Differentiation In The United States Rental Car Industry

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ABSTRACT

The $26 billion rental car industry has become increasingly consolidated in recent years (Autorentalnews.com, 2014). Rental car companies play a significant role in the overall travel economy apart from simply providing vehicles for vacationers. They support the domestic automotive industry, provide transportation for urban locals and travelers, and provide tens of thousands of U.S. jobs while fostering career growth (Shankman, 2013). This case study provides a historical overview and industry analysis of the sector's three principal competitors, namely, Avis Budget Group, Inc., Enterprise Holdings, Inc., and Hertz Global Holdings, Inc. Recent industry consolidation has resulted in the grouping of the largest individually branded rental car companies under the umbrella of the "big three." As competition continues to intensify, each brand seeks to obtain and leverage at least one sustainable competitive advantage. This case study will identify the primary categories of differentiation and discuss the sustainable business practices that are paramount for the continued success of each company. This case study suggests that the true determinates of rental car company selection are Service, Types of Rentals, Ease of Use, Pricing, and Loyalty Programs. In addition, this case study identifies emerging market trends in the rental car industry and offers several practical recommendations moving forward.

Keywords: Rental Car; Industry Consolidation; Differentiation; Sustainable Competitive Advantage

INTRODUCTION

After passengers retrieve their luggage from baggage claim and head over to the ground transportation area of the San Antonio International Airport, they may be surprised to see more choices at the rental car area than at the food court. The selection seems almost endless: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The traveler might wonder what uniquely differentiates one rental car company from the other. Other than price, what are these companies competing on? What is the sustainable competitive advantage for each company? What core differentiators do they each communicate? The traveler may see a colorful collage of different car rental logos at the airport these days, but behind these front-facing brands, the same three companies now control 98% of the airport car rental market. Each brand is carefully calibrated to target different kinds of renters (Gara, 2013). This case study seeks to determine the primary determinants of rental car selection.

INDUSTRY BACKGROUND

The car rental segment is a significant portion of the transportation industry, which correlates to various factors such as an increase in the number of air travelers for leisure, insurance replacement, and business. The Global Business Travel Association BTI Outlook forecast has found that business travelers spent an estimated $72.8 billion on U.S.-originated business travel during the second quarter of 2014, a 7.1% year-over-year growth. In total, business travel spending in the United States is expected to increase by 6.8% to $292.3 billion for 2014 (AutoRental News, 2014).

The collective U.S. car rental industry, including independently owned providers, has more than 21,000 car rental locations with a cumulative fleet of nearly 3 million vehicles (*2014 U.S. Car Rental Market*, 2014). In 2014, the $26 billion U.S. rental car industry consisted of three principal competitors: Avis Budget Group Inc., Enterprise

Holdings, and Hertz Global Holdings, Inc. Table 1 presents comparative data for the three key players in the U.S car rental industry (*2014 U.S. Car Rental Market*, 2014).

Table 1. Profile of the three leading rental car companies in the U.S. in 2014

Company	Annual Revenue	Year Founded	# of Employees	# of Locations	Fleet Size
Avis Budget Group, Inc. - Avis - Budget - Zipcar	$5.5B	1946	29,000	3,100	342,000
Enterprise Holdings - Alamo - Enterprise - National	$12.8B	1957	78,000	6,100	1.0M
Hertz Global Holdings, Inc. - Dollar - Hertz - Thrifty	$6.4B	1923	30,400	6,110	342,000

Note. From avisbudgetgroup.com, enterpriseholdings.com, hertz.com, and autorentalnews.com

HISTORICAL OVERVIEW

Joe Sanders pioneered the car rental concept when he rented out his Ford Model T for the first time to visiting business executives in 1916. The creative entrepreneur attached a mileage meter to the left front wheel of the vehicle and charged renters 10 cents a mile to cover the “wear and tear” on his vehicle. By 1925, his rental car business had expanded to operations in 21 states and included a fleet of nearly $1 million worth of Chrysler vehicles. Competitors caught onto Saunders’ unique business model and soon after, Walter L. Jacobs began renting out a dozen of his Fords. By 1923, Jacobs’ business was grossing more than $1 million in annual sales (The History of the Car Rental Industry, n.d.).

Saunders and Jacobs became the era's first direct competitors in the rental car business. In the mid-1920s, Jacobs decided to sell his rental car business to John Hertz, owner of The Yellow Cab Manufacturing Company in Chicago. This sale gave birth to what is now one of the largest chain of car rental companies in the United States. A few years later, General Motors would buy out the Hertz's Yellow Cab Manufacturing Company and rename the rental car portion of the business "Hertz Drive-Ur-Self System" (The History of the Car Rental Industry, n.d.).

