

OPERATIONAL FLEET INSIGHT:

The 2019/20 Report

AA

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Key Statistics



89%

of fleets are still using diesel in any capacity, compared to 87% last year. 75% still expect to be using diesel in 5 years' time



34%

of those not using Electric Vehicles list the initial cost and the time it takes to charge as reasons why



64%

of consumers believe there is insufficient charging infrastructure to purchase an EV

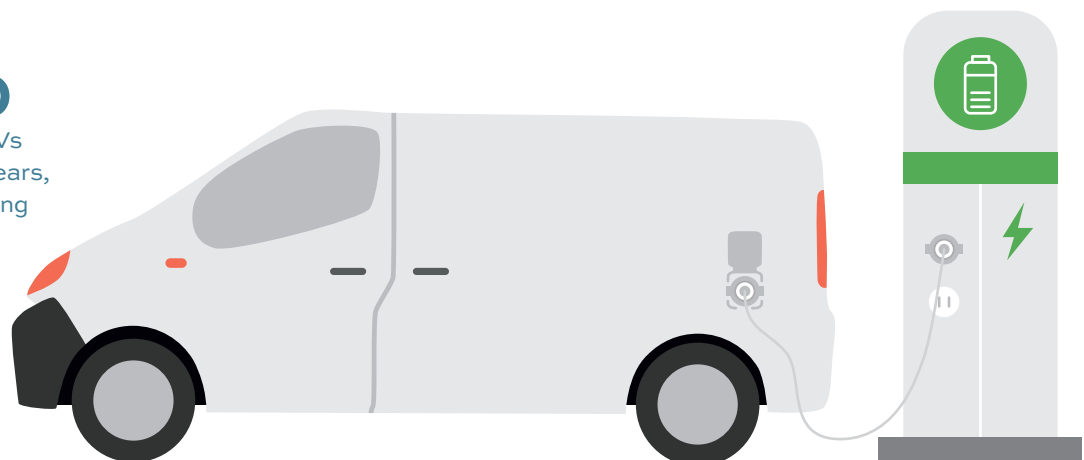


13%

cite a lack of skilled engineers as a reason for not adopting EVs. 10% cite needing multiple payment apps for electricity

57%

expect to be using EVs within the next five years, vs. 29% currently using



67%

of fleet managers in commercial-led fleets think the range of EVs on offer has improved in the last year, compared to 81% for car-led fleets



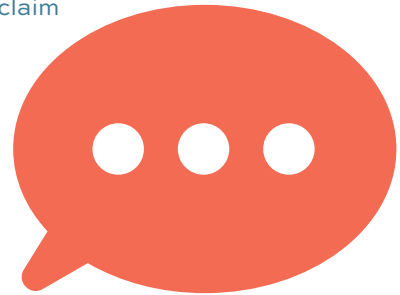
46%

of fleet managers within commercial-led fleets believe EVs experience less downtime, compared to 59% for car-led fleets



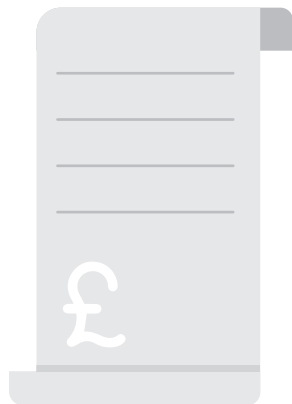
70%

of fleet managers claim there is a lack of consistency between different UK CAZs (Clean Air Zone)



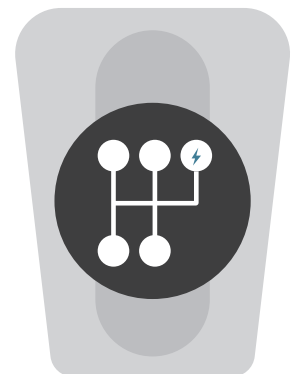
25%

have moved older vehicles elsewhere in the UK and 23% just paid fines as a result of the ULEZ (Ultra Low Emission Zone) in London



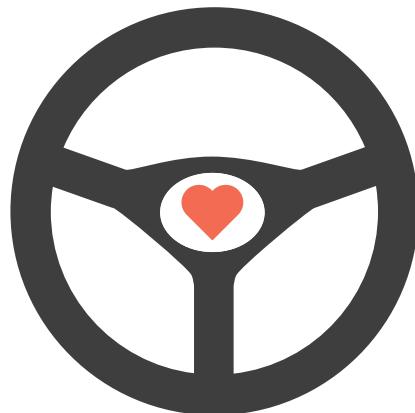
53%

of fleet managers within commercial-led fleets believe their drivers would prefer to drive EVs, compared to 64% for car-led fleets



77%

of fleet managers think EVs are more beneficial to a driver's health than diesel/petrol vehicles



The AA

It isn't often, in today's volatile business climate, that you can reflect on a relationship that lasts not just years but decades. However, in the partnership between the AA and Rivus Fleet Solutions, we have a history of collaboration that is entering its fourth decade. Fitting then that we celebrate this with our fourth joint Operational Fleet Report, featuring a review of the current situation and a focus on the future.

We operate today in a period of transition and transformation, with alternatively-fuelled vehicles moving into mainstream usage, clean air zones becoming commonplace, connectivity providing opportunities for greater collaboration between the automotive sector and technology providers and questions about data ownership, shared mobility and autonomy fresh on everyone's minds.

As we've seen in our research to date, many of those in the operational fleet sector want to embrace change. However, the conditions must be right to do so. It must make commercial and practical sense. In short, the numbers and the logistics must add up. Clearly, incentives, grants and much more clarity from policymakers could be the difference between slow adoption and rapid acceleration.

It's a privilege for us to co-sponsor this research, as it fits firmly with our focus on the fleet customer and end driver. Indeed, going beyond traditional breakdown, we are partnering with organisations across the mobility sector to provide drivers with increased convenience and the opportunity to better plan their lives around vehicle requirements. Research such as this provides a fantastic guide to ensure we are heading in the right direction.

Listening to the industry and working alongside respected partners such as Rivus Fleet Solutions, we are preparing the AA for future challenges, building upon the world-class customer service and capabilities already trusted by businesses, fleet managers and drivers nationwide.

For more than one hundred years, we have sat at the centre of the automotive sector, bringing industry influencers and experts together to inspire change. As we look to the future, and offer a blueprint for transformational change, we are investing in the technology, people and solutions to ensure we are fit for another one hundred years.

We hope you find this report as valuable, insightful and relevant as we do. It is through research such as this that we can shape our strategy and determine our priorities for many years to come.

Edmund King OBE, The AA President



Rivus Fleet Solutions

Welcome to our latest Operational Fleet Insight Report. Now in our fourth year, I'm very proud to not only introduce the 2019/20 report but to do so as CEO of the newly rebranded Rivus Fleet Solutions, following our acquisition from BT by Aurelius Group.

Following the success of our three previous successful reports, we have collaborated with our friends at the AA to bring you industry-leading research while assimilating the views and opinions of our peers, colleagues and thought-leaders in the fleet industry.

Last year's report focused on clean air and alternative fuels. From the infrastructure to the cost and availability of vehicles, the 2018/19 report looked at the challenges that came with addressing emissions.

There have since been further changes in the landscape, but complex issues and challenges still exist. Diesel still remains the most popular buying choice for fleet managers and there's been no significant shift to other fuel alternatives.

Taking all of this into consideration, the subject matter of this year's report looks at the overall 'pulse of the industry', with a specific focus on how both diesel and electric vehicles are perceived in the industry. We know that whilst diesel remains the main buying choice of fleet operators, increasing numbers are changing their views on future usage of alternative fuel vehicles.

