

An aerial photograph of a winding asphalt road through a dense green forest. A small river flows through the center of the forest. In the top left corner, there is a large, stylized orange graphic that resembles a series of connected 'W' or 'M' shapes. The word 'LeasePlan' is written in white text on the leftmost part of this graphic.

LeasePlan

Fleet trends in the European consumer goods industry

Will the rise of Battery Electric Vehicles mitigate the CO₂ emissions from the increased popularity of SUVs and petrol?

Consultancy Services

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Introduction

With so many external sources of information available to them, company fleet managers can become confused about the right way forward for their fleet strategy. To help them develop a fleet strategy with confidence, LeasePlan has analysed the passenger car fleet of its international clients within the consumer goods industry¹ over the past three years and identified several notable trends.

In short, the consumer goods industry has seen an increase in luxury midsize vehicles (D2) and compact SUVs (SUV-C1). Diesel remains the dominant fuel type with 75% of the market, but it is declining rapidly. Because of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and the increased popularity of petrol vehicles and SUVs, the CO₂ levels have increased (+3.5%) in the consumer goods industry. But the uptake of battery electric vehicles (BEVs) is starting to take off and might mitigate the CO₂ effects of the uptake of petrol vehicles and SUVs. Expected government incentives should help increase the share of both BEVs and hybrids.

To check how the consumer goods industry performs compared to other industries, please see our **2020 Fleet Sustainability Ranking by Industry**. If you would like to know how your company measures up against the consumer goods industry as a whole, LeasePlan can develop a tailored benchmark report in which we compare key metrics of your fleet performance against your industry peers. This is possible for passenger cars and/or LCVs, both within and outside of Europe. For more details, please contact your local LeasePlan liaison, or contact us at: ics@leaseplan.com.

This analysis of fleet trends is based on passenger car data from over 200 international companies across 24 different European countries, with an average fleet size of 530 vehicles. To ensure that the data is representative, at least 10 different companies must lease at least 500 vehicles between them in a particular country in order for it to be included.

¹ Clients in the consumer goods industry are companies developing or selling consumer products (FMCGs, retailers, etc)

Car segment & car model trends

Let us first look at the most notable car segment & car model trends in the consumer goods industry between 2017 and 2019. Although we analysed fleets from 24 countries in total, we have only considered countries in which LeasePlan has at least ten different customers in the consumer goods industry that are leasing at least 500 vehicles between them. This ensures that the data is representative.

Table 1 shows the five most common car segments 2017 vs 2019. For an explanation of the car segments together with a few examples of car models per segment, please see [Annex A: overview of car segments](#).

When comparing the segmentation of the consumer goods fleet in 2017 vs 2019, the most notable changes are:

- The volume compact vehicle segment (C1) has strengthened its number one position now almost 1 in 3 vehicles being from this segment (e.g. Volkswagen Golf).
- SUVs are on the rise, but mainly in the volume compact SUV segment (SUV-C1), e.g. Peugeot 3008.
- Volume midsize vehicles (D1) have lost ground (e.g. Opel Insignia).

Table 1: Most popular car segments 2017 vs 2019

2017		2019	
Segment	Share	Segment	Share
C1	27%	C1	32%
D1	19%	SUV-C1	12%
B1	13%	D1	11%
D2	9%	D2	9%
SUV-C1	7%	B1	6%
Other	26%	Other	30%

Table 2 compares the top 10 most popular car models in 2017 vs 2019.

