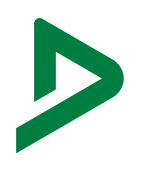


The title text is overlaid on a dark green, semi-transparent geometric shape that points towards the right. The text is white and reads: "Whitepaper", "Green or Gone:", "The Difference in", and "Dealership Operation".

Whitepaper
Green or Gone:
The Difference in
Dealership Operation



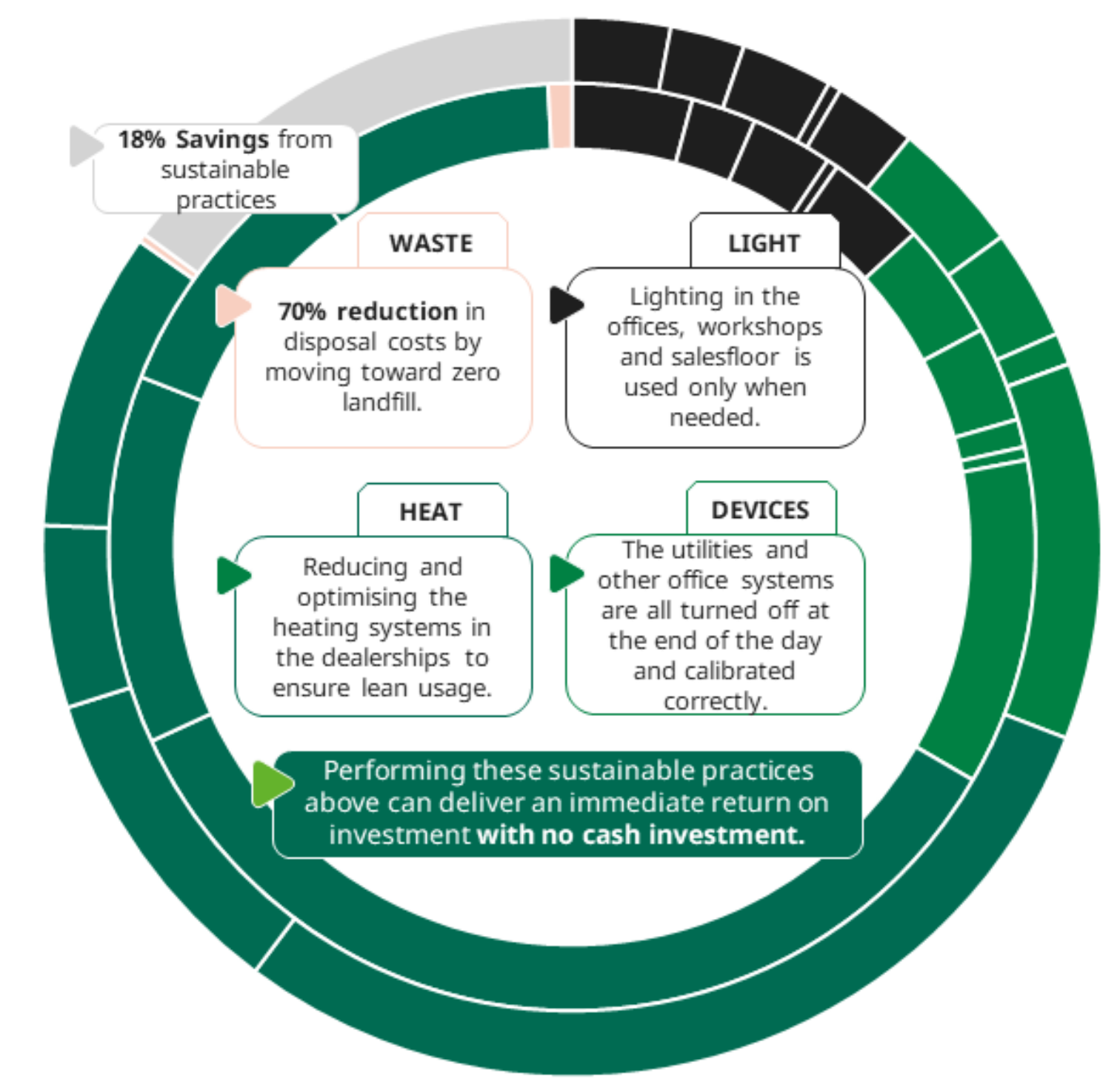
Recent reports and studies indicate that **by focusing on lighting, heating and cooling efficiencies** alone [...] a dealership **could be saving around £7,000 a year**

Nowadays, customers are increasingly environmentally conscious. Surprisingly, nearly one-third of them rely on dealerships as credible sources of information to understand their vehicle's environmental impact.¹

The automotive industry is actively working to reduce carbon emissions in their products and operations. These efforts now extend to the dealership network, starting at the managers' office all the way to customer interactions in the showroom. Customers are eager to witness these changes firsthand.

