

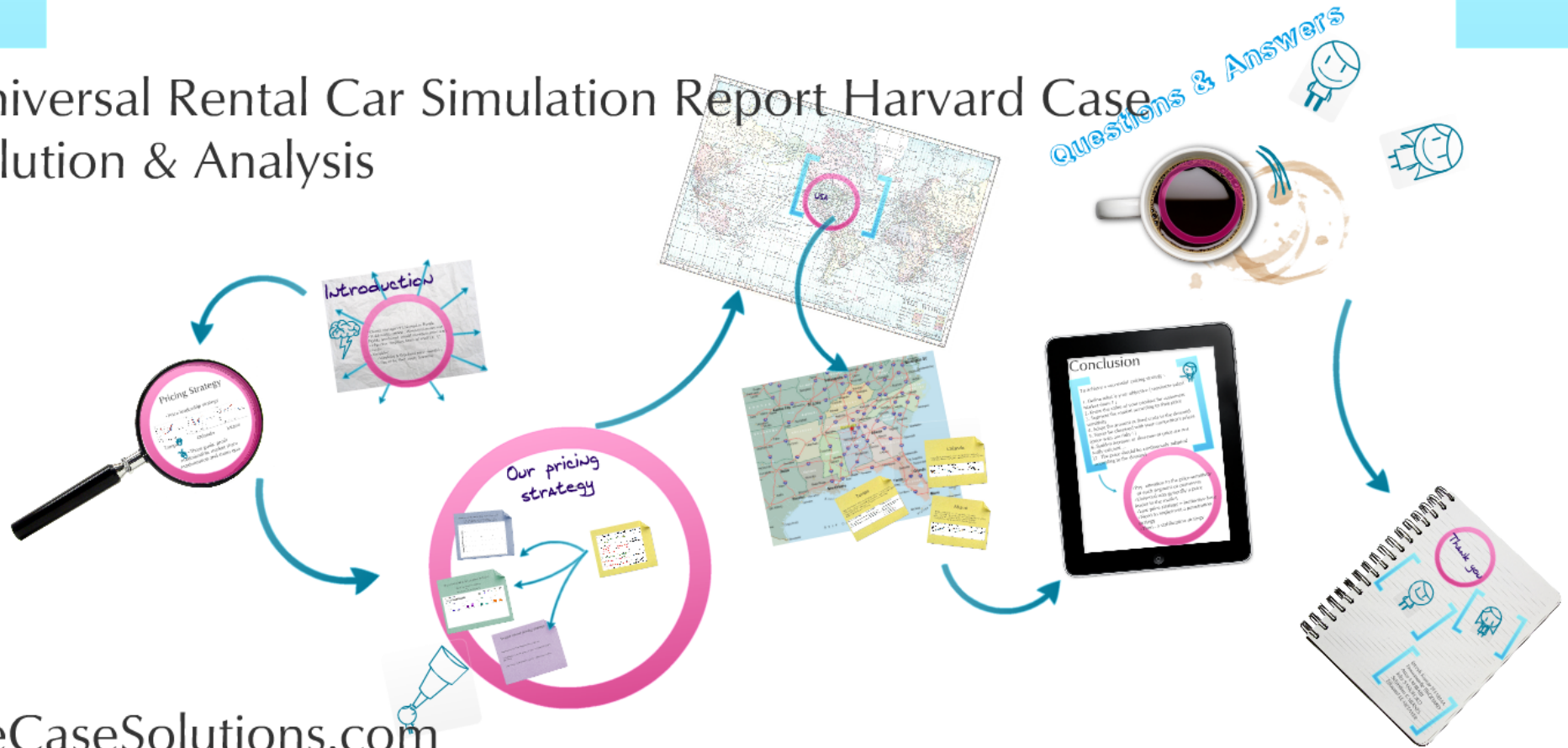
Universal Rental Car Simulation Report Harvard Case Solution & Analysis

