

HYBRID CARS: THE DRIVER OF FUTURE WORLD'S AUTOMOBILE MARKET (WITH RESPECT TO FOUR WHEELER CARS)

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Abstract

This research paper is mainly prepared to find out the alternative of conventional car powered by petrol and diesel. The research paper has described how hybrid cars are slowly dominating the global car market. It is also discovered that the price of hybrid cars are more than the conventional one, but the hybrid cars are more fuel efficient than the conventional cars. The paper also showed that hybrid cars are more cost efficient than conventional cars in terms of fuel cost savings of the customers.

It also portrayed the future of hybrid car market worldwide and concluded that in forth coming 5 years the hybrid cars are going to dominate the world car market. As of now hybrid cars are having a huge market in USA, European Countries and Japan. But in near future because of Government initiatives by various countries hybrid cars will acclaim a powerful position in Asia-Pacific countries especially in India and China.

Keywords: *Hybrid Cars, Evolution, Conventional Cars, Emission.*

Introduction

The Automobile Industry is a pedestal of the global economy. It is consider to be a main chauffeur of macroeconomic growth and stability. It boosts the technological advancement in both developed and developing countries, along with providing support to many adjacent industries.

The automotive industry consists of wide range of companies and organizations involved in the design, development, and manufacture, marketing, and selling of motor vehicles. It is one of the world's most important economic sectors by revenue. The automotive industry does not include industries dedicated to the maintenance of automobiles following delivery to the end-user, such as automobile repair shops and motor fuel filling stations. The term automotivewas created from Greek 'autos' (self), and Latin 'motivus' (of motion) to represent any form of self-powered vehicle. This term was proposed by SAE member Elmer Sperry.

A Brief History of evolution of Cars

The first electric vehicle invented by **Mr. Robert Anderson** of Aberdeen, Scotland during 1839. But In the late 19th and very early 20th centuries, back when the idea that cars must run on gasoline wasn't yet set in stone, inventors tinkered with a number of ways in which automobiles could be powered -- including electricity, fossil fuels, steam and combinations of these things. During 1900, **The Lohner-Porsche Elektromobil** makes its debut at the Paris Exposition. Although initially a purely electric vehicle, designer Ferdinand Porsche soon added an internal combustion engine to recharge the batteries, making it the first hybrid electric vehicle. The Woods Motor Company introduces the **Woods Dual Power**, a hybrid electric vehicle (with a 4-cylinder internal combustion engine) in 1917. The Dual Power had a top speed of around 35 miles per hour (56.3 kilometres per hour). But it did not reach to the success. All the while in 1968, GM developed the **GM 512**, an experimental vehicle that runs on electricity at low speeds and gasoline at high speeds. Audi also introduced **Audi Duo** during 1989 which combined with 12-horsepower electric motor and with a 139-horsepower internal combustion engine. **Toyota Prius**, the first successful electric cars went on sale in USA amid of 1997 followed by **Honda Insight** in 1999. In the 20th century the electric vehicles started penetrating the world's automotive market with **Honda Accord Hybrid** (2002) and **Ford Escape** by Ford (2004).

Market of Hybrid cars Worldwide

“We developed the first-generation Prius with the aim of making it a car for the twenty-first century and as an indication of Toyota's response to environmental issues. We had to develop a hybrid system from scratch, making our task extremely difficult. Nevertheless, we took on the challenge. The launch of the first-generation Prius had effects beyond our expectations, with the vehicle increasing consumer environmental awareness and raising hybrid vehicle expectations. The understanding of consumers at launch time laid the foundation for the widespread adoption, and, since then, consumers have continued to support TMC hybrid vehicles. For this, I am extremely grateful.”- Takeshi Uchiyamada, Vice Chairman, Toyota Motor Corporation.

Chart2: Global Hybrid Car Market by Volume from 2000- 2015:



Sources: GBI Research¹.

The above chart is showing the increasing trend in hybrid car market globally. According to the report, “Electric Vehicle Market Forecasts”, by 2017, 3.1 percent of global auto sales will be hybrid and plug-in hybrid electric vehicles. According to this report the then world hybrid-electric vehicle industry will be worth of \$2.8 billion.

