element

See the whole picture

2022 Market Pulse Report

Learn the top fleet concerns, emerging trends, and insights.

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SUMMARY

Navigating today's challenges to find stability and growth during uncertainty

As businesses face new headwinds in 2022, their fleets are increasingly becoming a critical strategic asset both financially and operationally. However, as the global pandemic entered its third calendar year, the OEM production delays continued to be a significant challenge for the private and public sector. Even with the chip shortage and pandemic lengthening the time from order to delivery of new vehicles and replacement parts, businesses are still expected to maintain or grow their fleets.

Fortunately, there are viable roads to profitable growth. This market report sheds light on the focus areas, challenges, and business priorities of nearly 200 professionals in Canada and the United States with fleet management oversight. It also includes a few best practices to position yourself for growth in the months ahead.

Expectations and challenges our respondents face in 2022

91% are expected to tighten up operating spend

82% have begun their fleet electrification journey

68% rank ordering and replacement of vehicles among their top 3 operating challenges

81% rank supply chain issues among top 3 focus areas

44% expect to grow their fleet size

FLEET EXPECTATIONS

Maintaining and growing fleets amidst major supply chain disruptions

Almost half of our survey respondents are expected to maintain their fleet size, while the other half are expected to grow their fleets this year. In a normal year, this would be challenging. Add on the OEM production delays and the pressure to maintain or reduce operating costs, and the road to success becomes even more difficult to identify.

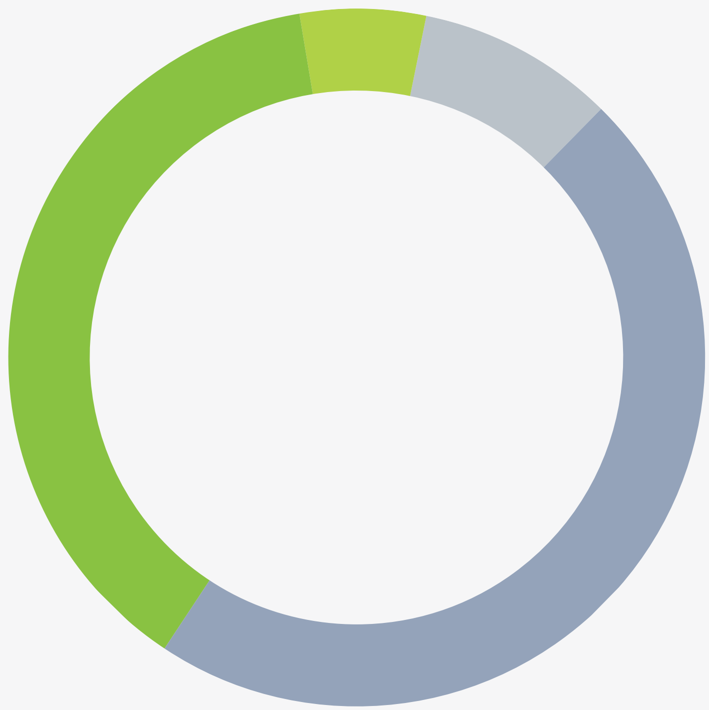
What is your fleet size outlook for 2022?

Add units slowly **38%**

Grow fleet rapidly **6%**

Maintain fleet size **47%**

Consolidate units **9%**



WHAT WE LEARNED

Fleets are directly tied to functional success

The emphasis and importance of maintaining and growing fleet size can be traced to its alignment with individual functional goals. Our survey found that 78% of respondents expressed strong or very strong alignment of fleet goals with individual functional goals.

With 74% of respondents responsible for a fleet size of 500 or more vehicles reporting an **annual spend of $5 million or more** on fleet management, it is clear fleets have a significant ability to impact the bottom line.

