

An aerial photograph of a winding asphalt road through a lush green forest. A river flows through the center of the forest, and the road curves around it. The sky is not visible, but the overall scene is bright and natural.

LeasePlan

# Fleet trends in the European technology industry

Will the rise of Battery Electric Vehicles mitigate the upward trend of CO<sub>2</sub> emissions caused by the increased popularity of SUVs and petrol vehicles?

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

In short, the technology industry has seen an increase in luxury midsize vehicles (D2) and compact SUVs (SUV-C1). Diesel remains the dominant fuel type with 73% 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 CO<sub>2</sub> levels have increased slightly (+1.7%) in the technology industry. But thanks to a large-scale uptake of battery electric vehicles (BEVs), the CO<sub>2</sub> increased has remained below the average across industries (+2.6%). It remains to be seen whether more attractive government incentives – which are expected to result in an increase in hybrids and battery electric vehicles (BEVs) – will further mitigate this.

To check how the technology 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 technology 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](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 particular country in order for it to be included.

<sup>1</sup> Clients in the technology industry are companies primarily involved in the development of hardware or software products

## Car segment & car model trends

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

- Luxury midsize cars (D2) have increased significantly in the last three years (e.g. Mercedes C-Class & BMW 3 Series).
- Volume midsize vehicles (D1) have lost ground (e.g. VW Passat and Opel Insignia).
- SUVs are on the rise, but mainly in the volume compact SUV segment (SUV-C1), e.g. Peugeot 3008.

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

2017		2019	
Segment	Share	Segment	Share
C1	19%	D2	19%
D2	18%	C1	18%
D1	14%	SUV-C1	11%
E2	11%	E2	10%
MPV-C	8%	D1	10%
Other	31%	Other	33%

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	Mercedes C-Class	D2
2	Mercedes C-Class	D2	Volkswagen Passat	D1
3	Mercedes E-Class	E2	Ford Focus	C1
4	Audi A4	D2	Skoda Octavia	C1
5	Volkswagen Golf	C1	Volkswagen Golf	C1
6	Ford Focus	C1	BMW 5 Series	E2
7	Ford Mondeo	D1	BMW 3 Series	D2
8	Skoda Octavia	C1	Mercedes E-Class	E2
9	BMW 3 Series	D2	Volkswagen Tiguan	SUV-C1
10	Opel Astra	C1	Peugeot 3008	SUV-C1

Analysis of the top models leads to the following conclusions:

- The Mercedes C-Class is the most popular vehicle in 2019 in the technology industry, taking over from the Volkswagen Passat which is now in second place.
- Volkswagen Group dominates the top ten most popular car models, with 4 places (just like in 2017).
- Not only compact SUVs (SUV-C1), but also compact vehicles (C1) are becoming more popular in the top 10, with a 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> most popular car model being a volume compact vehicle. However, the overall share of this segment has slightly decreased compared to 2017.

When comparing these results against other industries, the compact SUV trend is visible almost across the board. However, it is less common to see the luxury midsize vehicles (D2) having such a large share compared to other industries. We can conclude that companies in the technology industry allow their employees relatively greater freedom in choosing between car segments but that the choice of model has not changed that much (7/10 car models remained in the top ten).

## Fuel type trends

Table 3 shows that the share of diesel is steadily decreasing in the technology industry, while all other fuel types are steadily increasing. This mirrors the trend in most other industries. In technology, however, the BEV share has increased significantly with more than 3% in 2019. This above average increase could be explained by the preference of employees for high-tech vehicles in the technology industry or the fact that luxury segments (D2 & E2) are more common in technology and the availability of BEV alternatives is already significant. As in most other industries, petrol has increased the most. Hybrids<sup>2</sup> did not increase all that much, possibly because some early hybrid adopters have now switched to BEVs.

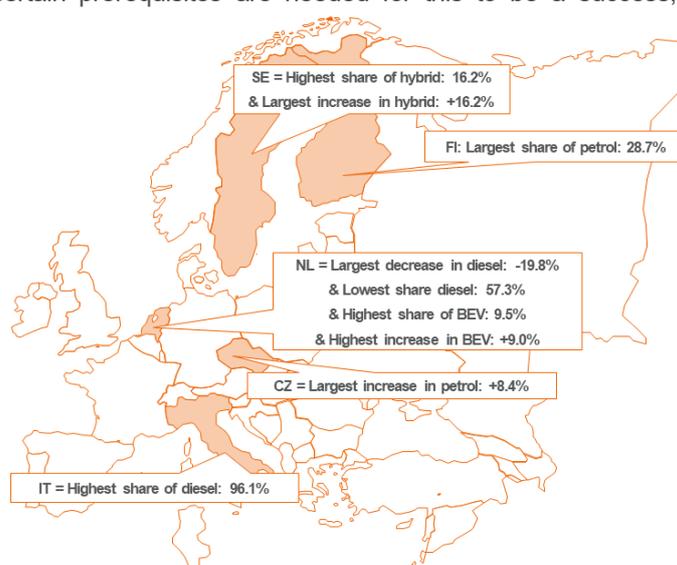
**Table 3: Share of fuel type 2017 vs 2019**

