

Rental Car Bookings Increase, Rates Likely Flat; Long Term Challenges Exist

Companies: CAR, HTZ

June 12, 2015

Research Question:

Will rental car companies see increased bookings and pricing power this summer and for the remainder of 2015?

Summary of Findings

- The improving economy and increased travel likely will result in more rental car bookings this summer and throughout the rest of 2015 compared to 2014, according to 15 of the 20 sources interviewed. Five expect bookings to be at least equal to 2014.
- Sources' thoughts on pricing power were mixed, with one expecting rental rate declines, nine expecting flat rates, and eight predicting rate increases.
- The rental car fleet is considered right-sized according to 17 sources. [Hertz Global Holdings Inc.](#) (HTZ), which has been over-fleeted for some time, has a new inventory management system and is aggressively managing fleet size and logistics according to three sources. One source commented that Hertz is over fleeted.
- Car and ride sharing programs like [Uber](#) and [Lyft](#) are not viewed by industry regional and store managers as a threat to traditional car rental services, but rather to taxi services. However, a former regional manager for [Enterprise Rent-A-Car](#) and two industry specialists suggested these services may be a threat in the long term that could lead to pricing wars, a downsizing of the traditional rental car industry and a change in its business model.
- Competitive challenges to traditional car rental services are coming from [Sixt Car Rental](#) (Sixt SE/SIX2.XE) and [Silvercar](#). Exceptional service is helping these companies gain traction. Another new competitor meeting a unique need is [HyreCar](#), considered to be the [Airbnb, Inc.](#) for cars, offering rentals to Uber and Lyft drivers and consumers for personal use.
- Blueshift's online SurveyMonkey rental car poll revealed that individual consumers will rent cars less frequently, pay more and supplement their car renting with taxis and Uber.

Silo Summaries

1) Rental Car Regional Managers

Four of six regional rental car managers expect summer and 2015 bookings to exceed 2014 by 10% due to an increase in travel. Two think bookings will be flat. Pricing is expected to increase at least seasonally according to three sources, remain flat according two, and one did not comment. Fleet size is considered to be appropriate by five sources and one did not comment. Car sharing services are not affecting the car rental industry according to four sources. One source, who recently left his position with Enterprise, thinks the car sharing businesses will create pricing wars and will lead to a downsizing and replacement of the traditional car rental business model. He added that technology in the car rental industry is rapidly becoming outdated.

2) Rental Car Store Managers

Eight of 11 rental store personnel expect increased bookings in the 5%-15% range in 2015. Three sources expect rentals to be equal to last year. Pricing expectations were split, with five sources expecting increases, five expecting flat prices and one expecting declines. Two sources commented on Hertz's pricing increase, with one expecting the increase to hold and the other saying it would not. Fleet size is considered appropriate according to nine sources, under-fleeted according to one and over-fleeted for another. Two Hertz sources provided insight about their company's fleet management with one saying they now have a new fleet management system that has provided them with more cars and the other said they must heavily manage the fleet to keep it right-sized. Car sharing services are not expected to impact the car rental industry according to 10 sources.

3) Industry Specialists

Rental car bookings are trending up according to all three industry specialists. The improving economy and increasing travel are driving bookings up about 5% year to year. Rental rates have been inconsistent for years, increasing when demand spikes near holidays or inventory is low. This likely will continue, and one source thinks Hertz will have a difficult time getting their recently announced price increase to stick. The fleet is considered right-sized by two sources, while one source suggested that Hertz is over-fleeted. Two of the three sources view Uber-type services as a future threat to the rental car business that could lead to a change in the traditional rental car business model. HyreCar, called the Airbnb of cars for Uber and Lyft drivers and personal use, has emerged as another challenge to traditional car rental. Competitors Silvercar and Sixt are gaining traction at airports with high levels of service.

	Booking Trends	Rate Trends	Fleet Size Correct
Rental Car Regional Managers	↑	→	↑
Rental Car Store Managers	↑	→	↑
Industry Specialists	↑	→	↑

Background

The U.S. rental car industry showed signs of health in 2014, reaching an [all-time high of \\$26 billion](#) in sales. The three largest rental car companies, often referred to as the majors—Hertz, [Avis Budget Group Inc.](#) (CAR), and Enterprise—control 90% of the U.S. market and more than 98% of the airport business. Thus far in 2015, industry pricing has trended downward but is expected to spike this summer due to increased travel and a boost in pricing by one of the rental car majors.

Hertz has reconfigured its fleet and plans to raise prices on its vehicles by [\\$3 to \\$5 per week](#) ahead of the anticipated strong summer. Some blame Hertz for industry-wide low pricing given its corporate financial issues and fleet bloat over the past few years, so its move might cause Avis and Enterprise to follow suit with their pricing.

Car sharing is skyrocketing, as evidenced by Uber's explosive growth. Travelers are finding the economics of using Uber outweigh car rental, especially since the rental industry's low advertised rates are offset by high local taxes. [Lagging technology](#), fleet oversupply and irritating upsells at the counter also may be hurting the majors' business. Strong residual values in used car pricing has boded well for rental companies, but a glut of off-lease inventory is set to hit the used car market [beginning in the second half of 2015](#), which may drag down used pricing and hurt residual values.

Blueshift's [July 21, 2014 rental car industry report](#) confirmed the industry's guidance of a strong summer season. Fourteen of 20 sources said leisure rentals were up, and 12 of 20 said business rentals had increased. Enterprise showed stronger gains than Hertz, and 15 of 20 sources confirmed that pricing had risen as well. Fleet size appeared to be the right size and the massive recalls did not affect business too much thanks to [General Motors Co.](#)'s adequate [management of the process](#).

Current Research

In this next study, Blueshift Research assessed whether increased rental car usage and pricing power will emerge this summer and for the remainder of 2015. We employed our pattern mining approach to establish five independent silos, comprising 20 primary sources (including 1 repeat source) and 7 relevant secondary sources focused on the rental car industry:

- 1) Rental Car Regional Managers (6)
- 2) Rental Car Store Managers (11)
- 3) Industry Specialists (3)
- 4) SurveyMonkey survey (118)
- 5) Secondary sources (7)

Next Steps

Blueshift Research will monitor summer rental car bookings and consumer reaction to Hertz's rate increase. We will research the impact SilverCar and Sixt are having on Hertz and Avis during the summer travel season. We will also try to determine if these competitors can have a competitive impact on the all-important corporate rental car contracts. Finally we will try to determine if car sharing/ride sharing services are a true threat to the traditional rental car business model.

Silos

1) Rental Car Regional Managers

Four of six regional rental car managers expect summer and 2015 bookings to exceed 2014 by 10% due to an increase in travel. Two think bookings will be flat. Pricing is expected to increase at least seasonally according to three sources, remain flat according to two and one did not comment. Fleet size is considered to be appropriate by five sources and one did not comment. Specialty cars are said to be a customer draw according to two sources, and a Hertz source said they are managing inventory very carefully. Car sharing services are having little effect on the car rental industry according to four sources. One

Rental Car

source who recently left his position with Enterprise thinks the car sharing businesses will create a pricing war and eventually lead to the downsizing and replacement of the traditional car rental business model. He added that the car rental industry technology is rapidly becoming outdated.

Key Silo Findings

Booking Trends

- 4 expect bookings to trend up 10% in 2015.
- 2 expect booking to be flat compared to 2014.

Rate Trends

- 3 expect at least seasonal price increases.
- 2 expect flat pricing.
- 1 did not comment.

Fleet Size

- 5 indicated that the rental car fleet is right-sized.
- 1 did not comment.

Miscellaneous

- 5 do not view car sharing or ride sharing services like Uber a threat to the rental car industry.
- 1 ex-Enterprise regional manager thinks car-sharing will eventually cause a downsizing of the traditional rental car industry and promote a new business model.
- Specialty cars are a customer draw.
- 1 Hertz source indicated they are managing inventory very carefully.

1) Area manager for Avis in the South

Bookings are up 10% this year, and more tourists are coming into this resort area since the summer traffic began. Rates always go up in the summer and down in the winter. Holiday rates may double, although they offer weekend specials that are less expensive. Add-ons keep the company going, and 50% of their customers opt for their insurance. Their lot empties every night, and replacement cars are driven in daily from a large airport quite a distance away. They have not been affected by Uber, although the local taxi service is taking a hit. A lot of their customers are older and have a hard time operating newer computer cars; catering to these customers is time consuming.

Booking Trends

- "For sure, we are up a solid 10% this year. Business is growing. This is a real tourist destination, and more people are coming in. We are in a little cooler climate, but despite the heat, which started last week, the summer crowd is starting to come in. Summer will be up."

Rate Trends

- "Rates go up on Memorial Day weekend and stay up for the summer. On holidays, our rates may double. But rates are less in the winter. We sometimes offer weekend specials that are cheaper."
- "Add-ons keep us going. Insurance, GPS, [SMX radio](#) [SiriusXM Radio Inc./SIRI]. We offer three different types of insurance, and maybe 50% of the customers opt for our insurance. Some people don't want to report any accident they would have to their home insurance. We offer a zero deductible, walk-away experience."

Fleet Size

- "We clear out our lot every day. We may have just four cars left at the end of the day. Then we transfer cars in from the large airport across state and start all over again. We are always juggling cars around to make it work, but it does work."

Miscellaneous

[W]e are up a solid 10% this year. Business is growing. This is a real tourist destination, and more people are coming in. Summer will be up.

*Area manager for Avis
South, USA*

Rental Car

- “Uber recently came here, and you can tell that it makes an impact on our one cab service. We can’t offer our customers rides to the airport, so they are starting to call Uber. Our rental cars are used for long-distance driving, so I don’t think we will be affected by Uber. I think they are just short-term rides.”
- “Cars are getting more technical; they are run by computers. So our older customers, and we have a lot of them, need a lot of instruction to operate some of the cars like the hybrids and some luxury cars. We need to spend a lot of time with the customers on this.”

2) Airport district manager for Avis in New England

Year-to-year and summer rental bookings are comparable to last year, although this source hopes for a slight increase by the end of 2015. Memorial Day was busier this year than last. If one rental company increases its rates, the others follow, but pricing typically increases during the summer. This location has not had fleet problems. Uber, which is found only in large cities, presents a problem only for the taxi companies.

Booking Trends

- “We are comparable to last year, although we hope to see a little increase by the end of the year. I have no idea about percentages.”
- “Our current summer rentals are comparable to rentals last summer. Memorial Day weekend was a bit busier this year than last year, although I haven’t seen the numbers yet.”

Rate Trends

- “Once one rental company increases rates, they all increase rates. When a customer shops online, they will find that pricing is pretty similar across the board, although pricing does vary by season.”
- “Usually the rates are the same; it’s the cars that are expensive.”
- “Large airports, such as JFK in New York, can charge higher rental rates than smaller airports can. Prices at the smaller airports are a bit lower.”
- “We try to get add-ons because it increases our bottom line.”

Fleet Size

- “Our fleet size is just about right.”

Miscellaneous

- “Uber is only found in big cities, and it is just a problem for the taxis, not for us.”

Our current summer rentals are comparable to rentals last summer. Memorial Day weekend was a bit busier this year than last year.

*Airport district manager for Avis
New England, USA*

3) Hertz regional used car fleet manager in central United States

Rental bookings are up 10% this year and expected to remain that way throughout the year as people travel more in the United States. This company claims to offer the best rates, with competitors trying to match their lower fare. Their rental fleet is adequate and has mostly newer cars; they sell off cars that they have rented for two years and replace them with new models. Specialty rental cars, such as Mercedes and Jaguars, attract customers. Uber will upset the taxi companies, but not rental car companies, which cater to longer rentals.

Booking Trends

- “Our rental bookings are up 10% this year, including the holiday and upcoming summer months. I think this will continue through the end of the year. The recession has receded, and there seems to be more traveling going on. There is a little bit more money for travel. I’d say that business is great. It really is.”
- “Of all our customers, 80% come looking for rental cars, 20% for used car buys. Most of the people book rental cars online, and a number of people book used cars online, too. This makes it easy when they come in. Car sales are also doing well.”
- “We have a wide selection of rental cars including specialty cars like Mercedes and even a Jaguar or two.”

Rate Trends

- “Competitors watch our prices and try to match our low fares. Maybe some cars are more expensive in the summer months, but for the most part, we have the best rates.”
- “People come to us because they know our prices are the cheapest. And they are confident in our service. We have the best service.”

Fleet Size

- “We have a system that ensures that we have an adequate fleet. Sometimes when a larger company buys out a smaller company, they have an excess of cars for a while. But that is when the used car sales come in; they sell off the extra cars that are just a bit older. This always keeps the rental fleet fairly new.”
- “We have 300 cars for sale right now, up from 220 last week. We got a lot of new used cars in, and most of them are no older than two years. People know about the quality of our used cars and come in from all over to look at the stock. People also buy them online and preorder them, so they can be moved from different locations.”

Miscellaneous

- “Uber is famous, and I’ve heard of people taking Uber to and from the airport rather than a taxi because it is cheaper. I don’t see how it will affect us because people rent cars for longer terms.”

