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AN INQUIRY INTO CUSTOMER OPINIONS
OF THE CAR RENTAL BUSINESS

By

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B.A., University of Maryland, 1964

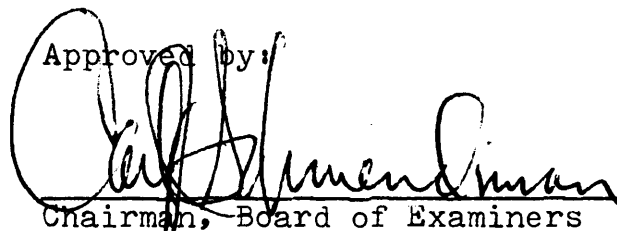
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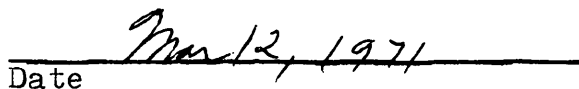
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CHAPTER I

INTRODUCTION

The purpose of this study is to closely examine seven features of the car rental business which could influence customers to choose one rental agency over another: (1) rental costs, (2) types of cars available, (3) customer qualification standards, (4) insurance coverage, (5) age and condition of cars, (6) customer service, and (7) effects of advertising.

Since the airport agencies (Hertz, Avis, and National Rent-a-Car) are similar in their services and methods of operation, they have been grouped together and compared with those agencies operating from off-airport locations. Budget Rent-a-Car, the leader of the latter group, was chosen as representative of the "economy" agencies. Comparisons were made of the two groups based on both actual differences and on opinions expressed by car rental customers. In regard to these comparisons, the hypothesis is that the imagined differences between the two groups are different from the actual differences.

Importance of the Study

Very little professional research was found about the particular features of the car rental industry with which this study is concerned. A survey of the literature was made, information was requested from each of the car rental agencies, and a bibliography was requested from the Collier Research Service. Operating manuals supplied by the rental companies were examined, interviews were conducted with the managers of the Great Falls car rental agencies, and articles from predominant business magazines such as Business Week, Harpers, and Newsweek were read.

The apparent lack of professional research emphasizes the need for examining a business which is a significant and growing part of the automobile and transportation industries. The "Big Three" (Hertz, Avis, and National) claim a growth rate of fifteen to twenty percent per year while Jules Lederer, president of Budget, claims that in 1969 his business was up forty-six percent from the previous year with approximately \$75 million in sales.¹ Hertz's gross revenue in 1969 was approximately \$500 million and National's was between \$70 and \$80 million. While recognized as Hertz's nearest competitor, Avis does not reveal its financial statistics.²

¹"Rent-a-Car Roars Ahead," Business Week, November 1, 1969, p. 84.

²Ibid.

Robert A. Smalley, Hertz's president, listed several reasons for the rapid growth rate of the car rental business. Among these were the test driving of new cars by prospective buyers and the growing acceptance of the leasing and renting concepts. The most significant reason listed, however, was the increasing popularity of the "fly-drive" combination for traveling businessmen.³

Another factor which makes the car rental business worthy of further research is the relationship of the business to other large industries such as automobile manufacturing and air travel. Approximately 950,000 vehicles were ordered for the 1968-69 model year with Hertz buying about 110,000 of these. Half of Hertz's \$420 million expenditure went to the Ford Motor Company.⁴ As a further example of the impact that rental operations are making on the automobile manufacturing industry, twelve percent of the 1970 model cars were either on long-term lease contracts or used for daily rentals, and this figure is expected to rise to eighteen percent in five years.⁵

Car rental agencies also contribute a significant amount of revenue to airports, which charge high fees for

³"Bulk Auto Sales Burn Up the Road," Business Week, October 12, 1968, p. 30.

⁴Ibid.

⁵"Autos: Slightly Used Bargains," Time, February 9, 1970, p. 77.

a few square feet of terminal space and parking facilities. The total revenues from the car rental agencies are greater, at many airports, than the total fees from the aircraft.⁶ Hertz, Avis, and National each pay the Great Falls International Airport eight and one-half percent of their gross rentals in addition to approximately \$600 per year in rent for counter space. For an agency generating \$250,000 per year in rentals, the annual eight and one-half percent commission plus the \$600 rent to the airport is \$21,850.⁷ According to William M. Landes, Manager of Budget Rent-a-Car in Great Falls, he would have been required to pay the airport eight and one-half percent of the gross of his entire business just to install a direct line telephone between the airport and his office in town.⁸

Off-airport agencies can charge lower fees for car rentals because they do not pay the high overhead costs for airport space. Since the cost of rental facilities for off-airport agencies is usually fixed, this expense expressed as a percentage of income decreases as income increases. Airport agencies do not receive this advantage since their costs are a constant percentage of gross income. Budget

⁶Martin Mayer, "Avis vs. Hertz: Madison Avenue's Favorite Feud," Harpers Magazine, January, 1968, p. 43.

⁷Richard F. Hruska, Agency Manager, Avis Rent-a-Car, Private interview in Great Falls, Montana, June 9, 1970.

⁸William M. Landes, Agency Manager, Budget Rent-a-Car, private interview in Great Falls, Montana, June 9, 1970.

Rent-a-Car began as a local operation in Los Angeles in 1958 and within six years was operating 450 offices in approximately 325 cities in the United States and abroad. The success of this company indicates an apparent need for less expensive rental services.

Organization of the Paper

The difference in cost of renting a vehicle from Budget Rent-a-Car rather than from the airport concessions is explained in Chapter II which contains a comparison between airport agencies and Budget in terms of the features being studied. The remainder of the paper contains a discussion of customer opinions about these features and an analysis of reasons for agency choice.

The procedures used to construct the sample survey and the design of the questionnaire is explained in Chapter III, followed by some findings about the nature of the people who answered the questionnaire as well as characteristics of the car rental agencies under study.

An analysis of the opinions of car rental customers and a discussion of the major factors which influence agency choice are also contained in Chapter III. Wherever appropriate, these opinions are compared to the actual facts. A summary, overall conclusions, and suggestions for future research are made in Chapter IV.

CHAPTER II

A COMPARISON OF CAR RENTAL AGENCIES

This chapter is essential to the development of the paper because it provides the reader with basic information about the important features of the car rental business which are being studied, and establishes a basis for the later comparison of customers' opinions.

First, the primary makes and models of cars available for rent and the customer's cost to make a rental is discussed. Then, standards that customers must meet to be eligible to rent a car are presented, followed by discussions of deposit requirements, insurance, inter-city travel, customer service and an agency's advertising responsibilities.

Rental Costs and Types of Vehicles

For purposes of this paper, rental costs for "vacation specials" and other package deals have been disregarded. All agencies studied offer such optional features as luxury and compact cars equipped with power brakes, power steering, and air conditioning. Rental costs are based on standard full-sized sedans commonly

used for business purposes such as the Ford Galaxie, Chevrolet Impala, Plymouth Fury, and Oldsmobile Cutlass.

With few exceptions, the established rates for airport agencies are \$14 per day plus 14 cents per mile or \$13 per day plus 13 cents per mile, depending upon the geographical location. Budget's rate is \$8 per day plus 8 cents per mile.

The above rates reflect the full retail price of car rentals. Few customers pay these prices, however, since many national credit cards, memberships in certain associations, and company accounts qualify the holders for discount rates. More than ninety percent of the rentals made by the airport agencies in Great Falls are with customers who qualify for discounts.¹ Approximately seventy to seventy-five percent of Budget's customers are businessmen from out of state, the other twenty-five percent are local renters, and few qualify for discounts.

