Blended fleets: Managing fuel costs

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The trucking industry, a pillar of the U.S. economy, continues to move freight and deliver all the supplies we need to keep the American marketplace thriving. According to the American Trucking Association, in 2022, trucks accounted for about **72.6%** of the nation's freight by weight transport and generated **$940.8 billion** in gross revenue.

Additionally, trucking industry jobs represented about **8.4 million** workers, not including the self-employed. This includes **3.54 million** truck drivers.

Trucking is deeply woven into the fabric of our society, serving as a driver of commerce and ensuring goods reach every corner of the nation.

Imagine a day without trucks charging down the highways or bustling along city streets. Passenger vehicles might initially cheer, but the joy would die down quickly at the sight of empty grocery store shelves and gas stations with "no gas available" signs.

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Global events and the impact on fuel prices

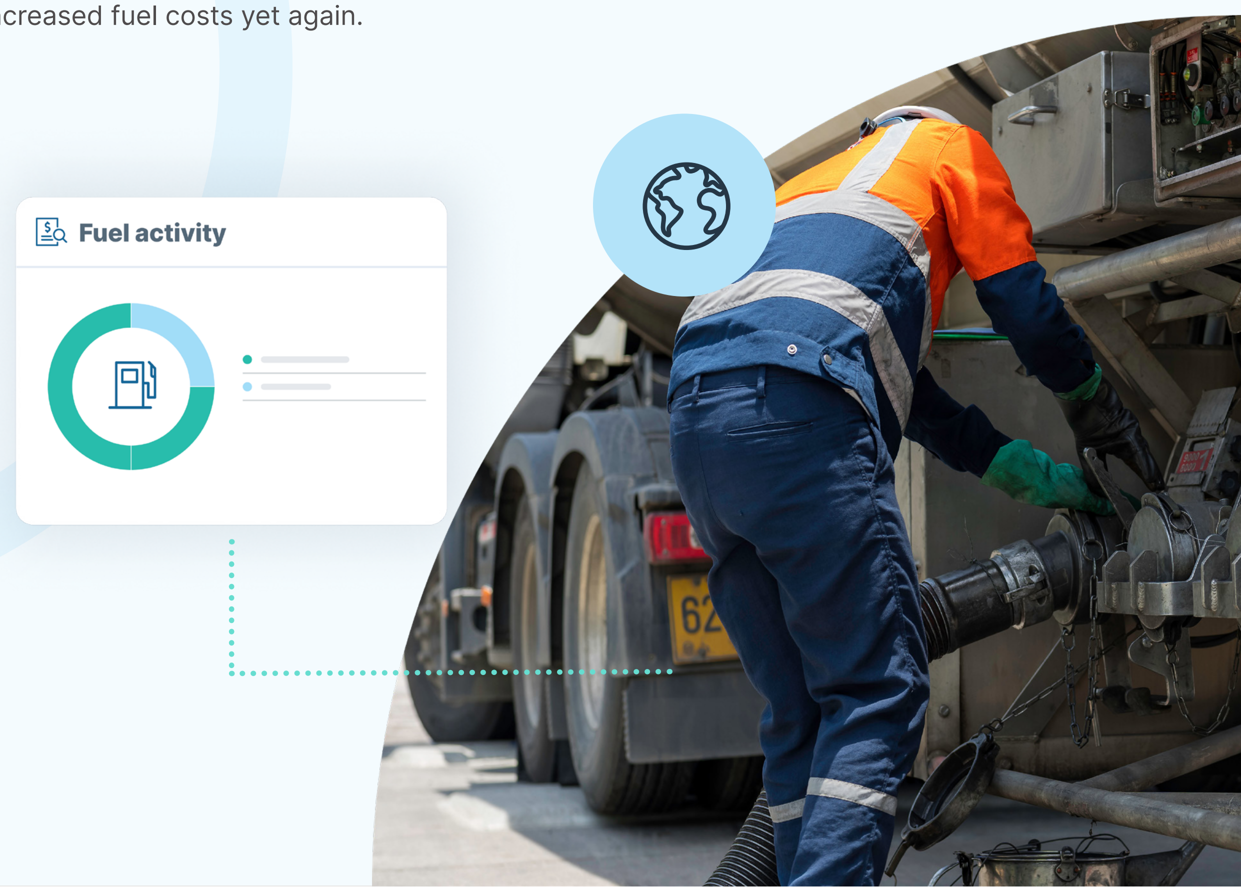
Of course, the higher fuel prices were a result of a global increase in the price of oil, which — in recent years — has been impacted by geo-political tensions and looming demand weakness as a result of the rise in electric vehicle sales.

