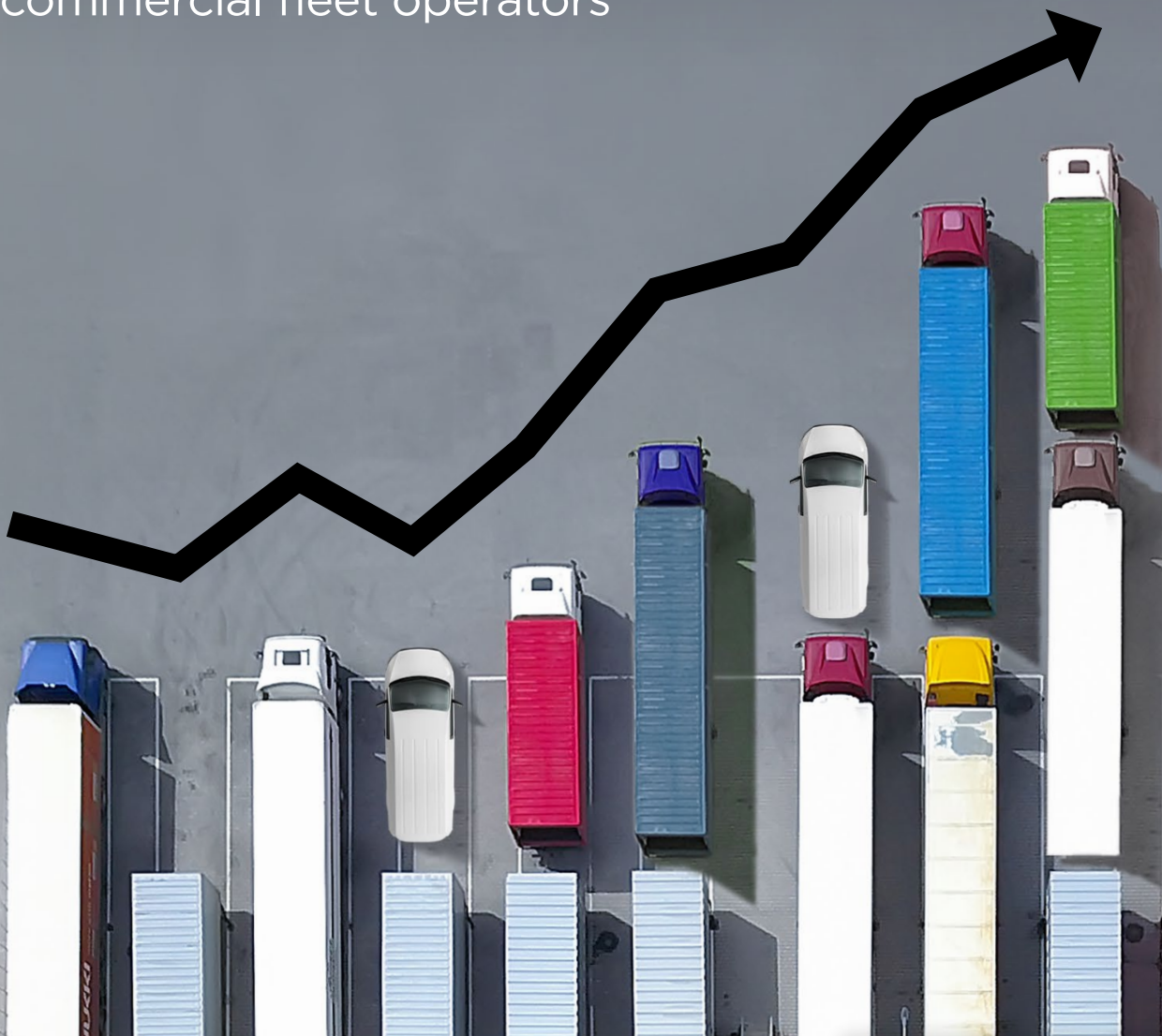

The cost of business squeeze

Research insights into the cost challenges facing commercial fleet operators





A manifesto for cost efficiency?

The soaring cost of living not only presents a serious concern for consumers, it is putting the squeeze on UK plc.

The same macroeconomic trends that are weighing heavy on the spending power and financial stability of households are also proving testing for businesses – and not least, commercial fleets.

Compounded by continuing supply chain disruption, the economic headwinds are considerable – from recession to high inflation and interest rates.

Facing adversity, however, fleet operators have an enviable track record of resilience and ingenuity.

The following study sets out to understand their thoughts and strategies in the wake of current cost of business crisis.

How are they being impacted? What does the economic landscape look like to them and how do they plan to navigate the turbulent waters?

We explore the role of fleet managers in corporate decision-making, and their approach to everything from fuel spend and tyre management to digital transformation and employee wellbeing.

Our experts shine a spotlight on some of the study's key findings and offer their thoughts on what they might mean for cost mitigation and opportunities for growth.

A progressive mindset and robust, sustainable strategy, we believe, will ultimately offer fleets the springboard they need to weather the storm and emerge stronger and more competitive than ever.

Andrea Manenti,

Vice President North Region, Bridgestone EMIA

About the research

The research was conducted among 210 UK fleet decisionmakers (105 with decision-making responsibilities for van fleets; 105 responsible for HGV fleets) in January 2023 through online polling by research consultancy Perspectus Global.

The percentage figures detailed in this report represent those survey respondents who gave a definitive answer (e.g. yes/no or agree/disagree).

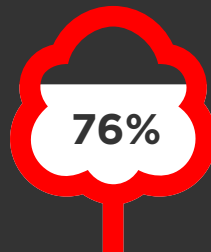
→ KEY TAKEAWAYS

FLEETS FEELING THE PINCH



SPENDING CUTS

85% of fleets have been tasked with cutting fleet spend in 2023.



