Fleet200 STRATEGY NETWORK

Fleet trends survey 2024

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Cost control a fleet priority for 2025

Electrification and rising car and van costs are biggest fleet concerns for the next year, new survey finds *Mike Roberts* reports

Mitigating against rising company car and van costs continues to be a priority for fleets over the next year.

According to the latest Fleet200 survey on car and van fleet trends, most fleets expect their costs to rise in every area of spend.

Almost three-quarters (73%) expect car insurance premiums to rise, 63% believe accident repair costs are on the rise, while 61% say their entire total cost of ownership will increase.

The results are very similar for van fleets, with 67% expecting insurance premiums to rise, 62% believing accident repair costs are on the rise, and 60% expecting an increase in total cost of ownership.

Fleets also predict leasing rates will rise over the next year (58% car and 54% vans).

The survey looked at operational trends within fleets, repeating many of the questions from a year ago to identify any changes in the way fleets are running their operations.

One finding was quite a big change among the largest fleets when it came to the number of brands being offered to company car drivers.

Last year, 54% of companies running more than 500 vehicles offered at least 10 car brands to employees; this year that proportion has increased to 70%.

The survey results also saw a number of new market entrants, including BYD and Omega, which are making their mark on choice lists, while both electrification and availability are having an impact.

Major fleets have complained about poor customer service from some legacy manufacturers and readers who watch the monthly Fleet News at 10 webinars will have heard the likes of Lorna McAtear and Chris Connors express their frustration with customer service levels (see panel below).

The survey suggests that this is why more big fleets are adding more brands to their list and widen the choice for their employees.

Public sector fleets are also expanding the range of models offered to employees. This may be partly explained by the growing popularity of salary sacrifice schemes with an approach more akin to user chooser options.

Last year, just 43% of public sector fleets offered 10 or more models; that has risen to 57%. Readers shouldn't expect too much more change over the next year though, as 73% of fleets said they had no plans to alter the number of brands being offered to employees.

28%

of large (501+) car fleets expect to increase the number of car brands on their choice list this year

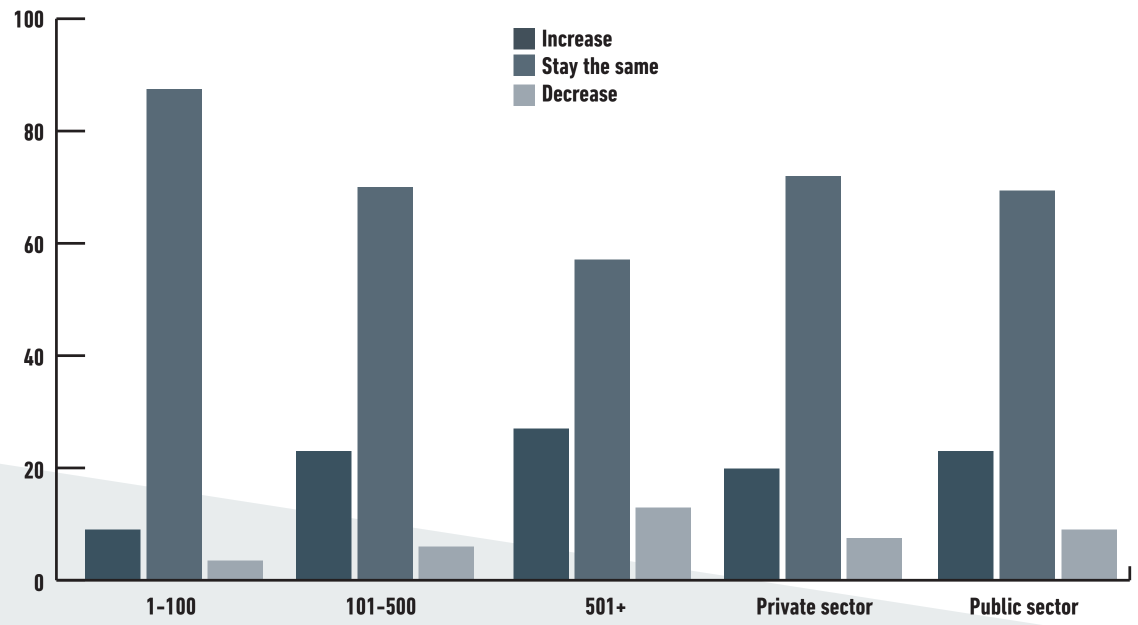
The most likely to expand, though, are the large fleets – 28% expect to widen their choice list further compared to just 9% of fleets with up to 100 vehicles.

