

POOR EV SALES ARE THE TIP OF THE ICEBERG

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Detroit put the cart in front of the horse and odds are it may be about to pay the price.

This article discusses the background, mistakes and the coming ramifications of the traditional car manufacturers rush to produce electric vehicles.

DETROIT APPROACHED ITS EV LAUNCH BACKWARD

According to a recent Automotive News article, the current “*EV stockpile is evidence of growing pain, not demand dip. . .*”

The evidence does not appear to support that conclusion.

A greater probability would be that the factories misread the public’s desire for electric vehicles (EVs).

Ford, for example, appears to have surmised that the initial rush to purchase its F-150 Lightning represented the pulse of the public. It did not.

Ford, and other traditional manufacturers are now discovering, although not necessarily accepting, the fact that the real reason early EVs sold so quickly was because the pool of Dedicated Climate Change Advocates bought them, and that their reaction was not an indication that electric vehicles were in demand by the general public.

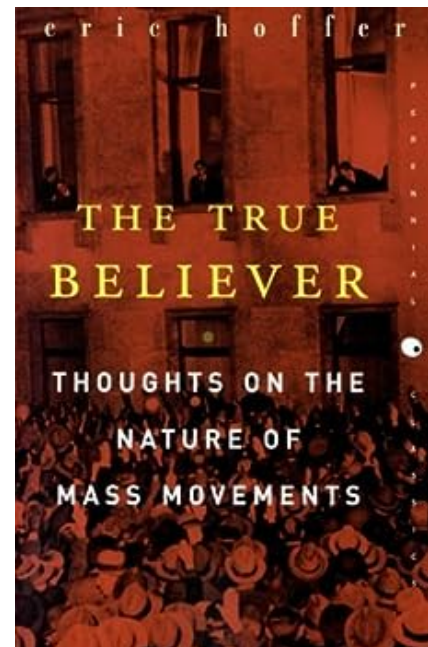
The American new vehicle customer base consists of main-stream Americans who not only are definitely not clamoring for EVs, and who, in many instances would not accept an EV to drive if they were given one.

In addition to refusing to acknowledge that the majority of buyers prefer Internal Combustion Engine (ICE) vehicles, neither the factories nor the stock market will accept the fact that Tesla is a different animal than traditional car factories and should not be valued as such. (See: "[The Missing Calculation in Valuing Tesla Stock.](#)")

In a way, both the Dedicated Climate Change Advocates and Tesla owners are more akin to cults, than average customers.

With respect to Tesla, people are not only buying a car, they are buying Elon Musk and his dream.

(A good book to read in order to understand many of today's movements is Eric Hoffer's "[True Believer.](#)" Interestingly, such diverse personalities as President Dwight D. Eisenhower and Hillary Clinton both touted the book.



When is the last time a GM customer raved about Mary Bara, or a Ford customer about Jim Farley?

How many Americans can name the heads of Mercedes, or Mitsubishi, or Volvo?

The only people that talk about other factory heads are the news media.

Tesla builds vehicles for customers who are willing to wait six months for delivery. What American car buyer would wait six months for a Chevy Bolt?

When Lee Iacocca announced Chrysler had built a new vehicle, the K-car, and that every one of them was already sold, the statement was intentionally misleading because Iacocca led the public to mistakenly believe the vehicles were all sold to the public. They were not.

Traditional car manufacturers have thousands of dealerships throughout the United States and they sell their vehicles to their dealer who, in turn have to find customers amongst the general public and convince those customers they should buy a vehicle the dealer has already purchased.

Tesla has no dealers and sells its vehicles directly to customers who want them and any attempt by traditional manufacturers to project national sales of EVs, based upon Tesla's sales, is a fool's errand.

Ford has over 2,000 dealers; GM has over 7,000. It does not take an extraordinarily high IQ to conclude that the dealers in such states as Wyoming (a state, by the way, that introduced a bill to outlaw EVs), Montana, North Dakota, etc. are not going to have customers clamoring to dealerships to buy EVs.

