

A Consumer Research Study of

# FFV & E85 Perceptions

Phoenix Marketing International  
Report of Findings

Prepared for:



*On behalf of the Minnesota E85 Team*  
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# Study overview



- Baseline study for tracking
  - As ethanol awareness grows
  - Increasing FFV & E85 availability
  - Potential ALA recognition
  - Regional comparisons (Upper Midwest, California, Nation)
- Online 10-minute interview
- Phoenix Automotive, Birmingham, MI
  - Automotive expert
  - Ethanol research background

# Sample



- Total sample:
  - 1,651 vehicle owners
  - 63% purchase or lease new
  - 50% male/ female
- Regional splits:
  - 1,013 Upper Midwest (“Ethanol Heartland”: WI, MN, IA, IL, SD, ND)
  - 352 California
  - 286 National benchmark
- Vehicle segments:
  - 22% Small/compact car
  - 39% Midsize/family/large car
  - 9% Station wagon/crossover
  - 12% Luxury car
  - 11% Sporty/sports car
  - 11% Van/minivan
  - 28% SUV
  - 9% Pickup

# Executive summary



- E85 awareness is high throughout the country
  - Weakest in California
- GM & Ford are perceived Flex Fuel Vehicle leaders
- Awareness of fuel company leaders is relatively low
- Main perceived benefits of E85 ethanol include:
  - Clean fuel, environmentally-friendly, healthier air to breathe
  - Renewable resource
  - Potentially more economical, stable pricing
- Strong FFV purchase interest
  - Among nearly all respondents, in all regions

# Executive summary



- ALA recognition as a Clean Air Choice increases likelihood to purchase a Flex Fuel Vehicle & E85 ethanol fuel
  - Over 80% strongly or somewhat prefer a vehicle recognized by the ALA
  - 85% strongly or somewhat prefer a fuel company that offers both E85 & gasoline
  - Over 75% are much more or somewhat more likely to purchase an FFV & E85 recognized by the ALA as a Clean Air Choice
  - No negative impact from ALA recognition
  - ALA recognition has no effect on purchase consideration among 20%
- Ethanol Heartland respondents are most familiar with E85 as alternative fuel
  - Most likely to consider American manufacturers as leaders in FFV
- California respondents are significantly less familiar with E85 than others nationally
  - Also more likely to consider Japanese manufacturers as leaders in FFV
  - Consider 'clean fuel' a more important benefit than 'renewable resource'

