



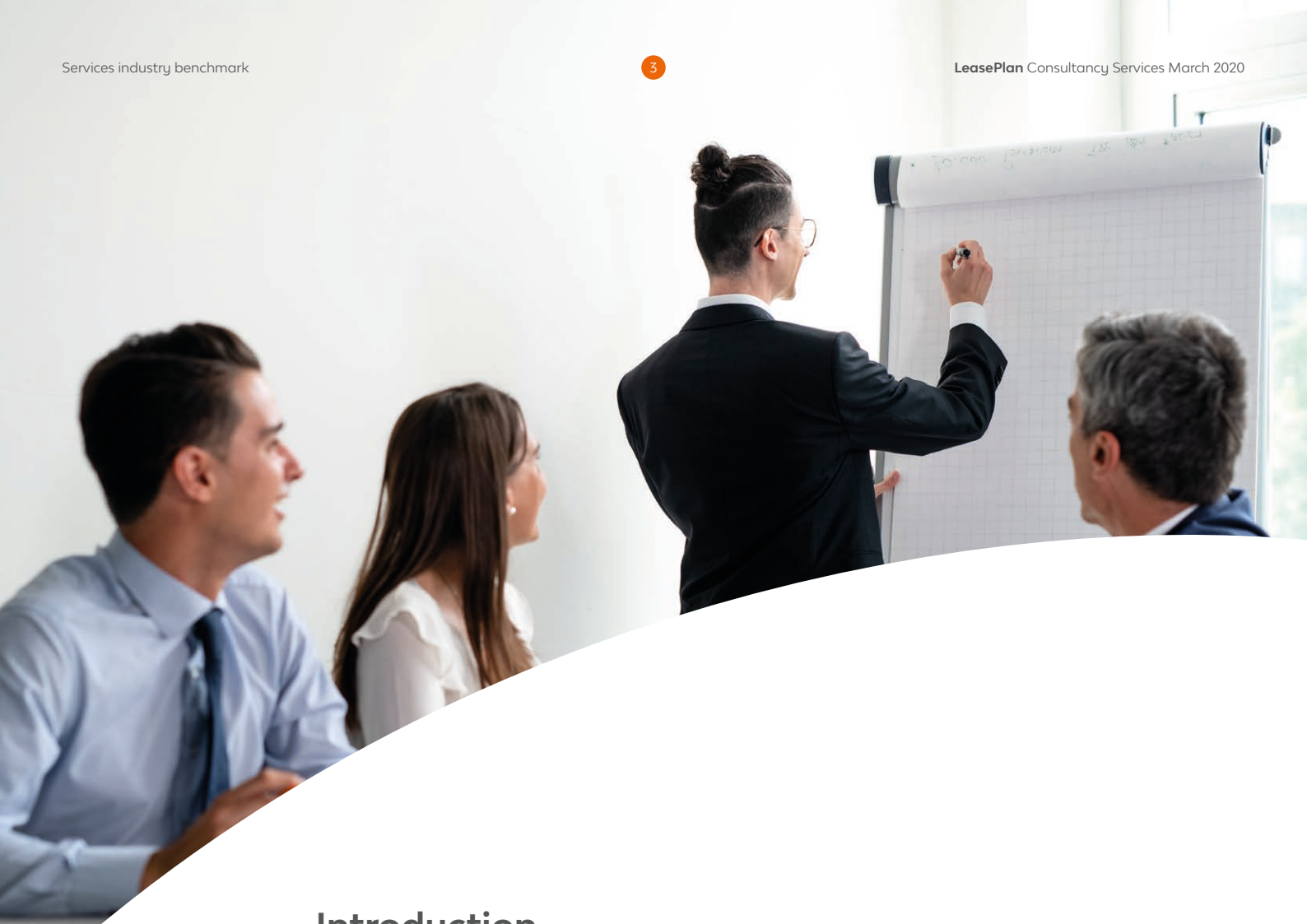
Services industry benchmark

International
Consultancy Services
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Introduction

