



MINDPOWER SOLUTIONS

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# The US Car Rental Market Outlook to 2015

- Evolving Travelers' Profile

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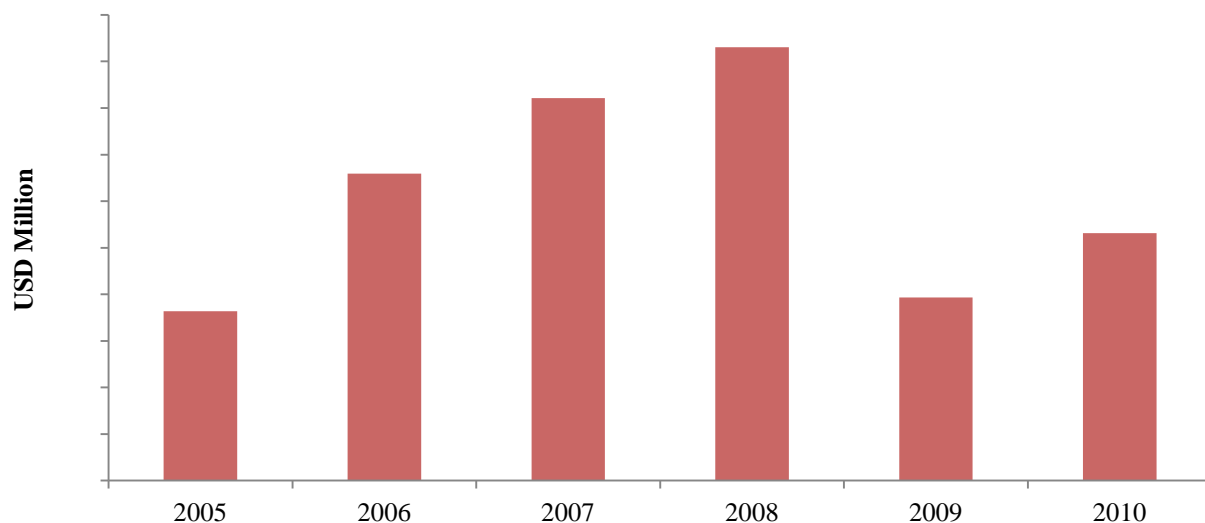


## THE US CAR RENTAL MARKET SIZE, 2005 – 2010

### BY REVENUE, 2005 – 2010

The US car rental market has showcased a steady growth in the past 4 years prior to recession from USD ~ million in 2005 to USD ~ million in 2008. This growth has been influenced by an increase in the travel expenditure on account of the improvement in the economic conditions, increase in the frequency of air travel and rising number of foreign visitors in the US.....