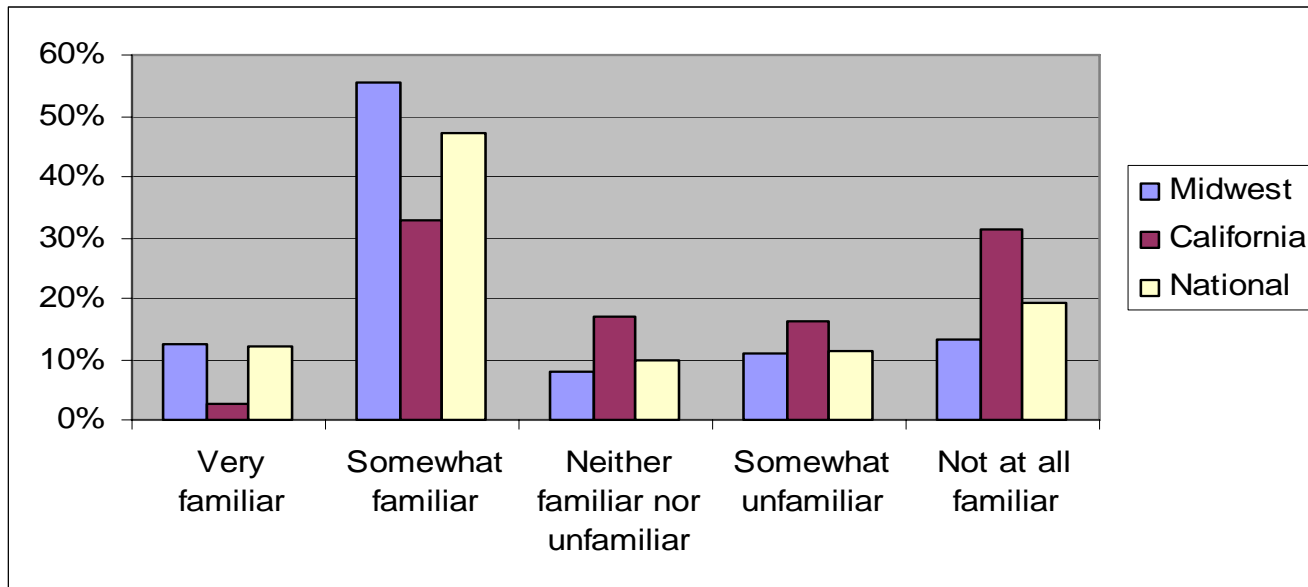
# Executive summary



- California respondents are highly influenced by ALA recognition...
  - Creates higher interest in purchase of an FFV & even greater interest in purchasing from fuel companies that offer both E85 & gasoline
  - More likely to perceive 'clean air' and 'reduce smog' as major benefits & most likely to feel that ALA adds independent third-party credibility
- California respondents are more likely to answer 'don't know/can't say' when questioned on issues regarding E85 ethanol fuel
  - Most fertile ground for introducing FFVs & E85 ethanol fuels
  - And for educating consumers on value of ALA recognition
- Further study waves may reveal trends:
  - More FFV launches
  - Greater E85 delivery infrastructure
  - Government policy & public relations
  - ALA recognition

