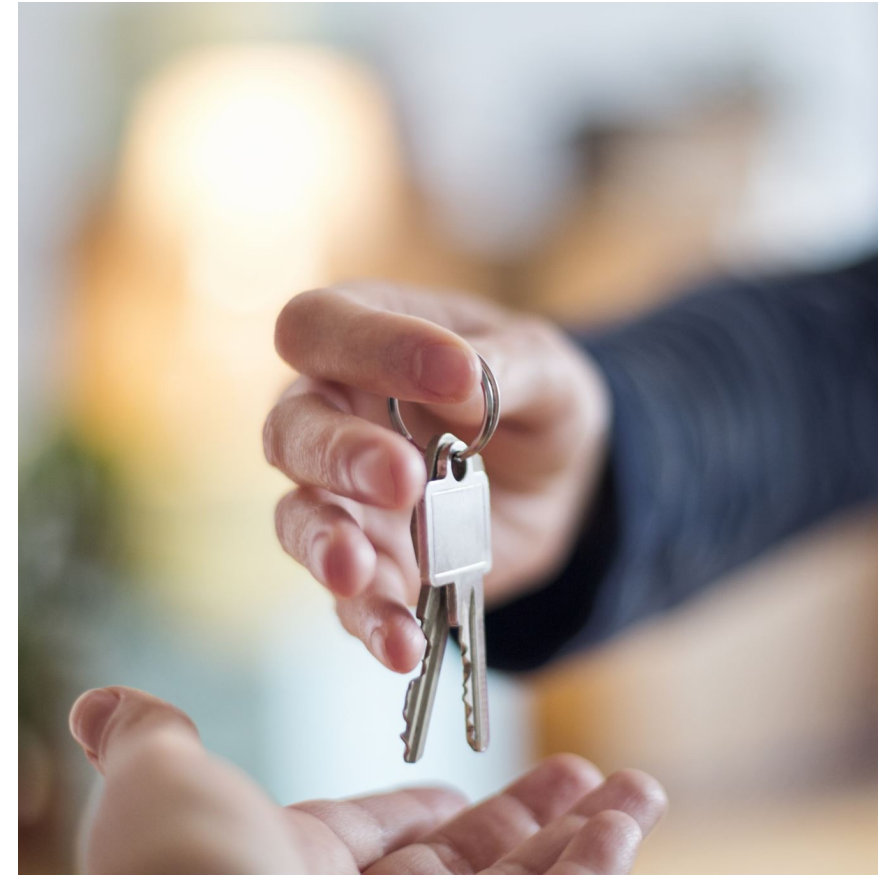


LARIAT

Rent A Car

- 2019 Business Model -

Presented by Rumi Nakazoe



LARIAT
RENT-A-CAR
1-800-555-9345

OBJECTIVE



Review 2018 business performance



Review each strategy to meet Lariat's goal



Provide recommendations to assist in decision making process

2018 Lariat's Current Status



Branch Locations: 50



