

RENT-A-CAR INDUSTRY: A CASE STUDY IN ARGENTINA

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Even though researchers give considerable attention to the means of transport in tourism fields, it is unfortunate that cars played a secondary role in this concern. Basically, the present brief work focuses on a gap in tourism and managerial literature, the rent-a-car market in Argentina. Under such a context, the present comment-piece is aimed at synthesizing 10 years of experience in this kind of organizations as consultant wherein we have come across with situations of underdevelopment and misinformation about the opportunities of rental businesses. With emphasis on the problems and advantages that renting companies show by respecting to other services, it is important to note that the loophole in legal support looks to be for this activity an increasing limitation for further enhancement in Argentina.

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INTRODUCTION

Even though in recent years, consultants and researchers have devoted considerable attention in studying tourist business at hotels (Lawson, 1995) (Kirk, 1997) (Medlik, 2000) (Getino, 2002) (Wallingre, 2007) (Schluter, 2003; 2008) (Khatchikian, 2000) (Pannosso Neto, 2007) (Garrigos Simon, Palacios-Marques and Narangajavana, 2008), tour operators (Parra Lopez, Melchior Navarro and Ramos Dominguez, 2003) (Schluter and Winter, 2007), trains (Blasco, 2001), restaurants or gastronomy patrimony (Correia dos Santos and Oliveira Antonini, 2004) (Menna, 2003) (Gastal, 2003) (Diestre Perez, 2003) (Caballero Chirivella, 2003), competitiveness in tourist destinations (Pike, 2007) (Ritchie and Inkari, 2006) and air companies (Park, Robertson and Wu, 2005) (Hussain and Ekiz, 2007) (Gazzerra and Lombardo, 2007), no attention was given to the rent-a-car market problems. Most likely, this activity looks to be usually trivialized as a second or third arm of tourism



in comparison with other more traditional sub-sectors. As a result of this, not only the literature about how renting companies work is scant but also there is no further information about how this market works.

Under such a context, the present comment-piece is aimed at synthesizing 10 years of experience in this kind of organizations as consultant wherein we have come across with situations of underdevelopment and misinformation about the opportunities of rental businesses. With emphasis on the problems and advantages these companies show by respecting to other services, it is important to note that the loophole in legal support looks to be for this activity an increasing limitation for further enhancement in Argentina. Unlike the mainstream activities of tourism such as hospitality in which case it is possible to access and collect data-set surrounding the monthly or annual rate of occupancy, it is unfortunate that there is no official statistics by respecting to how many rentals are in the different cities of Argentina or a comparison with neighbor countries. That follows, purposes of this paper are two-fold. At a first overview, we are strongly interested in developing theoretically not only the historical background of automobiles in the region but also the sociological existing relationship between cars, masculinity, mobility and modernity. Secondly, it is aimed at discussing critically the problems and advantages that shows Rent-a-Car-Market in Argentina.

MOBILITY

On an article of immeasurable quality, John Urry (2007) addresses the concept of mobility and culture applied on the field of displacement, acculturation and migration. From a poststructuralist point of view, author realizes that today 600 millions of arrivals are registered annually whereas in 1950 that number was only for 25 millions, an insignificant cipher whether we compare tourist and migrant displacements with evolution of transport in 50 years. As a result of this, more than 500.000 news rooms inaugurated at hotels every year on tourism while roughly 23 millions of refugees strand around the globe.

The underlying problem is the prominence of visual in different human scenarios. The fact is that Urry is convinced people make tourism based on the dominance of esthetic over other cultural values. Not only, is that the main reason as to why people travel following resting purposes but also the unquestionable growing of photography in last decades. In a globalized society characterized by the spectacle, modern cultures encourage the journey as a vehicle towards happiness, development and

emotional involvement. For that reason, nations are reinventing their boundaries and identities constantly in the interchange of tourists, migrants and workers. This new forms of displacements are part of social memory and broader acculturation processes wherein researchers should shed light on. Of course, the history of automobile is a gender in the specialized literature that has been left behind by Anglo-Saxon researchers in tourism fields.

The History of Automobile

Historically, the life of rent a car market is born with the automobile's advent in the first years of XX century. Up-to-date, this piece of engine has crossed the boundaries of nations, languages and time. Declared by him-self a staunch enemy of history, H. Ford decided to create a new cult, which honors the role played by technology and future in "a present history". His success was inevitably associated with a set of environmental factors aimed at enhancing the style of life in United States. The mass production combined with a salary increases as well as a drop in prices resulted in economical benefits for citizenship who saw in Ford not only a new branch but also the spirit of the modern American dream (Guicci, 2007).