Our rental bookings are up 10% this year, including the holiday and upcoming summer months. I think this will continue through the end of the year. The recession has receded, and there seems to be more traveling going on.

*Hertz regional used car fleet manager
Central, USA*

4) Assistant regional manager and sales rep for Hertz Canada

Rentals in this region of Canada tend to pick up during the summer, especially during summer holidays, and then drop down in the late fall and winter. Rentals are up 10% this year over last year. He has not heard of any rental price increases for this summer, but prices tend to vary and are inconsistent. Prices may increase at one point in the year, but eventually will go back down again. Locations manage their fleet sizes to ensure they don’t have extra cars in the lot. Typically, they sell cars before they require expensive maintenance and replace them with newer maintenance-free cars.

Booking Trends

- “I was not here last year, so I cannot directly compare changes in the industry, but I can tell you what other people have told me. We are renting a little bit more cars than last year. Maybe up 10% more in our area. I hear that in general, car rentals are down, but in Canada, we are fairly steady.”
- “This is a seasonal business and depends on the weather. Business is not good in the winter, it is normal. But the summer is good. People come here for vacation, and that is when rents are up all over the country. Summer holidays sell better, too. I would say that rentals cars are more popular then.”
- “We will do well the rest of the summer; we will be busy. And some in early fall. But in late fall, when the weather gets colder, rentals will probably drop to the normal winter, a bit slower.”

Rate Trends

- “I have not heard of rates increasing, either from our company or the competitors. But rates change all the time. They go up and down; they never go up and stay up. If we raise rates, it will not be for very long.”

Fleet Size

- “We move cars around. Cars that reach 50,000 to 60,000 miles will begin to need expensive maintenance, so it is more efficient to sell them and bring in new cars. We tend to carry more cars in the summer and move them out by winter, when we are less busy.”
- “I would say that companies are very careful about their fleet sizes. It does not pay to have too many cars sit around on the lot.”

Miscellaneous

- “I am not familiar with Uber. We are more of an isolated area and may not have what the larger cities offer.”

We are renting a little bit more cars than last year. Maybe up 10% more in our area. I hear that in general, car rentals are down, but in Canada, we are fairly steady.

*Assistant regional manager and sales
rep for Hertz Canada*

5) Former regional account executive at Enterprise, Pacific Northwest

Car prices have risen 30% since the recession, leading to the rise in rental car rates. Rental companies continue to find creative ways to make more money by adding services and fees, but they are top heavy and having an increasingly harder time competing with peer-to-peer models. As domestic sales decrease, the companies may expand more internationally. Eventually, the rental companies will engage in a pricing war with peer-to-peer models, and the rental companies will have to downsize, form a better business model or buy out a peer-to-peer competitor. In 10 years, brick-and-mortar rental companies may be replaced by peer-to-peer businesses. Customers will be asking for more electric vehicle (EVs), hybrids, and self-driving cars in the future.

Booking Trends

- “Demand is increasing steadily for rentals [in this area], but the costs are also increasing. This is motivating people to look into alternative rental solutions like Uber, [RelayRides](#), [Zipcar](#), and [Car2Go](#). Peer-to-peer sharing will ultimately replace brick-and-mortar because the incumbent technology is getting outdated rapidly. That’s why I don’t work at Enterprise anymore.”

Rate Trends

- “The market price for entry level sedans has risen by about 30% since the recession. This is probably one of the big reasons the rental rates are rising. Enterprise and Hertz will likely try to find creative ways to make more money on their rentals by adding services and more fees, but it’s hard to compete with a model like peer-to-peer that has a fraction of the overhead that Enterprise and Hertz have.”
- “Enterprise and Hertz are likely going to match each other’s’ prices as they go up and down. But eventually, the competition from alternative options will cause them to get locked into a pricing war, and they will have to find ways to cut costs and downsize or consolidate further until they are eventually replaced with a better business model.”

Fleet Size

- “[Some companies do] offer hybrid and EVs as upgrade options, but they don’t like them for the same reason they don’t like diesels in their fleet. They don’t see the return on investment, and many customers will put the wrong fuel in or forget to charge their electric vehicle, etc.”
- “[Rental companies] tend to shy away from new technology, and usually they custom order their fleets from the factory with as few options as possible. For example, Enterprise ordered thousands of [Impalas without airbags](#) to save about \$600 per unit. [Rental companies] have a huge influence on car manufacturers like GM. GM actually builds specific models, like the Impala, just for fleet use.”
- “A few people want to rent EVs and hybrids, but most just want the cheapest rate possible and go with something familiar. This will change over time.”

Miscellaneous

- “Peer-to-peer just intuitively makes more sense to me. The internet, coupled with new and emerging technologies like self-driving cars, will give people power and control over their whole rental experience and it will keep most of the profits down between the people rather than getting sucked up to the top.”
- “We’ll still have brick-and-mortar branches for a while to serve a smaller and smaller market, mostly insurance replacement. We will likely see them continue to raise rates and fees while they decrease their average fleet size. They are trying to increase revenue per unit rather than spread out too thin. They already made this mistake right before the recession, which led to massive lay-offs and consolidation. I think they are just too slow and top heavy to compete. There are too many at the company making a lot of money with the way it is so they are very resistant to changing anything. They will probably be gradually replaced over the next 10 years.”
- “[One major car rental company] has a car share program in place, but that department has never been profitable. I think their long-term strategy will be to buy out one of the leading car share companies and try to absorb their

Demand is increasing steadily for rentals [in this area], but the costs are also increasing. This is motivating people to look into alternative rental solutions like Uber, [RelayRides](#), [Zipcar](#), and [Car2Go](#). Peer-to-peer sharing will ultimately replace brick-and-mortar because the incumbent technology is getting outdated rapidly. That’s why I don’t work at Enterprise anymore.

*Former regional account executive at
Enterprise
Pacific Northwest, USA*

technology and best practices if they feel they have to. The trouble is, the business model for peer-to-peer sharing and the [rental car] model are so alien to each other, it's hard to see how this will ever work."

- "Enterprise [has been growing internationally], and they will continue buying up rental companies all over Europe, China, and South America. It's likely we will see a lot more of this as they begin to lose market share domestically."

6) District manager for [National Car Rental](#) based at a Canadian airport

Rental bookings for 2015 will be comparable to bookings for 2014. Bookings increase during the summer months, but this summer seems comparable to bookings for summer 2014. Prices routinely increase during the summer months, when demand is higher and the inventory is active. Price increases at this time of year have nothing to do with any competitive pricing. The summer fleet size is always a bit larger and includes specialty cars such as convertibles. Their area is not affected by Uber or other peer-to-peer groups.

Booking Trends

- "We are about the same as we were last year, and I expect this will stay the same until the end of the year. We did increase a bit with the summer, but this is comparable to summers in the past. There is nothing new to report. Everything is just about the same."

Rate Trends

- "I have not heard of any specific price increases by Hertz. Our summer prices are always higher; sometimes they are higher by one-half, sometimes they are double. Our prices are up now, but that has nothing to do with Hertz and everything to do with summer demand and active inventory."

Fleet Size

- "Fleet size is a bit higher in the summer, but usually we have more cars out as well."
- "In the summer, we tend to carry some special vehicles, such as convertibles, that are popular during the season."

Miscellaneous

- "We don't see Uber around here too much, so I can't say how they may be affecting cars from other places."

We are about the same as we were last year, and I expect this will stay the same until the end of the year. We did increase a bit with the summer, but this is comparable to summers in the past.

District manager for National Car Rental based at a Canadian airport

2) Rental Car Store Managers

Eight of 11 rental store personnel expect increased bookings in the 5%–15% range in 2015. Bookings were up during the Memorial Day holiday, and this trend is expected to continue. Three sources expect rentals to be equal to last year. Pricing expectations were split, with five sources expecting increases, five expecting flat prices and one expecting declines. Two sources commented on Hertz's pricing increase, with one expecting the increase to hold and the other saying it would not. Fleet size is considered appropriate according to nine sources, under-fleeted according to one and over-fleeted for another. Two Hertz sources discussed the company's fleet management, with one saying Hertz has a new fleet management system that has provided them with more cars and the other said they heavily manage the fleet to keep it right-sized. Car sharing services are not expected to affect the car rental industry according to 10 sources. One source said Uber may challenge Enterprise's van pool and ride share services. Taxi services are thought to be at from risk car sharing services, and several sources noted that their customers often arrive and leave their rental location via Uber.

Key Silo Findings

Booking Trends

- 8 expect bookings to increase 5%–15% in 2015.
- 3 expect 2015 bookings to be flat compared to 2014.

Rental Car

Rate Trends

- 5 expect rental car rates to increase.
- 5 expect rates to remain flat.
- 1 expects rates to decline.
- 1 expects Hertz's price increase to hold.
- 1 does not expect Hertz's price increase to hold.

Fleet Size

- 9 see fleet size as correct.
- 1 sees the fleet as over-fleeted.
- 1 views the fleet as under-fleeted.

Miscellaneous

- 10 do not expect car/ride sharing services to effect the traditional rental car industry.
- 1 source said ride sharing services may affect Enterprise's van pool and ride sharing program.
- Several source did indicate that many customers arrive and depart from their rental car location via Uber.
- 2 Hertz commented on a new inventory management system and heavy monitoring of inventory.

1) Agency operator, Avis Car Rental, suburb west of Atlanta

Bookings are up at this location compared to this time last year. Memorial Day weekend also had bookings rising over last year. Currently rates are the same as they were in 2014, but this agency operator anticipates an increase. Her fleet size is too small, particularly heading into the summer rental season. Car sharing models such as Uber/Lyft have not affected her bookings.

Booking Trends

- "Our bookings are up compared to last year. No, I don't know a percentage of how much the bookings have risen."
- "For Memorial Day this year, bookings were up compared to last year."
- "I hope our bookings for 2015 will increase over what we booked in 2014."

Rate Trends

- "Our rates are the same as they were in 2014."
- "If Hertz raises they rates, the price will hold. People are still going to travel and also some are brand loyal and will rent from them no matter the rate."
- "Yes, we are going to raise our rates but I don't know how much at this time."
- "Yes, counter add-ons will be important, like GPS, insurance, it will depend on if it's offered."

Fleet Size

- "I could use more cars in my fleet."
- "The fleet size here is too small for summer."

Miscellaneous

- "Car sharing or Uber/Lyft hasn't affected my location. I personally wouldn't want to wait on someone to come and pick me up, so I would rent a car."

If Hertz raises they rates, the price will hold. People are still going to travel and also some are brand loyal and will rent from them no matter the rate.

*Avis operator, Avis Car Rental
Suburb west of Atlanta, USA*

Observations: No customers were in this location on Tuesday afternoon at 3:40 pm. The agent was on the phone with a customer when I walked in.

2) Counter agent for Avis at a Midwest airport

This Avis located at the airport expects similar bookings to a year ago and is coming off a Memorial Day weekend that outperformed last year's. There are no plans to raise rates, which go up when the demand is there and down when it is not.

Rental Car

Booking trends:

- “We seem to be up this year but I don’t have any figures.”
- “Memorial Day was better than a year ago, really good. We had long lines. It is a busy time anyway, with people coming in for graduations, etc.”
- “The summer bookings look similar to last year as far as I know. It really drops off after Labor Day.”

Rate trends:

- “Our rates are comparable to a year ago.”
- “It is hard to predict rates because they go by supply and demand. We are always changing the rates. I am not aware that they will go up like those of Hertz.”
- “I try my hardest to match rates here. If I can’t do that, I may offer an upgrade to get their business.”
- “I don’t know of any push for ad-ons this summer. I will always ask people if they are interested in something extra.”

Fleet size:

- “May was pretty tough as we had too many cars. The convention business has a lot to do with that. When we lose a convention it affects rentals.”
- “Sometimes we don’t have enough cars but usually we do.”

Miscellaneous:

- “Uber and ride-sharing have not been issues. People like to have their own car to drive around.”

“Memorial Day was better than a year ago, really good. We had long lines. It is a busy time anyway, with people coming in for graduations, etc.”

Counter agent for Avis at a Midwest airport

Observations: There were quite a few cars in the rental lot. When a shuttle bus emptied out, though, seven or eight customers headed to the Avis counter while no more than a couple went to any of the competing companies. Avis has a lounge with easy chairs and a TV for customers. That was not apparent at the other car counters.

3) Branch manager, AVIS/Budget in Southern California

Bookings for summer are up approximately 5 to 10% from 2014 and expected to keep rising. Prices have gone up and, although customers are not pushing back, this source said it’s frustrating because they used to be able to adjust prices manually in stores. In January, she said, corporate blocked access at the street level to price adjustment features. Ride sharing companies like Uber and Lyft do not pose a threat, and in fact this source said her location has a solid, long-term customer loyalty base—most of whom are elderly renters—who rent for a day two at a time, a few times each month to run general errands.