Vehicle: 4000



Vehicle Types/Models: 1839



Underperforming Cars: 99



Gross Revenue: \$52.8M



Cost: \$30M



Profit: \$22.5M

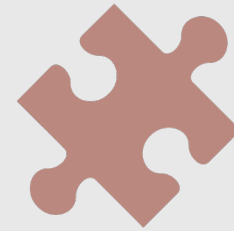
Strategy Overview



**Replace underperforming
cars with top 10 most
profitable cars**

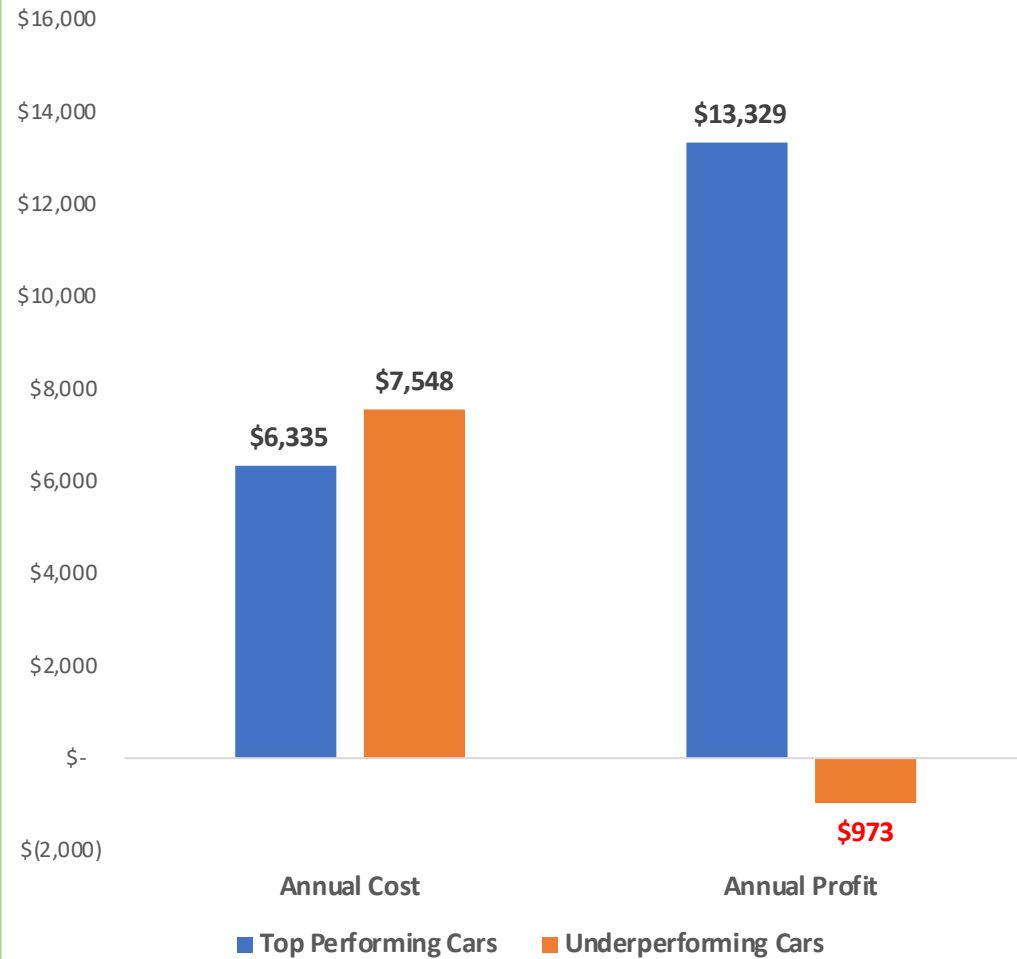


**Increase short-term
rental price**



Combine strategy 1 & 2

