

Fleet Market Opportunities – current situation

Fleet industry within M1 and N1 segments are one of the most significant segments of the Czech economy – the deals account for more than **200 billions CK** per year. The pace of this development is very important for a lot of companies.

Information Sources

INCOMA GfK and Blue Strategy addressed **6,000 companies** in the Czech Republic in June and July to have accomplished the most complex mapping of the fleet market in the Czech Republic so far. The below mentioned information comes from this project and it is the most precise and the most **updated description** of the conditions and perspectives of the market that is available.

The Most Important – Who And How Makes Decisions

Decision making on the selection of a fleet supplier is fully within the **responsibility of a local management** in 85% Czech companies, as against only 3% companies that can not make any decision on the local basis at all. But the final decision is mostly made by the **top management** (directors or owners) while the position of executive workers (fleet managers) is rather advisory.

Details on differences in decision making process in the individual industries or company size categories are available as well as **verified contacts** to more than **10,000 people** with decision making authority regarding fleet suppliers.

Market Structure

Almost **one quarter of companies** running company car fleets has its seat in Prague, but they run **one third** of all cars organized in fleets in total. Almost **one tenth of the biggest** companies have **one quarter of all cars** within their fleets. 60% of smallest companies as for the turn-over run one third of all cars. The market is then very significantly concentrated but it offers very **interesting opportunities** within the middle and small size companies. Further information on the market structure regarding car fleet size, industry or regional structure is available.

Fleet Management

Less than a half of companies deal actively with **the fleet management**, but more than **60%** of all vehicles are run in this part of the market. There is still an interesting **business potential** within rather middle and small size companies. It is surprising that there are many companies, whose annual costs on fleet go above 10 million CZK, and yet they do not deal with this subject.

The interesting phenomenon is the usage of **telematic and monitoring systems**. More than one half of vehicles drives under their surveillance in the Czech Republic, but there is still a huge **potential** for the suppliers.

The companies also try to **economize on purchase** of other necessary products, such as tyres and fuel. More than a **half of all companies** make a centralized tire purchase as well as usage of fuel cards. But there are still a lot of companies which can be an interesting business opportunity.

Further details as well as market shares of individual suppliers and concrete data on interesting companies from business point of view are available.

Cars In Fleets

While the whole Czech car fleet is known to be very old on average (14 years), the situation in company fleets is completely different – **only one quarter of cars is older than 4 years**. This indicator differs largely in individual regions, in various company size categories as well as in various business fields.

Regarding the categories of cars, the market structure was modified after the recent legislative change regarding VAT deduction as for M1. Currently, **almost one fifth of all cars in N1** category are real commercial vehicles, while the rest are the M1 category cars.

All car brands which are available on the market are represented in Czech car fleets, including the “non-fleet” ones. The lower middle class category (C) is the biggest market segment, which accounts for one third of the total market. The 1% share of **luxurious SUV** is also interesting, their share in small and middle size fleet is even 5%.

The biggest market share of **Škoda**, which covers more than a half of the market, is not surprising and it is even much higher in the biggest fleets. But on the other hand, the number of car brands in the fleet is increasing within the decreasing fleet size, and it is really **an opportunity for any brand**, namely within the middle and small company segment.

The situation is more even in the **N1** segment where **4 brands share two thirds** of the market and 6 brands share three quarters of the market.

The information on further **details on market shares** in individual segments, regions or company size categories as well as detailed profiles of individual fleet companies is also available.

Fleet Financing And Insurance

The operative (full-service) **leasing has definitely become the most fast growing manner of financing in the Czech Republic**. While its share had been almost ten percent 7 years ago, currently it **exceeded 20%** of all cars and its growth can be expected. Up to now, only 12% of companies have used it and the **perspectives of a further growth** can be seen in the middle and small size company segment.

Information on other forms of financing (namely the financial leasing), market shares of individual leasing companies (both operative and finance leasing) and insurance companies is available in the regional, industrial and size structure.

Czech Fleet Development

Currently, the **limitation of car fleets** or **postponing their replacement** is a very common tool even if it is clear that this way of cost-cutting is not effective in the middle long-term horizon.

The effort to show the cost-cutting at any cost will bring many companies to higher and **completely useless costs**. But there also are companies which are going to extend or replace their car fleet and their number is higher than those which reduce the car fleets or postpone their replacement.

One third of companies, that implement the car fleet replacement this year, runs **more than a half of all cars** in total. One fifth of all companies even plans to replace more than one tenth of the total car fleet. The information regarding which these companies are is also possible to receive – it is also available.

Social Responsibility Within Fleet Management

Running environment-friendly cars is one of the topics that was very hot in “profitable” years but it is not fully forgotten now. It concerns modified traditional models with petrol and diesel engines, cars on CNG, hybrid cars or future use of electric vehicles.

4% of companies are running these types of cars and other **3% are planning to have environment-friendly cars this or next year**. The higher share of usage of environment-friendly cars is more common at bigger companies with turn-over above 1 billion CK, where their share accounts for 6%.

Further details as well as concrete information on companies, which are interested in this topic are available.

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