demand to a change in public interest in EVs. One dealer in Minnesota pointed to supply issues, noting that they had waitlists on the Mach-E and Ford Lightning, but “when you have nothing to sell, people drop off the waitlist.” A dealer in New Jersey explained that

the decrease in demand was likely not due to a change in public opinion but rather a saturation of early adopter demand and a move to mainstream customers.

Charging Infrastructure, EV Price, and Resale Value

When asked about challenges dealers face with regard to EVs, interviewees described insufficient charging infrastructure as a major challenge to consumer EV demand. In total, nine interviewees, including all seven dealers, described the availability of chargers as a major challenge. A dealer in Minnesota said that a common concern voiced by their customers is the inconvenience of public charging, adding that, while gas station pumps are readily available for conventional vehicles, there is often a lack of charging stations for EVs. A dealer in New Jersey explained that, even when customers are showing interest or are on the edge of thinking about buying an EV, things like lack of public charging or not being able to add Level 2 chargers at home (for example, if they do not have driveways or if the cost of electrical upgrades is too high) sometimes make people decide against an EV. The same dealer added that many apartment buildings in New Jersey do not have good charging options, despite a significant number of residents who are enthusiastic about EVs.

EV pricing and the uncertainty about resale value was another challenge cited by interviewees. Four dealers described price as a key challenge with one dealer in New Jersey explaining that their brands are “non-premium brands” and their buyers are “typically price sensitive.” The same dealer added that their buyers are not willing to pay a premium for an EV. According to a dealer in Minnesota, both upfront price and resale value prohibit some customers from purchasing EVs. A Ford dealer in Texas noted that when Ford decreased the price of its EVs, they saw demand increase. Three dealers mentioned resale value as a challenge, noting that some customers are hesitant to buy an EV because they are concerned the resale value will be low.

Federal EV Tax Credit and Other Incentive Programs

Two common challenges noted by interviewees about incentive programs were administrative complexity and concerns about reliability and timeliness for reimbursement from the Internal Revenue Service (IRS) for the recently reformed federal EV tax credit (see Box 1). Many of the dealers interviewed referenced their negative experiences participating in the Cash for Clunkers⁴ program and said they are concerned they could have a similar

⁴ The Cash for Clunkers program began in July 2009 and offered financial incentives for drivers to trade in cars with less fuel economy. The program was very popular and ended several months earlier than originally

experience with the federal EV tax credit. Dealers explained that, especially as EV adoption increases, if there is a significant delay in reimbursement, it could present cashflow issues for dealers. Four dealers expressed concerns about reimbursement. The IRS states that it will reimburse dealers within 72 hours after the dealer successfully submits a time of sale report. Dealers interviewed were not asked specifically how much time is ‘too much’ for reimbursement, however dealers’ concern about the risk of delays underscores the importance of the IRS meeting the 72-hour timeline.

Box 1. Reform of Federal EV Tax Credit

In 2022, the enactment of the Inflation Reduction Act amended the previous federal EV tax credit program. The program continues to offer up to \$7,500 for eligible new vehicles but makes several key changes, including new eligibility requirements as well as an option for buyers to receive the credit as a point-of-sale rebate as opposed to when they file their taxes. The new eligibility requirements include provisions on vehicle price and buyer household income, as well as critical mineral and battery component requirements. In addition, final vehicle assembly must occur in North America [13].

Buyers who choose to claim the tax credit at the point of sale receive the value of the credit in the form of a reduction in the price of the vehicle. Dealers must then report the purchase to the IRS. The IRS will reimburse the dealer for the value of the tax credit via direct deposit between 48 and 72 hours after the dealer successfully submits a time of sale report. Dealers must register with the IRS online in order to become authorized to administer the tax credit at the point of sale [14].

Several dealers explained that they felt the process to sign up through the IRS website was extremely difficult. Three dealers interviewed said that the process was burdensome – both time-consuming and confusing – and at least one dealer noted that they were still trying to get through the process and had been trying for several months.

Some dealers noted that, while they understand the federal tax credit is trying to achieve several policy goals, the different qualification criteria make it complicated for customers and dealers to assess whether someone can receive the credit. One dealer in Texas

anticipated when it ran out of funds. Despite its popularity, many dealers cited challenges with the program such as the government taking too long to reimburse them for the rebates they administer to program participants [28].

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explained that they do not want to be responsible for telling people whether they qualify for the credit or not and, while the IRS says dealers are not at fault for confusion regarding customer eligibility, they still have concerns that their customers would be upset with them if such confusion occurred.

