

European truck aftersales 2030

Securing the most profitable business

Study



Management Summary

Why to react?

Pressure points
within after-
market environ-
ment for OEMs

- > **Aftersales is the most profitable business** along the different business models of **OEMs, dealers** and **additional vehicle related services**
- > And when it comes to customer expectations **uptime** is the most relevant criteria that needs to be translated into the OEMs offerings – Considering the customers' real demand **Total Cost of Ownership (TCO)**
- > The simple it sounds, the tough it gets – **Strong competition** to OEM business is building up along the complete aftersales distribution chain serving the different customer needs:
 - **Suppliers** are gaining business relevance driven by forward integration and access to the customer interface
 - **Independent wholesalers** are gaining power from consolidation, bundling of purchasing power and setting up of own workshop concepts – supported by private equity
 - **Independent workshops** are becoming truly competitive for OEMs due to their high flexibility and fair value repair



What to do?

OEMs should do
their homework
and think
innovative

- > We identified a **two step approach** to reach the next level in aftersales business
 - **Five success factors** along the distribution chain **setting the baseline** – A must: (1) Fair value repair work, (2) Connected truck services, (3) Smart life cycle approach, (4) Optimization of wholesale/delivery and (5) Customer demand oriented all-in-one services
 - However, to ensure OEMs market leadership it needs more than only doing the basic things – **Disruptive business models of the future** require **innovative approaches** to develop your **service scenario 2030!**

We have interviewed >30 experts in leading positions across the complete distribution chain to confirm our hypotheses

Selected interview partners and introductory quotes



"The uptime principle not only applies to the truck, but to the complete truck/trailer combination. Total cost of ownership needs to be top-notch."

Director of a leading logistics provider

"We include everything into our repair system with premium or competence service partner [...] All Services are connected with Telematics [...] that allow a complete vehicle management [...]"

CEO of a trailer company

"Customers expect uptime. Everything else is secondary [...] So far OEMs still focus their own interests often ignoring real customer requirements"

CEO of an assistance provider

"Truck producers need to convert to mobility providers and need to understand the requirements and framework conditions within the logistics business."

Director of a leading logistics provider

"Uptime principle and TCO are main criteria for us [...] We have cooperation e.g. with cooling system supplier to allow our customers a shop-in-shop and one-stop solution"

Productmanager of a one-stop-full-service concept

Customer owned workshops are well specialized for the operators needs if OEMs are not able to fulfill them [...] Independent workshops gaining business relevance"

CEO of a commercial vehicle provider



Why to react?

Pressure points within
aftermarket
environment for OEMs



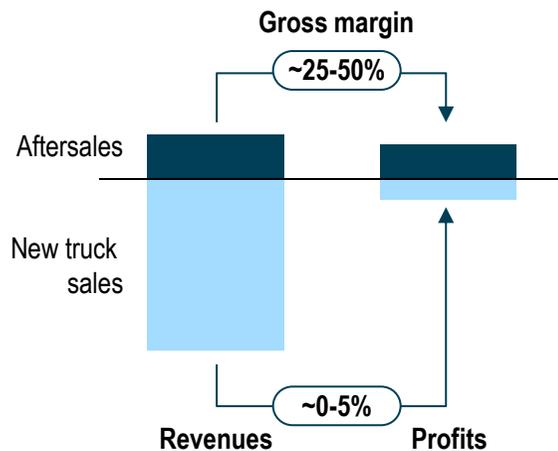
Aftersales is key profit driver across the OEM organization – But profitable business is getting under pressure

Aftersales profit pool



Parts business

For OEMs, aftersales as major profit driver even though it represents only a small portion of revenues

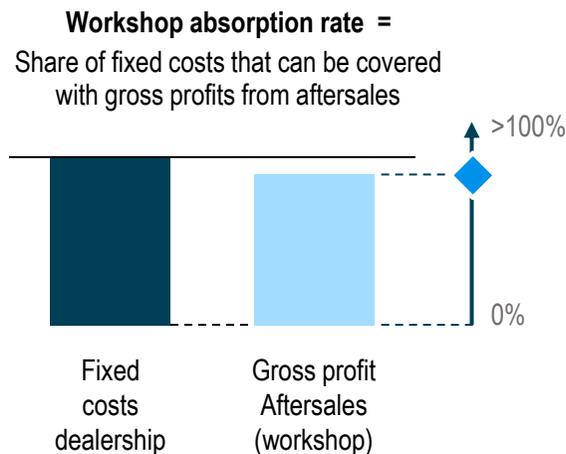


Typical OEM business



Service business

Increasing focus on workshop absorption rate in dealer business case underlies the importance of aftersales in retail business



Typical dealer business



Additional vehicle related services

Additional profit pools based on innovative business models related to services, e.g. predictive maintenance, fleet management, etc.

