



# Commercial Vehicle Rental

## A management guide from Alphabet

The trend toward mobility solutions is changing the face of commercial vehicle (CV) rental. This briefing looks at what is happening in the world of short- and medium-term CV hire and you can work with the changes to get the most from your rental spend.

### Rental, leasing and mobility

From a fleet operator's viewpoint, daily rental or contract hire are both means to the same end: having the right number of vehicles on the road at any one time. However, from a financial and legal perspective, daily rental and leasing are very different acquisition methods. Essentially this means that fleet operators are being served by two separate industries:

- daily rental companies, whose IT systems and supply chains are designed for short-term needs
- leasing/fleet management companies, whose systems and networks are geared to vehicle contracts lasting two years and upwards.

Commercial fleet operators therefore typically rely on at least two suppliers to cover their rental and leasing needs; with separate business contacts, contract agreements, service level agreements, etc. for each account. CV operators often require more than one short/medium rental supplier because their CV requirements are more complex than cars: the hire periods tend to be longer; multiple identically fitted-out vehicles may be needed simultaneously; and issues such as payload, body type, markings and livery must also

be addressed. This creates a routine need to juggle with multiple suppliers, especially around medium-length hire requirements.

While this experience is still widespread, it's not set in stone. Customers have started changing their approach to CV rental as vehicle providers increasingly invest in Business Mobility solutions. These solutions offer products, IT systems and business structures which are designed to deliver a smoother, unified experience of moving people and goods from A to B, whether by car, van, utility vehicle or minibus.

### The UK CV hire market

CVs account for more than 40% of all vehicle rental transactions in the UK – 4.6 million hires in 2015 – although vans make up only 10% of all road vehicles. Sourcing standard panel and car-derived vans in small numbers for short periods at competitive rates is very straightforward. As many commercial vehicle customers typically have more complex needs, they may have to work with multiple suppliers which could mean their bargaining leverage is diluted.

There are obvious operational and commercial advantages to sourcing leased and short-term rented CVs together. Again, however, the historical separation between the CV leasing and rental supplier markets has traditionally limited the opportunity to do so.

## Blended CV supply

Some CV funding suppliers have now broken down this barrier by incorporating a dedicated CV rental service into their leasing operation to offer a combined solution for CV customers. Alphabet, for example, offers a unified daily rental, extended rental and leasing service for CVS. This is an important aspect of our strategic, Mobility Services approach to providing operators of all sizes with a single, simplified route to the vehicle availability they require, whether it's for an hour, a day, a few months or years.

## Impact of blended CV supply

How does the coming together of rental and leasing affect CV procurement?

**Duration.** A blended CV supply enhances our ability to tailor parameters such as rental duration and early off-hire/lease termination terms to the needs of customers. This is because our total purchasing leverage allows us to negotiate deals that would probably not be available directly to you individually. If you maintain a core fleet of leased CVs, supplemented by medium-term rental vehicles allocated to certain contracts, plus daily rental to cover Vehicles Off-Road (VOR), etc, you can obtain vehicles for every duration through one supplier.

**Availability.** CV rental can be as straightforward as hiring a panel van for a day or it might involve sourcing several different body types, fitting modular racking, applying livery or markings, etc. We can offer access to the entire UK CV rental market. Our commercial vehicle team uses their established relationships with our preferred converters and other specialists to create bespoke rental packages. For you, it means the ability to source any number of vehicles to the correct specifications, for specific lengths of time, from a single source.

**Location.** Geography affects rental costs since it is more competitive to go to smaller independent suppliers in some parts of the UK. We have access to large and small rental providers and are often able to negotiate a better deal for you.

**Livery.** It's a common misconception that you cannot apply liveries, markings or signage to short term rental CVs. In fact, most rental companies will allow vehicles to be liveried provided there's no damage during application or removal. The cost of applying and removing livery falls on you, so they are more commonly seen on medium-term hires. If you do need to put livery on a rental CV, the last thing you want is for the rental company to recall the vehicle mid-way through the term. We will work with you to ensure that our rental partners do not change liveried vehicles during the contracted hire period.

**Load.** 'Right-sizing' is a major concern these days. Being able to locate rental vehicles of the appropriate payload capacity for anticipated needs and to swap them quickly for different types if those needs change suddenly is key to cost-effective operation.

**Fuel type.** Fuel choice is becoming an increasingly important issue for CV rentals. With over a dozen UK cities considering air quality zones and other restrictions on diesels, many fleets will need to use petrol-engined and zero-emission vans either permanently or tactically. Daily rental is an ideal route to tactical deployment of non-diesels however, it is likely that the availability of petrol and plug-in CVs will remain limited for the next few years. You will need access to large CV rental networks to be confident of getting hold of non-diesels on demand.



**Delivery and collection.** CV rental companies typically levy a fixed charge for collecting and delivering standard vehicles, with higher charges for specialised units. If you are taking vehicles for months rather than days or weeks, or booking multiple vehicles, delivery is often included in the price. We will negotiate inclusive collection and delivery with suppliers wherever circumstances permit



### What if I don't lease CVs?

You don't have to be a leasing customer of the blended supplier to enjoy the rental advantages they can offer. The benefits they offer in terms of coverage, competitive rates, specialist expertise, etc., derive from their overall position across both the leasing and short-term hire marketplaces (including car rentals). Those advantages are on offer whether you need to hire one van for a day or 100-plus for a weeks, months or years.

### Alphabet's Commercial Vehicle Service

Commercial vehicle experience counts. Whatever your requirements, our flexible, comprehensive approach will deliver a solution to suit your CV needs. Working closely with our partner conversion companies, we will deliver even the most complex fleet mix on time and to the right specifications, from coachwork and internal and external fit-out to complete bodybuilding projects.

If you require funding, we will tailor the optimum finance solution for you, matching the funding to the vehicles' operating patterns and the nature of your business.

**If you have any questions please contact us on 0370 50 50 100**

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