2019 Car fleet planning

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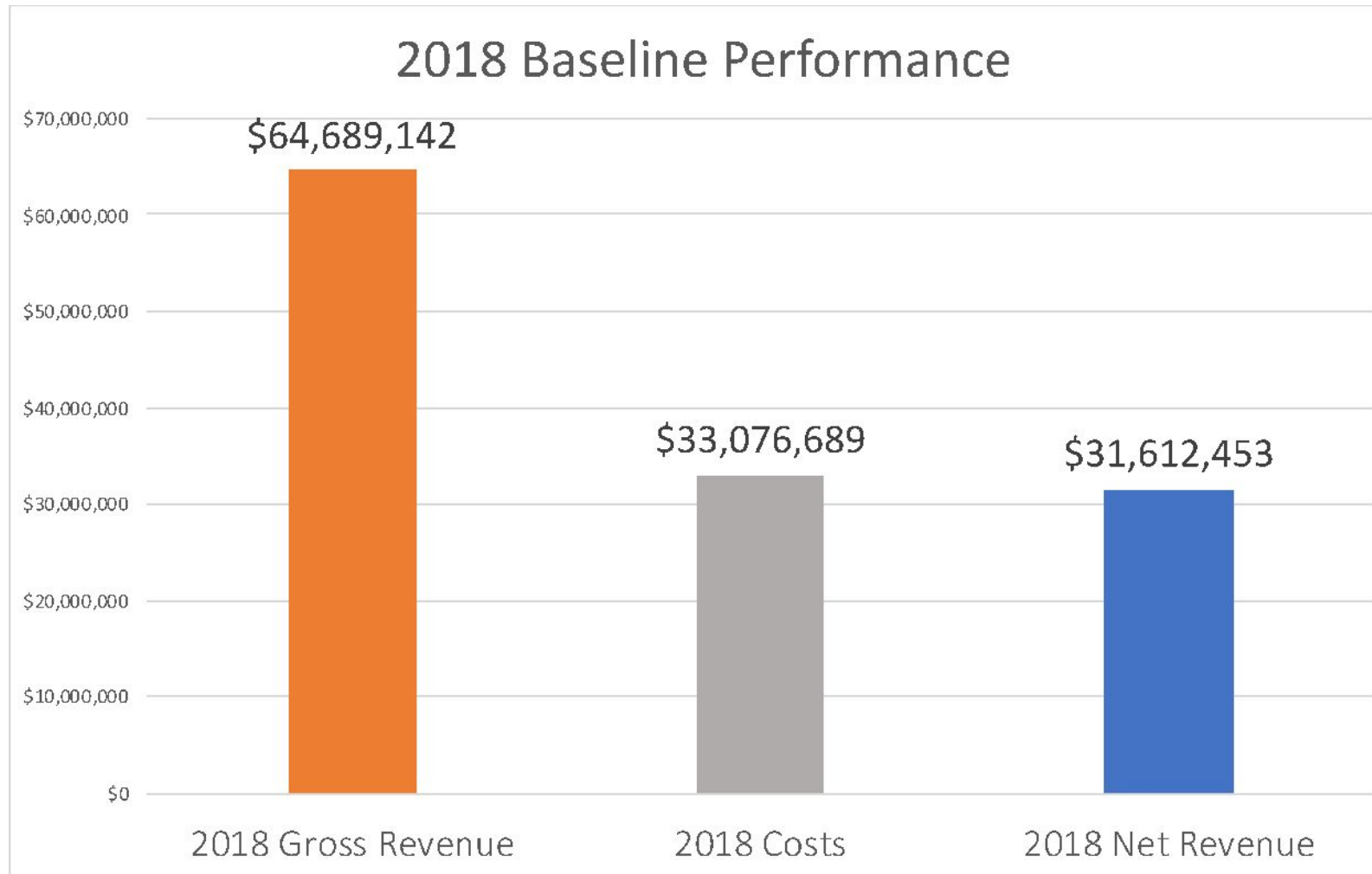RENT-A-CAR
1-800-555-9345

Overview

1. Purpose of Presentation

2. 2018 Baseline Car Fleet Performance

3. Proposed Strategies

4. Conclusion

5. Next steps

6. Questions

Purpose of Presentation

How do we make better choices in regards to the costs & revenue of Lariat's car fleet?