Selected companies show its importance:

- > Average growth rates of 20-30% in last years
- > Profitability between 5-15%



"Asset-light business models"

The current aftermarket environment is changing – All players want to secure their piece of cake of the profitable aftermarket

Today's pressure points



- ➔ **Margins** of traditional players are increasingly getting **under pressure** – Higher quality of vehicles, higher pressure in segment II and III, etc.
- ➔ Small workshops with **lack of efficiency** advantages compared to large workshops – Even higher margin pressure
- ➔ Suppliers starting **forward integration** – Gaining business relevance for end-customers and workshops
- ➔ **IAM wholesalers** increasingly **gain power** – Consolidation, bundling and own workshop concepts
- ➔ **IAM workshops** with **high flexibility** and fair value repair – They become truly competitive for OEMs
- ➔ **Intermediaries push into the market** – New business models change the whole aftermarket structure

The aftermarket business will change dramatically – Disruptive business models require new ways of thinking for each player

Future pressure points



- ➔ Maintenance and **repair processes are changing** dramatically through digitization – Disruptive thinking required from all players
- ➔ **Total transparency** will put margin under pressure ever more – New concepts are crucial for all players
- ➔ **Autonomous trucks** with very high safety standards – Crash repair will decline impacting parts & service sales and insurance products
- ➔ **Service factories** will emerge – Maximum in efficiency and process automation lead to replacement of today's workshop landscape
- ➔ The **owner of the data** will steer the process and win the race – However data ownership is still unclear
- ➔ **Customer interfaces** of workshops are **strongly reduced**, workshops are only fulfillment partner – Value add to be identified

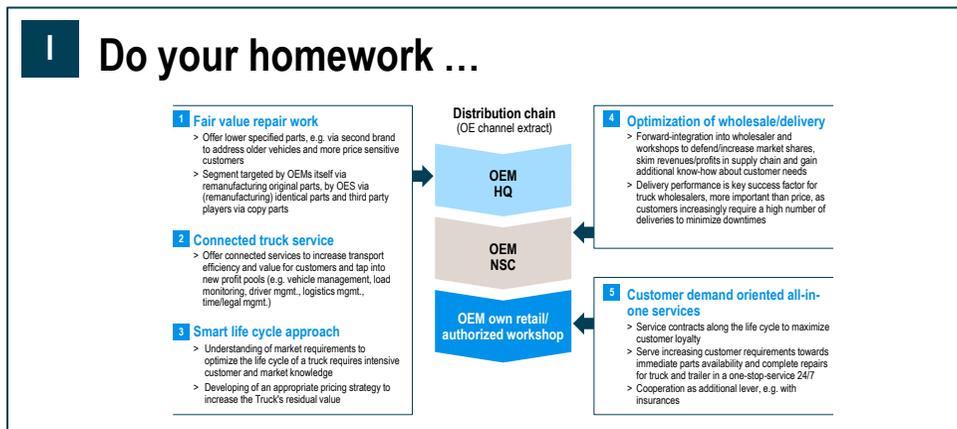
What to do?

OEMs should do their homework and think innovative

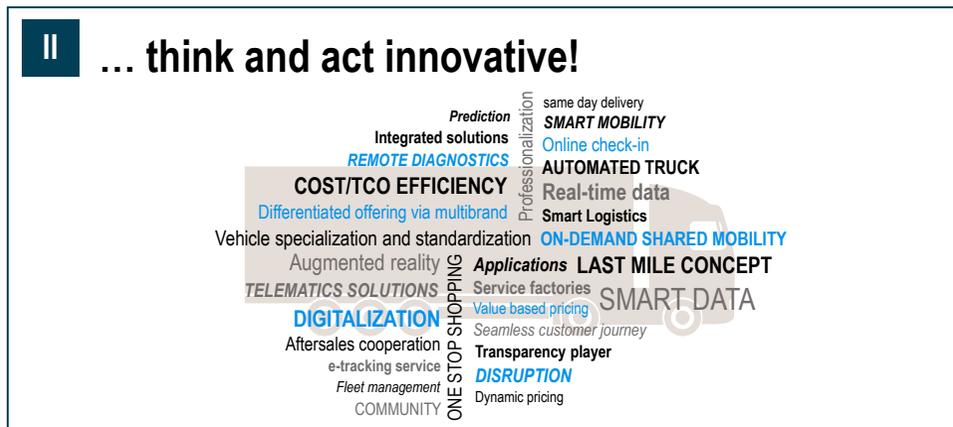


A two step approach is needed to get your aftersales business on the next level – and thus your **future profit!**

