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# Sustainable automotive retail

A survey

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# Sustainable Automotive Retail: Executive Summary

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## Study Set-up

- ▶ Carried out in the period November 2022 to February 2023
- ▶ Survey of 23 automotive retailers/retailer groups in the passenger car segment in the DACH region as well as control group of 7 OEMs
- ▶ 26% of dealers each position themselves in the volume and luxury segments, 48% in the premium segment

**83%**

of retailers state, that sustainability already has a material significance for their corporate activities

**More than half of retail**

have already implemented measures to foster the sustainable transformation, mainly focused on environmental topics

**Only 1 out of 3 OEMs**

assigns a significant role in the sustainable transformation to the automotive retail

**86%**

of OEMs rate their current support for the retail network in terms of the sustainable transformation as sufficient.

**Yet only 40%**

of retailers say they receive active support from their OEMs, especially in implementing concrete measures.

**The top needs for retail**

are financial support, a regular exchange and provision of information by the OEMs and regulatory guidance.

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Retailers wish for significantly more support from automotive manufacturers

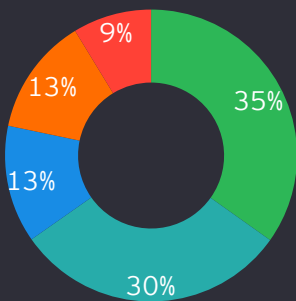
# Sustainable Automotive Retail Study 2023

Survey of 23 automotive retailers and 7 OEMs in DACH region on sustainability aspects and their status quo



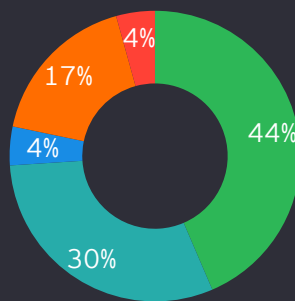
The survey was carried out from November 2022 to January 2023

### Number of locations



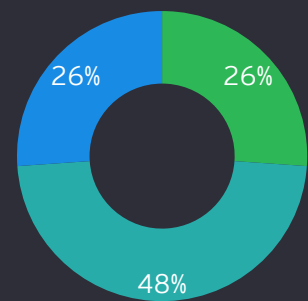
- Less than 5
- 5 to 9
- 10 to 14
- 15 to 19
- 20 or more

### Distributed vehicles



- German
- European
- American
- Asian
- English

### Positioning



- Volume segment
- Premium segment
- Luxury segment

The relevance of sustainability for  
automotive retail is recognized

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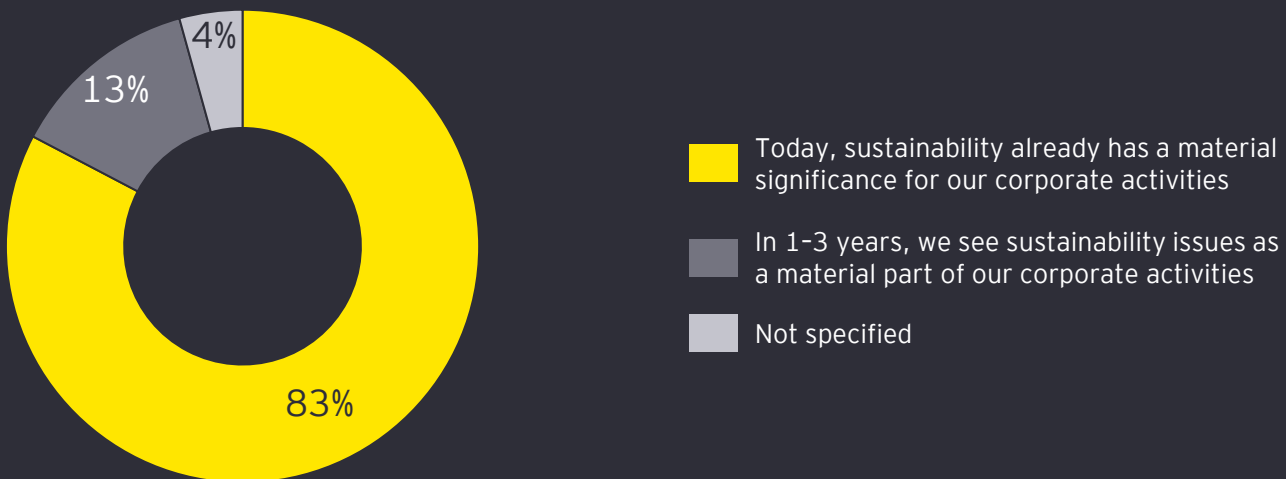
The majority of the retailers surveyed state that sustainability already has a material significance for their business activities today

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How relevant do you see the topic of sustainability for your current and future business activities?

