Marketing Plan for

Action Rent a Car
A brazilian car rental brand.

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Action Rent a Car was founded in 1999, in the city of Maceió, located in the Northeast of Brazil, and it offers popular and executive rental cars at affordable rates.
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1. Executive Summary

Located in the Brazilian city of Maceió (922,458 inhabitants), Action Rent a Car offers currently 60 cars, result of an expressive growth in 8 years.

The company's position statement says: “For drivers in Maceió who are visiting the city in families, working or are searching for a temporary vehicle, that are willing to pay a fair rate for a reliable car, making their rental experience as pleasant as possible. Action Rent a Car is better because it provides new cars and a very good customer service.”

The market in the city of Maceió is based on chemical products, fabrication of ethanol, sugar and, last but not least, the tourist industry, performing a vibrant center of entertainment for Brazilian and foreign tourists (Americans, Italians, French, Germans, Argentineans, etc). It offers bars, nightclubs, tourist-oriented shops, restaurants, banks, high-rise luxurious hotels, and chic gambling houses.

Action Rent a Car main customers, are 25-45 year old men, with high level of education and car owners. From this analysis, 3 segments were identified: Tourists (responsible for 70% of revenue), Business and Residents.

With 10% of market share and almost a decade in the market, Action faces 5 direct competitors: international branches Localiza and Avis, followed by the local brands Barros, Carnaúba and informal beach sellers. All companies are rapidly growing together within tourist local industry.

Action differentiates itself from others in customer service and reliability of cars, offering an updated fleet of well known cars. When a customer buys from Action, he receives 24 hours support, tips for places to visit and, mainly, a fair rate.

Starting with the marketing map, and detailing to the cash flow, all revenue is reinvested in the company, in order to feed this growth machine. Also, old cars are sold to perform new vehicles financing.

The objective with this marketing plan is to increase Action's market share by 10% within 3 years. In order to do that, it will use marketing penetration strategies. Critical success factors in its market are location, competitive price, customer service, reliable cars and web site. Analyzing the external audit results and the competitive analysis, a new table is created to allow the CFS's to be compared and contrasted in relation to the car rental market. In addition to that, a SWOT analysis is performed. The results are surprising. New opportunities are revealed and threats are identified.

In the list of opportunities are Action new web site, advertising on Google and web sites of travel agencies, city information, investing in customer service, promoting Action location, promoting one of the biggest Action strength: its excellent location, promoting the fact that Action is local, promoting the beauties of Maceió to the tourist, partnerships with travel agencies, magazines and tourism web sites and, also, providing online payments (for reservations). Identified threats are competitors web sites, Barros possible new location, Avis and Localiza customer service, plus travel packages.

The tactics to be used to achieve the marketing plan objective are described within 4 P's (product, price, place and promotion), which are controllable factors. This plan recommends to keep the same product, to differentiate the price during low (fall and spring) and high seasons (summer and winter), suggesting two new rates. For place, small changes in physical stores are recommended, followed by a huge modification in its web site. Promotion also reveals amazing opportunities. Financial statements and charts are provided to perform deeper analysis.

As a result of this marketing plan, Action Rent a Car can start preparing and organizing implementations right now, focusing on its new desired market share of 20%. 

2
2. Situation Analysis/Business Review

After 20 years working for an own car dealing company in the south of Brazil, in a metropole called Curitiba, Luiz Borba, an entrepreneur and risk taker business man, moved to a smaller city in the Northeast of Brazil, called Maceió. He analyzed this new local market for almost one year, facing fresh opportunities related to tourism and cheap resources (compared to Curitiba) and decided to start up a new company, offering rental cars at reasonable prices. In march of 1999, Action Rent a Car was founded with 4 cars and 3 employees. Nowadays, the company has 60 cars, all 2007/2008 models, an own mechanic center for car maintenance and 12 employees working with customer support, management, finance, mechanics and tourism.