Naturally, we're in a period of apprehension, unpredictability and excitement as we're shifting towards a big change in the industry. But with 57% of our respondents expected to be using electric vehicles in the next five years, we can see the switch from diesel to electric in the not-so-distant future.

Henry Brace CEO, Rivus Fleet Solutions



Overview

Now in its fourth consecutive year, the Operational Fleet Report sees the expert teams at the AA and Rivus Fleet Solutions, with the help of Populus, come together to shine a spotlight on the views of fleet managers and industry experts alike.

Topics covered in this year's research include:

- Alternative Fuel Vehicles
- Electrification
- Clean air policies
- Vehicle maintenance
- Driver behaviour

Each section has a focus on future mobility and how fleets expect to evolve over the coming decade.

For the first time, this year's report also considers consumer perspectives alongside those of the operational fleets and trade bodies which have shared their insight, allowing a comparison between businesses and private drivers.

Leading the way in their respective fields, both the AA and Rivus Fleet Solutions have a long and respected track record of delivering exceptional customer service. Their thought-leading insight and award-winning technology development places them at the heart of the automotive sector. In the Operational Fleet Report, the two organisations have created an annual tradition, sharing in-depth research and perspectives which shape policy and drive innovation for the whole industry.

Having worked together since 1990, the AA and Rivus Fleet Solutions share a commitment to delivering innovation that makes a positive difference to end users, as well as a practical focus on further enhancing services for their mutual customer base.

As the UK's most trusted brand and biggest breakdown provider, the AA relies on Rivus Fleet Solutions to provide fleet management and maintenance services for around 3,000 breakdown and recovery vehicles. Rivus Fleet Solutions carries out 40,000 service and repairs for the AA every year, across 65 dedicated garages.

In turn, the AA provides a wide range of additional products to assist the 80,000 vehicles that Rivus Fleet Solutions maintains, including:

- Fuel Assist, which offers restorative services after incorrect fuelling;
- Key Assist, which delivers mobile key cutting and reprogramming services.

Together, the organisations have launched numerous industry initiatives, operating at the forefront of every major change within the fleet and breakdown sectors. The AA and Rivus Fleet Solutions' joint reputation for high levels of customer service, as well as aligned purpose and values, have seen proactive clinics and repair improvement schemes for operational fleets rolled out nationwide.

More recently, the Operational Fleet Report was devised to better understand the views of fleet operators in a rapidly-evolving automotive sector and ensure that both the AA and Rivus Fleet Solutions were well placed to meet the needs of customers today and into the future. Providing a current and forward-looking perspective on the operational fleet sector, the research has previously focused on key themes such as sustainability, autonomy, connectivity and driver safety.

The aim throughout has been to build an effective roadmap from which both organisations can deliver sustainable industry growth and product evolution. As such, the research has informed presentations, white papers, media commentary, panel discussions and customer events – all designed to further the debate and develop informed responses to some of the key issues and opportunities facing business and fleet managers today.

As previous iterations of the research have shown, the operational fleet sector is open to and indeed welcoming of change. Updates around vehicle powertrains, alternative fuels, clean air zones and data-driven connectivity have been embraced, while ensuring policy announcements are robustly tested. Over the past three years, and into this year's research phase, it is clear operational fleets are looking for education, guidance and clarity to help them undergo transformation.

Over the coming pages, the report highlights how the industry has responded to the introduction of clean air and ultra-low emission zones and whether the increase of alternatively-fuelled vehicles available on the market has been resulted in higher adoption by operational fleets. The report considers how drivers are responding to new technology and underlines an important point regarding alternative fuel usage - that diesel-powered vehicles - especially Euro6 compliant models - still have a place within many operational fleets.

Both the AA and Rivus Fleet Solutions are exploring the role they will play in supporting organisations and the wider motoring public as they take their first, or next, steps into the realm of 'future mobility'. With the Operational Fleet Report as a guide, the industry looks set to enjoy a greener, smarter and more connected future.

Executive summary

This is an exciting and challenging time for Fleet Operators, who must both manage the day-to-day needs of their fleets as well as considering immediate and medium-term changes in technology and legislation. The operational fleet landscape continues to evolve and businesses have reacted to key drivers of change such as Ultra Low Emission Zones (ULEZs) and the push towards alternatively-fuelled vehicles (AFVs) with a high degree of pragmatism. While some have grasped the nettle and are moving towards a more alternatively-fuelled future, many are continuing to invest in Euro6 diesels, as they are cost-effective and best meet their current needs.

This year's operational fleet report paints a picture of an industry grappling with balancing the commercial pressures and demands of running their current fleets with planning for changes they know are around the corner. We hope you enjoy the insight we share about how the industry is evolving.

In 2019, diesel remains the buying choice for most fleet managers, but all types and sizes of business fully expect AFVs to be more widely adopted (by them and others) in the future. They are aware of new models and future launches and have greater confidence in the market providing the choice they need, particularly in EVs and PHEVs which are seen as the mainstay of the commercial AFV fleet of the future.

The Service, Maintenance and Repair (SMR) picture for EVs is interesting. Yes, there is increasing awareness and appreciation of the potentially lower servicing costs of EVs, but fleet operators are also aware that access to skilled service engineers with EV experience remains limited because diesel-engine vehicles still dominate the market. Given that engine servicing and repairs are only a small part of overall SMR, the additional benefit of lower servicing costs doesn't impact the total cost of ownership sufficiently to change buying habits at present. The barriers to wider adoption, certainly for commercial vehicles, remain those of product availability, operating range, recharging infrastructure and cost.

Are fleet operators resisting AFVs? In the research, we are seeing lots of caution and "wait and see", but we have also witnessed larger operators in particular move to what we call "the small print phase" of adoption. EVs in particular are becoming a very real option and many businesses are looking at the detail of 'what', 'how' and 'how much' rather than kicking active consideration into the long grass.

The major driver of change over the past year has been the introduction of ULEZs. Our research shows that fleet managers remain broadly supportive of the need for cleaner air in our cities and the role they can play in developing sustainable fleet policies. However, at this stage, they have been more likely to work around the impact of ULEZs (for example, deploying non-compliant vehicles elsewhere and paying fines) rather than purchase new vehicles.

Much of the debate about commercial AFVs focuses on business impacts - cost, range, ULEZs - but what about the driver perspective, which is a new area of focus for this year's report? Generally, fleet managers feel EVs could be better for drivers as they are quieter, calmer, encouraging smoother driving and this in turn could be better for businesses. However, this view tends to be held more by car-led than operational-led fleets running commercial vehicles, again showing that the operational fleet market remains in a holding pattern with regard to more active and wholesale adoption of AFVs.

The report below provides full details and key stats around all these questions and more, giving a detailed picture of the operational fleet industry mindset in 2019/20.

State of The Nation

“The reality is that you have to be a lot more thoughtful about the capabilities based on operating range. With a combustion engine you don’t have to consider anything, you just drive.”



