

Car hire services
narrative essay
literature review



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INTRODUCTION AND BACKGROUND TO THE STUDY

Introduction

This chapter looks at the introduction and background of the study. It outlines the statement of the problem, objectives and questions of the study. It also points out the importance of the study, its delimitation and the definitions of the terms.

Background to the study

Walter (1985), " A car rental or car hire agency is a company that rents automobiles for short periods of time (generally ranging from a few hours to a few weeks) for a fee. It is an elaborate form of a rental shop, often organized with numerous local branches (which allow a user to return a vehicle to a different location), and primarily located near airports or busy city areas and often complemented by a website allowing online reservations". Pretty (2008) described the introduction of the Ford Model T as the first mass produced car is closely linked with the car hire industry.

A mere eight years after the first Ts rolled off the production line an enterprising Nebraskan businessman called Joes Saunders started a car hire firm with one car. The main focus of his business was the travelling salesman market, although his first customer is believed to be a man who wished to take a girl out on a date. Two years after this original foray, a young entrepreneur, Walter L. Jacobs started a company in the Chicago area. The car rental firm was founded with a dozen Model Ts with Jacobs carrying out all of the repair and maintenance work himself.

The success of this business was outstanding and within five years it is believed that it was generating an annual income of one million US dollars.

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The success of Jacobs' car rental company did not go unnoticed by investors; most notably John Hertz. Hertz already owned the 'Yellow Cab and Truck Hire Company' and used his funds to buy out Jacobs' car hire firm. Hertz himself was then bought out by the General Motors Company who re-branded the company as the 'Hertz Drive-Ur-Self System'. Hertz is still a major player in the car rental industry and most probably the company with the most history.

Pretty (2008) Car Rental Association of Namibia (CARAN) which is a non-profit association of 18 members namely Advanced Car Hire, Africa 4x4 Rentals, African Car Hire cc, African Tracks 4x4 Car Hire, Andes Car Rental, Asco Car Hire, Autovermeidung Savanna, Avis-Rent-A-Car, Budget-Rent-A-Car, Camel Car Hire, Caprivi Car hire, Camping Car Hire, Europcar, Hertz, OdysseyCar Hire, Okavango Car Hire, Pegasus Car & Camper Hire. Its main aim is to protect the tourists and the car rental industry against sub-standard service and quality.

The car rental companies must subscribe to minimum standards before they are accepted as members of the association, described Mathes (2011). " The Namibian Government, through its Department of Environment and Tourism, supports CARAN members by distributing their brochures and advertising material through its networks worldwide, but non-CARAN car rental companies don't enjoy this courtesy. The stringent standards set by CARAN were necessary due to the vastness of our country, the huge number of self drive tours and the unfortunate experiences tourist have had in the past by renting vehicle of sub-standard quality.

CARAN, through its members, undertakes to immediately address any problem that may arise in renting a vehicle from one of its members” explained Mathes (2011). 1. 2 Statement of the problem There is a major shortfall in the supply of rental cars; supply does not always meet demand. There are times when tourist need cars and they are not available; it impacts on the tourism and host country negatively by ruining its reputation as a good value destination and also losing a lot of business.

Due to the fleet shortages this leads to high rental rates vehicles provided to tourists should be at more affordable rates, this is not mostly the case so it affects the tourist and overall cost of the trip becomes uncompetitive, undermining the good value to be had in access to transport and accommodation and elsewhere. Another factor on Car rental is that there should be sufficient vehicles to meet tourist demands such as luxury cars. Some tourists are rich and like to remain in their comfort zone of wealth.

One problem Namibia has is that they do not have enough luxury vehicles or don't have them at all, so they always end up importing from South Africa, which takes time and is sometimes costly and unsatisfactory by not reaching on time when needed. In Car rental services sometimes supply does not meet demand, for example when there are huge events happening such as National Holidays, festivals or a traditional Holiday for family reunions where people come from anywhere in the world.