The expansion of the rail system helped grow the demand for rental car services in the U. S. The rental car industry continued to burgeon following World War II as Railway Extensions, Inc. allowed rental companies to set up booths in its stations that provided telegraph service. This enabled customers to reserve a vehicle at one station and pick it up at their destination. As Hertz continued to dominate the rental car business, it identified a significant market opportunity by distributing its product offering at airports. The first airport car rental franchise was opened in 1932 at Chicago Midway Airport, offering a wide selection of luxury vehicles. Then in 1946, Warren Avis launched the Avis Airlines Rent-A-Car System at Detroit Willow Run Airport. Avis concentrated all of his efforts on building airport franchises to attract customers who were de-boarding. A year later, twenty-four independent car rental companies in St. Louis, Missouri founded the National Car Rental System (The History of the Car Rental Industry, n.d.).

Through the years, the rental car industry continued to thrive at the same pace as air travel. Then in 1957, Enterprise Rent-A-Car created an off-airport market niche. While all of its competitors focused on business efforts at airports, Enterprise set up operations in local neighborhoods, capturing the insurance replacement and short-term rental business. With numerous entrants seeking to get a share of the rental car industry’s success, increased competition resulted in complex pricing wars. The intense competition eventually caused several companies to go out of business in the 1980s, prompting Ford and Chrysler to purchase controlling interest in some of the larger rental car chains.

Beginning in 2002, a number of rental car mergers reduced the number of key industry players from nine to three. In chronological order, Dollar and Thrifty merged to form the Dollar Thrifty Automotive Group. 2006 saw Avis merge with Budget to become Avis Budget Group (Avis.com, n.d.). A year later, Alamo and National Enterprise Holdings joined Enterprise (Enterpriseholdings.com, n.d.). In 2009, Hertz purchased Advantage for $33 million, then three years later, acquired Dollar/Thrifty for $2.3 billion (Hertz.com, 2012). Avis Budget Group, Enterprise Holdings, and Hertz Global Holdings all capitalized on opportunities to create greater economies of scale while decreasing the number of competitors by acquiring rival companies. This strategy helped improve profitability by reducing the cost of support functions, improving product development, and cutting the costs of maintaining relationships with external vendors and customers. The ownership shift drove the leading rental car companies to evaluate how to sustain growth and profitability in the new, highly competitive environment.

INDUSTRY ANALYSIS

The primary drivers of the rental car industry are rising tourist movements, global economic growth, growth in business activities, and growth in the airline services. The global rental car industry is expected to reach an estimated value of $81.2 billion by 2019 (*The Global Car Rental Industry Trends,* 2015). The top three industry players led in pushing record revenues for 2013 and again in 2014. The key players generated 95% of the U.S. rental car market revenue in 2014 (*2014 U.S. Car Rental Market*, 2014). Avis Budget Group, Enterprise Holdings and Hertz Global Holdings each increased year-over-year revenues during their most recent fiscal years, as the industry benefited from solid demand, supplier consolidation, and increasingly diversified business lines (Boehmer, 2014). The largest of those companies, privately held Enterprise Holdings, reported $16.4 billion in revenue, up 6.5 percent for the year ending July 2013. Avis Budget Group reported $8.5 billion in revenue for FY 2014, up 8 percent from the previous year, while Hertz Global Holdings' revenue rose 20 percent to $10.8 billion (Boehmer, 2014).

The U.S. rental car industry generates the major share of its revenue from the on-airport segment of the market, which, of course, is highly dependent on air travel for demand from both leisure and business travelers. Hertz Global Holdings had the largest share of the airport car rental market in 2013 at 36.1 percent, followed by Enterprise Holdings at 33.2 percent and Avis Budget Group at 26 percent (Business Travel News, 2014).

Enterprise has dominated off-airport market segment from its beginning when founder Jack Taylor realized the need for rental cars when automobiles are being repaired. The expansion into auto insurers was a significant market for Enterprise to capture early in their development as it is less susceptible to economic and travel demands that affect airport based car rentals. In 2012, Enterprise had approximately 75-85 percent of market share in the insurance replacement segment (Ananthalakshmi, 2012).

AVIS BUDGET GROUP, INC.