**Figure: The US Car Rental Market Size on the Basis of Revenue in USD Million, 2005-2010**



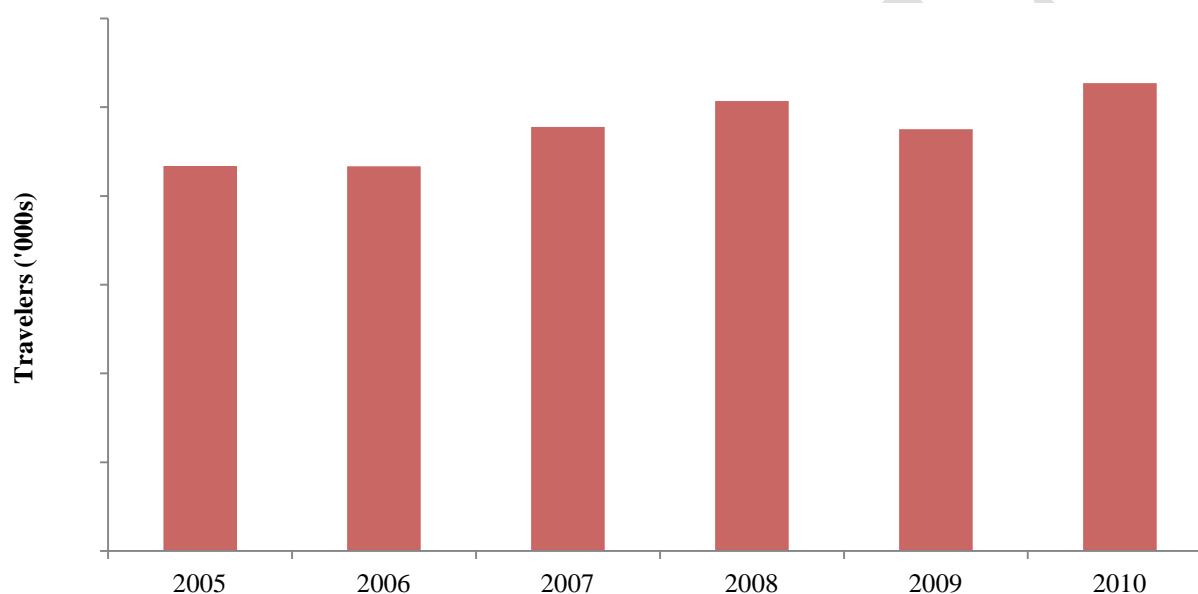
Source: AM Mindpower Solutions

### BY TOTAL TRAVELERS USING RENTAL CARS IN THE US

The US car rental market is predominantly dependent on the behavior of the travelers. The constant increases in the number of overseas travelers has not only influenced the growth of the

US on airport car rental users but also have directly influenced the operations of the US car rental industry. The total overseas visitors using car rental has grown at a 5 year CAGR of 4.0% from ~ thousand in 2005 to ~ thousand in 2010. The overseas visitors using car rental declined in 2009 to ~ thousand due to economic recession which has led them to postpone their traveling plan, however, the number of overseas visitors recuperated in 2010.....

**Figure: The US Car Rental Market Size on the Basis of Total Travelers Using Rental Cars in the US, in Thousands, 2005-2010**



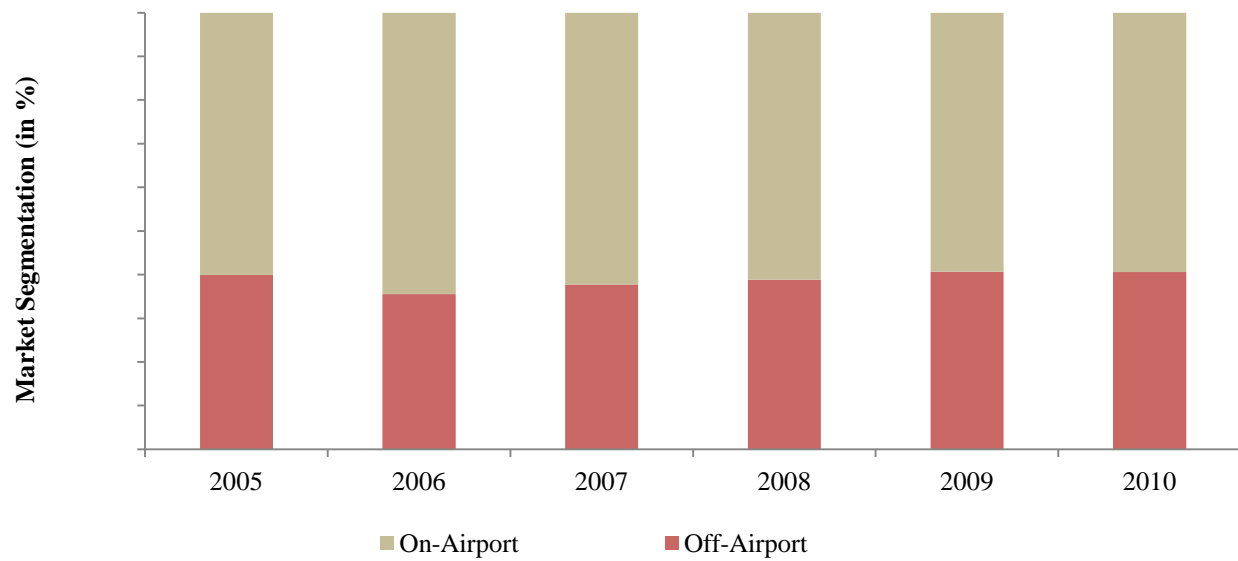
## THE US CAR RENTAL MARKET SEGMENTATION

