



ft.com > specialreports >

Welcome rita.s.congera@uk.pwc.com [Your account](#) [Site tour](#) [Sign out](#)

Fleet Management 2011

 News
 Quotes

Search

[Home](#) [UK](#) [World](#) [Companies](#) [Markets](#) [Global Economy](#) [Lex](#) [Comment](#) [Management](#) [Personal Finance](#) [Life & Arts](#)
[Video](#) [Interactive](#) [Blogs](#) [Alphaville](#) [beyondbrics](#) [Portfolio](#) [Special Reports](#) [In depth](#) [Today's Newspaper](#) [Tools](#) ▼

October 20, 2011 3:59 pm

[Share](#) [Clip](#) [Reprints](#) [Print](#) [Email](#)

Bright spot for nervous automotive industry

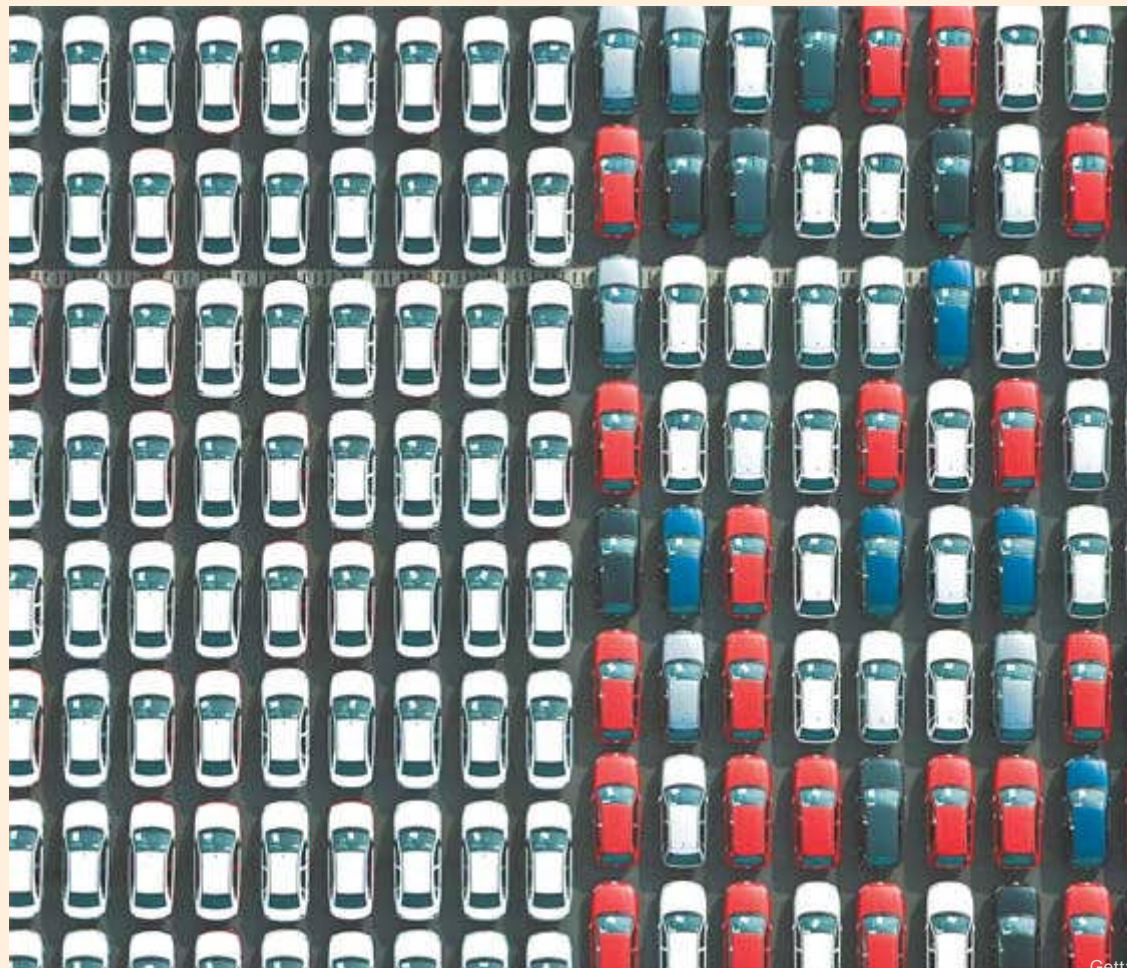
By John Reed

The new FREE
How To Spend It iPad app
CLICK HERE TO DOWNLOAD

Reports links

[Future reports](#)[Follow us on Twitter](#)[Reports archive](#)[Follow us on Facebook](#)

Video



When the 2008 financial meltdown pushed the automobile industry into its worst crisis in recent memory, fleet and commercial vehicles were among the first casualties.

The collapse of credit markets wreaked havoc on leasing, the sector's lifeblood.



Businesses looking to conserve cash were in no mood to invest in their fleets anyway, so kept more of their company cars and trucks on the road for longer.

The effect was perhaps starkest in heavy trucks, where manufacturers saw orders from frightened customers dry up virtually overnight, meaning they had vehicles ready to go, painted with customers' logos, sitting unclaimed on their lots.

Three years later, the eurozone crisis and market turmoil on both sides of the Atlantic are prompting an unsettling sense of déjà vu among car and truckmakers and leasing companies.