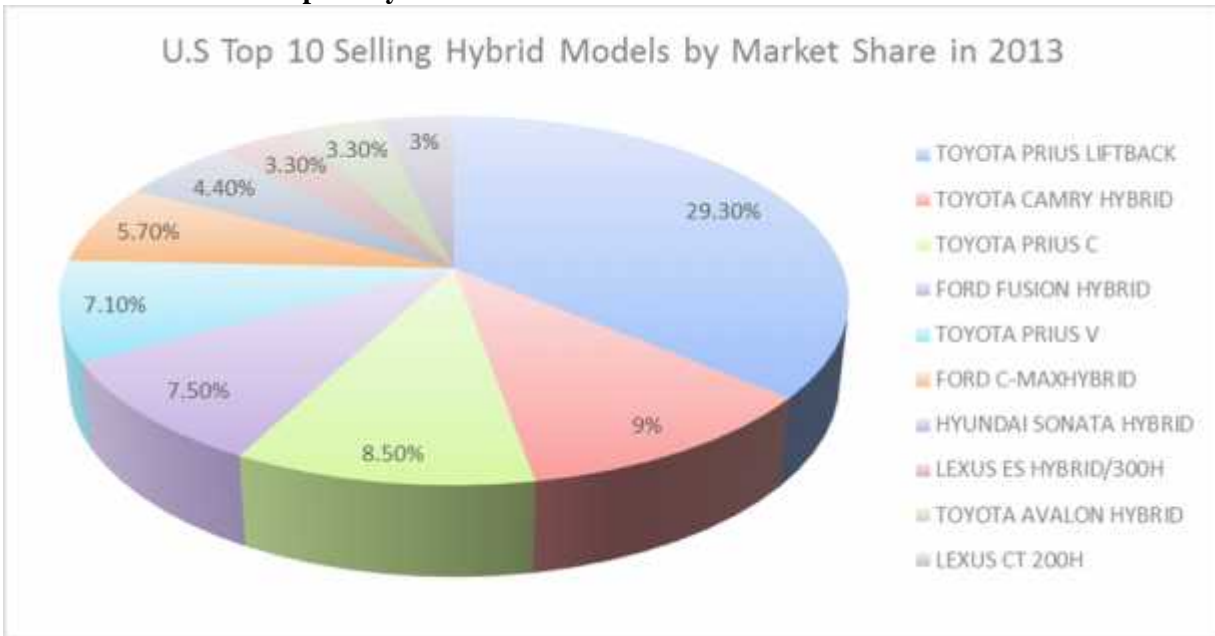
- **US Market:** The fleet of hybrid electric vehicles in the United States is the largest in the world. Cumulative sales passed the 2 million mark in May 2011. In 2012, total 43,690² units of Hybrid cars sold in USA which was 31,100 units in December, 2011. The Toyota Prius family is the market leader with 2,22,140 units³ sold through December 2013, representing a 44.9% market share of total hybrid sales in the U.S. Out of the 5.125 million hybrids sold by Toyota Motor Company worldwide through March 2013, the United States accounted for 38% of Toyota Motor Corporation global hybrid sales.

¹ Source: The Green Market Oracle. Retrieve from <http://www.thegreenmarketoracle.com/2011/12/global-demand-for-hybrid-vehicles.html>.

² Source: ‘December 2012 Dashboard’- Jeff Cobb, dated 8th January, 2013. Retrieve from <http://www.hybridcars.com/december-2012-dashboard>.