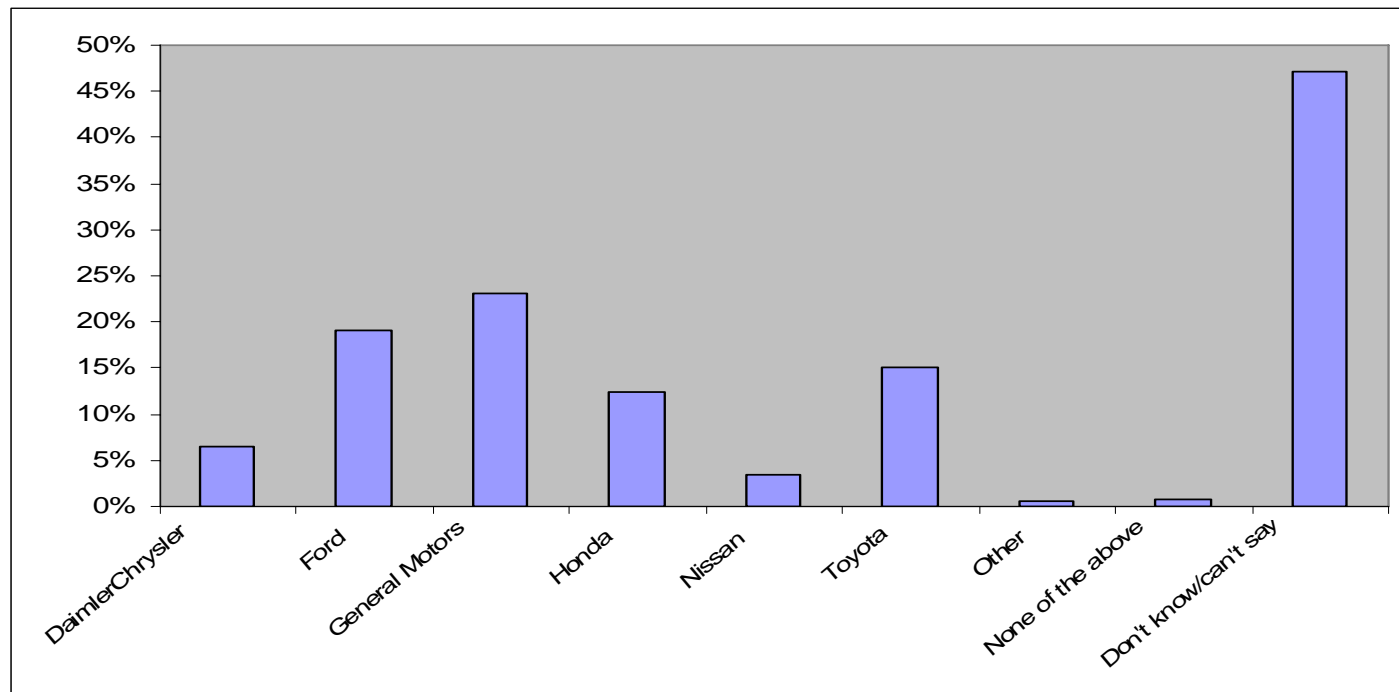
# Familiarity

- Midwest respondents are most familiar with E85
  - National benchmark nearly as high
  - Californians are least familiar



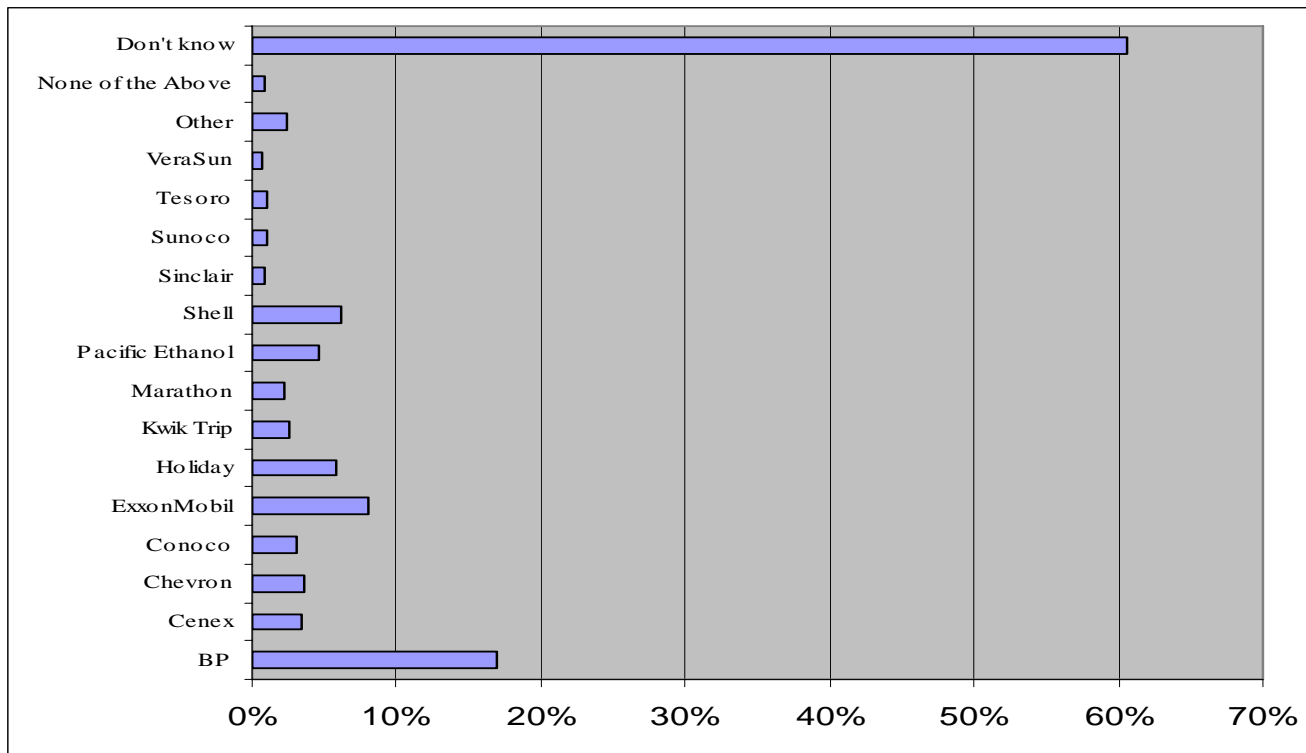
# FFV leadership

- GM & Ford are perceived FFV leaders
  - Toyota & Honda receive some mention (hybrids & legacy environmental reputations?)