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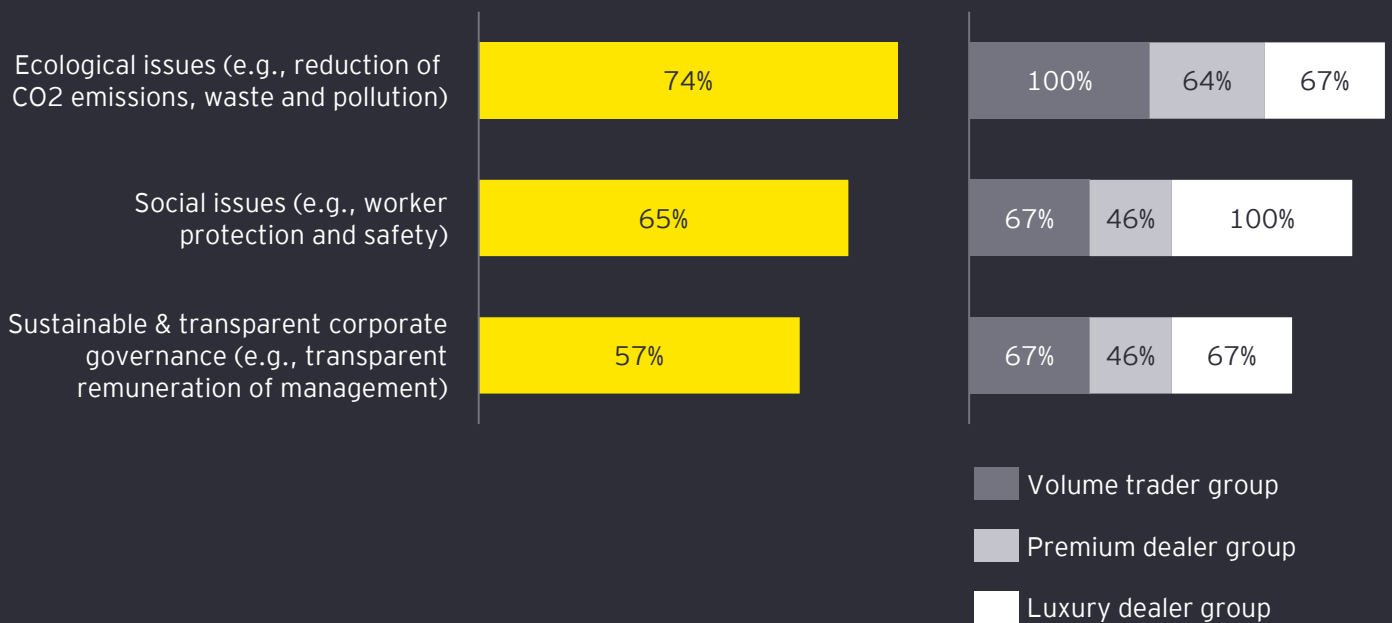


83% of the respondents consider sustainability to be an important topic today and in the future. In particular, 27% of premium retailers believe that sustainability issues will not come for another 1-3 years.

Whereas the environmental dimension is the most prominent out of the three ESG dimensions, followed by social and governance aspects



Which of the following sustainability topics have you already dealt with in more detail in your company?

