

Alternative-Fueled Vehicles Seriously Considered by One-Third of U.S. Adults Planning to Purchase or Lease a New Vehicle

- *Top reasons for considering an alternative-fueled vehicle include the effect on the environment and lower fuel costs*
- *Annual Percentage Rate (APR) seen as the most important financial factor when financing or leasing a new vehicle*

A recent Wall Street Journal Online/Harris Interactive Personal Finance Poll reveals that one-third (33%) of U.S. adults who plan to purchase or lease a new vehicle say they are most likely to seriously consider an alternative-fueled vehicle for their next purchase. Most (92%) of these adults are willing to pay more for it than a traditional, gasoline-powered version of the same vehicle. Top reasons for considering an alternative-fueled vehicle include concerns for the environment and the cost of fuel. The survey also explores how consumers plan to pay for their next new vehicle, and what financial factors are most important to them when making their next new vehicle purchase.

These are some of the results of an online survey of 2,516 U.S. adults conducted by Harris Interactive between April 4 and 6, 2006 for The Wall Street Journal Online's Personal Journal Edition.

Types of vehicles considered

Almost three in five (58%) adults plan on purchasing a new vehicle, and while 37 percent say they are most likely to seriously consider a traditional, gas-fueled vehicle, many say they will seriously consider a hybrid (25%), ethanol-fueled (7%), or diesel-fueled (2%) vehicle. Those most likely to consider alternative-fueled vehicles include:

- Those who live in the West (38%)
- Young adults ages 18 to 34 (36%)
- College graduates (44%)
- Those with an income of \$75K or more (40%)

Paying more for alternative-fueled vehicles

Only eight percent of adults who will likely consider an alternative-fueled vehicle say they would not be willing to pay a penny more for a vehicle that runs on an alternative fuel over a traditional, gasoline-powered version of the same vehicle. Among those who are willing to pay extra, the average amount willing to be paid is \$9,258. Some interesting differences emerge when examining the data by region, gender and income.

- On average, those in the South (\$10,786 extra) are willing to pay more for an alternative-fueled vehicle than those in the West (\$9,343 extra), Midwest (\$8,648 extra) or Northeast (\$7,418 extra).

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- Women are willing to pay \$11,274 more on average for a vehicle that runs on alternative fuel, compared to men who are willing to pay \$7,506 more on average.
- On average, those with incomes of \$50K to \$74.9K are willing to pay more than those making less or more than them for an alternative-fueled vehicle (\$10,376 extra for those making \$50K to \$74.9K compared to \$7,484 extra for those making less than \$35K, \$8,501 extra for those making \$35K to \$49.9K, and \$8,594 extra for those making \$75K or more).

Reasons for choosing alternative-fueled vehicles

Among those who say they would seriously consider a vehicle that runs on alternative fuel, almost half (47%) say their main reason for doing this is because it is better for the environment. Another 45 percent say their main motive is because their fuel costs will be lower. Substantially fewer adults cite the fact that they can take advantage of the Federal Clean-Fuel Tax Deduction (3%) and that they will be able to drive in High Occupancy Vehicle (H.O.V.) and carpool lanes (1%) as their most important reason. Some interesting demographic differences exist:

- Those in the Northeast (54%) and Midwest (55%) are most likely to cite fuel costs as their main reason for considering a vehicle that runs on alternative fuel, while those in the West are most likely to cite environmental concerns (64%).
- Women are almost twice as likely as men to cite environmental concerns as their main reason for consideration (62% and 34%, respectively), while over half (52%) of men cite fuel costs for their main reason compared to 36 percent of women.

Scott Upham, Senior Vice President of the Automotive and Transportation Research Practice at Harris Interactive comments, “We’ve seen that more and more U.S. consumers are realizing that alternative-fueled vehicles bear a price increase over similarly equipped gasoline-based vehicles, but that many are willing to make this choice due to their own environmental beliefs or sensitivity to high fuel prices.”

Purchase plans and important factors for acquiring a new vehicle

A majority of adults (61%) who plan on purchasing a new vehicle most likely plan to acquire it through financing or leasing over several years. Those ages 55 and older are least likely (48%) to say they will finance or lease their next new vehicle; however, they are more apt than any other age group to say they would pay cash for the entire vehicle cost (34%).

For those planning to finance or lease their next new vehicle, the most important financial factor for them is the Annual Percentage Rate (APR) (30%), followed closely by the down payment requirements (25%). Other important financial factors include the length of contract (13%), rebates or incentives offered at time of sale (11%), the lowest initial purchase price (10%), and the highest residual value or resale value (6%).