Founded in 1946 by Warren Avis (who sold his interest in 1954), Avis was the first rental car operation located at an airport. The company grew rapidly during the 1950's through franchised and acquisition expansions. In 1963, Avis introduced the award winning "We try harder" campaign, creatively acknowledging that they are not the industry leader while leveraging their desire and efforts to provide the best service. Ten years later, Avis launched its innovative Wizard system, the company's proprietary reservation technology. As Avis built a long history of strategic innovation in the rental car industry during the 70's and 80's, it became one of the largest employee-owned companies in the U. S. In 2001, Avis ranked the highest for customer loyalty among companies that were evaluated for the Brand Keys® Customer Loyalty Awards (Avis.com, n.d.).

Today, Avis and its subsidiaries operate one of the world's best-known car rental brands with more than 10,000 rental locations in 175 countries. Avis Budget Group is a leading global provider that operates three of the most recognized brands in the industry through Avis, Budget, and Zipcar.

- Budget Car Rental is for the "budget-minded" renter appealing to value-driven renters by offering quality vehicles and a rewarding rental experience.

- Zipcar is the world's leading car-sharing network with more than 950,000 members. The company has a strong market presence not only in major urban areas in the U. S., but also in countries such as Canada, United Kingdom, and Spain targeting college students.

Avis Budget Group also owns Payless, a brand that operates in the deep-value segment of the industry (Avis Budget Group, 2012).

In 2012, Avis launched a new integrated marketing campaign “It’s Your Space” that aimed to elevate the role of the rental car in corporate travelers’ busy lives. The campaign centered on how business professionals use the space inside the rental vehicle to be productive and recharge while traveling (Avis.com, n.d.). In addition, Avis emphasizes establishing partnerships with hotels, airlines, businesses, and travel agencies to gain customer loyalty, increase brand visibility, and establish a strong base of loyal customers. These programs are all geared towards building a strong base of loyal customers who will be the company's customers for life.

ENTERPRISE HOLDINGS, INC.

Jack Taylor founded Enterprise Rent-A-Car in 1957 with a business philosophy built on taking care of customers and employees first, with profits to follow. Steady leadership, financial stability, and a consistent ability to exceed customer expectations, have fueled more than five decades of profitable growth and defined Enterprise Holdings’ global leadership role in the rental car and travel industries (EnterpriseHoldings.com, n.d.).

Enterprise Holdings’ worldwide network includes more than 9,000 neighborhood and airport locations, with 6,000 offices located within 15 miles of 90 percent of the U.S. population, more than twice as many locations as their closest U.S. competitor (EnterpriseHoldings, Inc., 2012).

Enterprise tailored their product offerings to provide convenient, affordable rentals away from the airport, with convenient neighborhood locations close to homes and offices. The off-airport market segment was conceptualized as a vehicle replacement business for consumers whose vehicles were in need of repair and, under the Enterprise brand, has grown into a home-city business that is larger than the airport market (EnterpriseHoldings.com, n.d.).

Enterprise Holdings is the largest rental car company in the world as measured by revenue, fleet, and employees. Through its regional subsidiaries, franchisees, and affiliates, Enterprise Holdings operates the Alamo Rent A Car, Enterprise Rent-A-Car, and National Car Rental brands in neighborhoods and airport locations in more than 70 countries (Enterprise Holding, Inc., 2014).

- Alamo Rent-A-Car is the largest rental car provider to international travelers visiting North America. It is a value-oriented, internationally recognized brand serving the rental needs of airport leisure travelers (Alamo.com, n.d.).
- National Car Rental serves the daily rental needs of the frequent airport traveler seeking choice, convenience, and savings for personal and business trips. National helped pioneer the rental car industry’s first frequent renter program, Emerald Club, and provides business travelers with expedited service at all the top 50 airports for business travel (Enterprise Holdings, Inc., 2014).

Enterprise’s global network offers a total transportation solution that extends beyond typical day-to-day car rental operations. Their capabilities to provide transportation alternatives in the wake of natural disasters allows for rapid response and efficiency to move vehicles around the country and into the affected areas in order to support the insurance companies, utility companies and government agencies as quickly as possible (EnterpriseHoldings.com, n.d.). For nearly 60 years, Enterprise has used their unique position in the automotive value chain to meet the evolving needs of individuals, organizations, and cities. They play a critical role in introducing automotive innovations to the market, and offer consumers the opportunity to take new technologies for a test drive.

HERTZ GLOBAL HOLDINGS, INC.