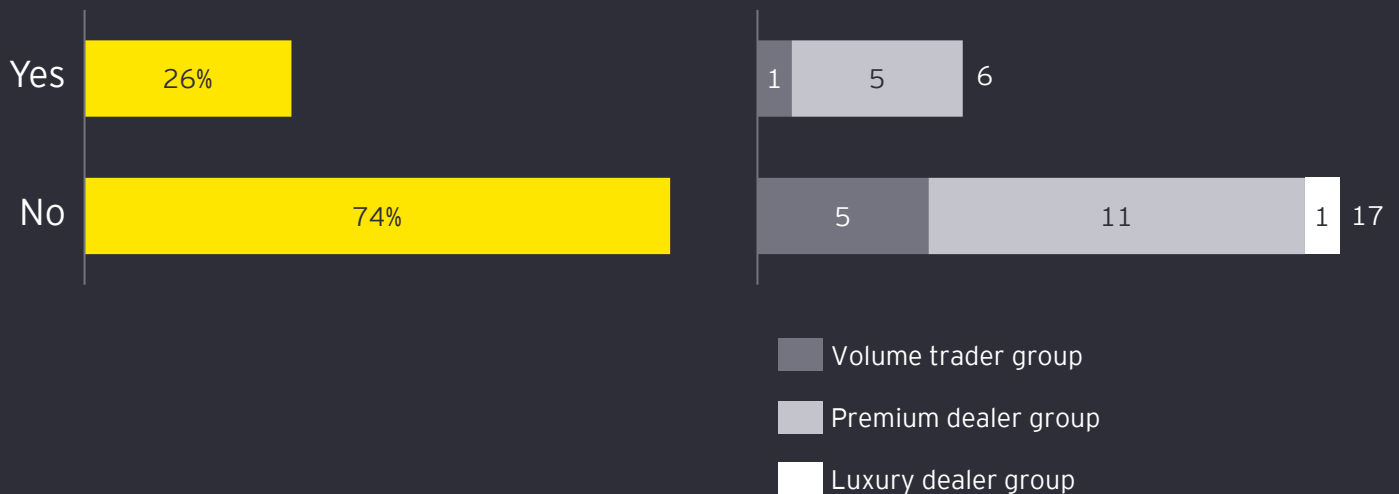


74% of the respondents have already dealt with ecological issues and more than half with social issues and sustainable & transparent corporate governance. Volume traders in particular see a high level of importance in taking social aspects into account.

Yet, despite the high relevance for their daily business, only one quarter of surveyed dealerships have a written sustainability strategy...



Does your company have a written sustainability strategy?



Luxury dealers groups in particular articulate their sustainability ambitions in a concrete sustainability strategy. However, the majority of the retailers surveyed do not have any sustainability strategy at all.



# ...and only half of the retailers have implemented concrete sustainability measures



How would you rate your expertise as a company in the area of sustainability?

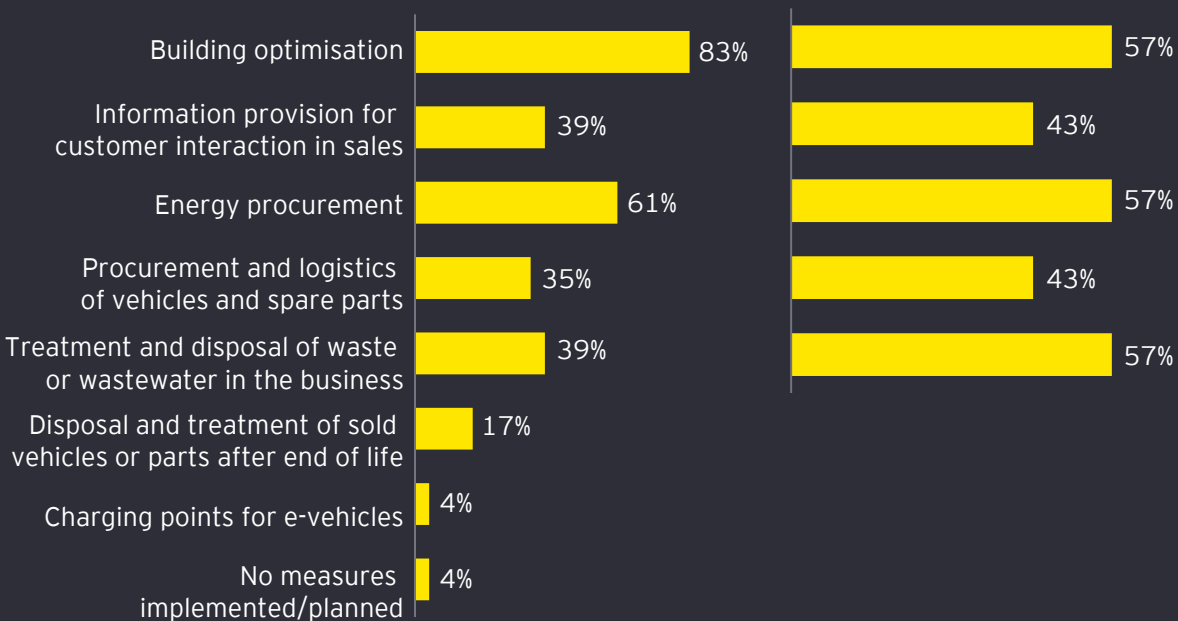


Only 52% of retailers have already dealt with the topic broadly and in depth, incl. the realization of concrete sustainability measures.

