The whitepaper title is positioned on the left side of the page, overlaid on a dark green, rounded rectangular background. The text is white and reads: "Whitepaper Profitability Under Pressure: How to Future Proof Your Automotive Business".

Whitepaper
**Profitability Under
Pressure: How to
Future Proof Your
Automotive Business**

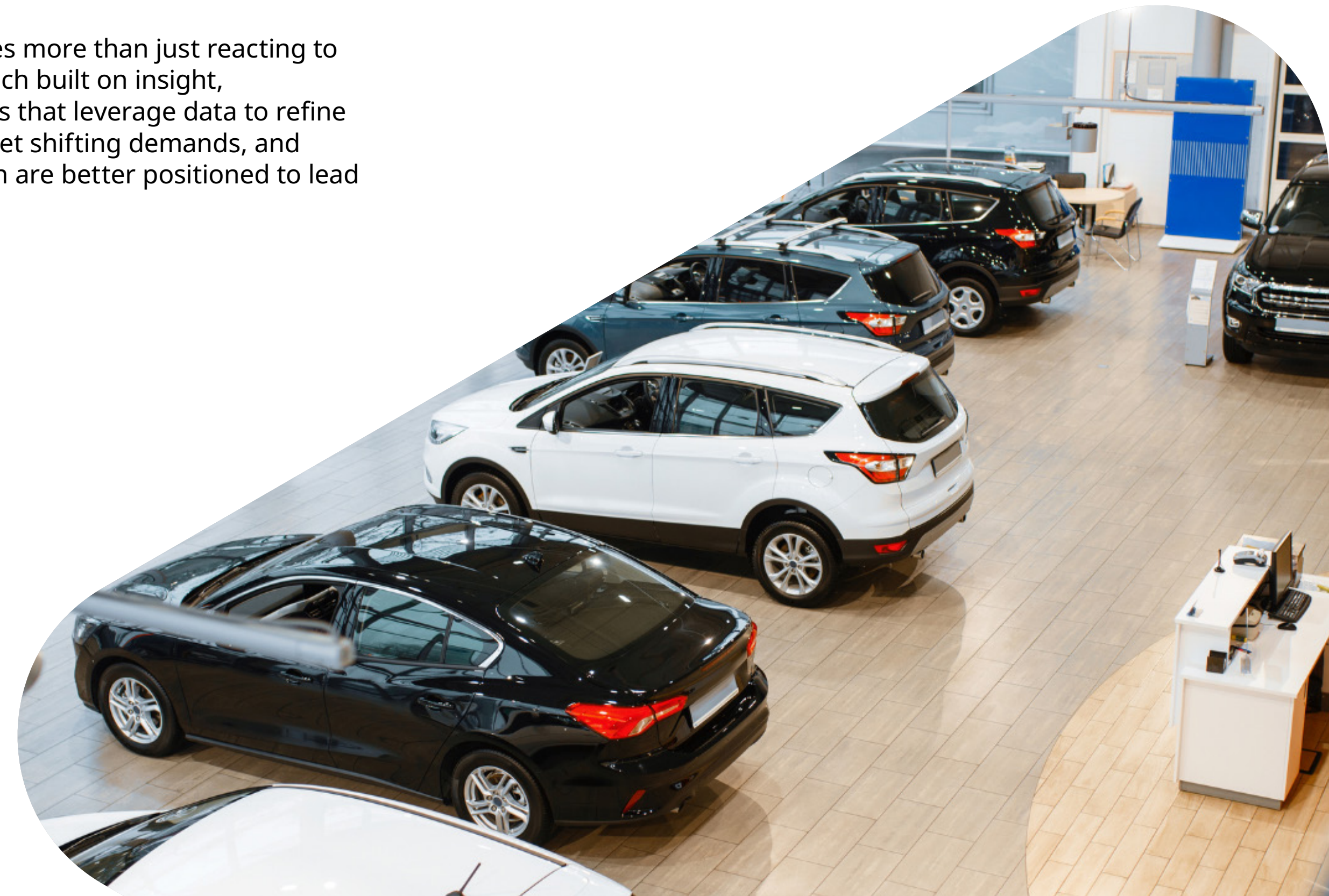


[...] these challenges also present an opportunity for businesses to **innovate, evolve, and secure long-term profitability**

Introduction

The automotive industry stands at a pivotal moment, with unprecedented challenges reshaping the landscape across retail, fleet, and aftersales operations. However, these challenges also present an opportunity for businesses to innovate, evolve, and secure long-term profitability.

Succeeding in this environment requires more than just reacting to change; it demands a proactive approach built on insight, collaboration, and precision. Businesses that leverage data to refine their strategies, align operations to meet shifting demands, and embrace the transition to electrification are better positioned to lead the market rather than follow it.





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The State of Profitability in the Automotive Sector

The automotive sector's profitability landscape is being reshaped by forces that demand not just adaptation but a proactive, strategic response. Businesses across the value chain are feeling the effects of global economic shifts, technological disruption, and evolving customer expectations. These forces are interconnected, creating a ripple effect that requires organisations to rethink traditional approaches.

