



Enterprise Rent-a-Car Advertising Plan

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Enterprise Rent-a-Car

1.0 Executive Summary

This advertising plan is designed to re-position Enterprise Rent-a-Car to attract college students and young professionals. Currently, their focus is on local businesses. This plan includes a situation analysis that covers the current environment of the industry as well as the specifics of the company. This plan also includes the purpose for our advertising campaign, budget allocation, advertising strategy and media plan.

The overall goals for this advertising plan are:

- Gain market awareness amongst college students through print ads.
- Establish a viral campaign to create an interactive experience for our market.
- Gain market awareness amongst young professionals through radio advertisements.
- Increase market awareness for urban, young professionals through outdoor advertisements in NYC metropolitan area.

2.0 Situation Analysis

2.1 Industry Research

2.1.1 *Size of market*

The car rental industry is a global one where car rental agencies offer temporary use of automobiles and light trucks to consumers, companies and business.

The United States is the biggest market segment in the industry, making over \$17.4 billion in revenues in 2004. America also has over 17,000 rental locations with over 1.7 million vehicles available for rental. According to "Passenger Car Rental", "the company leader in the industry, supplying almost 30.5 percent of all cars, was Enterprise followed by Hertz (21 percent), Vanguard (12 percent), Avis (11 percent), and Budget (6 percent)" ("Passenger Car Rental").

2.1.2 *Recent trends*

Due to the global economic crisis, the car rental industry development could be negatively impacted because the demand for company's products and services could decline. As a result, fewer people are renting vehicles causing rental companies to make their fleets smaller instead of buying new automobiles. (Dow Jones Company Report for Enterprise Rent-a-Car Company). As a result, companies have been selling cars from their fleets and using older vehicles for a longer period of time ("High Growth Forecasted for the Global Car Rental Market: Opportunities and Challenges").

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On a positive note, advancements in technology have helped to increase the trend of online bookings, online check-ins and conveniences for the client and supplier. The image of the industry has also incorporated 'Green Evolution' along with the rest of the automobile industry.

Throughout the car rental industry, daily rates increased about \$20 between 2007 and 2008. Rates changed upon whether the rental is on- or of-airport and daily versus weekly rentals due to the decreasing size of fleets and drop in customers ("Passenger Car Rental").

2.1.3 Competitive environment

According to *Business Week*, "Despite the present global economic slowdown, recession in major economies and weaker growth forecasts, the worldwide car rental market is anticipated to grow at a CAGR of 3.5% in the period 2007-2010" most likely in China, Australia, India, and the Middle East." According to "Passenger Car Rental", "The company leader in the industry, supplying almost 30.5 percent of all cars, was Enterprise, followed by Hertz (21 percent), Vanguard (12 percent), Avis (11 percent), and Budget (6 percent)" ("Passenger Car Rental").

Competition for the industry increased once commercial air travel became popular. Technological advances allow for shorter advance booking time, electronic maps, and 24-hour customer service. Global positioning systems are placed within cars to not only track vehicles, but to assure customers know where they are going. Recently, competition is increasing within the industry with major companies like Enterprise and Vanguard Car Rental and Avis who offer a chauffeur service.

2.1.4 Target markets

Car rental companies mostly specialize in loaning vehicles to customers who need a temporary vehicle. Reasons include accidents, theft, mechanical repair, special occasions such as leisure and business trips and weekend getaways. Most companies' initial focus is to provide rental cars to neighborhood consumers. In the mid 1990s, they began to expand to airport locations

New emerging target audiences include developing countries, new young professionals with little purchasing power and the emerging business class in China and India.

