The price of fuel vs. the cost of fueling

How technology can fill the gap

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In early February, diesel prices stood 55 cents higher per gallon than a year ago, according to the U.S. Energy Information Administration.[1] Regular unleaded had increased almost as much — up 53 cents per gallon. That puts undeniable pressure on fleet budgets, but for best-in-class commercial fleet managers, it doesn't necessarily change the way they operate. For them, smart fuel management didn't start with today's price hike and won't go away with tomorrow's dip.

Fuel costs are always top of mind for fleet management professionals, no matter the pump price. This is rooted in the dual reality that (a) fuel prices are volatile — even when they are low, we know they can't stay low forever; and (b) the "price of fuel" is not the same as the "cost of fueling" in any case — total fuel costs extend far beyond the per-gallon price, and that is what must be managed.

Keeping fuel costs low — the Five Basics

The challenge for organizations at all times is to accurately forecast their fuel expenses and to actively work to minimize them. By employing a combination of time-tested best practices and cutting-edge new technology, substantial savings can happen, regardless of the pricing environment.

The tried-and-true best practices should sound familiar:

Proper tire pressure: every one psi (pounds per square inch) drop in the pressure of your tires is going to lower gas mileage by 0.4 percent.[2]

Speed moderation: you can assume that each 5 mph you drive over 50 mph is like paying an additional $0.13 per gallon for gas.[3]

A robust fleet card program: you can only manage what you can measure, says the old business adage, and while that may not always be true — certainly some unmeasurable things can still be managed — measurement does make tracking progress easier, and fleet card programs provide the kind of visibility into your fuel and maintenance spend that enables optimum measurement.

Negotiated discounts: consolidating fuel purchases with truck stops and gas stations can bring considerable savings.

Route Optimization: driving five miles out of route to save 3 cents per gallon probably doesn't make sense when you factor in mileage, hourly driver pay and overhead costs. That said, actively mapping routes in order to steer drivers in the direction of preferred fuel suppliers can save considerable money if done wisely.

Escalating the savings through technology

The difference in employing such practices today is that continued advances in technology are making the elements more precise, easier to measure and simpler to encourage or enforce. For example, speed limiters work better than merely urging a driver to slow down, and dashboard monitors do a better job of alerting when tire pressure is not optimal so drivers can act promptly to rectify.

The benefits of technology can be further enhanced by employing one fleet card program that covers all sizes and vehicle types on a single card, such as the Voyager Fleet Card. This provides fleet managers visibility into all of their expense information through a single portal, with a view across all vehicles and transactions. Better visibility leads to better coordination, less duplication and enhanced efficiency — aka lower costs. All fleet classes can be managed through one card, one network and one program management platform.

Finally, recent upgrades to the Voyager Mobile App provide even more enhanced routing and price optimization. Fleet managers can map out the most efficient route for drivers and steer them to the lowest cost fueling options on the way. They can "flag" locations where proprietary discounts have been negotiated, making them easy for drivers to spot on a list of options. They can print out reports and maps for fleets that do not issue or allow drivers to use mobile devices.

Channeling the technology through people

With today's emerging technologies, in which so many best practices can be automated and controlled with specific software applications, the savings to be achieved from following such practices can be considerably more than ever before. And this can be the case regardless of the actual price of fuel.

The caveat is that these advances must be applied in ways that minimize driver distraction and promote safety. Human brains can integrate many, many types of data in a given day, but the more we are asked to account for, the less granular we can get in deciding relatively basic questions such as "Where do I fuel?" Our job as technology innovators is to provide the granularity fleets need in the most accessible way possible.

We can, for example, limit the driver's need to look at a screen by equipping our app with voice commands and responses. The Voyager Mobile App hands-free audio feature does just that — it can call out the nearest fuel merchant and the price.

Where do we go next? We constantly ask ourselves and our customers the same question. Invariably, working together, we find new avenues to pursue that lead to generating better data and making it more readily and safely accessible. None of these measures will ever render the price of fuel inconsequential, but each step forward makes managing the cost of fueling more predictable.

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1 http://www.eia.gov/petroleum/gasdiesel/

2 Pro-Car Mechanics.com (citing U.S. Department of Energy data), How Tire Pressure affects MPG, Jan. 2015

3 www.fueleconomy.gov, citing a study by Oak Ridge National Laboratory (ORNL): Predicting Light-Duty Vehicle Fuel Economy as a Function of Highway Speed, SAE 2013-01-1113