



International Road Safety Association e. V.

# GERMAN DRIVING SCHOOLS REPORT

2 0 1 8

S Y N O P S I S

# INTRODUCTION



**Jörg-Michael Satz**  
President

## Introduction

Professional driver training plays an important role in society as it makes a significant contribution towards increasing road safety. In the new coalition agreement, the politics in Germany is committed to Vision Zero, the goal of zero traffic fatalities on German roads. Financially flourishing driving schools and optimally trained driving instructors are the key to achieving this goal.

For the first time, MOVING presented an overview of the situation of the German driving school industry, with its German Driving Schools Report in 2016. With the update in 2018, issues such as the nationwide shortage of driving instructors and the economic situation of driving schools could now be presented comprehensively and perceived trends could be substantiated with figures.

Among other things, the latest figures and statistics are based on the turnover tax statistics (Umsatzsteuerstatistik) of the Federal Statistical Office, the Federal Motor Transport Authority (KBA), the labour market statistics of the Federal Employment Agency and on independent surveys such as the biannual industry survey Fahrschul-Klima-Index and the driving students' survey.

The new version of the Fahrlehrergesetz (Driving Instructor Law) came into force on 1st January 2018. This reform strengthens professional driver training and also the driving instructors. As a result of this reform, driving schools are able to enter into collaborative activities more easily and also have the opportunity to manage larger business units better from the organisational and economical point of view owing to the new branch office regulation. Above all, many amendments in the law should counteract the shortage of suitable driving school staff and improve the economic situation of driving school companies. In particular, the industry hopes that there will be an increasing demand for training as a driving instructor. This is because in many places, it is no longer just about getting more driving students, but also about finding good staff. The coming years will tell us whether the reform has been able to reduce the shortage of driving instructors or not.

I hope you enjoy reading and it offers you useful insights.

Jörg-Michael Satz

*President  
MOVING  
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# FACT SHEET

## The driving school industry in Germany

Turnover of the industry (1)	EUR 1.925 billion	Average duration of car driving training (5)	4.4 months
No. of companies (1)	11,407	No. of driving lessons until the practical car driving test (5)	30
Turnover per company (1)	EUR 168,785	Kilometres per car driving lesson (5)	25
No. of people authorised to work as driving instructors as of 2017 (2)	44,610	No. of first car driving tests a year (2)	approx. 964,000
Average age (2)	53.3 years	Failure rate (2)	approx. 24%
Percentage of driving instructors above the age of 60 (2)	33%	Total number of kilometres of all car driving students during the driving lessons in a year	approx. 723 million km
Percentage of women (2)	9,2%	Driving school vehicles per company (5) and in the entire industry (in brackets, 3)	
Driving school owners (3)	10,600	Motorcycles	4.7 (approx. 50,000)
Employees in the industry (3)	43,000	Car	3.6 (approx. 38,000)
Employed driving instructors (without minor employment) (4)	16,700	Truck (excluding rent)	0.7 (approx. 7,500)
Driving instructors with minor employment (4)	6,800	Total number of vehicles:	9 (approx. 95,500)
Freelance driving instructors (new) (3)	850		
Office staff (3)	8,000		
No. of students per driving school as of 2018 (5)	129		

Source 1 Turnover tax statistics

Source 2 Federal Motor Transport Authority (KBA)

Source 3 Projections by MOVING

Source 4 Labour market statistics

Source 5 MOVING Fahrschul-Klima-Index 2017/18

# GENERAL INDUSTRY DATA

## General industry data

According to turnover tax statistics of the Federal Statistical Office, there were 11,407 driving and flying schools in 2015. This means there is about one driving school per 7,000 inhabitants or one driving school per 70 young people aged 17.