2.2 Company Research

2.2.1 Sales

Annual Revenue

Enterprise Rent-a-Car has had a steady increase of sales for the past 8 years

Year	Annual Revenue (worldwide)
------	-------------------------------

Undergraduate

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FY 2008	\$10.1 billion
FY 2007	\$9.5 billion
FY 2006	\$8.9 billion
FY 2005	\$8.2 billion
FY 2004	\$7.4 billion
FY 2003	\$6.9 billion
FY 2002	\$6.5 billion
FY 2001	\$6.3 billion
FY 2000	\$5.6 billion

Source: 2009 Enterprise Rent-A-Car Company Corporate Fact Sheet

2.2.2 Product Mix

Enterprise Rent-a-Car is a car rental company that provides the following products and services:

Fleet Management Services

Sale of Used Cars and Trucks

Vehicle rental and leasing

Vanpool and Carpool Commuter Services

Fleet Management Services

As a fleet services company, Enterprise provides management services for companies to handle their fleets. Enterprise handles their clients' vehicle acquisition and disposal, and their licensing and taxes.

Sale of Used Cars and Trucks

Enterprise also sells their used cars and trucks to their consumers. They associate their car selling process as "haggle free buying" and "worry free ownership" for their customers. According to www.enterprise.com, their selling process "begins with our rigorous inspection process...along with the purchase of an Enterprise vehicle, we offer a 7 day repurchase policy so that any car can be returned for any reason...we guarantee our customers continued driving satisfaction by including a 12 month / 12000-mile limited warranty and roadside assistance."

Enterprise can sell their vehicles with such great amenities and warranties because there are no third party institutions dictating terms of the sale. Therefore they are able to satisfy the customer needs without any interference.

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Vehicle rental and leasing

Enterprise's main focus for their rental fleets are local neighborhoods. Their local markets allow them to offer a rental package that is convenient, has excellent rates and offers a wide selection of vehicles.

They are convenient because they have many neighborhood locations allowing for faster and easier pickups. Their rates are about 25 percent lower than their competitors. Their selection of vehicles is surpassing that of their competitors because Enterprise has the affordability to keep on purchasing newer models with added technology.

Vanpool and Carpool Commuter Services

Enterprise offers services that allow for easy carpool services. For example, they have implemented the WeCar program which allows commuters in the downtown area of St. Louis to rent cars by the hour to car pool to work.

2.2.3 Target Market

Target Market

Enterprise's primary focus is on neighborhood markets. According to www.enterprise.com, their customers are people who want to rent cars where they live and work. Because this is their target market, Enterprise has focused on having operations through "an extensive network of local, neighborhood offices.

The company has recently started to target businesses that may need rental cars at various airport locations.

2.2.4 Competitive Advantage / Differentiation

Competitive Advantage

Compared to their competitors, Enterprise has had the affordability to expand their fleet. Because of the slumping economy many car rental companies are not purchasing fleets of cars from automakers. Rental car companies such as Hertz and Budget are scaling back. However, Enterprise has not had to scale back as much as their competitors.

Enterprise spokeswoman Lisa Martini said, "Consumers and corporate customers have continued to express interest in hybrid cars...Enterprise is adding about 5,000 gas/electric hybrid cars and SUVs to its nationwide fleet." This is a clear advantage for them because their competitors cannot afford to purchase any new vehicles in this bad economy, let alone hybrid vehicles.

Another competitive advantage that Enterprise has is that it was ranked "the highest in a J.D. Power and Associates survey for consumer satisfaction among rental car companies." Customers gave high scores to Enterprise in the areas of, reservation process, pick-up process, rental car, shuttle bus/van service, and costs and fees. Some major elements that contributed to their high rankings compared to their

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competitors are that they offer pick-up services, their rates are about 25 percent lower than their competitors and they offer newer vehicles.

The company has also implemented a new program that will allow for GPS navigation devices to be offered with car rentals at most major U.S. airport locations. This is an advantage for them because their competitors have not implemented this type of new technology for their customers yet. According to Vice President Rob Hibbard, "GPS devices not only help travelers avoid unnecessary hassles, but they also guide them more efficiently and quickly to their destinations."

Overall, Enterprises' competitive advantage is that they truly do listen to their customers, and they guide their business approach according to their wants and needs.

2.2.5 Opportunities and Risks

Opportunity Analysis

There are 2 major trends impacting the consumer markets. The first trend is to now be environmentally conscious with your purchasing power; the second is to be economically smart due to the declining state of the economy. Enterprise Rent-a-Car Company is using these 2 current trends to create opportunities for them that will generate revenue and make their customers happy.