Hertz, Avis, and National's discounts are twenty percent less than the rates listed above--\$11.20 per day and 11.2 cents per mile or \$10.40 per day and 10.4 cents per mile depending upon the retail rate. Budget offers the businessman the "CORP-RATE" program--\$11 per day and no additional charge for mileage. The customer pays only for gas actually used, which can be added to his bill at a

¹Hruska, private interview, Great Falls, Montana, June 9, 1970.

charge of three cents per mile if he desires. A comparison of daily rental fees based on discount rates is shown in Chart A, Exhibit I, Appendix.

The policy of all agencies under study is to make available to the customer automobiles of the current model year. Avis claimed in a recent advertising campaign, that they would allow a customer to keep any Plymouth rented to him with over 19,000 miles on the odometer. All of the agencies claim to provide customers with clean cars in good mechanical condition.

Customer Qualification Standards

Each agency has set a minimum age limit at which a customer is qualified to rent a car. The age is twenty-five for Hertz, Avis, and National, and twenty-one for Budget.

Established credit is a major factor in determining customer qualification standards and, in many instances, is a matter of local policy. In Great Falls, for instance, except in rare circumstances, the "Big Three" have a policy of "no credit card--no car." Specifically, this means that unless a person has established credit on a national basis (i.e., Diner's Club, American Express, certain gas companies, or any other company that guarantees payment to the car rental agency), he cannot rent a car from any of the Great Falls airport agencies. Regional and local credit cards are not acceptable.

According to Richard F. Hruska, Manager of Avis Rent-a-Car in Great Falls, rentals to local residents are discouraged by the Great Falls airport agencies because these customers are regarded as "marginal"--the type who cannot afford a down payment on a new car, cannot get insurance, or have a bad driving record.² Budget's policy is different. In Great Falls, for instance, local or regional identification is acceptable and cars are rented to people without established credit.

Deposits

A deposit is required to reduce the risk inherent in Budget's practice of renting cars to customers without established credit. Customers possessing certain major credit cards, however, are not required to make a deposit. Although requiring a deposit may convey to the customer the impression that he is not trusted to pay his bill, thus causing ill will towards the company name,³ William M. Landes of Budget feels that a deposit requirement would discourage only those people who could not pay their bills and they are undesirable customers anyhow.⁴

²Ibid.

³Ibid.

⁴Landes, private interview, Great Falls, Montana, June 9, 1970.

Since the Great Falls airport agencies rent only to persons possessing credit cards from companies that guarantee payment of the rental bills, their policy is not to require deposits.

Insurance Coverage

Liability insurance coverage of \$100,000 per person and \$500,000 per accident is included in the rental fees of the four Great Falls agencies. Also included is \$100 deductible collision insurance which can be changed to full coverage by charging the customer an additional \$1.50 per day.

Inter-City Travel

All of the agencies included in this study provide the customer with "Rent it here--Leave it there" type service but the conditions and charges vary. National charges no inter-city fee from Great Falls to certain cities in Montana but requires a two day minimum on such rentals. A \$15 fee is charged by Hertz, Avis, and National in most cases when a locally owned car is to be left in another city. Budget charges whatever expense is incurred in returning the car. Avis has a unique system which makes it possible at times for a customer to make an inter-city trip without having to pay a drop-off charge. The company maintains a "wild car" fleet comprised of a number of their cars which are scattered throughout the country to be used

strictly for inter-city travel. There is no inter-city charge by any of the agencies for rentals of cars being driven into or towards a town from which a rental originated since the agency in that town owns the car.

Advertising

The managers of the major car rental corporations, which have airport agencies, have decided that price competition for daily rentals could be ruinous. Hence, this type of competition has been held to a minimum and limited to special rates for holidays and vacations. The acquisition of prime locations at airports and hotels, along with intensive advertising campaigns, are considered plausible weapons. The public display of daily rental bargains has been restricted to local discount operators--much smaller than Budget Rent-a-Car--who do not have the ability to pick up and deliver passengers to the airports.⁵

Although most of the advertising in the car rental business is done by the parent companies on a nationwide basis, individual agencies are responsible for local advertising such as airport and hotel signs, radio spots, and listings in the yellow pages.

⁵Mayer, "Avis vs. Hertz," p. 44.

Customer Service

The major difference between the on and off-airport agencies is the service offered the customer. Hertz, Avis, and National provide counters in airport lobbies where rental agreements may be completed while the customer waits for his luggage. The customer may then pick up his car in the airport parking lot.

In order to rent a car from Budget, or some similar agency, the customer must first phone the agency then be picked up by a courtesy car and taken to the agency's off-airport location to fill out the rental agreement and to pick up a car. In an effort to speed up service to and from most major airports, the "Bud-Jet Mobile"--an orange painted van capable of carrying approximately ten passengers--is used. All airport agencies and Budget offer free advance reservations to cities where their respective agencies provide rental services.

While "economy" agencies such as Budget advertise service comparable to that of airport agencies, the latter deny that this is true. Hertz, Avis, and National argue that airport locations justify the higher rates they charge and support their arguments by noting that airport counters generate over half of the industry's business. In addition, they hold the view that Budget and the others are working

outside the main market since they are doing business with the "occasional traveler looking for a bargain" or the "neighborhood trade in a one-time need of a car."⁶

Altogether there are more than one hundred "economy" agencies vying for an increasing share of the rental market.⁷ According to Mr. Hruska, Avis manager, when Los Angeles denied the rental agencies additional airport parking space in 1966, approximately 1700 "cut-rate" cars were moved into the airport area within the next two years. Another boost was given to smaller agencies seeking airport counter space when an anti-trust suit resulted in Hertz agreeing to stop seeking exclusive franchise rights at airports.

Summary

The considerations upon which the remainder of this study are based have been outlined in this chapter. Major differences, especially in the areas of rental costs and customer service, have been highlighted, and customer feelings about these differences will be examined in subsequent chapters.

⁶"Rent-a-Car Roars Ahead," Business Week, p. 84.

⁷Ibid.

CHAPTER III

THE MARKET ANALYSIS

This chapter begins with an explanation of how the sample survey and questionnaire were constructed. The results of the survey are then used to show characteristics of the sample, to present customer opinions, and to analyze the reasons for choosing a particular car rental agency.

THE QUESTIONNAIRE

To determine the opinions and preferences of businessmen, a survey was undertaken using a questionnaire (Exhibit II, Appendix). Various questions for purposes of classification such as age, income, frequency of car rentals, who pays the rental bill, which agencies are used, average discount qualifications, and annual number of inter-city trips, were included in the questionnaire.

The considerations listed in the introduction in Chapter I were explored in "opinion type" questions. In addition, an open-ended question was inserted at the end of the questionnaire for any additional opinions that customers might have.

Sampling Design

On June 16, 1970, 200 recent customers were chosen from the rental contracts of Avis, Budget, and Hertz Rent-a-Car agencies in Great Falls, Montana. Those from National Rent-a-Car were unavailable at the time. Approximately two-thirds of the names were taken from the airport agencies' lists and the remainder from Budget's list.

