

## Six Reasons Car Dealers Need e-Bikes

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ALWAYS Bikes, a division of eBliss Global

### 1. Hyper-efficient Return on Invested Capital (HEROIC)

Every dealer would love (NEED) to grow revenue, but at what cost? With higher interest rates these days, smart businesspeople need to analyze investments not only from a total return standpoint, but also from a use of capital ROI. The table to the right shows a comparison between an ALWAYS e-bike and new and used vehicle data

ROI Comparison			
ALWAYS Bikes ROI			
Sale	COS	GP	ROI
\$3,750	\$2,801	\$949	33.88%
Average New Vehicle ROI			
Sale*	COS	GP**	ROI
\$47,331	\$45,331	\$2,000	4.41%
Average Used Vehicle ROI			
Sale*	COS	GP**	ROI
\$29,586	\$27,086	\$2,500	9.23%
*Average new/used sale price data source: 2023 NADA Mid-year Report			
**Observation of industry average			

derived from NADA. It shows that from a pure return on capital perspective, selling an e-bike is much better use of capital than a car.

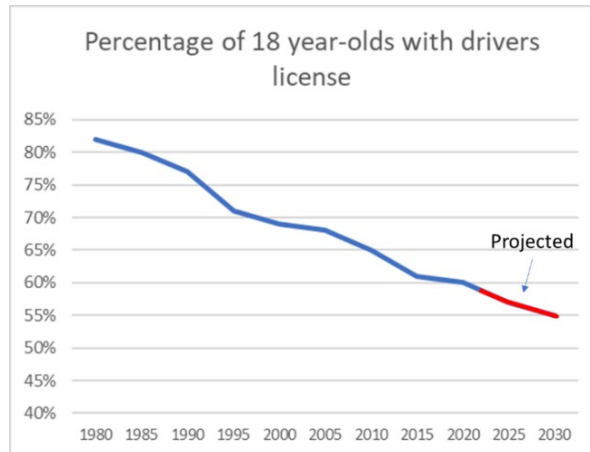
Looking at it differently, if you were to take the \$45,000 invested in a new vehicle and purchase e-bikes, you would have 16 units that would net you \$5,600 in gross profit, far greater than that of a single new or used vehicle. These are uncertain times, and "smart" investments will make the difference between winning and losing. HEROIC is not just an acronym, but a statement of fact for business operators that use their capital wisely.

### 2. Declining rates of driver's license acquisition

This fact should worry every dealer: when comparing the rates of young people obtaining driver's licenses with those of their parents, it is evident that there has been a decline. A study conducted by the Federal Highway Administration found that in 2017, only 61% of 18-year-olds had a driver's license, compared to 80% in 1983. This data suggests a significant shift in the behavior of young people regarding driver's license acquisition; in fact, there is a growing trend of putting off getting



their driver's license until deep into their 20's. According to a study by the University of Michigan, the percentage of 16- to 44-year-olds with driver's licenses decreased from 91.8% in 1983 to 76.7% in 2014.



Source: University of Michigan, 2016.

Many factors are contributing to this, like socioeconomic ones such as student loan debt and a competitive job market, coupled with the ever-increasing cost of automobiles. The rise in alternative transportation options like Uber, an increase in the availability of public transportation and biking infrastructure, and the growing emphasis on environmental sustainability have influenced young people's transportation choices, reducing the desire for

vehicle ownership. This delay in obtaining a driver's license also means they delay vehicle ownership, keeping this large and important buying segment OUT of dealers' showrooms. However, dealers who offer alternative forms of affordable, eco-friendly transportation like e-bikes will have a leg-up by developing a brand relationship with these future car buyers during this period of not needing/wanting an automobile.

### 3. Meet the consumer demand for alternative forms of transportation

Alternative transportation solutions such as e-mobility are very desirable, yet electric vehicles have not taken off like people predicted. For dealers, this might be good news, as the cost to offer this uncertain product is very high. Charging stations, battery storage, special tools, and marketing pressure from the OEMs have made getting into the EV business a very expensive, unattractive proposition for dealers. There are some who believe that EVs will never take off in the US as they have in other parts of the world. Other than very densely populated areas



#### **Ford Will Cut Planned Electric F-150 Production as Demand Slows**

Ford and other automakers have had to readjust their electric vehicle production plans because sales have been weaker than they had expected.

Source: The New York Times, December 12, 2023.



with short commutes, some experts predict that EVs will never gain mass adoption in this country.

This does not mean that consumers aren't looking for transportation alternatives that reduce their environmental impact and better fit their lifestyle. In fact, cultural shifts and lifestyle changes have impacted people's attitudes towards driving in general. The rise of social media and virtual connectivity has altered social interactions, reducing the need for physical mobility. Moreover, the increasing focus on work-life balance and the desire for flexible work arrangements have led some individuals to prioritize alternative modes of transportation that align with their lifestyle choices.

The concept of the 15-minute lifestyle is quickly becoming a desire/reality for many. People are looking to develop a life that puts every aspect (work, entertainment, shopping, healthcare, education, etc.), within 15 minutes of their home. This concept got a huge boost during the recent pandemic, when many people realized they preferred this home-centric lifestyle. E-mobility in the form of an e-bike will quickly become a staple in the diversified garage, where the primary mode of daily transportation will shift from four wheels to two.

#### 4. Catch the wave, don't get crushed by it

Out of nowhere, e-bikes have become the fastest-growing segment in transportation. Taking a cue from Europe, e-bike sales are on a tear in the US. In 2023, US consumers purchased 1.8 million e-bikes, roughly 12% of the number of



cars and trucks (15 million). This is a staggering number when you consider that e-bikes are just starting to find their place in this country.

