

# Market Plan for Transfercar LIMITED

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## **Executive Summary**

Transfercar Limited is a leading provider of rental cars for relocation purposes. Transfercar aims to provide a cost-effective solution for travellers and vehicle relocation companies by matching vehicles that need to be relocated with customers looking to travel between the same locations. With a strong focus on customer satisfaction and operational efficiency, Transfercar has established itself as a trusted partner in the transportation industry.

After the COVID-19 pandemic, the market starts to recover and have a higher demand for budget-friendly travel options. Transfercar will fit in this market state, and create a win-win situation for both car rental companies and travellers.

At the same time, Transfercar still needs to improve the current business model to limit the supplier and customer power and face the changing market. Our market plan for Transfercar Limited aims to analyse what this company's problems or hurdles might be.

## Introduction

Brian Karlson built Transfercar LIMITED in January 2008. Now Transfercar is an international company that operates in multiple countries including Australia, the United States, New Zealand, Canada, and South Africa. Transfercar is one of the biggest relocation car companies in New Zealand and it is an online service company.

Rental car companies are spending a large amount of money on transferring cars between different branches in different cities (Schulz, n.d.). In New Zealand, relocation of cars is always needed due to the fluctuations in customer demand and seasonal variations in tourism. For example, cars and campervans may need to be moved from south to north before the summer season to match the movement of tourists, and the opposite may occur during the winter season to cater to ski and snowboard enthusiasts. Transfercar helps those rental car relocations balance their vehicle inventory across different branches.

On the other hand, Transfercar provides a way for travellers to travel on a lower budget. On the Transfercar website, users could browse available relocation deals, typically including a set number of days for the rental and sometimes additional incentives like fuel allowances, ferry tickets and standard insurance. Customers can pick the days from the earliest pick-up date and the latest drop-off date, and they will get the results from the rental car company whether it is accepted or rejected within 48 hours.

Transfercar provides a win-win solution, it connects travellers who are willing to drive the vehicles with rental car companies that need them relocated.

## SWOT Analysis

### Strengths:

- **Established International Presence:** Transfercar operates in multiple countries.
- **Low Physical Overheads:** This current business model minimises physical infrastructure costs.
- **Strong Partnership Network:** Strong partnerships with numerous rental car companies.

- **Robust Customer Support:** Responsive customer service for both rental companies and travellers.
- **Technological Innovation:** The System Transfercar used can directly send customer bookings to suppliers and it incorporates the AI-powered chatbots.

#### Weaknesses:

- **Limited Brand Recognition:** Limited brand awareness in broader markets.
- **Limited Vehicle Availability:** Limited availability of vehicles at certain times.
- **Limited Route Options:** limited pick-up and drop-off locations.
- **Limited Market Penetration Depth:** Transfercar's presence and services depth are not fully developed.
- **Inadequate User Interface:** Transfercar's online platforms need to be improved.

#### Opportunities:

- **Post-COVID-19 Travel Surge:** More travellers after COVID-19 will have a higher demand for rental cars.
- **Competitive Reliability:** Similar relocation car companies are not as reliable.
- **Budget Travel Market Expansion:** Increase demand for budget-friendly travel options.
- **Geographic Expansion:** There are opportunities to expand into new geographic markets where demand for car relocation services is underserved.
- **Service Diversification:** Expanding service offerings to cater to diverse needs.

#### Threats:

- **Seasoning Market Fluctuations:** The market is significant seasonality in New Zealand. (Hughes, 2023)
- **Integrated Competitors:** Competitors who have their own rental car companies have more control over their supply chains.
- **Economic Downturns:** Global or regional economic challenges can impact travel and vehicle rental industries.

- **Regulatory Changes:** Potential changes in transportation or travel industry regulations could impose new restrictions or costs on Transfercar's business model.
- **Technological Disruptions:** Emerging technologies and new business models could disrupt the traditional car rental and relocation market.

