



# Car Rental Industry Overview

expedia group  
**Academy**



- Car rental defined, themes and industry trends
- Industry players and customer profile
- Calculating revenue with car rental
- Types of car transportation roles





# Car rental defined, themes and industry trends

## Car rental

A **car rental** or **car hire** agency is a company that rents automobiles for short periods of time for a fee. It is often organized with numerous local branches, and primarily located near airports or busy city areas.



## Car Manufacturer

Buying cars from manufacturers with buy back option



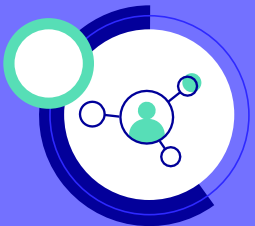
## Driverless vehicles

Given the regulatory, safety and technology barriers, autonomous vehicles are likely to go mainstream for another decade



## Corporate owned, agency and franchises

All major rental companies (except Enterprise Rent-a-Car) operate with a form of franchising; and are owned and operated, with smaller independently run locations



## Connected Cars and Insurance Replacement



## Fleet Management Techniques

Fleets can be moved geographically based on demand



## Commercial Business



## Ride hailing

Hertz and Avis Budget have entered into Lyft Express Drive partnerships, which help people rent vehicles to drive for Lyft — specifically, people who do not own or do not want to use their own vehicle



## Peer-to-peer

Peer-to-peer (P2P) car rental services such as Turo and Getaround are gaining traction in the ground transportation sector and offer new services to travelers compared to traditional car rentals



## Subscription services

In 2019, Enterprise launched "Subscribe with Enterprise" in Minnesota, Missouri and Nevada; meanwhile, Hertz unveiled "Hertz My Car"



# Industry players and customer profile



## Car rental industry players

A closer look at a some of the major brands among car rental companies

- AvisBudget
- Europcar
- Enterprise Holdings
- Sixt
- Hertz Group



# AvisBudget

## History

1946 | Avis founded in Michigan  
 1958 | Budget founded in California  
 2003 | Avis and Budget merged to form world's  
 2nd largest car rental company  
 2012 | AvisBudget acquired ZipCar for ~\$500M  
 2012/13 | Acquired Apex and Payless brands

## Focus

- First company to rent cars from airport locations
- 64% of revenue from on-airport locations
- Offers car and truck rental and car sharing

## Additional facts

Licenses the use of the Avis, Budget, Zipcar and other brands' trademarks to licensees in areas in which AvisBudget does not operate directly

Zipcar provides "wheels when you want them" to urban consumers across more than 450 cities and towns and over 600 college campuses









# Europcar

## History

1998-1999 | Volkswagen Group progressively acquires Europcar  
 2006 | Eurazeo, the investment company, bought Europcar from the Volkswagen Group.  
 2010 | Partnered with Daimler to launch Car2Go.  
 2015 | Europcar goes public  
 2017 | Europcar acquired GuidaMi, Europcar Denmark, Buchbinder and GoldCar.  
 2018 | Sold their 25% stake in Car2go  
 2019 | Europcar acquired Fox Rent A Car

## Focus

Concentrated on expanding global footprint and addressing new mobility

## Additional facts

Operates for roughly 2,000 corporate stations and 1,800 franchise stations



# Enterprise Holdings

## History

1957 | Founded in Missouri, family owned/operated  
 1996 | Surpassed Hertz as top US car rental company  
 2007 | Acquired National Car Rental and Alamo Rent A Car  
 2020 | Chrissy Taylor named as CEO

## Focus

Dominates in “local” segment, insurance replacement business, off airport market

## Additional facts

- Enterprise branches are corporate-owned across the US and Canada and typically operate Enterprise, National and Alamo brands
- Alamo and National EMEA brands are corporately owned with all other Global expansion through the franchise model
- Enterprise Holdings own a stake in EHI Car Services in China
- Operates through 50 independent regional subsidiaries in the US



# Sixt

## History

1912 | Sixt was founded  
 1986 | IPOs 1986 and forms Sixt AG  
 2011 | Sixt enters the USA market in Florida  
 2018 | sold 50% stake for €209 million  
 2020 | Partners with Lyft to offer expedited rental service through the Lyft app