Economic Pressures and Consumer Trends

Economic uncertainty, inflation, and rising interest rates have significantly impacted consumer behaviour, with buyers delaying purchases and prioritising value over brand loyalty. Private consumer demand for electric vehicles (EVs) remains weak, with only 10% of private buyers opting for battery EVs in 2024¹. This highlights ongoing hesitancy due to high upfront costs, limited infrastructure, and uncertainty about running costs.

The Complex Transition to Electric Vehicles

While EVs present long-term opportunities, the transition is proving challenging for businesses across the sector. The UK missed its 2024 target for battery EV sales, achieving 19.6% instead of the mandated 22%². This shortfall reflects the hurdles businesses face in balancing traditional vehicle sales with the push toward electrification. The high cost of public charging—averaging 80p per kilowatt hour—makes EVs up to twice as expensive to run compared to petrol or diesel vehicles, creating additional barriers for potential buyers without access to home charging.

Industry Disruption

The rise of direct-to-consumer sales models and increased competition from new entrants, including Chinese OEMs (Original Equipment Manufacturers), is disrupting traditional dealership networks. These players are introducing competitively priced EVs, intensifying the race for market share. For established businesses, this means rethinking sales strategies, innovating quickly, and adapting to an increasingly fragmented market.

The Path Forward

Despite these challenges, opportunities abound for those willing to adapt. By leveraging data-driven insights, streamlining operations, and enhancing the customer experience, businesses can position themselves for long-term success. Investment in infrastructure, such as the UK's growing EV charging network—up to 59,670 public electric vehicle charging devices installed—is an example of progress that can help alleviate barriers and unlock profitability. Additionally, government levies on Chinese EV imports in the EU, with tariffs up to 35.3%³, aim to address competitive disparities stemming from state subsidies. While the UK has yet to introduce similar measures, such levies could provide local manufacturers with greater market opportunities and help balance competitive pressures.

¹ <https://www.smmmt.co.uk/2025/01/record-ev-market-share-but-weak-private-demand-frustrates-ambition/>
² <https://www.smmmt.co.uk/2025/01/record-ev-market-share-but-weak-private-demand-frustrates-ambition/>
³ <https://www.am-online.com/news/eu-and-china-fail-to-reach-breakthrough-on-ev-tariff-dispute-talks-to-intensifyfrustrates-ambition/>



Anticipating customer needs [...] not only builds trust but also **positions businesses as attentive and customer-focused**

A Roadmap to Profitability

Navigating the complexities of today's automotive market requires more than just internal adjustments—it demands expert insights and tailored strategies to unlock sustainable profitability. Identifying inefficiencies, crafting solutions, and implementing measurable improvements are not tasks to tackle in isolation. Businesses benefit most when guided by industry specialists who understand the intricacies of the automotive ecosystem. Here's where expert support is essential:

1. Adapting to Consumer Expectations

Automotive businesses today must go beyond simply meeting expectations—they need to redefine the customer experience to create lasting impact. Integrating advanced technologies, such as AI-powered customer journey mapping, can help identify pain points and optimise every interaction across online and in-person channels. This ensures a cohesive and seamless journey, from initial interest through to aftersales support.

Personalisation remains critical, but its scope has evolved. Instead of traditional targeted offers, businesses can provide more value-driven tools, such as carbon footprint dashboards that empower customers to track their vehicle's environmental impact and align their choices with sustainability goals. Additionally, leveraging real-time data and predictive analytics can help anticipate future customer needs, whether it's interest in electric vehicles or preferences for flexible ownership models. These strategies go beyond transactional relationships, fostering trust and long-term loyalty.

2. Harnessing EV Opportunities

The rise of electric vehicles (EVs) presents both challenges and opportunities, but businesses can capitalise by focusing on customer-centric solutions. Offering EV readiness tools, such as cost calculators or ownership assessments, can help customers navigate concerns about charging infrastructure, running costs, and long-term value. These tools demystify the EV transition, empowering buyers with actionable insights.

A forward-thinking approach also involves expanding the EV ownership experience. Businesses can offer holistic EV packages, which might include offering subscription-based battery upgrades, lifetime charging credits, or battery recycling programmes to address consumer concerns about long-term ownership costs. These integrated solutions simplify the ownership journey, enhancing customer satisfaction and loyalty.

For businesses that manage fleets, highlighting the sustainability advantages of EV adoption can appeal to eco-conscious corporate clients. Bundling EV-related services, such as charging infrastructure installation or maintenance support, provides practical value while aligning with broader sustainability objectives.



Tailored training programmes, designed and delivered by industry professionals, are essential to equip teams with the skills needed to navigate this new landscape

3. Optimising Fleet Sales

Fleet sales remain a vital component of profitability, but success in this area requires a carefully targeted approach. Developing fleet packages that align with corporate priorities, such as sustainability goals, while maintaining profitability is essential for retaining clients and securing contracts. This balance often requires specialist input to ensure the offerings meet the nuanced needs of corporate buyers while also delivering value for the business.

