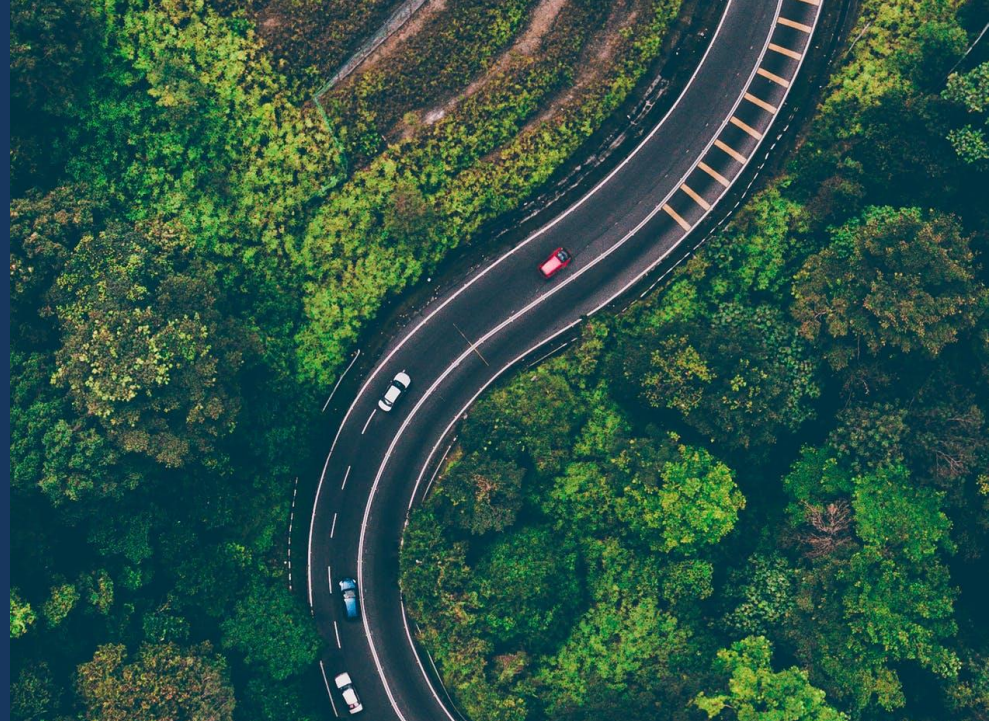
AUSTRALIAN CORPORATE FLEET INSIGHTS REPORT

October 2020



AFMA
AUSTRALASIAN FLEET MANAGEMENT ASSOCIATION

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FOREWORD

BEN SELWYN

Director

ACA Research

We're very pleased to bring this significant piece of research to market, building on the inaugural report that was published in 2018. We would like to thank AfMA for their support, as well as all other stakeholders who have provided input at different stages in the process.

Despite making up just 5% of vehicle-owning businesses, Corporate Fleets own almost two thirds of Australia's business vehicles. This includes a diverse mix of passenger, light and heavy commercial vehicles, creating an incredibly complex operating environment. In 2020, the COVID-19 pandemic has also left fleet managers facing a whole new range of challenges around employee mobility.

While this has been an incredibly confronting period, many have also taken it as an opportunity for reflection and review. Across the market, we have seen suppliers using this time to pause and consider their offering, looking at how they might evolve or iterate products and services to better deliver to the evolving needs of the market.

We strongly believe that these decisions should be informed by robust and reliable data, and that this report delivers critical insights around the composition, attitudes, and needs of Australian Corporate Fleets. We hope that you find it a valuable tool that supports your business decision making, and helps you better focus your business planning, strategy and marketing activities.

Please also feel free to get in touch if you have questions, or would like to discuss the research in more detail.

MACE HARTLEY

Executive Director

Australasian Fleet Management Association

I'd like to thank those people and their organisations who took the time to complete this fleet survey. AfMA exists to promote fleet management as a professional vocation, linking people and knowledge, and creating meaningful outcomes, and it's only through active participation that we can track industry trends, helping you understand where your fleet and organisation fits.

In this research, ACA Research draw out valuable insights into the key trends that have impacted the fleet industry over the past two years. The report again separates the findings between small, medium and large Corporate Fleets, as scale does affect decisions and the way a fleet is managed.

Given the current environment, the survey also explores the strategies that fleets are taking in response to the ongoing COVID-19 pandemic, and how shifts in areas like fleet replacement cycles will impact the broader automotive ecosystem.

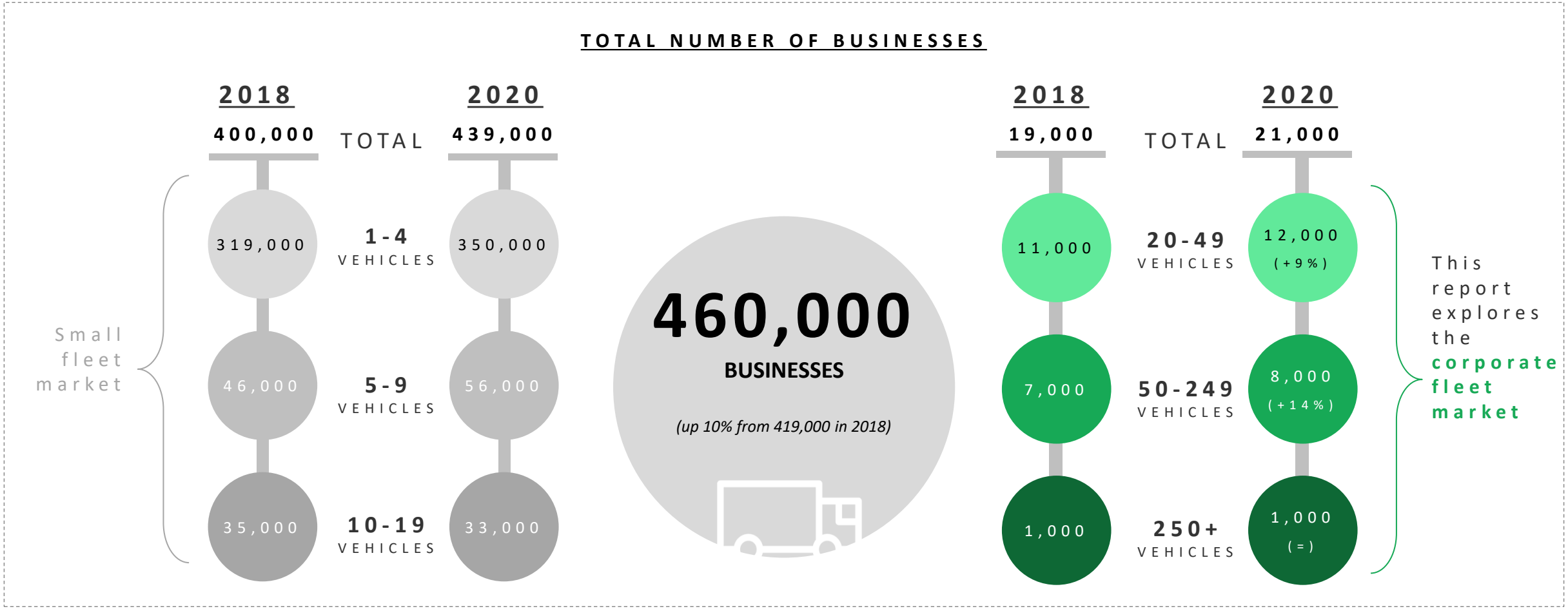
This 2020 program of research is clearly an evolution from the study we conducted two years ago, providing deeper insights into the many different aspects of your fleet management, so that suppliers of products and/or services can improve their offerings, therefore providing better outcomes for you and your organisation.

ACA Research have prepared an informative and insightful report that achieves these goals, however if you have questions, or want further information, give them a call.

FINDINGS

NUMBER OF BUSINESSES

Despite the challenging operating environment, the number of Corporate Fleets (and business fleets more broadly) continues to increase; this highlights the size of the opportunity to businesses selling into this sector

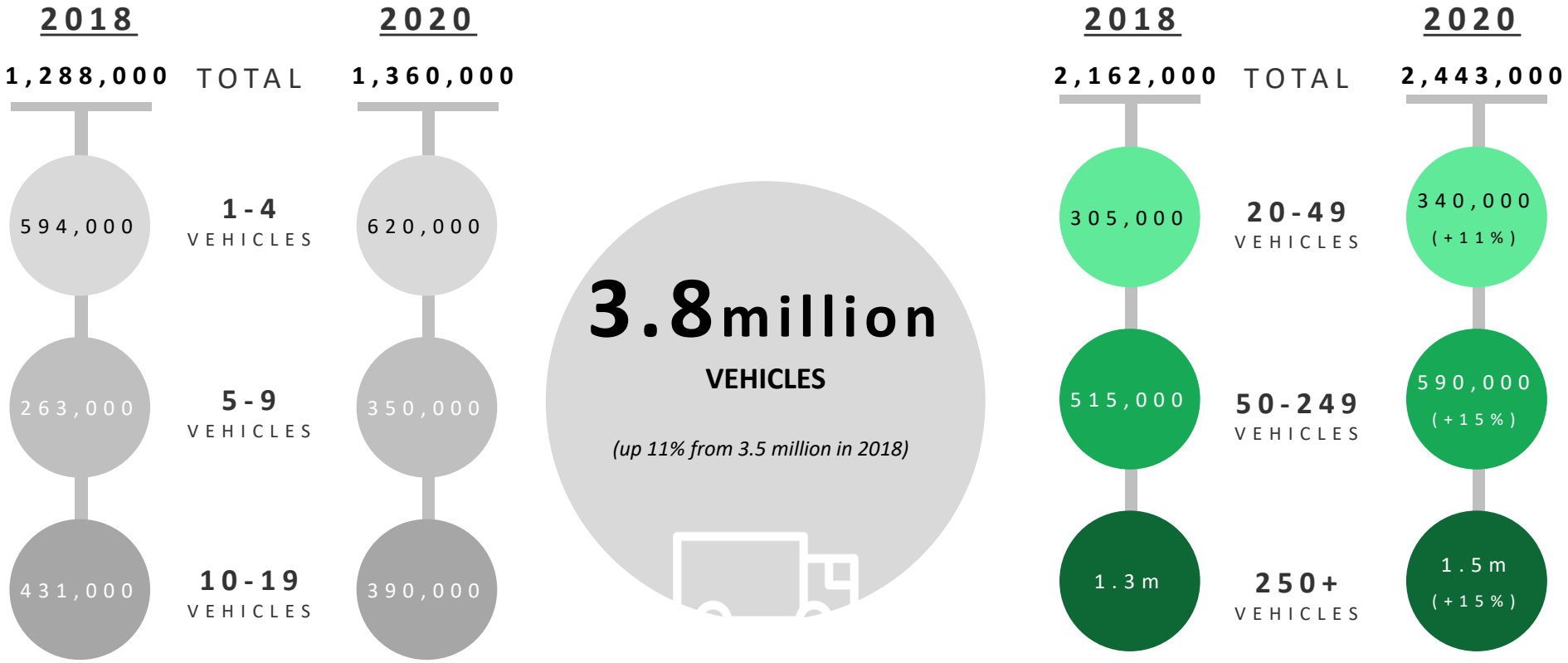


Base: All respondents (n=742), 1-4 vehicles (n=145), 5-9 vehicles (n=108), 10-19 vehicles (n=86), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
S6 - How many vehicles does your company currently own or lease? Only include vehicles that are used fully or partially for business purposes? Please exclude employee owned vehicles (including novated leases).

NUMBER OF VEHICLES

Compared to 2018, the number of vehicles operated by Corporate Fleets has also grown, increasing by ~280,000; this segment owns or operates almost two thirds of the total fleet vehicles on Australian roads

TOTAL NUMBER OF VEHICLES



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S6 - How many vehicles does your company currently own or lease? Only include vehicles that are used fully or partially for business purposes? Please exclude employee owned vehicles (including novated leases).

KEY TAKEAWAYS

This report talks to five macro trends impacting Corporate Fleets in 2020; The insights underpinning each of these can be used to identify unmet needs impacting the sector, providing significant opportunities for organisations that can help them address and overcome these challenges

A NEW OPERATING ENVIRONMENT

INSIGHTS

- Fleets are balancing complex regulatory requirements with the drive for efficiency
- Larger Corporate Fleets are effectively using technology to achieve these outcomes
- COVID is the joker in the pack, driving fleets from shared mobility back to company (or employee) owned vehicles

OPPORTUNITIES

Support fleets in areas including:

- Implementation of new technologies
- Optimising asset utilisation
- Grey fleet management
- COVID policy development and implementation

THE NEED FOR EXTERNAL SUPPORT

INSIGHTS

- Most Corporate Fleets use FMOs to support their internal capabilities
- Larger Corporate Fleets have the deepest relationships, appreciating the service, product range, and quality of reporting on offer
- Smaller Corporate Fleets appear more price-sensitive in the services they use

OPPORTUNITIES

- Drive growth by demonstrating value (or savings) complete FMO offering can offer to smaller / mid-sized Corporate Fleets (e.g. fleet logistics, reporting, etc)

A DIFFERENT GROWTH STORY

INSIGHTS

- Despite COVID-19, many Corporate Fleets expect to grow their fleet in 2020, particularly Production
- While few have currently implemented EVs, this is likely to be a key part of strategies over the next five years

OPPORTUNITIES

- Ensure product range supports the shift towards commercial vehicles
- Deliver flexible vehicle fit-outs or service body options
- Increase the range of low and zero emission vehicles over the mid-term, supporting the EV transition

SUPPORTING FLEET RENEWAL

INSIGHTS

- Corporate Fleets expect to acquire more than 600,000 vehicles in the year ahead
- They will also dispose of almost half a million, for a predicted increase of 165,000 vehicles

OPPORTUNITIES

- Support fleets when it comes to vehicle acquisition and disposal. Depending on fleet size, this will include:
  - Dealers
  - OEMs
  - FMOs
  - Car brokers
  - Auction houses
  - Used car warehouses

