



The next era in the used car business: Disruptive, Circular, Profitable

How to capture a yet untapped €100bn used
car opportunity in the EU5 markets by 2035

MAKING AN
IMPACT THAT
MATTERS
Since 1645

Agenda

01

How sustainability is disrupting the used car market

02

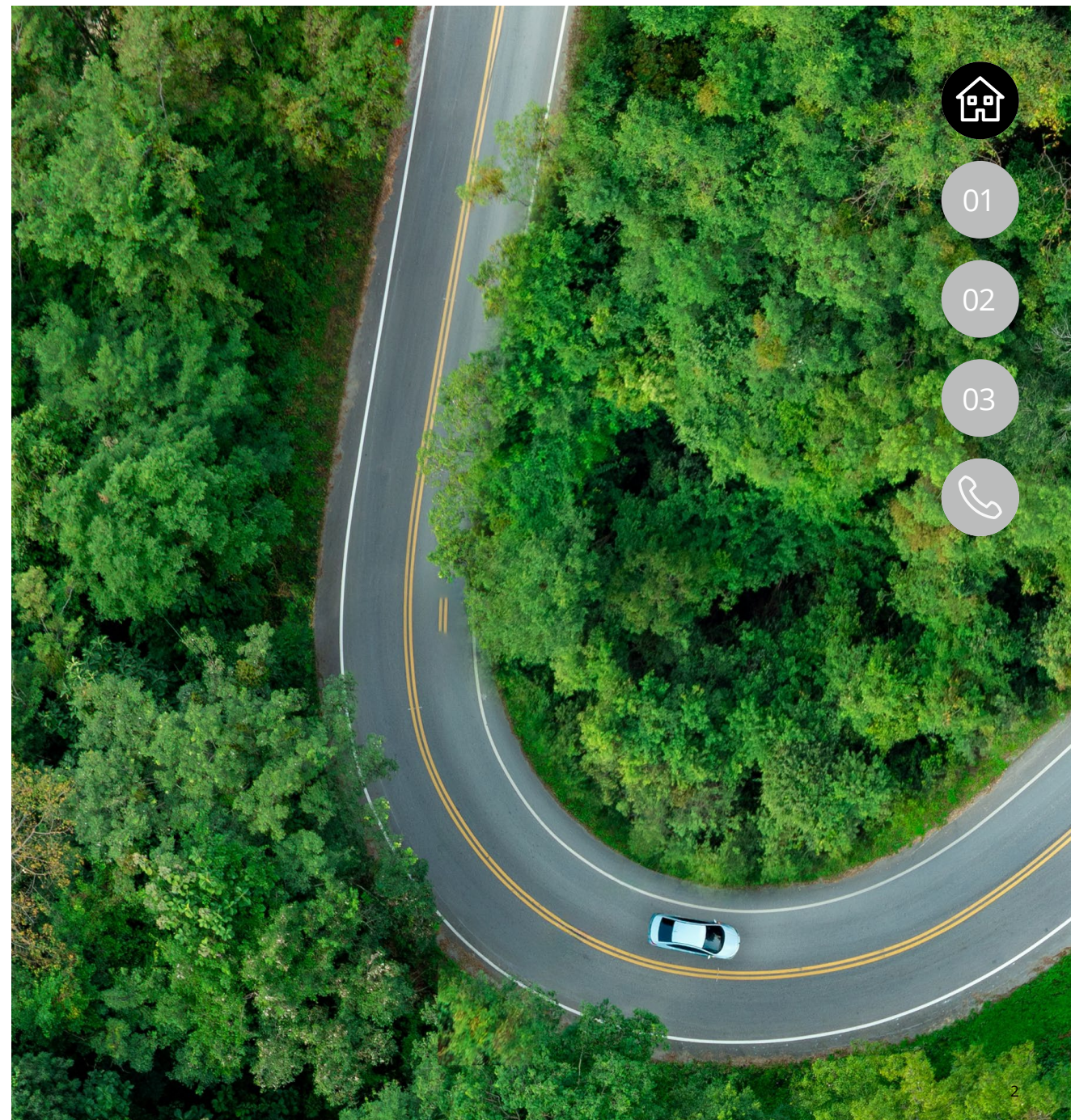
How to re-design the used car business to capture untapped profit pools

03

Bold plays to win



Your contacts



Preface

In a rapidly evolving market, driven by the imperatives of sustainability, our point of view underscores a need for the used car industry to rethink its traditional models and embrace a circular approach.



Used car business evolution

The used car business is undergoing a profound transformation, brought on largely by sustainability-related key drivers. This point of view highlights and quantifies three key drivers that are reshaping the used car industry: the electrification of vehicles, the shift to usage-based models, and the tightening of regulatory frameworks. These drivers are analyzed in depth to assess their impact on the used car business and provide insight into emerging opportunities and challenges.