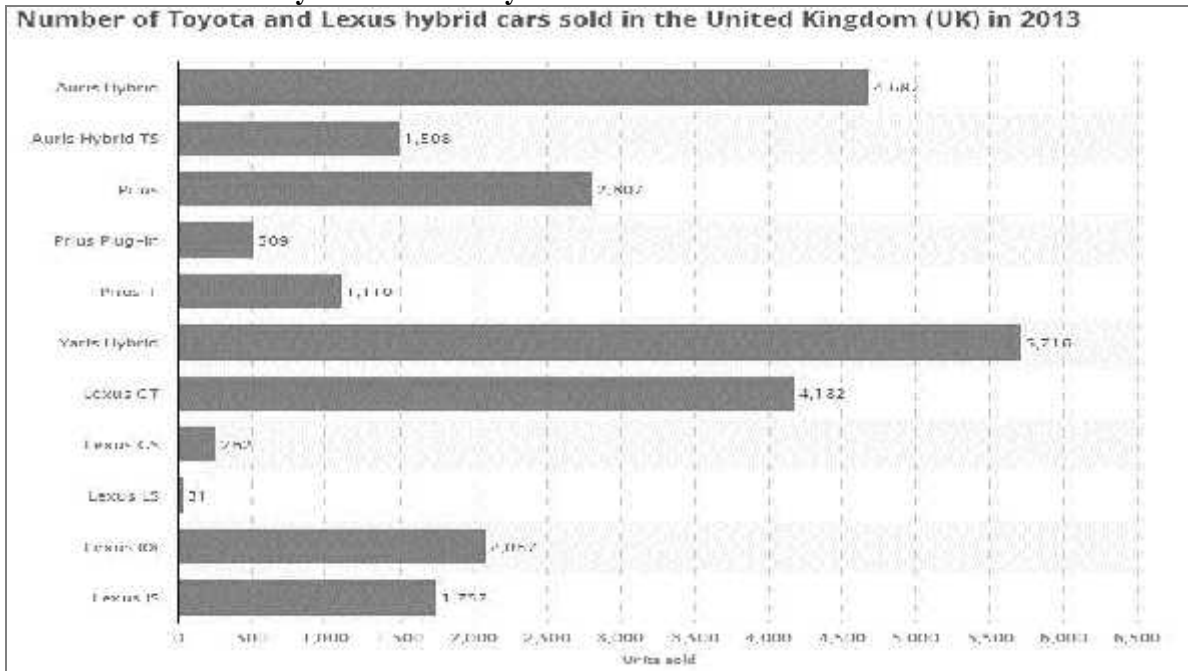
³ Source: ‘December 2013 Dashboard’- Jeff Cobb, dated 6th January, 2014. Retrieve from <http://www.hybridcars.com/december-2013-dashboard>.

Chart3: Market Share of Top 10 Hybrid Models in USA in 2013:



- Market in United Kingdom:** During 2013, the total new car registered in UK 22, 64, 737 units, out of this total hybrid cars registered (including Petrol/electric and Diesel/electric) was 6698⁴ units. In 2013, Toyota Prius sold 2807 units and 1110 units of Prius+ sold in UK. 4182 units of Lexus CT sold in UK during 2013 followed by Lexus RS and Lexus ES.

Chart4: Various Models of Hybrid Cars of Toyota sold in UK in 2013



⁴ Source: ‘December 2013 – EV registrations’- The Society of Motor Manufacturers and Traders (SMMT), dated 7th January, 2014. The data retrieve from <http://www.smmt.co.uk/2014/01/december-2013-ev-registrations/>.

- **Japanese Market:** Toyota's hybrid sales in Japan since 1997, including both Toyota and Lexus models, crossed the 1 million mark in July 2010⁵ and reached 2 million⁶ in October 2012. Cumulative sales of the original Prius in Japan reached the 1 million mark in August 2011 and sales of the Prius family vehicles reached 1,639,800 units in October 2012. Toyota Motor Company announced that cumulative global sales of its hybrid cars touched the 6 million unit mark as of 31st December, 2013. During 2013, total 6, 79,100 units⁷ (including Prius and Lexus) of hybrid vehicles had been sold in Japan.
- **Indian Market**
“What makes cities in India and China so frustrating to drive in – heavy traffic, aggressive driving style, and few freeways – makes them ideal for saving fuel with hybrid vehicles.”- Researchers at the US Department of Energy’s Lawrence Berkeley National Laboratory (Berkeley Lab).
 The hybrid car market still not much existed in Indian automotive market. Though Mahindra Reva e2o has been introduced in Indian car market on March, 2013.

Comparison between Hybrid and Conventional Cars (With respect of USA):

In recent world more than 60 models of hybrid cars are available by various automotive companies, out of which some models are still existed with new specifications (Toyota Prius) and some models are discontinued (Toyota Volta, 2008 Lexus RX 400h etc.). The underneath table has shown the comparison of hybrid cars and non-hybrid cars of the same model.

