

Car Rental Economy

Today's mobile population has created a big boom in the car rental business. People rent cars for business and for travel. Many urban dwellers do not own their own cars, choosing instead to use mass transit during the week and rent cars on the weekends. For many, this can be a much cheaper, and more freeing choice. The car rental economy is changing. The business world was created from and thrives upon competition, and as one industry grows stronger, another will weaken. This building up or subsequent downfall of certain economies can create a chain reaction. The car rental economy is directly affiliated with other business sectors such as airlines, restaurants, hotels, resorts and essential business resources. When one sector changes, positively or negatively, others will also be affected.

The car rental industry has brought a much-needed economy to some countries where commerce had suffered. The larger car rental companies have expanded globally, and opened branches in different countries all around the world. Car rentals are important cogs in the economic wheels of particular countries. Their industry and main source of income focuses mainly on providing services, like car rentals, to tourists and travelers. The very presence of these services at a particular location can directly boost tourism. For example, someone who is planning a visit to a country in South America will notice that there are no car rental agencies in "Village A". This traveler definitely needs to rent a car, and so will change his plans to arrive at "Village B" instead. In this scenario, the availability of car rentals has directly increased tourism.

Car rentals are basic tools of employment for the countless people who travel for business purposes. Therefore, in cities like Toronto and New York where there are so many global business centers and industry headquarters, the car rental economy due to corporate travel is quite healthy.

When the car rental industry suffers, other businesses sectors can and will follow suit. These include travel agencies, hotels, resorts, restaurants, airlines, auto industries and others. Some agencies will downsize during such harsh times, reducing their fleets to almost half in order to boost their financial status and try to recover the revenues lost in sales.

There are other factors directly linked to the car rental economy, such as high fuel prices, tourism risks and trends, and difficulties faced by automakers. The car rental economy can be greatly affected by increased fuel prices. As the price of fuel increases, the car rental economy can suffer, leading to an economic and business crisis. Some car rental companies have been forced into bankruptcy after feeling the harsh affects of fluctuating fuel prices. Usually, economic crisis is dependent upon fuel consumption, as car rental businesses and other travel sectors are using fuels. To help combat this problem, the different business sectors should take into consideration how to lower the cost of fuel expenses. Additionally, the mileage consumption of each car rental should be properly imposed within pre-determined boundaries.

The business industry of car rentals also affects the sales volume of many automakers in the United States. As more people choose to rent rather than purchase cars, the number of cars manufactured naturally decreases. The demands on fuel prices will also increase due to the lower volume of vehicles sold. It's interesting to note that some car rental companies are partly owned by manufacturers who use the rental sector as yet another means of selling great volumes of cars. This is a strategic method chosen by car manufacturers in an effort to stay stable despite the rapid changes and problems in economy. Next time you're at a car rental agency, take a look around the lot. If the same company has manufactured every car on the rental lot, you can bet that the same manufacturer owns that particular rental agency.

The car rental economy is exposed to many forces that will cause their profits to drop. Despite this most basic business reality, through smart positioning, good marketing and lower prices, many car rental companies have retained their positions at the top while the rest of the industry feels the pinch. The fluctuations of any business sector can be carefully assessed and evaluated, making it possible to prevent devastating chain reactions. It's important to consider and review the financial position of each individual business sector.

Any business' economic progress depends, to some degree, on whether or not other business sectors are succeeding. No one business can grow strong through the successful efforts of another. All sectors of the industry must contribute their fair share to create a healthy economy.

As the car rental economy booms, it is in turn contributing to the healthy bottom line of other sectors within the industry.