The Pilot Survey

On June 17 and 18, a pilot survey was conducted to test the adequacy of the questionnaire. Several questions were changed as a result (Exhibits II and III, Appendix). In question 1, income groups were changed because of ambiguity. The customer was asked in question 6 to list the largest city in which a rental was made and the agency used. In question 7, the customer was asked to list the smallest city and the respective agency. An attempt was made in these questions to determine if there was any correlation between size of town and customer's choice of rental agency. These questions were discarded, however, because in many small towns only one agency is available and the customer has no choice and in some states it is difficult to classify towns by size since all are relatively small.

Question 8 was originally inserted in an attempt to correlate customers' choices of car rental agencies with

areas of the country. The pilot study showed this question to be ambiguous since some persons were doubtful about how to classify a particular state. The question was eventually discarded since policies and practices of each agency are dictated for the most part by the parent company, thus rendering the question superfluous.

In question 10, Budget was separated from other off-airport agencies since some of these agencies are so inferior to Budget that the question would be ambiguous. For this reason, reference to "similar off-airport agencies" was deleted from question 12. In question 13, however, "Budget and some similar off-airport agencies" was retained since picking a customer up at the airport is one of the differentiating features of customer service included in this study.

Questions 13 and 14 of the original questionnaire were combined into question 11 of the final revision. Question 13 referred to retail prices and when it was learned that over ninety percent of Hertz, Avis, and National's customers qualified for discounts, the first part of the narrative in question 11 was changed from "retail prices" to "discount rates." The second part of the narrative deals with one of the most important features of car rental agencies--the availability of cars at the

airport. The question was changed to request the customer to place a monetary value on this service in order to correlate this sum with that shown in Exhibit I, Appendix, for a particular mileage.

Revised questionnaires were mailed to the 200 persons selected for the sample. Two follow-up mailings were made and 152 responses were received. The results of the survey are presented in the next section.

CHARACTERISTICS OF THE SAMPLE

The distribution by states of the 152 responses is shown in Table 1. There were 115 responses to the first mailing, and the two follow-up mailings produced twenty-seven and ten replies respectively. A total of 2,705 rentals were made by the 152 respondents, an average of about eighteen rentals per person per year. Thirty-four rentals were made by twenty-one persons that used cars only for vacation, and 131 persons rented cars for business. Eliminating "vacationers only" from the population leaves a total of 2,671 rentals made by the 131 business users for an average of approximately twenty rentals per person per year. Although some businessmen made rentals for vacations, the higher average showed that customers made more rentals for business than for pleasure.

TABLE 1

Number of Respondents by States and Canada
(In Descending Order by the Number of Respondents)

STATE	NUMBER	STATE	NUMBER	STATE	NUMBER
Washington	30	Canada*	4	Florida	2
Montana	28	Arizona	3	Wisconsin	2
California	18	Idaho	3	Massachusetts	2
Colorado	10	Kansas	3	Iowa	2
Oregon	9	Maryland	3	Hawaii	1
Minnesota	6	North Dakota	3	Alabama	1
Utah	5	Texas	2	South Dakota	1
Illinois	4	Missouri	2	Georgia	1
New York	4	Ohio	2	Oklahoma	1

*The 4 Canadian respondents were from Alberta.

A breakdown of customer groups is shown in Table 2. The overwhelming majority of car renters (78 percent) rent for business and have the bill paid by their employer. About seventy-four percent of these businessmen never rent a car for vacations.

TABLE 2

Customer Payment Groups

GROUP	NUMBER OF PEOPLE	PERCENT
Vacation only (paid by individual)	21	13.8
Business and vacation (paid by employer)	31	20.4
Business and vacation (paid by individual)	5	3.3
Business only (paid by employer)	87	57.2
Business only (paid by individual)	<u>8</u>	<u>5.3</u>
Total	152	100.0

Who Pays the Bill?

Since individuals who rent cars for vacations only would be expected to pay their own bills, they have been eliminated from the following analysis. One hundred and nine of the respondents predominantly used airport agencies

while thirty-one predominantly used off-airport agencies. The word "predominantly" means that a customer used one type of agency more than another type of agency. However, if a customer used Hertz for fifty percent of his rentals and Budget for the other fifty percent, he would be counted once as a predominantly airport agency customer and again as a predominantly off-airport agency customer.

Since there were 131 customers in the sample and 140 customers in this analysis, nine persons used airport and off-airport agencies in an equal amount. A breakdown is contained in Table 3 of who pays the bill in relation to on and off-airport agency use. Ninety-three percent of the predominantly airport agency users are on expense accounts compared to seventy-one percent of the predominantly off-airport users. Of the 118 persons who have the bills paid by the company, 101 are predominantly airport agency users. This implies that eighty-five percent of the people on expense accounts will use the airport agencies while approximately nineteen percent use off-airport agencies. In addition, the larger percentage of off-airport agency customers paying their own bills implies that these people will seek the most economical rental.

TABLE 3

Payment Characteristics of Predominant
Airport and Off-Airport Customers

	PAID BY COMPANY	PAID BY INDIVIDUAL	TOTAL
Predominant Airport Customers	101	8	109
Percent*	92.7	7.3	100
Predominant Off-Airport Customers	22	9	31
Percent*	71.0	29.0	100

*Percent of predominant users

Percentage and Number of Rentals

Customers who made rentals for vacations only were eliminated from this section because the emphasis in this study is placed on the results of business rentals. Hence, the percentages in Table 4 are based on the number of contracts signed by customers who made rentals for either business purposes only or for both business and pleasure.

TABLE 4

Percent and Number of Annual
Rental Contracts by Agency

<u>AGENCY</u>	<u>NUMBER OF RENTALS</u>	<u>PERCENT OF TOTAL</u>
Hertz	942	35.3
Avis	1,054	39.4
National	308	11.5
Budget	238	8.9
Other	129	4.9
TOTAL	2,671	100.0

Hertz and Avis together accounted for seventy-four percent of the total rental contracts for this sample. Avis being slightly ahead of Hertz could have resulted because the sample contained more names of Avis than of Hertz customers. The low percentage of National's contracts could have been caused by not having a customer list for this agency. Although approximately one-third of the names for the sample were taken from Budget's rental contracts, Budget's customers made only nine percent of the rentals. This implies that Budget customers make fewer rentals per person and tends to uphold the view that airport agency

managers consider off-airport agency customers a special group seeking bargains.¹

Based on predominant use, Table 5 illustrates how each agency fared in both the number of users and the average rental per customer. Hertz and Avis lead with the most predominant users, while National had the fewest of the airport agencies. The average number of rentals per person is about the same for all airport agencies with Hertz having the least. While Budget had almost double the number of National's predominant users, the average number of rentals per person was less than one-half of National's. This supports the claim of "one-time needs," as does Table 4. The average number of rentals for "other" in Table 5 could be distorted because of the few customers falling into this group and because the figure represents an undetermined number of agencies under this category.

The difference in the number of rentals in Tables 4 and 5 is that Table 4 shows how many rentals were made from an agency while Table 5 includes rentals from other agencies by predominant users of a particular agency. Therefore, the data in Table 5 implies that those customers who rent from Avis tend to make a larger number of rentals per year.

¹Business Week, November 1, 1969, p. 84.

