



A STUDY ON CAR RENTAL BUSINESS IN CHINA

BY

YIRU FANG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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**Independent Study Title** A Study on Car Rental Business in China  
**Author** Yiru Fang  
**Program** Master of Business Administration (International Program)  
**Advisor(s)** Tanaset Morasilpin, Ph.D.

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### **Abstract**

The objective of this research aim to study on car rental business in China, this study were qualitative methodology via in-depth interview, and content analysis. The study found that: 1) Market Segmentation were 1.3 million drivers who do not own a vehicle, the target consumer group is registered drivers of private small automobiles in Beijing. Market positioning provide domestic car rental focuses on the three things listed below in order to address this issue: GPS tracking, client relationship management, and a distribution network, marketing strategy :Product focus on design for the individual needs of customers, providing different types of services, time, and cost, and cannot provide a uniform product, only customized, Price strategy is defined as a differentiated price strategy based on requirement of customer, Place strategy is establishing sales online networks, Promotion is create two-way lines of contact with a focus on keeping up good customer connection and communication. 2) Management Plan divided to phase I start the business prepare 35 vehicle, second 75 vehicles and the third stage entails growing the business into a medium-sized and above with 200 total vehicles by the end of 2022, Production plan design software for run business of JISHI car rental Network Company such as, Database design, Overall system design, Security and confidentiality design, Software platform configuration etc., Operation plan. In order to guarantee a positive browsing experience, increase user interaction, and improve user experience. In order to first construct an e-commerce system, it also incorporates the procedures of electronic payment, email, and manual confirmation. 3) Financial projection for 5 years as Initial investment 8 Million Yuan, ROI average per year = 39.48 %,NPV = 7.793 million Yuan, IRR = 22.7%, and Payback period on 2 years and 11 months

Keywords: Car rental, business

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## Table of Contents

|   |    |
|---|----|
| Abstract.....                             | IV |
| Acknowledgement.....                      | V  |
| Table of Contents.....                    | VI |
| Section 1 Introduction .....              | 1  |
| Section 2 Marketing Plan .....            | 19 |
| Section 3 Management Operations Plan..... | 23 |
| Section 4 Financial Projections.....      | 33 |
| Section 5 Conclusion and Discussion.....  | 42 |
| References.....                           | 43 |
| Biography .....                           | 65 |

## Section 1

### Introduction

#### 1.1 Company Description

Website name: JISHI car rental network

Website: [www.JSzuChe.com](http://www.JSzuChe.com)

Operation Center Location: Beijing

Expected registered capital: 17 million RMB

Company nature: Limited liability company

Company Type: Information Services

Business scope: Website operation, information services, car rental

To maintain the smooth functioning of the business, JISHI Car Rental shall explicitly lay out the rights (shareholder ownership, management decision-making, and manager exercise management), obligations, and rewards of shareholders, the board of directors, and managers.

The Board of Directors of the Company is its highest governing body, and it makes decisions outside the purview of the General Meeting of Shareholders.

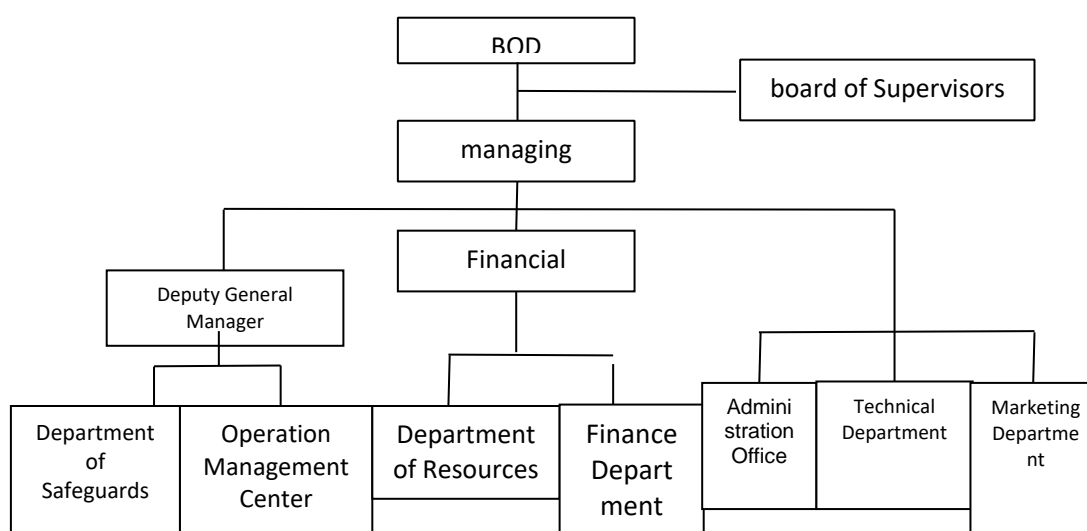


Figure 1. Brief introduction to the responsibilities of each department

Department of Safeguards: responsible for risk control, rescue, maintenance and insurance.

Operation Management Center: responsible for vehicle placement and booking center management, etc.

Department of Resources: responsible for vehicle procurement and disposal of used vehicles, etc.

Finance Department: responsible for financial budgeting, accounting and financial management, etc.

Marketing Department: responsible for market planning, brand promotion, public relations, etc.

Technical Department: responsible for the construction of car rental network, customer management system, car rental management system, etc.

Administration Office: responsible for administration, logistics and personnel work.

## **1.2 Current Situation Analysis**

### **1.3 (PESTEL/SWOT/5Forces Analysis)**

#### **1.2.1 Macro environment analysis (PEST analysis)**

##### (1) Political Factors

The key elements affecting the development of China's auto leasing sector include policies, legislation, and other considerations. Except for the "Regulations on the Administration of Motor Vehicle Leasing" issued by Beijing in 2002, China's present motor vehicle leasing regulations lack the necessary laws and regulations, making it impossible to fully defend their legal rights during regular business operations. Currently, the execution of several laws and regulations pertaining to traffic and vehicle management is frequently insufficient. The lessor illegal behavior frequently affects the rental unit, such as the renter cannot afford, drunken hit-and-run (insurance does not pay), hit-and-run, etc., resulting in economic losses are always paid by the rental business. Such losses are less than tens of thousands, hundreds of thousands, or more than millions, so that this is the case even if the owner is responsible for the system.

Furthermore, the absence of an efficient regulatory framework and institution

in China has resulted in an unruly market. Only five cities in the nation have centralized management, and those in charge are the rental management office, public bureau, traffic commission, and transport management office. For instance, in Beijing, the original rental car companies don't have a separate management department; instead, the Beijing Rental Car Administration is under the direct management of the Beijing Municipal Government, which in fact does not have any act. The Transportation Bureau oversees the department that manages cabs, leaving the automobile rental industry without a place to call home. The disorderly state of Beijing's motor vehicle rental market has, in some ways, helped to lessen the disorderly situation. The "China Car Rental Industry Association" has been created, but the existing cooperation and liaison work has not yet been completed, making it impossible to effectively expand the survival space of car rental companies. Once a problem arises, it is up to the rental companies themselves to find a solution.

## (2) Economic Factors

China is currently in the middle and late stages of industrialization; a new path for industrialization has been identified; the new phase of economic development will pick up speed; and urbanization has advanced to a certain extent, creating the necessary conditions for further accelerating the urbanization process.

The development of China's urban structure has started to pay off recently. A 40% urbanization rate has been reached in the Pearl River Delta city group, Beijing-Tianjin city group, Yangtze River Delta city group, Liaozhongnan city group, Shandong coastal city group, Xiamen-Zhangzhou-Quan three major city groups, Wuhan city group, Central Plains city group, Xiangzhongnan city group, Zhengzhou city group, Chengdu-Chongqing, Guanzhong, and other city. From 40% to 75%, the urbanization process has reached the takeoff stage. The city is predicted to experience a 10-15 million visitor influx per year during this time, and it is currently undergoing a strong growth phase.

Urbanization, motorization, and marketization coexist, posing a severe challenge to the development of China's cities. The process of urbanization has hastened the gathering of urban population and the impact on urban resources, environment, and infrastructure. The largest driving factor behind China's continued

and stable economic development will be the rise in leisure activities among residents, which will fuel the steady growth of urban consumption, which in turn will fuel the rise in consumption demand and the optimization of consumption structure. The car rental industry will develop into a new form of travel consumption, financial services, and car marketing, all of which will usher in a significant development opportunity with the ongoing promotion of industrialization and urbanization, driven by the continuous growth of consumption hotspots like housing, automobiles, tourism, education, and culture. In order to maximize its operational advantages and effectively boost the competitiveness and efficiency of enterprises, it is also necessary to strengthen the intensification, scale operation, and organization of the road transportation industry, and use the market mechanism to optimize the allocation of resources. As a result, there is an increasing demand for improving the operational efficiency and effectiveness of enterprises.

Table 1. China's road mileage growth over the years

| Indicators                              | 2023    | 2024    | 2025    | 2026    | 2027    |
|---|---------|---------|---------|---------|---------|
| Road mileage (km)                       | 1028348 | 1157009 | 1402698 | 3730164 | 3860823 |
| #Grade Road Miles (km)                  | 741040  | 910754  | 1216013 | 2778521 | 3056265 |
| The proportion of graded road miles (%) | 72.1    | 78.7    | 86.7    | 74.5    | 79.2    |

Currently, China's urban bus, intercity express, logistics, and other industries have good development prospects, and transportation is one of the key resources. However, due to a number of factors, including the fact that China's passenger transport enterprises typically only have one financing source and insufficient funds for follow-up vehicle renewal, there is a contradiction between the need for renewal and the lack of available vehicles at some points in time. An significant problem in the current expansion of China's road transportation business is how to deal with the replacement and growth of vehicles. As a result, road transportation companies are also needing more funding. In light of the various needs listed above, the leasing industry, which is a subsidiary service industry of transportation, can, if its various

functions are fully utilized, not only satisfactorily address the needs listed above, but it also contributes favorably to the growth of China's road transportation industry.

### (3) Social and cultural Factors

China has made great strides in raising its people's standard of living over the past 20 years by implementing reform and opening up; more and more people are working and living without cars, and despite their high cost, cars are becoming a more and more affordable way of life for the average person. Renting an automobile is arguably the simplest option to fulfill the desire of an increasing number of people to possess their own vehicles.

By 2018, there were 4,240,000 registered drivers of private small automobiles in Beijing alone, compared to 28,763,021 tiny cars. That is, there are more than 1.3 million drivers who do not own a vehicle. Additionally, many people who would normally like to buy a car are hanging onto their money and keeping it on the sidelines as petrol prices continue to climb and automobile prices continue to decline; they could end up becoming successful car rental businesses. The private automobile rental market for locals will continue to grow as customer attitudes shift, rates are reduced, processes are made simpler, and service quality is further enhanced.

There is a ton of space for growth in the market for renting cars to people who are on the go. Both domestic and foreign tourists could be a source of this market's prospective demand. With the 2016 Beijing Olympic Games, the number of foreign visitors will progressively rise, and China's vehicle rental market will experience a major upsurge in economic opportunities thanks to new car rental models such long-distance, off-site, and off-site car return.

### (4) Technological Factors

The leasing of automobiles is a capital- and management-intensive activity. Its distinguishing characteristics include a high car-to-personnel ratio, a sizable number of cars driven by lone individuals, the existence of numerous branches, dispersed operating locations, and management challenges, as well as the challenge of managing risks when customers drive the cars themselves. Due to the intense market rivalry, the business must offer customers more individualized and intimate services, including online, telephone, and in-person reservations. To provide automobile rental

services for different sectors or geographical areas; to offer first-rate transportation with maintenance and emergency help; and to be able to successfully avoid operational risks like fraud and non-payment. Without sophisticated management and technology, particularly a network and a database, none of these are possible. The use of network technology, databases, and other technologies in the field of renting cars is becoming more common due to the ongoing increase of information processing capabilities and the significant decrease in usage costs. The cars, vehicles, and staff are all managed thoroughly from the standpoint of vehicle management.