2018 Baseline Car Fleet Performance

2018 Baseline Performance

Proposed Strategies

Strategy 1: Remove cars hurting net revenue

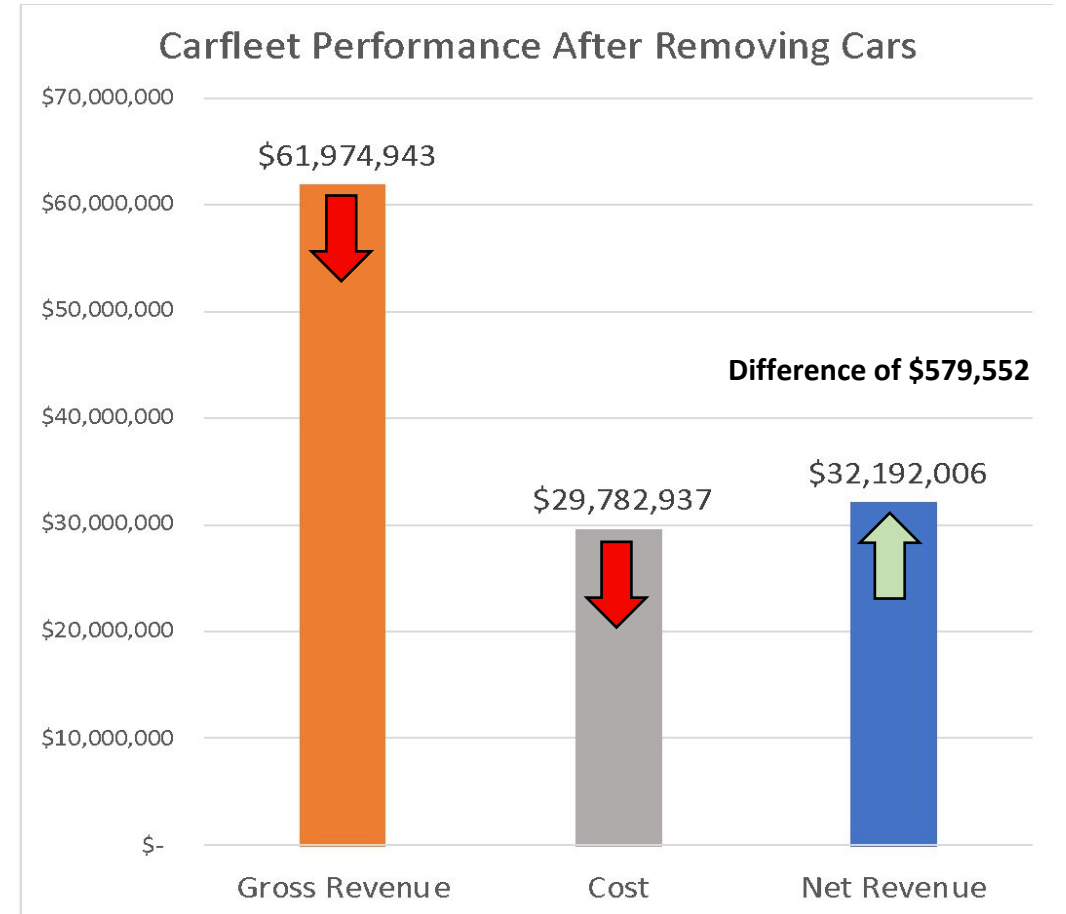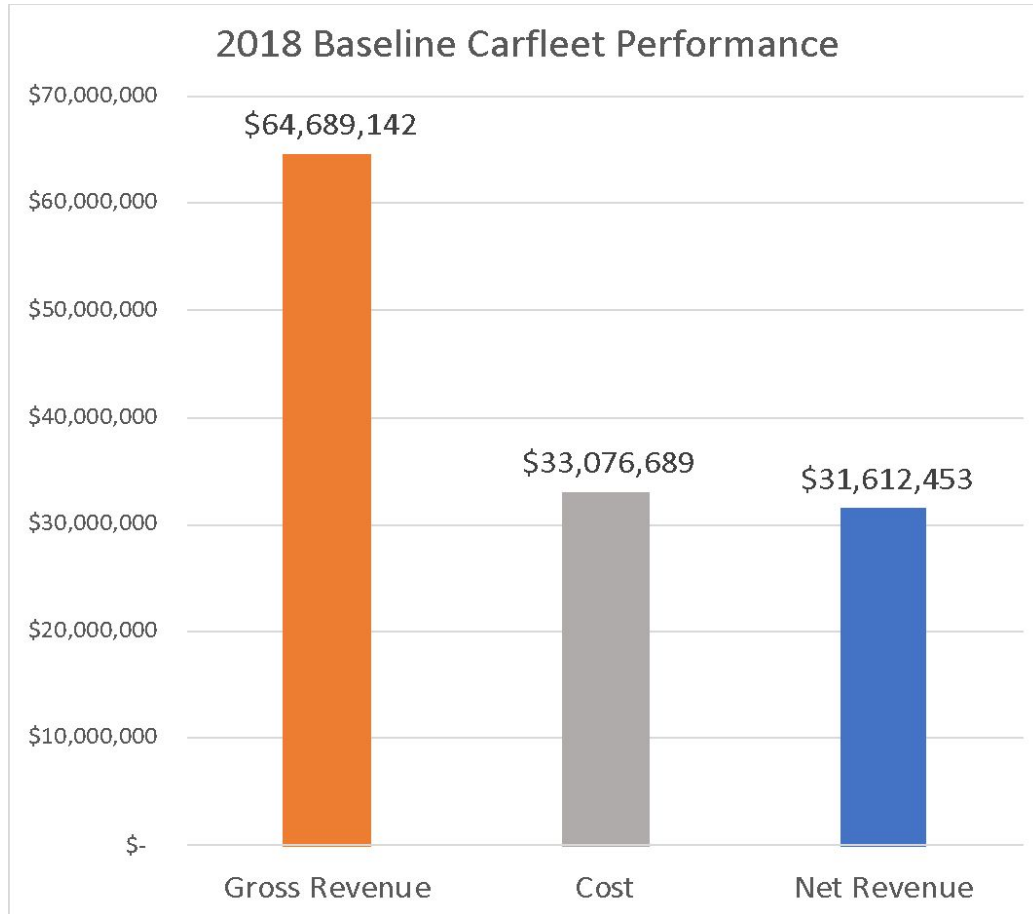**Strategy 2:** Increase rental cost per day of popular cars by 10%

