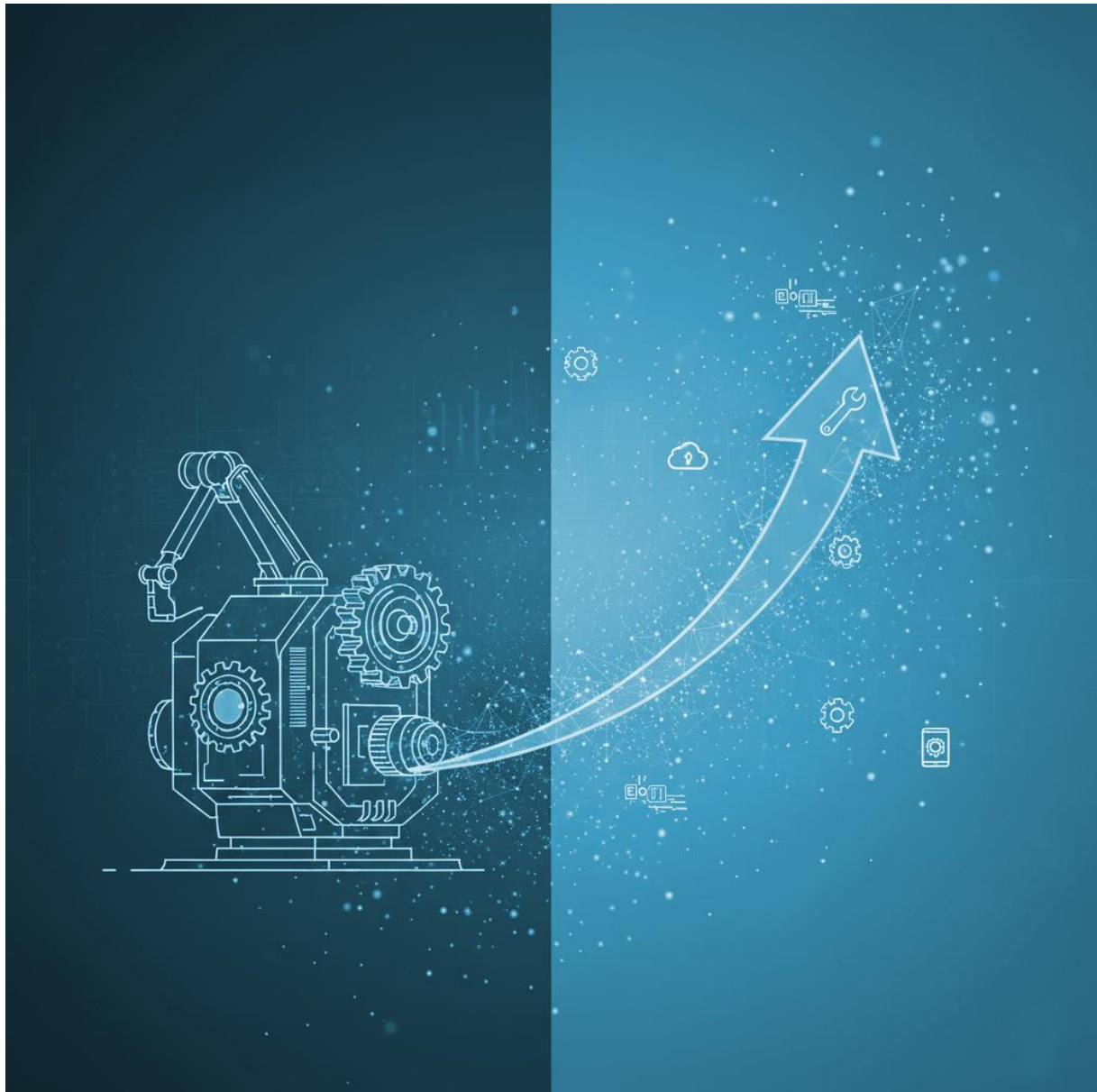


Growth potential for the German mechanical engineering industry by focusing on the aftermarket

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Summary

The article analyzes the growth potential of the German mechanical engineering industry by focusing specifically on the aftermarket, i.e. the market for spare parts, maintenance, modernization and digital value-added services. Recent studies show that this area has now become a central source of income. The aftermarket offers stable revenue streams, strengthens customer loyalty and forms the basis for data-driven business models. Digital technologies such as the Internet of Things, artificial intelligence and cloud systems are creating new value

creation models ("machine-as-a-service") and securing the long-term competitiveness of German mechanical engineering companies.

