ENERGY

The Road Ahead for Fleet Service Providers

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Road fleet service providers are confronting an unprecedented period of change. Customer needs are shifting rapidly, reshaping the industry's value pool in ways that challenge traditional business models. AI and vehicle- and payments-level data now allow fleets to optimize routes, predict maintenance, automate billing, and manage costs in real time. Alternative powertrains are gaining share, large national and regional "mega fleets" are consolidating purchasing power, and autonomous capabilities are emerging that will be mainstream by the mid-2030s. Together, these developments are dramatically altering how fleets operate and what they expect from their service partners.

Yet many providers are not responding quickly enough to this new landscape, failing to adopt the business model innovations needed to reposition themselves for advantage and growth. In this report we focus on energy fleet service providers—fuel retailers, fuel card providers, energy suppliers, and EV charging players—whose offerings will play a critical role as fleets transition toward electric and eventually autonomous vehicles.

Four Trends Are Altering Customer Expectations

The requirements and operating demands placed on fleet service providers are intensifying. Fleets have always differed widely by size, vehicle mix, and use case—from last-mile delivery vans to long-haul trucks to taxis and corporate passenger cars—and those differences vary by region. What has changed is that instead of just offering, for example, relatively straightforward fuel services or credit care management to different customer cohorts, providers must now present a variety of products that support vehicles, payments, and operations through digital systems, real-

time data, and cross-regional coordination. In that environment, less versatile service models are becoming less acceptable .

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Against that backdrop, four macro trends are redefining how fleets operate and what they expect from service partners.

Data and AI. Data and AI are turning day-to-day operations into actionable insights never previously possible. Fuel and charging cards, toll payments, and telematics systems—now used by more than 60% of fleets—generate a steady stream of information on routes, spending, vehicle use, and maintenance needs. Analyzed properly, that data helps fleets cut idle time, optimize logistics, automate billing, and preventatively address maintenance issues before vehicles fail, reducing costs while improving day-to-day decision making. It also enables new digital fleet service providers to aggregate vehicles and services on shared technology platforms, helping to optimize the performance of myriad smaller fleet owners. In a recent BCG survey of more than 500 fleet executives, 63% of fleet operators ranked this technology-driven shift among the top two macro trends that will impact operations over the next decade.

Changing Vehicle Mix. Driven by sustainability targets, regulation, and improving economics, battery-electric vehicles (BEVs) are gaining broader adoption. BEVs still represent only a small share of vehicles on the road—low single digits in both Europe and North America. But by 2035, BEVs in Europe are projected to account for up to a third of passenger cars and about 10% of heavy-duty trucks, with hydrogen beginning to emerge in long-haul segments post-2035. North America is expected to lag, with BEVs reaching at most up to 5% of heavy-duty trucks.

Adoption will be slowed somewhat by challenges fleets face as they integrate EVs into their vehicle portfolio. But even at its current market penetration rates, the use of EVs is changing how fleets plan routes, manage energy, and approach vehicle life cycle management. In our survey, 52% of operators ranked vehicle electrification among the top two macro trends of the next decade.

Concentration of Purchasing Power. In some cases, mega fleet operators such as Amazon and DHL are improving the efficiency and economics of delivery logistics by shifting from thousands of independent fleets to centrally directed networks. Under Amazon's Delivery Service Partner model, for example, local operators often supply the vehicles and drivers, but Amazon sets

routes, standards, and vendor contracts, pooling demand and typically negotiating as a single buyer.

At the same time, smaller and midsized fleets are outsourcing operations to fleet management or fleet-as-a-service providers to achieve similar scale advantages. The result is fewer buyers controlling a larger share of spending, increasing negotiating leverage and compressing margins for service providers—a shift that roughly half of fleet operators in our survey ranked among the top two forces shaping the market over the next decade.

Self-Driving Vehicles. Autonomous vehicles are less likely to have an immediate impact than the other macro trends, but they are steadily moving onto fleets' strategic radar. About 35% of the operators we surveyed named them as one of the top two forces shaping the next decade.