Large fleets are also the most bullish when it comes to growth in their fleet size – 45% expect to be running more cars and vans in 12 months' time compared to just 10% of small fleets.

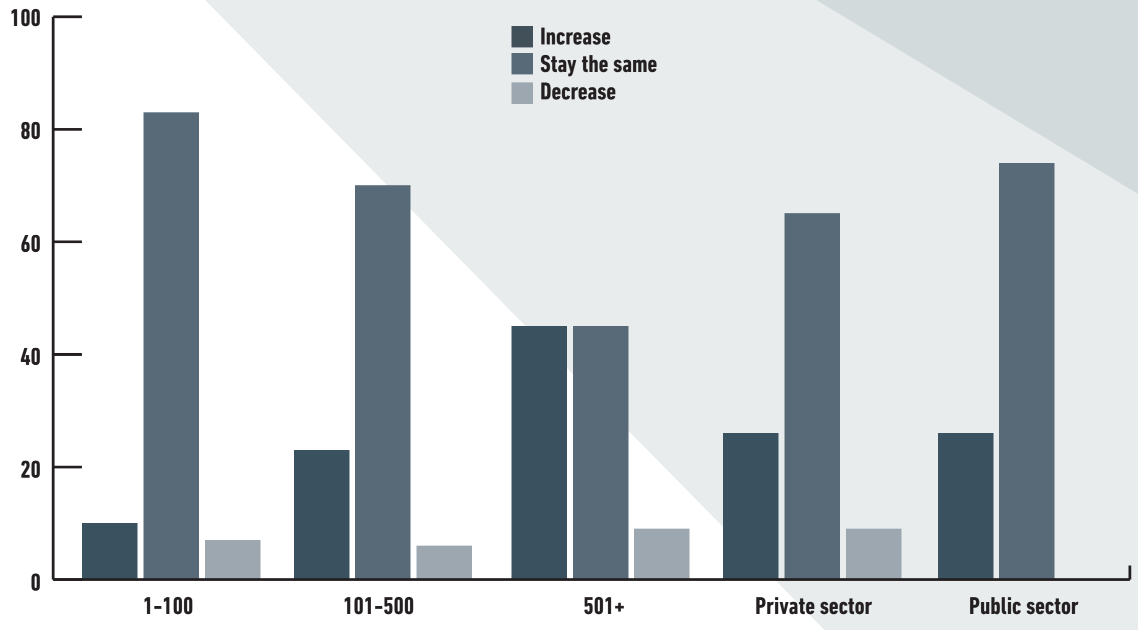
On average, 22% of fleet respondents predict growth, substantially down on last year's 46%.

Main fleet concerns for cars were electrification, tackling rising costs and parts supply and for vans, it's a similar picture, with payload and vehicle availability added to the mix.

Over the next 12 months, do you expect the number of CAR brands on your fleet to:



Over the next 12 months, do you expect your car fleet size to:



TACKLING RISING INSURANCE COSTS

When it comes to mitigating rising costs, Steve Openshaw, group fleet manager at Eric Wright Group, suggests implementing driver training programs and tracking performance data can help reduce insurance premiums.

"Presenting insurers with five years of performance data provides clear facts and figures," Openshaw explained. "We hold quarterly meetings with our insurers to review our position, assess how they perceive us in terms of risk, and identify areas for improvement."

Openshaw also highlighted the importance of negotiating with suppliers, such as leasing companies and vehicle manufacturers, but stressed that success requires "a professionally managed fleet."