The need for a circular used car approach

To unlock profit opportunities, the used car industry must adopt circular thinking across multiple cycles. This point of view identifies essential levers, quantifies the potential profits of incorporating multi-cycle management principles, and outlines the strategic shifts required for market leaders to seize sustainability-driven opportunity.



Key measures to take

Alongside a robust used car program that fosters trust and customer experience, businesses must take bold steps to secure a competitive edge and future-proof their operations. These steps include:

- Establishing used car leasing as the new norm to retain ownership within the company.
- Strengthening remarketing & circularity integration by building up “4R capabilities” (refurbishment, remanufacturing, recycling, and remarketing) to boost profitability, leverage synergies, and meet sustainability goals.
- Designing an integrated operating model to leverage the strengths of OEMs, Captives, and Fleet Providers for a competitive edge.

“Our approach helps businesses to not only stay competitive, but to unlock new avenues for growth and profitability in an increasingly regulated environment.”

Benedikt Middendorf
Director, Automotive Mobility

“Changing customer needs, increasing profitability pressure, and new operational uncertainties must be addressed in a circular approach that encompasses the entire used car value chain.”

Arne Hinzen
Senior Manager, Automotive Mobility



01

02

03



01

How sustainability is disrupting the used car market



01

02

03



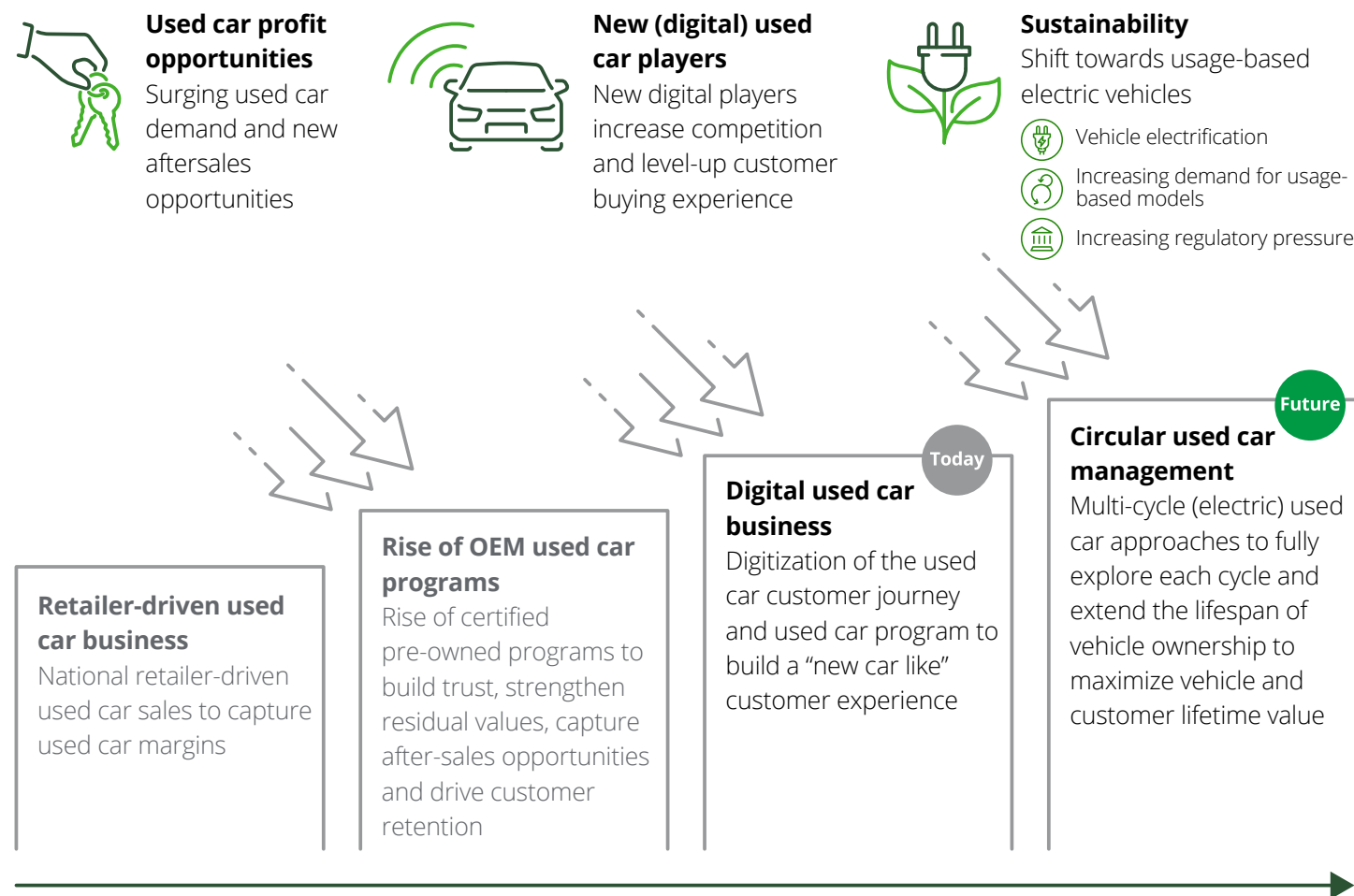
Used car business evolution

Evolving trends have elevated used cars to a central position in the strategic agenda of the automotive business.