DELIVERING A GREAT FINANCE CX

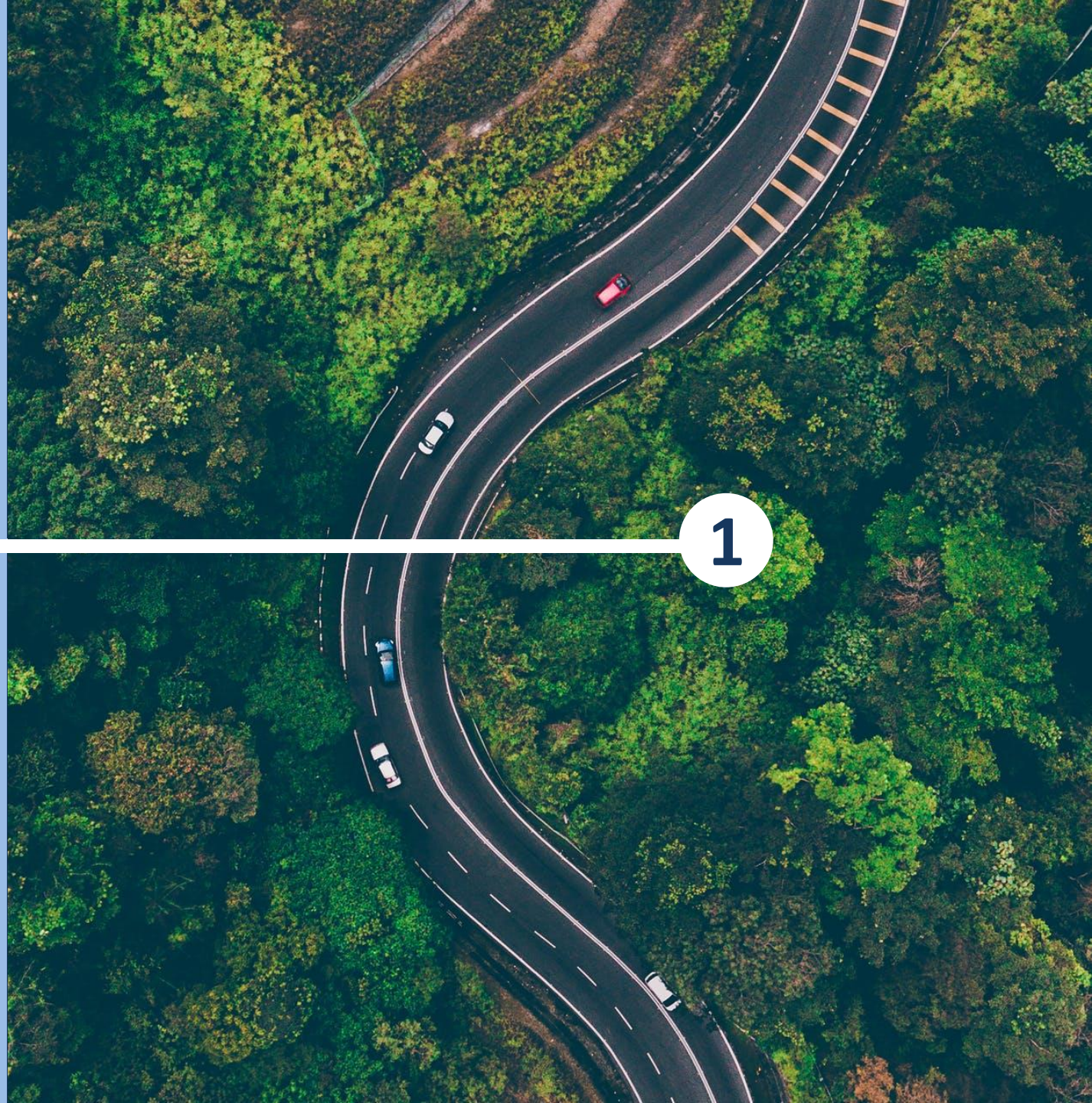
INSIGHTS

- Despite high levels of finance usage, many Corporate Fleets appear dissatisfied with the quality of customer service from their lender
- Similarly, the performance of intermediaries (e.g. FMOs, brokers) appears mixed, with concerns around the quality of communication

OPPORTUNITIES

- Improve fleet customer CX by a greater focus on:
  - Optimising comms at all stages
  - Tailoring products and pricing to the individual fleets

A NEW OPERATING ENVIRONMENT



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FLEET MANAGEMENT PRIORITIES IN NEXT 12 MONTHS

Regulatory requirements are top of mind for many Corporate Fleet operators in 2020, with their compliance regime broadening to include the delivery of a COVID-safe environment, while also maintaining their focus on more efficient asset utilisation

** Highlighted circles are 5% or more above market average*

TOP 3 FLEET MANAGEMENT PRIORITIES IN NEXT 12 MONTHS

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
1	**60%** Ensuring compliance with COVID-19 safety requirements	**59%** Ensuring compliance with COVID-19 safety requirements	**63%** Reducing running costs (e.g. fuel costs, running expenses)	**70%** Increasing business efficiency (e.g. greater asset utilisation)
2	**54%** Reducing running costs (e.g. fuel costs, running expenses)	**50%** Increasing safety (e.g. running driver training programmes)	**62%** Ensuring compliance with COVID-19 safety requirements	**69%** Ensuring compliance with regulatory requirements (e.g. Chain of Responsibility)
3	**51%** Increasing safety (e.g. running driver training programmes)	**48%** Reducing running costs (e.g. fuel costs, running expenses)	**59%** Increasing business efficiency (e.g. greater asset utilisation)	**68%** Reducing running costs (e.g. fuel costs, running expenses)

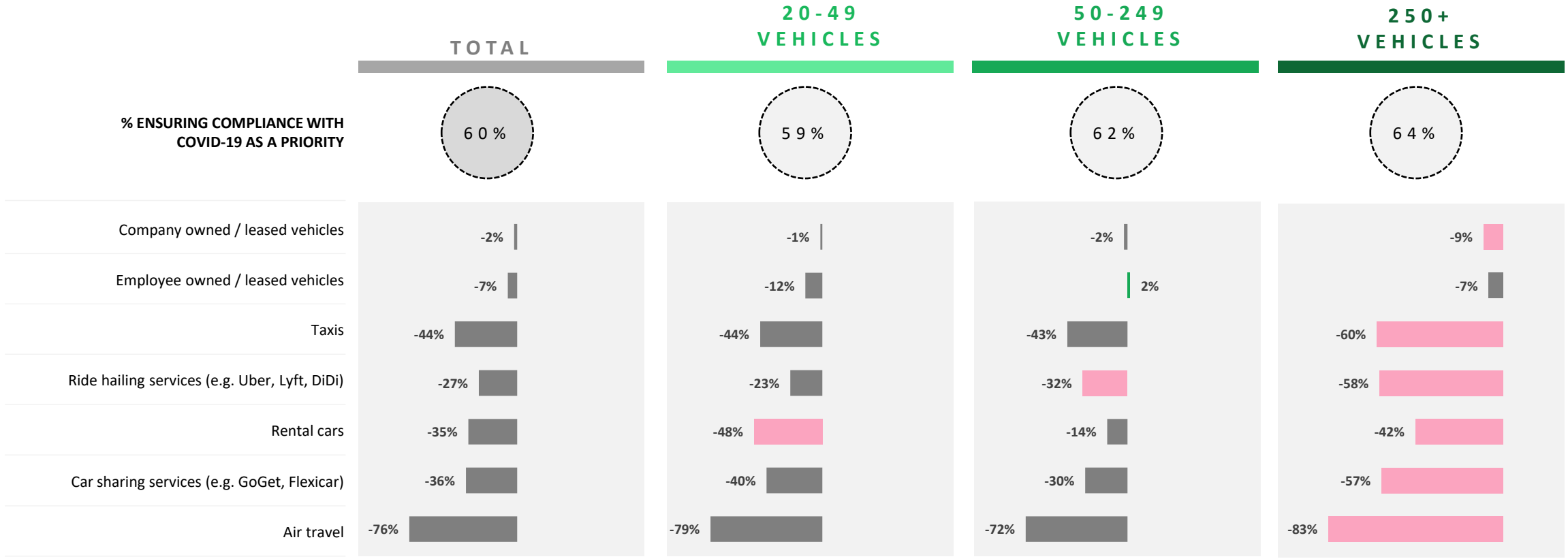
Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY

PRIORITY: COMPLIANCE WITH COVID-19 REGULATIONS

The impact of COVID-19 on employee travel is clearly evident, with usage of shared or on-demand mobility solutions down across the board; this will shift the balance towards company or employee owned vehicles (which increases the risk of grey fleet issues down the track)

** Highlighted bars are 5% or more below market average*

COVID-19 IMPACT ON TRANSPORT USAGE (NET CHANGE)



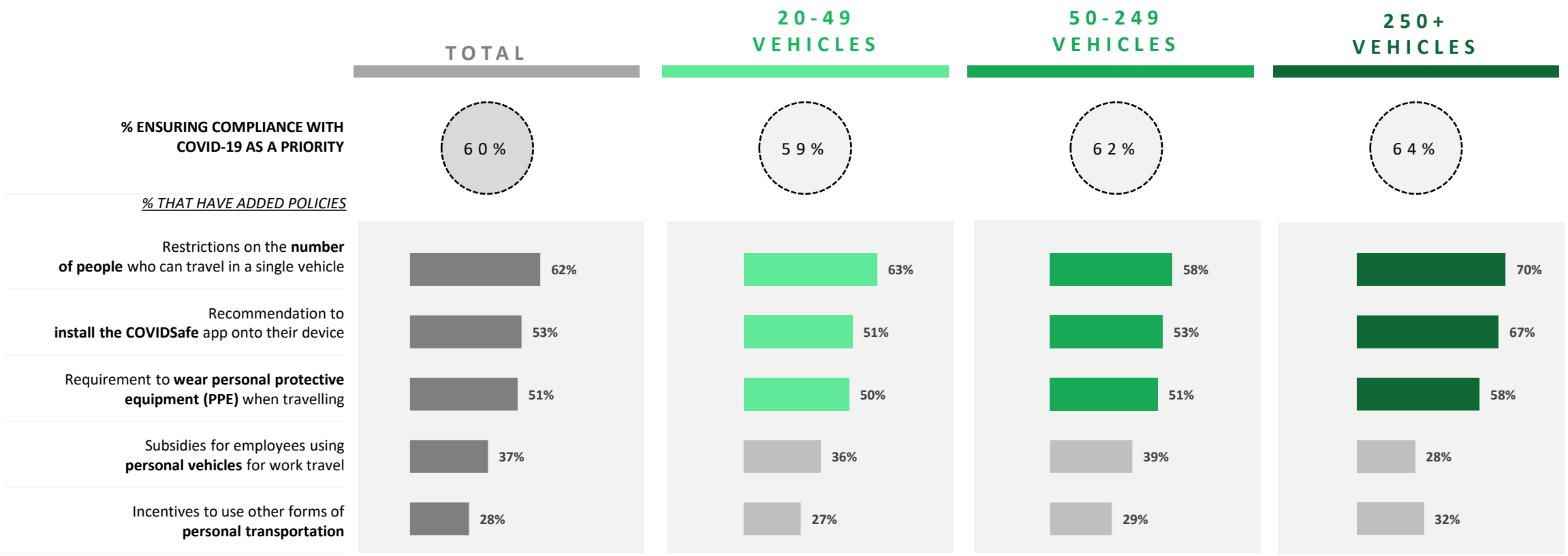
Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q1. During the COVID-19 crisis, how has the use of the following types of transportation in your company for business travel changed?

PRIORITY: COMPLIANCE WITH COVID-19 REGULATIONS

Most Corporate Fleets have also developed formalised COVID-19 policies, restricting vehicle occupancy, and introducing PPE requirements for employees when travelling; this will again promote the use of personal vehicles (company or employee owned) for work trips

** Highlighted bars are those used by 50% or more of fleets*

SUPPORTING COMPLIANCE WITH COVID-19 REGULATIONS



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Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q2 - Thinking about the policies you have in place around employee travel for business purposes (including commuting to and from work), what has been added as a result of COVID-19? - ADDED

PRIORITY: COMPLIANCE WITH COVID-19 REGULATIONS

When it comes to their company fleet, many Corporate Fleets are therefore also choosing to extend the life of their current assets, likely deferring any substantial level of change until they have a better sense of the impact of the pandemic on their business (and the economy more broadly)

***Highlighted bars are 5% or more above market average**

COVID-19 IMPACT

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% ENSURING COMPLIANCE WITH COVID-19 AS A PRIORITY	60%	59%	62%	64%
We're putting off acquiring or replacing vehicles	40%	46%	31%	31%
We're extending vehicle lease contracts (instead of renewing them)	20%	20%	19%	26%
We're acquiring used vehicles instead of new ones	15%	16%	16%	8%
We're bringing forward vehicle purchases to take advantage of the instant asset write-off / accelerated depreciation opportunities	14%	10%	21%	15%
We're acquiring smaller / cheaper vehicles to reduce costs	12%	10%	16%	5%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q15 - What impact has COVID-19 had on your vehicle acquisition and disposal plans over the next 12 months?