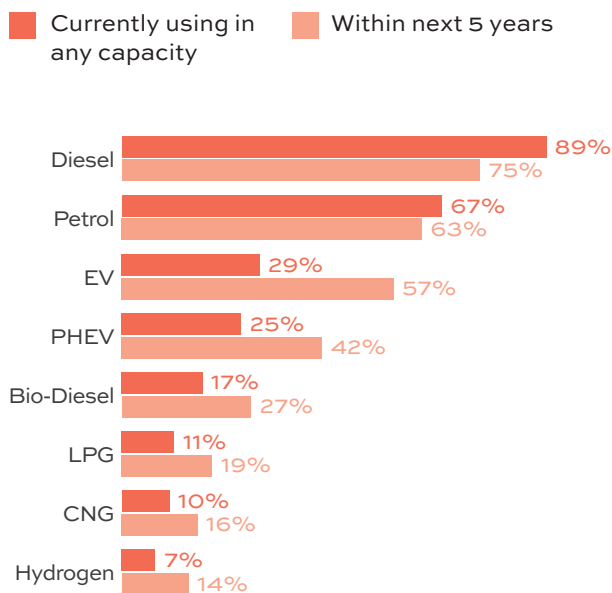
Digested read

Diesel remains king for now, but interest in EVs and PHEVs (plug-in hybrid electric vehicle) is strong and growing in both commercial and consumer sectors.

Diesel still dominates

Since we last surveyed fleet managers a year ago, we wanted to understand how their intentions to consider alternatively fuelled vehicles (AFVs) in their fleets had progressed. How had wider changes, such as the launching of Ultra Low Emissions Zones (ULEZs) and clearer plans from manufacturers to supply more commercial AFVs, impacted on them?

This year’s survey found that diesel remains the fuel of choice for fleet managers, with 89% still using diesel in their fleets. This compares to 87% last year. This is because the whole life cost of diesel-powered vehicles remains lower than alternatives and, with Euro6 compliant engines, it meets the needs of clean air zone legislation.



However, in five years’ time, three quarters expect to be using diesel across their fleets (in any capacity), indicating change is indeed on the way.

“WE HAVE A FLEET OF APPROXIMATELY 750 UNITS: HGVS, LCVS, CARS, SUVS AND PICKUPS. BY THE END OF OCTOBER, WE WILL HAVE 20 EVS IN THE FLEET. AS LEASES AND ASSET PERIODS ARE COMING TO AN END, BUSINESSES CAN TAKE THAT OPPORTUNITY TO LOOK FOR GREENER, MORE EMISSION-FRIENDLY VEHICLES.”

Medium Sized Fleet

EVs/PHEVs top of mind and top of the list

Fleet managers are expecting AFVs to become more widely adopted in future, in particular EVs and PHEVs. In the next five years, more than half (57%) expect to be using EVs compared with the 29% who are currently using EVs in their fleets. This compares with two fifths of fleet managers who expect to be using PHEVs, contrasting with a quarter who are currently using hybrids.

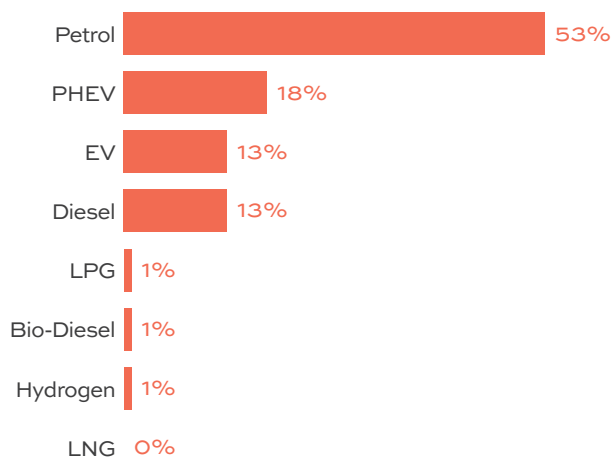
Extending this out to a ten-year horizon, EVs remain dominant, with a third believing pure EVs and 27% PHEVs will be the most widely adopted in the long term. Other fuels, such as hydrogen, remain distant in fleet managers’ consideration as they try to gain more knowledge of this technology whilst understanding how EVs and PHEVs would work in their fleet context.

“ALL OUR ELECTRICITY IS GREEN SO WE CAN TRULY SAY THAT WE HAVE ZERO EMISSION VEHICLES ON OUR FLEET. OUR EVS ARE TRULY ZERO EMISSIONS BECAUSE WE BUY GREEN ELECTRICITY TO CHARGE THOSE VEHICLES – WE ARE NOW IN A POSITION WHERE WE CAN USE THOSE EVS TO DRIVE DOWN OVERALL VEHICLE EMISSIONS.”

Medium Sized Fleet

Consumers were included in the research as a separate sample audience this year and while most might still expect to buy a petrol or diesel car next time they change their vehicle, EVs (13%) and PHEVs (18%) are the alternatively-fuelled vehicles they would choose.

Consumers - Expected Fuel Usage at Next Purchase



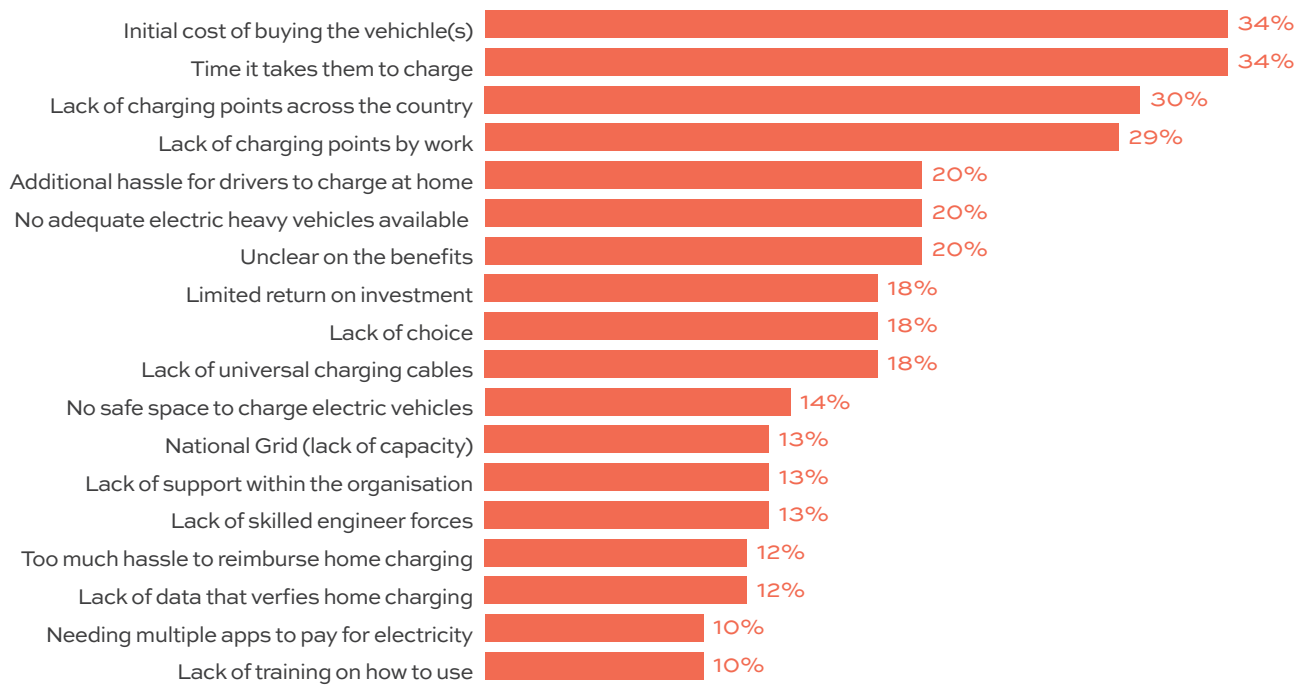
Delayed action

This year's research found fleet managers were growing in confidence that manufacturers could increase the products available to them, with a high level of awareness of current and future AFV launches. However, that awareness was higher for car-led fleets than commercial vehicle-led fleets where 78% and 63% respectively were aware of current AFV launches.