Key Insight

- Over time, the used car industry has transitioned from a retailer-driven model to a digitally enabled ecosystem that offers a “new car like” experience.
- Emerging trends, including vehicle electrification, the rise of usage-based ownership models, and increasing regulatory demands, are now driving the next stage: circular used car management.
- This evolution underscores a fundamental transformation, that focus on sustainability, technological innovation, and maximizing lifetime value for both vehicles and customer.

Fig. 1 – Increasing used car business maturity



Key shift 1/3: Used car electrification

Although customers still have significant concerns about electric used cars, over 60% of used car sales in the EU5 are expected to be electric by 2035.

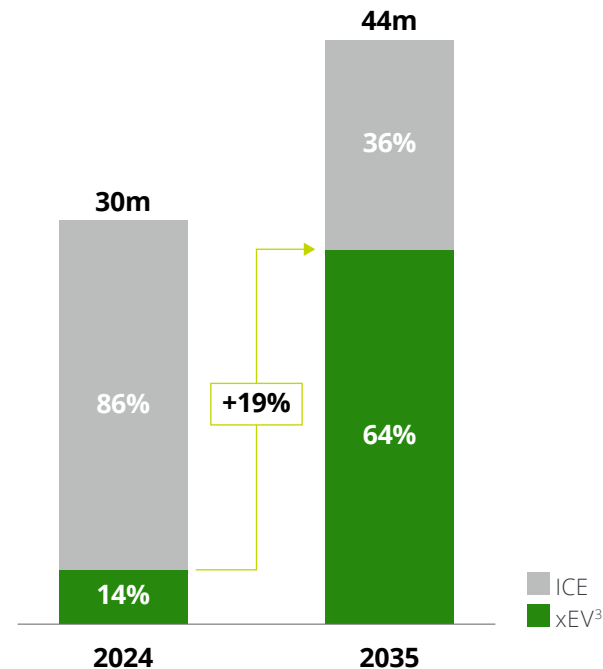
Key Insight

- Returned new xEVs are driving used car electrification, with xEVs projected to make up >60% of used car sales by 2035.
- Customers continue to have concerns about used EVs, particularly with regard to range, charging, battery life, price, and residual value.²
- Traditional sales methods fail to address these concerns, leading to a need for new offering structures.
- After-sales revenues are under threat, esp. with fewer EV parts (>30% at risk, necessitating new profit pools).²
- High residual value-uncertainty in electric used cars requires new capabilities to balance supply and demand.



There is an increasing need to adapt used car offerings, build up new capabilities, and capture additional profit pools.

Fig. 2 – Used car sales by drivetrain (#used cars sales in EU5¹)



¹ Source: Deloitte analysis based on Global Data, KBA, Ministère de la Transportation Ecologique, GOV.uk, ANFIA, ANFAC; EU5 markets include DE, FR, UK, IT & ES

² Source: Deloitte Future of Aftersales Study

³ incl. BEV, xHEV, & FCEV

Compound Annual Growth Rate



01

02

03



Key shift 1/3:

Used car electrification | Electric used car price crash

While prices for internal-combustion-engine vehicles have remained relatively stable for years, electric vehicle prices have been sharply declining.