Table 2: Most popular car models, 2017 vs 2019

2017			2019	
1	Skoda Octavia	C1	Skoda Octavia	C1
2	Volkswagen Passat	D1	Volkswagen Passat	D1
3	Skoda Fabia	B1	Ford Focus	C1
4	Ford Focus	C1	Volkswagen Golf	C1
5	Ford Mondeo	D1	Peugeot 308	C1
6	Audi A4	D2	Audi A4	D2
7	Volkswagen Golf	C1	BMW 3 Series	D2
8	Opel Astra	C1	Volkswagen Tiguan	SUV-C1
9	Skoda Superb	D1	Peugeot 3008	SUV-C1
10	Renault Clio	C1	Skoda Fabia	B1

Analysis of the top models leads to the following conclusions:

- The Skoda Octavia remains the most popular vehicle, followed by the VW Passat which is runner up again.
- Volkswagen Group remains the OEM dominating the top ten most popular car models, with six places (just like in 2017).
- Not only volume compact SUVs (SUV-C1), but also volume compact vehicles (C1) are becoming more popular in the top 10, with four out of the top five most popular car models being a C1 vehicle. Also underlined by the increase in total share of this car segment in table 1.

When comparing these results against other industries, the compact SUV trend is visible almost across the board. However, it is less common to see such a dominant position of the C1 segment in other industries. We can conclude that companies in the consumer goods industry allow their employees relatively greater freedom in choosing between car segments but that the choice of model has not changed that much (6/10 car models remained in the top ten).

Fuel type trends

Table 3 shows that the share of diesel is steadily decreasing in the consumer goods industry, while all other fuel types are steadily increasing. This mirrors the trend in most other industries. The consumer goods industry is on par with the average across all industries for all changes in fuel types. Specifically, on hybrids² and petrol. The industry did manage to move from the lowest share of BEVs in 2017 to the 5th place for 2019 which means BEVs are clearly taking off.

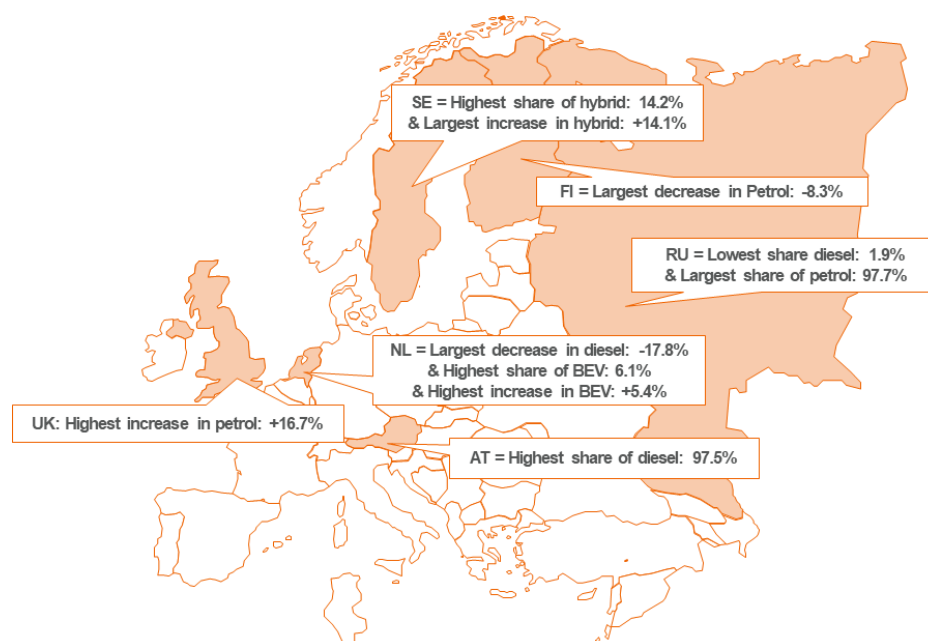
Table 3: Share of fuel type 2017 vs 2019

	2017	2019
Diesel	84.23%	75.36%
Petrol	13.13%	18.78%
Hybrid	2.51%	4.34%
BEV	0.13%	1.51%

Looking at the differences in fuel-type shares between countries, the diesel share has decreased the most in the Netherlands (-17.8%). These diesels have been replaced mostly by BEVs and hybrids, resulting in the largest increase in BEV (+5.4%), leading to the largest BEV share (6.1%)³. Interestingly, the diesel share in Sweden has mostly been replaced by hybrids, resulting in a 14.1% increase, while in 2017 there were almost no hybrids on the road (around 0.1%). Both countries have significantly incentivised BEVs and hybrids in the last few years, which explains their relatively large shares of these fuel types. Subsidies for plug-in hybrid electric vehicles (PHEVs) have been phased out in the Netherlands and most other northern European countries in recent years because of the lack of actual CO₂ reduction by PHEVs⁴.

