

**CDK GLOBAL<sup>®</sup>**

# **EV Service: Today and Tomorrow**

CONNECTIONS THAT MOVE YOU

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The future of the Service department has been a top concern whenever discussing the transition to electric vehicles (EVs). Yet, there's been very little investigation into what's happening on the ground and what's expected down the road from those in service leadership, which this research looks to uncover.

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The numbers are clear. There aren't a lot of EVs coming into dealership Service bays. But today's Service department is ready now despite the current small crop of customers.

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The data illuminates areas where dealers need to focus as the EV trickle becomes a steady stream of Service volume.

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# Overview

The electric vehicle revolution is coming. And as CDK Global continues to study the trends around the technology, its impact on the Service department continues to be a top concern throughout the industry — especially for store leadership.

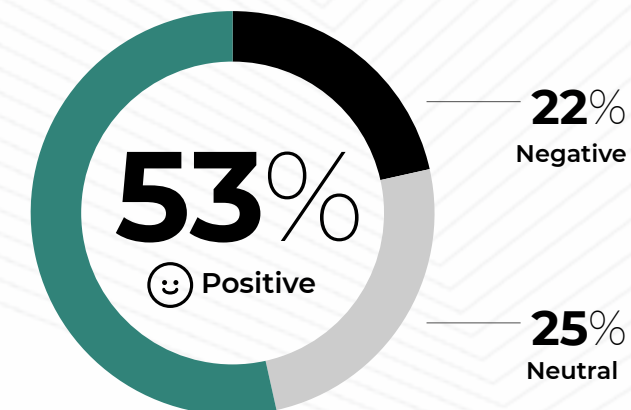
To get to the heart of what's happening in Service departments today — and what's expected tomorrow — we interviewed nearly 200 leaders with a direct understanding of EVs' impact on this vital profit engine for the dealership.

Every respondent has either begun servicing EVs or is preparing for it in the next two years. But 99% of those surveyed had at least a portion of their Service staff already trained on EVs.

They're living with EVs, and so far, just slightly more than half (53%) feel positive about the process. Especially positive is their view of the future: they do believe EVs will increase customer retention as the dealership will be the primary option, if not the only one, to have these advanced vehicles maintained and serviced.

This wasn't the only compelling discovery we found as we investigated the current and future state of EV service.

## How Dealers Feel About the Introduction of EV Service



## Customer Retention Expectations



Customer retention with the introduction of EV service is expected to stay steady or increase in the future.

# DEMOGRAPHICS

## Total Participants

# 188



### ROLE

Director, Manager or Supervisor	77%	145
Executive Leadership	23%	43



### ROOFTOPS

1 to 2 rooftops	41%	78
3 to 5 rooftops	24%	46
6 to 10 rooftops	10%	19
11 to 15 rooftops	7%	13
16 rooftops or more	12%	22
Prefer not to say	5%	10



### DEPARTMENT

Administration	22%	42
Parts	27%	51
Service	51%	95



### COMMUNITY

Urban	28%	52
Suburban	40%	76
Rural	29%	55
Prefer not to say	3%	5



### EV SERVICE DEPARTMENT STATUS

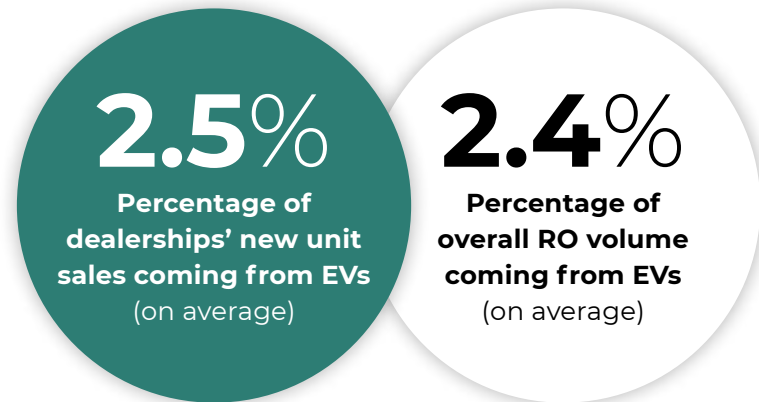
Currently service EVs	85%	159
Within 6 months	7%	13
Within 6 months to 1 year	6%	11
Within 2 years	3%	5



# Where EV Service Stands Today

EV adoption is growing and the curve seems to be getting steeper, with current market share hovering around 7%. However, nearly half (if not more) of all EV sales are still Tesla's two most-popular models, the Model 3 and Model Y. In our survey, respondents said roughly 2.5% of their dealerships' new unit sales were fully electric models, which tracks with industry data.