When asked how incentive programs could be designed better for dealers, interviewees emphasized simplicity and clarity in terms of administration and understanding eligibility. A dealer in Minnesota explained, “[r]ight now the customer cannot easily see if they are eligible and if the vehicle they want is eligible. They need to go into the dealer and the dealer needs to input a bunch of information into the website to figure this out more conclusively.” One dealer from New Jersey added that consistency and certainty is also important and described challenges with the intermittent nature of a New Jersey incentive program. They explained that the program had run out of funds several times and been reauthorized, causing confusion for customers who wanted to take advantage of the incentives in between reauthorizations. A dealer from Minnesota said it would be nice to have more support resources for dealers to help them sign up for and administer incentive programs. The dealer gave examples such as representatives dealers can talk to, easier language, and instructional videos.

Servicing and Maintaining EVs

A concern that often comes up in conversations about dealerships and EVs is that, since EVs tend to require less maintenance than conventional vehicles, and since service is an important part of a dealership’s business, dealerships do not want to sell EVs because they do not want to lose service revenue [5]. When asked if this was a concern, six interviewees said this was not a concern and two said it was.

For those who said it was not a concern, a common explanation was that vehicles’ service needs have shifted in the past and dealerships have adapted and new service requirements arose. A dealer from New Jersey noted that spark plug changes occur much less frequently than they used to and that drivers used to service transmissions every 30,000 miles and now most transmissions last the lifetime of the vehicle. The same dealer noted that EVs will likely have new service requirements. He explained, “[t]his requires a different skillset, but that’s just an evolution.” While EV batteries are expected to require little to no maintenance throughout their useful lives, there are some associated systems that require maintenance, such as checking, flushing, or recharging battery cooling systems. The owner’s manual for the Ford Mach-E and F-150 Lightning, for example, recommends six-month checks of the battery cooling system [15].

A different dealer from New Jersey echoed this idea that service requirements will shift and evolve, noting, “I have some dealer friends in California who have sold a lot of EVs and they

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have found that EVs have some decreased needs but some new needs.” They also said that dealers will “make it work regardless of what’s thrown at them.” Similarly, a dealer in Minnesota explained that the shift in service needs from conventional vehicles to EVs “may not be one for one but won’t be one for zero.” The same dealer also explained that, while EVs have fewer moving parts, dealerships’ margins on labor are better than their margins on parts.

Even the dealers who did say they were concerned about a decrease in service did not see it as a reason to avoid selling EVs altogether. A dealer from Texas explained that dealerships will need to identify additional revenue streams to make up for lost drivetrain service and gave some potential examples including accessories, interior components, and additional checks associated with EV batteries. Another dealer in Minnesota felt strongly that this is an important challenge that dealers need to be thinking about but expressed optimism that additional revenue streams could be found.

Dealership Outlooks on EV Adoption and Policy

Dealership outlooks on EV adoption and policy reflect diverse perspectives on the likelihood of substantial electrification, the implications of EPA regulations, and concerns regarding political dynamics shaping the EV landscape. When asked about their outlooks on whether substantial electrification will occur in the foreseeable future, two dealers were optimistic about the future of EVs. A dealer in Texas said they could imagine EVs reaching 20 to 30 percent new vehicle sales share in the next 15 years but emphasized that it will be up to consumers. A dealer in Minnesota also anticipated a substantial growth in EVs, explaining that every time someone buys an EV, enjoys their experience, and shares it with others, it will contribute to the growth of EVs. The dealer added that “to really see substantial growth, we need to find a way to the hearts and minds of all people, not just one type of person.”

Other dealers were more skeptical about the likelihood of substantial electrification in the near future. One dealer in New Jersey said that achieving an all-EV future or coming close to it is very unlikely, suggesting instead that hybrid vehicles are ultimately the solution. The dealer added that they think the technology makeup will ultimately be something like 20 percent EVs, 60 percent hybrid vehicles, and 20 percent conventional vehicles. Another dealer in New Jersey stated that the ramp-up of EV adoption will be impacted by rules in

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Clean Car states⁵ versus non-Clean Car states, as well as income disparities. They said, “Once dealers can only sell EVs in a Clean Car state, customers will go to non-Clean Car states and buy a conventional vehicle. This will pose challenges for businesses in Clean Car states that are close to non-Clean Car states.” The same dealer added that the adoption of EVs may favor wealthier individuals and those who can install home chargers, while those with apartments and street parking may rely on the used conventional car market.

