Effective Strategies for Corporate Car Rental Negotiations

Request for Proposal (RFP) Preparation

Based on the collected statistics and determined approaches for car rental agreements, a RFP is created that offers program details and necessities. Typically, RFP conditions are condensed into five parts: rental eligibility, car types, insurance, provider programs, and rates and fees. Though RFP components can vary, the following factors should be evaluated as part of the process:

1. The provider's insurance and relevant products including base rates, if integrated.
2. Emergency road support specifics, 24-hour service or subcontracted locally, and any fees associated.
3. Review standard and tailored report samples from car providers that are offered to other corporations. Be aware of expenditure and usage details that are needed by your company.
4. Specifics on provider's locations near the company's key sites and in areas that combined signify at a minimum 50% of your total rental spend. Non-airport sites should be considered due to reduced rates and less surcharges.
5. Airport sites listing, which the provider specifies are both on and off-airport including available express services at each location.
6. Extra charges by site, including taxes, other local surcharges, off-airport entry charges, or on-airport concession fees.
7. Request details and costs on programs available for VIPs and road warriors, and special amenities. This may entail relationships with airlines, hotels or other providers for frequent flyer or loyalty programs.

Negotiation

Presently, the most common concessions are reduced daily rates, unlimited mileage, premium club memberships, and insurance. On a lower scale, concessions that can be negotiated include certain surcharges, weekly and monthly discounts, upgrades, waiving drop-off charges, removing add-on charges for one-way rentals, and complimentary car delivery to headquarters or the corporation's other locations.

It is crucial to comprehend your true car usage to gain insight into the complete cost of the proposed agreement provisions. Several factors can influence rates such as vehicle class, day of the week, duration, location, and if the rental one-way or round-trip. The following elements are key strategies to assess for successful car rental negotiations:

1. Corporate contracts have a fixed rate per day for each vehicle type.
2. Most corporations choose fixed rates with unlimited mileage. For companies that opt for mileage rates with a cap, the limit is 75-150 miles per day, with the average being 100 miles.
3. Exclusive rates in locations with the greatest spend and/or special rates for weekly, monthly, multi-monthly, partial-day, hourly and one-way rentals.
4. Determine days of the week, seasons, and locations that one-day rental surcharges will be applicable. Easing high midweek surcharges can cause significant savings.

5. City surcharges, evaluated on top of the daily contract rates in top locations where fees are high.
6. The agreement term and identified maximums on annual rate increases.
7. The level that providers will incorporate global car volume into domestic spend in order to generate global rates. The potential success from leveraging a company's international car spend will be contingent on providers, volume, the global spend ratio, and worldwide sites that travelers visit.
8. Rate concessions based on the company's obligation to create volume. Contemplate restricting the travel policy to require the use of preferred providers or including international travelers, modifying your online booking tool to push travelers to preferred providers, connecting the car supplier to the corporate intranet, and/or expanding the program to incorporate other amenities.
9. When agreement objectives are matched or surpassed, any available refunds and/or incentives.
10. A mileage range that the company's travelers can pick up a vehicle at one site and drop if off at a different location with no extra charges.
11. Complimentary delivery and/or drop off, and free upgrades to better vehicle types when obtainable.
12. Inquire about refueling at market rates, plus an inexpensive markup. Another option is to request lower refueling fees and negotiate lower rates per gallon. Refueling before returning vehicles is the cheapest solution. However, if data demonstrates that travelers are opting to pay the refueling fee, negotiate a lower cost per gallon into your base rental rate.
13. Request providers to accept audits of finished transactions and repay fees that do not comply with your agreement. Providers should not charge penalties for demanded invoicing changes that are undeserved.
14. Blackout periods should be negotiated with the supplier to either lower or remove based on your spend and capability to move volume. If not, request blackout or sold-out periods and locations for the next year in order to plan accordingly. In addition, obtain sites and periods that your corporate rates will be blacked out.
15. If navigation systems or electronic toll devices are needed, inquire about a reduction and/or limited rate per daily rental.

Bid Assessment

Your travel management company will assist in the evaluation of the bid and will pay attention to the elements that are crucial to your company. Other than fees, aspects to assess include service, locations, airport sites, and timeliness of renting and returning. The provider's financial strength should be investigated, as well as possibilities of consolidation with another supplier. Measure the supplier's capability to offer ongoing support, reporting, vehicle accessibility, and other facets of the rental process. If the provider has a relationship with a limousine supplier, inquire about the potential to negotiate a bundled rate where accessible.

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