Booking Trends

- “We are busy. I would say rentals are up somewhere between 5% and 10%. They will climb. I can see already that we are here later than usual on Sundays because of returns.”
- “More European and foreign travel starts in late summer. Right now, it’s mostly locals renting cars and taking short trips to Northern California and Arizona.”
- “SUVs are popular, but people are also renting some of the smaller cars too for economic reasons, like the KIA souls and sedans.”

“We are busy. I would say rentals are up somewhere between 5% and 10%. They will climb. I can see already that we are here later than usual on Sundays because of returns.”

Branch manager, AVIS/Budget Southern California, USA

Rate Trends

- “Customers haven’t complained about rate increases, but I don’t like it. Until January, we were able to go into the system and look at pricing and if a customer needed an adjustment or we wanted to do a price shift, we could. Now that’s blocked. It’s all done at the corporate level.”
- “I wouldn’t expect prices to get higher now, not as summer is just around the corner. But we can’t do anything if a customer wants to try to get a car here for the price he saw one at Enterprise or Hertz. All we can do is say ‘put in your request’ online and see what you come up with.”

Rental Car

- “I had a customer arguing with me over this price for that car and how he wanted us to match it and all I could do was tell him sorry, but I can’t do that.”

Fleet Size

- “I don’t think we’re saturated. We have a heavy demand for both business and casual domestic rentals.”
- “The business class options are loaded with Bluetooth and the iPhone app, which is popular. I would expect the more connected the cars can be to devices and the more hands-free options they put in, the better.”

Miscellaneous (technology, car sharing, Uber/Lyft competition)

- “Uber isn’t a big threat. We have long-term customers who rent once or twice a month with us to go out and do their shopping and run errands. They don’t have cars and it’s often cheaper for them to get a car for a whole day than to Uber for six or seven hours.”
- “Uber is not an option either for people who want to take those short trips to Santa Monica and run errands. You can’t really stop and get out and shop, then go to three or four other places in an Uber. It gets overwhelming. With a rental, they have their own car for the day and more freedom.”

Observations: Quiet location. No Rental transactions going on while I was in the store talking with this source. Marketing for the Business Premium Class program dominates the lobby.

4) Location manager at a suburban Kansas Budget lot

Bookings are slightly higher at this neighborhood Budget lot. Rental rates are two or three dollars higher than a year ago, depending on the vehicle. Summer bookings are expected to be about the same as year ago but rate changes are unknown.

Booking trends:

- “Our bookings are a little bit higher than a year ago. I haven’t looked at exact figures.”
- “Memorial Day weekend was good, about the same as last year.”
- “Summer looks similar to last year.”
- “I hope our bookings are up for the balance of the year, but I think they will be about the same.”
- “I don’t expect any change in drop-in or last-minute booking numbers as opposed to last year.”

Rate trends:

- “Our rates are up two or three dollars a day from a year ago but there are a lot variables to that.”
- “I don’t know if rates will go up some more this summer. They will be competitive and it will depend on the vehicle as to whether they go up or down.”
- “We don’t see significant ad-on increases this year. A lot of cars already come with things people want, such as Sirius.”

Fleet size:

- “Our fleet size has been all right. We don’t want a lot of cars sitting around and that hasn’t been a problem for the most part.”

Miscellaneous:

- “We haven’t really noticed much impact from Uber or ride share. They are actually more competitive with the taxi business.”

Our rates are up two or three dollars a day from a year ago but there are a lot variables to that.

*Location manager Budget lot
Kansas, USA*

Observations: There were a dozen vehicles in the rental lot, an even mix of sedans, SUVs and vans. This is a suburban location near several car lots and some auto body shops, which generates business. This rental lot is not located near any hotels or competing rental car outlets.

5) Rental location manager at Budget in New York, NY

Rental Car

Bookings at this location are about the same as the previous year. Rates have risen slightly. This source thinks that Hertz's rate raise will hold, as the summer is a busy season and there is a lot of demand. Uber and Lyft do not pose any obvious threat to rental rates, though one customer had opted to take Uber instead of renting a car on one occasion.

Booking Trends

- "It's hard for me to say how current bookings compare to last year because I've only been here since January. But if you look at the numbers, on June 1, 2014 we rented 42 cars. On June 1, 2015, we rented 25. However, the revenue from this only dropped by a little bit. That's because we raised prices."
- "Bookings this Memorial Day were probably about the same as last year's. I think they may have been slightly lower because we got a lot of no shows. We had 10 reservations that just didn't show up."
- "Summer booking rates will stay about the same. It'll either stay the same or go down just a little bit."

Rate Trends

- "Our rates have gone up 10% since last year."
- "Hertz's rates will hold. We're getting into a really busy season where there's lots of demand."

Fleet Size

- "We contract out about 35 spots in this garage and could go up to 55. Right now our fleet size is good and perfect for the amount of business we get."

Miscellaneous

- "I haven't seen a lot of issues with Uber or Lyft. I did have one customer come in who was quoted a different rate in the store than online, only \$5 more. It wasn't a big disparity. But they decided to take an Uber instead. That's the only time I've seen this."
- "Budget is a bit different in that we give customers whatever class of car they request, not necessarily the make or model of what they saw online. I don't know if this is what other companies do, but it sometimes causes some confusion."

Hertz's rates will hold. We're getting into a really busy season where there's lots of demand.

*Rental location manager at Budget
New York, NY, USA*

Observations: The small store location was empty when I came in to visit. The interviewee also commented a few times on how the rate of people who make reservations but do not show up is rather high.

6) Rental agent, Hertz car rental, suburb west of Atlanta

Bookings have risen compared to last year due to new fleet management. The fleet has more cars, which enables this agency to average a 20-car per-day rental. Bookings also were up for Memorial Day compared to last year. This source expects bookings to continue to rise and to outperform 2014. Rates at this location may increase, but it is up to the managers.

Booking Trends

- "Our bookings are up compared to last year."
- "Bookings for Memorial Day were up compared to last year but I can't say by how much."
- "Compared to last year our summer bookings are up."
- "I look for our bookings for 2015 to be higher than 2014."

Rate Trends

- "It's hard to predict if raising rates will hold because it's all about demand. If the demand is there, then yes rates will go up and stay."
- "We may raise our rates but it's up to the managers."

Fleet Size

- "We have new fleet management so we have more cars. So far this year, our average has been 20 cars per day."

Miscellaneous

- N/A

We have new fleet management so we have more cars. So far this year, our average has been 20 cars per day.

*Rental agent, Hertz car rental
Suburb west of Atlanta, USA*

Rental Car

Observations: This was a busy location at 4:15 pm on a Tuesday afternoon. Fleet size was not obvious as this location is located in an industrial strip of buildings. The agent was very friendly and helpful. However, his superior halted the interview half-way through.

7) Rental team associate, Hertz in Southern California

Bookings seem to be on par with the pre-summer levels of 2014, but are starting to ramp up, although this source was not in this location a year ago. Stronger consumer confidence seems to be translating to higher vacation travel, so expectations are high that the summer season will be strong. This associate said that prices have not changed since she arrived in January, so she couldn't offer details on Hertz pricing shifts or future policy changes, and she added that she hasn't received any pushback from customers on pricing. She said the fleet at this smaller location seems to be full on a regular basis but demand for different types of cars fluctuate, so inventory levels typically are higher for some makes and models at different points in time and shift consistently. Uber and other ride-sharing companies are not considered a threat in any way.

Booking Trends

- "I don't know what our rental numbers are like compared to a year ago, but Memorial Day was extremely busy."
- "I would expect the summer to be at or above 2014. I think more people are spending again, traveling again. We've been seeing business building up over the last couple of weeks as graduations have taken place and the start of seasonal travel for families and tourists begins."
- "What's trending is that more families are renting SUVs and hitting the road. We don't have any hybrids at this location, so none of those are being requested."

Rate Trends

- "I don't know what the rate changes are about. I came here in January and as long as I've been here, the rates have stayed the same."
- "There hasn't been any feedback from customers about pricing."

Fleet Size

- "If the demand for certain cars hits we will shift cars from other locations, but most of the time our inventory will be somewhat full with a range of models. It goes up and down depending on what customers are renting for."
- "SUVs tend to go the fastest here. If anything we need more of those, not fewer."

Miscellaneous

- "I haven't heard anything about Uber taking business away. We do get a lot of customers who will drop off cars here and Uber home. I think they still use the rental as primary source of transportation to and from vacation destinations, and use Uber or Lyft as a way to get around locally."

I would expect the summer to be at or above 2014. I think more people are spending again, traveling again. We've been seeing business building up over the last couple of weeks as graduations have taken place and the start of seasonal travel for families and tourists begins.

*Retail team associate, Hertz
Southern California, USA*

Observations: Quiet for a Saturday, although the store was set to close for the day. Rentals generally are much quieter on Saturdays, as most rentals for the weekend are made mid-week and picked up Friday if not sooner.

8) Assistant manager, suburban Kansas City Hertz location

Bookings are up 15% from a year ago at this neighborhood Hertz rental outlet. Bookings for the summer are expected to remain the same as a year ago as price increases of a few dollars a day are imposed.

Booking trends:

- "Our bookings are up this year, probably by about 15%."
- "We had a good Memorial Day weekend, but it is hard to compare to last year because over that weekend we served as the temporary site for another location that incurred flooding."
- "The bookings for summer look about the same as we had last summer at this time."

Rental Car

- “We are expecting a similar year to last year from here on out.”

Rate trends:

- “Our rates are up a few dollars compared to last year at this time.”
- “I don’t know if the \$3 to \$5 rates announced by Hertz will hold. They do go up and down.”
- “We haven’t been told if our rates will go up this summer. They will be competitive.”
- “I don’t think add-ons will much different than last year.”

Fleet size:

- “We do all we can to keep the fleet size from being too big or too small because you don’t want either one.”
- “Most of the time, our fleet size is about right. That hasn’t trended one way or the other.”

Miscellaneous:

- “Uber and car-sharing has not really impacted us in this location. Most people have their own cars around here.”

“Our bookings are up this year, probably by about 15%.”

*Assistant manager, Hertz
Suburban Kansas City, USA*

Observations: There were about eight cars in the lot ready for rental and a line of cars waiting to be cleaned and vacuumed on this Monday afternoon, a typically high return day after weekend travel. This is a suburban location, where most renters probably live in the neighborhood. It also serves nearby auto dealerships for loaner cars.

9) Management assistant for Enterprise, Midwest airport location

Bookings are up about 10 percent at this airport location and are expected to follow that trend all year. Rates vary wildly by the day but are generally up around \$2 daily from a year ago. No rate hikes have been announced.

Booking trends:

- “We’ve had a good year overall. We are probably up 10% from a year ago at this time.”
- “Memorial Day was slightly better than a year ago.”
- “The summer looks good. I think bookings will stay up about 10% as they have all year.”
- “The rest of the year should trend the same as this year so far.”

Rates:

- “The rates change so much, but I would guess that in general we are up a couple of bucks a day from a year ago.”
- “Rates vary greatly depending on the day and the week. On weekends, you can get a car for \$12 a day.”
- “We don’t plan any across-the-board increase in rates. We constantly check the rates of the other companies at this location so that we have the lowest rate at all times. It’s done automatically in the computer system. Or if someone shows us a quote from a competitor we will beat that.”
- “One ad-on that is going away is GPS now that so many people have smart phones. Other ad-ons just depend on the customer’s needs and interests.”

Fleet size:

- “As an airport location, our fleet is bigger on weekends than on weekdays. It is usually about right to meet the demand. That hasn’t trended one way or the other.”

Miscellaneous:

- “Uber and ride-sharing are not really in place at this airport, so it is not a big factor.”

Observations: Enterprise and all the other car brands share the same airport building, accessible by shuttle. Customers can go from counter to counter easily if they want to shop around. Nobody was in line to rent at Enterprise. There were many cars on the lot, as there were in parking lots of competitors.

10) Branch manager, Enterprise car rental, Southern California airport

Bookings are currently trending at about 4% higher than they were a year ago, but Memorial Day holiday rentals were about even with 2014 bookings. Expectations are high for a very busy travel season as the economy improves, although gas prices have been rising again and could pose a minor threat to long-term rentals for holiday travelers. Rates are on par with 2014 levels with no price increases on the table at this time. Fleets are consistently shifting at this location, which is one of Enterprise's largest in Los Angeles County, with the primary concern most often being a shortage of inventory. Uber and Lyft are not considered a threat to the rental side, but Enterprise's Rideshare program, including the Van Pooling service, have seen some minor trend shifts.

Booking Trends

- "This location is one of the busiest in the county, so we are consistently booking. I'd say the average has been about 4% higher than a year ago. Memorial Day was about even with 2014."
- "Summer bookings are expected to increase but I can't say by how much, maybe 5-10%. People are confident in the economy again, they are traveling and booking family drive vacations, so we'll see."

Rate Trends

- "We monitor our competitors' rates, including Hertz, and will adjust our rates accordingly all year long to stay at the lowest end of the scale. In fact, if a customer comes in and says I can get that same car somewhere else, we'll lower the price."
- "By the same token, we haven't raised our rates this year and don't expect to over summer."
- "I'm not sure what the trends are going to be for add-ons. We saw a lot of requests last summer for Hybrids, so I expect that will continue."