PRIORITY: INCREASING FLEET SAFETY

When it does come to fleet renewal though, safety is a key consideration, with ADAS becoming a 'must-have' feature in new vehicles; while it may be somewhat ambitious, many also expect a broader suite of autonomous features to become mainstream over the next 10 years

** Highlighted circles are 5% or more above market average*

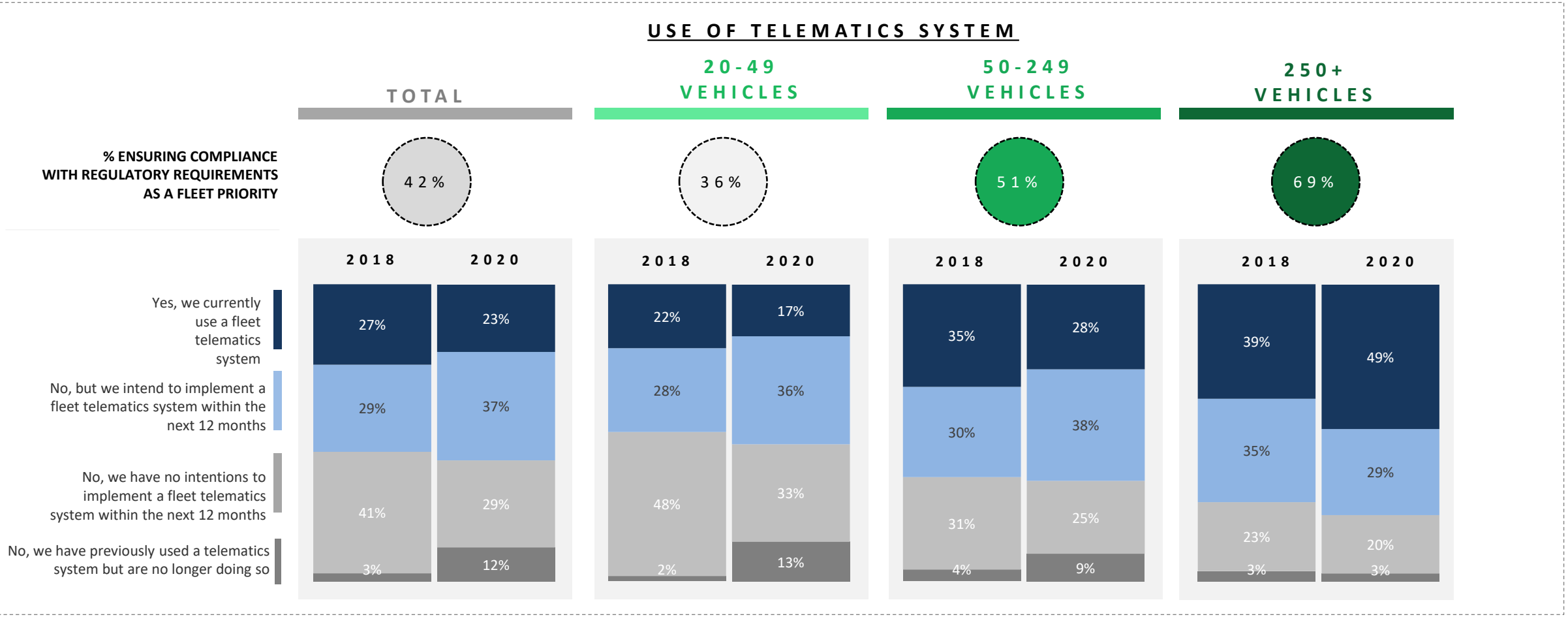
USE OF TECHNOLOGY TO SUPPORT SAFETY

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% INCREASING SAFETY AS A FLEET PRIORITY	51%	50%	52%	54%
% using vehicles equipped with advanced driver assistance systems (ADAS)	37%	31%	42%	70%
% prioritising ADAS when selecting a new vehicle	35%	26%	46%	51%
% expect autonomous to become mainstream by 2030	41%	44%	37%	39%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q10 - How important are the following when selecting a company vehicle? - EXTREMELY IMPORTANT
Q4 - Which of the following are used within your business? - CURRENTLY USING

PRIORITY: COMPLIANCE WITH REGULATORY REQUIREMENTS

Looking beyond COVID-19, larger Corporate fleets (with their focus on CoR) place significant emphasis on these obligations, using telematics to more effectively monitor vehicle usage, driver behaviour, and broader regulatory compliance



Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q53 - Now I'd like you to think about fleet telematics systems.
A fleet telematics system refers to the use of wireless devices and "black box" technologies that transmit data from a vehicle back to an organisation. Do you use a fleet telematics system?

PRIORITY: COMPLIANCE WITH REGULATORY REQUIREMENTS

Our large Corporate Fleets tend therefore to have moved their telematics packages beyond vehicle tracking, building in predictive analytics and driver performance monitoring

** Highlighted circles are 5% or more above market average*

TOP 5 TELEMATICS FEATURES CURRENTLY USING IN FLEET

Route monitoring | Driver monitoring | Vehicle monitoring

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% ENSURING COMPLIANCE WITH REGULATORY REQUIREMENTS AS A FLEET PRIORITY	42 %	36 %	51 %	69 %
TOP 5 TELEMATICS FEATURES CURRENTLY USING IN FLEET — 1	81 % Vehicle tracking	75 % Vehicle tracking	84 % Vehicle tracking	90 % Vehicle tracking
2	55 % Driver performance monitoring	63 % Route planning / scheduling	59 % Predictive vehicle maintenance monitoring	84 % Driver performance monitoring
3	53 % Route planning / scheduling	58 % Traffic / route information	58 % Driver performance monitoring	71 % Vehicle performance monitoring including fuel consumption
4	53 % Vehicle performance monitoring including fuel consumption	56 % Navigation	54 % Vehicle performance monitoring including fuel consumption	59 % Predictive vehicle maintenance monitoring
5	51 % Navigation	51 % Electronic proof of delivery	46 % Navigation	54 % Traffic / route information

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q59r - What product features of fleet telematics systems are you using in your fleet - CURRENTLY USING

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PRIORITY: INCREASING FLEET SAFETY

Corporate Fleets are using other technologies alongside (or instead of) telematics to deliver to broader fleet safety goals, such as internal dashcams that let operators monitor drivers for 'risky' behaviours (e.g. phone usage, micro-sleeps)

** Highlighted circles are 5% or more above market average*

USE OF TECHNOLOGY TO SUPPORT SAFETY

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% INCREASING SAFETY AS A FLEET PRIORITY	51%	50%	52%	54%
% using vehicles fitted with forward facing dash cams	39%	42%	35%	37%
% using vehicles fitted with internal (driver-monitoring) dash cams	31%	30%	33%	30%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q4 - Which of the following are used within your business? - CURRENTLY USING

PRIORITY: INCREASING BUSINESS EFFICIENCY

Business efficiency is also a key driver of fleet decision-making, with large fleets implementing software platforms that can help them more effectively allocate and use their assets

** Highlighted circles are 5% or more above market average*

USE OF TECHNOLOGY TO SUPPORT EFFICIENCY

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% INCREASING BUSINESS EFFICIENCY AS A PRIORITY	47%	39%	59%	70%
% using fully integrated fleet management platform	31%	29%	32%	44%
% using software that automates fleet operations and management	40%	39%	41%	48%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q4 - Which of the following are used within your business? - CURRENTLY USING

PRIORITY: INCREASING BUSINESS EFFICIENCY

Large fleets are also most likely to be using pooled vehicles as one aspect of their fleet optimisation strategy, again building the necessary technology infrastructure to facilitate usage within their business

** Highlighted circles are 5% or more above market average*

USE OF TECHNOLOGY TO SUPPORT EFFICIENCY

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% INCREASING BUSINESS EFFICIENCY AS A PRIORITY	47%	39%	59%	70%
% using pooled vehicles	38%	36%	39%	60%
% using online vehicle booking system	43%	42%	44%	50%
% using vehicles with keyless entry (e.g. smartphone / key card)	35%	37%	31%	49%

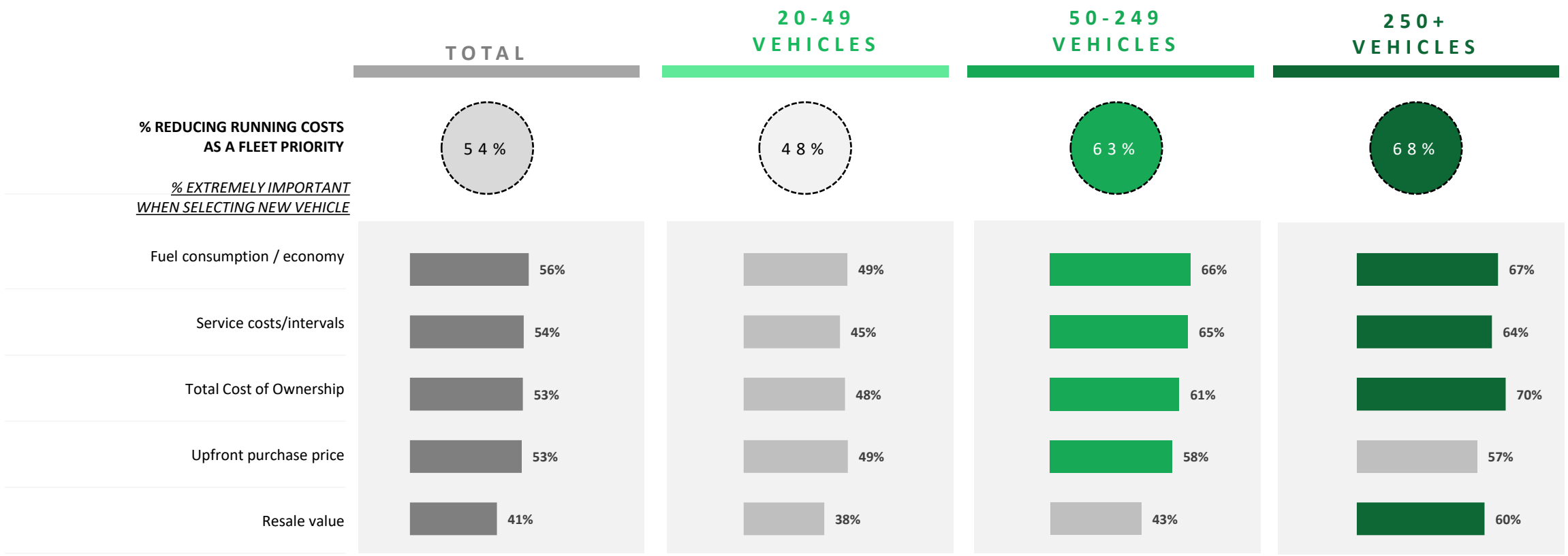
Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q4 - Which of the following are used within your business? - CURRENTLY USING

PRIORITY: REDUCING FLEET RUNNING COSTS

Focussing specifically on costs, we can again see that our larger Corporate Fleets are building the most complete picture of vehicle running costs (and the Total Cost of Ownership) during the vehicle acquisition process

** Highlighted bars are 5% or more above market average*

SUPPORTING REDUCTION OF FUEL/RUNNING COSTS AS A FLEET PRIORITY



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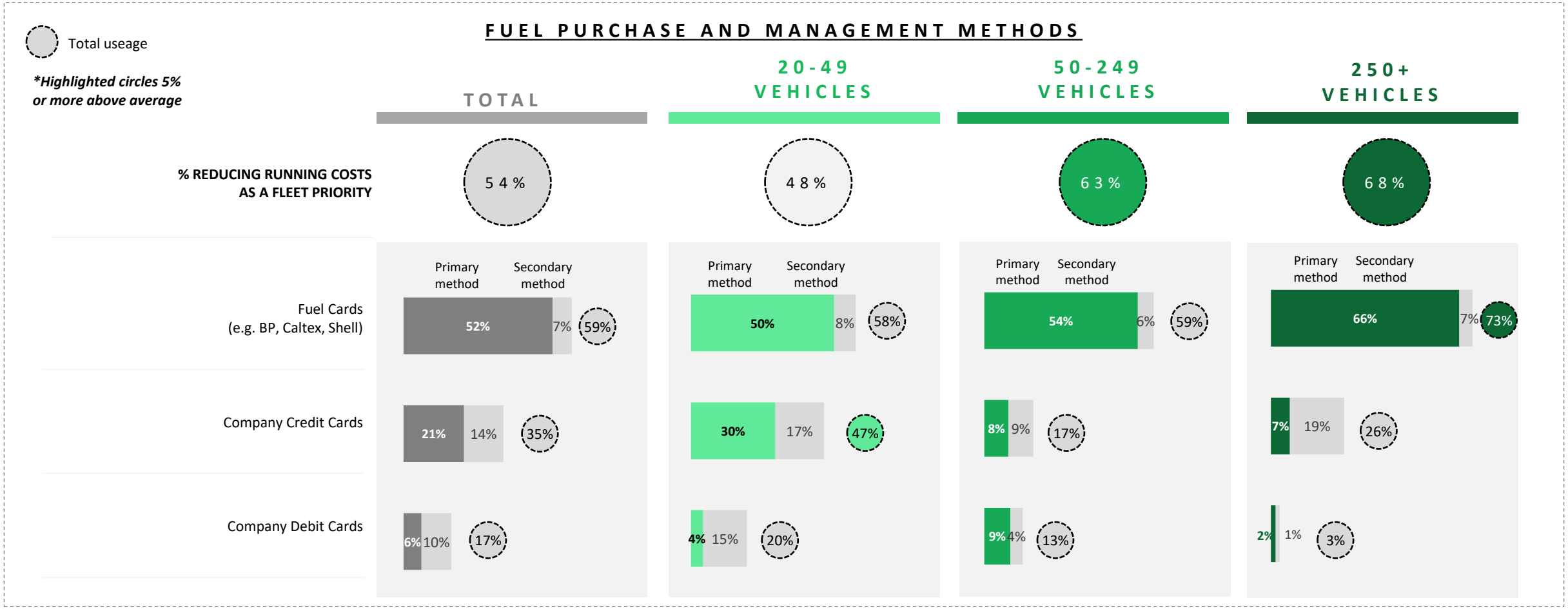
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q10 - How important are the following when selecting a company vehicle? - EXTREMELY IMPORTANT

PRIORITY: REDUCING FLEET RUNNING COSTS

Our larger Corporate Fleets are also effectively managing their running costs post-acquisition; in this case, we can see that they are most likely to be using fuel cards to track, control, and report on spending; in comparison smaller fleets remain more wedded to credit cards



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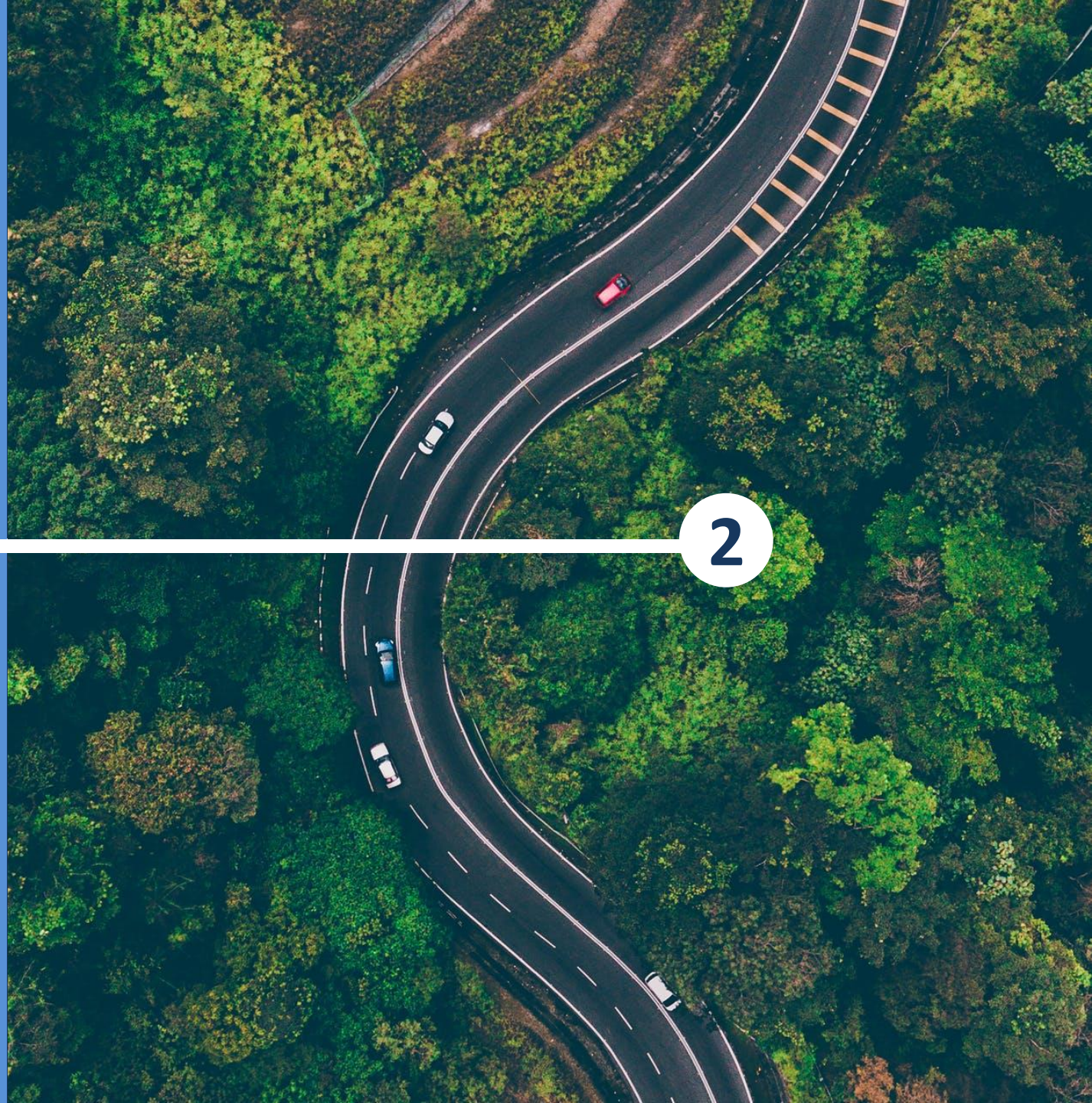
Q16r - How much of a priority are the following when it comes to managing your fleet over the next 12 months? - HIGH PRIORITY
Q39. Which of the following methods does your company use to coordinate fuel purchases and management?
Q40 - And which is the main method used by your company?