Self-driving vehicles, particularly trucks, are expected to redefine medium- and long-distance transport, with autonomous models projected to account for roughly 12% of new vehicle sales in some markets by 2035. Early deployments will focus on heavy-duty trucks running predictable hub-to-hub routes, where the economics are easiest to prove out. Passenger vehicles will likely follow later given technical and regulatory complexity, with robotaxis emerging first. By reducing labor needs, easing driver shortages, and increasing vehicle uptime, this approach has the potential to lower fleet operating costs significantly.

Value Pools Are Growing but Shifting

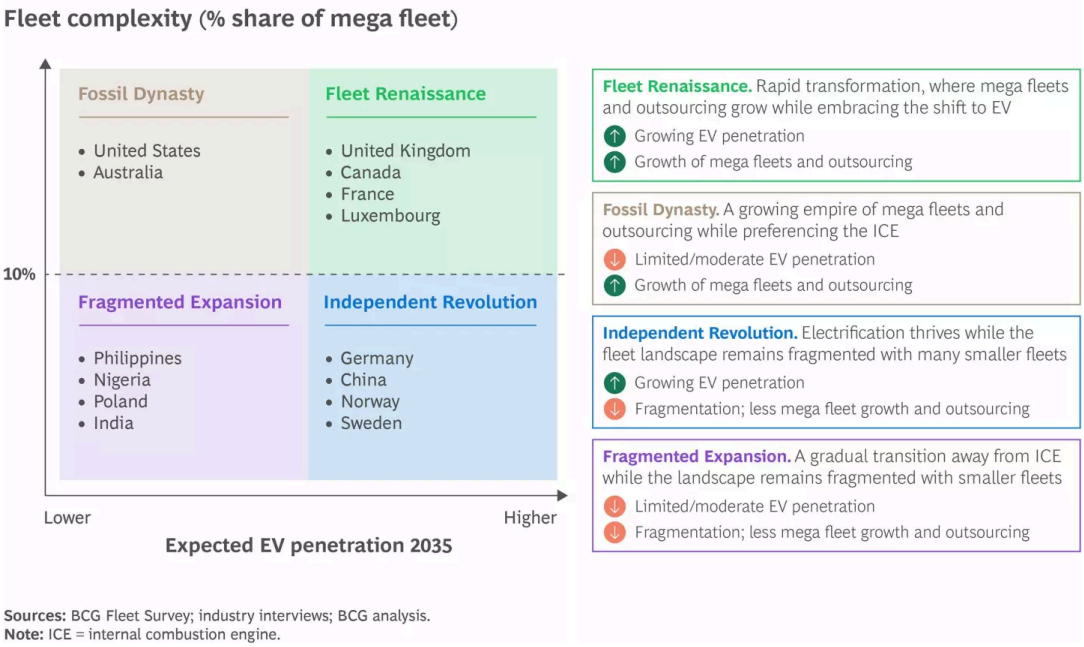
As these trends alter the landscape for fleet operators, they create opportunities for agile and innovative service providers—and risks for legacy players that fail to adapt. At first glance, the economics remain attractive: fleet service value pools are projected to expand by as much as 19% by 2035, with variation across markets. The more consequential shift, however, is where that value resides. Spending is steadily moving away from traditional revenue streams and toward new categories, driven by electrification, the growing leverage of mega fleets, and increased outsourcing.

Four Market Scenarios Highlight Potential Value Pool Evolution

Growth will not be uniform across markets. Electrification, fleet consolidation, pricing dynamics, and outsourcing vary meaningfully by region. As a result, both global and more regional fleet service providers will need to tailor their strategies to local conditions rather than rely on a single playbook. Four market scenarios drawn from forecasts of EV fleet penetration and the possible impact of mega fleets illustrate how value may evolve across geographies (see Exhibit 1).

EXHIBIT 1

Four Geographical Scenarios That Successful Fleet Service Providers Will Have to Consider



Sources: BCG Fleet Survey; industry interviews; BCG analysis.
Note: ICE = internal combustion engine.