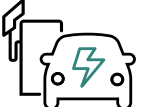
Similarly, this group said they saw nearly identical numbers come into the Service bay with 2.4% of repair order (RO) volume coming from EVs. It's not going out on a limb to say this sliver of business is quite small. Yet, these stores have already invested heavily to address current and future EV service customers.

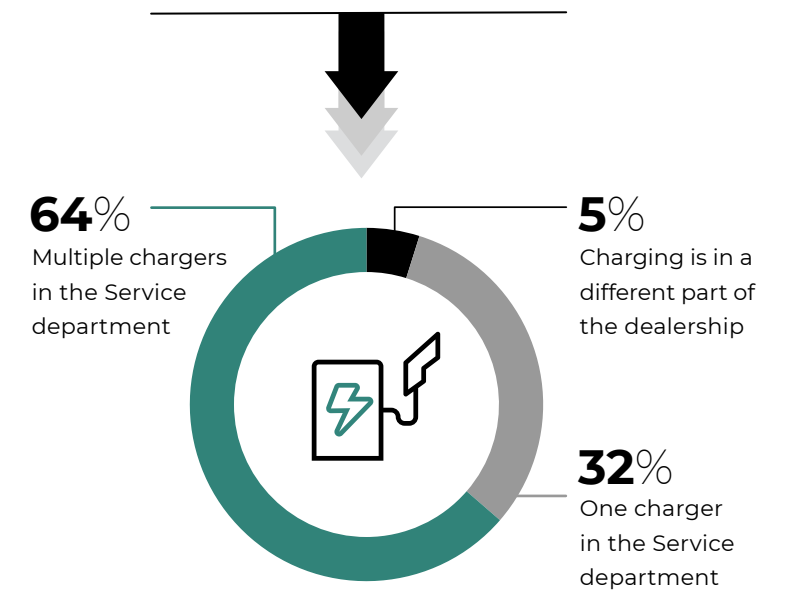


## Investments

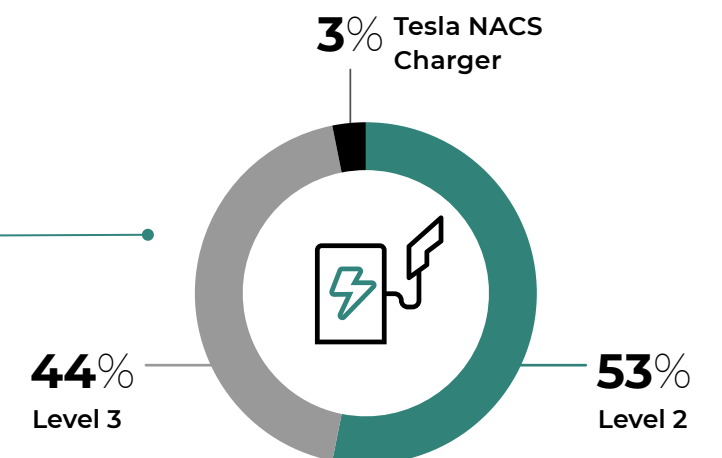
When it comes to charging stations, 88% said they have at least one charging station at the dealership. Of those, 32% said there's at least one in the Service department, and a healthy 64% said they have more than one charging station in the Service department. Most of the chargers, 53%, are level 2 but 44% have level 3 fast chargers installed.



