



ERA & LECTURA Rental Survey Report

**presented at the ERA Convention 2022
11.429 respondents**

BOOSTING EQUIPMENT INSIGHTS

Founded in 1984, LECTURA is a leading provider of machinery intelligence on the market that attracts around 1.200.000 professionals every month, sourcing all kinds of heavy machinery data.

LECTURA's database contains over **160.000 heavy machinery models** and provides evaluations of used machines through online tools and digital solutions.

LECTURA's service offer also includes technical specifications and data enrichment, product and market analyses, high-value lines, country-specific price development determinations and a variety of further, client-tailored services.

In addition, the web portal LECTURA Press provides the latest news from the heavy machinery industry and exclusive interviews with industry experts and market leaders. LECTURA also publishes the quarterly online magazine DigiMessenger and runs surveys on a variety of current heavy machinery industry topics.

Next to the above mentioned services, LECTURA offers Marketing services such as Marketing Research, digital advertisement like banners, section advertising, click and video retargeting and much more.



Contents

1. Introduction

2. Methodology

3. Equipment users

European equipment users

- 3.1 Awareness of upcoming legislation
- 3.2 Need of information or support to prepare for the implementation of new regulations
- 3.3 Companies in transition
- 3.4 Obstacles and challenges to transitioning to greener equipment
- 3.5 Necessary help to transition to greener equipment
- 3.6 Upcoming environmental legislations

4. Rental companies

- 4.1 Awareness of upcoming legislation
- 4.2 Need of information or support to prepare for the implementation of new regulations
- 4.3 Companies in transition
- 4.4 Obstacles and challenges to transitioning to greener equipment
- 4.5 Necessary help to transition to greener equipment
- 4.6 Upcoming environmental legislations

5. Conclusion

6. Presentation delivered at ERA Convention

1. Introduction

Climate change, which effects we all get to experience almost daily, is putting a lot of pressure on the European economy, especially on the construction industry which is now urged to drastically **cut down gas emissions by at least 55% until 2030 and by 100% until 2050** - according to the European Green Deal regulations adopted last year.

For rental companies - which have not even got the chance to recover after the Covid pandemic and are now facing both a lack of spare parts and delayed machine availability as well as big economic uncertainties caused by the current political situation - the mission of going through and complete an extensive (and most likely undesired) decarbonization process adds extra pressure on their activity.

However, if we look at the big picture, despite its restrictiveness the Green Deal will do rental industry a big favor and will open a big door for its economic growth for a very simple and logic reason: as equipment rental significantly contributes to lowering the carbon footprint, construction companies will be encouraged to rent more and buy less equipment.

Until that happens - or better said for that to happen - rental companies have to bring their own contribution to a more sustainable environment and cut down as well CO2 emissions of the equipment that they rent, creating in this way a **“double green circle”** for the entire construction industry:

1. Emissions level will decrease as construction companies will choose to rent more and buy less from

2. Rental companies who will be using eco-friendly machines technically aligned with the new green regulations.

As much as they look good on paper, the Green Deal's ambitious objectives set by the European Commission officials may not be as simple to achieve. Besides having to accept the necessity of the “green change”, companies from the rental industry also have to deal with implementing all necessary measures to reduce the emissions, which will cost them a lot of money.



INTRODUCTION

This means that the green transition will be – besides challenging – very expensive: most rental companies have big fleets of machines used in construction and other sectors that they need to “update to green”.

In order to find out how the green transition is impacting the rental industry, we went right to the source and asked **globally 6.148 equipment users and 2.159 rental companies** what their opinion on the Green Deal regulations is and how they are handling the process.

Our survey was built on two very important HOWs:

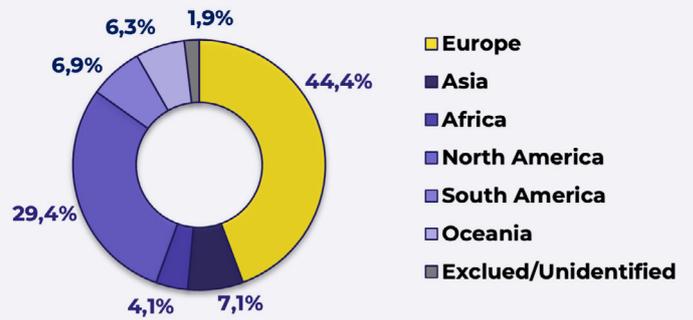
A HOW AWARE are the rental companies and additionally the equipment users of the impact that their equipment has on the climate change and of the existence of the upcoming European environmental legislation?

B HOW PREPARED are they to implement the Green Deal legislative measures – if they have already started or not the transition to greener equipment and what kind of challenges are they facing?

2. Methodology

The report is based on the results of **an online survey** among heavy equipment industry professionals - LECTURA Specs website audience of **around 1.2 million visitors monthly**.

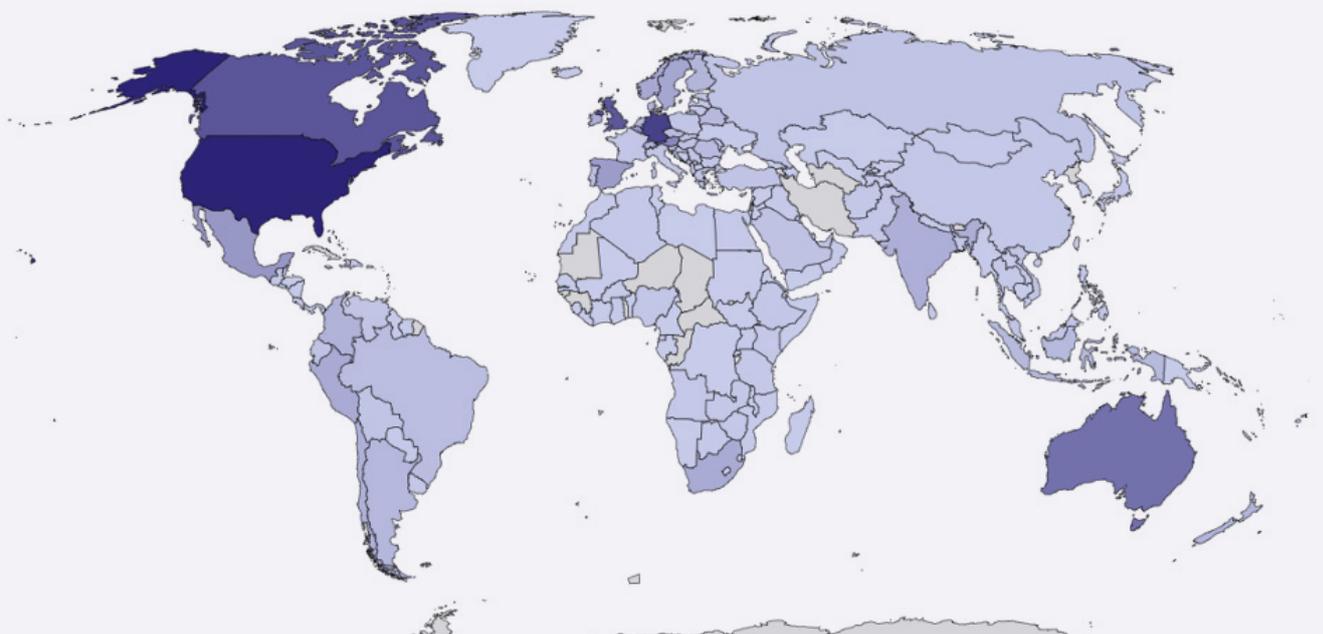
The survey was available on the English, Spanish, and German language versions of Specs pages from **28th May 2021 to 8th June 2022**. In total, the survey consisted of 10 questions by which we aimed to first, map who the respondents are and what their habits when it comes to machine rental are and find out about their awareness and opinions to transition to green equipment.