### BY ON-AIRPORT AND OFF-AIRPORT REVENUE, 2005-2010

The US car rental industry generates a major share of its revenue from the on-airport segment of the market. The on-airport segment constituted ~% of the total car rental revenue in 2010. The fortune of the on-airport market is directly dependent on the air travel industry. The on-airport market share dipped to ~% in 2009 from ~% in 2008, due to the decline in the air traffic on account of economic unrest. However, the on-airport market in 2010 has showcased signs of recovery with the rise in air travel leading to an increase in the market share to ~% and market

size of USD ~ million.....  
 .....

**Figure: The US Car Rental Market Segmentation on the Basis of On-Airport and Off-Airport Revenue, in Percentage, 2005-2010**



Source: AM Mindpower Solutions

**Table: The US Car Rental Market Segmentation on the Basis of On-Airport and Off-Airport Revenue, in USD Million, 2005-2010**

Segments	2005	2006	2007	2008	2009	2010
On-Airport						
Off Airport						
<b>Total</b>						

## THE US CAR RENTAL TRAVELER'S PROFILE

The visitors using car rental services in the US has showcased diverse characteristics over the period. The car rental services are usually easily available to all the types of visitors including business, leisure, domestic and overseas in the US, through several companies owned stores or franchise of several car rental agencies across the country.

A typical average visitor in the US who used to reserves or makes an advance arrangement before ~ days from the date of journey in 2007 is pre-booking with the mean decision time of ~ days in 2010 given the rise in .....

**Table: The US Car Rental Travelers' Characteristics, 2007-2010**

Traveler Characteristics	2007	2008	2009	2010
Advance Trip Decision Time (Mean Days)				
Advance Trip Decision Time (Median Days)				
Prepaid Package				
First International Trip to the US				
Length of Stay in the US (Mean Nights)				
Length of Stay in the US (Median Nights)				
Number of States Visited (% 1 state)				
Average Number of States Visited				
Hotel/Motel (% 1+ nights)				
Average # of Nights in Hotel/Motel				
Travel Party Size (mean # of persons)				
Gender: % Male (Among Adults)				
Household Income (Mean Average) in USD				
Household Income (Median Average) in USD				
Average Age: Female				
Average Age: Male				

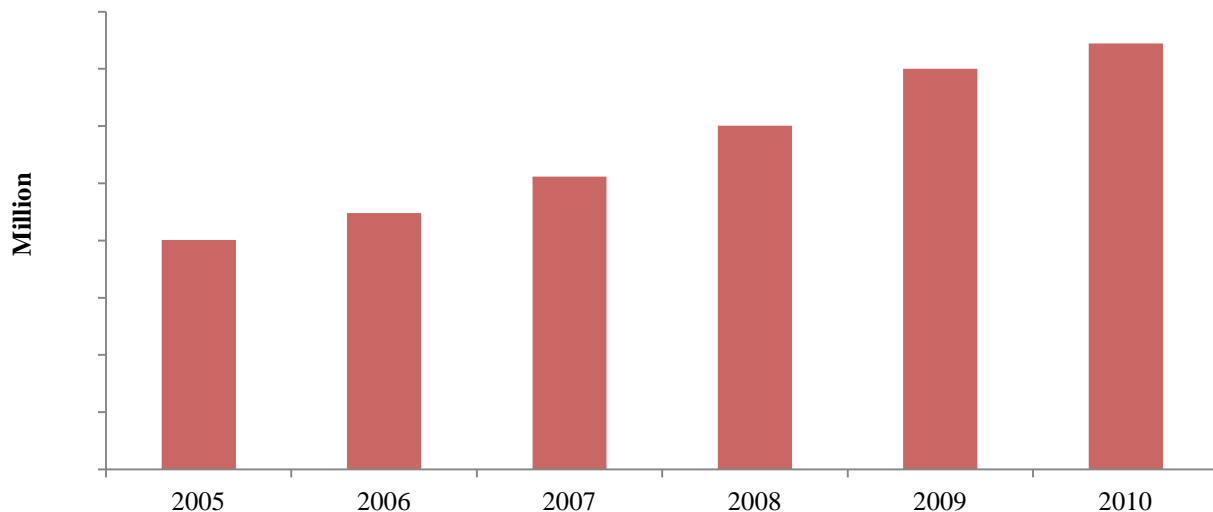
# THE US CAR RENTAL MARKET TRENDS AND DEVELOPMENTS

