

Analysing how to improve the position of easycar essay



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- 3. 0. Decision:

The easyCar state of affairs was expressed in this instance in the twelvemonth 2003. Stelios Haji-Ionnnou is the laminitis of the easyCar and it is the low priced European auto rental concern. The survey shows that the company want to better its place of 27 million lb to 100 million lb gross revenues by the twelvemonth 2004 with the net net incomes of 10 million lbs. After accomplishing this place company is seeking to come in into the initial public offering in the European market. The most of import portion of study is the analysis of operational procedure and its design presently working with easyCar. This is required to increase its market place in different market globally harmonizing to its ends. The international selling applications are necessary for this company in order to come in into different national markets and to accomplish its ends.

There are assorted factors which are needfully demands to be considered by the easyCar for the intent of the accomplishment of ends. It has maintained fuel replenishment policy before the start of leasing the auto, autos need to be washed before the bringing and for these intents it had delayed the procedure of leasing and increased the cost. Besides the employee cost was high during those times. In the ulterior old ages with effectual alteration in the operational direction have lead to much improved services with less cost and in bend attracted more clients. As the company wanted to increase its location in assorted other companies, there is demand for much concentration on analyzing those international markets through assorted

international selling schemes to be implemented by the company to acquire win.

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1. 0. Introduction:

The easyCar company is operates in the auto rental industry largely in Europe. This company have enormous figure of rivals in both local and international market and some of the rivals are excessively strong compared with easyCar. In order to get the better of this competition easyCar used a scheme of low monetary values. This was a better scheme but was required really effectual operational design and system which supports in cut downing the costs. Through the usage of this procedure company was managed to run in 17 metropoliss of different states. And now wants to increase its locations in both national and international degrees.

The national and international market analysis is critical and important factors as most of the companies have lost their place without the proper analysis before presenting into those market. So the characteristics of international market, their political nature, and demand for the industry have to be measured. In order to explicate the purpose of study, the study should do an analysis of assorted constructs.

The study includes analysis the features of auto rental industry and how they are influence procedure of presenting the service in this industry. Second, it explains the scheme utilizing by the easyCar for deriving the competitory advantage and about rivals. Third, the options to easyCar and how easyCar affect those industries in the market will be analysed on the footing of easyCar ' s operations. Fouthrly, legal challenges and ordinances those need attending for easyCar will be discussed. And eventually, the appraisal of end realization and manner to accomplish those ends set by easyCar will be analysed.

2. 0. Analysis of auto rental industry and easyCar instance Analysis:

2. 1. Analysis of Competition of easyCar:

The easyCar chiefly operates in the western European lease auto industry and which consists of big figure of different national markets. Still merely few companies are viing at a dominant place in this market. The easyCar is runing at the international degrees and viing in Europe with the international companies like Avis, Europcar, and Hertz and viing on Sixt in Germany. Together with these companies there were 1000s of other little companies operates in these states. The below tabular array shows that among the taking rivals easy autos place is nowhere, but still is able to keep the competition among them through its segmenting scheme for different locations (Fink, A, Reiners, T, 2006) .

EasyCar

Avis Europe

Europcar

Hertz

Sixt

Number of

Rental

Mercantile establishments

46

3, 100

2, 650

7, 000

1, 250

2002 Fleet

Size

7, 000

120, 000

220, 000

700, 000

46, 700

Number of

States

5

107

118

150

50

Largest

Market

United kingdom

France

France

U. S

Germany

Company

Owner

EasyGroup/

Stelios

Hajiloannou

D'leteren (Belgium) is bulk stockholder

Volkswagen AG

Ford Motor Company

Publicly traded

European

Grosss

^41 million

^ 1. 25 billion

^1. 2 billion

^910 million

^600 million

Company

Web Site

www. easyCar. com

www. avis-europe. com

www. europcar. com

www. hertz. com

ag. sixt. com (Adopted from the Case 3-3 easyCar. com)

2. 2. Target Customers for easyCar:

