

Olympic Rent-A-Car

Customer Loyalty Battles

References

Douglas J. Pridemore, J. 2010. Olympic Rent-A-Car: Customer Loyalty Battles. Harvard Business School.

Wahby, 2014. Hiring a Blue Showcasing.com and other companies. Strategic analysis.com. Retrieved on 10/10/2014. Available at: <http://www.strategicanalysis.com>



Solution 3: Scrap the loyalty program, offer a no gimmick, low price guarantee

- Incorporation of price matching to ensure lowest industry prices
- Problems:
 - Maintain current value proposition
 - Allocation of overhead costs
 - Creation of a niche within the industry
 - Allocation of advertising funds to promote the new program
 - Scope for future generations
- Negatives:
 - Continued lack of market share, no short-term competitive response
 - Disapproval from current Metrolink rewards members

Car Rentals

- A service based industry
- In 2009 total market revenue for the rental car business industry fell 6.5% from 2008
- Revenue was up by 2.5% in 2010
- In 2011-2012 the growth rate went up to 2-3% per year

Markets

Airport Rentals

- Dominated by major brands
- Have to pay concession fees as well as fixed fees
- Early mornings and late night collections

Local Rentals

- Local offices including car dealerships and repair shops

Competitors

- Hertz
- Enterprise
- Own a large market share

Segments

Segment	Revenue	Profit
Business	10%	15%
Leisure	90%	10%

Market

• High level of competition
• High levels of turnover
• High expenses



Olympic Rent-A-Car

- Car rental business
- Struggling to compete with competitors
- Do not have a large market share
- Customers will not loyal to their business

History

• Founded in 1958 in California
• Operated in 100+ cities
• Operated in 100+ cities
• Operated in 100+ cities

Problem

• The main problem is that the company is not profitable
• The company is not profitable
• The company is not profitable

Problems

• The main problem is that the company is not profitable
• The company is not profitable
• The company is not profitable



Opportunity

• Adapt to the market and technological changes
• Adapt to the market and technological changes
• Adapt to the market and technological changes



Opportunity Issues

• Identification of key market players
• Identification of key market players
• Identification of key market players

Solution 1: Remove the customer loyalty program to reduce expenses

• Offer low mileage to low or mid-level business
• Offer low mileage to low or mid-level business
• Offer low mileage to low or mid-level business



Solution 2: Offer a travel reward based program

• Offer low mileage to low or mid-level business
• Offer low mileage to low or mid-level business
• Offer low mileage to low or mid-level business

Recommendations

- Offer low mileage to low or mid-level business
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Wahby, 2014. Hiring a Sales Show Willing to Sacrifice for Customers. Entrepreneur Magazine October 2014.



Solution 3: Scrap the loyalty program, offer a no gimmick, low price guarantee

- Incorporation of price matching to ensure lowest industry prices

Positives

- Maintain current value proposition
- Reduction of overhead costs
- Creation of a niche within the industry
- Allocation of advertising funds to promote the new program
- Scope for future generatives

Negatives

- Current lack of market share; no short term competitive response
- Disapproval from current metallic rewards members

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Markets

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Local Rentals

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Competitors

- Hertz
- Enterprise
- Own a large market share

Segments

Segment	Revenue	Profit
Corporate	10%	15%
Government	10%	15%
Travel	10%	15%
Leisure	70%	55%

Market

Highly competitive market with low margins
High levels of competition
High expenses



Olympic Rent-A-Car

- Car rental business
- Struggling to compete with competitors
- Does not have a large market share
- Customers will not loyal to their business

History

Founded in 1954 in California
Expanded to other states
Now operates in over 20 states and a few international markets

Problem

The main problem is that the company is not profitable
The company is not growing as fast as its competitors
The company is not loyal to their business

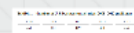
Problems

The main problem is that the company is not profitable
The company is not growing as fast as its competitors
The company is not loyal to their business



Opportunity

Adapt to the market and technological changes
Expand to other states
Focus on loyalty and customer service



Opportunity Issues

- Availability of car rental options
- High competition and low margins
- High expenses

Solution 1: Remove the customer loyalty program to reduce expenses

Offer low mileage to low cost vehicles
Reduce overhead costs
Focus on customer service

Solution 2: Offer a low priced based program

Offer low mileage to low cost vehicles
Reduce overhead costs
Focus on customer service

Recommendations

- Low price guarantee
- Reduce overhead cost
- Start market
- High scope for income generation

Car Rentals

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Olympic Rent-A-Car

- Car rental business
- Struggling to compete with competitors
- Do not hold a large market share

History

- Founded by John Uetas in 1976
- Lower prices than Hertz
- In 1987 John sold the business
- Operations were conducted primarily at major airports and at

Problem

- The recent implementation of a new customer loyalty program by Enterprise Car Rental
- No busiest days (days where demand may exceed supply such as

Problem

- The slow-growing market for business car rentals
- Increase in web-based conferencing
- Market has reached maturity with potential for decline

Opportunity

- Adapt to the current and future trends of business users
- Accommodate leisure customers
- Focus on adopting a low-cost position

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• Respo

Markets

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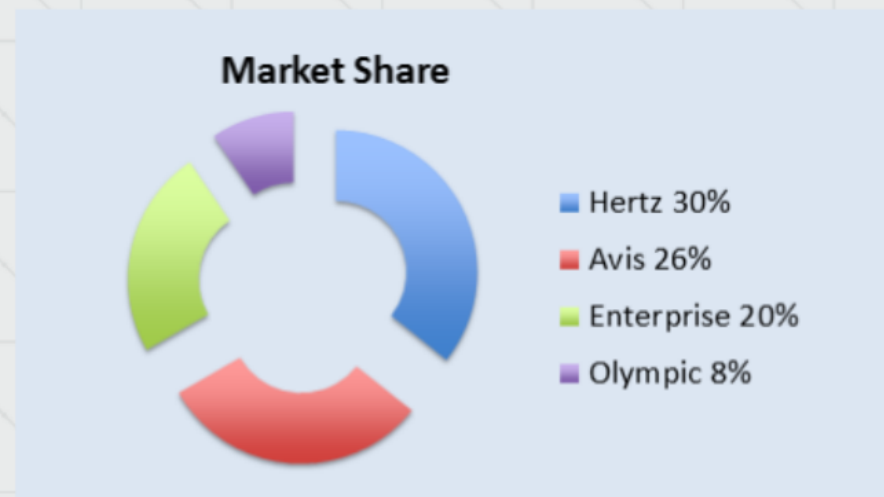
Segments

- More likely to rent a compact car than any other vehicle class
- Likely to earn points during business trips and spend in leisure locations

Competitors

Market

- In 2002 there were nine national car rental companies
- By 2012 there were just four major national car rental companies
- High levels of competition
- High entry barriers



Segments

- More likely to rent a compact car than any other vehicle class
- Likely to earn points during business trips and spend in leisure locations

Table A Rental car customer segments

	% of All Business Travelers	% of Industry Revenues
"Heavy" Business Travelers	37	55
"Medium" Business Travelers	45	20
"Light" Business Travelers	18	5
Leisure Travelers		15
Other		5

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- Car rental business
- Struggling to compete with competitors
- Do not hold a large market share
- Customers are not loyal to their business