

Auto Rental[®]

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NEWS

The Entrepreneur Issue

STORIES OF BUSINESS BEGINNINGS, GROWTH AND SUCCESS

- ▶ Verc Car Rentals
- ▶ Greenberg Rent A Camper
- ▶ Avon Rent A Car Truck and Van
- ▶ Driving Force Vehicle Rentals, Sales and Leasing



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TABLE OF CONTENTS

SEPTEMBER/OCTOBER 2015 • www.AutoRentalNews.com
 A BOBIT PUBLICATION • VOLUME 28 - ISSUE 5



14



18



20

The Entrepreneur Issue

FEATURES

14 MOVING HOLLYWOOD

Avon Rent A Car Truck and Van has carved a niche by meeting the very specific needs of a very demanding industry.

serving one of the busiest airports in the country.

18 THRIVING IN A NICHE RENTAL MARKET

This former corporate car rental manager turned entrepreneur took a plunge into renting recreational trailers. Four years later, his company is listed on Expedia and has grown to 36 trailers.

20 A RELATIONSHIP BUSINESS

In spite of challenging economic times, Driving Force has grown to 30 locations and a fleet of 12,000 vehicles by fostering strong relationships with customers and employees.

16 ALL IN THE FAMILY

A longtime neighborhood independent is transitioning to a Sixt franchise — while opening a location

DEPARTMENTS

2 EDITOR'S CORNER

■ Six Must-Haves to Prevail as an Independent Rental Company

24 CAR RENTAL Q&A

■ How can I compete with the majors as an independent car rental company?

4 ACRA

■ Tips for Entrepreneurs Looking to Enter Car Rental

22 TOM WEBB TO KEYNOTE AUTO RENTAL SUMMIT

Auto Rental Summit returns with a two-day conference featuring a keynote by Manheim's chief economist, the Fleet Jam Session, a seminar by Facebook and a Manheim auction visit.

DEPARTMENTS

5 DIGITAL DASHBOARD

■ A synopsis of news, information and happenings from social media, the Internet and your world.

■ Audi Launches Premium Rental Service

■ Gotham Dream Cars Merges With Beverly Hills Rent-A-Car

■ How Will Greater Lease Returns Affect the Market?

26 PRODUCTS AND VENDOR NEWS

32 RENT ALERT

■ How Recalls Affect Small Rental Companies

6 INDUSTRY NEWS — IN DEPTH

■ Hertz Completes Financial Restatements, Sets Direction for Future

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SIX MUST-HAVES TO PREVAIL AS AN INDEPENDENT RENTAL COMPANY

You can't run a car rental business with the idea that you're going to simply "rent cars."



BY CHRIS BROWN

FOR THIS ISSUE OF *AUTO RENTAL NEWS*, WE PROFILED independent rental companies and asked them what makes them tick. Their success stories seemed to converge around six key ingredients.

If you're thinking about survival, heed the advice of these entrepreneurs. With 150 years of rental experience between them, they've not only survived; they've prevailed.

- Find your niche.

You can't run a car rental business with the idea that you're going to simply "rent cars." There are other companies that have been doing it a lot longer, and better, than you. However, there are people in your market who need vehicles and are underserved or served poorly. Find them.

Matt Holowinski of Greenberg Rent A Camper started out renting cars, but now rents RV trailers at campgrounds in Orlando and Key West, Fla. After spending two months living in a trailer at a campground, Holowinski learned that none of his competitors placed trailers at the campsites.

For Holowinski, finding this niche has paid off with a listing on Expedia – almost unheard of for a small independent brand.

- Know your customers, and make yourself indispensable to them.

When it comes to the transportation needs for the Hollywood film industry, no one does that better than Avon Rent A Car Truck and Van. Avon's average employee tenure is 22 years. The company leverages that experience by being able to talk shorthand with clients, an invaluable asset in the "need-it-yesterday" world of production.

Avon's owner and founder, Nelson Silver, understood years ago that the film studios have specific requirements when it comes to transportation. While Avon's competitors rent basic box trucks, Avon builds them with a purpose — going so far as to find side slats with a specific hardwood from the Philippines. The trucks cost more, but then, clients aren't about to trust their transportation to a national rental brand that doesn't "get it" just to save a few bucks.

Avon doesn't need to advertise. When a service fits a customer so perfectly, it sells itself.

- You won't win on price; you will on service.

The larger brands will always be able to buy vehicles cheaper — and rent them cheaper.

Instead of tightening your profit margins past the tread depth of a bald tire, go the opposite way — look for the added value you can provide.

Avon is always prepared to service the 2 a.m. client phone call or deliver a truck six states over.

Holowinski discovered that vacationers want trailers with amenities such as fire pits, outdoor tables and camp chairs. Greenberg-branded towels give the trailers a premium, personal touch.

Renters willingly pay more for Greenberg's trailers and Avon's trucks and their better service.

- If it's not working, try something else.

Since 1978, Jack Vercollone and VERC Car Rental have served Boston's South Shore with insurance replacement and neighborhood rentals.

VERC found a niche with vans, from 15-passenger and wheelchair accessible to conversion vans with upscale trims. Yet when competing with the majors as a local independent became increasingly more difficult, the company joined Sixt's growing U.S. franchise network.

In doing so, Sixt gave the company its biggest challenge yet — serving Boston's Logan Airport.

- Get your culture right.

You may have heard the phrase, "Culture eats strategy for breakfast." It's true, because your employees are your strongest brand ambassadors.

Driving Force, a Canadian truck rental company primarily serving the petro-chemical industry, surveys its 500 employees annually to determine their level of satisfaction within the company.

"How would we expect our employees to satisfy our customers if they aren't happy themselves?" says Jeff Polovick, president, CEO and founder.

The company has been ranked among Canada's 50 Best Managed Companies multiple times.

- Have passion.

Passion and entrepreneurship are synonymous for these business owners. Regarding starting his own business, "I wanted it so bad; I knew I could do it," Holowinski said. Without this mindset, he never would have negotiated the turns in his business to reach his present success.

Passion is infectious. Today, Silver has employees answering those 2 a.m. calls, but they wouldn't do it if his passion hadn't rubbed off.

Says Polovick: "If you love what you're doing, then you really aren't working anymore." **AFN**



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TIPS FOR ENTREPRENEURS LOOKING TO ENTER CAR RENTAL

Sharon Faulkner, executive director of ACRA, discusses her experience as an operator and how ACRA can help newcomers connect with the industry.

EVERY WEEK, ACRA RECEIVES AT LEAST ONE OR TWO phone calls and emails from potential entrepreneurs who want to open their own rental car businesses. Some of them already run car dealerships and want to start using their cars as replacement vehicles. Others are considering the possibility of starting a rental car business from scratch.

As the executive director of the American Car Rental Association, I want to be as helpful as I can to these individuals. And as a former entrepreneur, I want to ask if they have really studied this industry. Are they aware of certain concerns they will meet on this perilous journey? The least successful ones are choosing this path only because they “just love cars.”

Entrepreneurs are leaders and big risk-takers. Personally, I never had a problem with being a leader; I just didn't want to risk any security. My mindset tended to be one of a state or government worker: scheduled holidays and vacations with slow but steady personal growth, pensions, sick leave and predictability.

My husband, my partner in business and in life, was the determined entrepreneur. He knew he wanted to operate his own business and had the certainty that he would succeed. I placed my trust in him and learned that my negotiation and customer service skills, my managerial attributes and my team-building abilities helped provide me with the confidence that I could run a successful business. But there were many days where I wished that I had found another business to run.

Car rental is a very demanding business with horrible hours: 365 days a year, eclipsing

every family holiday. Being in a customer-driven industry, I experienced some very hard-to-please customers and took every complaint personally. Liability is a sleep-depriving non-benefit to operating your own company — along with sales tax audits, disgruntled or injured employees, canceled fleet orders and winter cash flow fears.

Overcoming and putting out these fires becomes a way of life for entrepreneurs — even to the point where some operators are afraid to travel to car rental seminars because they don't want to leave their offices.

But for me, there came a point where I found that getting away from it all helped me understand how to grow and protect my business. I discovered that going to profit groups on a quarterly basis and attending annual car rental shows kept me in touch with the people who had some of the answers I needed to grow and improve my franchises.

So, how does an entrepreneur also find time to become involved in legislative matters? My career in politics, both state and federal, started because the affairs in my home state were an industry nightmare and something had to be done.

Today, I take sensible legislation for the entire car rental industry as seriously and as personally as I did for my car rental business. If you don't think your company can make a serious dent in legislation that needs to be stopped, you're wrong. If you believe it's too costly to join the American Car Rental Association, you're wrong there, too. If you honestly can't find the time to be involved politically, then ask me to represent you.

And if you think you can't leave your business, you have a shortsighted view. A true entrepreneur takes big risks every day, but successful self-employed owners take calculated risks and surround themselves with a support system.



Jim Tennant (left), Bob Leech of Bob Leech Rent A Car and I attend a Fred Mudgett Group meeting in San Francisco, circa 1992. Attending profit groups as well as annual events (such as the Car Rental Show) have kept me in touch with those who had the answers to help me improve my franchises.

DIGITAL DASHBOARD

A synopsis of news, information and happenings from social media, the Internet and your world.

YOUR WORLD



PHOTO COURTESY OF SHAW

U-SAVE TEAMS UP WITH HABITAT FOR HUMANITY

Employees of U-Save Car & Truck Rental corporate offices and LeFleur Transportation worked with Habitat for Humanity to complete a two-day build in Canton, Miss., in July.

DISCUSS

From "Kris" on 7/7/2015, re: Auto Rental News story, "Takata Airbag Linked to Rental Customer Death":

Recalls are a free correction by a dealership. If they had the notice sent to them, all they had to do was take it in and fix the problem. I think the rental car company is more to blame than Honda or the maker of the airbag since the problem was recognized back in the early 2000s, but none of the owners bothered to have it fixed or at least checked. Tragedy happened because the rental car co. gave a vehicle that wasn't safe.

From "Emily Lynch" on 7/6/2015, re: Auto Rental News feature story, "Understanding On-Demand Car Rental":

Great article! I agree with Tony Simopoulos of Metavera. I, too, think that traditional operators don't understand necessary requirements of people over car rental. They are still in the ages of operating these services through manual process. The latest generation has given away new technology and hardware to track the rental cars from an app.



MOVERS & SHAKERS

AFC ADDS WALTZ TO SPECIALTY SEGMENT

Automotive Finance Corporation (AFC), a business unit of KAR Auction Services, has announced that Ray Waltz, a former executive for Manheim Automotive Financial Services, has accepted the position of director of business development.

