

holiday
autos



7 April 2011

car hire uncovered

lifting the bonnet on car hire

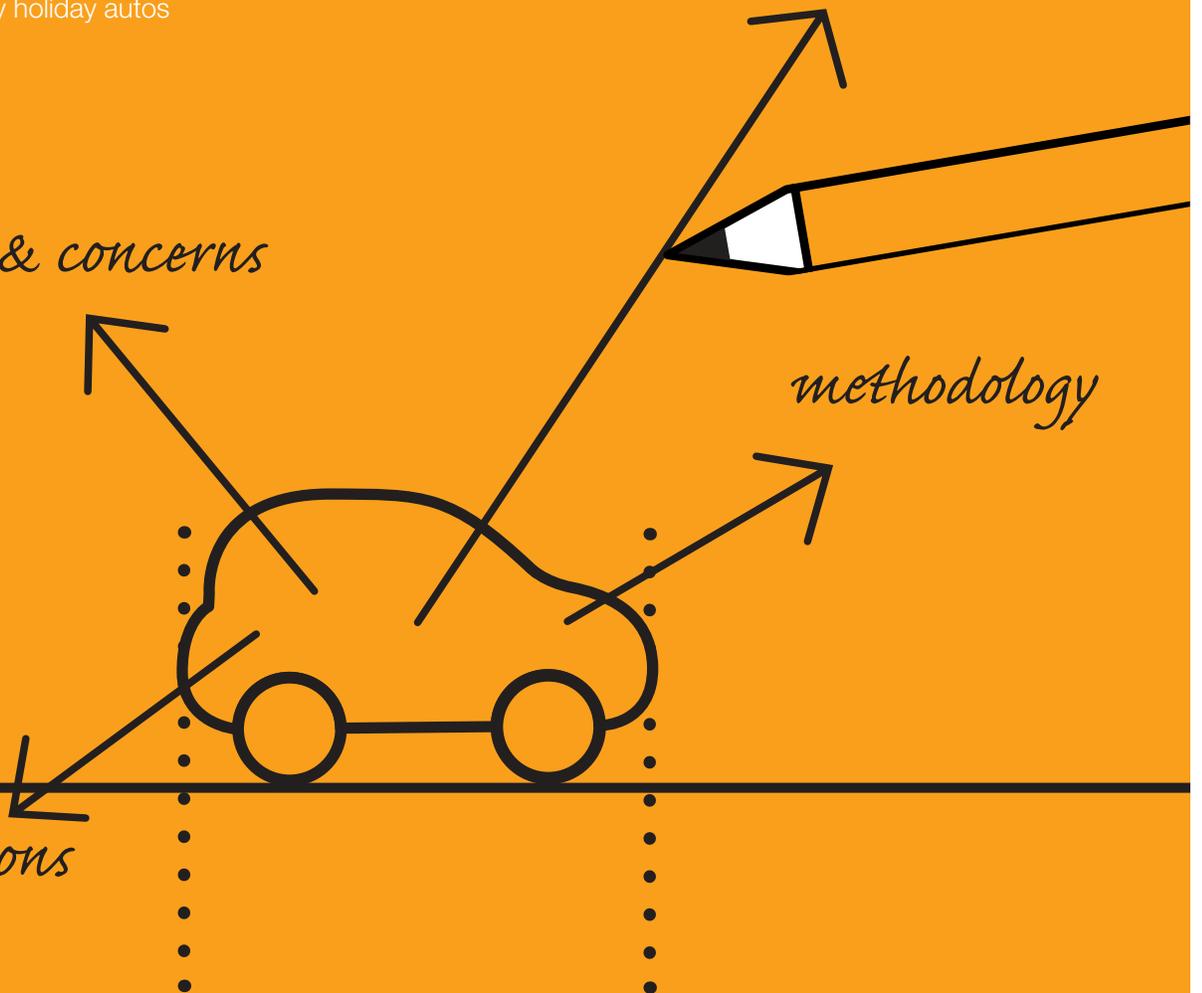
brought to you by holiday autos

Impact of 2010

benefits & concerns

methodology

predictions



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foreword

At holiday autos we believe hiring a car should be a no hassle experience from start to finish, giving you the freedom and flexibility to travel where you want, when you want.