A higher proportion of car-led fleets consider manufacturers to be producing a wider range of suitable EVs than commercial-led fleets (80% and 71% respectively); this could suggest manufacturers are not stepping up as effectively in commercial fleet as they are in passenger cars.

Fleet managers' perception of future AFV launches supported this trend – 68% of car-led fleets were aware of future launches compared to 51% of commercial-led fleets. This perhaps accounts for the slow adoption of commercial AFVs, with the key barriers to take-up including high purchase costs, anxiety about vehicle range and a perceived lack of available vehicles presently.

Fleet managers - barriers to using electric vehicles



“THE REALITY IS THAT YOU HAVE TO BE A LOT MORE THOUGHTFUL ABOUT EV CAPABILITIES BASED ON OPERATING RANGE. WITH A COMBUSTION ENGINE YOU DON’T HAVE TO CONSIDER ANYTHING, YOU JUST DRIVE.”

Large Fleet

“I DO THINK THERE ARE PEOPLE WAITING TO SEE WHAT THE NEXT INNOVATION WILL BE AND ARE CHOMPING AT THE BIT TO FIND VEHICLES THAT ARE BETTER FOR THE ENVIRONMENT BUT, AT THE MOMENT, THEY ARE JUST NOT THERE.”

Large Fleet

V2G not yet generating interest

We have discussed how fleet managers are still getting to grips with different alternative fuels and are largely sticking to diesel for their commercial vehicles, so it is perhaps not surprising that only 11% were aware of Vehicle to Grid (V2G) technology of EVs and PHEVs. This was higher among those with larger fleets where the fleet manager is perhaps more likely to be horizon-scanning, although this was still only a fifth (21%).

During the research, we explained V2G to participants and, once they understood how this would work, a high proportion (71%) felt it would make them more likely to adopt EVs. This suggests there is a need for the industry to more effectively educate fleet decision-makers about the full implications and additional business benefits of operating EVs. This may go some way to balancing the disadvantages and limitations that fleet managers currently believe AFVs have compared with today's cleaner diesels.

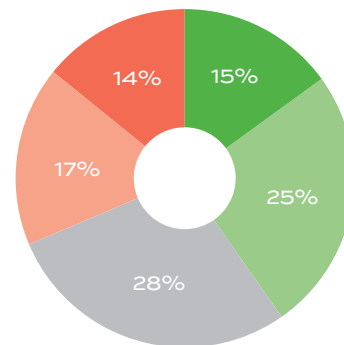
Consumers keen in principle

Over half of consumers we interviewed said they would be interested in having an EV in the future (54%), with a further 3% currently owning one. Two fifths agreed they would prefer to drive an EV but most (64%) felt the charging infrastructure is insufficient, indicating they share some of the concerns of the operational fleet industry. However, where they perhaps differed is that only a third felt that a fully charged EV would not have the range for their daily needs.

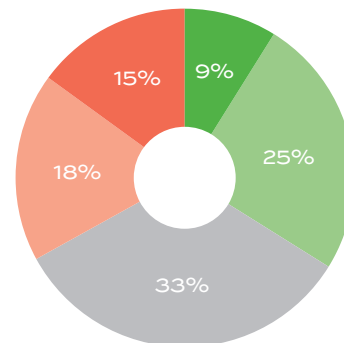
Consumer perceptions of EVs



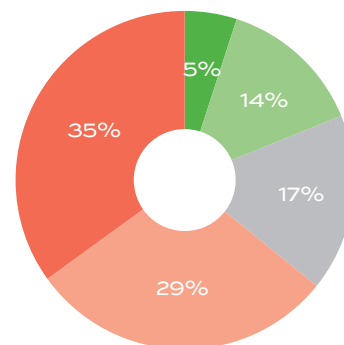
I would prefer to drive electric vehicles than diesel or petrol



The range available on a full charge is now sufficient for me to use as EV as my daily vehicle



There is sufficient charging infrastructure for me to have an EV



Electric Vehicles & SMR

“We don’t operate huge numbers of pure electric at the moment, but the ones we do operate are relatively trouble free.”



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Section summary

Service, maintenance and repair costs are not yet a major factor in EV take-up, but watch this space.

Factoring in SMR

There is a growing awareness and appreciation of the potentially lower servicing costs of EVs. Some of the larger fleet operators we spoke to are actively investigating this as a factor in their decision-making. In general fleet managers believe, while expensive to buy initially, EVs are cheaper to maintain as they have significantly fewer mechanical parts and are less likely to be off the road for repair or maintenance. Therefore, lower SMR costs will be a positive factor in the overall whole life cost business case for investing in EVs.

“WE DON’T OPERATE HUGE NUMBERS OF PURE ELECTRIC AT THE MOMENT, BUT THE ONES WE DO OPERATE ARE RELATIVELY TROUBLE FREE.”

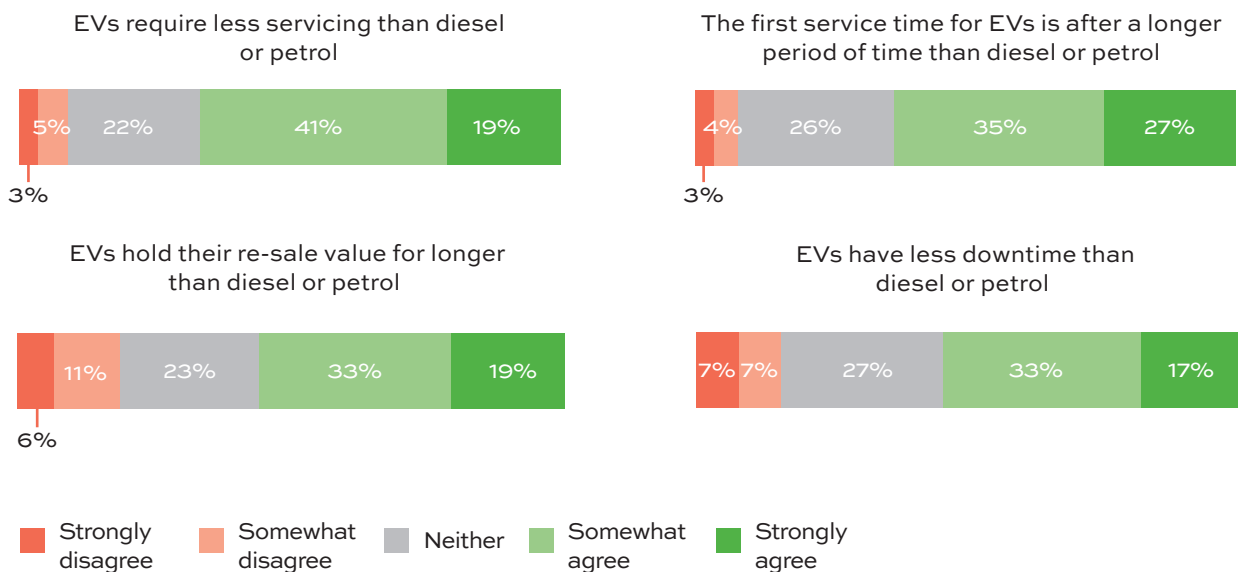
Large Fleet

“EVS ARE A WIN-WIN – WE REDUCE OUR EMISSIONS AND ALSO WE INCREASE OUR UPTIME AND REDUCE OUR MAINTENANCE COSTS FOR THOSE VEHICLES.”

Medium Sized Fleet

However, this belief in Whole Life Cost benefit is more strongly held in car-led fleets rather than commercial-led fleets, underlining again the theme that the upsides of electric cars resonate more than the benefits of electric commercials. Decision-makers in car-led fleets are consistently more likely to agree, for example, that EVs have less downtime than diesel/petrol (59% car-led, 49% commercial-led) and EVs require less servicing than diesel/petrol (63% and 59%). This was also the case for the perception of maintained re-sale value of EVs (59% car-led vs. 50% commercial led).

