# The European Automotive Aftermarket

## Report 2023

Shaping the future of car repair

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# Foreword

**Shaping the future of car repair**

*Fixico's journey began with a mission to empower car owners to find the best repair shops. But with time, we realized that the industry itself was in dire need of a complete overhaul. We saw the opportunities that digitalization held for the automotive industry and decided to be at the forefront of this change.*

*Today, we have evolved into a platform that is ready to shape the future of car repair by creating a smarter, connected, and more efficient ecosystem for aftersales servicing. Our aim is to bring the industry together — creating transparency, flexibility, and control for everyone involved. With this report series, we hope to inspire and encourage the entire industry to embrace the digital revolution and join us in creating a better tomorrow.*

**Derk Roodhuyzen de Vries**,
CEO and Cofounder of Fixico

# Introduction

Welcome to the first report of our two-part series on the European Automotive Aftermarket and the Future of Car Repair. The goal of these reports is to provide a comprehensive overview of the industry, offering insights into the challenges, opportunities, and dynamics at play. By understanding the landscape today, we can better project how the industry will evolve in the future and identify areas where innovation and digital solutions can drive transformation within the industry.

Together, these reports aim to provide valuable insights and actionable recommendations, empowering relevant players to navigate the transforming industry landscape successfully.

### A breakdown of the reports:

- In this first installment, we share our perspective on the current state of the industry across Europe, exploring the various stakeholders involved and highlighting the key trends.
- The second report focuses on our predictions for the future of car repair, and specifically how digital platforms and marketplaces will enhance collaboration and create seamless service journeys for everyone involved.

# Overview of the landscape today

Chapter 1

For starters, what is the European Automotive Aftermarket? The automotive aftermarket refers to all of the sales that take place in a vehicle's lifetime post-purchase. This includes, but is not limited to, maintenance and repair services and the sale and distribution of replacement parts. Within Europe, this market is valued at approximately $300 billion[1] and serves as a vital component in upholding the ongoing maintenance, enhancement, and customization of vehicles throughout their lifecycle. Catering to individual car owners as well as fleet operators across Europe, the aftermarket not only reinforces brand values and reputation but also prioritizes customer safety and convenience.

Fixico works with over 3,000 workshops and 250 businesses, including OEM, lease, rental, fleet and insurance companies across 10 countries. As a result, we have observed shifts in technology, evolving customer demands, and new regulations impacting the industry. It's an exciting time to be studying the landscape, as we believe we are on the brink of major transformation and growth potential.

For starters, the landscape today is characterized by a significant level of fragmentation and lack of transparency, especially with regards to aftersales services. Although countries such as the UK, France, Germany, and the Netherlands have well-established automotive industries, each operate

differently in terms of coordination among stakeholders. We've also seen that the more vehicles themselves become advanced, the more specialized their services need to be, and yet the industry has not made major advancements in this area — which we will dive into further in this report.

In the UK, for example, the market is dominated by independent repairers[2] and small service providers. The sector is highly competitive, with limited collaboration between manufacturers, repairers, and dealers. This lack of coordination often results in fragmented and inefficient workflows, as fleet operators and consumers struggle to find reliable and consistent aftersales services.

In Germany, on the other hand, there is a greater level of coordination between stakeholders. The country's strong automotive sector has fostered partnerships and close collaboration to ensure a smoother flow of aftersales services. However, there is still room for improvement, as German manufacturers often prioritize their own dealer networks, leaving independent repairers across Europe with limited access to original parts and technical information.

In the Netherlands, the aftersales sector presents a hybrid landscape, encompassing independent repairers, dealers, manufacturers, and prominent chains, with the top four chains alone accounting for approximately 25% of

*"With the rapid transformation of the aftersales service industry, data analysis will become crucial for fleets to make the right decisions on cost, quality, customer experience, parts logistics and driver safety."*

Alan Finnerty, Global Claims Specialist — ALD Automotive

the market. Collaboration between manufacturers, repairers, and dealers exists to a moderate extent, leading to relatively streamlined processes compared to the UK. However, the competitive market dynamic can lead to price competition that affects the sustainability of smaller repair businesses.

