

Industry in Focus

eReadiness 2024

Customer needs and the way forward - UK

November 2024



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UK EV adoption

Gaining momentum or losing speed?

Whilst the industry consensus remains that the future of road transport is electric, EV sales growth, which has been driven by early adoption and extensive government subsidies across Europe, has started to slow in some markets. Despite significant early progress, the UK now finds itself slipping behind its European counterparts. Ranked joint 11th out of 13 European nations in our [2024 PwC Global eReadiness Index](#), with a score of 2.4 out of 5, the UK's readiness for mass EV adoption is faltering, partly due to previous reductions in grants and the limited availability of affordable models. As part of the study we explore 'consumer readiness for Electric Vehicles (EVs), categorised into 'EV Owners', 'Prospects' and 'Sceptics'.



01

EV adoption is growing but is being held back by **limited affordable** options (70% of survey respondents across EMEA expect their new EV to have a price point under £34k).

02

Intent to buy is strong with 65% of UK 'prospect' respondents indicating they will buy an EV in the next 5 years. Building brand loyalty and trust are key to convert these potential buyers.

03

Buying needs vary between our survey respondent categories with common themes on pricing, battery, range and charging.

- a** UK **EV owners'** satisfaction primarily comes from better battery lifetime (57%), recharging time (50%), and driving range (41%) with dissatisfaction coming from higher maintenance costs and range.
- b** UK **'Prospects'** key purchasing criteria are price (65%), safety (50%), battery range (44%) and brand (41%). Blockers are recharging time (54%), battery lifetime (42%) and perceived higher upfront costs than ICE (37%).
- c** For UK **'Sceptics'**, key barriers are long recharging time (50%), concerns about limited range (43%), and uncertainty about battery lifetime (39%).



04

Second-hand EV market is slowly gaining traction and EV owners show considerable appetite to buy a used EV (nearly 50% of EV owners surveyed).

05

Charging infrastructure is no longer the main issue – the UK has enough charging spots to support current EV demand and the Chancellor announced in the October 2024 Budget £200m towards expanding on-street charging.

06

Government incentives have been gradually scaling back as part of a shift towards market self-sufficiency. Encouragingly the October 2024 Budget announced measures to support EV growth and discourage ICE ownership (BIK, VED, 100% first-year allowance, infrastructure investment)

UK EV readiness: Falling behind Europe

The PwC index measures how 'eReady' a country is for the move to electric vehicles, calculated from four themes: government incentives, infrastructure, supply and demand. The UK has lost ground in its e-Readiness vs 2023 (-0.2), largely driven by grants reduction (-1.0); the joint largest yearly decrease amongst all countries in the index, while demand increased (+0.3) and infrastructure and supply remained the same.

This drop in e-readiness score reflects more than just policy changes-it signals the need for a reassessment of both consumer and government roles in driving mass EV adoption.

The October 2024 Budget continued Benefit-in-Kind (BIK) tax incentives for electric vehicles and set out some changes to VED that will favour EV and hybrid vehicle owners. These both aim to encourage EV uptake, but broader action is still needed to reach mass adoption across the UK market.

There are key learnings from comparable EU markets like Norway, which ranked 2nd in the eReadiness Index. Norway's EV success was primarily due to a substantial package of incentives to promote ZEVs; high taxes on polluting vehicles, coupled with tax exemptions for EVs, practical benefits like reduced tolls, lower ferry fares, and ample access to charging points, ~ one charging station per EV on the road.

The cost barrier to EV adoption

The high cost of EVs remains a key obstacle to widespread adoption. While early EV owners tend to be higher-income individuals, the mass market—those most sensitive to price—continues to find the entry cost prohibitive – 7 in 10 vehicles cost more than £40k. Government incentives played a pivotal role in the early growth of the EV market, but with reductions prior to the October 2024 Budget, the affordability gap has widened. More promisingly though, there is a growing trend amongst manufacturers to offer more affordable and budget-friendly EV options. There are ~16 car model releases expected over late 2024 and 2025 that come in under £34,000.

Consumer profiles:

Who's leading and who's left behind?