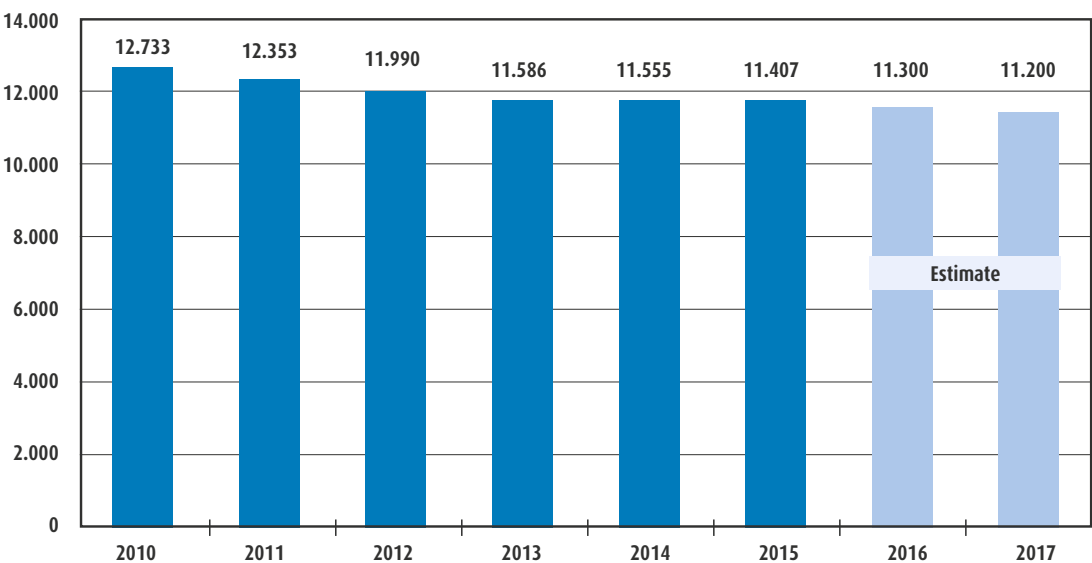
Overall, the number of companies, particularly the smaller driving schools, has decreased in recent years. The number of larger companies is growing. Since 2009, the number of very small companies with an annual turnover of up to EUR 50,000 has fallen by about 32%. By contrast, the number of large companies with an annual turnover of more than EUR 250,000 has risen by about 20%. It is expected that this trend will continue in the future.

However, the scenario is very different in individual federal states. Driving schools in East Germany are smaller than those in the states in West Germany. In Thuringia, only 24% of the driving schools generate a turnover of more than EUR 100,000. In Lower Saxony, Hamburg, Baden-Wuerttemberg and Bavaria this is about 60%.

All driving schools together generate an industry turnover of EUR 1.925 billion. The industry turnover has increased recently.

Competitive pressure is relatively high in the industry. However, the situation has somewhat eased of late. For example, the percentage of driving schools for which competitive pressure has reduced or reduced significantly has increased from 10% to 17%. Nevertheless, a quarter of driving schools feel that competitive pressure has increased.

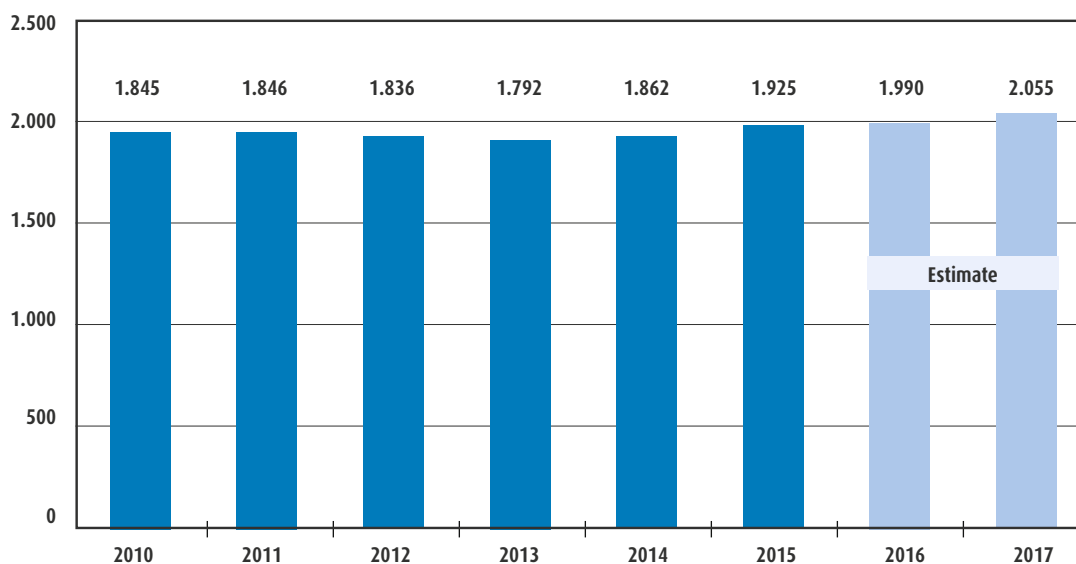
## No. of driving schools



Source: Federal Statistical Office, Wiesbaden 2017, Turnover tax statistics 2015 Driving and flying schools and own calculations (estimate)