The domestic automobile rental industry's current enterprise management focuses on the three things listed below in order to address this issue: GPS tracking, client relationship management, and a distribution network.

Through vehicle location, remote locking, and trans boundary alert, GPS is a type of GPS that can track the driving conditions of vehicles in real time and dynamically, as well as provide speeding warnings for drivers to manage drivers more effectively. In order to increase the market for China's automobile rental companies, it is also crucial to promote GPS technology in the industry. Without GPS, car rental firms are hesitant to take unnecessary risks, over-regionalize, or take too long to return the automobile, which will frighten car owners. On the one hand, the use of GPS enables automobile rental businesses to continue their small-scale operations, which lowers their losses.

### 1.2.2 Industry environment analysis

#### (1) Industry competitive structure analysis (Porter's Five Forces Model)

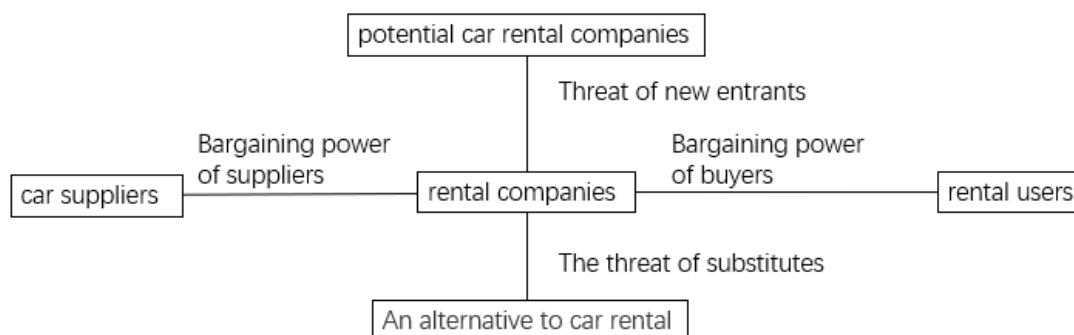


Figure 2 Industry Competition Model

The car suppliers, rental customers, potential car rental companies, current car rental companies, and existing car rental firms are the five elements that are now influencing the automobile rental sector, as shown in the chart. These five factors' roles and tendencies are as follows.

1) The influence of supply-side economics and its evolutionary tendency

Supplier power primarily relates to the supplier's negotiating position, which is influenced by how the supplier's goods affect the buyer's value chain. According to Professor Michael Porter, the main variables influencing the supplier's strength are the buyer's switching cost, the supplier's ability to integrate forward, the degree of the buyer's industry importance to the supplier, the threat posed to the supplier by substitutes of the supplier's products, etc. Prior to China's WTO membership, the country's auto manufacturers served as the primary suppliers of the country's auto leasing industry because of the strong national tariff protection for vehicles. Around 600,000 units were sold annually by SAIC Motor, FAW Motor, Dongfeng Motor, Changan, Xiali, and other significant businesses. The rental businesses are far smaller than the automakers, and with annual sales of just over 10,000 units, they only account for 60% of all vehicle sales in the nation. Along with having a strong positive integration capability, the manufacturer has very strong bargaining power, which significantly restricts the price reduction of car rental items and slows down the rate of their marketing.

However, since China's membership in the World Trade Organization, the country's auto market has been gradually opening up to foreign competition and attracting a flood of foreign businesses. This has significantly improved China's auto consumption environment, upending the country's long-standing auto industry structure and strengthening consumers' negotiating position.

In order to prevent operating expenses and hazards brought on by changes in supplier strategies and locations, firms should periodically pay attention to the changing dynamics of the supply side and make a fair choice of them. The hazards brought on by the decline in car prices can be successfully averted by the introduction of a new type of car rental - financial leasing.

## 2) Buyers' power and its advancing tendency

Power of buyers is a term used to describe the buyer's negotiating position. The amount of purchases made by the buyer, the effect that his purchases have on his costs, his switching costs, his degree of profit, his capacity for subsequent integration, his informational literacy, and other factors all have an impact on his power.

There are currently two primary segments of the Chinese automobile rental market: business clients and regular consumers. It has been discovered that the main reason businesses utilize group car rentals is to accommodate the needs of the government and leaders. As a result, they prioritize the quality of the vehicle and service over the price in order to minimize their investment in fixed assets. Teenagers make up the bulk of consumer groups. In the present automobile rental industry, young people make up more than 97% of customers, and men make up 95% of those customers. 80% of these customers earn more than 5,000 Yuan per month, and 50% have bachelor's degrees. Because this segment of the consumer group is undefined and the forces are dispersed, the negotiating power is weak, therefore this category of consumers' automobile rentals is primarily utilized for vacation travel and study, typically on weekends. The cost of conversion for this group is, however, decreasing steadily as rental companies proliferate, information mastery is improving steadily, and prices are rising steadily. Car rental firms need to pay close attention to this.

According to projected development patterns, this population will continue to increase their level of consumption, improve their capacity for consumption, and take over as the primary consumer group.

## 3) Entry threats and their changing patterns of evolution

The entrance risk of businesses is influenced by a number of factors, such as economies of scale, capital requirements, switching costs, various channels and products, etc. The size of businesses in China's auto leasing market at the moment is typically modest. For instance, there were 1,236 registered car leasing businesses and 60,200 vehicles in Beijing as of 2010. Cross-territory activities and certain scale benefits will take some time to realize in China because the country currently lacks a unified industry management body. Overall, China's vehicle leasing business still has a low

entry barrier today. Currently, the company has a joint venture with U.S. Avis, employing the Shenlong Shenlong Fu Kang automobile, to conduct car leasing business throughout the nation in addition to the Shanghai Anji Leasing Company Shanghai Auto. In order to offer internationally recognized automobile rental brands to China, a European automaker also signed a comprehensive strategic collaboration deal with Beijing Century Pass Auto Club. Hertz, the biggest vehicle rental firm in the world, initially entered the Chinese market in Beijing in July 2001. The aforementioned initiatives will all result in the current Chinese vehicle rental industry's entrance hurdles being strengthened, which will intensify industry rivalry.

#### 4) Different options and their evolving tendencies

There are a number of solutions available, with product substitution—where one product takes the place of another in the value chain of the buyer—being the simplest. A second possibility is that it functions differently during the selection process from the function of the product in the industry and that a different impact on the buyer's behavior may result. A third alternative is for customers to do without this service altogether, for instance by using a walking substitute automobile to complete the same task. A fourth method is to lessen the requirement for the good or service. For instance, a tenant can mandate that all employees at the vice president level and below give up their special cars that are outfitted with equipment in order to save money. Used and recycled goods are a fifth choice. The final alternative is for the buyer to carry out this task on their own. For instance, a major corporation is encouraging executives to buy automobiles rather than lease them. The first two of the different possibilities listed above stand out and are widely valued, while some of the others are frequently disregarded. There are numerous alternatives available in the vehicle leasing sector that must be taken into account as a whole.

To safeguard against rival competition and boost profitability, the biggest automobile rental market today has to accurately detect replacements. Rentable goods' prices are frequently constrained by the danger of substitutes, and the appearance of substitutes generally slows the expansion of the sector. For instance, the payment plans offered by automakers have caused many customers to convert from renting to leasing rental cars, which has resulted in significant losses for several

rental car firms. Rental cars and car sales are currently a danger to the auto industry. For instance, the low cost of taxis, low cost supplier sales tactics, installment payments, etc., can pose a challenge to rental automobiles.

5) The level of rivalry among current leasing firms

The ongoing rivalry between businesses will have a big impact on the industry's overall picture. Due to the interdependence of many businesses, interactions between them may or may not result in benefits for the first responder and for the sector as a whole. In 1997, the car rental market in China grew significantly. For a small number of users, the leasing companies engaged in a pricing war, but ultimately no one won. The leasing firms who started the competition did not only not profit, but also harm to the general interests of the entire industry because the leasing companies were engaging in price competition—a very unstable kind of rivalry.

The rental market is currently more moderate than it was in the past. The present market competitiveness model is diversifying as more and more modern technologies, including information technology, are being used. For instance, the recently established vehicle sanitation service by Beijing Saite Car Rental and the contemporary new concept of RV rental have increased the range of rental cars to an unprecedented level. With the advent of foreign automobile rental businesses and the involvement of Chinese automakers, it is expected that the future car rental industry would become increasingly competitive, fierce, and diverse in its modes of rivalry. The industrial structure of China is not very stable, and supply-side and competitive-side factors could manifest at any time, according to the study presented above. When making business decisions, Anji should consider the impact of the aforementioned elements in order to minimize risks and take advantage of possibilities.

(2) The industry's primary economic characteristics

1) Analysis of Demand Structure

Numerous international businesses, whose commercial cars make up the majority of long-term automobile rental clients, frequently use their own drivers. The existing sectors of triple-funded enterprises, finance and securities industry, and representative offices of multinational corporations are all state-owned firms;

commercial vehicles account for 70-80% of the market share.

It is expected that this market will continue to grow as our economy continues to grow both steadily and quickly as a result of the democratization of buses. The number of foreign businesses will increase quickly, with wholly-owned businesses in Europe and the US taking over as the primary markets in the near future.

Small and medium-sized businesses are another form of automobile rental firm in terms of the market. Rental firms don't have to pay for a lot of overhead costs like road upkeep, insurance, and repairs, even for a garage, because they can help SMEs save a lot of money.

The demographics of those who utilize car rentals are also shifting as a result of economic growth and ongoing idea revision. According to a study of the national car rental market, the market share of public and business cars has shifted from individuals, private owners, and mixed ownership enterprises—which once accounted for 60% of the market share—to state-owned large and medium-sized enterprises, representative offices of multinational corporations, triple-funded enterprises, and financial securities—which account for 70% of the market share of public and business cars. Currently, units (mostly businesses and small and medium-sized organizations) use 57% of official cars, while households use 43% of private cars (mainly by middle and high-income families, such as the employees of the enterprises). According to the findings of the market research, state-owned businesses, tri-funded businesses, official vehicles, holiday specials, transfers, and transfers are used in that order while renting a car. Before buying a car, 50% of consumers were tri-funded company employees.

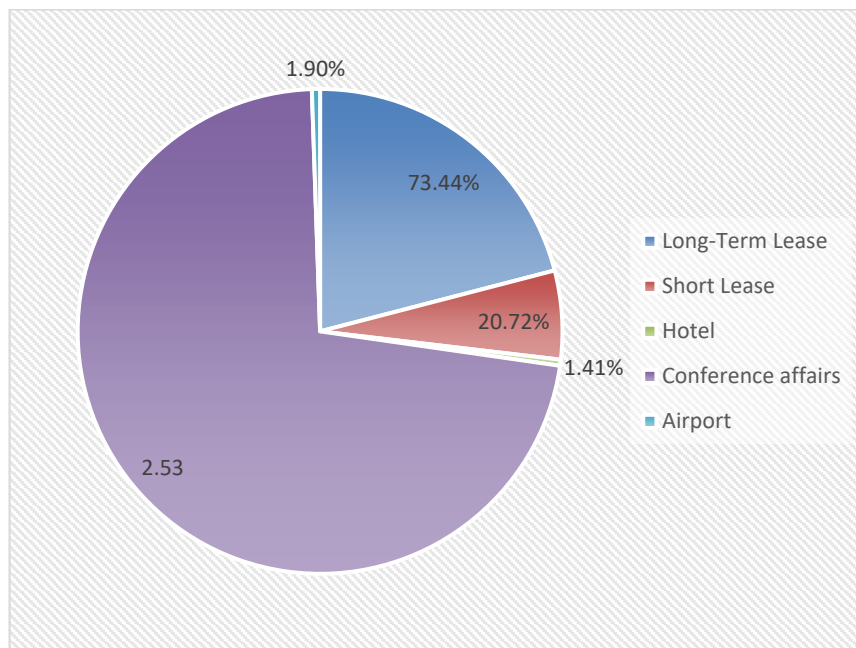


Figure 3. Business composition of car rental companies

## 2) Market Concentration

The rental-car industry in China is very widespread. The top five businesses, including market leaders Shenzhou and Yi Hi, only own roughly 9% of the short-term rental market. The top five businesses in the long-term rental sector only hold 9% of the market, with Shouqi, Anji, and Volkswagen dominating the sector. In the following three to five years, China's automobile rental sector will experience its first consolidation, and by 2014, the top five global automakers are anticipated to hold a combined 10% to 15% of the market, which represents a significant disparity when compared to developed nations. In many nations, like Brazil and South Korea, industrial mergers have already started. According to data, between 2004 and 2008, the combined market share of Brazil's five largest corporations rose from 32% to 37%, while in South Korea, it rose from 36% to 50%. The level of market integration between Japan and the United States has maintained at or above 80% for many years.