By July 2008, the cost of a barrel of oil had hit $147 and correspondingly, the average on-highway price of a gallon of diesel had ballooned to $4.764.

At that point, fuel replaced driver pay as the biggest operational expense. And although the price of diesel has since settled to the $3.90 to $4.00 range, it remains a stressor for many fleets.

The trucking industry was disrupted again in 2020 as the COVID-19 pandemic caused a multitude of challenges like supply chain shutdowns and severe fuel price fluctuations. As lockdowns were enforced nationwide, economic activity and travel halted, causing a steep dip in demand. Later, activity sharply rose as demand for transportation surged to meet the needs of essential goods deliveries. These fluctuations added to the financial strain of trucking companies already grappling with reduced business activity.

Toward the end of the pandemic, fuel prices began to gradually rise as activity resumed and transportation demand increased. As lockdown restrictions loosened and businesses reopened, travel and industry experienced a resurgence, leading to higher fuel consumption. This, combined with international issues among oil producers, increased fuel costs yet again.



The effects on fleet management

For fleet managers, navigating the complexities of the trucking industry and keeping business operations running smoothly can be difficult. Fuel cost saving strategies are particularly complex for blended fleets – truck companies with various units like long-haul, regional, local, and even passenger vans.

With vehicles running anywhere from over-the-road, to local businesses, to residential areas, fleets have found themselves fueling anywhere from truck stops along the interstates to the mom-and-pop convenience stores in residential neighborhoods.

And that means two types of fuel cards are needed— one for over-the-road and one for local. This, of course, comes with two separate accounts.

The impact of a two-card solution on fleet management

With two accounts, fleets have found themselves jumping back and forth between databases as they seek to carefully analyze fuel consumption, monitor driving patterns, track vehicle and driver performance, and ultimately put data in an analytical and visual format that could help them make the best decisions about fuel management.

In short, fleets have found themselves dealing with two acceptance networks:

- One that is very truck stop-specific for over-the-road and regional hauls
- And one that serves local hauls.

As fleet managers seek to control fuel and the associated operating costs, they face inconveniences such as setting up truck stop discounts on one card account only to find they are not able to get discounts on the other account. Managing two separate fuel accounts is simply not cost-effective, nor does it make much business sense. Aggregating volume at select merchant partners and getting discounts is more cost-effective with one fuel card account.

With one card you can combine networks and remove the hassle of tracking two accounts. That's just what WEX has done with a range of fuel cards to meet the needs of any business, while simplifying fuel expense tracking and reporting and offering access to a diverse savings network.