As it is mentioned above easyCar chiefly operates in the European metropoliss, it targeted for the coach, train and flight travelers fundamentally. For this intent it was started runing near the coach Michigan, train Stationss and airdromes, so taxis, coachs, trains, and flight traveling clients are mark clients for easyCar. Harmonizing to the cleavage scheme in order to get the better of the competition on the above said viing companies, the easyCar segmented into two parts on the footing of monetary value. One is tourist section with more monetary value witting represented approximately 45 to 65 per centum and concern section with fewer monetary values witting represent for 35 to 55 per centum. With the comparing of tourer section less monetary value sensitive section is worried about service quality, flexibleness and convenience. Harmonizing to company position they ware chiefly targeted the tourers ' locations for their concern. Below tabular array shows the geographical locations of easyCar and its figure in those topographic points where it was runing. To the certain extent it besides concentrated on pulling both rich and hapless category through its lowest monetary value for high category Mercedes. This helped

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the normal lower category people to go in the Mercedes A category.

Company besides viewed on those people who do non utilize autos because of traffic congestion in most of extremely traffic congested metropoliss (easyCar. com) .

State

City

Number

Number Near Airport

France

Nice

1

1

France

Paris

8

0

Nederlands

Dutch capital

3

1

Spain

Barcelona

2

0

Spain

Capital of Spain

2

0

Spain

Majorca

1

1

Spain

Malaga

1

1

Switzerland

Geneve

1

1

United kingdom

Birmingham

2

0

United kingdom

Bromley

1

0

United kingdom

Croydon

1

1

United kingdom

Glasgow

2

1

United kingdom

Kingston-upon-Thames

1

0

United kingdom

Liverpool

2

1

United kingdom

London

15

0

United kingdom

Manchester

2

1

United kingdom

Waterford

1

0

Entire**5 states, 17 metropoliss****46****9**

(Adopted from Case 3-3 easyCar. com)

2. 3. Assorted features in general for the auto rental industry:

The design requires a squad work and there is a demand for execution of selling, fiscal and runing programs to success in the service or merchandise. The service quality can be easy measured by the characteristics and public presentation of the of import factors on which clients made determinations on leasing a auto. The assorted characteristics of the rental auto industry are,

2. 3. 1. Heterogeneity – Quality:

The comparing with other professional services the Car lease is non a peculiar heterogenous service. This is because most of clients look for similar service for the peculiar period for clip. The clients might look for different vehicles with different installations like ski rack, child place, and different footings like limitless stat mis travel per twenty-four hours, coming back with empty armored combat vehicle or full armored combat vehicle fuel (Papier, F, Thonemann, U, 2010) . Even the similarity can be found with the client service organize the employees ' f the auto rental company.

2. 3. 2. Intangibility:

The auto rental industry will comes under the intangibles even though it deals with touchable (can touch and see) auto as they do non fabricate the auto alternatively they use the auto for service. For the period of service provided by the auto to the clients by the company uses the service for the auto lease. This state of affairs delivers complication among the clients in associating to the auto quality opinion as the autos were produced by the other makers (Marting, J, 2005) . However, these complications will be ignored in the auto rental industry. But the convenience factor associating to the auto lease is important in associating to the intangibleness in the rental of autos.

2. 3. 3. Perishability:

The auto rental service is really much spoilable in nature as the no rental of the auto will non give any gross to the company and this clip oversight will non come once more to give gross to the company. However the cost of auto

and other related fixed costs are high in this industry lead to critical factor in the auto rental service (Marting, J, 2005) . There is no manner in this industry to cover this idle clip gross loss to the company, but still different auto lease companies follows their ain schemes to make full this gross loss. The designation of internal loss is possible unlike other fabrication industries which can non place their grounds for loss.

