Courage, collaboration and the future of mobility
Foreword

“This is without doubt an exciting time for the transport industry. The automotive sector in particular is anticipated to go through more significant change in the next 10 years than it has since the first Model T rolled off the production line in 1908.

Huge leaps in technology are driving the evolution of the vehicles we use for leisure and business, resulting in some major implications, not just for the automotive industry, but for the wider travel sector too.”

“In the last few years alone we have seen the gradual introduction and increasing sophistication of telematics, connectivity, driver/parking assist, hybrid and electric cars, as well as exciting steps made to revolutionise fuel. Driverless cars are also becoming a greater reality. Technology which was once reserved for the pages of science fiction, is becoming increasingly commonplace, and is set to dramatically change the traditional concept of mobility.

“It is with this backdrop of technological advancement, that Avis hosted a Client Advisory Board (C.A.B.) in July 2015. Attended by over 40 corporate travel customers from a range of industries and sectors, it was a unique opportunity to debate the evolution of the traditional corporate mobility model and how new technology is driving this change.

“I, along with Avis Budget Group’s Mark Servodidio (Managing Director, Europe) and Louisa Bell (Commercial Director, UK), were joined at the C.A.B panel session by experts from across the automotive industry.”

Nina Bell, Managing Director, Northern Region, Avis

“About this whitepaper

This paper reveals some of the fascinating insights these experts shared, and will look at the key themes that surround the topic of mobility, as well as discuss what’s required to help drive the industry forward. We hope you find the content interesting and that the different perspectives in here serve as inspiring examples that show how the industry as a whole is approaching (and driving) this current evolution.

David Hanna, National Fleet Sales Manager, UK – & – Mike Bennett, Product Manager, UK

Jermaine Williams, Account Manager, Mobile Solutions, UK

Mark Walker, General Manager, UK

Martyn Briggs, Industry Principal, Mobility, UK

Frost & Sullivan

Proprietary of Avis
Key themes

1. Mobility
2. The Future of Mobility
3. Mobility Models
4. Facts
5. Grey Fleet and Duty of Care
6. Electric and Hybrid Technology
7. Shared Responsibility
8. Data and Mobility
9. Safety
1. Mobility

Mobility is an ambiguous term that can mean different things to different people.

To many business travellers, mobility is about connectivity, in both a traditional and a technological sense. Going from A to B, whether in a car, train or an aircraft, shouldn’t break up or hinder the commute to work or journey to a business meeting.

Business travellers don’t want travel to be an obstacle, and they don’t want to put everything on hold until they finish their journey – they’re too busy and they don’t want the inconvenience. What they want, and what they expect, is for technology to enable them to have a connected, joined up and consistent experience.

To others, mobility means making the world smaller – having the right infrastructure and networks in place to allow us to do business as easily with customers in Shanghai as it is with customers in Crawley.

The economy is improving; green shoots are visible but there is still a way to go to full recovery. Consequently, many business travellers are, out of necessity, embracing new technologies and services to help make mobility possible. As an industry – both car hire, and travel in general – there is a desire to be similarly innovative and flexible.

Planning for the future is also important – if needs are evolving now, how will they look in a few years?

“The travel industry needs to look at what current technologies, services and modes of mobility are vital to the UK’s businesses and predict where they are going. The industry as a whole needs to make sure each respective organisation is meeting the expectations and demands of the time. Events such as C.A.B. are a great opportunity to learn what’s important to corporate customers, and how individual mobility needs are evolving.”

Nina Bell, Managing Director, Northern Region, Avis
2. The Future of Mobility

With the aforementioned technological advancements firmly in mind, when we consider the future of mobility we can be confident that we will see some hugely significant developments soon.

Mobility and the way in which it is perceived by the business community, and the general public, is already shifting significantly; it has been for a long time. Changing consumer habits, economic pressures, environmental responsibility, media pressure; they have all had an influence on mobility and the traditional models of transport.

The public perception of cars has seen an equally dramatic shift as we see the automotive culture challenged. A car used to be the ultimate symbol of freedom and independence but increasingly consumers view ownership as an expense and a burden, particularly in cities. This is especially true of younger generations. As a result we have seen a major surge in demand for car sharing services such as Carshare and, of course, Zipcar.
3. Mobility Models

Mobility is experiencing a revolutionary transformation owing to demographic changes such as urbanisation and increasing population density, social preference changes, and growing connectivity.

“This is allowing our transport network to become more integrated, resulting in several industries collaborating to deliver a seamless proposition and user experience, giving rise to a growing opportunity for integrated mobility business models.

“Car sharing is one of the most successful business-to-consumer (B2C) models, with seven million people using shared services globally, over half based in Europe.

“Car sharing can save a business up to 25% of the total cost of ownership of a vehicle compared with leasing company cars to individual employees. Long term, the trend towards a total cost of mobility will see employers starting to encourage their employees towards self-service integrated transport solutions that allow them to choose their options as part of a mobility budget, rather than a car allowance.

