



Vehicle shortage and if so how many

Supply problems for new and used commercial vehicles as well as spare parts are on the horizon for at least the coming year. This can lead to a lack of vehicles in the fleets of CEP services. To assess the risks, companies should look at developments in the car trade, rental and leasing vehicles and the workshop sector in relation to their fleets. Ordering vehicles early can usually protect against supply bottlenecks and unexpected cost increases. Similar to liquidity planning, the association recommends fleet-related long-term availability and cost planning over the next 18-24 months.

Recalculation of orders may become necessary. More regular and closer contact than usual with the trade as well as rental or leasing providers helps to realistically assess developments. Planning and expanding alternative delivery concepts, new cooperations with other market participants or direct contacts with new customers can help to cope with bottlenecks. The expected bottlenecks are both a risk and an opportunity. Good preparation is a prerequisite for companies to master the situation better than unprepared companies and to emerge stronger from it.

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Current situation and possible effects

Currently, the CEP fleets are generally still sufficiently stocked. For this reason, and also because of the time-consuming year-end business as well as other, currently more pressing bottlenecks, the scenario has not been very present for many market participants so far. For most, it is simply inconceivable. However, many indicators point to such a development. We will be happy if it does not occur. Nevertheless, CEP services should deal with this situation. Then they will be prepared and can act better than unprepared companies.

Assuming an average use of CEP vehicles over three years, 1/3 of the vehicle stock is replaced annually. With an estimated 135,000 CEP commercial vehicles in use in the CEP sector - passenger cars and light commercial vehicles - this will affect about 45,000 vehicles in the coming year. Delivery problems may arise when replacing these vehicles and when expanding fleets. (Source: <https://www.prognos.com/de/projekt/marktanalyse-urbane-wirtschaftsverkehr-deutschland> - PDF; BdKEP estimates)

The following effects are to be expected:

- expiring or defective commercial vehicles cannot be replaced in time and are therefore missing without replacement
- Decreasing planning reliability with regard to available vehicles
- Orders cannot be processed at all or not in the required quality.
- Loss of customers
- Driving personnel cannot be employed
- Costs rise and lead to falling or negative contribution margins
- Liquidity deteriorates
- Additional increase in risks with special vehicles

The extent of the impact depends largely on the mix, the contractual conditions and the strategy for vehicle procurement - rental, leasing and purchase. In the case of special vehicles, e.g. in the GDP sector, the risks tend to increase.

Even if today some CEP companies have reduced the risk of missing commercial vehicles through clever and timely measures, the available vehicles will not be enough for the entire market. Similar to a tablecloth that is too small for the table. If it is pulled to one side, the more is missing on the other side.



Availability of commercial vehicles

Parallel to the declining production figures for new vehicles, delivery times for vehicles are already increasing significantly to up to 10 or more months. This is the result of enquiries with manufacturers and car dealers. Delivery times that were originally announced are repeatedly and significantly extended.

BdKEP discussed the topic of delivery times with Thomas Geldmacher (KEP Wirtschaftsdienst GmbH). The recording can be listened to here.

<https://www.youtube.com/watch?v=83MXsYTPEaY&t=190s>

The number of vehicles in stock at dealers has dropped by 90% or more. Replacement vehicles are not available or only to a very limited extent. On the used car market, too, only small quantities are available at rising prices.

It is an open question which sales strategy car dealers are pursuing. In the CEP sector, vehicles are often sold at high discounts. Dealers may decide to sell vehicles to more profitable customers than CEP companies.

The availability of commercial vehicles is also dependent on the segment into which manufacturers direct scarce resources. It is becoming apparent that higher-value vehicles than commercial vehicles are produced first and that the commercial vehicles produced are sold first to large customers with high demand volumes. These large customers, with their strong financial power, are in a position to buy up a large share of the available vehicles, even at higher prices.

Industry experts assume that manufacturers will channel scarce resources into the production of electric vehicles. This development will also be at the expense of traditional commercial vehicles with combustion engines.

A reliable forecast of delivery times is not possible against the background of the many influencing factors. The BdKEP, in cooperation with its partner KEP Wirtschaftsdienst GmbH, regularly queries delivery times from dealers or manufacturers and provides information on developments. Information on individual brands and models can be obtained from the association.



Cost developments

The procurement of new vehicles will become significantly more expensive. Manufacturers will both significantly reduce the sometimes generous discounts and increase list prices. A reduction from 50% to 25% in rebates alone would make vehicles 50% more expensive to purchase if the list price remains the same.

It remains to be seen which sales strategies car dealers will pursue. Dealers could decide to sell vehicles to more profitable customers than the CEP companies.

The BdKEP discussed the situation in the car trade with Mario Astrath (Flottenzentrum Ruhrdeichgruppe). The recording can be listened to here.
<https://www.youtube.com/watch?v=83MXsYTPEaY&t=803s>

Leasing

Leasing contracts are usually concluded for 2-3 years. The CEP company, the future lessee, procures and orders the vehicles through the car trade. In the sales process, a leasing bank then takes over the financing and ownership of the vehicle. A distinction is then made between kilometre and residual value leasing.