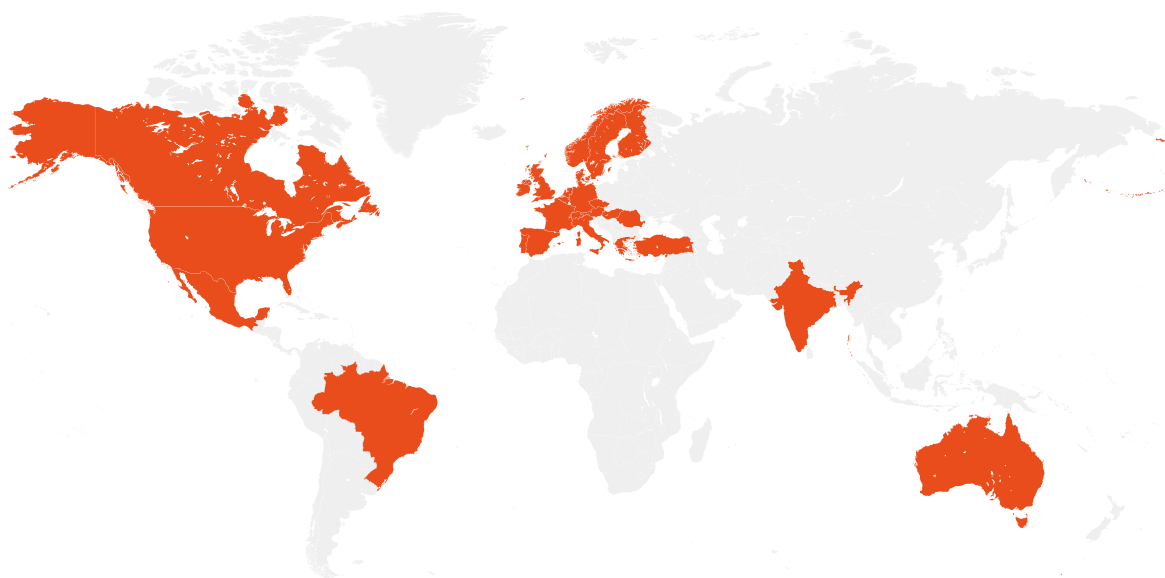
Through benchmarking, organisations evaluate various aspects of their company car policy and fleet processes in comparison with industry peers. This allows organizations to develop improvement plans or adapt specific best practices, usually with the aim of increasing the performance of the business. Benchmarking also helps explain why certain organisations are successful in their fleet strategy. It may be a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices.

In this services industry benchmark, we have collected an extensive data set on car policy information from companies across the services sector. This report shows the consolidated results of the countries in scope. Firstly, we explain the characteristics of the benchmarked companies in order to correctly interpret the data. We then show the benchmark data and discuss the different benchmark items.

Characteristics of the benchmark population

This benchmark contains data from 118 different car policies across 25 different countries. The average fleet size of the surveyed companies is 400 vehicles. The benchmark is based on (client) input from the LeasePlan entities as seen in the picture below.

Benchmark data coverage



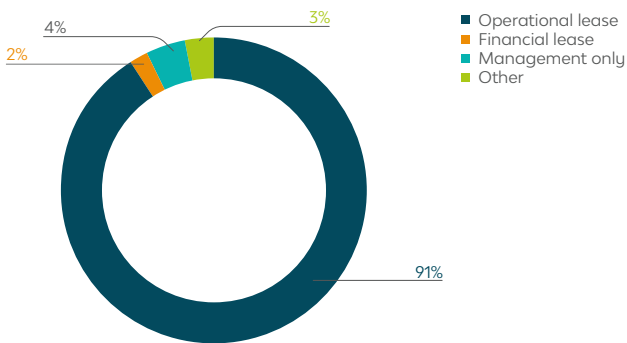
Countries in scope: AT, AU, BE, BR, CA, CH, CZ, DE, ES, FI, FR, GR, HU, IE, IN, IT, NL, NO, PT, RO, SE, SK, TR, UK, US



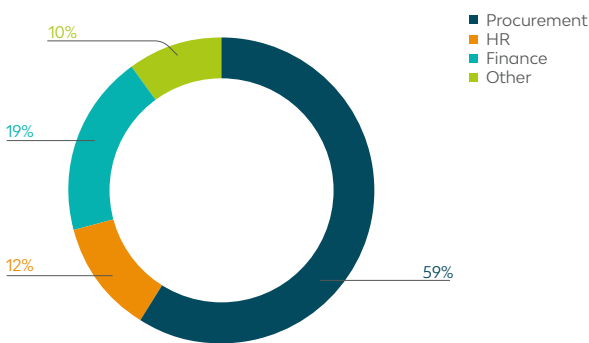
The figures below show the characteristics of the fleet management activities of the companies in this sample.

Characteristics of the fleet management activities of the sample companies

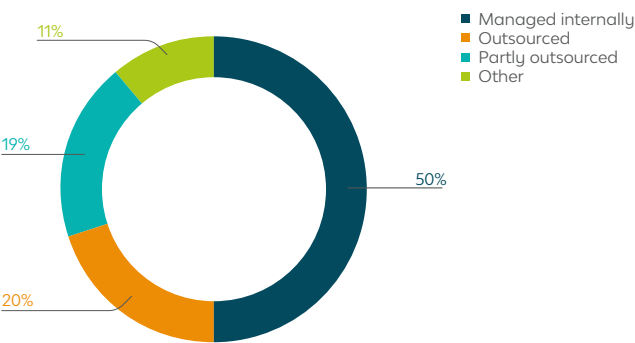
What is the method of acquisition?