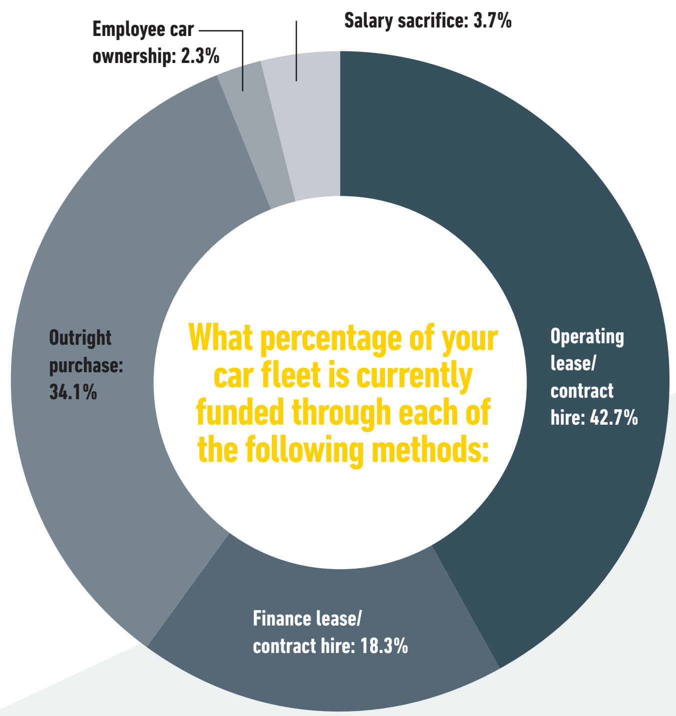
Fleet News recently reported that fleet managers are becoming more important to business strategy thanks to an increasing focus on cost control.

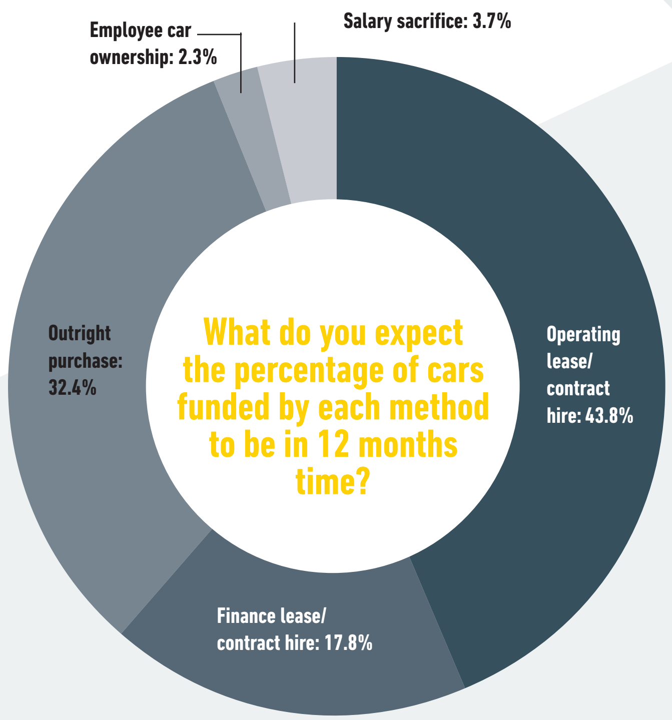
The Association of Fleet Professionals suggested that changing corporate priorities mean that fleet managers are more often becoming involved in board level decisions and high-level strategic thinking.

AFP chair Paul Hollick said lockdowns highlighted the value of fleets to senior management.

He said: "The heightened profile gained at that time means that the fleet has very much become part of future strategy and, as the economic situation worsens, AFP members are taking a leading role in cost control and reduction."

Visitors to this year's Fleet and Mobility Live learnt how best to manage the end-to-end process from pre- to post-incident to mitigate the rising cost of premiums and collisions





Seminar panellist, Lorna McAtear, fleet manager at National Grid, told visitors that the key to effective accident management and keeping costs down, is to carry out a thorough investigation after an incident and understand the trends.

"You need to not ignore the simple bumps, because sometimes there's an underlying root problem somewhere else that needs looking up," she said.

"And, if you've got these things in your policies, but you're not adhering to your policies, then actually your costs go up next time around, because you're not doing what you say you're going to do either."