THE NEED FOR EXTERNAL SUPPORT



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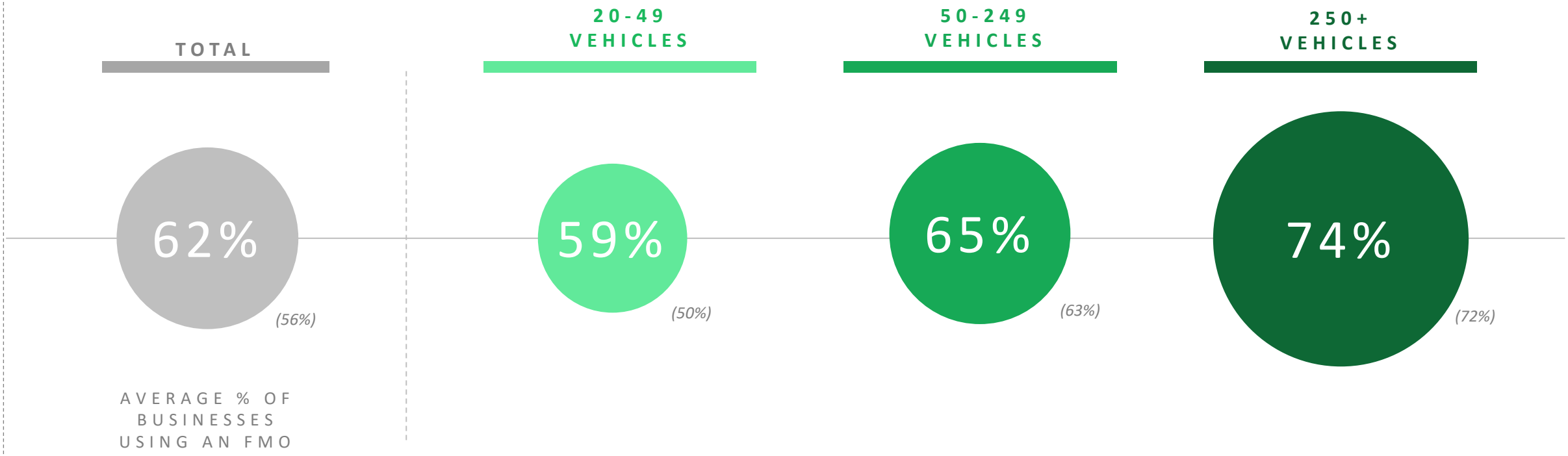
BUSINESSES USING AN FMO

Given the challenging environment in which they are operating, Corporate Fleets are increasingly looking to FMOs to support them in managing different aspects of their business fleets

** 2018 figures shown in brackets*

% OF BUSINESSES USING AN FMO

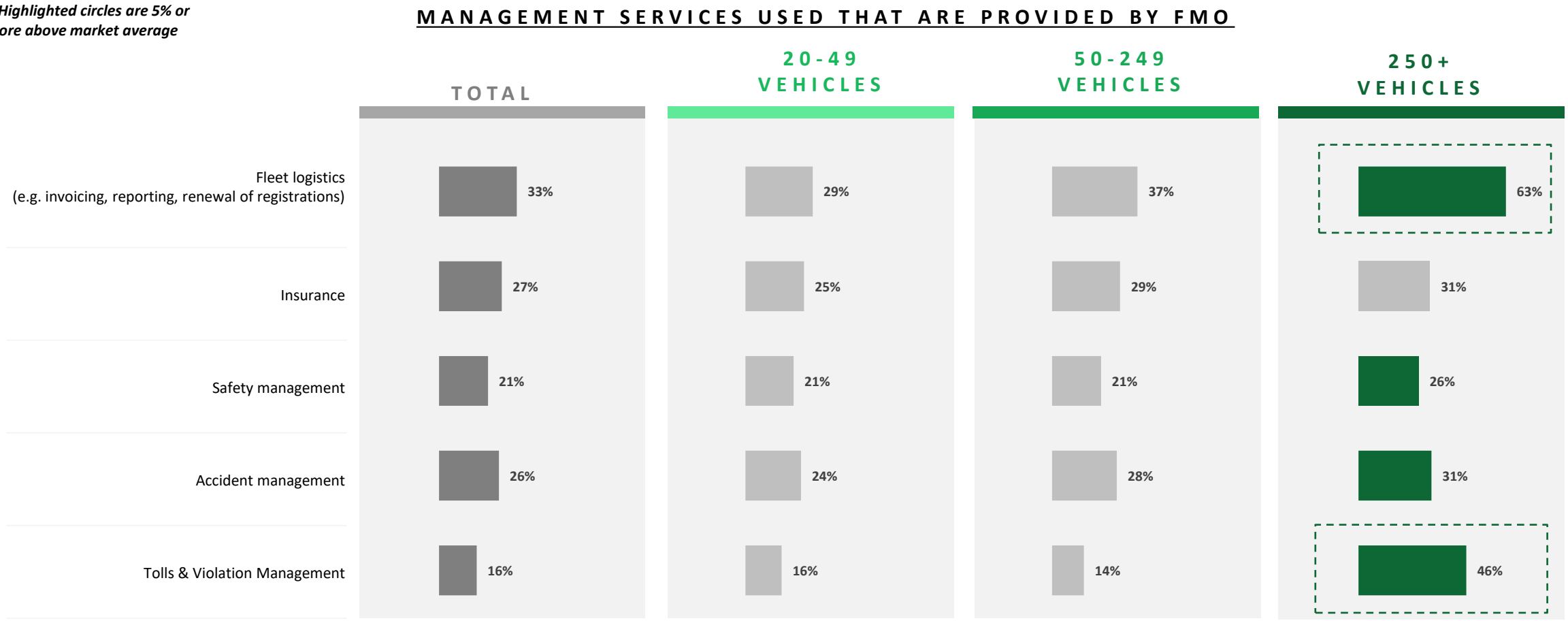


Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q18. Which fleet management organisation(s) do you use to manage your fleet?

MANAGEMENT SERVICES USED THAT ARE PROVIDED BY FMO

Unpacking this relationship, our larger Corporate Fleets again have more complex needs, looking to their FMO for support in managing the day to day fleet administration; small or mid-sized fleets appear less likely to engage FMOs for their full offering, picking and choosing the services they need

** Highlighted circles are 5% or more above market average*



Base: All Corporate Fleet Businesses that use an FMO (n=322), 20-49 vehicles (n=101), 50-249 vehicles (n=146), 250+ vehicles (n=75)
Q20. Which [FMO] services does your company use?

FACTORS LIKED ABOUT FMO

Looking at specifics, large Corporate Fleets are selecting FMOs that can deliver to their complex needs in terms of the quality of account management, products, and pricing; in contrast smaller and mid-sized corporate fleets seem somewhat more transactional in their focus on product and pricing

** Highlighted circles are 5% or more above market average*

Financials | Offer | Service

TOP 5 FACTORS LIKED ABOUT FMO

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
1	**52%** Trustworthy	**51%** Trustworthy	**54%** Trustworthy	**60%** Good customer service and account management
2	**40%** Competitive pricing	**40%** Range of vehicles	**48%** Competitive pricing	**44%** Quality of the overall product range
3	**38%** Range of vehicles	**34%** Competitive pricing	**45%** Good customer service and account management	**41%** Transparency of fees, charges and interest rates
4	**38%** Good customer service and account management	**34%** Good processes / Low administrative burden	**37%** Range of vehicles	**37%** Quality of reporting
5	**34%** Good processes / Low administrative burden	**31%** Good customer service and account management	**36%** Quality of the overall product range	**35%** Competitive pricing

Base: All Corporate Fleet Businesses that use an FMO (n=322), 20-49 vehicles (n=101), 50-249 vehicles (n=146), 250+ vehicles (n=75)
Q21. What do you like about [pipe: Q19]?

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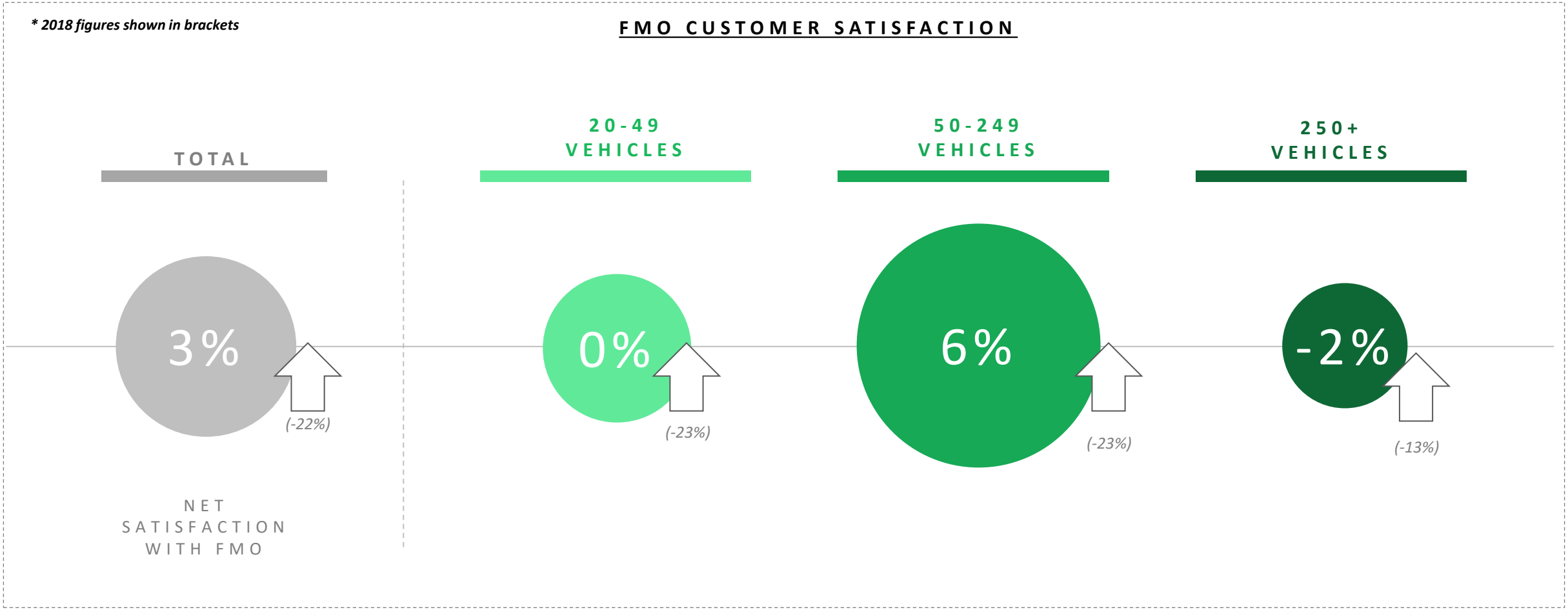
FMO CUSTOMER SATISFACTION

While the depth of the FMO relationship varies by fleet size, one constant is that fleets have become more satisfied with the service being received; this suggests that FMOs have improved the experience on offer, with fleets also increasingly understanding the value they can deliver

** 2018 figures shown in brackets*



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Q22 - Overall, how satisfied are you with [pipe: Q19]?

MAIN FMO IN FLEET

A range of FMOs are successfully delivering services into this sector, with TFM and Eclipx the leaders across our different fleet size categories

** 2018 FMO brand rank change shown in circles*

MAIN FMO IN FLEET

RANK	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
1	FLEET MANAGEMENT TOYOTA (=)	FLEET MANAGEMENT TOYOTA (=)	FLEET MANAGEMENT TOYOTA (+1)	eclipx GROUP (+2)
2	fleetcare (+5)	eclipx GROUP (=)	fleetcare (+3)	FLEET MANAGEMENT TOYOTA (-1)
3	LeasePlan (+3)	interleasing (=)	CustomFleet (+1)	sgfleet (+3)
4	eclipx GROUP (-2)	LeasePlan (+1)	LeasePlan (+3)	LeasePlan (=)
5	interleasing (-2)	fleetcare (+1)	eclipx GROUP (-2)	ORIX (+4)

Base: All Corporate Fleet Businesses that use an FMO (n=322), 20-49 vehicles (n=101), 50-249 vehicles (n=146), 250+ vehicles (n=75)
Q19 - Which is your primary fleet management organisation?

A DIFFERENT GROWTH STORY

3

Both the number of businesses in our Corporate Fleet sector, and the total number of vehicles they operate have grown substantially, off the back of strong economic conditions prior to the current COVID-19 pandemic

CHANGING FLEET SIZE

There has been a **+10% increase** in the number of corporate fleet **businesses** since 2018

	2018	2020
TOTAL BUSINESSES	19,000	20,900
20-49 VEHICLES	11,000	12,000 (+9%)
50-249 VEHICLES	7,000	8,000 (+14%)
250+ VEHICLES	1,000	1,000 (=)

	2018	2020
TOTAL VEHICLES	2,162,000	2,513,000
20-49 VEHICLES	305,000	340,000 (+11%)
50-249 VEHICLES	515,000	590,000 (+15%)
250+ VEHICLES	1.3m	1.5m (+15%)

There has been a **+16% increase** in the number of corporate fleet **vehicles** since 2018

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
S6 - How many vehicles does your company currently own or lease? Only include vehicles that are used fully or partially for business purposes? Please exclude employee owned vehicles (including novated leases).