So the intention of the researcher is to find out why this is happening, why there are not enough fleets for people or tourist to use when they visit the destination. Why they do not plan ahead so these problems don't occur is what the research wants to achieve.

Objectives of the study

The research was based on the following objectives:

- To determine the services provided by Car Hire companies in Windhoek.
- To explore the requirements of a car hire operation from the government policies.
- To determine the effectiveness of car rental services in Windhoek.

To make recommendations on the strategies to be adopted by Namibian travel agencies to achieve and maintain profitability.

Research questions

The following research questions were addressed as the basis of the research:

- What are the services provided by Car Hire companies in Windhoek?
- What are the government policies of operating a car hire company?
- What is the effectiveness of car hire services in Windhoek?
- Which strategies can be recommended for adoption by Namibian travel agencies to achieve and maintain profitability?

Significance of the study

Government policy makers The research findings will assist law makers in Namibia and elsewhere to formulate laws that promote Car Hire services in Namibia. In addition, the law makers will benefit by paying attention to some of the ideas and findings of the research that will give the country a chance to generate foreign exchange from Car rental services.

- College and University students Students will benefit from this research if they use it for their learning purposes, and as a reference

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on their assignments and research on topics related to transportation and car hire services. Communities at large Members of the community will benefit from the research in many ways; such as always having vehicles available when they need transportation better accessibility to markets, employment and additional investments. In addition, the communities will benefit by being encouraged by the research to engage them to be more involved in the tourism industry.

- **Entrepreneurs** Entrepreneurs, who are interested in starting business in the tourism industry focusing on Car Hire services, will benefit from this research's findings on how Car Hire services can be promoted and marketed.

Limitations of the study

The instrument that will be used for data collection is conducting interviews. These interviews are very time consuming, in the sense that there will be a lot of companies that will be interviewed. In addition it will be difficult to set up appointments with a number of potential interviewees, due to their busy schedule and experiences of always being bothered by students; they are reluctant to do the interviews. Another limitation is financial constraints.

It is very difficult to go to certain areas to get information, due to high travel cost and also printing cost, either material needed to do the research or the cost of printing the research itself.

Delimitation of the study

The research restricts itself in the city of Windhoek. The interview will be conducted with a senior official from Namibia Tourism Board's (NTB) Mr Manfred ! Gaeb, because he is heading the division that regulates the

hospitality industry in which Car Hire companies are also required to have valid Road Carrier Permits and he later directed the researcher to the CARAN (Car Rental Association of Namibia) Which is a non-profit organization of 18 members. Its main aim is to protect the tourist and the car rental industry against sub-standard service and quality and lastly from Directorate of Tourism (DoT) in Ministry of Environment and Tourism Mr Fillilon, because the Ministry of Environment and Tourism as per its Mandate to provide a conducive environment for tourism growth carried out a workshop to address some challenges faced by the industry and Car Hire companies challenges will be addressed as well. . 8 Definitions of terms * Effectiveness The degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means " doing the thing right," effectiveness means " doing the right thing. " Car hire A car rental or car hire agency is a company that rents automobiles for short periods of time (generally ranging from a few hours to a few weeks) for a fee. * Services A type of economic activity that is intangible is not stored and does not result in ownership.

A service is consumed at the point of sale. Services are one of the two key components of economics, the other being goods. Examples of services include the transfer of goods, such as the postal service delivering mail, and the use of expertise or experience, such as a person visiting a doctor. Ads by Google Better Project Management using Sciforma Project Management. Enterprise wide. Flexible & Easy. Transport Transport or transportation is the movement of people, animals and goods from one location to another. 1.

Chapter Conclusion Chapter 1 looked on the background of the study. It briefly discussed the statement of the problem, and it also outlines the objectives of the study and the research's questions. It highlighted the significance of the study to some groups of people and to institutions regarding Car Hire Services in Namibia. Furthermore it discussed the hindrance to the study and pointed out the delimitation of the study. Finally it defined the terms used on the research topic.

LITERATURE REVIEW

Introduction

Chapter 2 looks on the related literature on the effectiveness of Car Hire Services. It addresses what authors have said about Car Hire industry.

