FleetLogistics
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Diesel decline and increased mobility are key trends for 2018, says CEO

The continued decline of diesel market share and the increased provision of total corporate mobility will be two of the key fleet trends for the year ahead. So says Dr Jörg Löffler, CEO of Europe's largest independent fleet management provider, Fleet Logistics.

In a wide-ranging interview to mark the start of 2018, Dr Löffler said that he believed that demand for diesel would continue to fall throughout the year across Europe and not just the UK, where the decline in diesel demand has been most marked. The trend had been initially driven by irritated private car buyers but fleets were likely to follow soon.

In the UK, government intervention in the form of increased Benefit-in-Kind taxes for diesel cars and mixed messages over diesel emissions had led many buyers to conclude that diesel power does not have a long-term future.

However, the alternative for the time being in a majority of cases has been to switch back to petrol/gasoline power, which produces via relatively higher fuel consumption more carbon dioxide emissions. As a result, the UK has seen its car-derived CO2 emissions rise for the first time in 20 years because of the swing away from diesel in the last 6-12 months.

"We expect the trend of falling diesel demand to continue across Europe," said Dr Löffler, "not least because the TCO for diesel cars will rise as the prices of diesel and gasoline are brought into equilibrium at the pumps, due to governmental changes in fuel duty.

"However, the alternative to diesel is far from straightforward. Gasoline cars burn more fuel and therefore emit more CO2, while hybrid vehicles are fine in an urban environment but out on the open road are far from fuel-efficient and offer no discernible advantage at all.

"Getting the right fleet mix of vehicles will become increasingly important going forward, and we urge most major corporates to discuss the situation in detail with their fleet management provider to arrive at the optimum solution," he said.

Fleet Logistics also believes that the issue of total corporate mobility will become increasingly important in the near future as many companies examine their total transport and mobility needs and do not restrict this solely to the provision of company cars.

Many companies have turned to Fleet Logistics to ask for advice on setting corporate mobility policy to ensure the best outcomes for all employees and not just those that qualify for company cars.

"To a certain extent we are being pushed by some clients in this area, although with others we have had to adopt a 'pull' approach. But there is not a one-size-fits-all solution to this issue.

"Amongst companies, like banks and insurance companies for instance, which are largely based in large cities often with younger, well-educated employees with different attitudes towards family life, a policy of providing a car for 365 days of the year might not be appropriate.

"They may want the use of public transport paid for by the company for most of the time, but with access to a company vehicle at certain times. Pool cars may be a more obvious solution in that event and in the long-run car-sharing and other mobility offerings.

"However, with manufacturing companies, for example, which are often based in rural areas, the provision of company vehicles for different parts of the work force, such as service and sales, may still be the most appropriate solution.

"As part of our new business strategy, we are starting to see ourselves very much as a mobility enabler in this market, rather than simply a provider of fleet management services, and are happy to engage with any of our clients to help them arrive at the correct mobility solution for their business," he said.

Another key trend for 2018 looks likely to be the continued growth in recharging points for electric and hybrid-electric vehicles with more players entering the arena. Dr Löffler pointed to the recent initiative by oil giant Shell together with major German car manufacturers as evidence of the rapid speed of change within the European charging infrastructure.

Just before Christmas, Shell announced it was to join a consortium of major vehicle manufacturers, including BMW Group, Daimler, Ford Motor Company and VW Group, called Ionity, which aims to launch a network of 400 ultra-fast charging stations for electric vehicles in 10 European countries.

The pan-European network will aim to provide rapid-charge 350kW EV charging points, with Shell providing chargers at 80 of its biggest roadside filling stations. An average of six fast-charging points will be installed at each of the sites chosen by Shell in a host of countries including Belgium, France, the Netherlands, Austria, the Czech Republic, Hungary, Poland, Slovakia, Slovenia and the UK.

"We believe we will continue to see rapid development of the European recharging arena with a number of different players entering the market. This latest initiative from Shell reflects that many of the oil companies are preparing for a new business model," said Dr Löffler

Reflecting on the year just gone, Dr Löffler said that 2017 had been better than 2016 with modest growth achieved, and that the group had concentrated on improvements in IT systems, processes and organisational structure during the year.

There had also been expansion into a number of new countries within existing areas of operations, with countries in the former Soviet Union and some of the smaller countries in South America, along with parts of Northern Africa, extending Fleet Logistics' reach across the globe.

"Initiatives that we began in 2017 will come fully to fruition this year," said Dr Löffler. "These include completing the harmonization of two IT systems into one with more efficient processes and greater indepth reporting and dashboards. And we will see a much higher level of automation that will allow us to deliver our services to our customers with greater depth, effectiveness and efficiency.

"2018 will also see us, after a year of consolidation last year, returning to a stronger growth path and we will be looking to recruit more good, highly professional sales staff this year to help us achieve that objective going forward," he added.

One of Fleet Logistics' key initiatives for 2018 will be the creation of an innovation board with interested fleet customers to discuss the latest trends in the fleet marketplace and identify possible solutions.

"Once a year we will invite a group of 10 -15 innovative customers to spend one or two days together to discuss the latest burning fleet topics. This event won't be a presentation battle but rather a platform for the exchange of insights and opinions, started by a very few key notes and given by different participants."

The first event will be held this Spring at a venue in the north of Germany.

Ends

Notes to editors

About Fleet Logistics

Fleet Logistics currently has a contracted vehicle fleet of around 180,000 vehicles with a related cost base of around €2.5 billion on behalf of leading multi-national corporations.

The company was acquired by TÜV SÜD in September 2012, the leading international technical service organization catering to the industry, mobility and certification segment. Its experts and technology consultants are dedicated partners in their clients' processes, offering comprehensive industry expertise throughout the entire value chain.

They focus their services on their core competencies of consulting, testing, certification and training. Over 19,000 employees are committed to optimizing technology, systems and know-how at over 800 locations in Europe, the Americas, Asia Pacific and Africa. Further information is available at www.tuev-sued.de.

The Fleet Logistics group currently has operations in:
- Austria, Vienna
- Belgium, Vilvoorde
- France, Paris
- Finland, Helsinki
- Germany, Mainz, Düsseldorf, and Münich
- Hungary, Budapest
- Czech Republic, Prague
- Italy, Milan
- Netherlands, Oosterhout
- Poland, Warsaw
- Portugal, Lisbon
- Romania, Bucharest
- Russia, Moscow and St. Petersburg
- Spain, Madrid and Barcelona
- Sweden, Malmö
- Switzerland, Baden
- United Kingdom, Birmingham.

Fleet Logistics has strengthened its geographical coverage to include the Baltic region -Estonia, Latvia and Lithuania - by creating consulting partnership agreements.

Fleet Logistics has emerged in Europe as a unique, knowledge-based fleet organisation, offering expert and impartial advising and management services, ranging from fleet solutions (fleet cost, policy and practices benchmarking) to strategic procurement (supplier tendering, negotiation and selection) and ongoing supplier monitoring (continuing control on overall costs, suppliers' pricing, and service quality).

Fleet Logistics' support services enable clients to reduce costs, simplify administration, and achieve maximum effectiveness for their policies and operations.

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