## The Market

The state of the rental car market was facing significant challenges due to the COVID-19 pandemic. With the recovery from the Pandemic, the rental car industry has gradually recovered (Passenger Car Rental and Hiring in New Zealand - Market Size, Industry Analysis, Trends and Forecasts (2024-2029), 2023). The industry is improving the booking process by embracing digital technologies.

### Customers:

#### 1. Budget Travellers:

- ◆ **Profile:** Typically, they will seek cost-effective travel solutions, such as teenagers, students, backpackers, or budget-conscious families.
- ◆ **Factors:** Their motivation is to save on travel costs. Factors such as age, stage of life, and social class influence budget travellers' decision to use Transfercar. New Zealand car rentals are the second most expensive in the world (Bywater, 2022). Younger travellers may appreciate cost-saving opportunities. Students and families seek to save on transportation costs. Individuals from lower socioeconomic backgrounds and middle-class travellers alike find the affordability of Transfercar appealing.
- ◆ **Personal Value Equation:** They achieve this by maximizing every dollar spent, seeking the most economical travel options.
- ◆ **Buying Process:** Extensive online research to find the best travel deals, comparisons with other budget travel options, and consideration of user reviews and testimonials.
- ◆ **Needs Met:** Transfercar's offer of free or reduced travel costs makes it an appealing way to travel with a limited budget. It sometimes provides benefits like fuel allowances, ferry tickets and insurance.

## 2. Adventure Travellers:

- ◆ **Profile:** Often younger individuals or groups seeking memorable travel experiences. They value flexibility and adventure.
- ◆ **Factors:** Driven by the desire for adventure and new experiences. Factors are their adventurous personality, as well as their lifestyle focused on exploration.
- ◆ **Personal Value Equation:** They fulfil this by balancing cost with the uniqueness and flexibility of travel experiences, often willing to try unconventional travel methods.
- ◆ **Buying Process:** Adventure travellers focus more on the uniqueness of the opportunities and they will do research on travel blogs, adventure travel forums, and social media.
- ◆ **Needs Met:** Transfercar meets their needs for flexibility, adventure, spontaneity, and an unconventional travel experience. They choose Transfercar to explore different routes or regions in New Zealand and enjoy outdoor activities and natural landscapes.

## 3. Relocation Travellers:

- ◆ **Profile:** Individuals or families needing to travel from one city to another for personal or logistical reasons, which in New Zealand could include moving between islands.
- ◆ **Factors:** Relocation travellers choose to use Transfercar due to factors such as the reason for the purchase and motivation. The need for efficient and cost-effective relocation. They are attracted to Transfercar because it can significantly reduce their relocation expenses.
- ◆ **Personal Value Equation:** They evaluate this in terms of convenience, cost savings, and efficiency, seeking a relocation solution that balances these elements.
- ◆ **Buying Process:** Looking for options between two specific cities and assessing the cost and convenience of Transfercar against traditional methods like hiring moving services or renting a vehicle.
- ◆ **Needs Met:** Transfercar satisfies their need for a cost-effective, convenient, and relatively flexible time option.

## Collaborators:

### 1. Upstream Collaborators:

- ◆ **Rental Car Companies:** These are primary collaborators, as Transfercar's business model relies on partnerships with these companies to acquire vehicles for relocation. Strong relationships ensure a steady supply of vehicles needing relocation and can provide exclusive deals or offers to Transfercar users.
- ◆ **Insurance Providers:** Collaborating with insurance companies can ensure that all vehicles and drivers have the necessary coverage, enhancing trust and safety for both the rental companies and the drivers. This can also offer an additional revenue stream if insurance products are sold through Transfercar's platform.
- ◆ **Vehicle Maintenance and Servicing Firms:** Ensuring that relocated vehicles are in good condition is crucial. Partnerships with maintenance and service providers can facilitate pre- and post-relocation checks and maintenance services, ensuring customer satisfaction and vehicle reliability.