Fleet Size

- "Our fleet shifts daily to meet expected demands and gets much bigger on weekends. I don't think it's saturated in anyway. We often will get cars from our Santa Monica and Beverly Hills locations to meet demand, so if anything, we are more concerned with making sure we have a full fleet, rather than one that is overloaded."

Miscellaneous

- "Many of our cars have upgraded features, such as Bluetooth and GPS systems, so we can offer a range from the basics on up."
- "Uber and other ride sharing companies are not really an issue for the rental side. If anything, they may be taking a bite out of the [Enterprise Van Pool](#) and ride share options, but here at the airport that's not a big issue. I know a lot of people will Uber from here to the airport after driving back from a vacation, or vice versa: they'll Uber in from one of the hotels near the airport and rent and go."

Uber and other ride sharing companies are not really an issue for the rental side. If anything, they may be taking a bite out of the [Enterprise Van Pool](#) and ride share options, but here at the airport that's not a big issue. I know a lot of people will Uber from here to the airport after driving back from a vacation, or vice versa: they'll Uber in from one of the hotels near the airport and rent and go.

*Branch manager, Enterprise car rental
Southern California airport, USA*

Observations: Extremely busy Enterprise location on Airport Blvd. which is heavily monitored. It wasn't possible to really extrapolate the rental trends as I was pushing for time with this source, but most of the customers I saw were male business travelers. No family or large groups. The inventory seemed well stocked and there were short lines at the counter.

11) Rental agent, National, airport location in the south

This location has seen an upswing in rentals of approximately 10% over the past year. This figure holds true for the Memorial Day weekend as well as summer compared to last year. This source had not been informed of any rate increases, but in any event he does not think a rate increase would hold as rates are driven by competition. His fleet size is just right for customer demand. Car sharing services like Uber and Lyft are not affecting bookings.

Booking Trends

- "Our bookings are up around 10% over this time last year."
- "For Memorial Day this year, bookings were 10% higher compared to last year."
- "Summer bookings are also up about 10% compared to summer 2014."

Rental Car

- “I look for our bookings to continue to increase over what we did in 2014.”

Rate Trends

- “Our rates are cheaper now than they were in 2014. I don’t know how much they decreased. It all has to do with demand.”
- “No, if Hertz raises their rates I don’t think they will hold. Rental rates are competition driven, so if they are the only ones to raise their rate people won’t rent from them.”
- “I haven’t heard of any increase of our rates.”
- “Counter add-ons play a role as any other but that’s usually once the customers have already inquired about rental rates. I don’t think they play a significant role.”

Fleet Size

- “Our fleet size is good.”
- “The fleet size here at the airport is just enough to meet demand.”

Miscellaneous

- “I have no idea about Lyft or Uber. They don’t affect us at all as far as I know.”

No, if Hertz raises their rates I don’t think they will hold. Rental rates are competition driven, so if they are the only ones to raise their rate people won’t rent from them.

Rental agent, National South airport, USA

Observations: The rental center was moderately busy at 8:45 am on Tuesday morning. There were a few customers at National but none while I was conducting my interview.

3) Industry Specialists

Rental car bookings are trending up according to these three industry specialists. The improving economy and an increase in travel are driving bookings up about 5% year to year. One source said rental car companies are expanding service operations, and another said Google’s new [search algorithm](#) is hurting smaller online rental car retailers and the industry is experiencing a retraction of low cost or free upgrades or options. Rental rates have been inconsistent for years, increasing when demand spikes near holidays or inventory is low. This situation is likely to continue, and one source thinks Hertz will have a difficult time getting their recently announced price increase to stick. The fleet is considered right-sized, with the exception of one source, who suggested that Hertz is over-fleeted. Two of the three source see Uber-type services as a future threat to the rental car business that could lead to a change in the traditional rental car business model. [HyreCar](#), called the Airbnb of cars for Uber and Lyft drivers and personal use, has emerged as another challenge to traditional car rental. Competitors Silvercar and Sixt are gaining traction at airports with high levels of service.

Key Silo Findings

Booking Trends

- 3 expect the improving economy and increased travel to drive bookings up 5%.

Rate Trends

- 2 expect rental car rates to remain inconsistent.
- 1 thinks Hertz’s rate increase will not hold.

Fleet Size

- 3 think the fleet size is correct, with one qualifying that Hertz is over-fleeted.

Miscellaneous

- 2 view Uber-like services as a future threat to the traditional rental car business model. Price wars and downsizing are expected eventually.
- 1 talked about HyreCar as a specialty rental car company worth watching.
- Silvercar and Sixt are viewed as gaining traction with consumers.

1) Agent at corporate travel account

Rental Car

The rental car industry seems healthy right now, and rentals are increasing. Rental cars are sold online via rental car agencies, discount sites and larger travel accounts, with perks varying by site. Google's mysterious algorithm and new rules make it more difficult for online sites to get noticed by consumers. This particularly affects small online rental businesses as opposed to the larger car rental retailers, which have large budgets for Google ads. Rental rates are normally inconsistent; in 2015, rates started updating continuously. Rates tend to increase when inventory tightens. Sites cut down on inventory following the economic recession, and inventory has not fully recovered.

Booking Trends

- "Several months ago, everyone said the industry was down, but no one gave any explanation as to why. Now the industry seems healthy. I couldn't tell you about the percentage of increase from year to year or holiday to holiday, but my guess is that it is increasing."
- "Rental cars are sold via the retailers [rental car companies], smaller discount sites, and larger corporate tour and travel accounts or through consolidators such as [Expedia](#), [Orbitz](#), and [Travelocity](#). And now [Costco](#) is in the business. Everyone wants a piece of this business."
- "Corporate travel accounts can offer special perks not offered by the retailers and online discount sites. Corporate travel booking account rates and perks are similar to what the car rental companies offer to large corporations as an incentive for their executives to rent their cars. This includes unlimited mileage, spouse and domestic partners drive for free and lower fees for unrelated and under-age drivers. On a retail site, under-age drivers pay \$25 to \$30 per day or more, while on the corporate accounts they may only pay \$10 per day. This adds up to a lot of savings for a group that likes to travel."
- "Car companies continue to cut down on expenditures, and corporate travel booking accounts are going through a transformation. Fewer car rental companies are offering an additional unrelated driver at no additional surcharge. Now only Dollar, Thrifty and Advantage offer this. Fewer car rental companies are offering a reduced surcharge for under-age drivers. Enterprise went from no surcharge for under-age drivers at some locations to a \$25 per day surcharge at all locations. Dollar and Thrifty went from no surcharge for under-age drivers to \$10 per day."

Uber is the wave of the future, and it will eventually take off. It is not popular here, but as hotels raise rates for parking a car overnight, I can see people embracing Uber as a less-expensive option.

Agent at corporate travel account

Rate Trends

- "Retail rates have been normally inconsistent for years and years. It's based on supply and demand, where rates may change from one day to the next. For many years, for their corporate booking accounts, all the rental companies only had three rate seasons: low, medium, and high (Christmas holiday). Rates were set the previous year and never changed; they stayed the same all year long. For the past couple of years, all of this has changed gradually. Starting in 2015, rates are updating continuously and are tied directly to retail rates. Every car company is now doing this."
- "The consolidators are putting pressure on the car companies to get good rates like the corporate accounts, so a lot of rules are changing, such as the smaller sites can't mention brand names on their site."
- "I didn't know about the Hertz increase. I'm not sure if the companies will raise their rates. The prices all depend on the day you check. But rates do increase when inventory tightens."
- "Rates tend to increase as you get close to a holiday like Christmas. If they want to get rid of cars, they'll lower the rates."
- "Some locations sell more add-ons than others, and some agents are better at selling GPS or insurance. The companies always have their eyes on insurance, and they are really tuned-in to add-ons."

Fleet Size

- "The inventory around the Christmas holiday at some locations was sold out as early as March. My understanding is that they cut back on their fleet following the economic downturn in 2008 and haven't increased it enough yet."
- "Even if you check with a company about the cars they have, that doesn't really indicate availability. I checked with Avis, Budget, and Hertz for a week rental at Christmas, and everywhere was sold out. But then I checked for a two week [rental], and they had cars available. That tells me they are only renting for a longer period to make more money. Dollar and Thrifty showed car availability whether for short or long rental."
- "Fleets are replaced every year with new cars, or at least they used to be. My understanding is that by spring, most rental cars are the current year's models."

Miscellaneous

- “Uber is the wave of the future, and it will eventually take off. It is not popular here, but as hotels raise rates for parking a car overnight, I can see people embracing Uber as a less-expensive option.”
- “There are also services, such as rome2rio.com, that tell people the different ways and also the cost to get around an area with and without a rental car, although the rental car option is sorely lacking as it often shows an error or no availability.”
- “Google is coming up with a lot of strict rules that are making it difficult for the online sites to compete, let alone stay in business. It is driving the search engine optimization companies crazy. If you don’t follow their ever changing, ambiguous and confusing rules, they can direct customers away from your site by giving priority to other websites, or they can drop you from their search engine or advertising program altogether. Google’s algorithm is difficult to figure, and they are very secretive about it. they do not explain what you are doing wrong. Companies have gone out of business because of Google delisting them or severely dropping their previous good rankings. This has affected smaller car rental sites. I’m not sure if the big giant companies have to follow the same rules, however. They may pay more in ads because they have huge advertising budgets, and then their rule-breaking is over-looked.”
- “Google’s AdSense program allows a company to get paid when Google posts related ads on their website. Companies pay to use Google’s AdWords advertising program, and they are posted on other travel sites or search engines. These are just other ways that car rental companies advertise.”
- “Advantage Rental hasn’t rented here in at least a month. Hertz owned Advantage, but the Federal Trade Commission didn’t want a monopoly after Hertz bought Dollar and Thrifty. So [Hertz sold Advantage](#) to a Canadian company, Catalyst Capital Group; it is now doing business as Simply Wheelz. Hertz discontinued a car-leasing program they had with Advantage, which forced Advantage to file for bankruptcy and close a lot of locations. I found that if you put in a discount code to rent an Advantage car, they claim to have no cars. But without a discount code, they claim to have cars.”

2) Chief operations officer at rental car service and supplier

The rental car support business has picked up in the past four to five years, and it does not appear to be slowing down. More rental companies are replacing equipment, remodeling, opening new locations, and buying extra supplies such as baby car seats. This source also sees many empty lots that have rented most of their cars. These are all signs of a healthy business. American rental car businesses are expanding into the international market at the same time that European rental car companies are expanding in the United States. A new business, [HyrerCar](#), which rents cars to Uber drivers and also cars for a day, may well affect the rental car business years down the road.

Booking Trends

- “I can’t comment on percentages, I don’t have that type of information. But I can comment that we are busy when the rental companies are busy. Our operations have been busy in Northern and Southern California. We are also busy in Arizona and have had some interest in Ohio, which is also a big rental car hub.”
- “Rental companies have the money right now to purchase new car wash equipment and open new locations. These features closed following the recession, when we had to take out equipment that we had put in. But in the past four or five years or so, companies have come out of the recession and are starting to purchase and grow again. We are slowly starting to do more work.”
- “The best way to monitor how a company is doing is to look at their location in an airport and the number of stalls. Whoever is doing the best pays the most to the airport, and they get the premium spots with the best logistics, easier access, and room for more car washes. At San Francisco International Airport, National has four stalls; Avis, three; and Fox [Rental Car], one.”

Rate Trends

- “I don’t know about the rental rates.”
- “Rental companies buy a ton of baby seats from all sorts of different people. They buy a ton of supplies.”

Fleet Size

- “The places that I’ve seen, and we go around to many rental locations, all have good fleet sizes. Some have fleet sizes of 6,000 to 7,000 cars, and those lots are empty. If a lot is empty, you have a happy lot. That is a good time to go in and see if they need repairs or a new piece of equipment.”

- “Generally cars are sold after 26,000 miles, when the rental companies can get good prices for them, and the cars still have good warranties for people who are purchasing them. Rental companies make the most money selling these cars. They are sold at AutoNation, small mom and pops or at auction. Rental companies make more money when they sell the cars at the auction. New cars that are brought in as replacements are gone in a few days.”