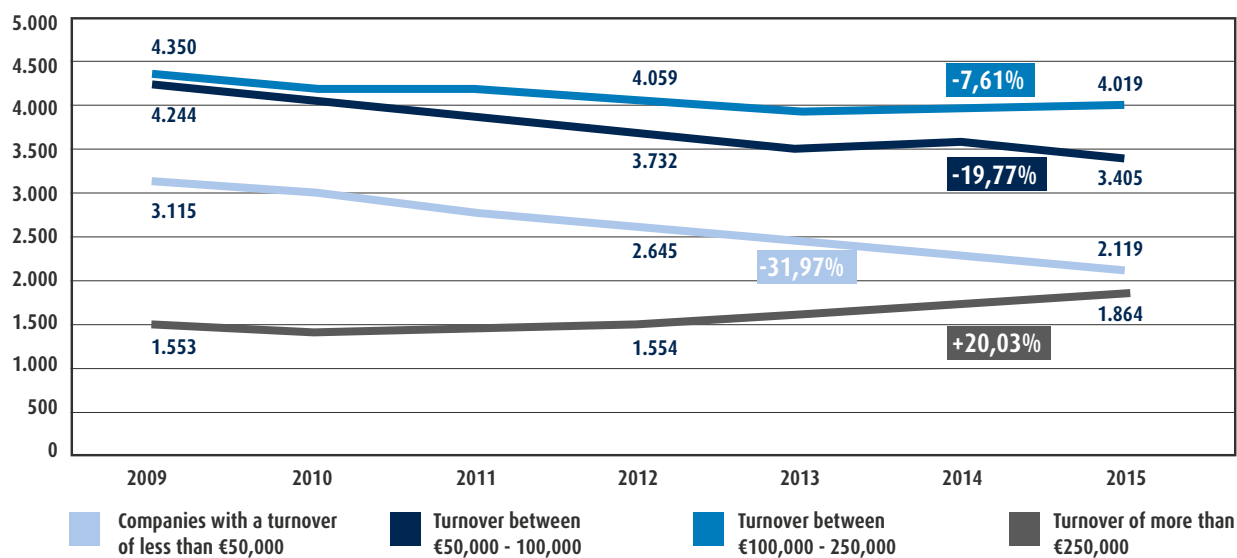
# GENERAL INDUSTRY DATA

## Industry turnover in billion euros



Source: Federal Statistical Office, Wiesbaden 2017, Turnover tax statistics 2015 Driving and flying schools and own calculations (estimate)

## No. of companies based on the turnover size class



Source: Federal Statistical Office, Wiesbaden 2017, Turnover tax statistics 2015, and own calculations

# CORPORATE DATA

## Corporate data

Most driving schools in Germany are very small. Many have only one or two employees. Just 19% of driving schools generate a turnover of less than EUR 50,000 a year. 30% of driving schools generate a turnover between EUR 50,000 - 100,000, 35% between EUR 100,000 - 250,000 and 16% generate a turnover of more than EUR 250,000. In majority of the cases, the owner of a driving school also works in the field of a driving instructor.

Most driving schools in Germany are run as individual enterprises. On an average, a company generates an annual turnover of EUR 168,785 (as of 2015). This number has increased in the recent years.

