

An aerial photograph of a winding asphalt road with white dashed lines, curving through a dense green forest. A small river flows through the center of the forest, and a rocky stream bed is visible in the upper left. The overall scene is lush and green.

LeasePlan

# Fleet trends in the European industrial industry

Will the rise of BEVs mitigate the CO<sub>2</sub> emissions from the increased popularity of SUVs and Petrol?

Consultancy Services

# Contents

Introduction	3
Car segment & car model trends	4
Fuel type trends	5
Average CO <sub>2</sub> trends	6
Conclusion	7
Annex A: overview of car segments	8

## 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 industrial industry<sup>1</sup> over the past three years and identified several notable trends.

In short, the industrial industry has seen an increase in SUVs while most other popular car segments have decreased. Diesel remains the dominant fuel type with 75% of the market, but it is declining rapidly and being replaced by petrol, hybrid, and Battery electric vehicles (BEVs). Because of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and the increased popularity of petrol vehicles and SUVs, average CO<sub>2</sub> levels have increased (+4.1%) in the industrial industry. But the uptake of BEVs is starting to take off and might mitigate the CO<sub>2</sub> 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 industrial 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 industrial industry, 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](mailto: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 country for it to be included.

<sup>1</sup> Clients in the Consumer Goods industry are companies producing or maintaining physical material or products for the B2B sector.

## Car segment & car model trends

Let us first look at the most notable car segment & car model trends in the industrial 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 industrial 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 industrial fleet in 2017 vs 2019, the most notable changes are:

- The top two segments, compact vehicles (C1, e.g. Skoda Octavia) and midsize vehicles (D1, e.g. VW Passat) remain the most popular segments but their share has declined significantly.
- SUVs are on the rise, especially compact SUV segment (SUV-C1, e.g. Peugeot 3008).
- Luxury midsize vehicles (D2, e.g. Audi A4) remain the third ranking and keep the same share (13%).

**Table 1: Most popular car segments 2017 vs 2019**

2017		2019	
Segment	Share	Segment	Share
C1	26%	C1	22%
D1	21%	D1	16%
D2	13%	D2	13%
E2	9%	SUV-C1	13%
SUV-C1	7%	E2	7%
Other	24%	Other	29%

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	Volkswagen Passat	D1	Volkswagen Passat	D1
2	Skoda Octavia	C1	Skoda Octavia	C1
3	Renault Megane	C1	Volkswagen Golf	C1
4	Audi A4	D2	Renault Megane	C1
5	Opel Astra	C1	Peugeot 3008	SUV-C1
6	Volkswagen Golf	C1	Skoda Superb	D1
7	Skoda Superb	D1	Audi A4	D2
8	BMW 3 Series	D2	Volkswagen Tiguan	SUV-C1
9	Renault Clio	C1	Volvo V60	D2
10	Volvo V90	E2	Volvo XC60	SUV-D2

Analysis of the top models leads to the following conclusions:

- The VW Passat remains the most popular model followed by the Skoda Octavia also again as runner up.
- Volkswagen Group remains the OEM dominating the top ten most popular car models, with six places (one up from 2017) and now also making up the complete top three with the VW Golf taking over from the Renault Megane.
- The increased popularity of SUVs is clearly reflected in the top 10 most popular car models with three new SUV models which have now entered the top 10 (Peugeot 3008, Volkswagen Tiguan, and the Volvo XC60).

When comparing these results against other industries, the compact SUV trend is visible almost across the board. However, having three SUV models in the top 10 for the first time indicates an above average popularity of this body type compared to other industries. We can conclude that companies in the industrial industry allow their employees relatively greater freedom in choosing between car segments compared to 2017 but that the choice of model has not changed that much (6/10 car models remained in the top ten).

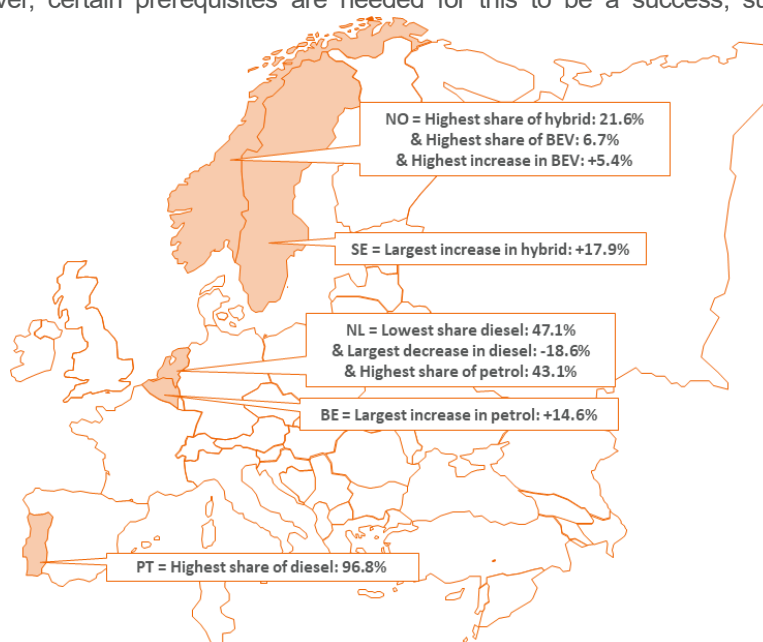
## Fuel type trends

Table 3 shows that the share of diesel is steadily decreasing in the industrial industry, while all other fuel types are steadily increasing. This mirrors the trend in most other industries. The industrial industry differs from most industries in that it has the highest share of hybrids<sup>2</sup>. The industry did also quite well in terms of BEV share, taking the 5<sup>th</sup> place.