# E85 leadership

- Overall low recognition of individual fuel companies as E85 leaders
  - Only BP garners over 10% of mention despite few outlets (impact of 'Beyond Petroleum' advertising?)



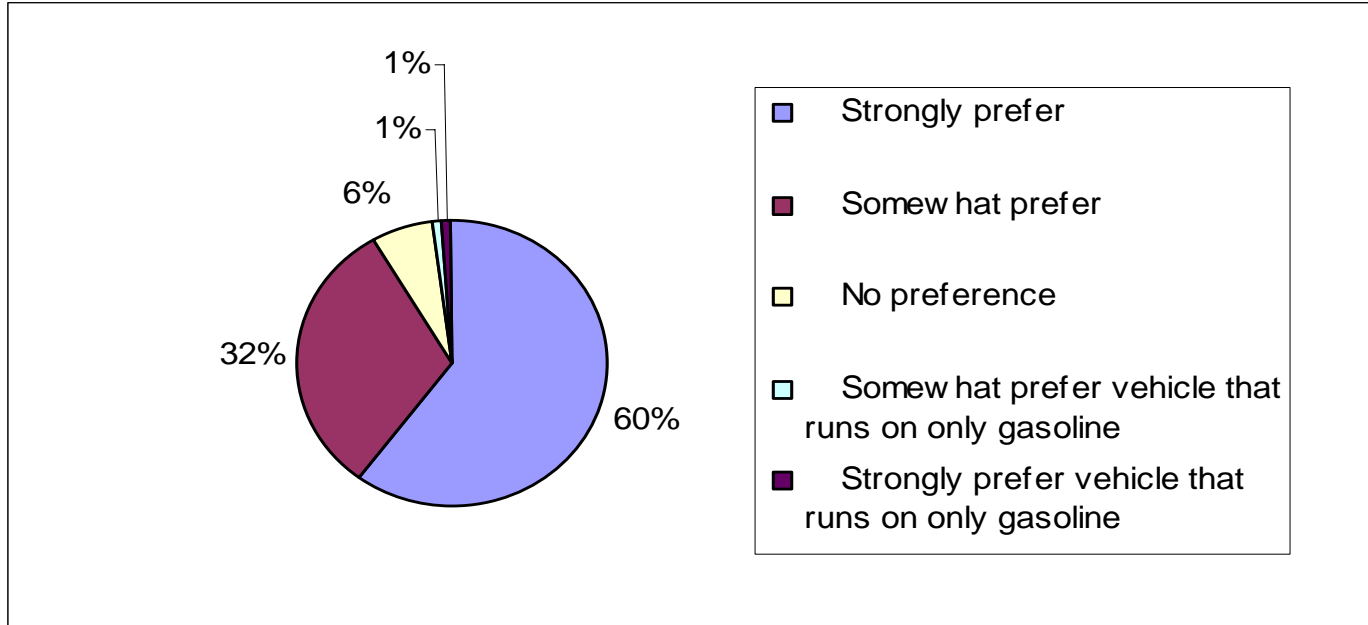
# Main benefits



- ‘Clean fuel, environmentally-friendly, healthier air to breathe’ is most important benefit both pre & post detailed background on ethanol
  - ‘Renewable resource’ also important
  - ‘Made in America, domestically produced’ & ‘potentially more economical, stable pricing’ somewhat less important