We know that, for many people, having a car on holiday is an essential part of the experience. We wanted to find out more about travellers' holidaying habits, but also to delve a little deeper into the experiences they have when hiring a car – hence the name of the report: “Car Hire Uncovered”.

One of the most concerning findings of the report was the increase in the number of reported malpractices among less scrupulous car hire firms. We have used this as a hook to investigate consumer experiences and conducted ‘mystery shopping’ to find out what travellers are faced with when booking car hire.

As part of our research we have tried to get under the skin of car hire customers to find out their frustrations and concerns, uncover bad experiences, but also discover their opinions on the benefits of having a car on holiday.

Since we launched in 1987, we've helped millions of customers with their car hire needs so we consider ourselves experts in this area. But don't just take our word for it - to compile these findings we also spoke to over 2,000 travellers from across the UK.

At holiday autos, we aim to provide customers with a simple and enjoyable



car hire experience from start to finish and we hope this report goes some way to show you why this is so important.

Stuart Nassor

Managing Director, UK, Ireland and Nordics

- ✓ *No hassle experience*
- ✓ *Freedom and flexibility to travel where you want*

the impact

of 2010 on the travel and car hire industry

- lessons learnt

Over the past couple of years, travellers have had to contend with a number of disruptions; from Iceland's volcanic eruption, petrol and union strikes and the lingering effects of the economic downturn - all of which have led to transport chaos and higher prices for all.

The UK travel industry was hit particularly hard by the downturn, leaving many companies concerned about the impact of public sector job cuts and domestic tax hikes in addition to Air Passenger Duty increases. Add to that a weak pound against the euro and it's easy to see why a number of countries saw a decline in British visitors as travellers tightened their belts.

However, it appears that we stalwart Brits were not completely put off holidaying by these issues. Latest figures from the Office of National Statistics (ONS) show that Britons made a total of 54.9 million visits abroad for holidays in 2010*.

Our research reveals that holidaymakers took an average of two holidays or short breaks in either the UK or abroad last year. According to a number of travellers we spoke to, this holidaying habit is set to continue in 2011, with the majority still expecting to take the same number of breaks this year.

How many one or two night breaks are you planning to take in 2011?

None	16%
1	19%
2	20%
3	13%
4	8%
5	4%
6 or more	8%
Don't know yet	12%

In terms of destinations that were top for British travellers last year and most popular for car hire, holiday autos' data reveals destinations such as Spain, UK, France, Portugal and Italy were high in demand.

When the holiday planning process begins, sorting out the flights and accommodation is first on the list, with car hire being organised last.



- changes in holiday spending behaviour

There is no doubt that the next few months will see a heavy demand on our wallets. With the recent VAT increase, petrol prices on the rise and interest rates on the up, people are going to be tightening their purse strings and becoming ever more savvy when it comes to spending money.

Despite the fact that holidays remain a treasured part of our lives, Brits are keen to find ways to save money on their trips away.

While car hire is often the last element of a holiday to be booked, it is one of the first parts of a break away that faces the financial chop. Almost a quarter of people would consider sacrificing the quality of their hire car experience (24%) by cutting costs on this part of their holiday - spending just 10% or less of the total cost of their break away on a set of wheels.

Where people cut costs to save money on holidays

Meals whilst on holiday	35%
Accommodation	31%
Flights	29%
Car hire	24%
Travel insurance	12%
None – I wouldn't consider cutting any costs	21%
Other/don't know	13%

*ONS Travel and Tourism report, published on 10 March 2011

Stuart Nassos says:

“Everyone loves a bargain, particularly on a break away. Despite a number of travel disruptions last year, our research has shown that holidaymakers are not sacrificing precious time off. If you are thinking of saving money on car hire in particular, take advantage of special offers and sales and make sure you are clear about what you are paying for. If an offer looks too good to be true, then check the details. You might be saving yourself money in the short term but you could end up paying the price.”



rise of rogue

car hire firms

We know that consumers like to shop around before making any purchase and one of the best ways to do this is either through a price comparison site or broker.