Each segment of the automotive ecosystem—OEMs, dealerships, and car supermarkets—plays a distinct role in fleet sales, and strategies should be tailored accordingly. OEMs may focus on creating innovative, sustainable fleet models, while dealerships can prioritise building strong relationships with local fleet managers. Car supermarkets, on the other hand, might differentiate through competitive pricing and flexible leasing options. Ensuring each segment leverages its strengths requires a deep understanding of the fleet market and precise alignment of strategies to achieve optimal results.

4. Maximising Aftermarket Potential

Aftersales operations are undergoing significant transformation, making it increasingly important to adapt to evolving demands. Technology plays a central role in this shift, with diagnostic tools and predictive maintenance systems offering opportunities to enhance efficiency and uncover new revenue streams. However, selecting and implementing the right solutions requires specialist expertise to ensure these tools are effectively integrated into operations, delivering maximum value.

Equally critical is the need to upskill teams to meet the unique challenges of EV servicing. Electric vehicles require specialised knowledge and equipment, making traditional approaches to aftersales insufficient. Tailored training programmes, designed and delivered by industry professionals, are essential to equip teams with the skills needed to navigate this new landscape. By investing in the right technology and workforce development, businesses can position themselves to maintain profitability in this rapidly evolving segment.



With the right data and expertise, **businesses can make informed decisions that lead to sustainable profitability**

5. Data-Driven Decisions

Profitability is often hidden within the finer details of operations, and uncovering these opportunities requires advanced tools and specialised expertise. Diagnostics conducted by experts can reveal inefficiencies across critical areas such as production, sales, and servicing. These insights provide actionable recommendations that help businesses streamline processes, reduce costs, and maximise revenue potential.

Equally important is the tracking and alignment of key performance indicators (KPIs). Monitoring these metrics ensures businesses stay focused on their goals, but doing so effectively often requires external guidance. Specialists can help ensure that KPIs are not only accurately tracked but also aligned with broader business objectives, driving meaningful improvements across the entire value chain. With the right data and expertise, businesses can make informed decisions that lead to sustainable profitability.

By engaging with trusted advisors, businesses can go beyond short-term fixes and build resilience for the future. Addressing these challenges requires not just action but informed decision-making, ensuring every step leads to measurable results and long-term growth.





Future-proofing profitability requires more than operational adjustments—it demands strategic foresight and expert guidance

Future-Proofing Profitability in the Automotive Sector

As the automotive industry continues to evolve, businesses must look beyond short-term fixes and focus on creating resilient, future-ready operations. Profitability hinges on the ability to anticipate challenges, adapt proactively, and implement strategies that align with both market trends and operational goals.

1. Prioritise Continuous Improvement

Regularly reviewing and refining internal processes is crucial to staying competitive. By identifying inefficiencies and addressing them systematically, businesses can streamline operations, reduce costs, and improve overall performance.

2. Build Agility into the Business Model

Adaptability is key in a rapidly changing environment. Diversifying revenue streams, exploring innovative sales models, and embracing digital transformation enable businesses to respond effectively to market shifts and emerging opportunities.

3. Invest in Talent and Training

The transition to EVs and changing consumer expectations require a skilled workforce. Investing in training for technical teams, sales staff, and support roles ensures that businesses are equipped to meet new demands while maintaining high standards of customer service.

4. Leverage Collaborative Expertise

Partnerships within the automotive ecosystem provide access to insights and resources that can accelerate progress. Working with experienced external advisors helps businesses evaluate their operations, uncover blind spots, and implement targeted improvements that deliver measurable results.

5. Embed Sustainability in Operations

Sustainability is not just a regulatory requirement; it's a competitive advantage. Businesses that align their operations with environmental goals—whether by enhancing EV readiness, reducing waste, or adopting green practices—are better positioned to attract customers and stakeholders who value corporate responsibility.

6. Driving Profitability with Confidence

Future-proofing profitability requires more than operational adjustments—it demands strategic foresight and expert guidance. By combining data-driven insights with collaborative efforts, businesses can refine their operations, optimise customer experiences, and secure their place in an ever-changing market.



[...] the businesses that thrive will be those that make **informed, decisive moves today to secure their position for tomorrow**

Turning Challenges into Opportunities

Future profitability hinges on the ability to balance immediate actions with a vision for the future. Whether it's improving customer engagement, optimising fleet sales, or navigating the complexities of EV adoption, the businesses that thrive will be those that make informed, decisive moves today to secure their position for tomorrow.

This is not a journey that needs to be taken alone. By partnering with a trusted expert like DEKRA who brings industry-specific knowledge and a clear understanding of operational best practices, automotive businesses can ensure that their efforts are both strategic and impactful. The road ahead may be complex, but with the right guidance and commitment to improvement, success is well within reach.

DEKRA Business Consulting

For companies in the automotive sector committed to improving sales performance and customer satisfaction, DEKRA Business Consulting combines industry expertise and experience with innovation and adaptability. Our approach meets the challenges of an evolving market and a dynamic consumer landscape. Looking back on over twenty years of successful collaboration with the auto industry, we share our knowledge and engage fully with innovations and technologies that are shaping the future. Our vision empowers our partners to transform, adapt and thrive.

Find out more information on
www.dekra-uk.co.uk

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