In his new role, Waltz will assist AFC in building upon inventory financing opportunities in specialty segments such as RV, powersports, rental and commercial truck.

Waltz brings almost 30 years of experience — with industry leading subsidiaries of General Motors Acceptance Corp. (GMAC) and Manheim Auctions — to this role at AFC.



RAY WALTZ

FULENA, KELLEY JOIN PURCO FLEET SERVICES

Industry veterans Gary Fulena and Tom Kelley, both with more than 35 years' industry experience, have joined PurCo Fleet Services.

Fulena has worked for multiple car rental companies, most recently as the chief operating officer of Advantage Rent a Car.

Kelley's experience includes franchise owner and vice president of Dollar Thrifty International, working with franchisees outside of the Americas. Fulena and Kelley are managing the launch of PurCo's Cross Borders Damage Recovery service and are available to consult with car rental operators in sales, fleet, pricing and customer service.



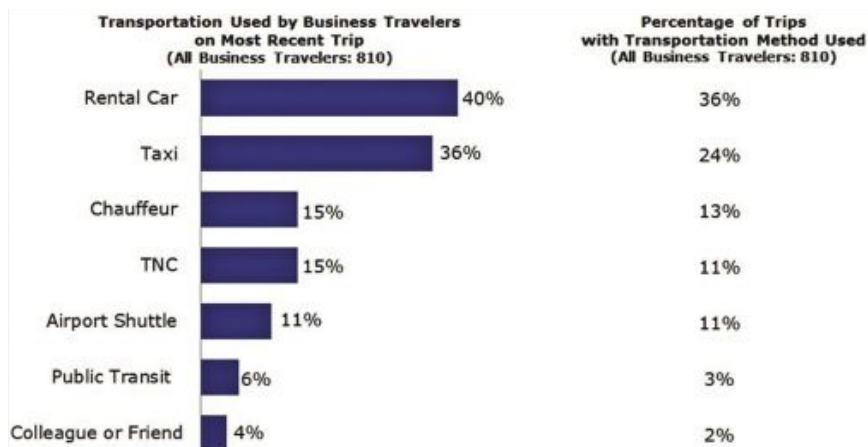
GARY FULENA



TOM KELLEY



DATA



Rental cars are the most commonly used method of ground transportation for business trips, according to "The 2015 Ground Transportation Study" by the Global Business Travel Association (GBTA) Foundation.



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HERTZ COMPLETES FINANCIAL RESTATEMENTS, SETS DIRECTION FOR FUTURE

On a recent conference call, Hertz's new CEO and president John Tague shared insights into over-fleeting, prepaid reservations, revamping Dollar Thrifty and ending carsharing.

BY CHRIS BROWN

HERTZ GLOBAL HOLDINGS INC. RECENTLY FILED ITS ANNUAL REPORT on Form 10-K for the fiscal year ending Dec. 31, 2014. This included the restated results for 2012 and 2013 as well as selected unaudited restated financial information for 2011.

Hertz is now up-to-date on all of its filings with the Securities and Exchange Commission (SEC), the company said. In addition, the filing of its Form 10-K brings Hertz back into compliance with its New York Stock Exchange (NYSE) listing requirements.

The restatements lower Hertz's profits in each of the audited years. In 2011, Hertz's GAAP net income was lowered an additional \$19 million, for a total of \$31 million in net income including previously disclosed misstatements. This represented 18% of total GAAP net income.

In 2012, the company's net income was lowered an additional \$58 million, for a total of \$62 million in net income in that year, representing 26% of net income. In 2013, net income was lowered \$51 million in total (15% of net income), as no misstatements were previously identified.

The Form 10-K also announced that Richard Broome, senior vice president, corporate affairs and communications at Hertz Global Holdings, has stepped down. By year-end 2015, Hertz expects to achieve \$200 million in annualized cost savings — and \$300 million annually in 2016. The cost savings are expected to come mainly from reductions in corporate and operations overhead, fleet management efficiency and marketing spending.

Hertz expects to incur \$30 million to \$35 million of costs in 2015 in connection with these actions.

Hertz reported that its fleet fresh target has been realized. For full-year 2015, it anticipates U.S. fleet growth of 0.5% to 1.5% over 2014 — compared to its previous estimate of 1.5% to 2.5%. In part, this reduction is supported by improvements in fleet utilization, according to the company.

HERTZ 24/7

In a conference call regarding Hertz's financial restatements, John Tague, Hertz's CEO and president, indicated that Hertz will be withdrawing its carsharing service (Hertz 24/7) in the U.S., but it will continue to grow its carsharing programs internationally.

"We are operating successfully with a number of models internationally and intend to continue to expand those models," said Tague. "We have a profitable operation in Australia. We have a lot of promising business models in Europe that are with key retailers such as Ikea."

Hertz 24/7 provides self-service vehicle access — cars can be rented by the hour and are available 24 hours a day, seven days a week.

During the question-and-answer period, Tague was asked about the future of Hertz's carsharing initiatives. Tague elaborated that the investment in carsharing "isn't competitive with the return on invested capital in the core business."

"Hertz was not successful in building scale in its U.S. carsharing business over the last several years," said Tague. "And it was a very small scale



PHOTO COURTESY OF THE HERTZ CORP.

business for us even last year. So we've elected in the U.S. to withdraw from carsharing, and we are executing that at this time."

TAGUE AND THE NEW HERTZ

During the conference call, Tague was candid that Hertz had indeed lost market share in the last 18 months, "some of it self-inflicted." Regarding how Hertz would regain share, he said, "I don't believe the way to earn back market share is to put [out] the cars and the rentals will come," he said. "We need to improve the quality of service across the brands. We're not going to win it back by over-fleeting."

Tague addressed prepaid reservations. He said "getting the credit card upfront" is vital to segmenting reservations and product offerings. "We're the only product online where you can take the car off the shelf by giving us [just] your name and an email," he said. "That's not logical going forward."

Tague was also upfront on the notion that Dollar and Thrifty haven't found their traction. "I don't particularly like where Dollar and Thrifty have gotten," Tague said. "You can have very strong value brands that have extremely high customer satisfaction [but] value doesn't have to mean cheap."

"We don't have the right store format in front of our customers," he said. "The quality, look and feel needs to change. Those brands need to speak more strongly to their core audiences than they do today."

Hertz is talking about 2015 as a transition year, essentially telling investors to look to late 2016 and 2017 for these initiatives to pay off with a normalized run-rate of earnings.

"Progress on our initiatives to reduce capacity, meet our fleet refresh targets and capture cost savings will be evident in the third quarter, which we believe will be an inflection point for the year," said Tague. "And of course, we expect those benefits to become progressively more visible in 2016."

AFN

PUT THE BRAKES ON RENTAL CAR TAXES

Nationwide, state and local governments are piling excise taxes on rental car consumers as a way to fund special projects. It's time for Congress to give rental car customers a break by passing EDSTAR.

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AUDI LAUNCHES PREMIUM RENTAL SERVICE

Audi on demand uses technology to connect potential customers directly to the brand in new ways.

BY CHRIS BROWN

THE AUTO MANUFACTURERS ARE STARTING TO RENT CARS. AND they're doing it better than you.

Audi, BMW, Mercedes, General Motors and Ford, to name a few, are implementing a wide range of programs that use technology to connect their brands directly to potential customers in new ways. The key word is mobility; the key phrase is "vehicle access over ownership."

Launched April 27, Audi on demand is a premium rental service in beta testing in San Francisco, with the potential to expand nationally. I used Audi on demand with my family over the Independence Day weekend. For our family of four, mobility on this trip entailed a plane, airport shuttle, light-rail train and a car rental.

As is the case with any new mobility service, the app is the center of the universe. After downloading the app, I entered my driver's license and credit card information and my auto insurance policy. Renters can use their own insurance, which actually delivers a slight discount on the rate, or they can take the service's loss damage waiver (LDW). I chose my vehicle (a new Audi SQ5, the sporty version of Audi's compact crossover), my rental days and pickup and drop-off points.

While Audi on demand's carsharing telematics technology makes the service truly mobile, the length of rental follows the traditional model of one to 28 days.

BUSINESS CLASS

Audi on demand is carving a new niche that you might call "premium mobility." Matt Radack, sales & marketing manager for Audi on demand, says that Audi is bringing a more high-end and personal treatment to car rental, similar to a business class experience in hotels and airlines. "Rental car has moved in an opposite direction," he says.

For Audi on demand, this means more human touch points, embodied in its concierges and 24-hour call center that connects to a live staffer immediately. In the San Francisco test program, the concierge will meet you anywhere within the 7-by-7 mile San Francisco city limits, at different drop-off and pickup points.

For first-time rentals, concierge contact is important. Meeting our concierge, Kevin, at a light-rail BART station, he showed us how to unlock and enable the vehicle, either through a key card or a "digital key" stored in the app. Understanding the keys took some getting used to, but became second nature after a few operations. The digital key allows future rentals to be transacted without a concierge, if desired.

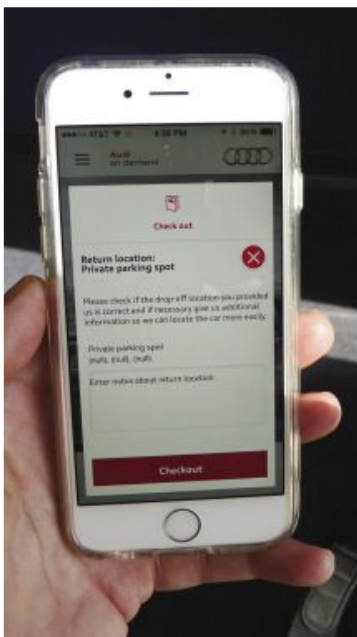
Kevin instructed us on how to install the car seats, a process more laborious than anticipated, as well as the vehicle's features and functionality. I initially thought this was unnecessary, because as an automotive writer, I know everything. But I don't know everything, which I found



Our Audi on demand concierge Kevin helped us through the drop-off process — no easy task with young children — by loading luggage, demonstrating car seats and showing the features of the car.

out when he actually walked me through the car.

We left Kevin and hit the city for some sightseeing, then headed out to the suburbs to visit relatives, enjoying the SQ5's blend of five-door functionality and 354 horses.



The app controls all processes, including managing pickup and drop-off locations and enabling the vehicle.

PREMIUM DIFFERENTIATORS

Our family travel use case for this service was just one in the spectrum of leisure and business travel; the operative appendage with this service is "in style."

All Audi on demand vehicles come in premium trim with built-in navigation, satellite radio and all-wheel drive (quattro). The exact model we chose on the app was the model that was delivered. Save for LDW, all ancillary products are included in the daily rate, including child seats, bike or ski racks on appropriate models and a complementary toll transponder.