In total, **11.429 respondents from all around the world participated in the survey**.

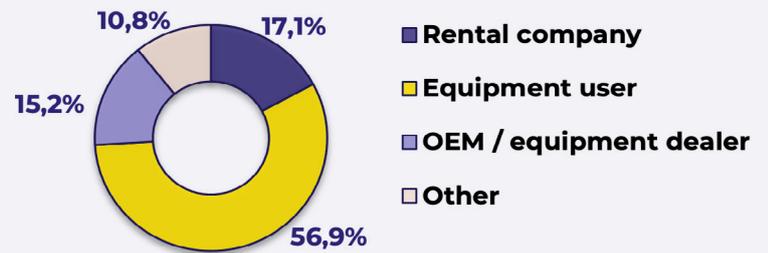
The majority came from European countries, followed by respondents from North America.

Survey engagement per country

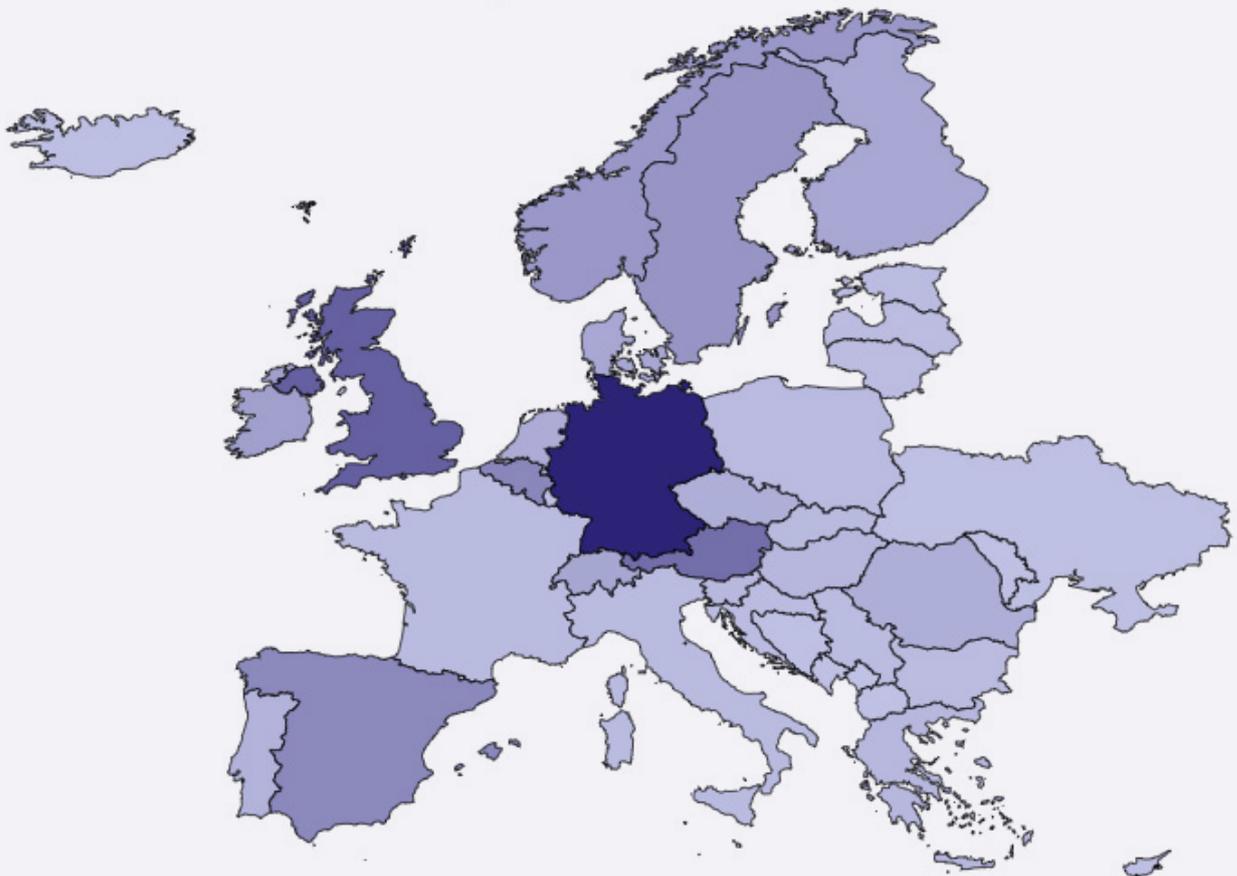


METHODOLOGY

Due to the fact, that the upcoming environmental changes would impact mostly Europe, the special concern of this survey aiming to map the impact of the upcoming legislation on the rental sector were **equipment users (N = 2.885)** and **rental company representatives (N = 865)** from European countries.



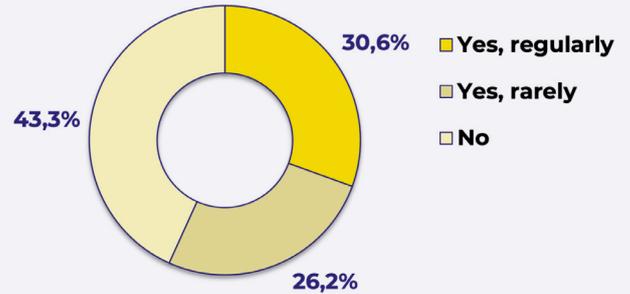
Survey engagement in Europe



3. Equipment users

In this survey, the number of equipment users, such as contractors, construction companies or public authorities, that **participated in the survey was 6.184**. 56,8% of them claimed they have ever rented equipment, 30,6% even said they do it quite regularly.