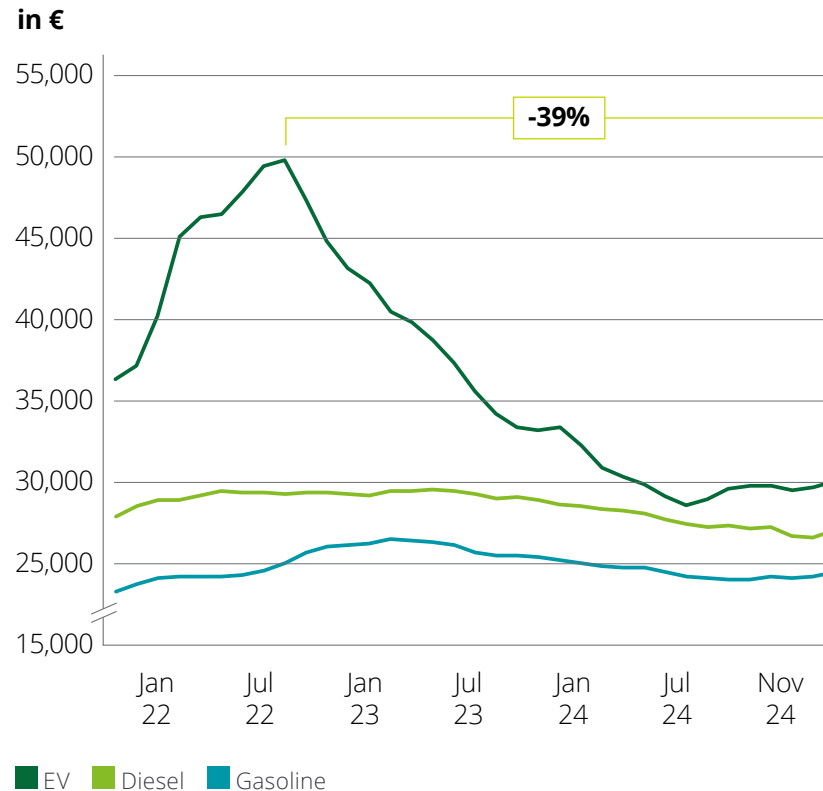
Key Insight

- While prices for used diesel and petrol cars have remained stable and predictable, prices for electric used cars have dropped around 40% since Sep. 2022, signaling increased residual value uncertainty.
- Data suggests a price bottom has been reached.
- RV uncertainty is driven by rapid tech advancements and supply-demand imbalance.
- Current customer concerns confirm the need for stable used car prices.²



There is an increasing need to steer and manage used car prices and residual values.

**Fig. 3 – Average used car price in Germany by engine type¹
(January '22–November '24)**



¹ Source: Deloitte analysis based on Autoscout24 used car price index

² Source: Deloitte Global Consumer Automotive Study

Yellow box: Absolute decline



01

02

03



Key shift 2/3: Shift to usage-based models

Usage-based offerings are expected to increase sharply for new and used cars by 2035, primarily driven by customer demand for more flexibility and concerns over resale value.

Key Insight

- A significant shift from ownership (purchase and credit) to usership (leasing, subscription, rental and car sharing) is expected, especially for new cars, with used cars expected to follow.
- There is strong growth in usage-based offerings for electric used cars, especially young vehicles.
- EV customer concerns (esp. resale value and battery durability) accelerate demand for used car mobility offerings.
- Increased usage-based vehicles drive growth in returned corporate vehicles, offering significant profit potential for 2nd and 3rd cycles.

Fig. 4 – Vehicle sales by usage type in EU5 (share of owner – and usership of new & used car transactions in EU5)¹

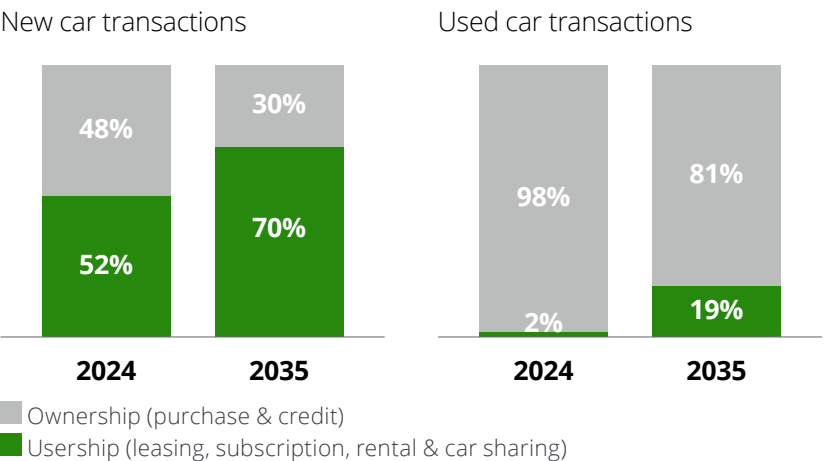
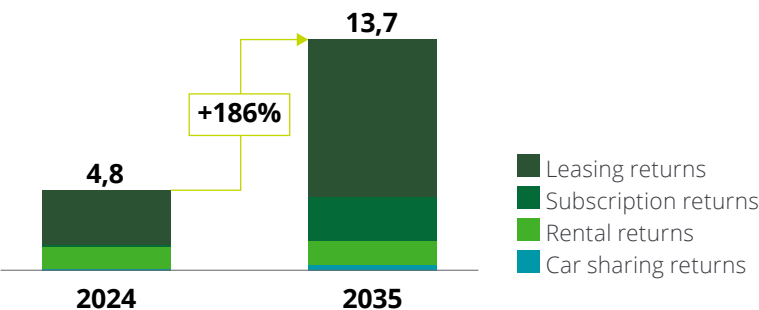


Fig. 5 – Corporate remarketing volume by channel (#remarketing vehicles in millions in EU5)^{1, 2}



There is an increasing need to introduce usage-based offerings and build up end of cycle capabilities to manage & monetize large amounts of returned vehicles.

