A study on Awareness and Perception of Self-drive Car rental Companies

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Abstract:

A car rental, hire car, or car hire agency is a company that rents automobiles for short periods of time, generally ranging from a few hours to a few weeks. It is often organized with numerous local branches (which allow a user to return a vehicle to a different location), and primarily located near airports or busy city areas and often complemented by a website allowing online reservations. This research is focused on to study, the extent to which people of Bangalore are aware of self-drive cars and to analyse the view of people towards Car rental companies in South India. This study can help the organisation to analyse people's perception about self-drive car rentals in Bangalore and to understand their position in the market. Based on the study the company can adopt a new marketing strategy to out beat their competitors. Research design can be designed as arrangement of conditions for collection and analysis of data in a particular manner that aims to combine relevance in research purpose with economy in procedure. The research design used in the study is descriptive research design. Descriptive research is carried out with specific objectives and hence it results in definite conclusion. This research tries to describe the characteristics of the respondents in relation to a particular product. A sample size of 130 respondents has been chosen for the study. Sampling unit selected for this project is the common public men and women of different classes residing in Bangalore. The statistical tools used for this data analysis were Simple percentage method ,Cross tabulation, Chi square test

Introduction:

The earliest known example of cars being offered for rent dates to 1906. The German company Sixt was established in 1912 with three cars for rent.

Joe Saunders of Omaha, Nebraska first started with only one borrowed Model T Ford in 1916, but by 1917, his Ford Livery Company was renting out 18 Model Ts at 10 cents per mile. The company name became *Saunders Drive-It-Yourself System* and then *Saunders System*. By 1926, Saunders had expanded to 56 cities. Saunders' company was bought by Avis in 1955.

The Car Rental Industry has grown leaps and bounds over the years due to a rising demand for better and sustainable modes of transportation among its growing urban population. Driven by a hunger to experience vast avenues, coupled with an innate fear of missing out on certain opportunities, the millennial youth of India is gradually becoming the force that is fueling the growth of the car rental industry.The industry which moves travellers across India is moving at a fast pace with new technologies, new business models, demanding customers, committed service providers are all helping the industry to consolidate amongst organized players and build Indian brands which can expand beyond the borders of India.

The car rental market in India is booming with the creation of new opportunities as several international and national companies are entering the market in major cities. These companies are offering various services to travelers, be it a chauffeur driven car, a special pick up service, corporate services and much more. The Indian taxi market is pegged at USD 9 billion (Rs 54,000 crore), of which less than 10% is organized. The cab business has emerged as one of the fastest growing businesses in the Indian transportation sector. In the past, passengers at airports, railway stations and bus terminals or those wanting transport at odd hours of the day had to depend on unreliable public taxis, often having to pay much more than the actual rates. The next decade will witness about 500,000 taxis being replaced and another 500,000 new taxis getting inducted in major cities.

The Indian Car rental business is growing rapidly at a (CAGR) of around 12% and is expected to be worth around USD 15 billion within next 5 years with the organized sector having almost 50% of this market. The organized sector differentiates itself from the unorganized sector in terms of its service parameters such as quality of service, reliability, trained drivers, larger fleet size, monitored prices, etc. The challenge though, remains to ensure a smooth and consistently reliable service standard for which fleet upgrade and induction of technology is critical. The growth of car rental in India has remained consistent and gradual, with organized players increasingly investing in luxury cars to cater the demands of their

customers. Rise in personal incomes, improved road infrastructure and increased volumes of both inbound and domestic tourists are the chief factors for growth in rental market.

The next five to ten years will witness a boom in the industry, which will outclass the old players present in this segment. Owing to this cut throat competition, the car rental companies are going an extra mile to ensure that every need of the customer is kept in mind. Apart from traditional car rental companies, there is a lot of direct and indirect competition on the anvil. With variations in the model of business, entry of new players varies from demarcated fleet to hourly rates to just being intermediary connecting drivers with passengers. Some of these players neither own the vehicles nor maintain them, but only act as a marketplace. However, one will be able to be a long term player and benefit from operating a substantial fleet with a wide range of options. These options need to be centric to the needs and wants of the consumer and innovative enough to re-define their choice as well as ground transportation in India.

