

Car rental customer survey

History of Car rental

The Car rental service is a very important part of the travel and the tourism industry. The present day youngsters have seen a heavy rise in their income which has eventually led them to a comfortable and luxurious life. Be it going on a vacation or a picnic, or for any business meeting these days people are preferring to hire cars rather than drive for long hours. Also they do not want the liability of their own car as they believe risking something that is rented is better than risking their own vehicle in the heavy traffic and making it difficult for themselves.

Since the car rental service has grown so much it is obvious that the service has been made freely available now. The main reason regarding the history of car rental is highly related to the exponential growth of the automobile industry.

A Nebraskan named Joe Saunders was the first to offer the car rental service. He lent his Ford Model T to a salesman who wished to impress his girlfriend in the year 1916. He never started off as a business but Joe Saunders, the business man was not aware that lending his car would actually turn out to be a successful business. As time passed his business started growing to great heights and then as the time passed he started charging a nominal fee of 10 cent for every mile travelled.

The company which was founded by Joe Saunders then witnessed an exponential growth and after that there were many businessmen who started their own car rental services in the USA. Companies expected high expectation of profitable returns and started entering this business for the same. Then it so happened that as the air traffic increased the car rental companies started making more business as the demand for the rented cars increased greatly. The reason behind this was the people travelling through the airlines needed cabs or other rented cars to travel in the city from the airport to their destination and the other way round.

This gave a great boost to the various car rental service companies across the world. Even the Indian market turned out to look very promising and they made a great progress here as well. Today there are many companies around the world that are looking to venture into Indian brands in order to provide the service of car rentals in our country. There are numerous companies that offer dedicated services mainly at the airport and many places around the country.

There are in the region of 10.9 million car rental transactions in India each year and around 7.8 million people who personally rent a car. Indian car rental fleet has grown consistently over the past five years, reflecting both the upturn in the economy. Car rental is used by a wide variety of people, for a huge range of journeys and a myriad of reasons. The affordability, accessibility and flexibility of car rental are enabling an increasing number of people to adopt a more sustainable approach to their transport needs. This is particularly evident in urban areas, where the cost and hassle associated with running a car is causing many city-dwellers to re-think their attitude to car ownership.

The average rental car is used more efficiently than private cars, with more than 70% of rentals involving two or more people travelling in the vehicle. The Rental Customer Survey is the most comprehensive dataset collected across the car rental sector. It highlights the vital role that the car rental sector can play in meeting the needs of Indian travellers.

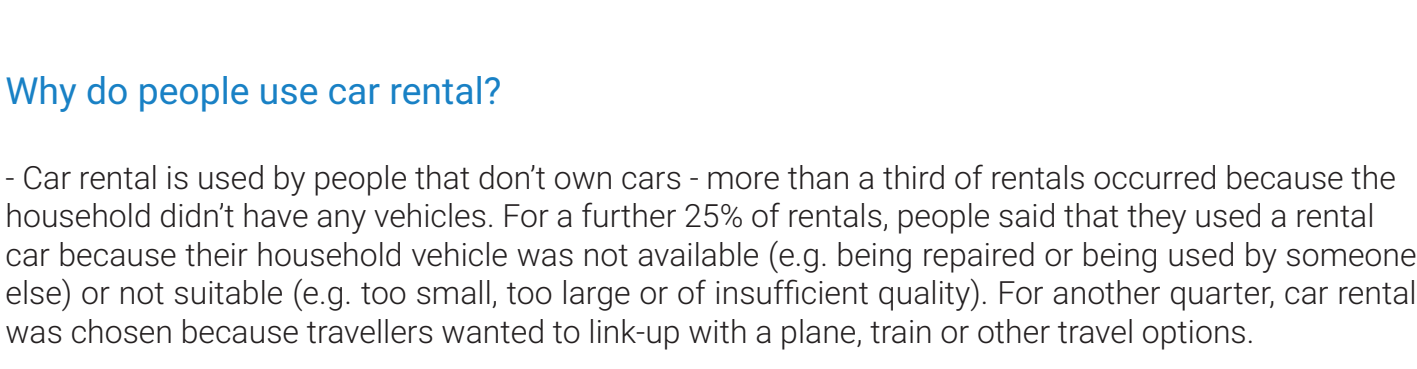
A wide variety of reasons for using rental were given, with the most common being holidays or visiting family and friends. 16% of rentals were reported to be at least partly for business travel, and more detailed responses from 100 people using rental for business indicated that they also came from different parts of the India, and worked for organisations of a range of sizes. Nearly a third of non-business users said that their household didn't usually have a car (compared to 25% of Indian households in 2014), and this was particularly true for those living in Bangalore and other major cities, where levels of car ownership are much lower. (58% of non-business renters from Bangalore and 44% of those from other major cities reported having no household vehicle.)