EV’s vs Diesel/Petrol - SMR



Skill shortage

We heard from some fleet managers that, because EVs have not yet broken through into the mainstream, there is a concern that the skilled engineers needed to service them might be in short supply. Some believe that the potential cost and operational benefits of lower maintenance and downtime of EVs might not be realised if the servicing expertise was not available. Indeed, more than one in ten fleet managers (17% of larger operators) cite a lack of skilled engineers as a reason for not yet investing in EVs.

The whole picture

A further note of caution was sounded by some fleet managers who said, whilst EVs might indeed be more reliable or require less maintenance than diesel or petrol-powered vehicles, engine servicing and repairs are a relatively small part of the whole life cost equation. This additional benefit is therefore not enough in isolation to convince fleet operators to change.

“I’VE DONE SOME ANALYSIS AND OVERLAID THE MAINTENANCE REQUIREMENTS OF EVS. INTERESTINGLY ENOUGH WE’RE FINDING THAT THE AMOUNT OF WORK THAT COMES THROUGH OUR NETWORK IS NOT ASSOCIATED WITH THE DRIVE TRAIN AND IT’S THE SAME COMPONENTS THAT ARE FITTED TO EITHER DIESEL OR ELECTRIC VEHICLES THAT MAKE UP A SIGNIFICANT AMOUNT OF WORK.”

Large Fleet

Consumers lagging

In contrast to fleet professionals, consumers are not yet factoring in the cost of servicing, maintaining and repairing EVs. They may have very little knowledge and are most likely focusing on the environmental and fuel cost benefits at this stage in the EV journey.

The ‘small print’ of alternatively- fuelled vehicles adoption

“It feels like we are at a tipping point where people do want these vehicles and they want to be more responsible.”



Section summary

Fleet managers are at the small print stage of AFV adoption

Wait and see

Are fleet operators resisting alternatively fuelled vehicles? During the research, we saw lots of caution and hesitation. Smaller and larger operators alike are still considering how much of a benefit AFVs would be to them and their fleets, as well as investigating what the short and long-term drawbacks might be. In a number of cases trials are taking place, with businesses waiting to assess outcomes before committing further.

“I THINK PEOPLE HAVE BEEN BURNED IN THE PAST WITH NEW TECHNOLOGIES THAT APPEAR THEN DISAPPEAR QUITE QUICKLY. YOU HAVE TO BE A BIT CAREFUL ABOUT WHAT YOU CHOOSE AND WHICH TECHNOLOGIES YOU LOOK AT IN A SERIOUS WAY.”

Large Fleet

“IT FEELS LIKE WE ARE AT A TIPPING POINT WHERE PEOPLE DO WANT THESE VEHICLES AND THEY WANT TO BE MORE RESPONSIBLE.”

Large Fleet

Small print phase

EVs in particular are becoming a very real option for car drivers and many businesses are looking at the detail of ‘what’, ‘how’ and ‘how much’. They may see EVs as a positive development, and might be keen to adopt them moving forward, but they are asking how this will work in practice. Analysis includes how quickly can EVs be brought into the fleet; should they replace existing vehicles or be used on an experimental basis; how can trial adoption be scaled up; are there training implications; how will drivers respond; and what are the charging implications, e.g. will drivers charge at home or will vehicles be returned to base?

“WE WILL SEE A LOT MORE SOPHISTICATION IN JOURNEY PLANNING. IT WON’T JUST BE ‘I’VE GOT 26 DROPS TO DO TODAY, WHAT’S THE FASTEST WAY OF DOING THOSE DROPS’; IT WILL BECOME ‘HOW DO I MAKE THE MOST EFFICIENT USE OF TIME AND AVOID ENVIRONMENTAL CHARGES?’ ”

Large Fleet

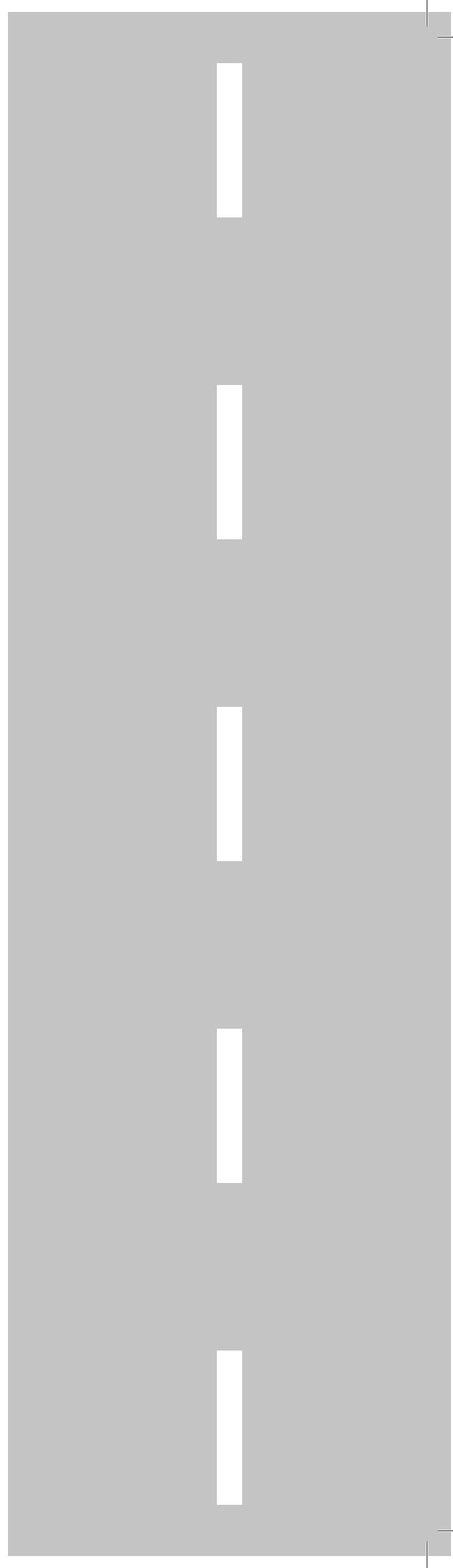
“WE DON’T HAVE ELECTRIC VEHICLES AT THE MOMENT ALTHOUGH WE’VE HAD A COUPLE ON TRIAL. WE ARE ALSO LOOKING AT HYDROGEN AT THE MOMENT ALONGSIDE NATURAL GAS AND LIQUID NATURAL GAS AS WELL.”

Large Fleet

This more detailed consideration and evidence of vehicle trials suggests an unstoppable move towards AFVs and away from diesel and petrol but it is perhaps the pace of change that will be determined by the answers to the questions that fleet managers are asking.

“IF I REWIND, EVERYONE WAS STILL VERY MUCH FOCUSED ON DIESEL, JUST GOING THROUGH THE TRADITIONAL REPLACEMENT CYCLE LIKE-FOR-LIKE. IN THE LAST 18-12 MONTHS, ORGANISATIONS ARE NOW REALLY DETERMINED TO HIT CERTAIN TARGETS BY A CERTAIN DATE, WHERE 25% OF THEIR FLEET NEEDS TO BE ELECTRIC.”