One of the most alarming findings of this report is that a quarter (24%) of British travellers admit they would consider booking their hire car through a brand or website they'd never heard of in order to save money.

With the number of people prepared to book through these cheap "cowboy brokers" seemingly on the increase, holiday autos is urging travellers to carefully consider who they book with as they may end up paying the price in the long run.

Over the past decade, competition has increased in the car hire industry with more and more firms starting up. According to the UK European Consumer Centre, complaints about car hire have increased by 30% since the start of 2010, highlighting a worrying trend that more customers are being short changed on their car hire experience. Many of these "cowboy brokers" are not treating their customers fairly and, as a result, are damaging the reputation of the industry as a whole.

As holiday autos is keen to distance itself from these types of organisations, it is working alongside an industry body to create a

"Code of Conduct" for car hire brokers with the aim of regulating practices within the sector.

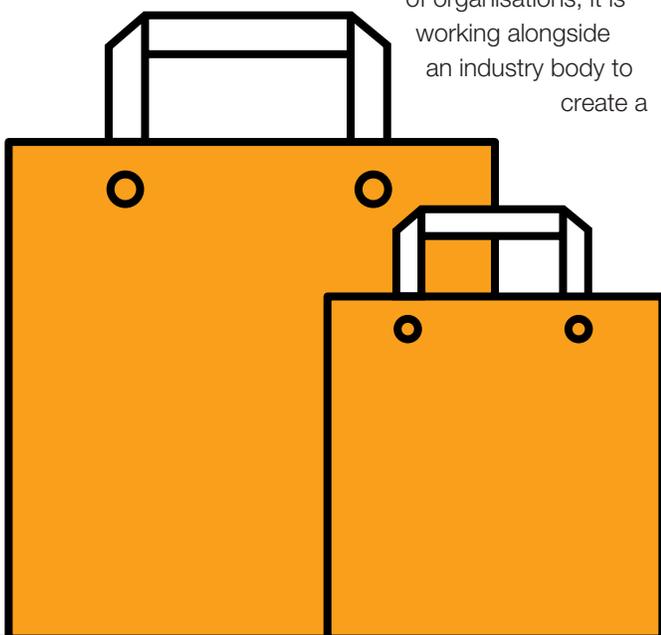
We believe this has particular relevance as our research uncovered that nearly half (43%) of consumers prioritise price over service, while only a quarter (23%) consider the reputation of the company when hiring a car. However, they often pay the price for doing so - one in ten (10%) Brits who hired a car in 2010 reported having a bad experience.

Factors considered most important when hiring a car

Price	43%
Reputation of the company	23%
Clear terms and conditions	13%
Variety and quality of vehicles to choose from	9%
Service	5%
Bookable extras such as satellite navigation systems and baby seats	1%
Don't know / Other	6%

Nearly a third of customers (30%) admit that they don't fully research car hire companies prior to booking - including whether they have a customer support service or even if their friends or family have heard of, or would recommend them.

In addition to this, mystery shopping conducted in the last month amongst a number of recently launched car hire firms, reveals that a significant proportion are not providing their customers with enough support during and after a booking has been made.



findings of the mystery shopping

- Half (50%) do not have a customer support centre
- Only two fifths (38%) allow customers to amend their booking online
- When questioned, three quarters (75%) would not disclose the age of the vehicles loaned to customers
- 50% have no 24hr point of contact in the event of a problem or emergency
- Only 10% have been given industry recognised awards

The report also revealed that a significant number of travellers have been exposed to what are considered in the industry as “rogue practices”. These include travellers arriving at the pick-up desk to find that the car they booked was no longer available, being sold insurance that they later realised they already had or didn’t need, or in the worst cases, being told that there was no evidence of their booking.