2. 3. 4. Inseparability:

Marting, J, 2005 provinces that, the issue of inseparability is besides non an of import issue in the auto rental industry. During the traveling clip client might necessitate one auto in a location as they do non hold a vehicle to go in that location. The inseparability in the sense both the client and vehicle are together during the ingestion of the service. Making the installations and set uping the relevant auto for the right topographic point will takes topographic point without the clients in the procedure. Tang, C, Deo, S, 2008, the clients interact with auto rental company for booking the vehicle, picking and returning a vehicle. This dealing is similar for the full industry as they do non restrict the ability to accomplish the graduated table of economic system.

Lawrence, J, 2005 provinces that, normally the service design are being characterised by the some of the basic constituents for auto rental industry. They are like, installations, procedure and processs, employees behaviors and employee ' s professional opinion. Having the features of comparative touchable, homogenous service with less synergistic contact with the clients, rental companies tend to concentrate their service design on the physical installations, procedure and processs. In order to supply proper installations, <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

procedure and processes, the employees' behaviors are of import in service design of auto rental industry.

2. 4. Operational procedure to back up competition through low monetary value:

There are assorted monetary value take downing characteristics of its procedure and design for easyCar which helped in viing through the low monetary value for auto lease. The alliance of operational scheme and procedure design together with the concern scheme are cardinal thrusts which lead to order winning standards of lower monetary values in this instance. This is most of import operational scheme which helped to get the better of the competition used by easyCar, nevertheless other traditional companies besides have schemes which focussed on the service and flexibleness and in bend which gave different standards of winning and operational design (Cleeren, K, Dekimpe, M, Verboven, F, 2006) . There different flexibleness and service schemes have non supported them to work on the low monetary value offerings to the clients.

The execution of operational system of easyCar point that the methods easyCar utilizations can be thought as applications of production line attacks to the context of service sectors. This is what termed as production line attack to the service. The easyCar organisation method allows the service standardization, decrease in the discretional actions of employees, and the usage of engineering in order to back up or for replacing the people in the operational procedure (Cheng, J, Blankson, C, Wu, P, and Chen, S, 2005) .

The below chart shows that, resources and houses market place provides houses competitory advantage with the usage of superior quality, efficiency and invention in merchandises and services and with superior fiscal public presentation. As we look at the instance analyze it can be noticed that company is altering its operations efficaciously in order to increase the efficiency and introducing the schemes in associating to employees and services in order to cut down the monetary values. This increased the net income and client satisfaction. This means both aims are carry throughing at certain degree harmonizing to the competitory advantage theory.

Competitive advantage theory of competition:

Resources provide house ‘ s comparative advantage

Firm ‘ s market place

place provides

competitory advantage

Superior quality,

efficiency and invention

in merchandises and services

Superior fiscal

Performance

(Adopted from the Bradley, F, 2005)

(Adopted from the Bradley, F, 2005)

The operational procedure and alterations will be explained in the following portion in item to demo how the easyCar company has reduced it monetary <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

values through its operational procedure for deriving the competitory advantage.

2. 5. Deduction of easyCar operations on taxis, coaches and trains:

The easyCar is a feasible rival for the taxis, coaches and trains. This is because easyCar Acts of the Apostless as the possible rival for the taxis and coaches as it allows the really short rental period like one hr, two hours and more. This is the most attractive scheme which was used for the maximal use of their fleet. The leasing for one hr or two hr add up to the bottom line, as maintaining the vehicles unrented will give nor return and make non add to the bottom line. The cleavage scheme in easyCar has differentiated concern section and tourer section through its allotment and output care through weekday and weekend net incomes. During the weekdays people want the autos for short period and the measure is more every bit good. And during the weekends the tourers demands the autos and wholly the allotment is good managed in both weekend and weekdays (Cleeren, K, Dekimpe, M, Verboven, F, 2006) . This helped in cut downing the monetary value comparison to the rivals. As the taxis, coaches and trains do non supply all the installations as like easyCar because taxis can non bear down less, coaches and trains do non provides distance installations.