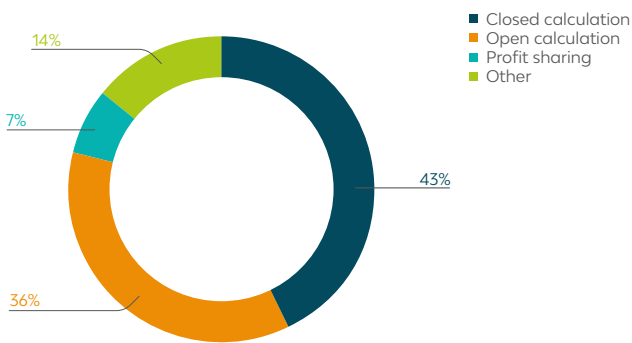
Who is the decision making unit (DMU)?



How is the fleet managed?



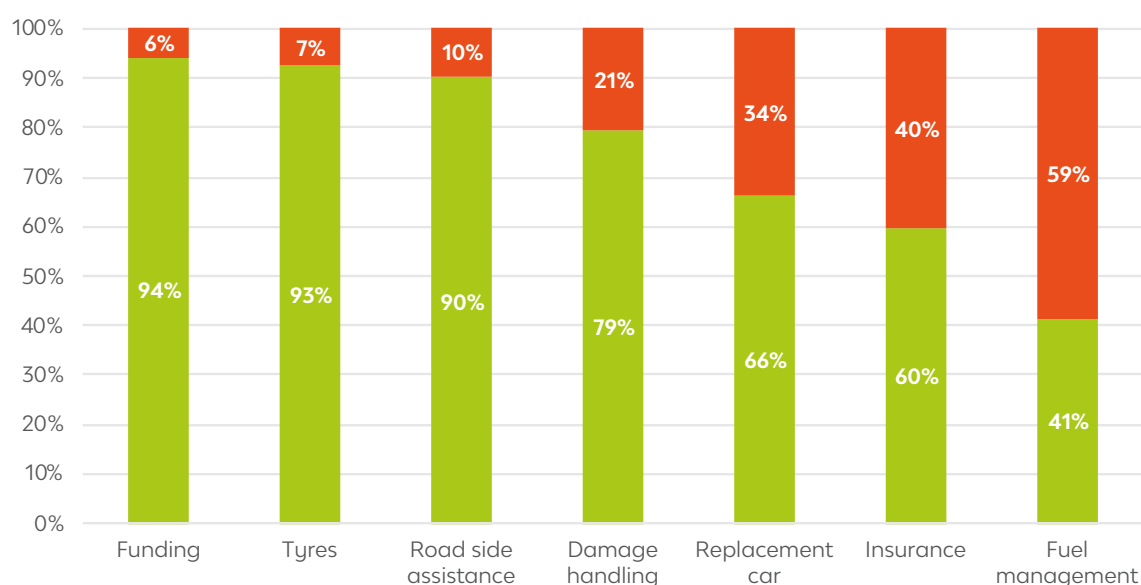
What is the leasing product preference?



The majority of the sample companies (91%) use an operational lease for their fleet. Many organisations extend the lease with additional services, which is reflected in the bundled services that are included in the monthly lease instalment.

The following graph displays the services included in the monthly lease instalment measured in percentages. Fuel management (41%) and insurance (60%) are services with the lowest penetration in the monthly lease instalment. Funding (94%) and tyres (93%) are the most popular services.

Services included in the monthly lease instalment



Policy benchmark

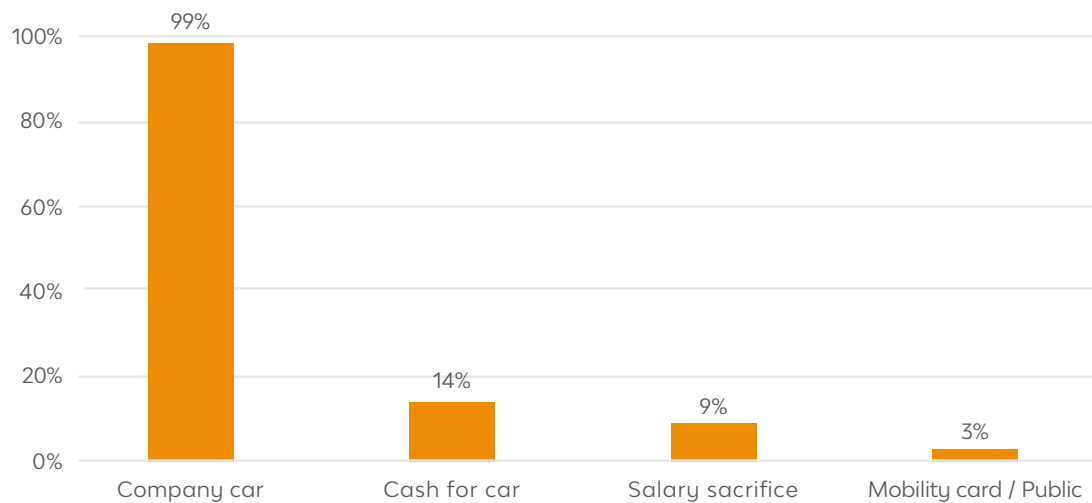
In this section, we discuss the 118 car policies which are benchmarked on different elements.