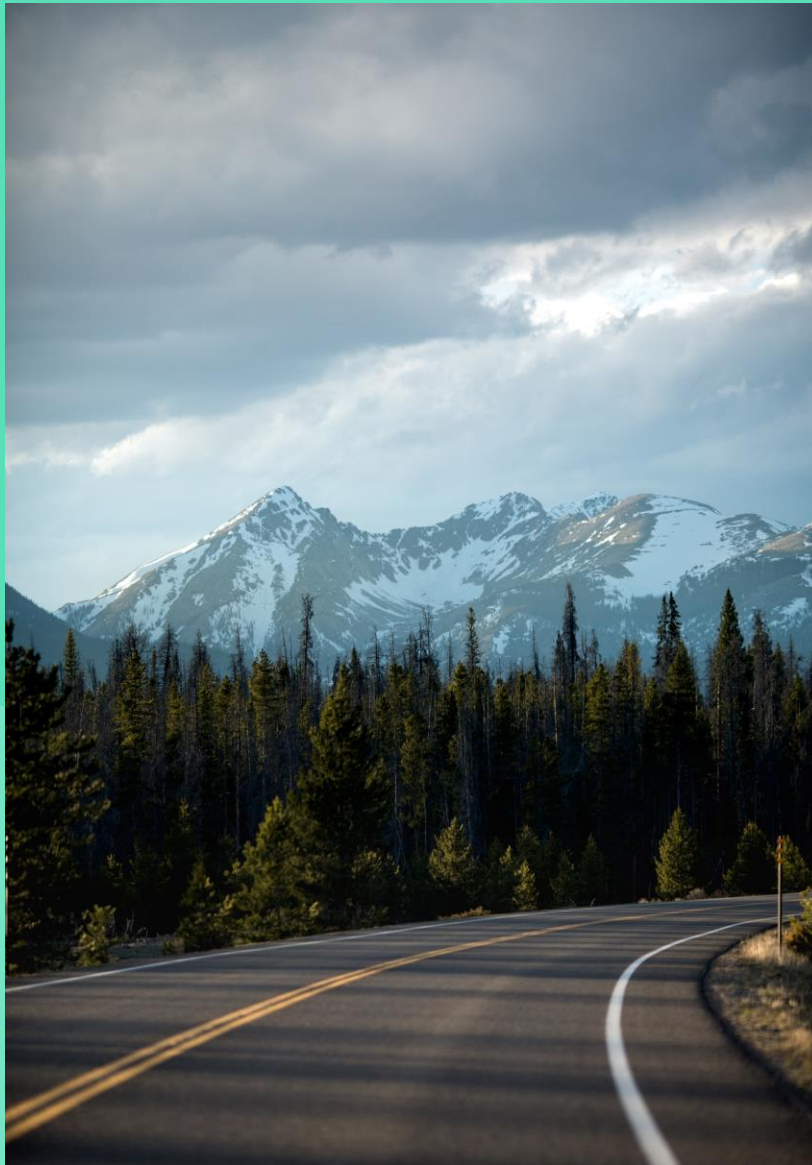
## Focus

- Expansion in the US Market, primarily by taking share from their competitors at major airport locations.
- Sixt has acquired 10 locations from the now bankrupt Advantage Rent a Car.
- They focus on premium car models.

## Additional facts

Sixt corporately-owned countries: Austria, Belgium, France, Germany, Italy, Luxembourg, Monaco, Netherlands, Spain, Switzerland, United Kingdom, majority owned in USA. All other Global destinations are franchised

A car-sharing joint venture between BMW and Sixt founded in 2011.



# Hertz Group

## History

1918 | Founded in Illinois (originally known as Rent-a-Car)  
2012 | Acquired Dollar Thrifty and divested Advantage

## Additional facts

Car and van-sharing membership service which rents vehicles by the hour and/or by the day, served by Hertz 24/7

Provider of integrated vehicle leasing and fleet management solutions, served by Donlen a Hertz Company

As a result of the COVID-19 pandemic, Hertz's filed for bankruptcy on May 22, 2020



## Types of traveler

- Leisure vs business traveler
- Geographical differences

## What do customers value?

- Good prices
- Easy to use
- Reliability
- New cars
- Clarity & accurate information
- Loyalty program