Overall, the European automotive aftermarket faces challenges related to fragmentation, lack of consistency, and coordination among stakeholders. These challenges create an opportunity for innovative solutions to enhance the customer experience and streamline the aftersales process.

# Understanding key players and their role in facilitating smooth service journeys

Chapter 2

Before diving into the specific industry trends, it's important to highlight the critical role of each key stakeholder in the European Automotive Aftermarket. The coordination amongst the following stakeholders is essential for providing customers with comprehensive, efficient, and high-quality aftersales services.

## Fleet-operating businesses drive the industry

Fleet, rental, lease, and insurance companies are essential players in the market, providing valuable services to customers and working closely with other players in the ecosystem. For example, in the Netherlands, the majority (60%) of car damages are sent directly to a specific repair shop, as opposed to tendered. Of this volume, the majority of damages come from insurance companies.[3]


Fleet companies have deep relationships with OEMs and parts suppliers, leveraging their scale to negotiate favorable pricing agreements and ensure timely delivery of parts and services. Similarly, rental and lease companies collaborate closely with retailers and service centers, building long-term partnerships to ensure high-quality services for their customers.

Meanwhile, insurance companies also play an essential role in coordinating the aftersales service journeys of customers. By working closely with retailers and service centers, they provide customers with valuable services, such as roadside assistance and claims management. They may also partner with third-party providers, such as online marketplaces, to offer additional value-added services to their customers.

## Service providers ensure smooth operations

From authorized and independent repairers to maintenance shops and roadside assistance, all of these service providers play a crucial role by ensuring smooth operations and delivering high-quality services to vehicle owners and fleet operators.

Independent repairers and authorized repairers both play crucial roles in the European Automotive Aftermarket. While independent repairers are not tied to any particular automotive manufacturer or brand, their independence allows them to provide services for a diverse range of vehicle makes and models, offering customers a wider selection when it comes to vehicle repairs. On the other hand, authorized repairers have direct partnerships with specific automotive manufacturers. This close relationship enables them to specialize in a particular brand, giving them access to manufacturer-approved parts, tools, and technical information.

Another important aspect is roadside assistance, typically provided by both independent and authorized service providers. Roadside assistance services are critical in handling emergency situations such as breakdowns or accidents, providing swift assistance to vehicle owners in need.

## New OEMs pave the way for a more sustainable future

While legacy OEMs have long dominated the European automotive market, the emergence of new OEMs is rapidly transforming the industry landscape, bringing fresh perspectives, and innovative technologies. With more competition[4], each brand looks for ways to differentiate and win over customers. As we outline in the next section, you'll learn how the different approaches of each brand will be crucial in how the rest of the industry adapts and evolves along with these new vehicles.

In order to ensure that customers continue to have smooth aftersales journeys, it will require a collaborative effort from all parties involved, not only in maintaining current operations but also in adapting to the future to ensure this continuity.

# Opportunities and challenges facing the market

Chapter 3

The European Automotive Aftermarket is undergoing a significant transformation, driven by various trends affecting all players in the industry.

On the positive side, the industry is poised for growth and innovation. New car manufacturers are pushing traditional companies to innovate, while also offering more choices for consumers (i.e. brands, models, prices, service plans).

> *10 years from now, most people will be driving a car from one of over 100 new OEMs coming from outside of Europe. These cars will essentially be computers on wheels, manufactured by tech-based companies. The main challenge for repairers is to guarantee the safety of drivers by providing the right repair solution in line with OEM requirements. Therefore, it's crucial for repair shops to have the right training, equipment and certifications, given each brand's use of distinct technologies.*
>
> Jolique Möller, Marketing Executive — AutoTech Alliance

At the same time, a shift in consumer behavior towards car sharing and leasing services, instead of private ownership, brings new business models and opportunities.