# The majority of the measures implemented are in the area of energy and building management

? In which of the following areas have you already implemented measures?

? To OEM: To your knowledge, in which of the following areas is retail currently implementing sustainability measures?



The majority of dealers focus on regulatory-driven measures and measures with high leverage with a focus on E. These also seem to be visible to the automotive manufacturers. Take-back programs for vehicles or vehicle parts currently has a low relevance (17%) for retailers, even though the introduction of circular products and increasing need for recyclability/reusability of vehicles and vehicle parts is one of the top ESG topics at all OEMs.

Still, the lack of a clear definition of sustainability for retail makes it difficult to translate into concrete measures – especially beyond the E

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How do you define sustainability within your company?

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## BASIC UNDERSTANDING

- ▶ Integrating holistic sustainable action and thinking
- ▶ Reducing CO<sub>2</sub> emissions (starting with production)
- ▶ Using resources carefully
- ▶ Seeing sustainability as fixed, indispensable element of the future
- ▶ Implementing a sustainability department in the company
- ▶ Optimizing work processes
- ▶ Implementing an eco-label for retailer groups



## CURRENT MEASURES

- ▶ Embracing electromobility and alternative drive systems, e.g., as workshop replacement cars
- ▶ Reducing use of chemicals
- ▶ Recycling of plastic bags over seats
- ▶ Renting a flower meadow for preservation of biodiversity
- ▶ Wasteseparation and disposal
- ▶ Installing filtration systems
- ▶ Reducing energy consumption via efficiency measures
- ▶ Installing solar panels
- ▶ Implementing a sustainable lighting systems
- ▶ Tree planting for each sold car

A basic, comprehensive definition of sustainability including the different dimensions of E, S and G is not being present among retail at the moment. Instead of strategic sustainable guidelines, retail is already thinking strongly in terms of concrete measures, especially in terms of environmental measures.

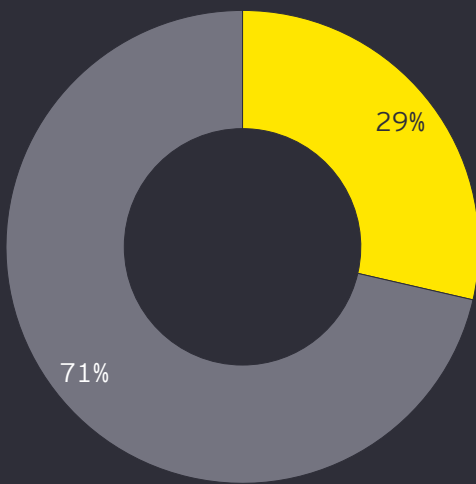


# The OEM perspective on sustainability in Automotive Retail

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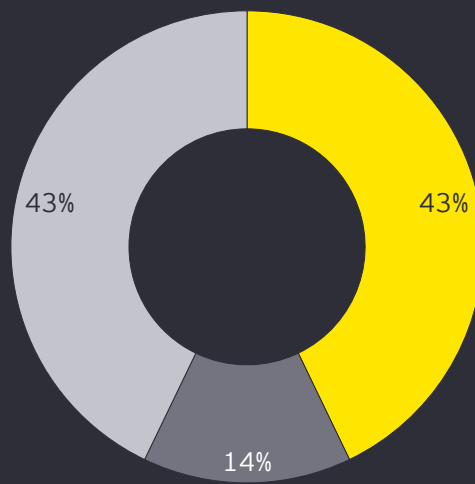
# The large part of surveyed OEMs have not yet recognized the importance of retailers as sustainability ambassadors

? To OEM: What role does retail play in the implementation of your current sustainability strategy?



■ Retail plays an essential role  
■ Retail plays a partially significant role

? To OEM: Do you currently have a dedicated sustainability strategy that includes targets for retail?