The expectation of rapid growth and industry consolidation in the coming years led to the short-term rental market's dramatic growth in 2010. Due to favorable capital conditions, car rental businesses like Shenzhou and YiHi saw rapid growth in 2010, going from having more than 1,000 and 1,200 vehicles, respectively, at the end of

2009 to having more than 10,000 and 3,300 vehicles, respectively, at the end of 2010, moving them into the top two positions in the short term rental market in terms of fleet size.

### 3) Industry regional characteristics

The majority of China's 500 or so automobile rental companies are small, and the country's car rental sector is still in its infancy. This means that there is not enough capacity to manage market risks and expand the market. 80 percent of these businesses have fewer than 50 vehicles, 70 percent have more than 5 employees, and 85 percent have fewer than two locations.

The biggest domestic car rental companies are Shenzhou, a Hi, Oriental, Shouqi, Beiqi service, Century Pass, today's new concept, Anji Shanghai, Shanghai Volkswagen, Shanghai Jinjiang, Shanghai bus, and Guangzhou Baiyun. The majority of these companies' business is concentrated in Beijing, Shanghai, Guangzhou, and some of the more developed coastal cities. Even those with a certain scale of large and medium-sized car rental companies currently only offer vehicle rental services locally or regionally; they haven't established a nationwide (or even provincial) car rental service network; and as a widely used international franchising model, it hasn't yet been fully adopted in the nation. These limitations on the scale of development of domestic large and medium-sized car rental companies, coupled with the fact that they must compete with foreign large and medium-sized car rental companies, are factors to consider. The management, service, and other gaps make it challenging to compete with worldwide rivals.

### 4) Analysis of the economy of scale

Even though domestic automobile rental businesses have been established for more than ten years, they still haven't developed the advantages of scaled operations. Despite the fact that there are many car rental companies in China, the majority of them are small and unreliable, making it difficult for them to effectively fend off threats from the market and competition. A few large companies have more than 500 cars, but they have not yet mastered network operations.

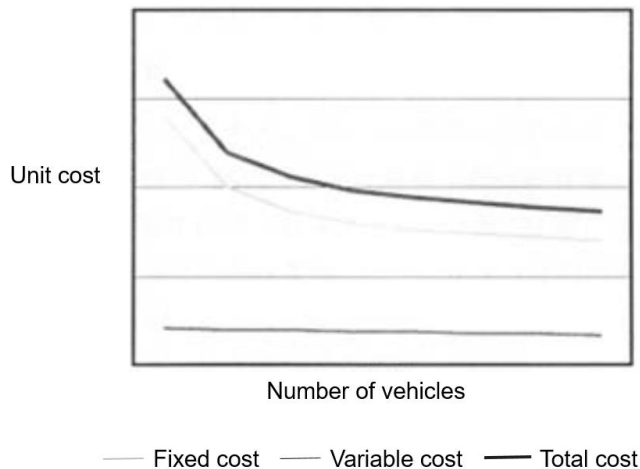


Figure 4 Scale Effect of Operating Costs

5) Product distinguishing

There are variations in the service goods that automobile rental firms provide. Foreign affairs, upscale reception, hotel stops, meetings, big events, airport transfers, lengthy packages, lengthy rentals, general fragmentation, etc. are just a few of the car rental services offered. Vehicle models, brands, and age are all diverse, as are driving habits, service response times, and other factors.

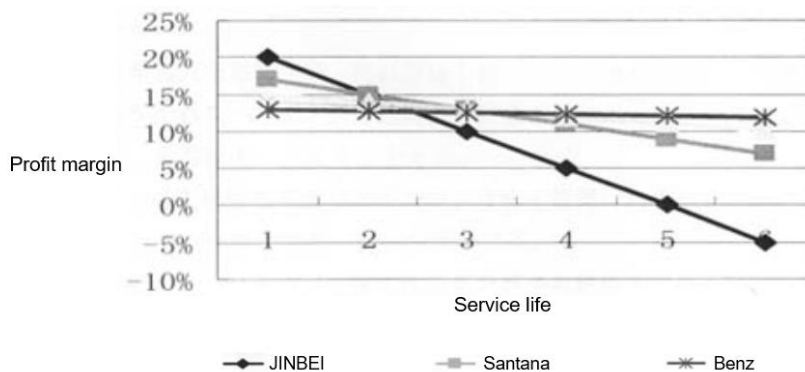


Figure 5 Effect of vehicle brand and newness on profit

Jinjiang Tiger's business, for instance, mostly focuses on foreign hospitality since Jinjiang Group's service offers high-quality drivers and has extensive experience in this field; Avis has the simplest vehicle rental process and performs best in the private car rental sector. VW has the most automobiles, the most complete cars, and the fastest car service, giving it a market share of more than 95% in hotels. On the other hand,

due of its superior internal operation, the bus rental is steadily attracting more and more high-end corporate and conference clients.

#### 6) Entry and Exit Barriers

The minimum requirement for starting a car rental business is relatively modest; just two or three individuals and a few vehicles are required. There are 336 newly registered car rental companies in Shanghai, since the number of automobile rental companies in China is growing quickly. These businesses are owned by 4 domestic companies, 331 private companies, and 1 international company. Despite the fact that the industry has governed the car rental sector in a variety of ways, the absence of laws and regulations obscures the impact on many businesses.

Car rental companies invest mostly in vehicles as fixed assets since they have a high reliability and are simple to convert from fixed assets to cash. Small private businesses, in particular, use socially licensed vehicles in rental fleets to facilitate vehicle sales. A relatively low exit barrier results from this.

Overall, China's car leasing market presents a somewhat open condition due to the country's current legal framework, political climate, and minimal entrance and exit barriers.

#### 1.2.3 Creation of a corporate strategy (SWOT analysis)

Based on this, we will provide the appropriate strategy for the development of the company. In this paper. The SWOT integrated factor analysis method is used in this paper.

#### (1) SWOT analysis

SWOT is a useful tool for doing thorough analyses of both internal and external issues.

SWOT stands for opportunities, threats, weaknesses, and strengths. Four distinct combinations of development strategies can be provided using the SWOT matrix for their unique features under various combinations of strategies.

1) Using SO Group's own resources and seizing outside opportunities: An SO (Strengths-Opportunities) strategy is one that makes the most of both internal and external opportunities. Managers strive to position their organizations so that they may fully leverage their internal assets in order to seize and profit from any external

possibilities. Companies frequently use WO, ST, or WT tactics to accomplish SO initiatives.

2) WO approach of utilizing opportunities from outside sources and resolving internal flaws: The WO (WO) strategy involves taking advantage of outside opportunities to correct or offset internal shortcomings. This strategy is predicated on the premise that, despite the existence of some external prospects, the organization itself suffers from a number of flaws that prevent their full utilization.

3) The use of inner resources to fend off dangers from without ST portfolio: ST (advantage-deterrence) strategy, i.e., relying solely on one's own resources to fend off, avoid, or lessen external threats. However, this does not imply that a business will constantly face threats as it develops.

4) Minimizing internal flaws and preventing external dangers The WT approach is a defensive strategy; it seeks to limit losses, preserve survival chances, keep their vulnerabilities hidden, and fend off external threats.

|  | Strengths - S   | Weaknesses-W   |
|--|---|--|
|  | <p>N1 Information technology investment is increasing and the level of e-commerce has been improved</p> <p>N2 models are increasingly diversified to meet diverse needs</p> <p>N3 business management level continues to improve</p> <p>N4 Gradual improvement in the quality of human resources in the industry</p> <p>N5 Low labor costs in the</p> | <p>N7 Most enterprises are small and scattered, do not have the benefits of scale</p> <p>N8 competition is fierce and tends to be low-level price competition</p> <p>N9 service, low management level</p> <p>N10 Low quality of practitioners</p> <p>N11 Low level of network information technology</p> <p>N12 poor brand awareness and low level</p> |

|  |  |   |
|--|--|---|
|  | <p>industry</p> <p>N6 The rising industry has a strong ability to attract foreign investment</p>   | <p>of advertising</p>   |
| <p>Opportunities -O</p> <p>W1 Good development of national economy</p> <p>W2 The increase in the level of consumption of residents and the change in the concept of consumption</p> <p>w3 national attention caused by the gradual improvement of relevant policies and regulations</p> <p>W4 official vehicle system for government agencies</p> <p>W5 degree reform of foreign companies in China</p> <p>Increasing investment</p> <p>W6 Small and medium-sized enterprises are thriving</p> | <p>SO Strategy</p> <p>1. Implement cost leadership strategy to further attract various types of investment, expand production scale and reduce costs.</p> <p>2. Implementation of internal joint strategy, through the implementation of joint, mergers and acquisitions within the industry.</p> <p>Reorganization and other means to enhance the industry's ability to resist risks.</p> | <p>WO Strategy</p> <p>1. Implement technology development strategy, increase investment in R&amp;D, and improve the technical content of network information technology.</p> <p>2. Implement internal development strategies to develop competitive advantages through industry planning and corporate self-regulation.</p> |
| <p>Threats -T</p> <p>W7 market is completely open, international giants drive in</p> <p>W8 existing policies and regulations are not good</p>  | <p>ST Strategy</p> <p>1. Implement the strategy of strengthening competitive advantage to further expand market share through the</p>  | <p>WT Strategy</p> <p>1. Implement the joint introduction of development strategies to enhance the industry's own resistance capacity</p>   |

|  |   |   |
|--|---|---|
| <p>enough<br/> W9 industry is poorly connected, lack of downstream industry cooperation<br/> W10 local protection constraints on chain operations<br/> W11 credit system is lacking and rent fraud is serious<br/> W12 tax, insurance, financial credit lack of supporting support to limit the scale of development</p> | <p>strategy of strengthening cost advantage.<br/> 2. Implement a steady development strategy and consolidate the existing market share.</p> | <p>through the introduction and learning of capital, technology and management.<br/> 2. Implement a contraction-type strategy, strengthen internal management, and find a favorable time to rise again.</p> |
|--|---|---|

5) Four primary categories of strategic combinations—strategic combinations, strategic combinations, strategic combinations, and strategic combinations—each corresponding to two strategic combinations and eight strategic combinations—were derived using the SWOT approach. Since SW1 can totally replace ST1 and the elements of ST1 strategies are similar, only seven successful strategic combinations are described in this study.

6) SW1 cost leadership strategy. Provide the best local human resources their due consideration while utilizing cutting-edge e-commerce information technology to further enhance business management, increase productivity, and cut costs. The main goal of this approach is to use "cost control" as the cornerstone and gain market share by taking advantage of cost reduction.

7) SW2 enterprise joint strategy. Businesses work together, merge, and reorganize according to their unique characteristics in order to increase their production scale and capacity quickly. This is especially true of strong combinations

of complementary businesses, as there are more and more competitors in the market. This is a strategic way to help businesses withstand risks and boost their competitiveness.

8) ST2 steady development strategy. A solid market must first be identified by China's car rental companies so that their businesses can develop steadily and avoid being overtaken by the large foreign corporations in the face of increasingly fierce market competition. Multinational giants are doing everything in their power to impede the development of China's car rental companies, increasing the pressure on domestic companies to develop.