Questions & Answers



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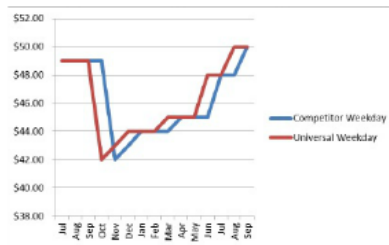
Introduction



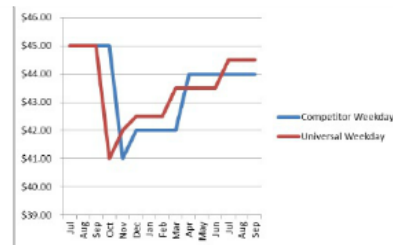
- District manager of Universal in Florida
- Problematic context : Worst performance in Florida (stocks out, unsold inventory, price war)
- Objective : Improve financial results in 12 months
- Variables:
 - Weekday & Weekend price (monthly)
 - Size of the fleet (every 3months)

Pricing Strategy

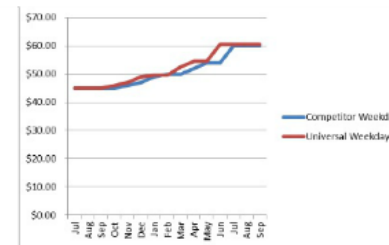
- Price leadership strategy



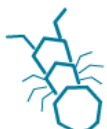
Tampa 



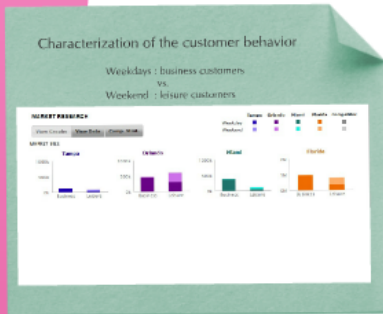
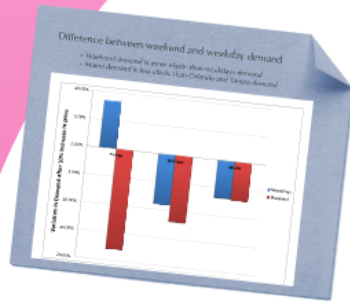
Orlando



Miami

-  • Three goals: profit maximization, market share maximization and status quo.

Our pricing strategy



Situation	Decision made	Strategy
Higher MS than the competitor	Increase price	Profit maximisation
Low capacity utilization Stable or decreasing demand	Decrease fleet size (if and when)	
Booming demand	Increase fleet size	MS maximisation
Striking MS	Decrease price	Status quo (avoid price war)
Striking demand	Same price	