Average Cost, Profit: Top vs Bottom Cars



Strategy 1: Replacing Cars

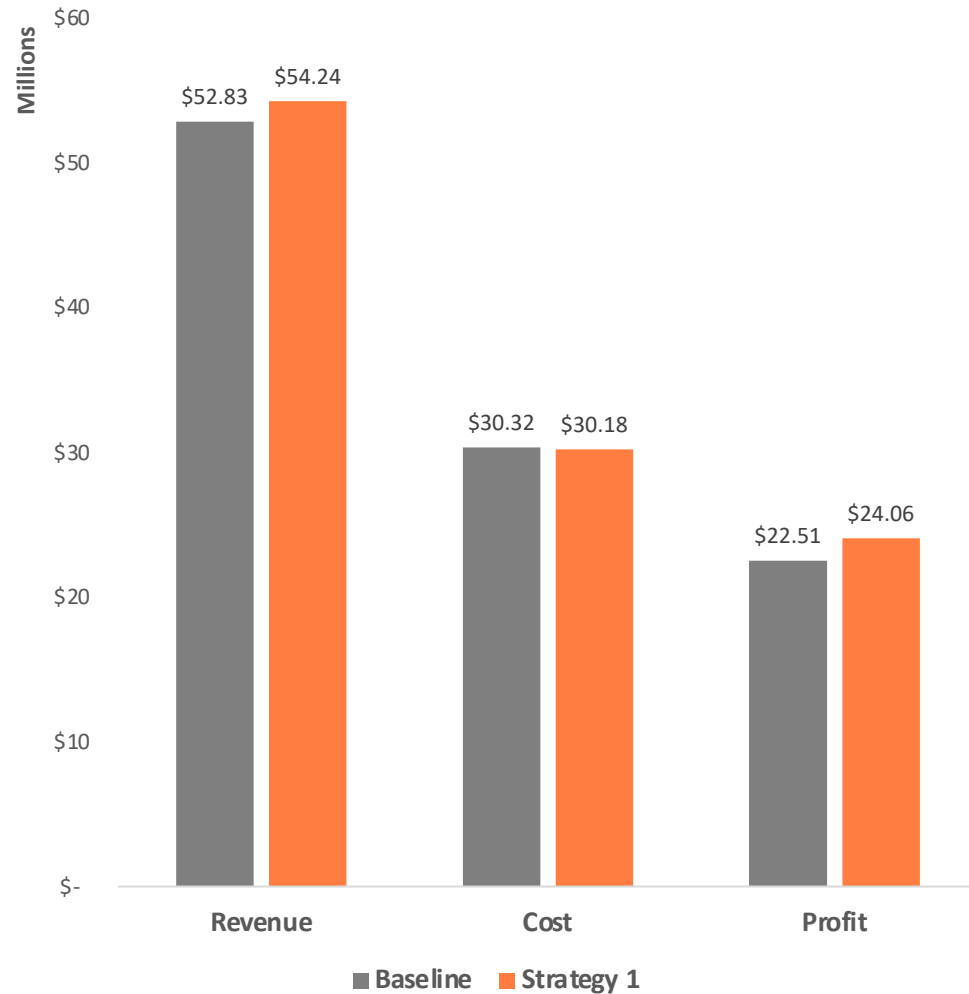
□ Strategy

- Replace 99 underperforming cars with 99 of top 10 most profitable cars

□ Findings

- 99 cars had negative profit margin and causing Lariat a loss in profit
- On average underperforming cars cost 19% more than top performing cars to maintain