## EMERGING OPAQUE, ONLINE AND MOBILE CAR RENTAL SEGMENT

.....The concept of online booking has been rapidly changing the course of the business of the US car rental industry. This concept of e-booking or online booking of rental cars have provided the travelers an advantage to plan and book their cars in much quicker and easier way. In addition, travelers have the advantage to evaluate the alternatives before booking the rental car online.

In 2010, the online car rental users have increased to 37.2 million from 20.0 million users in 2005 underscoring the gaining popularity of online medium for car rental reservations.....

**Figure 1: The US Online Car Rental Users in Million, 2005-2010**



# THE US CAR RENTAL MARKET COMPETITIVE LANDSCAPE

## THE US CAR RENTAL PLAYERS' MARKET SHARE BY REVENUE, 2005-2010

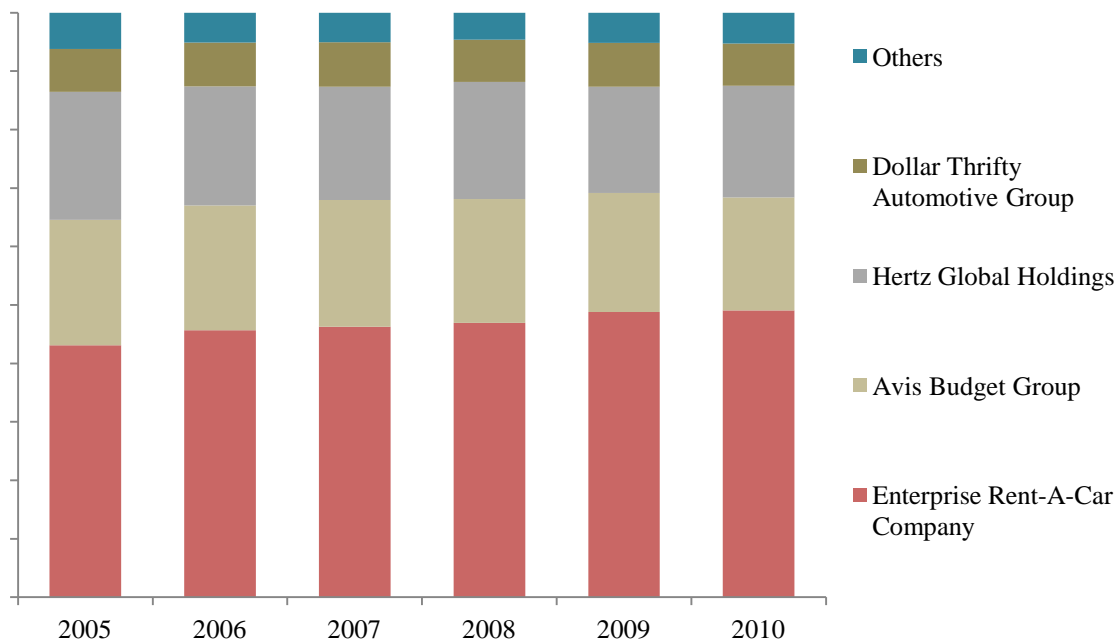
The US car rental industry has been predominantly held by 4 major players such as Enterprise Rent-A-Car, Hertz Global Holdings, Avis Budget Group and Dollar Thrifty Automotive Group.