The City of Maceió

Maceió is the capital and the largest city of the coastal state Alagoas in Brazil. It stands out as an attractive Brazilian tourist destination visited by many Brazilian and foreign tourists. The capital of Alagoas enjoys a privileged location facing the Atlantic Ocean. The city proper has a total population of 922,458 inhabitants (year 2006) living under a tropical climate with average temperature of 77°F. Its sunny weather, calm and blue sea, palm trees around the beaches, beautiful lagoons and natural swimming pools in the Atlantic Ocean sand banks have made the city to become an important tourist destination in the last decades. Maceió is also a port city and due to its port development about 200 years ago it changed from a village into a city which would become the capital of Alagoas state in 1839.

Local Economy

One substantial local industry is based on chemical products from brine pumped from deep wells on the outskirts of Maceió. Another substantial industry is the fabrication of ethanol and sugar from sugarcane grown in the region. In the last thirty years the tourist industry has transformed the coastal areas of the city into vibrant centers of entertainment for Brazilian and foreign tourists (Americans, Italians, French, Germans, Argentines, etc.). These coastal neighborhoods, strewn with extremely high and gorgeous coconut palm trees, are full of playgrounds for children and teenagers, peaceful squares, open-to-the-public soccer, volleyball, and basketball fields, tall residential buildings, bars, nightclubs, tourist-oriented shops, restaurants, banks, high-rise luxurious hotels, and chic gambling houses (slot machines and bingo only, since casino games are illegal in Brazil).

Zumbi dos Palmares International Airport located outside Maceió serves the area with international connections to Milan in Italy and Buenos Aires in Argentina, as well as cities throughout Brazil. In the new terminal that is triple the size of the former terminal at 24,000 square meters and can accommodate up to 1.2 million passengers, the Brazilian agency in charge of airports, Infraero, has brought to Maceió "aeroshopping" – the transformation of Brazilian airports into centers for leisure, retail and services. Right now, there is a large amount of vacant commercial space to be occupied gradually. The parking area has also more than tripled. The check-in counters were doubled and can be further increased without structural remodeling.
2.1. Segmentation

2.1.1. National Market Demographics: Brazil

According to a research conducted in 2006 by ABLA, Brazilian Association of Rental Car Companies, the Brazilian customer for car renting keeps a high qualified profile. Often, the final service users, considering whether day or month rentals, are men, between 25 and 45 years of age, married, graduated in universities and car owners. Business men, executives, technical professionals, and other, are responsible for a big part of the car rental volume.
2.1.2. Local Market Demographics for the Company

According to a research conducted in 2007 among local customers, the owner and employees of Action Rent a Car, in Maceió, **3 segments** were clearly defined as providers of revenue for the company:

- **Tourists** (Families with children and Couples)
- **Business** (Executives or Corporate contracts)
- **Local customers** (Maceió residents)

![Graph showing market demographics](image-url)

Action Rent a Car Customers

- 70% Tourists
- 20% Business
- 10% Local Customers

Groups

- 45% Family
- 55% Couples

Age

- 60% 21-29
- 30% 30-40
- 10% 40+

Marital Status

- 75% Married
- 25% Single/Divorced

Earned Degrees

- 35% Bachelor’s
- 65% High School
2.2. Targeting

SEGMENT ONE: **Tourists** (Families with children and Couples)

**Segment Analysis:**
- Major segment, responsible for 70% of revenue
- Often, it’s their first time in the city, offering a great possibility of loyalty creation
- Tourists “tell” references (good or bad) to future visitors (relatives and friends): BUZZ
- They like to receive tips of places to visit and discounts to get (they want to feel special)
- If they travel in couples, maybe in the future they can travel in families, and if a pleasant customer service is provided, they will remember the company
- They often take care of the car

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**SEGMENT ONE:**

“30-40 year old tourist drivers, in families or couples, that are willing to pay a fair rate for a reliable rental car and that are looking for a satisfying travel experience that match their standards of customer care and good service.”