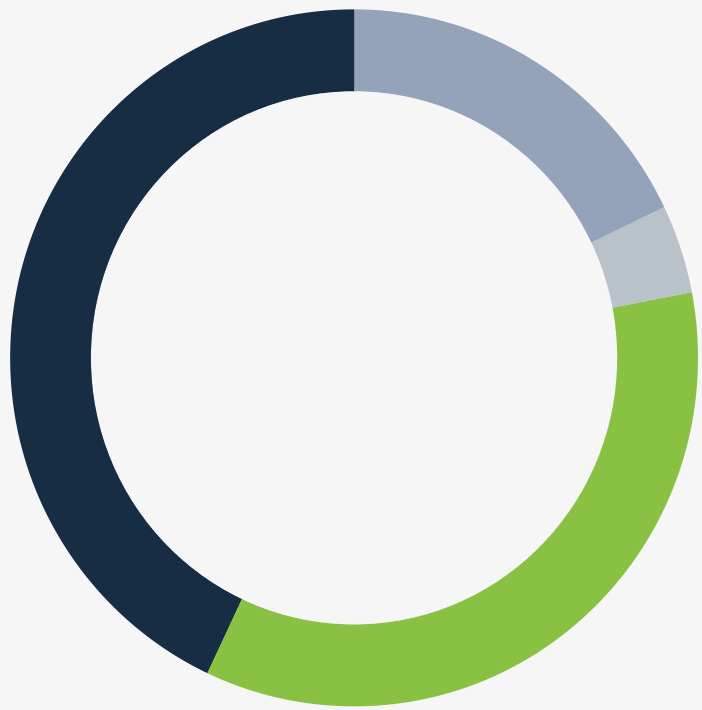
How well do your individual goals align to fleet goals?

Very Strongly **35.1%**

Strongly **42.9%**

Moderately **17.9%**

Partially **4.1%**



CORE FLEET CONCERNS

Things to consider

For strategic fleets with cost pressures, engaging a fleet management company (FMC) often leads to tangible financial optimization and operational simplification.

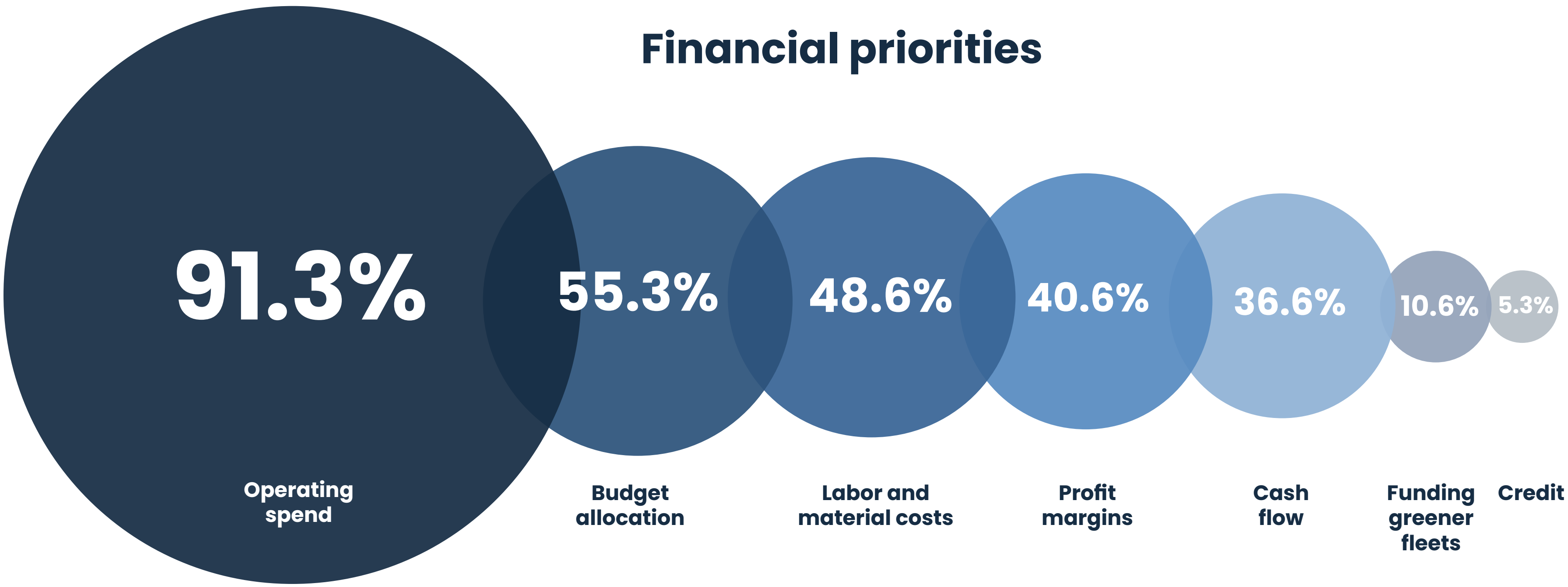
A credible FMC partner can evaluate your total cost of ownership to control operating spend and uncover new efficiencies. Controllable variables may include:

- Optimizing vehicle depreciation
- Monitoring fuel spend
- Minimizing maintenance and repair costs
- Enhancing driver safety through policy and training

Striving for growth while reducing spend

The challenge of maintaining or growing fleet size is accompanied by a host of internal pressures to optimize cost. In fact, 91% of respondents flagged controlling operating spend among their top 3 financial priorities this year with 55% identifying adherence to budget allocations.