Harmonizing to Marting, J, 2005, other traditional rivals do non supply this installation and they charge for 24 hours as minimal period of rent. EasyCar ' s short period rental scheme allows the flexibleness as it charge for the continuance that the clients used or for choice up and drop off. Even the taxis do the same but they charge more as they can vie on monetary value

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of easyCar. For the installations like cleaning the auto, excess kilometers easyCar allows the clients to pay separately as it required. This flexibility rotates the monetary values and helped in accomplishing the competition by the easyCar and besides helped in taking in London and Paris metropoliss by holding half of its company sites in these metropoliss.

As like the easyCar is holding benefit from flexibility operations, the same operation is missing the easyCar in a state of affairs of peak times. The care of minimal staffing degrees in each of the location for cut downing the unrented autos at the sites leads to waiting by the clients or to stand in a waiting line for autos. Soon after when the auto comes, the clients have to wait until the fuel is filled and wait until the auto wash is done and ready to travel (Wright, C, Mechling, G, 2002) . For the auto wash they have to pay for it as it comes under their travelling demand. This is going because of twosome of hr ' s auto rental operational scheme in easyCar.

The other restriction is during the peak period when the rental period about stoping will increases the monetary values. So, the clients who are non certain of their period of stay out will increases the monetary value and that monetary value in the concern section will non work every bit really much competitory (Cheng, J, Blankson, C, Wu, P, and Chen, S, 2005) . This system attributed to the pricing theoretical account. Together with the current fleet of 90 % use and pricing theoretical account factors, the clients those want the autos for short period at short notice might travel back without leasing a auto. Even the usage of this operational method use in easyCar will non likely able to set up a auto to the clients and they go for options like cab, train or coachs. Marting, J, 2005, easyCar procedures were helpful really <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

much for those who know the travel programs good in progress. In order to vie really successfully for these sorts of clients, easyCar required some alterations in their service procedure like relaxation of cleaning policies and automated bead off system for cut downing the clip factor for clients.

The alterations are required by the company for strengthen and to foreground tradeoffs in order to vie in the international market on the footing of the cost (Tang, C, Deo, S, 2008) .

2. 5. 1. Rent for the hr:

The company have bought Mercedes A category autos in a majority to demand supplier and to derive the monetary value advantage. This helped in diminishing the fixed costs and in bend helped to cut down the cost for rental footing on hr. Even the company have increased its vehicles in different locations in order to set up flexibleness to switch vehicles between the locations on the footing of the demand in different locations. The schemes of providing different autos with low position lead to clients ' letdown. For this intent the company made a alteration in its operational procedure by diminishing its cost and to write off on some operational flexibleness (Tang, C, Deo, S, 2008) . This provider partnership helped in diminishing the costs and to better the quality and flexibleness together with the supply concatenation.

2. 5. 2. Clean auto policy:

The clean auto policy alteration helped to easyCars low cost scheme as it fundamentally represents a transportation of traditional undertaking done by the clients of the company. This alteration has reduced the employees

required for each site of its operations assisting in decrease of one of its cost. The interesting point in this alteration is that the anticipation from the employees associating to the operations is less possible as there is occasional auto demands to be cleaned, non certain about when will be the vehicles come back. There is one or more clients need to be waiting for the vehicle with the usage of above alterations. But in the topographic point where merely one employee plants will be an issue associating to the above concern as the monetary value additions from $\hat{11}$ to $\hat{20}$ for such waiting clients. The monetary value medium clients go off as there is monetary value addition of $\hat{9}$ (Marting, J, 2005) .

2. 5. 3. Insurance purchase from the client:

Wright, C, Mechling, G, 2002 provinces that the clients need to buy insurance in the easyCar holding more deductions on the selling instead operational. This alteration reduces the struggles among the employees and clients at larger extent during damaged auto state of affairss. But in the old procedure, employees were holding jobs with the clients and besides some liability held left from the clients. This alteration was helpful, but in the locations where merely one employee is working confronting jobs as other clients fell in line for autos while covering with damaged auto issues at the same clip.