1.1 Car allocation

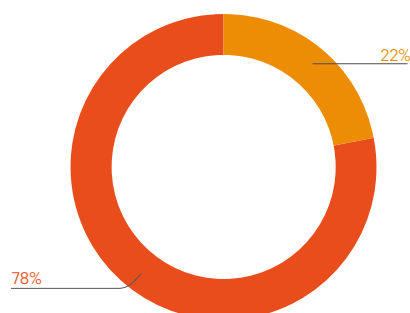
When companies offer their employees a car as a benefit this is often called a perk car. The allocation for perk cars is usually based on job grades. The lease amounts per job grade differ greatly per country and are not suitable for a consolidated benchmark. In general, car schemes offered by companies in the services industry are in most cases a 'company car scheme' (99%), 14% offer a choice between a company car or cash and 9% percent of the companies offer a car in exchange for salary sacrifice. Only 3% of the companies in scope offer mobility cards or a public transportation solution. Keep in mind that companies can offer more than one scheme.

Organisations may differentiate the lease amount depending on the job grade, meaning higher-level employees receive a higher lease budget. In the services industry this is true in 89% of the cases. In turn, some organisations allow drivers to trade-up or trade-down, with only 22% of sample companies allowing trade-up. In case of trading down (when the employee remains below the maximum budget), only 11% of organisations indicate they transfer (part of) the difference to the employee.

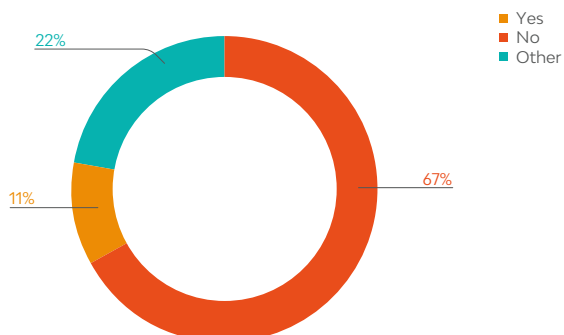
Type of car schemes offered in the policy



Is it allowed to trade-up?
(monthly rental above the allowance, paid by driver)



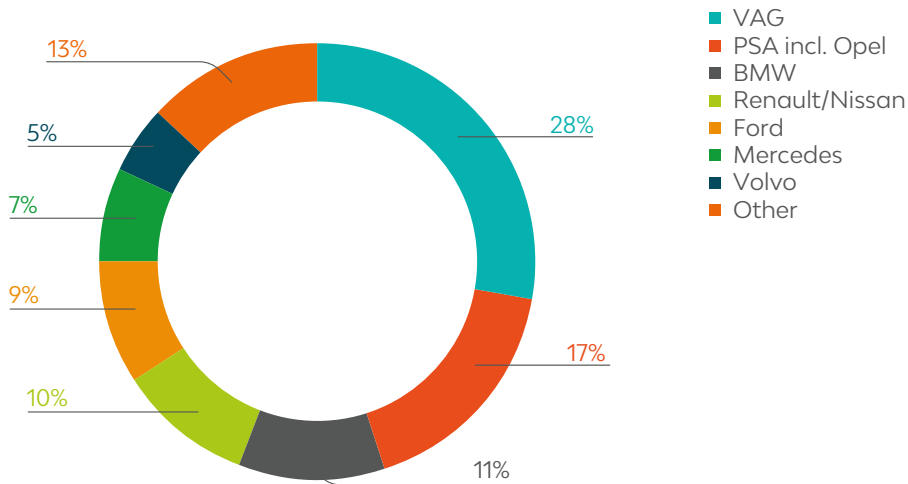
Does the driver receive the difference
in cash in case of trade-down?



1.2 Car selection

Most of the companies (69%) work with a restricted number of OEMs. The figure below shows the distribution of the preferred OEMs in the sample. Since multiple OEMs per company are possible, the numbers show the relative popularity.