how to avoid getting caught out

In order to avoid getting taken for a ride by a rogue car hire broker, holiday autos recommends that customers consider the following points before clicking the “book” button:

- **Cheap is not the same as value for money**
Cut-price car hire companies may add costly extras when you pick up the car. They may even be compromising on vital vehicle maintenance. It’s also worth checking if the pick-up desk is at the airport or a shuttle bus ride away as, while it may be cheaper, the extra distance will add time and hassle to your journey.
- **Beware the hidden extras**
Book with companies willing to agree all costs in writing when you book. Arriving at your holiday airport tired and anxious is not the time to negotiate insurance costs. Also, if you are not paying in sterling, check that the exchange rate used to calculate the end cost is in line with the current rate.
- **Look for a 24-hour customer support service**
This may not sound important when you book, but if something goes wrong it will be vital.
- **Look for sites with a phone number**
Many websites only offer online forms. Why are they not encouraging you to contact them easily?
- **Ask friends and family for recommendations**
There’s nothing better than a personal recommendation. Review sites don’t always offer an accurate picture.
- **If you book through a broker, check out the car suppliers they use. How are the suppliers selected?**
Brokers work with all kinds of suppliers from big names such as Hertz to smaller, but reputable, country specific suppliers such as Auto Jardim (Spain). Reputable brokers vet their car suppliers. It’s worth asking how they go about doing this and what each supplier has to commit to before the broker will use them.
- **Spend time researching and asking around if you are unsure of a company’s reputation**
Cutting costs with a cut-price car hire company can leave you out of pocket or worse – risking your safety in a car that’s not up to scratch.



Stuart Nassos says:

“Hiring a car is an essential part of the holiday experience for many people and we believe it should be an easy and straightforward purchase for all. However, there has been a worrying increase in the number of companies that are taking advantage of consumer trust and tarnishing the reputation of the car hire industry with their unscrupulous behaviour.”

“We are keen to help our regulator stamp out some of the malpractices which occur within the industry. The Code of Conduct we are working to create for brokers aims to regulate industry practices. For too long consumers have had to put up with unclear advice around car hire terms and conditions, insurance and pricing and we are keen to bring clarity and trust back to the industry.”



car hire

wins and worries

Despite nearly 10 million* Brits hiring a car last year, a significant number (84%) are missing out on the many benefits having a car on holiday can bring by relying on other means of transport (such as taxis, public transport and hotel transfers).

In addition to highlighting some of the issues experienced by customers, the Car Hire Uncovered report also reveals consumer opinion around the top benefits of hiring a car.

For almost half (46%) of those that hired a car in 2010, the freedom to travel where you want is the top benefit. This is closely followed by the flexibility to travel at any time (42%), being a more pleasurable experience than public transport (22%) and more cost effective than hotel /resort transfers and taxis (14%).

However, hiring a car can also cause hassle for travellers. Not knowing what damages they are liable for is one of the top things UK drivers worry about most when hiring a car (39%). Driving in a foreign country is also a key concern (35%), particularly for women, with over two fifths (44%) citing it as a cause of anxiety, compared to less than a third of men (28%).

<i>Top car hire benefits</i>	
Freedom to travel where I want	46%
Flexibility to travel when I want	42%
Preferable to using public transport	22%
Cheaper than hotel transfers / resort transfers / taxis etc	14%
Enables me to drive a different car to the one I own	8%



Top car hire worries

Not knowing what damages I could be liable for when I hire a car	39%
Driving in a foreign country	35%
Not knowing what insurance protection I have or need when I hire a car	31%
Not knowing who to contact in an emergency should anything happen	27%
Getting the car back to the drop off on time	25%
Confusing jargon / up-selling at the pick-up desk	23%
Arriving at the pick-up desk and there being no record of my booking	22%
Not understanding the hire companies terms and conditions	22%
Being unsure of the fuel policy for the rental (return full or empty)	17%

To give British motorists more confidence when driving overseas, we've put together the following handy hints for driving abroad.

- **Check you are fully covered**

When your booking confirmation form comes through, make sure you take time to carefully read what you are covered for. If you are in any way unsure, call the customer service team and double check.