2. 5. 4. Fuel make fulling merely when it is empty:

The above policy method besides contributed to the easyCar ' s low cost scheme because this operation reduces the important dealing of the gas degree before bringing by the employee. As in the old manner clients need to be waiting till make fulling the armored combat vehicle and those who are in a haste skip from the rental. The new policy saves the clip as there is no <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

demand to worry about the fuel until the fuel index visible radiation is on. So, most of the clients bring their auto back in a status that allows the auto can be re-rented instantly (Tang, C, Deo, S, 2008) .

2. 6. Significance of legal challenges of easyCar:

Marting, J, 2005 outlined that, there are few important challenges faced by the easyCar are as follows, First, the office of just trade opinion against the easyCar is designed chiefly to reenforce the benefit of cost obtained through the direction of easyCar demand system and on easyCar ' s accomplishment through high rates of use. Stelios states that without proper punishment for those who do non alter or call off reserve within a hebdomad lead to diminish in utilization fleet from 95 % to 65 % and monetary values to three times. This appraisal is perchance give negative appraisal and this impact less significantly to the cardinal function of output direction harmonizing to the easyCar ' s attack. The net income impact through this operations drive place the cost of nest eggs achieved from the high rate of use.

Second, the poster of images of those tenants with delinquent vehicles is another of import legal challenge faced by the easyCar. This legal challenging is non much important as there are no legal actions taken yet. But still it has been included in the instance because it can include possible treatment subsequently in associating to be associated with the rental auto industry and to implement the policy for minimising the opportunity of any legal claim against the house.

The decrease of hazard is of import for the international organisations. In order to cut down the hazard the company as to follow the hazard decrease procedure in international market.

Host state factors

International legal factors

Home state Factors

Political hazard analysis

Reducing political exposure

(Adopted from Bradley, 2005)

The above chart shows the factors of place state, host state and their legal, political factors besides have influence on the success of the company. In some states, authorities put some policies associating to the usage of vehicles and revenue enhancement imposes on the usage in order to cut down the pollution. The cab menus, coachs menus and train menus besides have influence on the international and local market success of the company. In some topographic points authorities put less menu to the coachs and trains in order to increase the usage of public conveyance system (Guthrie, F, Crothers, N, 2003) . So the analysis of the political hazard and political exposure before come ining into the market was important, particularly in come ining the international markets. From the tabular arraies provided in the instance it can be notices that the easyCar is runing merely in few topographic points and that might be because of the

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hazard associated with coming into the international market (BTE, 2006) . But the companies present programs to get down another 180 new locations in the old ages 2003 and 2004 need an analysis of the political hazards associated in the different international markets.

2. 7. Appraisal of gaining easyCar ends and their betterment:

The company have established ends to do a easyCar gross revenues from 27 million lbs to 100 million lbs. The accomplishment was expected from running the concern in 130 new locations in coming two old ages. Through these ends they are gaining a net income of 10 million lbs are ambitious to the easyCar. It is besides noteworthy that the operational theoretical account of easyCar has programs to develop new locations simpler than traditional manner of auto companies. This allows minimal installations required and crate easyCar new waves with all the equipment required in running a location and besides make available of 130 new locations at least market budget. The other chief end realised was to better the operational challenges by happening the ways to diminish the costs in order to keep the client satisfaction. This in bend meanwhile realises the net income to the easyCar. In order to gain the growing jails of the easyCar instance it is necessary to lease out 21, 600 vehicles by the clip of 2004 twelvemonth terminal (easyCar. com) .

easyCar should be gain the operational issues like design of the system which capable of bring forthing the services at the right measures, be aftering the system efficaciously and direction of cardinal elements. First, planing of the system -The development of service with proper features for <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

case auto should be equipped with the side air bags etc. This design describes how to engineer the merchandises and services to the clients on the footing of proficient factors and economical factors. Second, be aftering the system - This planning system shows how the direction expects the usage of resources base which are developed on production design system (Lawrence, J, 2005) . The planning system helps in pull offing the system design in order to get by with the alterations in the environment. For case, in the easyCar there is frequent alteration the demands during the seasonal clip for tourers and in that clip this planning system rearrange layout in order to heighten the efficiency. For the realisation of it new runing unit start end, the programming has the shortest planning skyline. This helps the easyCar to make up one's mind what service to made, who will work, when will get down and what will be consumed.