The total expenses of the industry are divided into approx. 40% personnel expenses and approx. 60% material expenses. Together, personnel and material expenses increased by nearly 40% between 2010 and 2014; personnel expenses increased by 28% and material expenses by 47%. The biggest cost drivers in terms of material expenses are fuel and other costs. In terms of personnel expenses, the

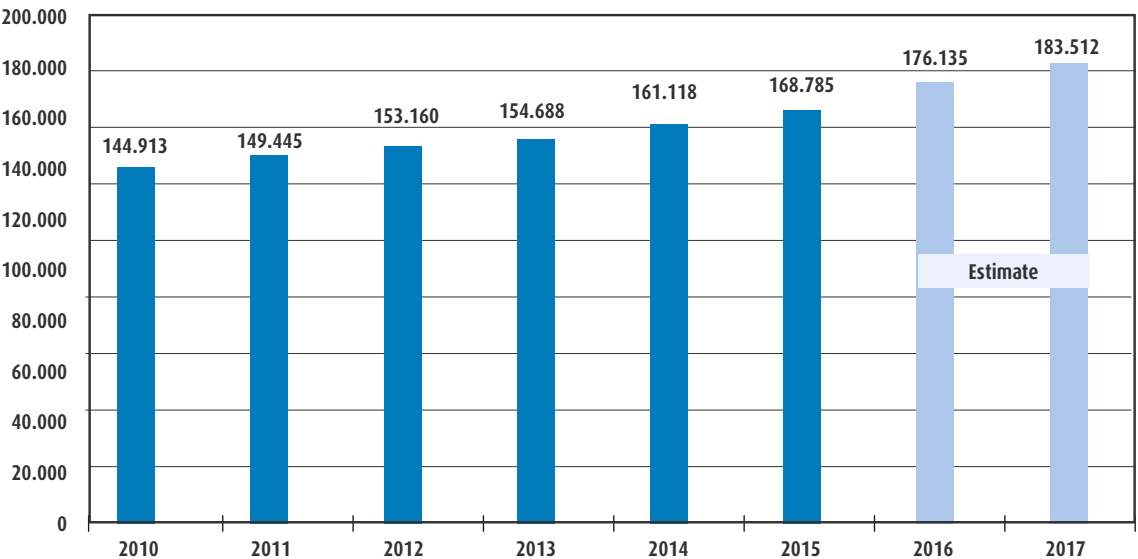
growing number of employed driving instructors and the higher wages become noticeable due to the shortage of driving instructors.

Of the turnover, approximately 43% can be attributed to material expenses and approximately 27% to personnel expenses. About 29% of the industry turnover is the profit made by the entrepreneurs. However, the overall industry profit has fallen by 6% in the past four years (2010 - 2014).

Each driving school has about four cars, five motorcycles and a truck for the training. The cars are about two years old and mostly leased.

Most driving schools offer training in motorcycle and car classes. On an average, a driving school has about 2 branches, one of which is the main office and the other is the branch office. According to a frequently held MOVING survey the number of students per driving school has increased in the recent months and currently stands at about 130 students per half-year period.

## Turnover per company



Source: Federal Statistical Office, Wiesbaden 2017, Turnover tax statistics 2015 Driving and flying schools and own calculations (estimate, etc.)

# DRIVING INSTRUCTORS AND THE SHORTAGE OF DRIVING INSTRUCTORS

## Driving instructors and the shortage of driving instructors

There are currently 44,610 people authorised to work as driving instructors in Germany. The number of driving instructors has been decreasing for years; the average age of driving instructors today is over 53 years and is on the rise. Just under 10% of the driving instructors are women.

The number of employed driving instructors has been increasing for years and today there are around 16,700 employed driving instructors and 6,900 driving instructors in marginal employment. Driving instructors are in demand, and a look at the labour market statistics of the Federal Employment Agency confirms this problem. There are significantly more reported vacancies than the number of unemployed driving instructors. In December 2017, there were 662 vacancies across Germany and 417 unemployed driving instructors. The overall German overview primarily reflects the situation in West Germany. Job vacancies remain vacant for longer periods and the seasonal nature of the industry, represented by fewer job applications and more unemployed driving instructors during the winter month, is on retreat. Those who have found good driving instructors keep them busy even during those months when there is low demand.