- **Fleet Renaissance.** This scenario envisions fast EV adoption and expanding mega fleets, with steady overall fleet growth. Value gains will be moderate (~10%) as electrification opportunities are partly offset by tighter margins from large buyers.
- **Fossil Dynasty.** In this scenario, we see continued preference for internal combustion engine (ICE) vehicles alongside rising mega fleets and strong fleet expansion. Value growth will be slower (~6%) as limited electrification and large-buyer leverage temper gains.
- **Independent Revolution.** The independent revolution is characterized by rapid electrification within a more decentralized market with fewer dominant buyers. EV momentum and more stable margins will support healthy value growth (~13%).

- **Fragmented Expansion.** Fleet growth in this scenario will be rapid, but transition to EVs will be slower and the customer base more dispersed. This sector will have the strongest value gains (~19%), driven primarily by rising vehicle volumes.

Implications for Fleet Service Providers

The implications of these shifts extend well beyond vehicle technology. They are changing where profits are made, how fleets buy services, supply side strategies, and which capabilities matter most. For fleet service providers, the challenge is to reposition their businesses for a market in which customer expectations, operating models, and sources of value are evolving simultaneously.

The Rise of EVs. Within the value stream, fuel has long been the fulcrum of industry economics. From a value stream perspective, fuel faces the most dramatic decline. As EVs replace ICEs—and as large fleets and fuel aggregators consolidate volumes and negotiate harder on price—up to 30% of fuel-related value could disappear in some markets. While the pace will vary by region, its direction is consistent: across developed markets, fuel and other ICE-linked revenues contract under every scenario.

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At the same time, EV-related spending is rising sharply, with electrification projected to account for as much as 45% of the total fleet value pool in some markets by 2035. In several segments, broader EV adoption is likely to be supported by a 5% to 10% total cost of ownership advantage over ICE vehicles. And replacing fuel with electricity will substantially alter how money is spent: instead of purchasing fuel, fleets must fund electricity procurement and charging infrastructure. As these service models evolve, they are expected to carry higher margins, lifting revenue per vehicle for service providers up by 10% to 20%, even as traditional ICE-related spending declines.

Mega Fleets. Value is also moving toward the largest fleet operators. Mega fleets—typically those running more than 500 vehicles—are expected to increase their share of total spending

from roughly 30% today to as much as 45% by 2035 in some markets, notably the US and UK. Their scale gives them significant negotiating leverage and compresses pricing across the market. At the same time, their operations are more complex—often spanning multiple countries—and they rely on a broader set of services. Many take a "best-of-breed" approach, working with multiple providers, yet report lower satisfaction with current offerings. This creates an opening for providers that can deliver more integrated solutions tailored to these operating environments.

Despite this shift in spending power, small and midsized fleets will continue to represent the majority of vehicles in many regions. Providers that serve these segments must compete not on scale, but on focus—understanding their customers' specific needs and tailoring offerings accordingly while providing comprehensive solutions, since these fleets are less likely to use multiple service providers.

New Technologies. Not surprisingly, technology is also capturing a growing share of industry spending. Telematics data and fleet management software, often with integrated AI capabilities, are becoming more central to how operators control costs, automate processes, and improve asset utilization. As a result, spending on payments, data, analytics, and software is projected to grow by up to 15% by 2035 with adoption led by the largest fleets seeking measurable gains in efficiency and productivity.

Evolving Customer Expectations. Our survey found that 60% of fleets plan to increase their use of outsourced services, primarily to gain benefits of scale. Expectations for what service providers can offer are intensifying, with customer centricity increasingly seen as a core strategy. The percentages below reflect the share of fleet operators ranking each issue among their top three operational challenges, highlighting where providers should focus to better meet customer needs.