TABLE 5

Comparison of Annual Rental Frequencies
Based on Predominant Use of Each Agency

	<u>AGENCY</u>					Total
	<u>Hertz</u>	<u>Avis</u>	<u>National</u>	<u>Budget</u>	<u>Other</u>	
Number of Predominant Users	63	50	16	27	7	163
Number of Rentals by These Users	1071	1123	343	281	199	3017
Average Rentals by Predominant Users	17	23	22	10	28	

Age

The average age of the 152 persons in the sample was forty-one years. If "vacationers only" are excluded, the average age of the business renters was still forty-one years. The average age of the predominant airport agency users was also forty-one years, whereas the predominant off-airport agency users have a slightly lower average age of forty years.

Table 6 illustrates the breakdown by age for each agency and again, "vacationers only" have been eliminated. The average age of off-airport agencies' users is lower by one year than for airport agency users. This conforms with Budget's policy of renting to customers below twenty-five years of age. Also implied is that younger customers are not on an expense account and since they must pay their own bills, they seek the cheaper rates.

TABLE 6

Average Age of the Customers by Agency

	<u>AGENCY</u>			
	<u>Hertz</u>	<u>Avis</u>	<u>National</u>	<u>Budget</u>
Use of Any Agency	41.8	42.1	40.4	39.2
Predominant Use of Agency	42.4	41.6	39.5	38.9
More Than 50% Use	42.2	41.4	42.8	38.4

The maximum spread in age, however, is approximately five years, which appears in the "More Than 50% Use" section between Budget and National. Besides monetary savings, younger people could be using off-airport agencies because they are not bound by "tradition" to using older airport agencies and are willing to try a new firm. These younger customers might become the loyal customers of the off-airport agencies in future years. While different for the "More Than 50% Use," National's average age of customers is lower for over-all and predominant use than the other airport agencies.

Again eliminating "vacationers only," Table 7 shows the total number, average, and percentages of rentals for the age groups listed in the questionnaire.

The most rentals--393 (33.6 percent of 2,671)--were made by the 31-40 age group. The largest average annual number of rentals was made by persons in the 21-30 age group who are most likely salesmen and lower level executives having extensive travel requirements. The 31-40 and 41-50 age groups made sixty-four percent of all car rentals. Middle management and more experienced field representatives are probably in this group.

Only 2.36 percent of all rentals were made by persons over sixty. In fact, after age fifty, the number of rentals drops by more than half. This age group could perhaps represent the "top level-home office" personnel who do not have as extensive a travel requirement as salesmen and some other lower level executives.

TABLE 7

Number of Rentals by Age Group

	<u>AGE</u>					Total
	21--30	31--40	41--50	51--60	Over 60	
Number of Rentals	577	898	799	334	63	2,671
Percent	21.6	33.6	29.9	12.5	2.4	100
Average Annual Rentals Per Person	26.2	29.5	21.6	15.2	15.8	

Income

The income distribution is illustrated in Table 8 for each agency depending upon the customer's intensity of use of each agency. The total rentals and percentages for all agencies combined based on income groups are shown in Table 9. Again, "vacation only" customers have been excluded from the discussion.

The "\$20,000 or Over" income group includes the largest number of respondents. The majority of users for each agency by income group conforms to Table 9 for the "\$20,000 or Over" group. The only exceptions were Hertz for the "predominant" and "More Than 50% Use" where the "\$10,000 - 14,999" group contained the largest number of customers; and for Budget in the "More Than 50% Use" group which contained the largest number. While Budget had only three renters in the "Under \$10,000" group, this was more than for any other agency regardless of the intensity of use. Budget also had a smaller percentage of customers in the "\$20,000 or Over" group than any of the airport agencies. A larger sample and further testing would add more credibility to the implication that Budget has more lower income and fewer higher income customers than the airport agencies.

TABLE 8

Number of Respondents in Income Groups by Agency*

Agency	Income (in \$1,000)			
	Under 10.0		10.0 - 14.9	
	Number	Percent	Number	Percent
Hertz				
Any use	1	1.1	29	33.0
Predominant use	0	0.0	23	39.7
More than 50% use	0	0.0	13	38.3
Avis				
Any use	1	1.3	23	29.1
Predominant use	1	2.2	15	32.6
More than 50% use	1	3.8	7	29.6
National				
Any use	0	0.0	11	26.8
Predominant use	0	0.0	4	26.7
More than 50% use	0	0.0	0	0.0
Budget				
Any use	3	6.8	12	27.3
Predominant use	3	11.6	7	26.9
More than 50% use	3	18.8	4	25.0
Other				
Any use	0	0.0	5	29.4
Predominant use	0	0.0	1	14.3
More than 50% use	0	0.0	0	0.0

*People who did not reply were excluded in determining the percentages.

TABLE 8--Continued

15.0 - 19.9		20.0 or Over		No Reply	Total	
Number	Percent	Number	Percent		Number	Percent
21	23.9	37	42.0	6	94	100.0
13	22.4	22	37.9	5	63	100.0
9	26.3	12	35.3	4	38	100.0
19	24.0	36	45.6	6	85	100.0
10	21.7	20	43.5	4	49	100.0
7	29.7	9	36.9	2	26	100.0
13	31.7	17	41.5	4	45	100.0
5	33.3	6	40.0	1	16	100.0
2	40.0	3	60.0	0	5	100.0
12	27.3	17	38.6	1	45	100.0
7	26.9	9	34.6	1	27	100.0
6	37.4	3	18.8	1	17	100.0
5	29.4	7	41.2	0	17	100.0
1	14.3	5	71.4	0	7	100.0
1	100.0	0	0.0	0	1	100.0

TABLE 9

Income (in \$1,000)

	Under 10.0	10.0 - 14.9	15.0 - 19.9	20.0 or Over	Total
Number of Respondents	4	39	31	48	122*
Percent	3.3	31.9	25.5	39.3	100.0
Number of Rentals	31	614	690	1,105	2,440
Percent	1.3	25.2	28.2	45.3	100.0

* Nine Respondents Did Not Reveal Income Level

There were approximately the same number of people in the "\$10,000 - 14,999" group as in the "\$20,000 or Over" group. However, those in the "\$20,000 or Over" group made almost twice as many rentals annually as the "\$10,000 - 14,999" group. The "\$20,000 or Over" group made about half of the total rentals. Very few people with income of less than \$10,000 rent cars, and about fifty-seven percent of the respondents earn between \$10,000 and \$20,000.

CUSTOMER OPINIONS

Advertising Influence

The overall effect of advertising on the 152 customers in the sample is shown in Table 10a. The distribution for customers who rent cars strictly for business and whose bills are company paid appears in Table 10b.

Sixty-seven of the 152 respondents (44.1%) said that advertising has no effect on their choice of a car rental agency. The remaining eighty-five renters (55.9%), however, believed they were influenced by advertising in varying degrees (Table 10a).

TABLE 10a
 How Customers Felt They Were
 Influenced by Advertising (Entire Sample)

	<u>CHOICES</u>					Total
	Very Strong	Strong	Some	None	No Reply	
Number of People	4	17	64	67	0	152
Percent	2.6	11.2	42.1	44.1	0.0	100.0

Responses from customers who rent cars for vacations only or for both business and vacation were excluded since such data would distort the effects of advertising from the results based solely on business rentals. As shown in Table 10b, however, sixty percent of the people who rent cars strictly for business and who have their rental bills paid by the company said that they were influenced by advertising in their choice of agencies.