9) WO1 technology development strategy. The use of new technologies to improve the technical content of products, management level; to improve the status and position of China's auto leasing industry in the world; and to ensure the healthy and rapid development of China's auto leasing industry through increased investment in technology and product development.

10) WO2's internal development strategy. Prevent low-level duplication of work and savage rivalry within the organization by strategic planning and self-control to gradually create its competitive edge in the market's orderly competition.

11) WT1's introduction strategy. To increase the industry's ability to withstand risks, introduce, introduce, introduce, introduce, digest, absorb, and use external strength. Introduce and absorb not to compromise but to outperform. The combined introduction approach lays a solid platform for the company's long-term growth.

12) WT2 contraction strategy. Keeping calm, paying close attention to market changes, and waiting for opportunities whenever they arise are the main defensive strategies used in this battle. The original market is contracted and adjusted, the internal management of the company is strengthened, and efforts are made to increase internal strength.

## (2) Development of strategy

Utilizing the SWOT analysis in conjunction with the state of the industry today. We provide market penetration strategy and differentiated agglomeration strategy from the perspectives of overall strategy and competitive strategy.

First, the "market penetration" plan was selected in light of the overall strategy. With a market penetration plan, a company aggressively broadens the scope of its operations, ups its production capacity, and boosts its market share. The company now has a strong management team that works well together and has a new automobile that can attract new consumers easily.

Second, several corporate aggregation tactics are selected at the level of corporate competitive strategy. The idea that enterprises must choose one or more segments from one or more industries in a particular target market in order to obtain a competitive advantage rather than the entire market informs the various aggregation tactics. The fundamental difference between a certain target market and the state of the industry is where the strategy's substance lies. The company uses cutting-edge technology to choose its equipment and uses global and domestic high-tech companies as its key driving forces to deliver high-quality services. We aim to immediately take over the upscale market and achieve steady, high sales.

This approach fits with WO1's technology development plan, which entails increasing investment in technology and product development to promote e-commerce with new technologies, improve the company's position and status in the automobile rental business, and ensure healthy and rapid growth.

## **1.4 Feasibility analysis**

### **management/marketing/financial perspective**

Analysis of viability from a managerial, marketing, and financial standpoint

For units or people who require the vehicle immediately but do not need to bring their own, the car rental firm offers the right to use the vehicle free of charge, recovers it within a certain time frame.

The world's largest market is the rental-car sector. In Germany, Mercedes-Benz hires out one of every four automobiles; more than 30% of its orders from significant U.S. automakers come from the rental industry. With the assistance of international corporations, the car rental market has been expanding quickly worldwide, with revenues increasing by 20% annually. The largest automaker in the world, the American Hertz Corporation, has built more than 500,000 vehicles.

Since its inception in 1989, China's rental-car market has grown, and after more than ten years of expansion, the country now has more than 400 companies and 60,000 rental vehicles. Major cities like Beijing, Shanghai, Guangzhou, and others are growing more quickly, and certain businesses have grown to a particular size and taken the lead in the area.

More than 230 rental firms offer more than 20,000 vehicles in Beijing. When the 2016 Summer Olympic Games are hosted in Beijing, the city government wants to expand the number of rental automobiles to 80,000 to accommodate the increased demand from clients.

Car leasing is a type of vehicle that serves both financial and marketing purposes. It can help the development of the automotive industry, increase consumption, and increase resource efficiency; in China, it has a great development potential.

The country's car rental market still has a lot of room for growth because of the economy's ongoing growth, residents' rising purchasing power and consumer awareness, as well as the number of business and tourism activities. At the same time, the taxi industry is already fully developed due to the presence of more than 40 million drivers and 14 million vehicles.

In recent years, China's automobile rental market has grown on average by 37% each year, and future growth is predicted to stay steady around 15%.

The domestic auto leasing sector, however, is still in its infancy and there is little market competition. The leading automobile leasing businesses in the world have been aggressively expanding into China's high-end business sector since 2002 through joint ventures and franchises. After entering the Chinese market, some top-tier big businesses began to utilize their brands, services, and vehicles. The Internet, finance, and other comprehensive benefits put the Chinese leasing market in full competition, but they also present the market with unheard-of difficulties.

## 1.5 Objectives

**To study on car rental business in China. The detail as follow:**

Establishing a fleet renewal mechanism that can adapt to the market and advance company development is the short-term objective in order to support the company's healthy growth. Develop the commodities market and travel the path of specialization simultaneously, all the while keeping the current competitive edge.

Long-term objectives: In the following three to four years, constant business innovation, development of the company's core competencies, and introduction of management and capital from foreign car rental companies; domestic mature car leasing network gradually established a leading position in the industry; and formation of a distinctive, well-known, lean car rental company, with annual sales reaching ten million.

## Section 2

### Marketing Plan

#### 2.1 Segmentation, targeting and positioning

Market segmentation theory was proposed by Wendell Smith in 1956, who is known as an American marketing expert. Philip Kotler, another American marketing scientist, further developed and refined the theory on this basis and finally formed the relatively mature STP theory. The specific meaning of S, T and P in this theory is as follows: market segmentation S (Segmenting); target market T (Targeting); market positioning P (Positioning). The fundamental meaning of STP theory is to select and determine the target consumers or customers. <sup>1</sup>According to the STP theory, in order to fully understand the different needs and purchasing power of customers in will identify the target consumers through consumer surveys and understand the potential needs of target customers. JISHI car rental Network Company in conjunction with its own strategies and products for the target customer groups.

Market segmentation is the conscious division of the market into different perspectives such as needs, personalities and behavioral characteristics among the consumer groups according to their different needs for products. The purpose of predetermining the general characteristics of the segmented market is to adopt a unique product or marketing mix strategy for each consumer, so that the company can establish its own target market and develop the best marketing strategy for the target market in order to obtain the best benefits.

Market segment of JISHI car rental Network Company are 1.3 million drivers who do not own a vehicle.

The target consumer group is are registered drivers of private small automobiles in Beijing.

Market positioning JISHI car rental Network Company provide domestic car rental focuses on the three things listed below in order to address this issue: GPS tracking, client relationship management, and a distribution network

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## **2.1 Identify the size of the intended market.**

The ratio of commercial vehicles to non-commercial consumers is expected to be 50% by the corporation. Due to the market's positioning with fewer suppliers for individual leisure customers, the percentage of inquiries from private leisure rental companies is higher than that of business car customers. During the financial crisis, demand from business travelers decreased significantly, and the overall demand from non-business leisure car rental customers also declined. As a result, concentrating on consumers other than businesses helps businesses make more money.

## **2.2 Constructing goods and rendering services in light of customer requirements.**

Based on the primary needs of present consumers, the following techniques are suggested in this paper. The design and provision of services should be in line with the needs of customers, and customer needs should be addressed. Customer pleasure is reflected in behavioral loyalty.

### **2.2.1 Product structure**

#### **(1) "Customize my car rental product" program**

After examining the ratio of customer demand to customer base and the relatively small number of product types stated by clients, the company chose to preserve the original products while additionally offering "My Car Rental Service" for customers with particular demands. "Customize my car rental products" refers to the design of products for the individual needs of customers, providing different types of services, time, and cost, and cannot provide a uniform product, only customized. This is due to the fact that these travelers want to rent self-drive, point-to-point service with a driver, and rent a car with a driver to a foreign country at a package price. In response to customer demands, the company also increased its clientele and offered "tailored car rental goods."

#### **(2) "Collision waiver" project**

The "collision damage waiver" indicates that you will be responsible for paying the full cost of the insurance if you choose not to purchase it, increasing your liability and encouraging you to do so. By reducing the cost of a "accident damage waiver" by

10%, as other businesses in the industry do, consumers would believe they have avoided a significant loss for a modest investment and be more likely to purchase it, increasing the business' profit.

### 2.2.2 Service strategy

Each customer has unique needs, which are readily disclosed to the commercial receptionist by the consumer. When a consumer requests to be informed of his specific needs, the vendor registers the request and tries to comply. The customer is proactively asked if they have any other similar special requests for this rental, which can increase the customer's level of satisfaction with the car. At the same time, this demand is entered into the customer management system, and the customer's information is quickly queried after the customer's recommendation. However, it is frequent to run into circumstances when clients do not proactively articulate their individual wants, necessitating the development of a great sense of understanding. They may identify the individual needs of the clients through attentive observation, then proactively provide those needs with customized services to delight the clients even more. Naturally, it is best to take an advisory tone before providing individualized service; question the customer whether they would consider the company would deliver this service more effectively. This will help you avoid misinterpreting the customer's unique demands. Or, at the time of each booking, inquire whether the client has any additional specific requirements. Customers might be asked about their unique demands in this way. Companies should support and reward employees who are skilled at determining the unique needs of clients and can take the initiative to offer them individualized service.

## 2.3 Pricing based on client costs and launching eye-catching promotions in response to customer requirements

Customers will only purchase products if the pricing is comparable to the price they wish to pay, and promotions will only be successful if they satisfy the customer's needs. The amount of customer satisfaction is therefore largely determined by how the pricing is established from the perspective of the customer and how the offer is implemented. The business will use the following tactics.

- (1) The most fundamental pricing approach is to charge what customers

are willing to pay.

- 1) Adopt floating prices and time-sharing.

The disparity in pricing for different types of car rental firms as a result of the policy has decreased thanks to the road toll reduction policy and the necessity that all rental companies obtain commercial insurance on their vehicles from January 1, 2009. The cost per automobile was cut by \$750 and the average cost per car was decreased by 9.5% as a result of the road toll system.

As a result, time-of-day pricing, which takes into account the vehicle type, price sensitivity of both commercial and private leisure consumers as well as the company's own automobile resources, can be used to apply a discounted rate. On Monday through Friday, different time-of-day billing policies apply than for Saturday and Sunday. For business travelers, Monday through Friday is the best time to use a vehicle, whilst Saturday and Sunday are best for private pleasure travelers. Because business guests' airfare is covered by the company while private recreational customers must pay out of their own pockets, business consumers are still less sensitive to price when it comes to vehicle pricing, despite the fact that both types of consumers have become more sensitive as a result of the financial crisis. Businesspeople select business models for their preferred models, whilst individual clients favor tiny, portable models. As a result, businesses employ a time-sharing pricing approach whereby business models are priced 5% lower than similar models in the market from Monday through Friday and higher on Saturday and Sunday. From Monday through Friday, recreational vehicles are 5% cheaper than similar models currently on the market and are priced lower than Saturday and Sunday. On Saturday and Sunday, business models are priced similarly to leisure models, and business models are further discounted, while leisure models are priced roughly in line with other models of a similar kind on the market.

Companies may also employ variable prices in addition to time-of-use tariffs to lower prices.

Changing the price in the off-season is one strategy. For instance, the automobile market will be "hard to find" during long holidays like November and the Spring Festival, which is the busiest time for car rentals, so you can apply the approach

of rising 10%–20%. After the Golden Week, there will be a two- to three-week period of low season during which you can get discounts of 10% to 20% and various concessions.

The second floating pricing strategy involves giving front-line bookers and office receptionist's permission to grant discounts based on a set price and in accordance with the customer's psychological price threshold. This discount often amounts to 10%. As a result, the staff can handle customer orders with greater flexibility, improving the success percentage of customer bookings.

2) Depending on how long the rental is for, there are flexible and favorable pricing.

Customers anticipate that the price will increase with longer rental terms. When pricing, the business can divide the price into daily, weekly, and monthly rentals according to this psychological requirement of the clients; the longer the rental time, the less expensive the price. The weekly rent may be discounted by 10% from the daily rent or by 70% from the weekly rent, and the discount will get larger with time.

(2) Create specialized marketing plans based on consumer demands.

1) Designing promotional goods and carrying out promotional operations to meet the needs of target clients and corporate promotion.