Total Revenue, Cost, Profit:
Baseline vs Strategy 1

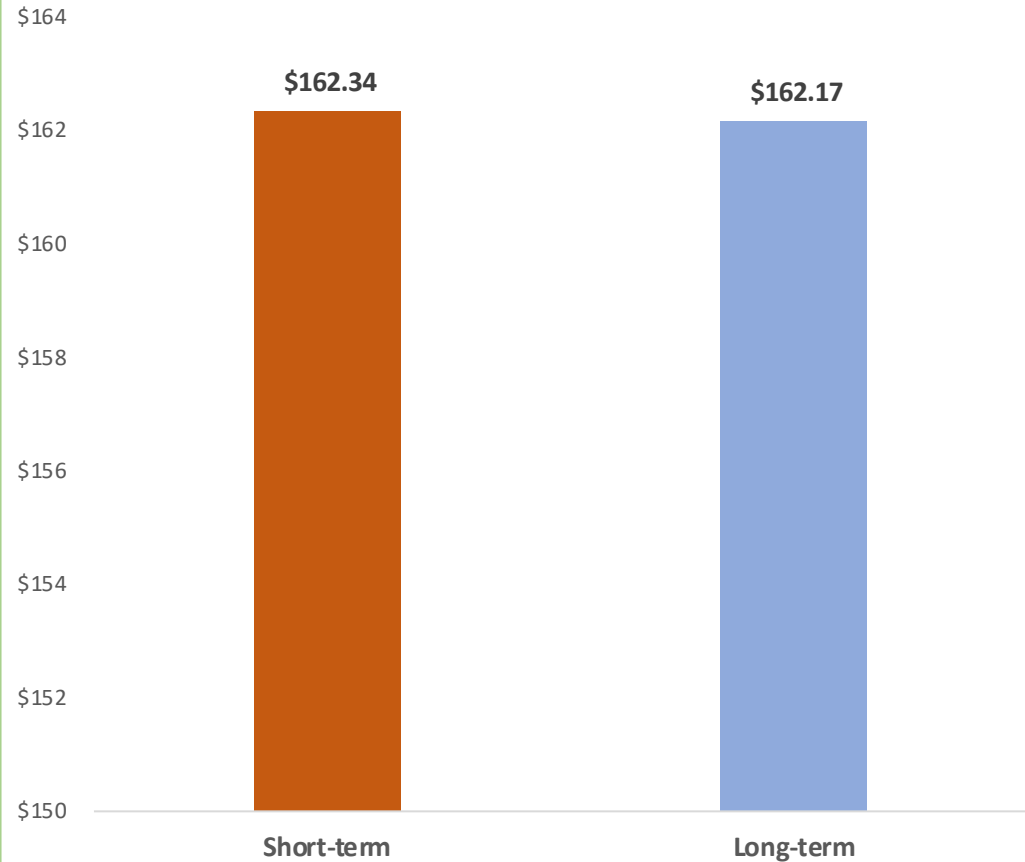


Strategy 1: At A Glance

- Gross revenue: 2.7% ↑
- Total Cost: 0.5% ↓ □
- Profit: 1.5 M ↑

*Calculated with the values of 10 of the most profitable car type

Average Daily Rental Price:
Short-term vs Long-term



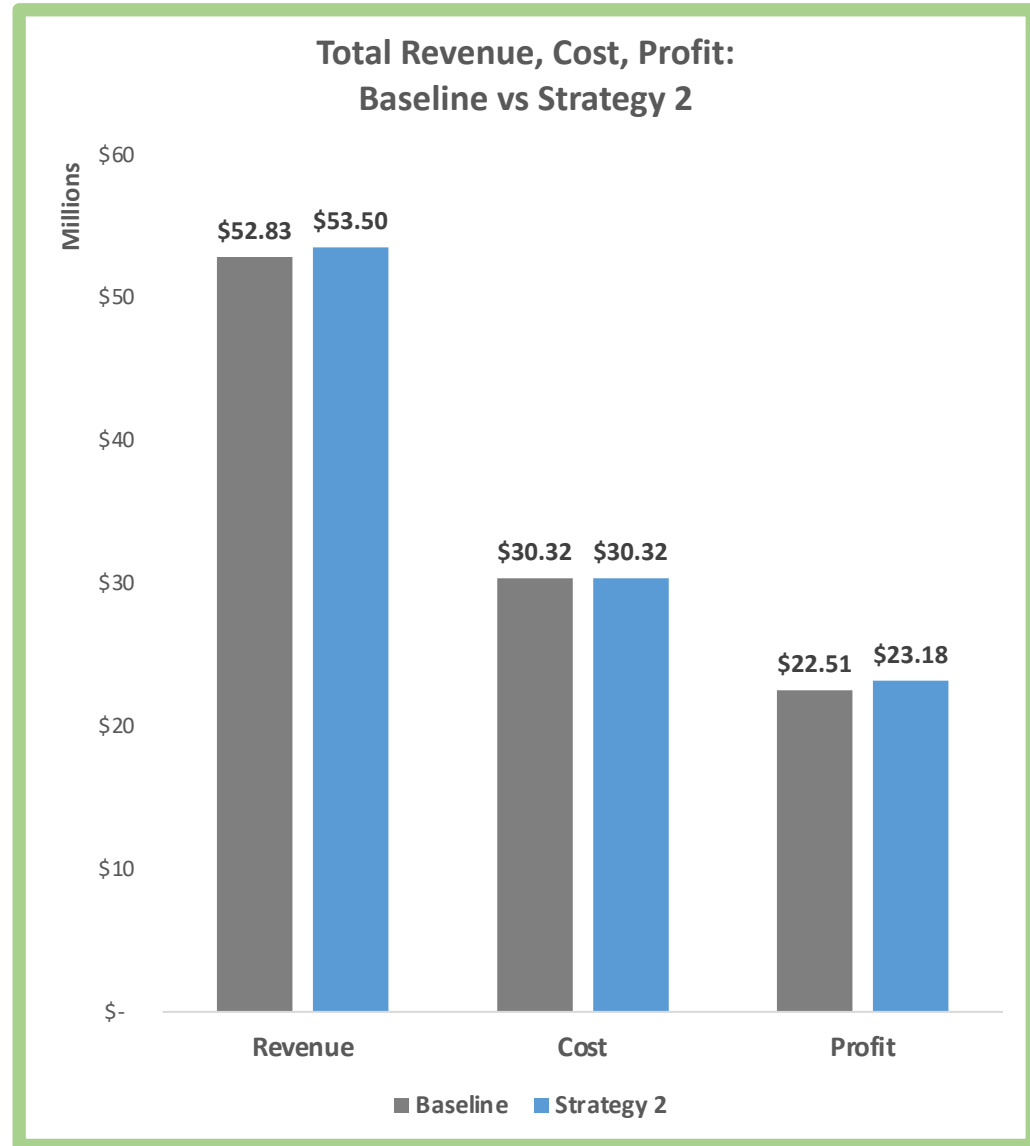
Strategy 2: Increase Rental Price

□ Strategy