TABLE 10b
 How Customers Felt They Were Influenced by
 Advertising (Business Only Group Whose Company Pays Bill)

	<u>CHOICES</u>					Total
	Very Strong	Strong	Some	None	No Reply	
Number of People	3	7	37	40	0	87
Percent	3.5	8.1	42.5	45.9	0.0	100.0

An attempt was made to determine the comparative effectiveness of each agency's advertising by examining the opinions of predominant users. If, for instance, Budget customers claimed to be influenced by advertising more than Hertz customers, a conclusion might be made that Budget had more effective advertising than Hertz. In actuality, there was not enough difference to reach a valid conclusion. Sixty-three percent of predominantly Budget customers said that they were influenced by advertising. The same was true of National's customers, whereas fifty percent of Hertz's customers and fifty-four percent of Avis's said that they were influenced.

As might be expected, results of this survey show that businessmen paying their own bills and those who rent cars only for vacations might be influenced to a greater degree than customers who rent cars for business only and are on expense accounts. With respect to age and income, older persons and those in higher income brackets were influenced to a greater extent than younger persons with less income.

For the entire sample, 55.9 percent of all customers indicated that they were influenced by advertising. Although more of Budget's and National's customers were influenced than those of Hertz and Avis; Hertz, Avis, and National customers appeared to be more strongly influenced than were those of Budget.

Since advertising influence is an intangible concept to measure, statistical tests were not applied to the results of this section of the survey. However, the results do imply that advertising could have an effect on a customer's choice of car rental agencies; hence, while price competition could be ruinous for all agencies, advertising might be the most effective means of vying for an increased share of the car rental market.

Quality and Condition of Cars

The main objective of including questions on the quality and condition of rental cars was to determine whether people who habitually rent cars from airport agencies assume that off-airport agencies offer lower quality, less-cared-for vehicles. The responses were compared with the opinions of persons renting from both airport and off-airport agencies who are qualified to make a more accurate judgment. The distributions appear in Tables 11a and 11b.

It was hypothesized that there was no difference between the way the airport and non-airport customer felt about the makes and models of cars and that any difference in the distribution would be due to chance. The Chi-square analysis test, however, disproved this hypothesis and indicated a significant difference at the .05 confidence level between the two groups. Twenty-two persons (38% of the total responding) who had never rented a car from Budget

thought that Budget's cars were of lower quality. About sixty percent (35 people) estimated that the quality was the same while forty percent (24 people) had no opinion.

TABLE 11a

How Customers Rated Budget's Cars
Against Airport Agency Cars

	Respondents Who Used Both Airport And Budget	Respondents Who Used Airport Only
Much Lower Quality	0	5
Somewhat Lower Quality	4	17
About the Same	32	35
Somewhat Higher Quality	2	0
Much Higher Quality	0	1
No Opinion	0	24
No Reply	1	10
Total	39	92

All thirty-nine persons who rent from both an airport agency and Budget expressed an opinion. Ten percent thought the cars were of lower quality and approximately

eighty-five percent agree with the actual situation as documented earlier in the study that cars rented by airport and off-airport agencies are of similar quality.

A Chi-square analysis of the two groups in Table 11b was not accomplished because more than eighty percent of the "Airport Only" group failed to express an opinion. Ninety-two percent of the customers who used both Budget and airport agencies and who expressed an opinion disagreed with the statement that the condition and cleanliness of airport agency cars was better than those of the off-airport agencies.

TABLE 11b

How Customers Felt About the Statement
That Airport Agency Cars Were Kept in
Better Condition than Budget's Cars

	Respondents Who Used Both Airport And Budget	Respondents Who Used Airport Only
Strongly Agree	0	2
Agree	2	5
No Opinion	13	71
Disagree	20	8
Strongly Disagree	4	0
No Reply	0	6
Total	39	92

Finally, opinions from those people renting from the airport agencies and Budget at least twelve or more times a year were checked. Although opinions of this group would carry the most weight, only nineteen persons were in this group; thus the size was too small for valid statistical analysis. Fourteen persons thought that makes and models of cars were "about the same," three marked "somewhat lower quality," and one respondent marked "somewhat higher quality." All people using both agencies who expressed an opinion as to the condition and cleanliness of cars disagreed with the statement that airport agency cars were better.

The findings indicate that people who used only airport cars had a low opinion of off-airport agencies. Even though makes and models are actually the same, "airport only" customers thought off-airport agency cars were of cheaper makes and not well kept. Once such renters patronized off-airport agencies, however, their opinions changed as shown in Table 11a.

Insurance

Question 13 relating to the adequacy of liability insurance coverage produced the poorest results in terms of response. Of the ninety-two persons renting from airport agencies only, fifty either had no opinion or did not respond. Of the forty-two customers expressing an opinion, thirty-one said "the same" but ten thought that airport agencies offered more adequate coverage. (See Table 12)

TABLE 12

How Customers Rated Budget's Liability Insurance
Coverage Against Airport Agency Coverage

	<u>RESPONSE</u>	
	Respondents Who Used Both Airport And Budget	Respondents Who Used Airport Only
Much More Adequate	0	4
More Adequate	2	6
The Same	32	31
Less Adequate	0	1
Much Less Adequate	0	0
No Opinion	5	27
No Reply	0	23
Total	39	92

Of the thirty-nine respondents renting from both an airport agency and Budget, only five had no opinion. The remaining thirty-four answered the question and of those, thirty-two said that coverage was the same. The other two thought airport agencies provided more adequate coverage. Because of the high percentage of persons in the "Airport Only" group who failed to answer the question, no test was made to see if there was a significant difference in the opinions of the two groups.

The hypothesis was made, however, that there was no significant difference between the distribution in Table 12 and one that would have been produced by chance. The Chi-square test disproved this hypothesis and indicated that the distribution was significantly valid at the .01 confidence level. Hence, practically all renters in this group believe the liability insurance coverage offered by airport and off-airport agencies (Budget and others) is the same.

Opinions were analyzed for the nineteen people who rent from both airport and off-airport agencies twelve or more times a year. Three of the renters had no opinion, but the remaining sixteen said the insurance coverage was the same.

According to the terms of the rental contracts, the customer is liable for the first \$100 of collision damage. Each agency offers the customer the choice of waiving this responsibility for a daily fee of \$1.50. Of the 152 respondents, eighty-four (55%) accepted the collision waiver.

Deposits

The attitude of people about placing a deposit when renting a car is shown in Table 13. An hypothesis was made that no difference exists between the results of the survey and a distribution that would have occurred by chance. A Chi-square analysis disproved this hypothesis, implying that the results of Table 13 were significant at the .05 confidence level. Of the 140 customers expressing an opinion, 103 (74%)

noted that they were "offended." Sixty-one of the 103 persons (59%) said that they were "very offended." As a consequence, those car rental agencies who charge deposits as a routine practice are jeopardizing their "good will" and are in danger of losing customers to agencies which do not have deposit requirements.

TABLE 13
Opinion About Deposits

	<u>Response</u>	
	Respondents Who Used Airport Only	Respondents From The Overall Sample
Very Offensive	38	61
Somewhat Offensive	21	42
Not Offensive At All	25	37
No Opinion	2	4
No Reply	6	8
Total	92	152

Of the seventeen customers who used only off-airport agencies, seven (41%) said they had no objection to placing a deposit. The higher percentage in this group compared to the other group may be related to the fact that off-airport agencies charge deposits more frequently than airport agencies. This finding also conforms to the fact that off-airport agencies have company-paid business renters from whom deposits

are rarely required by any agency. Apparently, although more off-airport than airport agency customers are accustomed to deposit requirements, the majority do not like the practice.