Any company's promotional efforts serve a purpose, and in order to be successful, consideration for client needs must also be given. As a result, both the marketing strategy and the marketing strategy should consider the demands of the marketing strategy and the marketing target. Additionally, the marketing strategy and marketing strategy required for meeting the demand characteristics of various target groups are also varied. For instance, some businesses seek to market certain models in order to raise the rental rate while also catering to the various needs of both new and existing clients. These businesses also hope to establish various promotional activities. New clients who want to lower risks and costs can receive free experience coupons for renting these models on the first day in order to satisfy their psychological needs. You can start a promotion that offers "three days get one free" or "five days get two free" depending on the psychological requirements of your devoted clients. Customers' psychological requirements, both new and old, can be satisfied in a way

that makes them more accepting, and the rental charge for the car can be raised to promote the business.

2) Develop your partners actively, run collaborative campaigns, and introduce value-added deals.

Businesses can actively participate in joint promotional activities with partners in a variety of industries, such as offering commercial credit cards to banks and airlines or car rental discounts to airline customers; this will not only increase the company's visibility but also bring in more clients. Additionally, special discounts can be provided based on the characteristics of various partners and the needs of various customers. For instance, to encourage business travelers to rent cars, you can work with hotels and Indigo Air to offer "packaged goods discounts," which are significantly less expensive than purchasing three different items separately and take into account the fact that business and travel customers are extremely busy. They can complete all three tasks with a single call thanks to the "one-stop" reservation service. In this way, bears may increase customer happiness while also offering clients good value for their money and value-added services. This creates a win-win situation for everyone involved, as well as more customers for the business and its partners.

#### **2.4 Enhancing the ease of use for customers to obtain goods and services.**

The degree of convenience in receiving a good or service is the main factor in a customer's decision, and customers prefer to provide greater convenience and save more time, effort, and effort. The following specific strategies are available to businesses.

The development of numerous channels and sales channels are the major priorities. The business has access to a wide range of agent sales channels. Hotels, motels, airlines, travel agencies, credit card firms, networks of travel agents, wedding planners, etc. are a few examples. More customers can learn about the company's goods and services by granting rebates to agents or directly offering preferential rates to promote their promotion and sales. As a result, the rent and profit of the business can be increased.

## **2.5 Create two-way lines of contact with a focus on keeping up good customer connection and communication.**

We must make "listening to customers' requirements and maintaining close communication with them" a basic premise of our job so that all employees understand how important it is for the company to maintain strong communication and interaction with customers. Only if we focus on it in our minds can we demonstrate it in practice, and H firm can continuously promote effective communication and contact with consumers, so that they can actively speak and connect with them.

We can only create better products and services for customers based on their needs through effective communication and exchange with them; create alluring promotions; choose the price of payment in accordance with their psychology; and offer the most convenient goods and services for them in order to fully satisfy their needs. This will leave customers extremely satisfied and turn them into devoted customers who will support the business in multiple ways to increase sales performance. The particular tactics are.

### **2.5.1 Actively maintain effective customer engagement and dialogue**

The business should excel at product design, marketing, and pricing; pay attention to customer feedback prior to offering services; gather feedback after customers have finished using the car or after the promotion has ended; stay in touch with customers while they are using the car; and provide prompt assistance. Every employee should take detailed notes of the data that customers offer, provide timely feedback to all pertinent departments, and deliver timely feedback to customers. The survey results indicate that the primary factor contributing to customer happiness is the speed with which customers respond to their ideas, comments, and suggestions. Establishing a timely feedback process can help the organization increase customer satisfaction, and staff members from every department should prioritize the needs of customers and work rapidly to find solutions to issues. If possible, it is best to respond immediately to consumer inquiries; questions must be addressed within an hour. Customers should be informed of the resolution of complaints within 24 hours. Accept the customer's proposal and thank them whether it is used or not. Within 48

hours of the customer's rental completion, accept their feedback on the vehicle.

2.5.2 Create a number of two-way channels to help the parties communicate with one another.

Companies can set up the following channels as part of setting up two-way communication channels.

In the first place, we offer a telephone consultation service to guarantee that the phone is always answered and can address clients' questions whenever they arise. We also offer a window where you may make direct calls.

Second, a 24-hour complaint hotline has been established to offer quick assistance in the event that a consumer complains. A direct email address and a phone window are also available on the website for complaints.

Third, we carry out lucrative market research using emails, phone calls, and websites. The poll asks about the preferred car makes, desired services, preferred special offers, and projected demands, among other things. Customers will receive a free automobile coupon and be urged to try out car rentals if they agree to take part in the poll.

Fourth, to conduct customer satisfaction surveys, customers can do so directly on the Internet following each usage of the vehicle, or the business can send a form every three months, in addition to contacting customers via phone.

Fifth, an online user forum is launched to create a venue for conversation between professional staff car rental firms and car rental companies. To increase the popularity of the website, you can create certain subjects in this forum, such as the idea of utilizing a car and self-driving tours.

## **2.6 Create a brand image that prioritizes client pleasure.**

The company wants to increase sales performance by designing, pricing, and marketing products based on the needs of the customer; in addition to facilitating the customer's purchase and creating two-way communication channels, it also establishes a brand, builds a brand image, and communicates the company's service consciousness to the customer; and uses a variety of communication tools to attract the customer's purchase.

2.6.1 Create the company's brand image as one that is committed to pursuing client

pleasure.

A trademark is a name, term, logo, design, or a combination of qualities used to identify and set apart the products and services of a seller or group of sellers from those of rival businesses. An attribute of a product or service that may be used to differentiate it in some way from similar goods and services is called a brand. These traits, which are all connected to the brand's product presentation, can be practical, logical, or substantive. Or, it may be more intangible, emotive, or symbolic and related to the concept the brand is trying to convey. The company's dedication to its clients is what it must convey to consumers.

In designing the brand and the advertising slogan, it is crucial to keep this in mind. The phrase "The Right Car Rental" can be used by the firm to describe its brand, with the word "right" reflecting the company's commitment to offering clients the right and suitable goods and services based on their needs. The company's tagline, "the best," may focus on the reputation of automobile rental, but it also sends a message to clients that they may discover products and services at our business that meet their demands. Additionally, this tagline accurately captures the company's specialty of providing personalized services and tailored products to each client. This logo's and slogan's design successfully melds the demands of the client with those of the business and creates sufficient associations.

#### 2.6.2 Promote the brand by using a variety of channels.

It's critical to execute effective brand promotion and publicity once the logo and tagline have been chosen in order to inform consumers about the brand. The business may utilize phone appointments, door-to-door sales by a sales professional, online marketing, email and SMS marketing, among other methods. Network publicity, road shows, participation in exhibitions, print media publicity, etc. are all methods of generating publicity.

Website marketing can be carried out in search engines, pay-per-click advertising in portals, etc.; traveling exhibitions can be organized in commercial spaces, like auto shows or tourist fairs; print media can be advertised in magazines and newspapers, which are the most well-liked among the audience. Additionally, word-of-mouth marketing and positive client reviews for your high-quality goods and

services are the best forms of advertising.

In other words, the business should use a variety of communication channels to interact with its target market, market its brand, and express its pursuit of customers; develop its brand image; and improve its visibility and reputation. Lastly, renting cars will boost revenue and draw in more people.

## Section 3

### Management and operation plan

#### 3.1 Management Plan

The following is the planned composition of each model according to the company's strategy.

Phase I (business development, exploration): 35 vehicles are planned to accommodate varied company demands, with as many versions as feasible.

The second stage (stable development) involves making the necessary adjustments to the company's various models in light of the early stage's experience, optimizing both long- and short-term rentals, and creating a corresponding vehicle upgrade plan. It also involves attempting to double the number of operating vehicles for the entire year with the goal of reaching 75 vehicles by the end of 2021.

The third stage (growth and development) entails growing the business into a medium-sized and above car Rental Company with a solid reputation in Beijing, with 200 total vehicles by the end of 2022.

Table 2. Phase I Operating Vehicle Procurement Plan

| Distinguish               | Vehicle type                       | Discharge volume (L) | Quantity | Remarks  | Price (million yuan) | Place of origin |
|---------------------------|------------------------------------|----------------------|----------|----------|----------------------|-----------------|
| Long-term rental vehicles | Passat                             | 2.0                  | 10       | New Cars | 24.5                 | Germany         |
|                           | Santana                            | 1.8                  | 10       | New Cars | 15.0                 | Joint Venture   |
| Short-term vehicle rental | Volkswagen Audi                    | 2.4                  | 5        | New Cars | 68.0                 | Germany         |
|                           | Business cars (Buick, Honda, etc.) | 2.4                  | 10       | New Cars | 28.8                 | Joint Venture   |

## 3.2 Production Plan

This technology makes it possible to share information about car rentals and makes it possible to register for events and provide timely and accurate car rentals status updates.

Reduce investing risks and seize market opportunities early. Information about vehicle leasing can be analyzed in phases. The first stage is to get down to the bare essentials as rapidly as you can. Consider building more extensive features after establishing access.

### 1) Needs assessment

#### a. Requisites for business

- > providing entry of fundamental data on autos and clients.

- > The ability to instantly verify the status of all business vehicles and client data.

- > The ability to update both customer information and the status of all business vehicles.

- > Offer income reports, the option to print reports, and the capability to export reports as Excel files.

- > The ability to set system user rights, with different levels of users having varied access permissions to the system to ensure the privacy and security of system data.

#### b. Functional requirements

Basic information upkeep:

- > Enter the automobile's basic information

- > Modification of the base information for the car. Delete the data.

Simple questions about cars:

- > Based on car base information, you can search for cars and list those that match the requirements.

Management of car reservations:

- > Reservation of automobiles with an empty status and entry of the guest's basic information. Name, ID name, ID number; contact information; birthday; gender; address; type of guest; number of rental days; car number; cost; and notes are the

essential details of the reserved guest.

Car rental management:

> It can keep track of reserved and empty vehicles as well as the pertinent passenger data. Name, ID name, ID number; contact information; birthday; gender; address; guest type; rental days; automobile number; cost; remarks; etc. are the key contents.

Car refund administration:

> Issuing refund instructions for vehicles entered for return and inserting data regarding rental fee settlement.

Reporting feature:

> To be able to export reports and query the rental fee revenue for a specific kind of vehicle over a specific time period.

> The ability to export reports and run queries on commissions for a specific amount of time.

> The ability to export data and perform rental rate queries for specific automobile classes for specific time periods.

User Rights Control:

The system must be able to facilitate the administrator's management of certain user rights, as well as provide dedicated management of user rights, and manage to each function-level menu.

2) System design principles and methods

a. System design principles

> High performance and cutting-edge design: The system is built with mature and advanced technologies from around the world to completely increase production efficiency.

> The system completely takes into account the system's reliability, uses SQLServer as the database software, and does a good job of data backup. This is the system's guiding philosophy for reliability.

> Have solid permission settings is a strong security principle.

> The system is created with a user-friendly and vibrant interface that is simple to use and quick to query.

> Openness tenet: Provide interfaces with widely used apps, facilitate integration with other applications, and support industry standards. Adapt to the complexity and diversity of management and applications while being simple to maintain and update.

> The notion of simple maintenance and scalability takes into account the fact that as user management and IT application levels continue to advance, so will the demands put on system performance and capabilities.

> Scientific tenet: The system's structure, i.e., the hardware and software configuration, is scientific, logical, and cutting-edge, and the functional structure is optimal.

b. System design method

The design approach involves the usage of object-oriented methods. It focuses on directly thinking about and comprehending problems from the real world and abstractly representing them as objects in the system and as the fundamental parts of the system; it allows for direct mapping of the problem domain and preserves things in the problem domain and their relationships.

c. Technical route

The system uses a B/S architecture with an internal web server built-in to meet its goals of being a quick, adaptable, practical, welcoming, and secure solution. As long as there is a browser, all business can be conducted through the Internet or Intranet, and the final user interface is a unified browser. B/S stands for browser/server-side architecture. The system provides lower burden, better openness, is simple to maintain and upgrade, and can be integrated with other business systems because all apps run on the server rather than on the client.

