

Europcar
VANS & TRUCKS

Europe's #1 Car & Van rental

**POWERING
THE UK ECONOMY:
FLEXIBLE VAN RENTAL**

Contents

.....

Foreword.....3

Chapter 1: The research base4

Chapter 2: Vans drive the UK economy5

Chapter 3: The acquisition strategy8

Chapter 4: What keeps a fleet manager awake at night?.....9

Chapter 5: Managing resources.....10

Chapter 6: Rethink acquisition with long-term hire 11



Foreword

.....



Stuart Russell

LCV Sales Director - Europcar

.....

Who'd want to be a Fleet Manager in 2021? There are so many unknowns making life very difficult for any Fleet Manager worth their salt. And for businesses with the need for commercial vehicles, large and small, the challenges get even more taxing. Over the last few months an additional issue that no one would have ever thought of in their wildest dreams became a very real and very instantaneous dilemma to deal with - Covid-19. Now more than ever Fleet Managers are reviewing their fleet mix and their future plans.

Economic uncertainty comes top of the list. Many businesses simply don't want to make long-term financial commitments, or financial prudence means they can't. With the impact of Covid-19 this has further exacerbated an already complicated situation to manage, at the same time we have the added complication of the introduction of WLTP on LCVs.

But much closer to home, the other big challenge for businesses that use vans is simply knowing what type of fleet is needed from one month to the next. Fluctuating demand makes certainty a rare commodity; the more flexible staffing culture many organisations now employ also means Fleet Managers struggle to plan effectively for workforce needs.

Van usage during Covid-19 in the main has increased as deliveries have become the 'new norm', whether for essential supplies and medicine, or in place of physical shopping trips. Most professions that require a van, by their very nature will not be able to work from home, so this has also buoyed the van demand, unlike the company car demand where workers are staying firmly at home.

As a result of Lockdown, we have seen the environmental impact of less vehicles on the road, which has helped cities across the UK strengthen their aims of having Ultra Low Emission Zones and Clean Air Zones in the future. Fleet Managers will need to ensure their vehicles are ULEZ 6-compliant to ensure they achieve the utilisation longevity for the vehicles on their fleet.

Clearly there isn't one simple answer to these challenges. But what can make life easier is finding supply partners who apply a flexible approach to how they work with their customers. Collaboration is vital, ideally between different suppliers like leasing and rental companies to provide businesses with flexible options for employee mobility.

Alternatively collaboration between customers and suppliers to understand the commercial challenges and work together to find the right solutions. Using new innovations to deliver greater insight into vehicle usage - such as telematics and dash cams - is also an important facet that any business should look for from their vehicle supplier.

With a clear focus on supporting businesses that need commercial vehicles, Europcar Vans & Trucks has researched the challenges firms and Fleet Managers are facing and identified some of the solutions that can reduce uncertainty. A commitment to ensuring we have the right vehicles available, ready to be fitted with specialist equipment for the multitude of specialist jobs that vans are often required for, is at the heart of the Europcar Vans service, all underpinned by a network of Van Supersites, with local experts.

