



Market Report

A Snapshot of your Market Sector

Car Leasing

This pack has been designed to provide information on setting up a business in the Car Leasing industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in March 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Car Leasing market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Industry revenue is forecast to grow at a compound annual rate of **7.5% to reach £15.6 billion** over the five years through 2017-18. However, revenue growth is expected to slow slightly to 4.1% in the current year as operators adjust to economic uncertainty caused by ongoing EU exit negotiations. (IBISWorld, *Car Rental & Leasing in the UK*, December 2017)
- ◆ New cars sales have begun to fall back. After volumes **reached a peak of 2.69 million units** in 2016 they **dropped to 2.54 million units in 2017**. For the used car market sales have remained static at 7.95 million units in 2016 and 2017 (Mintel, *Car Review*, February 2018)
- ◆ The United Kingdom car rental market **grew by 2% in 2016** to reach a volume of 263.2 **thousand fleet size**. In 2021, the United Kingdom car rental market is forecast to have a **volume of 281.1 thousand fleet size**, an increase of **6.8% since 2016**. Business is the largest segment of the car rental market in the United Kingdom, accounting for **49.9% of the market's total value**. (MarketLine, *Car Rental*, January 2017)
- ◆ **2% of non-car owners hire a lease car**. Non-car owners are likely to be young adults, women as well as being less affluent. Being a young adult is most strongly associated with non-car ownership and is likely to relate to the costs associated with buying and maintaining a car with these rising recently Over two thirds (67%) fall into this group rising to 70% of those aged 17- 24. By gender **women are more likely than men to be non-car owners (65% vs 59%)**. Mirroring the high percentage of young drivers without a car, women aged 17-34 (69%) are especially important as being non-car owners. (Mintel, *Car Review*, February 2018)
- ◆ Several big names in this industry are Enterprise Rent-A-Car, AVIS, Europcar and Hertz.
- ◆ The national organisation for this industry is [British Vehicle Rental Association](#). Other industry bodies include [Institute of Advanced Motorists](#), [SMMT](#), [RMI](#) and [RAC Foundation](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **IBISWorld – Car Rental & Leasing in the UK – December 2017** - Car leasing is the largest industry service segment and is expected to account for 49.5% of industry revenue in 2017-18. Industry operators provide companies with long-term vehicle hire, typically for a period of two to four years with an agreed minimum and maximum mileage. Operators receive an initial payment followed by regular payments that are typically made on a monthly basis.
- ◆ **IBISWorld – New Car & Light Motor Vehicle Dealers in the UK – December 2017** - The average price of a new car significantly affects industry demand. While slight growth in new car prices supports industry revenue, a sharp rise in prices could deter consumers from purchasing a new car and instead encourage them to purchase a second-hand vehicle, thereby limiting industry growth. New car prices are expected to increase in 2017-18.
- ◆ **Mintel – Car Finance – UK – May 2017** - Lease purchase and contract hire agreements have lower ownership. This may be because their structure means that they don't tap into people's ultimate desire to move towards full ownership, rather than feeling like they are simply leasing it before being obligated to buy or return it at the end. The success of PCP has been led by the opportunity to make your mind up as you go along, rather than making a significant commitment right at the start. This is likely to continue to hold leasing models back, unless they can be repositioned as providing flexibility, perhaps by offering the option to exchange to a new model on a regular basis
- ◆ **Mintel – Car Review – UK – February 2018** – Car ownership is relatively high and currently stands at just over two thirds (70%) of the adult population. Yet this still leaves a sizeable 30% of adults who do not own a car, suggesting that any marketing towards car owners needs to be targeted in order to maximise its effectiveness.

There are also a number of online resources you may find helpful:

- ◆ **BVRLA** – This section contains 2017 information about BVRLA leasing and leasing broker members. This includes a quarterly survey of trends in the business leasing market and our bi-annual report on the leasing broker market. (tinyurl.com/ybcy024)
- ◆ **Fleet News** is a website with advice and news articles aimed at assisting businesses to manage their fleets. (www.fleetnews.co.uk)
- ◆ **Expert Eye - UK Fleet Industry Review April 2017** - is based on a biannual survey of fleet operators which measures their practices and references attitudes and opinions on a wide range of issues:- fleet profiles and policies; the current economic and fleet environment; factors influencing supplier and vehicle choice and predictions about vehicle requirements and influences (tinyurl.com/yate7obo)

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: Carla Bennett

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