Strategy 3: Add more popular cars to fleet

(popular cars = rented >100 days annually)

Strategy 1: Remove cars hurting net revenue

- 367 out of 4000 cars made negative net revenue in 2018
- $579,552 lost in Net Revenue
- Lowers gross revenue and cost, but net revenue increases

Strategy 1: Remove cars hurting net revenue (cont.)

2018 Baseline Carfleet Performance

Gross Revenue	$64,689,142
Cost	$33,076,689
Net Revenue	$31,612,453

Carfleet Performance After Removing Cars

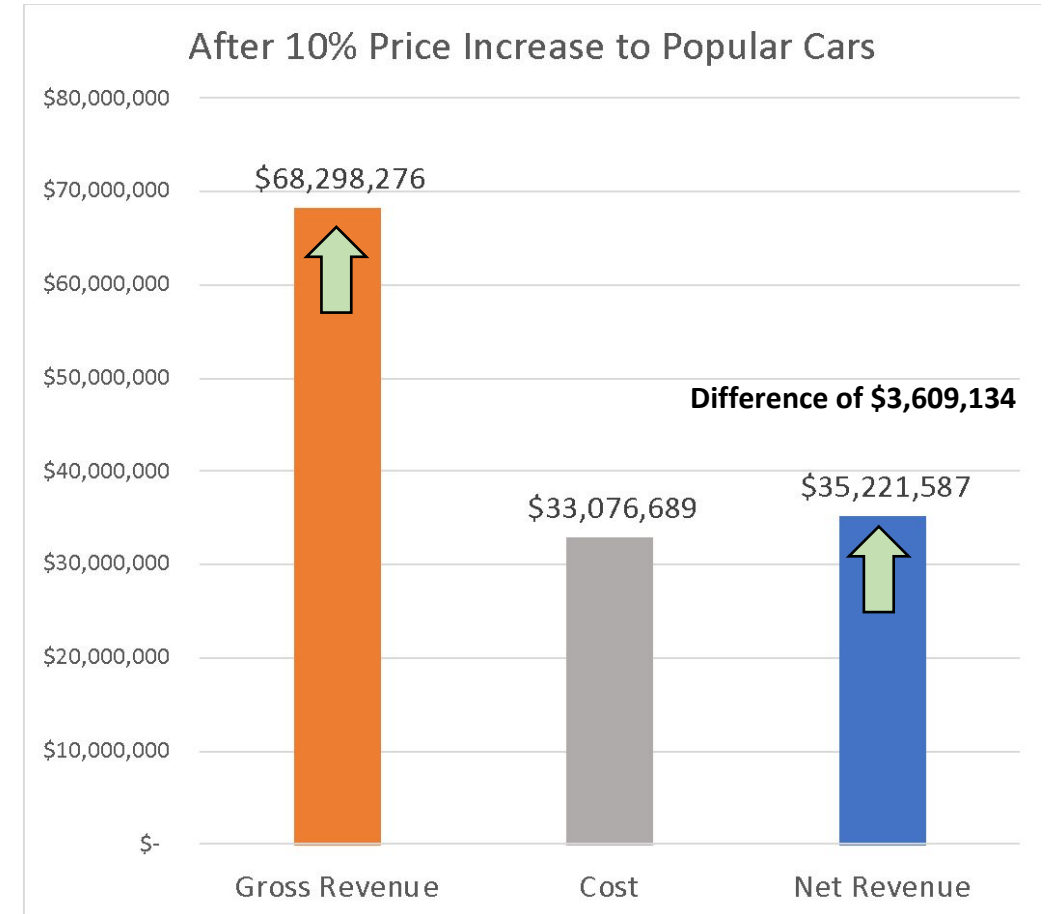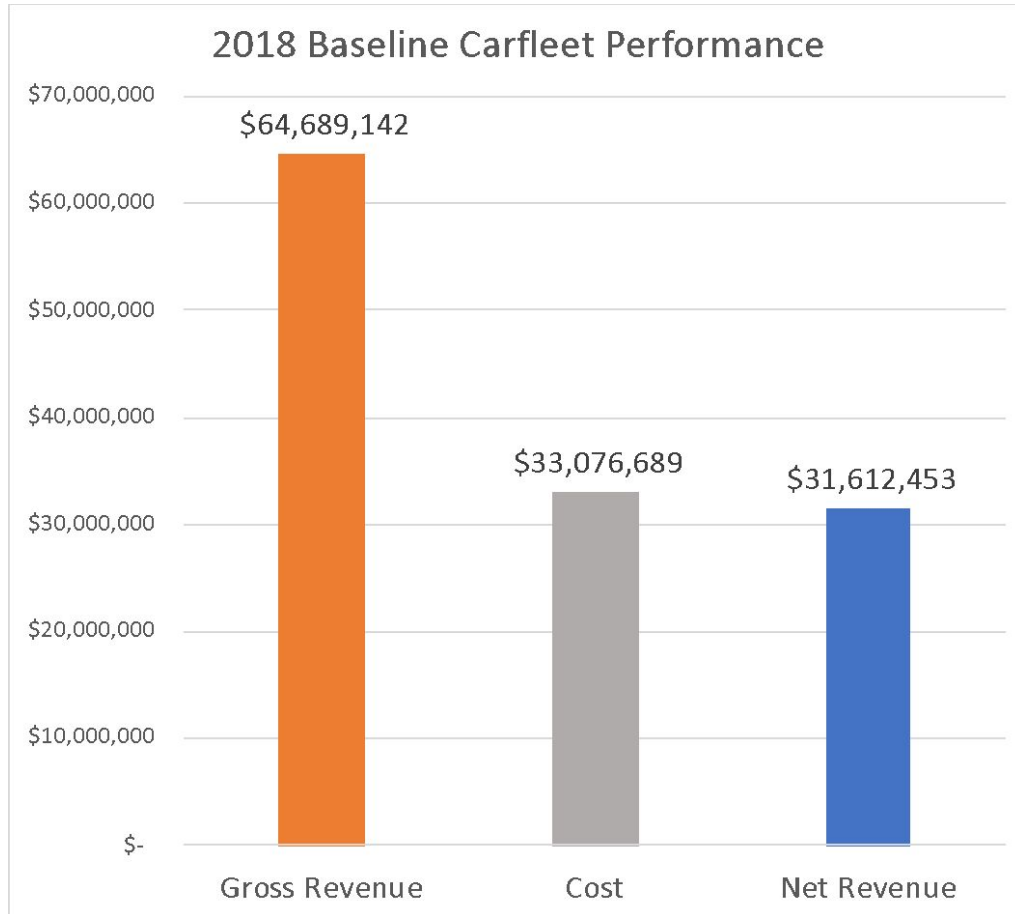|	
Gross Revenue	$61,974,943
Cost	$29,782,937
Net Revenue	$32,192,006