### 2. Downstream Collaborators:

- ◆ **Travel Agencies and Tour Operators:** These partners can help promote Transfercar's services to a broader audience, integrating vehicle relocation options into travel packages or suggesting them to clients seeking innovative travel solutions.
- ◆ **Accommodation Providers:** Hotels, motels, and Airbnb hosts can be informed collaborators, recommending Transfercar to guests seeking transportation solutions. There might be opportunities for joint promotions or loyalty rewards.
- ◆ **Tourism Boards and Local Governments:** Establishing relationships with these entities can help Transfercar tap into promotional opportunities, leveraging their resources to increase awareness and acceptance of Transfercar's services in different regions.
- ◆ **Online Travel Platforms:** Collaboration with platforms like Airbnb or Booking.com can



increase visibility and access to customers planning their travels, integrating Transfercar's service as part of a broader travel plan and booking process.

- ♦ **Influencers:** Influencers can help increase brand awareness and extend the reach of Transfercar's marketing campaigns. When influencers share content about Transfercar, they expose the brand to a broader audience, which might not have been reached through traditional marketing methods.

## Competitors:

### 1. Rivalry Among Existing Firms:

Other companies offer similar car relocation services, like Mode Rentals, Omega Car Rental and Apex Car Rentals. The intensity of rivalry depends on the number of competitors, service similarities, and market growth. Transfercar needs to differentiate itself through better service quality, customer experience, and additional features. Competitors like Apex Car Rentals have their own rental car companies which gives them more control over their supply chains and direct customer relations.

### 2. Threat of New Entrants:

Barriers to entry into the online car relocation service can include the necessity of establishing partnerships with car rental firms, developing a user-friendly and reliable platform, and creating a trusted brand. However, new entrants can still emerge, especially if they perceive the industry to be profitable and if they can offer innovative or superior services. If rental car companies can or do decide to create their own relocation service like Transfercar, this represents a significant threat.

### 3. Threat of Substitute Products:

Substitutes for Transfercar include traditional rental car companies, intercity buses, low-cost airlines, and other budget travel options like ride-sharing. Even though these alternatives don't offer the same service, they compete for the same budget-conscious travellers by providing transportation solutions. Due to the traditional vehicle rental companies that have mainly been using truck and train transport, the truck and train are also an indirect competitor if they offer more convenience, lower prices, or faster travel times.

#### 4. Determinants of Supplier Power:

In this context, suppliers mainly are rental car companies that provide the cars for relocation. Their bargaining power depends on the concentration of rental companies and the availability of their vehicles. If there are few large rental firms, they can exert significant bargaining power over Transfercar, influencing costs and availability. If Transfercar can switch between suppliers easily and at a low cost, supplier power is reduced.

#### 5. Determinants of Buyer Power:

Buyers in this market are travellers seeking to relocate vehicles. The more alternatives to Transfercar's service that exist, the more power buyers have. If the customers using Transfercar's service are very price-sensitive and willing to shop around for the best deal, they have more power because Transfercar must ensure competitive pricing to retain them. On the other hand, if Transfercar can offer incentives that are attractive to customers, such as discounts or loyalty programs, it might reduce buyer power by increasing customer loyalty.

### **Conclusion**

This report has provided a comprehensive analysis of Transfercar's market. It includes the strengths, weaknesses, opportunities and threats of the current business model. Through careful examination of customers, collaborators and competitors, we have identified several key findings that are critical to the future success of Transfercar. Despite Transfercar's innovative relocation service model offering benefits to both rental car companies and travellers, challenges persist with supplier reliance and significant buyer power due to market competition and the threat of new entrants.

In summary, Transfercar's position in the market is promising. However proactive steps are necessary to strengthen its business model and ensure continued growth. By addressing the identified issues and leveraging its unique offerings, Transfercar can enhance its competitive edge and sustain long-term profitability.

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