If the car isn't returned full, fuel is billed at an average rate found in the city.

On our return we were running late for our plane and two screaming kids didn't help. Before arriving at our drop-off point, my wife called Angelo, our drop-off concierge, who relayed train departure times to the airport. The drop-off was seamless, which was what we needed.

A BRAND EXPERIENCE

Is this service "better" than traditional car rental? It has to be. Audi on demand is a "brand experience," and a premium one at that. But as such it's dedicated to a niche audience.

Is this business model a trend? At this point, it's too early to tell. But automakers have made clear that they are planning for a future with increased urban congestion, autonomous driving and a buying public that doesn't see owning a vehicle in the same way their parents did.

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GOTHAM DREAM CARS MERGES WITH BEVERLY HILLS RENT-A-CAR

Merger creates largest exotic rental company in the U.S.

BY CHRIS BROWN

BEVERLY HILLS RENT-A-CAR (BHRAC) ANNOUNCED ON JULY 9 a merger with Gotham Dream Cars (GDC). Both companies will continue to operate as separate brands. Financial terms were not disclosed.

Together, both luxury car rental companies will offer a fleet of more than 400 exotic and luxury vehicles at 12 U.S. locations, including New York, Las Vegas, Los Angeles, Miami, Newport Beach, Calif., Phoenix and San Francisco.

Additionally, Gotham will continue to offer its Dream Car Tour, Dream Car Dash and Dream Car Sprint driving experiences in approximately 20 additional cities across the U.S.

“The combination of our businesses offers an unprecedented opportunity to expand our prestige service to more of the top markets across the United States,” said Laurie Linkiewicz, Beverly Hills Rent-A-Car’s director of sales and marketing. “We’re proud to now offer some of the world’s greatest vehicles and driving experiences coast to coast.”

Both brands offer the latest luxury vehicles including Ferrari, Lamborghini, Bentley, Porsche, Aston Martin, Rolls Royce, Mercedes-Benz and BMW. They also offer classic cars with models such as the Corvette

Stingray, the Ford Mustang Mach 1 and the Chevy Camaro SS.

Products include daily rentals for personal or corporate use, studio/prep rentals, guided driving experiences and custom corporate events, according to the company.

HISTORY OF BHRAC

Established in 1992 by Steve Balian and David Sajasi, Beverly Hills Rent-A-Car started operating in Los Angeles at an alley office behind a Denny’s with one luxury vehicle — a used Ferrari Mondial. Throughout the ’90s, the company relocated to a facility near Los Angeles International Airport and grew to a fleet of about 80 exotic and luxury vehicles.

From 2001 to 2004, the company purchased seven competitors and expanded to four locations in Southern California.

In 2005, BHRAC acquired Budget of Beverly Hills, which expanded its business to 11 Southern California locations — with a luxury fleet of over 1,000 vehicles.

Currently, BHRAC owns nine stores in three states, including Los Angeles, Beverly Hills, Las Vegas, Scottsdale, Newport Beach and San

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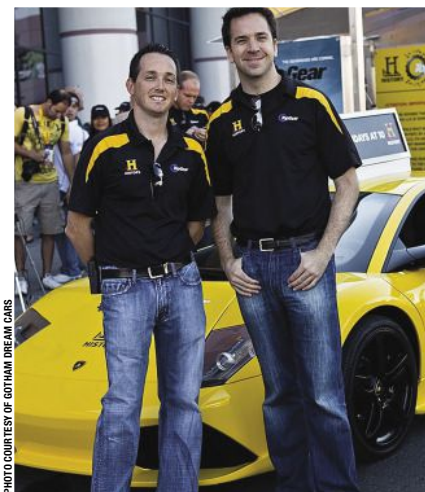


PHOTO COURTESY OF GOTHAM DREAM CARS



PHOTO COURTESY OF BEVERLY HILLS RENT-A-CAR

(Left) Rob Ferretti (left), Gotham's chief operating officer, with Noah Lehmann-Haupt, Gotham's founder and president. (Above) A Ferrari and a Lamborghini await rental at Beverly Hills Rent-A-Car's San Francisco office.

Francisco. Luxury brands include Bentley, Ferrari, Mercedes, Lamborghini and McLaren.

GDC'S BEGINNINGS

Founded in 2004 by Noah Lehmann-Haupt, Gotham Dream Cars provided a place in New York City to rent "true" exotic brands, such as Ferrari, Lamborghini, Bentley or Aston Martin. The company's first car was a 2001 Ferrari 360 Modena.

In 2006, GDC expanded to Miami and then added its third store in Los Angeles in 2013.

GDC offers its customers several exotic car driving experiences,

including the Dream Car Tour and The Dream Car Sprint. Both driving experiences put customers behind the wheel of several exotic cars — without having to pay the full cost of a rental.

GDC's most expensive car is a Rolls Royce Drophead with an MSRP of \$450,000.

"GDC was founded because I couldn't find a decent, trustworthy place to try out a supercar," said Noah Lehmann-Haupt, founder and CEO of Gotham Dream Cars. "We fixed that, and in the process, built a business that puts smiles on the faces of tens of thousands of people. I'm thrilled that together with BHRAC we'll be able to continue — and greatly expand — that mission for years to come."



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HOW WILL GREATER LEASE RETURNS AFFECT THE MARKET?

While the market is absorbing increased lease returns today, the stream turns into a river in 2016.

BY CHRIS BROWN

"THE OFF-LEASES ARE COMING! THE OFF-LEASES ARE COMING!"

Like Paul Revere, we've been shouting this warning for two years now. Finally, the ramp up in lease penetration is starting to hit the used car market — bringing lower vehicle values along for the ride. "Leasing has been increasing at a fairly steady rate over the last couple of years," says Larry Dixon, senior manager, market intelligence for NADA Used Car Guide.

Dixon points to 2013 as a tipping point, when consumer lease penetration increased to 23.6% from 20% in 2012. "That's a significant jump at a time when new vehicle deliveries were increasing, too," Dixon says.

Leases increased about 1.1 million units from 2012 to 2013. Of that, 61% can be attributed to consumer leases. While the market absorbs increased lease returns today, the stream turns into a river in 2016.

There's no question that increased supply will temper values, but we shouldn't say the sky is falling. As Manheim Chief Economist Tom Webb noted in his monthly conference call in July, a market free fall happens when supply increases are met by a drop in retail demand, driven by tightening credit conditions or a bad economy. These scenarios aren't likely.

A CHALLENGING 2016

Forecasts call for a rise in interest rates, which would drive up the cost of money for fleet buyers, but this shouldn't temper a solid retail demand environment too severely. Nonetheless, a confluence of factors will make 2016 a challenging year.

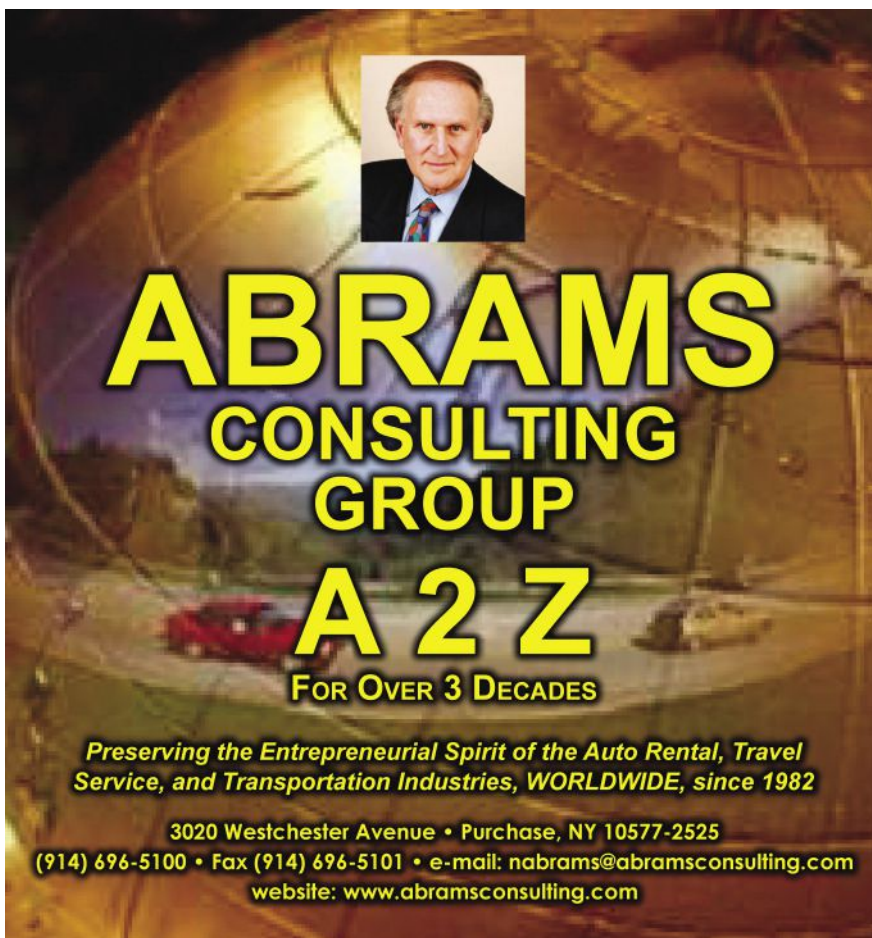
Of ongoing concern to rental fleets is the particular weakness in the subcompact, compact and midsize segments. (See chart.)

Compounding the issue is increased lease penetration in the compact and midsize segments, as well as with compact crossovers, which have gone from about 15% to 25%, according to Dixon.

The typical consumer lease, written for three years and 36,000 miles, will be competing with de-fleeted rental units in the 30,000-mile range in the auction lanes. Two-year retail leases with fewer miles will provide even stiffer competition. What's the takeaway? The wholesale market will soon be heavy with compact and midsize cars in the same mileage band.

REVISIT THE PLAN

Two years ago, it wasn't hard to look like a genius in managing fleet



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costs. That's not the case today. It's time to revisit the plan and renew those best practices. Certified, pre-owned (CPO) sales are robust. Can you zero in on your de-fleeting strategy to make sure your units make the CPO cut?

Trucks and vans continue their strong value retention, with the SUVs and crossovers not far behind. Does your business model support fleeting up in these segments?

Does a softening wholesale market present an opportunity to fleet up with more used units?

With an abundance of models in the compact and midsize segments, unexpected deals for new units might present themselves. Are you in a position with your lender to ask for a credit line increase to take advantage?