Role of transport in Tourism

Means and modes of transport

The main transport modes used are discussed bellow by Slack (2009)

Car traveling

Car travelling is usually an independent mean of transport. The driver decides where, when and how he is going to get to a destination. It is usually cheaper since roads fees are not directly paid but rather from taxes.

It is the only transportation mode that does not require transfers, in the sense that the whole journey, from door to door can be achieve without even stopping. Car transport is the dominant mode in world tourism (77% of all journeys), notably because of advantages such as flexibility, price, and independence. Tourists will often rent cars to journey within their destinations, which has triggered an active clustering of car rental

companies have emerged adjacent to main transport terminals (airports, train stations) and touristic venues.

Coach traveling

Couch traveling uses the same road network as cars. Coaches are well suited for local mass tourism but can be perceived as a nuisance if in too large numbers since they require a large amount of parking space. They can be used for short duration local tours (hours) but also can be set for multi-days journeys where the coach is the conveyance

Rail travel

Rail travel was the dominant form of mass public transport before the age of the automobile. Even if trains are very fast, the network is not too flexible, pre-established routes have to be followed.

The railway network usually reflects more the commercial needs of the national economy than the holiday tourist flow which can make it a second choice as a traveling mode. The railway systems of several countries, notably in Europe, have seen massive investments for long-distance routes and high speed services. Due to the scenery or the amenities provided, rail transportation can also be a touristic destination in itself. Several short rail lines that no longer had commercial potential have been converted for tourism.

Air transport

Air transport is by far the most effective transport mode. Notably because of prices, only 12.5% of the tourist travel by plane. But for international travel this share is around 40%. Air transport has revolutionized the geographical

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aspect of distances; the most remote areas can now be attained, any journey around the world can be measured in terms of hours of traveling. Businesspeople are among the biggest users of airline facilities, but a low cost air carriers have attracted a significant market segment.

Cruises

Cruises are mainly concentrated towards short sea journeys of about a week. Cruising has become a significant tourist industry; big cruisers are like floating resorts where guests can enjoy luxury and entertainment while moving towards their multiple destinations. The international market for cruising was about 18.3 million tourists in 2010, which involves an annual growth rate above 7% since 1990. The main cruise markets are the Caribbean and the Mediterranean, which Alaska and Northern Europe fjords also popular during the summer season.

This industry is characterized by a high level of market concentration with a few companies, such as Carnival Corporation and Royal Caribbean Cruises who account for about 70% of the market. The impacts of cruising on the local economy are mitigated as the strategy of cruising companies is to retain as much income as possible. This implies that tourists spend most of their money in the cruise ship itself (gift shops, entertainment, casinos, bars, etc.) or on island facilities owned by cruise shipping companies.

Importance of transportation to Tourism

Transportation and travel can be discussed without taking tourism into consideration, but tourism cannot thrive without travel. Transportation is an integral part of the tourism industry. It is largely due to the improvement of transportation that tourism has expanded. Transportation links the various

destinations and ferries people, goods, and services. Tourism is all about travel; and the role of transportation in its operation is vital. It is largely due to the improvement of transportation that tourism has expanded.

The advent of flight has shrunk the world, and the motor vehicle has made travel to anywhere possible. This reality coupled with changing work patterns and innovative marketing has driven international mass tourism through the years. Culpan (1987, p 546) identified transportation modes and management as the “ important ingredients of the international tourism system,” acknowledging that linkage by air, sea and land modes is essential for the operations as well as the availability of support services such as fuel stations, auto repair, motels and rest facilities for land travel.

Advances in transportation have widely eased travel. It is attributed to the ease and accessibility of modern transport that has spurred the widespread growth of nature tourism within the United States and overseas (Honey, 1999). The increase in the number of visitors to what were once remote areas has resulted in degradation and damage of the resources prompting the need to re-evaluate the role of transportation in the exercise.