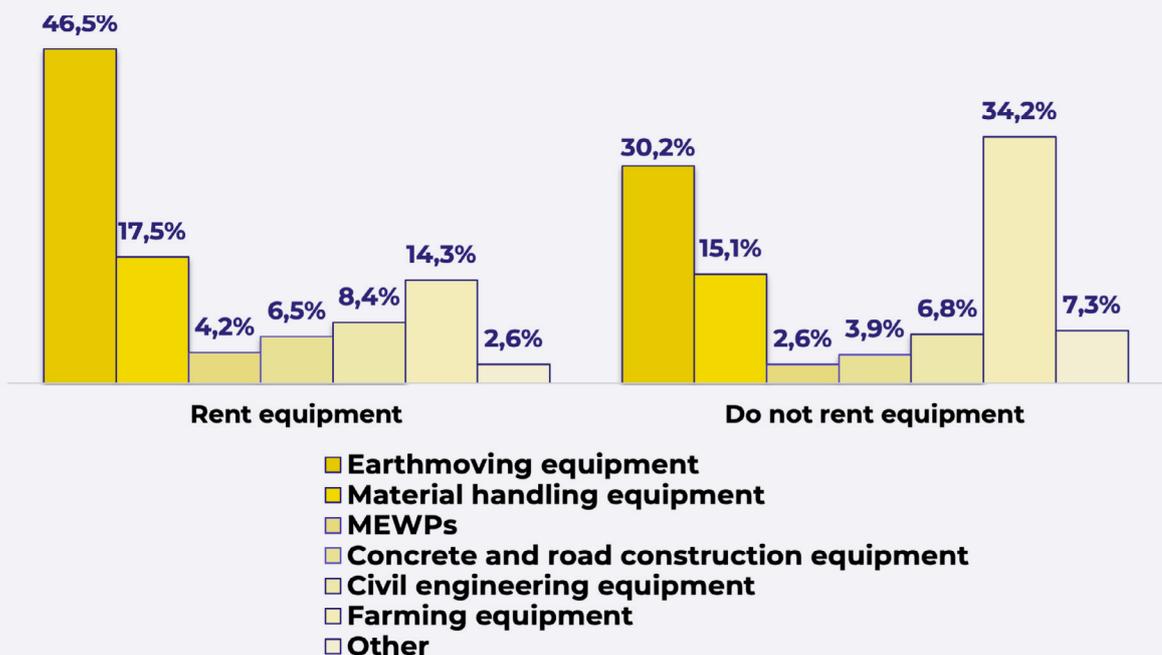
Have you or your company ever rented a machine for business purposes?



The majority (46,5%) rents earthmoving equipment for their sites, such as a variety of loaders and excavators. In the second place, named by 17,5% of respondents, was material handling equipment

used for a variety of sites and warehouses, but basically could be used in any industry such as even pharmaceuticals and consumer goods. Farming equipment in the third place was mentioned by 14,3%.

What kind of equipment do you rent / would you rent?

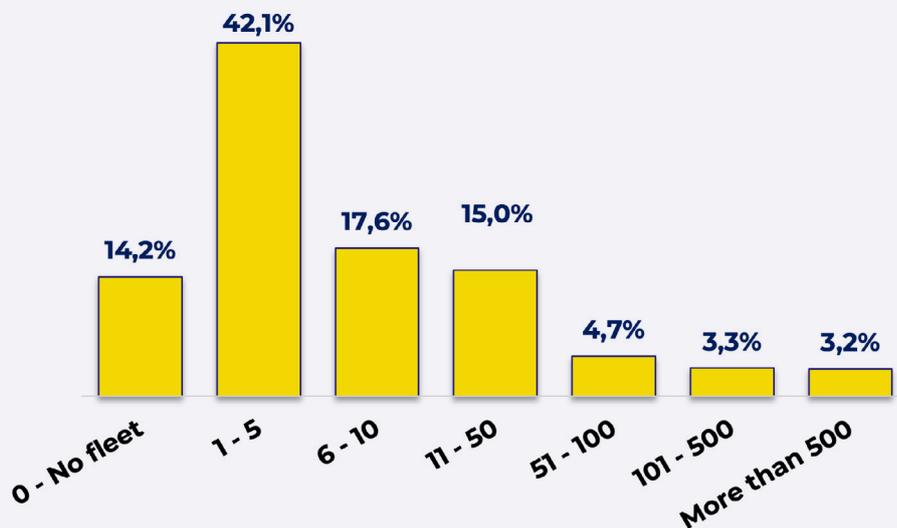


EQUIPMENT USERS RESULTS

When asking people who do not rent but would consider it once necessary, they mostly referred to farming equipment (34,2%), such as tractors and harvesters, which provide them with the flexibility to perform seasonal, temporary, or specialized work. Close behind them, mentioned by 30,2%, ranked earthmoving equipment, and in the third-place material handling equipment (15,1%).

Almost 90% of equipment users participating in this survey dispose of rather small to the medium fleet – up to 50 machines. 56,3% have only 10 machines in their fleet. With respect to that equipment rental brings financial relief in terms of lower costs for obtaining the machine and even the maintenance of it – also, to have the machine available only for a given site also makes the business more flexible.

What is your fleet size in the number of machines?

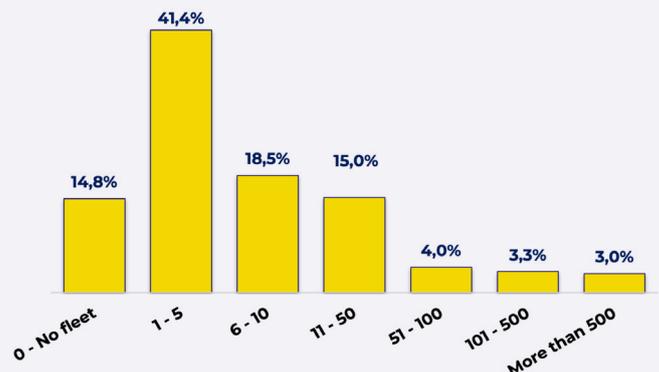


Equipment users Europe

2.885, thus 46,7% of the total number of equipment users came from Europe.

Most of them (89,7%) have a small to medium fleet of up to 50 vehicles. 56,2% of respondents own even up to 5 vehicles in the fleet. Thus, if a project requiring more machines emerges, getting in touch with a rental company comes into place.