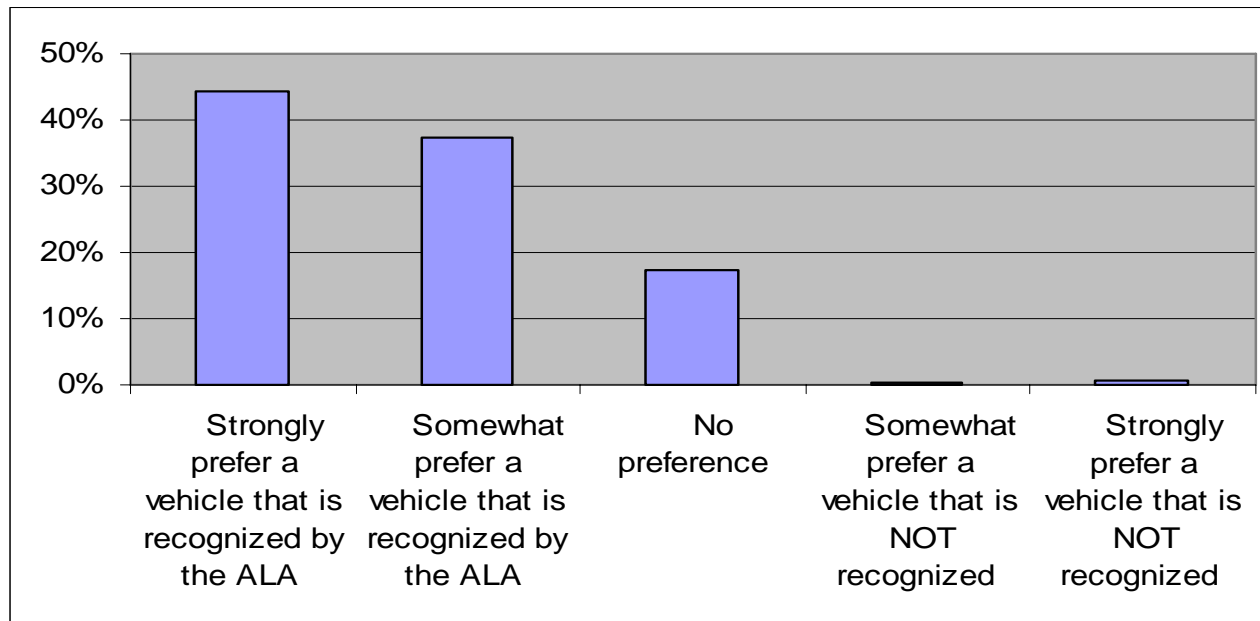
# FFV purchase interest

- Nearly all respondents prefer a Flex-Fuel Vehicle



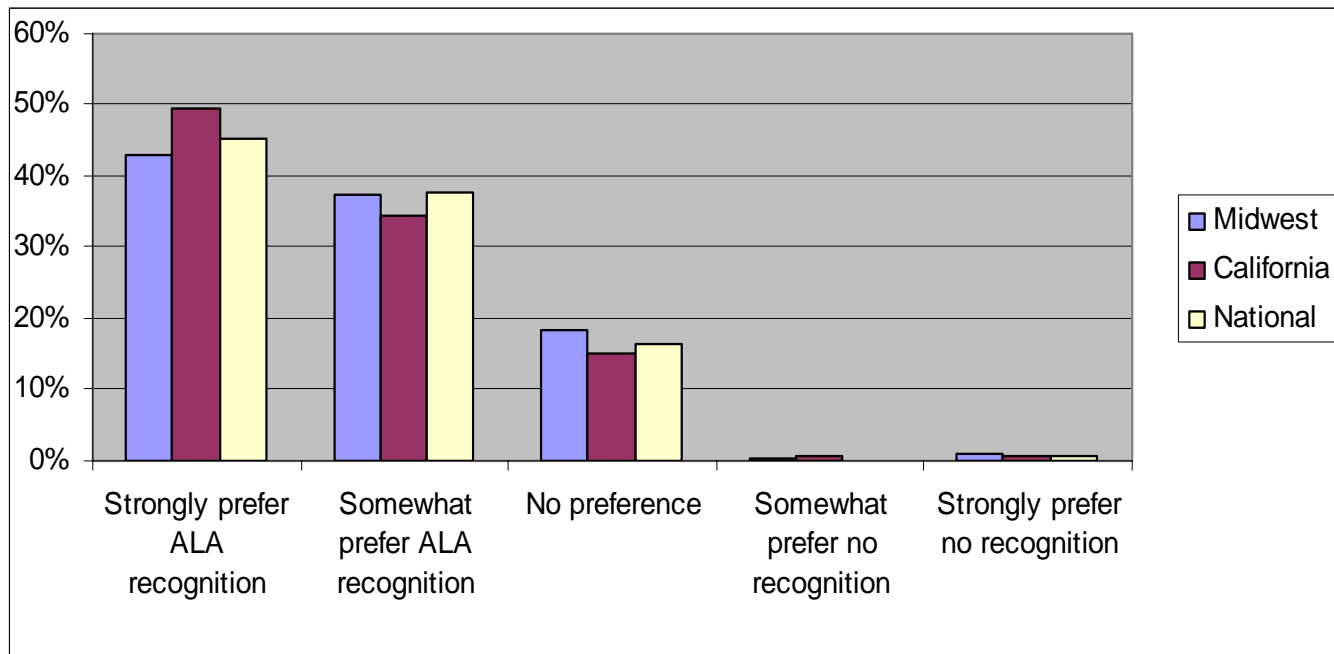
# ALA recognition: Impact on FFV purchase