¹ Source: Deloitte analysis, Deloitte Future of Automotive Mobility Study
² Absolute growth



Key shift 3/3:

Increasing regulatory pressure

Rising regulatory pressure, such as the new EU Battery Law and the proposed ELV Directive, increases the need to maintain control and oversight of returned vehicles.

Key Insight

- Regulations increase the importance of the used car business via extended producer responsibility and more.
- Closed-loop approaches are becoming essential to meet recycling and recovery rate requirements.
- New profit opportunities arise, especially in the recycling and reuse of battery materials.
- As regulatory pressure increases, OEMs must prepare now to meet regulations.



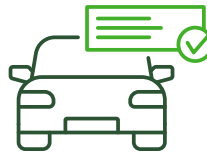
There is an increasing need to keep control over vehicles and manage end-of-life vehicles to meet recycling requirements and capture additional profits.

Fig. 6 – Regulations that drive used car sustainability³



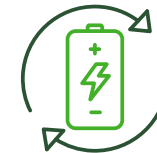
Recycling quotas¹

25% of plastics used to build a new vehicle must be recycled (of which 25% must stem from an end-of-life closed loop).



Battery & circularity vehicle passport¹

Would require digital passport for vehicles & batteries to show transparent product information, such as CO₂ footprint, and enable safe dismantling and removal of used parts.



Extended producer responsibility²

Companies that place batteries on the market are responsible for end-of-life collection & treatment of these batteries.



Battery materials recovery²

Recovery targets by 2028, 90% cobalt, 50% lithium, 90% nickel

Recovery targets by 2032, 95% cobalt, 80% lithium, 95% nickel



Battery storage requirements²

Waste lithium-based batteries must be stored in impermeable, waterproof containers without exposure to the elements (heat and flooding)

¹ Proposed ELV-Directive 2023/0284 (13.07.2023)

² "EU Battery Law" 2023/1542 (12.07.2023)