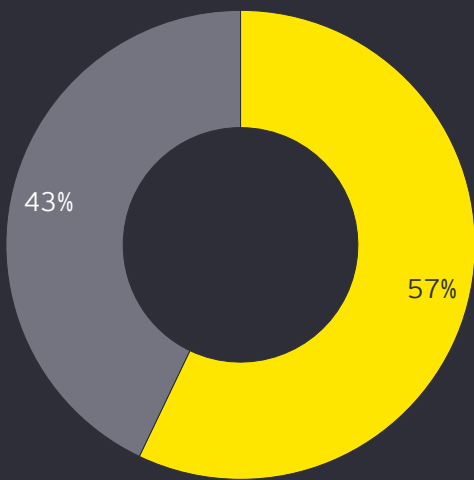
■ Yes  
■ No  
■ Not specified

Although the dealership is the interface between OEM and customer, only one-third of all OEMs surveyed assign an essential role to the dealership in their sustainable transformation. Nevertheless, 43% of OEMs have already integrated specific targets for the automotive retail network into their sustainability strategies.

As a result, only just over 50% of the OEMs expect retailers to be aware of the OEM's sustainability strategy and ambitions and consider their support to be sufficiently



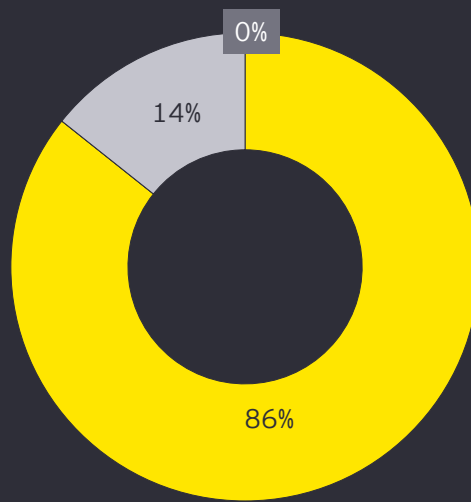
To OEM: In your estimation: How well are sustainability strategy and corresponding objectives currently known in retail?



- Each dealer group is familiar with our sustainability strategy and its objectives
- Dealer groups are partially familiar with our sustainability strategy and its objectives



To OEM: Do you believe that retail is able to implement the sustainability strategy with the current information and specifications?



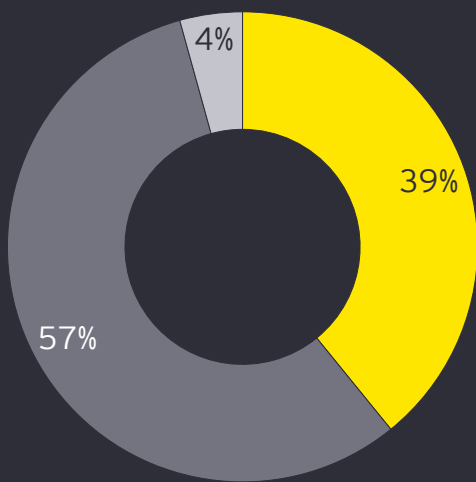
- Yes
- No
- Not specified




57% of the surveyed OEMs state that retail is well informed about the companies sustainability strategy and targets, whereas 43% claim that retail is only partially familiar with the topic. OEMs also rate their current support for sustainable transformation as sufficient.

However, only just over a third of retailers say they receive support and guidance from the OEMs...



Do you currently receive active support from the manufacturer in implementing sustainability measures?