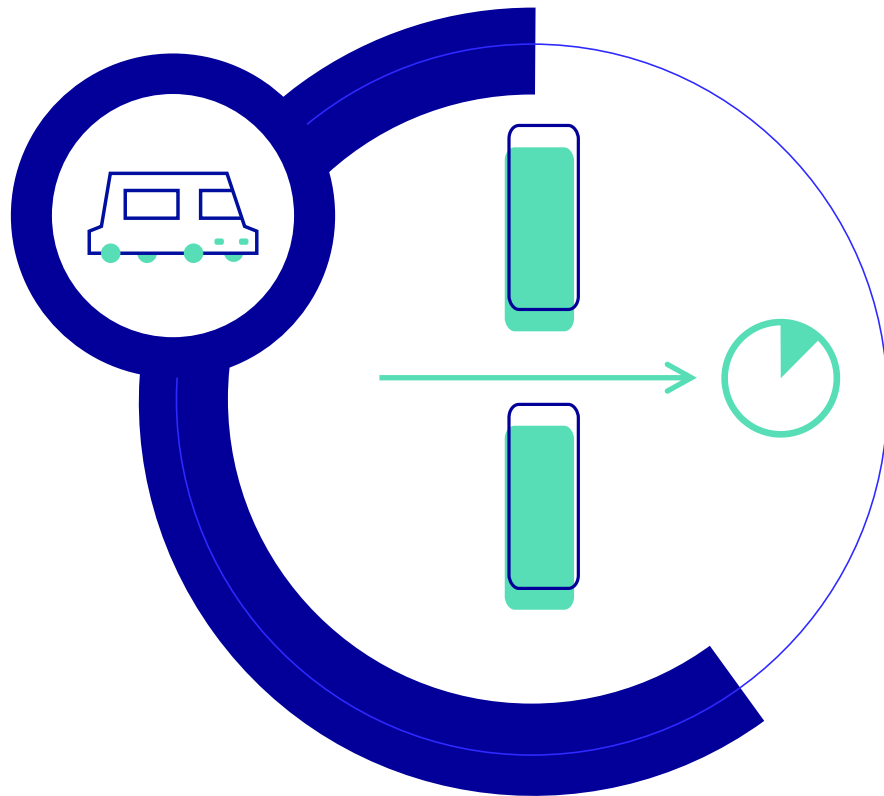
# Calculating revenue with car rental



## Key profit drivers of car rental companies

- Growth and global and local economy
- The number of car rental days,
- Revenue per rental day, or price of rental transaction
- Volume, or number of rental transactions
- Rental fleet utilization





## The metrics for determining revenue equate to

**Vehicle rental** – revenue generated by renting vehicles to customers including revenue from loss or collision damage waivers, insurance sales and other products or services.

**Royalty fees** – fees generated by the company's franchisees.

**Sale of vehicles** – vehicles are sold within the year though either the repurchase agreements or through the company itself. The profit on sale is a function of the selling price that can be achieved relative to the company's depreciation policy.

Depreciation is one of the most important factors of a companies operating cost and must be viewed in tandem with profits on the sale of vehicles. An overly conservative depreciation will result in an inflated profit on the sale of vehicles.

salaries

depreciation

Interest  
expense

Administration

Training

Operating costs

Facilities and  
franchise fees

## Return on equity

Combines the operational performance with the gearing level of the company

## Return on capital employed

An indication of the operational competence of the business

## Growth in rental days

Key indicator to evaluate growth

## Fleet utilization

Based on the average number of days vehicles are rented compared to the total number of days vehicles are available for rent



# Types of car transportation roles



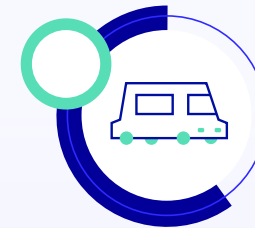
## Sale/customer Services

- Rental sales agent
- Branch manager
- Loaner car agent



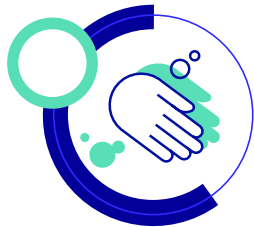
## Internal support and services

- Equipment sales consultant
- Workforce management analyst



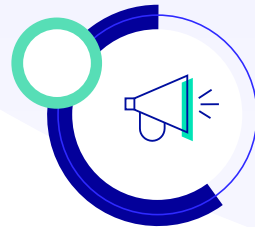
## Vehicle operator

- Delivery driver
- Passenger shuttle driver
- Vehicle return agent
- Drivers for car rental site



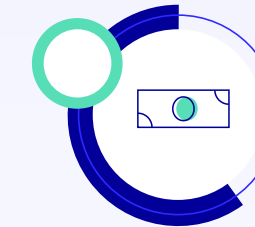
## Operations

- Automotive technician
- Service agent
- Operations assistant
- Car wash/detailer



## Human resources

- Staffing recruiter



## Revenue

- Pricing & Yielding
- Forecasting



**expedia group**™