Two step approach for OEMs



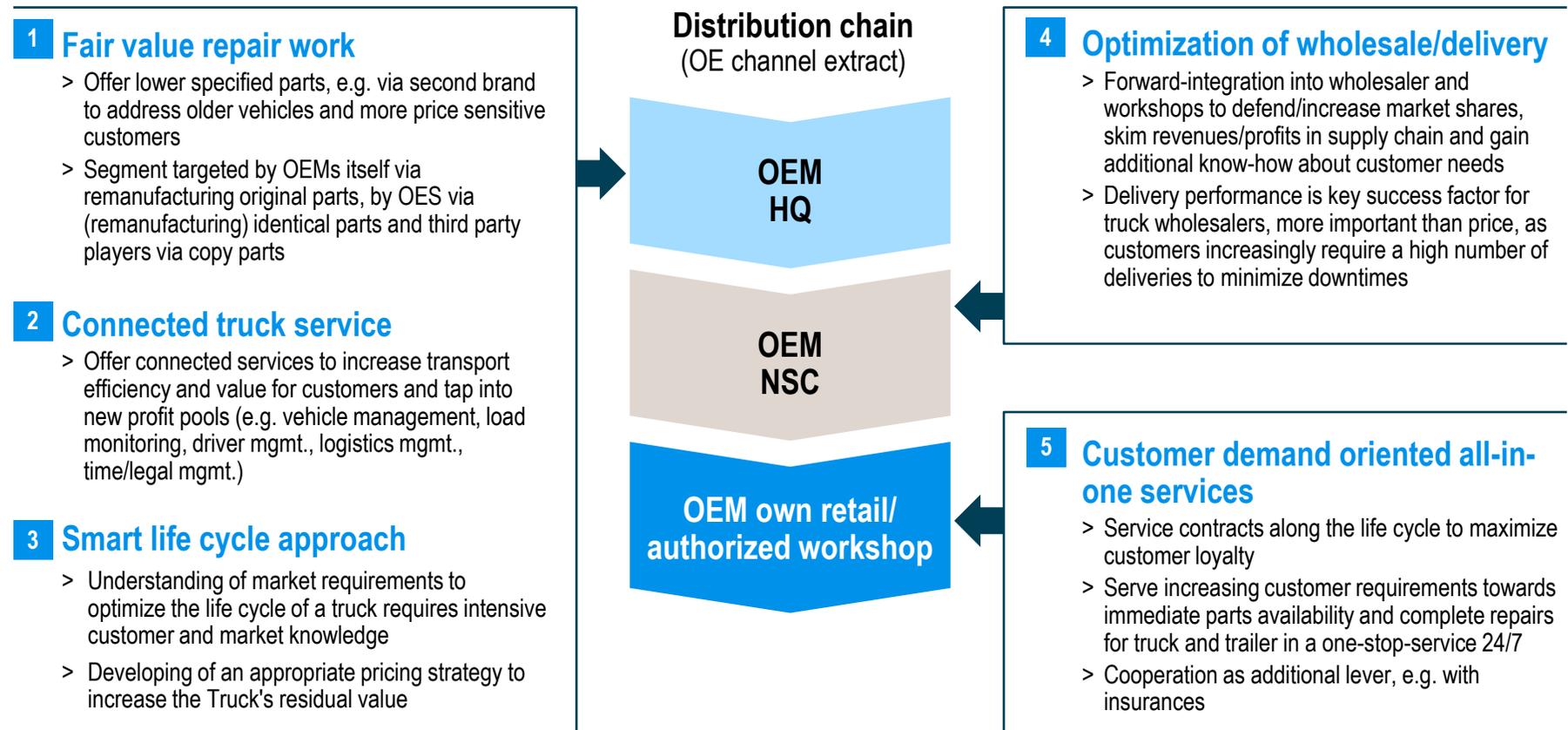
Doing the **basic things right** keeps you on the track to stay at eye level with your competitors ...



... but doing somewhat more: being innovative and break down borders will **boost you on the next level!**

Five success factors are identified along the distribution chain – A must for each OEM to set the baseline

Success factors in commercial vehicle aftermarket



To ensure OEMs market leadership it needs more than only doing the basic things – Innovative/disruptive approaches required

Service Scenario 2030



Roland Berger

Our credentials



Roland Berger's Automotive Competence Center – The leading consultancy for the automotive industry

Roland Berger Automotive Competence Center

1. We support **all major players** in the automotive industry –
OEMs, suppliers, service providers and financial investors

2. We regularly carry out projects in **all functional areas**

3. We are thought leaders, offering **proven tools and solutions**

4. We continuously deliver **top quality** to our clients

Over
2,000
projects
all across the
globe, serving
all **major**
clients
in the
automotive
industry

Our special expertise in Truck business and Aftersales – Proven in numerous projects and cutting-edge studies

Our value proposition

Truck business



On the road toward the autonomous truck
Opportunities for OEMs and suppliers



Connected truck
The road to future profit pools



Transportation 2030
Impacting the commercial vehicle industry



Truck industry 2020
The future is global

Aftersales



Service Differentiation
Delivering the service that customers really want



Online automotive parts sales
The rise of a new channel



Workshop portals in Germany
Who will be the "Google" of repair shop services?



Tire aftermarket in Germany
Players, business models and margins in the German market

Please contact us for further information

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