Financial priorities



Q: What can I do to reduce operating spend?

A: Building the right fleet strategy and policy that focuses on vehicle depreciation, fuel, maintenance, and driver safety can reduce operating costs by up to 15%.

Offsetting fuel costs

Fuel prices have already risen almost 30% higher than initial 2022 forecasts for the U.S. and Canada through March 2022.

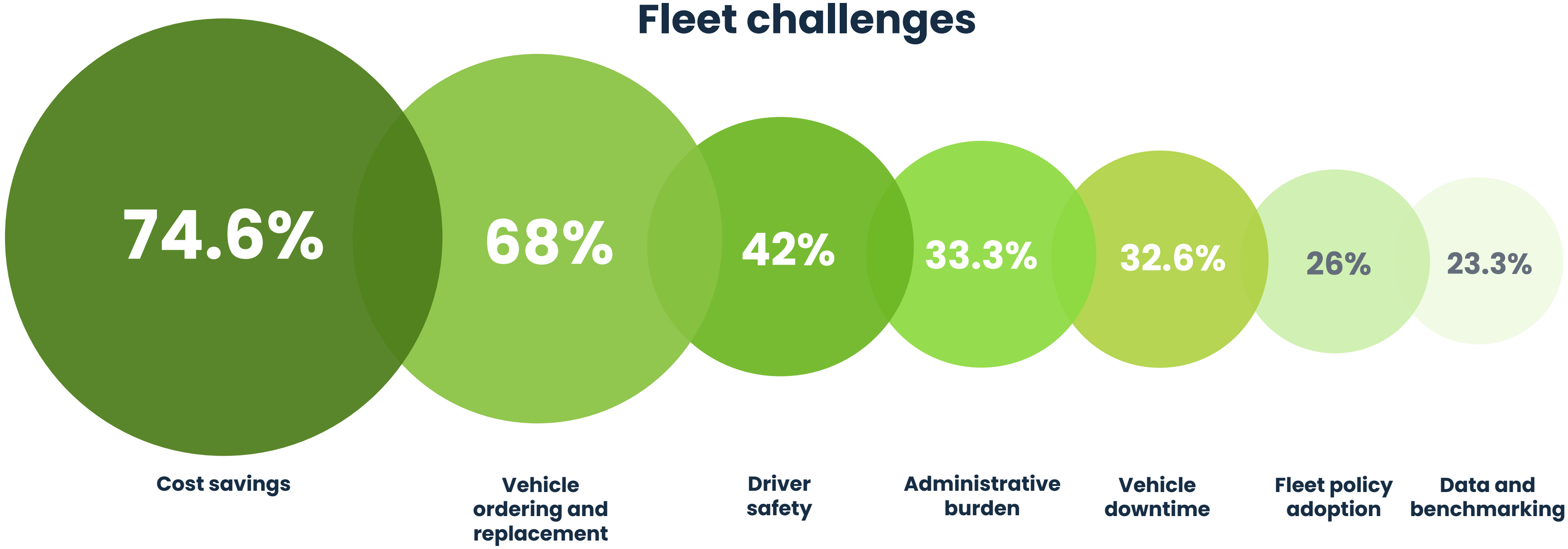
Reviewing your personal use charges, route optimization, fuel fraud, and replacing fleets with newer fuel-efficient vehicles can drive fuel costs down.

CORE FLEET CONCERNS

Impacts from OEM production delays

With vehicle prices up 18.6% from 2021 in the U.S. and Canada, and vehicle lead times often running twice as long, it's no surprise the need to realize cost savings and successfully navigate ordering and replacement of vehicles rank as top challenges. The evergreen issue of driver safety ranks third.

Fleet challenges



Q: What can you do to curtail OEM production delays?