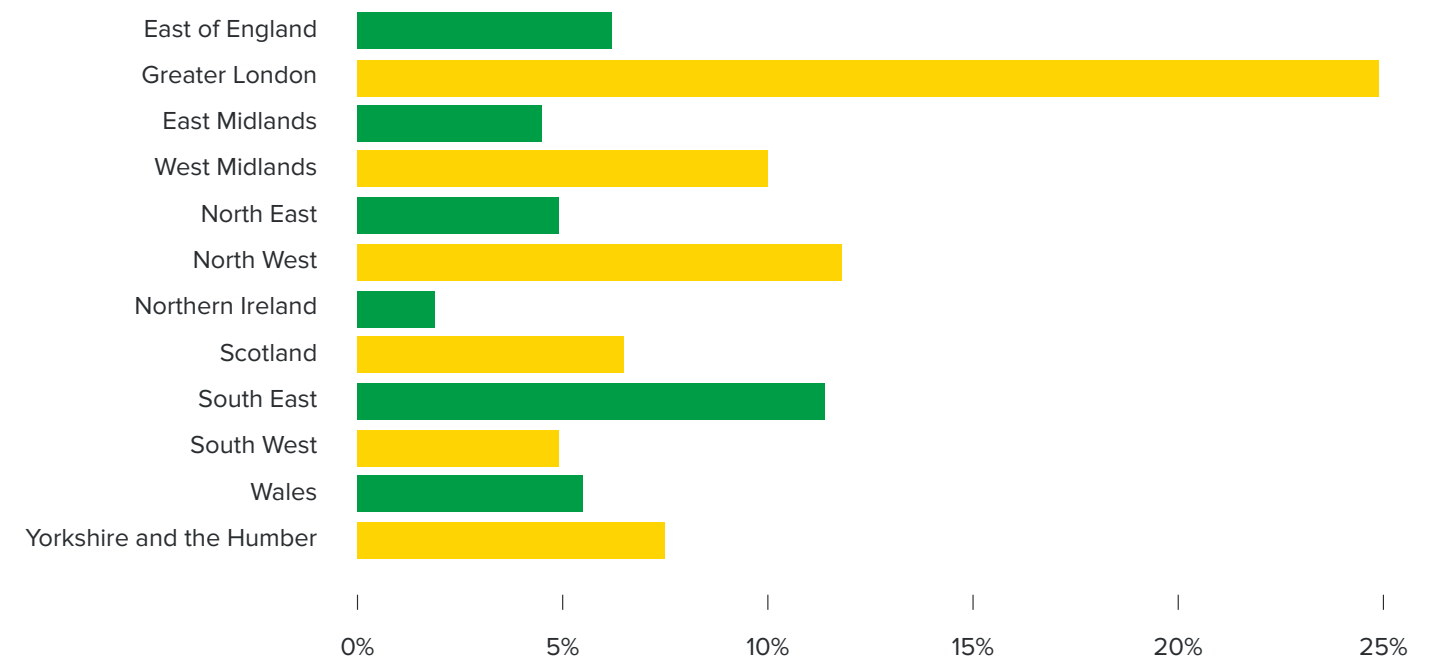
The bottom line is today's Fleet Managers need to find partners who offer flexibility at all levels of the business relationship and this white paper sets out how Europcar Vans is aiming to achieve that goal.