Two interviewees expressed concerns about politics affecting EV adoption and related policies. One dealer in Minnesota argued that “the division of [political] parties is one of the biggest reasons that we are not seeing larger growth.” Another dealer in Minnesota echoed this idea, stating that EVs have become “unnecessarily political because politicians have made it so.” The same dealer said they found it more difficult to sell and lease EVs in recent months, as people have taken opposing sides. A dealer in Texas also noted that it will likely take some time for negative media coverage of EVs to shift.

Manufacturer Requirements

In order for dealerships to sell EVs, they may be required by the manufacturer to make certain investments such as installing chargers, training technicians, or purchasing equipment to service EVs (see Box 2).

Some interviewees described these requirements as being too burdensome in certain cases. For example, one dealer explained that they were required to install multiple DC fast chargers even though they could sufficiently charge their EV fleet with Level 2 chargers overnight. Dealers noted that the stringency of the requirements varied for different manufacturers and dealers acknowledged that having some requirements is necessary, since EVs require specific equipment and special training. A dealer from New Jersey said most manufacturers were “fairly fair in their requirement” but added that some were “extremely heavy-handed.” One dealer explained that a year ago, they might have thought the manufacturer requirements were too burdensome, but now they are happy they made the investments when they did. Another dealer in Minnesota echoed this, stating that it was “a good decision signing up early on.”

⁵ Clean Car States are states that have adopted California’s Advanced Clean Cars II (ACC II) regulation, which requires automakers to increase the proportion of ZEVs made available for sale year by year [26]. Under these regulations, the annual percentage of new ZEVs made available for sale must increase from 35 percent in model year 2026 to 100 percent in 2035; the regulation begins in model year 2027 for states adopting ACC II in 2023 [26]. As of April 2024, 17 states have adopted ACC II [27].

Box 2. Manufacturer Approaches to Dealership EV Programs

Some manufacturers have required dealers to participate in their EV programs and invest in EV chargers, EV service equipment, and training in order to continue to operate as a franchised dealer for that automaker. For example, in 2020, General Motors (GM) gave Cadillac dealers the option to invest in their EV program or be bought out by GM. In 2022, GM followed a similar approach for its Buick dealers, offering buyouts to those who did not want to invest in the brand's EV program [16].

Other manufacturers require dealers to make investments in order to sell EVs but allow dealers to choose not to sell EVs. Ford originally took this approach with its Model e EV certification programs. Dealers were required to make certain investments in order to become certified and sell Ford's electric offerings. The program had two levels: Model e Certified and Model 2 Certified Elite [17]. In January 2024, Ford modified its certification programs, reducing the required investments after complaints from dealers and dealer associations that the required investments were too onerous. Then in June 2024, Ford ended the program and said it will open EV sales to all of its dealers [18].

Stellantis is taking a similar approach to Ford's original approach in that it is defining what dealers must do in order to sell EVs, but not requiring them to do so [19].

However, many interviewees explained that since demand for EVs varies dramatically in different parts of the country, one-size-fits-all requirements create challenges for dealers in areas with lower EV demand. At least four dealers interviewed described challenges with a one-size-fits-all approach. A dealer in Texas also noted that they wished the manufacturer had sought dealership feedback before deciding on the requirements and that they should have “walked, crawled, then run.”

One dealer described the approach of one manufacturer as a potentially good model for others to follow. This manufacturer hired a contractor to conduct EV readiness audits at specific dealerships to create different EV requirements based on local conditions. The manufacturer is starting with some pilot audits and plans to audit every retailer in the country. Similarly, VinFast, an EV-only manufacturer that is planning to use a retail dealership model to sell and service EVs, explained that they offer tiered requirements in order to ease dealers into the EV space.

Opportunities for Dealers

When asked about what opportunities exist for dealers with regard to EVs, many interviewees deferred to customer demand, explaining that if there is demand, there is opportunity. Some interviewees were more enthusiastic than others about potential opportunities, with one dealer from Texas saying that EVs present a “tremendous opportunity” and stating that “EVs will be a big presence in America and they want to be a part of that.” While a few interviewees discussed some opportunities unique to EVs, such as certain potential service advantages and the fact that EVs are high quality cars, the general response was that the scale of the opportunity depends on demand. The sections below describe interviewees’ responses to the question of EV-related opportunities in more detail.