SUPPLY CHAIN PARTNERSHIPS

Paul Tate, European lead fleet sourcing specialist at energy equipment company GE Vernova, manages a 3,500-vehicle fleet across Europe and anticipates a nearly 30% cost increase compared to last year.

"Managing such increases is challenging, but strong supply chain partnerships are essential," Tate told Fleet News. "Leverage bulk purchasing agreements in addition to standard terms. Analyse the cradle-to-grave process, micromanaging pain points to find improvement opportunities."

While Tate is open to discussions with new manufacturers, he believes limiting suppliers can increase the likelihood of securing discounts.

Openshaw also noted that adding Chinese manufacturers to the fleet can offer cost advantages, allowing lower-grade staff access to more premium vehicles at a lower cost than European alternatives.

Stannah fleet manager Denise Hawkins says understanding costs is the foundation of effective fleet management. Knowing where all the data for your fleet resides and identifying the sources of your costs allow you to visualise trends and changes over time – a practice that is truly invaluable, she says.

Hawkins adds: "For example, while you may not be able to manage the market cost of labour and parts for repairs, you can ensure drivers are performing regular vehicle checks to catch potential issues early, preventing costly breakdowns.

"Similarly, while fuel costs are beyond your control, you can guide drivers to avoid pricier motorway services or make full use of fuel card programs that offer discounts at specific outlets. By combining cost awareness with actionable insights and clear communication to the organisation, you can make a tangible impact."

Hawkins says she's held off exploring newer Chinese brands 'due to concerns over repair network readiness and parts availability.'

"I'd prefer to wait until these brands are more established before considering them as viable options," she adds.

Aaron Powell, fleet & logistics director at Speedy Hire says building strong partnerships with OEMs can significantly reduce costs while streamlining fleet options. He suggests considering working with an OEM to sponsor a specific car grade. If they can provide at least three distinct vehicle options, something most OEMs are equipped to do, granting them exclusivity for those vehicles can lead to greater flexibility in negotiations and unlock deeper discounts. Powell is also monitoring how new Chinese brands perform in terms of service reliability and parts availability.

"We took Tesla off our list due to time frames on repairs and getting parts. We waited over three months for a wing mirror," he said.

BENCHMARKING A CRITICAL TOOL

Lee Jackson, fleet manager at engineering and services company NG Bailey, suggests benchmarking is a critical tool for identifying opportunities and keeping suppliers competitive.

However, he sounds a word of caution: "Remember, 'the bitterness of poor quality remains long after the sweetness of a cheaper price'. Be thorough in your assessments to avoid short-term savings that lead to long-term headaches."

He also advises fleet managers to focus on tackling avoidable costs.

"Collaborate with operational teams to target specific areas like fines, damages, and recharges," he says. "Tighten policies and procedures, clearly communicate expectations to drivers, and emphasise how these costs impact the organisation. Awareness and accountability can significantly reduce these additional expenses."

For Jackson, a priority moving forward is mitigating the risk 'of being stuck with vehicles that have outdated technology'.