INCREASED INTELLIGENCE

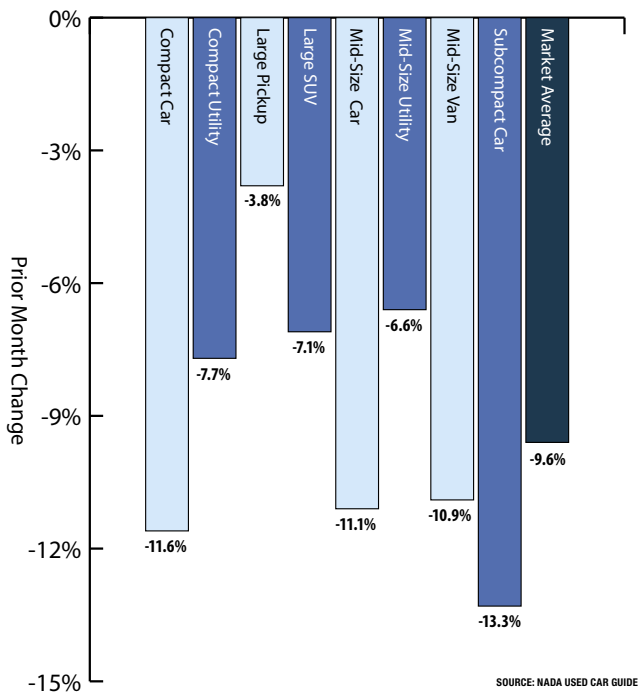
To date, the used car market has held up surprisingly well. Independent of supply and demand, Dixon and others cite the increased savvy of wholesale buyers and retail sellers as contributing factors.

"There is a greater degree of efficiency today on the part of the dealer body," Dixon says, "in knowing when to buy, what to buy and knowing demand in a particular area for a given vehicle."

In addition to off-leases, retail units in general — new vehicles sold in 2010 and 2011 during the Recession recovery — are returning to the market. NADA Used Car Guide projects that by 2017 the supply of late-model used vehicles will be 28% higher than in 2014.

"It's time for that churn," Dixon says. "Increased supply is a fact." **AFN**

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Forward-Thinking Auto Transport

MOVING

HOLLYWOOD

Avon Rent A Car Truck and Van has carved a niche by meeting the very specific needs of a very demanding industry.

BY CHRIS BROWN



Avon rents passenger vehicles, stake beds, cargo vans, passenger vans, minivans and sedans, but its bread and butter is the cube (box) truck, seen here in various sizes and from different manufacturers.

NOWHERE DOES THE PHRASE “I NEED IT YESTERDAY” apply more aptly than the business of film production. Nelson Silver, co-founder and owner of Los Angeles-based Avon Rent A Car Truck and Van, might add to that “do it right, always.”

Founded in 1978, Avon has carved out a niche as the go-to vehicle rental resource for the Hollywood film and television industries. Bending over backward for the client may be a hackneyed phrase, but it is a matter of business survival for Avon.

“Production has a lot of moving parts,” Silver says. “Any error can cost a production a lot of money. We try to make it as simple as possible.”

GROUND ZERO

Avon’s headquarters sits on the corner of Santa Monica Blvd. and La Brea Ave., ground zero for Hollywood production. Film studios and camera, prop, supply and post-production houses all sit within a few square miles. With three offices and a fleet of 1,000 vehicles, Avon claims to be the largest independently-owned car and truck rental agency in the state of California.

While most of Avon’s business is local, its coverage area stretches across the 48

contiguous states — and Hawaii. Rental vehicles have gone via barge to Kauai to film “Tropic Thunder” and to New York City to film a Batman sequel. “We have some productions that get vehicles from us for travel no matter where they are shooting,” says Julie Lawson, Avon’s vice president of studio transportation.

Avon’s mix is 75% trucks and vans and 25% passenger vehicles. The company rents stake beds and cube (box) trucks — the production staple — as well as cargo vans, passenger vans, minivans and sedans.

Avon rents all types of passenger vehicles for use as on-camera picture cars. For those wondering how a film crew treats a rental car, the answer is “Pretty well,” says Lawson. “Sometimes we don’t realize that they’ve blown out a windshield in a gunfight until the show airs. However, the vehicles are almost always returned safe and sound. Production companies are careful and respectful, and if anything unexpected happens — well insured.”

Marketing is largely through word of mouth. “Transportation crews move around from show to show and bring their relationship with us with them, which spreads business,” Lawson says.

The company also stays connected through industry publications and community events. Eric Humphreys, marketing director, says the recent growth of social media and review sites, such as Yelp, have yielded additional revenue from individual renters, tourists and small businesses.

“All of the things that the movie production industry loves about us, individuals benefit from,” Humphreys says, referring to Avon’s new truck fleet with backup cameras and hydraulic lift gates, 24-hour service and on-site, guarded parking for customers’ vehicles while renting.

HUMBLE BEGINNINGS

Maury Silver and his 18-year-old son Nelson started the company on a dirt lot in Hollywood thinking they’d rent cars — all two of them — until a customer walked in and asked for a cargo van. “We didn’t know who he was, but he said he was with a studio,” Nelson Silver says.

That humble beginning led to a word-of-mouth network that was facilitated by a confluence of factors. “The entertainment industry was evolving and we were right there with them,” Silver says.

In the late ’70s, the studios were renting



Nelson Silver founded Avon Rent A Car Truck and Van with his father Maury in 1978.



Silver affectionately calls Julie Lawson, Avon's vice president of studio transportation, "the First Lady of Hollywood" due to the unique respect and friendships she's developed in the production fraternity.

from the major truck rental brands such as U-Haul and Penske. But the trucks were generic, not outfitted with the equipment required for a film shoot.

Silver set about customizing trucks to meet those needs — with heavy-duty lift gates, dual rear wheels, "ship-to-shore" power, interior lighting and stake beds with fifth-wheel plates for towing. To outfit a truck to meet the specs of camera crews, Avon created side slats with the hardest wood they could find: apitong, from the Philippines.

Studios were renting from different sources based on the type of vehicle, while Avon provided all vehicle classes and types under one roof. "We became a one-stop shop," Silver says.

In the '80s, Hollywood studios were outgrowing their properties, and truck parking was relinquished to build more stages. With less space to house vehicles, the studios began to outsource.

"It's a little more difficult for a corporate company to build a relationship and craft it to this niche market, one that is based upon good, solid relationships of trust, honorability and friendship," says Silver, who adds, only half facetiously, "and never messing up."

"Putting all that aside, it's a boy's club and you're invited in," says Lawson, whom Silver affectionately calls "the First Lady of Hollywood" due to the unique respect and friendships she's developed in the production fraternity.

AROUND THE CLOCK

Owing to the specific needs of the film industry, employee training goes to new levels. From day one, the staff is indoctrinated in the 24-hour nature of the business.

"Now that everyone communicates constantly through texts and cell calls, new clients' expectations are high," Lawson says. "Avon has been prepared for this phenom-

enon. It has always been a daily occurrence that we get a call at two in the morning from someone needing a truck right now. We make that happen. People expect it from us."

While teaching the operational staff is straightforward, imparting the importance of understanding the customers and what they want takes time. "It's the intrinsic knowledge that they [employees] don't have yet," Lawson says. "Really knowing the customers is cultivated and a privilege. We are very fortunate that most of our many business relationships have become strong friendships."

As most transactions are business-to-business, there isn't the need to upsell at the counter. The company offers a loss damage waiver (LDW), but it isn't a profit center. Most productions provide their own certificate of insurance with sufficient coverage.

According to Silver, Avon's management-staff claims an average tenure of 22 years.

FILM FLIGHT

In the last few years, Avon has faced the flight of major film production to other states that offer higher tax incentives. When production started moving to Canada, Silver was pressured to open an office there. "I had people who wanted to give me property there for free, because the vehicles up there didn't have the specs needed to furnish the entertainment industry," he says.

He resisted, claiming loyalty to his client base in Los Angeles/Hollywood that helped the company grow over 37 years.

Silver says current Gov. Jerry Brown and Mayor of Los Angeles Eric Garcetti are working on ways to stimulate local production, though former Mayor Antonio Villaraigosa and, ironically, actor-turned-Gov. Arnold Schwarzenegger were not as proactive.

Silver is hoping that recently intro-

duced tax credits for feature film production will keep shoots in the Los Angeles area. "Hollywood is the GDP of this region, so when it's busy, it benefits everyone," he says. "Los Angeles is where we want to keep Hollywood."

ROLLING WITH THE PUNCHES

"In this industry you always have to perform," says Silver, claiming that very few of Avon's clients have left for another rental company. "I don't want to say we've never messed up in 37 years, but it's how you step up, take your shots and handle it."

In addition to runaway production, the company survived several guild strikes — which hurt — without needing to lay off a single employee. On the cost side, the diesel emissions standards introduced in 2010 added an average of \$10,000 more to the cost of Avon's trucks.

Avon still manages to give back, in one instance helping the relief effort for Hurricane Katrina. The company donated trucks and made some 50 trips back and forth to the disaster area.

Silver credits conservative financing and carrying little debt as helping to weather the storms, as well as a strong business model to fall back on. When government incentives in other states and countries dry up, production moves back to California. "They take their trucks with them," Lawson says, "but they're not compliant to California's emissions standards and aren't outfitted the way production needs them."

"It's been Mr. Toad's Wild Ride," Silver says. "We know this industry is one of the most discerning in the world, because they have such wonderful artists that put it all together. They know what they want. We're not here to question that. If they want a lime green Camry, we'll find them a lime green Camry."

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J.P. Vercollone runs his family's new Sixt franchise location serving Boston's Logan International Airport.

ALL IN THE FAMILY

This longtime neighborhood independent is transitioning to a Sixt franchise — while opening a location serving one of the busiest airports in the country.

BY CHRIS BROWN

LIKE MANY IN THIS BUSINESS, JACK VERCOLLONE didn't set out to be in car rental. A teacher by trade and holding a master's degree in sports management, Vercollone returned from a teaching stint in Italy, got married and took a job at the employee fitness center at the corporate headquarters of Xerox in Stamford, Conn.

The year was 1978, and Vercollone soon saw the ceiling in his corporate fitness job. With layoffs pending, he turned to his brothers, who owned a couple of gas stations and a car wash. "My brothers said we've got this little car rental business that nobody is taking care of," he says.

With a fleet of 30 cars, they called it Low Budget Rentals to compete with a Budget Rent a Car down the street. "It took me two weeks to even figure out how to write a contract," Vercollone says. He learned, of course, and managed through the '80s to grow the business and the fleet to about 125 units.