STILL KEEN TO BE GREEN?

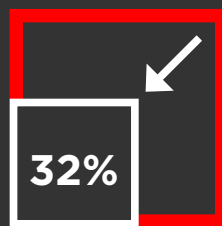
76% will delay fleet decarbonisation moves due to current cost pressures.



LAY-OFFS AHEAD

Almost two-thirds (**61%**) of fleets are anticipating staff lay-offs in the next 12 months.

Vans: **57%** HGVs: **64%**



FLEET DOWNSIZING

Nearly a third (**32%**) of UK fleets are looking to downsize in 2023.

Vans: **23%** HGVs: **41%**

KEY TARGETS FOR COST SAVINGS

FOCUS ON FUEL



of fleets are looking to introduce new fuel policies or strategies.

LONGER VEHICLE REPLACEMENT CYCLES



of fleets are looking to extend their vehicle replacement cycles.

TECHNOLOGY



of fleets are planning to introduce new fleet technology.

→ KEY TAKEAWAYS

COST INCREASE HOT SPOTS

Which areas of your fleet are seeing the biggest cost increases?



69%

Fuel (petrol and diesel):
Vans: 73% HGVs: 64%



49%

Drivers' wages and
overtime



41%

Service, maintenance
and repair



36%

Vehicle procurement
/lease and rental



28%

Insurance



27%

EV charging costs



13%

Administration

UNDER PRESSURE



75%

believe the cost of living crisis is impacting
the mental wellbeing of their drivers.

Vans: **67%** HGVs: **83%**



74%

want to review fleet management systems
and processes to help reduce stress on
their drivers and themselves.

Vans: **80%** HGVs: **69%**

RESEARCH FINDINGS

1

Do you think your fleet operations will grow, contract or stagnate over the next 12 months?

Against the backdrop of high inflation and borrowing costs, the outlook for fleet businesses remains uncertain. Defying the somber forecasts from economists, however, more than half of fleet businesses (55%) predict growth for their operations in the year ahead.

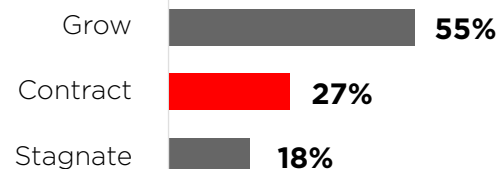
Despite LCV registrations falling in 2022, less than one in five (17%) van fleets believe their operations will contract in 2023. This contrasts with 36% for HGV operators.

"The fleet industry is facing a perfect storm of business and economic challenges, but operators have proven themselves particularly resilient over recent years, not least in the wake of the Covid pandemic. With appropriate strategies in place, and recognition of the need to remain agile in what is a volatile environment, I'm sure these fleet growth forecasts can be realised."

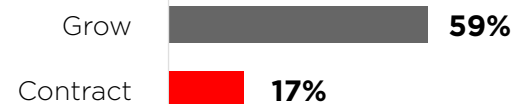
David Almazan, Commercial Business Unit
Director, Bridgestone North Region

"Despite continuing price rises and warnings of a protracted recession, the optimism that remains among many fleet operators makes for positive reading. Businesses are pulling out all the stops to remain competitive. We are seeing first-hand among our customers how enterprise and innovation are taking centre stage."

Beverley Wise, Webfleet Regional
Director for Bridgestone Mobility
Solutions



Vans



HGVs

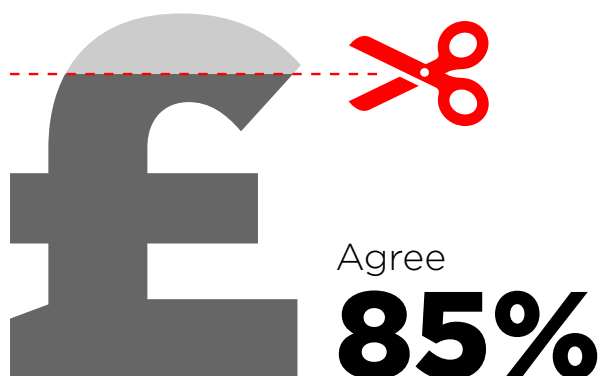
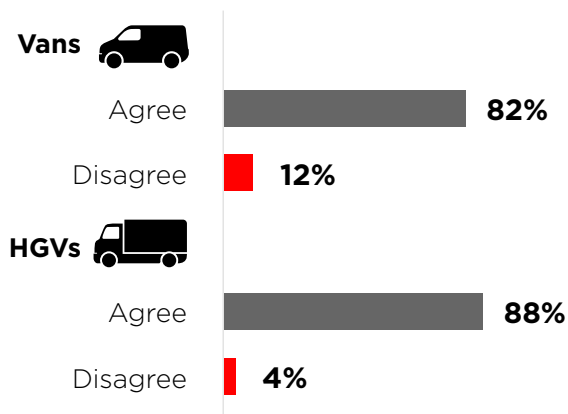


2

Our fleet department is under increased pressure from finance departments, board level executives or owner managers to cut spend in 2023

(agree/disagree)

As companies look to navigate the economic headwinds, financial constraints are finding their way to fleet departments, with 85% being tasked to reduce costs. The budgetary pressures are more prevalent among HGV fleet decision-makers (88%) than van fleets (82%).