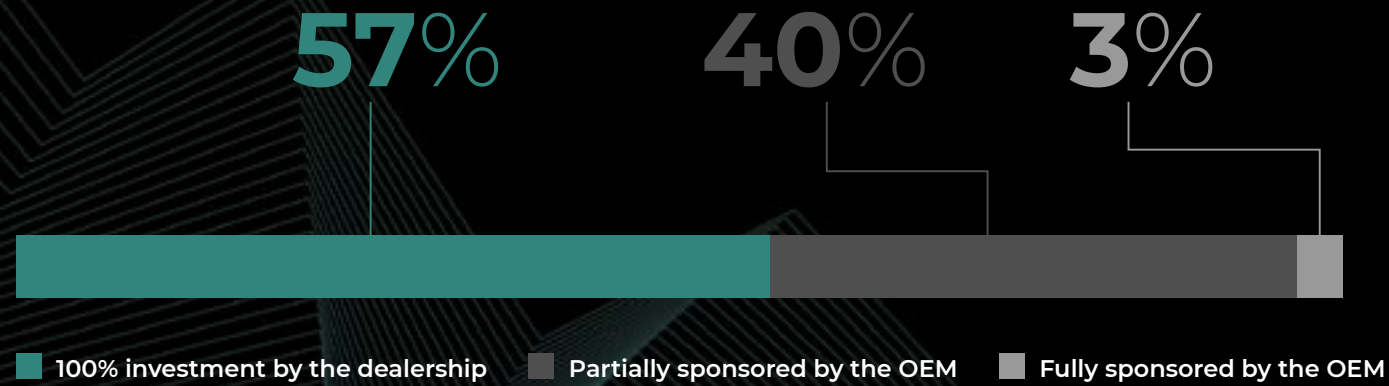
**88%**   
Have charging stations at the dealership. Out of those 88% ...



## Most common charging systems



**Service departments are taking on most of the investment burden when it comes to installing charging stations.**



## Getting There Wasn't Easy

This level of charging station penetration wasn't easy. We heard from many who struggled with everything from regulations to equipment shortages to their own infrastructure. Not only were there long delays receiving the chargers and related equipment, but some had issues finding qualified electricians to install them. One respondent explained they had to wait six months for the right labor to become available.

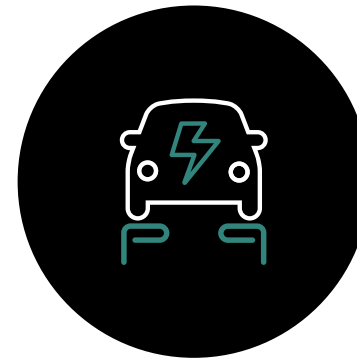


## Much More Than Charging

Getting EV-ready in the Service department requires much more than charging stations. Over half of respondents (54%) said they have separate bays designated for EVs. Others left their bays flexible, able to handle either EVs or traditional gasoline-powered cars because "it will be a while before that bay is full daily with EVs."

### Service bays design

**54%** Have separate Service bays for ICE or EV



But 59% of those who did create unique service bays said they haven't needed to upgrade their lifts to accommodate heavier vehicles. The large batteries that today's EVs require add substantial weight compared to their gas counterparts. Most lifts can handle 6,000 pounds in terms of gross vehicle weight (GVW) with many far exceeding that to over 10,000 GVW. One of the heaviest EVs

on sale right now is the GMC Hummer, with a GVW of 10,500 pounds. More common EVs, like the Ford Mustang Mach E and Volkswagen ID.4, have a GVW between 5,000–6,000 pounds. Comparable gas models, like the Ford Bronco Sport or Volkswagen Tiguan weigh 500-1000 pounds less.



What Service departments did have to invest in was a substantial amount for tools and safety gear. Eighty percent of respondents said they had to invest in specialized diagnostic tools to service EVs. A slew of new safety equipment is also now standard in Service departments, like unique gloves and boots, voltage meters, insulated workbenches and tools, signage, Class D category fire extinguishers and, perhaps most chilling, a fiber rescue pole to separate someone from a live wire incident.

# A Rosy Future for Service?

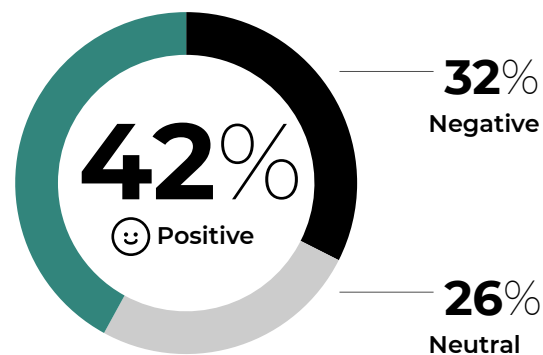
We're still in the early stages of selling and servicing EVs at scale. That 2.4% of overall RO volume statistic certainly seems to prove that. But EVs will hit 100% at some, perhaps very distant, point in the future. That understanding puts a laser focus on how much volume and revenue Service departments expect to see in the coming years.