Eighteen of the nineteen people renting from the airport and Budget twelve or more times a year expressed an opinion about deposits. Six people said they were "offended" and eleven were "very offended." Only one person said that placing a deposit was not offensive at all.

All age groups were offended by the deposit requirement and the 31-40 age group had the most people indicating "very offensive." The lowest income group was least offended by the deposit requirement and the highest income group was most offended.

In general, most renters feel offended by having to place a deposit because the practice implies that the person is not trustworthy enough to pay his bills. The results of this study should discourage car rental agencies from requiring deposits except in rare cases where the customer has not established credit but appears to be highly reliable.

Daily Rental Costs

An analysis was made to see how certain groups of customers valued airport agency services in relation to off-airport agency services. Predominantly airport agency customers felt that the services provided by airport agencies

were worth an additional \$1.98 per day. This is the average amount reported in question 11 of the questionnaire, that these customers felt justified in paying above the daily rental fee of the off-airport agencies. It was discovered that predominantly off-airport agency users valued the services of the airport agencies at an additional seventy-four cents per day, while the experienced group in this study (airport and off-airport customers making twelve or more rentals per year) felt that airport agency services were worth \$1.47.

How do these costs compare to the actual costs being incurred by these various groups? Based on the estimated daily mileage reported in question 5 of the questionnaire, the predominantly airport agency customers are paying an average of \$5.62 more per day to rent an airport agency car than a car from Budget. This is \$3.64 more than the \$1.98 per day which they said that they felt justified in paying.

By a similar analysis, it was found that off-airport agency customers would have to pay \$6.11 more per day if they rented an airport agency car. This is \$5.37 more than the seventy-four cents per day they felt was justified for the airport services. It would cost the "experienced" group \$5.67 more per day to rent an airport agency car which is \$4.20 more than the \$1.47 per day they felt was justified. For an explanation of the method used to obtain these costs see Exhibit I, Appendix.

One may question the economic rationality of car rental customers. Are airport agency users so uneconomical that they consciously spend money which they feel is not justified, and are off-airport agency customers so thrifty that they refuse to spend more than they feel is justified? The answer could be that the traveling businessman is unaware of the exact difference in costs between airport and off-airport agencies. He realizes that he is spending more money for Hertz, Avis, or National cars, but he apparently feels that the time saved is worth the extra cost.

MAJOR REASONS FOR AGENCY CHOICE

Home Office Policy

About the most compelling reason for patronizing a particular type of agency is the credit card issued to the businessman by his employer. Qualifications for discounts, special daily rental rates and central billing services of the major car rental companies have yielded a saving and convenience to large corporations in paying the expenses of their traveling employees.

The policy of the businessman's home office is often a determining factor in patronizing an off-airport agency. Budget's "CORP-RATE" program has been designed to effectively compete with the airport agencies. It is doubtful, however, if the traveler knows exactly how much he is saving by renting from an off-airport agency.

Inter-City Travel

Inter-city travel policies can also be a significant influence on the choice of a car rental agency. From the information obtained in question 8, seventy-two business customers (55% of the sample) made inter-city rentals an average of seven times per year. Several persons indicated in the open-ended question that, many times, choice of an agency depends upon which one has the best inter-city travel rates.

Direct Customer Influences

A number of direct influences affect the customer's actions at the time a rental is made. As has been shown, advertising has some effect, and closely associated with this is the location of the agency's booth. The traveler, tired after a long flight, foregoes the saving which would involve waiting to be picked up by an off-airport agency and instead chooses the known and immediately available agency.

Customer service at the agency counter has the most important direct influence on the car rental customer. The appearance of the counter girl making the rentals was not studied, however, several respondents mentioned this point in giving their opinions on the car rental business. Some customers felt that efficiency, courtesy of agency employees, and service were better at the smaller airports. A major complaint against making rentals at larger airports was the

time wasted waiting in line to fill out rental agreements. The issuance of company ID cards with pertinent information and the completion of the rental form by agency employees prior to the arrival of customers were offered as solutions to this problem. In addition as airports become busier and lobbies and parking lots become more crowded, it is conceivable that the customer might consider it a more valuable service to be picked up and taken to his car rather than fighting a mob at the airport counter.

Several persons felt that service of all agencies has deteriorated over the past few years. Reference was specifically made to the condition of cars which often need tune-ups or wheels balanced. The failure of off-airport agencies to provide prompt pick-up service after daylight hours was mentioned as a grievance against "economy" fleets, and the failure of local agencies to honor special company rates such as "vacation packages" was listed as a complaint against some of the larger agencies.

In general, the aspects of the car rental business which have the greatest direct influence on the customer as indicated by persons expressing opinions on the questionnaire are:

1. Dependability and service.
2. The attitude and personality of the agency employees.
3. The overall condition of the cars.

SUMMARY

This chapter has presented in detail the methodology, results, and analysis of the sample survey investigating customers' opinions of airport and off-airport car rental agencies. The reasons for choosing a particular agency were also discussed.

While the main emphasis has been on the seven features of the car rental business listed in the opening paragraph of Chapter I, additional presentations have been made of incidental results. These include performance comparisons of individual agencies and an analysis of certain demographic and socio-economic characteristics of the sample. A summary of objectives and methodology, conclusions, and suggestions for future research are presented in Chapter IV.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

The purpose of this study has been to compare airport car rental agencies with off-airport agencies in terms of rental costs, types of cars available, customer qualification standards, insurance coverage, age and condition of cars, customer service, and the effects of advertising. The hypothesis was that the imagined differences between these types of agencies were not the same as the actual differences.

Budget Rent-a-Car was chosen as representative of the off-airport agencies and Hertz, Avis, and National Rent-a-Car represented those agencies which have rental counters located in airport lobbies. The actual differences between the types of agencies were documented primarily by means of interviews, agency manuals, and rental contracts.

A survey was then made of car rental customers to find out their opinions about how the types of agencies differed in terms of some specific features being studied. The opinions were then compared to the actual differences to test the hypothesis.

Using documented facts, some results of the opinion survey, and comments made by customers on the questionnaire, an analysis was then made of what governs a customer's choice of agency.

Conclusions

The hypothesis was proven for the group of customers who rented only from the airport agencies. They believed that Budget's cars were of lower quality, were not as well maintained, and that airport agencies provided more adequate insurance coverage.

The hypothesis was disproven, however, for those who rented cars from both types of agencies. They saw little or no difference between the agencies' cars in regard to quality, maintenance, and insurance coverage.

Persons who rent cars as a routine part of their business mainly patronize the airport agencies. The bulk of Budget's business is composed of one-time or very infrequent car rental customers who are usually looking for bargains. These customers are slightly younger than airport agency customers and in lower income groups.

Customers who patronize airport agencies spend more for rentals than they believe is justified. Most of these customers are unaware of the exact difference in rental fees between the types of agencies; and, since many are on expense accounts, they either do not care or do not take the time to find out.

Although the data was not adequate enough to justify the conclusion that any one agency had more effective advertising than another, more customers felt influenced by Budget's advertising campaign than by the campaigns of Hertz or Avis. However, those customers who felt influenced by the campaigns of the airport agencies showed a higher degree of stimulation than Budget's customers.