Dealer Commitment to Meeting Demand

The dealers interviewed were very consistent in their claim that they are willing and eager to sell EVs if their customers want them and therefore, as a dealer in New Jersey explained, “[t]o the extent there is demand, there is opportunity.” A Ford dealer in Texas explained, “If dealers make a product their customers want, it is the dealer’s role to sell it to them, service it, and handle any other related tasks.” VinFast’s experiences seeking out dealerships to sell and service their EVs lends support to the claim that dealers do see opportunities in selling and servicing EVs. During an interview with VinFast, they explained that they received a lot of dealer interest in all areas of the country, and that they had an overwhelmingly positive reaction from potential partners. They noted that they had more than 70 dealer applications across the United States including not just obvious markets with high EV demand, but also some surprising markets where EV demand is not as high.

More Post-Warranty Service/ Longer Warranty Period

While the potential decrease in service needs for EVs is often discussed as a possible challenge for dealers, several interviewees identified new opportunities related to servicing EVs. NADA noted that many conventional vehicle drivers seek service from third parties instead of dealers after their warranties expire. They agreed that there could be an opportunity for dealers to capture more of that lost service from EV drivers since servicing an EV requires special training and, for some time to come, EV drivers will accordingly likely trust their dealer more than a third party to have the necessary training to provide service. NADA also noted that warranty periods for EVs will likely be longer than for conventional vehicles, extending the period during which drivers will generally turn to the dealer for service. For example, most automakers provide eight- to ten-year or 100,000-mile warranties because the federal government requires EV batteries to have warranties of at

least eight years [20]. For comparison, most gas cars have three-year or 36,000-mile warranties [21]. NADA added that many dealers are opting to participate in manufacturer EV programs that require making sizeable investments in training, equipment, and facilities, indicating that dealers see opportunity in EVs and are taking that seriously. NADA also stated that manufacturers see a competitive advantage in having a large network of dealers to effectively distribute their products, enhance brand visibility, and provide comprehensive customer support services, and therefore, as EV adoption increases, there will be even greater opportunity for dealers.

Several interviewees explained that the success of EV adoption will depend on dealers and, that alone, is an opportunity for dealers. Specifically, several dealers explained that dealers represent an existing network of service locations, which will be essential to make drivers feel comfortable purchasing EVs. A dealer from Texas stated that “the dealership model will win out for service.” Similarly, NADA urged that people should “embrace the dealer network as the valuable channel that it is.”

EV Quality

At least three dealers said that EVs are high quality, high-performing cars. One dealer in Texas said that EV buyers generally love them. Another dealer from Texas echoed the sentiment, stating that several sales staff had bought EVs. A dealer from New Jersey described it as “frustrating” that EV sales were not stronger, noting, “[t]he cars are really nice, well-equipped, and with current incentives, you can get into a really nice EV for mid \$300s on a monthly lease.”

Recommendations

When asked what would help their businesses succeed as EV adoption increases, dealers gave a variety of answers. This section summarizes and contextualizes interviewees’ responses in order to develop recommendations for dealers and other stakeholders.

1. Expand charging and make EVs more affordable.

Dealers emphasized the importance of supporting the expansion of charging and making EVs more affordable. Both charging and EV affordability are also major policy goals among EV market participants and are priorities for the billions of dollars in federal support established in the unprecedented 2021 Infrastructure Investment and Jobs Act and the 2022 Inflation Reduction Act. For example, the National Electric Vehicle Infrastructure program provides \$5 billion to expand the country’s DC fast charging network, and the

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vehicle and charger tax credits reauthorized in the Inflation Reduction Act will provide substantial support to make vehicles and chargers more affordable. Therefore, it is critical that the infrastructure support and incentives continue as the market transitions beyond early adopters to mass market adoption.

2. Provide resources for dealers to support use and administration of incentive programs.

While not all dealers explicitly stated a desire for more educational resources, many admitted gaps in dealers' EV knowledge. One dealer explained, "[o]ften times consumers are very knowledgeable, even more knowledgeable than dealers because they do their research." In particular, many dealers identified knowledge gaps involving incentive programs such as the federal EV tax credit. They noted that dealers could benefit from resources that help them identify what incentives exist, assess customer and vehicle eligibility, and administer the incentives. NADA described dealer education programs like their own ElectrifiQ program, and urged the EV policy and advocacy community to help make dealers aware of those kinds of programs [22]. Dealers should also proactively engage with federal, state and local agencies and nonprofit organizations actively engaged in EV policy and program development.