Self-Drive Car Rental Market

It has brought advantages such as customized approach and choose vehicle of own choice, privacy, cost benefits in terms of saving on driver expenses and others which has helped it gather a significant growth momentum. However, a major challenge in the Indian market, is educating the consumer that these packages are available and that it is simple and easy to do a self-drive tour. The self-drive car rental industry for business travel can be fragmented by type of clients which is Corporate and Retail. Corporate clients include car rental for pick up and drop service for the employees. The general clientele list of car rental companies are major airlines and hotels. Car rental companies usually serve all the travelling purposes of the major corporate clients. According to Research analyst of Ken Research. Indian self-drive car rental market is broadly segmented into organized and unorganized sectors. Initially, self-drive car rental industry was majorly occupied by the unorganized local operators who provided the self-drive car on a rental basis. But over the years the market has evolved gradually and has paved the road for the organized market players to enter into this rental space. Since 2010, the market has engendered an exponential growth owing to entry of greater number of organized players in the market. The major players in the organized sector are Myles, Zoomcar, Let Me Drive, Car Club, Eco Rent a Car and others. In the outlook period FY'2016-FY'2020, the self-driven car rental market showcases a bright future in India due to rising competition and advertising expenditure by the self-drive service

providers to stand out from its competitors. Additionally, large untapped population base being less awarded of self-drive option which gives an immense outlook to the industry and open the doors for television and other modes of advertising.

Self-drive industry insights

The car rental market size was valued at USD 72.74 billion in 2015. The industry's growth over the last few years can be attributed to the expansion and progression of the worldwide travel and tourism industry. The globally rising disposable incomes together with enhanced road infrastructure are regarded to be the key factors that have propelled the number of leisure and business trips, thereby boosting the industry growth.

The global car rental industry has been experiencing a major transformation over the last few years. Intense competition and exigent economic conditions prevalent across the globe have driven transformation in the industry over the historical period. The operators have undergone a significant change in their business models to remain competitive and enhance profitability.

The impact of information technology in the industry has driven the transformation of the car rental services. The growing trend of using the Internet for customizing travel trips and online reservations & bookings is anticipated to propel the use of technology in the industry. The implementation of technology in these services makes the whole process safe, quick, reliable, and easy for consumers. In addition to this, the hassle-free process of online reservations and bookings increases convenience for both, the operators and customers.

An emerging trend in the industry is the advancement of global operators towards industry consolidation as the top five key companies accounted for a substantial share of the overall industry in 2015. Prominent operators are increasingly undergoing mergers and acquisitions as well as forming joint ventures in order to expand their business territory, capture new emerging market potentials, and enhance the overall profitability. However, the tightening stringent vehicle emission regulations and high volatility in the crude oil prices worldwide are anticipated to challenge the growth over the forecast period.

Vehicle Type Insights

The types of vehicles analyzed in the report include Multi Utility Vehicles (MUVs), Sports Utility Vehicles (SUVs), economy cars, executive cars, and luxury cars. Economy cars dominated the overall industry share in 2015 and are expected to retain their dominance over

the next eight years. Users opting for rental cars for the inter-city transport or for a shorter time span generally prefer economy cars over others. Economy cars are comparatively cheaper and deliver higher mileage than others. The growth in this segment is primarily driven by the cost-effectiveness of these cars.