3

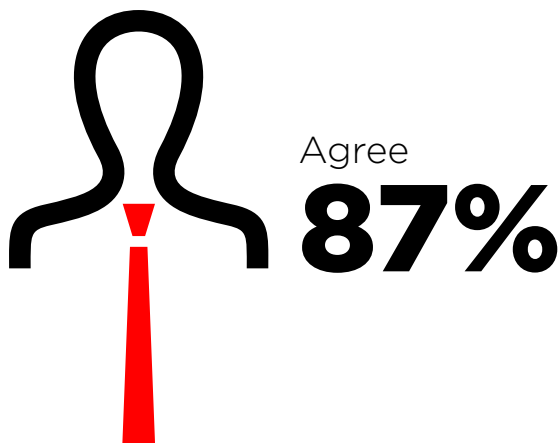
The 'cost of business crisis' has made the role of fleet and transport managers more important to business strategy and board level decisions

(agree/disagree)

Fleet managers are becoming increasingly integral to high-level business strategy as cost control rises up corporate agendas, a fact acknowledged by 87% of fleet decision-makers.

"Business sustainability targets had already elevated the importance of fleet decision-makers to corporate strategy. With the cost squeeze now weighing heavy on commercial activity, this finding highlights the extent to which their role has become ever more influential."

Beverley Wise, Webfleet Regional Director for Bridgestone Mobility Solutions



"This underlines that while vehicle fleets can act as revenue drivers, they are also invariably regarded as cost centres by finance departments and board level execs. A considered and progressive approach to fleet strategy can realise substantial savings that make a meaningful impact to the business bottom line."

David Almazan, Commercial Business Unit Director, Bridgestone North Region

4

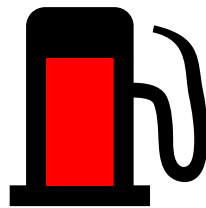
Which areas of your fleet are seeing the biggest cost increases?

Fuel – typically one of the biggest fleet operating costs – topped the list of the biggest cost increases, cited by 69% of fleets (73% of van fleets and 64% of HGV fleets). This was followed by drivers wages and overtime (49%) and SMR (41%). Rising energy costs saw 24% of van fleets cite EV charging.

Fuel

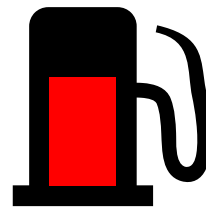
(petrol and diesel)

69%



Vans

73%



HGVs

64%



49%

Drivers' wages and overtime



41%

Service, maintenance and repair



36%

Vehicle procurement/lease and rental financing



28%

Insurance



27%

EV charging costs



13%

Administration

5

Which areas of your fleet are you targeting the biggest fleet cost reductions?

Fuel is regularly cited as the most critical rolling and whole-life expense for fleets, and so it may come as little surprise that it is also the biggest target for cost savings, closely followed by vehicle procurement – earmarked by 33% and 29% of fleets respectively.

Reflecting higher relative costs per vehicle, procurement costs are a bigger focus of attention for HGV fleets.

“It is clear here that all areas of fleet spend are under the microscope, highlighting the magnitude of the squeeze on business finances. By taking a marginal gains approach, aggregated fleet-wide efficiency improvements can lead to a significant boost to the bottom line.”

Taco van der Leij, Vice President of Webfleet Europe

 **33%**

Fuel
(petrol and diesel)

 **29%**

Vehicle procurement
/lease and rental financing

Vans: 24% HGVs: 34%

 **28%**

Drivers' wages
and overtime

Vans: 24% HGVs: 32%

 **26%**

Administration

Vans: 30% HGVs: 22%

 **24%**

EV charging

 **23%**

Vehicle maintenance

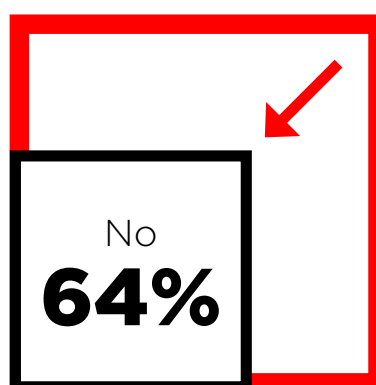
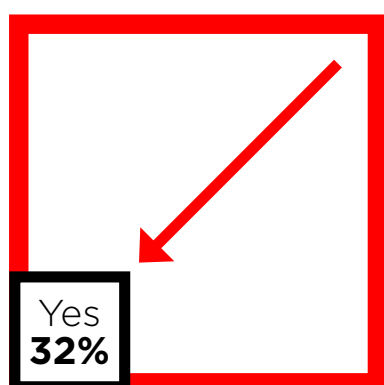
 **22%**

Insurance

6

Do you plan to downsize your fleet in the next 12 months as a direct or indirect result of the cost of business crisis?

The fallout of the business squeeze, as decision-makers grapple with cutting operating costs, looks set to lead to almost a third of businesses (32%) downsizing their fleets. The study found that downsizing will be more prevalent among HGV operators (41%), which may reflect the sector's tight margins.



7

Pressure to reduce fleet costs this year is negatively impacting longer term cost reduction strategies

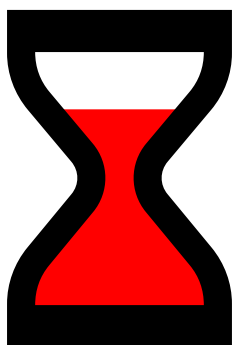
(agree/disagree)

Are fleets striking the balance between short-term savings and longer-term transformative measures to optimise costs?

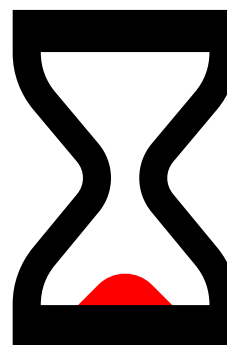
More than three-quarters of fleets (78%) believe they risk falling foul of short-termism, with long-term planning and the greater financial good being negatively affected.

“This is a worrying statistic. Taking control of fleet costs should not simply be about battenning down the hatches today. A best practice fleet strategy should marry short-term savings with measures that unlock the door to sustainable cost control and sound financial risk management, ensuring a competitive future.”