- Most respondents prefer a vehicle that is recognized by the ALA as a Clean Air Choice



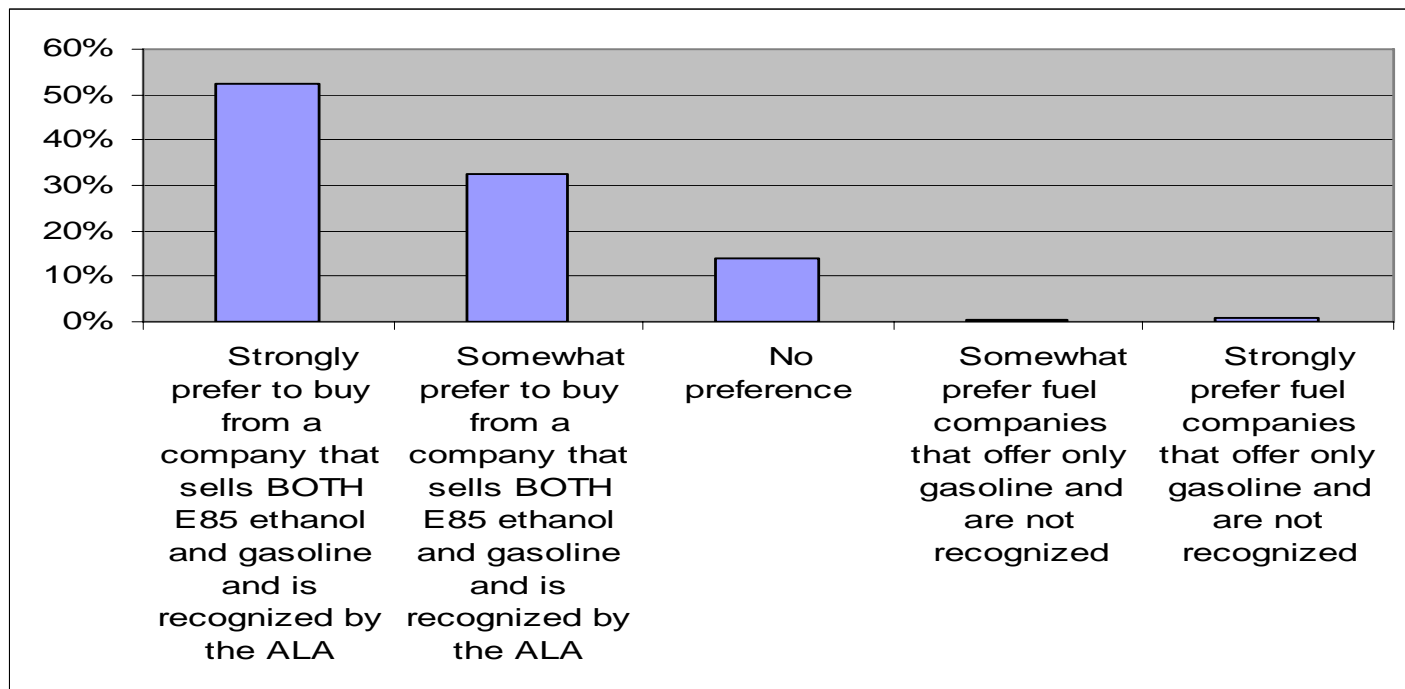
# ALA recognition: Impact on FFV purchase