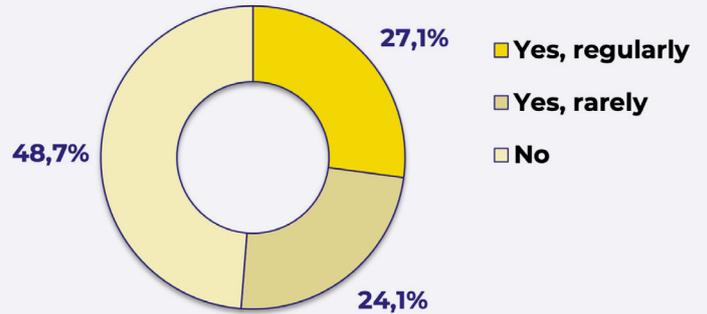
What is your fleet size in the number of machines?



EQUIPMENT USERS RESULTS

51,3% of equipment users participating in this survey state they rent equipment for their business purposes at least rarely, 27,1% even regularly. On the other hand, 48,7% do not rent it and better rely on using the equipment of their fleet.

Have you or your company ever rented a machine for business purposes?



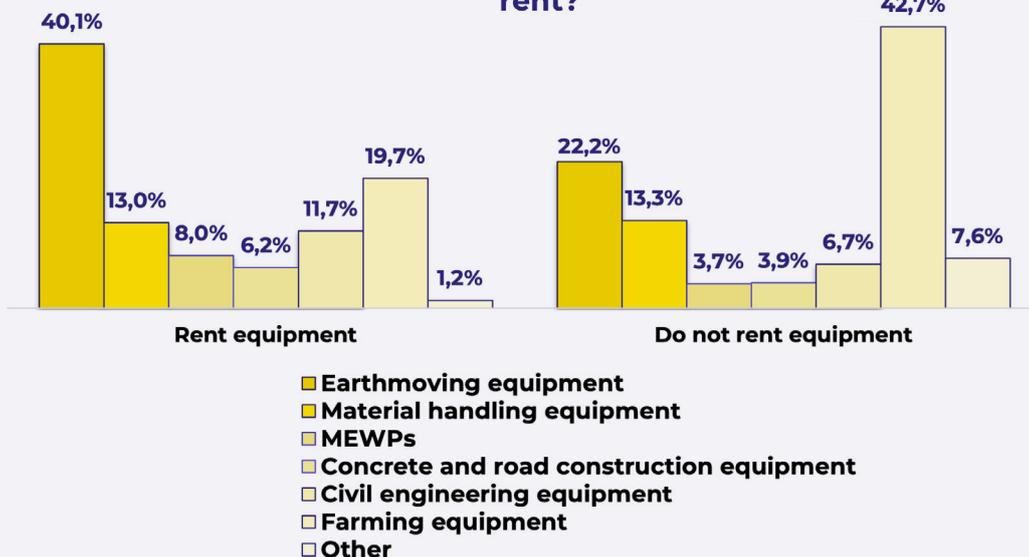
Of course, our curiosity was also to find out what kind of equipment the respondents rent, if they already do it, or, at least, what would they need if an opportunity to rent it emerged.

The respondents that have already claimed that they use rental companies' services when their project sites require so, mostly rent earthmoving equipment (40,1%). In fact, equipment rental for construction sites is one of the most common situations where people use the services of rental companies. However, as the replies indicate (19,1%) people also rent farming

equipment, probably due to the fact agriculture is affected by seasonality. Within the rest of the replies, more than 10% fell also for material handling equipment and civil engineering equipment. Other machines do not create customer demand so frequently.

Also, the respondents that do not rent machines were asked whether they would even consider this option. The results show they would probably go mostly for farming equipment, earthmoving equipment, and material handling equipment.

What kind of equipment do you rent / would you rent?

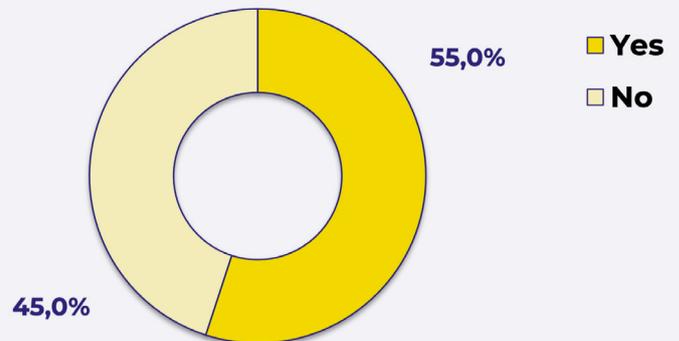


3.1 Awareness of upcoming legislation

55% of equipment users say that they are aware of the upcoming legislation and can even imagine how this impacts their business. In fact, the movement of reducing green gas emissions would require moving from machine purchase better to equipment rental, investments in new green equipment, or at least redesigning the current machines to be fueled by any alternative powertrain.

45% have not noticed any upcoming legislation. These results speak for a better translation of the legislation changes among the core recipients. The first milestone to reduce 55% of

Are you aware of any upcoming environmental legislation, whether national or European, that will impact your business?



emissions is supposed to be reached by 2030, which, in fact, puts some pressure on the industry members to take the associated action rather quickly than slowly.

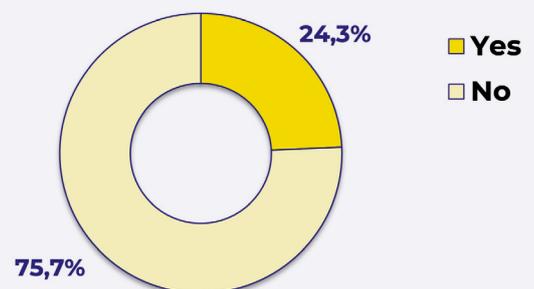
3.2 Information or support to prepare for the new regulations

Equipment users already aware of the upcoming environmental legislation **mostly claim that they do not need information or support** to prepare for the implementation. Only 24,3% would appreciate that.

Yet the results could suggest once the people receive the information about upcoming legislation, the information is comprehensive enough not to make people feel they need something more.

On the other hand, it is also possible other variables could step into the process. For example, considering

Do you need information or support to prepare for the implementation of new regulations?



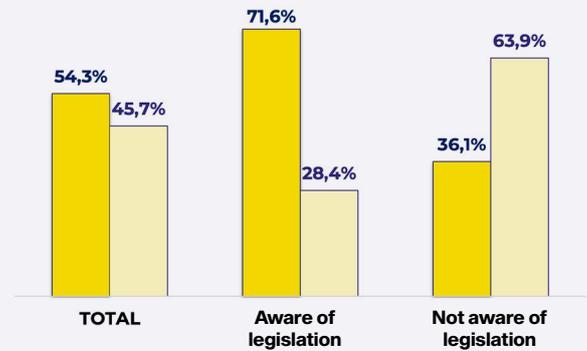
public opinion, it is also possible that people feel a bit distressed and under pressure put on them by authorities leading them to general reluctance in even looking for information about the upcoming environmental legislation.