Ultimately, Vercollone's brothers were more interested in gas stations and car washes than funding a rental fleet. Instead of shutting down, Vercollone bought out the rental business in 1990 and changed the name to Verc Rentals. "We divided the business and kept the family together," he says.

GUT FEELING

Along with his wife Paula, Vercollone carved out a niche in Boston's South Shore and Eastern Massachusetts doing insurance

replacement and neighborhood rentals.

Verc operated similarly to other local rental companies, marketing through Yellow Page ads, knocking on doors of insurance companies and body shops, promoting "locally owned," sponsoring events and giving to charities.

Vercollone found success with vans, becoming one of the largest renters of 15-passenger vans in greater Boston. Conversion vans — with upscale trims, captain's chairs and DVD players — were hot for a time. Wheelchair accessible vans are still good business. They did well with Toyotas.

The company benefitted from low overhead and few layers of management, so initiatives could be implemented quickly and dismantled if the market changed. It was entrepreneurial but not an exact science. "We went with our gut feeling," he says.

The company ebbed and flowed with the economy, opening and closing locations, achieving a peak fleet of close to 500 units. But when looking forward, Vercollone says the math didn't add up. Corporate business was always a struggle as a small independent. The majors would always have more buying power. Local rental companies were disappearing. Vercollone admits he isn't tech savvy, and keeping up with technology became harder and harder.

"We came to the conclusion that the days of the small independent are over," Vercollone says. "I didn't think it was a business I could invite the kids into to take over." In terms of a succession plan, the

original idea was to "run it as long as we could, shut the lights off, sell everything and walk away."

TURNING POINT

At the 2012 Car Rental Show, Jack and Paula Vercollone met the team at Sixt, the premium European brand that was just establishing a foothold in the United States through a mix of corporate and franchise stores. The couple subsequently visited Sixt's U.S. headquarters in Florida, which led to an invitation to the Sixt corporate meeting in Vienna, Austria.

Founded in Germany in 1912, Sixt is a public company, though still family driven — a fact not lost on the Vercollones.

Erich Sixt runs the company as chairman of the board of directors. His wife, Regine Sixt, is senior executive vice president of Sixt International. Their sons Alexander, head of corporate development, and Konstantin, managing the company's Internet activities, represent the fourth generation of family involvement.

"We were extremely impressed with [the Sixt] work ethic," says Vercollone, adding that at the meeting, Regine and Erich Sixt made themselves available on various occasions. "They were wonderful hosts."

Sixt eventually offered the Vercollones the franchise to serve Boston's Logan International Airport. For all of Verc's years in rental, setting up shop at one of the top 20 airports in the U.S. is "the difference between downhill skiing and cross-country

skiing," Vercollone says.

To spearhead this initiative, Vercollone turned to his own family — his son J.P.

GROWING UP RENTAL

While Jack Vercollone did not initially consider a career in car rental, J.P. did.

J.P. grew up working for his father, first washing cars and then driving them. In college, he got an internship with Enterprise Rent-A-Car. After graduating, he held different positions with Enterprise in various locations throughout the U.S., gaining valuable airport experience along the way. After a corporate sales job outside the industry, Vercollone offered J.P. the opportunity to run the Logan location.

"I was hesitant at first," says J.P. "This was a great opportunity, but if we don't do it right, it's not going to work. The process is fast moving and a lot larger than suburban insurance replacement rentals. He [Jack] didn't know what he was getting into, going on airport to compete shoulder to shoulder with the majors."

J.P. took the job and set out to get as much hands-on training as he could. He conferred with his old Enterprise contacts and visited multiple Sixt locations for weeks at a time to observe and learn. "My biggest takeaway is that you need to invest in the right people and get them trained the right way," he says.

FINDING YOUR PLACE

The first step — securing a location — ended up being the hardest. Logan's consolidated car rental facility (conrac) had just been built, though the airport insisted on a track record before a new entrant could bid.

The Vercollones went to look for a location in several adjacent towns serving the airport, each with peculiarities. East Boston was already overrun by park-and-fly-type businesses and shut the door on new ones. A hotel in the famous Seaport District was a possibility, but a drive to the airport through the Ted Williams Tunnel during rush hour made it clear the location wouldn't work.

The airport, on a peninsula, was directly connected to the town of Chelsea over a busy drawbridge. It was close enough, but the new franchise had to plan for drawbridge delays by mapping out alternative routes while looking to shorten wait times by putting tablets in the shuttle vans to fill out contracts. Sixt ultimately approved. The search for a location took "well over a year," says Vercollone.



Owners Paula and Jack Vercollone and two rental agents pose with the first customer to the new Sixt Logan International Airport location.

While the day may come when the franchise enters the conrac, being off-airport has its advantages. The "near airport" model is commonplace for rental companies in other cities, but at Logan, Sixt's competition is negligible. And for customers, the trade-off for the extra shuttle time is lower costs — at least 15% savings in fees over airport companies.

WOW FACTOR

The airport location, which opened in June, fits into Sixt's stringent branding requirements. Exiting the shuttle bus, clients are treated to an unexpected "wow" factor.

The office has granite marble floors, illuminated desks, background music and monitors playing Sixt commercials. Customers can make their own espresso. The look is modern, sleek — and orange. Male employees wear three-piece, tailor-fit suits. Women wear Chanel-level business suits. "It's unlike anything you've seen in this industry, from any other brand," says J.P.

In any new franchisor-franchisee relationship, initial CSI (customer service index) scores gain increased scrutiny. So far, they're very good, Vercollone says.

The suburban locations are still known as Verc Car Rental, though the rebranding process has begun.

A POSITION TO GROW

A 24-hour business — with shuttle vans and drivers and an overnight staff — took some getting used to. The importance of hiring the right people is becoming more evident. Reservations are Internet only, and they come from multiple channels. Managing the rapidly changing pricing structure is a job in itself.

J.P. doesn't downplay the hard work. "As owner-operator of a store open 24 hours,

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Verc Rentals (and then Verc Car Rental) found a niche for a while renting conversion vans. Owners Jack and Paula Vercollone (pictured) have 11 children.

I can't possibly be here enough," says J.P., who is pulling 80- to 90-hour workweeks. "But I can't possibly be here all the time. I need time to decompress."

Overall, Vercollone says it has been an adjustment moving from being your own boss to abiding by a franchise system's rules. But Sixt has offered the support needed to navigate a more complex business.

"We're grateful to be in a position to grow, because we weren't able to grow with Verc," Vercollone says. "And yet we would not be in the car rental business at Logan Airport as a Sixt franchise without the strong, loyal group of employees who got us here."

"I'm in my twilight years of working," he admits. But when asked about retirement, he references a similar conversation with Erich Sixt in Vienna, who told him, "I don't play golf."

"I don't play golf either," Vercollone says.

AFN



Matthew Holowinski, owner of Greenberg Rent A Camper, poses near one of his rental trailers.

THRIVING IN A NICHE RENTAL MARKET

This former corporate car rental employee turned entrepreneur took a plunge into renting recreational trailers. Four years later, his company is listed on Expedia and has grown to 36 trailers.

BY AMY WINTER-HERCHER

AFTER WORKING IN VARIOUS POSITIONS IN THE car rental industry for 19 years, Matthew Holowinski was ready for a change. He decided to pursue a niche market: recreational vehicles.

"I always liked RVs and decided to go to Florida to start doing RV rentals," he says.

In 2011, Greenberg Rent A Camper was born. Renting travel trailers at several campgrounds near Walt Disney World in Orlando, Greenberg has recently expanded to a second location in Key West.

Although he is no longer renting passenger cars, Holowinski owes a big part of his new company's success to his prior experience. "It has opened the door for my camper business. That's how I was able to get the financing. I convinced my lender to slowly switch to RVs."

FROM CORPORATE TO INDEPENDENT

Holowinski started his car rental career as

a sales agent for Avis Rent A Car at Chicago O'Hare Airport. A few years later, Avis gave him the opportunity to run his own store in suburban Chicago as part of its agency operator program.

After running the Avis store for 10 years, he was ready for his next venture. "It was time to move on," says Holowinski. "At one point you ask yourself, 'What do you like to do?' I decided the best way for me was to get out of the nest, spread my wings and try to create something from scratch on my own."

In 2008, Holowinski opened his own car rental company with one car: an eight-year-old Ford Focus bought for \$3,000. He named the company Greenberg Rent A Car, the translated name of his hometown in Poland.

Building from the ground up, Holowinski got his start by offering to take competing car rental companies' cash-only

declined clients. "A lot of cars were coming back with slight damage or damage," he says. "It was really hard to collect. We learned from our mistakes and it changed our direction completely."

By moving Greenberg's original rental location in Norridge, Ill., to the Radisson Hotel Chicago O'Hare, Holowinski was able to improve his customer base. He also partnered with Economy Rent a Car's new affiliate program to gain more reservations from Economy's listings on Expedia and Orbitz.

EXPLORING A NEW MARKET

Leaving his business partner, Edwin Pacheco, in Chicago to run Greenberg Rent A Car, Holowinski traveled to Florida to learn more about the RV market. "Because Orlando is a family destination, I thought it would be the perfect spot to start the business."

After spending two months living in a trailer at an Orlando campground, Holowinski learned what the typical customer was looking for. To his surprise, he discovered that people were willing to pay more to have fully-stocked trailers delivered to the campsite — along with extra amenities, including fire pits, outdoor tables and camp chairs.

“No other competitors placed the campers at the campsite for customers,” says Holowinski.

At the beginning, Holowinski used word of mouth and Craigslist to advertise his brand. Then with help from The Web Guys, a web design and Internet marketing agency, Greenberg Rent A Camper’s website went live in September 2011. “I started getting more and more calls and then added more trailers one by one,” says Holowinski.

As interest grew in his rental trailer company, Holowinski knew that he couldn’t run it by himself — he needed Pacheco to move to Florida and help him. Additionally, his car rental company in Chicago was holding up a significant part of his credit line — and turning out to be not as profitable as hoped. Ultimately, Holowinski decided to close the rental car location and sell the cars in order to buy more rental trailers.

Today, Greenberg Rent A Camper works with several campgrounds in Orlando — with most of its trailers delivered to Disney’s Fort Wilderness Campground. Greenberg will deliver up to an 80-mile radius from Orlando, which includes St. Augustine and Daytona International Speedway.

“We have transitioned from a car rental company to an RV business,” says Holowinski. “By the end of the year, we are looking to grow to 50 trailers.”

Whether it’s creating his company’s website or designing the rental trailers, Holowinski has made it a priority to keep Greenberg’s branding looking professional. It’s all about the details that give the premium trailers a personal touch, he says. From creating posters to hang on the walls to providing guests with Greenberg-branded towels, Holowinski adds extra touches to each fully-stocked trailer.