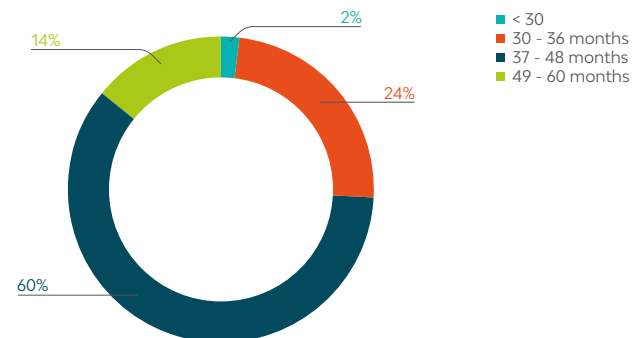
OEM distribution in the sample



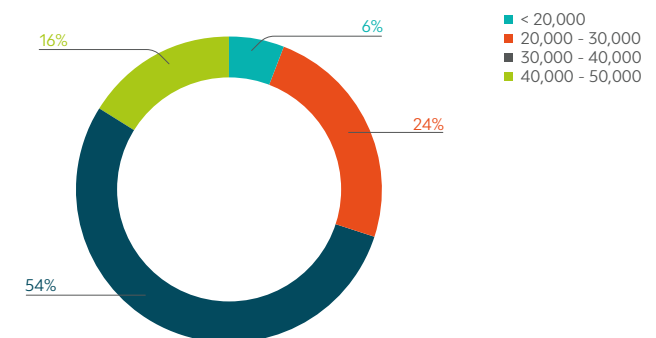
1.3 Contract parameters

The car policy typically contains the term and mileage parameters in which the new lease contracts are calculated. These (budgeted) terms and mileages differ per country. The majority of organisations (60%) apply 37 - 48 months for the term of their leases. With regards to the average budgeted mileage most organisations (54%) schedule contracts for a mileage of 30,000 - 40,000 km per year. For cost optimisation reasons, common combinations of term and mileage are 36 months / 120,000 kilometres and 48 months / 160,000 kilometres.

Average budgeted term

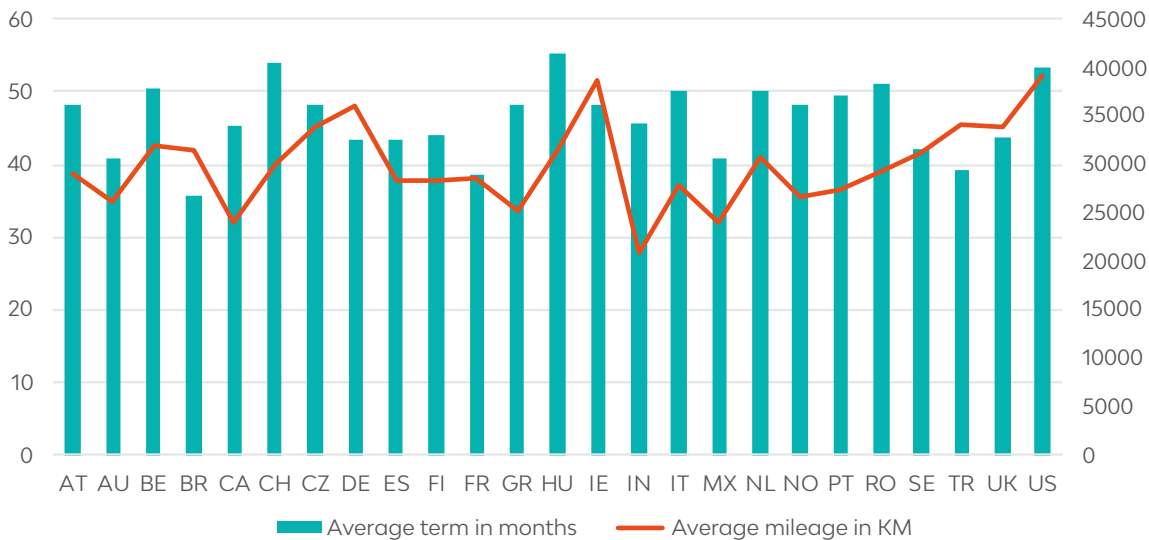


Average budgeted mileage (km/year)



The figure below shows the average budgeted mileage and the average contract term. The average contract term of all countries is 46 months and the average mileage is 29,900 km/year.

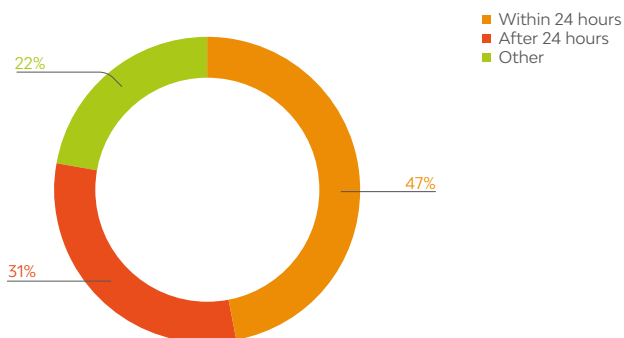
Average budgeted mileage and average term