- **Cost of the car:** From the price/cost point of the view the price of hybrid cars are little bit higher than the non-hybrid cars. Toyota Prius, the first and the most popular hybrid car in whole world. The price of hybrid Prius is higher than the non-hybrid Prius. The same figure can be seen in the other mentioned models by various companies also.
- **Miles per Gallon:** For every customer one of the most important factor before purchasing a car is miles per gallon of the car. It’s not only control the fuel efficiency but also indicates how much one customer has to spend to run his car annually. So, according to the beneath table the hybrid cars are covering more distances/miles per gallon than the non-hybrid cars. Toyota Prius, the most acknowledged hybrid car in worldwide which is covering 50 miles which is much higher than the miles covering by 2014 Toyota Camry LE (32 miles/gallon). Lexus ES 300h (hybrid) is also covering 40 miles/gallon whereas the non-hybrid one is covering only 24 miles/gallon. The same picture can be seen in other models by various companies.
- **Fuel Cost Savings (Monthly & Yearly):** The fuel cost savings is another most important factor which is considered by each and every car purchaser. All the hybrid cars help the customers to save the fuel cost. If any customer is buying Infinity Q70, he/she can save \$926/year and \$77.17/month, though the price of hybrid model is little bit higher than the non-hybrid one. In case of Toyota Prius one customer can save \$563 per year. The scenario can be seen in case of other models of hybrid cars by various companies.

⁵ Source: ‘Sales in Japan of TMC Hybrids Top 1 Million Units —Global Sales Pass 2.68 Million Units.’- Toyota Global Newsroom, dated 5th August, 2010. Retrieve from <http://www2.toyota.co.jp/en/news/10/08/0805.html>.

⁶ Source: ‘Cumulative Sales of TMC Hybrids Top 2 Million Units in Japan-Global Cumulative Sales Surpass 4,600,000 Units.’- Toyota Global Newsroom, dated 8th November, 2012. Retrieve from http://www2.toyota.co.jp/en/news/12/11/1108_1.html.

⁷ Source: ‘Worldwide Sales of Toyota Hybrids Top 6 Million Units ’- Toyota USA Newsroom, dated 14th January, 2014. Retrieve from <http://corporatenews.pressroom.toyota.com/releases/worldwide+toyota+hybrid+sales+top+6+million.htm>.

Table2: Comparison between Hybrid Cars and Non-Hybrid Cars of same model (in 2014)

Car Models	Price		Miles Per Gallon		Fuel Cost Savings in \$	
	Hybrid	Non- Hybrid ⁸	Hybrid	Non-Hybrid	Monthly	Yearly
Toyota Prius	\$19,890	\$17,629	50	32	46.92	563
Toyota Camry XLE	\$29,435	\$ 26,620	40	29	41.75	501
Nissan Pathfinder 4WD SV	\$36,900	\$33,900	27	21	42.58	511
Ford Lincoln MKZ	\$36,085	\$36,085	38	26	52.08	625
Lexus ES 300h	\$39,500	\$36,620	40	24	69.33	832
Kia Optima LX	\$26,135	\$22,300	38	27	47.08	565
Infinity Q70	\$55,650	\$49,600	31	21	77.17	926
Hyundai Sonata Limited	\$31,560	\$30,810	37	28	41.33	496
Honda Civic w/Nav	\$26,135	\$ 24,240	45	33	35.67	428
Honda Accord Touring	\$35,695	\$34,270	47	26	78.08	937