Recent reports and studies indicate that by focusing on lighting, heating and cooling efficiencies alone, with no new technology purchased, a dealership could be saving around £7,000 a year. Crucial saving, when the expectations of running a dealership and being profitable has never been higher.

This whitepaper explores the critical role that sustainable practices play in dealership operations, outlining the environmental benefits and also the economic and social advantages that come with embracing green initiatives. As consumers become more environmentally conscious, dealerships that lead in sustainability are poised to gain a competitive edge and value creation opportunities.



¹ Electric vehicle battery health concerns stifling used EV market (<https://www.fleetnews.co.uk/news/latest-fleet-news/electric-fleet-news/2023/06/07/electric-vehicle-battery-health-concerns-stifling-used-ev-market>)



As the public becomes increasingly conscious of climate impacts, consumers are **demanding more credible eco-friendly products and solutions** in their car purchases

The Drive Towards Sustainability in Automotive Retail

The automotive industry's shift towards sustainability comes from a strategic move to align with changing consumer values and new markets. As the public becomes increasingly conscious of climate impacts, consumers are demanding more credible eco-friendly products and solutions in their car purchases. Electric vehicles (EVs) are just the start. Now, daily business needs to incorporate green initiatives that engage customers, manufacturers and their entire business model, especially within the automotive sector. Starting from the energy efficiency of their showrooms, right down to the environmental impact of the vehicles they sell. And, above all, whether it's inventories, carbon accounting, or the latest specifications, everything must tell the same story to customers, investors, and employees.

Eco-Friendly Vehicle Options and Services

With the average travel footprint per person in the UK needing to decrease by up to half by 2030 and roughly threefold by 2050, change is inevitable. Promoting eco-friendly vehicle options allows dealerships to directly reduce their emissions. With eco-conscious consumers increasingly favouring electric and hybrid vehicles, there's a strong willingness to invest in this transition. Educating consumers about benefits of these vehicles empowers dealerships to significantly contribute to cleaner transportation. Providing information about reduced carbon costs, lower running expenses, enhanced affordability, and other advantages is likely to attract corporate buyers mindful of their employees' commuting impact on the environment. As many companies set net zero targets, transitioning to cleaner transportation becomes imperative. Moreover, various low-emission grants and subsidies support customers in their journey, making commutes cleaner, safer, and more affordable.



That's why over **50% of all dealerships** today believe **sustainability** is a **business priority** for the near future

Reducing Carbon Footprint

Dealers and companies need to address **Scope 1** emissions from their fleet and company cars, **Scope 2** emissions from the electricity powering their facilities, and **Scope 3** emissions from the upstream and downstream elements of their extended supply chain network, including Original Equipment Manufacturers (OEMs) and drivers on the road. Moving forward, it will be essential for the dealerships, and the companies they work with to report on all these emissions.

Carbon measurement is a fundamental aspect of sustainability reporting (ESG), crucial for fulfilling climate and net-zero commitments. Recent surveys indicating that **4 out of 5 people** are willing to pay extra for net-zero production highlight the importance of minimising carbon emissions not only throughout the supply chain but also in the showroom and ultimately in the hands of customers.

Reducing a dealership's carbon footprint is a multifaceted endeavour that extends beyond merely cutting down on energy consumption. It involves a full review of the site, identifying areas where sustainable changes can be made. Initially, over a quarter of these changes to reduce consumption could be done with no big adjustments to operations. An average dealership can save around £7,000 by tuning the lighting down in showrooms, ensuring that heating and cooling is properly calibrated, and optimising the use of the thermostat and heating system in the offices, workshop, and spaces.

That's why over 50% of all dealerships today believe sustainability is a business priority for the near future. Cutting carbon emissions through simple action also cuts costs, and attracts buyers. Again, that roughly 4 out of every 5 people would like their dealer to know more about the environmental impact of their stock.