3. Make incentive programs as simple and predictable as possible.

Many dealers noted that, in addition to having support for understanding incentives, it would be helpful to dealers and their customers to have simpler incentives. One dealer explained that having consistent and predictable incentives is important as well. See *Federal EV Tax Credit and Other Incentive Programs* above for details on dealers' request for simple incentive programs.

4. Establish dealers as a reliable and knowledgeable source of information on EVs.

Many dealers are not yet well-equipped with the information they need to be a reliable source of EV knowledge for interested customers. There are many reliable sources of information about EVs that are geared toward consumption by the general public. For example, many utility and state websites have pages aimed at educating the public on the potential benefits and challenges of EVs as well as the availability of incentives to purchase EVs or chargers. Stronger lines of communication are needed between dealers and the EV policy community to help dealers access the resources they need.

Dealers need to actively work with their associations and the robust community of EV advocates and businesses to find and learn about available resources on EVs and become established as resources for EV information. Dealers could play a valuable role by directing customers to resources or even actively promoting those resources. In fact, studies suggest

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that many customers want to receive information about vehicles from their dealer. For example, one survey of about 2,000 consumers found that 75 percent of respondents “trust the information they receive from a franchised dealer” and 75 percent also indicated that they would want a dealer involved in their car purchasing process [23].

While dealers should seek out public educational resources on their own, it would still be beneficial for others to develop and share these resources with dealers. Improving lines of communication and building relationships between dealers and the EV advocacy community could help. Establishing dealers as a reliable and knowledgeable source of information on EVs could also help combat conflicting and often misleading media coverage. At least two dealers described challenges with EV sales stemming from media coverage and the politicization of EVs.

5. Tier manufacturer EV requirements for dealers in lower demand areas.

As described in *Manufacturer Requirements* above, many dealers expressed that it would be beneficial for manufacturers to tier their EV requirements to account for dealers in areas with lower EV demand. Similarly, some dealers stated that manufacturers should seek more input from dealers when determining their EV requirements.

6. Dealers, dealer associations dealer councils, and other EV industry participants should develop partnerships to share challenges and best practices in order to sell more EVs and maximize customer benefits.

Many of the recommendations in this section require improving lines of communication and increasing engagement between dealers and other players in the EV market such as advocates, researchers, and other EV groups. Dealer engagement can be direct or through key dealer groups like dealer associations, dealer councils, or major dealer trade associations like NADA. Most states have state-level automobile dealer associations, which represent dealers in the state [24]. Dealer councils are groups that lead engagement with a manufacturer on behalf of that brand’s dealers on topics such as manufacturer requirements for EV investments, tools, equipment, and training [25]. Importantly, many advocates, researchers, and other EV groups are already doing valuable engagement work with dealers. In fact, these relationships were instrumental in facilitating the interviews for this report. More of this kind of engagement would likely be very valuable to ensuring dealers and other EV groups understand each other’s goals, priorities, and challenges, so they can work together effectively as EV adoption increases.

Conclusions

Interviews with dealers and other key players revealed important themes about dealers' outlooks on EVs and highlighted challenges that dealers will face in the coming years. Overall, dealers were aligned in their assertion that they are not opposed to selling EVs but are also not in a position to create demand for EVs. They pointed to many of the same things the EV policy community works on as the real drivers of EV demand, such as expanding public charging and making EVs more affordable. Dealers varied in terms of their outlooks on the likelihood of substantial electrification, with some dealers expressing strong skepticism and others expecting high adoption. In both cases though, dealers expressed a willingness to sell, lease, and service EVs and pointed to investments they have made and measures they have taken to do so. Many EV advocates, researchers, and other EV groups are doing work to engage with dealers on EVs. Dealers and EV groups should continue and expand this kind of engagement to share resources and knowledge as EV adoption grows.

The United States is poised to see substantial EV adoption in the coming years. EV sales have increased year over year every quarter since the beginning of 2022. The federal government has put in place unprecedented policy support for electrification, including the EPA's strongest ever vehicle pollution regulations as well as hundreds of billions of dollars to support EVs through the 2021 Infrastructure Investment and Jobs Act and the 2022 Inflation Reduction Act. As EV adoption increases and the market moves from early adopters to the mainstream, all automakers – both EV-only and others – will play an essential role, meaning dealers will be crucial players to understand and work with.

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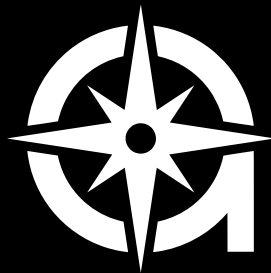
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