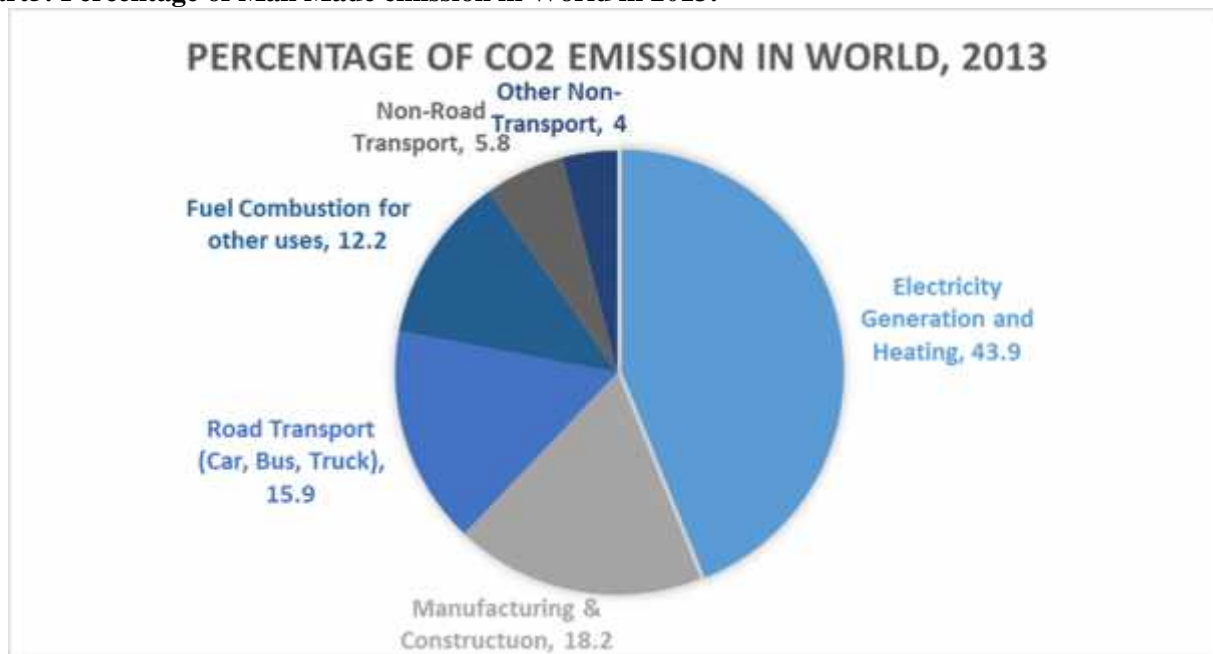
Source: Retrieve from <http://www.fueleconomy.gov/feg/hybridCompare.jsp>. Data Collected from U.S. Department of Energy's Alternative Fuels Data Center.

- CO₂ Emission and Hybrid Car: Now a day's pollution is a major concern for each and every country. Hybrid cars are mainly manufactured to reduce the pollution. As per the underneath figure 43.9% CO₂ emits from electricity generation worldwide. Again manufacturing & construction (18.2%) and road transport (15.9%) are hold 2nd and 3rd position in CO₂ emission.

“With more than 50 hybrid vehicle models from various manufacturers available in the US today, hybrids on the road are saving nearly 500 million gallons of petroleum annually in this country.”-

Tony Markel, senior engineer with the National Renewable Energy Laboratory (NREL).

Chart5: Percentage of Man Made emission in World in 2013:



⁸ Toyota Prius does not have any non-hybrid model in the market. So, it compared with 2014 Toyota Camry LE which is a non-hybrid one.

Source: Organisation Internationale des Constructeurs d’Automobiles, (OICA)⁹.

“Driving a car is the single most polluting thing that most of us do. Therefore, reducing vehicle emissions should be near the top of the green agenda. One of the priorities must be to reduce the amount of Carbon dioxide, otherwise known as CO₂, emitted into the environment. Carbon dioxide is one of the main greenhouse gases, and there is strong evidence that greenhouse gases are causing climate change.” - The U.S. Environmental Protection Agency (EPA).

Table3: Reduction of Green gas and CO₂ by Hybrid Cars (in 2014):

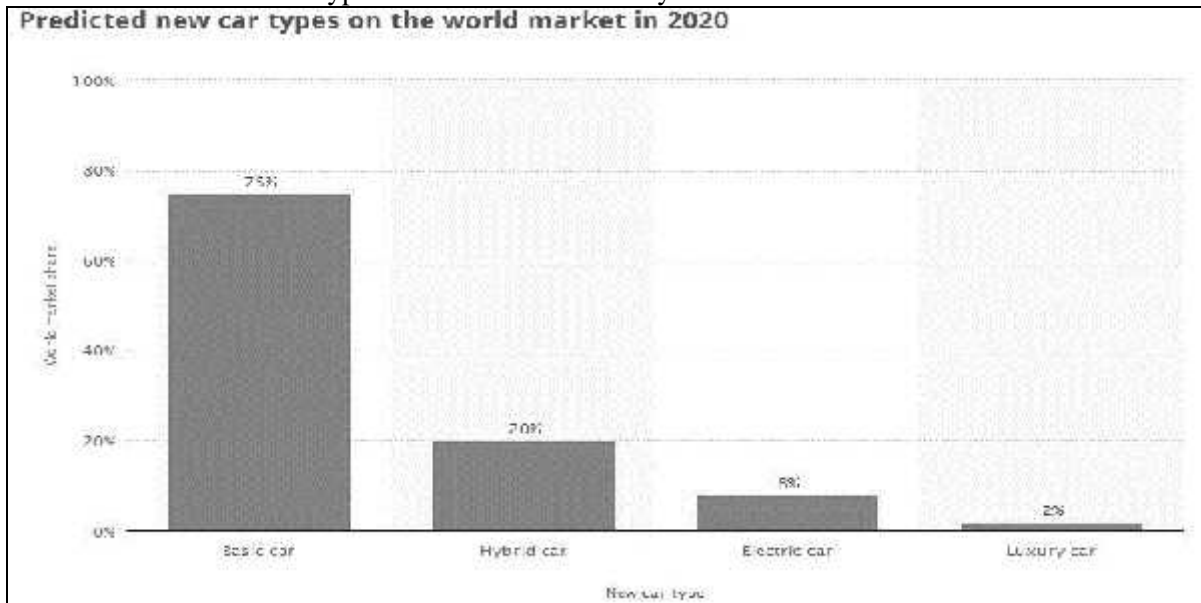
Vehicle	Gas Reduction (%)	CO ₂ Reduction (%)
Toyota Prius	38	42
Honda Civic Hybrid	28	31
Lexus RX 450H	28	30
Lincoln MKZ FWD Hybrid	31	36
Toyota Camry Hybrid	18	24
BMW Active Hybrid	11	6
Ford Escape Hybrid 4WD	19	24