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CHANGING FLEET SIZE

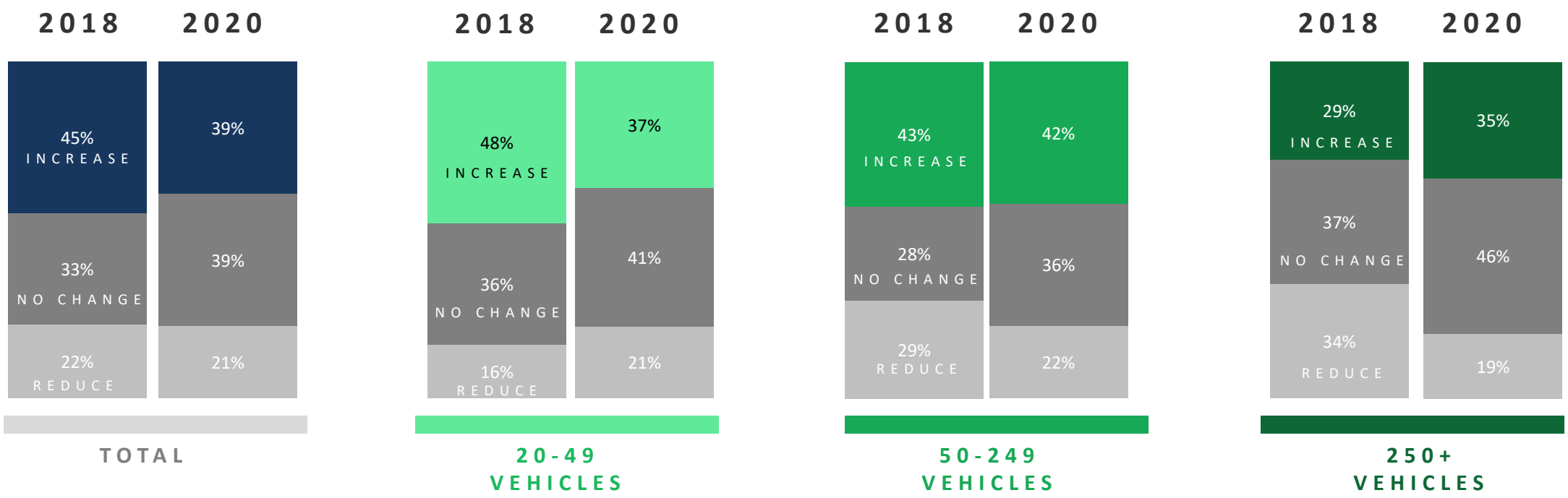
Taking the increased number of businesses into account, Corporate Fleets increased their size by ~10%; this is however mostly driven by our larger fleets (which typically have better structures in place to deal with disruption), while smaller fleets underperformed their more aggressive growth aspirations

CHANGING FLEET SIZE

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=116), 250+ vehicles (n=165)
Q9 - How many vehicles do you expect your company to buy or lease in the next 12 months?
Q13 - How many vehicles do you expect to be sold or disposed of in the next 12 months?

CHANGING FLEET SIZE

It is important though to note that the stronger growth in large (and mid-sized) Corporate Fleets appears to be coming from businesses reducing their focus on downsizing (with many currently in a 'wait and see' mindset)

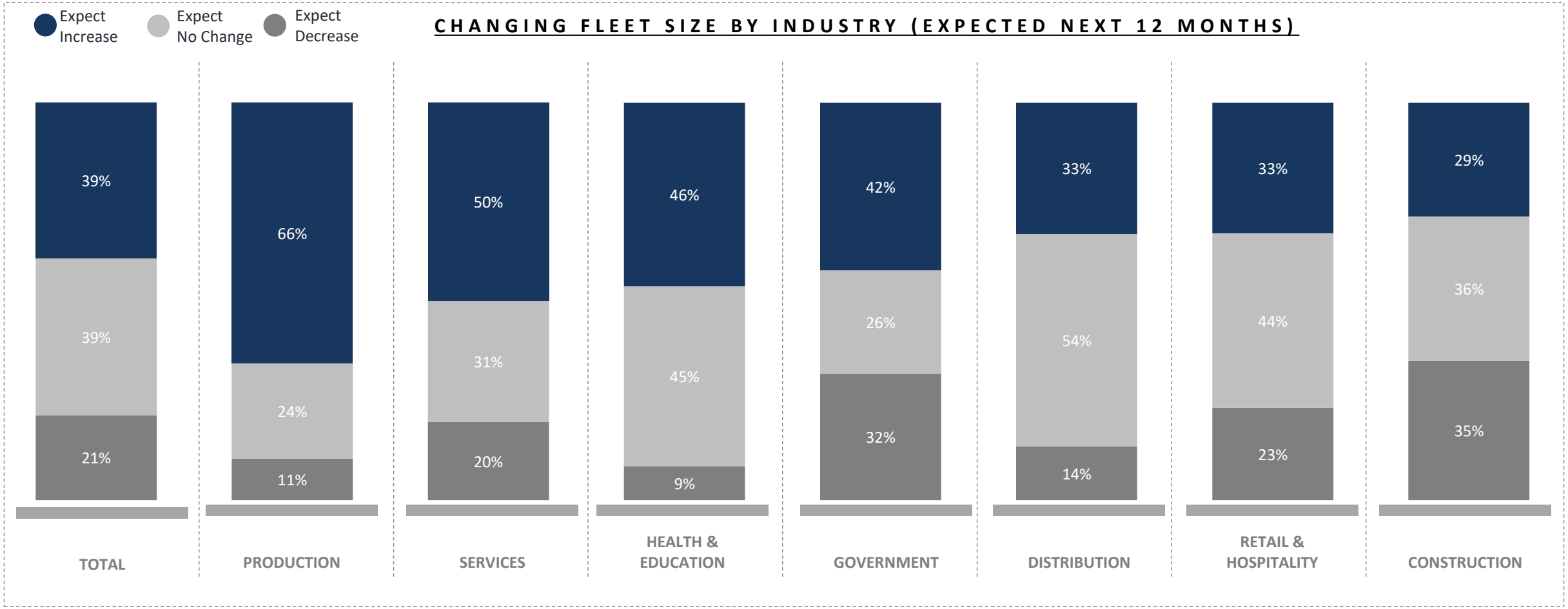


* Note: These figures are extrapolated based on the number of vehicles fleets expect to buy/lease and dispose of in the next 12 months

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q9 - How many vehicles do you expect your company to buy or lease in the next 12 months?
Q13 - How many vehicles do you expect to be sold or disposed of in the next 12 months?

CHANGING FLEET SIZE

From an industry perspective, Production businesses have the most aggressive growth aspirations, with the more significantly COVID-impacted Construction & Retail sectors facing the greatest headwinds over the next 12 months

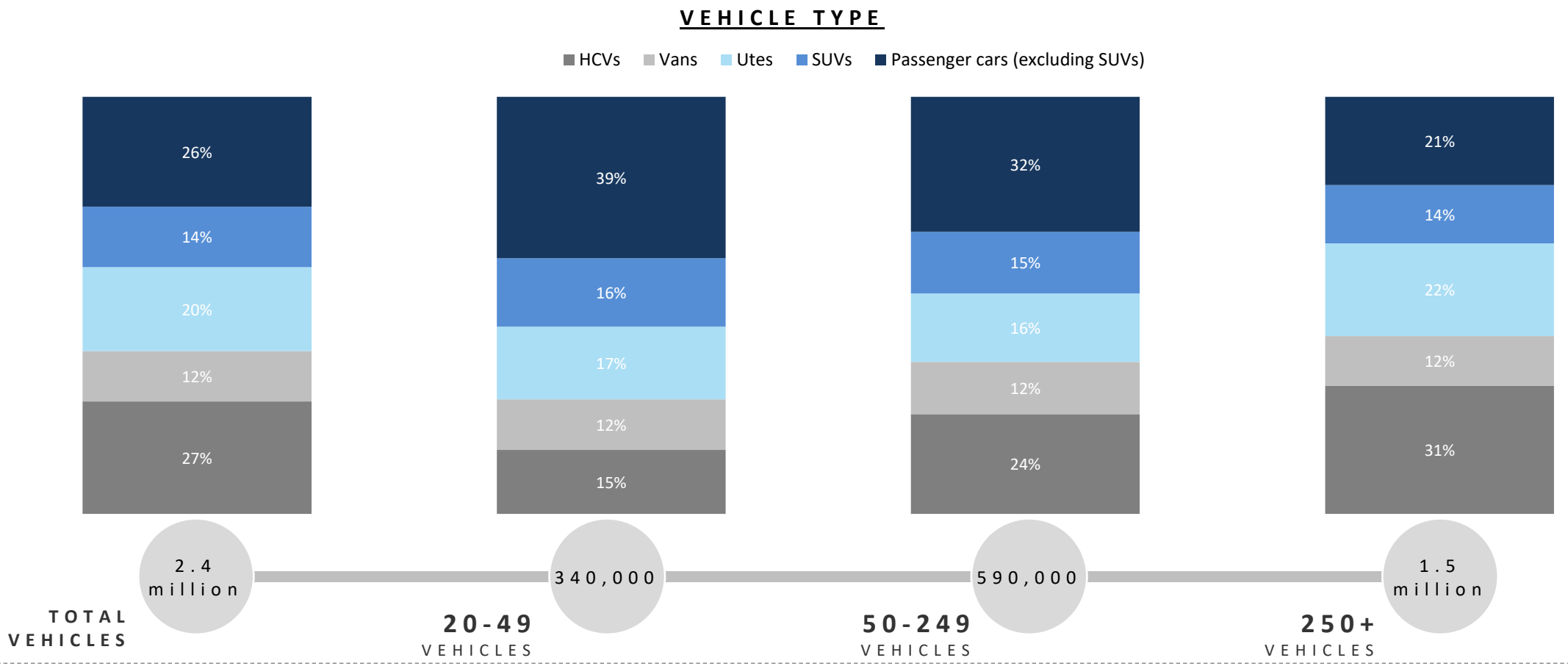


* Note: These figures are extrapolated based on the number of vehicles fleets expect to buy/lease and dispose of in the next 12 months

Base: All Corporate Fleet Businesses (n=403), Production (n=55), Construction (n=30), Distribution (n=110), Retail & Hospitality (n=34), Health & Education (n=50), Services (n=72), Government (n=52)
Q9 - How many vehicles do you expect your company to buy or lease in the next 12 months?
Q13 - How many vehicles do you expect to be sold or disposed of in the next 12 months?

VEHICLE TYPE

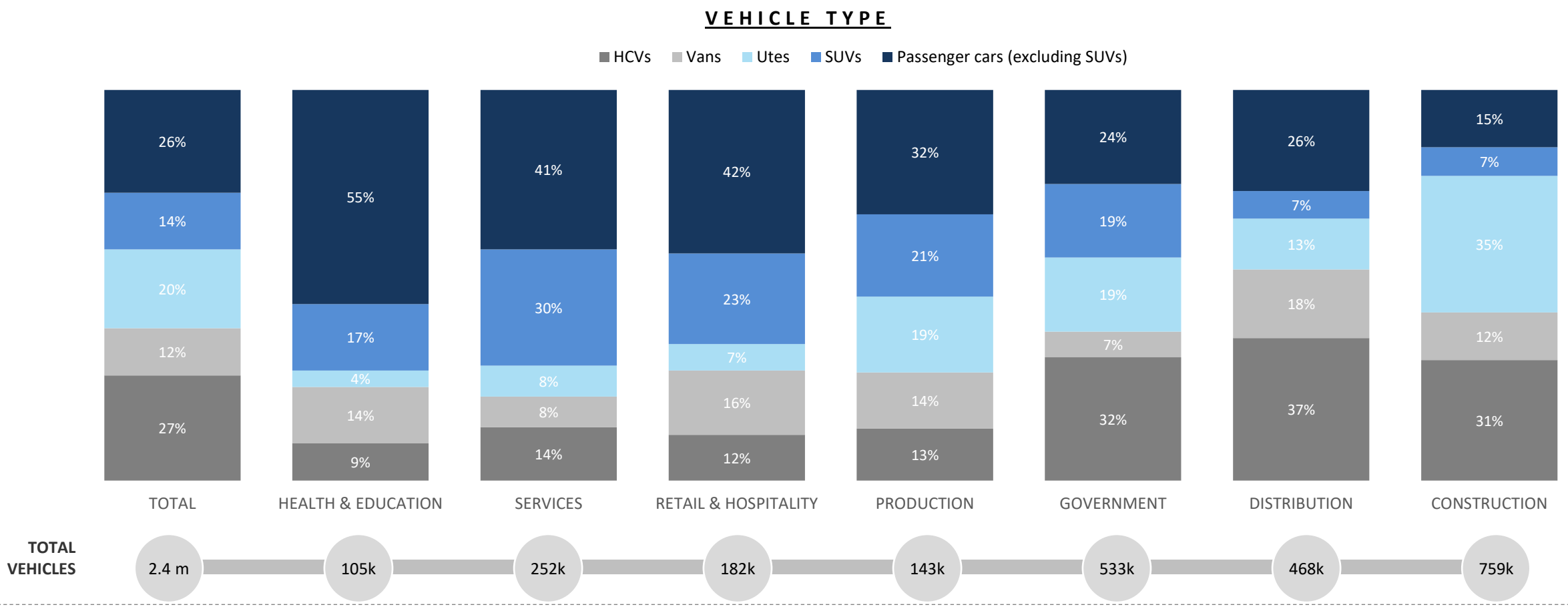
While smaller Corporate Fleets have the greatest emphasis on passenger vehicles (including SUVs), they still operate a significant number of light and heavy commercial vehicles; ultimately many businesses are managing mixed fleets, dealing with the complexities this brings



Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q5r - Approximately how many of your company owned / leased vehicles are