In contrast, diesel remains popular in Austria and France (with a diesel share of 97.5% and 96.9% respectively). Both countries still have a relatively immature charging infrastructure, although the Austrian government has started incentivising BEVs significantly².

Over the next few years, governments will increase their efforts to discourage both diesel and petrol (through higher CO₂-based taxation and the introduction of more Low Emission Zones, as well as incentives to opt for BEVs). The most effective way of achieving this seems to be reducing benefit-in-kind (BIK) taxation. The Netherlands is a good example of this; BEV drivers pay only a fraction of BIK compared to drivers of diesel and petrol vehicles, which has resulted in the large-scale uptake of BEVs. However, certain prerequisites are needed for this to be a success, such as a mature charging infrastructure.



² Hybrids here are both mild hybrids and plug-in hybrid electric vehicles (PHEVs)

³ There could be countries which have higher values. However, the number of vehicles in these countries within the industry is too low to ensure a representative figure

⁴ For more detailed information on government incentives for PHEVs & BEVs and maturity of the charging infrastructure, please see our [EV Country Readiness Study 2020](#).

Average CO₂ trends

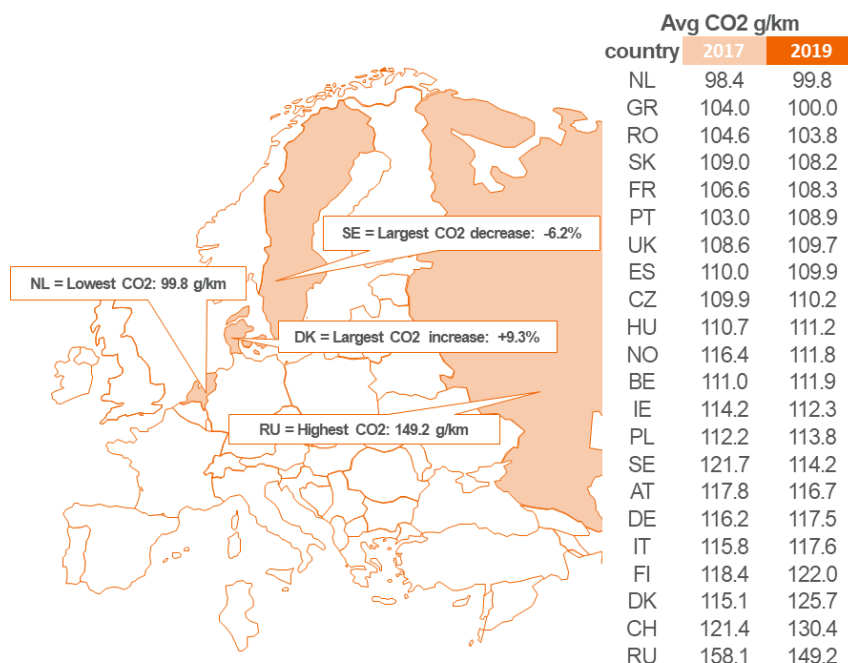
The average CO₂ emissions per vehicle in the consumer goods industry have increased compared to 2017. This is a deviation from the trend of the last 10 years and is mainly caused by:

- The introduction of WLTP (more rigorous testing of all cars since 2018 has resulted in a higher CO₂ score⁵)
- The increasing popularity of SUVs (which consume more fuel and thus produce higher CO₂ emissions)
- The shift from diesel to petrol (which produces more CO₂ per km, despite producing lower toxic emissions overall).