Expert

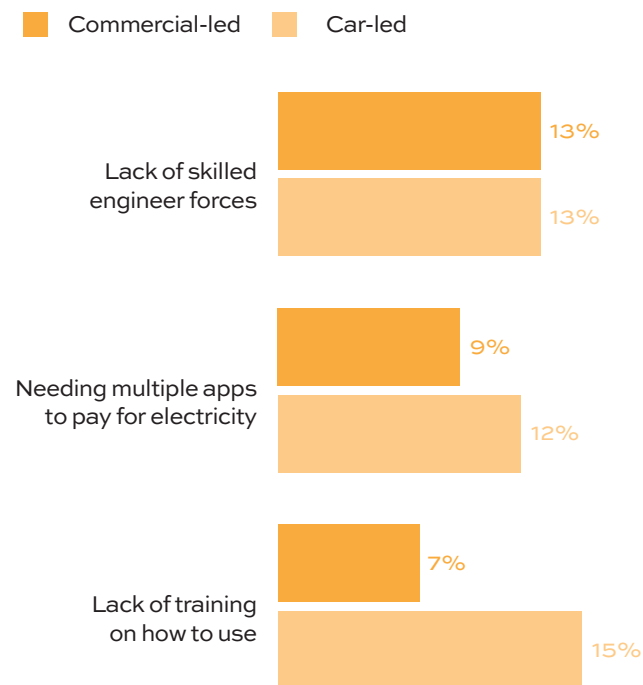


Remaining barriers

This year’s research found, as well as more forensic consideration of the benefits and practicalities of adopting EVs in their fleets, that decision-makers are discovering new barriers or challenges they might face. For example, we have already mentioned the worry about a lack of skilled engineers creating complication in assessing the SMR benefits of EVs. This is cited as an outright barrier to adopting EVs at the moment, by 13% of fleet managers.

Other details emerging include the need for multiple payment apps (10% of all decision-makers, rising to 15% of larger operators) and a lack of training on how to use EVs (10% rising to 19% for larger operators who seem more aware of the potential practical issues).

Barriers to EVs- ‘Fine Print’



While these new concerns have arisen, some more classic barriers remain. For example, around a third of fleet managers say that initial investment cost is a barrier to adopting EVs (36% of smaller fleets and 27% for larger operators).

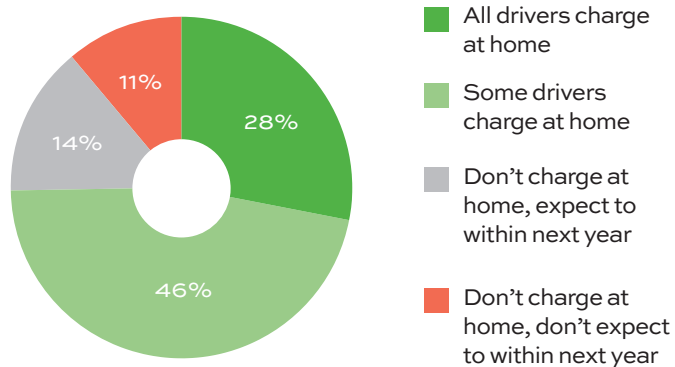
“I THINK FOR ME, FOR EVS, IT’S ABOUT GETTING THE RIGHT TECHNOLOGIES INTO VEHICLES. WE HAVE WORKED WITH MANUFACTURERS ON TRIALS, BUT THE BIGGEST CHALLENGE IS GETTING THAT TECHNOLOGY INTO THE LCV MARKET.”

Medium Sized Fleet

Charging practicalities and complexities are also an issue, both for those businesses who have adopted EVs and for those considering their adoption, with multiple charging systems and uncertainty surrounding driver training noted as particular concerns.

Home-charging is a consideration for businesses to work out or work around, as many vehicles would normally be taken home by drivers at night. At the moment, less than a third of businesses with EVs have all those vehicles being charged at home and the figure is lower for commercial-led fleets (a quarter vs. a third of car-led fleets), suggesting that this issue is far from resolved.

EV Home Charging
(among those using EV's)



“THE LARGER THE BATTERY THE LONGER IT TAKES TO CHARGE. IF YOU’RE A HOME CHARGER YOU’RE RESTRICTED TO HOW FAST YOU CAN CHARGE A VEHICLE FROM HOME AND, IF YOU CAN’T RECHARGE IT IN THE HOURS AVAILABLE THROUGH THE NIGHT, THEN THE LARGER BATTERY DOESN’T HELP. I’M NOT SEEING HUGE STEPS IN BATTERY RANGE. I’M JUST SEEING LARGER BATTERIES, WHICH DOESN’T NECESSARILY HELP.”

Large Fleet

Impact of low emission zones

“I think they are necessary and as a company we need to also take responsibility and play a part in this.”



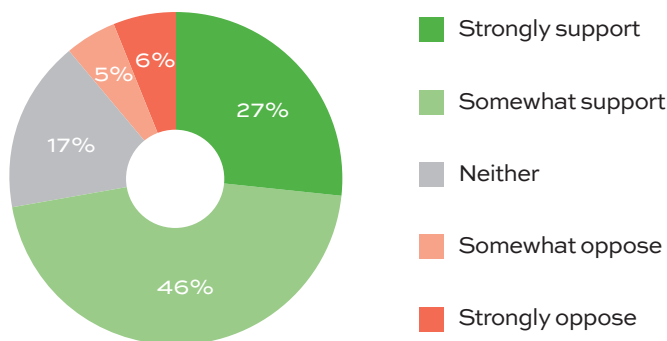
Section summary

Fleet managers are pro clean air, but pragmatic about planning for low emission zones.

Support clean air

Our research this year showed fleet managers broadly support the Government's clean air targets. They also feel that the automotive industry can play a significant part and that their businesses are fully behind the move to cleaner vehicles. This is especially the case for large fleets, where 82% support the introduction of ULEZs throughout the UK (compared with 72% on average). Only 11% of all fleet managers express a more active opposition to the expansion.

Support For/Impact of ULEZ



“I THINK THEY ARE NECESSARY AND I THINK AS A COMPANY WE NEED TO ALSO TAKE RESPONSIBILITY AND PLAY A PART IN THIS.”

Large Fleet

Pragmatism rules

While supportive of their aims, trying to balance the short-term business needs and the relatively rapid introduction of clean air zones means fleet managers need to be flexible in their operational approach.

23% of respondents have bought new lower emission vehicles (e.g. Euro 6 diesels) and covered any additional cost within their fleet budget. However, rather than changing the composition of their fleets, around a quarter of fleet managers said they had just paid fines (23%) or moved older non-compliant vehicles elsewhere (25%).

“WHAT WE’VE BEEN ABLE TO DO WITH OUR FLEET IS SWAP VEHICLES AROUND, SO THAT WE HAVE THE LOWER EMISSION ONES OPERATING IN CITY CENTRE LOCATIONS. IDEALLY, WE’D LIKE ALL THE FLEET TO BE COMPLIANT WITH ULTRA-LOW EMISSION ZONES, BUT THAT REQUIRES SOME TIME AND MONEY, SO WE’RE NOT OVER-ACCELERATING THAT PROGRAMME, BUT JUST SWAPPING VEHICLES OUT WHEN WE CAN.”

Large Fleet

The majority of businesses feel fining operators for using non-compliant vehicles is justified (64%), which could reflect either their support for the aims of clean air zones or their pragmatic approach to working within the commercial realities of the new rules and regulations. However, just as we have seen that car-led fleets and commercial-led fleets differ in their adoption of EVs, the report shows that fewer commercial-led fleets feel that fines are justified (63%) versus car-led fleets (72%).