What might be somewhat surprising to the status quo is that a majority see a positive outcome on the horizon — when you ask them to get specific. When we questioned them broadly about how they feel, sentiment diverged drastically from what they expect the bottom line to deliver.

for service will be. Only time will tell." That phrase "time will tell" came up a few times. As did the concept of the inevitability of EVs "even if you don't want it to."

No matter how they felt, in terms of volume and overall revenue, Service and store leadership predict a very significant rise as more EVs pull into the drive.

## How dealers feel about the future of EV Service



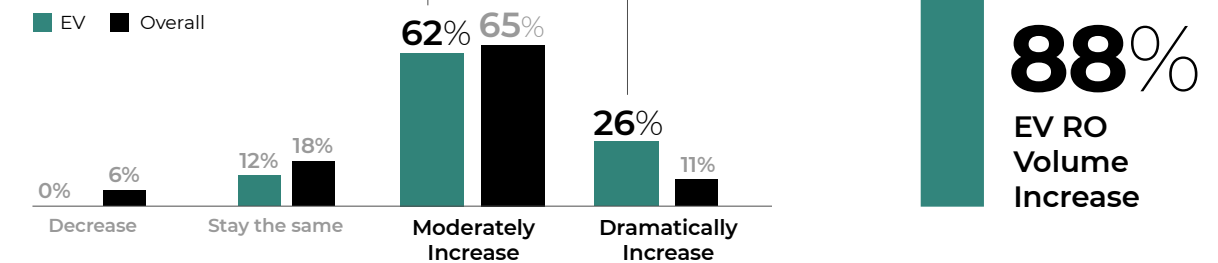
When we asked simply how they felt, only 42% of respondents had a positive outlook about the future of service when it comes to EVs. And nearly a third (32%) had a negative outlook.

One store executive pointed to the unknown, "Dealers have no real idea of what the demand

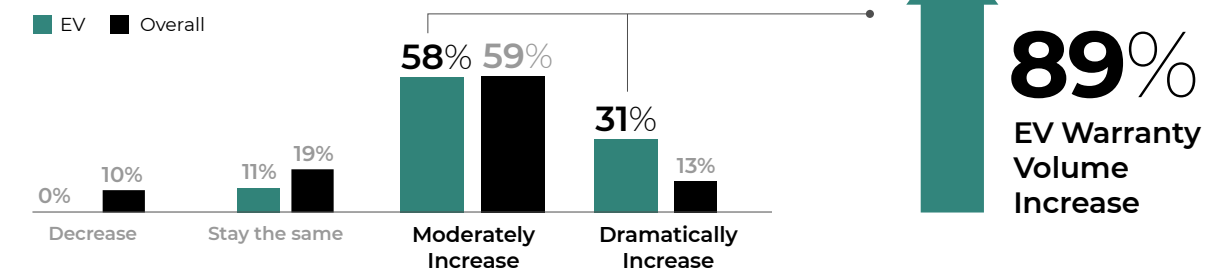


*"Dealers have no real idea of what the demand for service will be. Only time will tell."*

### RO Volume



### Warranty Service Volume

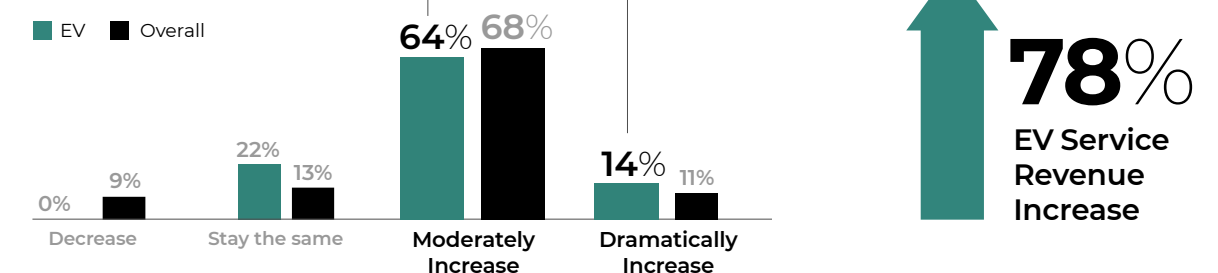


To be clear, everyone should expect more EV volume, but 72% of respondents see all warranty volume increasing as well, and 76% see total RO volume increasing in their stores over the next three years. That's an overwhelmingly positive number, with only 10% seeing a decrease in warranty service and 6% seeing a decrease in RO volume.

Volume is one thing, but what about revenue?

The number might be even more promising.

