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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **April 2020**. 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:

- During 2020 industry revenue is estimated to **grow by 3.9%** to reach approximately **£15.8 billion**. The depressed value of the pound since 2016-17 has supported a strong increase in tourism numbers, which has benefited demand for car rentals, causing this segment's share of revenue to grow over the past five years. Over the five years through **2024-25**, revenue is forecast to increase at a compound annual rate of **3.7%** to approximately **£19 billion**. Operators are expected to shift towards ultra-low emission and electric vehicles. ([IBISWorld, Car Rental & Leasing in the UK](http://www.ibisworld.com), October 2019).

- In a climate of reduced consumer confidence, firms are expected to prefer renting and leasing trucks over making large capital investments by directly purchasing vehicles, supporting continued demand. More stringent environmental regulations requiring greener vehicles could provide opportunities to charge higher rental rates and enable firms to boost profit margins over the long term. Industry revenue is forecast to increase at a compound annual rate of **2.6%** over the five years through **2024-25**, to reach **£3.5 billion**. ([IBISWorld, Truck Rental & Leasing in the UK](http://www.ibisworld.com), October 2019).

- UK car sales are in decline. New and used volumes in 2019 are estimated to have fallen for a third successive year down at **9.95 million units**. The market is expected to remain subdued in 2020 with total sales dropping further to **9.93 million units**. ([Mintel, Car Review, UK](http://www.mintel.com), February 2020).

- Short-term hire revenues and volumes within the private sector have performed poorly in recent years. Revenues have been stable ending 2018 at **£1.31 billion** while rental volumes fell 5% between 2014 and 2018 to **5.77 million**. Mintel forecast **5.83 million in 2019** and revenues are forecast up at **£1.43 billion** in **2024** while volumes will strengthen to **5.96 million**. In addition to the private sector, the short-term vehicle hire market also contains a corporate sector and whereas the private market has suffered from a fall in rentals, the **corporate** market has seen growing rentals to a forecast **10.57 million in 2019**. ([Mintel, Car and Van Hire, UK](http://www.mintel.com), December 2019).

- 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** ([www.bvrla.co.uk](http://www.bvrla.co.uk)). Other industry bodies include **Scottish Motor Trade Association** ([www.smta.co.uk](http://www.smta.co.uk)), **Institute of Advanced Motorists** ([www.iamroadsmart.com](http://www.iamroadsmart.com)), **Society of Motor Manufacturers & Traders** ([www.smmt.co.uk](http://www.smmt.co.uk)), and **RAC Foundation** ([www.racfoundation.org](http://www.racfoundation.org)).
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.

♦ **Mintel** – Car and Van Hire, UK (December 2019). Confidence would appear high amongst those within the UK vehicle hire market with both car and LCV fleets being expanded recently. BVRLA data records expansion of both car and LCV numbers between 2014 and 2018 with cars numbering 281,900 units in 2018 and LCVs 169,000 units. Virtuo is one of a number of companies that are looking at using an online service for booking, collecting and returning vehicles accessed via a mobile app. Avis Budget announced in 2019 that it had developed a new self-service car rental tool, Smile Rent, that allows customers to access vehicles via a portable device and only charges based on distance travelled.

♦ **IBISWorld** – Car Sharing Activities in the UK (November 2019). Car sharing is a less costly alternative to fleet leasing. Industry services are also attractive to private drivers that require vehicles for specific purposes. The number of industry operators is forecast to increase as more firms take advantage of rising demand. Car sharing providers are expected to invest in modern and greener vehicles as public concern over environmental issues increases. Overall, industry revenue is anticipated to rise at a compound annual rate of 9.1% to reach £316.9 million over the five years through 2024-25. 78% of current industry revenue is accounted for by services to private individuals.

♦ **Mintel** – Car Finance, UK (June 2019). Personal leasing accounted for 11% of new car lending and 1% of used car lending through dealers in 2018. The personal leasing market is experiencing strong growth. Reflecting the growing shift from car ownership to usership, the past decade has seen the emergence of car sharing companies and peer-to-peer rental sites (e.g. Zipcar and Drivy), and manufacturers giving greater focus to the wider concept of mobility. Another fairly recent development linked to this trend is the arrival of all-inclusive subscriptions. The leading brand in this area is Drover, a technology start-up which launched in 2016. As well as offering its own subscription proposition directly to consumers, Drover also partners with several manufacturers including BMW, Lexus and Volkswagen.

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

♦ **BVRLA** ([www.bvrla.co.uk](http://www.bvrla.co.uk)) – this website offers a page of guidance for starting a rental or leasing company ([tinyurl.com](http://tinyurl.com)). There is also a quarterly newsletter providing an overview of trends and developments in the vehicle leasing market.([tinyurl.com](http://tinyurl.com)).

♦ **Fleet News** is a website with advice and news articles aimed at assisting businesses to manage their fleets. ([www.fleetnews.co.uk](http://www.fleetnews.co.uk))

♦ **Expert Eye** ([www.experteye.com](http://www.experteye.com)) – offers a report 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](http://tinyurl.com)).

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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
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 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:

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<tr>
<th>Accountancy</th>
<th>Pricing</th>
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<tr>
<td>Institute of Chartered Accountants of Scotland’s (ICAS) “Find a Chartered Accountant” tool</td>
<td>Business Companion Pricing &amp; payment guide.</td>
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<tr>
<td>Funding</td>
<td>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</td>
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<tr>
<td>Practical information on finance and funding for starting and growing your business</td>
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<td>Business insurance guide</td>
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<td>Promotion</td>
<td>Law Society of Scotland’s “Find a Solicitor” tool</td>
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<td>BG guides to Marketing</td>
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<td>Skills Development Scotland’s My World of Work</td>
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<td>Funding for training</td>
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<td>Small Business Bonus Scheme (Scotland)</td>
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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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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**Updated by:** Eleanor