Expiring leasing contracts

In the case of expiring kilometre leasing contracts, it has generally been possible to extend the vehicles at the same instalment until new follow-up vehicles have been delivered. Now there is the risk that the lessor either withdraws the vehicle at the end of the lease and puts it

to another use or that the leasing rate increases significantly when the lease is extended. The first increases can be seen on the market. It is becoming apparent that the increases can amount to 100% and more.

In the case of residual value leasing, residual values are usually a guideline and not bindingly agreed. There is a risk that the actual takeover price will be higher than the calculated residual value. The consequences are rising costs and thus falling contribution margins and liquidity for the CEP companies.

Leasing costs for vehicle procurement

Leasing rates for new vehicles rise in line with the price increases in vehicle purchasing.

Significant increases are also foreseeable here.

The BdKEP discussed the situation on the leasing market with Dirk Kohtzer (Athlon Germany GmbH). The recording can be listened to here.

<https://www.youtube.com/watch?v=83MXsYTPEaY&t=1763s>

Rent

The procurement of commercial vehicles by vehicle rental companies is already coming to a standstill. Delivery commitments from manufacturers are being withdrawn or are no longer being given or are being given only to a very limited extent. Previously strong integrations into manufacturers' ordering systems are being scaled back. Rental companies have to decide whether they can keep their own vehicles longer. At the same time, expiring special conditions for vehicle purchase, higher wear and tear and increasing repair costs for ageing vehicles are making rental rates significantly more expensive and worsening availability.

Here, too, availability and cost increases depend on the strategy of the renting company. More solvent customers could be given priority over the CEP sector. Since vehicle rental companies are also under cost pressure when revenues fall, this approach is realistic.

Cheap and predictable long-term rentals are no longer concluded. Vehicles are rented out by the day, week or month at the daily rate.

BdKEP discussed the situation on the leasing market with Jens Hilgerloh (Bundesverband der AutovermieterDeutschlandse.V.). The recording can be listened to here.

<https://www.youtube.com/watch?v=83MXsYTPEaY&t=2353s>



Garage service

Lack of or delayed availability of spare parts leads to long downtimes of defective vehicles. Increasing susceptibility to repair in vehicles used for longer than usual aggravates the dilemma and demands additional workshop capacity. Increased costs for repair services and spare parts put a strain on the budget. Replacement workshop vehicles are not available or are insufficiently available. The slump in new vehicle sales can lead to closures at car dealerships. This reduces workshop capacities in the sector.

Countermeasures / solutions

Many CEP companies have a very short-term vehicle planning and wait until the last second or longer to order. Early orders are the basis for getting vehicles delivered at some point. It is advisable to set up a long-term vehicle availability plan similar to the liquidity plan. From this, the timing of vehicle orders and other measures can be derived.

The extension of rental and leasing contracts can avoid vehicle bottlenecks. To this end, contact should already be made with the contractual partners today in order to have the extension and conditions confirmed in good time.

The same applies to the car trade. It is advisable to maintain close contact with car dealers. This gives you a good overview of the delivery capacity and cost situation, and you may be able to secure urgently needed vehicles.



Enter into cooperation

Due to the traditionally very good vehicle availability, fleets could only be partially utilised and exclusively operated in the past. In order to be able to fulfil service promises, it can make sense to cooperate or work together with other market participants. The following approaches are conceivable:

- Direct feed by shippers in the region and bundled delivery
- Bundling of shipment volumes of different systems on the last mile
- "Car sharing" with other fleet operators

Expansion of alternative delivery concepts

In addition to the measures in the use of commercial vehicles, these scenarios also offer the possibility of implementing alternative delivery concepts. These are already known and have been discussed for years, but have not been implemented or have been implemented only hesitantly.

- Pick-up and delivery of consignments with cargo bikes,
- Use of vehicle models from new manufacturers
- Foot delivery of bundled (parcel) shipments via micro-depots in city districts
- Involvement of the retail trade in delivery concepts
- Expansion of the parcel box infrastructure



Conclusion

In summary, the following activities are recommended:

- Set up vehicle availability planning for 24 months
- Order new vehicles at an early stage
- Establish close and regular contact with leasing providers and car rental companies as well as car dealers
- Recalculate orders and offers and, if necessary, renegotiate them.
- Enter into cooperation agreements
- Expand alternative delivery concepts
- Acquire low-maintenance electric vehicles

On the one hand, the scenarios described seem very bleak and difficult to manage. On the other hand, they can lead to the implementation of completely new concepts, especially on the first and last mile. It is up to us, the medium-sized CEP companies, to find new creative alternative ways. The last two years have shown that the previously impossible is possible. The knowledge and resources are there. The task now is to use them courageously and to move forward. If we don't do it, others will. Because even in the situation described, supply chains will continue to function and look different afterwards than they did before.

Berlin, December 2021



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