Impacts of tourism development include soil erosion or compaction, clearance of vegetation to give way to roads and tourism facilities, recreation use of off-road vehicles, trail bikes, snowmobiles, horses, and even the trampling of pedestrians (Buckley, 1996). The careful planning of sensitive areas which includes the utilization of zoning to determine areas for facilities and tourist activities and to protect natural areas and discourage development, and the planning of roads, hiking and riding trails should be integrated into the natural environment (Inskeep 1987). . 4 Definition of Car

Hire As explained earlier by Walter (1985) " A car rental or car hire agency is a company that rents automobiles for short periods of time (generally ranging from a few hours to a few weeks) for a fee. It is an elaborate form of a rental shop, often organized with numerous local branches (which allow a user to return a vehicle to a different location), and primarily located near airports or busy city areas and often complemented by a website allowing online reservations". Car hire is a very good way of enjoying the luxury of well known cars.

If a person is going to a wedding then they can hire a top of the line vehicle. It's great because you don't need to buy a vehicle and still have the best luxury experience of world class cars. Luxury vehicles are a sheer delight to drive and hiring a vehicle is very fortunate for those who are crazy about cars, but cannot afford to buy their own. When you are a transport lover, it's always good to rent a car when you want to try a new model. However, new models are often too expensive, but renting one for a day is an option.

It's great to go through the models which are available for rent and select the best one. If you are going on a date and want to impress your partner, then hiring a posh vehicle may be a good idea. In fact, you could impress all of your friends by showing off your vehicle. Consumer benefits of hiring a vehicle are multiple. In many schemes, anyone that has a valid driving license in the country along with some identity in place can hire an automobile. This is a big relief for those do not own their own vehicle; you can hire an auto-mobile, according to your needs from a daily basis to monthly basis.

You must confirm the condition of the vehicle and its papers, even if it is new. Any damage to the vehicle must be brought to the attention of the office. Before driving the vehicle, it's important to open the bonnet and check the level of engine oil, break oil and coolant. Refilling fuel in the vehicle is the duty of the consumer. Care of the vehicle is yours and you must give it back in the same condition. Therefore, make sure you check it first. If you are involved in an accident then you may be able to claim on the insurance.

Insurance

Walter 1985 says " Although frequently not explicitly stated car rental companies are required by respective state law to provide minimal liability coverage. This covers costs to a third party in the event of an accident. In most countries it is illegal to drive a car without liability coverage. The rental companies have liability with their own vehicles, however some companies will charge for this, should you provide your own insurance". It is very important to put a rental car on insurance because one never knows what will happen once you get in that car.

For some people taking the car rental services for any purpose, the last thing they want to do is the payment for the damages people especially rent cars as they want to do is the payment for the damages. People especially rent cars as they get the biggest advantage of not paying for damages. For this reason many car insurance companies have emerged in the market with different insurance policies, they cover all the damages related to the car as well as the drivers who drive the car. Many car rentals companies find these

insurance policies as a waste of money and take them as the unnecessary expense.

Many people take the insurance thing as a very good support and opt out taking policies as during the time of emergencies like the damages or any accident expenses are controlled by these insurance companies. The actual fact is that without these policies the owner of the car rental services has to bear all the losses, he/she is liable for all the expenses which occur for sustaining the damages to the rental vehicle. Some people have this misconception that all the risks are covered under their personal auto insurance policy, which is not always true.

Some of them only cover the car damages but not for the drivers. Car insurance is a solid investment; every car rental company should opt for these policies as they help in facing the problems in an easy way.

Road Traffic and Transport

Act 22 of 1999 The Act prescribes: No person shall operate on a public road any motor vehicle of a class prescribed for the purposes of this part unless a person is registered as the operator of such motor vehicle in accordance with the provisions of this section.

Government Gazette of the Republic of Namibia (2008)

White paper on transport policy

Runji (2003), " The transport policy review study of October 1990 had the objective of investigating a possible system of road user charging system which would be aimed at recovering the cost of providing and maintaining road infrastructure from the road users in relation to their " consumption of

roads” and secondly to analyze the cost structure of providing and maintaining the road network.