Chapter 1

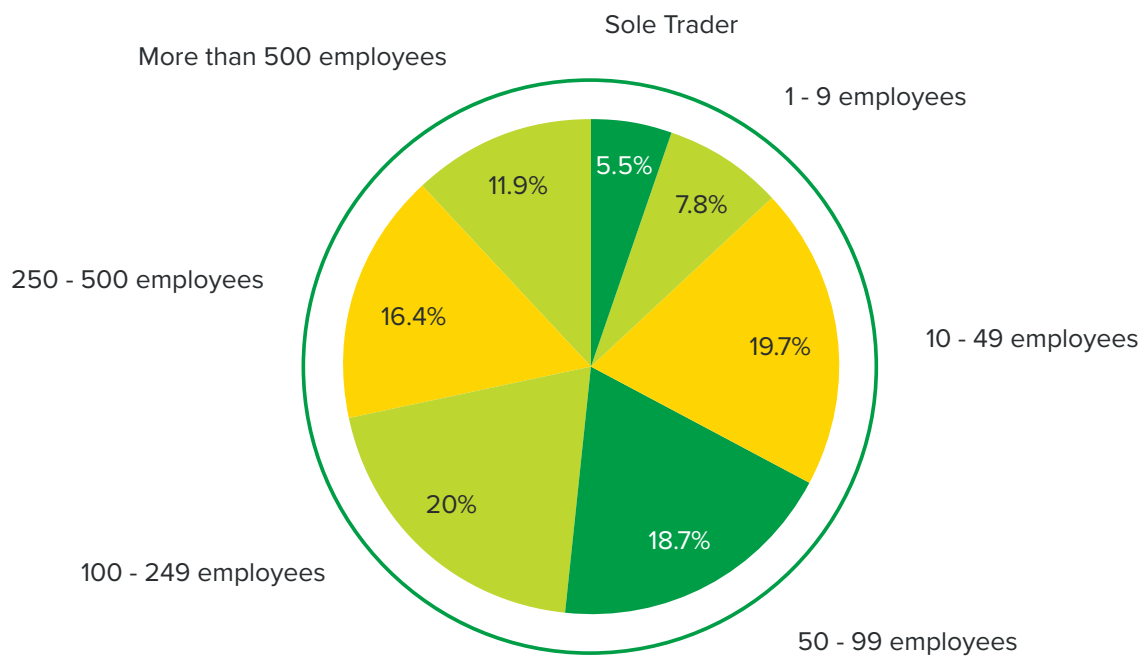
Research base

Over 300 business decision makers, who have or use vans, took part in the research, from all areas of England, Wales, Scotland and Northern Ireland. The research also aimed to understand the challenges regardless of the size of the business.

Respondents by region



Breakdown of company by number of employees



Chapter 2

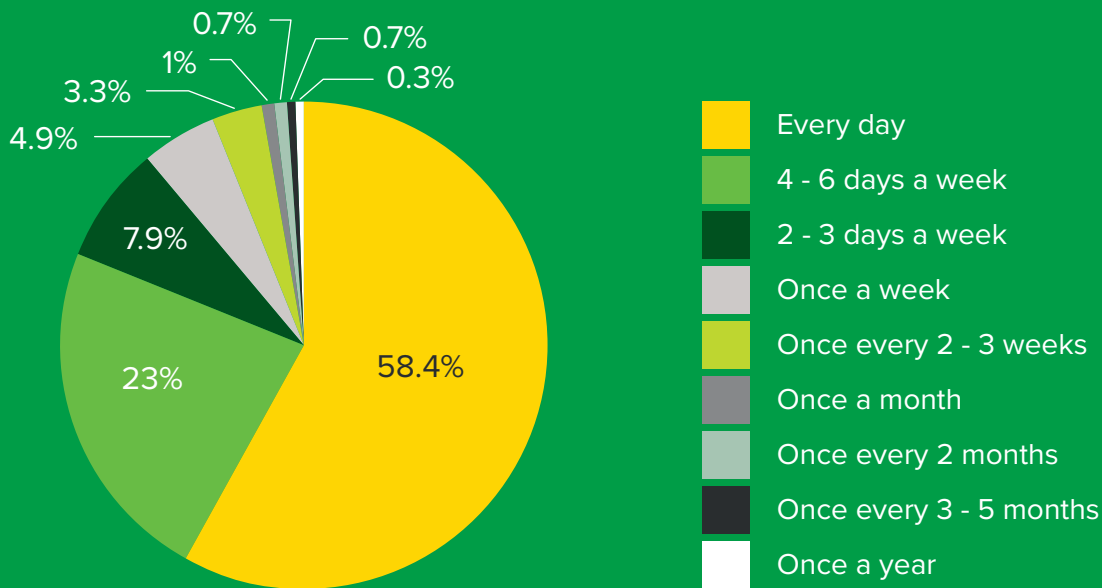
Vans drive the UK economy

.....

The research clearly identifies that vans really do drive the UK economy.

The majority of businesses (58.4%) use their vans every day of the week. And nearly a quarter (23%) use vans between four and six days per week.