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SEGMENT TWO: **Business** (Executives or Corporate contracts)

**Segment Analysis:**
- Small segment, responsible for 20% of revenue
- Business customers “tell” references (good or bad) leading to future contracts: BUZZ
- Often they don’t care about the vehicle, it’s just “a car” (they think that if one breaks off, they will receive a new one)
- Often companies rent a significant number of vehicles (corporate contracts)
- They demand prompt support

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**SEGMENT TWO:**

“30-40 year old executive drivers, working for a company, that often don’t care about the car they’re using. They demand good service and prompt support.”

---

SEGMENT THREE: **Local customers** (Maceió residents)

**Segment Analysis:**
- Small segment, responsible for 10% of revenue
- They are using the vehicle as a temporary car
- They are loyal and often demand a low price (“for the sake of the relationship”)
- They recommend the company to friends and family

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**SEGMENT THREE:**

“30-40 year old resident drivers, that look for a temporary vehicle. They demand the lowest rate and are loyal.”

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2.3. Competitive Intelligence

Some of the companies shown below occupy other rental areas, such as Buses, Transportation, Trucks, Road Trips etc, not described here. This Marketing Plan considers only information (market share, units, etc) related to the 3 segments presented before (Tourists, Business and Local Residents, in Maceió).

2.3.1. Main Competitors

In 2007, Action Rent a Car faces 5 main competitors, among a total number of 20 car rental companies in Maceió. These competitors will be analyzed for the selected market: Tourism + Business + Local Residents Car Renting in Maceió.

The competitors are:

- **Action Rent a Car**
  - Market Share: 10%
  - # of Cars: 60
  - Years in the Market: 8
  - [www.actionrentacar.net](http://www.actionrentacar.net)

- **Localiza**
  - Market Share: 40%
  - # of Cars: 300
  - Years in the Market: 20
  - [www.localiza.com.br](http://www.localiza.com.br)

- **Avis**
  - Market Share: 9%
  - # of Cars: 35
  - Years in the Market: 6
  - [www.avis.com.br](http://www.avis.com.br)

- **Barros Rent a Car**
  - Market Share: 7%
  - # of Cars: 30
  - Years in the Market: 4
  - [www.barrosrentacar.com.br](http://www.barrosrentacar.com.br)

- **Carnaúba**
  - Market Share: 5%
  - # of Cars: 30
  - Years in the Market: 20
  - [www.carnaubalocadora.com.br](http://www.carnaubalocadora.com.br)

- **Informal People (Beach Sellers)**
  - *Individuals that approach customers in front of the hotels and on the beach “pushing” and “forcing” them to rent cars for cheaper prices. But they don’t offer insurance coverage and the cars are old and unreliable.*
  - “La garantia soy jo”
  - Market Share: 5%
  - # of Cars: 40
  - Years in the Market: 30
### 2.3.2. Competitive Analysis

The table above was generated based on simple analysis and online researches among people from industry and customers. The interviewees are business owners, employees, local customers and customers from other cities. All interviewees work in the industry or have used car rental services in Maceió in the past, when they were traveling as tourists, working for companies or renting temporary cars.

<table>
<thead>
<tr>
<th>Action</th>
<th>Localiza</th>
<th>Avis</th>
<th>Barros</th>
<th>Carnaúba</th>
<th>Beach Sellers</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share</td>
<td>10%</td>
<td>40%</td>
<td>9%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td># of Cars to rent (units)</td>
<td>60</td>
<td>300</td>
<td>35</td>
<td>30</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>Insurance Coverage</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>Rate for 1 Day Rental (Basic Car with Air Cond.)</td>
<td>$85</td>
<td>$125</td>
<td>$100</td>
<td>$80</td>
<td>$82</td>
<td>$60</td>
</tr>
<tr>
<td>Customer Service (1-horrible 5-outstanding)</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td># of Stores</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>✗</td>
</tr>
<tr>
<td>Does it have a store at the Airport?</td>
<td>✗</td>
<td>✔</td>
<td>✔</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Location (1-bad 5-excellent)</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Payment Methods</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>Cash Only</td>
</tr>
<tr>
<td>Years in the Market</td>
<td>8</td>
<td>20</td>
<td>6</td>
<td>4</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Brand Recognition (1-bad 5-excellent)</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Does it have a Web Site?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>Web Site Evaluation (1-bad 5-excellent)</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>✗</td>
</tr>
</tbody>
</table>
2.3.3. Market Share