Miscellaneous

- “I don’t know how much Uber will affect the car rental business. But if they do have that other service [HyreCar], now that could make a difference. Things could start changing, and the rental companies may get hit down the road. This would be a good meter to watch. Some rental companies offer a ride share, and others will probably follow suit. This may eventually change their whole business model, but it will be a few years before the impact is felt.”
- “Rental companies are just starting to let other management companies help them with logistics, so that they can go back to renting cars.”
- “There are 40,000 rental locations around the world; some are small satellites, but 24,000 are larger. More rental companies are opening [international locations](#) in China, Russia, and Eastern Europe. And there are some [European companies](#) that are starting to rent cars here. One company is Sixt Car Rental, which is making a push here. Sixt had a large presence in the auto rental show this year.”
- “Sixt saves money by operating small locations off-site from the airports. They do not have any equipment at their facilities, no washers, no in-house maintenance and mechanics. Everything is done off-site. They just use a city car wash. But I’m not sure if taking the time to do this, sending an employee off-site, is really saving them money. I’m not sure if this is a good thing.”
- “The rental companies have internal audits to review operations and customer interactions. These audits are intense, but I’m not sure they really make a difference.”
- “It costs a lot of money to be located at an airport, and companies save money by being off-site. Buses are cheaper to run. You now see a lot of consolidated rental facilities off-site. The city provides a location and owns the facility, and the companies rent from them. There are maybe 20 to 30 consolidation facilities around the country, with more coming. This reduces traffic and pollution. One type of bus takes customers to the facility, so no matter what your car rental company, it is easy to find the one rental bus. It’s very easy, so customers are happy.”
- “We call the Phoenix market the gym in the desert. It all depends on the season. They don’t make as much money off-season, and it is a crap shoot about how they will do.”
- “Cars need to be clean to rent and to make customers happy. That is important in this business. The large companies have their own car wash equipment. Some locations wash 2000 cars a day, the machines run 15 to 18 hours per day. They are tough on this equipment, so you can see that eventually parts need to be replaced.”
- “These machines cost \$26,000 to \$40,000 each, and if a company replaces four washers, they can spend up to \$250,000. That is no small piece of change.”
- “One company in Northern California did a huge remodeling job that cost \$3 million over the course of a year. They wanted to make their location more appealing to customers. Now they are fixing their equipment. So they opted for aesthetics first, equipment second. But they had the money to do both.”

I don’t know how much Uber will affect the car rental business. But if they do have that other service [HyreCar], now that could make a difference. Things could start changing, and the rental companies may get hit down the road. This would be a good meter to watch. Some rental companies offer a ride share, and others will probably follow suit. This may eventually change their whole business model, but it will be a few years before the impact is felt.

Chief operations officer at rental car service and supplier

3) Executive of trade association; repeat source

Rental Car

Car rentals are up about 5% this year as the economy continues to improve and tourism increases. Hertz's price increase will have a hard time sticking, and competitors may not follow suit. Rates are higher in the airports and tourist areas, less expensive in local markets. Add-ons are important to the car companies, but consumers have other free insurance options. Uber or Lyft is less of a threat to the car rental industry than are car share companies such as Zipcar or [RelayRides](#), which offers high-end cars such as Tesla; Silvercar, which offers quick rentals of silver Audis; and Sixt, a European company now entering the United States.

Booking Trends

- "Our current bookings are up about 5% this year. Memorial Day bookings were up this year, too, and our summer bookings look better. I expect this year to have an increase in bookings as the economy is better, and there is increased tourism."

Rate Trends

- "I'm not sure if all the competitors will follow Hertz's price increase. I believe that Hertz will have a hard time having the increase stick."
- "Rates in the airports and tourist areas will probably increase, while not as much in the local markets."
- "Add-ons are always important for the car rental company. However, the customer has more options to get coverage through credit cards and third-party providers in addition to car rental reservations sites, which offer coverage for a fee."

Fleet Size

- "Hertz is over-fleeted, while Avis and Enterprise seem to be right-fleeted, as are the independents."

Miscellaneous

- "Uber or Lyft will not affect car rentals too much. A bigger issue is car share companies and new entries to the airport markets such as Silvercar. Silvercar is a new airport company that rents only Audis. Sixt is also making entry to the airport market with a higher level of service."

Uber or Lyft will not affect car rentals too much. A bigger issue is car share companies and new entries to the airport markets such as Silvercar. Silvercar is a new airport company that rents only Audis. Sixt is also making entry to the airport market with a higher level of service.

Executive of trade association

4) SurveyMonkey Poll

Our SurveyMonkey poll included 88 respondents that will or have rented a car this summer and 33 respondents that rented a car last summer for a total of 118 respondents. According to the poll, respondents are renting less often overall and are paying more, but at a reduced rate compared to last year's poll. The rate at which respondents will rent cars will decrease as future car rental alternatives grow, mostly affecting younger respondents. The majority of respondents looking for alternatives to rentals cars opt for a standard taxi or Uber, with Uber growing the most significantly compared to last year's poll. The majority of respondents are not having difficulties when renting a car, but those that do have problems report a lack of a desired car, significant pressure to add features or upgrade rentals, or technical problems with booking at the counter. Rising rental car prices will not affect approximately half of respondents' plans for renting a car, but will have a quarter of respondents renting less often, and 1 in 10 considering an alternative service. Those most affected by rising prices were 30 to 44 year olds.

Respondents are renting cars less often compared to last year.

- 27.2% of respondents are renting a car less often compared to last year, a 14.5 percentage-point increase compared with last year. (Q3)
 - 17.8% of respondents are renting a car more compared to last year, a 20.5 percentage-point drop compared with last year. (Q3)

Respondents are paying more for car rentals compared to their previous rental, but a smaller group of respondents are experiencing increases compared with last year.

Rental Car

- 42.4% of respondents had a more expensive car rental for their latest rental compared to previous rentals, a 15.2 percentage-point decrease compared with last year. (Q4)
 - 16.9% of respondents had a less expensive car rental for their latest rental compared to previous rentals, a 9.1 percentage-point increase compared with last year. (Q4)

Respondents will reduce their future car rentals as growth continues in alternative services, with younger respondents reducing their future car rentals the most.

- 62.6% of respondents will keep their future car rentals the same as growth continues in alternative services like ride sharing and Uber/Lyft. (Q8)
 - 33% of respondents will reduce their future car rentals as growth continues in alternative services like ride sharing and Uber/Lyft. (Q8)
 - 4.4% of respondents will increase their future car rentals as growth continues in alternative services like ride sharing and Uber/Lyft. (Q8)
 - Younger respondents were more likely to reduce their future car rentals as growth in alternative services continues to grow. (Q8, filtered by age)

Over 3 times as many respondents are using Uber as an alternative to car rental services compared to last year and Uber is now the second most used car rental service alternative in the market behind taxis.

- Taxi (44.3%), Uber (25.2%), town car service (8.7%) and Lyft (7%) were the top alternatives used by respondents instead of a car rental, with 39.1% of respondents stating that they only use car rental services. (Q7)
 - 39.1% of respondents do not use anything other than a car rental service, a 15.2 percentage-point decrease compared with last year. (Q7)
 - 44.3% of respondents use a taxi service as an alternative to a car rental service, a 13.1 percentage-point increase compared with last year. (Q7)
 - 25.2% of respondents use Uber as an alternative to a car rental service, a 17.8 percentage-point increase compared with last year. (Q7)
 - 7% of respondents use Lyft as an alternative to a car rental service, a 4 percentage-point increase compared with last year. (Q7)
 - Over 50% of respondents under the age of 44 have used Uber as an alternative to a car rental service. (Q7, filtered by age)
 - Respondents under the age of 44 were more likely to use Lyft as an alternative to a car rental service. (Q7, filtered by age)
 - 30 to 59 year olds were the most likely to use a taxi service as an alternative to a car rental service. (Q7, filtered by age)

The majority of respondents are not having difficulties when renting a car, but those that do have problems experience a lack of a desired car, significant pressure to add features or upgrade rentals, or technical problems with booking at the counter.

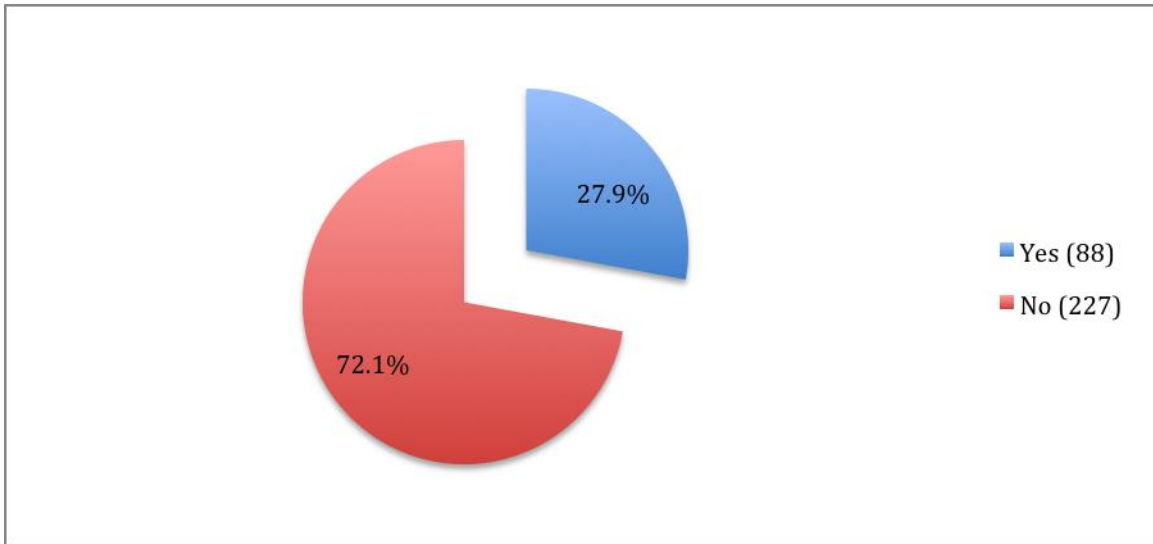
- 78% of respondents had no difficulties when renting a car, a 6.4 percentage-point decrease compared with last year. (Q5)
 - Lack of a desired car for respondent's rental (12.7%), significant pressure to add features or upgrade rentals (6.8%), and technical problems with booking at the counter (2.5%) were the most common difficulties when renting a car. (Q5)

Rising rental car prices will not affect roughly half of respondents plans for renting a car, but will have a quarter of respondents renting less often and 1 in 10 considering an alternative service. 30 to 44 year olds were the most effected.

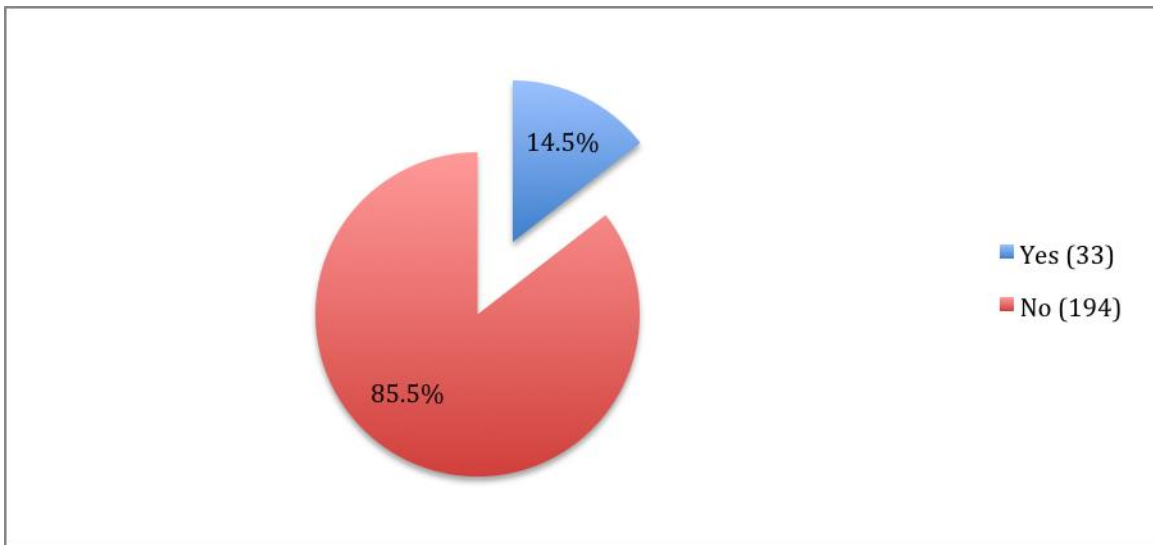
- The rising rates of rental car prices this summer will have no effect on respondents rental plans (48.7%), respondents will rent less often (22.6%) or will consider alternative services (11.3%). (Q6)
 - 30 to 44 year olds were the most likely to rent less often and consider alternative services compared to other age groups. (Q6, filtered by age)