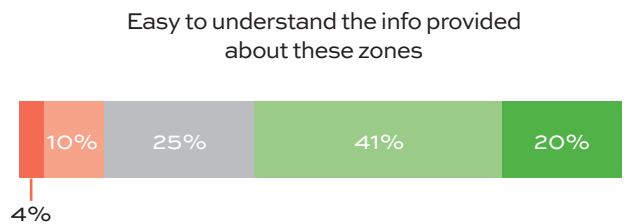
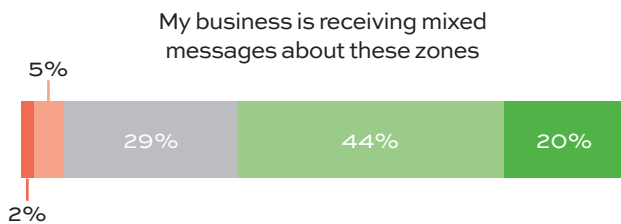
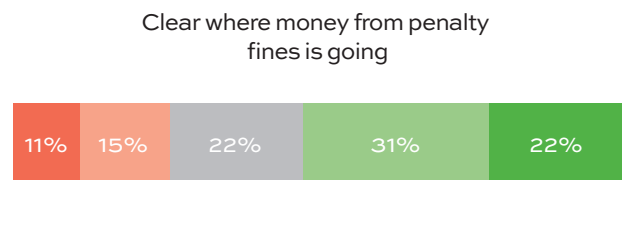
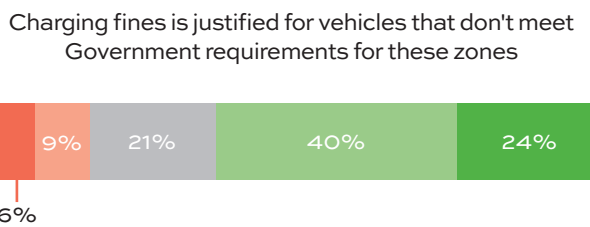
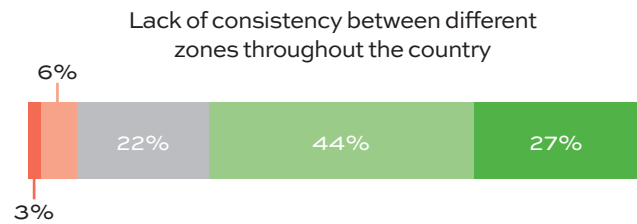
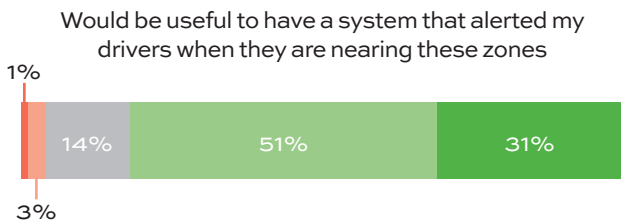
Something that different fleet types agree on is they are actively looking for solutions to help them work within clean air zones, such as systems to alert drivers when they are approaching a restricted zone (82% agreed this would be a useful feature/system).

Uncertainty and inconsistency remains

As fleet managers build planning for clean air zones into their business as usual operations, some uncertainty remains. For example, there is confusion around the application of penalty fines. We also saw commercial-led fleets express more frustration than car-led fleets when it comes to getting hold of information about the implications of clean air zones (details, requirements, fines, etc.) on their fleets. More than half of commercial-led fleets (52%) found it easy compared with 62% of car-led fleets, fitting the overall theme of car-led fleets feeling generally more positive and informed about clean air and AFVs.

Emission Zone Diagnostics

Strongly disagree Somewhat disagree Neither Somewhat agree Strongly agree



“IT IS A NIGHTMARE TO TRY AND SIFT OUT WHAT IS CURRENT AND WHAT CHANGES ON AN ALMOST WEEKLY BASIS. IT ALMOST FEELS LIKE IT’S A FULL-TIME JOB JUST TRYING TO KEEP AHEAD OF WHAT’S HAPPENING. I’M AWARE OF ALL THE CLEAN AIR ZONES THAT ARE SIGNED OFF BY THE GOVERNMENT BUT IT’S ALMOST EVERY WEEK NOW THAT ANOTHER CITY COMES FORWARD WITH A PROPOSAL.”

Large Fleet

The majority (70%) of fleet decision-makers (of any type) agreed on the lack of consistency between different UK clean air zones which introduces further complexity into their operational planning.

“YOU’VE ALMOST GOT A DIFFERENT FLEET POLICY FOR EACH REGION AND THAT MUST BE A NIGHTMARE FOR A FLEET MANAGER. IF YOU’VE GOT A DRIVER FOR EXAMPLE THAT OPERATES IN DIFFERENT CITY CENTRES WHERE THE RULES ARE DIFFERENT, THERE’S NO CONSISTENCY, IS THERE? SO FROM A FLEET MANAGER’S PERSPECTIVE, IT’S JUST MORE ADMINISTRATION ON TOP OF AN ALREADY BUSY WORKLOAD.”

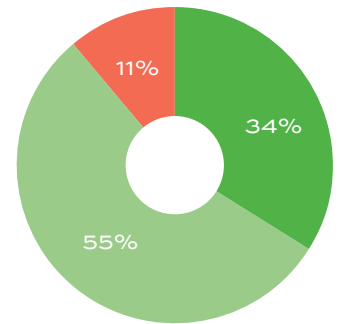
Expert

Expansion more impactful

Businesses are being pragmatic and largely supportive of the current situation regarding clean air zones, albeit dissatisfied with the regional inconsistency and, for commercial-led fleets, the availability of information. More worrying is the future picture. The expansion of the London ULEZ in 2021 is concerning to many fleet managers who feel this will have a more significant impact on their day-to-day operations. For example, their flexibility to move vehicles around the country will be restricted. They felt it is at this point the clean air agenda will start to impact through higher costs that will eventually be passed to consumers.

Support for Clean Air Agenda (Consumer)

- I think the Government is right to focus on this, and it should be made a priority
- I think the Government is right to focus on this, but there are currently more pressing issues that should be prioritised
- I do not think the Government is right to focus on this at all



“I THINK IT’S GOING TO SQUEEZE OUR ABILITY TO MOVE VEHICLES AROUND, AND MY CONCERN IS THAT WE HAVE CUSTOMERS THAT WE NEED TO SERVICE. OUR HANDS ARE TIED; WE DON’T REALLY HAVE MUCH CHOICE OTHER THAN TO PAY THE FINES IF WE CAN’T MOVE THE VEHICLES TO OTHER LOCATIONS.”

Large Fleet

Consumers ambivalent

Like businesses, consumers are broadly supportive of the idea of clean air zones (only 11% think that the government is wrong to focus on this). However, while air quality in our cities is very important to them, consumers feel there are other more pressing matters for government to deal with (55%)

Consumers are also ambiguous on the question of who should pay for cleaner air. In principle, almost half would be willing to pay slightly more for services, to support the clean air agenda. However, there is less agreement within this about who should pay, with consumers pretty evenly split on whether the higher bill should be footed by all consumers or whether it should be borne by those living in the clean air zones.

Willingness to Pay (among those thinking Government is right to focus)



47%

Would be willing to pay slightly more for services, to support the Clean Air agenda

Who Should Pay (among those willing to pay more)

Higher service charges should be paid by all customers

Higher service charges should be paid by those in zones that are directly affected by the Government’s Clean Air agenda



Electric Vehicles & the driver experience

“What you find in fleets is that some of the guys will drive the small electric vans but if you try and get them to go back into driving a diesel they say ‘No, I like driving the electric vehicle.’ They like it, they’re good fun and quick, but fundamentally I think once people have made that jump they don’t go back.”