The leader is Localiza, summing 40% of market share, followed by Action Rent a Car, with 10%. It’s possible to assume that the Low Cost Producer, unfortunately, are the sellers that work informally on the beach, consuming 5% of market share, since they don’t have to pay expenses such as taxes or insurance. Also, they don’t renew their fleet of cars, putting the consumer safety in risk.

Localiza and Avis stores are branches of international corporations that operate intensively in Brazil. Localiza is doing a good job, using it as a key success factor, dominating the market. In the meantime, Avis is poorly operating, offering only 35 cars and a weak local structure, and sometimes, needing to rent cars from competitors to don’t lose its clients.

For the same reason, Localiza and Avis have a better brand recognition. Looking to the other companies, Action is more remembered than any other brand locally, followed by Carnaúba, which is in the market for 20 years now.

All companies use the Web to reach tourists while they are in their cities. Nowadays, the city of Maceió, thanks to the opening of the new airport, is receiving more and more foreign tourists, increasing the number of transactions and pushing the market growth.

**Leader:** Localiza

**Low Cost Producer:** informal sellers on the beach

**International Branchs:** Localiza and Avis
2.4. Positioning

Services (customer services) and products (cars) are mapped on positioning maps. This allows them to be compared and contrasted in relation to price. Marketers decide upon a competitive position, which enables them to distinguish their own products from the offerings of their competition. The term positioning refers to the consumer’s perception of a product or service in relation to its competitors.
2.4.1. Product Positioning Statement

ACTION RENT A CAR
“For drivers in Maceió who are visiting the city in families, working or are searching for a temporary vehicle, that are willing to pay a fair rate for a reliable car, making their rental experience as pleasant as possible. Action Rent a Car is better because it provides new cars and a very good customer service.”

2.4.2. Core Product and Features

Starting from the standpoint that PEOPLE BUY BENEFITS, NOT FEATURES and that PEOPLE DON’T BUY PRODUCTS, THEY BUY SOLUTIONS TO PROBLEMS, a diagram can represent the core product and the features (benefits) that add value to it:
2.4.3. Market Mapping

The Market Map represents how this specific market behaves:

![Market Map Diagram]

Then, in order to create a better understanding of the business model, specially because the financial statement does not show significant profit (the revenue is reinvested in the company, and old cars are sold to renew its fleet of cars.), two other maps are presented:

Product Flow Map

![Product Flow Map Diagram]

Cash Flow + Product Flow Map

![Cash Flow + Product Flow Map Diagram]
2.4.4. Porter Map (5 Forces)

A Porter Map is designed to keep track of would-be entrants and the problem of entering new markets. Another is to the current competitors and the ongoing task of staying competitive in markets where they already operate. Perhaps, the most important thing to keep in mind is the inverse relationship between profit margins or returns and the intensity of competition: as the intensity of competition goes up, margins and returns are driven down. This can require changes in competitive strategy to remain in an industry and, under some circumstances, it can occasion the decision to exit a business or an industry.