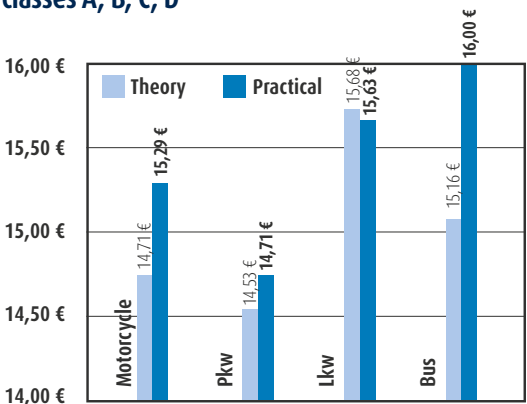
Due to the shortage of driving instructors	Total
... we had to raise the salaries we pay to driving instructors in order to find a suitable driving instructor.	52%
... we have already suffered sales losses.	36%
... we had to postpone the time we offer for theory and practical lessons.	26%
... we had to send students away because of the lack of free places.	25%
... we had to reduce the time we offer for theory and practical lessons.	14%
... we had to work more and hence had less free time.	5%
... it is difficult to find suitable driving instructors, while the demand for them keeps increasing.	4%
... concepts have to be changed or qualitative measures need to be taken.	4%
... it can be inferred that the training is too comprehensive/expensive/restrictive.	3%
None of the above	21%

Source: MOVING Fahrschul-Klima-Index 2017

Further, the shortage of driving instructors is one of the biggest challenges that the industry faces. Every third driving school is greatly affected by the shortage of driving instructors in their everyday work - particularly the big and very big driving schools and urban driving schools. More than half say that higher salaries have to be paid in order to find suitable staff due to the shortage of driving instructors. Over a third of the driving schools have already suffered sales losses.

Pay levels are rising due to the shortage of driving instructors. But they are still below the German average. On an average, a driving instructor currently gets EUR 14.53 for a 45-minute theory lesson and EUR 14.71 for a 45-minute practical training session (car). Instructors of training classes C and D earn 7.6% more on average than more than their class B colleagues. Driving instructors in South Germany get the highest hourly pay.

Average remuneration for a 45-minute theory or practical lesson for driving authorisation for driving license classes A, B, C, D



Source: Quelle: MOVING Klima-Index 01/2018

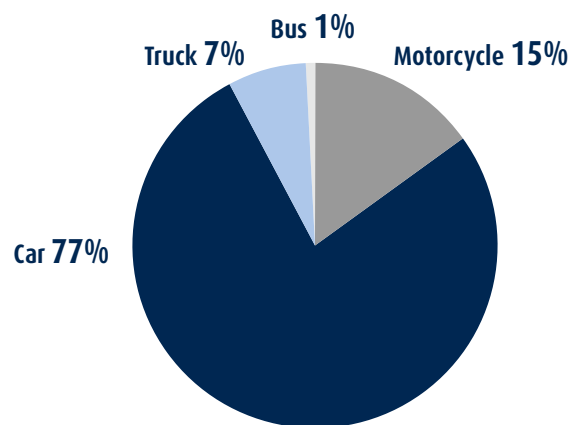
It is gratifying that the number of people aspiring to become driving instructors has risen again lately. This is evident from the numbers of driving instructor training centres. The Federal Employment Agency has the biggest contribution in the financing of driving instructor trainings. The number of participants who aimed at training as driving instructors was 970 in 2016.

# DEMAND AND PRICES

## Demand and Prices

Of the 1.15 million practical driving tests passed in 2016, 77% were car driving tests, 15% were motorcycle driving tests, 7% were truck driving tests and 1% were bus driving tests. The percentage of training courses for driving cars is by far the largest.

### Practical tests passed 2016



Source: MOVING Survey

In recent times, the demand for all classes has increased slightly. The number of passed practical tests for car classes in 2016 was 892,098 - 1.6% more than in the previous year. About half of the driving students practise accompanied driving at the age of 17, so they are under 18 years of age when they take the test.

The number of truck and bus trainings have also increased lately, but they still do not meet the demand for drivers in the market. Due to the demographic change, one can

expect declining numbers of driving students in the long term, at least in the passenger car segment.

The prices for driving lessons and training courses for driving have also risen slightly, not least because of the increasing salaries of the employed driving instructors. At present, the average cost for a car driving license is about EUR 1,903. Customers in the west pay the highest price, while those in East Germany pay the lowest.