It is of import to understand the strategic nature of operations, the outgrowth of supply concatenation direction thoughts, the value adding through its nature of operations, impact of technological public presentation and the planetary competitory market place. It is besides of import to see operational procedure more significantly because of deriving the advantage in taking the competition (Parment, A, 2008) .

There are few of import factors which help in gaining the ends for easyCar for trading at the international degree are, the security and endurance of service provided by the company. The past records behavioral actions associating to the schemes and their determinations have impact on the end measuring (Parment, A, 2008) . Service and the market where they deal hold important impact on the strategic determination doing procedure of the <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

easyCar company. The service should be internationalised with individual service which provides rudimentss features international market. However the company should besides better the local market in order to increase value of trade name of the company.

The easyCar have many sites in same metropolis is more feasible rival for the taxis, coachs and trains. There is a demand for enlargement scheme by the easyCar in order compete more against the taxis, trains and coachs in European metropoliss. In order to vie more on tourer section it is better to increase in the locations in tourer finishs and close airdromes etc.

Global markets, Products/services and merchandises:

New

Markets

Current

Global

Existing Local

Products/Services Trade names

New

(Adopted from Bradley, F, 2005)

The above chart gives some suggestions associating to the come ining into new planetary market by the easyCar. It says that analysis of service, market and trade name are of import besides of import factors which need to be

analysed decently. EasyCar is soon running in the most of the popular metropoliss like London and Paris and many more in states like Spain, Switzerland and France etc. The analysis of markets, their rivals and their strength to be taken topographic point as other rivals are immense and can travel for any extent to kill the rival (Parment, A, 2008) . Brand should be improved much more for easyCar in order to acquire success in the assorted international markets.

Harmonizing to Parment, A, 2008, the trade name advantage can be received through the equity of trade name which easyCar got, fiscal strength which the company got and international distribution ability in functioning the service by the company. So the trade name beginnings will be able to increase the assurance of the easyCat sustainability in the international markets.

The choice of the international market is besides another of import factor which need to be considered before come ining to the market by the easyCar for increasing its locations. This will assist in accomplishing the accomplished ends through the appraisal like doing gross revenues four times more and increase the net incomes and client satisfaction through the better quality and effectual operational efficiency. The engineerings, choice of client section and client map are three of import parts of choosing the international markets. BTE, 2006, as the tourer attractive locations or states, professionalism of the human beginning of the state are lending factors for international market cleavage.

The easyCar should be able to get and accomplish the schemes of the international markets by concentrating on factors like restriction of hazard, direction stability, synergism, economic graduated table and range and consecutive acquisition. The easyCar is non keeping the direction stability as its operating procedure maintain alteration at all the times. The demand for much better human resource direction is besides necessary for the easyCar company.

3. 0. Decision:

The elaborate analysis of the study shows the easyCar is holding all the abilities to come in into the new market as it chiefly concentrates on the operational procedure and design betterments. This betterment in the operational procedure entirely able to make the trade name as it is really good in doing alterations efficaciously. The company announced that the easyCar make an available of 12, 000 vehicles from nameless pickup points by utilizing the auto nines. The technological invention where the company was missing besides improved during the twelvemonth 2003 as it allowed the clients to reserve online, phone and update the information during the arrival times. The baseball mitt boxes are the topographic point where these people can take keys for autos and in the normal locations itself they can have the nine vehicles.

These types of above developments take topographic point in easyCar direction invariably and which shows the invention. These signifiers of developments in the company will take to the possibilities going really big organisation. But still before come ining to the markets where fiscal strong companies are runing, it is necessary to analyze their failings. In add-on <https://assignbuster.com/analysing-how-to-improve-the-position-of-easycar-essay/>

assorted features of international markets have to be analysed in item for prolonging in the international markets.