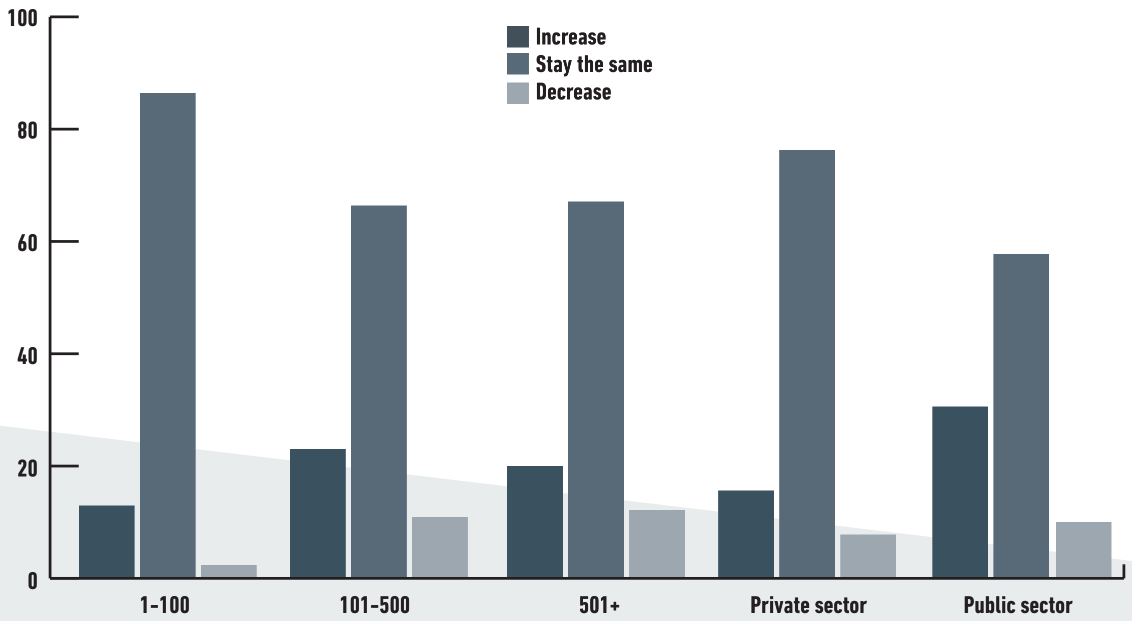
"Cars today are evolving into mobile devices; everyone wants the latest model. Given the supply volatility, with new makes and models emerging weekly, shorter lease profiles, such as two-year terms, may be worth considering.

"This approach helps maintain flexibility, ensures employees have access to the latest technology, and supports workforce stability by preventing attrition linked to outdated or less desirable vehicles."

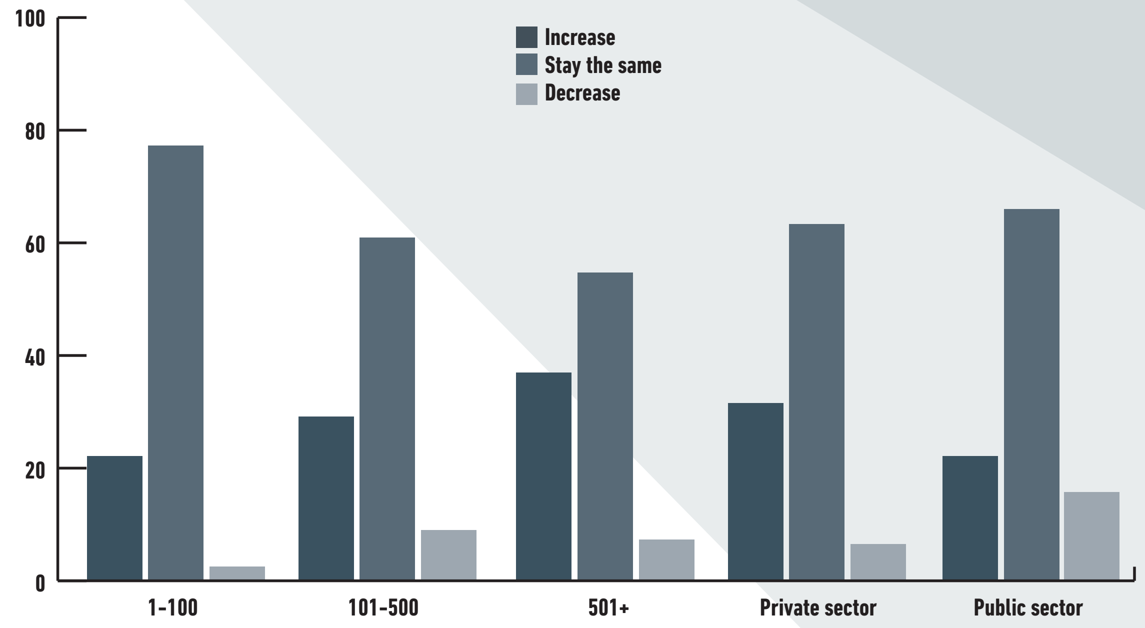
47%

of organisations have 10+ car brands on their fleet

Over the next 12 months, do you expect the number of van brands on your fleet to:



Over the next 12 months, do you expect your van fleet size to:



CUSTOMER SERVICE FRUSTRATION

As mentioned above, earlier this year, a Fleet News at 10 webinar highlighted the growing frustration among fleets regarding declining customer service levels for new vehicle deliveries.

