

Pricing strategy

Business



Universal Rental Printing Car Assignment Objective: The objective of the simulation was to increase profits of Universal Car Rental Company. The simulation was run across three cities in Florida, Tampa, Orlando and Miami. Our strategy: We adopted a strategy of offering the highest price achievable whilst maintaining 100% capacity utilization respective to the market share. In the context of the scenario, where growth in demand outstripped supply and with only twelve 'rounds', we felt market share was not fundamentally important.

In respect of setting the pricing level, we calculated the price elasticity of demand to give us an insight into the increment we could increase the price. We concluded that price elasticity of supply was irrelevant in the context of this simulation.

Customer price response: We were quickly able to observe that weekday and weekend demand out did supply; we concluded that weekday demand was an alternative for business users and weekend demand was more for leisure users. The most important aspect we considered was increasing our fleet size to meet market demand. We lost a considerable amount of sales by not meeting customer orders.

This could have been easily resolved by steady increase of a number of fleet added per month. Universal should also increase brand awareness by applying brand management. After our great performance and steady increase in market demand Universal should increase marketing in several media applications.

Some of these applications should include, airport advertising, e-advertising, TV commercials and newspaper ads. By advertising in these areas, Universal is certain to increase brand awareness and future success.

Final Result: My partner and I were able to increase the accumulative profit of Universal Rental Car Company to \$268 million.