The study noted that Namibia did not operate a formal system of road user charging i. e. one where revenues were linked to expenditure on roads, and that the then existing taxes such as levies on petrol and diesel fuel and annual vehicle license fees were specific to road users, and in that sense could be regarded as road taxes. The study concluded that implementation of a system of road user charges for Namibia would be in line with and would promote the economic objectives of Government.

The study further identified certain conditionality’s regarding setting of such charges:

- The charges had to be aimed at promoting economic efficiency and the efficient utilization of resources
- Equity considerations had to be made to ensure that communities or road users did not subsidize each other
- Fair road/rail competition had to be maintained
- Foreign-based operators had to contribute their fair share while taking due cognizance of the road user charging systems in neighboring countries.
- Acceptance by affected parties had to be established
- Full recovery from road users the costs associated with the economically justifiable road provision and maintenance.

The results of this study were broadly encapsulated in the White Paper on Transport Policy, which was adopted by Government in 1995. While the emphasis on the White Paper was on road transport, the scope was wider in <https://assignbuster.com/car-hire-services-narrative-essaynliterature-review/>

that it covered major policy issues facing all modes of transport. For instance the main instrument recommended for use in improving the performance in the transport sector was competition.

This presented a clear break from the colonial past, when policies were often protectionist and therefore, in effect, benefited only a few”.

Vehicle-Rental operators

Requirements for registration and obligations For registration of a regulated business as a vehicle-rental operator, the operator of the business must provide services to tourists for hiring out motor vehicles for travel, either with or without inclusion of the services of a driver to operate the vehicle.

The operator’s business must be conducted from fixed premises and the operator must ensure that-

- the inside and outside of all permanent buildings and structures and any grounds where clients are received or which are used by them or to which they have access, are kept clean, tidy and in good repair at all times; and
- at least one toilet is provided for clients

The operator of a vehicle-rental business must ensure that-

- details of services offered, conditions of rental and traffic are clearly displayed at the premises of the business are made available in the form of a brochure;
- A register is kept at the business premises of all vehicles used and provided by the operator for rental purposes to clients at any given

time. An operator must supply a copy of that register to the Board on request; and

- Vehicles provided to clients under rental agreements are in a roadworthy condition at all times and comply in all respects with the provisions of the Road and Transport Act relating to the use of a vehicle of the particular class on a public road.

A rental agreement offered by an operator must contain, or be accompanied by, a brochure or statement setting out information and options in relation to-

- the conditions subject to which vehicles are offered for rental by the operator, which must also be explained to the client verbally, and conditions on speeding and travelling on gravel roads must be highlighted in the agreement ; and
- Any motor vehicle and travel-insurance cover obtainable from registered insurers, including insurance cover for emergency medical expenses, personal accident, return of mortal remains, personal liability and other risks.

Upon conclusion of a rental agreement, the operator must provide the client with a copy of that rental agreement containing, or accompanied by, the conditions applicable to the agreement. And lastly breakdown, tow-in or other roadside assistance services must be available stated by Namibian Tourism Board (2004)

Avis Chauffeur Drive Case Study

USA Shuttles and dedicated drivers for industry conferences, sales meetings and launch events Benefits

- 25-30% savings over black car and shuttle services
- Convenient transportation for executives
- Comfortable new, low-mileage Avis vehicles
- Turnkey model - supports Sprint events year-round

Challenge As part of Corporate Marketing, Sprint's Strategic Events team serves as the centralized source for planning and execution of strategic events, trade shows, meetings and incentives. The team collaborates with Marketing, Sales, Supply Chain, Corporate Communications, Product, Network and Legal departments to plan and execute events and it leads the industry in cutting-edge design and implementation. Sprint saw an opportunity to extend its Avis benefits with the introduction of Avis Chauffeur Drive, a service that allows clients to rent Avis vehicles and add chauffeurs from WeDriveU, the leader in chauffeur staffing.