- **Break up your drive**

If you are covering long distances, you should take regular breaks to boost your concentration.

- **Research**

Check what side of the road you'll need to drive on, make sure you are familiar with any regulations and common road signs of the country you are going to and pick up a few handy phrases to ask for help if needs be.

- **Get familiar with your new surroundings**

Chances are you won't be driving the same car as the one back home so take time to adjust the mirrors and seat, find out how to work the indicators, windscreen wipers and the radio before setting off.

- **Prepare for emergencies**

Keep blankets, energy bars and water in your car and ensure your mobile phone is fully charged.

- **Plan your route**

If you would feel more confident with a GPS or sat nav to guide you along unfamiliar roads, make sure you book one before you go. It's often cheaper to hire one as a bookable extra at the time of booking rather than paying at the pick-up desk. For more one-off trips, sites like Mulitmap and ViaMichelin are handy for planning your route for free.

*16% of British travellers hired a car in the UK or aboard in 2010. Latest ONS figures cite the estimated UK population as 61,792,000. 16% of 61,792,000 = 9,886,720

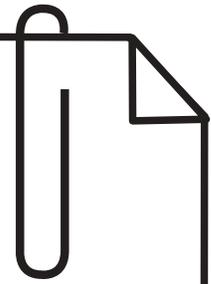


Stuart Nassos says:

"For many people, a break away is a time to kick back and relax. Having a car not only allows you to explore your holiday hotspot but gives you the freedom to come and go as you please. However, the last thing anyone wants is to be burdened with extra stress caused by any of the areas identified by our research."

summary

what the Code of Conduct means for consumers



The next few months will be an interesting time for the travel industry, particularly as the impact of the recent natural disasters in New Zealand and Japan become more apparent. As yet, it is not clear what the full extent of these disasters will mean for travellers and travel companies alike. For car hire companies, it is likely to mean that prices will increase as availability decreases if suppliers are unable to secure additional supply.

With this in mind, it is more important than ever for customers to fully understand exactly what they are paying for and to have peace of mind over their purchases – great prices don't always equal great value.

Our research has highlighted some of the issues that most concern customers when booking car hire, many of which are centred on not knowing what they are liable for or not understanding what insurance they are required to purchase.

For many years, there has been little or no consistency within the industry with regards to pricing that makes it completely transparent for customers to know what their money buys them. In order to bring about a change to these practices, holiday autos is turning words into action to show our customers we are listening by creating a Code of Conduct.

holiday autos is aiming to bring consistency to the level of service customers receive and set standards that can come to be expected of each car hire supplier and broker. These will include:

- **Pricing**
Members will provide a clear and transparent basis on which all charges can be calculated. These include all additional charges which are not optional at point of rental.
- **Terms and conditions**
Members should take necessary steps to ensure the customer understands all the terms of the agreement and help clarify any terms as requested before the agreement is signed.
- **Advertising**
Members will ensure that all advertising material and literature contains no misleading nor inaccurate statements, and use their best endeavours to avoid such misleading statements.
- **Complaints**
A response to a complaint will be issued within five working days of receipt, with the aim of resolving the dispute within 15 working days.



Stuart Nassos says:

“At holiday autos, we are committed to making the booking process a hassle free experience from start to finish. We hope that by creating a Code of Conduct that other car hire brokers can sign up to, we can bring about changes that will directly benefit the consumer and help make the booking and hiring process simpler and more enjoyable.”

“We have high expectations that this Code of Conduct will be the beginning of a great many changes within the industry. It will set a minimum level of performance so customers can easily identify which car hire companies are part of this Code and what level of service they can expect, helping them make more informed decisions about who they hire a car with.”