3.3 Companies in transition

The transition to green equipment is not a day-to-day process. With the vision to **reduce the carbon footprint by 55% by 2030**, 54,3% of equipment users have already started the transition by taking initial steps. 45,7% have not begun yet.

The level of awareness of the upcoming environmental legislation and its impact on the business could affect how urgent the equipment users perceive the necessity of starting the transition. For example, among those that are aware of the transition, 71,6% have already started the process.

Has your company already started the transition to greener equipment?

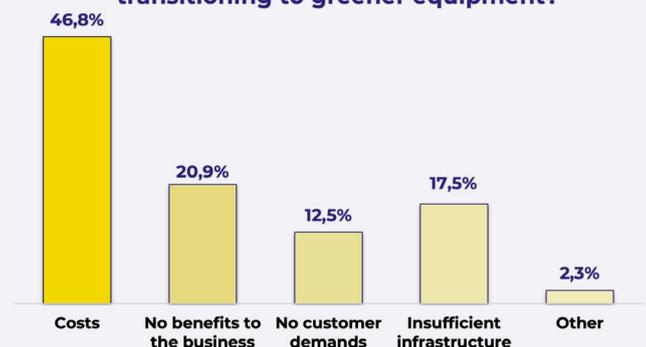


On the contrary, among those that are not aware of the legislation and its impact, the percentage was only 36,1%.

3.4 Obstacles and challenges to transitioning to greener equipment

The concern of the survey was to find out where people perceive the obstacles to green transition and what either prevents it or makes the process more demanding and difficult. The most frequent reply was **cost (46,8% of all replies)**. To maintain the expectation of reducing carbon footprint, equipment users consider **purchasing new equipment**, either equipped with modified engines for cleaner fuel or replacing the machines with batteries. Technological changes also affect the **cost of spare parts, maintenance, and fuels**. All of these arouse people's worries and feelings of uncertainty about the upcoming environmental changes.

What are the obstacles/ challenges to transitioning to greener equipment?



The second most frequently mentioned challenge (20,9%) was no benefits to the business, and 15,9% of respondents even added no customer demands. About 20% of people also stated upcoming changes are a bit early since the necessary infrastructure is still insufficient.

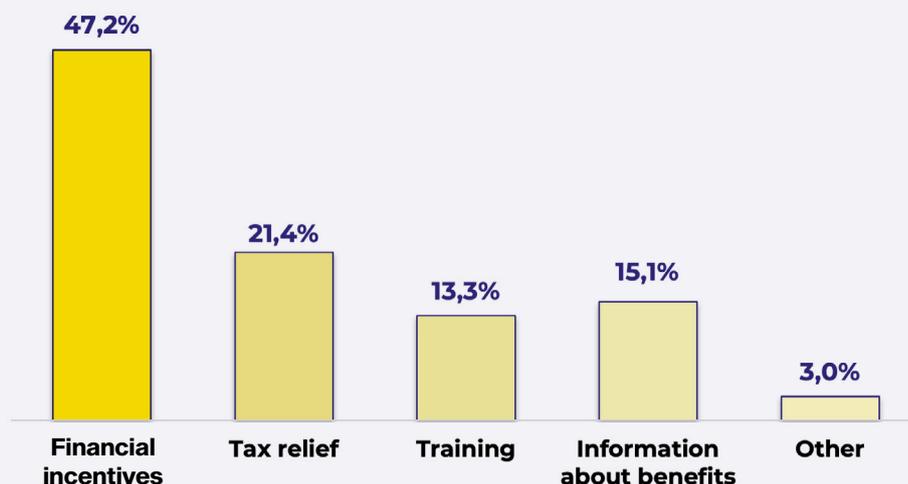
3.5 Necessary help to transition to greener equipment

As the costs are the most significant obstacle to transition towards green equipment, **financial incentives** were the kind of help with the greatest impact. Almost 60% of respondents would appreciate it. Another 21,4% of replies fell for **tax relief**. These numbers together show that since equipment users feel the authorities want them to invest in new technologies, they should also offer them a kind of **compensation**.

Besides finance-related factors, information about the benefits is required. Though the best advantage

of the whole movement is to make the planet and environment cleaner and a better place for living in general, some direct benefits related at best to individual businesses are required to be defined. The incentivization is one of them, of course. But it is rather a kind of compensation. The authorities may aspire to define and share among equipment users in which way would green equipment affect their business. And, as claimed by 16,8% of the respondents, necessary training on how to go through the transition would be helpful, too.

What kind of help would you need to transition to greener equipment?



4. Rental companies

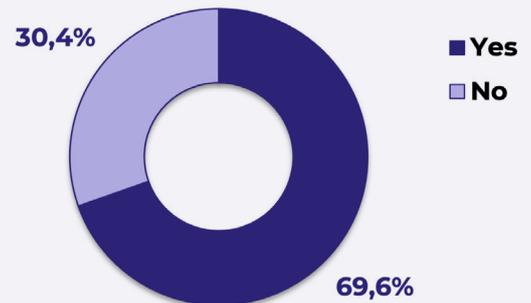
4.1 Awareness of upcoming legislation

Since the Green Deal was approved in 2020 with a goal of reducing CO2 emissions by more than half, more detailed legislative instruments will emerge specifying under which conditions it should be done.

Almost 70% of the European rental companies already anticipate such changes and are fully aware of them and the impact on their business.

The participation of rental companies using a circular business model in the market, sharing equipment

Are you aware of any upcoming environmental legislation, whether national or European, that will impact your business?

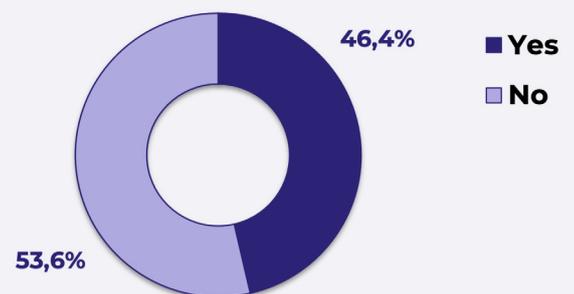


and optimizing its use, helps reduce carbon emissions and lowers the industry sector’s overall climate impact.

