Understanding the motivators and barriers to using Biofuel blends

February 2008
Agenda

- What we did
- Overview of key findings
- The next steps
What we did

Methodology – Qualitative
- Six group discussions (male/female, urban/rural, range of lifestages, range of knowledge)
- Eight key influencer depths (Mechanics, car salesmen, fuel station manager, mix of urban/rural locations).

Methodology – Quantitative
- Online using Nielsen’s Your Voice panel (over 25,000 New Zealanders)
- Sample of 750 respondents
- Quotas based on age / gender breakdown of licence holders (from LTSA data)
- Maximum margin of error ± 3.6%
An overview of the findings
## Insights

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| What are the motivators and barriers to uptake?                         | **Motivators:** Environmental benefits, less reliance on overseas supplies of fossil fuels, reduced cost  
**Barriers:** Knowledge/information                                         |
| What needs to happen to build confidence in Biofuels?                   | Reassurance it is proven, can be used in my car, won’t damage my car, it is good for the environment |
| Who do people trust as sources of information about Biofuels?           | Consumers Institute, AA, their mechanic, car manufacturers                                   |
Almost everyone (93%) has heard of ‘biofuels’ and 63% and 56% have heard of ‘bioethanol’ and ‘biodiesel’ respectively.

Q6: Have you heard of any of the following types of fuel?

- Biofuel: 39% Yes, 59% Don’t Know, 2% No
- Bioethanol: 50% Yes, 49% Don’t Know, 1% No
- Biodiesel: 23% Yes, 76% Don’t Know, 1% No

Base: All respondents 2005 (n=692), 2007 (n=750)
Despite many people having heard of these terms, familiarity is very low.

Q7: How familiar are you with [type]? Would you say you...

<table>
<thead>
<tr>
<th>Fuel</th>
<th>100</th>
<th>80</th>
<th>60</th>
<th>40</th>
<th>20</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biofuels</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Base: Respondents who have heard of this fuel</td>
<td>14%</td>
<td>56%</td>
<td>27%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Bioethanol</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Base: Respondents who have heard of this fuel</td>
<td>19%</td>
<td>53%</td>
<td>24%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Biodiesel</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
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<td>17%</td>
<td>52%</td>
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<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
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</table>
Most people still have the fundamental questions unanswered.

- What are Biofuels?
- Where have Biofuels come from and what research has been done?
- Is it ok to use it in my car and what guarantees are there that it won’t do any damage?
- Is it a fad or will it still be around in a year’s time?
- How much does it cost compared to current fuels?
- What difference will they make to the environment?
- Is it a good thing – for me and the environment?
The majority of people are open to the concept of Biofuel. Their interest predominantly driven by scarcity of oil and rising fuel costs.

**Q8+9: Do you generally support or oppose biofuel blends being available for sale in New Zealand?**

<table>
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<tr>
<th>Pre-information (n=695)</th>
<th>Post information (n=746)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly in favour</td>
<td>41%</td>
</tr>
<tr>
<td>Somewhat in favour</td>
<td>42%</td>
</tr>
<tr>
<td>Neither in favour nor opposed</td>
<td>15%</td>
</tr>
<tr>
<td>Somewhat opposed</td>
<td></td>
</tr>
<tr>
<td>Strongly opposed</td>
<td></td>
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</table>

Base: All respondents excluding 'No opinion / Don't Knows'
The likelihood of purchasing increases dramatically when biofuel is the same price as normal fuel. These figures have also significantly increased since 2005.

Q18+19: How likely are you to use a biofuel blend in your vehicle, assuming first that it was 3 cents more expensive than your normal fuel, and then the same price?