Panellists shared concerns about electric vehicles (EVs) arriving with minimal charge and internal combustion engine (ICE) vehicles being delivered with only a small amount of fuel.

These challenges appear to be concentrated among manufacturers that have adopted an agency model. According to fleets, this shift reduces incentives for local dealers to provide a high standard of service.

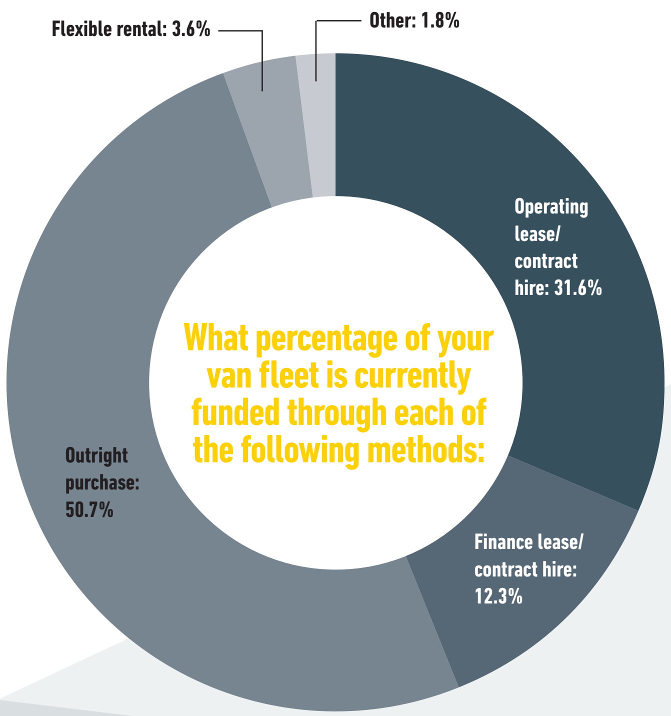
Paul Hollick, chair of the Association of Fleet Professionals (AFP), told the webinar that the issue has been "gradually brewing" over the past couple of years.

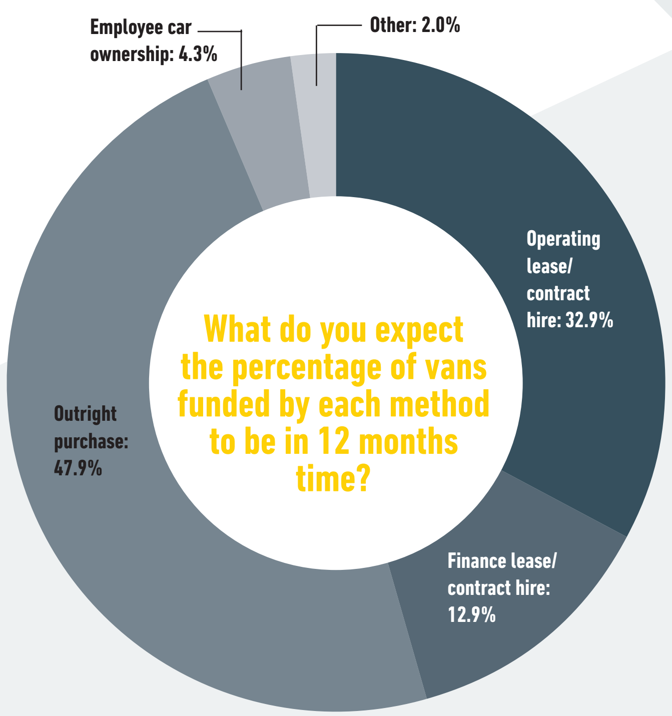
He added: "Before, we had direct sales agreements in place where there was a relationship between us as fleet operators and the local and national dealerships we were supporting. And, gradually it's becoming a little bit more of a benign relationship, a little bit more robotic, a little bit clicks rather than relationship building."