Difference of $579,552

Strategy 2: Increase rental cost of Popular Cars

- Increase daily rental cost by 10%
- Popular cars defined as having been rented more than 100 days in a year
- Increases gross revenue and net revenue

Strategy 2: Increase rental cost of Popular Cars (cont.)

2018 Baseline Carfleet Performance

- Gross Revenue: $64,689,142
- Cost: $33,076,689
- Net Revenue: $31,612,453

After 10% Price Increase to Popular Cars

- Gross Revenue: $68,298,276
- Cost: $33,076,689
- Net Revenue: $35,221,587

Difference of $3,609,134

Strategy 3: Add more popular cars to fleet

- Popular cars are rented more than 100 days in a year
- Replace cars that made negative net revenue (367 cars) with popular cars
- Increases gross and net revenue

Strategy 3: Add more popular cars to fleet (cont.)

2018 Baseline Carfleet Performance

Gross Revenue	$64,689,142
Cost	$33,076,689
Net Revenue	$31,612,453

After Adding more Popular Cars

|	
Gross Revenue	$68,235,555
Cost	$33,076,689
Net Revenue	$35,158,867

Difference of $3,546,413
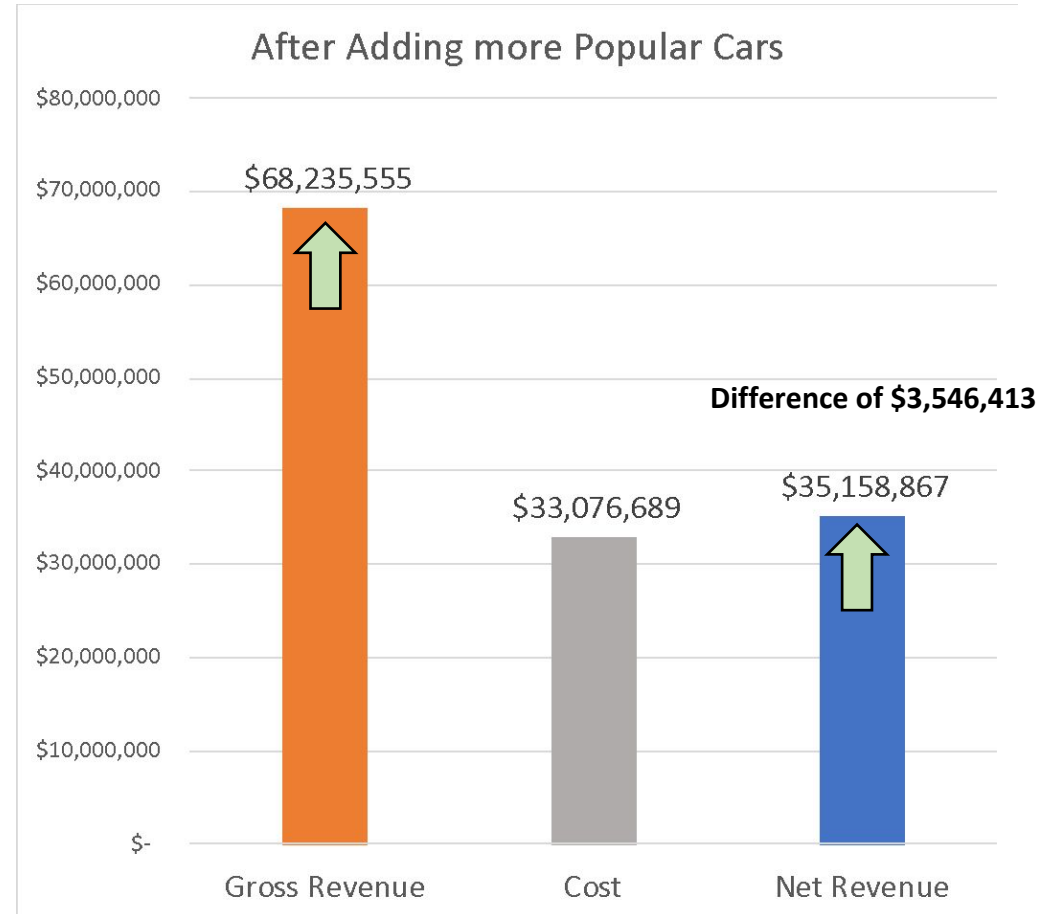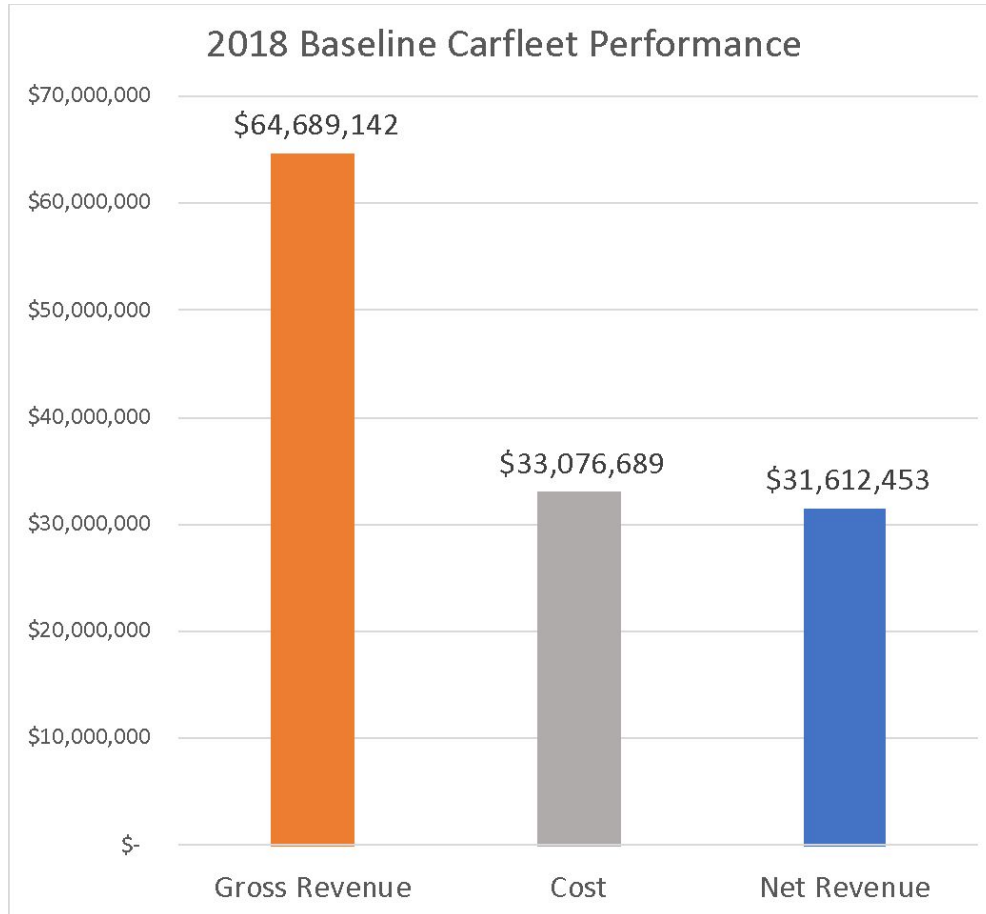
Strategy 3: Add more popular cars to fleet (cont.)
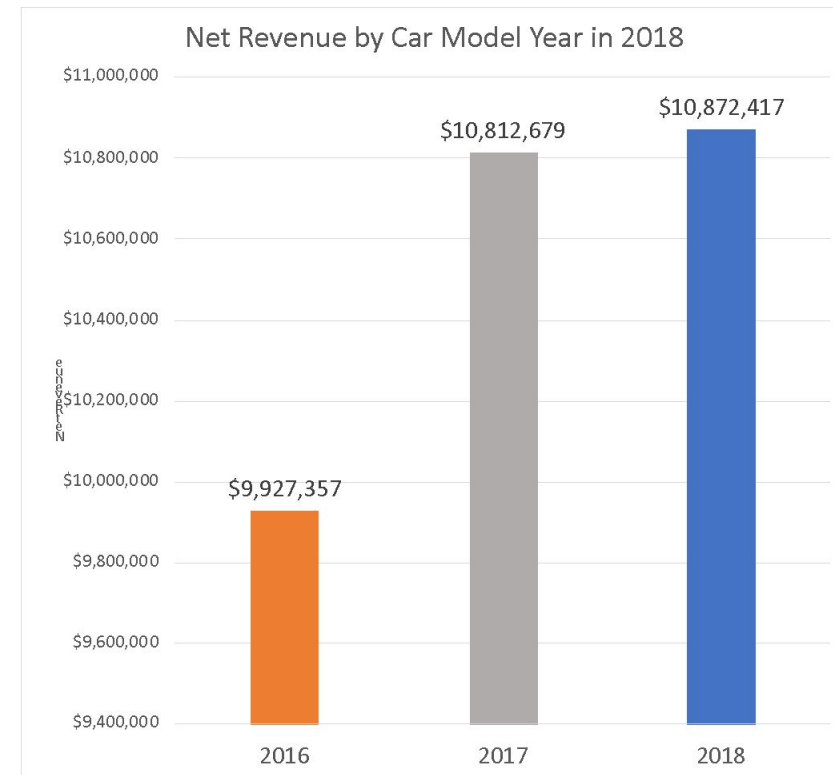
Insights