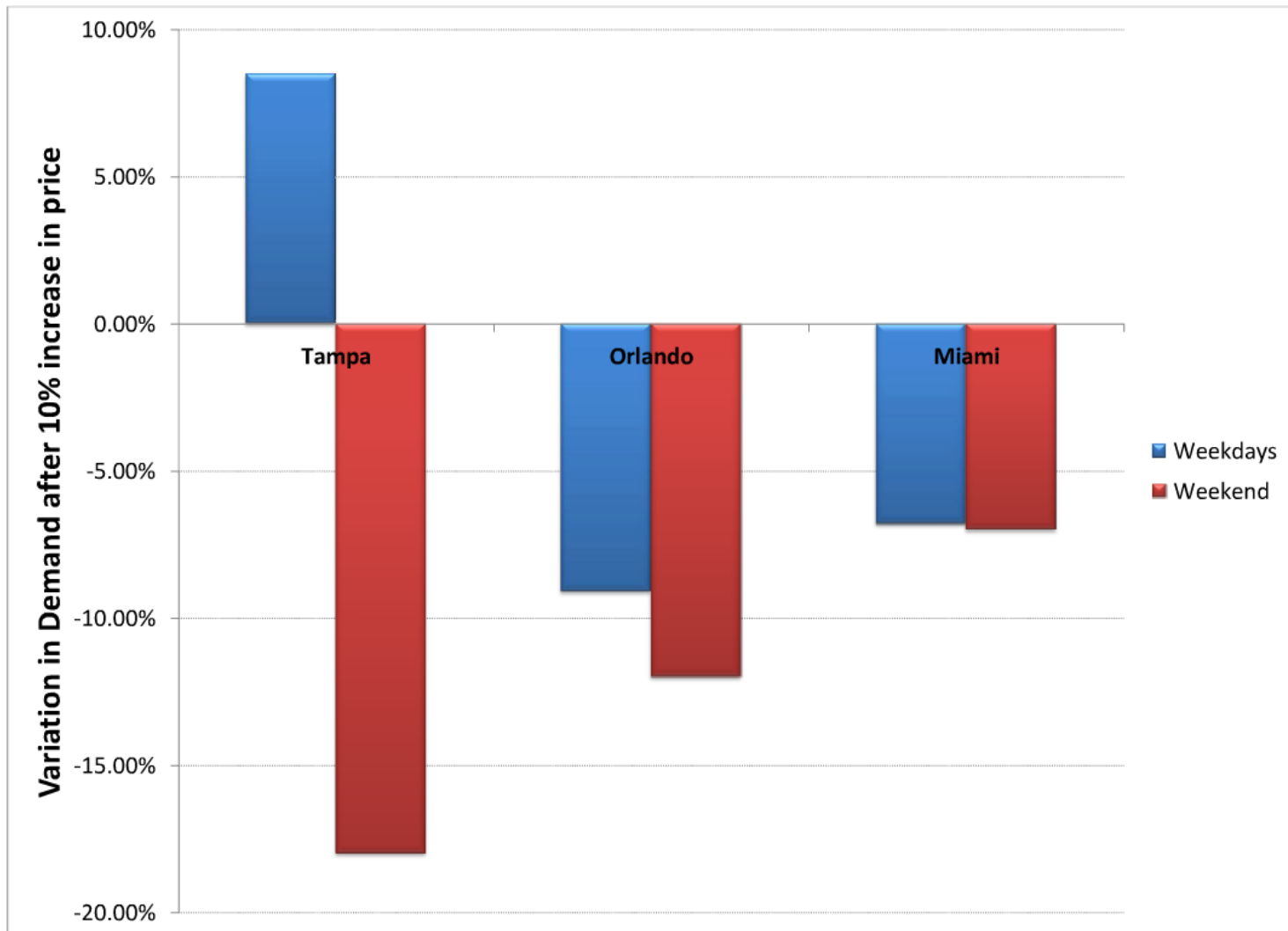
Impact on our pricing strategy

- Increase prices on weekdays (business customers)
- Should not increase the prices too much on weekends (leisure customers)
- Avoid price war in Orlando since the market is price sensitive.

	Situation	Decision made	Strategy
😊	Higher MS than the competitor	Increase price	Profit maximisation
☹️	Low capacity utilization Stable or decreasing demand	Decrease fleet size (Fixed cost)	
😊	Booming demand	Increase fleet size	MS maximisation
☹️	Shrinking MS	Decrease price	
☹️	Shrinking demand	Same price	Status quo (avoid price war)

Difference between weekend and weekday demand

- Weekend demand is more elastic than weekdays demand
- Miami demand is less elastic than Orlando and Tampa demand



Characterization of the customer behavior

Weekdays : business customers

vs.

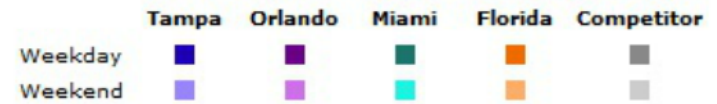
Weekend : leisure customers

MARKET RESEARCH

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Comp. Stmt.



MARKET SIZE