BARGAINING POWER OF SUPPLIERS

- Moderate Number of Suppliers (6)
- Large suppliers
- Similar products
- Rates related to volume purchased
- Dependent of larger markets (other cities)
- Small threat of forward integration

These factors tend to increase supplier bargaining power

THREAT OF NEW ENTRANTS

- Difficulty of opening a new company in Brazil (government issues: taxes etc)
- Partnerships already almost all done (loyalty) around the city

THREAT OF SUBSTITUTION

- Switching costs
- Buyer inclination to substitute

BARGAINING POWER OF BUYERS

- Low profit margins
- Buy often only one (rent 1 car)
- Differentiation is not important for almost all buyers
- Slow economy
- Expending more money with the rest of the travel
- “it’s just a car”

These factors tend to increase customer bargaining power

These factors tend to raise barriers to market entry by new entrants

These factors tend to increase rivalry among existing competitors

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3. Marketing Objective

“For the next 3 years, gain 10% of market share.”

4. Marketing Strategy (What)

The marketing strategies are keys of the general corporate strategy. "What do do" is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales.

4.1. Ansoff Matrix (Exist)

The Ansoff Product-Market Growth Matrix is a marketing tool created by Igor Ansoff. The matrix allows marketers to consider ways to grow the business via existing and/or new products, in existing and/or new markets – there are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. The matrix consists of four strategies:

<table>
<thead>
<tr>
<th>PRODUCTS (OR SERVICES)</th>
<th>MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td>New</td>
</tr>
<tr>
<td>Market Penetration</td>
<td>Product Development</td>
</tr>
<tr>
<td>Market Development</td>
<td>Diversification</td>
</tr>
</tbody>
</table>

The Action Rent a Car marketing strategies are going to focus on **Market penetration** (existing market, existing service): Market penetration occurs when a company enters/penetrates a market with current products or services. The best way to achieve this is by **gaining competitors' customers** (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow.
4.2. Business Definition

A car rental, rent-a-car or car hire agency is a company that rents automobiles for short periods of time (ranging from a few hours to a few weeks) for a fee. It is an elaborate form of a rental shop, organized in numerous local branches, primarily located near airports or busy city areas and often complemented by a website allowing online reservations. There are also third party websites (such as online travel agencies) which compare quotes from the major car rental agencies.

Car rental agencies primarily serve people who have a car that is temporarily out of reach or out of service, for example travelers who are out of town or owners of damaged or destroyed vehicles who are awaiting repair or insurance compensation. Because of the variety of sizes of their vehicles, car rental agencies may also serve the self-moving industry needs, by renting vans or trucks. In this case, only TOURISM + BUSINESS + LOCAL (page 6) will be considered as market.

Car rentals are subject to many conditions which vary from one brand to another. The vehicle must be returned in a good condition and must not exceed a maximum driven distance, otherwise extra fees may be incurred. Additionally, some companies set a minimum age for the vehicle driver, which in some cases is as high as 25, even in countries where the minimum legal age to hold a driver's license is much lower.

The vast majority of car rental companies require the use of a Credit card to make it easier for them to trace a person after they have stolen a car, or to charge additional fees at will if a defect is later found with the car.

There are two major types of car hire companies. The first group of companies own their own cars (known as a fleet) and may have agreements with car manufacturers to provide all the cars for that fleet.

The other type of car hire company operate on a broker model and have commercial agreements with car hire companies to provide access to their fleets of cars.

4.3. CSF’s

Critical Success Factors is a business term for an element which is necessary for an organization or project to achieve its mission. For example, a CSF for a successful Information Technology (IT) project is user involvement.

5 Critical Success Factors chosen for the business described above, in order of importance, are:

<table>
<thead>
<tr>
<th>CSF</th>
<th>Weighting (0-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. LOCATION</td>
<td>40</td>
</tr>
<tr>
<td>2. COMPETITIVE PRICE</td>
<td>30</td>
</tr>
<tr>
<td>3. CUSTOMER SERVICE</td>
<td>15</td>
</tr>
<tr>
<td>4. RELIABLE CARS</td>
<td>10</td>
</tr>
<tr>
<td>5. WEB SITE</td>
<td>5</td>
</tr>
</tbody>
</table>
4.4. Strengths/Weaknesses Analysis

Analyzing the external audit results and the competitive analysis table (page 8), a new table is created to allow the CFS’s to be compared and contrasted in relation to the car rental market.