### Service Revenue

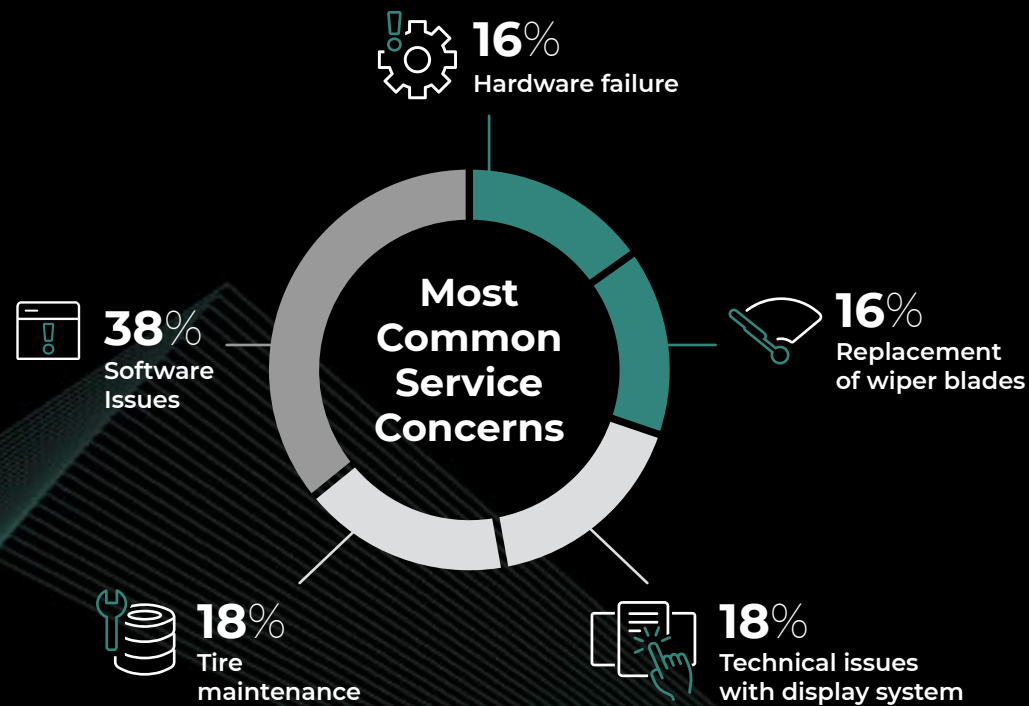


Nearly four out of five respondents (79%) expect to see an increase in overall revenue in the next three years. Only 9% think there will be a drop in revenue in that period. When we look at EVs currently, almost the exact same number (78%) expect an increase in revenue there as well.

## Types of Expected EV Service

What type of work is expected to drive this revenue for EVs? Not surprisingly, the number-one issue that's expected can't be solved with a wrench. Thirty-eight percent of respondents said software issues will be the most common service request from customers.

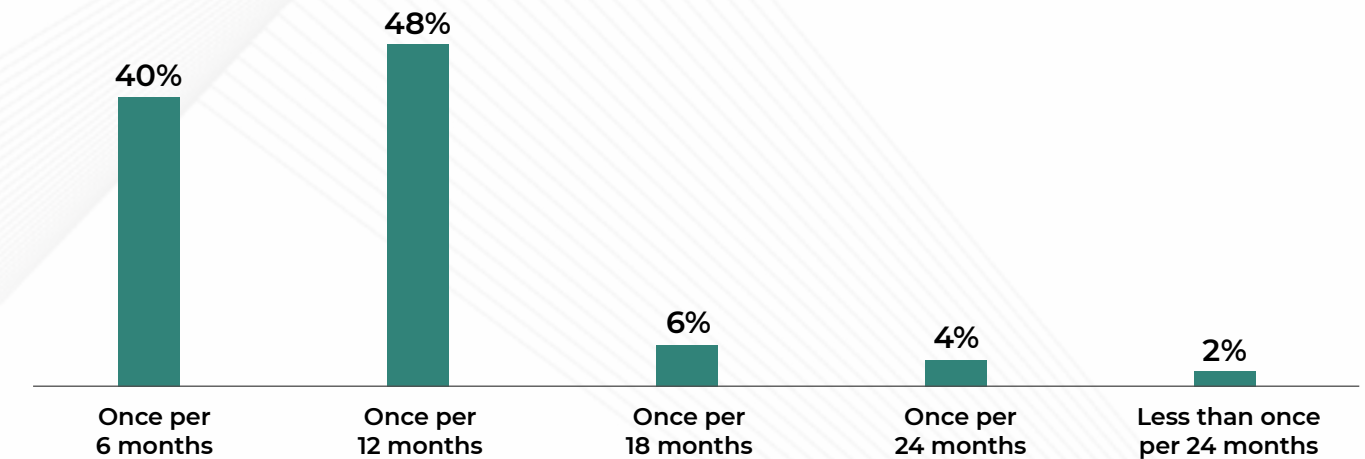
But even though it didn't rank at the top, some believe tire maintenance will be vital. "When it comes to EVs, tires are the new oil change," said one dealership.