NEW LOCATION

Two months ago, Greenberg Rent A Camper opened its second location in Florida in Key West.

“When we were thinking about a second location, we first considered Miami because it’s a big city,” says Holowinski.

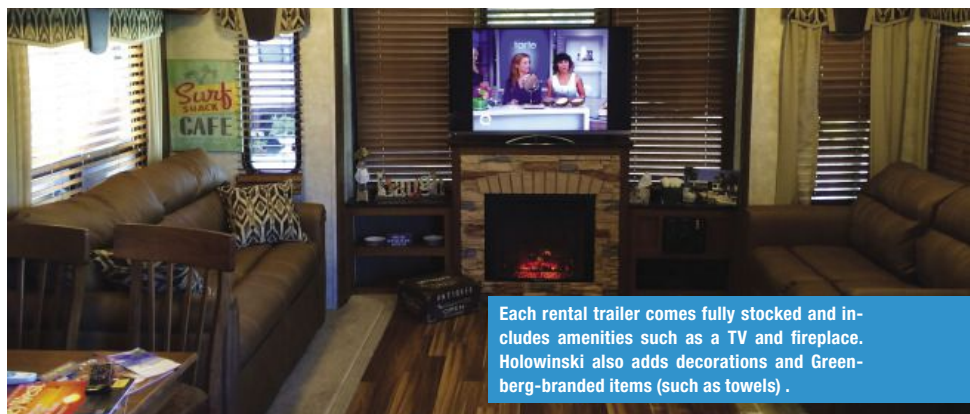
“But we did some research and found that the people from Miami were renting RVs and driving to Key West. People renting RVs didn’t stay in Miami.”

The process to set up in Key West hasn’t been easy. Because land is limited and expensive, storing the trailers can be costly.

“I think that’s why there are no other rental RV places in Key West,” says Holowinski. “Another challenge is getting spare parts and cleaning supplies. Because Key West only has a few stores, I order all the replacement parts and supplies on Amazon Prime.”

Partnering with two campgrounds, Holowinski pays a monthly rate to park each of his trailers. The challenge has been learning how to manage the number of trailers in Key West. According to Holowinski, you want enough trailers to satisfy customer demand but don’t want too many unused trailers — that the company pays rent on.

So far, Holowinski has bought eight



Each rental trailer comes fully stocked and includes amenities such as a TV and fireplace. Holowinski also adds decorations and Greenberg-branded items (such as towels) .

trailers in Key West, adding them one by one as the demand continues to grow. “Vacation RVs are becoming more of a trend,” he says. “An RV makes it possible to stay together as a family while on vacation; that’s harder to do in a hotel.”

VALUABLE PARTNERSHIP

To gain more brand exposure, Holowinski made several attempts to get his car rental company listed on Expedia, but he was turned down each time. It was a surprise when Expedia recently accepted his rental camper company onto its websites, he says, where Greenberg Rent A Camper is listed under “specialty lodging.”

“Greenberg is our first partner that offers the camper, already delivered and set up at the campsite or RV park,” says Kim Cournoyer, Expedia’s associate market manager for the Florida Keys and Key West. “He [Holowinski] has taken camping and made

it a bit more luxurious. It’s truly the best of both worlds: a camping trip with the guest services of a hotel.”

Holowinski sees Expedia as a key part of his company’s growth, especially since Expedia and its travel sites can reach larger audiences worldwide.

“With Expedia’s global reach, Greenberg is now featured on 150 sites in 70 countries, and its information is translated into 35 languages,” says Cournoyer. “Travelers from around the world are able to book their vacations and reserve these luxury campers.”

On Expedia, the demand for Greenberg’s campers has been growing daily at a fast rate, according to Cournoyer. “I’m excited to see how quickly Greenberg has grown in a short time and look forward to the future success of this company.”

BRIGHT FUTURE

For Holowinski, it’s been important to be a hands-on owner — from living in a trailer for two months to study the RV market, to

decorating each trailer and adding personal touches, to addressing each customer’s concerns and responding to reviews.

When asked about his company’s secret to survival, Holowinski immediately answered flexibility and customer service.

“I always compare prices and react pretty quickly if there is a market change,” says Holowinski. “Initially, we had higher prices in Key West, but customers didn’t want to pay the higher prices. We had to re-adjust to get more bookings.”

As demand for his luxury trailers continues to grow, Holowinski hopes to expand to other cities in Florida.

“You have to make a sacrifice and be willing to take a risk,” says Holowinski. “My company is constantly evolving and adjusting. We have been evolving by updating our website consistently, by opening a second location in a new area and by entering a partnership with Expedia.”

AFN

A RELATIONSHIP

In spite of challenging economic times, Driving Force has grown to 30 locations and a fleet of 12,000 vehicles by fostering strong relationships with customers and employees.

BY KAT SANDOVAL

THE BASIS OF ANY SUCCESSFUL BUSINESS OR enterprise: build working relationships with customers. Canada's Driving Force Vehicle Rentals, Sales and Leasing goes above and beyond in applying this creed to its everyday operations.

"Our business is built on relationships," says Jeff Polovick, president, CEO and founder of Driving Force, "not whether there was a huge opportunity in the marketplace."

Since its creation in 1978, Driving Force has had a firm footing in the energy and mining industries, providing trucks and specialty vehicles to companies in western Canada and the Arctic. In recent years, the company has further expanded to serve Ontario and the Atlantic provinces.

Today, the company's 12,000-vehicle

started Grove Rentals and Leasing with a silent partner who owned a car dealership in Spruce Grove, Alberta. "We were a one-man operation," Polovick says. "My wife was doing the billings from home. It was a startup operation, believe me."

He soon recognized untapped potential in Edmonton and Fort McMurray, Alberta, home to one of the largest oil sand deposits in North America. The company quickly grew to serve other markets and moved out of Spruce Grove and into new headquarters in the nearby city of Edmonton. It was time for a new name, and Driving Force Vehicle Rentals, Sales and Leasing was born.

The company found success early on in providing vehicles to Alberta's rapidly growing petrochemical sector. "It was all about who could provide the best service, who could get vehicles, and who had the relationships with the contractors that were building," says Polovick.

He found an advantage in his ability to respond quickly to the emerging needs of his customers, as opposed to the national vehicle providers who had more layers in their decision-making processes. He continues to credit that ability, now supported by a flat organizational structure that stretches across the country. "It's our ability to react quickly that makes the difference to our customers, which translates into success for us," he says.

This advantage is illustrated in one defining moment for the company in the 1990s, when a fire at a Fort McMurray refinery shut down oil production in the plant. "A coker caught fire, and there was a need for 100 vehicles within three days' time," Polovick says. "We were able to move quickly enough to meet that demand, and delivered the vehicles within 48 hours."

BOOM, BUST AND BOOM

Driving Force has weathered its share of ups and downs through the years.

In the early 1980s, the ruling federal party introduced the National Energy Pro-

gram, designed to give Canada more control of its resource industry. "The program made it onerous for many companies working in the industry," says Polovick. "Since the rules no longer favored free enterprise, they decided that there was no point in exploring in Canada." As a result, drilling and exploration nearly stopped. "It was Survival 101, but we made it through," he reflects.

Since then, Driving Force has maintained its growth trend through two recessions and in the face of unpredictable oil prices. The recent shale oil boom has provided new business for Driving Force, but this year's drop in OPEC prices has had a chilling effect on new projects. "Right now, everyone is tightening their belts in the oil and gas industries because the price of oil is so low," Polovick says.

As a result, customers are moving from leases to short-term rentals to free up capital, putting Driving Force in a favorable position to continue doing business with them. "This only happens if you have the relationship with the customer and if you have dealt with them for a number of years," Polovick observes.

The recent slowdown has also prompted Driving Force to search for acquisition opportunities in other parts of the country.

WEATHERING THE STORMS

As with any business, Driving Force has had to manage forces beyond its control, such as the economy and government regulations.

In 1991, the Canadian government introduced a 7% general sales tax, which eliminated a 12% federal excise tax. This caught the Canadian rental industry in a tax Catch-22: While other types of taxable goods and services could claim a tax credit, rental companies — unless they claimed their fleets as short-term assets — could not.

This meant that rental vehicles put into service before 1991 incurred not only



Driving Force started as Grove Rentals and Leasing. After 37 years, the company has grown to a 12,000-vehicle fleet with more than 500 employees and 30 locations across Canada.

fleet is mostly composed of light- and medium-duty trucks from Classes 1 to 7, including pickup trucks, vans and purpose-built specialty vehicles. Approximately 10% of the fleet is passenger cars to round out its product offering to commercial accounts and retail consumers.

A STRONG FOUNDATION

Even before Driving Force, Polovick was no stranger to the industry.

In 1978, after passing up an opportunity to buy an established business, Polovick

BUSINESS

Driving Force Vehicle Rentals, Sales and Leasing provides trucks and specialty vehicles primarily to companies serving the energy and mining industries in western Canada and the Arctic.



the excise tax, but also the sales tax upon disposal. As a result, Polovick estimates the company paid about \$3 million extra in taxes over a three-year period. "Those were very lean years as we worked through that fleet," he recalls.

In 2008, the Recession hit the petrochemical industry as hard as any other, Polovick says. "The price of oil dove again," he says. "Our established funding sources dried up, and we needed to move quickly to replace those funds."

This prompted Driving Force to work with a lead bank to create a unique financing syndicate. When the market started to improve in 2010, Driving Force was ready. "We gained a lot of market share because we had already arranged our capital when many of our competitors were still struggling for financing," he says.

Polovick also credits the smart buying and selling of inventory as a hedge against business slowdowns. "If you're doing the right things with your fleet, you should be able to dispose of the vehicles properly when times are slower," he says. "You might not make it on the rental but you will when you sell it."

GEOGRAPHIC AND BUSINESS DIVERSITY

Business-to-business truck rentals have been the company's core offering from the beginning. Polovick appreciates the B2B relationship. "Corporations prefer a relationship more so than the retail consumer," he says. "They understand the value of providing good service."

A function of its years of experience in the market and attention to customer needs, the company also offers fleet management services to its clients. "Over the

years, we've truly grown to encompass the concept of solving people's fleet problems," Polovick says.

Driving Force recently opened in Newfoundland and is looking to grow through further acquisitions. The company is in talks to acquire two companies serving Toronto and is actively searching for other acquisition opportunities.

Retail rentals are a growing part of the business, but not the primary focus. According to Polovick, "The retail car market is really monetized right now."