Walter L. Jacobs founded Hertz in 1918 in Chicago with 12 Model T's. He sold the company to John D. Hertz in 1923, but continued to remain a prominent figure in the company until his retirement in 1960. Together, Jacobs and Hertz turned the small "Rent-a-Ford" company into a well-known brand and by 1925, Hertz was generating annual revenues of approximately $1 million. From the start, Hertz embodied the customer-comes-first mindset and by 1925, the company set up a coast-to-coast rental network to accommodate for the expanding boundaries of travel in the U. S. In 1926, Hertz offered the first advanced reservation and a new program called Rail-Drive, a service in which Hertz provided a rental vehicle for vacationers when they stepped off the train. Hertz soon began accommodating air travelers, opening the first airport rent-a-car facility at Chicago's Midway Airport in 1932 and introducing the Fly-Drive rental car program (Hertz.com, n.d.).

In 2012, Hertz acquired Dollar Thrifty for $2.3 billion, reducing the number of big companies from four to three in the U.S. auto rental industry (Stoller, 2012). The combined corporate revenues globally for the Hertz and Dollar Thrifty brands in 2012 amounted to $8.8 billion. The companies' combined fleet size was estimated at 733,000 in September 2012 ("Hertz/Dollar Thrifty Acquisition," 2012). To further strengthen their position in the industry, in 2013, Hertz expanded with the Firefly brand to capture the leisure travelers at airports in the U.S. This expansion enabled Hertz to enter the U.S. "deep-value" leisure rental market, which they considered the fastest-growing market segment within the airport rental car market. Hertz had been without a presence in the deep-value leisure car market since it divested its Advantage Rent A Car brand in 2012 as part of the agreement with the Federal Trade Commission for the acquisition of Dollar Thrifty (Winter, 2013).

- Dollar Rent A Car offers specialty vehicles for physically challenged drivers and a strong line-up of business travel and vacation planning services (Dollar.com, n.d.).
- Thrifty Car Rental, founded in 1958 as a franchise system, offers more than 1,200 rental locations throughout the world (Thrifty.com, n.d.).

Hertz Global Holdings Inc. operates its rental car business through the Hertz, Dollar Rent A Car, Thrifty Car Rental, and Firefly brands from approximately 11,555 corporate, licensee, and franchisee locations in North America Europe, Latin America, Asia, Australia, Africa, the Middle East, and New Zealand. Hertz is the largest worldwide airport general use rental car brand in approximately 145 countries and the number one airport rental car brand in the U. S. Hertz was voted the Best Overall Car Rental Company in Zagat's 2013/2014 U.S. Car Rental Survey (*Hertz 2013 annual report*, 2013). Hertz offers speed and convenience with continued technology innovations in mobile apps, mobile alerts, eReceipts, and Express Rent Kiosks (Hertz.com, n.d.).

CORE DIFFERENTIATORS

The rental car industry continues to experience increasingly high levels of competition as the three major industry players continue to undergo radical transformations in an attempt to secure and defend a sustainable competitive advantage. The 2016 Car Rental Service comparison by Top Ten Reviews, a consumer review website, cited Enterprise with the highest overall rating at 9.1 percent on a ten-point scale. Hertz was second with an overall rating of 8.85 percent and Avis, third, at 7.78 percent (*Top Ten* Reviews, 2015). Based on the comparison research report, criteria that are utilized to rank the companies in the U.S. rental car industry were identified. Specifically, services offered, types of rentals, ease of use, and customer service were overwhelmingly rated are the most important determinants in the selection of a rental car company. The comparison categories are important elements in deciphering a rental car company's capabilities. However, the additional factors of pricing structure and loyalty programs make significant contributions to the core differentiators. So, while the four considerations that were identified by customers are indeed criteria by which a company may differentiate itself, it should be emphasized that that 1) leisure rental car customers are extremely price sensitive, and 2) customers with a participatory record with a loyalty program typically choose to use that brand even if they are slightly more expensive on a given rental.

Service

The Service category is the most significant of all the differentiators. Given the intense competition in the industry, a relatively high level of both *customer service* and *service offerings* are simply expected. When a customer needs assistance, they have an expectation to receive that assistance efficiently and effectively. A variety of customer support options is an advantage. Email, phone support, face-to-face, and live chat sessions can have a meaningful impact on the customer experience, and may in fact be leveraged to differentiate a company (*Top Ten Reviews*, 2015). Online reservations, check-in capabilities, and express service are key features that assist in the efficiency of car renting. Added value services, include roadside assistance, GPS options, prepaid toll options, prepaid fuel, electronics chargers, in-car wireless capabilities, infant car seats, self-booking through hand-held devices, and multiple pick-up and drop-off locations are examples of practical ways to give consumers more service options.