**Despite this, the industry still faces several challenges:**

- **Fleet utilization decreases** and backlogs increase as parts shortages and geopolitical conflicts prolong repair times.
- Older generations are retiring or struggling with adapting to new technologies, and fewer young people are choosing this line of work. This widens the skills gap, leading to a **shortage of skilled workers**.
- Modern vehicles now demand **more complex and time-consuming repairs**. As a result, workshops must invest significantly in new training and equipment to effectively service these advanced vehicles.

It's clear that the industry is at a turning point. All stakeholders are being tested and those who are willing to adapt and invest in the future will have the potential to capture more market share and expand into new domains. In this section, we will dive deeper into the main trends making waves across the industry and offer insights to best prepare for the future.

## Emergence of new OEMs looking to manage aftersales services

With new OEMs from Asia and the US — such as NIO, VinFast, BYD and Rivian — entering Europe, a lot will change with regards to the EV ownership experience and how aftersales services are managed.

To better understand the significance of aftersales, we engaged in discussions with various OEMs who have recently entered or are planning to enter the European market. These conversations revealed that while each brand faces its own distinct challenges, they all actively incorporate the aftersales segment into their strategic planning. Of course, customers expect that despite opting for a new vehicle from a new brand, they will still have as convenient and quality services as with legacy brands. To meet these demands, all new OEMs need to think strategically about how to set up their infrastructure effectively, but fast in order to remain competitive.

From our conversations as well as our observations of OEMs that have either successfully or unsuccessfully expanded across Europe, there are clearly various approaches to aftersales — each with their pros and cons. We've identified the three main roads OEMs can take with regards to creating a network of service providers and suppliers so that customers in all their active markets can get the support they need.

> *The European market is experiencing a surge of new EV brands from around the world, mainly from Asia. These newcomers carry an exciting opportunity in their hands — to captivate consumers with advanced electric engines, the best connectivity, and a modern driving experience. Brand heritage takes a backseat as buyers shift their focus to these cutting-edge features. The car becomes a companion for everyday life, not just a machine or method of transportation.*
>
> Bernd Conrad, Journalist and Content Producer — AUTONOTIZEN

**Three roads OEMs take when expanding to new markets:**

- **Dealership contracts:** For the last 100 years, the approach to selling and servicing vehicles has been through the symbiotic relationship between OEMs and dealerships. OEMs provide the vehicles and parts used for repairs, and dealerships provide the various locations for customers to conveniently visit, which allows OEMs to quickly launch in new markets. Today, however, manufacturers with a direct-to-consumer (D2C) model recognize how limiting contractual agreements with dealerships can be. By working with multiple dealerships, it's nearly impossible to have a centralized data source to track performance. Dealerships also act as a middleman, preventing OEMs from interacting with consumers directly and managing those experiences.
- **Starting from scratch:** To have utmost control over all aftersales operations, OEMs can choose to build the entire infrastructure in-house. For example, Tesla decided from day one to build their own service centers which only cater to Tesla vehicles. While this sounds great from a control perspective, it becomes a challenge to build centers fast enough to keep up with demand. The OEM needs to earn this investment back and manage the operations.
- **Create your own ecosystem with existing providers:** As emerging OEMs introduce increasingly complex vehicles, it's clear that there is no one-size-fits-all solution to setting up a service infrastructure. They will likely look to create a hybrid approach in which they can select existing service providers, mixed with their own service centers, and manage it all through a central platform. This allows the OEM to quickly offer customers in new markets a single brand experience, while staying in control of service quality, costs and warranties.