- Increase the rental price for short-term renter
- It applies to cars that are rented less than or equal to 4 days

□ Findings

- Average rented length = 4 days
- Current average price for short term is slightly higher than average price for long term



Strategy 2: At A Glance

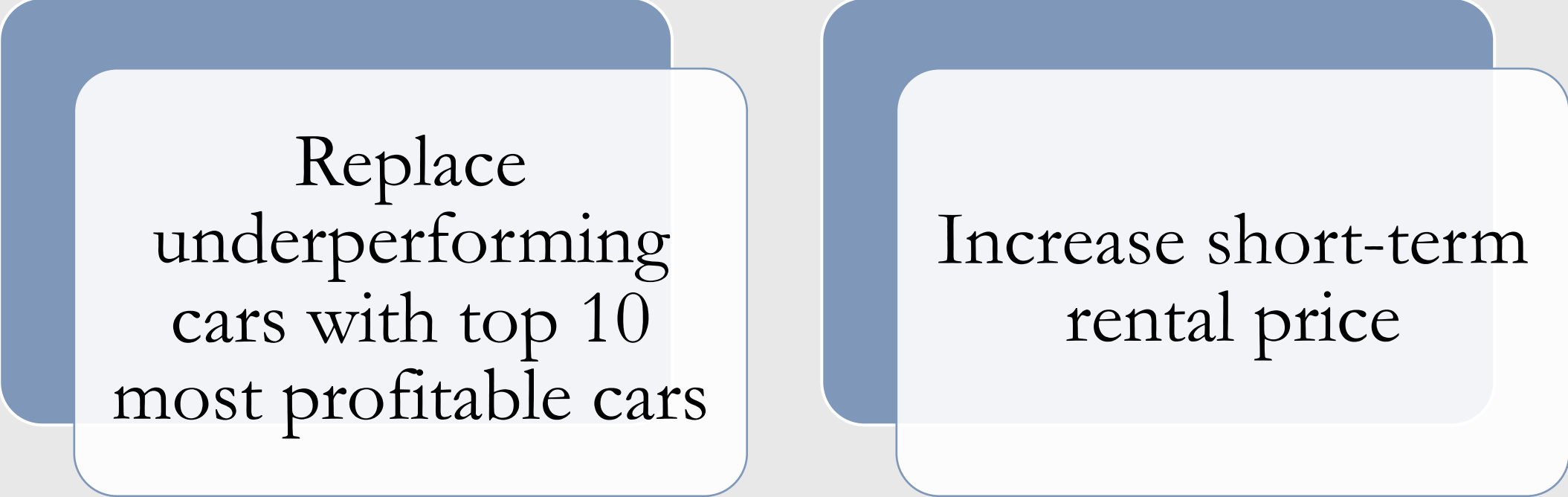
- **Gross revenue: 1.3% ↑**
- **Total Cost: – \$0**
- **Profit: 0.7 M ↑**
- **Average price per day: 1.7%↑**