“There are many organisations that offer company cars to just 20% of the workforce based on job roles such as sales managers, and as a perk or part of the remuneration package.

“Corporate mobility services therefore provide a potential transport solution to the remaining 80% of the company employees by increasing their flexibility, offering a great opportunity for vendors of mobility services to tap into this potentially lucrative market.

“Partnerships made by Airbnb and Uber with expense management firm Concur to integrate their receipts into the platform, has made it easier for employees to expense these services – a trend that will be followed.”

Martyn Briggs, Industry Principal, Mobility, Frost & Sullivan UK
4. Facts

Statistics available from Frost & Sullivan’s Corporate Mobility research’

55% of companies are satisfied or very satisfied with the solution.

75% of those that already use a corporate mobility IT platform are satisfied or very satisfied.

20% of companies don’t use an integrated IT mobility platform...but are interested in providing one in the future.

49% of companies don’t use an integrated IT mobility platform...but are interested in providing one in the future.

57% of employers consider mobility cost to be the most important area for employers to address.

Company cars are the most commonly used corporate mobility service at present...

The most preferred mobility services to be included in an integrated mobility solution for business use are;

- Hotel and flight booking: 55%
- Car rental: 53%
- Train tickets: 44%
- Trip planners: 38%
- Taxi booking and payment: 23%
- Car sharing: 22%
- Carpooling: 16%

There is no single job role/function aligned to corporate mobility; the top areas are;

- Operations & facilities: 16%
- Fleet managers: 6%
- Mobility managers: 5%

When considering which services were desirable for smartphones, journey planning was the most desirable service amongst...

49%
When we talk about mobility, grey fleet – typically defined as employees that drive their own cars for business – is a common theme. One of the questions posed at the C.A.B. was whether grey fleet was an opportunity or a challenge for the travel industry. As Zipcar’s Mark Walker commented, it’s a mixture of the two:

“Whilst there have been successful examples of where pilot schemes have got off the ground, it will ultimately take very brave leadership to replace an existing condition of employment, replace a valued perk to use a different type of system and essentially change an entire organisation’s terms and conditions.”

Mark Walker, General Manager, Zipcar UK

5. Grey Fleet and Duty of Care

Mobility isn’t just about getting from A to B of course. It’s a much wider discussion that involves economics, employee safety and corporate liability.

However, the political agenda is being moved forward thanks to partnerships between the fleet sector and organisations such as the British Vehicle Rental and Leasing Association (BVRLA), which are raising awareness of the true cost of grey fleet schemes in the UK. By definition, grey fleet motivates people to drive to work every day, and so in cities, where there are both congestion and air quality issues, the cost isn’t just economic – it’s environmental too.
6. Electric & Hybrid Technology

When we talk about mobility solutions within an environmental context, we naturally turn our attention to the development of electric vehicles and the growing sophistication of hybrid cars. Like grey fleet, there are both opportunities and challenges.

This is illustrated within Avis Budget Group’s Scandinavian markets. In Norway there is a significant fleet of Tesla vehicles, and in Denmark there are almost 900 electric Nissan cars in operation and up to 90% utilisation on its EV fleet.

However, it currently takes a lot of work to get the economics to make sense – certainly on the business-to-consumer (B2C) side, there is some reservation from customers who are unclear about what the infrastructure outside of their market is. Even within countries such as Sweden and Norway, where there has been incredible government support in the shape of major investment in internal infrastructure, there is a level of reluctance to embrace the technology beyond fixed commutes.

What do we need to make electric vehicles work on a mass scale?

From an automotive perspective, OEMs (Original Equipment Manufacturer) such as Audi are making huge strides in developing more environmentally friendly solutions. Audi is working on producing a diesel made from CO2, and lithium-ion and battery technology is one of the biggest areas of investment for most manufacturers. The technology isn’t quite there yet for a wholly electric mobility solution, but eventually the technology will be in place for motorists to use 90% of their journeys on one charge.

However, as Audi’s David Hanna explained, the key challenges that remain are, again, infrastructure and government support. David feels that the industry desperately needs consistency from organisations such as OLEV (Office for Low Emission Vehicles):

“…whilst they are pushing consumers towards hybrid products with incentives, they are not giving a long term view of what those incentives are.”

David Hanna, National Fleet Sales Manager, Audi UK

The £5,000 vehicle plug-in grant, for example, is in question and, as a result, there remains consumer uncertainty. From an OEM’s perspective it makes it difficult to commit to investment if there is risk of the government reducing incentives without notice. Nevertheless, David remains optimistic about the future of electric vehicles – with investment in infrastructure and consistent, long-term support from the government, the technological advancements will continue apace from OEMs.
7. Shared Responsibility

It isn’t just the responsibility of OEMs and the government to drive the application of electric or hybrid vehicles forward – the whole travel industry has a role to play. This is especially true of car sharing solutions, which have already made a huge impact in speeding up behaviour change.