Executive cars are presumed to witness a significant growth over the next eight years owing to the rising demand originating from corporates. There has been a rise in business and leisure trips among the global population. Business travelers typically demand higher product and service quality as well as reliability in their travel and vehicle. This rising need among business travelers is predicted to boost the demand for rental executive cars worldwide. SUVs and MUVs are anticipated to exhibit a marginal growth over the next eight years. There has been a moderate growth in the number of travelers for recreational and leisure purposes. Furthermore, the rising economies of the developing regions, coupled with the growing disposable income levels among the general population, have led to an increase in the leisure and recreational activities. This rise in the disposable income levels among the general population is presumed to drive the demand for SUVs and MUVs in the coming years.
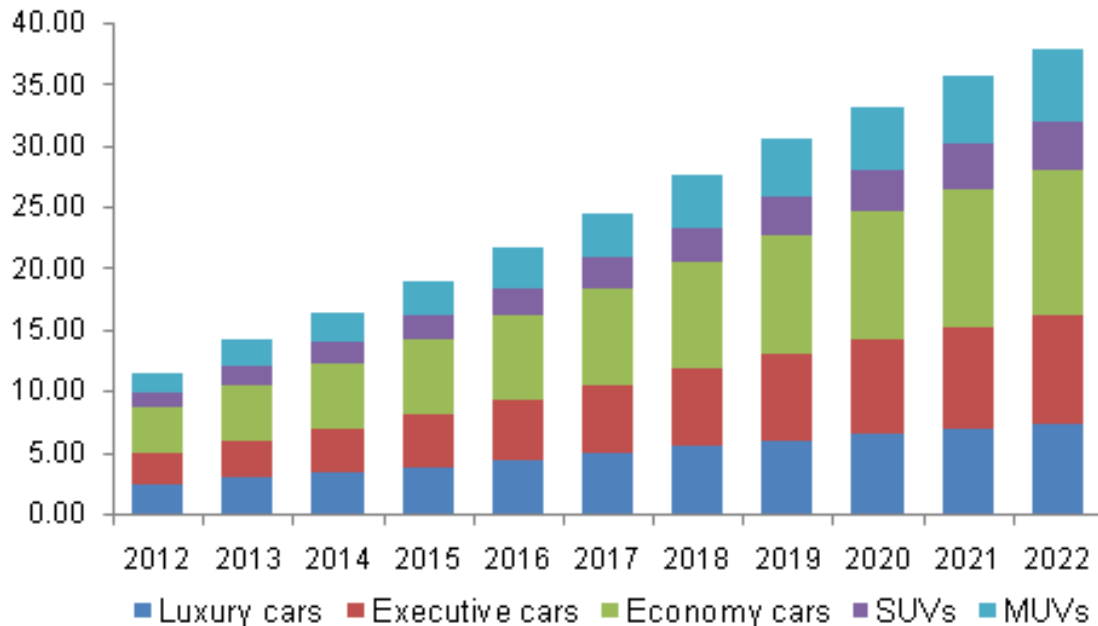
REVIEW OF LITERATURE

The literature Fleeting De fleeting Transfer Rental Car Manufacturer Reseller Cars on yard Station Depot New cars and/or Cars for sale Fig. 2. Life cycle of cars. 276 A. Fink, T. Reiners

/ Transportation Research Part E 42 (2006) 272–292 that considers the car rental business mainly encompasses revenue management and pool control systems as descriptive tools. Edelstein and Melnyk (1977) describe a pool control system with the purpose to clarify and evaluate alternatives for, e.g., assigning cars within a pool of cities or accepting reservations. The system is a descriptive interactive tool that leaves the actual deployment decisions to the manager. A yield management system was designed at Hertz by Carroll and Grimes (1995) to combine various stand-alone decision support systems addressing mainly tactical and strategic questions concerning the fleet size and deployment as well as product design. This yield management system supports decision making by gathering information from the corresponding subsystems as well as presenting alternatives for mid- and short-term planning. Geraghty and Johnson (1997) focus on revenue management, especially capacity management, pricing, and reservations control. Pachon et al. (2003) describe a prescriptive model for daily fleet planning within a pool of neighboring rental locations. All papers mentioned provide valuable insight into the car rental business. However, the literature generally lacks prescriptive optimization methods for short-term logistics management under consideration of important requirements from practice such as multi-period planning, a country-wide network, customized transportation relations, fleeting and defleeting, and car groups with partial substitutability. Our aim is to provide an efficient solution method that takes these aspects into account and effectively supports decision making in car rental logistics management.

The invasion of technology is to such an extent that any brand new digital technologies, including social media, enterprise analytics, the Cyberspace of factors, large facts, advanced manufacturing, don't spare any organization and pervade every non-public and public agency. *D.Babin Dhas, S.C Vetrivel.(2020).* Evolutionary Change in Product Management: Experiences in the Car Rental Industry *William J. Richard C.(2001)* suggested Car rental companies offer customers various combinations of car types, rental periods, and pickup and return locations, as well as insurance and refueling options. Hertz developed its yield management system (YMS) to help decide the availability of these combinations of products over time. The YMS integrates information management technology, sophisticated operations research techniques, and information from existing Hertz decision support models that solve the closely-related problems of pricing, fleet planning, and fleet deployment.

