

# CHEVY VOLT: WHY DON'T PEOPLE UNDERSTAND TWO FOR THE PRICE OF ONE?

I'm a little amused by the uproar over the official announcement yesterday that the Chevy Volt will sell for \$41,000.

Yes, I know, very few people have that money in their pocket.

I'm amused, first of all, because GM has been saying for years—since before they were bailed out—that the Volt would cost “around” \$40,000. So you can bet that those who are shocked shocked! by this pricetag haven't been paying attention.

Another clue that they haven't been paying attention is the quick comparison with the Nissan Leaf. The Leaf, of course, is an electric-only car, with a 100 mile range. Want to drive home for the holidays? Better rent a car. Got planning issues somewhere in the vicinity of 90 miles since your last charge? Screwed.

But with the Volt, you get two modes of propulsion in one car, so that you can use electric only on a day to day basis (most commutes, according to GM, are under 40 miles), but then have the engine there when you need it. This car is designed to bridge people—and our country's infrastructure—to electric consumption.

Not to mention the fact that GM's efforts to [re]build—yeah, I know, it's their own damn fault—infrastructure for plug-ins may well be critical for cars like the Leaf. A company as big as GM—particularly one that has just been bailed out by a federal government interested in alternative energy—has more credibility when negotiating with municipalities about plug-in

infrastructure, which will make it more likely a Leaf owner will be able to find a plug when she hits that badly-planned 90th mile.

But the real reason I'm so amused is because this pricing isn't much different from the pricing of the Prius back when it was targeted to a small group of early adopters. Back then, GM decided not to produce a hybrid because it was too expensive to sell profitably to masses of people. Toyota, on the other hand, sucked it up and lost money for years as the market for it slowly grew and the costs for it slowly came down. That decision—and the halo accorded the rest of the company because of one long-unprofitable car—has been one of the most valuable things Toyota has done.

Finally, though, it's funny to see the shoe on the other foot. When GM decided not to embrace hybrids (stupidly), it said, over and over, "they're too expensive." It seems that critics (often forgetting how long the Prius remained unprofitable and significantly more expensive than other sedans) didn't believe them.

I guess now they do.