“Enterprise Rent-A-Car with revenue of USD ~ million in 2010 has dominated the market for rental cars in the US with the share of ~%”

These major players share approximately ~% of the total US car rental market revenue.....

Avis Budget is second largest player with the market share of ~% in 2010 which has witnessed substantial advantage from the operations of two distinct brands; Avis and Budget, targeting premium and the value-oriented travelers or customers segments of the market. The market share of the company has however declined from ~% in 2005.....

**Figure 2: The US Car Rental Players' Market Share by Revenue, in Percentage, 2005-2010**



## THE US CAR RENTAL MARKET FUTURE OUTLOOK

### CAUSE AND EFFECT RELATIONSHIP BETWEEN DEPENDENT AND INDEPENDENT FACTORS PREVAILING IN THE US CAR RENTAL MARKET

**Table 1: Cause and Effect Relationship Analysis between Industry Factors and Expected Industry Prospects of the US car rental industry**

Industry Factors	Market Impact	Comments
Increasing leisure travel expenditure		▪
Mounting fuel prices due to rising demand relative to supply		▪
Improvement in cost effective technology and innovation		▪
Consumer preference towards short term car rental		▪
Intensifying competition		▪

*Source: AM Mindpower Solutions*

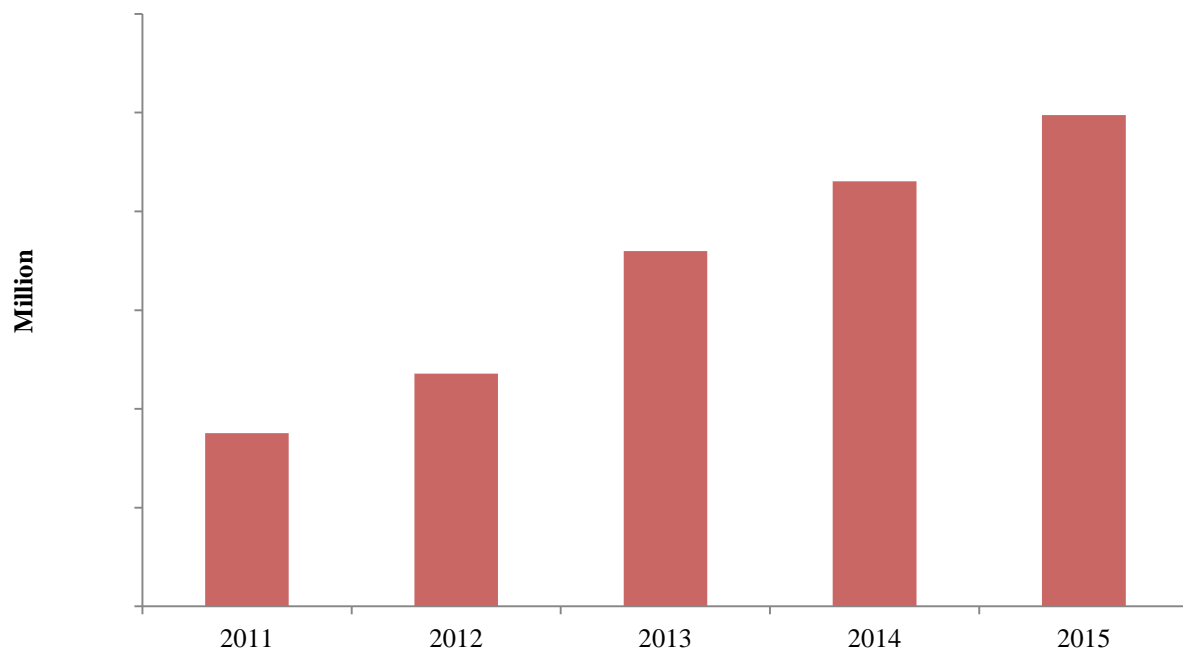
*Note: Shaded portion represents the degree of impact on the market*

## THE US CAR RENTAL MARKET FUTURE PROJECTIONS

### BY CARS IN SERVICES, 2011-2015

The US car rental market is projected to cater to the US economy with an increase in the number of cars in services in the next 5 years. The cars in services are expected to increase to ~ million in 2015 due to the increase in the level of competition and increasing number of travelers. The market in the near future is expected to experience an intense competition due to which players will focus on increasing their fleet size and reduce their miscellaneous expenses to attain a sustainable share in the market.

