

# Automotive Fleet Sales Management – Recommendations for creating a future best-in-class fleet sales management strategy in Sweden

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**A global premium brand automotive OEM is lagging behind its main competitors in terms of market share in the Swedish fleet car (or company car) market. All the while, in some other markets it is the leader or experiencing significant growth. Concurrently, the automotive industry is set to go through radical changes the next few years, which raises the question of how to best serve customers in the future. Recommendations for a future best-in-class fleet sales management strategy could therefore be formed by combining internal learnings with industry-related trend analyses.**

Fleet sales entail the selling of company cars, otherwise called fleet cars. A fleet car is a car purchased by a company, either because the company needs the car to be able to perform business or because they want to use it as a benefit for an employee. The common denominator for a car to be called a fleet car is that the owner needs to be a company and not a private person. Fleet sales management requires specialized business & sales strategies as the playing rules are different from private sales. Specific governmental regulations, taxes and subsidies related to e.g. price and climate impact are generally assigned to fleet cars. This means product packaging often has to be adapted for the fleet market. The procurement process also differs from private sales. This is because the end-user (driver) and the purchaser (corporate customer) are seldom the same person. As a result, aspects of both *Business to Business* (B2B) and *Business to consumer* (B2C) sales are concurrently at play. (OO, 2016)

This Master's Thesis looks in-depth at the fleet sales function at the Swedish national office of a particular global automotive OEM, and the main purpose is to give recommendations for how to create a *Future Best-in-Class Fleet Sales Management Strategy in Sweden*. This purpose is highly exploratory, as the research area is new, constantly changing, and no previous studies exist. As a result, a new conceptual framework had to be created to get a comprehensive fleet sales management view of the business & sales strategy, the organization, and the industry & surrounding environment - the Current Situation Analysis framework (see Figure 1 and Table 1).

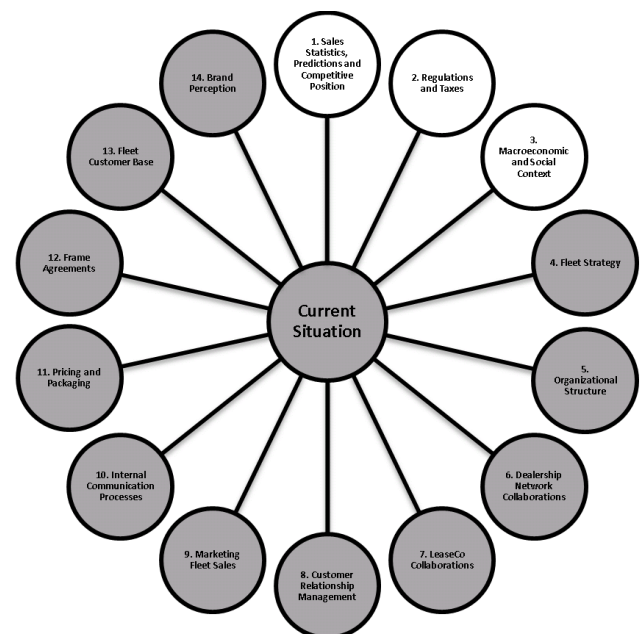


Figure 1. Current Situation Analysis framework.

<b>Explanatory circumstances:</b>
1. <i>Sales Statistics, Predictions and Competitive Position</i>
2. <i>Regulations and Taxes</i>
3. <i>Macroeconomic and Social Context</i>
<b>Impacted by strategies &amp; processes:</b>
4. <i>Fleet Strategy</i>
5. <i>Organizational Structure</i>
6. <i>Dealership Network Collaborations</i>
7. <i>Leasing Company Collaborations</i>
8. <i>Customer Relationship Management</i>
9. <i>Marketing Fleet Sales</i>
10. <i>Internal Communication Processes</i>
11. <i>Pricing and Packaging</i>
12. <i>Frame Agreements</i>
13. <i>Fleet Customer Base</i>
14. <i>Brand Perception</i>

Table 1. Current Situation Analysis parameters.

The framework is based on business strategy frameworks *Marketing Mix & Business Model Canvas*, environment description framework *PESTLE*, as well as certain fleet car industry specific aspects.

A specific analysis model also had to be created in order to achieve the exploratory research purpose. Three tasks were pursued; firstly the current situation surrounding the fleet sales function in Sweden was assessed and analyzed. Secondly, relevant automotive industry-related trends were identified and assessed. Thirdly, internal best practices for the Swedish market within the corporate organization in other successful markets were identified. In the end, recommendations were formed by combining internal learnings with sound fleet sales management practices based on industry-related trends, and adopting & prioritizing these for the Swedish fleet sales function situation.

