Table 6.5 Modes of Transportation for U.S. Trips and Trip Destinations

Auto	90%
Airplane	7%
Bus	2%
Train	1%

Notes: 98% of trips to destinations within United States.

62% of trips to destinations within home state.

Sources: National Household Travel Survey, 2001–2002; NPTS Brief, U. S. Department of Transportation, Federal Highway Administration, March, 2006.

every major city in the country. This system is truly remarkable because it accounts for only 1% of all roads in the United States but carries over 20% of all highway traffic.

Why do travelers rely on their personal motor vehicles for so many of their trips? Reasons vary but include the relatively inexpensive cost of vehicle travel compared with that of other modes, especially for families. In addition, cars, trucks, and recreational vehicles offer the convenience of having a vehicle at the destination, the ability to alter the route and pace, and the opportunity to explore new places "up close."

Supporting all of these over-the-road travelers is the American Automobile Association, commonly known as AAA. The association is a network of 86 independent auto clubs in the United States and Canada. AAA boasts 47 million members in North America and is affiliated with over 100 million members in 120 countries through its reciprocal agreements with 212 auto clubs throughout the world. Services provided by AAA to its members include emergency road service, travel insurance, access to professionally trained travel agents and counselors, trip routing and mapping services, and assistance with travel documents.

Although automobiles may be the desired form of personal transportation in the United States, less than 20% of the population has ever rented a car. Growth in the rental car business has historically paralleled or exceeded the growth in air travel, with almost two-thirds of car rental revenues being derived from airline passengers.[8]

This growth has been dominated by a few large companies as this industry segment has gone through a significant consolidation period. Enterprise (with the acquisition of Vanguard, the parent company of Alamo and National) has the largest rental car fleet, followed by Hertz, and the combination of Avis and Budget into the Avis Budget Group, respectively. The primary users of rental cars are business travelers, who rent over 75% of all vehicles, but car rental companies are beginning to turn some of their attention to leisure travelers. Hertz and Enterprise serve to highlight the differences in marketing strategies among the rental car companies. Hertz controls the largest market share at most major airports whereas Enterprise has chosen to service a broader range of customers by delivering cars directly to customers from less expensive off-airport sites.[9]

The range of variables managers must deal with in this industry is staggering. To deploy fleets of cars ranging in average age from 8 to 12 months across broad geographic areas and achieve maximum **fleet utilization**, managers must anticipate a wide variety of customer demands, including car types, rental periods, insurance, fuel options, and pickup and return locations. Like other tourism service suppliers, rental car companies have a slim profit margin. For example, "the profit margin on a $50 rental is around $5" (p. 1).[10] Just think about what happens to that margin if a renter brings the car back with less than a full tank of gas and pays the often unobserved and inflated price charged for refueling.

Logistics also play a key role in successful car rental operations in getting the right cars to the right place at the right time. Recent software developments provide the necessary information for employees and managers to know when to refuse a short-term rental based on the probability that the same vehicle can be rented for a longer term to a different customer.[7] Still, cars must be moved to meet seasonal demand, creating inexpensive repositioning rentals as fleets must be moved from high demand areas