**Figure: The US Car Rental Market Projection by Cars in Services in Million, 2011-2015**



Source: AM Mindpower Solutions



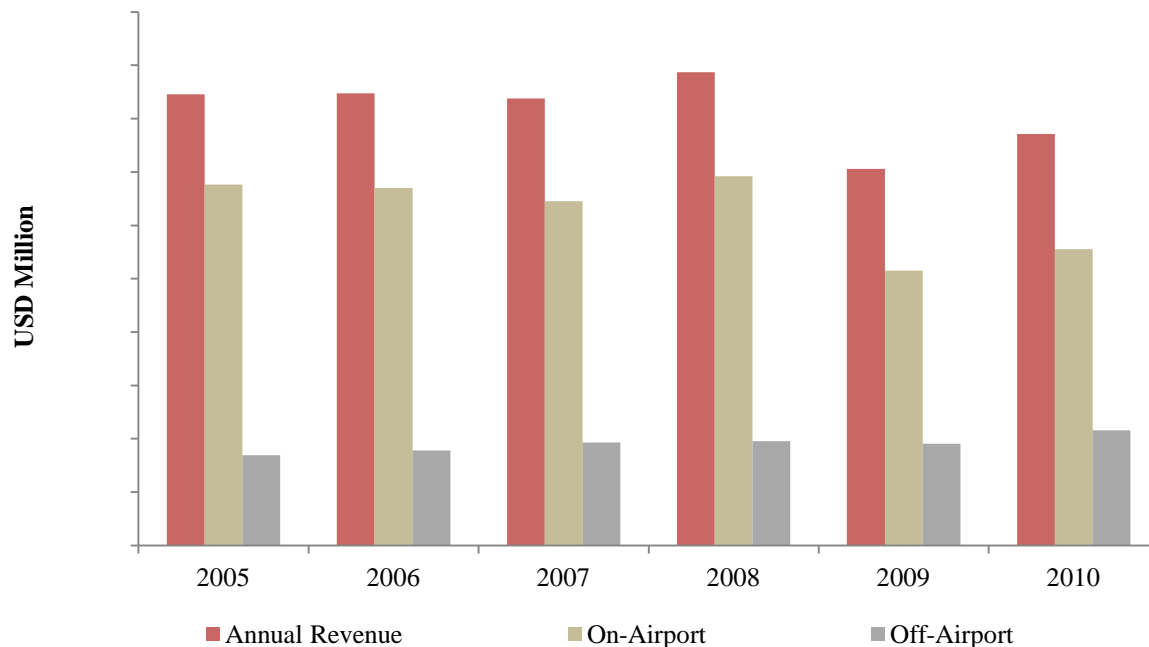
# THE US CAR RENTAL COMPANY PROFILES

## HERTZ CORPORATION

### FINANCIAL PERFORMANCE

Hertz shares the third place in the US car rental industry closely following Avis Budget with the revenue of USD ~ million in 2010. The company with strong network across the on-airport and off-airport locations serves the US economy with better service quality in the form of delivery and retrieval of the rented cars at and from the customers' job site and wide variety of programs such as loyalty programs, one-way rental programs, luxury programs, environment friendly program and similar others.

**Figure: Hertz Revenue in USD Million, 2005 –2010**



**Table: Hertz Revenue by Business and Leisure Travelers in USD Million, 2005-2010**

Segments	2005	2006	2007	2008	2009	2010
Business						
Leisure						

**Table: Hertz Operating Results, 2005-2010**

Particulars	2005	2006	2007	2008	2009	2010
Transactions ('000')						
Transaction days ('000')						
Rental rate revenue per transaction day (USD)						
Average number of company-operated cars during period						

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