Understanding these facts and figures may be key to swaying the thoughts of a buying customer. For instance, if a customer visits a showroom and inquires about the switch to LED lighting compared to previous models, being able to clearly explain that such lighting reduces environmental impacts by 60%, not only during use but also in manufacturing and transportation to your dealership, could make all the difference in establishing a credible customer rapport. Similarly, adopting renewable energy sources and technology like solar panels, not only showcases a dealership's commitment to sustainability and reducing carbon, but also serves as a visible, tangible signal to customers to trust they're buying from a dealer that takes climate as seriously as they do.



Conducting energy audits is a **crucial first step** in finding ways to use energy more efficiently and **starting improvement plans**

Waste Management and Recycling

Effective waste management and recycling reflect a dealership's commitment to operational excellence and efficiency. By striving to be a zero-waste organisation, as well as properly disposing of hazardous materials such as oil and batteries, dealerships can significantly reduce their environmental impact and avoid additional costs for landfill disposal. If the average small and medium-sized businesses in England were to achieve this, they could save up to 70% in associated charges.^{2 3}

Building a Sustainable Supply Chain

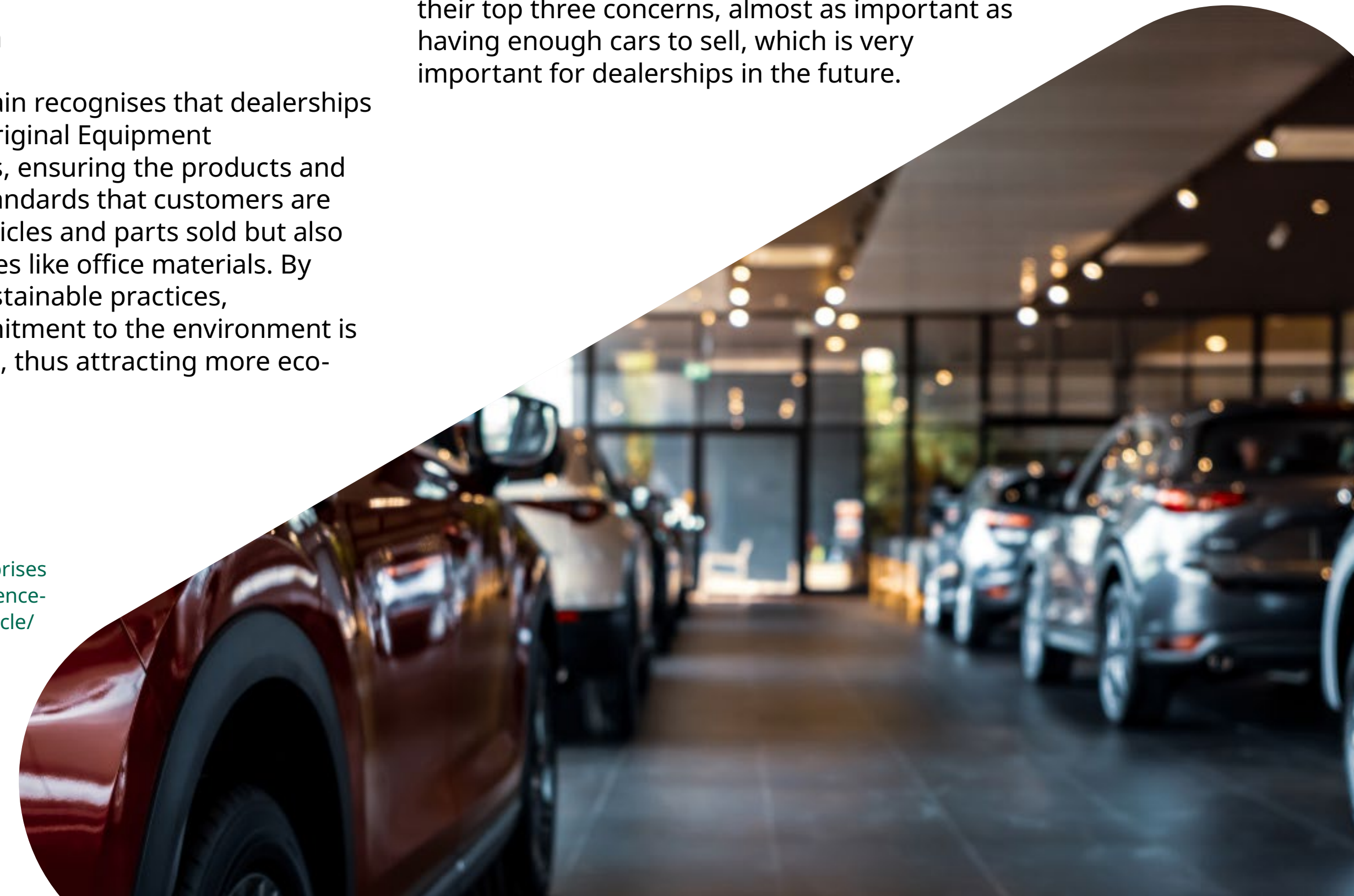
The concept of a sustainable supply chain recognises that dealerships need to work more closely with their Original Equipment Manufacturer (OEM) and their suppliers, ensuring the products and services they procure meet the high standards that customers are coming to expect. This includes the vehicles and parts sold but also extends to everyday operational supplies like office materials. By prioritising suppliers who adhere to sustainable practices, dealerships can ensure that their commitment to the environment is reflected across their entire value chain, thus attracting more eco-conscious consumers.

