

# The Right Fit

## Tips for choosing the vehicle that meets a company's requirements

By Kara Kurylłowicz

**A**cross the board, the quality and range of vehicles available to fleets today is the best it's ever been, yet those who are looking to purchase fleet vehicles still have to consider which are most suitable for their respective firms and businesses. Fleets now need to reflect the corporation's identity and values whether the firm is a multinational with a global reach and presence, a Canadian entity with offices coast to coast or a smaller local firm.

As a result, fleet purchasers strategically customize and tailor their selectors to their companies' financial, functional and social responsibility requirements, but in general, they want safe, comfortable, well-equipped, late-model vehicles with an acceptable total cost of ownership that includes reasonable operating costs and its resale value.

"There is an abundance of truly excellent vehicles available to fleet buyers today and in the car space, we no longer have the stripped down, obviously fleet cars that were so much less stylish than their retail cousins," says Peter Nogalo, marketing manager, ARI Canada, Mississauga, Ont., which currently manages over 166,000 Canadian vehicles.

The Big Three domestic manufacturers, Ford, Chrysler and General Motors, still hold the majority of the fleet market due in large part to their fleet programming and pricing as well as their incentives and concessions, but also because purchasers must consider their firms' positions on the importance of supporting their national economies and local employment while also recognizing and accepting their customers' points of view.

"Every year, there is plenty of new product being released earlier and earlier in the model year cycle. The challenge for fleet managers; however, is when perennial favorites are discontinued or when a vehicle's production is delayed due to a redesign. In both cases, the fleet manager must find an appropriate replacement for that vehicle on their selector. There is also a reluctance by fleet managers to invest heavily in a brand new vehicle that has not yet been proven," says Suzanne Benzion, manager, strategic consulting, Element Fleet Management, Sparks, Maryland, which manages 229,898 units in Canada and 457,000 in the US. "The fleet managers are struggling with the timing around model releases as they create their selectors—it may be a question of how much they desire that particular vehicle balanced against how flexible they're prepared to be with replacement timing."

Fleet managers like that they can order from the domestic automakers' domestic factories and schedule delivery, says Nogalo. At ARI, domestic orders make up anywhere from 70 to 80 percent of the total orders depending on the year.

"It really depends—every situation is different based on the company's culture and client base," says Scott Singsank, senior global account manager, Wheels, Des Plaines, Illinois, which manages over 12,000 vehicles in Canada and 300,000 in North America.

For example, if a large pharmaceutical firm has a major brand name drug coming off patent, which means revenue will be down 33 percent, that Wheels client may go from several mid-level models to a single, basic vehicle in the selector. Or, a Wheels client knows that rolling into a farmer's yard in a Toyota or Nissan pickup instead of a Ford, GM or Chrysler doesn't send an acceptable message to that demographic regardless of vehicle cost and performance.

Organizations may look beyond the Big Three to alternatives that reflect their parent companies' Japanese, Swedish or German heritage, but that appetite for other manufacturers also exists because there is always interest in what's perceived as a "nicer" vehicle, for example, an Audi or a Volvo.

"Some firms are past that focus on the Big Three, but it's fairly unusual and it's not that the non-domestics are necessarily better vehicles, it's just that they're relatively new to the fleet market which enhances their appeal," says Singsank.

In Canada, the top five cars, which includes retail, fleet and daily rental, are the Corolla, Civic, Jetta, Sentra and Mazda 3, and since resale is a key component of lifecycle cost, Ryan D'Souza, director, fleet services, Jim Pattison Lease, Calgary, which currently manages 30,000 vehicles in Canada, recommends considering these models.

Fuel costs are second only to depreciation and while fuel is currently more affordable than it's been in years, fuel efficiency is as important as ever from a cost and a sustainability perspective, because the question is when prices will rise and by how much. D'Souza suggests true fuel efficiency should start with "right-sizing" the fleet: determining the number of vehicles required and selecting the engine size and drive that fit the applications.

Sustainability is part of many organizations' corporate social responsibility policies, which often positions environmental initiatives as a priority with the fleet expected to play its part in reducing overall greenhouse gas emissions and fuel consumption. ARI includes annual CO2 emissions as part of a vehicle's lifecycle analysis in advance of developing a vehicle selector. Nogalo notes this is another tool with which to choose green vehicles with some clients implementing even more comprehensive programs. "Emissions are directly linked to fuel usage and fuel spend, so in that very basic sense, it is relevant to many clients," says Nogalo.