> *Success in the European market for new OEMs will largely depend on the capability to offer a premium, reliable and consistent aftersales customer experience. And they need to do this in a scalable and flexible way, adhering to local regulations, languages and cultures. Creating an infrastructure like this amongst many competitors requires a different approach, in which a strong service strategy is just as important as a strong brand identity.*
>
> Boris Koster, Business Development Director — Fixico

For example, after becoming the top EV seller in Vietnam, VinFast expanded to Europe in late 2022. Wanting to sell to customers in multiple countries fast, they recognized the need to not only offer premium sales experiences with their flagship stores, but also premium aftersales journeys. As such, they chose to leverage a digital platform whereby VinFast can make a curated selection of high-tech body workshops that meet their requirements, and onboard any other service providers of their choice. With a digital platform partner, VinFast customers can seamlessly notify of any damages and schedule services directly through the platform.

To gain further insight, we interviewed body repair shops across multiple countries in Europe. Read the results to better understand how they are adapting to the rise in EVs.[5]

However, the market's readiness varies across Europe, with many regions still lagging in embracing this transition. While there are many repair shops recognizing the need to act fast and upskill, many still do not see the rush and would rather wait until there is more infrastructure. Essentially, this offers both opportunities for innovative adaptation and challenges in execution.

## Electrification & specialization requiring smarter service allocation

The accelerating influx of EVs into the market is undoubtedly a positive shift towards sustainable mobility. However, this also presents a significant challenge for the service industry, particularly for workshops.

To accommodate and service these modern vehicles, workshops need to adapt and make substantial investments in advanced equipment and dedicated EV training. Workshops that quickly adapt to this trend can gain a competitive edge, positioning themselves as early specialists in EV services.

> *Obviously electrification is a challenge, but changing the entire concept of body shops will be the real challenge. The type of profile of workers in the future will be different from current needs, so we have 100% commitment to retraining and training of existing staff as well as active recruitment of the necessary profiles for the future.*
>
> Bram Eeckhout, owner of Smart Car Repair, a body repair shop in Belgium

This trend also necessitates a more sophisticated and specialized service allocation approach. In having access to the capabilities of individual repairers/service shops, an advanced system can be established where you filter for repairers/service shops that are competent in handling the specific type of damage or vehicle. This method supports fleet-operators in making well-informed, data-driven repair decisions by connecting them with the most capable service providers for a particular vehicle or damage type.

The benefits of this approach are numerous. Operational efficiency and customer satisfaction will increase, as vehicles will receive the specialized care and technical expertise they require. Additionally, businesses will be able to save significantly on the total cost of repair due to shorter cycle times, less handling time, and allocating to repairers who have the skillset to properly repair parts versus needing to replace the part.

## Labor shortages, needs to upskill and remain relevant

The industry has long foreseen significant labor shortages, mainly due to the retirement of long-standing mechanics and a waning interest in younger generations to pursue careers in this field. What traditionally has been perceived as a stable and lucrative profession is gradually losing its appeal amidst the increasing allure of high-tech industries and digital careers for younger people.

In a recent CNBC article[6], Steve Nash, the CEO of the Institute of the Motor Industry, outlined **potential issues** with the industry's current skills gap:

- **Convenience** as people may have to travel further in order to receive the necessary work on their vehicles.
- **Costs** will increase due to the increased demand.
- **Safety** concerns as some mechanics choose to work on vehicles without the proper training and equipment.

One significant obstacle to attracting a younger workforce is the perception of the vehicle services industry. To enhance the industry's image and appeal to younger workers, it is important to emphasize modernization efforts, such as the transition to electric vehicles, and showcase cutting-edge technologies and sustainable practices.[7] Leveraging technology for digital training programs that could help upskill current workers could also make the sector more appealing to the younger generation.

Overcoming the labor shortage challenge requires a multifaceted approach: from investing in training and apprenticeships to implementing technological advancements, and most critically, changing perceptions around the sector. By implementing these strategies, the European Automotive Aftermarket industry can leverage today's challenge as tomorrow's opportunity.