Where there lies a challenge, there lies an opportunity. It’s safe to say that while car sharing faces similar levels of difficulty, these could be turned around and utilised for the greater good of the industry, if addressed correctly.

The key challenges the car sharing industry is facing at the moment are:

- **Infrastructure** – there is currently no charging infrastructure in place where the vehicles are parked
- **Cost** – electric/hybrid vehicles are prohibitively expensive and customers don’t want to pay a premium
- **Residual value** – it’s difficult to know what electric/hybrid vehicles will be worth at the end of their life, because there is no residual market for them yet
- **Range** – there is little knowledge about how far customers are travelling in any one reservation, so each car becomes less flexible
- **Charge** – when customers use one car on the same day, when the car is brought back with very low power/charge, it is rendered useless

Despite these challenges, the implications for the wider industry are revolutionary. In fact, Mark Walker is just one person who remains upbeat about the role car sharing models will play in driving mass-market acceptance of the technology beyond just the affluent early adopters:

“By giving its members the opportunity to drive electric and/or hybrid vehicles, motorists who usually wouldn’t have the chance to experience them, Mark believes that car sharing services such as Zipcar, will create the best advocates of the new technology.

This, he suggests, would be more influential in turning opinion than any traditional media campaign. This view was supported by Martyn Briggs of Frost & Sullivan, who, with the agreement of the wider panel, outlined what he thought was necessary to bring about real change in the industry:

““The government needs to create the infrastructure before the OEMs can create and drive the advancement of the technology. It will then be the role of car hire and car sharing brands to showcase the technology and deliver the compelling case to use them in cities. And then finally, it will be the consumer’s job to become advocates and drive awareness.”“

Martyn Briggs, Industry Principal, Mobility, Frost & Sullivan
8. Data and Mobility

When it comes to the technology that’s fuelling the changes in mobility, it’s not just power.

The car is viewed as the next digital platform – in fact it is the third fastest growing digital device after tablets and smartphones. As a result, many companies from both within and outside of the travel industry, are creating innovative features designed to make travel easier, more efficient and, importantly, safer.

Data will sit at the heart of many of these exciting developments – a range of statistics relating to the driver’s location, their behaviour and their performance. The challenge remains as to how the industry overcomes the sensitivity that surrounds data, particularly in terms of ownership and how it is used.

“The distrust of data is generational. Younger people are naturally more comfortable with sharing information about themselves – they willingly do it most hours of the day via social media. As such, many young drivers are happy to have black boxes under their bonnets supplied by insurance companies to help keep their premiums down.”

Nina Bell, Managing Director, Northern Region, Avis

The key to helping older drivers overcome their resistance, is transparency, approval and proving value. Mistrust is the result of not knowing what technology is within the car, not giving express permission to use it, not knowing what the data is used for, and ultimately, what the benefits are. It is the duty of the rental car industry to show customers, both leisure and corporate, about the benefits of data sharing and how it can be used to improve the efficiency of the service and the safety of customers.
9. Safer Mobility
How are these developments made a reality?

OEMs such as Audi are making huge strides in making vehicles safer: sophisticated headlights, better brakes and airbags, and innovative driver assistance systems to help prevent more accidents from happening.

Mike Bennett, Audi’s product manager, reiterated a point that became a defining theme of C.A.B. This is still very much the ambition. However, looking at partnerships of the future, what’s different today, is that the total mobility solution is being embraced…

…we’re moving away from a car rental company, a car manufacturer, an airline, or even an insurance company. We’re all working together for mobility and that will be the key motivator in bringing these incredible technological advancements into mass market adoption.

“Car hire companies have more people sat on more seats driving more miles by different drivers than anyone else… we need to work in partnership to find the best ways to move things forward.”

Mike Bennett, Product Manager, Audi

“It is exciting to see just how far and indeed how fast, the travel industry is evolving. I’ve worked in the sector for nearly twenty years, and throughout my career the objective was to ensure that we, as a business, were meeting the mobility needs of our customers, whether corporate or leisure.”

Nina Bell, Managing Director, Northern Region, Avis

Summary

1) While 56% of the highest current corporate mobility solution used today was a company car, interestingly the solution with the highest future interest from corporate mobility decision makers and buyers was corporate car sharing (21%).

2) To date, we’ve seen partnerships made by services such as Airbnb and Uber with leading expense management firm Concur to integrate receipts into the platform, making it easier for employees to expense these services. This is a trend that will be followed in the future.

3) In Avis Budget Group Norway, there is a significant fleet of Tesla vehicles, and in Denmark there are almost 900 electric Nissan cars in operation.

4) OEMs such as Audi are making huge strides in making vehicles safer: sophisticated headlights, better brakes and airbags, and innovative driver assistance systems to help prevent more accidents from happening.
Thank you to all who attended and engaged with us as we unlocked the Future of Mobility. If you would like to be involved in future business events or simply to find out more please email: UKMarketing@avis.co.uk

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