Analysis reveals £210 million EV service revenue loss, compared with ICE, for dealer workshops

But the disproportionately high rate of EV recalls offers major customer retention opportunities

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HIGH EV RECALL RATES are good news for dealers looking to claw back a £210 million gap in service revenue between EV and ICE vehicles via improved customer retention, say data experts ADS.

Analysis by ADS (Auto Data Solutions) reveals an average annual workshop revenue shortfall of £175 per vehicle, compared with ICE cars and LCVs. Based on current EV market share, that adds up to a total reduction in service value across the dealer network of £210 million.

But ADS also found that EVs are disproportionately represented in recall activity - accounting for 1 in 5 recalls, despite making up just 1 in 18 vehicles on the road.

The higher rate of EV recall activity provides dealers with more opportunities to offset the service revenue erosion caused by growing EV market share by creating more reasons for direct customer contact.

ADS argue that customer contact between routine appointments is an overlooked driver of both profitability and retention. Addressing it transforms the current overrepresentation of EVs in recall data into a major win for dealers.

The analysis of differential service revenues for ICE and EV cars and LCVs took industry-standard service cost estimates for both types, calculated the difference and correlated it with current market penetration.

Assuming the mid-point in conservative estimates of annual ICE maintenance of £300 - £400 and applying the same to EV servicing value of £150 - £200, ADS calculated an average differential in revenue of £175 per car.

Based on 1.2 million EVs in the total parc this represents a reduction in routine dealer servicing revenues of £210 million across the industry.

The reason for reduced value-per-visit for EVs is fewer serviceable wear and tear components - but a disproportionately high rate of recalls present a major opportunity for dealers to overcome this.

Key to unlocking this opportunity is data-led market intelligence, which ADS emphasise begins with maintaining accurate customer contact records and includes focus on fulfilling recalls. The company consistently reports that millions of recalled cars remain unrectified and that up to 75% of records on dealer customer contact databases contain errors.

Jon Sheard, Operations Director of ADS, said: "Our analysis is good news for dealers who are confronting fewer organic opportunities for customer contact between services.

"For those dealers who manage their customer data most effectively the disproportionately high rate of EV recalls is a golden opportunity.

“Just as proactively offering more frequent tyre rotation, due to the difference in weight and torque for EVs, is an important customer contact opportunity for dealers, increased recall appointments bring another welcome reason for customer contact.

"But to manage this opportunity effectively it's essential to have reliable customer contact details in the database and to have a clear and timely view of recall data.

"Dealers who take advantage of data-cleansing and updating services consistently report significantly increased revenues through improved customer retention.

"Our analysis shows that EV recalls provide increased opportunities for meaningful customer contact, which will help to claw back profit that would otherwise be increasingly eroded by the transition to electric."

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ABOUT ADS

ADS - Auto Data Solutions - connects motor retail businesses with market and customer data that increases efficiency and boosts revenue. Founded by a team of former senior CAP-HPI managers, ADS partners with all of the leading data and system providers to provide a unique set of services designed to drive growth and profitability for dealers.