### Car ownership changing to sharing & leasing

Since the COVID-19 pandemic, the need for shared mobility has become even more evident as commuting and travel needs are constantly changing. Consumers are increasingly looking for flexible solutions that are environmentally friendly and cost effective. A 2023 study from McKinsey showed that 46 percent of respondents are open to replacing their private vehicles with other modes of transport in the coming decade.[8]

Due to this shift, shared mobility companies need to adapt to a rise in demand and ensure their vehicles are always available for use. With more usage of the vehicles, comes a natural increase in wear and tear, as well as damages. In addition, most car-sharing companies offer electric and other highly advanced vehicles in their fleet, bringing added levels of complexity, and requiring specialized repair management.

Service providers can redefine their business models by focusing on car-sharing and leasing companies and tapping into private leasing for more volume. Building these relationships could involve offering fleet servicing discounts or tailored maintenance packages. Collaborating with these companies will not only secure a steady stream of business but also increase dealership exposure and reputation through partnering with a well-established company.

> *Pretty soon, 60–70% of vehicles coming into our shop will require high-tech equipment. We continue to invest heavily in new equipment and mechanic training in order to maintain and calibrate all types of vehicles. The repair shops who don't have a vision and are too slow to invest will disappear.*
>
> Menno Walinga, owner of AutoFirst Walinga, a body repair shop in the Netherlands

# Aftermarket Transformation

## Challenges

Adapt & Invest

- Longer repair times decreasing fleet utilization
- Re-shaping and re-educating the workforce
- Advanced vehicles require service providers to invest in new equipment and training

## Opportunities

Growth & Innovation

- Emergence of new OEMs looking to manage aftersales services
- Switch to car sharing and private leasing (shifting business models)
- Smarter service allocation based on advanced vehicles and specialized service providers

# Concluding remarks on a new era for Europe's Automotive Aftermarket

The opportunities and challenges facing the key stakeholders of the industry, as outlined in this report, are unfolding fast. From the rise of new OEMs and the acceleration of electrification to significant shifts in vehicle ownership, the industry is being propelled into a new era.

Overall, we predict that the businesses which are proactively addressing the major issues of reskilling the service workforce, investing in the right equipment, adopting EVs and smarter allocation strategies, will be the ones ahead in the coming few years. However, if businesses persist with outdated models focused on personal relationships and one-size-fits-all approaches, they risk a disconnect between customers, service providers, and the best solutions for each unique car and damage. As these trends continue to evolve, it is becoming

> *In less than a decade, the automotive landscape will transform into a horizontal model of interconnected mobility modalities and services. Unified mobility platforms will revolutionize car ownership by fusing booking, buying, sharing, and servicing into a streamlined experience. Customers will no longer scramble to find suitable service providers, they will look to platforms and AI to guide them.*
>
> Bram Schot, Member of the Advisory Board of Fixico and former CEO of Audi

more important than ever for repairers and fleet managers to adopt digital solutions and updated strategies — which is where Fixico comes in. With a tech-first approach, Fixico provides solutions to stay on top of these trends and effectively navigate the challenges and opportunities that lie ahead. With a digital car service management platform and repair marketplace, we enable businesses to make data-driven decisions, and fully optimize, control and track their repairs, while offering exceptional driver journeys.

Find insights like this and more in the next report in this series, The Future of Car Repair. Here, we dive deeper into what the future holds for this industry and specifically the unlimited potential of digitalization and specialization. Together, we can navigate and lead this transformative journey in the European Automotive Aftermarket. Let this be your guide to the future.