According to the above table the mentioned models of Hybrid cars of various companies are reducing Greenhouse gas as well as CO₂. Toyota Prius is reducing 42% of CO₂ and 38% of Greenhouse gas. Lexus RX 450H is reducing 30% of CO₂ as well as 28% of Greenhouse gas. Other models of Hybrid cars are also following the same path.

Future of Hybrid Cars in World Car Market:

“Some people say hybrid vehicles such as the Prius are only a bridge to the future. But we think it could be a long bridge and a very sturdy one. There are many more gains we can achieve with hybrids.” - Takeshi Uchiyamada, Chairman, Toyota Motor Corporation.

Chart6: Prediction of Future car types on the World Market by 2020:

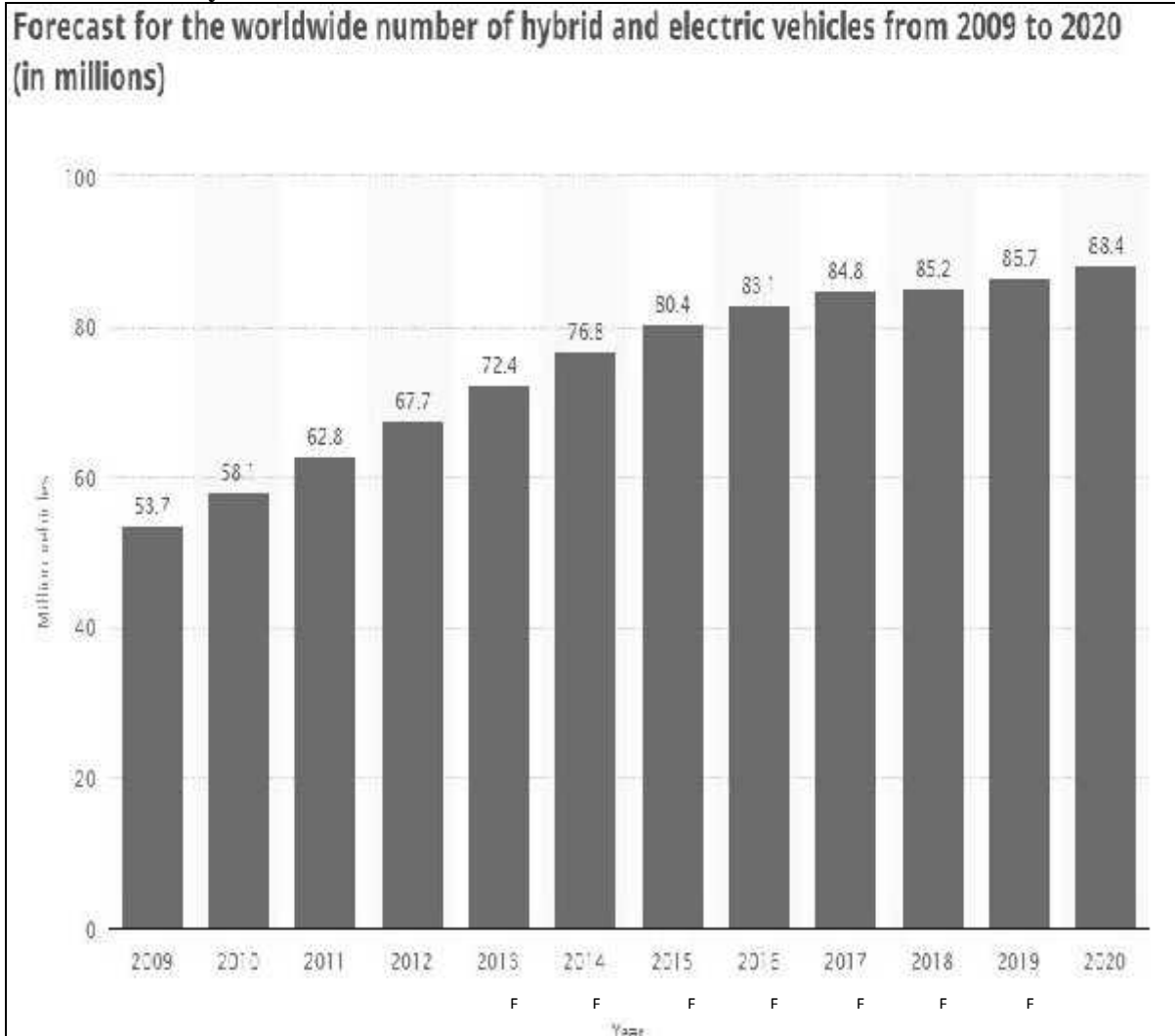


Source: Statista¹⁰. The above figure shows the future scenario of Hybrid Cars in world car market as of 2020. The 20% of the total car market will be dominated by the Hybrid Cars, though the basic cars will be the market leader.

⁹ Organisation Internationale des Constructeurs d’Automobiles” (OICA) is The International Organization of Motor Vehicle Manufacturers was founded in Paris in 1919. The data of man-made CO₂ emission worldwide retrieve from <http://www.oica.net/category/climate-change-and-co2/>.

The underneath figure is forecasting the increasing demand of hybrid and electric vehicle worldwide by 2020. The figure is showing an increasing trend in demand of hybrid and electric cars worldwide. In 2015, the total demand will be 80.4 million units worldwide which will increase to 88.4 million units by 2020. In forth coming 5 years the total demand of electric and hybrid vehicle will increase by 10.44%.

Chart7: Forecast of Hybrid cars and Electric vehicles worldwide from 2014-2020



Source: Statista.