Get convenience and cost savings with a WEX fleet card

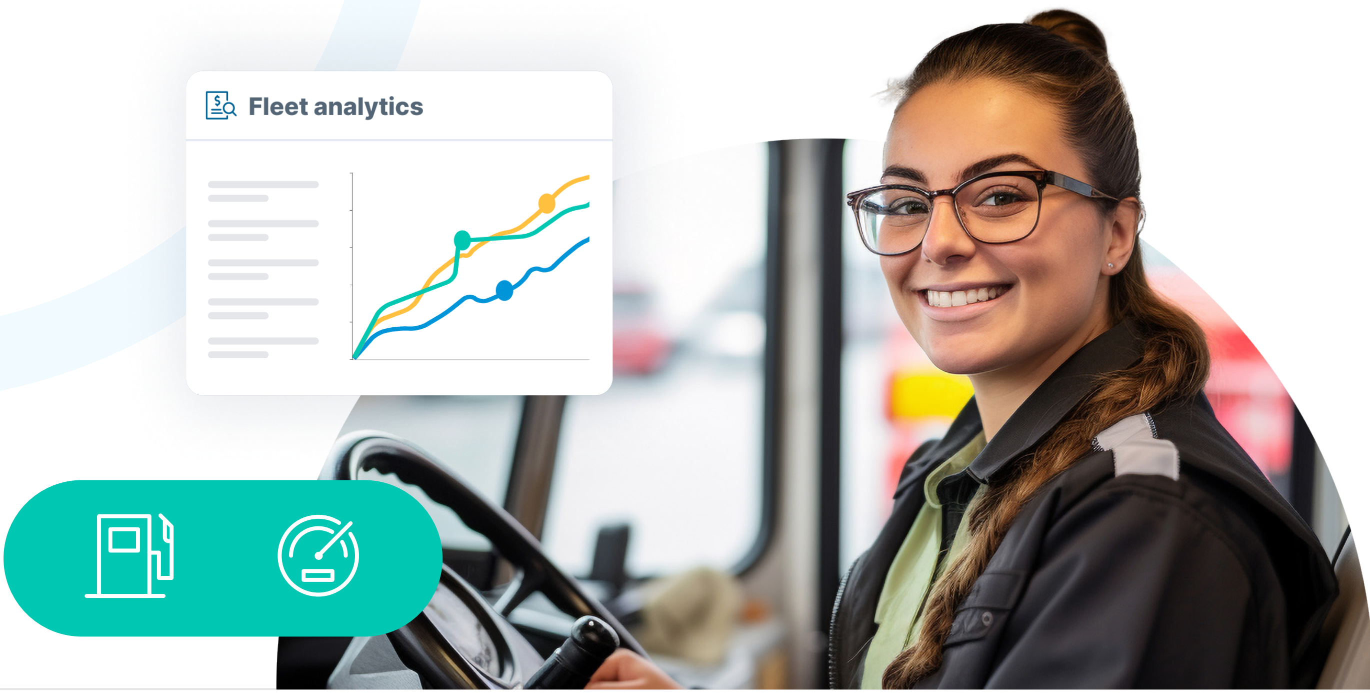
Another challenge for blended fleets is point-of-access. A driver for a blended fleet might find it convenient to sometimes fuel at a truck stop, but not have the option due to the type of fleet card they've been allocated. This might require driving miles out of the way to find an in-network fueling station where they could use their single-purpose card.

It would be cheaper and more convenient to use a single card for all your drivers. WEX fuel cards are part of a universal network and accepted at nearly all U.S. fueling stations from coast to coast and at 45,000 service stations. The WEX network includes many major fueling stations.

For fleets with a mixture of heavy and light-duty vehicles, the **WEX CrossRoads Freight** Card offers a comprehensive solution tailored to their varied needs. Accepted at a robust network of retail fuel stations and truck stops across North America, this card ensures that drivers have access to fuel wherever their routes may take them—all while maintaining the security and data integrity of a closed-loop network. The CrossRoads Freight Card is designed to meet the unique challenges and requirements of mixed fleets, providing convenience, savings, and peace of mind for fleet managers and drivers alike.

For businesses with mostly smaller or local fleets, yet still requiring occasional long-haul operations, the **WEX CrossRoads** fuel card offers a solution that combines the benefits of the WEX Fleet Card with additional features tailored to their specific requirements. With acceptance at a wide range of fueling locations, including major truck stops like Pilot Flying J, Love's, TA, and various independent locations, this card ensures that drivers have access to fuel wherever their routes may take them. The CrossRoads fuel card offers a convenient, cost-effective, and efficient solution for managing fuel expenses, while also accommodating occasional long-haul operations.

Opting for a single WEX fleet card simplifies the fueling process for all drivers, regardless of the type of vehicle they operate, providing both convenience and cost savings.



Simplify payments with solutions that meet the needs of any fleet

Then there is the issue of payment terms, which for an over-the-road card and a local card are typically different, with over-the-road cards typically requiring much shorter payment terms. Shippers frequently take 30 days or longer to pay carriers to move their freight, so fleets often have to dip into cash reserves to pay for some fuel costs.

It would be better and more cost-effective to have a card that offers extended billing for qualified fleets, one that is as effective for a regional/local truck operator as it is a for-hire long-haul carrier.

The solution for blended fleets: One card for enhanced control, security, and savings

Another challenge for fleets that doesn't necessarily relate to fuel, but certainly falls within the realm of fleet management and cost containment, is that of managing service calls on the road. For that purpose, many fleets have a third card, which adds even more administrative costs and burdens. After all — it seems that a majority of maintenance issues happen far from the nearest terminal.

A single card can cover such items as service, maintenance, parts and even natural gas and propane at accepting merchants.

There is absolutely no question that in this day and age when fleets are more cost conscious than ever before, a one-card solution is the best way to meet the key challenges of blended fleets looking for enhanced purchase control, security, savings and convenience.

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