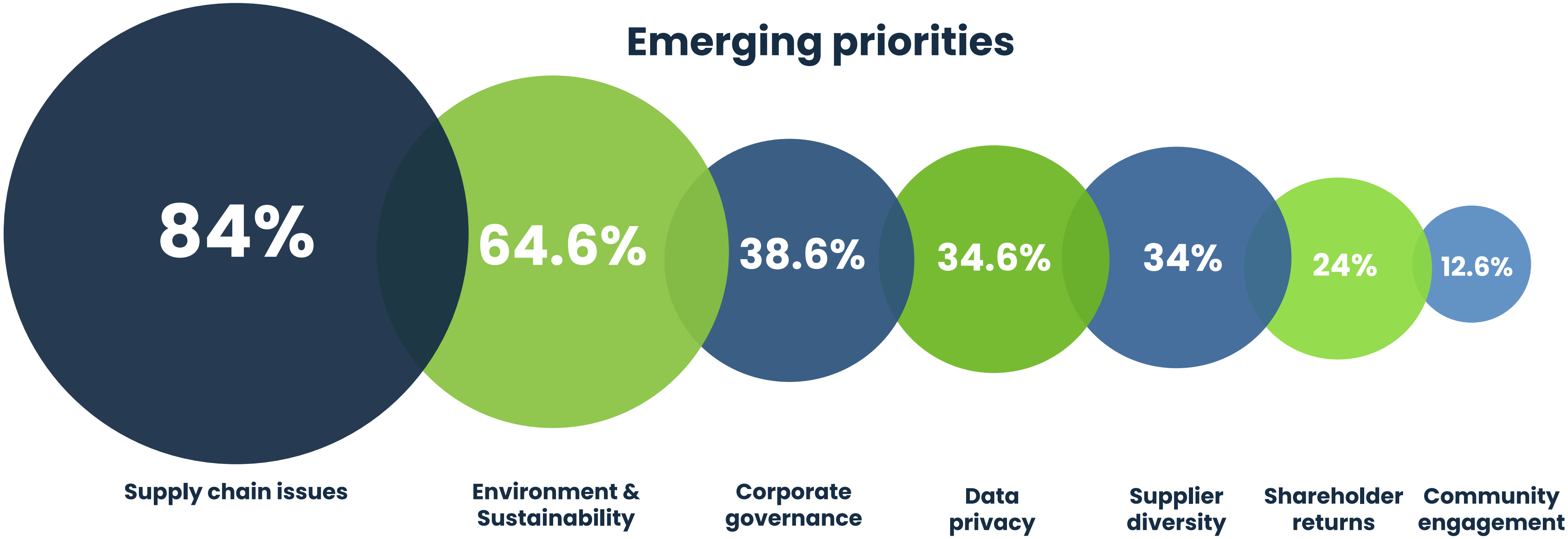
A: Deploy a vehicle replacement strategy 12-18 months in advance to factor vehicle lead times.

CORE FLEET CONCERNS

Emerging business priorities

As expected, supply chain issues ranked among the top 3 priorities for almost all respondents (84%). However, business priorities rankings, thereafter, varied based on seniority and job function. For example, executive respondents shared heightened focus on shareholder returns (53%) and data privacy (21%). While procurement professionals ranked data privacy third on their list of focus areas—higher than their finance and operations peers.

These findings reflect that effectively managing your fleet goes beyond fuel, maintenance, and safety considerations. Business priorities like supplier diversity, sustainability, and data privacy are now considered core fleet management concerns.



Did you know: Vehicle costs are already up 18.6% versus 2021 in U.S. and Canada, with vehicle upfitting costs estimated to be up 15%. These trends are expected to continue to grow through 2022.

EV JOURNEY

Sustainability efforts have already begun

47% of all light vehicles sold globally are expected to be fully electric by 2025. Currently, over 80% of EV charging is done in a private setting versus public infrastructure. Have you considered where your fleet will charge and started planning for it?

EV JOURNEY

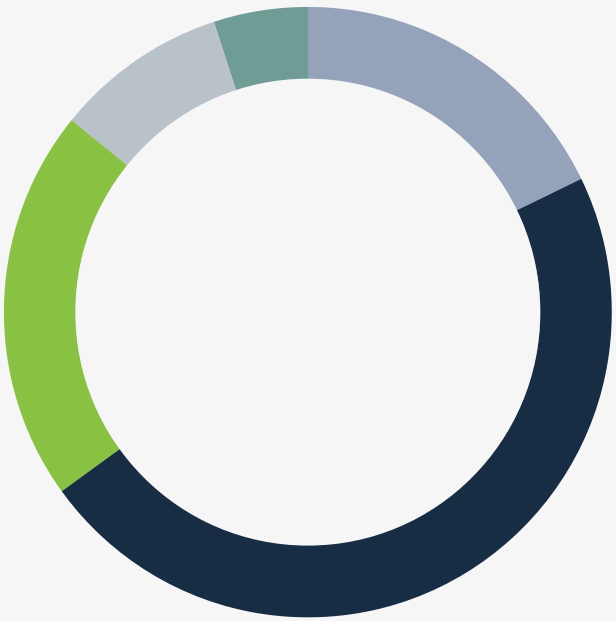
Moving forward with greener fleets

Fleet electrification is no longer a curious exploration for "someday"—it's here now. In fact, 82% of our respondents have begun their electric vehicle (EV) journey by identifying themselves as either researching, executing, or launching an electrification program.

