

BTN's 2016 Car Rental Survey &amp; Report

# National Wins Again

## Buyer satisfaction with car rental suppliers improves

By **Michael B. Baker** / June 13, 2016 / **Contact Reporter**

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### What Travel Buyers Think of Car Rental Companies

On a scale of 1 (poor) to 5 (excellent)

1	National	4.39
2	Enterprise	4.29
3	Avis	4.03
4	Hertz	3.91

Source: BTN survey of 202 travel buyers, conducted between March 22 and April 27, 2016

Travel buyers rated National Car Rental as the most cooperative, responsive and value-providing car rental supplier for the second year in a row, and overall satisfaction with the industry is on the rise, as well, according to *Business Travel News'* second annual Car Rental Survey.

National outscored its competitors in all seven criteria on which buyers rated their car rental suppliers, repeating its top-ranking performance

from the inaugural survey. The other brands' performances also were consistent with last year: National's sister brand Enterprise Rent-A-Car came in second, followed by Avis Car Rental and Hertz.

### How They Ranked In ...

On a scale of 1 (poor) to 5 (excellent)

	Negotiating Pricing	Negotiating Services & Amenities	Clean, Well-Serviced Cars	Quick & Effective Complaint Resolution	Communication with Buyers About Changes	Relationship with Account Managers & Sales Reps	Worth of Service Vs. Rates, Fees & Charges
National	4.44	4.10	4.51	4.52	4.33	4.43	4.38
Enterprise	4.37	4.07	4.31	4.42	4.13	4.38	4.32
Avis	3.96	3.82	4.24	4.15	4.04	4.03	4.00
Hertz	3.89	3.55	4.18	4.02	3.92	3.92	4.00

Source: BTN survey of 202 travel buyers, conducted between March 22 and April 27, 2016

National, Avis and Hertz all had higher overall scores compared with the 2015 survey, and while Enterprise's overall score did not change, it improved in five of seven criteria. Another positive sign for the industry: Large corporate accounts show little interest in shifting away from their preferred supplier, regardless of which company it is, said Abrams Consulting Group president Neil Abrams. "With the top 500 travel-spending companies across the three major [car rental companies], there's about a 97 or 98 percent retention rate. There is very little migration, which suggests satisfaction with the relationship. If you're not happy, why would you stay?"

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Still, in some ways, car rental has become a "dis-satisfier," he said, meaning people pay less attention when things are going well but start paying attention when service begins to deteriorate.

To that end, communication and problem resolution stood out as differentiating factors to buyers.

When asked what their preferred car rental suppliers had done to improve their relationships, travel buyers most frequently cited consistent communication from their account representatives. One buyer, for example, praised Hertz for its face-to-face quarterly reviews: "These are important to take the time to deeply review my program, usage, extra charges and anything that stands out. I value the time we spend together to learn more about Hertz and to get to know each other, which lends to a great working relationship."

Hertz senior vice president of North America sales Dave Myrick said this praise reflected the 2015 reorganization and refinement of the company's sales structure, which has allowed the sales team to spend more time with customers. With a large-scale fleet refresh also completed last year, it was a transitional year for the company, he said. "We realigned territories to make sure customers had the best talent aligned with them. We continue to invest in sales force training and are getting deeper and wider with customers."

Avis customers praised its "great customer support team that is responsive and empowered to make quick decisions," as well as its reporting tool. Avis Budget Group senior vice president of sales Beth Kinerk noted that Avis had focused on data to help buyers with compliance, including aid for avoiding charges for unnecessary ancillary fees or vehicle types.

National and Enterprise both fill key sales positions internally, which brings "consistency and continuity," Enterprise Holdings vice president Brad Carr said. The company "tries to push to the customer rather than wait for the travel manager to have to pull." It also keeps corporate customers informed of regulations and

## Takeaways

- All four suppliers ranked in the same order as in 2015.
- National, Avis & Hertz improved on their 2015 scores.
- Overall satisfaction with the car rental industry rose.
- Buyers were happier with each brand's pricing this year.
- Each brand's lowest-scoring category was negotiating services and amenities.
- Large corporate accounts are unlikely to change preferred suppliers.

other changes on a global scale as the brands increase their footprints and deal more with global travel programs, Carr added.

National and Enterprise cover 70 percent of Berry Plastics' increasingly global car rental program, and corporate purchasing manager Patrick Fairchild said the brands' quarterly business reviews provide sufficient information without overcommunication. "I have no bad stories with National/Enterprise," Fairchild said. "They've come in with a very robust core trust agreement and provide the lowest rates I can see."

**“ Pricing is easy because a company is either willing to accept it or not. Service is a much more in-depth, nuanced position because ... a buyer has to weigh that against price and ultimately determine the value proposition.”**

Abrams Consulting Group's Neil Abrams

Each of the four brands improved on its 2015 score for negotiating transient pricing. For National and Enterprise, however, those scores were among their highest; for Hertz and Avis, they were among the lowest.

As the car rental industry has struggled to gain pricing traction over the last year, National and Enterprise are in a better position to offer corporate discounts than their competitors, DK Consulting CEO Dave Kilduff said. Thanks in part to better fleet management, their costs per rental are lower than their competitors. They have "the best margins in the business," Abrams noted. Enterprise Holdings reported that its U.S. on-airport car rental revenue for the fiscal year ending July 31 rose more than 10 percent year over year and its airport market share from less than 29 percent in 2007 to more than 36 percent, according to the company. "To be competitive against Enterprise Holdings, it's much more difficult for the others to come in at the same price," Kilduff said. "[Enterprise/National] is picking up market share, which is a good strategy. They're very competitive, plus it puts financial pressure on their competitors."

#### **What the Suppliers Have Been Working On**

Car rental suppliers have been looking for other ways to differentiate themselves to corporate buyers,

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**Avis'** Beth Kinerk: Avis focused on data to help buyers with compliance, including aid for avoiding charges for unnecessary ancillary fees or vehicle types.

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particularly on the technology side. Hertz, for example, has evolved its mobile alerts to Gold Plus members not only to show travelers where to pick up their vehicles but also to give them vehicle options in case their travel needs have changed, said vice president of customer experience Stuart Benzal. Avis Budget, meanwhile, has developed mobile apps, alerts and e-receipts while concentrating on "a high level of customer service, whether travelers are interacting with one of our employees or bypassing the counter and heading directly to their vehicles," Kinerk said.

Negotiating amenities and services, however, still appears to be a challenge; travel buyers rated this factor lowest for every car rental brand. While ancillary services—including GPS, program membership benefits, refueling prices and insurance coverage—all are negotiable, they require clout, Kilduff said, and can be a challenge for smaller accounts.

"Pricing is easy because a company is either willing to accept it or not," Abrams said. "Service is a much more in-depth, nuanced position because whether it's insurance, upgrades or something else, a buyer has to weigh that against price and ultimately determine the value proposition."