Sprint's Strategic Events team selected Chauffeur Drive by WeDriveU for the 2011 Consumer Electronics Show (CES) in Las Vegas following unsatisfactory results from its previous transportation provider. Based on success at CES 2011, the team expanded WeDriveU to CTIA WIRELESS® 2011 in Orlando. The team needed a robust chauffeured ground transportation plan to support a complex schedule of executive presentations and meetings associated with major product launches at the event. Solution

Sprint rented Avis L Class (Chevrolet Suburban) and S Class (GMC Acadia) vehicles and selected WeDriveU to manage transportation and provide drivers over nine days at CTIA WIRELESS® 2011 - including shuttles and a dedicated driver for executive movements. WeDriveU managed passenger manifests, executive meet and greets, dispatch and routes for shuttles and dedicated chauffeurs between the airports, convention center, hotels and local attractions. WeDriveU selected drivers for the project based on matching their skills to Sprint's needs.

For example, one chauffeur's security background was the perfect fit for an executive making multiple stops in Orlando. Results The client praised WeDriveU for contributing to a successful event. Feedback on drivers was extremely positive and passengers enjoyed a comfortable and spacious ride in Avis vehicles thanks to ample leg room and luggage capacity. Michele Bushart, Manager of Strategic Events at Sprint, said, " It's been a pleasure working with you. We do over 260 events, seven incentive trips and numerous product launches, PR events and customer ospitality programs each year. You've been a true asset to us and have allowed us to maximize efficiencies and minimize costs. We're big fans of WeDriveU! " Shuttle Program Guide (2011)

Europcar tracking customers case study

Britain Car hire company Europcar has been fined nearly ? 45, 000 for tracking customers who rented luxury vehicles. Data protection officials have called the practice 'a serious breach of the right to privacy'. Europcar tracked its customers' journeys for eight years in Hamburg, Germany, using the sat-nav systems installed in their cars.

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The GPS systems were installed in vehicles like the Mercedes E class, BMW 5 series and Audi Q7. 'The secret tracking of rented vehicles and the secret monitoring of customers is a serious infringement of the right to privacy,' said Johannes Caspar, Hamburg Commissioner for Data Protection and Freedom of Information. The car hire company is in a position to create movement profiles of their customers. With the help of the location technology, they only have to reconstruct who went where when, who drove at a particular time at what speed. The practice was discovered after a complaint filed earlier this year.

The car hire company said it had to track the cars to ensure customers kept within the confines of the rental agreement, which forbids driving in certain countries. That was why, they insisted, surveillance was only activated when vehicles were driven into particular areas. Anthony Bond (2012)

Rent-A-Wreck case study

Canada Cho and Rust (2008) states that, we show that even under conservative assumptions about maintenance costs and the magnitude of the discounts necessary to induce consumers to rent older cars, the optimal replacement policy involves retaining rental cars for roughly twice as long as the company currently does.

Although gains vary by vehicle type, the model predicts that the company's expected discounted profits could be at least 6% to over 140% higher (depending on vehicle type) under an alternative operating strategy where vehicles are retained longer and rental prices of older vehicles are discounted to induce customers to rent them. Our alternative strategy is based on conservative assumptions and is not fully optimal itself, so our <https://assignbuster.com/car-hire-services-narrative-essaynliterature-review/>

estimated profit gains constitute lower bounds on the amount profits would increase under a fully optimal operating strategy, the calculation of which requires more information about customer preferences than we currently have available. Our findings convinced the company to undertake an experiment to verify whether this alternative operating strategy is indeed more profitable than what it currently does. The company's main concern is that discounting rental prices of older cars could cause a majority of their customers to substitute older rental cars at discounted rates over rentals of newer cars at full price, potentially reducing overall rental revenue.

A related concern is that renting cars that are too old could result in a loss of customer goodwill, and/or harm the company's reputation as a high-quality/high-price leader. We report initial findings from this experiment which involved over 4500 rentals of nearly 500 cars in 4 locations over a 5-month period. The results are consistent with the predictions of our model, and demonstrate that a properly chosen declining rental price function can actually increase overall revenues.