Looking at the differences in fuel-type shares between countries, the diesel share has decreased the most in the Netherlands (-18.6%) leading to the lowest diesel share (47.1%) compared to other countries. Petrol has almost taken over from diesel in this country (now at 43.1%). Norway has incentivized the use of BEVs and Hybrids for several years now and this has resulted in the largest BEV share increase (+5.4%)<sup>3</sup>, the largest share of BEV (6.7%) but also the largest share of hybrids (21.6%). Norway's neighbouring country Sweden has reduced its diesel share largely with hybrids which has led to the largest increase in hybrids (+17.9%). Both countries have significantly incentivised BEVs and hybrids in the last few years, which explains their relatively large shares of these fuel types. In recent years, subsidies for plug-in hybrid electric vehicles (PHEVs) have been phased out in some Northern European countries because of the lack of actual CO<sub>2</sub> reduction by PHEVs<sup>4</sup>.

In contrast, diesel remains popular in Portugal and Italy (with a diesel share of 96.8% and 96.4% respectively). Both countries still have a relatively immature charging infrastructure, although the Portuguese government has started incentivising BEVs significantly<sup>2</sup>. Belgium has the highest increase in petrol (+14.6%), caused by the Belgian government increasing excise duty on diesel to level consumer prices with petrol.

Over the next few years, governments will increase their efforts to discourage both diesel and petrol (through higher CO<sub>2</sub>-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.



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

<sup>3</sup> 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

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

**Table 3: Share of fuel type 2017 vs 2019**

	2017	2019
Diesel	88.74%	74.47%
Petrol	7.27%	17.13%
Hybrid	3.78%	6.17%
BEV	0.20%	2.24%

## Average CO<sub>2</sub> trends

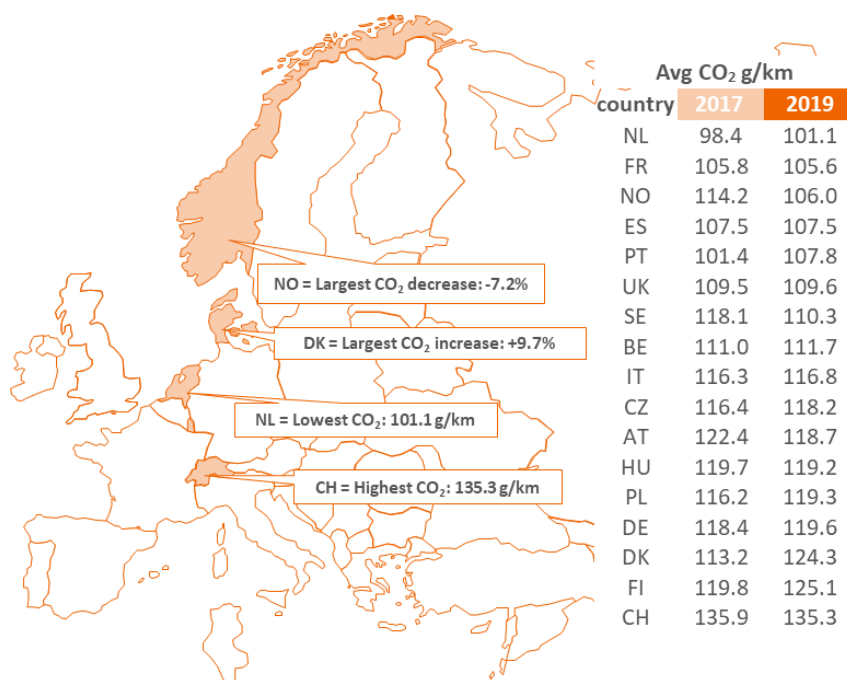
The average CO<sub>2</sub> emissions per vehicle in the industrial industry have increased compared to 2017. This is a deviation from the trend of the last 10 years and is mainly caused by:

- The introduction of WLTP (more rigorous testing of all cars since 2018 has resulted in a higher CO<sub>2</sub> score<sup>5</sup>)
- The increasing popularity of SUVs (which consume more fuel and thus produce higher CO<sub>2</sub> emissions)
- The shift from diesel to petrol (which produces more CO<sub>2</sub> per km, despite producing lower toxic emissions overall).

Compared to other industries, the industrial industry has seen a higher increase of +4.1% (jumping from 112.0 CO<sub>2</sub> g/km to 116.6 CO<sub>2</sub> g/km at European level) compared to +2.6% across all industries.

Looking at individual countries, the highest average (135.3 g/km)<sup>6</sup> can be found in Switzerland, but there was a slight improvement compared to 2017. The largest decrease was achieved by Norway with a drop of 7.2% since 2017, which can be explained by Norway's increase in both hybrids and BEVs. Denmark on the other hand has seen the largest increase in CO<sub>2</sub> (+9.7%). 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 CO<sub>2</sub> (101.1 g/km), although it has increased slightly compared to 2017. Countries like Norway and the Netherlands have incentivized PHEVs first and are currently incentivizing BEVs, but these incentives (like with PHEV) will be gradually reduced. It will be interesting to see how this will affect the share of these fuel types.

Over the course of 2020, it will be interesting to see the extent to which the effect of WLTP on CO<sub>2</sub> levels will be mitigated by the increasing appetite for BEVs, and the possible correlation with stronger financial incentives from governments.



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

<sup>6</sup> There are countries which have higher or lower CO<sub>2</sub> 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 industrial industry in 2019 reveals an increase in SUVs but no large shift in the most popular car models since 2017. However, there was a major change in share of fuel types, diesel declining and petrol increasing but also with hybrids having a large share and BEV taking off. With most countries now incentivizing BEVs, BEVs are set to overtake hybrids 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 CO<sub>2</sub>, the industrial 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](mailto: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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