While advertising may have some effect on a customer's choice, the most compelling reasons for patronizing an agency are the possession of that agency's credit card and rental instructions from the businessman's home office. However, when a customer has a free choice, dependability, service, the competence of agency employees, and the condition of cars are major factors which aid in a customer's selection of an agency. Deposit requirements, considered offensive by many people, will also have an effect. Goodwill is most easily created or destroyed at the time a rental is made.

Corporate managers and other heads of businesses should conduct cost studies of the various car rental agencies to determine which of these agencies are best suited to their company's needs. Managers of the car rental companies should primarily aim their advertising, discount policies, and related promotional programs at the home offices of the larger businesses, while greater emphasis should be placed on customer service by the local agencies.

Suggestions for Future Research

While this study concentrated on the effects various car rental features had on the rental customer, a similar study which tests opinions in relation to the quality and condition of cars and the influence of advertising should be directed at company officials responsible for controlling such costs as car rental expenses and who have the authority to determine which agencies will be patronized by company employees.

The breakdown of incomes used in this study was perhaps inadequate and future studies should delineate the income groups into smaller ranges, especially in the "\$20,000 or Over" classification.

A further study might analyze the market for the vacationer in need of a car. The number of vacationers in this study was too small for valid observations to be made. All major agencies have vacation specials and advertising campaigns--the Hertz "747" plan and Budget's \$79.70 a week special--which frequently appear in magazines and newspapers during the summer months. A study might focus on the feasibility of using a rented car for travel in comparison with other standard types of transportation.

APPENDIX

EXHIBIT I

A COMPARISON OF DAILY RENTAL COSTS

From Chart A, the daily rental costs were determined by the following formulas:

$$X = \text{Airport agency costs} = \$11.20 + \$.112 (M)$$

$$Y = \text{Budget's costs} = \$11.00 + \$.03 (M)$$

$$M = \text{Miles per day (customer estimate from question 5 on the questionnaire)}$$

Based on M, the actual difference in cost between airport and off-airport agencies is: $D = X - Y$

An average D was calculated for the sample by dividing the sum of the D's for each person by the number of customers. Only those respondents expressing a dollar figure were included in the calculations. Customers renting cars only for vacations were excluded because they neither qualify for discounts, nor does mileage for business purposes apply to them.

The amount of difference, (A), that a customer felt justified in paying was compared to the actual difference, (D), and the deviation, (DEV), was computed by the formula:
 $DEV = D - A$

The average DEV was then calculated by dividing the sum of the DEV's for each person by the number of customers. Results of the calculation for various breakdowns of the sample are shown in Chart B.



CORP-RATE® CAR RENTAL COST STUDY COMPARATIVE MILEAGE COST FOR ONE DAY RENTAL

Business trips are much lower in cost when you drive CORP-RATE. Your car will be a new 1970 Chevrolet Impala or similar full-sized car. The charge is only \$11.00* per day regardless of how far you drive. There are NO MILEAGE CHARGES. You buy only the gasoline you actually use.

RESERVE your CORP-RATE Budget Rent-A-Car, without charge, at any of their hundreds of offices throughout the U.S. and Canada. (Inquire about Corp-Rate locations abroad.)

*Minneapolis, Minn., does not honor Corp-Rate. New York City charges \$14/day. Air-conditioned cars are \$1.00 per day more.

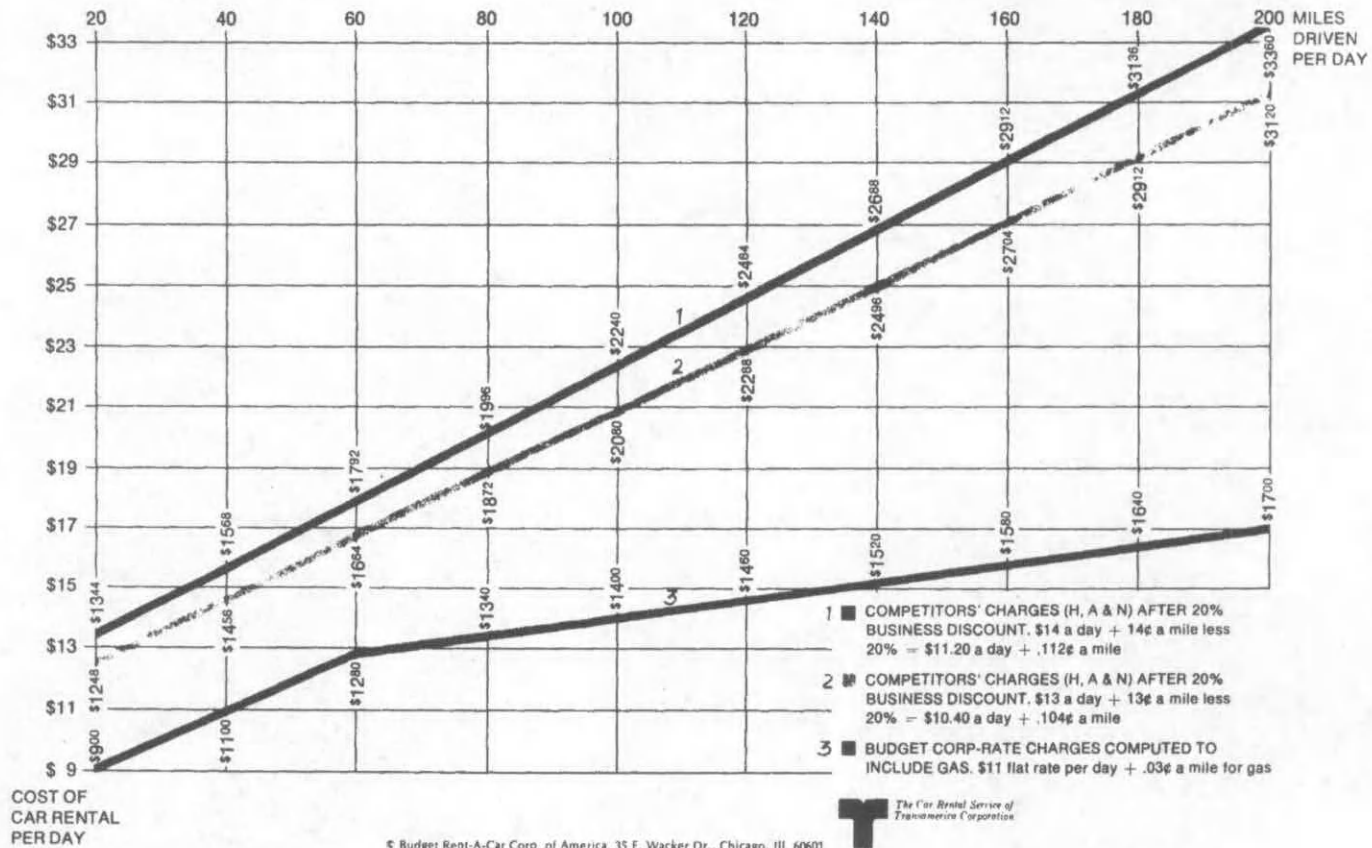


EXHIBIT I
CHART A



EXHIBIT I

CHART B

DIFFERENCES OF DAILY RENTAL COSTS

	Column A Average Difference (D)	Column B Average Deviation (DEV = D - A)	Amount Justified Column A - Column B
Predominant Airport Users	\$5.62	\$3.64	\$1.98
Predominant Off-airport Users	\$6.11	\$5.37	\$.74
Airport and Budget Users 12 or more Times a Year	\$5.67	\$4.20	\$1.47

55

The amount that people said they felt justified in paying for airport services ranged from \$0 - \$10.00. There were forty-one people that answered \$0.