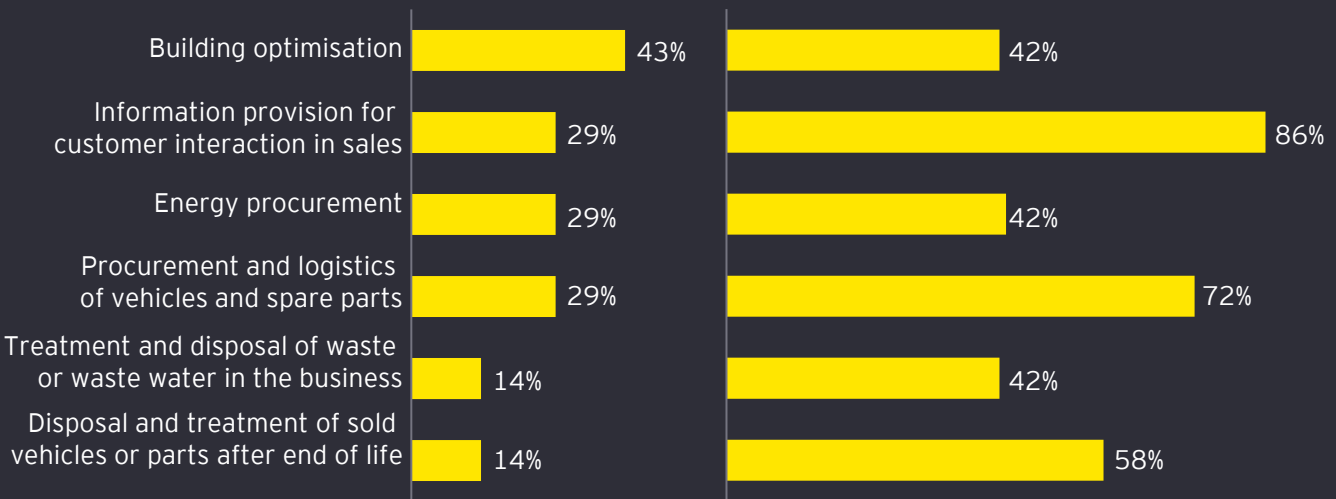
-  Yes
-  No
-  Not specified

The OEMs' perception of providing retailers with sufficient support and guidance is not confirmed in the survey of retailers. Only a third receive active support from the manufacturers.

# Specifically, retailers would like to see significantly more support and guidance from the OEMs in various subject areas

? To OEM: In which area do you currently provide support to retail?

? In which areas do you see the greatest need for additional support for the retail department with regard to sustainability?



In particular, dealerships would like to see much more support in educating customers about sustainability aspects and in the area of circular economy, i.e., provision of vehicles and vehicle parts.

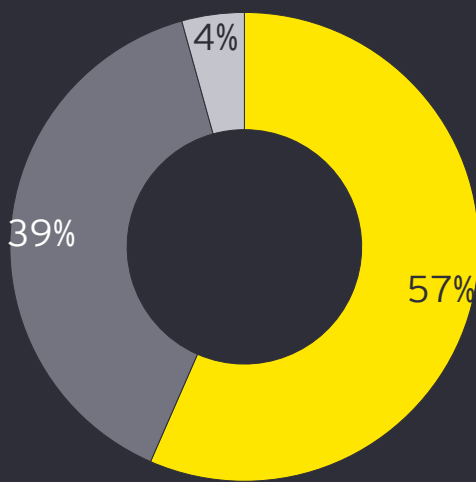


As customer interest in the topic of sustainability grows, the need for education by retailers also becomes more important

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? Do you believe that sustainability is an important decision-making criterion in customers' choice of retailer?

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- For some customers
- For very few or no customers
- No specificaiton

According to retailers surveyed, sustainability is already relevant for more than half of all customers when making purchasing decisions. This proportion will continue to rise in the future.



Retailers wish for significantly  
more support from automotive  
manufacturers

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# Retailers face uncertainty regarding sustainability in a wide range of topics



Where do you currently have the greatest uncertainties in your company with regard to the topic of sustainability?

Energy procurement

Change Management

Shortage of employees and skilled workers

Employee willingness

Sufficient (sustainable) goods to sell

Legal requirements

Reduction of combustion engines

Wastemanagement

Exchange with customers and communication

Too little self-determination for the implementation of measures due to manufacturers' specifications

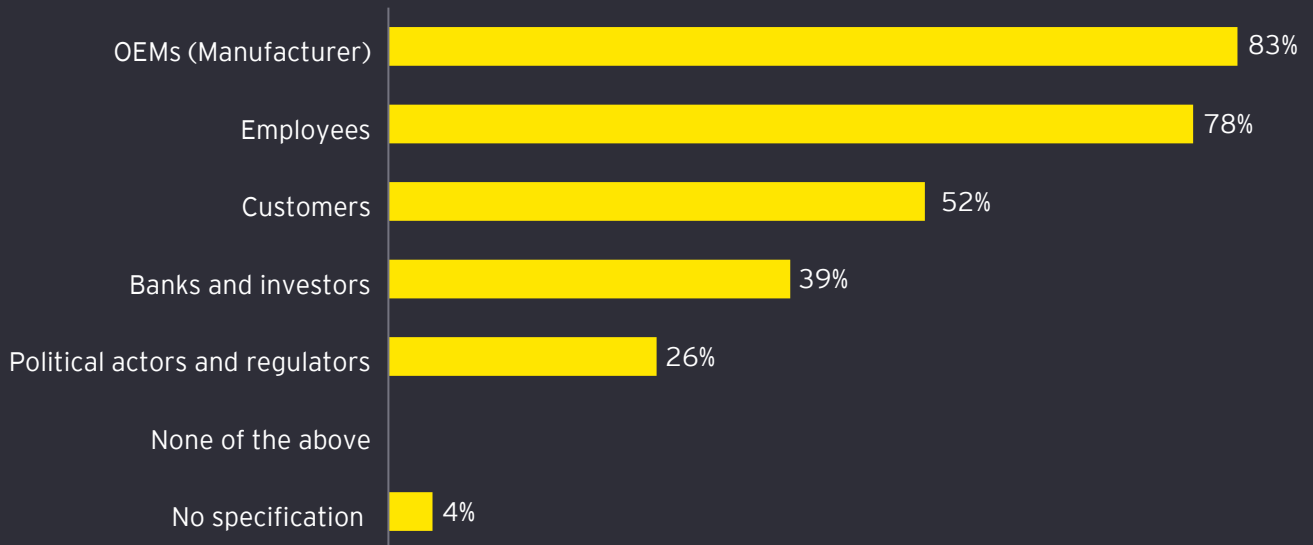
Little guidance concerning measures in sales and workshops