4.2 Preparation for the new regulations

A transition towards a low carbon circular construction sector is only viable if the EU and its Member States ensure coherence across all relevant policy areas such as climate, energy, environment, transport, digitalization, and skills. Unless the authorities target key recipients of the right messages and share openly all necessary information, rental companies may struggle to handle the challenges arising from the green transition movement. In this survey, of the rental companies already aware of upcoming environmental legislation, **46,4% would still appreciate having more information or support to prepare for the implementation of new regulations.**

Do you need information or support to prepare for the implementation of new regulations?



In fact, rental companies bear a great potential to successfully contribute to meeting the commitments on reducing carbon footprint. As the core business, providing them with the necessary support and information would translate into successful adoption also among other sectors.

4.3 Companies in transition

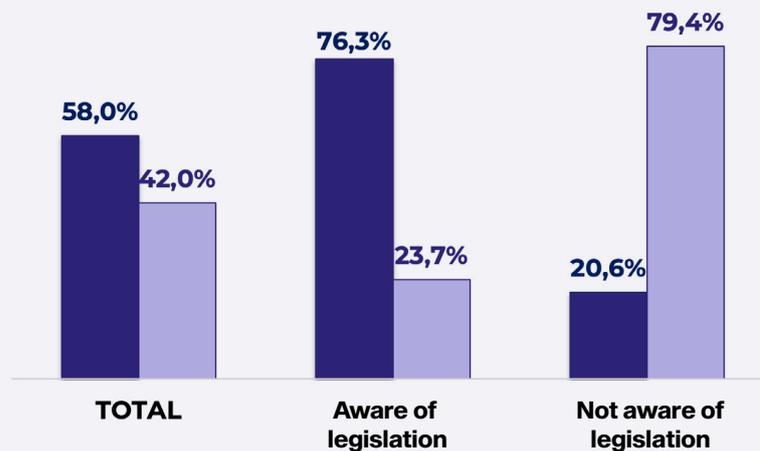
Regardless of the level of awareness about upcoming environmental legislation, **58% of the rental companies, in total, have already started the transition** towards green equipment.

Even though equipment rental is by itself more environment-friendly compared to other business models, to push the next step is to supply their assets with equipment of far greater fuel efficiency and lower emissions. There already are electric engines available for heavy construction equipment and automated systems. It is also expected that the machinery demands a lot less maintenance due to technological advancements.

Interesting results, stressing out on the importance of awareness of the upcoming environmental legislation with a potential to impact the company business, provide the comparison of whether the companies have already begun with transition based on whether they stated they are aware of the legislative changes. **Of the respondents that are aware of such changes, 76,3% have already started the transition.**

On the contrary, **among those that did not notice such legislations, only 20,6%** claimed so.

Has your company already started the transition to greener equipment?



4.4 Obstacles and challenges to transitioning to greener equipment

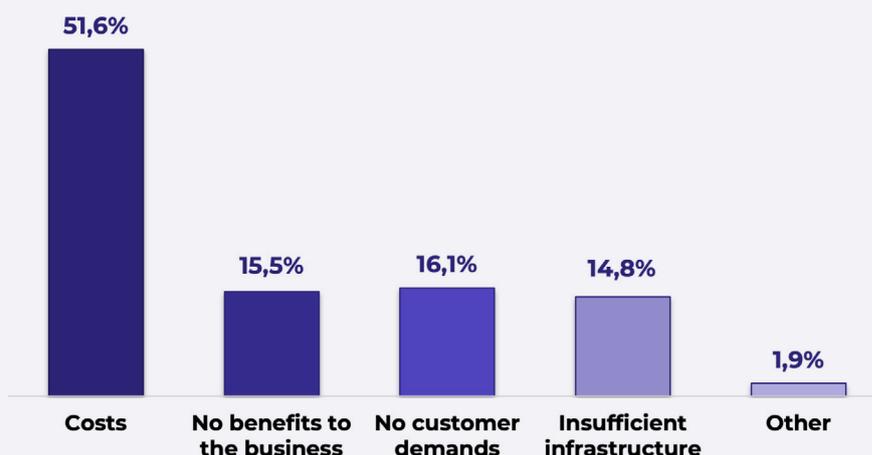
The transition toward green equipment poses **substantial cost and technology challenges**. And costs were also identified by the highest number of rental company representatives as the greatest obstacle. To maintain the expectation of reducing carbon footprint, rental companies would probably need to consider purchasing new equipment, either equipped with modified engines for cleaner fuel, or replacing the machines with batteries. Since the technological changes are supposed to translate also to spare parts supply chain and maintenance, for which the rental companies are responsible as well, that has also potential to affect the price.

Also, two factors associated with **business – customer relationship** (no benefits to my business and no customers’ demands, respectively) were identified as the current challenges – by about 15% of respondents.

That also applies to **insufficient infrastructure** pointing again at the fact it is a broad change requiring the entire sector to adapt.

There might also be other obstacles that the respondents did not address explicitly, though pointed out their existence.

What are the obstacles/ challenges to transitioning to greener equipment?

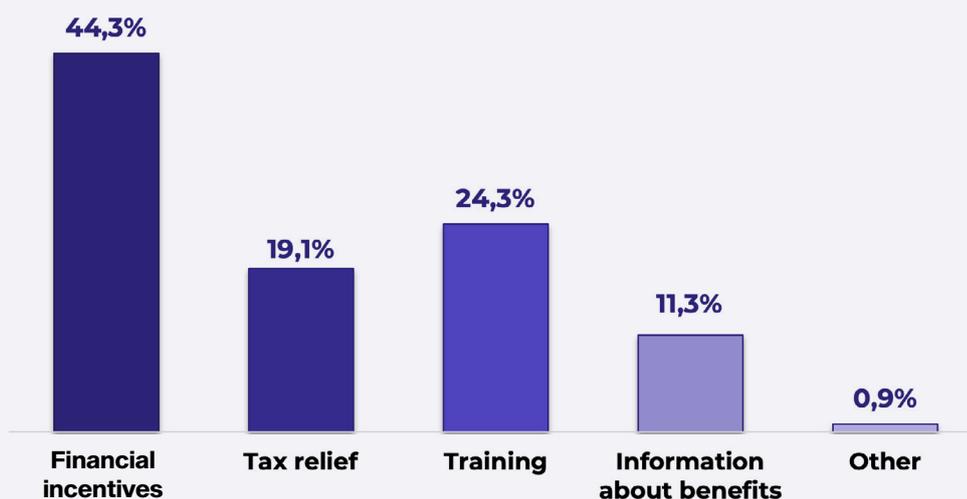


4.5 Necessary help to transition to greener equipment

As the costs are the greatest pain point in adopting a transition to green equipment strategies, **cost-related kinds of support** were chosen by most of the rental company representatives participating in this survey. **44,4% of the replies fell for financial incentives, another 19,1% to tax relief.** The companies being soon forced to make their fleets greener, thus investing in new equipment purchases as well as adjustment of the current, they would appreciate some compensation for such a financial burden.