³ Selection



01

02

03



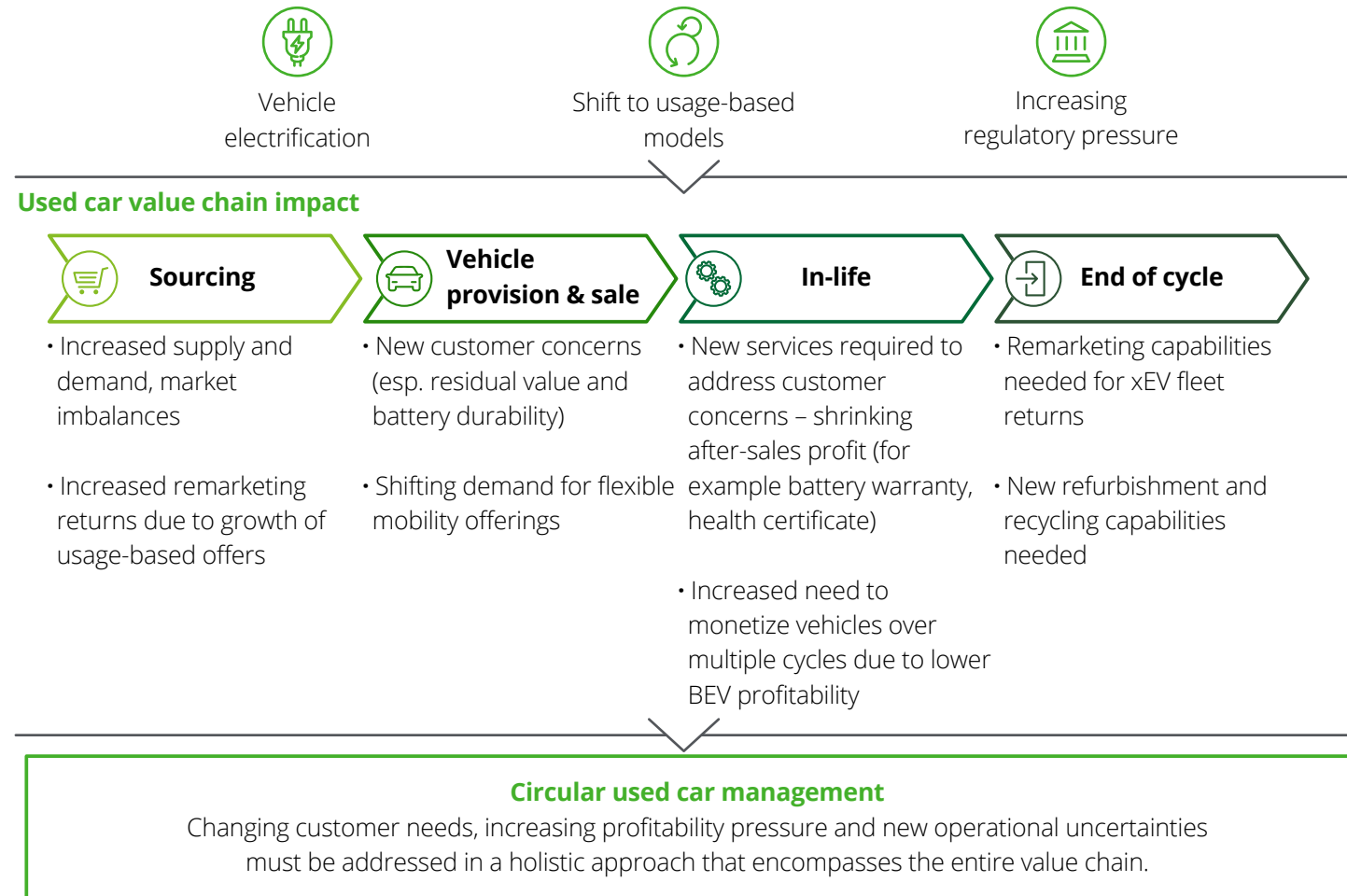
Value chain impact

The shift towards electric used cars shows the need to rethink the entire used car value chain and address shifting customer needs, rising pressure on used car profitability, and new operational uncertainties.

Key Insight

- Market shifts impact the entire used car value chain, from sourcing, vehicle provision, and sales to in-life services and end-of-cycle capabilities.
- The key challenge is to adapt the value chain to shifting supply-demand dynamics, evolving customer expectations for mobility and after-sales services, and the need for advanced remarketing, refurbishment, and recycling capabilities to sustain profitability and meet xEV requirements.
- Addressing these challenges requires a comprehensive evolution of the used car value chain to adopt a holistic, end-to-end approach that ensures relevance and competitiveness in a rapidly evolving market landscape.

Fig. 7 – Used car value chain impact



01

02

03



02

How to re-design the used car business to capture untapped profit pools



01

02

03



Approach

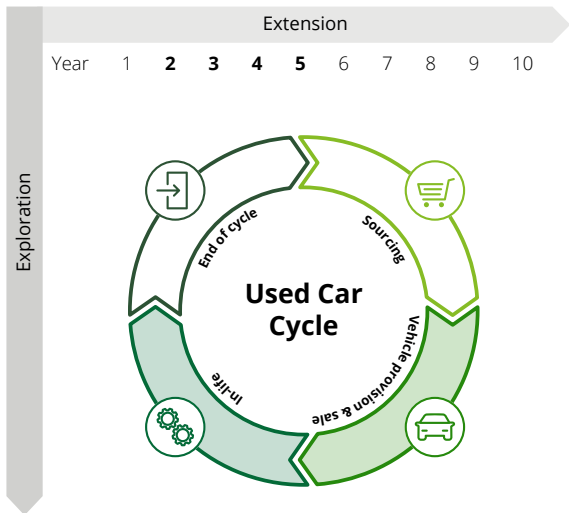
Shifting from a traditional sales- and after-sales-focused to a circular, multi-cycle approach for used cars unlocks value across the entire life cycle, aligning profitability with sustainability & long-term customer engagement.

Key Insight

- The used car market is undergoing a paradigm shift from a traditional second-cycle focus to a multi-cycle strategy.
- This approach prioritizes the extension of vehicle usage via leasing and emphasizes comprehensive life-cycle management.
- The strategic focus now transitions from maximizing profit per cycle to optimizing both vehicle and customer lifetime value, aligning with sustainability imperatives and growing regulatory requirements.