VEHICLE TYPE

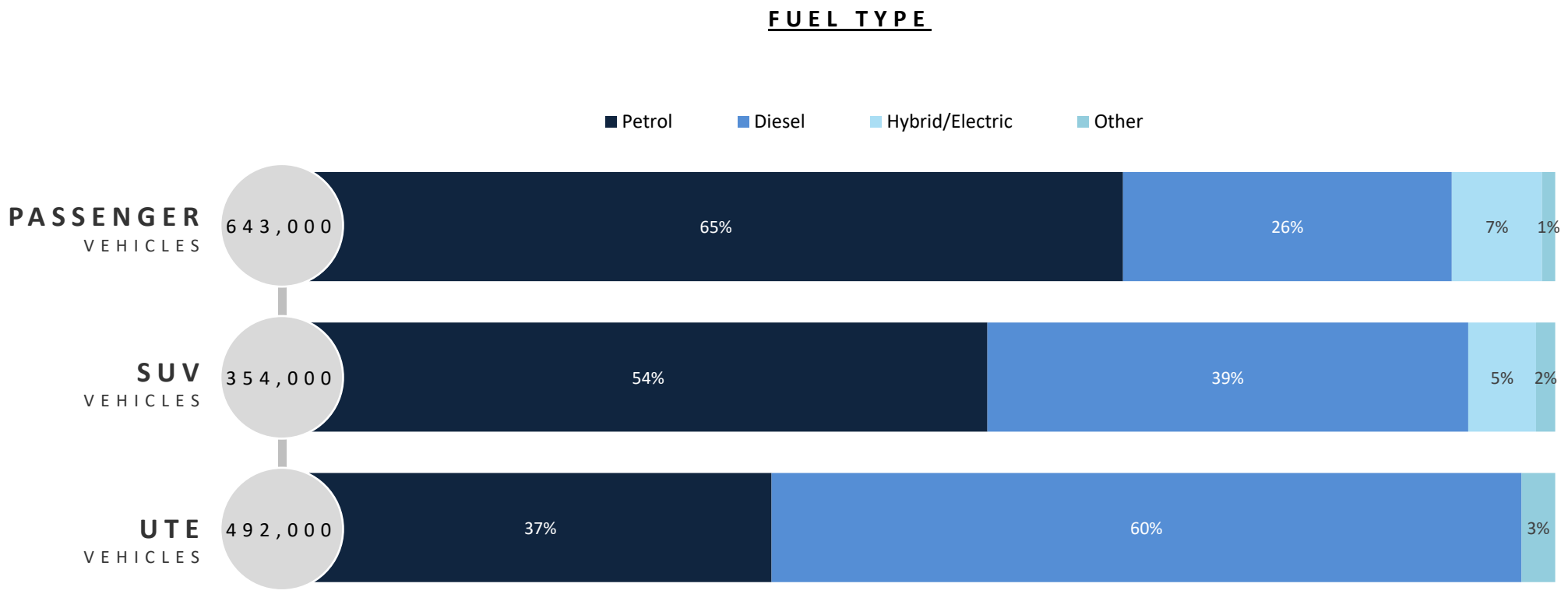
As could be expected however, industry has a greater impact on vehicle type than fleet size; primary industries and distribution have a clear skew to light and heavy commercial (tool of trade) vehicles, with services, retail, and health fleets more likely to be made of passenger vehicles and SUVs



Base: All Corporate Fleet Businesses (n=403), Production (n=55), Construction (n=30), Distribution (n=110), Retail & Hospitality (n=34), Health & Education (n=50), Services (n=72), Government (n=52)
Q5r - Approximately how many of your company owned / leased vehicles are

FUEL TYPE

Diesel vehicles remain common with the fleet sector (as in the car parc more broadly); while we are starting to see some transition to alternative powertrains, the proportion of hybrid / electric vehicles in Corporate Fleets remains minimal



Base: All Corporate Fleet Businesses (n=403)
Q6 - What proportion of your vehicles are powered by…?

FUEL TYPE

A large number of Corporate Fleets have however introduced some hybrids or EVs into their fleets; given the small number of vehicles this represents, it suggests however that in most cases they are still in the trial phase (but are preparing for a future where EVs become more mainstream)

Highlighted circles are 5% or more above market average

FUEL TYPE

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
% CURRENTLY HAVE HYBRIDS OR EVS	24%	19%	29%	55%
% EXPECT EV'S TO BECOME MAINSTREAM IN BUSINESS FLEETS IN THE NEXT 5 YEARS	33%	33%	33%	44%

33%

OF COMPANIES EXPECT **ELECTRIC VEHICLES TO BECOME MAINSTREAM IN BUSINESS FLEETS** IN THE NEXT 5 YEARS

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q6 - What proportion of your vehicles are powered by…? – Hybrid or Electric
Q64 - When do you expect the following vehicle technologies to become mainstream in business fleets? - Electric vehicles - 2025

SUPPORTING FLEET RENEWAL

4

CHANGING FLEET SIZE

Despite a more cautious approach to fleet management, most Corporate Fleets will acquire new vehicles over the next 12 months; they will also dispose of almost half a million vehicles over this same period, providing a significant opportunity from an acquisition and remarketing perspective

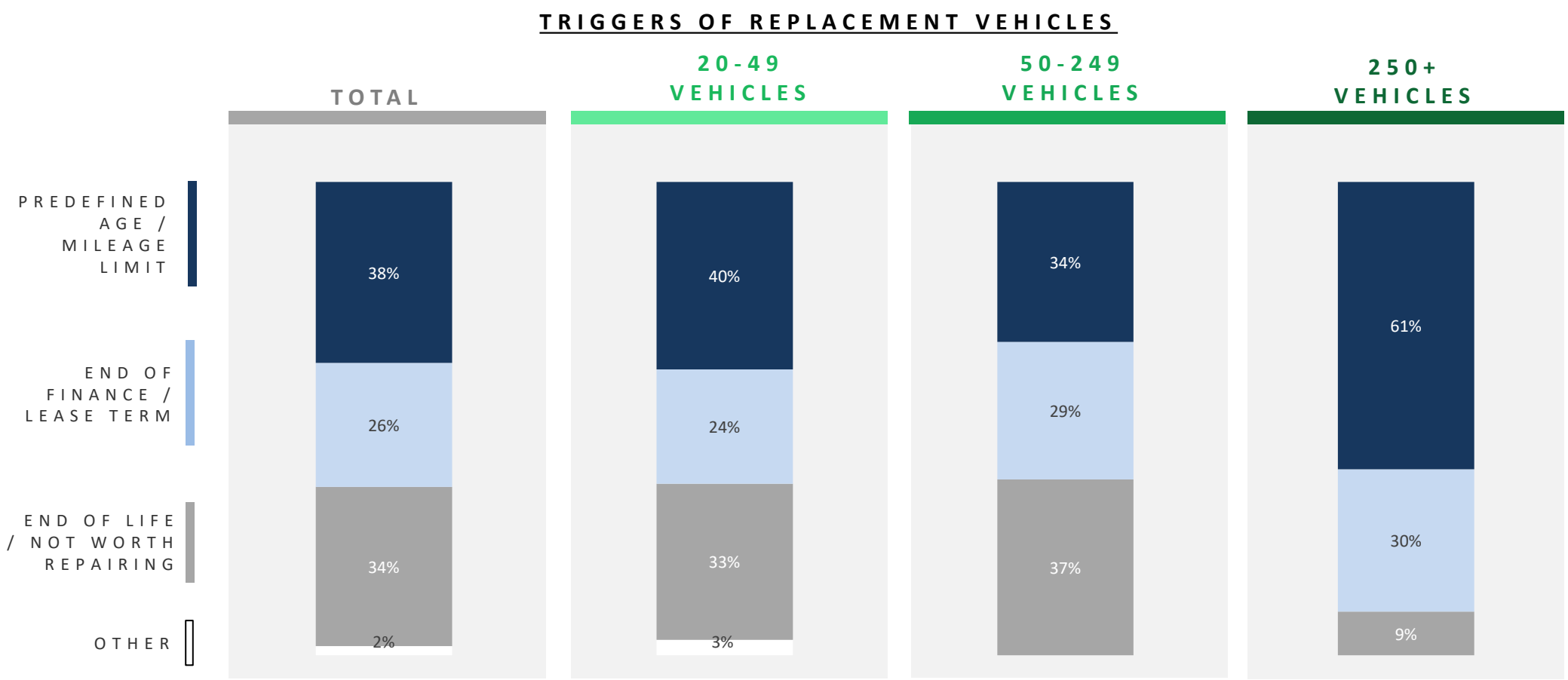
CHANGING FLEET SIZE

	% FLEETS EXPECT TO AQUIRE ANY VEHICLES IN N12M	% FLEETS EXPECT TO SELL/DISPOSE ANY VEHICLES IN N12M	NUMBER OF VEHICLES EXPECT TO AQUIRE/LEASE IN N12M	EXPECT TO SELL/DISPOSE OF IN N12M	NET CHANGE
TOTAL VEHICLES	75%	76%	629,000	464,000	165,000
20-49 VEHICLES	71%	75%	127,000	87,000	40,000
50-249 VEHICLES	80%	78%	220,000	154,000	66,000
250+ VEHICLES	79%	87%	282,000	223,000	59,000

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q9 - How many vehicles do you expect your company to buy or lease in the next 12 months?

TRIGGERS OF REPLACEMENT VEHICLES

Corporate Fleets again stand out due to the greater level of structure they have around fleet renewal; in line with their focus on safety and compliance, they work to set replacement cycles as against waiting for vehicles to reach 'end of life'



Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q11 - What typically triggers the purchase of replacement vehicles?

TOP FACTORS WHEN SELECTING A NEW VEHICLE

When it comes to selecting new vehicles, reliability is clearly the most significant requirement; beyond this, we can see a consistent set of considerations that includes being 'fit for purpose', warranty coverage, and TCO

** Highlighted circles are 5% or more above market average*

Reliability/ Safety | Costs | Functional

TOP 5 FACTORS WHEN SELECTING A NEW VEHICLE

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
1	68% Reliability	65% Reliability	71% Reliability	85% Reliability
2	62% Fit for Purpose	57% Warranty period/coverage	68% Fit for Purpose	81% Fit for Purpose
3	61% Warranty period/coverage	57% Fit for Purpose	66% Warranty period/coverage	75% 5-star ANCAP rating
4	56% Fuel consumption / economy	56% Load capacity	66% Fuel consumption / economy	70% Total Cost of Ownership
5	54% Load capacity	49% Fuel consumption / economy	65% Service costs/intervals	68% Warranty period/coverage

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q10 - How important are the following when selecting a company vehicle? - EXTREMELY IMPORTANT

MAIN BRAND BY VEHICLE TYPE

The main brands being operated by our Corporate Fleets reflect the top performing vehicles in each category; as could be expected, our market leaders (Toyota and Isuzu) are at the top of their respective lists

MAIN BRAND BY VEHICLE TYPE

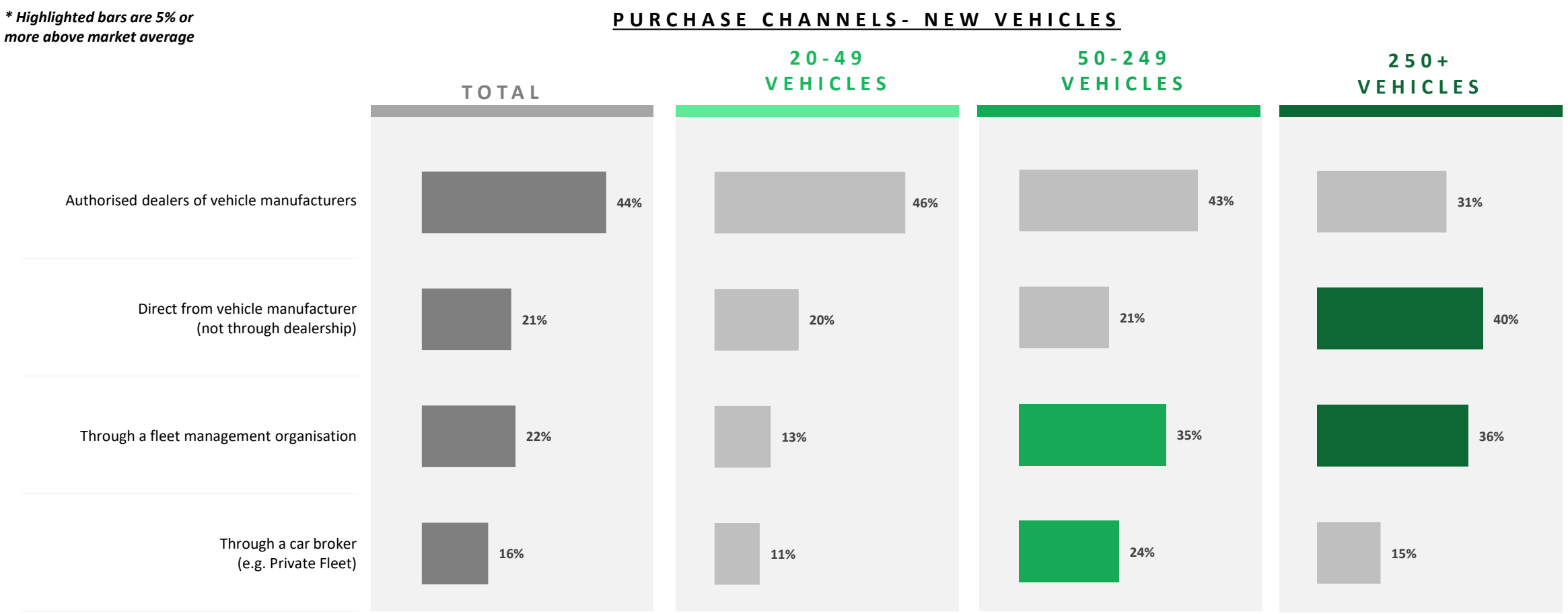
	PASSENGER CARS	SUVS	UTES	VANS	TRUCKS
1	TOYOTA	TOYOTA	TOYOTA	TOYOTA	ISUZU TRUCKS
2	HYUNDAI	NISSAN	MITSUBISHI MOTORS	Mercedes-Benz	FUSO
3	HOLDEN	HYUNDAI	Ford	Ford	HINO
4	Ford	Ford	VW	MITSUBISHI MOTORS	UD TRUCKS
5	mazda	mazda	HOLDEN	HYUNDAI	VOLVO

Base: All Corporate Fleet Businesses (n=403)
Q8 - What is the main brand of vehicle in your fleet?

