

Interview: Bright Future of the Car Rental Industry

Tourism-review.com discussed the latest trends in the car rental industry worldwide with the Euromonitor International industry analyst **Angelo Rossini**.

As many other industries, the car rental sector without doubt has been affected by the current economic downturn. How seriously has the industry been hit? In what ways?

The current economic downturn has severely affected the car rental sector with all main industry players reporting negative results for the first two quarters of 2009. The economic crisis especially affected business car rental sales, however, also leisure car rental was impacted due to the decline of international trips in 2009.

What are the most efficient coping strategies that the companies have adopted to save or develop their business in the unsteady times?

Companies responded to these challenging times mainly in two ways: through price discipline in order to preserve number of car rental transactions and average days of rental and through active fleet management, adjusting fleets to changes in demand.



What are the current trends in the industry?

The most important long term trends in the car rental industry today are: growth of leisure travellers thanks to the development of fly-drive breaks and to the increase of independent travellers; technological innovation through the adoption of green cars, navigation systems and other technological features; the strong growth of online sales making car rental bookings easier and faster; the development of no-frills car rental companies and in general of budget car rental sales; higher level of service offered to customers, such as roadside assistance.

In September, the first rental company in Europe started offering electric cars to their customers. Are electric and hybrid cars the future of the rental business?

Environment-friendly cars are one of the main directions of innovation in the car rental industry. Hertz and Avis are actively promoting the rental of hybrid cars, while Europcar has recently signed a

partnership agreement with Renault to add electric vehicles to its fleet, as well as implement the infrastructure needed to recharge batteries at its rental points, starting in 2011.

Many rental companies offer online bookings, some even booking through iPhone. Are mobile gadgets popular among consumers when booking their cars?

Multi-channel distribution and online bookings in particular are a key driver of growth for the car rental industry. These are very significant through car rental companies' websites, online travel agencies and partnerships, especially with airlines. Mobile gadgets do not have a significant impact currently but are expected to have it in five years.



What is the outlook of the car rental sector? Where is the industry heading?

After the challenging times of the current global crisis, the future of the car rental industry looks generally positive. The industry is expected to consolidate even further in the next few years due to an increasing competitive environment and to the high investments required for technological improvements. Business car rental will have to face the challenge posed by alternative services, such as video-conferencing. On the other hand, leisure car rental is expected to grow as a result of the rise of independent travellers and fly-drive breaks. Growth is expected to be significant for both the business and leisure segments in fast developing areas such as Latin America, Middle East, India and China.

Car Rental

(Retail Value RSP, US\$ bn)

Forecast

2008

2009

2010

Eastern Europe

0,5

0,5

0,5

Australasia

1,5

1,4

1,4

Middle East and Africa

2,9

2,9

3,0

Latin America

3,0

3,0

3,1

Asia Pacific

9,1

9,4

9,7

Western Europe

15,7

15,6

15,8

North America

23,0

21,2

21,3

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