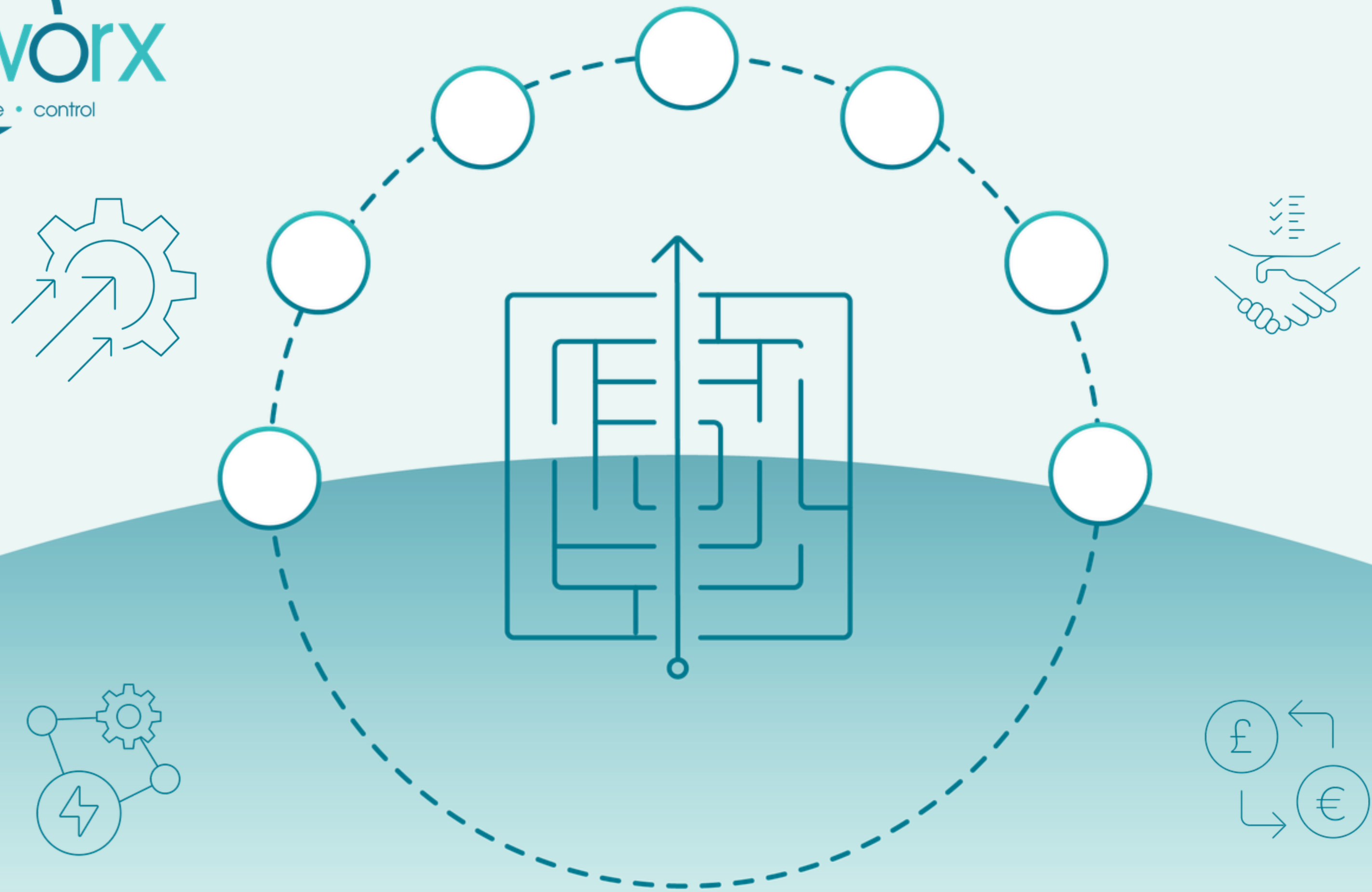
fleetworx
savings • compliance • control



# Competitive Supply in Company Car Fleets

## Understanding When Multi-Bid Works, and How To Make It Deliver Value

# Introduction

In procurement, competition is widely recognised as a powerful driver of value.