TABLE 1

Timing on Purchasing a New Vehicle – by Gender and Age

“When do you plan on purchasing or leasing your next new vehicle, that is, one not previously owned? For the purpose of this survey, the term ‘vehicle’ includes cars, trucks, minivans, vans, and SUVs. It does not refer to motorcycles, mopeds, boats, or other recreational vehicles.”

Base: All adults

	Gender			Age			
	Total	Male	Female	18–34	35–44	45–54	55+
	n=2,516	n=1,252	n=1,264	n=746	n=516	n=448	n=806
	%	%	%	%	%	%	%
Plan On Purchasing/Leasing New Vehicle (NET)	58	63	54	63	59	56	55
In the next 12 months	10	11	9	13	12	9	8
In the next 1–2 years	18	20	16	18	17	21	16
In the next 3–4 years	16	18	14	15	17	14	17
Longer than 4 years from now	14	14	15	17	13	12	15
I do not plan on purchasing or leasing a new vehicle.	42	37	46	37	41	44	45

Note: Percentages may not add up to 100% due to rounding.

TABLE 2A

Types of Vehicles Being Considered – by Region

“Thinking about the next new vehicle that you plan to purchase/lease, which of the following types of vehicles are you most likely to seriously consider?”

Base: Adults who plan on purchasing/leasing new vehicle

	Region				
	Total	Northeast	Midwest	South	West
	n=1,523	n=380	n=435	n=415	n=293
	%	%	%	%	%
A gasoline-fueled vehicle (e.g., vehicle that runs on gasoline only)	37	43	34	39	31
Considering Alternative Fuel Vehicle (NET)	33	33	31	31	38
A hybrid vehicle (e.g., vehicle that uses a combination of both a gas engine and electric motor)	25	27	18	25	29
An ethanol-fueled vehicle (e.g., vehicle that runs on unleaded gasoline and ethanol fuel mixture)	7	5	12	5	6
A diesel-fueled vehicle (e.g., vehicle that runs on diesel fuel only)	2	2	1	2	2
Other	1	*	4	1	*
Undecided	29	23	32	28	31

*Less than 0.5%.

Note: Percentages may not add up to 100% due to rounding.

TABLE 2B

Types of Vehicles Being Considered – by Gender and Age

“Thinking about the next new vehicle that you plan to purchase/lease, which of the following types of vehicles are you most likely to seriously consider?”

Base: Adults who plan on purchasing/leasing new vehicle

	Gender			Age			
	Total	Male	Female	18-34	35-44	45-54	55+
	n=1,523	n=823	n=700	n=494	n=322	n=257	n=450
	%	%	%	%	%	%	%
A gasoline-fueled vehicle (e.g., vehicle that runs on gasoline only)	37	39	34	36	39	42	34
Considering Alternative Fuel Vehicle (NET)	33	34	32	36	34	35	28
A hybrid vehicle (e.g., vehicle that uses a combination of both a gas engine and electric motor)	25	25	25	27	26	29	19
An ethanol-fueled vehicle (e.g., vehicle that runs on unleaded gasoline and ethanol fuel mixture)	7	7	6	7	6	6	8
A diesel-fueled vehicle (e.g., vehicle that runs on diesel fuel only)	2	3	1	3	2	*	1
Other	1	1	1	2	1	–	2
Undecided	29	25	33	26	26	23	36

*Less than 0.5%.

TABLE 2C

Types of Vehicles Being Considered – by Education

“Thinking about the next new vehicle that you plan to purchase/lease, which of the following types of vehicles are you most likely to seriously consider?”

Base: Adults who plan on purchasing/leasing new vehicle

	Education			
	Total	High School or Less	Some College	College Graduate+
	n=1,523	n=181	n=623	n=719
	%	%	%	%
A gasoline-fueled vehicle (e.g., vehicle that runs on gasoline only)	37	42	36	33
Considering Alternative Fuel Vehicle (NET)	33	19	37	44
A hybrid vehicle (e.g., vehicle that uses a combination of both a gas engine and electric motor)	25	15	26	34
An ethanol-fueled vehicle (e.g., vehicle that runs on unleaded gasoline and ethanol fuel mixture)	7	3	9	8
A diesel-fueled vehicle (e.g., vehicle that runs on diesel fuel only)	2	1	1	2
Other	1	2	1	1
Undecided	29	36	27	22

TABLE 2D

Types of Vehicles Being Considered – by Income

“Thinking about the next new vehicle that you plan to purchase/lease, which of the following types of vehicles are you most likely to seriously consider?”