The history of most famous rent a car companies is initially associated with the automobile's appearance inside United States from 1900 to 1920. Anyway, its expansion dated no later than 1950 after the second war finished. In such a case, airplanes and cars rivaled and displaced to the railroad, trains and horses as a mass means of transport not only in United State, but also in other continents such as Europe and Asia. Whatever the case may be, in Latin America the automobile paved the pathways for interesting improvements of other nature; basically aristocracy viewed in this new device a way to tour farer distances in combination with prestige and status. For them, cars were considered part of a broader process circumscribed to the modernity, in which case their possessions symbolized a prerequisite for social distinction. Undoubtedly, importation of first pieces pushed for Latin American managers to fly toward Detroit –the hearth of industry- with the end of learning the different involved processes in assembly. That way, for 1960 State is planning a set of projects intended to better roads, and forms of classical connection among cities in Argentina (Khatchakian, 2000) (Guicci, 2007) (Wallingre, 2007) (Schluter, 2008).

Promptly, the inception of Argentinean Automobile Club will set precedents in the inception of modern tourism. An interesting research

drew by Melina Piglia as a Ph. Doctoral thesis project studied the historical evolution of ACA (Argentinean Automobile Club) in tourism from 1926 to 1939. From her point of view, the process of turistification (a term usually present to denote tourist expansion) in camping grounds managed by ACA supposed the restructuration in rural and urban areas. This process has been inserted in a previous logic of economization in the region. Piglia argues in fact that grounds of this nature in hands of ACA attracted many donations in lands broadening the volumes of capital in combination with new property businesses in the beaches of coasts. These stronger and aggressive strategies in 1924 multiplied the number of members from 700 to 32.652 at the end of 1931. Under such a context, this institution transformed the ways of considering the vacations and excursions in Argentina encouraging workers to travel as a mechanism of evasion and distraction. Once again, modern tourism owes an immense gratitude to the invention of automobiles although this are not always recognized.

THE SYMBOLISM OF CARS

Nowadays, one of modern scholars who studied this matter in depth was Edgar Morin. This French philosopher considers that cars presuppose further comfort and security at time of moving from one point to another. From this angle, car's invention reduced notably the distances between cities allowing drivers to save many time and efforts. In consequence, in larger towns the concentration of vehicles produces paradoxically negative effects such as traffic jams, injuries derived from accidents as well as pollution. From Morin point of view, in people the automobile emulates the bondage with their mother forged in an early stage. The desire to buy a newer car in our modern society is linked to the needs of conquest or seduction as an alternative form of reinforcing the self-esteem and masculinity (Morin, 1995).

The desire related to the acquisition of an automobile looks to be a profound psychological necessity beyond the boundaries of physical tendency towards the movements that human beings have. People and families, who had not material resources take the risks by buying a well-fashioned model, should no option but to take into financial debt looking for further assistance. To put this in brutally, car symbolically represented an idol which allowed people to transcend the quotidian life creating a bridge between fantasy and omnipotence. In last years Mass Media put emphasis on how the excessive speed has become in one of

most important reasons of accident as well as the principal cause of death in Argentina and beyond (Heggie and Heggie, 2004) (Korstanje, 2008).

Rent-a-car Industry

For one hand, preliminary remarks attempt to emphasize that rent a car trade distinguishes from others because the ways of calculating their profitability, stock-related availability and potential sales. Basically, unlike hotel chains or airplanes, renting companies have not certainness about the quantity of vehicles that are due to return day-to-day. This issue not only balks the probability to forecasting the fleet availability but also reduces the horizon of predictability (Brown, 2009). Renters who decided to keep a vehicle are not forced to return the unit until they originally stated; unlike a hotel room which should be available as it has been reserved, rental due dates can be extended without any problems if renter pays. At time of leaving the car renters are charged accordingly elapsed rental days. By the way, in Argentina no legal frame punishes renters who forgot to cancel their reservations generating serious economic damages to the companies of this sub-sector. With this background in mind, no need to say that no show cases in combination with uncertainness respecting to the vehicle's return put in risk the availability in daily operation process as well as their profitability.

Unless otherwise resolved, these types of problems arouse indignation in renters whenever the booked car is not available due to over-booking policies. In the globe, to addressee these shortcomings, many rental companies opted to charge to clients who do not cancel their bookings a punishing fare. However, in Argentina credit card carriers requested for renting companies to present a signed card slip in case the rental company processed a charge of "no show penalization". On the other hand, tour operators often distrust in rental modality because of three main reasons: a) companies in rent a car market are accustomed to change affordable rates without any kind of notice. This causes that travel agencies are not able to commercialize standardized touring-packages and rates with other retailers or wholesalers; b) in the peak of season passengers have many probabilities to wait some awhile for a car whether it is not available at time of their appearance; and c) reservations are not granted by a specific model but a group. For readers understanding, let us to explain that these afore-mentioned operating limitations cause problems in renters to reserve a specific model. Otherwise, fleet of vehicles is divided into diverse groups or classes which encompass similarly-sized cars. At time of booking, rental companies should only

assure themselves to keep the reserved group for their potential client. Of course, sometimes even the reserved class is available at once renter arrived or appeared. When this happens, the company is due to delivery what we know as an “up-grade of category”. Renters often receive a better and larger car than reserved at the same rate they agreed. This is no other thing than an additional weigh benefits a customer accesses because of availability issues in this activity.