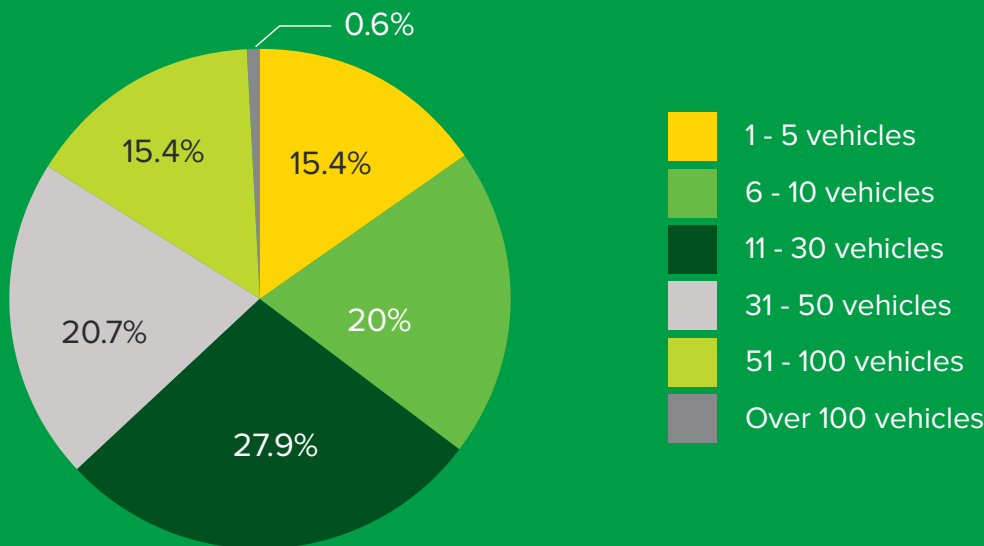
How often are vans used for your business operations?



THE UK VAN FLEET

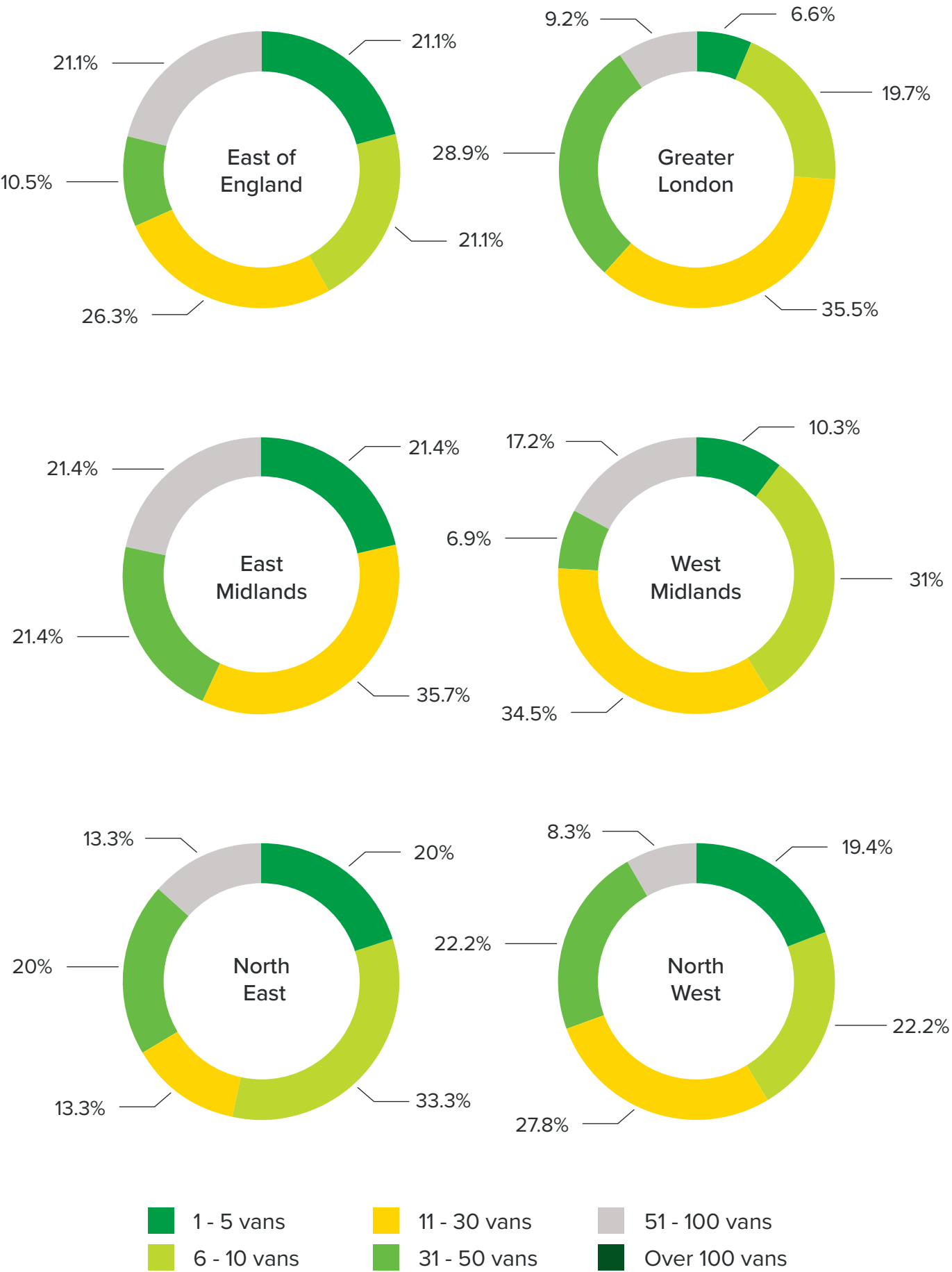
The research also suggests that UK businesses really do rely on vans and other commercial vehicles, whether it's daily or weekly or just to meet seasonal demand. To meet that need the UK van fleet is typically around 11 to 30 vehicles. But there's a sizeable 20% of businesses that use between 31 and 50 vans every year. And another 20% say they only use between 6 and 10 vans over the course of a year.