² Waste management in Small and Medium Enterprises (SMEs) – A barrier to developing circular cities - ScienceDirect (<https://www.sciencedirect.com/science/article/abs/pii/S0956053X20304840>)

³ Reducing landfill | North Somerset Council (n-somerset.gov.uk)(<https://n-somerset.gov.uk/my-services/bins-recycling/reducing-reusing-waste/reducing-landfill>)

Energy Management and Audits

Conducting energy audits is a crucial first step in finding ways to use energy more efficiently and starting improvement plans. These audits can reveal hidden problems like old cooling systems or poor insulation that waste a lot of energy. These improvements are important not only to keep operating in the UK but also because of energy programs like the Energy Savings Opportunity Scheme (ESOS) are being introduced. Dealers see energy costs as one of their top three concerns, almost as important as having enough cars to sell, which is very important for dealerships in the future.





Sustainable facility design is [...] about creating spaces that promote **health, wellbeing, and environmental stewardship**

Embracing Renewable Energy

The embrace of renewable energy sources follows only after consumption has been optimised as much as possible. While the initial setup costs can be significant, they can often yield a return on investment within 5-10 years. Renewable energy sources like solar power not only reduce reliance on fossil fuels but also offer a hedge against fluctuating energy prices, ensuring greater financial stability for the dealership.

Sustainable Facility Design

Sustainable facility design is about more than just energy efficiency; it's about creating spaces that promote health, wellbeing, and environmental stewardship. This includes considerations like maximising natural light, which reduces the need for artificial lighting but also creates a more inviting space for customers and employees alike. Incorporating green spaces and water-efficient landscaping can further enhance the environmental profile of the dealership, contributing to local biodiversity and providing a more pleasant and natural environment. Global data and studies have found that most relevant risks across this sector are not just environmental, or governance, but social issues around health and safety, wellbeing of employees, as well as retention. These are very high in the top 10 concerns for dealers.⁴ Taking health and safety of your employees seriously can have a multitude of benefits, including increased productivity.

⁴ Insight about the biggest challenges for car dealers (closemotorfinance.co.uk) (<https://www.closemotorfinance.co.uk/biggest-challenges-for-dealers>)



Not acting quickly enough and delaying the implementation of sustainability initiatives **could cost £9.5 trillion globally**

Employee Training and Engagement

The success of any sustainability initiative relies heavily on the buy-in and engagement of employees at all levels. It's crucial that employees, including those on the shop floor, understand the products they are selling. Therefore, training programs that educate them about the importance of sustainability and how it can contribute to their daily roles are essential. Creating a culture of sustainability within the dealership not only ensures the successful implementation of green practices but also fosters a sense of pride and ownership among employees. Studies have found a 71% increase in market share growth when performing better in sustainability efficiency practices, as well as 25% more continuous improvement benefits per annum.

Time Wastage

Multiple studies and economic modelling have examined the costs of inaction in sustainability. For instance, not acting quickly enough and delaying the implementation of sustainability initiatives could cost £9.5 trillion globally. Often, half of the challenges arise from decision paralysis, with roughly 52% people believing that sustainability will increase costs. However, contrary to this belief, taking early action will facilitate a smoother transition towards a net-zero future. Delaying action will result in more challenging navigation of the costs associated with decarbonisation, especially as we approach the 2030 interim targets. Sustainability interim deadlines of 2030 are only two business plans away, and not meeting these targets could lead to reputational damage and negative impacts on customer relations, as customers are increasingly engaging with companies that are going above and beyond in sustainability.





