

Service Article:

Topic: Automakers Scaling Back Plans for EV Production



Although carmakers had initially anticipated electric vehicle sales to increase in the next decade, the forecast for EV sales does not seem to match this optimistic outlook. Many automakers had ambitious targets for EV production and based many of their future plans on electric vehicles. However, now the excitement around EVs has settled down. Legacy automakers including Ford Motor, General Motors, Mercedes Benz, Volkswagen, Jaguar, Land Rover, and Aston Martin are all decreasing or scaling back their EV production. Despite significant interest from early EV adopters, it became clear that automakers and government administration had overestimated the willingness of consumers to adopt the new electric vehicle models.

A more broad line-up of vehicles is expected to dominate the car industry with brands continuing to offer gas-powered vehicles, hybrid models, plug-in hybrid models, and fully electric vehicles to consumers. Companies like Ford Motors are focusing their attention to the production and sale of its hybrid models, which could help make the transition to fully electric vehicles much smoother for drivers who are not ready yet for a fully electric model vehicle. This shift to hybrid vehicles will still help companies meet the tighter federal standards that were passed for carbon emissions. Other automakers, such as GM, Hyundai Motor, Kia, Toyota Motor, and possibly Volkswagen are taking a different approach to EVs and hybrid vehicles by planning to offer customers different levels of electrification across their lineups. According to Volkswagen CEO Pablo Di Si, he believes that “the balanced approach is the best way” and is discussing bringing hybrid models to the U.S. (Wayland, 2024).

Although the demand for EVs has not been as high as anticipated, executives still believe that the sales of EVs are predicted to increase in the following years. The Vice President of AutoForecast Solutions, Sam Fiorani, stated that “the market was never going to make a smooth transition to EVs, and we expected a slowdown in this shift as early adopters were satisfied... Moving on to less tech-savvy buyers will slow the EV market share growth over the next few years” (Wayland, 2024).

In recent years many companies including Stellantis, Jaguar, Land Rover, Volvo, GM, Buick, Cadillac, and Honda Motor have said to varying degrees that they would only offer electric vehicles to consumers around 2030. While none of those carmakers have announced changes to those long-term goals, there has been a shift in tone surrounding their messaging. This change in tone could be due to multiple factors including “consumer adoption, global emissions regulations, and EV charging infrastructure” (Wayland, 2024). Mary Barra, GM CEO, as well as other top executives have hinted that they will take customer demand to steer its efforts. However, it seems that federal regulations will have the biggest impact on car companies’ strategy for the future.

Source:

Wayland, M. (2024, March 13). *EV Euphoria is Dead. Automakers are Scaling Back or Delaying Their Electric Vehicle Plans*. CNBC. <https://www.cnbc.com/2024/03/13/ev-euphoria-is-dead-automakers-trumpet-consumer-choice-in-us.html>