### Average driving license costs

Driving license classes	Average	South	West	North	East
A	1.656 €	1.684 €	1.728 €	1.581 €	1.562 €
B	1.903 €	1.960 €	2.018 €	1.889 €	1.648 €
C	2.817 €	2.721 €	3.148 €	2.630 €	2.826 €

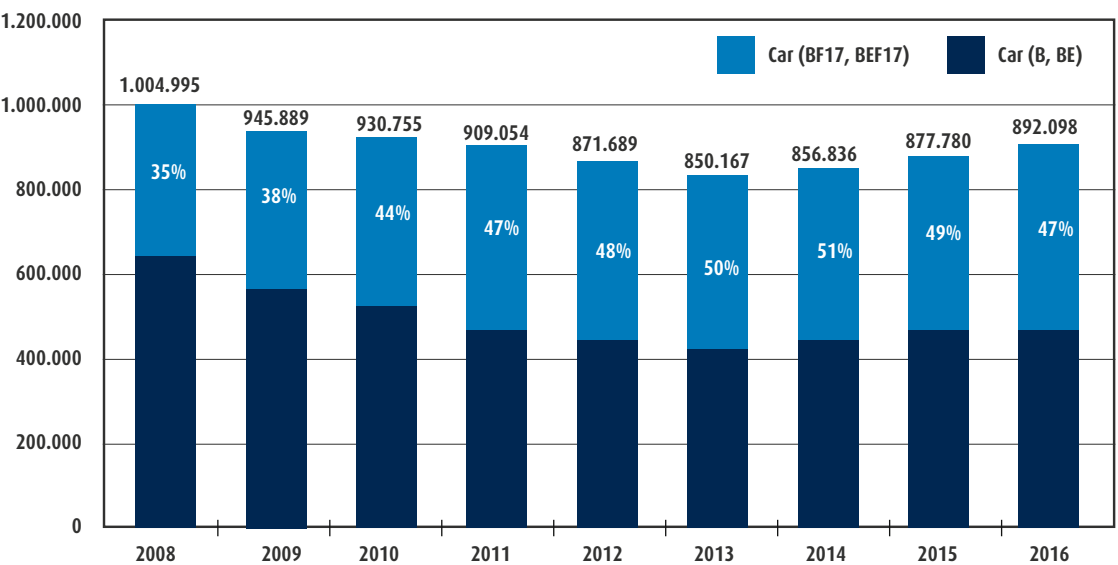
Source: MOVING Fahrschul-Klima-Index 2018, Inclusive of all additional costs such as test fees etc.

The training is completed within 4.4 months on an average and covers an average of 30 driving lessons. An average of 25 km is covered during one practice drive.

Most driving schools already provide their students with hands-on training on how to use driver assistance systems, and most of them use parking assistants.

Electric vehicles are mostly viewed positively; most driving schools are in favour of eliminating the automatic restriction and would use electric vehicles during training.

### Practical test passed Car (B/BE/BF17/BEF17) 2008 – 2016



Source: Federal Motor Transport Authority, Flensburg, 2017



# REGIONAL AND LOCAL DIFFERENCES

## Regional and local differences

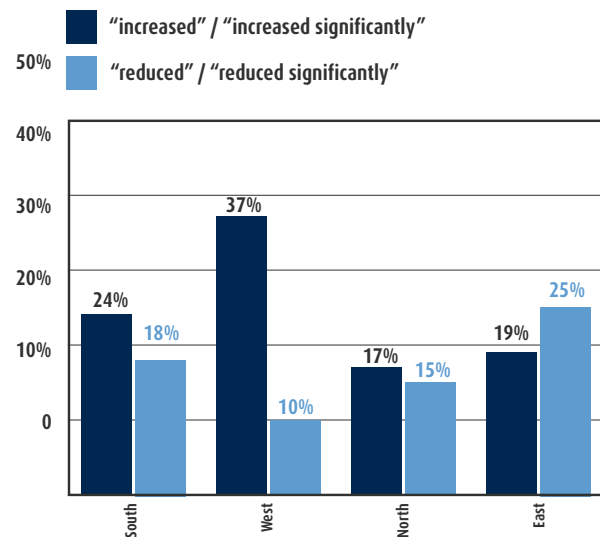
It is not only the driving license costs that vary from region to region in Germany; there are also clear differences in other characteristics. For example, the average age of driving instructors is between 55.9 in Thuringia and 50.7 in Hamburg. The percentage of women is between 5.3% in Bremen and 13.6% in Hamburg.