- **Cost Pressure (50%).** The dominant concern across markets, driven by rising wages and higher vehicle prices. Electrification adds new dynamics: EVs require higher upfront investment but lower operating and refueling costs, shifting where and how savings are realized.
- **Utilization (48%)** is a cross-market issue stemming from seasonal demand swings, maintenance delays, driver shortages, and route inefficiencies that leave assets underused.
- **Maintenance Complexity (44%)** is particularly acute in markets such as Poland, where older vehicles and a large secondhand market increase service needs and downtime risk.
- **Driver Shortages (29%)** persist across regions following post-lockdown exits and retention challenges, limiting operational flexibility.
- **Decarbonization Pressure (26%)** is a major focus in Germany, standard practice in Sweden, and comparatively less emphasized in the US, but increasingly shaping planning and reporting requirements.

To manage these pressures, fleets are expanding outsourcing—especially as mixed ICE and EV fleets increase operating complexity. For the largest fleets, outsourcing is typically driven by capacity flexibility, regulatory compliance, and consistent service quality. For smaller fleets, cost remains the primary driver.

Given these implications, many fleet service providers are struggling to keep pace with a market in transition. In our survey, 55% of fleet customers said their current suppliers fall short, citing limited customization and insufficient attention to their requirements; among mega fleets (500 or more vehicles), that figure rises to roughly 70% (see Exhibit 2). As one executive at a major UK fleet company put it: “Fleet service providers are risk-averse, too focused on fuel, and do not innovate enough. They should focus on customer-centric offerings.” That dissatisfaction creates clear openings for service providers that tailor integrated solutions to the distinct pain points of fleets across sizes, operating models, and markets.

Next Steps: Choosing a Winning Business Model

There is no universal model that will be successful across markets. Success will come from disciplined choices: where to compete, where not to, and how to build advantage rather than dilute resources. Strategy must reflect competitive position, asset footprint, capital flexibility, and a clear view of target customers. We see three main strategic options (see Exhibit 3).

No-Regrets Moves. These actions are essential in almost every market. Operators must plan for different demand scenarios and be disciplined about where capital is deployed, mindful of the shifts in the value pool. Network footprint and portfolio mix will have to be reassessed to align with future demand. Customer centricity must shift from vision to execution through clear-eyed market segmentation, smarter pricing, and loyalty programs that reflect how different fleets actually buy. Service reliability and convenience must be enhanced to meet rising customer expectations. Strengthening partnerships across suppliers and technology companies will help providers maintain a portfolio of latest generation hardware and software advances, while investing in data and analytics will sharpen pricing, targeting, and product development.

Targeted Option Plays. In some markets, differentiation will come from carefully targeted investments. Expanding digital and AI-enabled services can allow providers to better serve higher-margin small and midsized fleets efficiently, without significantly expanding their own staffing. In regions where electrification is advancing, developing broader EV charging coverage can strengthen customer relationships. Improving system interoperability can also make it easier to integrate more tightly with fleet operators. For large fleets, more hands-on account management and customization is required. Operators should develop consultative account

management for large fleets with complex needs. In certain regions, adding biofuels or other diesel alternatives to their offerings may provide service firms with near-term growth.

Selective Big Bets. In a limited number of markets, more ambitious moves may be justified. Midsized fleets seeking flexibility might launch fleet-as-a-service models. Another strategy is to invest in heavy-duty EV—and eventually hydrogen—infrastructure along key corridors. Where capital requirements are high, joint ventures or structured financing can help fleet service providers share the risk.

Conclusion

The fleet services market is expanding, but it is also becoming more competitive. Value is shifting by region, customer segment, and technology, while customer expectations continue to rise. Companies that once operated in silos—across energy, technology, mobility, and traditional fleet services—are now competing directly for the same fleet customers. These entrants bring different legacies, cost structures, and digital capabilities, increasing pressure on established players to rethink how they compete and how quickly they respond to evolving fleet needs.

Winning will depend on clarity of choice and disciplined execution. Providers must decide where to compete, align their capabilities with the fleets they are best positioned to serve, and execute consistently. Those that adapt and innovate to meet changing demands will shape the next phase of the market; those that do not may find themselves confined to the history books.

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