On vehicles arriving without any fuel or with no charge, he said: "It's just those little bits of TLC that we used to experience from our preferred dealer network, but nobody seems to care that much now."

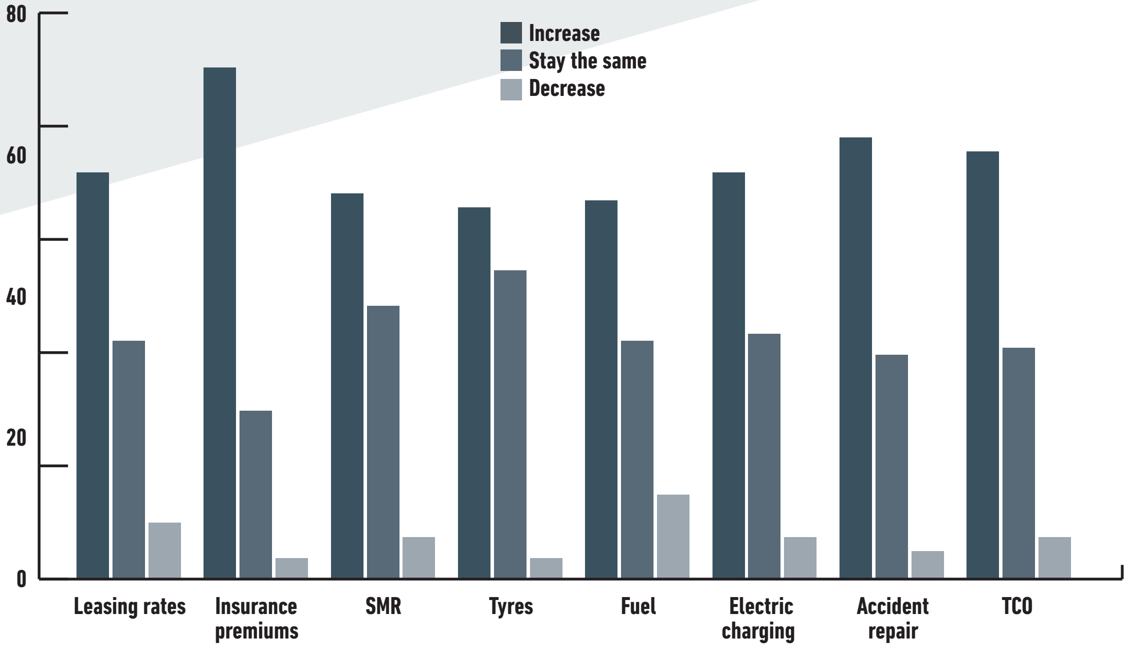
The agency model is a distribution strategy where the OEM is the legal and primary seller of vehicles to the consumer, with the dealer acting as an 'agent' for the OEM in selling and servicing vehicles.

Key characteristics of agency, in its purest form, include OEM vehicle ownership as well as their control over national pricing.





What is your expectation for the following company car-related costs over the next year?



Chris Connors, head of fleet and travel at ISS, said at the time: "The relationships have been lost, in my opinion, and this is really impacting the customer services and communications."

Citing his experience of having cars and vans delivered with no fuel or charge, he added: "It is having a big impact both operationally and financially. It's just not much fun with this kind of working relationship."

Lorna McAtear, also joint deputy chair of the AFP, says the problem is vehicles are being "churned out" as fast as possible.

"All the handover stuff is missing," she said. "It's been slipping for a long time; it slipped during Covid, where they felt that they didn't have to do anything, and it's just not come back."

Dale Eynon, director of Defra Group Fleet Services, also believes that delivery standards have declined. "Manufacturers need to think about that whole piece around the customer service experience when they deliver the new car," he told Fleet News at 10.

"But I'd also implore lease cos to think about that collection of the old vehicles as well, because it all feels to be commoditised to a point where it's not really right."

Several brands have announced plans to transition to an agency model, while others remain committed to the traditional franchise retail model.

LR, Lotus, and Ford have experimented with the agency model but have since reverted.

What is your expectation for the following company van-related costs over the next year?