**Cost 3c higher**
- Very likely: 12%
- Quite likely: 30%
- Neither likely nor unlikely: 24%
- Not very likely: 24%
- Not at all likely: 10%

**Cost the same**
- Very likely: 50%
- Quite likely: 28%
- Neither likely nor unlikely: 14%
- Not very likely: 4%
- Not at all likely: 4%

*Base: All respondents (n=750)*
However, initial take-up likely to be slow, using biofuels currently feels like a risk

- Manufacturers are not supporting / providing clarity / advice
- Manufacturers are not supporting / providing clarity / advice
- No one I know has tried it and endorsed it
- No one taking responsibility to tell me if ok to use it in my car or not
- New product (still in developmental phase) New Zealand product different to overseas product – don’t want to be the guinea pig – wait for glitches to be ironed out
- No proof / hard New Zealand evidence saying it’s ok to use on our cars
- Have to have a new car and I’ve got an older car
- Cars are not designed for this new fuel – next generation of cars will be
- Lack of confidence communicated via its launch – just a trial – one, smaller service station offering it only in Auckland
- Come from nowhere – no overseas experiences / evidence to say it’s ok
- Negative PR regarding potential problems

Ultimately, for many it’s just about time and familiarity. They don’t necessarily want to be informed and persuaded with lots of information they just want Biofuels to stand the test of time and become mainstream – when other people are using it and telling me about it then I know it’s ok.
People tend to agree more with the patriotic motivators that involve advantages for New Zealand as a whole. The majority are ‘unsure’ on the other statements.

Q13: And to what extent do you personally agree or disagree with each of these reasons in favour of using biofuels?

- **Biofuels reduce New Zealand’s reliance on oil imports**
  - Strongly disagree: 4%
  - Disagree: 25%
  - Unsure: 12%
  - Agree: 47%
  - Strongly agree: 35%

- **Biofuels are renewable and using them will benefit the environment and help preserve New Zealand for future generations**
  - Strongly disagree: 5%
  - Disagree: 2%
  - Unsure: 18%
  - Agree: 43%
  - Strongly agree: 33%

- **Major car manufacturers endorse the use of biofuel blends in new vehicles**
  - Strongly disagree: 3%
  - Disagree: 8%
  - Unsure: 53%
  - Agree: 26%
  - Strongly agree: 9%

- **You can use biofuel blends in your car without modification**
  - Strongly disagree: 5%
  - Disagree: 10%
  - Unsure: 55%
  - Agree: 21%
  - Strongly agree: 9%

- **Using biodiesel can result in better fuel lubrication and reduced deposits in your engine**
  - Strongly disagree: 4%
  - Disagree: 67%
  - Unsure: 20%
  - Agree: 5%
  - Strongly agree: 0%

*Base: All respondents (n=750)*
Suitability and the cost of biofuels are of the most concern to drivers.

Q15: To what extent do you personally agree or disagree with each of these reasons against using biofuels?

- **Biofuels are unsuitable for use in older vehicles**
  - Strongly disagree: 15%
  - Disagree: 23%
  - Unsure: 31%
  - Agree: 36%
  - Strongly agree: 8%

- **Biofuel blends may be more expensive than normal petrol or diesel**
  - Strongly disagree: 11%
  - Disagree: 35%
  - Unsure: 36%
  - Agree: 8%
  - Strongly agree: 6%

- **I would be worried that the performance of my vehicle would be worse using a biofuel**
  - Strongly disagree: 32%
  - Disagree: 19%
  - Unsure: 35%
  - Agree: 6%
  - Strongly agree: 8%

- **The product is too new and I’d like to wait a while to see how others find it**
  - Strongly disagree: 23%
  - Disagree: 38%
  - Unsure: 36%
  - Agree: 6%
  - Strongly agree: 8%

- **Using biofuel will make little difference to the environment**
  - Strongly disagree: 6%
  - Disagree: 41%
  - Unsure: 31%
  - Agree: 10%
  - Strongly agree: 3%

*Base: All respondents (n=750)*
For the majority, Biofuels were perceived as offering no personal benefit

- Given current levels of awareness and understanding Biofuels is generally believed to offer **no personal benefit**
  - In fact it is associated with potential personal cost