CSF’s Analysis (1 poor - 5 excellent):

<table>
<thead>
<tr>
<th></th>
<th>Action</th>
<th>Localiza</th>
<th>Avis</th>
<th>Barros</th>
<th>Carnaúba</th>
<th>Beach Sellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>COMPETITIVE PRICE</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>CUSTOMER SERVICE</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>RELIABLE CARS</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>WEB SITE</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Then, each result is multiplied by the percentage of CSF weight:

(Example of CSF weight calculation for Action Location: 5 x 0.40 = 2)

<table>
<thead>
<tr>
<th></th>
<th>Action</th>
<th>Localiza</th>
<th>Avis</th>
<th>Barros</th>
<th>Carnaúba</th>
<th>Beach Sellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(weight: 40%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>1.2</td>
<td>0.4</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>COMPETITIVE PRICE</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>(weight: 30%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.9</td>
<td>0.3</td>
<td>0.3</td>
<td>0.9</td>
<td>0.9</td>
<td>1.5</td>
</tr>
<tr>
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**S** Strength  **W** Weakness
4.5. Opportunities/Threats

Analyzing the external audit results and the market Strengths/Weaknesses table (page 16), a list of Opportunities and Threats can be written for Action Rent a Car:

**OPPORTUNITIES**

1. **Action Web Site**
   With this poor web site, Action is still gaining new clients. Imagine if the company offers an improved web site in order to become more visible and visited, specially from other states (segment one). So far, only Barros Rent a Car offers an effective web site, with lots of information, plus good design (and ease of use).

2. **Web Advertising**
   Advertise on Google and web sites of travel agencies, city information etc. Brazil is one of the most promising countries for Internet development. It has the largest market for goods and services in South America and is also the most important advertising market in the region. Brazil has 42,600,000 Internet users as of Sept/07, 22.8% of the population, according to studies provided by NetRatings.

3. **Invest in Customer Service**
   Action could spend time and money training its employees in order to provide an improved customer service, focusing on excellence.

4. **Promote Action Location**
   Promote one of the biggest Action strength: its excellent location. Use more visible assets in front of the store in order to attract more customers.

5. **Promote the fact that Action is local**
   Compared to Localiza, the leader, Action has almost the same features, but a significant lower number of cars. One way to differentiate itself from the leader would be to use the fact that Action is local ("who is local knows more about the city"). Some how, try to say to customers: WE KNOW MORE ABOUT MACEIÓ THAN LOCALIZA, WE ARE LOCAL.

6. **Promote the beauties of Maceió to the tourist**
   Before the tourist leaves his home, Action can promote the city of Maceió, showing beautiful pictures on its web site, creating a desire in potential customers. The beauty of Maceió is THE most important factor, for most of travelers, that makes a tourist choose it as a place to visit.

7. **Partnerships with Travel Agencies, Magazines and Tourism Web Sites**
   Action may start to become partner of national travel agencies, developing special rates to make a rental car a part of the travel package. It also can become partner of magazines and web sites focused on tourism, for instance, trading "rental cars" for "ad campaigns (spaces and promotions)".

8. **Provide online payments (for reservations)**
   Prepare the web site to offer e-commerce (only credit cards) to reduce the number of missed reservations. Sometimes customers make reservations online and don’t show up (missed reservation). None of the competitors web sites yet provide online transactions.
### Threats

1. **Competitors Web Sites**
   If the other companies see this “hole” before Action, they could improve their sites first, becoming more visible and visited, gaining more customers.

2. **Barros Location**
   Nowadays, Barros Rent a Car is located in a distant spot. If they move to a better Location, they could reach more clients and become very strong.