- New car models rented more often and make more in net revenue
- Cars rented slightly more when branches located in Airports (1:1.03)
- Car accidents do not affect profitability

Strategy 3: Add more popular cars to fleet (cont.)

Newer Car models Rented more

of Days Rented by Car Model Year in 2018

- 2016: 127721
- 2017: 136782
- 2018: 135444
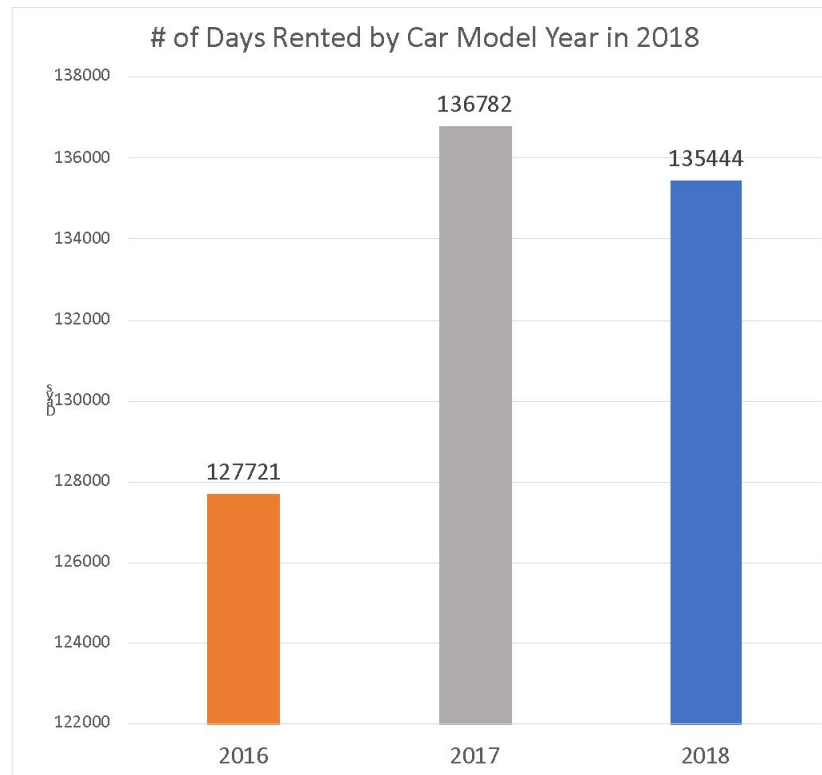
Newer cars make more Net Revenue

Net Revenue by Car Model Year in 2018

- 2016: $9,927,357
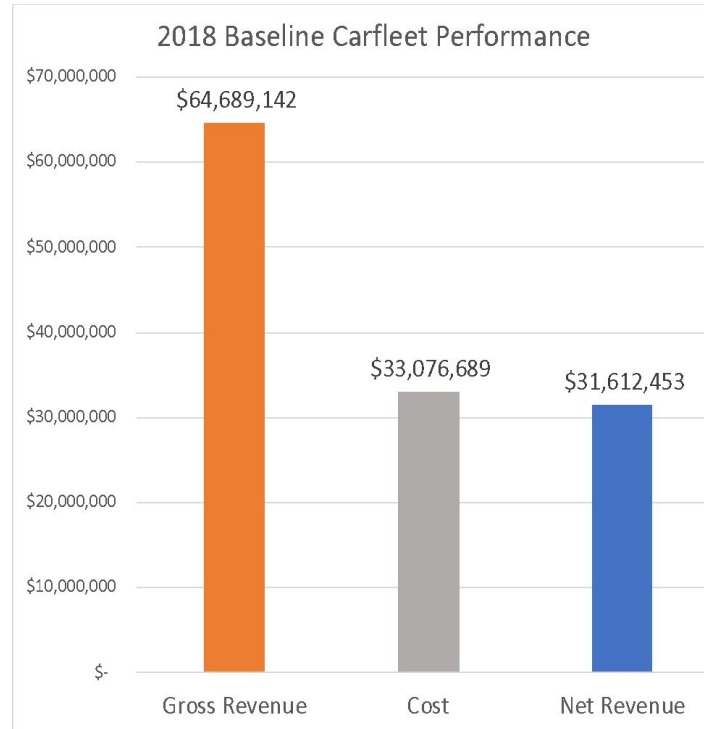- 2017: $10,812,679
- 2018: $10,872,417

Conclusion

Implement all three strategies to improve Net revenue of Car fleet

1. Remove cars hurting net revenue

2. Increase rental costs of popular cars

3. Add more popular cars

Percentage gain in Net Revenue: **123%**

Net Revenue gained: **$7,218,268**

2018 Baseline Carfleet Performance

- Gross Revenue: $64,689,142
- Cost: $33,076,689
- Net Revenue: $31,612,453

Result of Combining All 3 Strategies

- Gross Revenue: $71,907,410
- Cost: $33,076,689
- Net Revenue: $38,830,721

Difference of $7,218,268

Next Steps

- Analyze and compare relationship between daily rental price for each car and days rented for each car
  - Strategy 2
- Analyze car renting pattern by customer gender and age by branch
  - Strategy 3
- Analyze by branch location the distribution of days of the cars rented
  - Strategy 3

Questions?