

Olympic rent a car case analysis essay sample

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Company:

The case talks about Olympic Rent-A-Car the 4th biggest car rentals company, having 7% market share in USA. It has a very reactive type of strategy in terms of always following Hertz in pricing slightly lower than it and placing operations around it as well. The company had a flagship loyalty program called Medalist Rewards program which was also inspired by other competitors in the industry. The program was managed as a cost center and was allocated fixed percentage of budget calculated in terms of sales as the previous year. Industry Dynamics/Competition:

Airport Business rentals is more than half the size of pie resulting in a size exceeding \$9.6 billion. Enterprise is the biggest car rental company is moving aggressively in this segment, creating significant business risks for Olympic. It has recently introduced a dollar based reward system to increase customer spending and build loyalty. It also owns more than 50% of the market share whereas, top three companies have 88% of the market share. The industry is witnessing a change in customer preference of booking vehicles online from coupon or company websites instead of booking it on the site. Vehicle fleet was the biggest expense item and its effective utilization was necessary for the company's survival. Problem:

The problem mainly was that Enterprise's loyalty plan based on dollar was going to take some business away from Olympic. The top management was split in taking a decision if they follow Enterprise again and change their loyalty program and align it with theirs or follow the ad agency's advice and position their product in a totally different way, make it simpler by offering guaranteed lowest prices with no tricks. Recommendations:

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Olympic seems to be doing a lot wrong strategically and they can significantly improve if they first of all take a proactive approach to product placement and price instead of always following the competition. They need to increase their customer base and also capitalize.