- More expensive to buy the fuel compared to current fuels (at least in short term)
- Potential for problems in the short term or long term and associated cost of fixing / extra maintenance
- Negative impact on performance and possibly fuel economy

- Given there is ‘**nothing in it for me**’ – the only other possible motivation is the environmental benefit
  - As such, people differ in terms of their attitudes and the extent to which they place environmental consideration as a priority
  - In addition, they differ in terms of the extent to which they believe in (or not) the environmental promise of Biofuels
In addition to the mere passing of time, there are many ways to build confidence

- Overseas experiences / examples of Biofuels working well / successful / being adopted
- Government getting behind it and signalling they believe in it – walking the talk i.e. committing all Government vehicles to using Biofuels
- Car manufactures getting behind it and endorsing Biofuels - my car’s manufacturer confirms it is ok for my car - they say and demonstrate that they support and trust Biofuels i.e. their whole fleet runs on it and the cars are running well
- Tested and endorsed by high profile New Zealand people / businesses that rely on their cars / or know a lot about cars and who have no personal interest in Biofuels i.e. Co-op cabs sponsored for a month by Biofuels – tested on all sorts of cars / high mileage / real life
- Definitive list published of cars which can and can’t use Biofuels by AA / car manufacturers – responsibility being taken at an industry level to provide some certainty
- NZ tested and recommended by independent body i.e. AA or Consumers’ Institute – proven in NZ over a reasonable length i.e. ‘real life’ tests on a range of cars for at least a month
- Major oil companies getting behind Biofuels i.e. Mobil / BP, Biofuels available across New Zealand – demonstrates they believe in it
- Independent and credible source of information and advice – could be Government if supported / endorsed by AA for example

High level of confidence = reassure me that Biofuels doesn’t represent a personal risk, I feel comfortable putting it in my car
Ultimately, standing the test of time carries the greatest weight in terms of building confidence.

High level of confidence

Time and familiarity will gradually build confidence
- As it becomes more mainstream, accepted and normalised people’s anxiety and concern will gradually subside

Low level of confidence

Currently confidence is low for the majority of people
- It’s too new and risky / too unknown and unproven at the moment
- ‘I don’t want to be the guinea pig’

For the majority, it is a matter of wait and see
- If it is still around in 6mths / a year time
- If it becomes available across multiple stations / across the country
- If it is popular
- If people I know are using it / endorsing it

Well it must be alright then
The most trusted sources are the Consumers Institute and the AA.

Q20: Thinking now about where you might get information about biofuels, how much would you trust what the following people or organizations say about biofuel blends?

- Consumers Institute: 79% trust a lot, 13% trust a little
- AA: 73% trust a lot, 18% trust a little
- Mechanic: 41% trust a lot, 32% trust a little
- Car Manufacturer: 44% trust a lot, 27% trust a little
- Govt: 44% trust a lot, 19% trust a little
- Media: 4% trust a lot, 18% trust a little
- Oil Co’s: 6% trust a lot, 14% trust a little

Base: All respondents, excluding ‘Don’t Knows’
Summary and conclusions

• Getting a major oil company on board, especially if offers Biofuels nationally, will go a long way in terms of normalising Biofuels
  – Becomes a viable proposition in terms of availability
  – Signals the industry is behind it / believes in it
• The more people see / hear about it being used the better in terms of making people feel more confident about it and making Biofuels appear more mainstream and accepted
  – Get the ball rolling in as many visible and high profile ways as possible (especially amongst people / commercial organisations which need reliability)
• In terms of information, the piece of information that is most likely to help people move from contemplation through to action is an ‘official’ industry agreed list of cars (makes and models) that can and can’t use Biofuel blends
• Consider designing communications with men as primary audience and women as secondary audience
  – Suspect often will be the man in the household that ends up evaluating/making sense of incoming communications from a more technical perspective (although women may bring Biofuels to the table for discussion)
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