1. Will you or have you rented a car for use this summer?

Rental Car

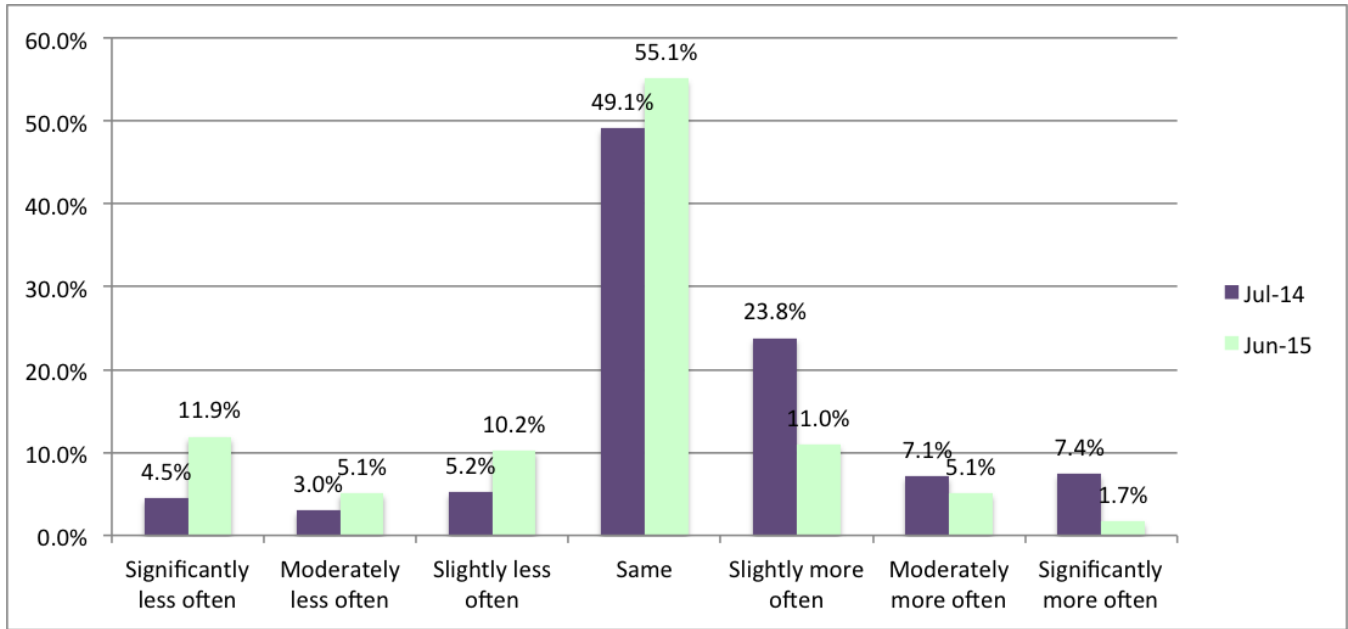


2. Did you rent a car last summer?

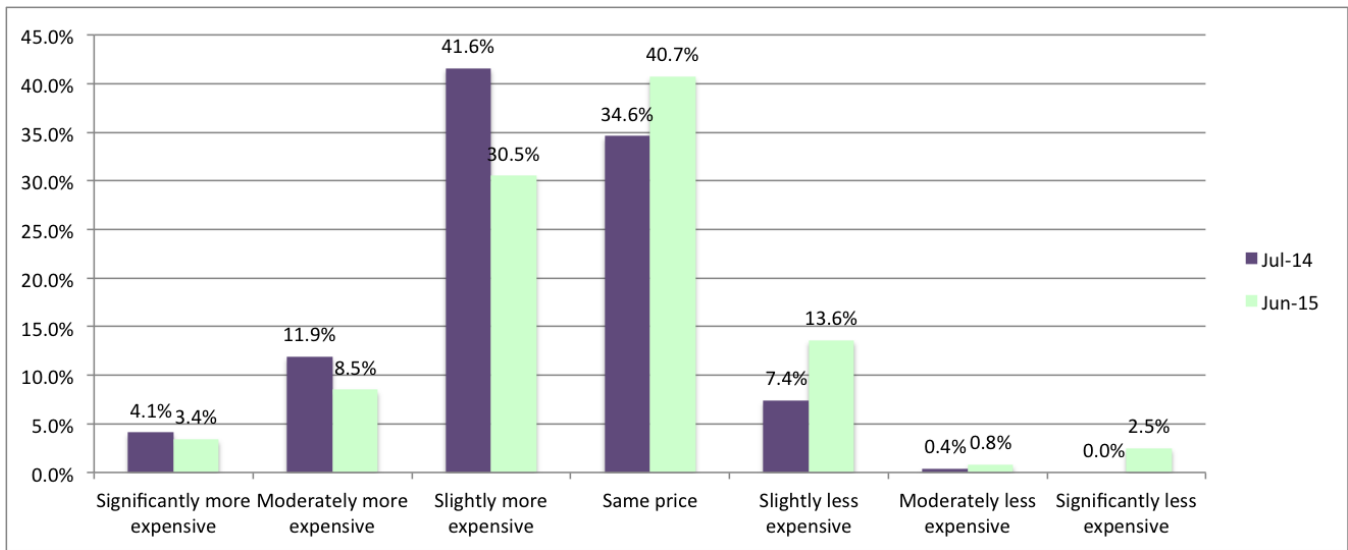


3. How often are you renting a car compared to last year?

Rental Car

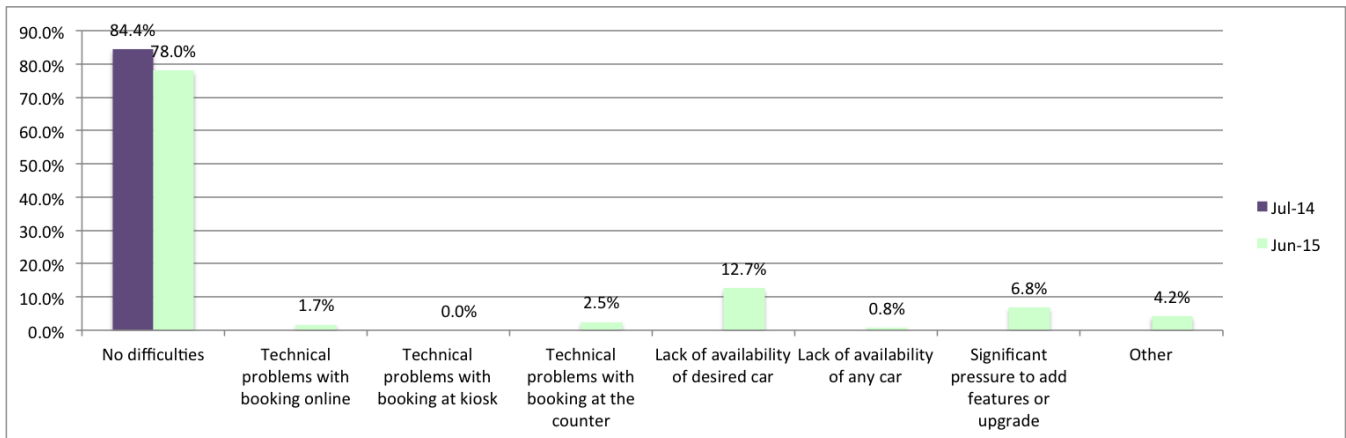


4. How has the price of your latest rental differed from previous rentals?



5. Did you encounter any difficulties renting a car?

Rental Car

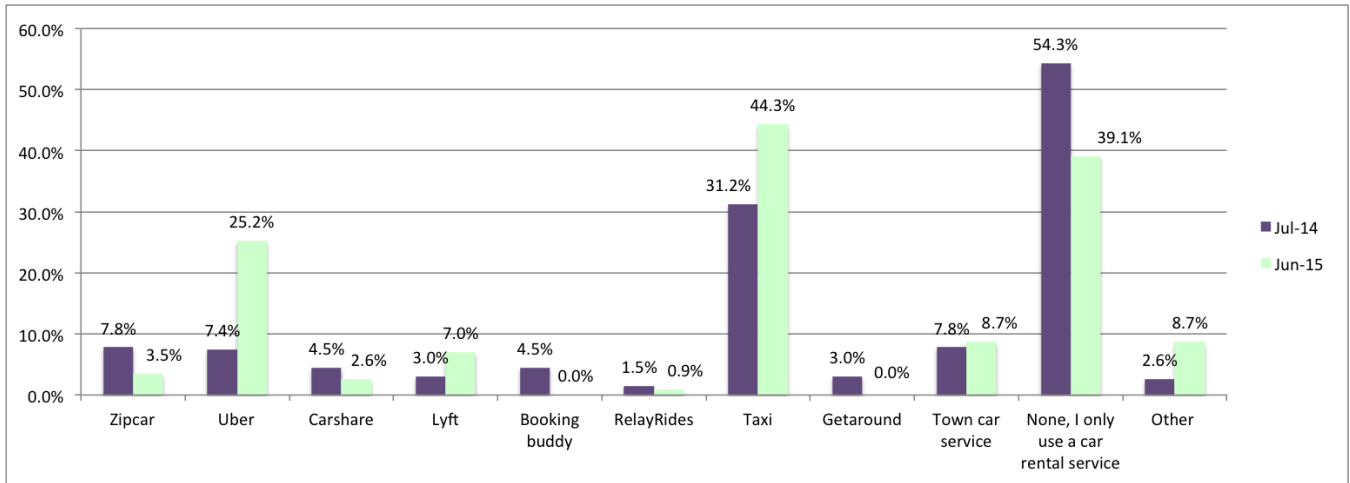


6. Rental car companies are expected to raise prices this summer (Hertz has announced a \$3 to \$5 per day increase), how will this affect your car rental plans?

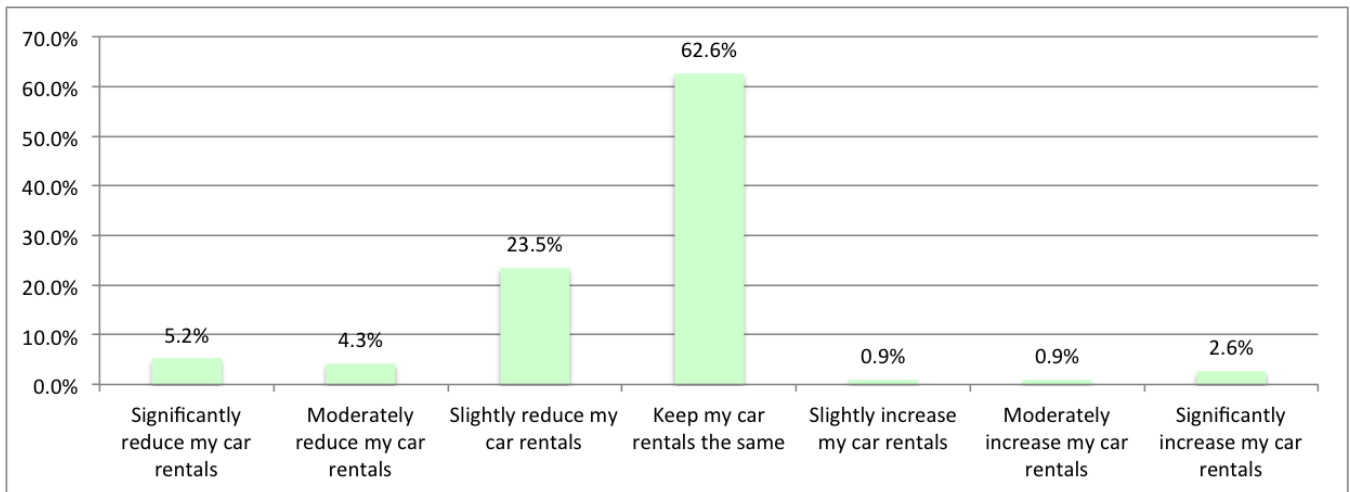


7. Which of these services have you used instead of a car rental?

Rental Car

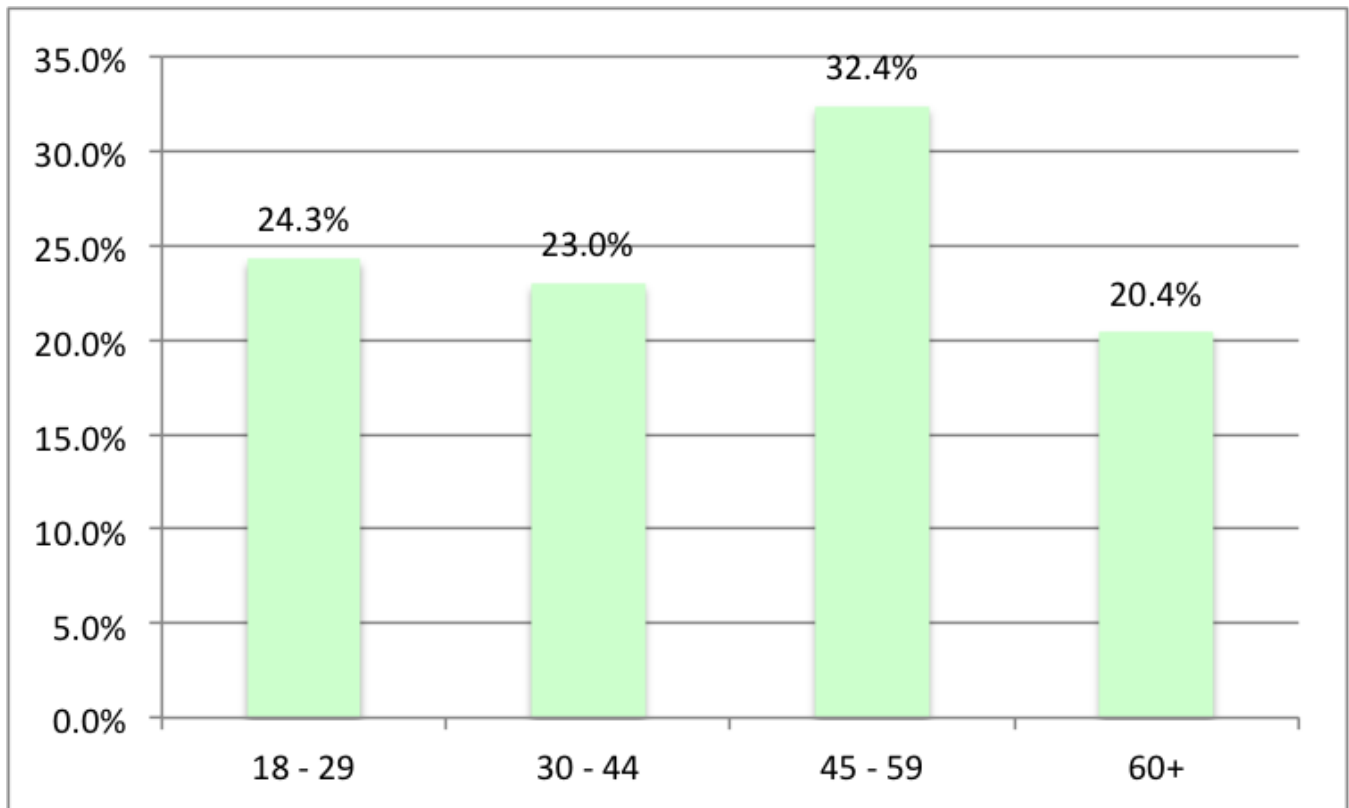


8. How will the growth of alternative services such as ride sharing and Uber/Lyft transportation options effect your future car rental?