In the recent period, the company has teamed with St. Louis Car Sharing Cooperative to launch WeCar, "an environmentally friendly transportation option to downtown St. Louis...with WeCar St. Louisans who live and work downtown can rent hybrid cars by the hour." This initiative responds to the company's consumers' need for inexpensive, environmentally safe and easily accessible vehicles. For an annual fee of \$35, and rentals only \$10 an hour, people who live and work in St. Louis can access the rental cars that are already parked in strategic locations.

Enterprise decided that this was a great opportunity to offer a program that is specifically designed to decrease pollution, ease traffic congestion, and make car rental convenient for downtown commuters. Jim Cloar, President and CEO of the Downtown St. Louis Partnership commented, "WeCar is a solution for many downtown employees, urban residents, and others seeking to limit vehicle ownership, reduce congestion, and address environmental concerns...the all-hybrid car sharing program is environmentally friendly, providing convenience, flexibility, and cost savings to its members."

To help their consumers budget efficiently in this financial crisis, Enterprise Rent-a-Car has also teamed up with Costco Travel to offer Costco members savings on car rentals. "The member price is reduced from Enterprise's already low rates, which generally are about 25 percent below the market average, and Costco members can save on daily, weekly, and monthly rates."

Risks Analysis

The major risk that the company faces is the bad economy. Because Enterprise generates most of its revenue in the United States, therefore they are subject to the fluctuations of the US economy. This can adversely affect demand for their services.

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2.2.6 Advertising and Promotional Mix

Promotional Mix

The company is offering special promotions to increase sales. As of spring 2009, Enterprise is offering 50 percent off weekend rentals from now until May 20th. Steve Short, vice president of leisure business development for Enterprise said, "our special weekend rates make it easy for cost-conscious motorists to enjoy the security, comfort, and reliability of newer model Enterprise rental cars for the weekend, saving wear and tear and mileage on their own vehicles."

3.0 Advertising Objectives

- Gain market awareness amongst college students through print ads.
- Establish a viral campaign to create an interactive experience for our market.
- Gain market awareness amongst young professionals through radio advertisements.
- Increase market awareness for urban, young professionals through outdoor advertisements in NYC metropolitan area.

4.0 Advertising Budget Strategy

Enterprise Rent-A-Car has over 6,000 offices in the United States and earned worldwide revenue of \$10.1 billion in 2008. This means the advertising budget can be limited to \$66.2 million. The basic breakdown of the budget will be:

- Objective 1: \$12.5 million
- Objective 2: \$5.03 million
- Objective 3: \$4.76 million
- Objective 4: \$1.78 million

Enterprise Rent-A-Car will spend approximately 13% of the budget to achieve Objective 1 since the business is targeting young professionals who read newspapers daily- the most popular newspaper being *The New York Times*. Also, college students who read gossip and popular culture magazines such as *US Weekly* and *People Magazine* will also be a target audience.

Enterprise Rent-A-Car will spend approximately 8% of the budget to achieve Objective 2 to advertise on websites like Google.com, which is a popular search engine website amongst college students.

Enterprise Rent-A-Car will spend approximately 8% of the budget to achieve Objective 3 in order to target young professionals by advertising on morning and evening primetime radio shows on popular and urban radio stations. Young professional who commute into the New York metropolitan area listen to the radio programs during morning and evening commutes.

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Enterprise Rent-A-Center will spend approximately 3% of the budget to achieve Objective 4 to advertise in the outdoor New York City area. Young professionals and college students who use public transportation will see the advertisements during their commutes.

5.0 Advertising Strategy

Positioning / Product Concept

The focus of our advertising campaign is to highlight an Enterprise rental as a cheaper, greener alternative to flying for U.S. destinations. Currently Enterprise Rent-a-Car is running a promotion until May 20th that offers 50 percent off rentals for weekends. This promotion will be used in the advertising campaign so there is an added incentive for our target audience to retain the message.