3) Database design

a. fundamental specifications and design concepts

In addition to successfully giving users the information they require and ensuring the security and confidentiality of sensitive data, it also minimizes storage space redundancy, guarantees the stability of the data structure, and can quickly adapt to user needs.

b. code standardization

A consistent coding form should be used for storage location, part category, complete machine category, and other information that will be included in the system information, such as part category, part specification, supplier, etc.

4) Overall system design

a. physical architecture design

The system's application and database make up the majority of its physical structure. A database is set up on the application server, which intranet users may access via a web browser. The application can access the data by accessing the database, which houses the database's setup and the database's data. Users from the external network can connect to the internal network via a VPN.

b. Architectural design with logic

The representation layer, the business logic layer, and the data access layer are the three layers that make up the architecture.

> Representation layer (WEB layer): The Web layer offers a client-accessible application, or an interface that the user can see, interact with, and use to access system features.

> Business Logic Layer: Execute the application's logical processing logic when called by the WEB layer. In order to keep the user interface separate from the various service functions, the service logic of the WEB layer processes the request and transmits the appropriate processing result or request data to the WEB layer.

> Provides data services to the logic layer's logical layer through the data access layer. delivers the job results back to the logical layer after writing job requests to the logical layer's repository.

5) Security and confidentiality design

a. Network Security

> Security for intranets: Internally, an intranet—also referred to as a local area network—that is separate from the outside network is set up. To secure the information and legal rights of users in the intranet, different privileges must be granted to users with different identities and levels, and adequate precautions (including protection against viruses) must be taken against hostile attacks by internal

users.

> Extranet security: Through a VPN, users of external networks can connect to the internal network. User access should be properly authorized in accordance with the enterprise's network environment while configuring a VPN routing server to protect the system.

> Information security: Appropriate technical measures should be employed to ensure the security of information and to prevent illicit modifications, unauthorized usage, etc. User identity, user authority management, information transmission security, and information storage security make up its primary components.

b. System security

Operating system security flaws, server anti-virus systems, data storage security, user rights management, operation security control, etc. are the key components of system security.

The operating system's security. Current web services platforms like Windows 2000, Windows 2003, and others have numerous security issues that need to be fixed in order to increase system security. Therefore, you must be well aware of the security features offered by Windows 2000 when using it. Here, your application server is Windows 2003.

The server's antivirus (windows) It is crucial to prevent viruses and malicious codes because in order to secure the security of the data, it is also required to ensure the security of the data source. An anti-virus system needs to be installed and put into use on the server to guarantee the security of the system and the integrity of the data.

Data storage security calls for a greater level of corporate data protection, or backup, in addition to guaranteeing the host and database system's high availability. In order to prevent data loss due to irregularities in the database, a workable backup and recovery strategy must be created. Hardware and software issues might cause the database to malfunction. The database management system's built-in backup feature is used for the data backup, which regularly copies the data to other servers.

Control over user authorization. Access control, password management, and stringent authority management are all features of this system. This system uses a

secure authentication code and encrypts the user's password to stop unauthorized users from purposefully disrupting the login process. Each user's privileges in the function menu can be managed in terms of user privileges.

Safety management in the operation process. The operator's rights, access rights, and usage rights are all planned as part of the system's architecture to reduce their level of uncertainty. In order to prevent data loss and tampering, business personnel's work is simultaneously managed by logs in the system.

#### 6) Software platform configuration

##### a. Database system

Since data is the foundation of the system, safe and efficient data storage is essential to the operation of the entire information system. The more developed enterprise relational databases right now are SQL Server, Oracle, and others. The system is capable of implementing user security permission, routinely backing up data, and preventing data theft.

With its more developed database technology, SQL Server has been used by a wide range of clients to create a variety of systems that can store and read enormous amounts of data and manage many concurrent users. These systems are used in critical business applications like data security, reliability, and scalability. Microsoft SQL SERVER2005 is chosen as the database platform in this study to ensure the sophisticated system, data security, data access mechanism, and management flexibility.

##### b. Operating System

Database server: Both Windows 2000 and Windows 2003 operating systems can be chosen for improved support with SQLSERVER2005. We choose to adopt Windows 2003 Server due to Windows 2000 Server's security flaw.

Application server: This system employs the net Frameworks, which Windows 2003 can support quite well. For this reason, Windows 2003 was chosen.

Client: There are no particular limitations for client operating systems, and Windows 98 and later versions are supported. We chose Windows XP because it is presently used by the majority of clients. Operating systems 6.0 or higher are required for the IE browser. The user must have Excel installed in order to read reports.

### 3.3 Operation Plan

#### 1) Overview

To guarantee a positive browsing experience, increase user interaction, and improve user experience. In order to first construct an e-commerce system, it also incorporates the procedures of electronic payment, email, and manual confirmation.

#### 2) Website construction program

The site's material is mostly integrated with a web-controlled operating model that enables users to find the services they require online.

The vehicle rental platform needs to be scalable and have flawless system features that can completely satisfy customer demands for car rental information services. The needs of the user community, not only enables users or users to browse on the virtual rental car interface, but also provides a common, friendly, and scalable interface for the management staff, while also allowing easy expansion. The first phase primarily focuses on establishing the website infrastructure and system management platform, the overall application software system, and the platform for information release and exchange, car rental search, and other functions.

#### a. Home page

Visitors arrive at the web page's front, or homepage, which is the first thing they see when they enter. A strong website homepage can increase users' interest in the website's content. It can also provide a sense of visual delight for visitors in addition to giving them the most fundamental information. Finally, it gives the entire website a relevant visual and functional quality.

#### b. News information

The primary topics covered in the content are: the goal of the automobile rental network, service information, news releases, activities, and operations. To make it easier for users to create their own website images and so that visitors may grasp the state of the car rental network straight online.

#### c. Leasing Center

The most important location is here. To assist visitors in renting a car, we will present photographs of automobiles and thorough explanations (including services, costs, etc.) based on various types. There is a specific promotional space here where

you can advertise different discounted automobile rental services. Click for more information about services, rates, and photographs.

d. Product Search

Keyword searches for the products and information mentioned on this website are available to visitors. You can find the item you're looking for fast by typing the name of the item or the type of item into the search field. It significantly reduces visitor wait times, improves website usability, and raises company brand awareness.

e. Information Distribution System

Release of the most recent company and product information on schedule to influence consumer buying patterns Frontend column options include business news, website announcements, mailbox forwarding and printing for each news page, as well as scrolling playback and list reviews.

f. Online order system

To design an online order, the consumer can explore the internet for room information (items, photos, and content briefs). This order will be sent to the automobile rental website's back office administration after confirmation. The transaction is complete after the administrator views it, responds, sends and gets the payment. In other words, it is quick, simple, and streamlines the lengthy transaction process into a few simple stages, making it a valuable tool for contemporary office and financial management. This electronic injunction is enforceable in court and provides excellent protection for both the buyer's and seller's financial interests. The order system's capacity to create a list of cabs for the customer and the accompanying credit figures for them is one of its key advantages. Another is its ability to process contracts using electronic documentation.

g. Member Center (Virtual Community)

An dynamic virtual community is available for communication. It offers a useful platform for communication between websites and between customers and customers. Customers can voice their opinions on the website's content. Anyone can comment on other people's opinions. Here, businesses can acquire insightful recommendations from customers to continually enhance their tactics. To build a strong relationship with the consumer and offer better service to the website, the

business can also react swiftly to user ideas.

h. Service Commitment

To strengthen the business' unblemished reputation in the market competition and to establish the corporate image of the car rental website among many similar businesses, disclose information about the kind, conditions, and specifics of the customer service offered by the company and offer services to customers.

i. Member Login Interface

Integrate member personal data effectively, offer a quick and simple management channel, streamline project execution, and foster devoted users.

3) Vehicle procurement plan

The following is the planned composition of each model according to the company's strategy.

Phase I (business development, exploration): 35 vehicles are planned to accommodate varied company demands, with as many versions as feasible.

Phase II (stable development) aims to double the number of operating vehicles for the entire year, with the goal of reaching 75 vehicles by the end of 2021. This is done by making the necessary adjustments to the company's various models, optimizing long- and short-term rental vehicles, and developing a corresponding vehicle upgrade plan.

Phase III (growth and development): Grow the business into a medium-sized or larger car rental company with a solid reputation in Beijing, with 200 total vehicles by the end of 2022.

Table 3. Phase I Operating Vehicle Procurement Plan

| Distinguish               | Vehicle type                       | Discharge volume (L) | Quantity | Remarks  | Price (million Yuan) | Place of origin |
|---------------------------|------------------------------------|----------------------|----------|----------|----------------------|-----------------|
| Long-term rental vehicles | Passat                             | 2.0                  | 10       | New Cars | 24.5                 | Germany         |
|                           | Santana                            | 1.8                  | 10       | New Cars | 15.0                 | Joint Venture   |
| Short-term vehicle rental | Volkswagen Audi                    | 2.4                  | 5        | New Cars | 68.0                 | Germany         |
|                           | Business cars (Buick, Honda, etc.) | 2.4                  | 10       | New Cars | 28.8                 | Joint Venture   |

## Section 4

### Financial Projections

#### 4.1 Financial statement

#### 4.2 Cash Flow

##### 4.2.1 Cash flow analysis assumptions

The financial costs in this situation are not taken into account because the initial investment funds are self-financing.

Interest has a relatively modest percentage effect; hence the component is disregarded for more straightforward and intuitive uses.

##### 4.2.2 Profit and loss and cash flow estimation table

Table 4. Cash flow statement (in Yuan)

| Serial number | Projects                 | 2020      | 2021       | 2022      |
|---------------|--------------------------|-----------|------------|-----------|
| 1             | Cash inflow              | 2884900   | 7211812.5  | 1803500   |
| 1.1           | Operating income         | 2884900   | 7211812.5  | 1803500   |
| 2             | Cash outflow             | 8158670   | 9396649.69 | 28099193  |
| 2.1           | Fixed Asset Investment   | 5,000,000 | 5,000,000  | 20000000  |
| 2.2           | Liquidity                | 1500000   | 2000000    | 4000000   |
| 2.3           | Operating Costs          | 1500000   | 2000000    | 4000000   |
| 2.4           | Sales tax and surcharges | 158669.5  | 396649.688 | 99192.5   |
| 2.5           | Other cash outflows      | 0         | 0          | 0         |
| 3             | Net Cash Flow            | -5273770  | -2184837.2 | -26295693 |

Table 5. Income statement (in Yuan)

| Serial number | Projects                                     | 2020     | 2021       | 2022      |
|---------------|--|----------|------------|-----------|
| 1             | Operating income                             | 2884900  | 7211812.5  | 18035000  |
| 2             | Sales tax and surcharge                      | 144245   | 360590.6   | 901750    |
| 2             | Total Cost of Ownership                      | 1979583  | 2605716.67 | 4384621.5 |
| 4             | Total profit                                 | 761071.7 | 4245505.23 | 12748629  |
| 5             | Covering previous losses                     | 0        | 0          | 0         |
| 6             | Income tax payable                           | 129382.2 | 721735.89  | 2167266.8 |
| 7             | Profit after tax                             | 631689.5 | 3523769.34 | 10581362  |
| 8             | Withdrawal of statutory provident fund (10%) | 63168.95 | 352376.934 | 1058136.2 |
| 9             | Withdrawal of public benefit (5%)            | 31584.47 | 176188.467 | 529068.08 |
| 10            | Profit available for distribution            | 536936.1 | 2995203.94 | 8994157.4 |

As we can see from the table, the company made significant investments during the start-up phase. However, over time, the company's revenue gradually increased, and even if the cash flow was negative, the profitability of the company is improving and expanding more quickly.