The various researchers are expecting that the demand of hybrid cars will be doubled by 2020. According to the Freedonia, Group, a Cleveland-based research firm, by 2015, the Hybrid Electric vehicle will touch 4.3 million units worldwide. Recently, the cost variation among hybrid cars and conventional cars lies from \$1,000 to \$ 3,000, which is expected to be declined because of increasing demands of hybrid cars worldwide. According to the the Freedonia, Group, the demand of hybrid cars will be continued in USA, European market, Japanese market along with the emerging market in India and China. In future Japan will be the colossal market of hybrid cars because of the initiatives taken by the various government agencies in form of reduction of taxes and providing other incentives to promote the hybrid cars. Again in Asia-Pacific region China and South Korea will

¹⁰ Source: statista.com. Statista is the world’s largest statistics portal. Providing the access to relevant data from over 18,000 sources.

be the next substantial market for hybrid cars by cause of government initiatives in dealing with mobile emissions.

Conclusion

As petrol/diesel is a sub product of crude oil, the availability of petrol/diesel will constraint up to a certain limits. In forth coming years the quantity of crude oil will decrease drastically. The first result will be an enormous hike in pricing of petrol/diesel followed by unavailability of petrol/diesel to run all the conventional vehicle. The prime object of this research paper is to find out alternate ways to run vehicles (Four wheeler). The data is clearly indicating that in near future electric, gas and hybrid vehicles are going to dominate the world automobile market. Among of the alternatives the hybrid vehicle is most suitable one in terms of cost effectiveness, fuel effectiveness, and durability. As of now the hybrid vehicle market mostly confined in USA. But initiatives from the government of various countries in Europe and Asia-Pacific will build an emerging hybrid car market in future.

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