The experiment revealed that some car rental customers are very responsive to discounts, and that only relatively small discounts are necessary to induce these customers to rent older cars in the company's fleet. Not all rental customers were offered the same discounts: they could range from as much as 40% for customers who had no additional sources of discounts (e. g. using frequent flyer miles, or being a member of the company's "loyal customer club") to as small as a 10% discount for individuals who were eligible for one or more of these other discounts. The average decrease in the rental prices of cars over 2 years old was 13%.

This discount caused total rental revenue for the discounted older cars to quadruple, more than offsetting a 16% decline in revenues from rentals of new cars (i. e. cars less than 2 years old). There might not be a puzzle if the rental market as a whole offers consumers a declining rental price function, even if individual firms offer only a limited range of vintages and adopt flat rental price schedules. For example, although most car rental companies focus on renting cars that are very close to being brand new, there is a US-based car rental company, Rent-AWreck, which specializes in renting older; higher-mileage used cars at discounted rates. Thus, if a customer wants a high-priced new rental car they can go to companies such as Hertz, but if they are willing to rent a less expensive older car, they can go to Rent-A-Wreck. However Rent-A-Wreck is only the ninth-largest US car rental company, and thus, has a relatively small market share relative to the top four car rental companies (Hertz, National, Budget, and Avis), which specialize in purchasing and renting new cars, and control nearly two thirds of the US rental car market.

This is particularly true of the lucrative “ airport markets” (constituting about one-third of the overall US car rental revenues), where Rent-A-Wreck’s presence is almost non-existent. Thus, we do not see the existence of Rent-A-Wreck as providing a solution to the flat rental puzzle. Even though it is commendable that this company provides a unique service that the top four car rental companies do not provide consumers, Rent-A-Wreck is still regarded as serving a relatively small niche market.

The same puzzle remains: is it really more profitable for the top four firms to restrict their portfolios to brand new cars, and why are they unwilling to offer

their customers the option to rent older cars at a discount? The fact that most cars owned by individuals are significantly older than the cars owned by car rental companies is another aspect of the puzzle we are attempting to address: one might expect that the age or odometer distribution for rental cars would be roughly the same as the corresponding distributions for cars owned by individuals.

However, the vast majority of cars rented under short-term rental contracts by the major car rental companies are under 2 years old. In effect, car rental companies follow a vehicle replacement strategy that most consumers find far too costly to do themselves, i. e. to buy brand new cars and hold them only for one or two years before trading them in. 2. 10 Conclusion Chapter 2 looked at the literature related to the effectiveness of Car Hire, it then reviewed the advantages of the Car Hire Industry in general and then focused on the different types of Car hire companies in Namibia.

Other authors explained the importance of Car insurance and the different Car Hire industries in the world. Although it may seem like the industry is performing well financially, it is nonetheless gradually regaining its footing relative to its actual economic position within the last five years. Most companies throughout the chain have a common goal that deals with lowering the level of dependency on the airline industry and moving toward the leisure segment, as a way of insuring profitability, besides seeking market shares and stability.

My futuristic point of view, the better days of the car rental industry have yet to come. -

RESEARCH METHODOLOGY

Introduction

Chapter 3 outlines the approach that will be used in carrying out the study in order to achieve the objectives of the research. It describes and justifies the techniques used to collect data from the sample; subjects, target group. It looks on the methodology used; interview and sample.

The research design

Research design as “ a blueprint of research, dealing with at least four problems; what questions to study, what data are relevant, what data to collect, and how to analyze the results” Yin (1994) The researcher will use qualitative research method, which aims and objectives are to gain an understanding of underlying reasons and motivations, to provide insights into the setting of a problem, generating ideas and/or hypotheses for later quantitative research, and to uncover prevalent trends in thought and opinion.