- Recognition by the ALA as a Clean Air Choice has greater FFV purchase impact on California respondents



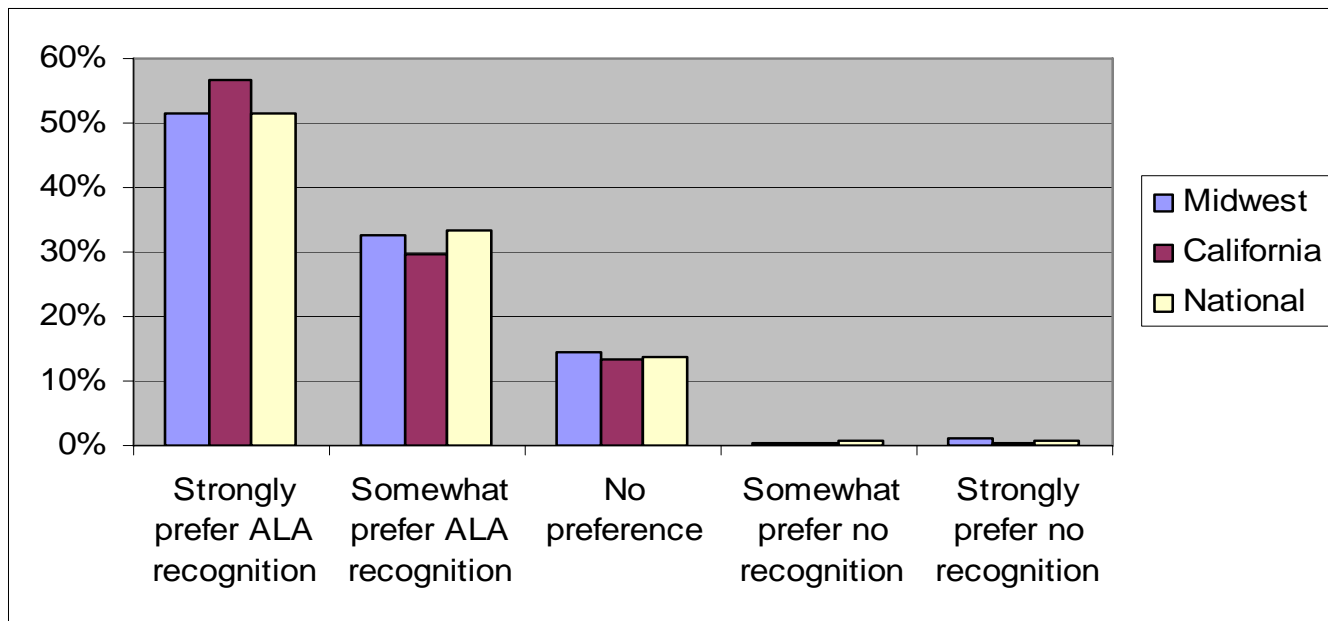
# ALA recognition: Impact on E85 purchase

- Recognition by the ALA results in slightly stronger interest in purchasing fuel (than in purchasing an FFV)