Types of support indicating better **information** made together 35,6% of the replies. 24,3% of replies fell for additional training. Once new machine models are launched, powered by alternative power plants, employees of rental companies would need to know how to operate and maintain the machines – in general, how to approach new technologies. 11,3% of replies for the option “information about the benefits” mean the **authorities are also supposed to clearly define how the companies themselves could profit from adopting new technologies** and joining the movement toward the green industry.

What kind of help would you need to transition to greener equipment?



4.6 Upcoming environmental legislations

The interpretation of this question results is not so straightforward since most people state they cannot name any upcoming environmental legislation. The question thus remains whether they do not know the exact name or whether they are oblivious even about what the legislation is supposed to be about.

Both these facts speak for a need to better communicate the details about the upcoming changes. Of the other replies, it could be deduced the respondents know the legislation is supposed to define the process and related steps to decarbonization and transition towards green equipment.

Which upcoming environmental legislation can you name?



5. Conclusion

Sustainability is one the most frequently used phrases across all possible industries. The rental sector is not an exception and its potential of “being green” goes hand in hand with the development of the construction industry. Although the experts forecasted a significant rental market growth, a few unprecedented events such as the political conflict in Ukraine and related issues (lack of components/materials, financial crisis and inflation) caused a downshift in the progress.

In this survey, almost 70% of the rental company representatives and 55% of the equipment users noticed the legislation and its impact on their business, many have also started the transition towards greener equipment. On the other hand, several factors either slow down and even prevent it or make the people reluctant to face the change, struggling from unwillingness and tiredness by the pressure put on them by authorities.

The first of these factors is the lack of information. Among the group of people aware of the upcoming legislation, more than 70% have already begun the transition. Compared to the numbers from those unaware of it, only ca. 20% of rental companies and ca. 36% of the equipment users started transitioning. Also, the respondents directly stated they would need to know more about benefits for their business and receive appropriate training to overcome the change successfully.

Besides lack of information, costs and necessary investments stand against the successful implementation of required changes. Both equipment users and rental companies need financial incentives and tax relieves to cover expenses related to transition – such as investment in new technologies and even machines. Finally, the authorities should consider the attitudes and feelings of people within the industry. In this survey, people expressed their lack of perception of transition-related benefits.

The key players in the rental industry are well-aware that the green transition is inevitable. In fact, it is no longer about if it will happen, but how will it happen. Is electricity going to be the main power source for heavy equipment? Maybe. Will it rather be hydrogen power that already shows many advantages compared to other fuels? Possibly. Now is the right time for all the industry leaders, representatives of manufacturers, machinery users, contractors and rental companies to participate in a discussion that will lead into one of the biggest industrial transitions so far. Cooperation, information and discussion are going to be the key factors. The future will show if the EU initiative was a realistic plan or just too ambitious goal.



6. Presentation delivered at the ERA Convention



ERA & LECTURA Rental Survey

Executive Summary

BOOSTING EQUIPMENTS INSIGHTS

WWW.LECTURA.DE



Survey participants

11,429 people from 187 countries worldwide

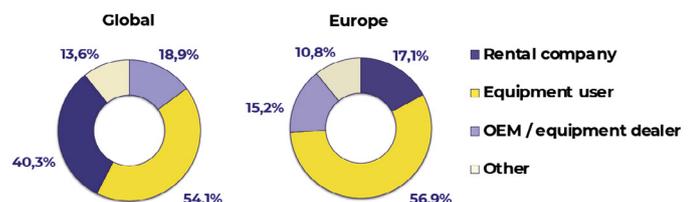
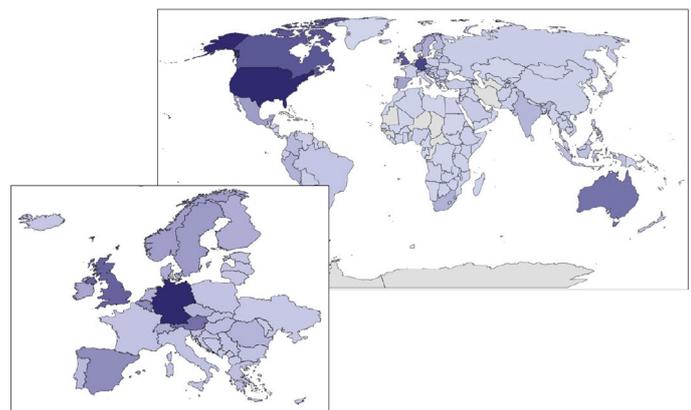
- Rental company representatives: 18,9 %
- Equipment users: 54,1%
- OEMs / Equipment dealers: 13,4%
- Other: 13,6%

44,4% of all respondents came from Europe

- Rental company representatives: 17,1%
- Equipment users: 56,9%
- OEMs / Equipment dealers: 15,2%
- Other: 10,8%

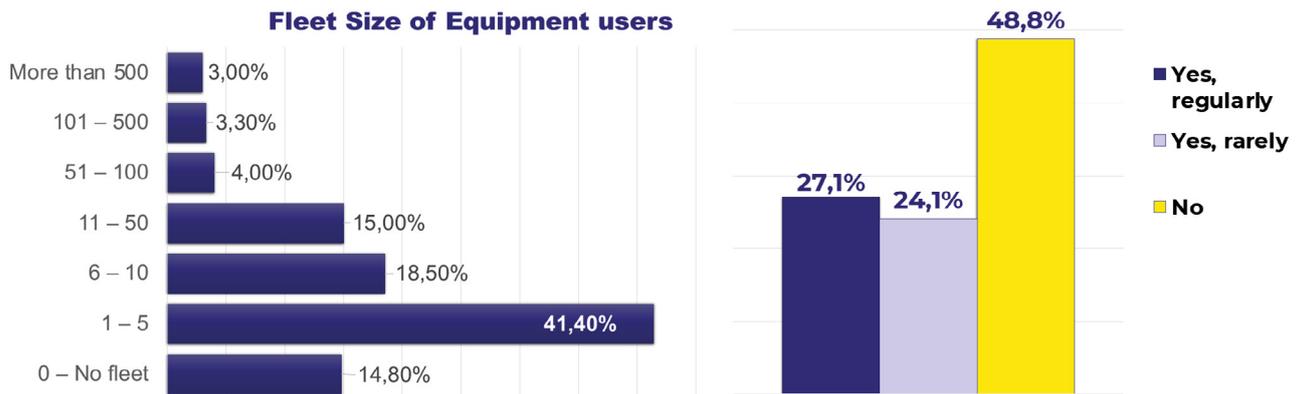
The primary focus of our research: Europe

- European rental companies (N = 865)
- Equipment users from Europe (N = 2,885)



Have you or your company ever rented a machine for business purposes?

