

**THE OFFICIAL JOHN F. BROWN COMPANY**  
 **RENTAL CAR PRACTICE NEWSLETTER**

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**HERTZ'S 4<sup>th</sup> QUARTER PRE-TAX PROFIT HITS \$44 MILLION, UP 63 PERCENT OVER THE SAME PERIOD IN 2002**

Ford Motor Company announced that Hertz earned \$44 million in the fourth quarter of 2003, up from \$27 million in the same period in 2002. Hertz's 2003 pre-tax profit was \$228 million dollars, up from \$200 million in 2002. According to Ford, the year-over-year improvements reflected strong cost performance and improved leisure demand, partially offset by lower pricing.

**AVIS' 4<sup>th</sup> QUARTER REVENUE TOTALS \$627.4 MILLION, UP 1.8 PERCENT OVER SAME PERIOD IN 2002**

Cendant Corp. reported that Avis' revenue totaled \$627.4 million in the fourth quarter of 2003, up 1.8 percent compared to the same period in 2002. Rental days sold totaled 13.3 million, compared to 13.7 million during the same quarter in 2002. Average time and mileage revenue per day was \$42.08 for the quarter, compared to \$40.04 for 2002 fourth quarter. The average length of rental was 3.53 days, compared to 3.60 days for the same period in 2002.

**BUDGET'S 4<sup>th</sup> QUARTER REVENUE TOTALS NEARLY \$256.9 MILLION**

Cendant Corp. reported Budget's fourth quarter car rental revenue totaled nearly \$256.9 million, while its truck rental revenue totaled \$121.6 million. Car rental days sold totaled 6.4 million. Average time and mileage revenue per day was \$35.35. The average length of rental was 4.25 days. Cendant Corp. did not own Budget during the same period in 2002.

**DTG'S 4<sup>th</sup> QUARTER REVENUE TOTALS \$302.9 MILLION, UP 21 PERCENT OVER SAME PERIOD IN 2002**

Dollar Thrifty Automotive Group reported that the company's total revenue for the fourth quarter of 2003 was \$302.9 million, up 21 percent from 2002's fourth quarter. Total revenue in 2003 was a record \$1.23 billion, an 8.4 percent increase from 2002's total. Net income for 2003 was \$19.8 million.

**VANGUARD CAR RENTAL USA INC. PLANS MOVE TO TULSA**

Vanguard President and CEO William E. Lobeck announced on January 30, 2004 that Vanguard Car Rental USA Inc., the operators of the National Car Rental and Alamo Rent A Car brands, plans to move its headquarters from Ft. Lauderdale, Florida to Tulsa, Oklahoma by the end of the year. It is expected that the move will eventually add nearly 700 jobs to the Tulsa area. Vanguard acquired the Alamo and National brands in October 2003. The National and Alamo brands generated worldwide annual revenues of approximately \$2.4 billion in 2002. The organization employs more than 14,000 associates, has more than 3,200 locations in 83 countries, and operates a fleet of more than 217,000 automobiles.

**RENTAL CAR TAX TO FUND PLANNED STADIUM IN SPARKS, NEVADA**

On Tuesday, January 13, 2004, Washoe County Commissioners unanimously approved a two percent car rental tax to help finance a proposed \$25 million stadium for minor league baseball. The stadium is planned for Sparks, Nevada.



## **DEAR RAC CONSULTANT, WHAT I'VE BEEN WONDERING IS...**

**Our rental car concession and lease agreements are going to expire in the next twelve to eighteen months. What should we be doing now to prepare for the dreaded rental car bids/negotiations?**

It is never too early to begin to prepare for the bid or renewal of your rental car concession and lease agreements. This truly is a situation where thoughtful preparation will pay big dividends, resulting in a smoother, more effective negotiation and, in many cases, a significant increase in revenues to your airport. The following are some of the steps that will help you prepare for a manageable bid process/negotiation and achieve a successful outcome:

1. Open a cross-functional dialogue among your airport staff to discuss goals and objectives for the rental car concession program. The process of thinking through your goals and objectives will cause you to step back and take stock of your current program. You can then decide what you are trying to achieve with your rental car program. Such goals might include: offering a broad spectrum of car rental services to the traveling public, maximizing revenues to the airport, improving on-airport rental car facilities, and a myriad of other goals and objectives, some of which may be unique to your airport.
2. Conduct an audit/assessment of your current rental car concession program. This will include careful review of: your current concession and lease agreements, the revenue reports from the car rental concessionaires, your current rent structures, etc. Is your current contract easy to administer, or are there areas, such as the auditing of gross revenue reports, where improvement is needed? Are you certain that your facility rents, at a minimum, cover your costs for providing the facilities, or can they be raised and still be in the range for comparable airports? Does your concession agreement give you the flexibility to respond to future changes in the airport rental car industry?
3. Closely examine your current facilities. Are they safe, visually appealing, or in need of a facelift? Are they consistent with your airport's customer service goals and objectives? Do customers passing through your airport get a good first impression of the rental car concession program? Do customers have a positive service experience? Are there problems with the rental car operations you would like to solve in a new agreement? Are there better ways for the companies to operate in their current facilities that will increase efficiency, and perhaps provide a better customer experience?
4. Learn all you can about current trends and practices in the industry. Do you have adequate information to assess the changes in the car rental industry over the past few years, and to determine how these changes impact the industry at your airport? Do you have enough information to determine whether or not there is opportunity to significantly increase airport revenues through adjustments to the rental car concession contracts?

As you go through the above process, the questions suggested above are just some of the questions you will need to ask and answer. When you have determined your goals and objectives for your rental car concession program and gathered all the information you need, you will be able to begin to design a program that will meet those goals and objectives. Car rental concessions are typically an area with very significant customer service and revenue impact for an airport. The investment in this process of designing a program to attain your goals and objectives is certain to pay off in immediate and long-term measurable results.



## **JOHN F. BROWN COMPANY**

### **RENTAL CAR PRACTICE AREA**

Jim Branda, prior to joining John F. Brown six years ago, was Vice President of Airport Affairs at Budget Rent A Car Corporation, where he spent 14 years, and Karen George, prior to joining John F. Brown four years ago, was Vice President of Properties and Chief Airports Counsel of National Car Rental, where she spent 12 years.

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