

THE EFFECT OF CONSOLIDATED RENTAL CAR FACILITIES ON MARKET SHARE

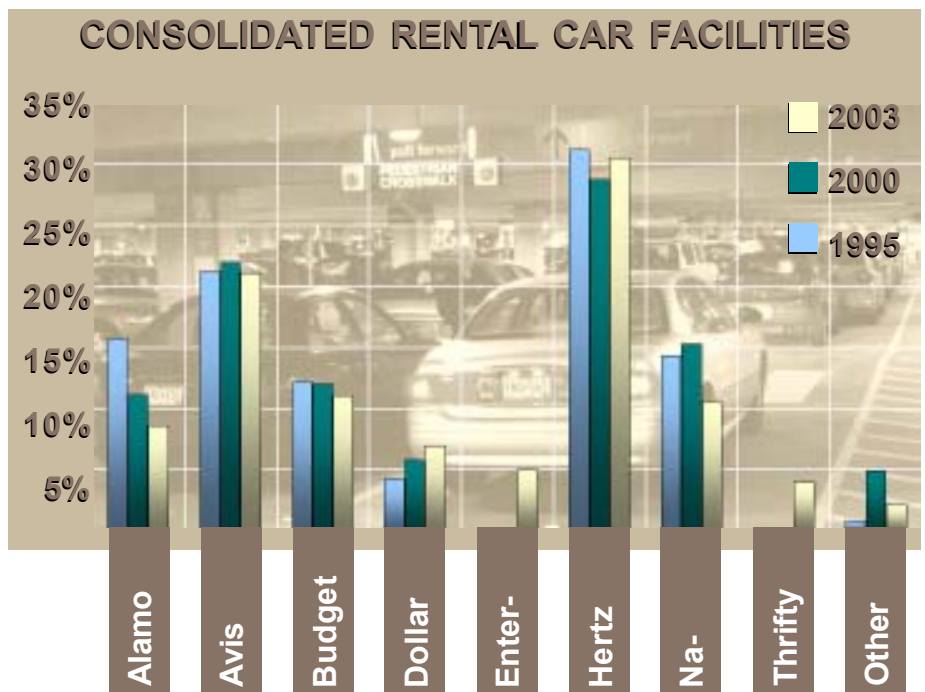
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One criticism of consolidated rental car facilities is that they favor small market share agencies over large market share agencies because all customers are provided with the same amenities. Customers use the same customer service building and ride the same common bus. Large market share agencies argue that this is unfair because they provide the bulk of the revenue through customer facility charges to finance the CRCF.

By analyzing market shares of CRCF’s that have been operating for some time it is possible to get some insight on this issue. Albersman & Armstrong, Ltd. compared the rental care market shares before and after the development of a CRCF at facilities in Dallas, TX; Baltimore, MD; Ontario, CA; Albuquerque, NM; Cleveland, OH; and San Francisco, CA. The new facility in Houston was not included in the analysis because it has a relatively short operating history.

The methodology used for this comparison was to analyze gross revenue for each agency during three separate years, 1995, 2000, and 2003. 1995 was chosen as the base year since none of the CRCF’s in the sample were operational at that time. By 2003 all of the CRCF’s had been operational approximately one year.

The chart above is a summary of the results of this analysis. The market share shown represents the sum of gross revenue for each rental car agency for all airports in the sample.



During the time period between 1995 and 2003 it does not appear that any significant market shifts have occurred for Hertz and Avis. This observation also holds true for market shares at individual airports. Market shares for Alamo and National have declined during this time period. This may have been due to internal financial problems that have occurred during this time period rather than the effect of CRCF’s. It appears that the lost in market share by Alamo and National have been picked up by Enterprise, Thrifty, and Dollar.

While the rental car landscape at airports will undoubtedly change in the years to come. The evidence from this analysis suggests that the impact of CRCF’s on market share shifts from large market share agencies to small market share agencies is minimal. ■