Fig. 8 – Used car business model shift

From: Used Car Management



Cycle scope:

Focus on 2nd cycle exploration

Sales model:

Primarily one-off sales

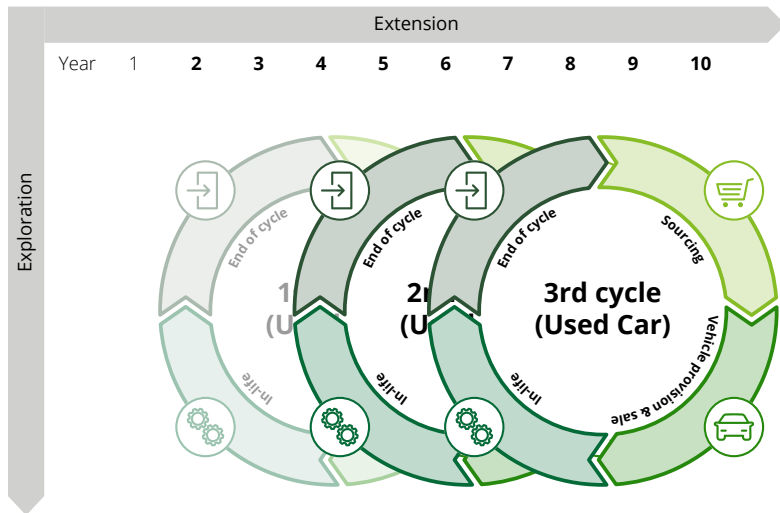
Life cycle approach:

Focus on provision & in-life

Strategic objective:

Maximize profit per cycle

To: Circular Used Car Management



Focus on cycle extension & exploration

Primarily usage-based sales

Focus on entire vehicle life cycle

Maximize vehicle & customer lifetime value



01

02

03



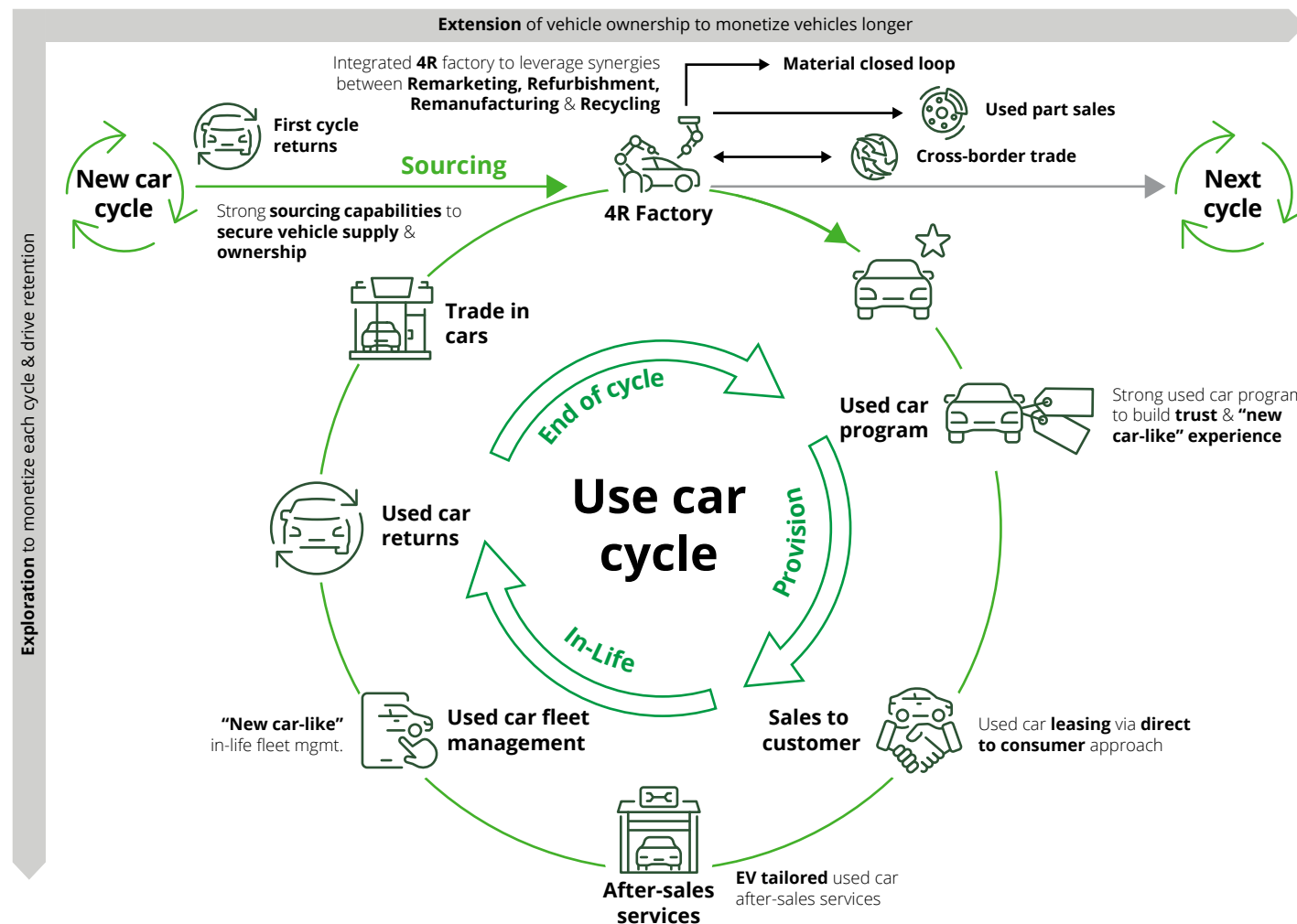
Circular used car management | Target picture

Circular used car management extends the lifespan of vehicle ownership and explores each phase of the vehicle cycle to maximize both vehicle and customer lifetime value.