## Financial Projections for 5 years of JISHI car rental network company as a table 6

Table 6 Cash flow statement of JISHI car rental network company projection for 5 years

| million Yuan        | 2023  | 2024  | 2025  | 2026   | 2027   |
|---------------------|-------|-------|-------|--------|--------|
| Turnover            | 2.3   | 3.18  | 5.01  | 5.12   | 6.15   |
| Discount factor 10% | 0.909 | 0.826 | 0.751 | 0.683  | 0.621  |
| Cash flow PV 10 %   | 2.090 | 2.626 | 3.762 | 3.496  | 3.819  |
| Accumulate          | 2.090 | 4.716 | 8.748 | 11.974 | 15.793 |

### 4.3 NPV, IRR, ROI

Initial investment 8 Million Yuan

$$\text{ROI average per year} = 15.793/5 = 3.158/8 \times 100 =$$

$$\text{ROI} = 39.48 \%$$

$$\text{NPV} = 15.793 - 8.0 = 7.793 \text{ million Yuan}$$

$$\text{IRR} = 22.7\%$$

Payback period on 2 years and 11 months

### 4.4 Interview Result

The automobile rental business specializes in offering extended car rental periods to businesses. The company's scale is growing as its business expands, and the number of sales people is sharply increasing. His issues are getting worse as well. The follow-up service failed to keep up as a result, and when issues arose, the departments passed the buck to one another, which significantly reduced efficiency and caused the quality of service to gradually deteriorate. These issues would have a significant impact on the company's sales and market expansion. As an illustration,

the sales staff grew as a result of the expanded business, but other departments did not grow on an annual basis. As a result, the business will frequently conduct questionnaire surveys and in-person interviews with its current, loyal customers to thoroughly examine the causes and requirements of their dissatisfaction.

We have gained an understanding of the present customer satisfaction through field visits based on the status of customer happiness of vehicle rental firms. The customer base is broken down into four categories based on the number of rental cars: large customers (50 or more), medium customers (30 to 50 units), small customers (10 to 30 units). There were 40 clients interviewed, including three large, eight large, twelve medium, and seventeen. The goal of this study is to determine whether the available goods and services can satisfy consumer needs while also addressing the management issues that users may encounter. The interviews' subjects were.

Product (design of service hours, prices, and models): Recognize whether current products satisfy consumer needs, and if not, specify those needs in detail.

After-sales service (after-sales service staff attitudes, corresponding speed, and service process): Was the after-sales service satisfactory, and if not, why not?

Vehicles (insurance, maintenance, traffic accidents, and driver management): What's wrong with really driving the car?

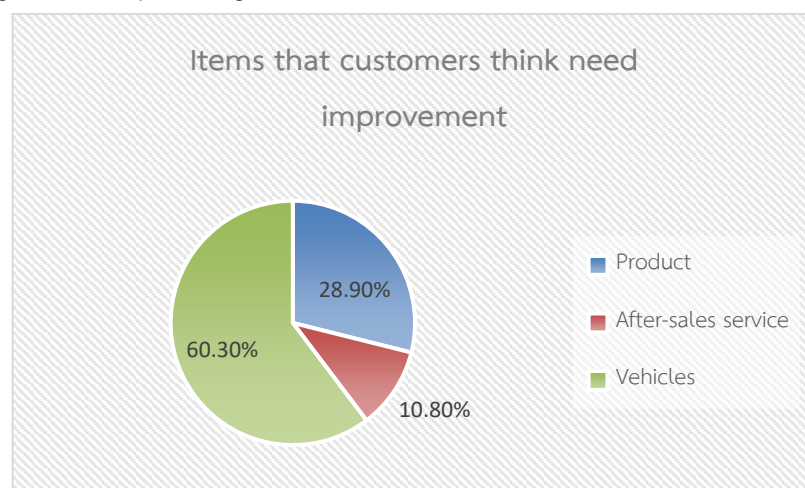


Figure 6. Survey results

We discovered that automobile rental companies' products and services still have some flaws and are not well suited to customers' needs through the customer

satisfaction field interviews. Based on the aforementioned research, it was discovered that the following elements affected consumer satisfaction in a series of surveys and interviews.

(1) Products and services

First, customers are dissatisfied with the small number of available short-term rental models.

PX primarily deals in long-term rentals; short-term rentals are reserved for one-time use, and given the expense of maintaining the vehicles, long-term leases are the more cost-effective option. Customers believe that PX Car Rental offers higher quality and products than other businesses, however the models they can choose from do not satisfy their needs. Customers must select different models for their rentals based on their needs, such as receiving the company's senior clients in BMW 7 series, Mercedes S class, and other high-end luxury vehicles; low-grade models can accommodate the needs of the general staff in Volkswagen, Jetta, and other business excursions; and standard clients in Passat, Camry, and other medium-sized vehicles. Low-volume autos are necessary for budget-conscious consumers. The majority of the medium-sized business automobiles PX Leasing leases are used by its target market of business professionals, whose primary needs are mobility and business. Mercedes-Benz and BMW luxury vehicles are not purchased. In order to receive more savings, PX firms also select more models. The market's influx of new models and consumers' rising demand, however, make it challenging to modify the old models to meet consumer demands.

Second, PX's current selection of rental cars does not satisfy the demands of its intended clients.

Because of the wide range of client needs and PX's predominate focus on automobile rental, many individual customers are dissatisfied with the company's car rental service. One, two, and three year rentals are currently available through PX. However, a lot of clients need short-term rentals, such as daily, weekly, or monthly rentals as well as chauffeured air transportation, which is a rental for a brief period of time from one location to another as needed by the customer. Or, some clients need to travel only short distances and choose to pay the whole fee rather than the

customary rates based on the length of the rental and the route taken. Or even some clients who just want the company to arrange pick-ups and drop-offs for them in the mornings and evenings but who are now manifestly unable to be accommodated by PX's vehicle rental providers.

Third, the current service hours cannot meet the full needs of the customer.

Customers complain that the company's service hours are too condensed and arbitrarily determined. Currently, PX's service hours are from 9:00 a.m. to 6:00 p.m., but many customers' working hours and vehicle hours are longer than that. As a result, if customers need to leave for work early in the morning or late in the evening, the car rental company's operating hours cannot accommodate their needs. Due to the distance between the office and the automobile rental firm, even for clients who can leave work on time, it is impossible to get at the business before six o'clock.

Customers have also complained that different service representatives do not define the company's rental products in exactly the same terms. These discrepancies, along with the different work schedules for new and seasoned staff, can have a significant impact on the overall quality of service. At PX, there are numerous issues with employee training as well.

Additionally, the organization needs to continue to enhance its individualized service. Some clients have more ingrained personal habits, and they will continuously inform the attendant of their wants, which is quite annoying. However, if they can comprehend the needs of various customers, then their satisfaction will be significantly increased. Customers feel that the rental company should remind them because there are some customers who are so busy at work that they delay the time of returning the car and incur fines. Depending on the customer's circumstance, they should inform the customer in advance of the exact time of returning the car to prevent them from forgetting the time of returning the car due to their busy work. As was previously said, various consumers will have different tailored needs. If the business decides to offer personalized service to clients that demand it, it will enhance the likelihood that those customers would make repeat purchases.

## (2) Price

Customers discover that the current price exceeds their spending limit and that

they aren't really receiving a significant discount. But from a business's perspective, prices are not arbitrarily chosen.

First, the actual justifications behind expensive prices.

By examining the market research data, we discovered that the prices of the products offered by the px company are 10% higher than the average selling prices of competing businesses. This is mostly caused by PX Company's high operational costs, which are a result of both internal and external factors.

Prior to 2009, the policy was flawed, which led to typical car rental companies with two licenses having greater operating costs than other businesses without specific sector credentials. In addition to the numerous premiums, inspection volumes, and fees for different types of vehicles, these significant operating costs are mostly represented in the road maintenance fees and bridge tolls paid by different licensees. Before 2009, professional rental companies in Shanghai, for instance, had to pay 800 Yuan (\$800) in road maintenance fees and 200 Yuan (\$200) in bridge maintenance fees for special vehicle license plate "Y"; in contrast, the general license required monthly payments of 100 Yuan (\$100) in road maintenance fees and charged 150 Yuan (\$250) in total. The difference in cost between these two vehicle categories is 750 Yuan, while the insurance premium for commercial vehicles is double that of regular automobiles. Additionally, rental cars without any industry certifications can be insured as non-commercial autos, and there are requirements for the quantity and cost of inspections for "Y" brand vehicles. According to the policy, non-commercial vehicles must be inspected every two years and commercial vehicles must be inspected once a year for those over five years old. Commercial vehicles must be inspected twice a year. As you can see from the table above, a standard vehicle with a "Y" license plate is significantly more valuable than a vehicle lacking a "Y" license plate that is unsuitable for the sector. The car rental businesses were founded in 2012, and in the megacities, they began to enact license limitations in an effort to curb the proliferation of vehicles. One such location where license plates are auctioned off is Shanghai. As a result, the cost of the purchased license plate increases as well. The initial cost of buying license plates has increased significantly as a result of this. A license plate can cost up to 800 Yuan each month at the current market rate in

Shanghai, which is close to 100,000 Yuan. The business can enhance its market share by moving fast into production if the extra money saved from not having to pay for a car license is used to buy a car. Another illustration is the Beijing license plate, which is obtained through a lottery and lottery and can only be obtained by expanding your market by purchasing additional rental businesses. However, compared to the auction, it is significantly more expensive.

The PX firm itself is the underlying cause. First, despite the comparatively substantial registered capital and greater domestic market competition compared to local enterprises, the late start leaves room for improvement. As a result, they lack the power to engage in a pricing war with other businesses at this time. Consider the largest automobile rental firm in the world, Avis, which is a Sino-foreign joint venture corporation with Shanghai Auto Parts Company, a member of SAIC Group. Both have a lot of power. Other rivals, like Bus Hire and Supreme Car Rental, are supported by the former's government backing and the latter's bus firm, respectively. Contrarily, the latter is a privately owned business that has received venture financing. They are more financially stable than PX firms. We will undoubtedly lose a lot of money if we hastily engage in a price war with them. Second, PX has a greater purchasing price than other businesses, and Avis can buy them internally through SAIC's channel. Because these businesses own stock in state-owned automakers, the bus leasing company can also benefit from discounts when buying cars. The PX Company's shareholders do have an agent, but because the company was founded too quickly, there aren't enough sales channels, and there aren't many vehicles bought, the discount is lower. As a result, PX company procurement from the source is more expensive, and as a result, PX Company pricing is higher than the market price. The primary cause of the high cost. In addition, there are several smaller, illegal rental businesses that engage in aggressive pricing competition. This is primarily due to several businesses having idle automobiles or family vehicles registered under the name "rental car companies." There is no sales tax due because the price of all automobiles is determined using the price of non-commercial automobiles. These vehicles cost substantially less than a typical rental car as a result. They can be rented for 30% less than regular rental automobiles. Consumers will discover that PX firms are overcharging for car rentals

based on this comparison. The majority of clients care more about money than safety or renting through a rental firm; customers are unaware that the cars are private, even if they are not as safe as ordinary rental automobiles and even have serious safety concerns. PX firms need to discover ways to identify illicit cars so that customers can learn to recognize them and educate them about the potential safety dangers of renting them rather than competing with them in order to tackle this issue. Choosing PX car rental businesses allows us to continue enhancing our goods and services while still ensuring that consumers receive value for their money.

Companies who rent cars in PX are more cost-conscious about their pricing and give consumers a deal with limited bids from rivals. The PX automobile rental firms are aware that their costs are greater than those of their rivals, but they do not wish to reduce their pricing to make their clients feel more comfortable. As a result, many consumers leave PX and choose alternative low-cost rental companies. Price by itself is therefore useless, and this fixation will not result in higher sales. Different clients will have varying levels of price sensitivity and acceptance in the current uncertain economic climate. PX enterprises must take into account the viewpoint of the client and carefully weigh price versus value trade-offs if they want to remain competitive in this industry and thrive over time.

### (3) Driver management issues

The topic of drivers will inevitably come up when cars are mentioned. Some businesses use in-house drivers to operate their vehicles, while others hire outside drivers. Professional drivers come in two varieties: hired drivers and dispatched drivers. The problems concerning drivers vary greatly because every organization runs differently.

