

AVIS UAE

TOTAL TRANSPORTATION





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The leading car rental business in the Emirates, built on Avis core values and tailor made for its market

WRITTEN BY: **JOHN O'HANLON**
RESEARCH BY: **JAMES BOYLE**



Avis UAE commenced operations in the UAE in 1975 as a car rental franchisee with the diverse Mohamed Hareb Al Otaiba Group. Today, the company has a network of 40 branches, a fleet of over 4,000 vehicles and employs more than 1,800 people has the largest number of branches, and is the only car rental brand that is under the same ownership throughout the Emirates.

Car rental in the UAE is an extremely competitive, with brands like Budget, Hertz, Europcar and a host of local contenders well represented. Avis in the Emirates has evolved to meet the demands of the vibrant oil, construction, trading and tourism driven economy. Avis UAE's General Manager Joe Thomas explains: "As time passed, individuals & companies wanted to lease cars so we started car leasing in the early 1990s."

Bus transportation was never part of Avis's core business but faced with a clear demand from hotels and other businesses for niche services like guest and employee transportation and chauffeur-driven services, Avis UAE decided it should oblige. "Customers preferred to deal with one single, reputed supplier for related services like self drive car hire or lease, bus transport and chauffeur services. That was the main reason Avis UAE got into the bus business in the late 1990s," Joe adds.

When Emirates Airlines introduced a pick-up-and-drop service for its first and business class customers, it engaged with Avis UAE to provide this service, in view of Avis UAE's unique positioning in this segment. The



contract was awarded to Avis UAE, and since that time it has provided this service. “Emirates Airlines is a very demanding customer,” Joe observes, “and meeting this key customer’s exacting requirements meant that Avis UAE further improved its chauffeur services. As a result of all that fine tuning I believe we have the best service in the UAE at the moment,” he says.

Avis UAE is the only company in this industry that has ISO certifications covering quality, environmental performance, health and safety for their bus division. “We will be rolling these standards out to the rental and chauffeur drive services as well over the next couple of years – for us these certifications are not just mere box ticking – we practice these daily.”

In 2009, international financial uncertainty, combined with the poor judgements of boom mindset that prevailed earlier hurt the business for a while. “The recession was not so much to blame, as the over-expectations in the home market,” he says. The fleet had been increased in expectation of a large increase in demand that didn’t materialise. Avis UAE found itself with more cars than it needed. The situation was tricky when Joe stepped in to make sense of the numbers and begin to correct the situation. Four years on Avis UAE

has got the better of the market, he feels, and the company is in much better shape.

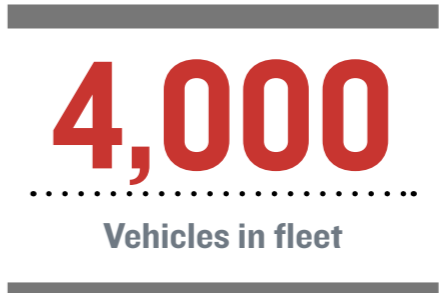
In an ideal world, capital assets like a rental fleet should be kept as close as possible to full utilisation. Over capacity is equivalent to waste, especially if it has been funded by debt. “We realised we were sitting on surplus fleet so we had to dispose of it. We had to take a hit because the resale values dropped but since we needed to clear our liabilities, that

was the only thing to do.”

By downsizing in 2009 and 2010, it was possible to keep all of the businesses going and the company was back on track by 2011, leaner, consolidated and stable. One of the things Avis UAE did

was to reshuffle or reduce staff and add new talent. Going forward, Avis UAE will recruit the best people and train them to Avis standards. A full time in-house trainer is now in place and a professional Avis manager will be brought in from Avis corporate HQ to bring the Avis culture to Avis UAE.

Recruitment is a constant challenge in the UAE, whose population of seven million is mainly expatriate. Only about 1.2 million are



actually citizens, he says. Avis UAE employs 35 nationalities including Pakistanis, Indians, Arabs, Filipinos and Russians.

The rental, leasing, chauffeur and bus businesses are close to being equal in size now, though at

one time leasing accounted for 40 percent of turnover. However, leases that were not profitable were not renewed and that business was right-sized to its present 20 percent of annual turnover, he says.

Some of the more sophisticated innovations familiar in Europe have not yet reached the UAE. Automation does not suit the rental market here, and most transactions are person-to-person, including

“WE DON’T ANTICIPATE THE FUTURE – WE BUILD IT. THAT’S A VERY FAR REACHING STATEMENT”



hand-over and pick up. Handheld devices may be introduced in 2014.

There are lots of reasons to hire or lease a car rather than owning one if you are an Emirates resident, so the fundamentals of this business are sound. Avis UAE's greatest asset is the brand name, which attracts the cosmopolitan customers who are looking for the best in breed rather than someone who can simply provide four wheels.

"The UAE is a very dynamic place", Joe enthuses. "Sheikh Mohamed bin Rashid Al Maktoum, ruler of Dubai and vice president of the UAE has said: 'We don't anticipate the future – we build it'. That's a very far reaching statement," says Joe, "but that's what is happening here. Significant infrastructure and development projects have been announced that will fuel the economy over the next few years. The possibility of the 2020 World Expo being awarded to the UAE is high and if that happens, all the businesses in the country will benefit. Dubai International Airport is now the second busiest international airport in the world after Heathrow.

So the original expansion plan may not have been that far off the mark. "We believe that it was right to downsize when we did: now we are expanding the fleet again, but in a more controlled way. We will keep a close eye on our utilisation levels and grow systematically to meet our customers expectation." **BE**

For more information about
Avis UAE visit:
www.avisuae.ae



AVIS UAE

Toll free: 800 AVIS (800 2847)

T +971 4 3307272

E callcentre@avisuae.ae

E customerservice@avisuae.ae

www.avisuae.ae

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