	2017	2019
Diesel	90.85%	73.08%
Petrol	5.87%	17.64%
Hybrid	3.07%	5.91%
BEV	0.21%	3.37%

Looking at the differences in fuel type shares between countries, the diesel share has decreased the most in the Netherlands (-19.8%) resulting in the lowest share of diesel (57.3%). It has been replaced mostly by BEVs and hybrids, resulting in the largest increase in BEV (+9.0%), leading to the largest BEV share (9.5%)<sup>3</sup>. Interestingly, the diesel share in Sweden has mostly been replaced by hybrids, resulting in a 16.2% increase, while in 2017 there were almost no hybrids on the road (less than 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 CO<sub>2</sub> reduction by PHEVs<sup>4</sup>.

In contrast, diesel remains popular in Italy and Austria (with a diesel share of 96.1% and 95.4% respectively). Both countries still have a relatively immature charging infrastructure, although the Austrian government has started incentivising BEVs significantly<sup>2</sup>. Finally, Czech Republic has the highest increase of petrol (+8.4%) but Finland has the largest share (28.7%).

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](#).

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

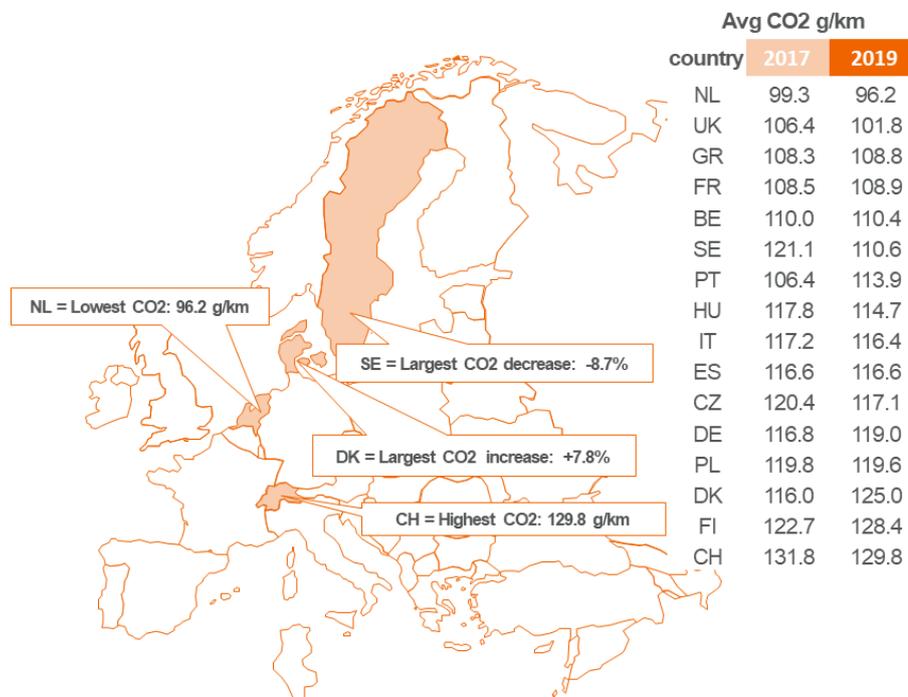
The average CO<sub>2</sub> emissions per vehicle in the technology industry have increased compared to 2017. This is a deviation from the trend of the last 10 years and is mainly caused by:

- 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 technology industry has seen a slightly lower increase of +1.7% (jumping from 112.4 CO<sub>2</sub> g/km to 114.4 CO<sub>2</sub> g/km at European level) compared to +2.6% across all industries.

Looking at individual countries, the highest average (129.8 g/km)<sup>6</sup> can be found in Switzerland, but this was an improvement compared to 2017. The largest decrease was achieved by Sweden with a drop of 8.7% since 2017. The reason for this drop is that the petrol and diesel shares have decreased and have been largely replaced by PHEV (+16.2%). Denmark has seen the largest increase in CO<sub>2</sub> (+7.8%). This is primarily caused by a high share of diesel & petrol with the shares of BEVs and PHEVs still not being significant (0.3% and 0.8% respectively). Meanwhile, the Netherlands still has the lowest average CO<sub>2</sub> (96.2 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 launched similar incentives, and these are expected to increase the share of BEVs and thus reduce the CO<sub>2</sub> 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 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 several 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 technology 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 also increased but with governments now focussing on incentivizing BEVs, this fuel type is 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 technology industry has mitigated this largely through 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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