Types of Rentals

By offering a wider variety of vehicle choices, such as hybrids, minivans, pickups, convertibles, compacts, and commercial vans and trucks, a company may differentiate itself in an otherwise crowed marketplace. One-way and long-term rentals are examples of the increased need for flexibility in order to meet the needs of a wide range of customers. Enterprise has the greatest variety of vehicle rentals, and, along with Budget, received a 10 out of 10 score for offering the type of vehicle that a prospective customer wants (*2014 U.S. Rental Car Market*, 2014).

Ease of Use

As consumers have more access to comparative information, rental car companies must present relevant information on their websites in a well-organized, easy to navigate, multilingual format. From the online comparison shop, to the actual reservation, to the pick-up and return of the vehicle, ease of use is crucial. Easy-to-use reservation tools, a simple locator finder, and keyword search tools all play a factor in the ease of the company's online functions. All of the key players in the industry provide websites that are review and ranked annually. Most recently, Thrifty scored highest on customer questionnaires receiving 9.75 out of 10. Hertz was second highest at 8.13 for the ease of use tools that they have to offer their customers. Customers consistently request that a location finder on the homepage with a map be available so they know exactly where to pick up their rental car (*Top Ten Reviews*, 2015).

Pricing

Pricing models in the car rental industry appear to be a complex as they are in the airline industry. Vehicle category ranges from economy, mid-size, full-size, SUV's, mini-vans, trucks, and specialty. Day of the week, duration of rental, and the city are all of course factors. And then there are the discounts. Club memberships, advance payment discounts, opaque pricing capabilities, student discounts, insurance discounts. The list goes on. Avis provides AARP members with discounted rates and special offers on vehicle rentals. In addition, AARP members can save on their annual membership fee with the carsharing company that is owned by Avis Budget Group, Zipcar ("Avis Budget discounts," 2015). When it comes to identifying a strategy where price is a factor, it can be easier now that the U.S. rental car industry is dominated by three major players (Kell, 2012). Hertz is priced in the premium category, where it competes with Avis and National. However, their Dollar and Thrifty brands are in the mid-tier range and can compete with Enterprise, Budget and Alamo (Kell, 2012). Pricing is a core differentiator for the leisure travelers, but not so much for the business travelers and insurance replacement customers due to the fact that these are either direct billed or at pre-negotiated rates. Leisure travelers are budget conscious and therefore looking for the best possible price or points that can be gained through loyalty programs.

Loyalty Programs

Car rental loyalty programs are the most beneficial, value added perks when it comes to renting a car. And hence, this single differentiator that a company may influence, leverage, and, of course, benefit from. All of the major rental car companies all have a program that offers a variety of different benefits, features, and partnerships. Most of the memberships for the rewards programs are free and rental car companies encourage signing up in order to secure a solid customer base for their business. Avis Budget Group and the Wyndham Hotel Group recently signed a multi-year partnership agreement, making Avis Car Rental and Budget Car Rental exclusive partners of the Wyndham Rewards loyalty program. Benefits include earning double points on eligible Avis and Budget rentals as well as converting Wyndham Rewards points to rental certificates ("Avis, Wyndham partnership," 2015).

Alamo Rent A Car and National Car Rental are both partnered with the Hilton Honors Rewards program. This program is designed to stay within the preferred partners so that the points can add up and be used within the rewards program. Enterprise offers the Enterprise Plus membership that can earn point globally. Enterprise's participation in the Drive Alliance program delivers more flexibility, locations, and rewards. Drive Alliance is an industry-first partnership that provides customers to extended services through National Car Rental as well as through Enterprise Rent a Car (Enterprise.com, n.d.). So whether it is the option to pick any car in the aisle or bottled water in the cup holder, rental car companies to creatively design their loyalty programs to differentiate themselves to secure new and retain existing customers.