When asked how often customers will come in to service their EVs, our respondents expect it to be early and often. A robust 40% of those we surveyed anticipate EV owners will come in every six months. And nearly half (48%) think they'll be in at least once a year.

These significant numbers might help explain the higher revenue service leaders are expecting as more EVs are sold. The higher level of technology and software seen in new EVs, along with a slew of recalls in recent months, is likely why they expect visits to be so frequent. And even without oil changes, there are plenty of other reasons for EV owners to visit the service lane.

## How Frequently EVs Come in for Service



Most EVs' recommended service schedules include at least annual inspections as well as tire rotations. Since many of today's EVs are equipped with motors on both axles and different amounts of torque going to each, rotating tires will be an even more important service for EV owners. A Ford Mustang Mach E recommends a rotation annually or every 10,000 miles; Hyundai's Ioniq6 is every year or 8,500 miles; and the very large GMC Hummer EV pickup recommends a rotation every 7,500 miles that isn't tied to a time frame at all.

Service departments can create materials that illustrate the why in a similar way that the cars themselves will often show energy flow from motors

to each axle on their large dashboard screens. This will help the owner connect the dots to the need for a rotation.

Some EV service schedules also clearly state vehicles shouldn't exceed a year or 10,000 miles between services.

These findings on frequency, along with frustrations that users of new technology often have, should inspire stores to reevaluate their waiting areas and how they update customers, in-store or offsite, on the status of their vehicles.

# Service Staffing Looms Larger With EVs on the Horizon

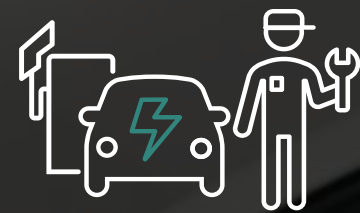
Service Managers have been concerned about staffing shortages and retention for years, if not decades. With the oncoming EV work inevitably on the way, it's no surprise that training Technicians on the technology is top of mind.

Currently, most dealers (85%) are operating with less than half of their Service Technicians trained on EVs. Considering just 2.4% of ROs are for EVs, this isn't an unsound number — for today. And 64% of those currently servicing EVs say Service scheduling hasn't been impacted due to staffing levels. But preparing for the future isn't easy, it seems.

More than half of respondents (56%) felt that training their current Technicians on EVs was difficult.

Even more, 70%, feel it's difficult to recruit Technicians that already have EV experience.

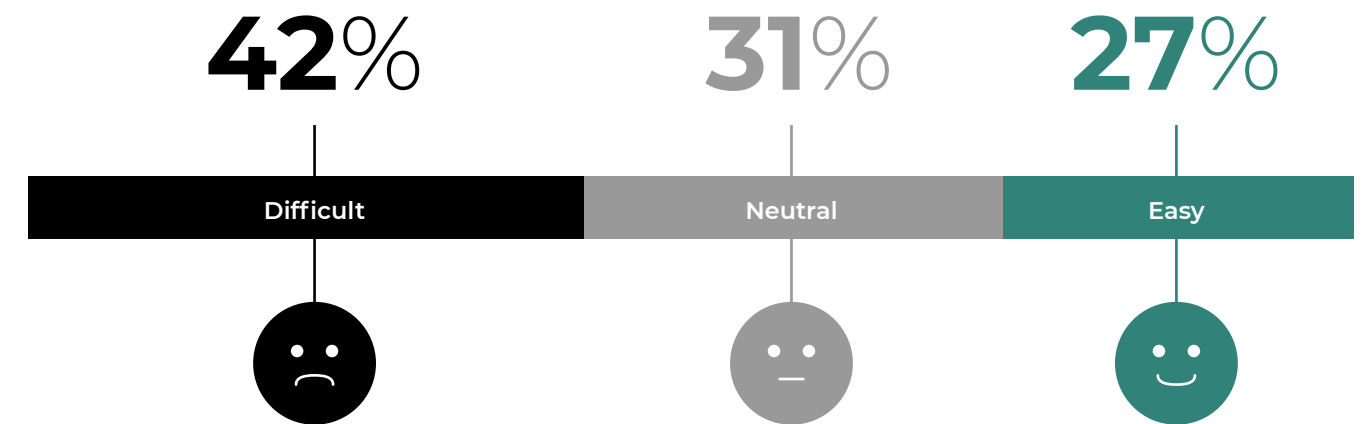
And while Service heads are always open to hiring new talent, 87% of all respondents preferred to train their existing staff on EVs so they could service both gas and electric vehicles. This preference is meeting resistance head-on, with 42% saying it's difficult to persuade their Technicians to receive EV training.