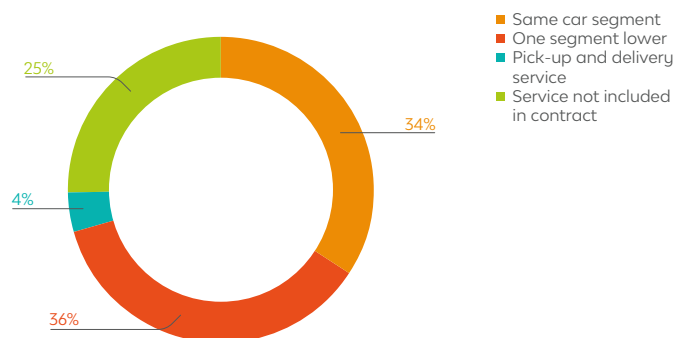
1.4 Replacement car & pool car

A replacement car can be provided to the employee when the employee is unable to use the lease car. There are different policy choices for the type of replacement car and the timing of providing the replacement car. 47% of organisations indicated providing a replacement car within 24 hours and 31% offer a replacement car after 24 hours. Furthermore, organisations differ in the type of replacement car (same car segment, one segment lower, or pick-up and delivery service) that they offer to their employees. The figure below indicates the choices of the companies analysed in the benchmark.

When is the replacement car provided?



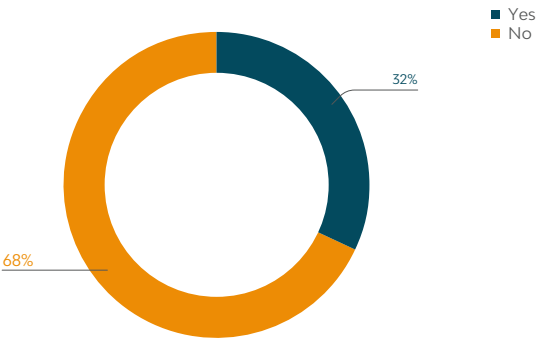
Which type of replacement car is provided?



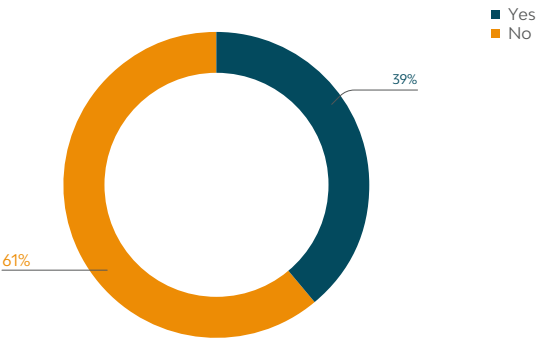
1.5 Restrictions for new car orders

A car policy can set restrictions for new car orders, including fuel choice and CO₂ levels. 32% responded to have a CO₂ restriction in place and 39% indicated having a fuel restriction in place, allowing a specific fuel type only. If there are CO₂ restrictions in place, the average threshold is 140 g/km for diesel and 145 g/km for petrol.

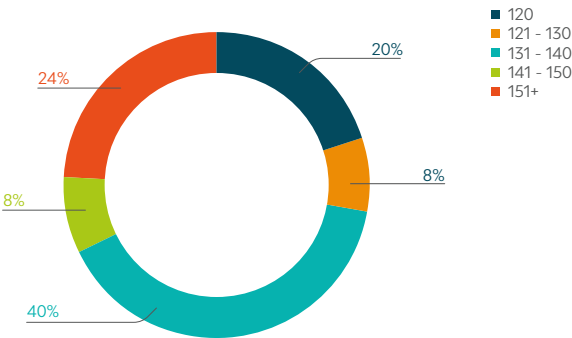
Are there any CO₂ restrictions?



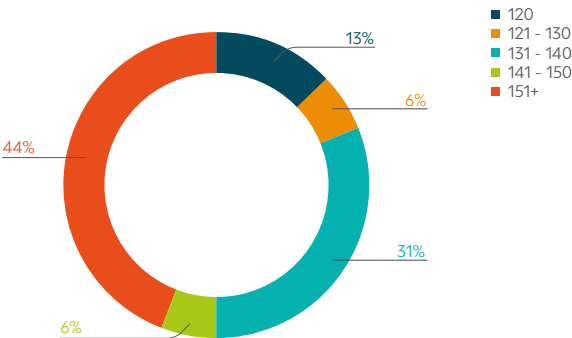
Are there any fuel restrictions?



CO₂ threshold diesel in g/km (average 140)