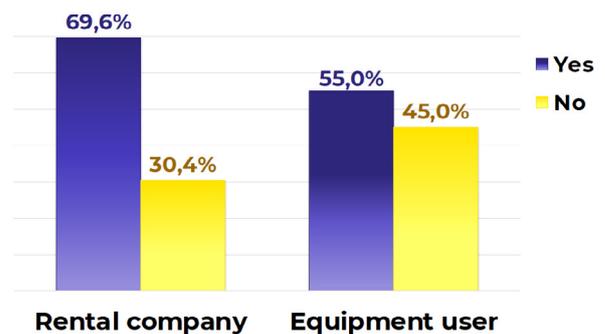
— 51,2 % of equipment users rent equipment, rarely or regularly



ERA – LECTURA RENTAL SURVEY

Are you aware of any upcoming environmental legislation, whether national or European, that will impact your business?

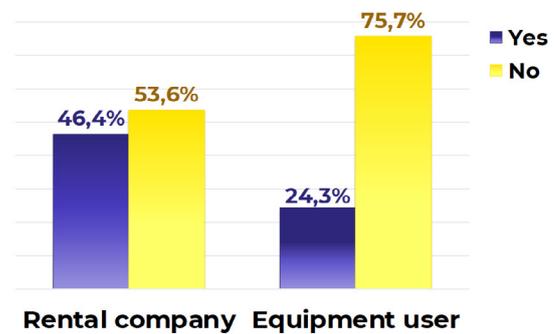
- As industry insiders almost 70% of rental companies are aware of upcoming environmental legislation with a potential to impact their core business
- The awareness is much lower among equipment users – 55%
- The difference could possibly speak for a lack of information from public authorities
- Alternatively, the people claiming they are not aware could not see the effect of the legislation to their business



ERA – LECTURA RENTAL SURVEY

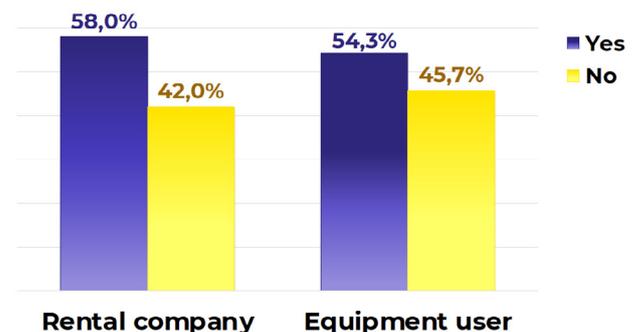
Do you need information or support to prepare for the implementation of new regulations?

- Of the people that are aware the upcoming regulations would affect their business, still some need more information or support for the implementation of new regulations
- Among rental companies, there are almost a half of such people
- The numbers for equipment users are almost halved by 24,3%



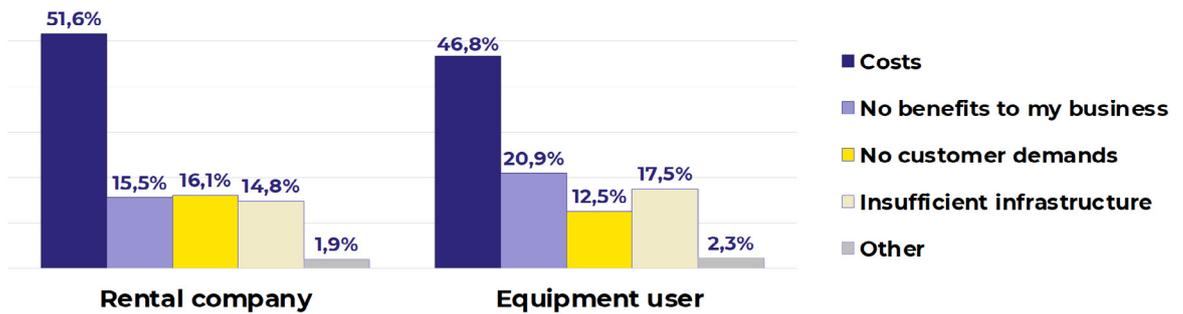
Has your company already started the transition to greener equipment?

- In general, more than half of companies, regardless of activity sector already started the transition to green equipment
- The difference between rental companies and equipment users is not even 4%
- The higher rates for rental companies could be also a bit a result of their reaction toward expectations among their potential customers



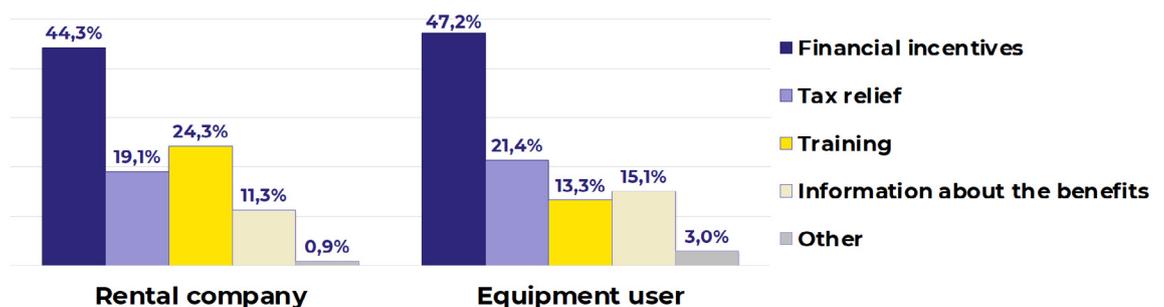
What are the obstacles/ challenges to transitioning to greener equipment?

- Based on this survey replies, for both groups of people costs are the greatest obstacle to transition to green equipment
- Lack of benefits, no customer demands, or insufficient infrastructure were chosen also by about 15% of rental company representatives



What kind of help would you need to transition to greener equipment?

- As costs were identified as the greatest obstacle by both groups, in both cases financial incentives are considered by more than 40% as the biggest relief
- Tax relief is a kind of support that would be appreciated by more than 20% of equipment users.
- Almost a quarter of rental companies would also appreciate more training, another 20% tax relief



**Thank you for reading our survey.
If you have any questions,
please feel free to contact us.**

Jörg Bachmann

Director Sales

Phone: +49 172 300 6466

Email: j.bachmann@lectura

**LECTURA media GmbH
Ritter-von-Schuh-Platz 3
90459 Nürnberg
Germany**