Approximately how many commercial vehicles are used in your business on an annual basis (including rental vehicles)?



THE REGIONAL PICTURE

The regional picture shows that van fleet sizes are pretty consistent right across the country.



THE REGIONAL PICTURE CONT'D





Chapter 3

The acquisition strategy

.....

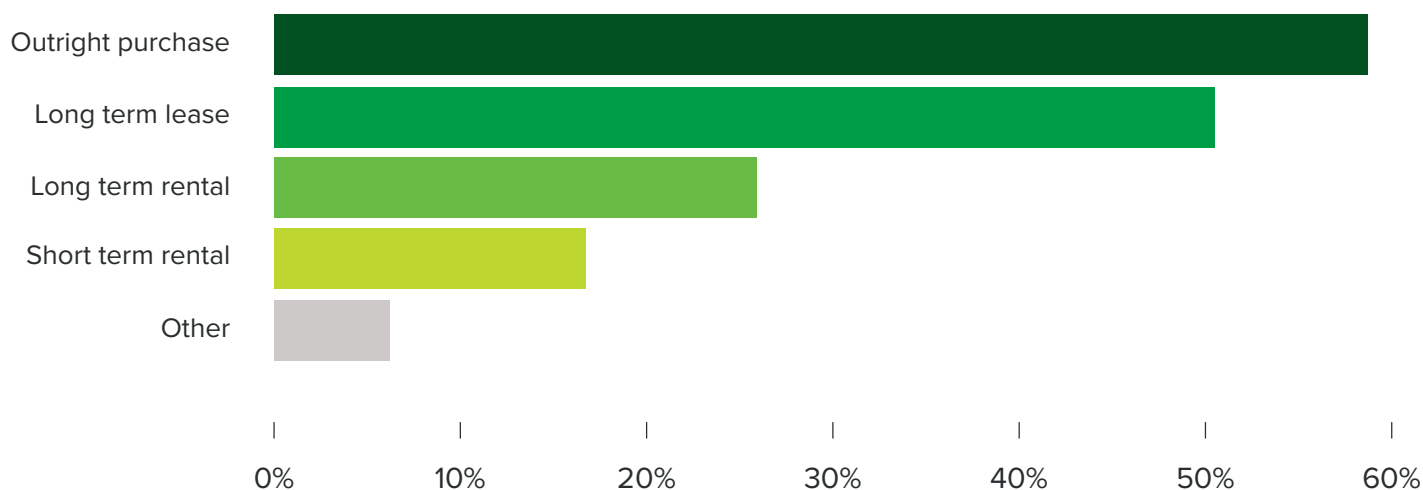
OWNERSHIP OR USERSHIP?