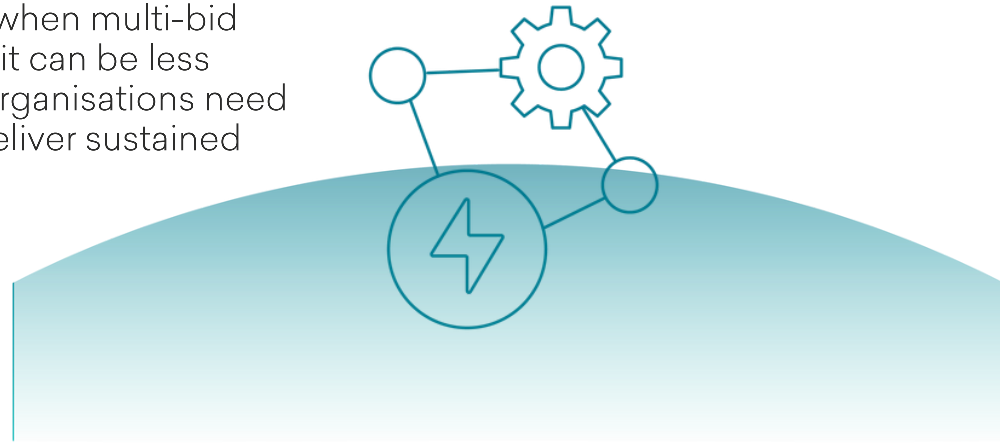
Introducing multiple suppliers into a category can increase pricing tension, improve transparency and reduce long-term costs. It is a principle that works effectively across many areas of indirect spend.

In the company car fleet category, this has led many organisations to explore competitive supply models, where leasing providers compete for each vehicle order.

In the right circumstances, this approach can deliver meaningful commercial benefits. However, fleet leasing operates within a complex commercial and operational environment. Pricing structures, supplier economics and policy design all influence the outcome.

As a result, competitive supply is not a one-size-fits-all solution.

This guide explores when multi-bid supply works, where it can be less effective, and what organisations need in place to make it deliver sustained value.



## Competitve supply is not a one-size-fits-all solution

"Multi-bid is a valid strategy, but only when applied in the right context, with the right controls."

# The Case For Competitive Supply

At its core, competitive supply is built on a simple and compelling idea: If suppliers compete for each vehicle order, pricing should remain sharp and aligned to market conditions.

**When implemented effectively, this approach can deliver:**

- Ongoing pricing tension between suppliers
- Increased visibility of market rates
- Reduced dependency on a single provider
- Greater commercial flexibility over time

For organisations with the right fleet profile, these benefits can be significant.

But achieving them depends on more than simply introducing multiple suppliers.

# When Competitive Supply Works Best

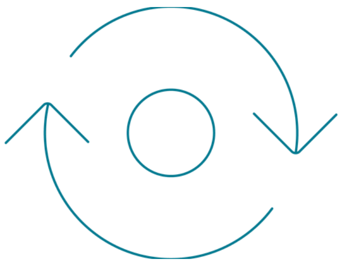
## Competitive supply is most effective when certain structural conditions are in place.

One of the most important is:

### Fleet Scale

For fleets of approximately 150 vehicles or more within a country, leasing providers have sufficient volume to actively compete.

This creates a meaningful bidding environment where pricing differentials can emerge.



## In addition, organisations that benefit most from competitive supply typically have:

- A consistent vehicle replacement cycle
- Strong procurement governance
- The ability to manage multiple suppliers effectively

Where these conditions exist, competitive supply can become a powerful commercial lever.

**Fleetworx fact**

Competitive supply typically becomes effective when fleets reach approximately 150 vehicles or more within a country.