3. **Avis and Localiza Customer Service**
   If they improve their customer service, they would become stronger.

4. **Travel Packages**
   Normally travel packages already include rental cars, and these deals are made with international branches, such as Localiza and Avis.

### 4.6. Product Life-cycle Curve

It is claimed that every product has a life cycle. It is launched, it grows, and at some point, may die. A fair comment is that - at least in the short term - not all products or services die. Jeans may die, but clothes probably will not. Legal services or medical services may die, but depending on the social and political climate, probably will not. Even though its validity is questionable, it can offer a useful 'model' for managers to keep at the back of their mind. Indeed, if their products are in the introductory or growth phases, or in that of decline, it perhaps should be at the front of their mind; for the predominant features of these phases may be those revolving around such life and death. Between these two extremes, it is salutary for them to have that vision of mortality in front of them.

For Action Rent a Car, one **financial chart** (all charts shown in section 7) will be analyzed in order to perform a better understanding of its Life-cycle curve:

![Revenue (Oct 04 - Oct 07) vs. Old Cars Selling vs. New Cars Financing vs. Profit Chart](chart.png)
The company started to operate in 1999, with 4 cars. Nowadays, it counts with 60 cars, keeping a significant growth. One tactic is used to maintain this growth: reinvestment. Also, old cars are sold to renew its fleet of cars. Specially in 2007, all profits are being reinvested to finance additional cars, increasing the number of available cars, focusing on a bigger revenue to feed this business machine. Analyzing the chart on page 18, it’s clear that bigger revenues occur between the end of October and the beginning of April, every year. This period represents the brazilian summer time, where families are in vacation traveling and visiting new places.

A product Life-cycle has 4 specific phases:

**Introduction stage**
Cost high, sales volume low, no/little competition - competitive manufacturers watch for acceptance/segment growth losses, demand has to be created, customers have to be prompted to try the product.

**Growth stage**
Costs reduced due to economies of scale, sales volume increases significantly, profitability, public awareness, competition begins to increase with a few new players in establishing market, prices to maximize market share.

**Mature stage**
Costs are very low as you are well established in market & no need for publicity, sales volume peaks, increase in competitive offerings, prices tend to drop due to the proliferation of competing products, brand differentiation, feature diversification, as each player seeks to differentiate from competition with "how much product" is offered, very profitable.

**Decline or Stability stage**
Costs become counter-optimal, sales volume decline or stabilize, prices, profitability diminish, profit becomes more a challenge of production/distribution efficiency than increased sales.

Action Rent a Car is in the **GROWTH STAGE**, after almost 8 years of operation. The focus is to increase the number of vehicles available to generate more revenue.
5. Tactics (How)

This section starts with a comparison of uncontrollable factors vs. controllable factors:

**Uncontrollable**: The current economic environment includes elements such as consumer confidence, degree of unemployment, new services that threaten to displace your own, competitors that suddenly appear on the horizon, government regulations thought up by your favorite legislator, and changing consumer preferences. You can't control these.

**Controllable**: The 4 P's are the elements of your marketing approach that you can control (product, price, place and promotion). These are the four major ingredients of a traditional marketing mix directed at a target market.

5.1. 4 P’s (Marketing Mix)

Broadly defined, optimizing the marketing mix is the primary responsibility of marketing. By offering the product with the right combination of the four P's, Action Rent a Car can improve its results and achieve the marketing objective. Making small changes in the marketing mix is typically considered to be a tactical change. Making large changes in any of the four P's can be considered strategic. For example, a large change in the price, say from $129.00 to $39.00 would be considered a strategic change in the position of the product. However a change of $131 to $129.00 would be considered a tactical change, potentially related to a promotional offer.

Within Action's domain, the 4 P's which composite the marketing plan tactics are:

**Product: The Rental Car**

Action Rent a Car offers a variety of rental cars, starting with basic models of Fiat Palio, going to VW Gol, VW Polo Sedan (picture) and GM Meriva. All the vehicles are 2007 or 2008 models, in basic colors (black, silver and white).