EMERGING MARKET TRENDS

Opaque renting is a reservation platform that allows online customers the opportunity to bid the price they want to pay for a specific travel-related product or service without knowing the brand. The brand is revealed after the customer makes the online purchase. This segment gives rental car companies an opportunity to increase market share and to utilize its fleet to full capacity. Although many discounted travel websites exist, the most popular opaque travel websites are Priceline.com and Hotwire.com (Stellen, 2011). This current trend is imposing a huge impact on the competitive landscape of rental car business. Technological advancement in mobile capabilities coupled with the growing influence of social media strengthens the opaque customer's position and draw more cost-driven customers toward the opaque booking channel. In a 2010 Auto Rental News research, Priceline.com shows brokering more than fifteen million rental days to the global car and truck rental industry. Compared to hotels, airlines, and cruise lines, opaque car rental bookings have the highest growth trend. With a forecasted 1.2 percent annual growth rate, opaque car rental market is expected to eclipse $1.2 billion in annual rental revenue by 2015 (Stellen, 2011).

Rental car companies are increasingly utilizing the fast and convenient off-site, touch-screen kiosks as they deliver a superior value-added service that creates a strong competitive advantage. The kiosk enables customers to skip the rental counter and initiate both reserved and walk-up transactions with just a valid driver's license and major credit card. It also allows the customer to review rental information, change car class, add additional drivers, and select options such as GPS navigation units and child car seats ("EnterpriseHoldings, Inc.," 2012). All of these improve the overall rental experience of airport customers by providing convenience, speed, and shorter wait time during peak hours. Most kiosks offer multilingual displays to give customers a choice of English, French, Spanish, German, Italian, or Portuguese languages.

Advancements in technology in the rental car business creates greater opportunities by driving the growth of web-based sales channels enabling travelers to rent vehicles anytime and anywhere and allowing the renter the ability to initiate and manage their reservation on the go, from a smartphone or tablet. New technology tools are changing the traditional rental process of manually entering the renter's information to a more automated format. Rental agents can use a scanner that pulls information directly from the magnetic stripe on the driver's license to populate an electronic rental contract. The customer signs an e-signature pad and the contract is emailed with a keystroke (Brown, 2015).

Car sharing is one of the growing trends gaining popularity. In the last 15 years the concept has evolved into a mobility solution in the U. S. The carsharing market has grown from a largely subsidized, university research-driven experiment into a full-fledged for-profit enterprise, owned primarily by traditional rental car companies. Today, Zipcar (owned by Avis Budget Group), car2go (owned by Daimler), Enterprise CarShare and Hertz 24/7 control about 95% of the carsharing market in the U.S. (Brown, 2015). Enterprise Holdings started its carsharing program as WeCar in 2008, focusing initially on universities. Enterprise rebranded as Enterprise CarShare in 2013. Entering 30 new North American markets last year, Enterprise CarShare has grown organically and through acquisition of independent carsharing companies such as IGO in Chicago, AutoShare Carsharing Network in

Toronto and PhillyCarShare (Brown, 2015). Hertz's carshare service, started as Connect by Hertz in 2008, rebranded as Hertz on Demand in 2011, and then as Hertz 24/7 in 2013, operates in 18 states and nine countries (Brown, 2015,).

For rental car companies, controlling costs and optimizing efficiencies while leveraging technology to meet customer demands are critical to competitive advantage. Creating flexible, enterprise-wide, customer-focused, global information systems is the next source of competitive advantage for the new breed of rental companies. The key players are building strategic partnerships with hotels, airlines, auto collision shops, insurance companies, banks, and travel agencies to explore all avenues to get their brand out in all business establishments in the U.S.

In order to increase sales and increase market share, the rental companies are ensuring that they meet the criteria for core differentiators in the industry to foster continued growth. Furthermore, each company works diligently to capture all emerging trends related to the business such as car sharing, opaque rentals, video conferencing, and technological advancement in order to help them map their competitive strategies in the future for each market segment.

RECOMMENDATIONS

The rental car industry is in a looming battle as the major industry players undergo radical transformation in response to increasing levels of intense competition. Operating in an environment with tightening margins means that customers can demand services in the form of competitive pricing, ease of use, vehicle choices, accessibility, and stellar customer service.

The big three should continually evaluate their core competencies and abilities to differentiate, and proactively respond to heightened levels of industry competition. Providing integrated solutions by leveraging technology and delivering a meaningful, value-added rewards program will provide a practical differentiator that can be both communicated and implemented. With banking now done in the palm of your hands, more and more rental transactions will occur just by using a mobile device. Developing a portfolio of branded rental companies in various segments such as business, leisure, and insurance replacement allows companies to share fleet, integrate systems, and smooth out the cyclicality of their businesses. In order to continue to gain market share, the rental car companies must continue to incorporate innovative technology in order to simplify the car rental process. It is recommended that rental car companies consider opportunities to expand their brand globally and push into market segments where they have traditionally little presence.

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