*New short-term rental price per day is set to \$168

Strategy 3: Combined

- ❑ **Strategy**

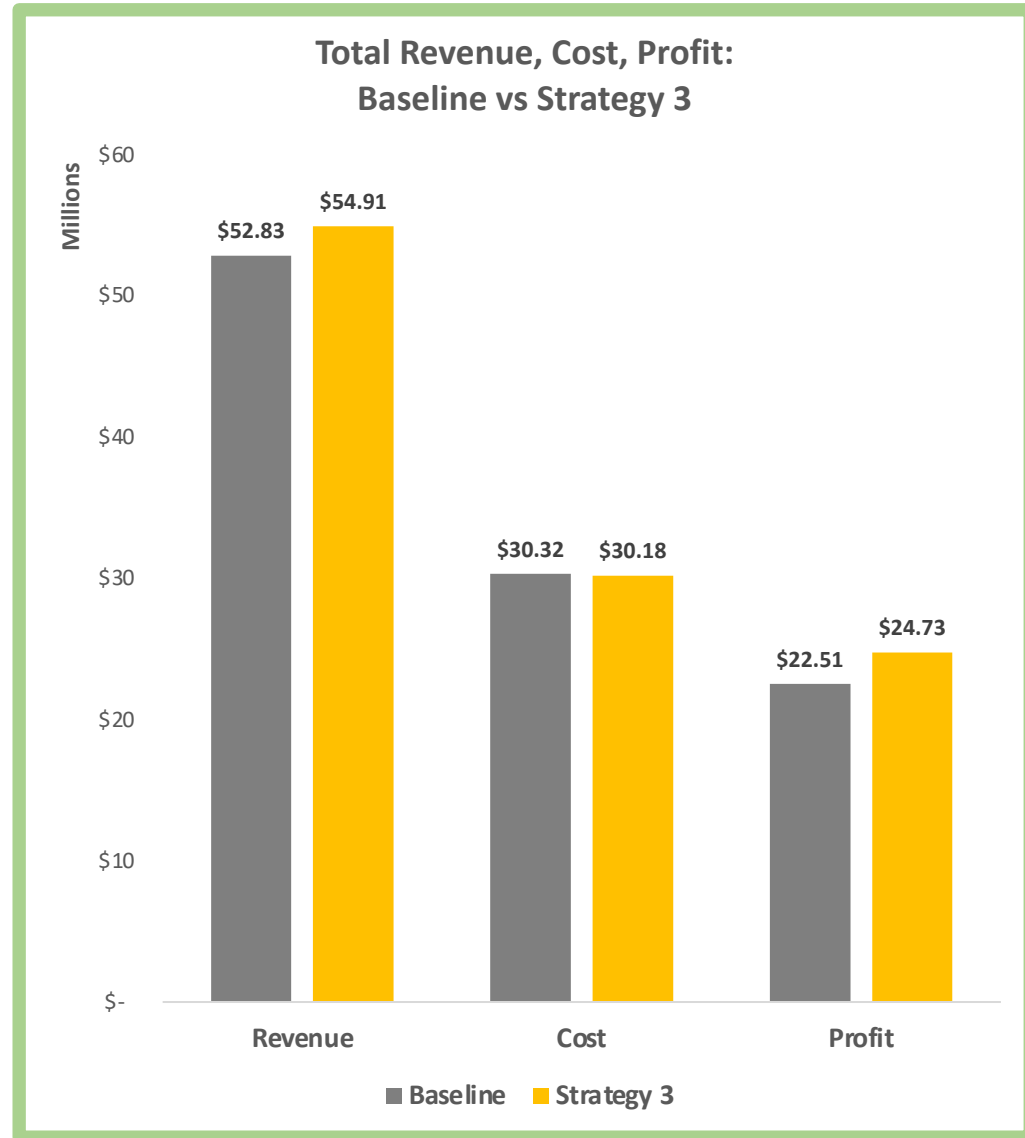
- Combine strategy 1 and 2



Replace
underperforming
cars with top 10
most profitable cars

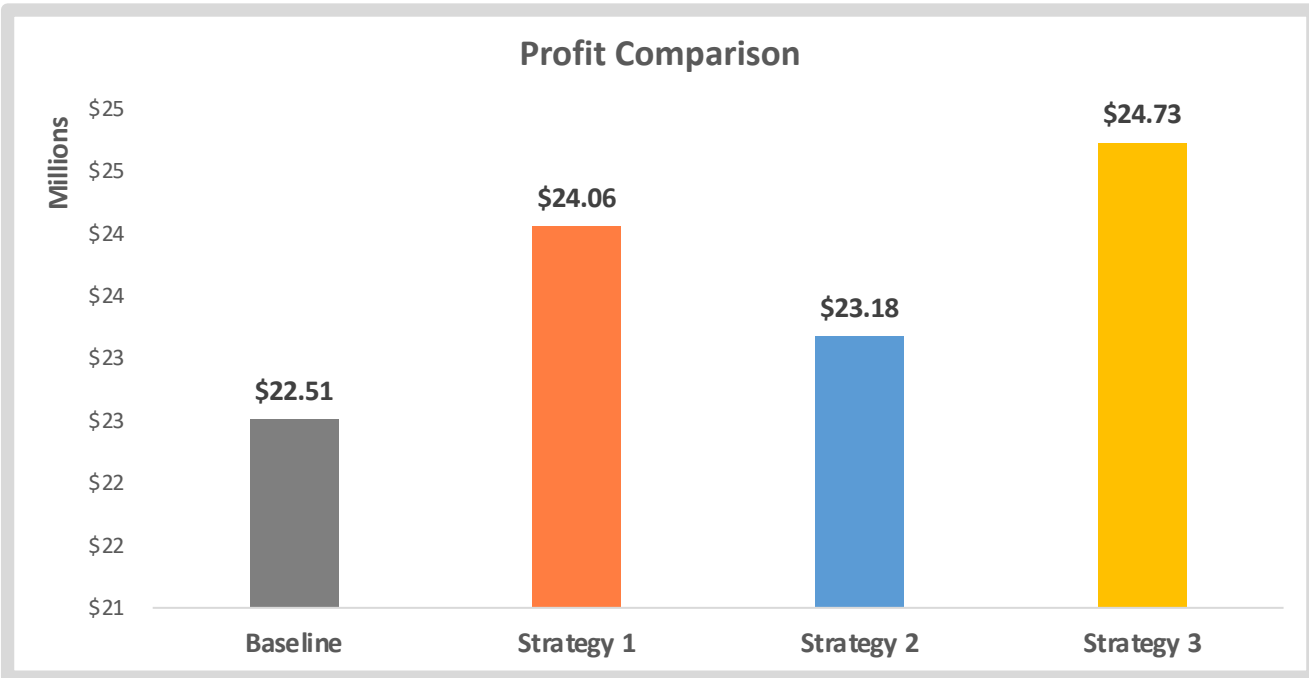
The diagram consists of two identical light blue rounded rectangular boxes with a darker blue header bar at the top. The first box on the left contains the text 'Replace underperforming cars with top 10 most profitable cars'. The second box on the right contains the text 'Increase short-term rental price'.

Increase short-term
rental price



Strategy 3: At A Glance

- Gross revenue: 4% ↑
- Total Cost: 0.5% ↓
- Profit: 2.2 M ↑



Recommendations

- ❑ Suggests **strategy 3** for Lariat's 2019 business policy
- ✓ Strategy 3 produces maximum revenue while maintaining minimum cost
- ❑ **More Possible Ways to improve performance**
- ✓ Branch information (Located near the airport or not)
- ✓ Insurance companies