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Electric vehicles on the Norwegian market – what we have learned

Executive summary

Stimulus from the Norwegian government is the main driver of the growth of electric vehicles in Norway, and it started more than a decade ago. EVs suddenly became something to consider after removing registration taxation, VAT, road tax, road tolls, and the introduction of cheaper parking, free or reduced fare on ferries and bridges, lower income tax on company cars, as well as allowing them to drive in the bus lanes.

It's easy to imagine that they did not foresee how this would develop until Tesla launched their first Model S in 2013, priced, thanks to the subventions, close to the family car segment. Now, the EVs account for 26 percent of the total light car population with 4 out 5 new cars being an EV. As the government is lowering the stimulus, the development further is more driven by the market itself, both on the supply and demand sides.

The market is immature – but maturing. Although the EV share is high in Norway, it remains relatively small on a global scale. This means that the normal aftermarket processes have not had time to develop in the same speed as the technological development of the cars, leaving us to be in the forefront in this process to enable us to handle flow of cars coming out of warranty.

MEKO is building competence to enable our workshops to service and maintain the EVs, ensuring the car owners have the same accessibility as they did with their traditional cars. We use this competence to train the mechanics in our more 1000 affiliated workshops, as well as huge number of workshops outside our own network.

The free aftermarket has always been on the quest to secure repairability by making it available for all. Accesses to diagnostics and spare parts, recycling and re-manufacturing, tools and manuals are crucial for securing that cars can extend their lifespan at an acceptable cost. This is the only way EV's can be truly sustainable. In addition to the technological changes, there are ongoing changes in the business models between the car manufacturers and the local retailer, more proprietary car brand ecosystems and a change in who's owning the cars. To address this shift, MEKO is working on establishing a modern digital customer journey to secure traffic to our workshops.

The quest for repairability – a question of sustainability

Enabling our workshops and their mechanics to be able to service and maintain cars has always been the core of our business. By doing so, we contribute to keeping the cars on the road for more years at a reasonable cost to the car owners, enabling an increased lifetime sustainability.

We are pursuing this quest through several tracks, from building and sharing internal competence, sourcing products and developing policy through partners like FIGIEFA and other interest groups as well as local authorities.

Learnings in the workshops

Our learnings are that the non-high voltage parts of the cars, obviously, are the same as traditional cars, with the difference that the weight and torque of the EV is higher, resulting in more wear and tear on tires, suspensions, steering, axels etc. We are also changing more brake discs because of rust since the regeneration system reduce the use of the brakes. Due to this, the average EV share in our own owned workshops is at 10%, peaking at 17% in the city of Bergen. We are content, but not satisfied, with these figures given that most of these workshops are situated outside the city centres of larger cities.

Going forward, as more and more EV's come out of warranty, the high-uvoltage parts of EVs will increase and become a more substantial part of service and maintenance of the cars.

Training and competence

We have for many years now, together with the workshops, invested a lot in trainings to prepare them so that they can take on this task. The trainings are divided into four levels, from level one securing that the mechanics can work safely on an EV up to level four where they can both exchange and repair the high voltage components, including batteries.

The aim for this training is of course security for the mechanics and to provide them with the know-how on how to perform the service in an efficient way. Even amongst the mechanics that are well trained, we see a slight lack of confidence from a technical self-esteem handling complex problems as well as own security handling high voltage components. On-the-job practice are increasing the security aspect while we see more need for technical support, like remote diagnostics and support centres.

Another source of competence into MEKO is our cooperation with car importers, especially from China, where we conduct train the trainer programs for several car brands. Through this we learn not only about their cars, but also what kind of service needs they have and how to handle them. This also gives us a network of competence that we can utilize in the future when these cars start to come into our workshops.

EV components

A lot of the EV components are expensive, especially the batteries, putting a pressure on the car owners' cost of servicing and in the end the residual value of the car. As the population grows, we are gaining more and more experience on the demand as well as the needs in the workshops. The aftermarket industry has good solutions for recycling and remanufacturing of several parts on an ICE car and we see that this also need to be in place, along with independent manufacturers who can ensure price competition for these parts.

In line with an increasing EV population throughout Europe, there will be industrialization and standardization on this, but it is also interesting to see how local Norwegian entrepreneurs, like EV Hub, are seeing a business opportunity being in the forefront of the EV market development.

The customer journey

At last, we see the customer journey as a vital part of the future existence of the independent aftermarket. The automotive market is undergoing several transformations, not just in the technical aspects related to the emerging EV share. The car manufacturers go to market model is slowly shifting, challenging the business models of the car dealerships and the OE aftermarket. New brands are entering the market with alternative go-to-market strategies.

At the same time, there is also several projects testing alternative ways of enabling mobility without the car owners having to own their own car.

How this will play out is hard to know, but in the future, the customer journey will be more digital than today, offering the car owners and drivers a seamless, transparent, personalized, and efficient access to service and maintenance.

For this reason, we at MEKO are in parallel investing in online portals for digital booking and fleet handling, connect the car owners to our affiliated workshops.

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This is MEKO

MEKO's vision is to enable mobility — today, tomorrow, and in the future. Our aim is to be the most comprehensive partner for everyone who drives, repairs, and maintains vehicles in Northern Europe. We are the market leader with a presence in eight countries, 600 branches, and 20,000 workshop customers, including 4,500 workshops operating under our own brands. These include Mekonomen, MECA, Balti Autosaad, BilXtra, FTZ, Fixus, Inter-Team, Koivunen, and Sørensen og Balchen — among many others.

Short facts

President and CEO: Pehr Oscarson

The share: MEKO has been listed on the Nasdaq OMX Nordic Exchange in Stockholm since May 29, 2000.

Revenue 2023: SEK 16,762 M

Affiliated workshops: 4 528*

Number of branches: 662*

Average number of employees: 6 339*

**Second quarter 2024*