Andrea Manenti, Vice President
North Region, Bridgestone EMIA



Agree
78%



Disagree
5%

Vans 

Agree  **73%**

Disagree  **5%**

HGV 

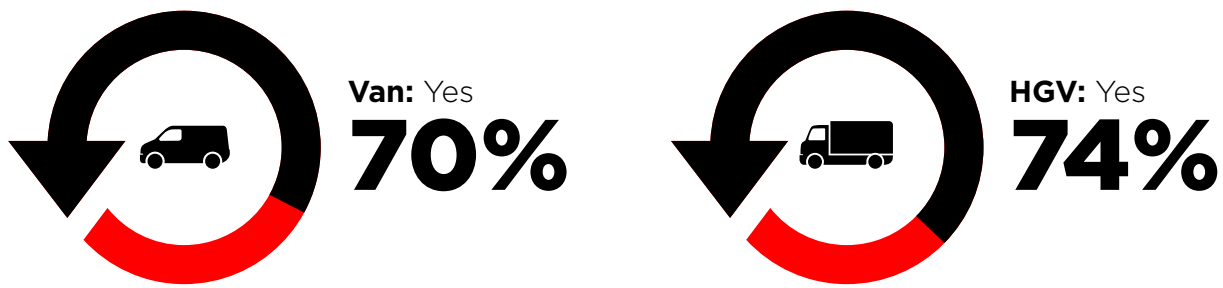
Agree  **83%**

Disagree  **5%**

8

Have you, or are you planning to, extend your vehicle replacement/de-fleet cycles to defer costs, in response to a lack of vehicle availability or for other reasons?

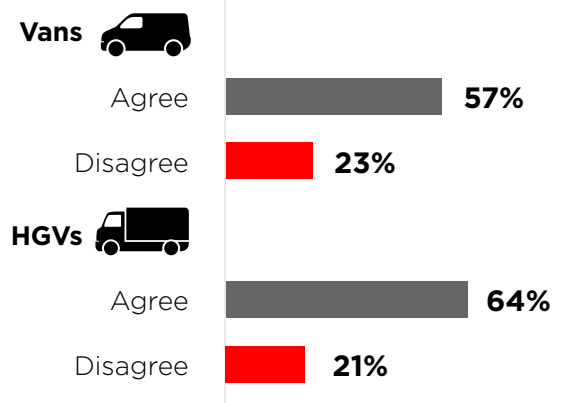
A high proportion of fleets (72%) are looking to extend their vehicle replacement cycles. Supply chain disruption may be forcing the hands of fleet managers but for some, it may signal an eagerness for quick-fix solutions to the cost of business squeeze.



9

We expect to lay-off fleet staff (e.g. drivers, managers and administrators) over the next 12 months in order to reduce costs (agree/disagree)

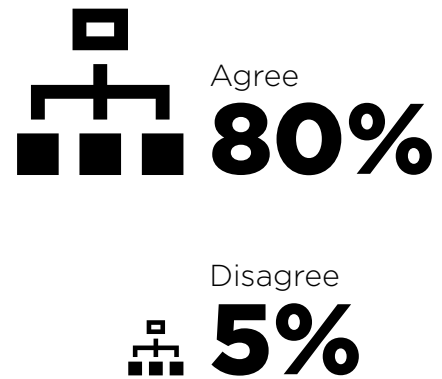
The fate of the jobs market remains uncertain. Fleets will be keen to retain talent but rising costs has led to almost two-thirds (61%) anticipating staff lay-offs in the coming months.



10

We are reviewing/plan to review opportunities to consolidate fleet services from suppliers to help realise cost savings (agree/disagree)

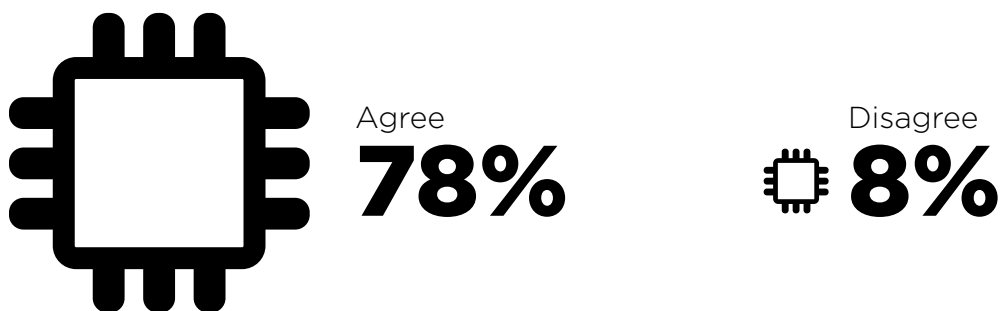
The cost efficiency savings are being sought by four in five fleets through the procurement of fleet services from a single mobility partner.



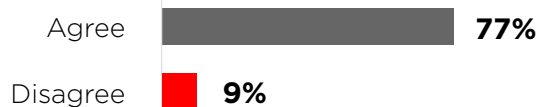
11

Current cost pressures are preventing or delaying plans for the adoption of fleet technologies (agree/disagree)

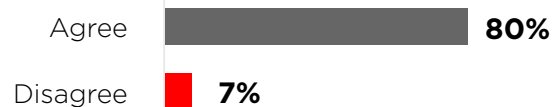
Positive intentions to introduce new tech systems are being tempered by the cost of business crisis, with more than three-quarters of fleets (78%) revealing that their plans are being stymied in the current climate.