PURCHASE CHANNELS - NEW VEHICLES

The purchase process again varies as fleet size increases; small fleets typically purchase through dealerships, our medium fleets become more likely to tap FMOs or car brokers for assistance, and larger fleets are able to leverage scale to engage directly with manufacturers

** Highlighted bars are 5% or more above market average*

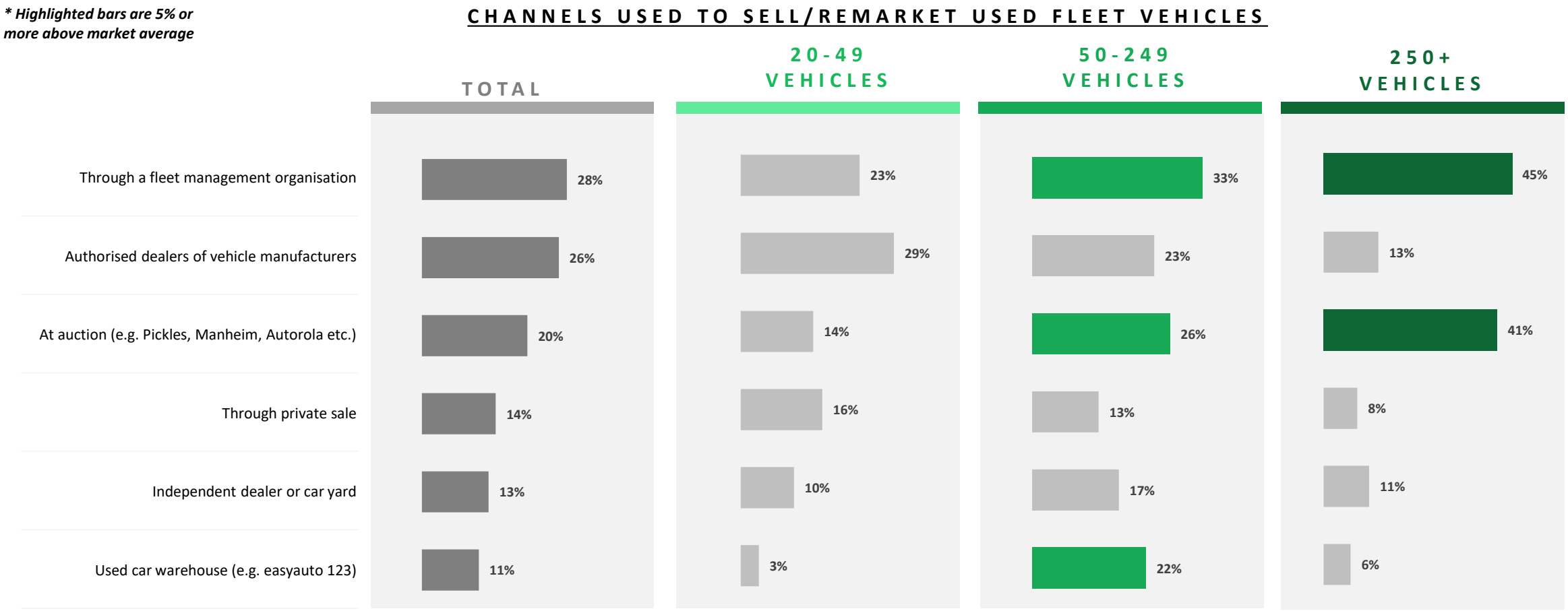


Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q12rc1 - Which of the following channels do you expect to use to purchase vehicles in the next 12 months? - New Vehicles

CHANNELS USED TO SELL/REMARKET USED FLEET VEHICLES IN N12M

We see similar patterns when it comes to remarketing, with larger fleets relying on FMOs or auction houses to dispose of their ex-fleet vehicles; in contrast, smaller fleets remain more likely to trade them back to dealerships or sell privately

** Highlighted bars are 5% or more above market average*



Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q14. Which of the following channels will you use in the next 12 months to sell/remarket used fleet vehicles?

% USING DEALERSHIP

Despite two thirds of Corporate Fleets having relationships with OEMs, and a significant focus on building aftersales business, less than half of Corporate Fleets return to the dealership for servicing; this number drops even further when we consider tyre replacement or repair

** Highlighted circles are 5% or more above market average*

% USING DEALERSHIP

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
SERVICING AND REPAIRS	47%	51%	42%	52%
TYRE REPLACEMENT /REPAIR	30%	33%	26%	23%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q46 - Where would you typically take your fleet vehicles for servicing and repairs?
Q46 - Where would you typically take your fleet vehicles for tyre replacement / repair?

DELIVERING A GREAT FINANCE CX

5

USE OF FINANCE (LOAN OR LEASE)

Corporate Fleets will typically finance new vehicles, with their purchasing volumes providing significant opportunities to providers in this space

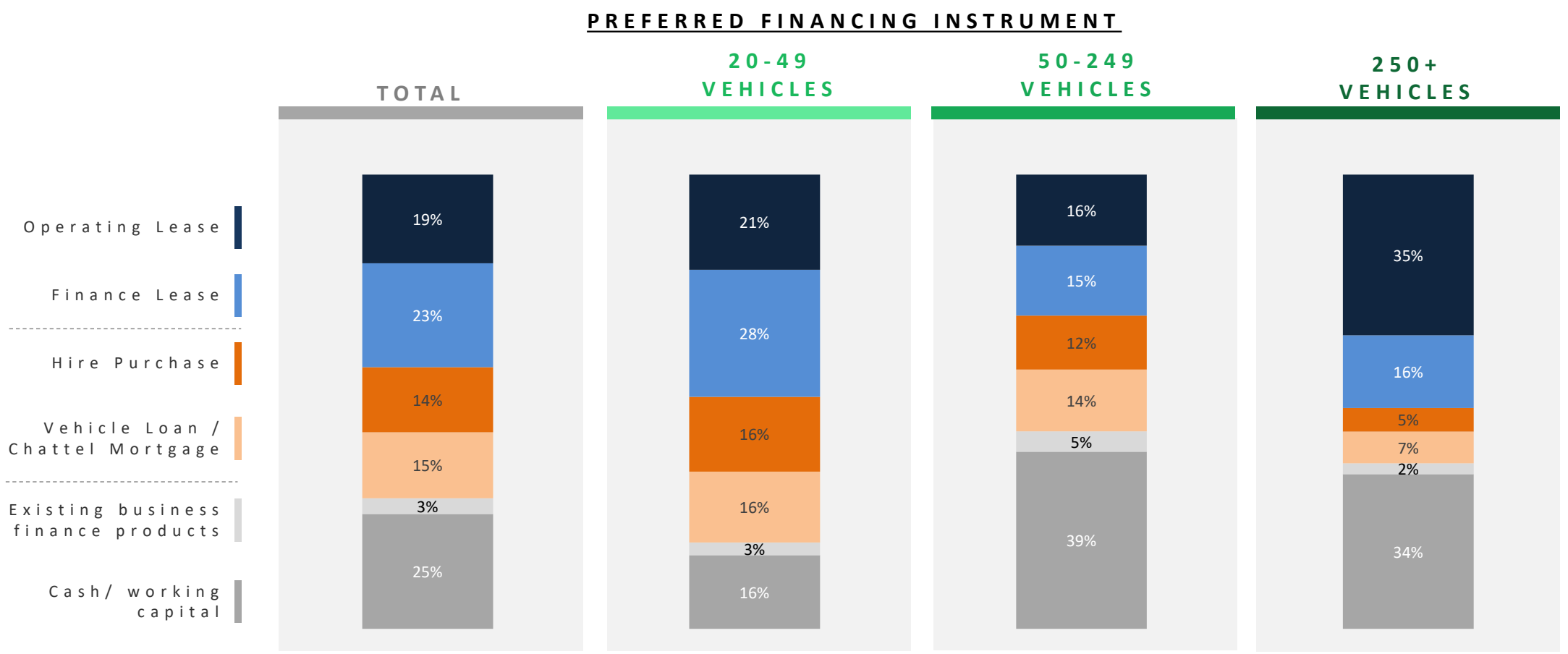
USE OF FINANCE TO ACQUIRE BUSINESS VEHICLES (LOAN OR LEASE)

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
AVERAGE % OF BUSINESSES USING FINANCE TO ACQUIRE BUSINESS VEHICLES (LOAN OR LEASE)	76%	83%	65%	72%
AVERAGE % OF COMPANY VEHICLES CURRENTLY FINANCED (amongst those using finance)	86%	86%	84%	85%

Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q26 - Which finance methods do you use to acquire business vehicles?
Q32c - Approximately what percentage of your company vehicles are currently financed with [pipe: Q31]? What percentage are financed with other lenders? What percentage are not currently financed (i.e. the business owns them outright)

PREFERRED FINANCING INSTRUMENT

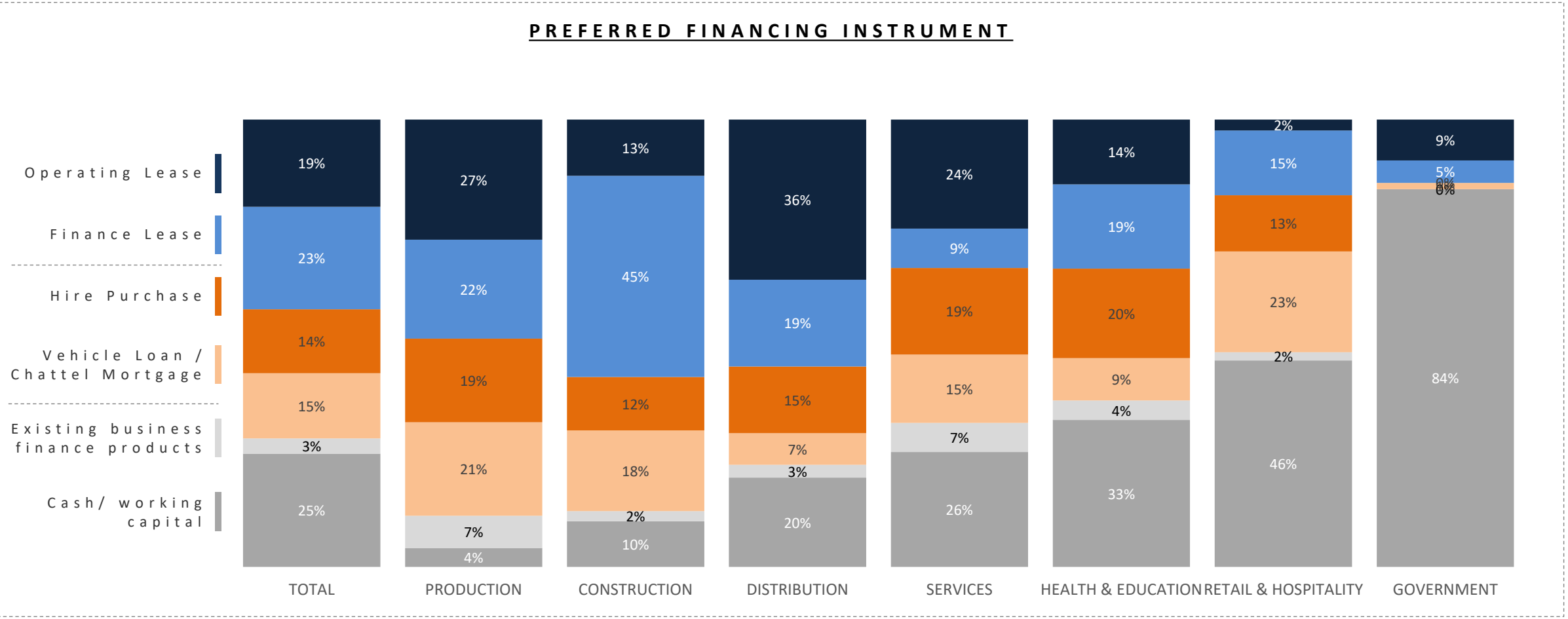
We do however have some clear differences when it comes to the finance method used; smaller Corporate Fleets prefer to finance their vehicles (particularly leasing them), while our mid-sized fleets are the most likely to purchase vehicles outright



Base: All Corporate Fleet Businesses (n=403), 20-49 vehicles (n=122), 50-249 vehicles (n=181), 250+ vehicles (n=102)
Q27 - Which is your preferred finance method?

PREFERRED FINANCING INSTRUMENT

Similarly, some clear differences emerge from an industry perspective, with those more likely to operate commercial vehicles typically choosing to finance them

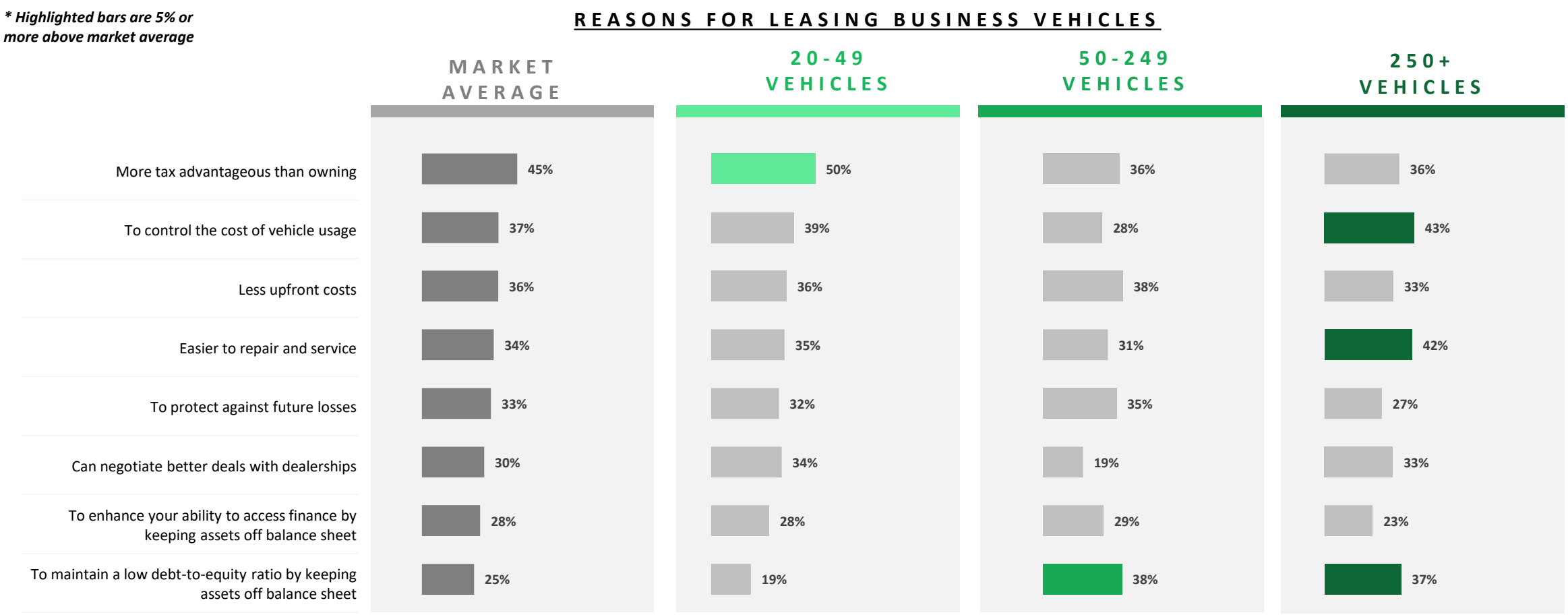


Base: All Corporate Fleet Businesses (n=403), Production (n=55), Construction (n=30), Distribution (n=110), Retail & Hospitality (n=34), Health & Education (n=50), Services (n=72), Government (n=47)
Q27 - Which is your preferred finance method?