Just over half of respondents have

**20%**  
of EV-trained Technicians or less

## Difficulty of persuading existing Technicians to receive EV training



About 98% of the training is provided by the OEM. And only 9% of respondents said they added additional training that they either sourced themselves or through a third party. As automakers look to electrify their lineups, they'll need to continue training and, according to our respondents, improve it as well. Only 59% of those surveyed were satisfied with OEM training, with a few commenting that it was "poor."

While recruiting new Technicians is difficult today, there's some hope that the tech-forward halo EVs have in mainstream society will rub off on the sometimes negative stereotype of working in a Service department.

*"Only 59% of those surveyed were satisfied with OEM training, with a few commenting that it was 'poor.'"*



# Preparing for What's Next

If there's one piece of advice that rang true throughout the survey, it's that preparing and planning for EVs isn't optional. Reluctant or not, Service department leadership is clearly an active participant in transitioning to an electric future. Each may be at a different stage as the trickle of ROs takes time to become a steady stream, but they're more than aware of the inevitable.

## There Were Also a Few Takeaways That Became Clear:

### 1 Get Into the Tire Business

EVs will certainly go through more tires than your average gas car, but dealerships should focus on the intervals for tire rotations to keep service customers returning to the Service department. And even though this is an area dealerships won't be able to claim with exclusivity — unlike warranty claims and recalls — the concept that dealership Service Technicians are trained on all aspects of EVs should further reinforce the dealership advantage, even for tires.



### 2 Incentivize EV Training

It became clear that convincing current staff to take on EV training wasn't an easy process. If the Service team needs to grow now, incentives for those who take on the training — with either salary considerations, a one-time bonus or additional vacation days — may be necessary. Maintaining enough trained staff will become more important as more models and volume hit the market.



### 3 EVs Could Be a Net Positive for Service

The fear of reduced Service revenue has been the earliest trendline around EVs becoming mainstream. However, our survey's findings seem to indicate that may not be the case after all. Dealerships understand they have an early advantage by being the best source for trained EV Technicians. In our most recent study of Service shoppers, trained technicians were one of the most desirable features dealerships provided. If dealerships can remain the go-to option for EV service, the revenue and Service volume numbers found in this study should indeed prove out.



## About This Study

CDK Global aims to connect dealerships with the broader retail ecosystem as well as car shoppers and owners. Understanding the trends in buying, owning **and servicing** electric vehicles is extremely important for the automotive retail industry as we move to an all-electric future — even if that may take many years.



**Peter Kahn**

CDK Global Head of Research

With over 20 years of experience in researching all aspects of the automotive retail industry, Peter's work is focused mainly on how dealerships and brands can improve efficiencies and meet the changing needs of the vehicle buyer and service consumer. As the Senior Director of the CDK Global Research and Insights group since 2015, Peter has produced work that covers a range of topics, such as Artificial Intelligence in the Dealership, Women in Automotive, the State of the Automotive Retail Industry, Job Seekers in Automotive Retail and many more that help inform decision-makers in our industry.



**Michelle Clark**

Manager, Customer Experience Research

Michelle is a research manager at CDK Global who has been working with auto dealers for three decades. She enjoys bringing a dealership perspective to current trends in the auto industry including cybersecurity, staffing, fixed operations and the move to electric vehicles.



**Maneka Prabhu**

Research Analyst

Maneka recently completed an internship at CDK Global as a research analyst and was a key collaborator on this project. She is currently a graduate student studying business analytics at the University of Texas at Dallas.

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