CASE STUDY: Car rental

Car rental companies own a number of cars and a number of sites where cars are parked when not in use. Customers rent cars for a period of time (having made a reservation, or not) and return them.
We focus on company CARS.

The current process (AS IS), is as follows.
A customer may reserve a car, using the company web site, or the call center (this step is optional).
A customer steps into the office close to the rental car parking site and completes the first step of the *check out*. The contract for the rental is defined (period of rental, name of driver, related ID document and driving license, insurances, damage deposit, partial and total fees, credit card), signed by both parties, and the payment for the rental is completed (payment has two parts, rental and damage deposit – the latter is normally returned at the end of the rental). Further, a specific car (identified by its tag) is assigned to the rental.
Then the customer walks to the car parking site. Here the second part of the check out happens.
An employee checks with the customer the car and lists all visible damages on the car in an annex to the contract. Also this annex is signed by both parties. Then the employee hands the car to the customer (this of course includes the keys) and the rental starts.
The final step is *check in*. The customer drives the car to parking site. An employee receives the car and the keys, checks with the customer for new damages. If there are damages another process starts (we leave this process out of this analysis). At this point the rental ends. The company issues an invoice and possibly returns the damage deposit to the customer.

TO BE process.
The idea is to improve the process by introducing the same innovations used by car sharing companies.
A customer has first to define an account with CARS. In this step the customer uploads his documents (ID, driving license) and a credit card. If all is right CARS approves and the customer can later rent cars. This step can be performed on a PC or smart phone. In any case the customer has to install the CARS app on her smartphone.

When a registered customer wants to rent a car she has to do a reservation (via app or PC).
Check out works as follows. The customer walks directly to the rental car parking, via the app she signals that she wants to start the rental. The app answers with position and tag of the assigned car.
When the customer is close to the car she asks, via the app, to open the car. The system opens the car (the car needs to be modified via a device connected to the cellular network and capable of controlling some car functions, like door open/close). The keys are inside the car. The customer starts the car, and the rental.
The check in is similar. The customer parks the car in the rental car parking, stops the car, exits, and asks the app to close the car. At this point the rental is over.
Invoicing and payments proceed through the credit card.

Damage deposits and possibly damage reimboursements are avoided, introducing by default an insurance to cover all.

LAB

BMC

1 define the BMC for the car rental company. Use an existing car rental company (ex Sicily by car www.sicilybycar.it) as an inspiration.
2 discuss the viability of the AS IS → TO BE transition considering the BMC. The transition is in line with the strategy of the company and its BMC?

Contents

BMC

Key Partners	**Key activities**	**Value Proposition**	**Customer relationship**	**Customer segments**
Vehicle seller (could be the vehicle producer or a large car dealer) Vehicle buyer Reseller of IS (?) Parking lots owners , office owners Maintenance of vehicles Marketing partners: TCI (ex 10% discount on rentals of affiliates), Atalanta	**-Fleet management (purchase, resale, maintenance)** **-IS management** **-manage relationship with owners of parking lots and offices in airports** **-marketing and sales** ~~**HR, accounting, finance (**~~**these activities are needed, but are not key)**	**For segment 1, offer reliable vehicles at affordable price with good quality of service (cars are reliable, are less than 24months old, are clean, are decently equipped)** **For segment 2, same as above** **For segment 3, ease of payment** **For segment 4, low price and flexibility in rental conditions** -services are: -- 1 rental of cars of all levels (from cheap to high standing), short term --2 rental of vans, short term --(rental of boats) --3 rental of cars for businesses , short term --4 rental of cars , long term --5 rental of car with driver	For segment 1, segment2 : self service (web channel, app channel), personal assistance (office) For segment 4 , personal assistance	--1 persons > 21 years old, < 70 yrs old with B driving license, with credit card ---tourists ■ Business travelers In this subset, segmented (cars from luxury to cheap) --2 > 21 years old, < 70 yrs old with B driving license, with credit card ■ People moving or

football team (ex 50% discount on rentals + sponsorship amount every year), travel agencies Insurance company (for insuring cars at many levels) Platforms (booking, rentalcars.com, expedia, …)	Key resources -Vehicle fleet -IS (reservation system, fleet management) -employees -parking and offices in cities and airports	Examples of other VP -SIXT : high level service (no lines at the office, luxurious cars) -rentawreck: low level service (old cars barely working) but super cheap	Channels For segment1, segment2 : web, for reservation, office for checkin checkout , web (chatbox or person) for assistance , mobile app (reservation, assistance) For segment3 ? For segment4, office No call center? So it appears	transporting stuff rarely --3 companies with ‘partita iva’ --4 person needing a car for more than one month

Cost structure New car purchase Vehicle maintenance Marketing and sponsorships Insurance costs Office and parking lots Employees IS Platform fee (15%)	Revenue structure Segment 1, 2, 3 Usage fees proportional (strictly for vehicle, + additional services (insurances, gps, child seats ,…) Segment 4 Rental fee with minimum duration constraint Resale of used cars