

Impact on jobs in the vehicle trade and repair business 2030 / 2040

# Presentation of first study results with focus on change drivers and recommendations for action

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### Vehicle trade and repair in Europe, Germany and Baden-Wuerttemberg With 4 million employees in the EU, the business is central to value creation and prosperity

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New registrations	9.70 million	
Transfer of ownership	24.3 million	
Employees	3.95 million	
New registrations	2.62 million	
Transfer of ownership	6.70 million	
Employees	435.000	
New registrations	367.282	
Transfer of ownership	899.961	
Employees	78.300	

Vehicle trade and repair business as an employmentintensive branch of industry

Like the automotive industry, the vehicle trade and repair business is strongly affected by the transformation

What can be done to secure employment in the vehicle trade and repair business in the long term?





### Change in the value creation system

The vehicle trade and repair business at the center of technological, market and customer changes



#### Project setting and consortium

The study as an initiative of the Strategic Dialogue for the Automotive Sector in Baden-Wuerttemberg





### Methodological approach in the study

#### Analysis, prognosis and derivation of effects and recommendations for action in five work steps



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### Sectors of the vehicle trade and repair business Overview of the focused job profiles and key factors





Digitalization and automation of vehicles with strong effect on aftersales

#### Connectivity for data exchange and services:

- Expected degree of vehicle connectivity 74% (2030), 90% (2040)
- Basis for over-the-air updates, predictive maintenance and remote diagnostics
- Option for on-demand functions

## Increase in the scope of automation through high-quality sensor, actuator and electronic systems:

- Up to level 2 almost 80% (2030); level 3 at 24%, level 4-5 at 19% (2040)
- Reduction of accidents by 14% by 2030

#### **Centralization of E/E architectures:**

- Shifting of function fulfillment to electronics and software
- Number of functions increases, partial opening of the digital ecosystem

#### Data use and new business models:

- Remote diagnostics and predictive maintenance
- Situational sale of functions ("on-demand functions")
- Consulting and sale of complementary mobility services



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Electrification leads to decreasing work volume in aftersales and increasing work volume in sales

# Strongly increasing numbers of new registrations and stocks of electrivc vehicles are to be expected:

- 15 million BEVs by 2030 according to coalition agreement
- Only emission-free passenger cars allowed in the EU from 2035 onwards
- Ambitious electrification targets of automotive manufacturers in Europe

#### BEVs are characterized by 30-50% less work values:

 High-voltage systems already have to be mastered in the factories despite the still low stock.

#### **BEVs offer further revenue pools:**

 E.g. consulting and sales of charging technology (such as cables, wallboxes) or energy supply (such as photovoltaics, storage, electricity contracts).





Digitalization of business processes turns customer interface to online and reduce workforce

#### **Customer interface turns to online:**

- Third party and platforms guide customers
- Online-broker generate price transparency
- Online-tools for information and interaction decline physical customer frequency in the showrooms
- Increasing online customer interaction by OEM
- OEM gain access to customer data

#### Digitalization and automation of inhouse business processes:

- Digital data-management and data-analytics reduce workforce
- Dealer-Management-Systems will integrate all processes from planning, operating until invoicing
- All workshop-processes become digital supported
- Artificial-intelligence reduce workforce in status diagnostic, evaluation and vehicle handover
- Automation of workshop-processes in the style of production-processes



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Online-sales and switch to agency model reduce necessity of dealerships

#### **OEM-Strategies:**

- Change from mono- to multi-channel distribution
- Decrease the number of franchised dealerships
- Reduce the flexibility in market cultivation of franchised dealerships
- Increase the requirements to become OEM franchise-partner

#### **Online-Sales:**

- Customer request an online sales channel
- OEM will implement an online direct sales channel
- Franchised Dealerships will also sell online
- Customers claim for higher discounts

#### Agency-Model:

- All OEM examine a change to an agency model
- Redistributio of tasks and risks between OEM and retailers
- Especially the "false" agency model implied significant risks for the current franchised dealers





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### Analysis of employment effects 2030/2040

Interdependences between key factors lead to even greater changes





### Analysis of employment effects 2030/2040

Projection 2 - Transformation of the vehicle trade and repair business "leadership of the OEM"



\*compared to 2022 | \*\*the business model of "franchised dealership" includes a workshop



#### **Recommendations for action**

Adressing the key stakeholders within the vehicle trade and repair business





#### Recommendations for action Managers of vehicle trade and repair companies (extract)

A successful transformation requires long endurance and strategic vision.

- Review and further develop corporate strategy
- Develop an individual service portfolio and market profiling
- Manage actively transformation
- Develop a digital strategy
- Introduce measures to increase the employee attractiveness of the vehicle trade und repair business
- Drive the transformation of competencies

**transformations** | Automotive in **wissen BW** SK | Bewegung





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### **Recommendations for action**

Trade unions, industrial associations and other stakeholders (extract)

# Strengthening the attractiveness and significance of the vehicle trade and repair business externally and internally.

- Underpin the importance of the vehicle trade and repair business as an important and sustainable industry and employer
- Provide assistance to employees and work council members
- Increase the speed of further development of training curricula
- Prepare application-related and low-threshold aids and decision-making tools for vehicle trade and repair companies









### Recommendations for action and implications **Politics (extract)**

#### Creation of reliable framework conditions as the cornerstone for transformation success.

- Establish an economic policy framework for the development of an overarching transformation strategy for the vehicle trade and repair business
- Maintain fair conditions of competition through non-discriminatory access to data
- Promote the transformation of the business by providing stable and favourable frame conditions and infrastructure
- Fight the shortage of skilled workers through retraining and admission of qualified third-country workers







### Recommendations for action Educational institutions (extract)

Major steps are needed in education and training.

- Regularly adapt training curricula to current needs and technologies
- Offer dedicated courses for potential employees from third countries
- Expand education and training programmes by aspects of the transformation of the business
- Integrate interdisciplinary key qualifications in the training curricula
- Offer courses and training programmes that are easily integrable into the daily business by the vehicle trade and repair enterprises
- Strengthen the supply of inter-company vocational training centres
- Special consideration of independent companies in the design of learning content and courses

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#### Summary of key findings and outlook

Cooperation and innovation as guidelines for a strong vehicle trade and repair business

Vehicle trade and repair as a mainstay of the automotive sector (4 million employees throughout Europe!)

Transformational changes in technology, organizational processes and business models. Quantitative but above all qualitative employment effects illustrate the need for action → workforce transformation as central task.

Increasing complexity in the systems requires new approaches in training and further education especially in conterxt of lifelong learning. Potentials through electrification and digitalization as key to securing future value creation and jobs.

> To fully exploit the potential, **important preconditions must be created** (e.g., in infrastructure or use of mobility data).

The way to an innovative and sustainable industry is only through even closer cooperation between stakeholders not only in the regional or national context, but especially at European level!



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