Introduction

German mechanical engineering is a central pillar of European industry. Nevertheless, companies in this sector are increasingly confronted with global competitive pressure, uncertain demand situations and a steadily increasing need for innovation. The latest VDMA business survey for 2025 illustrates these challenges: A large proportion of the companies surveyed expect sales in the classic new machinery business to remain unchanged at most. At the same time, however, there has been a significant increase in investment in the aftermarket sector (VDMA, 2025b). This development makes it clear that the future growth potential of the German mechanical engineering industry no longer lies primarily in the sale of new machines. Rather, the opportunities are shifting towards the aftermarket, which is tapping into new and stable sources of income with spare parts, maintenance and digital services.

Economic significance and market opportunities

A study by the management consultancy bachert&partner emphasizes the central role of the service business for the future competitiveness of the German mechanical engineering industry. Especially for medium-sized mechanical engineering companies that are suffering from declining orders received in the new machine business, the expansion of services offers an attractive opportunity to create stable and reliable revenue streams. Compared to classic-machine sales, the margins in the service business are significantly higher: While the sale of new machines typically achieves margins of between 10 and 15 percent, margins of up to 40 percent can be achieved in the service area. This illustrates that a strong focus on services not only increases the economic stability of companies, but also makes a significant contribution to increasing profitability.

The PwC Mechanical Engineering Barometer Report 2024 also points out that digital services and service contracts are the largest growth areas (PwC, 2024). This data corresponds to industry analyses by the VDMA, according to which the number of companies using digital channels for spare parts sales has risen from 7 to 15 percent within one year (VDMA, 2024).

Digitization as a growth driver

A key lever for this growth lies in digitalization. According to MHP, "Data-Driven After-Sales Ecosystems" create sustainable solutions based on data-based forecasting, cloud technology, and customer centricity (MHP, 2025). By analyzing machine data, companies can optimize maintenance cycles, reduce downtime, and realize new business models such as pay-per-use models.

The MHP study also points out that the after-sales market is up to five times larger than the market for new machines (MHP, 2025). A data-driven, proactive service ecosystem can significantly increase customer satisfaction, reduce service costs and at the same time significantly increase the sales volume in after-sales.

Competitive Advantages and Strategic Importance

While Asian competitors increasingly dominate the product sector, service quality, spare parts availability and proactive maintenance remain key differentiating features of German providers (IfO Institute, 2023). According to the Hans Böckler Foundation, 60 percent of sales in the German elevator industry are now accounted for by the aftermarket, with only 20 percent in the new installations business (Böckler Foundation, 2023). This ratio illustrates the strategic importance of the after-sales business as a long-term source of added value.

Challenges and success factors

The digital transformation of the aftermarket requires technological and organizational investments. According to bachert&partner, targeted steps such as "focusing, investing, downsizing and transforming" are crucial to future-proof the service business (bachert&partner, 2020).

Key challenges include data silos, insufficiently digitized processes, and highly product-focused mindsets (MHP, 2025). Manufacturers need to automate processes, build digital platforms, and foster a data-driven culture. Particularly successful companies are characterized by high service quality and close customer integration (Market Pilot, 2022).

Result

The aftermarket is no longer a sideshow for German mechanical engineering, but the key to securing innovation and competitiveness. Service-oriented business models create stable, high-margin revenue streams and foster customer loyalty. Digital technologies and data-based services are transforming mechanical engineering companies from pure producers to system partners with sustainable business models. Those who make this change early on will position themselves as winners in an increasingly dynamic industrial field (VDMA, 2025a; MHP, 2025; PwC, 2024).

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