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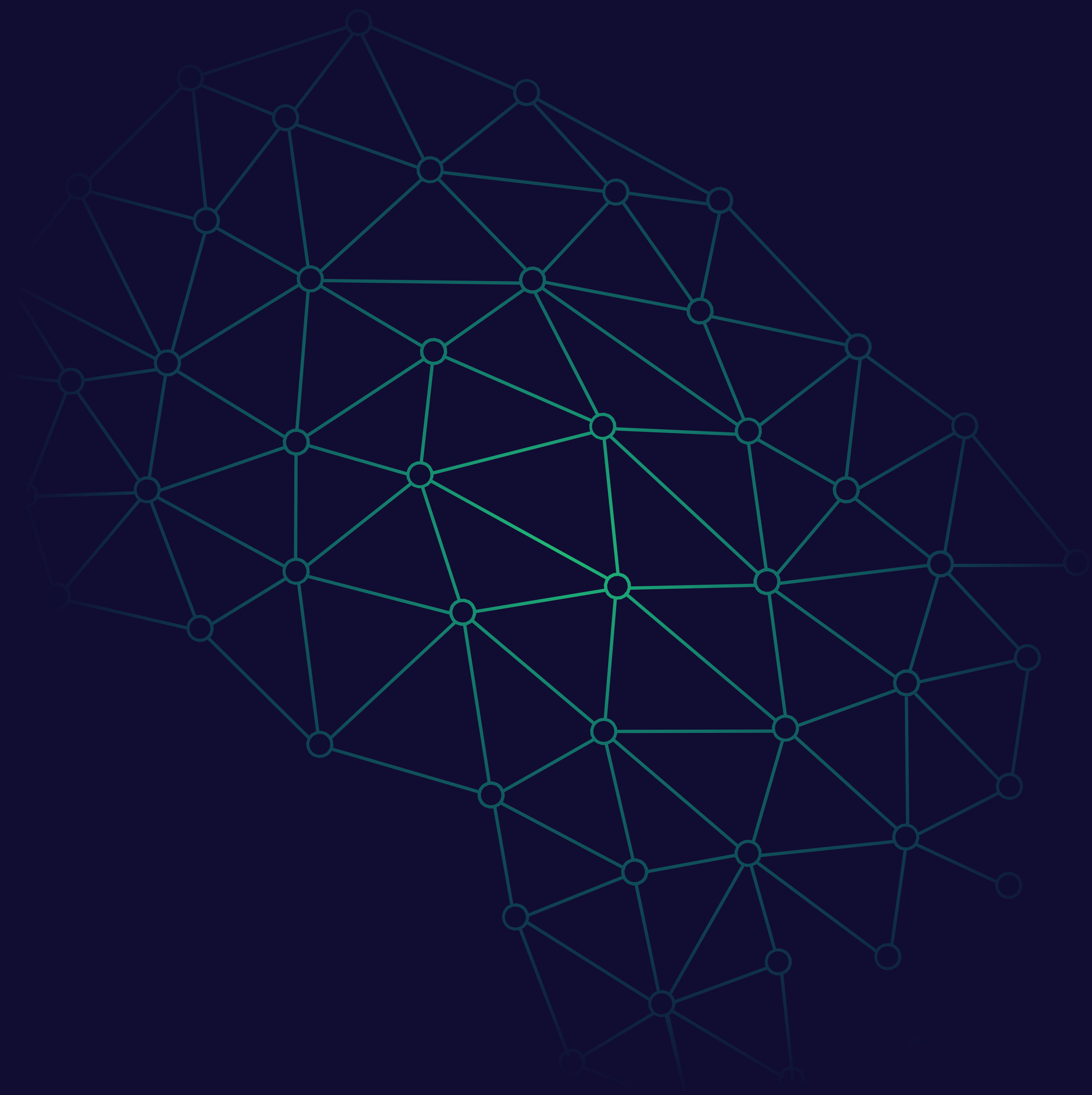
Shaping the future of car repair

## About Fixico

Fixico is the digital car repair management platform on a mission to shape the future of car repair by creating a smarter, better and digitally connected marketplace for everyone. Fixico enables fleet operators, insurers and OEMs to fully optimize and control the repair process and customer journeys.

Over 3,000 repairers and 250 businesses, including industry leaders such as Aon, SIXT, VinFast and Arval, are leveraging Fixico across ten countries.
To find out more, visit [fixico.com](https://fixico.com).



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