According to analysis done two years ago by ABLA, these are some of the most acceptable cars rented by tourists, executives or residents. Action is keeping its approach on the product and this marketing plan doesn’t recommend any modification. A brazilian proverb says: “you don’t change pieces of a team that is winning”. It would be risky, and looking at the SWOT analysis, there are no opportunities in this area. This is one of Action’s strengths (reliable cars).

**Recommendations**: None, keep offering the current product without modifications.
Price

The company charges a competitive price, compared to its competitors. To rent a basic car with air conditioning, the customer will pay $85, including all taxes. There is no many recommendations for pricing, but the company could offer variable rates for specific seasons of the year. During low seasons of tourism (70% of revenue), such as fall and winter, Action Rent a Car can focus on local customers (residents), offering lower rates, for instance, $15 cheaper than the regular price. Whereas, for summer and winter, which are very busy seasons, the company can offer a rate $3 cheaper, confronting Barros ($80) and Carnaúba ($82).

Current rate: $85/day

Suggested rates: $70/day during low seasons (fall and spring) and $82/day during busy seasons (summer and winter).

Place

Place represents the location where a product can be purchased. It is often referred to as the distribution channel. Action’s Place includes 2 physical stores and a virtual store on the Internet (www.actionrentacar.net). A crucial fact responsible for Action growth is where it is located, close to main hotels and right in the front of the beach. this is a key strength, and the SWOT analysis (page 17) shows significant opportunities:

For the physical store:

Invest in Customer Service
To do: Train its employees in order to provide an pleasant customer service, focusing on excellence.

Improve Store Appearance
To do: Create a nicer environment (modern furniture and new clothes for employees) to make customers “feel special”.

For the web site:

New Action Web Site
To do: redesign all pages and offer multiple languages (english, spanish, german and italian), since the city is receiving a consistent number of foreign tourists, specially from Europe. Also include new sections with more tourism-related content and create feedback online surveys to always “listen to the customer”.

Provide online payments (for reservations)
To do: Prepare the web site to offer e-commerce (only credit cards) to reduce the number of missed reservations. None of the competitors web sites yet provide online transactions.
Promotion

Promotion represents all of the communications that Action Rent a Car may use in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale. For this particular “P”, the SWOT analysis revealed excellent “holes” and opportunities, critical to keep the company safe from threats and to allow it to gain market share:

Web Advertising
To do: Advertise on Google and web sites of travel agencies, city information etc.

Promote Action Location
To do: Promote its excellent location. Use more visible assets in front of the store in order to attract more customers.

Promote the fact that Action is local
To do: Promote the fact that Action is local (“who is local knows more about the city”). Say to customers: WE KNOW MORE ABOUT MACEIÓ THAN THE OTHERS, WE ARE LOCAL.

Promote the beauties of Maceió to the tourist
To do: Provide on the new web site beautiful pictures of the city, creating a desire in potential customers. The beauty of Maceió is THE the most important factor, for most of travelers, that makes a tourist choose it as a place to visit.

Partnerships with Travel Agencies, Magazines and Tourism Web Sites
To do: Become partner of national travel agencies, developing special rates to make a rental car a part of the travel package. Also, become partner of magazines and web sites focused on tourism.
6. Management Control/Organization

Every year, in December, a report must be provided showing how each P is being implemented, in order to keep track of the results of actions and to achieve this marketing plan objective.

7. Financial Analysis

In this financial analysis, a 3 year Income Statement is provided, month by month:

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Action keeps reinvesting more intensively the profit in itself, in order to buy more cars (financing new cars) to generate a bigger revenue. Also, old cars are sold to renew its fleet of cars.

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Charts can be used to create a deeper analysis:

- Revenue (Oct 04 - Oct 07)

- Revenue (Oct 04 - Oct 07) and Profit