Mornay Roberts-Lombard(2009) provided both a theoretical and empirical perspective on the internal marketing practices of the Avis car rental group in South Africa. The findings concluded that the management of Avis car rental branches in South Africa must follow a more structured approach to the planning and implementation of research activities to determine the needs and satisfaction levels of employees. Management can furthermore make use of different

mediums to improve its level of communication to employees. This encompasses the use of individual discussion sessions, internal newsletters, as well as formal and informal information sessions to create a platform for improved communication within the Avis car rental group. The article concluded with a focus on the managerial implications of the findings. The major managerial implications of the study were that the Avis car rental. *SC Vetrivel, V Krishnamoorthy(2019)* Entrepreneurship is essentially a journey of an individual, which results in the development of not only the individual but also the society that nurtures him/her.

Future of Car Retailing, After Sales & Service *Frost & Sullivan(2012)* suggested that in the future, both cars and spare parts will be sold using an omni channel strategy which will combine the brick and click formats and will leverage mega trends of big data and connectivity to make the shopping experience most customised and personalised. North American OEMs are still evaluating the retailing scenario and will mainly improve in-store digitization over the coming years. On the aftermarket side, global vehicles in operation will increase from 1.05 billion in 2014 to 1.32 billion by 2020, a twenty percent rise over just six years. This will drive a corresponding growth in demand for parts and service worldwide to maintain and repair these vehicles. These macro changes will also cause a shift in how OEMs and retailers service their clients with emphasis on creating a unique customer journey which connects customers though their retail experience from click to brick and then to the car through its life cycle. *SC Vetrivel, J. Rajini , V. Krishnamoorthy (2020)a*mong the internet bank service quality dimensions, trust and efficiency of a website where is found to be positively affecting customer satisfaction.

An optimal stopping policy for car rental businesses with purchasing customers *Belleh Fontem(2006)* analysed decisions for a car rental firm using a common pool of cars to serve both rental, and purchasing customers. The rental customers arrive successively, and rent out cars for random durations while effectuating random incremental mileages on them. On one hand, selling a car when its mileage is low proactively avoids a huge decline in the car's residual market value (even though it could also cause the firm to forfeit income from future rental customers who intend to rent that car for long durations while driving it sparingly). On the other hand, delaying selling is equally risky because the sample of early rental customers whom that car serves may only successively keep the car for short durations while significantly adding to its mileage. Such opportunistic customers would therefore have the effect of drastically diminishing the car's market value without providing sufficient rental income to compensate.

The Influence of Eleven P's of Internal Marketing on Brand Awareness: An Emerging Economy Perspective

Elizabeth Stephanie Conradie · Mornay Roberts-Lombard , H. B. Klopper(2007)

Car rental companies like many other services organisations, are operating in a complex and extremely competitive environment. Employees of car rental companies require special attention since the brand's image depends on the role of employees in delivering the service (Wilson et al. 2012). This research aimed to provide guidance to emerging South African car rental companies to improve their respective brand awareness, enabling them to expand customer bases whilst retaining existing customers. The influence of eleven internal marketing mix elements (product, price, place, promotion, people, processes, physical evidence, personal relationships, packaging, positioning and performance) on South African car rental customers' perception of brand awareness (brand recognition, trustworthiness, overall evaluation and loyalty) was investigated using structural equation modelling and equivalence testing.

Based on the literature findings, the research problems are being set to know the perception of public about self-drive car rental and their interest towards Car rental companies in South India. Self-drive car rental market is a fast growing industry in the recent days. Hence it is necessary to analyse their growth and awareness among public.

Objective

1. To identify and understand about the self-drive car rental companies in South India.
2. To identify the position of different car rental companies in South India.
3. To analyse the public's perception about self-drive cars and self-drive car rental companies.

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DATA ANALYSIS & INTERPRETATION

Age of the Respondents

Table 1

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Particular	Frequency	Percent
20-30	16	12.3
30-40	77	59.2
40-50	36	27.7
>50	1	.8
Total	130	100.0

From the above table it is inferred that about 12.3% of the respondents are between the ages of 20-30 years, 59.2% of the employees are between the age of 30-40 years, 27.7% of the employees are between 40-50 years and 0.8% of the employees are above 50years old. Hence the majority comprises of age between 30-40 years in the company.

