

An Examination of the AFV Resale Market



U.S. Department of Energy

Moderator:

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The Additional Cost of Doing Business with AFVs

- The incremental price of the AFV
- The unique support before and after the sale
- The supporting infrastructure
 - The right fuel
 - The right place
 - For the right customer
- The “decremented” value on resale

Decremental Resale Value?

- Customers often decry the incremental cost of AFVs – especially gaseous fuels
- Fleet managers depend on cash earned on the sale of “old” vehicles to fund the purchase of new vehicles.
- Until recently, few acknowledged the impact of low resale prices to the total life cycle cost of AFVs.
- Lower resale values result in higher leasing rates and higher ownership costs

Simplified Illustration

Gasoline

- Purchase \$16,000
- Incremental \$0
- Total purchase \$16,000
- Resale at book \$8,000

- Capital Cost of Ownership \$8,000

AFV (gaseous)

- Purchase \$16,000
- Incremental \$4,000
- Total purchase \$20,000
- Resale at 50%
of book \$4,000

- Capital Cost of Ownership \$16,000

Evidence

- Limited quantities of AFVs have reached the resale market
 - Mostly old-technology conversions
 - Mostly “inside” or private sales
- None of the industry tracking companies report AFV resale data
 - VINs reflect pre-conversion engine types
 - Data may exist but is very difficult to recover
- GSA – largest buyer of AFVs and soon to be largest seller – does not report AFV sales data

Anecdotal Evidence

Universal:

- Flexible fuel vehicles sell at book

Depending on the market:

- Bi-fuel vehicles sell at 20% discount from book – many gaseous systems are removed or ignored by new owner
- Some dedicated fuel vehicles sell at 40% to 60% discount from book
- Other dedicated fuel vehicles commanding higher resale values (Ford dealer web auctions, eBay, BC Gas)

Buy Low – Sell High

- A few entrepreneurs have discovered there is great profit in the purchase and subsequent remarketing of used AFVs to identified customers anxious to get AFVs without the sting of the incremental price.

What Market?

- Formal system for the marketing of used AFVs does not exist
- Informal system does not provide uniformly fair pricing for sellers or buyers
 - Not public
 - Not reliable
 - Does not establish residual values
- Numerous organizations sponsor marketplaces
 - Not within traditional auto industry market process
 - Not advertised or marketed to buyers or sellers

Today's Panel

- Lee Grannis – The Conventional Resale Market
 - Greater New Haven CC Coordinator
 - Steven's Auto Group (DaimlerChrysler & Ford)
- Beth Ardisana – Ford's Experience Reselling AFVs
 - Ford AFV Sales and Marketing
- Lander Allin – Changes in Federal Remarketing of Fleet Vehicles
 - General Services Administration, National Remarketing Manager

Clean Cities Conference

Biology 101

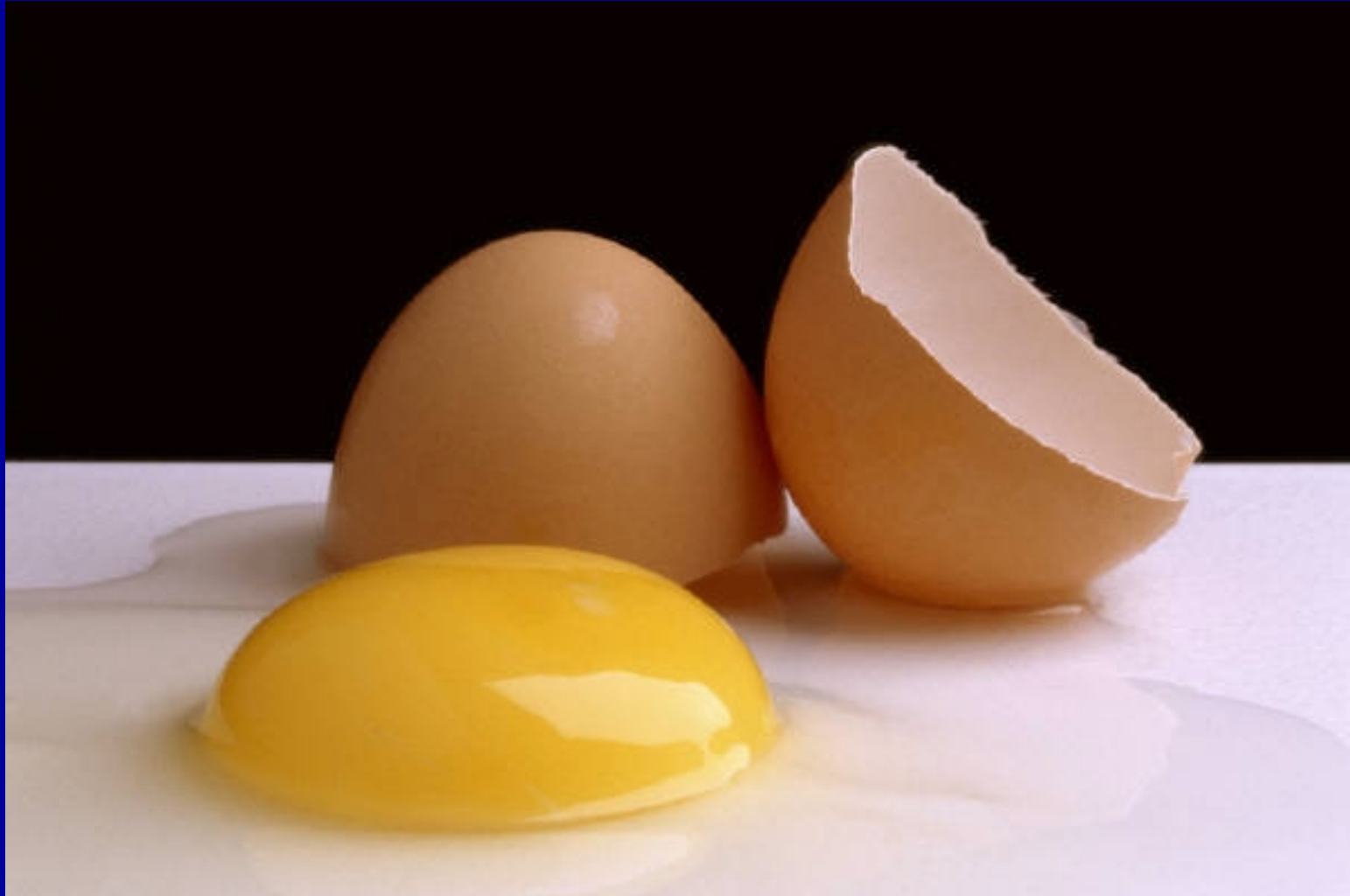
- Chickens
- Eggs
- Related Creatures

A Chicken (Technically a Cock)



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An Egg (Technically a Broken Egg)



My Kind of Chicken





A Dinosaur
(Child and Stegosaurus)
Dinosaur = Extinct





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