

Abrams Urges Operators to Develop Niche Marketing

The convention's keynote speaker says wealth is still attainable to independents and franchisees, but only if they abandon well-worn excuses in favor of seeking creative solutions.

During his keynote speech at the Car Rental Show, industry consultant Neil Abrams made it clear he's tired of hearing franchisees and independents fall back on old excuses to explain lackluster profit-and-loss statements. Such excuses — Abrams specifically cited pricing, insurance and Enterprise — have created a psychological barrier to success, he said.

Abrams delivered his advice on the matter with Tony Soprano-like decisiveness: "Fugetaboutit!"

"If we can't figure out a way to make money [despite] pricing in a competitive marketplace, then this is not the business for us," he said. Every industry deals with pricing issues.

Abrams also rejected the notion that Enterprise's dominance has made growth in the local market an unattainable goal for small rental operators.

"I'm sick of hearing about Enterprise," he told show attendees. "If you're going to make excuses to me, I don't want to hear about Enterprise."

Why do some companies succeed while others fail? Because they challenge business models, take calculated risks, and execute plans with precision, Abrams said.

Successful owners "don't look at this business as two-dimensional but as multi-dimensional," he explained.

Enterprise succeeded by targeting an underserved market segment: the insurance industry. Alamo succeeded initially by targeting leisure travelers through travel agents.

"Vehicle rental has multiple markets — business, leisure, weekend customers, replacement,



Neil Abrams of Abrams Consulting Group challenges Car Rental Show attendees to reassess their business models.

dealership loaners. You're not necessarily tied to one customer base," Abrams said. He recommended that operators meet with their management teams and carefully assess their company's business plan for, and performance in, each segment served — one by one.

"Ask yourself whether you're optimizing the value of your business in every one of those segments," he said. "Are you taking full advantage? I would bet the ranch that there's a lot more

there, a lot of untapped potential."

One way to develop a niche in today's market is to assess community demographics and then tailor marketing to a specific group or industry. For example, one of Abrams' clients increased business by marketing specifically to the film industry in New York. Another began marketing to the gay community.

By developing a niche, even smaller rent-a-car companies can become market leaders.

"I don't care whether you have 30 cars, 300 cars or 3,000 cars — you have to build the perception that you're a major player and that you provide quality service, quality vehicles and competitive prices," Abrams said. "But if calling yourself the cheapest in town is the best you can do from a merchandising standpoint, then I'd find something else to do."

Every operator has the potential to increase profits, he asserted.

"Those of you who have said, 'There's nothing more that I can do with this business,' you're wrong! There's always more you can do. It's just a matter of finding it," Abrams said.

But, he cautioned, even the most creative, ingenious ideas can't succeed without a solid exe-

'But if calling yourself the cheapest in town is the best you can do from a merchandising standpoint, then I'd find something else to do.'

cution plan. To drive home that point, Abrams recalled AutoNation's management of the Alamo and National brands. "This should have been another success story, but it was a miserable failure," he noted.

Abrams also warned operators against relying too heavily on familiar formulas when pursuing new markets. For example, he said, Hertz never realized the potential of its truck rental division because the company ran it like a car rental operation before selling it to Penske.

"Penske knew you couldn't run a truck rental business like a car rental business, especially a car rental business that has an airport core constituency. They are two different business models," Abrams said.

Abrams challenged show attendees to bring passion and tenacity to the task of improving their business. That requires a willingness to constantly assess the strengths and weaknesses of the company's business plan and operations. Benchmarking and competitive analysis are crucial.

"The most successful people I know in this business are obsessive and passionate about their numbers," he said. They regularly track daily dollar average, utilization rates and other important statistics that measure performance.

Abrams also urged operators to be willing to invest in their employees. Ironically, some operators take pride in keeping labor costs lower than competitors.

"You should never be afraid to spend

money on great employees," he said. "If you pay your great employees well and tie them to your business' success, they will come out charging for you."

Abrams, formerly of the Hertz Corp., established Abrams Consulting Group in 1982. The organization is based in Purchase, N.Y., and specializes in business development, strategic planning and organizational development for car rental companies. ■