Vans 



HGV 



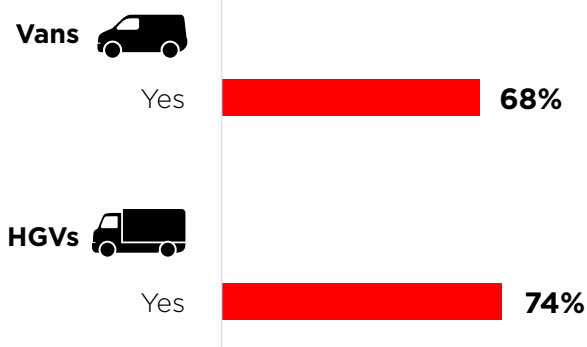
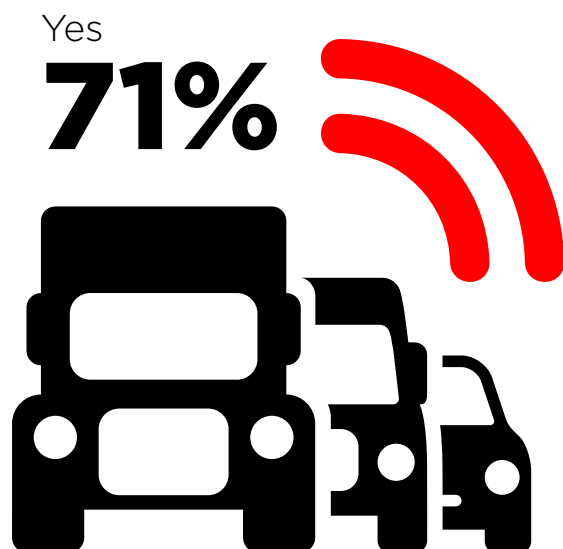
12

Do you plan to introduce new fleet technology (such as telematics) in the next 12 months to help reduce fleet costs and operational pressures?

The opportunities that technologies – and the data insights they impart – present as a catalyst for more cost-effective operations are widely recognised, with 71% of fleets planning to deploy new solutions.

“It would seem that an exciting year beckons for digital transformation. The actionable insights imparted by telematics solutions in particular – and the process efficiencies they offer – sit at the heart of the go-to resources that can help ensure budgetary targets are hit.”

Beverley Wise, Webfleet Regional Director for Bridgestone Mobility Solutions



13

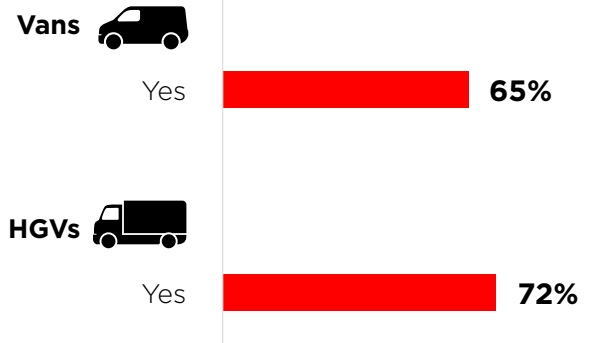
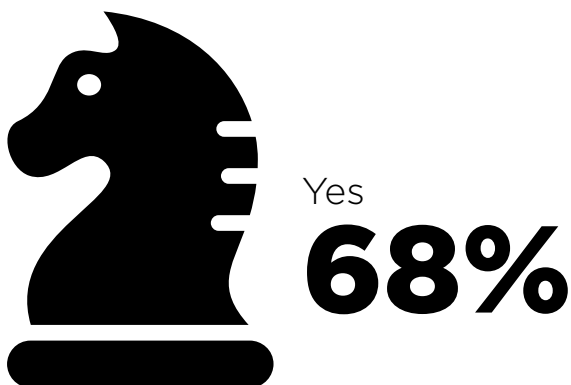
Do you plan to introduce new fleet fuel policies or strategies, in response to the 'cost of business' crisis?

Fuel management has fallen under the microscope of commercial fleets in response to prevailing economic challenges – more than two-thirds (68%) are focusing on taking new strategic measures to control costs in this area.

Typically tighter profit margins among truck operators sees more action planned among these decision-makers.

“Fuel spend typically accounts for around a third of the total cost of ownership (TCO) of a vehicle and so fleets are understandably focusing attention on managing spend in this area. Savings can be achieved through a range of measures – from investing in more fuel efficient tyres and improved SMR processes to smarter routing and better driving behaviour.”

Ian Davis, UK fleet sales manager, Bridgestone



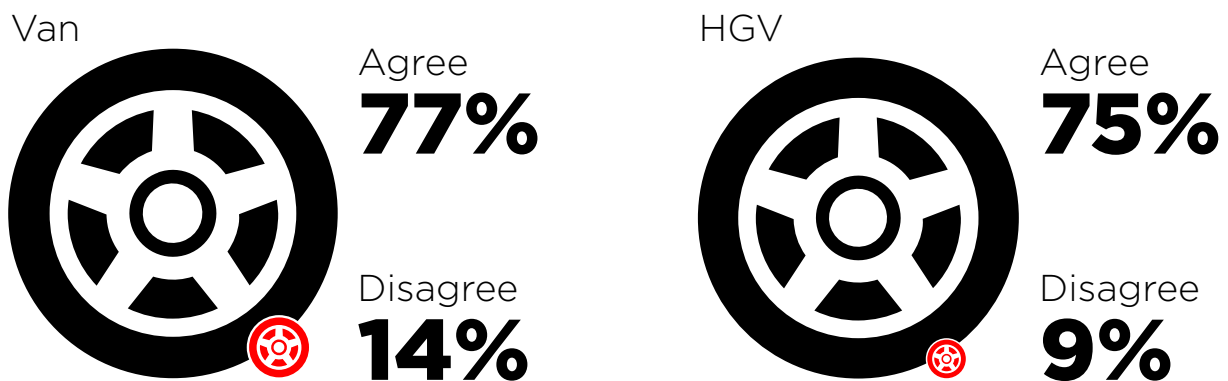
“Fuel strategies should always be under review. Reduced fuel bills represent savings that may otherwise have to be recovered through an increase in prices, or through budget cuts that can risk negatively impacting wider operational performance.”