In West Germany (North/South/West), the companies are bigger and have a higher annual turnover than those in East Germany. In West Germany, the shortage of driving instructors is also particularly dramatic.

Competitive pressure also appears to be greater in the West German states than the states of East Germany. Especially in the western states of North Rhine-Westphalia, Hesse, Rhineland-Palatinate and Saarland, 37% of the driving schools say that the competitive pressure has increased.

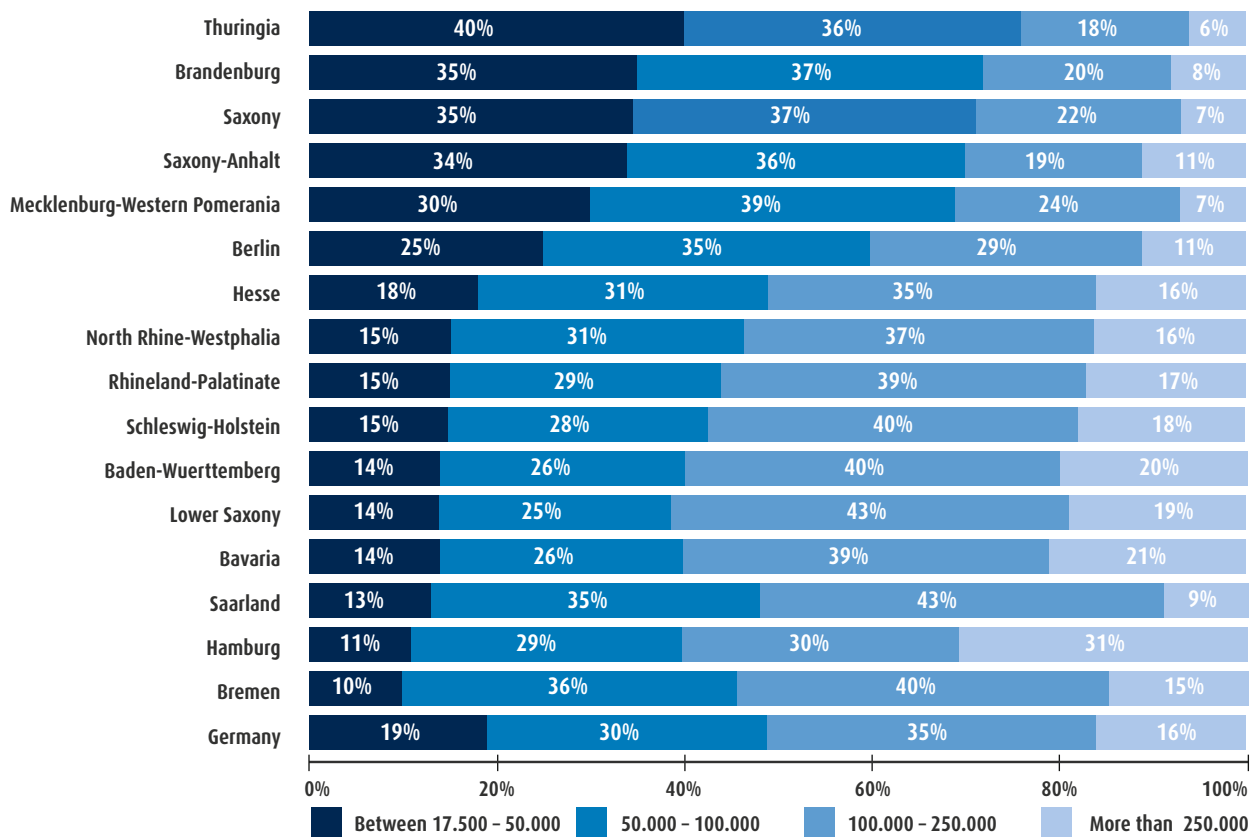
Distinctions can also be made between driving schools in rural areas and driving schools in cities. Wages are slightly higher in cities and the shortage of driving instructors and competitive pressure are somewhat higher than in rural areas.

