

Don't Let Someone Else's Profit Center Ruin Your Amenity

Every retail facility is looking for ways to attract customers and keep them shopping longer, whether it is offering free WiFi, children's play areas, water features, background music, valet parking, or some other amenity.

One of the most effective and proven ways to increase dwell time and average spend is to install electric vehicle charging stations. The data are compelling. Kohl's found that electric vehicle (EV) drivers spend about 20 more minutes in store than non-EV drivers, while another major retailer found EV drivers spend more than three times longer in store. With statistics like these, the ROI is much higher and much easier to calculate than many other amenities.

So now you've decided that you need to stay competitive and add EV charging, and you get a call with an offer from a service provider that sounds too good to be true. "Just lease us the space and we will put a charging station in for free. We might even pay you a little rent." Why wouldn't you want to let someone else pay for and manage a charging station on your property? The offer is compelling – no upfront investment in hardware, no maintenance fees, and no day-to-day management of a new technology. The thought of being completely hands off sounds pretty good, doesn't it?

As it turns out, this scheme can be a really bad idea that becomes a disincentive. While the station might be free to the property owner, someone has to pay for it, and in this model it is the electric car drivers. Because third party-owned stations don't benefit from the additional shopping revenue, they have to recover their costs via a big markup on the electricity (sometimes as much as 5x the cost). As a result, the cost to the driver is very high relative to other charging options. Unfortunately, once you start charging drivers as much as these third-party operators tend to, you lose all of the benefits for having it in the first place. Shoppers no longer linger and spend more, but instead become clock-watchers, eager to leave as soon as they have enough power to do so.

Even worse, most of the contracts with the third-party providers have long-term exclusivity clauses, which means you as the property owner lose all control and cannot take any action on your own if their solution is failing. In fact, one property recently told a national customer of ours they were prohibited from putting in their own charging station at their own cost due to an exclusivity clause with a third-party provider, regardless of the fact the other station would have been too far a walk to use conveniently. At another retailer, a third-party station has been out of order for 9 months with no repair in sight.

Then there is the issue of image. Overpriced charging fees paints you, the site host, as being greedy and unreasonable, since the driver may not realize it is really a third party station owner setting the price. Would you let a vendor charge \$10 per session for WiFi, or \$15 per child for the play area? If you did, why would you bother having those amenities in the first place?

If station management is the concern driving you to consider third-party ownership, a better strategy is to find a charging station reseller that offers station management and/or maintenance services for a reasonable annual fee. This way you retain control and the benefits of having a station, while outsourcing the day-to-day oversight.

While third-party ownership of EV charging stations on your site may seem like a great deal on the surface, the fact is that the host site rarely receives the promised benefit because the goals of simultaneously attracting shoppers while extracting substantial charging revenue from them at the same time are plainly incompatible. In the end, a "free" station can end up being detrimental to the electric car drivers and an unfortunate exercise in "green washing" for your property.

-- Jim Burness, CEO/GM, National Car Charging