There is interest in hybrid electric vehicles but even the greenest companies can shy away from all-electric vehicles, due to high acquisition cost combined with a continued lack of easily accessible infrastructure, notes Benzion, who has seen select clients commit to greener fleets regardless of cost.

Jim Pattison's D'Souza is seeing organizations commit to both hybrid and diesel vehicles and the use of telematics to monitor driver behavior that most affects fuel consumption, including excessive idling, speeding and jack rabbit starts.

Quality and reliability expectations are high and it's accepted that while vehicle quality is at its peak, the preponderance of more complex technology means there is more that can go wrong. Thanks to improved investigative techniques and diagnostics, the issues are resolved and the solutions rolled out as required, but it's only a matter of time before the next recall makes headlines.

"Recalls aren't specific to any one manufacturer—everyone is spending time in the penalty box," says Singsank. "You're just going to have to roll the dice because what appears to be the right answer today could be the wrong answer tomorrow."

In the past, particularly in the pharmaceutical industry, vehicles were used to attract prospective employees as well as to retain existing employees, but more than ever vehicles are considered a work tool. The fact that so many of the features once considered options are now standard even on mid-level models has also affected how selectors are created and positioned with drivers. There are so many good vehicles on the market it's possible, even relatively easy, to create a cost-effective selector that's still appealing to drivers.

"Our customers' annual driver surveys solicit feedback but you have to ask right questions, then take that data into account as you create the selector," says Singsank, who says that less than 10 percent of fleet managers and local reps take to the road to personally experience the demo vehicles. "Email and social media has made it much easier for drivers to tell you what's working for them and what's not."

Ask drivers to name a preferred vehicle and chances are they'll say they want a Maserati or something equally exotic. A more specific and relevant question might be, "Does the vehicle have the features you need to do your job?" or "Select the features you need to do your job."

A spacious trunk might be key for a sales rep, but beyond the size of the trunk, does it provide easy access and lift all the way up to maximize the size of the opening? Will taller employees hit their heads on the trunk? Will shorter employees end up with mud or salt-smeared clothes?

"We highly recommend fleet managers get drivers involved to do a drive-around because it's really the only way you can be sure the vehicle can do the tasks required of it and is as comfortable as it needs to be," adds Benzion.

Sales employees spend so much time in their vehicles they're considered rolling offices where comfort is paramount. Benzion notes fleet managers are paying more attention to in-vehicle ergonomics like adjustable lumbar support and power seats and D'Souza sees growing interest

in creature comforts such as heated seats and heated mirrors.

Protecting assets, human and vehicular, is also of paramount importance, so safety remains a hot topic. After driver behavior, safety technology, such as blind-spot monitors, backup cameras/sensors, crash avoidance systems and lane departure warnings, is believed to have the most significant impact on collision reduction. So it's considered worth the additional cost when the newest safety technology has yet to trickle down to the base from the mid-level model.

"No one likes having to buy a higher trim level to get a safer vehicle or pay for an add-on safety feature, but that may be the only option," says Singsank. "In my opinion, drivers will rely on the technology rather than looking over their shoulder or further ahead, which may have a negative effect."

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Do such high-tech safety features really keep drivers safer? At this point, most of these features are too new to the market to have been tracked over a sufficient period of time.

"As much as fleet managers are challenged to toe the bottom line, many are opting to commit the extra dollars and cents to the state of the art safety equipment that can help prevent collisions now that equipment such as airbags are required in all vehicles," says Benzion. Generally airbags are standard, but D'Souza notes additional driver and passenger side airbags are an option that many fleets consider to minimize head injuries in the event of side collisions.

While communications technology, such as Bluetooth and GPS, may be considered safety devices as well as a productivity-enhancing work tool, companies and their fleet managers are wrestling with distracted driving policies while paying attention to local legislation around device use. Some do everything possible to eliminate the possibility of distracted driving due to device usage by stipulating an "equipment delete" on Bluetooth in RFPs, says Benzion—but they're still very much in the minority. Others ask drivers to rely exclusively on hands-free technology while in motion and there are still those who trust drivers to use their devices only when the vehicle is stationary as per company policies.

Geography and weather also affect safety strategies with AWD and winter tires considered a must-have in some areas.

Across Canada, employees and their firms will continue to benefit from the range of safe, well-equipped and fuel-efficient vehicles that deliver superior reliability and quality in an exciting, evolving and competitive market. **B2B**