9. Age

Rental Car



Secondary Sources

The following seven secondary sources discussed car rental pricing and threats to the major car rental companies from ride sharing companies and smaller growing traditional car rental companies.

Car Rental Pricing

Industry-wide rental car pricing increased after Hertz announced mid-May it would raise its rates, but softened in the first week of June. Hertz plans on increasing rates \$5 per day at its airport sites and \$3 per day at off-airport sites.

June 8 *Auto Rental News* [article](#)

Hertz's announcement of its plans to raise rates caused the market pricing to trend upward through the last half of May, but most recent figures show growth in rates falling year to year.

- "In mid-May, Hertz Global Holdings announced it was increasing rates for its Hertz, Dollar and Thrifty brands for all rentals picked up after June 14. Hertz's rate increase will be \$5 per day and \$20 per week at U.S. airports and \$3 per day and \$10 per week for off-airport rentals."

Rental Car

- “The published rate quotes are for pickups 15 to 21 days out, so June 14 and later pickups first showed up in the May 29 rate survey. However, like the attempted increase by Hertz in December, the results seem to be short-lived.”
- “Rate quotes were relatively flat leading up to the mid-May announcement and then turned up moderately after the announcement. But based on the June 5th survey, the rates have turned down again.”

Weighted Averages by Region	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Southeast	38.86	37.34	52.02	47.07	44.34	59.99	40.13	42.51
Northeast	51.40	51.77	60.03	59.14	60.62	68.65	64.09	64.18
Midwest	50.73	38.80	45.91	52.57	48.36	41.81	43.07	46.52
Southwest	40.72	33.87	49.25	50.06	47.96	46.97	39.48	37.80
Northwest	44.80	36.28	59.01	48.61	48.76	46.42	40.89	49.96
50 City Weighted Average	44.46	39.44	52.61	51.55	49.97	53.72	45.54	46.96

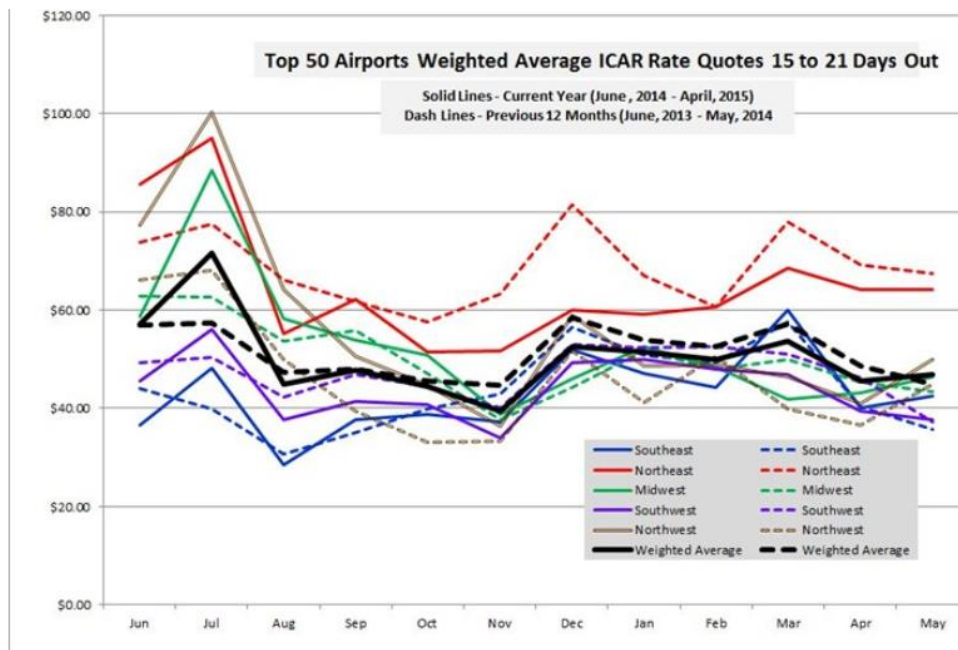
Year to Year Comparison	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Southeast	(1.09)	(5.68)	(4.46)	(3.87)	(4.93)	2.28	(0.25)	6.83
Northeast	(6.21)	(11.51)	(21.52)	(7.79)	(0.10)	(9.34)	(5.15)	(3.32)
Midwest	3.72	1.11	1.66	0.81	0.29	(8.21)	(2.20)	3.05
Southwest	(3.65)	(6.17)	(3.66)	(2.25)	(4.51)	(4.12)	(6.73)	0.60
Northwest	11.70	2.90	7.33	7.32	(1.83)	6.61	4.24	4.98
50 City Weighted Average	(1.04)	(5.24)	(5.79)	(2.42)	(2.69)	(3.36)	(3.19)	1.97

	04/03/15	04/10/15	04/17/15	04/24/15	05/01/15	05/08/15	05/15/15	05/22/15	05/29/15	06/05/15
50 City Weighted Average	43.59	42.62	47.36	48.60	49.57	42.75	45.27	46.41	50.78	51.15

	04/04/14	04/11/14	04/18/14	04/25/14	05/02/14	05/09/14	05/16/14	05/23/14	05/30/14	06/06/14
50 City Weighted Average	50.05	46.58	49.94	48.38	48.26	43.13	42.40	42.39	48.78	53.06
Year to Year	(6.46)	(3.95)	(2.58)	0.22	1.31	(0.38)	2.88	4.02	2.01	(1.92)



- “One week does not constitute a trend, so we will wait for the rates for the rest of June to be certain.”



May 26 Allvoices.com [article](#)

As of late May, pricing for rental cars were seen increasing into the summer season. Hertz car rental customers will pay an additional \$5 per day for all U.S. airport-based car rentals and \$3 per day for off-airport. Avis and Enterprise are expected to follow suit with its rates.

- “Those planning on renting cars this summer should prepare themselves for a dramatic increase in prices. Top rental car company Hertz [recently announced](#) that rates across the board will be going up by for all U.S. car rentals beginning June 14, based on a decision by CEO John Tague.”
- “Consumers will see this rise in the form of an additional \$5 per day for all U.S. airport-based car rentals and \$3 per day for off-airport. On a weekly rental basis, the increase will be \$20 for airport rentals, and \$10 for off-airport. For a small or mid-size Sedan, one should expect to pay between \$40 and \$50 per day.”
- “Speculation has it that with lower fuel costs, this is going to be a big season for [exotic car rental in Miami](#) and elsewhere, creating a big opportunity for Hertz and their subsidiaries to get themselves on the fast track to higher profits.”
- “Although there have not yet been any specific announcements, car rental giants like Avis and Enterprise are expected to follow suit. In the car rental industry, competitive pricing has always been the norm.”
- “Since the announcement on May 14, [shares of Hertz](#) are up over \$1.50 from their previous value of \$19.56. Avis has seen a similar increase, with shares remaining at around an 8 percent gain over the last week following the announcement. For Hertz, this represents an exciting change, as over the last 12 months the company has seen an overall drop of almost 28 percent in stock prices.”
- “Chris Woronka, who follows Hertz and Avis for Deutsche Bank, believes that it is still uncertain how the year will turn out for both companies. ‘Let’s call it a relief rally—for the near term at least,’ said Woronka when referencing stock price, [according to the NY Post](#). Hertz’s share price for the year-to-date was down 21 percent and Avis’ 22 percent until they both jumped after the announcement. ‘While the picture looks good in terms of domestic demand, the strong dollar still has international travel a question mark.’”
- “The jury is still out on how the price increases affect car rentals this season.”

Ride Sharing Threats

Uber and Lyft threaten the taxi industry, not car rental companies. Car rental companies will continue to grow, especially with its adoption of self-driving cars. Uber also competes more directly with car-sharing companies like car2go. The two models share similar pricing and average trip time. However, one survey did find that some Uber customers were using the service as a replacement for rental cars.

May 8 Marketmadhouse.com [blog](#)

Uber and Lyft compete with the taxi cab industry much more than the car rental industry. Car rental companies continue to see positive growth despite the alleged threat from Uber and its ride-sharing peers. Uber faces regulatory hurdles that will slow its expansion and potential threat to car rental companies. The future of car rental lies within traditional car rental companies adopting and renting self-driving cars.

- “The widespread belief that privately held transportation app companies like Uber Technologies Inc. and Lyft are a threat to car rental companies like Avis and Hertz is mistaken. Services like Uber, Lyft and Sidecar do not compete directly with vehicle rental companies. Instead of vehicles, services like Uber are selling transportation in the form of rides. If these companies compete directly with anybody, they compete with the taxi cab industry, which sees them as a serious threat to its future.”
- “Unfortunately, many people think that these companies are competing with Avis, Hertz and Enterprise because of the inaccurate terminology ‘ride-sharing app.’ That term is inaccurate because Uber and Lyft do not share rides; they sell them. Or more specifically, they sell a service; namely, transportation.”
- “A better description for organizations like Sidecar would be ‘network-transportation companies.’ Another even more accurate classification for these companies would be taxi-cab applications. Uber (which originally called itself Uber Taxi) and its competitors do not want to use that term because it would subject them to the many regulations governing the taxi industry.”

Rental Car

- “If Uber and company were really taking business from rental car operators, one would expect their revenues to be falling. That is not happening; the one major publicly traded car-rental company, Avis-Budget, that reported financial numbers for 2015 reported increasing revenues for the past two years.”
- “The other reason why I believe that network transportation companies are no threat to car rental services is that the legal, regulatory and political environment is stacked against these upstarts. News stories indicate that the app-based services are having a very difficult time operating in a number of locales.”
- “Media reports that tell a very different story than the one being handed out by Uber’s propagandists include:”
 - “Uber shut down its operations in Kansas City, Missouri, because of a new city [ordinance](#) governing its business. Among other things, Uber declined to pay a \$40,000 a year fee to operate in the city and get drivers’ background checks.”
 - “The Nevada State Transportation Authority seized and [impounded](#) at least 15 Uber drivers’ cars after it caught them operating in the state, *The Reno-Gazette Journal* The Authority and Nevada’s attorney general contend that Uber violates the state’s taxi cab regulations.”
 - “Uber simply pulled out of [Eugene, Oregon](#), because of a dispute with the city government.
 - “Uber vehicles were also seized and impounded by police in Montreal at the behest of Quebec’s Transport Ministry, Mashable [reported](#). The drivers faced fines for operating in the city without a cab license.”
 - “The Greater Orlando Aviation Authority has filed a lawsuit asking for a court order that would block Uber from picking up passengers at Orlando International Airport, *The Orlando Sentinel* [reported](#). Uber asked a judge to dismiss the lawsuit on the grounds that it is a technology company; the judge disagreed.”
 - “Federal judges have allowed lawsuits that [contend](#) Uber and Lyft drivers are really employees and not ‘independent contractors’ to go forward. If the suits succeed Uber and Lyft would have to follow laws on the minimum wage, benefits and Obamacare. The suits would effectively put both companies out of business in the United States if they go through.”
 - “Some news stories indicate that there is no insurance for Uber drivers and that Uber drivers could run afoul of state insurance laws, including California. *Buzzfeed* [reported](#) that Uber representatives told would-be UberX drivers in Los Angeles to buy personal auto insurance policies instead of livery policies. That is apparently a violation of California state law, which requires specific policies for commercial use, a California Department of Motor Vehicles spokesman told *Buzzfeed*.”
- “Such news indicates that Avis-Budget, Hertz and Enterprise have little or nothing to worry about from either Uber or Lyft. Nor would they seem to have much to fear from services like [FlightCar](#), which lets private individuals rent out their own cars. My guess is that legal challenges and insurance woes will quickly kill off FlightCar. FlightCar is already facing a serious [legal battle](#) to operate at San Francisco International Airport.”
- “Instead, the future business model for car-sharing is the one that Avis, Hertz and Enterprise have been practicing for decades: companies renting or leasing vehicles directly to individuals. The difference is that new technologies like [self-driving cars](#) such as the [Google](#) car will make it easier to rent or lease vehicles on a short-term basis. The real future of ridesharing is short-term rental services like Avis-Budget’s Zipcar.”
- “A more likely future for ridesharing will be a self-driving car owned by Avis-Budget or Enterprise that drives out to your house to pick you up. Uber’s claims of success are no reason for anybody to sell rental car stock, because it is no threat to either Avis-Budget or Hertz.”