Understanding the different types of EV consumers is essential for developing strategies to accelerate adoption:



EV owners

The UK has a slightly higher proportion of EV owners globally. These owners, often higher-income, metropolitan males, report high satisfaction levels, with **96% of UK owners satisfied with their EVs**. The main drivers of satisfaction across the UK were better battery lifetime (57%), recharging time (50%) and driving range (41%). Although reported satisfaction is high some, nearly a third of UK owners would consider returning to an ICE vehicle, driven by concerns about higher maintenance costs and range limitations.



EV prospects

65% of UK consumers we surveyed indicated an intention to buy an EV in the next 5 years but in many cases are facing financial and practical barriers. Price (65%) is an important criteria when purchasing a new EV followed closely by safety (50%), battery range (44%) and brand (41% vs 34% global). **54% of UK prospects have access to private parking**, indicating parking availability could be a particular barrier to EV uptake.



EV sceptics

26% of UK respondents expressed no interest in buying an EV within the next 5 years and remain cautious due to **recharging times as a concern (50%)**, **range limitations (43%)** and uncertainty about **battery lifetime (39%)**.

The role of the second-hand EV market and fleets

Second-hand EVs present a more accessible entry point for cost-conscious buyers. Currently, only 4% of UK EV owners drive used EVs (compared to 10% globally), but nearly 50% are open to purchasing one next, highlighting the importance of affordability.

Fleet operators are pivotal in this ecosystem, with their upgraded EVs entering the used market and offering advanced options that address concerns like battery health and range. In 2023, fleets accounted for 77% of new battery electric vehicle purchases in the UK, significantly impacting both markets. However, a surplus of medium and large used EVs, compared to smaller models, has contributed to a decline in used EV prices.

Dispelling the charging infrastructure myth

Charging infrastructure is rapidly improving, with the UK boasting over 70,000 charging points, expected to grow to 300,000 by 2030, supported by a £200 million investment from the October 2024 Budget. Regional disparities in charger availability need addressing to ensure equitable access.

Our research reveals 84% of UK EV owners primarily charge at home or work, with only 16% using public infrastructure. While contactless pay options and aggregator apps are increasing, more effort is needed to enhance public charging ease.

Consumer demand is trending towards fast, reliable home charging solutions, with price and speed being key factors. Despite progress, public perception lags, with many still believing charging infrastructure is lacking. Focus should now shift to communicating advancements and improving consumer understanding of accessing EV charging.

Government incentives: The budget favoured EVs, but is it enough?

Government support has been pivotal in early EV adoption, but recent reductions in grants have impacted the 'Government Incentive' score on the PwC eReadiness Index. There is a looming black hole in the Treasury that will be caused by the flip from ICE to EV – this could be £20bn if one in two cars are electric by 2035. Reassuringly for EV adoption, the October 2024 **Budget did not seek to fill this hole with any additional changes on EVs and EV drivers**. There are other government interventions that will continue to impact the market:

- **Changes in VED rates** that continue to favour zero-emission vehicles and wider the differentials between zero emission, hybrid and ICE.
- **Sustained BiK incentives** for EVs until 2028 and setting of rates until 2030, which will strongly incentivise EVs as an appealing choice for corporate fleets.
- **Extension of 100% first year allowances** for businesses investing in EVs and charging infrastructure.
- **An indication to raise the £40,000 ECS threshold** on EVs that are supplementary charges for 'premium vehicles'.

These and other incentives must be part of a longer-term, consistent policy framework to give consumers confidence, to encourage market stability and therefore to ensure sustained growth in EV adoption.



Future outlook: What needs to happen?

For the UK to lead the charge in the EV revolution, several critical steps must be taken:



Expand government support

Stronger financial incentives for EV purchases and investments in EV and battery recycling are needed. The government must also address the fiscal challenges posed by declining fuel duty revenue without discouraging EV adoption.



Increase market choice

More affordable EV models are needed to cater to the mass market.



Build stronger brand trust

OEMs should focus on building trust and loyalty, particularly as UK consumers place higher importance on brand.



Educate and engage consumers

Automotive brands, dealers, and the government must educate consumers, highlight long-term benefits, and create engaging EV experiences to dispel misconceptions.



Foster strategic partnerships

Collaboration between the government, OEMs, and infrastructure providers is essential for a seamless EV transition and improved charging accessibility.

PwC contacts



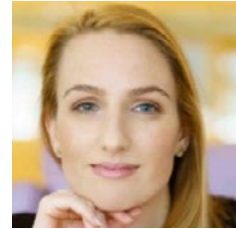
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