#### First, difficulties with driving safety

The entire nation, if not the entire world, is concerned about the safety of driving, not just one firm. All major corporations have their own incentive and punishment systems for safe driving. Technology alone won't determine if you can drive safely; you also need to consider things like your habits, awareness, and the state of your vehicle. Merely rewarding and penalizing people after the fact won't work. First and foremost, the safety of the car is greatly influenced by the condition

of the vehicle. While new cars are OK, some older models, which have already seen a lot of wear and tear, need careful maintenance because even the slightest mistake might result in an accident. It's all about the people, secondly. The age of the driver is frequently taken into consideration while choosing a driver. People with experience are often thought to be safe drivers. Many people make the veteran claim to demonstrate their driving prowess. However, habits play a significant role in driving safety as well. People who are older tend to develop certain driving habits more, and some poor behaviors can increase the risks associated with driving. The sense of risk is a further consideration. Car accidents and a lack of safety awareness, which can also have an effect on driving safety, are uncommon causes of good technology. Traffic accidents frequently happen as a result of insufficient safety awareness and poor driving practices on the part of the driver.

Some of the consumers who were interviewed had dealt with similar issues. Its parent business is a top player in the Japanese steel industry and a Fortune 500 firm with a history spanning more than 100 years. With operations all throughout the country, the company has over 10 branches and a branch office in China. Each branch of the business is furnished with operating cars, all of which are operated by corporate workers and are overseen by the Beijing headquarters. In 2014, a significant auto accident involved one of the branches in Qingdao. The car crashed with another vehicle at an intersection when the company's employee was on his way to see a customer because it was moving too quickly, causing serious damage to both vehicles. Even though the insurance company would pay \$50,000 in damages, the injuries and deaths caused by the collision were irreparable because the cars were fully covered. The doctor warned that even if the driver's leg healed, it would leave squeal and he would never be able to drive again because of how terribly it had been hurt. If even one speeding accident has lasting effects, it will not only harm the customers' ability to do their jobs but also put their lives in peril.

Another incident involved a distracted motorist who struck a pedestrian crossing the street while operating a company vehicle to make a delivery. The largest fallout from this catastrophe is the potential for future chaos. Because there was a personal injury involved, there must be mutual agreement on compensation in

addition to the required medical care. Additionally, the insurance provider has consented to cover the damage this time around after it was discovered. In turn, the insurance provider will offer the proper compensation package based on the severity of the disability. The wounded parties, however, disagreed with this strategy and believed that the insurance provider, the employer of the driver, the owner of the vehicle, and the PX provider were non-negotiable parties. The court will determine the precise sum of the award. Just this issue has taken longer than a year. The customer, who was responsible for the accident, took a long time and put a lot of effort into making things right.

Therefore, in addition to material damage, an automobile accident can also result in indirect loss of personal safety as well as energy, time, and reputation. Drivers' top priority is keeping their vehicles safe.

The question of private usage of public transportation comes next.

This is a challenge that every business must overcome. The majority of them are departing employees of the business. The other type is one which motivates leaders. Because of the long hours, they frequently have to drive home, leaving a time gap that makes running the business a little challenging.

A client in our Suzhou office fell into a similar issue. His leader commutes in a Buick GL8, which he uses only to get around with his coworkers. Its travel time and distance are also mostly fixed because it is a leader's special vehicle. However, since the driver was operating the vehicle, it remained unoccupied after dark. Because it is a very high-grade car and performs admirably, the driver took advantage of this chance to drive a drop car, and overnight it received a lot of orders. When management was writing off fuel expenses at the end of the month, they discovered a problem: the vehicle's fuel use exceeded the typical budget, and the automobile had traveled a lot more kilometers than usual. The business had incurred additional costs due to the driver's private motives.

Another client primarily manufactures and sells components for vehicle assembly lines. There are more than 400 running vehicles and 60 sales offices nationwide. The local branch is responsible for managing the company's vehicle deployment, and the Beijing branch is responsible for funding it. The managers of the

company don't care how much it costs because it leads to a management mismatch. Although it is said that the automobiles are delivered to the company at night, there is a time during the day when business is slow and the location of the cars is unknown. He is also unaware of what occurs in between. As a result, the company's overall operating costs increased while the rate of bicycle operation decreased and the operating cost increased.

Third, concerns with upkeep

Employees use these opportunities to enrich themselves by abusing the company's management practices. A regular employee of a certain company does repairs and maintenance on the company's fleet of vehicles. This resulted in a management weakness. The personnel of the customer's firm conspired with the staff of the 4s store to inflate both the number of repairs and the cost of the repairs during the repair procedure. When the accounts were being reconciled by the new minister after the previous chief executive left office, he discovered that many of the repair invoices were sequential but the repairs and maintenance were distinct. This condition persisted until the new chief executive took office. This was the realization that his strategy was flawed. If this issue is unknown, it will remain so as long as the company's losses are imaginable. The total cost of the company's fleet of cars would be significant. Additionally, the customer's staff will decide to maintain their automobiles without the proper repair facility as part of the general maintenance budget, which will have a significant influence on their safety.

There is also a private automobile, which means that in order to avoid investment in fixed assets, the company does not buy a car and instead permits workers to use their own vehicles for work. In exchange, the company will pay a portion of the cost of fuel and maintenance. Employees will strive to utilize fewer automobiles as much as possible during this time in order to increase their pay, which will immediately affect the business efficiency and operational performance of the organization. This will result in unproductive labor and wasted costs.

Fourth, insurance administration

There are more than 260 cars in the nation, but because they come from different firms, the insurance amount, model, and time are not consistent, which

frequently results in deinsurance and omission and has an effect on everyday work.

In other words, there will be many problems with the cars because every consumer approaches the cars they use differently depending on the firm.

## Section 5

### Conclusion and Suggestion

#### 5.1 Conclusion

The Porter's Five Forces model was used to analyze the car rental company's microenvironment. The opportunities and threats the business faced as well as its own strengths and weaknesses were examined. The implementation plan for the car rental company's upcoming development was then developed after careful consideration, and analysis and recommendations regarding project risk management, social benefits, external support, etc. were made. The primary conclusions of this study are.

(1) The project is based on new energy vehicles + intelligent hardware, operation in a specific environment, the main operating environment is selected from the smart tourism, college pass, rural creators, three business activities, after this condition is mature, to other business expansion. The project is based on new energy vehicles + intelligent hardware, operation in a specific environment.

(2) Through a comparative analysis of the project's own benefits, the project is shown to meet the needs of the market for market development, and the project's operational tools outperform conventional transportation in terms of advantages. This is in line with the direction that national policies are taking for the project's development, and the project's operation scenario is chosen to address current transportation problems and the needs of both the government and its customers.

(3) The project's issues include a high percentage of fixed assets, a substantial capital investment, and the inadequacy of new energy vehicles' range.

Using various modes such as leasing, cooperation, self-employed drivers, etc., the project can still quickly occupy the market, while advertising, vending machines, carrying passengers, creating a lucrative return, and the project has a high investment value. In conclusion, the project is still the market's windfall, requires large capital, and can be solved by these methods.

## 5.2 Suggestion

### Model strategy

After research, the project's all-area tourist model is built on 5-6-seat vehicles due to the affordability and efficient usage of vehicles (including MVP, minivan). The 5-6 seat vehicles are the most appropriate in the initial trial run stage, despite the fact that new energy vehicles have certain parking space needs.

### Fee strategy

Vehicle rental model: free for the first month, 800 yuan per month for the next three, and then 1500 yuan per month after that. Tourists use the car, paying no less than 10 yuan per person for casual passengers; chartered trips of 5-8 km cost 80 yuan; those of 15 km or more within 100 km cost 300 yuan. Each partner receives a 50% share of the proceeds.

The first month of the advertising screen is free; after March, an advertising spot costs 50 yuan per month; thereafter, there is a price of 150–200 yuan per month; the tourism group is eligible to receive 10% of the proceeds.

Automatic lockers, brand entry fees, such as agricultural products, independent small package, first month free entry, next month charge 800-1500 yuan entry fee, the group company can be allocated to get 30% of the entry fee; other retail products, to encourage drivers to promote automatic locker products, according to the daily total sales of 5% reward to the driver.

### Other strategies

Needs provided, including picturesque areas, drivers, guides, signs, etc.

Then it will breach the public welfare mode of entry, enter through the intelligent college pass, and utilize the network of many associations in colleges and universities.

Second, we cut out from the route that draws in human traffic and the connection between the high-speed train and the metro.

To give rural entrepreneurs a more specialized platform, we once more cut into the system of rural creators.

## Appendix 1

Questionnaire survey on factors related to the future strategic development of the company

In order to ensure the objectivity of the weighting and scoring, the weighting and scoring were jointly made by the expert panel. In the evaluation of the influence factors on the development strategy of HBC Auto Leasing, the five experts consisted of one manager of HBC Auto Leasing, one director of the office, one person in charge of the finance department, one business manager and one person in charge of the relevant departments of the group headquarters [1-6]. The total weights of the topics 1-6 as the company's strengths and 7-12 as the company's weaknesses were taken as 0.5.

1 High customer trust and customer resource advantage

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

2 funds are guaranteed to acquire vehicles that meet market demand

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

3 Early start, with accumulated practical experience

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

4 Business autonomy, flexible decision-making

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

5 Many business outlets, many employees

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

6 price is more acceptable, the consumer audience is wide

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

7 Average profitability and high operating costs

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

8 Lease management techniques need to be further improved

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

9 Less service items, less special services

A strongly agree      B agree      C generally      D more disagree      E strongly disagree

10 Staff comprehensive quality is not high, service quality is not high

A strongly agree B agree C generally D more disagree E strongly disagree

11 modern leasing marketing awareness is not strong, the level of operation is not high medium-sized enterprises scale

A strongly agree B agree C generally D more disagree E strongly disagree

12 Low brand awareness in the consumer field

A strongly agree B agree C generally D more disagree E strongly disagree

## Appendix 2

### Questionnaire

In order to have a clear understanding of the current business development of car rental in HBC, we are doing a survey here. The information collected by the questionnaire is only provided to our company for analyzing the prospect of car rental business and the market popularity of car rental companies, so as to adjust the business operation mode and improve the popularity of enterprises.

The survey method is anonymous, so please don't worry, your answer may have a direct impact on the study of the auto leasing industry and the future business situation of our company, so please answer carefully and realistically. Thank you for your support and cooperation.

1 . Your gender is

A male B female

2. Your age is

A under 25 years old B 25-35 years old C 35-45 years old D 45 years old and above

3. What is your monthly income?

A 3000 yuan or less B3000 yuan a 5000 yuan

C 5000 yuan a 10000 yuan D 10000 yuan or more

4. What kind of travel mode do you usually use in your daily travel?

A bus B cab C family car D other

5. Do you have knowledge of HBC car rental company

A. know very well B. know generally C. have heard of D. don't know

6. If you choose to rent a car, what are the main factors you will consider

A. Rental B. Convenience of picking up and exchanging the car C. Performance of the vehicle

D. The type of vehicle E. Whether the rental procedure is easy F. Other

7. If you want to rent a car, which way would you book

A.Online booking B.Telephone booking C.Store booking

8. If you want to go for car rental, your acceptable check-in time for car rental is

A. 30MB.20-30M C.10-20M D.5M or less

9. What is your acceptable daily rental fee?

A. Within 200 B. 200-300 C. 300-500 D. More than 500

10. Nowadays there are many ways for you to use the car, if the cost of using the car is not much different, which one would you choose

A. Short-term lease B. Long-term lease C. Finance lease D. Installment purchase E. Full payment for a car

11. What problems did you encounter during your car rental at HBC?

A. The car is in poor condition and breaks down during use B. There are no cars available for rent or few models to choose from

C. inconvenient to pick up and return the car D. Trouble with procedures E. Other

12. What value-added services do you expect HBC Car Rental to provide?

A roadside assistance B free parking C car beauty

D Agent pick-up and return service E Violation processing F Other

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# CERTIFICATE

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THIS IS TO CERTIFY THAT

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