Car rental is often used instead of public transport for a variety of considered reasons. 'Convenience and flexibility' was given as a key factor for about two-thirds of rentals. Complex journeys, travelling with baggage or more than one person and time were also cited as reasons.

Nearly three-quarters of rentals were of a small or medium sized car. Separate operator data indicates that, on average, rental vehicles are considerably newer and cleaner. For business customers, more than half agreed that their organisation encourages employees to travel efficiently, and to travel together where possible.

Two-thirds of non-business people agreed that "hiring a vehicle (as needed) can have advantages over owning a vehicle".

Similarly, 72% of business users agreed that "hiring a car (as needed) can have advantages over having a business fleet".



How do people use car rental?

On average, rental cars have higher occupancies than private cars. Average vehicle occupancy while renting was 2.2 people, which is considerable higher than the average occupancy rate for private cars (which is 1.6 on average and between 1.7 to 1.9 people for the most comparable journey purposes). More than 70% of rental journeys involved two or more people.

- Nearly three-quarters of rentals were of a small or medium petrol or diesel car.

- 17% rentals were for one day or less. 55% of rentals were for between 1.5 and 3 days.

Why do people use car rental?

- Car rental is used by people that don't own cars - more than a third of rentals occurred because the household didn't have any vehicles. For a further 25% of rentals, people said that they used a rental car because their household vehicle was not available (e.g. being repaired or being used by someone else) or not suitable (e.g. too small, too large or of insufficient quality). For another quarter, car rental was chosen because travellers wanted to link-up with a plane, train or other travel options.

- Car rental is used for a wide variety of reasons. The top three reasons given for renting a car were to visit family or friends; for a holiday; or for a day trip or special occasion (e.g. a wedding, birthday).

- 'Convenience and flexibility' was the most common reason. The other most commonly cited reasons for choosing rental over public transport on the occasion of the last rental included having multiple stops/complex journey patterns; transport of luggage or other bulky items; more than one person travelling; and travel time. For 95 rentals, a driver or passenger with medical or mobility constraints was mentioned.

Understanding 'why' people use rental is complex, as motivation can be explained in a diverse range of ways - e.g. I didn't have a car; I needed to get to a meeting; I had lots of things to carry etc. To try to address the issue, asked a series of questions about people's last car rental relating to:

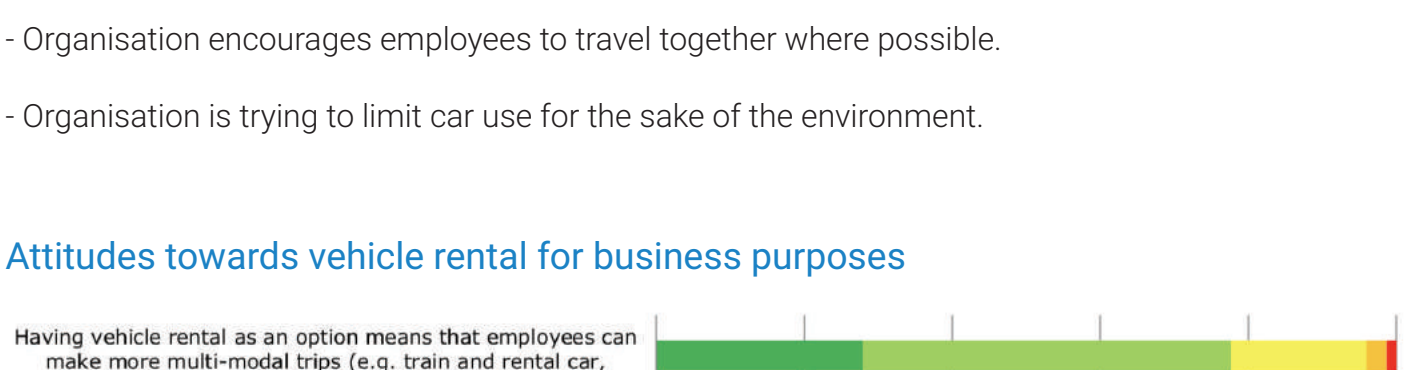
- Why a personal vehicle was not used?
- The purpose of the rental journey?
- Why rental was chosen in preference to using public transport?

Purpose of rental trips

Specifically, the most common purposes were:

- Visiting family/friends.
- Holidays/tourism.
- Day trips or other leisure activities including special occasions.
- General activities.
- Work travel for business.