Target

Our target market is college students and young professionals. This is not a market that Enterprise had previously zoned in on. Their target market is local businesses and professionals. This market is an important one to tap into because of their limited purchasing power and concern for the environment.

Demographics

Age: 18-24

Gender: Males and Females

Job: Full-time student / young professionals

Behaviors

Our target market should be conscious of the environment and participate in green initiatives. Our target market should also travel about 3 – 4 times yearly, preferably only in the United States.

Needs and Desires

Our target markets want inexpensive ways to travels for short vacations or spring break because they have limited purchasing power. Our target markets are also environmentally friendly and desire to reduce their carbon footprint.

Media Selection

Based on target market we plan on doing extensive advertising on the internet because that is where college students receive the bulk of their information. We also plan on having some placements on radio and in various magazines.

Print – Magazines and newspapers

Audio- FM radio stations

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Video- Promotional videos on internet

Outdoor Advertising- advertisements on public transportation

Advertising Message

Our message is that an Enterprise rental is the best way to reach your fun destination, especially if you are on a budget.

Copy

Under the media plan there is a copy of the script that will be used in radio advertisements. Included is also a copies of the advertisements that will be placed on public transportation and magazines.

6.0 Execution

6.1 Copy Strategy

Copy Strategy – Script for radio

Girl 1: Hey Amber, have you decided where you're going to go for spring break this year?

Amber: Well, I've decided on Virginia Beach.

Girl 1: That's cool, how much is that costing you?

Amber: About 500 dollars for hotel and airfare. I caught a special sale so I'm happy that I was able to save something. What about you? Are you doing anything for spring break?

Girl 1: Yea actually. I'm going to South Beach.

Amber: That's great. But that must be super expensive.

Girl 1: Not really, it came to only about 300 dollars.

Amber: Oh my gosh, that's so cheap. How did you find that great deal?

Girl 1: Enterprise. We decided to drive there instead. Their rentals are really affordable and they offer hybrid cars...you know I'm trying to reduce my carbon footprint (girl laughs) Besides this is a great chance for the girls and I to have a bonding road trip experience. How many people can say that they've done that recently, right?

Amber: Yea, you're right...I'm just meeting my one girlfriend there. No one else could afford to fly.

ANNOUNCER: Enterprise, the fun inexpensive way to travel this summer!

Copy Strategy – Advertisement for Transportation

(See copy handout A)

This advertisement will appear on buses, trains, and cabs.

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6.2 Media Plan

The media plan proposed for Enterprise Rent-A-Car will consist of print advertisements, radio advertisements, Internet advertisements, and outdoor advertisements. The specifics are stated below:

The media plan for Objective 1 will be print advertising only. It will involve ads in *US Weekly*, *NY Times*, and *People Magazine*. The heaviest advertising will occur in late February until the end of March during spring break season. The *US Weekly* advertisement will last four weeks and will cost \$155,960 for a 4C page. The *NY Times* advertisement will cost \$1196 per inch for a 21-inch ad. The *People Magazine* advertisement will last for five weeks and cost \$241,975 for 4C page.

The media plan for Objective 2 will be radio advertisements only. Advertisements will run on radio stations Z100, Hot 97, Power 105.1, and Fresh 102. The C/RP for each station is \$750 for men age 18-34 in the New York area and \$791 for women age 18-34 in the New York area, each for a 60 second commercial.

The media plan for Objective 3 will be Internet advertisements only. Advertisements will run on Google.com for a \$5 activation fee. The ads will appear online with the use of the “ad sense referral button” and the “vertical banner format”.

The media plan for Objective 4 will be outdoor advertisement strictly. Advertisements will run on public buses on the full back of the bus for \$160,5000 for four weeks for 150 units.

7.0 Evaluation

To evaluate our effectiveness we plan to:

- Monitor rentals in the NYC metropolitan area.
- Monitor how many customers rented vehicles using the 50 percent off promotion for weekend getaways.
- Provide a customer service number to provide any questions and concerns.
- Create direct mail surveys to our customers to receive feedback about why they chose Enterprise.

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