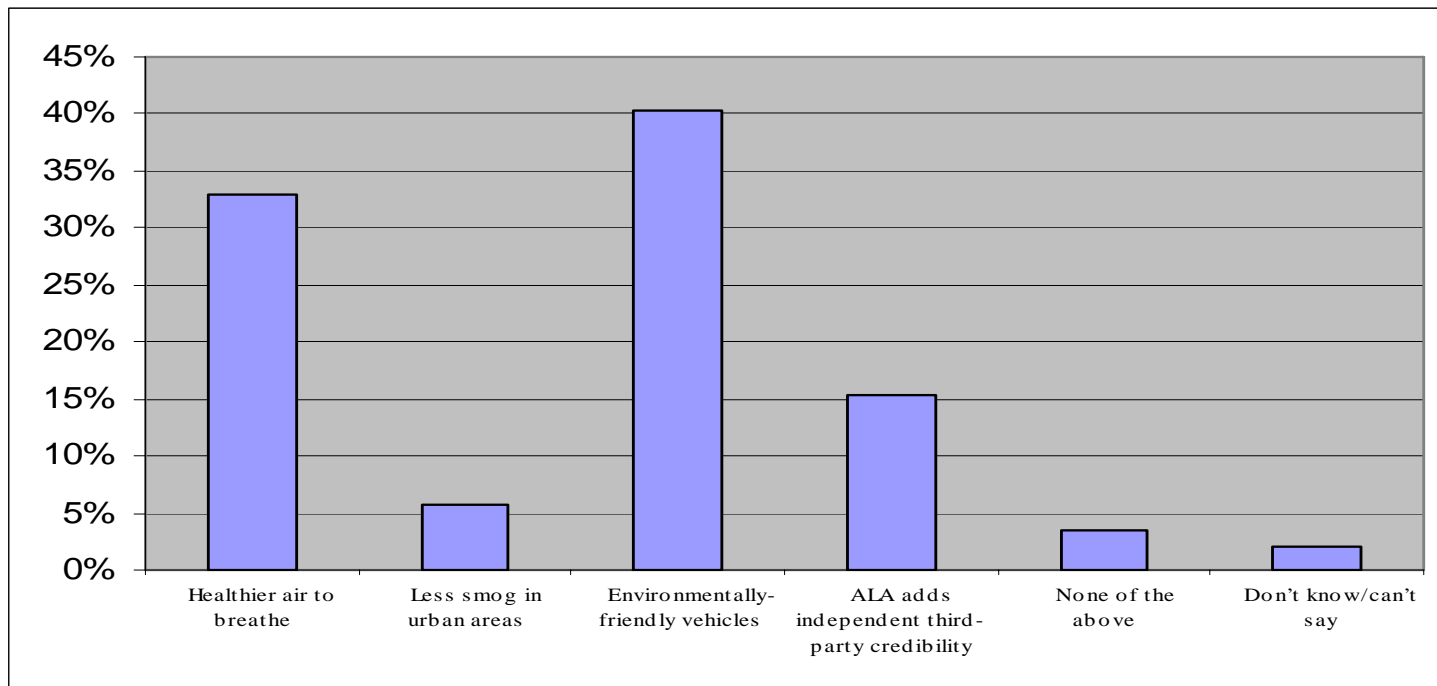
# ALA recognition: Impact on E85 purchase

- Interest in purchasing fuel from a company that offers both E85 ethanol & gasoline, and was recognized by the ALA, is most positively received by California respondents



# ALA recognition: Perceived benefits

- ‘Environmentally-friendly vehicles, capable of using renewable-based fuels’ & ‘healthier air to breathe’ are most important aspect
  - ‘ALA adds independent third-party credibility’ mentioned by 15% as most important aspect



# ALA recognition: Perceived benefits

- Compared to Midwest and other National respondents, Californians are most interested in 'healthier air to breathe' & 'less smog in urban areas'
- Californians are also most likely to feel that recognition by the ALA adds an independent third-party credibility
- Midwest 'grain-state' respondents somewhat more interested in renewable fuel benefit

	Midwest	California	National
Healthier air to breathe	32%	<b>36%</b>	33%
Less smog in urban areas	5%	<b>9%</b>	6%
Environmentally-friendly vehicles, capable of using renewable fuels	<b>43%</b>	33%	<b>39%</b>
American Lung Association adds independent third party credibility	14%	<b>19%</b>	17%
None of the above	4%	3%	4%
Don't know/can't say	2%	1%	2%

# Comparisons to Benchmark Study



- Familiarity with E85 ethanol fuel has remained consistent since January '06
  - About 60% are familiar
- GM & Ford continue to be viewed as leaders
  - GM previously recognized by 13% as environmentally-sensitive
  - GM now perceived to be an FFV leader by 23% (impact of Live Green Go Yellow campaign?)
- 'Clean fuel, environmentally friendly, healthier' & 'renewable resource' still most important benefits
  - But 'more economical, stable pricing' slightly less important
- Preference for an FFV remains equally strong