Green initiatives often lead to **long-term operational savings**

Cashable Savings and a Sustainable Return on Investment: Green initiatives often lead to long-term operational savings. In a current cost of living crisis, where 70% of dealers feel it is the most challenging issue. A focus on sustainability that drives a greener and more cost-effective future is critical. This covers energy-efficient technologies reduce utility bills, recycling programs decreasing waste disposal costs and lots of quick actions that can drive cash-in hand savings.

Reduced Environmental Impact: Sustainable dealerships significantly lower their carbon footprint through energy-efficient systems, waste reduction, and renewable energy adoption, contributing positively to global environmental efforts and local ecosystem preservation.

Enhanced Brand Reputation: In an eco-conscious market, a dealership's commitment to sustainability can strengthen its brand image and customer loyalty. This ethical stance distinguishes dealerships in a competitive landscape, attracting a broader customer base.

Competitive Advantage: Sustainable practices position dealerships to meet the growing demand for eco-friendly vehicles and services, offering a unique selling proposition that sets them apart from competitors and drives market share.

Employee Engagement: A sustainable work environment boosts employee satisfaction and retention. A culture of environmental responsibility attracts and retains talent, enhancing productivity and customer service quality.

Regulatory Compliance and Risk Mitigation: Proactively adopting green practices helps dealerships stay ahead of environmental regulations, like the Corporate Sustainability Reporting Directive (CSRD). Therefore having less impact of fines and regulatory hurdles.

Community Engagement and Social Responsibility: Sustainable dealerships contribute to their communities by reducing pollution and engaging in local environmental initiatives, building goodwill, and strengthening community ties.

Future Readiness and Opportunities: Shift towards greener technologies will enable companies to access new consumers and markets, thus creating new revenue streams.



Today's **dedication to sustainability** will shape the **future legacy** of the automotive sector



As sustainability becomes increasingly important in the automotive industry, dealerships are key players in moving towards a greener future for both their businesses and customers.

Our new services, such as **ESG audits for Dealerships**, promote sustainable progress across the automotive sector by providing thorough assessments based on best practices. These services help your entire dealership network, customers, and supplier move in the right direction. Navigating the complexities of sustainable transformation requires expertise, which is where our sustainability and ESG services are invaluable. With various accreditations, including our **EcoVadis Training Partner status** and our **Corporate Sustainability Reporting Directive experience**, we assist you in selecting frameworks and credentials suitable for and wanted by your dealership and your customers.

We enable dealerships to inform and involve customers in eco-friendly products, serving as trusted guides on the journey towards sustainability. Through collaboration with us, dealerships can confidently advance their sustainability efforts, ensuring that their initiatives have a meaningful impact and align with their overall business objectives.

Today's dedication to sustainability will shape the future legacy of the automotive sector. With DEKRA Sustainability Services, we act as your seatbelt for sustainability, assisting you as you drive towards the sustainable dealership of tomorrow.



About the **author**



William **Soper**

William is the Head of Sustainability Services and is responsible for leading the sustainability services in the UK and Ireland. He is also Chartered Engineer and Sustainability Technical Advisory Group member at the Institute of Chemical Engineers (IChemE).

William has over a decade of experience in delivering sustainability initiatives across various organisations, encompassing companies, products, and people. William has extensive experience working in both the public and private sectors in the UK, EU, US, and Asia with key knowledge in sustainability regulations such as the CSRD, UK SDS, and many others.

As part of his role, William has also provided professional coaching, mentoring and learning and development for clients. His achievements have garnered excellent client feedback.

DEKRA Sustainability Services Contact

At DEKRA, our Sustainability Services are designed to guide and support businesses in their journey towards a more sustainable and environmentally responsible future. Our comprehensive suite of services focuses on delivering tangible sustainability improvements, helping organisations to effectively manage their environmental impact, enhance their corporate social responsibility, and ensure compliance with global sustainability standards. Whether it's through carbon footprint analysis, sustainability reporting, or developing and implementing bespoke sustainability strategies, our expert team is committed to facilitating measurable and meaningful progress. We leverage our global expertise and local insights to deliver solutions that not only meet the immediate needs of our clients but also pave the way for long-term sustainable success.

We are a service unit of DEKRA SE, a global leader in safety since 1925 with over 49,000 employees in 60 countries and five continents. As a part of the world's leading expert organisation DEKRA, we are the global partner for a safe world. We have offices throughout North America, Europe, and Asia.

For more information visit
www.dekra-uk.co.uk

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