

Enterprise rent-a-car – selling the dream



The objective of this assignment is to answer the given questions in the case study, reflecting to what was learned through marketing classes and analyze it using the case study

Company background

Enterprise is the largest car rental company in North America, which is a \$6 billion company with 600, 000 vehicles, more than 50, 000 employees and over 4, 800 locations in the U. S., Canada, Germany, the United Kingdom and Ireland. Activities include renting of vehicles, fleet acquisition, and vehicle maintenance and vehicle disposition through wholesale vehicle channels. In addition to car rentals, Enterprise also offers other services which include Corporate Class(r), which is the discount program for local business vehicle rentals. Car Sales, which offers quality, pre-owned cars with “ hagggle-free buying, worry-free ownership, fleet Services, which provides complete fleet management services for small and large companies seeking leased vehicle fleets and rideshare supplies vans to groups of co-workers for commuting purposes.

1.) How are the buyer Decision process different from someone renting a replacement car due to a wreck, for someone renting a car for leisure/vacation purposes; for business renting a car?

A customer decides to rent a car(figure 1) when he finds his car wrecked, stolen or in the shop being repaired or if he want to go on a vacation and finds the family car not suitable or if he needs a additional car when his friends or other family members are visiting him or if somebody in the family needs to be picked up. However selecting a particular car company depends

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on consumer behavior. According to book marketing Third European edition, the decision process and action of people involved in buying and using products are termed their buying behavior

Type of consumer behavior

Routine Response Behavior: A consumer practices routine response behavior when buying frequently purchased low cost items that needs little search and decision effort. Rent a car is not as cheap as buying a product. Hence the consumer might not use this behavior for this kind of service

Limited Decision making: consumers engage in limited decision making when they buy products occasionally and when they need information about an unfamiliar brand in a familiar category. For Rent a car the consumer try to find out the service offered by the rent a car company analyze its service and ask friends about their travel experience.

Extensive decision making: This is the most complex decision making behavior comes in play when purchasing involves unfamiliar, expensive or infrequently used products. The consumer might use this kind of behavior if he has never used the enterprise service or if he has not used a rental car service

Different kinds of decision process

The consumer buying decision process: This is a five stage process that involves problem reorganizations, information search, Evaluation of alternatives, purchase and post purchase evaluation (figure 2)

Problem Recognition: Here the problem is whether the consumer should rent a car or not, i.e. The Consumer has to decide whether he should use the service. (Example) Whether buying laptop computer for a student is important or not

Information search: This process is getting information on the rental car service. A consumer study shows that word to mouth communication has a stronger impact on consumer judgments on products and services. In the early days one of main source of growth for enterprises came with word or mouth responses.(Example) if the students want to buy a laptop, he will search in magazine, papers and websites for information

Evaluation of alternatives: The consumer checks several alternatives before decide on enterprise. Before taking a decision the consumer analyses the price, service offered, staff behavior, prompt Service they get, Vehicle conditions etc.(Example) the students gets quotes from different companies. He will compare the product based on the configuration, the price he is paying, the warranty he gets and the reputation of the company

Purchase: The purchase stage here is whether to use this service or not. This is outcome of consumer behavior. (Example) this is when he decides to buy the product

Post purchase Evaluation: after the customer has used enterprises service, he will evaluate the service. Some possible influence on a decision purpose includes personal influences, psychological influence and social influence. (Example) after the laptop has been bought; it shall be evaluated using different method.

Service Marketing: Here the product which enterprise delivers is service.

Kotler defines service as " Any activity or benefit that one party can offer to another which is extremely intangible and does not result in the ownership of anything" . Service characteristics are intangibility, inseparability and variability.

> Intangibility means they cannot be seen, tasted , felt or hear

> Inseparability means produced and consumed at the same time and cannot be separated by providers

> Variability means quality may vary greatly depending on who provides them and when and where and how

Enterprise get a lot of business through referral and this is because it has a good relation with those people. The employees thank them by visiting them with donoughts or pizzas. However the business they get from referral sources are owner of whose cars have been repaired or wrecked. Enterprise also gets a lot of business from people who go on vacations. They select enterprise because they believe this is the car company nearby their house, and also enterprise has the service of picking up people especially stranded customers to take them to their destinations. Enterprise became so famous in their service that their advertising theme became " Pick Enterprise. We will pick you up." This Advertising theme proved to be worth full, because enterprise started to get more call and more people started to know the service. The theme also helped the people realize that an enterprise was very serious in its business and want to offer the people the best service.

Enterprise has always focused on being the best in meeting customers' needs. That focus has been the key to their success. Enterprise Rent-A-Car started out by leasing cars to individuals. Enterprise started to recognize that their leasing customers needed replacement cars while their leased cars were in the shop. Most of Enterprise Rent-A-Car's growth has come from this focus on the local market.

2.) What are the bases for segmenting the rental car market?

Segmentation is splitting market place according to criteria. Market segmentations is the process by which customers in markets with some heterogeneity can be grouped into smaller, more similar or homogeneous segments

Market segmentation is the process by which customers in the market with some heterogeneity can be grouped into smaller, more similar homogeneous segments. Segmentation helps the companies pursue for types of product and market opportunities.