But this time round, the fleet business remains a relative bright spot for a nervous world motor industry – and in many countries, including the UK, the main segment that is supporting the car market. Companies that deferred renewing their fleets during the crisis are now doing so en masse.

Of all the world's regions, the turnround is most marked in Europe. The fleet sector has recovered robustly, especially relative to the tepid retail market.

While passenger car sales in the European Union fell by 2 per cent in the first half of this year, sales of light commercial vehicles surged by more than 9 per cent, according to the regional industry group Acea.

In Germany, fleet sales have risen from about 37 per cent of the car market in 2009 to about 58 per cent in the year to date, according to Jato Dynamics, the automotive research group.

In recession-hit Spain, the share has risen from 34 per cent two years ago to 54 per cent in the year to date, Jato says.

“In Europe, the importance of fleet is continuing to grow and grow,” says Gareth Hession, the group's vice-president for research.

In the UK, where many economists expect a return to recession, fleet sales rose by 7 per cent in September, even as sales to retail customers fell by 8 per cent.

Fleet and business cars now account for 52 per cent of the UK passenger car market, according to the Society of Motor Manufacturers and Traders, which also reported a 9 per cent rise in truck and van sales last month.

LeasePlan, one of the industry's largest leasing companies, says that even its business in Greece – at the heart of the eurozone crisis – is profitable and growing.

“Our market saw growth during the crisis,” says Vahid Daemi, the company's chief executive. “Despite all the difficulties we hear, the signs are still positive –



Multimedia

[Video](#)

[Blogs](#)

[Podcasts](#)

[Interactive graphics](#)

[Audio slideshows](#)

Tools

[Portfolio](#)

[FT Lexicon](#)

[FT clippings](#)

[Currency converter](#)

[MBA rankings](#)

[Today's newspaper](#)

[FT press cuttings](#)

[FT ePaper](#)

Updates

[Alerts Hub](#)

[Daily briefings](#)

[FT on your mobile](#)

[Share prices on your phone](#)

[Twitter feeds](#)

[RSS feeds](#)

Quick links

[Mergermarket](#)

[How to spend it](#)

[SchemeXpert.com](#)

[Social Media hub](#)

[The Banker](#)

[fDi Intelligence](#)

[Professional Wealth Management](#)

[This is Africa](#)

[Investors Chronicle](#)

Services

[Subscriptions](#)

[Corporate subscriptions](#)

[Syndication](#)

[Conferences](#)

[Annual reports](#)

[Jobs](#)

[Non-Executive Directors' Club](#)

[Businesses for sale](#)

[Contracts & tenders](#)

[Analyst research](#)

[Company announcements](#)

Chief executive. "Despite all the difficulties we hear, the signs are still positive — but you don't know whether it's going to turn."

Sales of commercial vehicles are also holding up in the US, despite a spate of recent bad news about the economy.

Apart from business fleets' natural replacement cycles, tougher regulations on carbon dioxide emissions are also stimulating the market in these gloomy times.

Central and local governments are offering tax rebates or other sweeteners for early adopters of low-emission cars, whether "clean" diesel vehicles or a new wave of electric and plug-in hybrid cars.

Alongside the carrot of these incentives, businesses that do not begin creating greener fleets now face the stick of higher taxes, or opprobrium from shareholders or clients who care about their sustainability credentials.

According to Bart Vanham, a fleet specialist with the consultancy PwC, 19 countries in Europe have some kind of car taxes linked to CO₂ emissions, and 12 EU countries have incentives for electric vehicles.

"Going green pays off because of taxes," he comments.

According to GE Capital, new company cars across Europe's main markets reduced their CO₂ emissions by 7 per cent between 2008 and 2010.

Company fleets, especially those with short and predictable routes, are logical first adopters of a new crop of plug-in hybrid and electric cars.

Companies involved in building infrastructure for electric cars, including [General Electric](#) in the US and [EDF](#) in France, are among those lodging some of the biggest early orders for them.

But some fleet managers are not convinced, and say the cost-benefit calculations for plug-in cars do not add up yet.

[Tesco](#), the UK's largest supermarket chain, has committed itself to an ambitious halving of its vehicles' CO₂ by 2012 to meet corporate social responsibility goals and cut costs. However, as its fleet chief told the FT, most of that reduction will come from managing its fleet more effectively, driver training, and measures to cut fuel use.

The company has tested electric and gas-powered vehicles, but found them wanting in range and payload.

As worries grow over the eurozone crisis, it is an open question whether the fleet industry's good times will keep rolling.

LeasePlan's Mr Daemi predicts more consolidation, as banks that own fleet management companies consider whether to downsize their portfolios. Recession, he adds, could affect second-hand car prices and lead to a rise in bad debt among customers.

"That could affect the fleet market – and it's a concern," he says.

Even if the sector is hit in a new downturn, analysts say that it is likely to continue to claim a commanding share of an overall car market that has been transformed by the economic crisis.

"The rising importance of fleet is not short-term," says Jato's Mr Hession. "Manufacturers have high levels of production, and they need to find a place for output. So they need fleet to keep factories open."

Copyright The Financial Times Limited 2011. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

[Share](#) [Clip](#) [Reprints](#) [Print](#) [Email](#)

Feedback?

[Help](#) • [About us](#) • [Sitemap](#) • [Advertise with the FT](#) • [Terms & Conditions](#) • [Privacy Policy](#) • [Copyright](#)

© THE FINANCIAL TIMES LTD 2011 FT and 'Financial Times' are trademarks of The Financial Times Ltd.