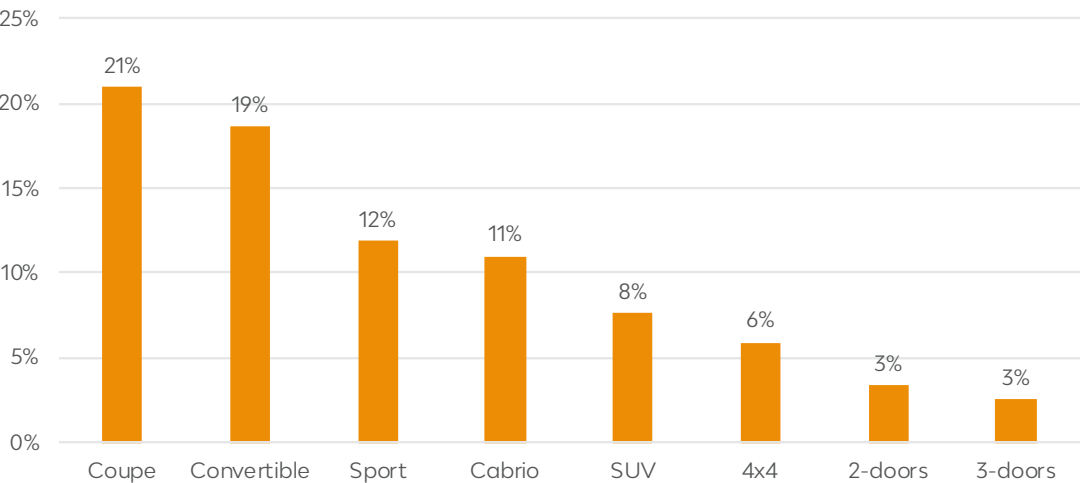


CO₂ threshold petrol in g/km (average 145)



Organizations sometimes restrict certain body types that are deemed less presentable. The figure below shows which body type restrictions are most common. The numbers are relative again, since multiple options are possible. Coupes and convertibles are the most common body types restricted by companies.

Are there any body type restrictions in place?



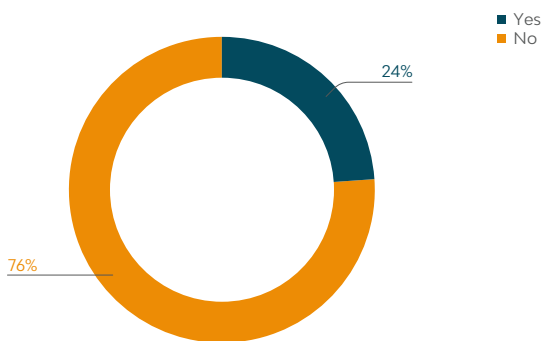
1.6 Costs payable by the driver

Any costs payable by the driver should be defined in the car policy. Examples are payments for private usage, end-of-contract damages (24%), and insurance deductibles (29%).

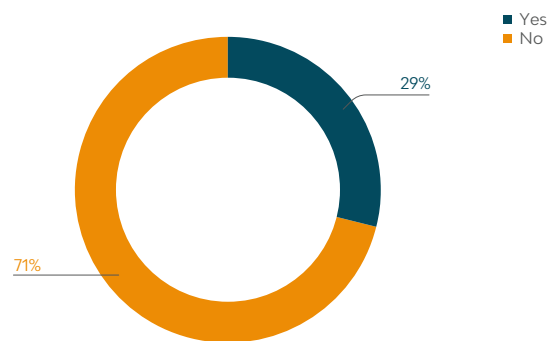
14% of companies charge their drivers for private usage of the vehicle, e.g. fuel for private usage. However, this does not include costs related to trading up or benefit-in-kind (BIK) tax.

Please note that charging drivers during working hours is not always allowed by local law. Always ask for legal support to determine the feasibility of charging drivers.

Does the driver have to contribute to end of contract damages settlement with the leasing company?



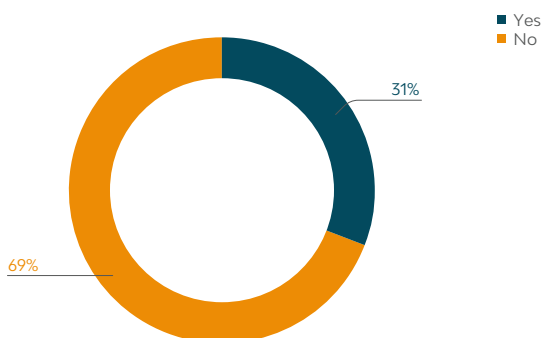
Does the driver make personal contributions in the events of accident?



