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Things to know before negotiating volume discounts

Navigating the complicated world of fleet vehicle volume discounts can be daunting. But it doesn't have to be. Here are 7 things you should know before going to the table to negotiate fleet incentives with a manufacturer. The more you know, the better prepared you will be.

1. Model years can overlap

Fleet incentives can change from model year to model year.

Make sure to work with your vehicle manufacturer to include the model year you are targeting in your negotiations for volume discounts. Multi-model year agreements can increase volume and provide negotiation leverage.

And keep in mind that choosing one manufacturer vs. multiple can lead to savings.

2. Know your order projections

In order to negotiate the best fleet incentives, you need to know how many vehicles and which models you will order. Also, think about what your order cycle is for the next 1-3 years. The more you order, the higher incentive you might get.

Keep in mind that purchase volumes revert to zero at the beginning of each program year, and there may be penalties for not meeting your projected order volume.

3. Decide how you want to get rewarded

Manufacturers offer several ways to apply your discount with a fleet incentive program: off-invoice, a check payment to you as the client or a check payment to your fleet management company.

Off-invoice is the most common, which means your company receives a credit on the vehicle's initial invoice. This option equates to a lower capitalized cost which reduces the monthly payment. Also, know that incentive payments need to be set up separately for out-of-stock vehicle purchases.

4. Identify your price protection options

Each eligible order within a program year will typically be price-protected to the model year, but you need to include this in your contract. Establish the terms in the contract as either introductory price levels – sometimes referred to as “first firm” – or secondary ones.

The ideal option is first firm/introductory to ensure you are getting the lower amount if the price happens to go up.

5. Retail programs are ineligible for fleet

Sorry, you cannot utilize a retail or commercial account program on your vehicle purchases (including out-of-stock purchases) AND negotiate fleet volume incentives.

Anything not in the fleet program could impact your ability to have the same discount in the next program year. For example, any retail purchases will not show in your total order volume.

6. Compare your incentive to national ones

Some vehicles don't have incentives at the national level, so negotiations on those vehicles can be difficult, if not impossible.

Looking at the national incentives will also give you a starting point for negotiations, especially if your fleet has fewer vehicles.

7. Your agreement can change

If you find out later that you need to order more vehicles than expected, don't be afraid to go back to the manufacturer to renegotiate a better incentive.

You can also add models to your agreement. The manufacturers *want* to sell you vehicles, so they are more than willing to work with you if your needs change.