There is a groundswell of opinion about vehicle ownership versus usership. In the private car market, there is definitely a growing trend towards vehicle usage when it's needed, particularly in cities and large towns well served by public transport. But so far that trend is not yet seeing much adoption in the commercial vehicle marketplace.

The Europcar Vans research shows that businesses are taking a 'pick and mix' approach to their fleet acquisition strategies. Nearly two thirds (58.7%) use outright purchase and just over half opt for long term lease.

But long term rental, which delivers a much less onerous outcome on a company's capital expenditure is also favoured by over a quarter of businesses (25.9%). And short term rental is also in the mix for nearly 1 in 5 firms.

How do you source the vans used in your business?



Chapter 4

What keeps a fleet manager awake at night?

.....

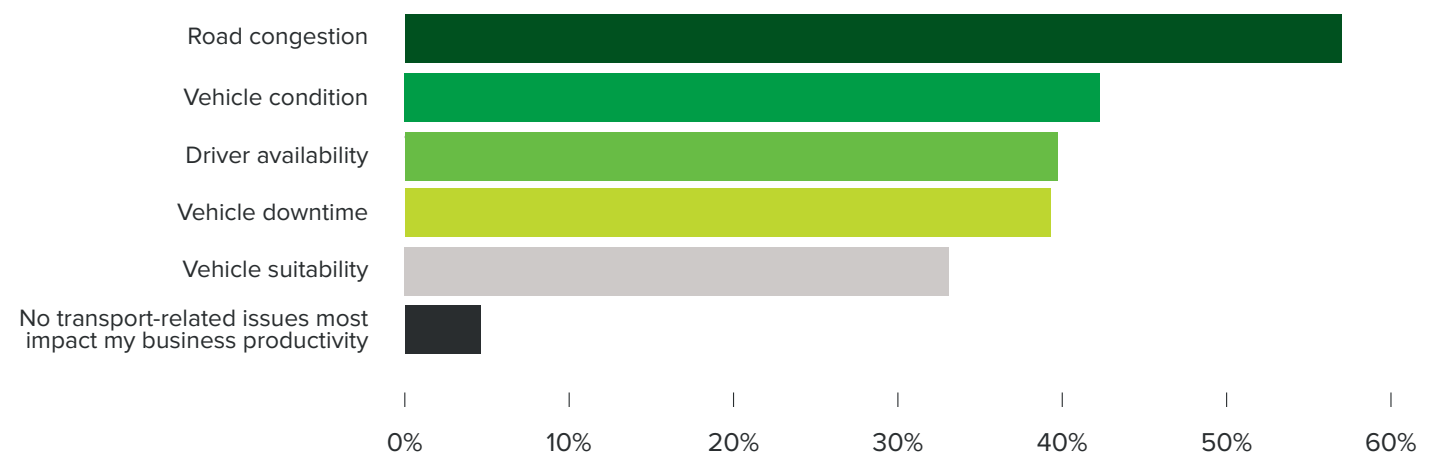
When it comes to the transport issues that have the biggest impact on businesses using vans, perhaps not surprisingly road congestion is the number one worry at 57%. Undoubtedly managing the logistics for deliveries in ever-more congested cities and towns is a daily challenge.

Vehicle condition was the second biggest worry – at 42.3%. Again the vagaries of city and town driving are likely to be a cause for concern for Fleet Managers trying to manage a fleet of vans that may be driven by a number of different employees in a week. That challenge is reflected in the fact that nearly 40% said driver availability had an impact on their business.

And whilst vehicle downtime (39.3%) and vehicle suitability (33.1%) came lower down the list of concerns for Fleet Managers at 39.3% and 33.1% respectively they are not insignificant concerns. Indeed the challenge of vehicle downtime is underlined by the fact that a substantial majority (71%) said they have spare vans on their fleet, to allow for servicing, maintenance and downtime issues.

Whilst the intention makes good business sense, the fact that this means valuable resources – and funds – are being tied up in vehicles that are not on the road – does not. A more flexible approach to vehicle acquisition is vital to ensure that funds and cash flow are being employed for the best business outcome.