Dec. 29, 2014 Truckinginfo.com [article](#)

Uber is more of a threat to Daimler-owned car-sharing company car2go after a usage and cost analysis is performed. Customers typically use Uber or Lyft for 10 minute trips, whereas rental cars are booked for three to ten days. Car2go average rental times and costs are nearly identical to Uber's. Regardless, a recent survey found that 24% of ride-share customers use Uber as a replacement for traditional rental car services all of the time, while another 51% said some of the time.

- "Uber was recently valued at \$40 billion. You can quibble with the number, but the takeaway is the ride-sharing concept has revolutionized transportation in just a few years."
- "As such, market watchers are crunching numbers to see just what portion of the transportation pie that ride-sharing companies such as Uber, Lyft and Sidecar are eating into. Taxi and livery service is a given; the model is patterned in this way—but what about car rental?"
- "First, some metrics: According to data collated and posted on Sherpashare.com by more than 1,000 Lyft and Uber drivers, for the 2014 calendar year the average trip was 2.69 miles and the average trip duration was 9.62 minutes. For a 10-minute trip, SherpaShare reported average fares for Uber, Lyft and Sidecar of \$15.97, \$11.48 and \$13.35, respectively."
- "Compared to rental cars, daily airport rental rates averaged about \$51 from March to November 2014, according to Auto Rental News data. Average length of rental for business travel is about three days, while leisure rentals run slightly longer. The average length of a replacement rental is substantially longer—about 10 days, according to data from Enterprise Rent-A-Car. Average daily mileage for a rental car is best viewed in the context of the rental type, but an overall snapshot of 50 to 80 miles per day points out the divergence in how people use ride sharing compared to car rental."
- "However, the one form of car rental that has a similar pattern to ride sharing is car sharing—in particular, point-to-point car sharing. Metrics and insight gathered at a public meeting in Torrance, CA regarding car2go, the Daimler-owned company that specializes in point-to-point car sharing, offers some direction."
- "In car2go's South Bay region of Los Angeles, the service charges \$14.99 an hour. South Bay members use car2go usually 30 minutes or less and travel seven to 10 miles on average, a company representative said. This usage pattern comes close to that of ride sharing."
- "During the meeting, some residents complained they couldn't find a car2go car when they needed one. In the South Bay, car2go has 150 cars in operation within a 28-square mile radius."
- "When a ride-sharing company enters a market, the number of available drivers is exponentially greater than the vehicles a company with an owned fleet such as car2go can provide, while wait times for cars are dramatically short. According to a San Francisco-based study by the University of California Transportation Center, 90% of ride-sharing respondents waited less than 10 minutes and 67% less than 5 minutes."
- "In the South Bay car2go system, unless you happen to be a few blocks from one of the 150 cars stationed within that 28-square-mile radius, you're going to spend more time getting your hands on a car if one is available. For some, ride sharing could be a cheaper and more convenient than car sharing, at least point-to-point car sharing. But ultimately understanding how one model affects the other is no easy task."
- "Nonetheless, this analysis shouldn't allow traditional car rental to get complacent while car sharing should be running scared. A 2014 survey by equity trading and research firm MKM Partners LLC sheds light on the impact of ride-share services on both car rental and car sharing."
- "The survey found that more than 24% of recent ride-share customers said they use Uber as a replacement for traditional rental car services all of the time, while another 51% said some of the time. Nearly 24% said they use Uber as a replacement for car sharing all of the time, while another 48% said some of the time. The percentages are higher for prospective Uber customers who intend to replace car rental or car sharing."
- "While it's easier to see how a ride-share trip might usurp car share, it's less evident exactly how ride sharing would replace daily car rental use."
- "We can't answer that here, but that's not the immediate point. The way we get around is shifting, and all transportation modes need to be constantly evolving into more efficient realms. The models that continue to provide utilitarian value are the ones that will survive."
- "The car rental industry will be integral to mobility, as long as it serves customers where they live, work and play. If you can address this question effectively, you'll be all right—unless you get complacent."

Traditional Car Rental Threats

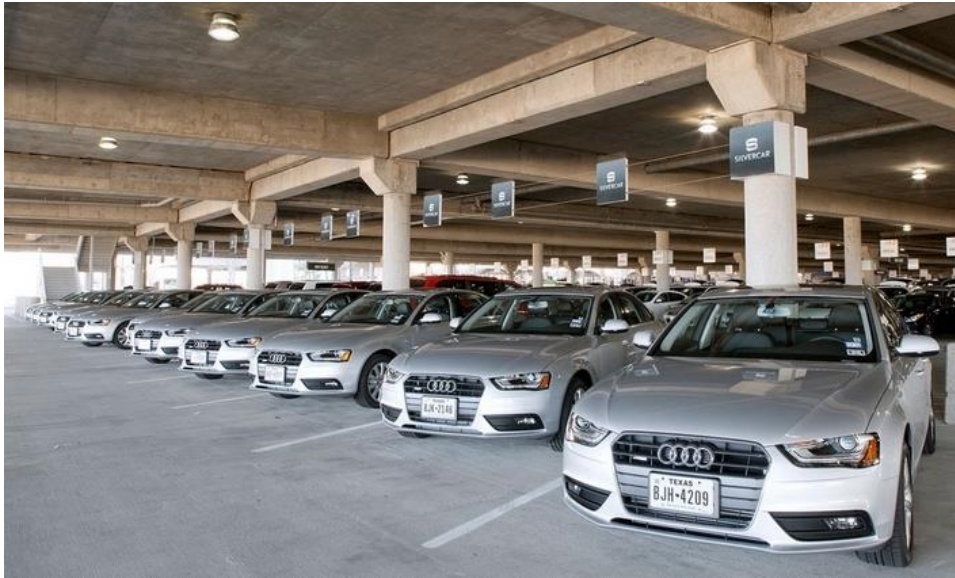
Silvercar is expanding rapidly in the United States partially due to its \$14 million in venture capital funding last September. The company rents only Audi A4 sedans and has eliminated many of the frustrating processes that occur with traditional rental car agencies. German car rental company Sixt is also expanding rapidly in the United States and is now the fifth largest car rental agency in the world. Fox Rent A Car recently announced large capital investments to improve its technology, mobile app, marketing and customer service.

May 29 Chicagobusiness.com [article](#)

Silvercar, a car rental company whose entire fleet is made up of Audi A4 sedans, is set to open next month at O'Hare International Airport, where it will try to grab a piece of the \$300 million annual market for rentals at the facility. The company links customers' mobile phones to their Audi and removes much of hassle from the traditional car renting process including paperwork, lines, and annoying upsells.

- "The Austin-based company makes its Chicago debut June 12. The move into Chicago is part a nationwide rollout by the firm, which ultimately hopes to gain 5% of the market for airport car rentals in the U.S. and change an industry that 'hasn't innovated in 40 years,' according to Silvercar CEO Luke Schneider."
- "Post-flight transportation is a crowded field at O'Hare, where passengers leaving the airport have a multitude of options to get where they want to go: They can arrange for a black-car service, board the Blue Line, hail a taxi or summon a ride-sharing company like [Uber](#)."
- "There also are plenty of options from established rental companies, which have vehicles priced less expensively than the \$59 per day Silvercar typically charges on weekends and the \$89 per day it charges during the week. Prices can vary depending on demand."
- "But Schneider said Silvercar differentiates itself by linking customers to their Audis via mobile phones, eliminating the need to go through paperwork to start driving a rental car after disembarking from a plane."
- "The firm doesn't try to make additional sales, such as for insurance or GPS devices, and, given the fleet, customers always know what kind of vehicle they'll drive away in."
- "'You don't wait in line,' he said. 'You don't get upsold.'"
- "All of the Audis are equipped with Wi-Fi and GPS systems. Silvercar charges customers market gas prices to refuel cars returned with empty tanks, plus a \$5 fee."
- "The company won't set up shop in the new rental-car facility at O'Hare that contractors for the city are building. Rather, Silvercar has secured a location in Schiller Park, where customers will pick up their cars. A shuttle to the property is summoned via mobile phone."
- "A former chief technology officer at Zipcar, Schneider declined to say how many of the cars the company will have on-site at O'Hare, citing competition with other operators. Customer demand pushed the firm to move into O'Hare, he said."
- "Last fall, Silvercar [raised \\$14 million](#) in a second round of venture funding to fuel its growth. The company was founded in 2012 and will be up and running at 10 airports by the end of June."

Rental Car



Silvercar's fleet at Dallas/Fort Worth International Airport

Jan. 27 Carrentals.co.uk [article](#)

Sixt already is the largest car rental company in Germany, but now the company is looking to continue its expansion in North America. Sixt most recently opened a location in Detroit and hopes to expand to Boston, Dallas and Philadelphia by year-end. The company now has 50 U.S. locations.

- “Sixt was able to [continue its U.S. expansion] by adding a new rental location in Detroit Metro Airport. There, Sixt will offer customers a wide range of premium car rentals. Some of the cars that will be made available for rent at this location include Cadillac, BMW and Mercedes-Benz. Sixt said that one of its major targets for car rentals is the American automobile industry, which is heavily stationed right in Detroit.”
- “Sixt said that it will likely continue to build its number of stations in the United States. It wants to do this because the United States is currently the largest market for car rentals in the whole world. Having the door open in Detroit is a huge step toward achieving this goal. Before the end of the year, Sixt wants to open up locations at Boston’s Logan International Airport, Dallas/Fort Worth International Airport and Philadelphia International Airport. Of course, Sixt doesn’t just want to add new stations in airports. It also has plans to add stations in popular urban centers in North America.”
- “As of January 2015, Sixt had around 50 locations open in the United States. As a result of expansion over the past year, this is nearly double its number of locations in 2014. Some of the locations that Sixt already had open were in Atlanta, Seattle, San Diego and Las Vegas.”
- “The president of Sixt America, Johannes Boeighoff, said that since the company’s launch in the United States in 2011, it has been developed very quickly in the North American market. In a matter of years, Sixt has forced its way into a number of popular networks, including many downtown locations and airports. This has made Sixt firmly established in the industry. Steady growth, amazing customer service and attractive specials are just a few of the reasons why people should consider booking their next car rentals with Sixt.”
- “The American market is a tough one for new car rental companies to break into. However, it’s amazing to see a car rental company have so much success in the American market after only a few years. The United States already has a number of car rental options. For a new brand to be successful, it has to offer top-of-the-line quality and specials that get it noticed over the other, more well-known names.”

May 26 TravelPulse.com [article](#)

Fox Rent A Car is making major technological changes and increasing rates. The investments will improve its operations, technology, mobile platform, marketing and customer service tools.

Rental Car

- “Travelers who use Fox Rent A Car, Inc. for their business or leisure trips, take note, the company announced last week there have been capital investments made as part of a major overhaul of the website, mobile platform and customer service tools.”
- “According to company, the focus of the financial outlay will be on operations, technology, marketing, and customer programs in order to bring the company up to speed with other top car rental businesses.”
- “One of the key focuses for Fox is the website. Not only is the site being overhauled to feature a sleeker, easier to use interface, but the company is also adding multiple languages to help the growth of the brand in the Latin American and Asia-Pacific markets.”
- “When asked about the upgrades to the company, Fox CFO Richard Wolff released a statement saying, ‘We are extremely excited about Fox’s position in the marketplace and the investments that we have made and will continue to make to enhance our customers’ experiences. Fox Management believes that investing in technology is one of the keys to long term success and all departments, programs and locations are directly impacted by these new investments and initiatives.’”
- “The upgrades will also include an improved mobile site that improves customer interaction, changes to the Fox Rewards and the Fox corporate account programs, and much-needed improvements to the current digital marketing tools.”
- “Unfortunately, the increased investment from the company will mean higher prices. Starting on July 1, Fox Rent A Car will be raising its rates 15 percent to make up for the capital used for the technological upgrades.”

Additional research by Renee, Euchner, Jacqueline Fox, Cindy Elsberry, Kevin Murphy, Eugenia Lee and Mason Rudy.

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