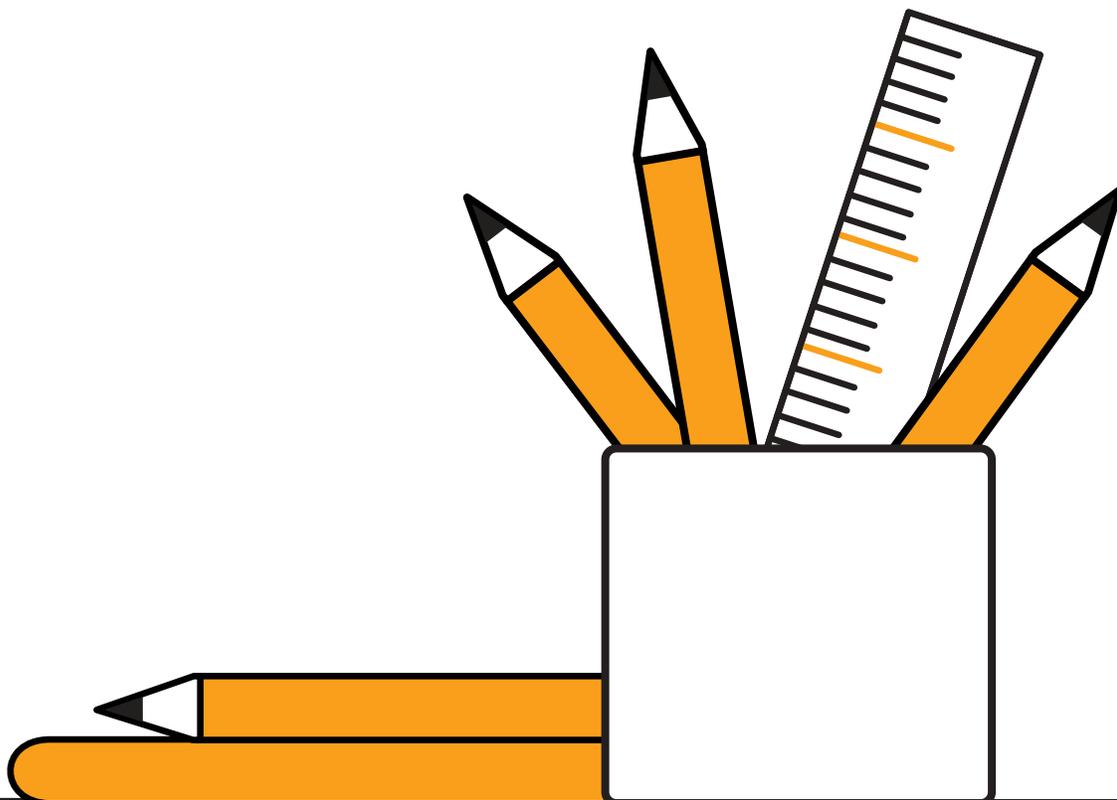
methodology and sources

about the research

holiday autos commissioned a body of research in February 2011 amongst car hire brokers and holidaymakers. This involved mystery shopping UK based car hire brokers and a quantitative survey amongst 2,080 consumers.

- All consumer figures, unless otherwise stated, are from YouGov plc.
- Total sample size was 2,080 adults.
- Fieldwork was taken between 11th and 13th February 2011.
- The survey was carried out online and the figures have been weighted and are representative of all GB adults (18+).

For more information about this report, please contact the holiday autos press office team on: holidayautos@fishburn-hedges.co.uk or 0207 492 7969.



about holiday autos

holiday autos is the world's largest car hire broker operating in over 5,000 locations around the world. Working with partners including Avis, Alamo, Europcar, Sixt, Hertz, National, Thrifty and Budget, holiday autos offers competitively priced car hire and a high level of service to all its customers. As well car hire, holiday autos also offers campervan hire, van hire, prestige and hybrid car hire as well as chauffeur driven services through its consumer website.

Travellers can book directly at www.holidayautos.co.uk or by calling one of the customer services team on 0871 472 5229 (calls cost 10p per minute plus network charges) between 7am to 10pm, 7 days a week.

holiday autos has compiled several essential guides to popular European and Worldwide destinations which are hosted on their consumer website.

For more information please visit:
www.holidayautos.co.uk/offers/#guides