EXHIBIT II

PILOT STUDY QUESTIONNAIRE

The first part of this questionnaire deals with the frequency, locations, and purposes of car rentals. Please answer the questions to the best of your ability.

1. Age _____
2. Annual Income (check one)
 - Less than \$10,000 _____
 - \$10,000 - \$15,000 _____
 - \$15,000 - \$20,000 _____
 - Over \$20,000 _____
3. Approximately how many times do you rent a car during the year? _____ times.
4. I use car rental agencies for: (check as many as apply)
 - business _____ vacation travel _____
 - other (specify) _____
5. Car rentals for official business are paid for by:
 - a company expense account _____ me _____
 - other (specify) _____
6. Please list the largest city or town where a rental was made and the agency.
 - City _____ Agency _____
7. Please list the smallest city or town where a rental was made and the agency.
 - City _____ Agency _____
8. The area of the country in which I travel most and make most of my car rentals is: N.W. _____ Mid-W. _____
N.E. _____ S.W. _____ S.E. _____
9. Are business rentals subject to Hertz, Avis, or National's 20% discount policy? Yes _____ No _____
Do not rent from these agencies _____

(Please turn to the next page)

10. My rentals are made from the following agencies (by percentage). Hertz _____% Avis _____% National _____%
Budget or other off-airport agencies _____%
11. How many times each year do you rent a car in one city and leave it in another? _____ times.

This part of the questionnaire deals with your feelings and opinions about various features and services of car rental agencies. Please express your opinion whether you know the answers or not.

12. What influence does advertising have on your choice of a car rental agency? very strong _____ strong _____
some _____ none _____
13. Compared to those of Hertz, Avis, and National, the makes and models of cars available for rent from Budget and similar off-airport agencies are of:
much lower quality _____ somewhat lower quality _____
about the same _____ somewhat higher quality _____
much higher quality _____
14. At most airports, Hertz, Avis, and National's cars may be picked up in the airport parking lot after a rental is made at the respective counter. Budget and some similar off-airport agencies will pick the customer up at the airport and drive him to his car after the customer phones the agency. ALL ELSE BEING EQUAL, THE AIRPORT SERVICES OF HERTZ, AVIS, AND NATIONAL JUSTIFY CHARGING \$6 PER DAY AND 3 CENTS PER MILE MORE THAN BUDGET AND OTHER OFF-AIRPORT AGENCIES AT RETAIL PRICES.
With regard to this statement, I
strongly agree _____ agree _____ no opinion _____
disagree _____ strongly disagree _____
15. Budget's Corp-Rate Program offers a customer a car for \$11 per day without a mileage charge. The customer pays only for the gas which he actually uses. Hertz, Avis, and National offer 20% discounts from their regular rates to similar types of customers. BEING ABLE TO MAKE THE RENTAL AT AN AIRPORT COUNTER AND PICKING UP THE CAR IN THE AIRPORT LOT JUSTIFIES THE HIGHER CHARGE.
With regard to this statement, I
strongly agree _____ agree _____ no opinion _____
disagree _____ strongly disagree _____

(Please turn to the next page)

16. The general condition and cleanliness of cars rented from Hertz, Avis, and National is better than those rented from Budget. With regard to this statement, I strongly agree _____ agree _____ no opinion _____ disagree _____ strongly disagree _____
17. The liability insurance coverage offered by Hertz, Avis, and National is much more adequate _____ more adequate _____ the same _____ less adequate _____ much less adequate _____ than that offered by Budget.
18. Having to place a deposit when making a rental is very offensive _____ somewhat offensive _____ not offensive at all _____
19. If you desire, please list below any additional opinions which you have about any aspect of the car rental business. Thank you very much for your cooperation.

EXHIBIT III

UNIVERSITY OF MONTANA
Graduate School of Business Administration
AFT Minuteman School
Malmstrom Air Force Base, Montana 59402
(406) 731-3387

Dear Sir:

The attached questionnaire is part of my research study which is a partial requirement for a master's degree in Business Administration at the University of Montana.

The study deals with various features and services of the car rental business. Time is of the essence in completing this study. Because of financial constraints the sample size is small and each returned questionnaire is extremely important to the project. The two page questionnaire can be completed in approximately five minutes.

Please complete the questionnaire immediately and return it in the pre-addressed stamped envelope. Thank you very much for your cooperation.

Yours truly,



JORDAN OBERTIER
4830A Kapok
Great Falls, Montana 59401

EXHIBIT III

REVISED QUESTIONNAIRE

The first part of this questionnaire deals with the frequency, locations, and purposes of car rentals. Please answer the questions to the best of your ability.

1. Age _____.
2. Approximately how many times do you rent a car during the year? _____ times.
3. I have made car rentals for: (Check as many as apply.)
 Business _____ Vacation travel _____
 Other (specify) _____
4. Car rentals for official business are paid for by:
 A company expense account _____ Me _____
 Other (specify) _____
5. Estimate the average miles driven PER DAY when renting an automobile for business purposes. _____ miles.
6. My rentals are made from the following agencies (by percentage):
 Hertz _____% Avis _____% National _____%
 Budget _____% Other (specify) _____%.
7. Are business rentals subject to Hertz, Avis, and National's 20% discounts or Budget's Corporate Rate Program?
 Yes _____ No _____
 Do not rent from these agencies _____.
8. How many times each year do you rent a car in one city and leave it in another? _____ times.

This part of the questionnaire deals with your feelings and opinions about various features and services of car rental agencies. Please express your opinion whether you know the answers or not.

9. What influence does advertising have on your choice of a car rental agency?

Very strong ____ Strong ____ Some ____ None ____.

10. Compared to the cars furnished by Hertz, Avis, and National, the makes and models of cars available for rent from Budget Rent-A-Car are:

Of much lower quality ____ Of somewhat lower quality ____ About the same ____ Of somewhat higher quality ____ Of much higher quality ____.

11. Budget's Corporate Rate program offers certain customers a car for \$11 per day without a mileage charge. These customers pay only for the gas which they actually use. Hertz, Avis, and National offer 20% discounts to similar types of customers.

At most airports, Hertz, Avis, and National's cars may be picked up in the airport parking lot after a rental is made at the respective counter. Budget and some similar off-airport agencies will pick the customer up at the airport and drive him to his car after the customer phones the agency.

ALL ELSE BEING EQUAL, estimate the ADDITIONAL amount of money PER DAY you would feel justified in paying for the airport services of Hertz, Avis, and National.

\$_____.

12. The general condition and cleanliness of cars rented from Hertz, Avis, and National is BETTER than those rented from Budget. With regard to this statement, I Strongly agree ____ Agree ____ Have no opinion ____ Disagree ____ Strongly disagree ____.

13. The liability insurance coverage offered by Hertz, Avis, and National compared to that offered by Budget Rent-A-Car is:

Much more adequate _____ More adequate _____

The same _____ Less adequate _____

Much less adequate _____.

14. Having to place a deposit when making a rental is:

Very offensive _____ Somewhat offensive _____

Not offensive at all _____.

15. My annual income is:

Less than \$10,000 _____ \$10,000 to \$14,999 _____

\$15,000 to \$19,999 _____ \$20,000 or over _____.

16. If you desire, please list on the reverse side, any additional opinions which you have about any aspect of the car rental business. Thank you very much for your cooperation.

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