Even the citizens in California, one of the favorites amongst EV states, are not all true believers.

- Californians read about their governor telling citizens they cannot charge their vehicle on weekends because the grid can't support it.
- They read headlines stating that PG&E announced it cannot support any new development in southern Humboldt County until 2024.
- They read about EVs blowing-up during the latest Florida hurricane.
- They read that it was ICE vehicles that serviced communities during emergencies.

- They read and see photos of lines of EVs California on highways that are awaiting charges in order to complete their journeys.

Yet, despite the plethora of empirical evidence of customer resistance, factories still promote the view that the only problem selling EVs is that salespeople are not presenting the correct sales pitch.

THE REAL PROBLEM SELLING EVS

The real problem is that the true believes did not want to wait and perform the transition from ICE to EV in a logical manner.

Every project has a pre-flight checklist.

Planes do not take-off if the weather is too bad, or the plane is not fueled, or every item on the pilot's check list is not checked-off.

Military operations are not begun until, among other things, the weather is satisfactory, the troops properly trained, the operation properly planned, and the supply chain established.

The planning for EVs was, in my opinion, ass backward.

First: The first step should have been to build an infrastructure that would support the excess electrical demand anticipated to charge the vehicles being built.

Second: Secondly, or concomitantly, the Change Advocates should have built the charging stations necessary to support the number of vehicles they intended to place in operation.

Third: Once the source of power and distribution method had been established, the Advocates should have then educated the public as to the abundance of electric power, the convenience of the charging stations, the



economic benefit of electric power and, finally, the cleanliness of electric power.

Reversing the process makes about as much sense as attempting to build a Navy without securing the refueling ports, and both acquiring and training personnel to staff the ships before building the ships.

A nation cannot simply build a thousand ships and declare it has a functional navy.

Look at China. Over the past years China has been acquiring ports all over the world to dock its navy. They then enlisted sailors and trained them to man the ships. Today, China has built and manned so many ships that its Navy outnumbers the United States Navy.

LACK OF SALES IS BUT THE TIP OF THE ICEBERG

At the end of each year, factories generally end-up with car banks of vehicles they over produced and its dealers did not sell. In the trade, these vehicles are called “carryovers.”



When the 2024 vehicles are released, any 2023 vehicle remaining unsold at the end of the year will be dubbed a carryover.

In the past, the factories put incentives on carryovers, both for the dealers and the customers and distributed them to their dealer bodies; and, even though it may have taken months, the vehicles were eventually sold.

To date, the carryovers have always been overproduced vehicles that the public accepted and wanted, but were just **overproduced**.

This time, however, when 2024 comes along there could be a million or so 2023s that the public simply **does not want** and the question is: “What should the factories do with them?”

Those vehicles will contain a million or so lithium batteries weighing an average of 2,000 pounds.

That is when we discover the real losses to be incurred by the car companies, the dealers and the public car companies, sans, perhaps, CarMax that deals mostly with used ICE vehicles and Toyota that, to date has resisted biting into the apple.

See: [***Toyota Shareholders Will Be Thanking Akio in September.***](#)

THE REAL WORLD

1. There is zero, none, nada possibility that the U.S. will be all electric by 2030, or even 2035. As of today, there are roughly THREE HUNDRED MILLION vehicles on American roads, millions of which are ICE vehicles being purchased this year (2023). Anyone claiming the U.S. is going to replace them all with EVs by 2030 or 2035 either has an ulterior motive for stating that, or is just plain stupid. Those are the only two logical explanations.

We have no idea of what source of energy will be powering cars ten or 15-years from now. We just had a breakthrough in fusion (the cleanest of energy), Israel developed an engine with one moving part, and the development of hydrogen powered vehicles is progressing geometrically. See again: [***Toyota Shareholders Will Be Thanking Akio in September.***](#)

2. For all we know, EVs could be obsolete in ten years. What we do know is that the production of batteries ravages the earth, pollutes the atmosphere and puts us at the mercy of our adversaries. And, as a nation, we should be asking ourselves: Why would we want to continue along that route?