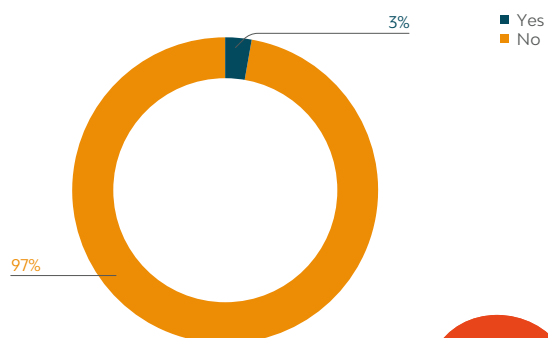
1.7 Driver behaviour

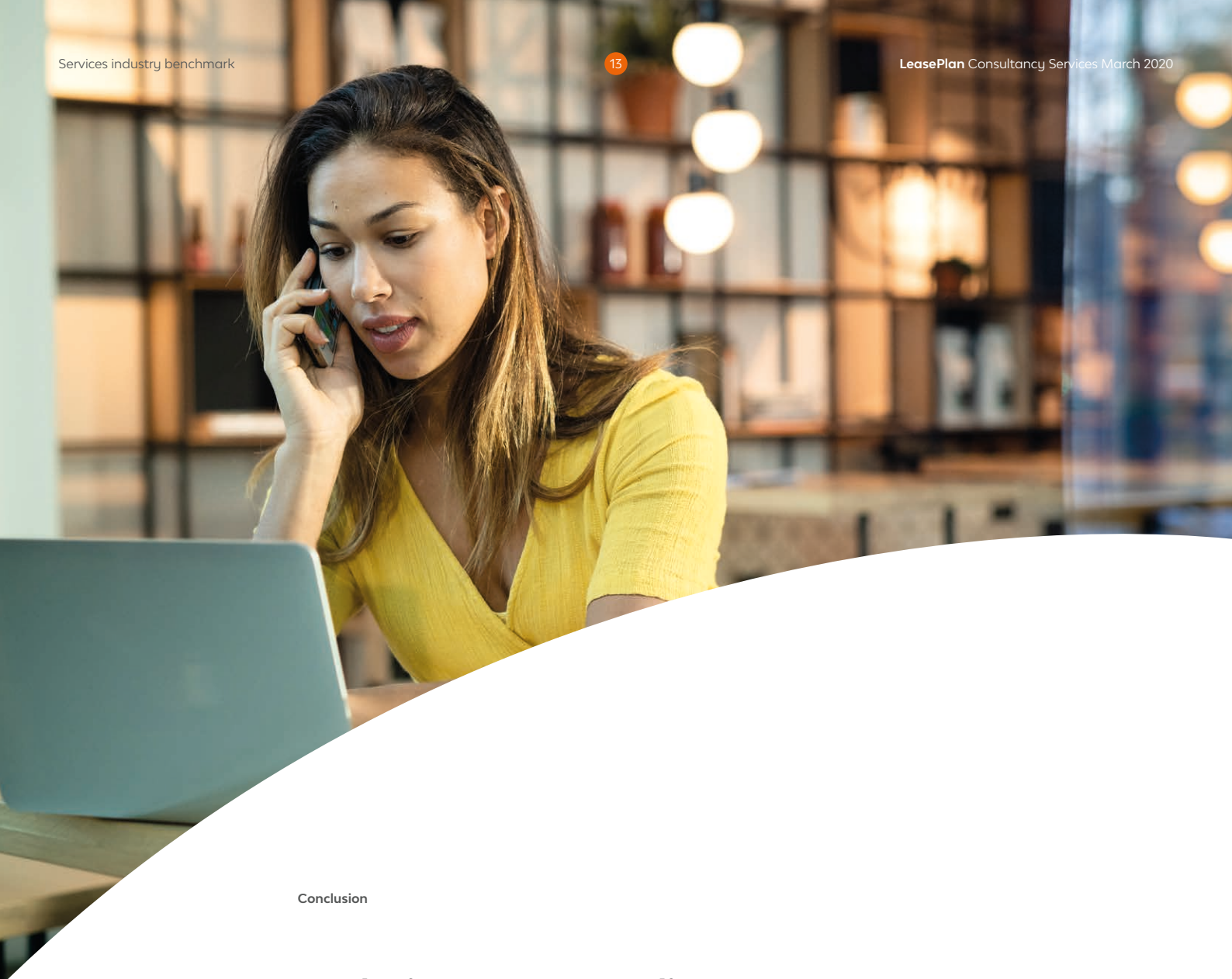
31% of the companies have programs in place aimed at influencing driving behaviour. These programs can have a focus on safety and safe driving or on improving economic driving with lower fuel consumption as a result ('eco driving'). Only a small percentage (3%) of organisations indicated they provide an incentive to drivers whenever they choose to drive a car with low CO₂ emissions.

Are there programs in place aimed at influencing driving behaviour?



Does the company have a bonus schedule for low CO₂ cars in place? E.g the driver receives a reward when driving a low emission vehicle.





Conclusion

Updating your car policy

Car policies contain different aspects that are important to manage your fleet. Examples of these are restrictions relating to OEM selection, fuel type, body type, trading up, and possible own contributions by the driver in case of (end of contract) damages.

All of these topics follow from desired targets with regards to costs, drivers, and the environment and need to be captured in the policy to ensure they become effective. LeasePlan advises a review of the car policy at least once every 2 years.

If you are interested in discussing this report or in having a tailor-made benchmark of your fleet vs your peers, please contact the LeasePlan International Consultancy Services team on ics@leaseplan.com.

The LeasePlan logo is displayed in white text against a background of overlapping orange and yellow wavy shapes. The word "LeasePlan" is written in a clean, sans-serif font, with "Lease" and "Plan" joined together.

LeasePlan

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