Compared to other industries, the consumer goods industry has seen a slightly higher increase of +3.5% (jumping from 112.3 CO₂ g/km to 116.2 CO₂ g/km at European level) compared to +2.6% across all industries.

Looking at individual countries, the highest average (129.8 g/km)⁶ can be found in Russia, but this was an improvement compared to 2017. The largest decrease was achieved by Sweden with a drop of 6.2% since 2017. The reason for this drop is that the petrol and diesel shares have decreased and have been largely replaced by PHEV (+14.1%). Denmark has seen the largest increase in CO₂ (+9.3%). This is primarily caused by a high share of diesel & petrol with the shares of BEVs and PHEVs still not being significant (0.0% and 0.2% respectively). Meanwhile, the Netherlands still has the lowest average CO₂ (99.8 g/km), mainly due to the large share of BEVs resulting from governmental incentives. However, much like PHEV incentives in the past, these BEV incentives are gradually being reduced. This could influence the desirability of BEVs among Dutch employees. Governments in Germany and the UK have now launched similar incentives like the Netherlands had, and these are expected to increase the share of BEVs and thus reduce the CO₂ levels in these countries in 2020.

Over the course of 2020, it will be interesting to see the extent to which the effect of WLTP on CO₂ levels will be mitigated by the increasing appetite for BEVs, and the possible correlation with stronger financial incentives from governments.



⁵ It is important to note that while the WLTP test cycle is an improvement, it is still not close to the real driving emissions.

⁶ There are countries which have higher or lower CO₂ averages, but the number of vehicles (or companies) in these countries was too low to ensure a representative figure.

Conclusion

Analysis of the average fleet composition in the consumer goods industry in 2019 reveals an increase in SUVs and significant changes in the most popular car segments since 2017. Despite a shift in popular models, there has been no significant change in the popularity of car models but there was a major change of fuel types, with BEV now finally taking off. Hybrids did increase but BEVs are set to overtake PHEVs in the coming years. While the increased popularity of SUVs and petrol and the introduction of WLTP are the main reasons for this increase in CO₂, the consumer goods industry has mitigated this partly due to a large-scale adoption of BEVs.

The introduction of more governmental incentives to encourage drivers to choose BEVs will lead to a clear rise in this powertrain type in the coming years. However, it remains to be seen whether a BEV car model will enter the list of most popular car models in 2020, as its current share is insignificant.

For more information, please contact your LeasePlan liaison or LeasePlan Consulting at ics@leaseplan.com.

Annex A: overview of car segments

Segment	Segment explanation	Example 1	Example 2	Example 3
B1	Volume sub-compact vehicle	VW Polo	Ford Fiesta	Renault ZOE
SUV-B1	Volume sub-compact SUV	VW T-Roc	Kia Niro	Renault Captur
C1	Volume compact vehicle	Hyundai Ioniq	Ford Focus	Renault Clio
C2	Premium compact vehicle	BMW 1 Series	Audi A3	Mercedes A-Class
SUV-C1	Volume compact SUV	VW Tiguan	Ford Puma	Renault Kadjar
SUV-C2	Premium Compact SUV	BMW X1	Audi Q3	Mercedes GLA
MPV-C	Compact multi-purpose vehicle	VW Touran	Ford C-Max	Renault Scenic
D1	Volume midsize vehicle	VW Passat	Ford Mondeo	Renault Megane
SUV-D1	Volume midsize SUV	VW Tiguan Allspace	Ford Kuga	Renault Grand Scenic
MPV-D	Midsize multi-purpose vehicle	VW Sharan	Ford S-Max	Renault Espace
D2	Premium midsize vehicle	Tesla Model 3	Audi A4	Mercedes C-Class
SUV-D2	Premium midsize SUV	BMW X3	Audi Q4	Mercedes EQC
E2	Large Premium vehicle	BMW 5 Series	Audi A6	Tesla Model S
SUV-E2	Large Premium SUV	BMW X5	Audi Q6	Mercedes GLE



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