Below this level, the cost and complexity of managing multiple suppliers can outweigh the commercial benefit

# The Role of Fleet Policy

**The structure of a company car policy plays a critical role in determining the effectiveness of competitive supply.**

In fleets where policies are broad or loosely defined, suppliers may price vehicles quite differently. In these environments, competitive bidding can reveal meaningful pricing variation.

However, in organisations with highly structured and tightly controlled policies, suppliers are often already pricing competitively.

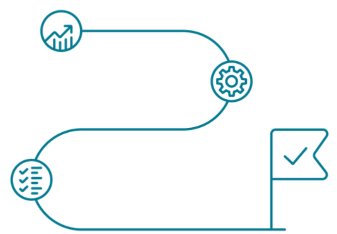
This means that while competitive supply can still provide value, the incremental benefit may be smaller, as much of the commercial leverage already exists within the policy itself.

Understanding this dynamic is key when evaluating the potential impact of multi-bid supply

**Fleetworx fact**

The stronger and more structured your fleet policy, the smaller the pricing variation between suppliers.

In highly controlled fleets, competitive supply may still add value, but the incremental benefit is often reduced.



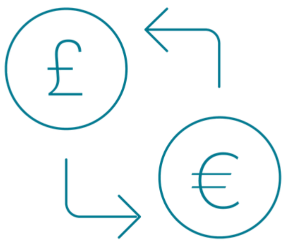
# Understanding the Value Timeline

## Competitive supply does not typically deliver its full value immediately

Introducing a multi-supplier environment requires:

- Supplier onboarding
- Governance processes
- Operational alignment
- Internal stakeholder engagement

As a result, organisations often experience a period of programme establishment and optimisation before the full benefits of competition are realised, whilst the additional workload of managing the competitive supply means costs are generally higher than within a single provider environment



In many cases, meaningful commercial gains begin to emerge over a two-to-three-year period, as supplier behaviour stabilises and procurement teams gain greater control over the competitive environment.

For organisations with a long-term fleet strategy, and no immediate pressure on delivering savings, this timeline can be entirely acceptable, but it is important to plan for it.

Understanding this dynamic is key when evaluating the potential impact of multi-bid supply

**Fleetworx fact**
Competitive supply rarely delivers immediate financial benefit.

Most organisations experience a two-to-three-year period before meaningful commercial gains are realised, as the programme becomes established and supplier behaviour stabilises.

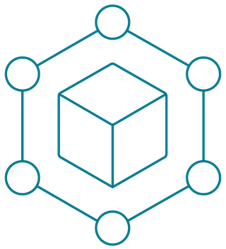
# Operational Considerations

**While competitive supply introduces commercial advantages, it also changes how fleet operations are managed.**

For example, many organisations rely on vehicle configurator systems to manage driver choice and ordering.

In some cases, these systems do not use live lease pricing, which can introduce a disconnect between selection and final order cost.

These factors do not prevent competitive supply from working, but they do require active management and clear processes to ensure the model operates effectively.



**Fleetworx fact**

Many vehicle configurator systems do not use live lease pricing from suppliers.

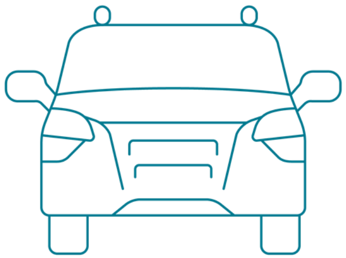
As a result, the price at vehicle selection may differ from the final lease cost at order, introducing potential variability into the process.

# Supplier Dynamics in a Competitive Environment

## Competitive supply changes the nature of supplier relationships.

Leasing providers operating within a multi-bid model are incentivised to remain commercially competitive. At the same time, they will seek to balance competitiveness with sustainable margin.

Over time, suppliers gain a clearer understanding of the competitive environment and may adjust pricing behaviour accordingly.



This is a natural feature of any competitive market.

For procurement teams, the key is not simply to introduce competition, but to manage it actively, ensuring that competitive tension remains effective over time.