Attitudes towards vehicle rental

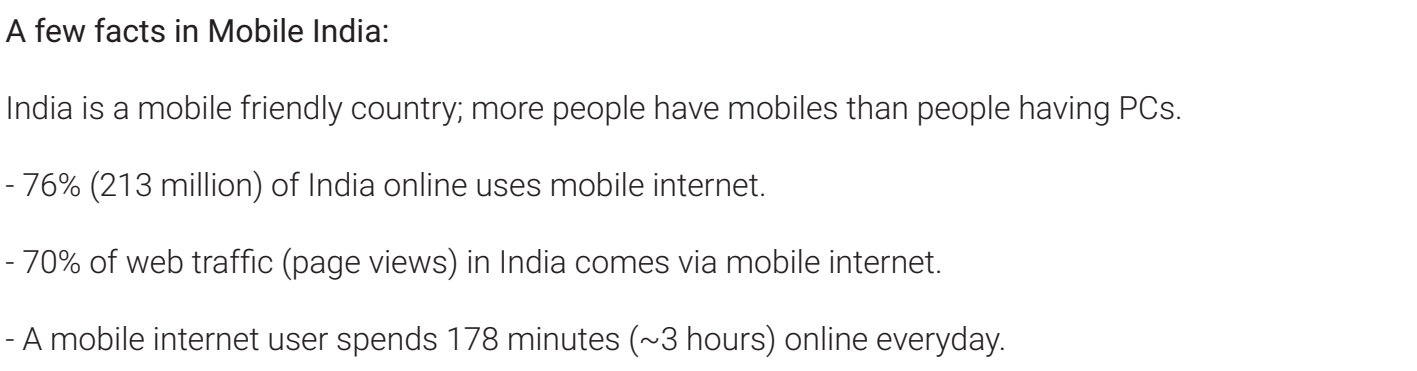


Business Users

- 72% were responsible for their own transport choices for business; the remaining 28% were governed by organisational policy. 80% were travelling for business at least monthly, with 43% travelling at least weekly.

- There was strong support for the ideas that hiring a car could have advantages over owning a business fleet, and helped to facilitate multi-modal trips. Respondents also tended to agree that their organisation encouraged them to travel as efficiently as possible, and with others from their organisation when possible.

- 75% had been using rental for business purposes for more than a year.



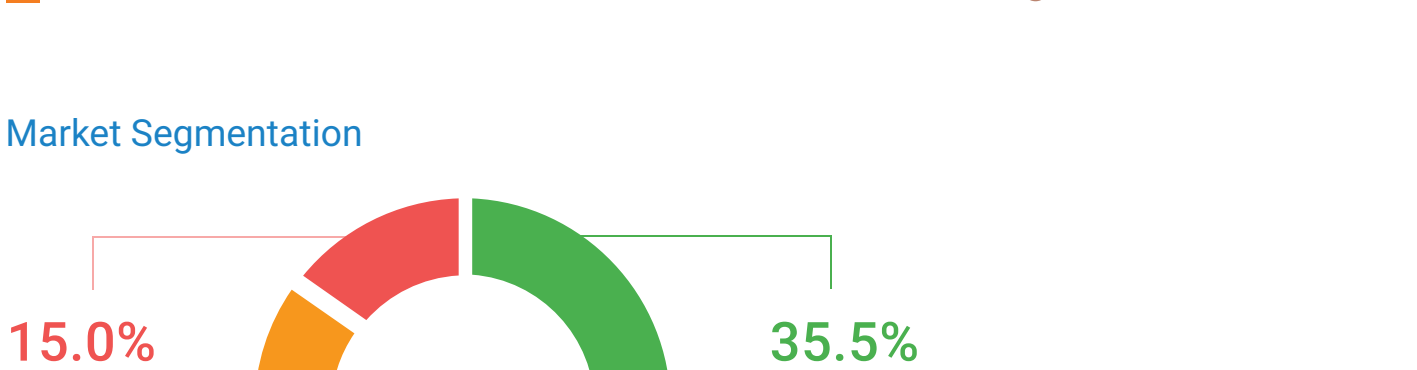
- Hiring a car (as needed) can have advantages over having a business fleet.

- Organisation encourages employees to choose the most efficient transport options available.

- Organisation encourages employees to travel together where possible.

- Organisation is trying to limit car use for the sake of the environment.

Attitudes towards vehicle rental for business purposes



Internet and Mobile users in India

The current population of India is 1.3 billion, out of which 1/6th of the population is online i.e. 278 million (Q3 2014) says IAMAI data. India has the third largest internet population in the world, according to Google India 2017 will see 500 million internet users in India, leaving US behind and edging towards the numbers in China. India is a mobile friendly country; more people have mobiles than people having PCs.

A few facts in Mobile India:

India is a mobile friendly country; more people have mobiles than people having PCs.

- 76% (213 million) of India online uses mobile internet.

- 70% of web traffic (page views) in India comes via mobile internet.

- A mobile internet user spends 178 minutes (~3 hours) online everyday.

- 9% of the overall mobile subscriptions in India have 3G internet connection, 13% (156 million) of India population uses smartphones.

Market Segmentation

Travel motives

- Leisure
- Visiting Friends/Relatives
- Celebration
- Weekend Gateaway
- Business