REASONS FOR LEASING BUSINESS VEHICLES

As fleet size increases, we see that the decision to lease vehicles shifts from being primarily cost-focussed to a more complex consideration of future liabilities and debt-to-equity ratios

** Highlighted bars are 5% or more above market average*



Base: All Corporate Fleet Businesses that prefer to lease (n=179), 20-49 vehicles (n=57), 50-249 vehicles (n=75), 250+ vehicles (n=47)
Q28. Why do you prefer to lease your business vehicles?

PREFERRED LENDER

Regardless of the preferred finance method, we see a level of variation in the type of lender; our Smaller Corporate Fleets overwhelmingly use bank finance, while large fleets are again more likely to tap into their FMO relationships (alongside banks and captive lenders)

** Highlighted circles are 5% or more above market average*

PREFERRED LENDER

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
BANK LENDER	71%	76%	62%	40%
CAPTIVE FINANCE	16%	12%	23%	18%
FMO	12%	11%	12%	34%
OTHER (e.g. RAC Finance)	1%	0%	3%	8%

Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q31 - Which is your preferred lender?

FACTORS LIKED ABOUT LENDER

Smaller Corporate Fleets appear driven to lenders based on their existing business banking relationships, while mid-sized and larger ones choose FMOs and captive finance based on the easier experience, and flexibility of products on offer

** Highlighted circles are 5% or more above market average*

TOP FACTORS LIKED ABOUT LENDER

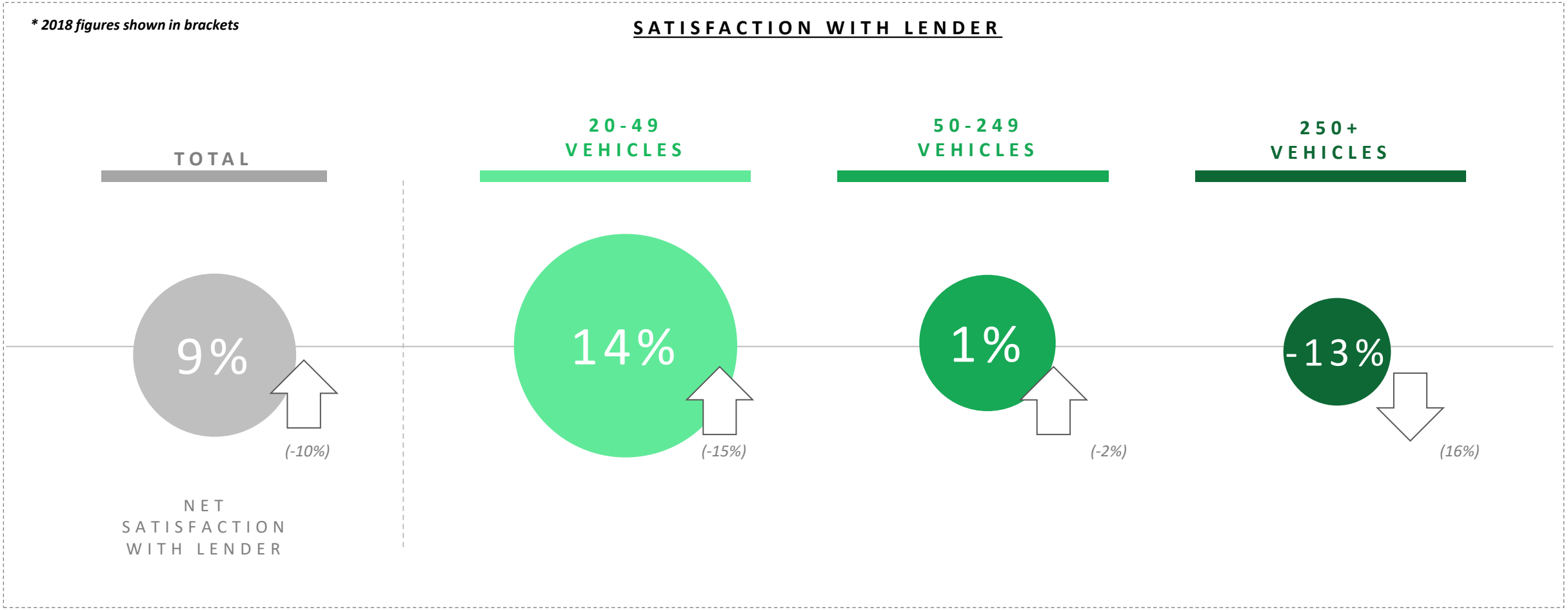
	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
1	**41%** Trusted brand	**44%** Trusted brand	**36%** Trusted brand	**38%** Trusted brand
2	**36%** Easy to deal with	**33%** Easy to deal with	**40%** Easy to deal with	**47%** Easy to deal with
3	**27%** Convenient as you use them for other business banking	**32%** Convenient as you use them for other business banking	**17%** Convenient as you use them for other business banking	**12%** Convenient as you use them for other business banking
4	**23%** Flexible terms/No early repayment fees	**20%** Flexible terms/No early repayment fees	**31%** Flexible terms/No early repayment fees	**17%** Flexible terms/No early repayment fees
5	**22%** Fastest approval and on-boarding processes	**18%** Fastest approval and on-boarding processes	**32%** Fastest approval and on-boarding processes	**15%** Fastest approval and on-boarding processes

Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q33 - What do you like about [LENDER]?

SATISFACTION WITH LENDER

Smaller Corporate Fleets are however the most satisfied with their lenders (reflecting their strong existing relationships); weaker results for mid-sized and larger Corporate Fleets suggest that some elements of the captive finance and FMO offering still need to be fine-tuned

** 2018 figures shown in brackets*



Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q34 - How satisfied are you with your overall relationship with [pipe: Q31]?

AREAS FOR IMPROVEMENT WITH LENDER

Respondent feedback calls out some key issues for our mid-sized and larger Corporate Fleets, who don't appear to be getting the level of customer service they expect from their preferred lenders

AREAS FOR IMPROVEMENT WITH LENDER

20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
Be more supportive to our needs	*Quicker, more responsive service*	*Regular contact from team, better customer service*
Better interest rates	*Better deals for ongoing customers*	*Increased flexibility*
Lower fees	*Add more features and services*	*Continue to integrate systems, and ongoing staff training*
Quicker response times	*Lower interest rates*	*Improved training on current issues*
More personalised service	*More communication from staff*	*Lower fees*

Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q35 - How could [pipe: Q31] improve the quality of the service they offer?

Corporate Fleets typically source finance directly form a lender, although we can see that in many cases our mid-sized and larger Corporate Fleets will have an FMO involved in the process; a number of fleets are also making use of brokers, highlighting the important role of intermediaries in fleet financing

** Highlighted circles are 5% or more above market average*

SOURCING FINANCE

	TOTAL	20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
DIRECTLY WITH LENDER	65%	69%	56%	64%
THROUGH A BROKER	19%	18%	21%	19%
THROUGH A DEALERSHIP	16%	14%	21%	13%
THROUGH FMO	22%	17%	29%	39%

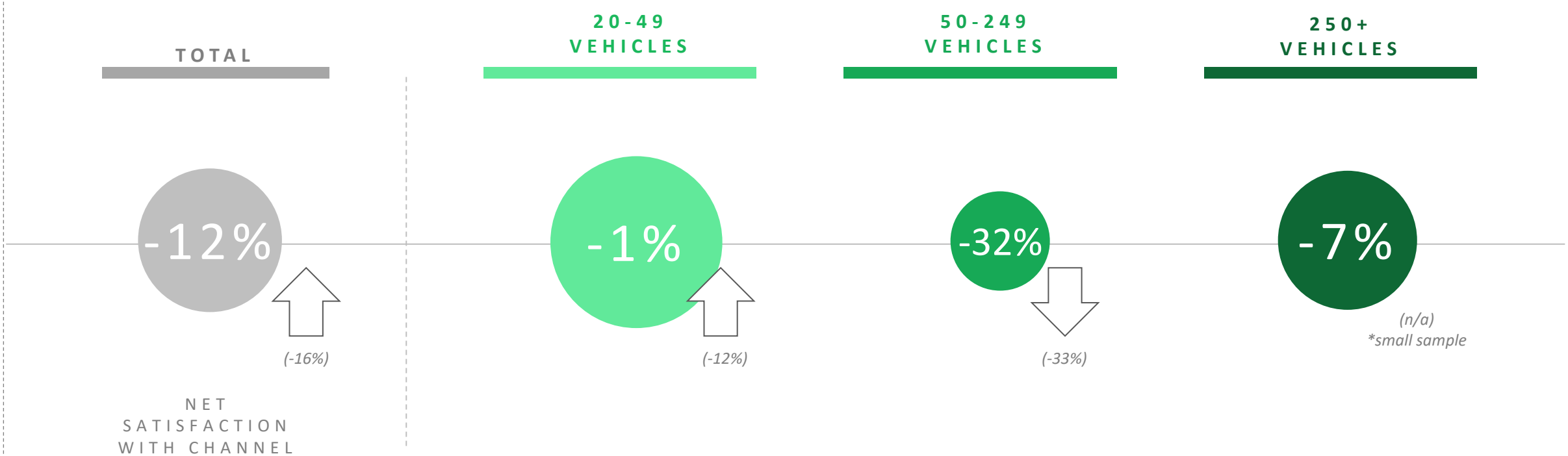
Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q20. Which [pipe: Q19] services does your company use?
Q36 - How do you typically organise finance with [pipe: Q31]?

SATISFACTION WITH CHANNEL

Satisfaction levels are mixed among those that didn't finance directly with a lender, with our mid-sized Corporate Fleets (that are most likely to use dealer finance) again well behind both their smaller and larger counterparts

** 2018 figures shown in brackets*

SATISFACTION WITH CHANNEL



Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q37 - Overall, how satisfied are you with the service provided by your …?

AREAS FOR IMPROVEMENT WITH CHANNEL

While satisfaction levels varied, verbatim feedback consistently indicates a desire for more proactive communication during the finance process; Corporate Fleets of all sizes also suggested that services, pricing structures, and offers should be more specifically tailored to 'fleets like them'

AREAS FOR IMPROVEMENT WITH CHANNEL

20-49 VEHICLES	50-249 VEHICLES	250+ VEHICLES
Better communication and better prices as we are repeat customers	*Better communication and customer service*	*Better access during COVID times*
Continue to provide a streamlined process	*By making more customer friendly service so that tasks get easier*	*Cost optimisation*
More proactiveness	*Extend the warranty, less paperwork*	*Just to have regular specials for big companies like ours*
Offering of new services, deals more regularly	*Lower commissions*	*Offer loyalty discount*
It needs to be cheaper and reliable	*Proper communication channels*	*Quality of reporting is very important*

Base: All Corporate Fleet Businesses that prefer to use finance (n=269), 20-49 vehicles (n=94), 50-249 vehicles (n=116), 250+ vehicles (n=59)
Q38 - How could your <channel> improve the quality of the service they offer?

ABOUT THE RESEARCH

A robust sample that has been weighted to be representative of Australian Corporate Fleets by fleet size, location, and industry

MAIN RESEARCH SAMPLE

N=403
CORPORATE FLEET OPERATORS

KEY SEGMENTS

Fleet operators with:

20-49 vehicles

50-249 vehicles

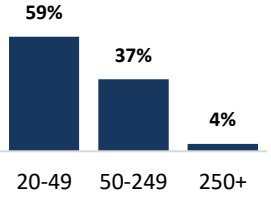
250+ vehicles

SURVEY METHOD & TIMINGS

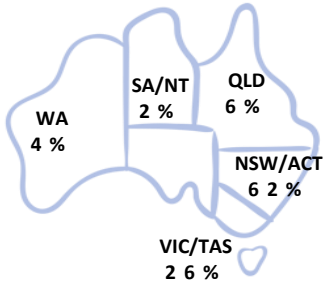
- 8th July – 10th August 2020
- Online survey with sample primarily sourced from an online panel. Sample was then supplemented with additional participants sourced from the AfMA database.

CORPORATE FLEET WEIGHTED SAMPLE PROFILE

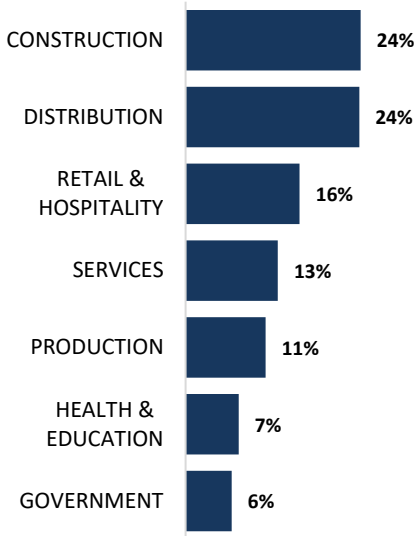
PARTICIPANTS BY FLEET SIZE



PARTICIPANTS BY STATE



PARTICIPANTS BY INDUSTRY



ACA Research and AfMA worked in partnership to design, deploy, and deliver this program of research

TWO BRANDS OPERATING UNDER A SINGLE MANAGEMENT

ACA Research is a full-service market **research consultancy,** with a strong focus on B2B projects.

Our consultants provide strategic qualitative and quantitative research solutions to support business decision making.

With over 20 years of **automotive experience**, ACA Research has developed a detailed understanding of the automotive sector.

Fifth Quadrant is our specialist **customer experience** brand providing industry analysis, benchmarking, research and consulting services.

Our consultants work on strategic and operational projects to help clients optimise **CX delivery** and reduce cost to serve.

AUSTRALASIAN FLEET MANAGEMENT ASSOCIATION

The Australasian Fleet Management Association (AfMA) is a member based, not-for-profit peak industry body throughout Australia, New Zealand and South East Asia.

AfMA's membership base is represented across all industries including Federal, State and Local Government who are responsible for the management of many hundreds of thousands fleet vehicles.

Our charter is to promote Fleet Management as a profession in its own right, to provide knowledge, education, information and resources to our Members and to lobby and advocate on behalf of the fleet industry.

AfMA embraces the entire spectrum of the fleet industry by forging an inclusive relationship within the automotive industry incorporating vehicle OEM's and suppliers of products and services to the fleet industry.

THANK YOU

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