Gender of the Respondents

Table 2

Particular	Frequency	Percent
Male	105	80.8
Female	25	19.2
Total	130	100.0

From the above table it is identified that most of the respondents are men with 80.8% and female respondents comprise of 19.2%.

Comparison between Overall experience and Recommendation by the respondents

Table 3 CROSS TABULATION

			Overall experience					Total
			Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	
Recommend Car rental companies in South India	Yes	Count	18	49	31	8	0	106
		% of Total	13.8%	37.7%	23.8%	6.2%	0.0%	81.5%
	No	Count	3	9	7	4	1	24
		% of Total	2.3%	6.9%	5.4%	3.1%	0.8%	18.5%
Total		Count	21	58	38	12	1	130
		% of Total	16.2%	9%	29.2%	46.7%	0.8%	100.0%

From the table it is inferred that 81.5% of the total respondents who have recommended Car rental companies in South India in which 37.7% are satisfied and 13.8% are highly satisfied, whereas 18.5% of the total respondents who have not recommended Car rental companies in South India in which 46.7% are dissatisfied and 29.2% have neutral opinion on overall experience.

Comparison of Overall experience and recommendation of Car rental companies in South India

Null Hypothesis (H_0): There is no significant relationship between overall experience and recommending Car rental companies in South India.

Alternate Hypothesis (H_1): There is significant relationship between overall experience and recommending Car rental companies in South India.

Table 4 **Chi-Square Test**

Particular	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.561[a]	4	.634
Likelihood Ratio	2.310	4	.679
Linear-by-Linear Association	.961	1	.327
N of Valid Cases	130		

The probability of Chi square test statistics (chi square=2.561) was t=0.634 which is greater than alpha level of significance of 0.05. Hence Null hypothesis is accepted. Hence there is no significant relationship between overall experience and recommending Car rental companies in South India.

Comparison of Gender and preferring self-drive car

Null Hypothesis (H_0): There is no significant relationship between gender of the respondents and preference towards self-drive car.

Alternate Hypothesis (H₁): There is significant relationship between gender of the respondents and preference towards self-drive car.

Table 5

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.022[a]	1	.882
Continuity Correction[b]	.000	1	1.000
Likelihood Ratio	.022	1	.882
Linear-by-Linear Association	.022	1	.883
N of Valid Cases	130		

The probability of Chi square test statistics (chi square=0.022) was t=0.882 which is greater than alpha level of significance of 0.05. Hence Null hypothesis is accepted. Hence there is no significant relationship between gender of the respondents and preference towards self-drive cars.

Comparison of Income level and renting self-drive car

Null Hypothesis (H₀): There is no significant relationship between income level of the respondents and renting self-drive car.

Alternate Hypothesis (H₁): There is significant relationship between income level of the respondents and renting self-drive car.

Table 6

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.901[a]	3	.825
Likelihood Ratio	.887	3	.829
Linear-by-Linear Association	.205	1	.651
N of Valid Cases	130		

The probability of Chi square test statistics (chi square=0.901) was t=0.825 which is greater than alpha level of significance of 0.05. Hence Null hypothesis is accepted. Hence there is no significant relationship between income level of the respondents and renting self-drive cars.

Discussion:

Among the respondents 59.2% are between the age of 30 and 40 years, 27.7% of the employees are between 40 and 50 years. Most of the respondents are men with 80.8% and female respondents comprise of 19.2%.67.7% of the respondents feel that Car rental companies in South India is familiar.74.6% of the respondents feel that the company needs advertising.29.2% came to know about company through Word of Mouth, 30% came to know about company through Social media.62.3% of the respondents have rented car with Car rental companies in South India while 37.7% have not rented car with Car rental companies in South India.29.2% feel that the company needs improvement in condition of car, 40% feel that the company needs improvement in customer service. 81.5% of the respondents are willing to recommend Car rental companies in South India to other people.

Conclusion

The study is conducted in Car rental companies in South India tours and travels pvt. ltd situated in Bangalore. It is one of the fast developing companies in the self-drive car rental market. The study focuses on analysis of self-drive car rental market of Bangalore region. It is found that people of Bangalore are aware of self-drive cars and most of them prefer renting self-drive car. The study reveals that company lacks in advertising and Car rental companies in South India is not as popular when compared to other self-drive car company.

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