Because there are many Car hire companies in Namibia, they are about twenty one and out of all twenty one the researcher will interview only four which are Avis, Budget, Europcar and hertz. The target groups of the researcher are Car rentals (questionnaires), The Ministry of Environment and Tourism (interviews), Namibian Tourism Board (interviews), Tour operating companies and the tourists (questionnaires) who are the end-users.

Research Instrument

The Researcher will use research instruments which are the materials used to carry out the research; there are different types of data collecting instruments namely: interviews, observation and audiovisuals material. The

researcher will specifically use interviews and audiovisual materials to obtain information for the research. Altiary (2006) defines interviews as, “ the systematic collection of data through asking questions, then carefully listening to and recording or noting the responses concerning your research topic.

This data collection technique provides access to a range of experiences, situations and knowledge, and provides the opportunity to explore issues according to your research purpose”. Marshall (2011) “ The term audio-visual (AV) may refer to works with a sound and a visual component, the production or use of such works, or the equipment involved in presenting such works”. Audio-visuals will be used to record conversations or interviews to collect data and to prove exactly what the interviewees say regarding the questions asked.

The good thing about Audio-visuals is that it gives clear evidence compared to other forms of collecting information; it is also an easy and fast way of collecting data and it is more reliable than interviews and questionnaire, because papers can get lost. Some disadvantages are that it is more expensive than other instruments; time consuming and the interviewee might refuse to give information because their identity will be exposed.

The Questionnaire

Paraskevas (2008) defines questionnaires as “ one of the most popular methods of collecting data among hospitality and tourism researchers.

Researchers use a pre-determined, structured set of questions to obtain information from a sample of respondents and record it”. They are effective in systematically collecting information from a large number of people, at a <https://assignbuster.com/car-hire-services-narrative-essaynliterature-review/>

low cost, in order to produce summaries and quantitative descriptions. In other words, questionnaires are a particularly useful data collection technique when you know exactly what to ask a lot of people and can ask standard questions that everyone will be able to understand and respond to.

The researcher will choose the method of interviewing because they allow more detailed questions to be asked; they usually achieve a high response rate; respondents' own words are recorded; uncertainties can be clarified and incomplete answers followed up; they also are useful to obtain detailed information about personal feelings, perceptions and opinion and some interviewees may be less self-conscious in a one-to-one situation. Interviews also have disadvantages; they can be very time-consuming: setting up, interviewing, transcribing, analyzing, feedback, reporting; they can be costly; different interviewers may understand and transcribe interviews in different ways and it is not used for a large number of people.

Data collection instruments

The data will be collected by using interviews and audiovisuals. Interviews will be done face-to face or telephonically by asking questions prepared by the researcher and audiovisuals will be done by the researcher recording the conversation in a tape.

Sampling

Altinay and Alexandros (2008: 89) defines sampling as “ a process by which researchers select a representative subset or part of the total population that can be studied for their topic so that they will be able to draw conclusions regarding the entire topic”. The sample size of twelve people will be used in this study that will be interviewed and asked four questions each.

From three Car Hire companies namely; Budget, Europcar and Caprivi Car Hire and two people from the marketing department of each Car Hire company to find out how the Car hire services has grown over the years and what problems they are experiencing and also to find out why supply doesn't matches demand and also one from eachfinanceddepartment of the Car Hire company to find out how much they are contributing to the economy.

An official from NTB to find out the strategies and standards set for sustaining the countries resources and another official from the Ministry of Environment and Tourism from the Directorate of Tourism were also interviewed to learn more about the policies on transportation and tourism. As well as a manager from a Trip travel to find out how many Car rental companies they work with and how that relationship works. People will be chosen in terms of what their job title entails, for example the human resource officer will be approached at a car rental agency to find out how many people they employ in the Car rental service industry.

Data analysis plan

The researcher will collect data to analyze, review and present using graphs and pie charts. The researcher will then evaluate the data to see whether the information collected correspond with the research objectives.

Conclusion

This chapter dealt with the research methodology used to collect data. A qualitative research approach was used and the data was mainly collected from primary sources. It also states the target population which is the statement of the participants.