Key Insight

- **Maximize vehicle & customer lifetime value:** keep and monetize used cars across their life cycle while exploring each circle to the fullest.
- **Integrate value chain capabilities:** combine robust sourcing, provision, in-life and end-of-cycle capabilities to unlock synergies.
- **Secure vehicle ownership:** ensure optimal sourcing strategies, integrated 4R capabilities, and usage-based offerings to strengthen value retention.
- **Elevate customer experience:** deliver a “new car-like” experience to create a compelling and attractive market offering that meets evolving customer expectations.
- Leading used car players are already pulling levers for circular used car management., but end-to-end integration remains lacking.

Fig. 9 – Circular used car management target picture



Circular used car management | Profitability

Circular used car management boosts used car profit per vehicle representing an untapped profit potential of ~€100bn in the EU5 by 2035.

Key Insight

- Nowadays used car players make on average €2,500 per vehicle incl. in-life service.
- A circular used car business model with three cycles can more than triple profit per vehicle, reaching €9,700 per used car.
- The primary new profit drivers are used car mobility offerings (especially leasing) and strengthened remarketing capabilities (particularly cross-border sales).
- Considering the OEM remarketing volume in EU5 markets (DE, UK, FR, ES, IT), there will be an untapped used car profit opportunity of ~€100bn by 2035.

Fig. 10 – Major profit levers in circular used car management

Major profit levers in circular used car management



¹ Includes re-use, re-pair and remanufacturing of used parts

² 3.7m returned corporate used cars in EU5 (DE, FRA, UK, IT & ES) in 2035 with each €7,200 untapped profit potential



03

Bold plays to win



01

02

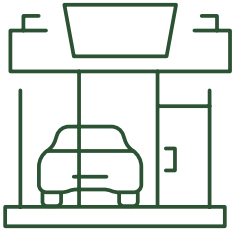
03



Bold plays to win

To win in a disruptive used car market, leaders must adapt their used car sales approach, strengthen remarketing & circularity, and design an integrated operating model – all based on a solid used car program as foundation.

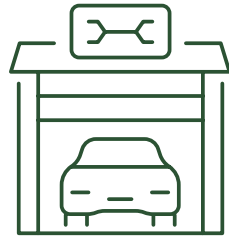
#1



Adapt your used car sales approach

by making used car leasing the new norm and enhancing used car programs to reflect EV needs.

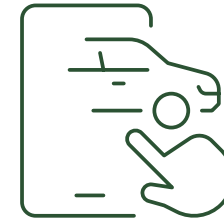
#2



Strengthen remarketing & circularity integration

to fulfill regulatory requirements while maximizing vehicle lifetime value through Refurbishment, Remanufacture, Remarketing & Recycle.

#3



Design an integrated operating model

to leverage capabilities from OEM, Financial Service Providers, Fleet Providers and other (digital) service providers.

Used car foundation

A solid foundation is essential, encompassing a robust used car program, advanced digital customer experience, comprehensive digital tools, thorough used car trainings, and effective sourcing capabilities, among others.



01

02

03



Key takeaways

#1

Sustainability drivers such as electrification, usage-based models, and regulations are transforming the used car industry.

#2

A circular, multi-life-cycle approach is key to unlocking new profit opportunities.

#3

To win in a disruptive used car market, leaders must take bold steps: establish used car leasing as the new norm, strengthen remarketing and circularity capabilities, and design an operating model, all supported by a robust used car program.



01

02

03



Your contacts

Please reach out to explore your used car opportunities.



Sebastian Pfeifle

Partner
Global Automotive Mobility Lead
Strategy, Analytics and M&A
Tel: +49 30 25468 5595
spfeifle@deloitte.de



Benedikt Middendorf

Director
Automotive Mobility Strategy
Tel: +49 152 55837469
bmiddendorf@deloitte.de



Arne Hinzen

Senior Manager
Automotive Mobility Strategy
Tel: +49 151 58000565
ahinzen@deloitte.de



01

02

03





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/de/UeberUns to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Legal advisory services in Germany are provided by Deloitte Legal. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 457,000 people worldwide make an impact that matters at www.deloitte.com/de.

This communication contains general information only, and none of Deloitte GmbH Wirtschaftsprüfungsgesellschaft or Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.