The current situation analysis of the Swedish market was mainly based on qualitative interviews with a great number of people working at the company's Swedish national office, as well as within the dealership network. The goal was to cover

all the parameters of the Current Situation Analysis framework. A few pain points were identified in terms of e.g. CRM processes, both within the dealership network and the national office, and dealership fleet sales processes. Other noteworthy findings include fleet sales goals being mainly based on sales numbers, and fleet marketing being done mostly through printed materials. (OO, 2016)

The industry-related trend identification made use of quantitative data analysis and desk research of second hand sources. Identified trends revealed the need to for example prepare the organization for impending digitalization and connectivity paradigm within the automotive industry. Another need seems to be to shift strategic focus from product and technology to customer needs. (KPMG International, 2016) This includes digitalizing e.g. marketing and CRM activities, and rethinking touchpoints and sales channels to fit customers' preferences. (EY, 2015) There is also an absolute necessity to adjust to future environmental regulations and standards; mainly the introduction of WLTP, a new test procedure for vehicles. (Internal company document, 2016)

Studies of successful international fleet sales functions within the corporate organization utilized qualitative interviews with fleet sales managers in five different countries. An interview template was used constructed according to the Current Situation Analysis framework. The interviews resulted in a great number of internal learnings. Some of the most important points included one national office having simplified the fleet product offering. They also implemented a successful direct sales program and a national fleet car demonstrator program. The demonstrator program means cars can be leant to corporate customers and leasing companies. (AM & RE, 2016) A fleet sales department in another market had implemented a dealership development program that meant professionalizing the

dealership environment, hiring fleet sales personnel, and educating employees about fleet. (MK & TF, 2016)

In the end, eight main recommendations for how to create a future best-in-class fleet sales management strategy were constructed by combining internal learnings with industry-related trend analyses, and adopting & prioritizing findings for the Swedish fleet sales function's situation. It is recommended for the fleet sales department of the studied automotive OEM in Sweden to:

- *Focus on Fleet Customer Needs*, which means keeping track of customers and the market, adapting to the changing fleet customer base, and forming a customer-centric fleet strategy.
- *Update the Business Model*, facilitating for and exploiting connected car services sales, and customer and vehicle data sales.
- *Implement an Omni-channel Strategy*, starting with online and direct sales, as well as rethinking touchpoints and making them consistent.
- *Focus on and Modernize CRM*, meaning ensuring the importance and exploiting the benefits of CRM,

and using the company's connectivity solution as a direct communication channel with user choosers.

- *Modernize Marketing*, by focusing on digital channels, digitalizing, customizing and automating marketing processes, and updating messaging, branding and target group.
- *Adapt Offerings to Future Environmental Regulations and Standards*, which includes adapting products to the new complexities, and communicating the changes to customers.
- *Develop Dealership Fleet Sales*, meaning developing fleet sales capabilities and processes, and incentivizing prospection and relationship building activities.
- *Improve Fleet Sales Team Processes*, by implementing a few streamlining efforts, and reviewing the collaboration strategy with leasing companies.

The recommendations interconnect and depend on each other in different ways (see Figure 2). The top priority should be placed on the *Focus on Fleet Customer Needs*, as this is the basis for all other changes.

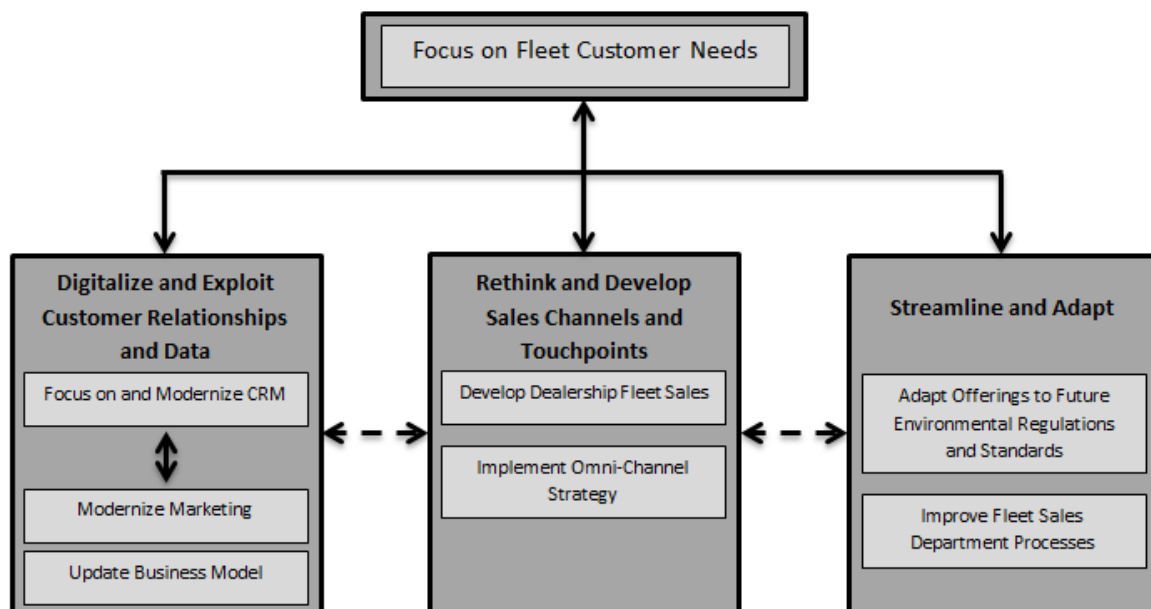


Figure 2. Interconnection of recommendations.

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