Market penetration involves increasing their presence in the market and thus increasing Enterprise turnover and profits.

Product Development involves improving service and offering new kinds of service. Example when enterprise started it has just the business of renting cars, now it offers service or not only cars, but vans and mini buses also.

Market Development involves improving enterprise business in new areas and target, new group of customers.

Diversification involves moving into new market with new products. Once Enterprise became success in rent a car business they started into selling of second hand cars.

Some stages involved in marketing orientation are mass marketing strategy, product variety marketing and target marketing. (Figure 3)

the Market Segmentation approach: This is the way of dividing the customers into different groups. Example, customer from referral sources, customer who goes on holidays, customer who usually gives pick up calls

Targeting: once segments have been identified, a decision about which and how many customer groups to target should be made.

Positing the product: companies must decide precisely how and where within the targeted segments to aim a product or products, brand or brands

Mass marketing is when a company has a product and just tries to sell the products without improving it. Hendry fords black car marketing is an example, where he tried to sell black color cheap cars without improving the product and ultimately other companies took fords car market share.

The three stages to carry out market segmentation are segmentation targeting and positing.

Segmentation variables are the dimension or the characteristics of indivial group or organization that are used to divide a total market in segments.

Enterprise identifies the need of the customers and gives them some special service which its competitors don't give. Enterprise deals with customers and

its characteristic. Some customer characteristics include age, sex, family, race etc. Another here is socio-economics which include income, occupation, education etc, geographical location like country, region etc

Purchase behavior: customer who had a good service from enterprise will stick on with enterprises, or whether he should rent a car again or not from enterprise. The benefit the customers get here includes, safe and happy journey

Consumer behavior and user status includes meeting the customer expectations. Attitude towards the product includes, the feedback on his first travel. Even though price of the product sometimes gives an edge value for products in the market, when it comes to service sector the cheaper price and better service wins. Example you find a product for 2 pounds and the same for 5 pounds. Even though the 2 pounds gives the same quality as the 5 pounds product, you spend more money on the 5 pounds product thinking that is good.

Targeting depends mainly on deciding on an appropriate strategy. The marketing mix mainly consists of 4 Ps they are which worked together in the 1960s which included product, the promotion, the price and the place: i. e. they should have the right product at a right price, promoted at the right place

In service sectors the products are usually the service he gets. He pays money not for a product, but for the service. Example in hospital we get treatment which is a service. Here the product is the service the customer gets and the service is renting cars. Service characteristics are also

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perishable and don't have ownership. I. e. In rent a car service, once used you can't get the service later for the given charge and we have ownership only when we travel which is just a limited period of time. The price factor is the amount the consumer spends for the product. Here the price is the amount charged for the service and enterprise has to make sure the customer doesn't get heavily charged for its service. Infact enterprise pricing strategy is always less by 20 - 30 % less than its competitors

Right place: Right place is where the customer can get the service. It can be where customers meet more or near by a traffic signal where customers get a view of the business or somewhere in a shopping complex where customer can park their car. Instead of focusing more on air rental enterprise has focused in locality area, so that it can be close to its customers enterprises also line up their cars near theatres, hospital and other place where there is a chance, where people need vehicle

Promotion is really serving the customers for the business they give, enterprises employee visit insurance agents and referral sources with donuts or pizzas, thanking them for the service they have given. They also have promotions which attract people to them like the one after September 11 2001; they charged only one side for a two side trip.

Positioning is basically positioning the business products in the minds of dealers and customers in target segment. It also means designing an appropriate marketing mix which conveys this desired positioning. Positioning is basically the final stage and the outcome

3.) What marketing recommendations would you make to enterprise to improve its marketing strategy?

College graduates once they finish their graduation want challenging jobs as they are ready to put in practical what they have learned. Not much company gives that much exposure. However enterprises rent a car hires more college graduates than any company in the nation assigning most of them to be field office entrepreneurs. (Source: fast company, June 1999). The company grasps the particular physiology make up of the first time employees who enter the work force with high expectation and extreme needs.

They expose their charges to jobs across the organization and they allow recruits to see how stars in a company function. The manager devotes their time and money to making young workers smarter, faster, and most important these employers have done away with the decrepit culture of dues paying. They make sure that young workers have meaningful, interesting task to do from day one. The distinction is especially important in the rental car industry where the moniker " entry level worker " conjures up the image of a polyester uniform wretch behind an airport counter. That's why enterprises calls its college hires management trainees. its is a management training program and so by calling its young hires management trainees, the company signals its aspiration for them . The employees spend a lot of time trying to study it customers

Each of the Enterprise more than 3, 700 offices operates as a small business, giving employees the autonomy and authority to meet the local needs of

customers. Branch managers have control of marketing initiatives, staff, and customer service and accounts receivables. Also, branch managers work directly with their own profit and loss statement to determine their success and failure opportunities. Enterprise also strives to offer customers great service by developing and training its employees for future opportunities. Ninety nine percent of its managers started as management trainees at branch level, so they understand the customer-oriented culture. As important they understand their local markets and the needs of customers in those markets. Thus enterprise is really a collection of small, independent business with the corporation providing capital and logical support. The Employees should also remember the 7P's of Service marketing .