

Helpful hints to ensure win-win negotiations with car rental suppliers

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Negotiations are like a dance, with each party trying to determine the direction and ultimately the outcome. AirPlus has summarized important common “dance” steps for negotiating and managing travel spending, helping you not only to conduct meetings but also successfully take “the lead” in discussions with car rental suppliers.

Step 1 – Analyze the car rental market

Thoroughly understanding the car rental market is crucial for successful negotiations. Try to gather as much valuable data regarding the car rental suppliers you are negotiating with as possible. The key is to understand their pricing and revenue management.

Focus on:

- New players and new locations
- Changes in capacity
- Price trends

Step 2 – Review your company’s car rental spending

A thorough assessment of your company’s car rental spending is the starting point for targeted negotiations with car rental suppliers. Talk to the travel departments and double check with controllers to make sure you have complete, clear and concise data on car rental spending.

Make sure you have all the facts and figures:

- Ensure that the data is available in a valid format of the main ERP system (enterprise resource planning, e.g. SAP, Oracle) and/ or EMS (expense management system).
- Request a forecast of your company’s car rental expenditures for the current and the upcoming year. Research whether there are any projects in the pipeline that require car rental spending.

Step 3 – Define your objectives

Negotiating effectively with car rental suppliers requires you to define clear-cut goals. Make sure you specify which aspects you want to discuss with them.

Clarify all details:

- Define your car rental policy, including supplier, category and booking channels.
- Define whether you want to manage and negotiate car rental spending by city, country, region or globally.

Step 4 – Discuss all terms and conditions

First and foremost, negotiating optimal rates for car rentals is crucial. However, in order to work out the best deal for your company, there are many other aspects you should take into consideration.

Negotiate on all potential costs and fees as well as other aspects related to car rental spending:

- Discuss cost categories such as insurance and gas.
- Try to negotiate a long term price guarantee.
- Offer to steer market shares of car rental suppliers.
- Make sure your car rental supplier can provide all booking-related data in electronic form (either through his own system or through the system of a platform/service provider).
- Ask for loyalty programs for your (frequent) travelers. Make sure their method of payment (e.g. credit or payment card) corresponds with your travel policy. Request that your car rental supplier provides you with a detailed list of all your company's loyalty cards.

Step 5 – Profit from a central settlement account

You are probably aware that your car rental booking process should be well defined. To cut costs, try to avoid unmanaged bookings. Any booking, including customer events, team meetings, team building, training etc. should be booked through the travel department, travel agency, TMC, self-booking tool, car-rental company website or car rental platform (e.g. Resacar). Advise your employees to present the designated loyalty card when picking up a vehicle. Make certain that employees without a loyalty card book centrally, e.g. via the TMC or travel department. Avoid direct reservations via the call center or walk-ins! Make sure this is well defined in your travel policy. Try to stick to the 80/20 rule avoiding costs.

By using a central settlement account, you may profit from additional benefits such as a transparent collective invoice that will provide you with valuable data, helping you to negotiate with car rentals.

Benefit from:

- A quick overview of all rental car expenses
- Easy identification of any additional charges
- Full range of descriptive billing information (cost center, employee number, project number etc.) for uncomplicated cost allocation
- Control of staff compliance with corporate travel policy