Section summary

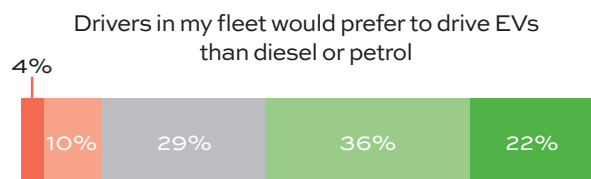
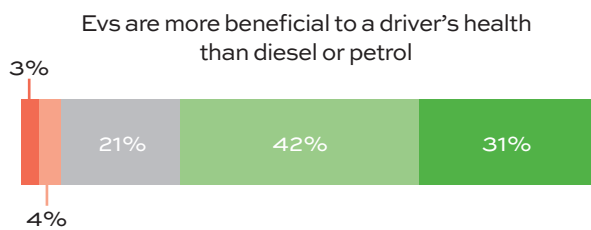
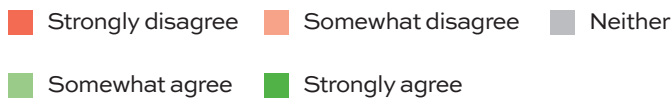
Car-led fleets particularly positive about driver benefits of EVs

Better for drivers

Much of the debate and the insight we have discussed in the report so far focuses on the business impact of alternative fuels and Ultra Low Emission Zones (ULEZ). For this year’s survey we also wanted to find out about the driver’s perspective – for example, what do fleet managers think of the driver experience, what do drivers tell them, do they have a view on EVs?

The key insight we found was the majority of fleet managers (73%) feel that EVs could be better for drivers’ health than diesel or petrol. The driver-related benefits of EVs often go unnoticed in that they are quieter, smoother, offer a calmer environment and encourage smoother driving, all of which combine to deliver better cost outcomes for businesses.

Perceptions of EVs (%Agree)



User choosers

We also found over half of all decision-makers (57%) think their drivers would prefer to drive an EV over petrol or diesel, with fleet managers who had EVs in their fleets talking positively about the feedback they had received from drivers.

“FROM EVERYONE WHO’S GOT ONE, IT’S BEEN A VERY POSITIVE EXPERIENCE. PEOPLE TALK ABOUT THE SILENCE AND THE QUIETNESS OF DRIVING AN EV. THE VEHICLES GENERALLY PERFORM BETTER THAN THE EQUIVALENT DIESEL OR PETROL IN TERMS OF ACCELERATION AND SMOOTHNESS. PEOPLE FIND THEM ACTUALLY A GREAT CHOICE NOW. THEY NO LONGER CONSIDER THEM AS A COMPROMISE, RATHER THEY CONSIDER IT TO BE A REALLY POSITIVE CHOICE.”

Large Fleet

Interestingly, this sentiment was also expressed by one of our expert witnesses, who said they hear from fleets that have adopted EVs, that drivers prefer the driving experience once they have got over initial differences (often addressed overtly in handover training).

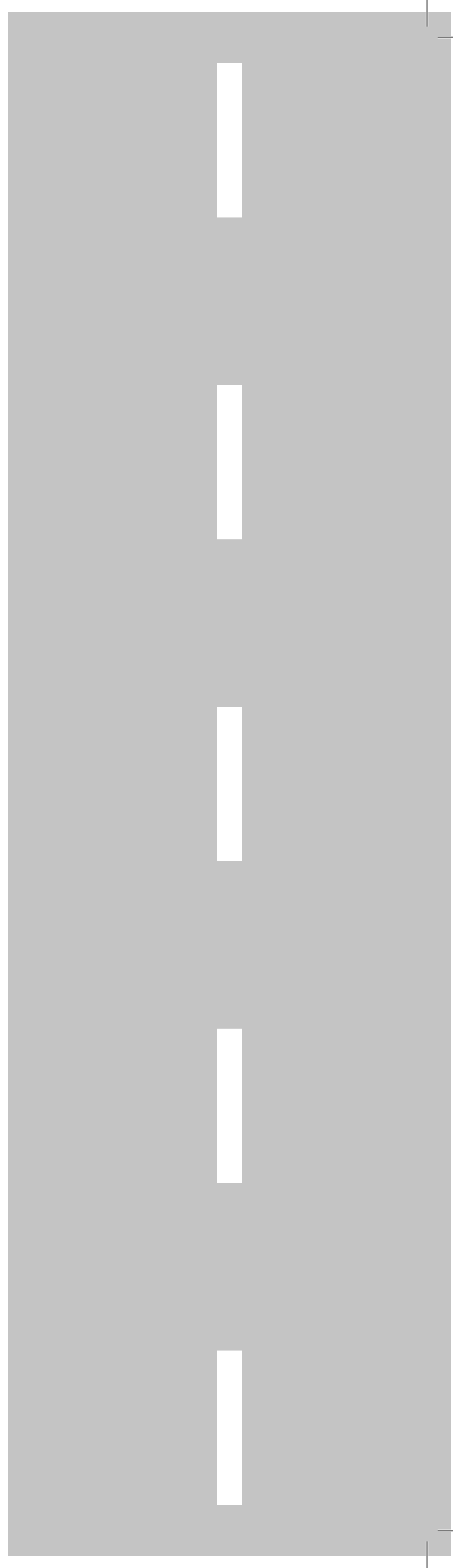
“WHAT YOU FIND IN FLEETS IS THAT SOME OF THE GUYS WILL DRIVE THE SMALL ELECTRIC VANS BUT IF YOU TRY AND GET THEM TO GO BACK INTO DRIVING A DIESEL THEY SAY ‘NO, I LIKE DRIVING THE ELECTRIC VEHICLE.’ THEY LIKE IT, THEY’RE GOOD FUN AND QUICK, BUT FUNDAMENTALLY I THINK ONCE PEOPLE HAVE MADE THAT JUMP THEY DON’T GO BACK.”

Expert

Car-led

However, the positive EV-driver sentiment was higher among car-led fleets (64%) compared with commercial-led fleets (53%). When it comes to how likely fleets are to say there is a growing appetite in their businesses for using EVs, it was the fleets which are more car-led in their make-up who were more positive than commercial-led fleets, 73% vs. 64% respectively.

This data shows again, in the core operational fleet world, there is still some caution in relation to the benefits of EVs both for business and for the driver.



Research Methodology

Qualitative interviews with operational fleet managers and industry experts

Populus, an independent market research agency, conducted 8 one-hour depth interviews with fleet decision makers/managers from large enterprises and 8 with industry experts, achieving 16 interviews in total. Additionally, 2 90-minute focus groups with fleet decision makers/managers were also completed, with 12 participants in a central location in London.

Insights from the depth interviews and focus group were used to shape the key areas of interest and questions to take forward into the quantitative stage of the research.

Quantitative survey of operational fleet managers

Populus further conducted a survey of 500 respondents responsible for maintaining the fleet of operational vehicles at their organisation. The survey was conducted online and took 15 minutes to complete. Respondents were recruited via specialist business panels, and the sample consisted of a combination of those working for large, medium and small organisations, each with varying fleet sizes.

About Populus

Populus is a full service research and strategy consultancy, named the UK's fastest growing research agency of 2014 by the Market Research Society, with an Operations Team that has won the Market Research Society award for Best Data Solution in 2015, 2016 and 2017. Populus also won the AURA Trusted Partner award in 2018, and has been nominated for multiple industry awards for their work in the B2B space.

They work with clients across a wide range of industry sectors both in the UK and Internationally. Populus developed and runs the AA Motoring Panel, which is now the largest dedicated motoring opinion panel in Europe, and has extensive experience with different divisions across many large corporations. Populus conducted the research for all Operational Fleet Insight reports, dating back to 2016.