Source: The Wall Street Journal, September 28, 2022.

As the leader in supplying transportation for over a century, car

dealers are the obvious choice to take on this new chapter in transportation. US e-bike sales have grown over 400% in the last three years. In 2022, e-bikes generated \$885.5 million in sales, and when the dust settles, 2023 is expected to eclipse the \$1 billion dollar mark. And this unprecedented growth occurred despite a quite



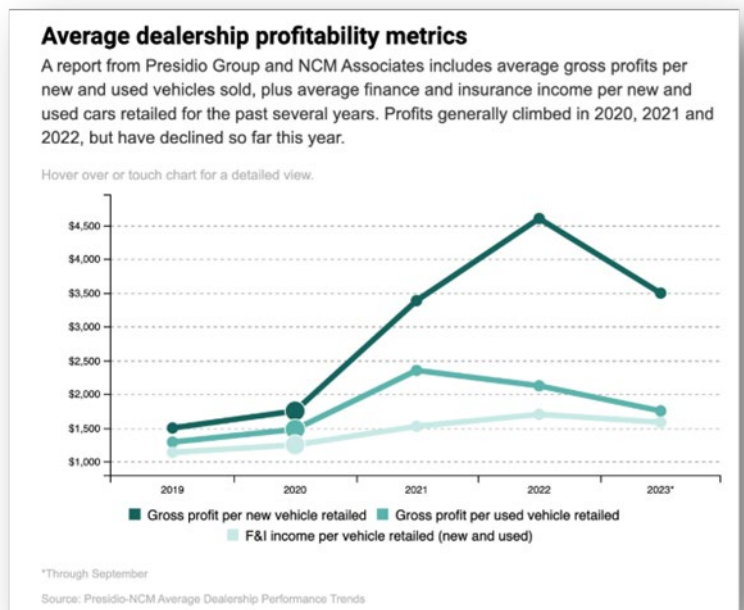
disjointed and immature retail network, with products that aren't very good. As people continue to transition to a 15-minute lifestyle, this growth is likely to accelerate in the years ahead, and demand for quality products will increase.

## 5. Diversify revenue to protect your future

Dealers have endured a lot of changes over the years, but many experts are predicting that the next decade could be the most difficult yet for automobile dealers. Many of the factors outlined earlier in this paper will play a role. Declining vehicle ownership, increasing vehicle prices, the impact of electric vehicles, and more, will present challenges for dealers. And for the first time in a long time, other aspects of the dealer's business—like service, parts, and finance—will also be under attack with the changing transportation landscape.

Possibly the biggest threat looming is the potential for alternative distribution models that many OEMs are exploring. With that said, dealers need to look for

alternative forms of income to help mitigate future risk. The biggest opportunity is to leverage what they have: an established transportation business, a professional retail environment, and a lot of customers. New car dealers currently dominate the sale of transportation needs to consumers, generating over \$1.7 trillion in sales per year. Every day, a whopping 2.3 million consumers spend money in a car dealership. This makes dealerships the perfect platform to capture a large portion of the exploding e-bike market. Much like when new vehicle brands came to the US, if dealers turn their attention to this alternative transportation offering now, they can quickly dominate the space, giving dealers a whole new business, inside their business, to rely on for a bright future.

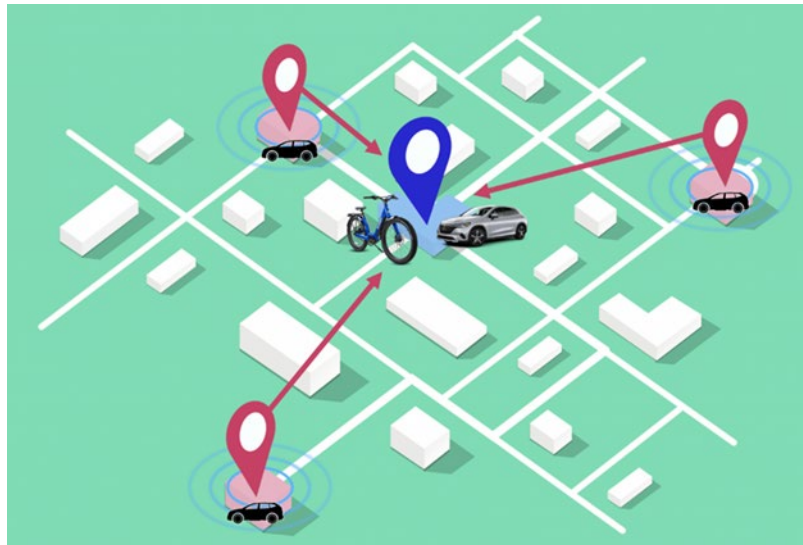


Source: Presidio Group/NCM Associates



## 6. A Trojan Horse for conquering

Every dealer knows the importance of conquering new customers, especially from competing brands. Getting in on the ground floor of the e-bike craze will give participating dealers a huge opportunity to develop a commercial relationship with



consumers who are not buying vehicles from them today. ALWAYS Bike dealers will be the **ONLY** retailer in their assigned PMA, meaning they will not only be selling to consumers who buy their brand of vehicle, but to their competitors, as well. Imagine people who drive competing

brands coming to your lot to see an e-bike! The marketing possibilities are endless, and this will be a powerful opportunity to not only add the revenue from e-bikes sales, but sell more vehicles, as well.

To learn more about adding e-bikes to your sales portfolio, call us at 888 341 6450, or visit us online at [www.alwaysbikes.com](http://www.alwaysbikes.com).