Polovick has a stake in five car and truck dealerships across Canada, all of



Jeff Polovick is president, CEO and founder of Driving Force. Polovick credits the ability to respond quickly to market changes, fostering enduring client relationships and instilling a strong company culture as drivers for the company's long-term success.

which are sources for the company's rental and leasing fleets.

He is also part owner of a consumer-facing retail sales location focusing on non-prime sales. The location serves as a resale outlet for Driving Force fleet vehicles while also meeting the needs of an underserved market segment. "We are specializing in customers who, for various reasons, don't have prime credit but can eventually turn into prime customers," says Polovick.

CULTURE MAKES THE DIFFERENCE

Driving Force leadership pays particular attention to its corporate culture.

With more than 500 employees at 30 locations across the country, Polovick says the company constantly works to better its employee relationships. "How can we expect our employees to satisfy our customers if they aren't happy, themselves?" Polovick asks.

Driving Force surveys all employees annually to determine their level of satisfaction. The anonymous survey is composed of 26 questions and has been administered companywide for the last 15 years. The results, says Polovick, are used to help managers determine the health of the company culture in every branch.

The company's attention to its employees has resulted in accolades such as being ranked among Canada's 50 Best Managed Companies multiple times, Canada's Top Small and Medium Employers and One of Canada's 10 Most Admired Corporate Cultures. Polovick was recently inducted into the Alberta Business Hall of Fame as well as being recognized as Entrepreneur of the Year for the Prairies region.

The importance of culture is reflected in numerous initiatives across the company, including the hiring of staff with intellectual disabilities. "We find appropriate positions for all our employees to play valuable roles in the company, and at the same time ensure that their job will be something they enjoy, too," says Polovick.

"The culture makes the difference. You've got to love what you do. If you love what you're doing, then you really aren't working anymore."

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TOM WEBB TO KEYNOTE AUTO RENTAL SUMMIT

The two-day conference features Manheim's chief economist, the return of the Fleet Jam Session, a seminar by Facebook and a Manheim auction visit.

BY AMY WINTER-HERCHER

TOM WEBB, CHIEF ECONOMIST AT MANHEIM, WILL DELIVER THE KEYNOTE address for the fourth annual Auto Rental Summit. Webb's keynote will take place on Monday, Nov. 9 at 1 p.m.

Titled "Planning for the New Normal: Macro and Micro Drivers Affecting Car Rental," his speech will focus on factors affecting the automotive and car rental industries such as new vehicle sales projections, the residual value outlook, incentive spending, model mix trends, risk car penetration and more.

"Are you ready to rock?" asks Chris Brown, executive editor of *Auto Rental News*. "Tom Webb's high-level analysis of the trends directly affecting car rental operations — combined with our educational agenda and unique networking events at the Hard Rock Hotel — reaffirm Auto Rental Summit as a high-value, can't-miss event."

PEOPLE, PROCESS, PROFITS

Designed to improve customer service and enhance revenue of car rental operations, Auto Rental Summit (ARS) embodies "people, process and profits."

A rental company's employees — it's people, the ones directly interfacing with renters — are the backbone of the business. A goal of ARS is to show rental operators how to get the most out of their team — and motivate them to buy into the company's mission.

The process is how operators run their businesses. From fleet buying and selling to counter procedures and sales tactics, ARS attendees will learn how to streamline their operations to improve customer service and increase revenues.

And profit: ARS promotes about stepping out of the day-to-day maelstrom to think big picture and to understand new concepts that will add to a company's bottom line.

EDUCATION GALORE

The Fleet Jam Session, devoted specifically to fleet issues in car rental, returns to this year's Auto Rental Summit. This year, the Fleet Jam Session is open to all; no RSVP is required.

The three-hour workshop will feature fleet professionals presenting on various fleet topics, including fleet tools to use in the changing used car market, how to strengthen relationships with lenders, gaining maximum return on vehicles sent to auction and an insider's look from Toyota at how manufacturers' repurchase programs function.

ARS will also include several breakout seminars. Led by Jason Fialkov, Facebook client partner, "How to Grow Your Auto Rental Business on Facebook" will present specific strategies to retain



Tom Webb of Manheim.

present customers and acquire new ones. The session will focus on how to leverage Facebook's scale and mobile penetration.

Operators will share their success stories during two seminars. The team from Verc Car Rental will discuss how they made the transition from an independent car rental company to joining a successful worldwide brand as a franchisee. Clark Girges of Signature Car Rental will share his tips on creating a growing independent car rental company in Florida, including effective advertising and locating new sources for vehicle acquisition.

In another session, members of The Tennant Group Roundtable will reveal concepts they've put into practice to directly improve profits.

Ending on a high note, attendees are invited to join a tour of the Manheim Auction Fort Lauderdale facility on Tuesday afternoon at 4 p.m.

RECOGNIZING ROCK STARS

Tuesday's award presentation includes the Professional of the Year Awards and the Renter Rated Award by CarRentalExpress.com.

Presented by American Express, the *Auto Rental News* Professional of the Year Awards honor auto rental associates who demonstrate and promote outstanding customer satisfaction within the car rental process. Nominations are open until Sept. 18.

The Renter Rated Award recognizes the independent car rental company with the highest score based on ratings and reviews from car rental transactions posted to CarRentalExpress.com. Runners up in three sub-categories — staff, vehicles and recommend — will be awarded with honorable mentions.

Car rental managers, executives and employees from corporate, franchised and independent companies across the U.S. and overseas are invited to attend the 2015 Auto Rental Summit, to be held Nov. 9-10, 2015 at the Seminole Hard Rock Hotel & Casino in Hollywood, Fla.

Visit www.AutoRentalSummit.com to view the full schedule and register.

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EXPAND YOUR GLOBAL REACH AND INCREASE YOUR BOTTOM LINE

In addition to our 20+ years of premier service to USA car rental companies as it relates to damage recovery, we have now expanded the business to include additional services to better serve the international marketplace.

Cross Borders Damage Recovery and Consulting Services

New international services offered include a patent-pending process that will vastly improve damage recovery from USA customers who have rented outside the USA and returned home. PurCo has the tools, skills and experience to locate, contact and guide your USA renters through the damage claims process, which will provide your customers a more comfortable experience while dealing with the stress and frustration of experiencing rental damage in another country.

This expansion of services includes the addition of 2 industry veterans, Gary Fulena and Tom Kelley.



GARY FULENA
gary.fulena@purco.com

Gary has over 35 years' experience with multiple car rental companies including Hertz, Budget and Advantage. Most recently, Gary was COO of Advantage Rent a Car. Gary's background includes experience running multiple cities as well as responsibility for fleet, sales, human resources and finance.

Tom also has over 35 years in the industry, with a wide range of expertise. This includes 5 years as a franchise owner in Dallas, Texas as well as responsibility for multiple "gateway" airports such as Miami, San Francisco, Heathrow and Dallas. Tom has over 20 years franchise experience in the international arena, his last position was based in London, UK, as Vice President of Dollar and Thrifty outside of the Americas.



TOM KELLEY
twkelley@purco.com

Our advanced technology gives you the confidence and convenience of real-time 24/7 access to your claims via our website www.purco.com.

PurCo's in-house legal department keeps our research up to date and our procedures in line with current legal requirements. The team allows all of us to navigate the ever-changing landscape of challenges to the car rental operator's rights.

Q&A

CAR RENTAL

Q: I'M AN INDEPENDENT CAR RENTAL COMPANY AND IT'S ALWAYS A STRUGGLE TO COMPETE WITH THE MAJORS. DO YOU HAVE ANY STRATEGIES?

Elia Sikanen, Ambassador Rent A Car, Lake Worth, Fla.

A: As an independent car rental company, it is difficult to compete with the majors. The majors will always have more buying power and a bigger presence, but here are 14 tips to help build your presence in your local market:

1. Create a recognizable brand name. Consider a franchise or an affiliate program so you can afford to be on as many search engines as possible. Renters may feel uncomfortable renting from a company they have never heard of.

2. Increase your online presence. As a small independent, it's not feasible to be listed on the major travel search engines such as Expedia and Orbitz. However, look into portals like Car Rental Express (carrentalexpress.com) that cater to smaller companies.

Also, understanding SEO (search engine optimization) best practices in your local market can help your company gain a listing on the front page of search engines like Google and Yahoo.

3. Don't underprice your product too far below your competition. Hold fast to higher prices until bookings pick up — or until the majors' reservations are growing and they move up their pricing, too.

4. Never underestimate the power of excellent customer service. Renters may initially choose you because you had the best price, but they will choose you the next time because they were treated so royally.

If you have renters that you want to impress, make sure they remember you. Give them a bottle of water for their trip or a small snack bag with something representing your location, such as an apple for New York or cheese from Wisconsin. A small gesture can turn a one-time client into a longtime one.

5. Know what your competition is renting and offering. Instead of complaining about the competition, emulate them. Do they have separate lines for repeat renters or members-only clients? If so, you should consider doing the same.

6. Understand the value of uniformed employees with name badges. This professional touch helps instill confidence in the renter that this is a well-run rental agency.

7. Keep a clean and orderly counter at all times. Being clean and organized helps your business look more professional. Your shuttle bus is also a reflection of your business so it's important to keep it clean.

8. Encourage your employees to be take-charge people. Allow them to settle disputes under \$50 and don't question them after decisions have been made.

9. Work at the counter occasionally. If you as the owner/operator do not usually rent the cars, make a point to do it as often as you can to see if your quality and your personality are capable of bringing return business. Your employees will appreciate your participation, and your customers will feel important since the owner took time to meet and greet them.

10. Find replacement vehicles with your competition. If you run out of cars (and you should run out at least two days a week if your utilization is high enough to produce a profit), make sure you find a replacement vehicle with your competition. If there is a price differential, send the renter a check with your company logo and contact information. That way, renters have visible proof of your commitment to their return business.

11. A niche market can be profitable. Passenger vans, hand-icap vans, luxury cars, camping vans or recreational vehicles (with camping rental equipment) can be in demand in certain niche markets, but you can still compete with a varied fleet.

12. Cultivate local small businesses. Small businesses like to use local car rental companies for statewide business trips. If they need the vehicles delivered and picked up, ensure that your company can accommodate that need.

13. Attend industry meetings. By interacting with your competitors, the more you can learn about what they do and how you can compete better.

14. Don't underestimate your worth. As a smaller company, you can still compete and secure a market share that is desirable and profitable. And if you grow big enough, a major might deem you worth buying.

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WHAT'S YOUR QUESTION?

• Email your car rental operation-related questions to Auto Rental News care of chris.brown@bobit.com.