The surveyed companies face many uncertainties regarding sustainability. These range from legal topics to employee willingness and energy procurement.

# To address the uncertainties, retail is already in active exchange with numerous stakeholders



With which of the following stakeholders do you engage with in an active dialogue on sustainability issues?

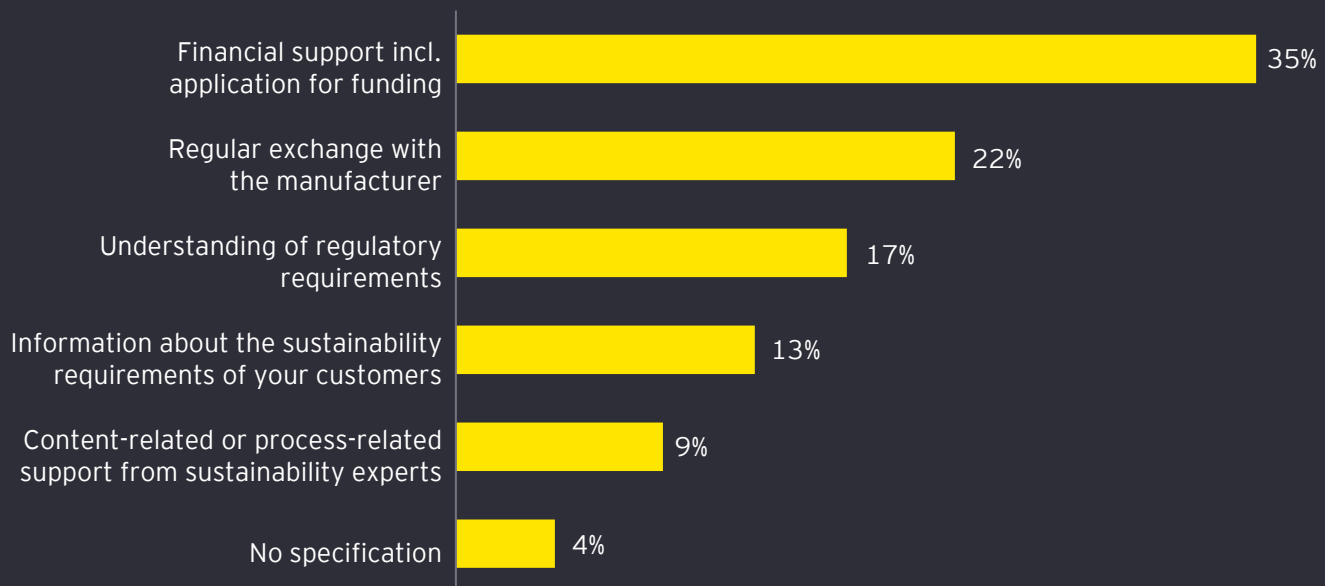


83% claim that communication about sustainability issues is most present in the dialogue with OEMs, followed by employees. Such communication is least intense with political actors and regulators.

# Still retailers claim that they require more support in order to successfully implement the sustainable transformation, especially in terms of financing



In which area do you currently see the greatest need for support in implementing sustainable transformation?



The respondents argue that more financial support, exchange with manufacturers and knowledge about regulatory requirements are the top needs to successfully implement sustainability.

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