Beverley Wise, Webfleet Regional Director for Bridgestone Mobility Solutions

14

When required, we are more likely to purchase cheaper/budget tyres for our fleet as a result of the cost of business crisis (agree/disagree)

Do fleets regard cheap tyres a false economy? Seemingly not. Three-quarters (75%) said they were more likely to opt for a cheaper option on their next purchase.



"Making the wrong decision when it comes to tyres, a sizable element of a fleet's maintenance budget, can lead to costs spiralling. There is no one-size-fits-all solution when it comes to the most cost-effective tyre choice, but upfront savings should be balanced against the performance, durability and fuel efficiency gains of premium products. Choosing cheaper tyres will often prove a false economy."

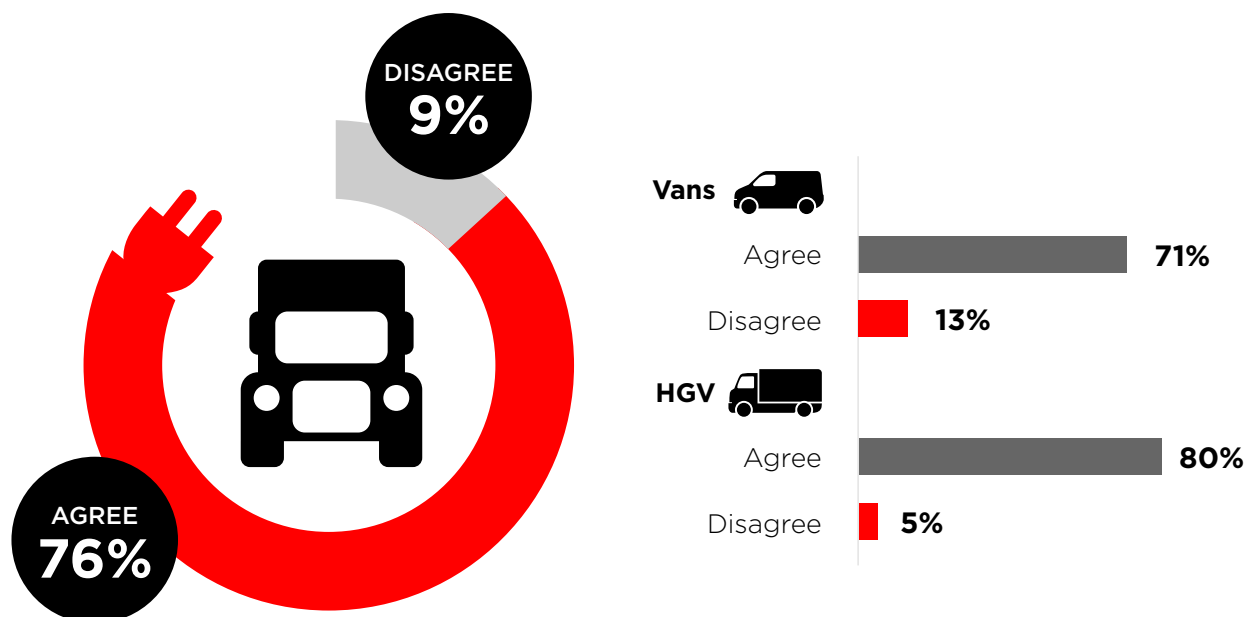
David Almazan, Commercial Business Unit Director, Bridgestone North Region

15

Current cost pressures will delay the decarbonisation (including electrification or alternative fuels) of our fleet (agree/disagree)

Transport decarbonisation has risen to the top of business agendas in recent times – and is integral to government net zero targets.

Cost pressures, however, are proving a barrier to fleet action in this area, with more than three-quarters of operators (76%) believing they'll delay green initiatives.



“Fleets can ill-afford to take their eye off the ball when it comes to decarbonisation. Not only is a green fleet important in keeping pace with regulatory requirements and customer and supply chain expectations, it is intrinsically linked to cost reduction. Notably, the electric powertrain can offer significant total cost of ownership savings, achievable in fuel, service, maintenance and repair.”