What transport-related issues most impact your business productivity?



THE GROWING GREEN HAZE

In 2019 the first clean air zone (CAZ) – London’s Ultra Low Emission Zone (ULEZ) – came into effect, giving Fleet Managers another challenge. Now they have to ensure that any vehicles being sent into the capital meet the new emissions standards – or face a costly fine. And the green haze slowly covering much of the UK means that it’s not just a London issue.

The outright acquisition strategies adopted by businesses in the past appear to be giving firms challenges for the future. Almost all respondents (92%) admitted that they have vehicles on their fleets that are more than 3 years old.

Nearly a third (31%) have between 11 and 30 vehicles that do not comply with low emission zone requirements. And over a quarter (28%) said that between 26 and 50% of their fleet was made up of vans that were more than three years old.

Chapter 5

Managing Resources

.....

Many firms are operating aging fleets, but with uncertainty still the de facto for business operation, ensuring resources are distributed efficiently is more important than ever. And that means it's important not to overlook other impacts on productivity and resources.

A staggering 71% of businesses are needlessly tying up capital on spare vehicles. This is more likely for larger businesses as 92% of businesses with 500 employees or more had spare vans on fleet.

Do you have ‘spare’ vans on your fleet to account for servicing, maintenance and repair downtime?

	Company size						
	Sole Trader	1 - 9 employees	10 - 49 employees	50 - 99 employees	100 - 249 employees	250 - 500 employees	500+ employees
Yes	17.6%	33.3%	66.7%	75.4%	75.4%	88%	91.7%
No	82.4%	66.7%	33.3%	24.6%	24.6%	12%	8.3%

Vehicle condition was a significant issue for 42% of businesses which explains this perceived necessity for spare vans, particularly as 39% of businesses said vehicle downtime was the transport issue that had biggest impact on productivity.

With the majority of businesses sourcing vehicles through outright purchase, tying up capital on a depreciating asset is an inefficient use of resources. And is especially a concern for the smaller businesses that make up so much of the UK economy and who can ill-afford to put funds into unemployed assets.

What’s the answer?



Chapter 6

Rethink acquisition with long-term hire?

Businesses don't need to shoulder the cost of acquisition, when it comes to updating their fleets in the face of an unsettled economic environment. When it comes to staying in control of costs and emissions, ownership isn't the only way. Long-term rental offers firms a cost-effective alternative that delivers the flexibility businesses and employees need.

The pressure on businesses to update their fleets is in direct conflict with their need to minimise long-term financial commitments. This means ownership is no longer the most effective fleet option. Long-term rental means firms can have an up-to-date fleet that's harnessing the latest technology. Whether it's in-car technology for driver safety and comfort or harnessing the power of hybrid and electric vehicles, the corporate long-term rental solutions offered by Europcar Vans delivers a real alternative.

With access to vehicle hire at a fixed rate from three months up to three years, Europcar Flex offers long-term rental that can grow with a business's needs. No fixed contract to sign means businesses worried about economic uncertainty can make the changes they need to their fleet vehicles knowing the costs won't change. And by offering highly maintained vehicles, which are less than six months old, Europcar Flex ensures business drivers stay on the road with minimum downtime. Crucially, with access to the newest vans, firms minimise emissions and comply with the latest legislation.

The unsettled landscape means UK businesses need a more flexible approach to their fleet requirements. Europcar Flex allows customers to change vehicle type without any additional fees or penalties, delivering a solution that caters to the needs of businesses today and beyond.

From our research and the clients we have spoken to since this research was conducted, there will continue to be an uncertain climate for the foreseeable future. Therefore we see our role, as Europe's leading Van & Truck Rental business, as providing an important role in Fleet Managers' solutions, which enables them to have total flexibility and control of their fleet mix.

Call us now on **0371 384 0140** to discuss your specific requirements for a more flexible future or visit our website to understand more about our van and truck offering:

www.europcar.co.uk/business/van-and-truck-rental