Under such a circumstance, travel agencies and intermediaries of other nature doubt to commercialize these services in their nets. In addition, foreigner renters who do not known the cities wherein they travel are usually victims of robbery, assaults and other crimes. Insufficient offerings of fully insurances that cover renter in case of car theft makes worse the existing atmosphere of insecurity in tourist-generating countries by respecting to Argentina. A couple of years back, tourism in Brazil has been notably affected whenever the graphic and televised media covered obsessively particular cases where argentine tourists had been assaulted in roads. A bad experience on holidays can break a commercial relationship between two tour operators. The question as to whether, these intermediaries do not offer to their customers rent-a-car services is surely associated to the increasing negative image that have this industry in Argentina. An additional concern in managers is aimed at debating about negative effects of cars in ecology such as carbon dioxide emissions, pollution, traffic jams or accidents and noise contamination.

Externally, in the wake of a new millennium wherein classics forms of energy are under debate, cars will face undoubtedly most certainly substantial transformations in their sources of combustible. Locally, many people in Europe returned to the usage of non-pollutant transport such as the bikes or subway. Of course, cars are only circumscribed to be used in cases of long distance travels.

However, whereas these organizations run often across with several problems due to the volume of sales are reduced, in parallel managers launch policies related to the increase of fares and rates. As a result of this, renting companies businesses, which traditionally positioned as a cheaper alternative than Airline offerings come across with a strong competition in these substitute market. Renting and airline companies appear to be decided to scramble new segments of travelling market. Moved by the indifference of these rental companies, intermediaries are captivated by other alternatives such as airlines or train. With basis on direct campaigns emphasizing about risk perception and security issues, rental advertising is aimed towards cross-national tourists as well as local

drivers, to create and reinforce a direct relationship with potential customers.

Should worse comes to worst internally, benching marketing among renting companies wreaks havoc at the market jeopardizing the hegemony of leaders. It is also assumed that if leaders agree policies intended to new promotions, rates or package, the rest of market should follow them. But things not always are like they appear, based strategies on skirmishes smaller companies intend to position in best niches and segments. In other terms, organizations of considerable size are gradually relegated to peripheral portion of the market because of their own strategies in enhancing prices and rates. In a basic line of reasoning, whereas leaders follow strategies and policies in order for them to increase their rates and enhance their profitability -from one to another season- smaller ones opted to maintain or reduce their rates. To wit, many segments and renters viewed a cheaper option in retailers who takes advantages in launching new promoted and more affordable services. It is strongly interesting how leaders who paradoxically played a pivotal role in commanding the market are being excluded as far as their declination.

Of course, the environment of leader companies does not help in competing with retailers; inasmuch as an organization increases at this market, more probabilities had to experience what A. Levy denominated Nemesis's principle. In brief, this scholar argued that in some contexts and markets rate-related competition is destructive for all involved stakeholders. It is often assumed that price war is the worse alternative for suppliers while the best for consumers. Bench-marketing, a new strategy wherein leaders mark the time-frame in policies and are followed by others companies, appears to be an illusion. In case of gradual inflation or financial uncertainty instances, leaders are obliged to increase rates for offsetting costs but turning uncompetitive in regards to other competitors (Levi, 1998). The ruin of top-ranked organizations leave us in a dilemma since allows the entrance of new organizations or up-warding of other ones who were situated in intermediate positions. This not only reinforces the vicious circle but also jeopardize the quality of service for consumers.

CONCLUSION

We have so far synthesized in this piece 10 long years of experience as consultants in rent car organizations highlighting features and limitations of a market that is characterized by a high degree of misinformation and suspicion in intermediaries (travel agencies). As it has already been noted on introduction, literature as well as statistics

sources in regards to rent-a-car companies is not only scant but also trivialized in tourism fields. In part, this is because the distrust that feel travel agencies and hoteliers respecting to this business, but unlike in Europe or United States, in Latin America drivers do not appear to be accustomed to renting vehicles as a form of displacement or following recreation purposes. Furthermore, the recent rises of fuel world-wide in combination with proliferation of bad news regarding accidents and tragedies in roads that are continuously transmitted by Argentinean mass media may jeopardize the future of rent-a-car development in South America. However, this is an incipient industry that still remains unexplored in Argentina and managerial scientific research. Risk perception travel theory applied in renting segments will be an interesting issue that should be investigated in future approaches.

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