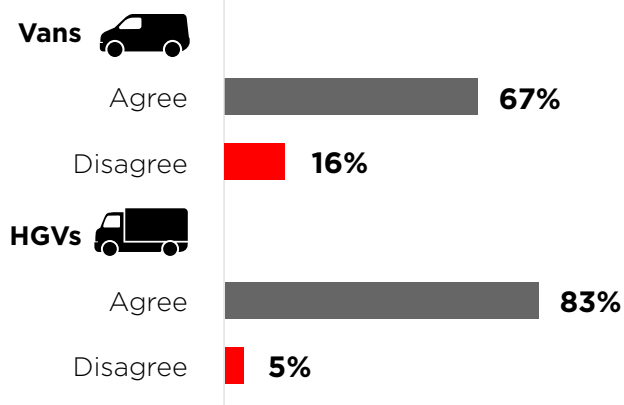
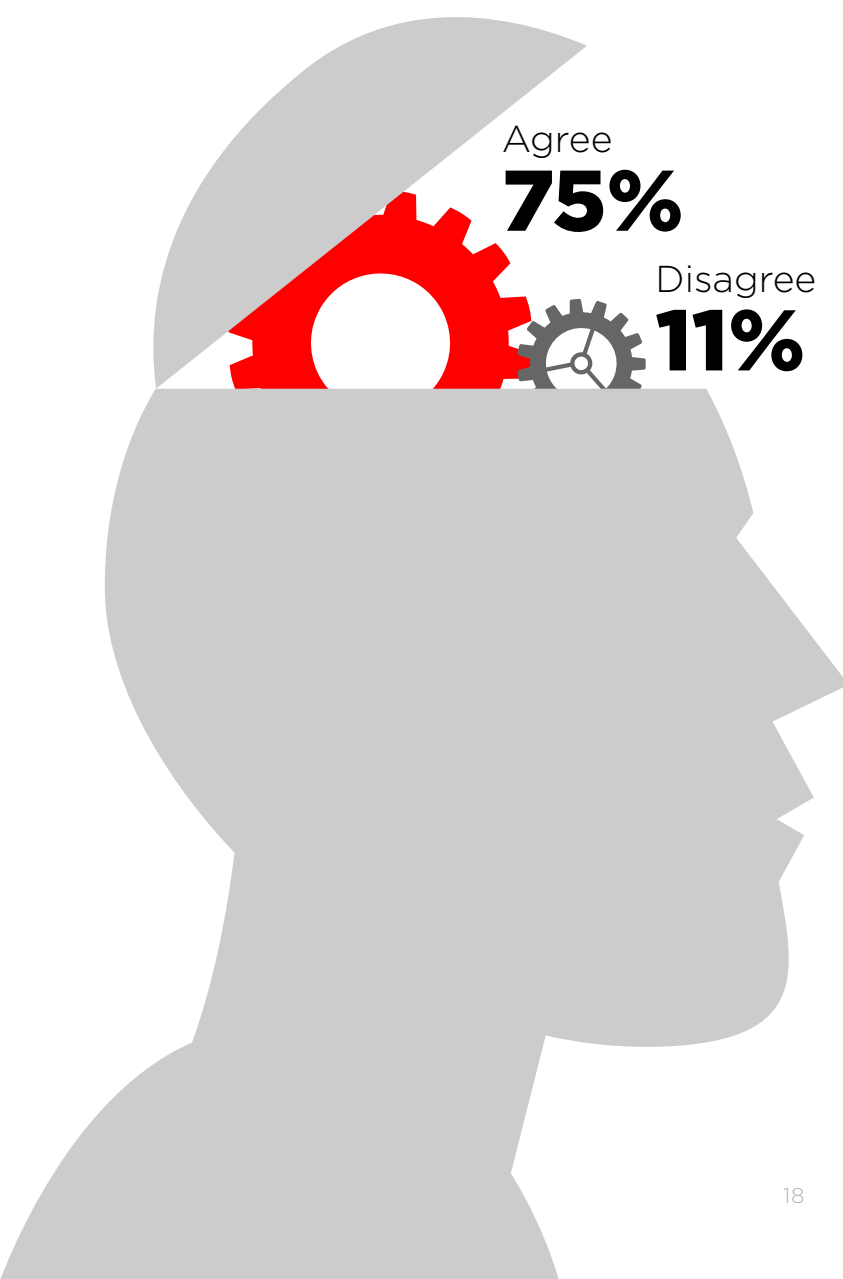
Richard Parker, Corporate Sales Manager for Webfleet

16

The 'cost of living' crisis is negatively impacting the mental health of our fleet drivers (agree/disagree)

Life out on the road can impact a driver's mental health, from loneliness and depression to stress and anxiety. Could additional concerns around increased living costs see more drivers suffering with their mental health?

Three-quarters (75%) of operators have already seen the crisis impacting the mental wellbeing of their mobile employees. More truck operators have witnessed their drivers suffering, with HGV drivers potentially more likely to work long hours and experience social isolation.

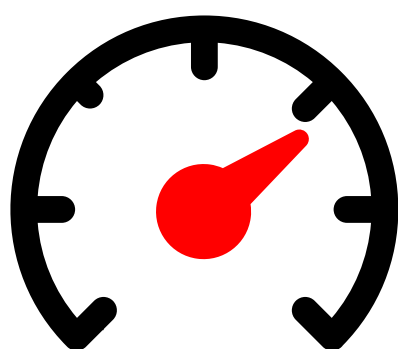


17

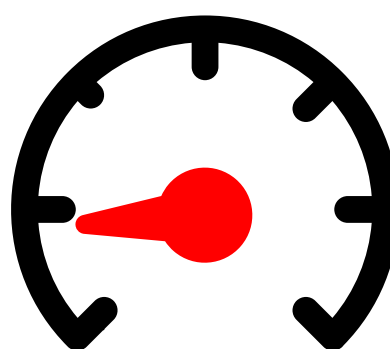
Business cost pressures have led to increased work pressures facing fleet drivers (agree/disagree)

As business pressures intensify and purse strings tighten, many employees, it seems, are facing a greater workload and additional responsibilities.

Only nine per cent of fleet operators say their drivers haven't faced increased work pressures, compared to more than three-quarters (76%) who say they have.



Agree
76%



Disagree
9%

Vans 

Agree	<div style="width: 79%;"></div>	79%
Disagree	<div style="width: 13%; background-color: red;"></div>	13%

HGV 

Agree	<div style="width: 73%;"></div>	73%
Disagree	<div style="width: 6%; background-color: red;"></div>	6%