Base: Adults who plan on purchasing/leasing new vehicle

	Income				
	Total	Less than \$35K	\$35K-\$49.9K	\$50K-\$74.9K	\$75K+
	n=1,523	n=378	n=198	n=269	n=360
	%	%	%	%	%
A gasoline-fueled vehicle (e.g., vehicle that runs on gasoline only)	37	27	39	40	41
Considering Alternative Fuel Vehicle (NET)	33	36	22	28	40
A hybrid vehicle (e.g., vehicle that uses a combination of both a gas engine and electric motor)	25	26	16	18	30
An ethanol-fueled vehicle (e.g., vehicle that runs on unleaded gasoline and ethanol fuel mixture)	7	8	5	9	7
A diesel-fueled vehicle (e.g., vehicle that runs on diesel fuel only)	2	2	1	1	3
Other	1	2	3	2	*
Undecided	29	35	36	29	19

* Less than 0.5%.

TABLE 3A

Extra Amount One Would Pay for Alternative-Fueled Vehicle – by Region

“What is the highest extra dollar amount you would be willing to pay for a vehicle that runs on an alternative fuel over a traditional gasoline powered version of the same vehicle?”

Please enter the amount to the nearest whole dollar.”

Base: Adults considering an alternative fuel vehicle

	Region				
	Total	Northeast	Midwest	South	West
	n=580	n=148	n=167	n=146	n=119
	%	%	%	%	%
\$0	8	4	9	5	12
\$1–\$1,000	27	25	32	31	19
\$1001–\$2,000	13	16	13	15	9
\$2001–\$5,000	19	30	16	13	22
\$5001–\$20,000	17	13	18	12	24
\$20,001 or more	16	12	12	23	13
Mean (excluding 0)	\$9,258	\$7,418	\$8,648	\$10,786	\$9,343

Note: Percentages may not add up to 100% due to rounding.

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TABLE 3B

Extra Amount One Would Pay for Alternative-Fueled Vehicle – by Gender and Age

“What is the highest extra dollar amount you would be willing to pay for a vehicle that runs on an alternative fuel over a traditional gasoline powered version of the same vehicle?”

Please enter the amount to the nearest whole dollar.”

Base: Adults considering an alternative fuel vehicle

	Total	Men	Women
	n=580	n=329	n=251
	%	%	%
\$0	8	10	4
\$1–\$1,000	27	32	21
\$1001–\$2,000	13	17	9
\$2001–\$5,000	19	16	23
\$5001–\$20,000	17	12	22
\$20,001 or more	16	12	21
Mean (excluding 0)	\$9,258	\$7,506	\$11,274

Note: Percentages may not add up to 100% due to rounding.

TABLE 3C

Extra Amount One Would Pay for Alternative-Fueled Vehicle – by Income

“What is the highest extra dollar amount you would be willing to pay for a vehicle that runs on an alternative fuel over a traditional gasoline powered version of the same vehicle?”

Please enter the amount to the nearest whole dollar.”

Base: Adults considering an alternative fuel vehicle

	Total	Income			
		Less than \$35K	\$35K-\$49.9K	\$50K-\$74.9K	\$75K+
		n=149	n=68*	n=101	n=148
	n=580				
	%	%	%	%	%
\$0	8	4	15	4	10
\$1–\$1,000	27	34	30	28	23
\$1001–\$2,000	13	13	10	13	17
\$2001–\$5,000	19	11	10	13	30
\$5001–\$20,000	17	30	23	25	2
\$20,001 or more	16	9	12	16	19
Mean (excluding 0)	\$9,258	\$7,484	\$8,501	\$10,376	\$8,594

Note: Very small base (n<100). Data should be used directionally.

TABLE 4A

Reason to Choose Vehicle with Alternate Fuel – by Region

“Please select from the list below the most important reason why you would seriously consider a vehicle that runs on alternative fuel.”

Base: Adults considering an alternative fuel vehicle

	Region				
	Total	Northeast	Midwest	South	West
	n=580	n=148	n=167	n=146	n=119
	%	%	%	%	%
It is better for the environment	47	40	36	44	64
My fuel costs will be lower	45	54	55	45	28
I can take advantage of the Federal Clean-Fuel Tax Deduction	3	3	2	5	2
I will be able to drive in High Occupancy Vehicle (H.O.V.) and carpool lanes	1	3	–	*	1
I like to keep up with the latest trends	–	–	–	–	–
None of these	4	–	7	6	4

*Less than 0.5%.