**Fleetworx Fact**
Suppliers in a competitive environment will continuously adjust pricing to balance competitiveness and margin.

Maintaining effective competition requires ongoing oversight and management, not a one-time implementation

The key is not simply to introduce competition, but to manage it actively,

# Maintaining an Effective Competitive Model

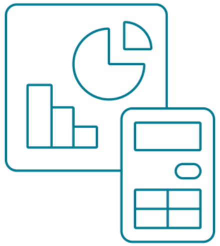
**To sustain the benefits of competitive supply, organisations must continue to manage the supplier landscape.**

This may include:

- Frequently reviewing supplier participation to maintain a truly competitive position
- Ensuring new suppliers can enter the environment where appropriate
- Monitoring pricing trends and supplier performance

Without this ongoing management, competitive dynamics can stabilise, reducing the effectiveness of the model.

When managed well, however, competitive supply can remain a strong and sustainable source of commercial value.



To sustain the benefits of competitive supply, organisations must continue to manage the supplier landscape.

# When Competitive Supply May Be Less Effective

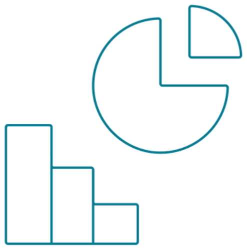
**While competitive supply can deliver clear benefits, there are scenarios where its impact may be more limited.**

For example:

- Smaller fleets, where supplier competition is less meaningful
- Organisations with low vehicle replacement volumes
- Fleets where operational simplicity is a priority
- Businesses seeking deep, strategic supplier partnerships

In these situations, alternative approaches, such as strong contract design and policy control, may offer a more efficient route to cost management.

There are scenarios where impact of competitive supply may be more limited.



# A Balanced Approach to Fleet Cost Control

**Competitive supply is one of several tools available to procurement and fleet leaders.**

The most effective fleet strategies typically combine:

- Structured and well-governed car policies
- Strong contractual controls
- Ongoing commercial oversight
- Appropriate use of supplier competition

Rather than viewing multi-bid supply as a default solution, leading organisations assess where it fits within their broader fleet strategy.

Rather than viewing multi-bid supply as a default solution, leading organisations assess where it fits within their broader fleet strategy.

# Final Thought

**Competitive supply can be a highly effective approach to fleet leasing when applied in the right context.**

But value is not created by competition alone.

It is created when competition is supported by scale, structure and active management.

Organisations that understand this distinction are best placed to realise the full commercial potential of their fleet strategy.

## Want to Explore This Further?

Fleetworx supports organisations in designing and managing fleet strategies that balance competition, control and long-term value.

Whether evaluating competitive supply or strengthening existing supplier models, Fleetworx provides the insight and commercial expertise needed to make informed decisions.

Visit Fleetworx.com to explore more.

**To learn more about how Fleetworx can help you manage your company car fleet supply chain, please contact Graham Rees**

e: grees@fleetworx.com
www.fleetworx.com
+44 (0)1926 353300

# Is Competitive Supply Right for Your Fleet?

**One of the most common questions organisations ask is whether competitive supply is the right approach for their fleet.**

The answer depends less on preference, and more on whether the right conditions are in place.

The following checklist provides a practical way to assess suitability.

## Competitive Supply Is Likely to Be Effective If:

- Your fleet has 150+ vehicles in a country or region
- You have a consistent vehicle replacement cycle
- Your organisation has procurement and operational capacity to manage multiple suppliers
- You are comfortable with a structured, actively managed supplier environment
- Your objective is to introduce ongoing pricing tension across suppliers

## It May Deliver Limited Incremental Value If:

- Your fleet policy is already highly structured and commercially optimised
- Pricing across suppliers is already closely aligned
- You are already achieving strong commercial outcomes through contract design

## It May Be Less Suitable If:

- Your fleet is below 100 vehicles in key markets
- Fleet volumes are declining or inconsistent
- You have low annual replacement activity
- Operational simplicity and supplier continuity are key priorities
- You are seeking a deep, strategic partnership with a single provider