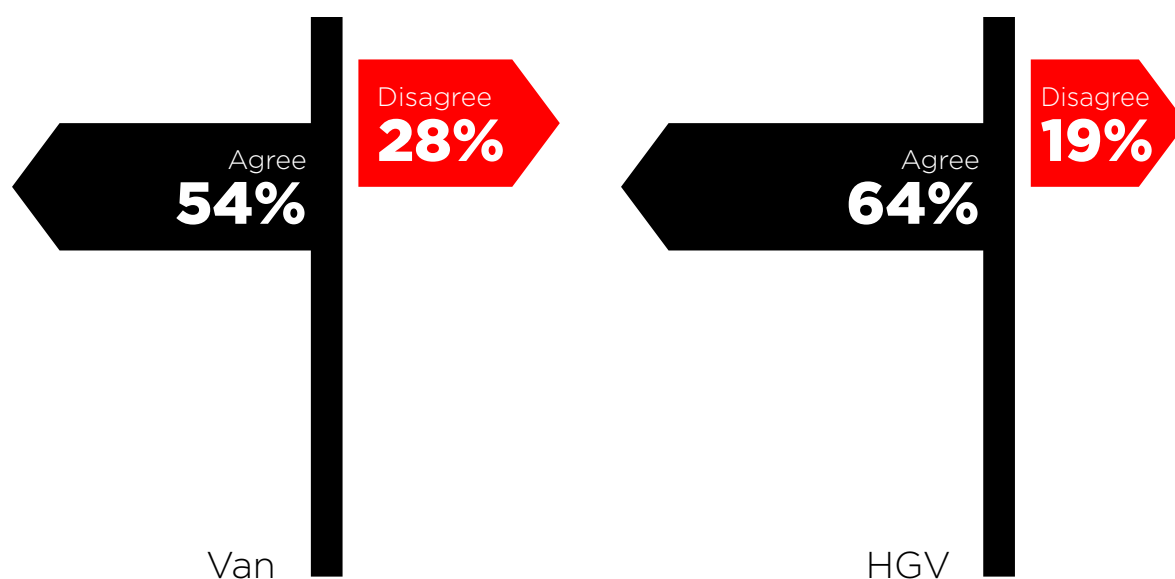
18

I am considering changing my career due to the impact of increased business and financial pressures on my professional and personal life

(agree/disagree)

Fleet managers have a role to play in the wellbeing of their drivers, but how is their job satisfaction being affected by burgeoning pressures?

Almost three-fifths (59%) are looking to potentially leave their roles due to increased pressures on both their professional and personal lives.



19

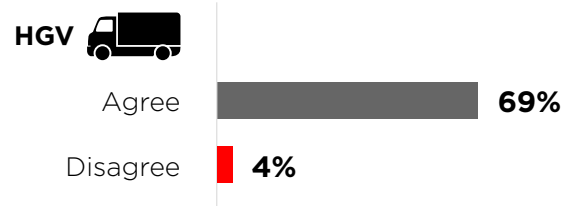
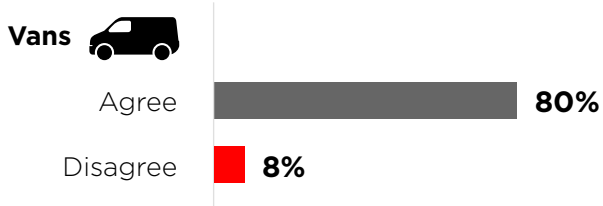
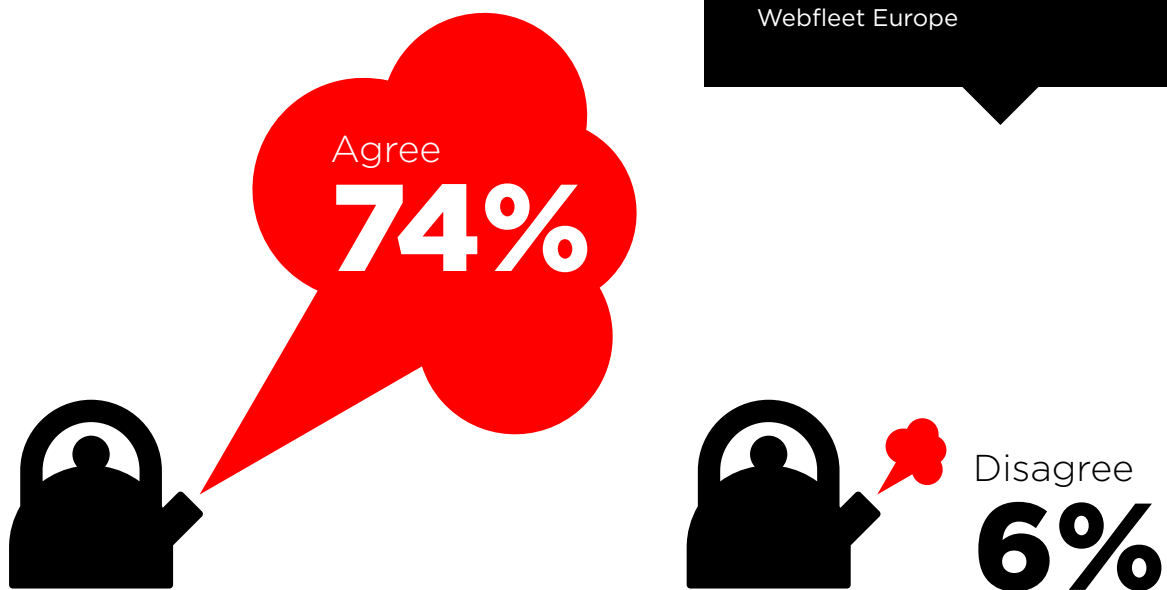
Our fleet management systems and processes need to be reviewed to help reduce stress on our drivers and the fleet department

(agree/disagree)

Most fleet operators believe that there are additional steps they can take to enhance employee wellbeing. Almost three-quarters (74 per cent) said their systems and processes need evaluating to help alleviate workforce pressures.

“While road risk management programmes sit at the heart of employers’ health and safety responsibilities, wider aspects of employee wellbeing can sometimes be marginalised as businesses strive to hit profit targets. It is pleasing to see so many fleets recognising the importance of mitigating stress, which can help improve morale, productivity and levels of sickness absence. Fleet technologies can play an important role here by digitising and streamlining working processes.”

Taco van der Leij, Vice President of Webfleet Europe





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