A combination of government and corporate mandates and private and public sector incentives have helped push electric vehicles into the mainstream regardless of fleet size.

Where are you within your EV journey?

Not yet started	18%
Researching	47%
Planning	21%
Executing	9%
Launching	5%



82% of respondents have begun progressing from their researching stage to launching their EV program.

Are you leading the charge?

The U.S. lags behind Canada in electrification. Only 30% of our U.S. respondents are in the later phases of EV planning through launch versus 49% of their Canadian counterparts.

Financial incentives of fleet electrification may not yet be fully understood across functions

Only 17% of financial professionals ranked funding of fleet decarbonization as a top 3 business priority compared to 23% of their operations and 22% of their procurement peers.

PARTNERING WITH A LEADER

Guiding you toward growth and efficiencies

Identifying and engaging the right partner can significantly improve your position for success in the months ahead. A fleet management company can help you achieve your business goals.

55% **of respondents plan to explore new fleet management solutions in 2022**

Element can help

- **$14.5 billion in assets under management**
- **$1.5 billion in cost savings for clients in 2021**
- **5,500 clients worldwide**

Best practices to achieve your business goals

Strengthen your core

- Updating your fleet policies and ensuring compliance is critical to keep operating costs low given the current state of 2022 challenges.

Stay data driven

- Use the data you have to obtain actionable insights to improve driver safety and increase overall productivity.

Choose a proven partner

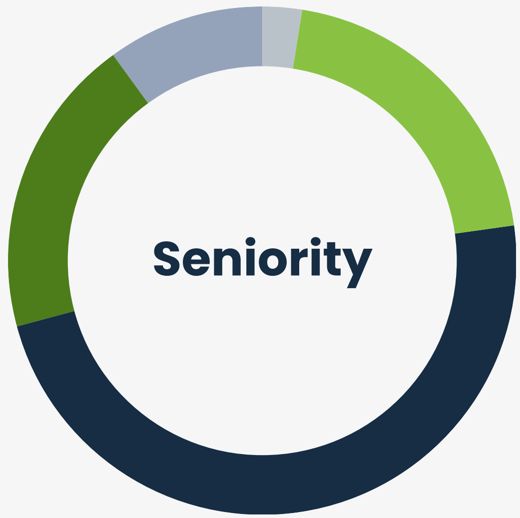
- Fleet management is evolving. From EV to data privacy and supplier diversity, identifying a trusted partner with proven expertise can keep you ahead of the curve.

SURVEY METHODOLOGY

Get to know our respondents

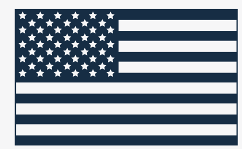
Element's 2022 Market Pulse Report was fielded over a two-month period with 182 participants from Canada and the United States.

Job function	
Operations/Fleet	62.1%
Sourcing/Procurement	19.2%
Finance/Treasury	10.4%
Human Resources	3.3%
Safety/Risk	2.7%
Other	2.2%



Seniority	
Execuitve	2.7%
Vice President	9.9%
Director	20.3%
Manager	47.8%
Individual Contributor	19.2%

Location



United States **72.7%**

Canada **27.3%**

To learn more, visit us at elementfleet.com or contact your local representative.

About Element Fleet Management

Element Fleet Management (TSX: EFN) is the largest pure-play automotive fleet manager in the world, providing the full range of fleet services and solutions to a growing base of loyal, world-class clients – corporates, governments and not-for-profits – across North America, Australia and New Zealand. Element enjoys proven resilient cash flow, a significant proportion of which is returned to shareholders in the form of dividends and share buybacks; a scalable operating platform that magnifies revenue growth into earnings growth; and an evolving capital-lighter business model that enhances return on equity. Element's services and solutions address every aspect of clients' fleet requirements, from vehicle acquisition, maintenance, accidents, and remarketing to integrating EVs and managing the complexity of gradual fleet electrification. Clients benefit from Element's expertise as the largest fleet solutions provider in its markets, offering unmatched economies of scale and insight used to reduce fleet operating costs and improve productivity and performance. For more information, visit **www.elementfleet.com.**