Note: Percentages may not add up to 100% due to rounding.

TABLE 4B

Reason to Choose Vehicle with Alternate Fuel – by Gender and Age

“Please select from the list below the most important reason why you would seriously consider a vehicle that runs on alternative fuel.”

Base: Adults considering an alternative fuel vehicle

	Total	Men	Women
	n=580	n=329	n=251
	%	%	%
It is better for the environment	47	34	62
My fuel costs will be lower	45	52	36
I can take advantage of the Federal Clean-Fuel Tax Deduction	3	5	1
I will be able to drive in High Occupancy Vehicle (H.O.V.) and carpool lanes	1	2	–
I like to keep up with the latest trends	–	–	–
None of these	4	8	*

*Less than 0.5%.

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Personal Finance Poll

TABLE 5

Purchase Plan for Next New Vehicle – by Age

“Thinking about your next new vehicle purchase/lease transaction, which of the following best describes how you most likely plan to acquire your next new vehicle?”

Base: Adults who plan on purchasing/leasing new vehicle

	Age				
	Total	18-34	35-44	45-54	55+
	n=1,523	n=494	n=322	n=257	n=450
	%	%	%	%	%
Plan on Financing/Leasing Next New Vehicle (NET)	61	64	72	66	48
Finance vehicle purchase over several years	55	55	63	63	44
Lease vehicle over several years	6	8	9	3	4
Pay cash for entire vehicle cost	23	16	17	24	34
Undecided	15	20	10	10	17

Note: Percentages may not add up to 100% due to rounding.

TABLE 6A

Most Important Factor When Purchasing/Leasing a New Vehicle – by Age

“Which of the following will be the most important financial factor to you when making your next new vehicle purchase/lease transaction?”

Base: Adults who plan on purchasing/leasing new vehicle

	Age				
	Total	18-34	35-44	45-54	55+
	n=955	n=332	n=243	n=170	n=210
	%	%	%	%	%
APR (Annual Percentage Rate)	30	23	30	40	31
Down payment requirements	25	24	24	31	24
Length of contract (longer contracts can mean lower monthly payments)	13	12	13	5	18
Rebates or incentives offered at time of sale	11	17	9	6	6
Lowest initial purchase price	10	12	9	10	8
Highest residual value or resale value	6	6	6	3	9
Other	6	6	9	5	4

Note: Percentages may not add up to 100% due to rounding.

TABLE 6B

Most Important Factor When Purchasing/Leasing a New Vehicle – by Income

“Which of the following will be the most important financial factor to you when making your next new vehicle purchase/lease transaction?”

Base: Adults who plan on purchasing/leasing new vehicle

	Income				
	Total	Less than \$35K	\$35K-\$49.9K	\$50K-\$74.9K	\$75K+
	n=955	n=236	n=137	n=196	n=235
	%	%	%	%	%
APR (Annual Percentage Rate)	30	32	30	22	31
Down payment requirements	25	21	23	34	26
Length of contract (longer contracts can mean lower monthly payments)	13	14	10	12	13
Rebates or incentives offered at time of sale	11	18	20	7	5
Lowest initial purchase price	10	10	9	8	12
Highest residual value or resale value	6	3	2	9	7
Other	6	2	5	7	6

Note: Percentages may not add up to 100% due to rounding.

Downloadable PDFs of The Wall Street Journal Online/Harris Interactive Personal Finance Polls are posted at http://www.harrisinteractive.com/news/newsletters_wsfinance.asp.

Methodology

Harris Interactive conducted the online within the United States between April 4 and 6, 2006 among 2,516 adults (aged 18 and over). Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

All surveys are subject to several sources of error. These include: sampling error (because only a sample of a population is interviewed); measurement error due to question wording and/or question order, deliberately or unintentionally inaccurate responses, nonresponse (including refusals), interviewer effects (when live interviewers are used) and weighting.

With one exception (sampling error) the magnitude of the errors that result cannot be estimated. There is, therefore, no way to calculate a finite “margin of error” for any survey and the use of these words should be avoided.

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These statements conform to the principles of disclosure of the National Council on Public Polls.

About the Survey

The Wall Street Journal Online/Harris Interactive Personal Finance Poll is an exclusive poll that is published in the Personal Journal Edition of The Wall Street Journal Online at www.wsj.com/personaljournal.

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