## How did competitive pressure in the industry develop in the second half of 2017?



Source: MOVING Fahrschul-Klima-Index 2018

## Percentages of companies based on the turnover size class, 2015



Source: Federal Statistical Office, Wiesbaden 2017, Turnover tax statistics, 2015, and own calculations

# RESULTS OF A DRIVING STUDENTS' SURVEY

## Results of a driving students' survey

MOVING conducted a representative driving students' survey on their satisfaction with their driving school and with their driver training. The results show that three quarters of the students are satisfied and very satisfied. About four out of five students feel that they are well prepared for the theoretical test and for driving on the roads. Well over half of the students would also recommend their driving school to others.

In general, satisfaction with the friendliness of employees, proximity and the training vehicles is highest. There is potential in the fields of digitisation and flexibility. It is also evident that the accessibility of a driving school, i.e., its proximity to the home or training centre, is a more important factor when choosing a driving school than the price.

Driving schools are businesses that run on recommendation. However, the information available on the Internet is also extremely relevant. Hence it is important for driving schools to have an Internet presence.

## GERMAN DRIVING LICENSE SYSTEM CAT. B (CAR)

- » **Minimum age 17 when accompanied by a legal guardian and 18 for unrestricted driving**
- » **Obligatory training at a professional and authorized driving school**
- » **Attendance in 14 theory lessons, each lesson 90 minutes in class**
- » **Driving training on the road with a driving instructor in a special car with dual control with pedal and mirror for the instructor**
- » **At least 12 obligatory driving lessons of "Sonderfahrten" (special driving lessons):**
  - 5 hours in rural areas,
  - 4 hours on a motor highway (Autobahn)
  - 3 hours of night driving lessons
- » **Theory test with 30 multiple choice questions (out of a pool of about 1500 questions)**
- » **Practical driving test lasting 45 minutes**
- » **During test, the inspector sits in the back of the driving school car, in front sits the student and the teacher**
- » **After the test, the result is communicated directly and in case the student passed the test, the driving licence is handed over**

# FUTURE PROSPECTS

## Future prospects

The future prospects of driving schools are relatively positive. The biannual survey conducted by MOVING shows that 16% of driving schools anticipate that student numbers will continue to increase, and that almost 18% of driving schools anticipate an increase in earnings in the short term (for the second half of 2018). In particular, very big driving schools are optimistic about the future, with 41% of driving schools expecting an increase in earnings.

Starting from 2018, numerous amendments have been implemented, for example, the driving instructor training has been reformed and the economic freedom of driving schools has been relaxed. The reform aims at counteracting the shortage of driving instructors. Many driving schools see the reform as positive and want to take advantage of the new possibilities it offers.

Almost 40% of driving schools see the shortage of driving instructors as a major challenge for the future. This means that "shortage of driving instructors" has been mentioned most often. This value has increased significantly in the recent months. Other challenges include electromobility and autonomous driving.

Driving schools have the opportunity to offer more services in addition to the classic road safety education. For example, training can now be given on vehicles with new assistance systems and there can be courses for senior citizens or invalids who want to maintain their driving ability.

In addition, driving instructors will be able to work more as mobility consultants in the future, offering, for example, advanced training courses or driving training for increasing traffic safety and for fuel-efficient driving. This could be of interest to companies in the logistics sector as well as for companies whose employees travel a lot by car or small trucks of up to 3.5 t (e.g., sales employees or courier delivery drivers). Against the background of the much-discussed driving restrictions for diesel vehicles, driving schools could also create a new market by offering mandatory or voluntary courses for fuel-efficient driving.

Due to the age structure of the driving instructors – 33% of the driving instructors are over 60 years old – many driving schools are faced with the task of finding a successor or buyer for their business. This, together with the reforms, could lead to the restructuring of the market.

## In your opinion, what are the challenges that driving schools will face in the coming years?

(Multiple answers can be provided)



Source: MOVING Fahrschul-Klima-Index 2017 (Percentages in brackets are from 2016)



**MOVING International Road Safety Association e. V.**

MOVING is an interest group of European traffic publishers and companies working in the field of road safety education. MOVING aims to make a significant contribution towards increasing road safety by further professionalising road safety education in all driving license classes and promoting traffic education.

**Imprint**

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