• Sharon Faulkner is the executive director for the American Car Rental Association (ACRA), the voice for the U.S. auto rental industry. The association supports and promotes sensible legislation that will benefit all of its car rental members. Faulkner can be reached at Sfaulkner@acraorg.com.



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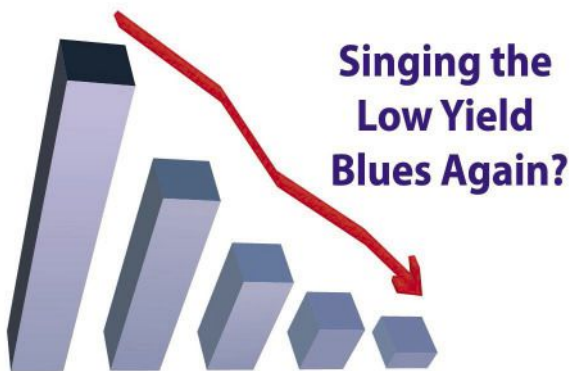
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Call it the Auto Rental Summit Manifesto. These three leading indicators of company success define the mission of this conference and are inherent in the educational seminars, speakers and networking.

PEOPLE: Your human capital, the backbone of your business. Auto Rental Summit will show you how to get the most out of your team — and motivate them to buy into your mission.

PROCESS: From fleet buying and selling to counter procedures and sales tactics, you'll learn how to streamline your operations to improve customer service and your bottom line.

PROFIT: We'll collaborate on those revenue-generating concepts: the big picture stuff, the new business opportunities. The light bulb ideas that allow your business to turn the corner.

Whether you're an owner, manager, or a future leader-in-training, the experience and knowledge gained from attending Auto Rental Summit will allow your company to perform at the highest level.

SESSION HIGHLIGHTS:

- What keeps you up at night? A look at **industry survey results**.
- Overcome the challenges and reap the rewards: **Learn how one independent made the transition to franchise**.
- Case study! Hear **real-life experiences** from an independent: 6 Keys to My Success.
- Get the inside scoop on **6 great profit ideas** — and one wildcard.
- Gather **tools that will motivate your top talent** and encourage them to share your vision.
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THE LIMIT

EVENT HIGHLIGHTS:

MONDAY, NOVEMBER 9, 2015



Special Lunch Session for Latin American Attendees!

Combating Car Rental Piracy in Latin America

12:00pm - 12:55pm



Opening Reception Exhibitors

5:30pm - 7:30pm

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9:00pm - ?

TUESDAY, NOVEMBER 10, 2015



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Lunch with Sponsors

12:00pm - 1:00pm

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Manheim After Hours

Facility Visit (RSVP Required)

4:00pm - 6:00pm

OPENING KEYNOTE ADDRESS

Planning for the New Normal: Macro and Micro Drivers Affecting Car Rental

Monday, November 9, 2015

1:00pm - 1:55pm

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TOM WEBB

Chief Economist,
Manheim

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Visit www.AutoRentalSummit.com for more information or to submit a nomination. Join us on **Tuesday, November 10 at 3:00pm** as the honorees receive their awards.

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REGISTRATION FEE:

	Early Bird Rate before October 9, 2015	October 10, 2015 On-site
Operator Full Show Pass*	\$425	\$525
ACRA Member - Operator Full Show Pass*	\$400	\$500
Spouse Pass**	\$300	\$350
ADDITIONAL OPTION		
Auto Rental Professional Certification Monday, Nov. 9, 9:00am - 12:00pm	\$199	\$199

*Includes seminars, cocktail reception, meals and networking functions.

**Spouse Pass includes cocktail reception, meals and networking functions only.

You MUST be a car rental operator in order to attend Auto Rental Summit. Industry suppliers must sign up for a sponsorship package in order to attend the conference. Please contact Joni Owens at Joni.Owens@Bobit.com or call 310-533-2530 for more information. All registrations are pending approval and will be audited for compliance.





Tony Simopoulos, president and founder of Metavera.

ENTERPRISE PURCHASES METAVERA'S CARSHARING TECHNOLOGY

ENTERPRISE RENT-A-CAR CANADA Co. has acquired Metavera Solutions Inc., a provider of carsharing technology.

Metavera provides sustainable transportation technologies to customers in more than a dozen countries around the world. Founded in 2000, it

offers a carsharing system for independent operators, as well as technology solutions for fleet management and peer-to-peer carsharing, according to the company.

Enterprise Holdings purchased Metavera for its carsharing technology and industry

expertise, which will support the ongoing evolution of its Enterprise CarShare operation. Metavera employees, including President and Founder Tony Simopoulos, will be retained and will continue to operate in Toronto, according to the company.

BLUEBIRD ADDS DAMAGE RECOVERY FEATURE



Bluebird Auto Rental Systems is now offering its auto rental customers a feature to help with damage recovery needs.

Through its RentWorks software program, rental car companies can assign auto claims with the Claims Manager module.

And according to Bluebird, it includes a "No Recovery-No Fee" policy.

Veronica (Ronnie) Weston has joined the Bluebird team as the manager of its recovery team. With over 38 years of claims experience, Weston can help maximize damage recovery with the highest level of service, according to the company.

FOR MORE INFORMATION, CONTACT RONNIE WESTON AT 973-384-9194 OR BY EMAIL AT RONNIE@BLUEBIRDRECOVERYSERVICES.COM.

ATS PROVIDES PLATEPASS TOLL SERVICE TO FOX RENT-A-CAR

American Traffic Solutions Fleet Services (ATS) has partnered with Fox Rent-A-Car to offer Fox rental customers the PlatePass All-Inclusive toll payment service for one flat daily rate.

This daily rate covers the costs of all in-network tolls incurred during the rental.

PlatePass is an electronic toll payment and management solution that allows drivers to skip the cash tolling lanes and take advantage of all-electronic, cashless tollways while they travel, according to the company.

PlatePass coverage is available to Fox Rent-A-Car customers in Florida, Northern California, Colorado, Washington and Texas.

FOR MORE INFORMATION, VISIT WWW.ATSFLEETSERVICES.COM.



ATS employees at the 2014 Auto Rental Summit.



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COURTESY OF AUTO EUROPE

AUTO EUROPE LAUNCHES PICKUP GUARANTEE PROGRAM

AUTO EUROPE, A U.S.-BASED TRAVEL SERVICES PROVIDER TO EUROPE, HAS launched a Ready-to-Go Pickup Guarantee. It pledges to pay for a customer's car rental if the reserved vehicle is not ready and waiting upon his or her arrival at the rental car counter.

"Since we're committed to ensuring a smooth rental experi-

ence, we wanted to put our money where our mouth is," said Scott Braun, chief marketing officer of Auto Europe. "That's why we created the Ready-to-Go Pickup Guarantee. If we don't deliver on our promise, the rental is on us."

FOR MORE INFORMATION, VISIT WWW.AUTOEUROPE.COM.

HOW RECALLS AFFECT SMALL RENTAL COMPANIES

Due to the recent Takata air bag recall, this small franchise owner has been forced to ground his convertibles indefinitely, resulting in a loss of revenue and vehicle depreciation.

A AS A RENTAL CAR OPERATOR, IT'S ESSENTIAL TO PROPERLY MAINTAIN vehicles to keep them safe for customers. But what happens if an open recall — with no end in sight — causes an operator to ground all of his vehicles in a particular car class?

Take Matt Pendergast, a Rent-A-Wreck franchise owner in San Francisco. While at present Pendergast is not obligated to ground any vehicle under a recall, the recent Takata air bag recall prompted him to remove two Ford Mustang convertibles from his fleet during the summer high season, when renters want them the most. "I didn't want to take any chances when it came to that type of thing," he says.

Two vehicles might not sound like a big deal, but it's a big loss to a small rental company, especially when Pendergast's two Mustangs make up his entire convertible class.

"The recall has been stressful and difficult for us," says Pendergast, who runs a fleet of about 50 to 55 vehicles. "As a small business, we don't have the purchasing power to go out and replace the convertibles."

In May, Takata Corp. expanded its national recall of its defective air bag inflators, which included Ford Mustangs (2005 to 2014 model years). According to the National Highway Traffic Safety Administration (NHTSA), it is the largest U.S. vehicle safety recall. "It was hard to keep track of what vehicles were affected since the makes and models were revealed slowly in stages," Pendergast says.

After receiving news of the recall, Pendergast immediately took his Mustangs to the local Ford dealership. Due to the far-reaching extent of the recall, the air bag inflators are currently not available from Ford — and won't be for months.

"In the meantime, I had to contact every person who had a convertible reserved for the summertime season," says Pendergast. "We are a service business, and it looks negatively on us when we can't fulfill a reservation that was made months ahead of time."

In addition to disappointing almost a dozen convertible customers and losing \$3,000 to \$4,000 in revenue, Pendergast is also losing money each day as the cars decrease in value.

"I have the Mustangs just sitting on my lot depreciating in value," says Pendergast. "I could try to sell them on the open market, but they still have open recalls so their value will be down."

ONE VIEWPOINT ON LEGISLATION

Pendergast expresses his frustration that it puts him — and other rental car operators — in a tough situation when the recalled parts aren't available.

"If the automakers don't have the part and it's going to affect a large portion of your fleet, you are stuck," he says. "You have to take reservations assuming that the vehicles you own will be available for customers. But what happens if there is a law that suddenly says that they aren't available to rent anymore?"

The American Car Rental Association (ACRA) as well as several other consumer safety advocates — Consumers for Auto Reliability and Safety, AAA, Center for Auto Safety — support the "The Raechel and Jacqueline Houck Safe Rental Car Act," pending legislation in the U.S. Senate and House.

The legislation would require car rental companies to ground vehicles subject to a federal safety recall until repairs are made and prohibit car rental companies from selling vehicles with open safety recalls.

In the bill, there is no designation of degree when it comes to the recall.

"With an air bag issue, the vehicle should be immediately grounded. But you are telling me that I can't rent out vehicles with any open recall, like a latch for a rear window, when the part isn't available?" says Pendergast, citing an actual recall for Dodge Caravan and Chrysler Town & Country models to replace the rear quarter vent window switch. "It took a while to get those parts," he says.

Pendergast also takes issue with the bill because it doesn't hold automakers to any more responsibility, nor does it mandate compensation to rental companies for lost revenue on recalled vehicles.

"I don't have an issue with grounding vehicles that could be potentially dangerous to customers, but we are the ones who are suffering," he says. "I'm losing thousands of dollars in revenue, experiencing devaluation of my cars and getting negative publicity, and it's not my fault."

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Disclaimer: The views expressed by Matt Pendergast do not represent the position of the American Car Rental Association or Auto Rental News in regards to the vehicle recall process or recall legislation.

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