

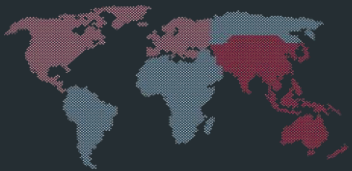


New Zealand Rental Vehicle Market Insights Report

August 2019

10th Edition

Issued 2nd September 2019



Introduction

Herewith MarginFuel's tenth edition of the "New Zealand Rental Vehicle Market Insights Report".

The report summarises the Average Market Rate ~ (average rate) of the New Zealand Rental Car Market, with a focus on the most popular Vehicle Categories^ from New Zealand's three major airports*, being Auckland, Christchurch and Queenstown.

The report is split into three sections:

- **Section 1 Current month analysis;** overall the average rate **increased** year on year (YoY), with the Airport Rentals and direct sales channels continuing to perform well, while Rental Cars trended flat or slightly below
- **Section 2 Year to date (YTD) analysis;** average rates are **trending upwards** as we flow into Spring
- **Section 3 Forward market analysis;** average rates are showing **softness** from late September to November 2019, with the October 2019 school holidays currently trending well below last year

Please do not hesitate to get in contact to discuss the Report, or your pricing requirements.

Thanks,
The MarginFuel Team

Notes:

^ Underlying car type (make & model) data was mapped to commonly used car categories, being SUV, Intermediate, Compact and Economy, using the internationally recognised SIPP code mapping table

* All three (3) airport locations include aggregated data for both domestic and international rental kiosks, however, no delineation has been made between Domestic and International rental vehicle customers

~ Average Rates referenced in the report are NZD

~ Average Rates are reported as Gross Rates and include GST and Compulsory Fees & Charges (generally; Airport Fee, Admin Fee)

~ Average Rates also include a base/basic level of Insurance

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SECTION 1

CURRENT MONTH ANALYSIS

SECTION 1 – Current Month Analysis AUGUST 2019

Year on Year (YoY[^]) Average Rate Change Movement

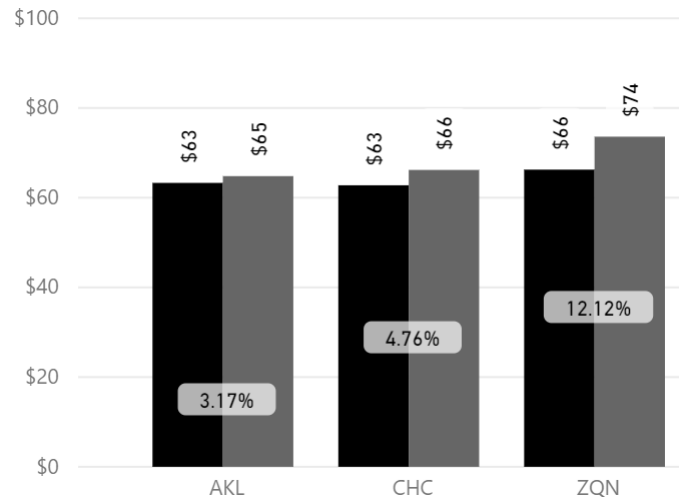


Fig.1

Year ● 2018 ● 2019 % Change

- For all three locations, across all sales channels, there was an overall YoY average rate increase of **+3%**
- As is the typical winter seasonal trend, average rates for South Island Airports are higher than Auckland Airport
 - Queenstown Airport (ZQN) had a YoY average rate increase of **+12%**
 - Christchurch Airport (CHC) had a YoY average rate increase of **+5%**
- Auckland Airport (AKL) had a YoY average rate increase of **+3%**

SECTION 1 – Current Month Analysis AUGUST 2019

Channel, Duration and Vehicle Category

Refer to sales channels (Fig.2), duration (Fig.3) and vehicle category (Fig.4) graphs for the average rates during the month. As is seasonally expected, average rates for SUVs from Christchurch and Queenstown Airports are higher than Auckland Airport. As was the trend during the Winter season to date, the average rates for the shorter 3-day duration remains strong.

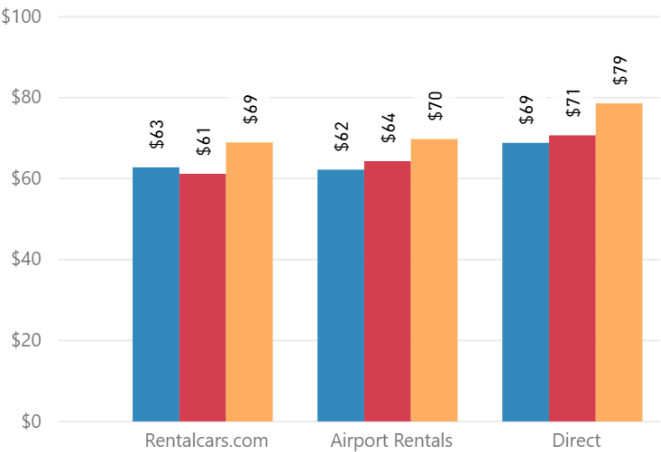


Fig.2

Location ● AKL ● CHC ● ZQN

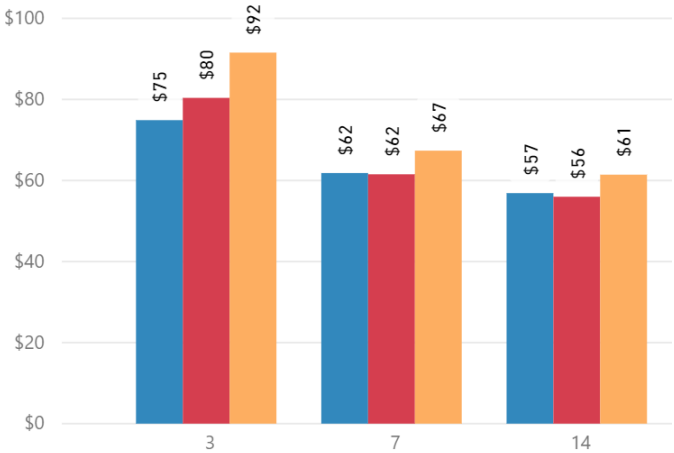


Fig.3

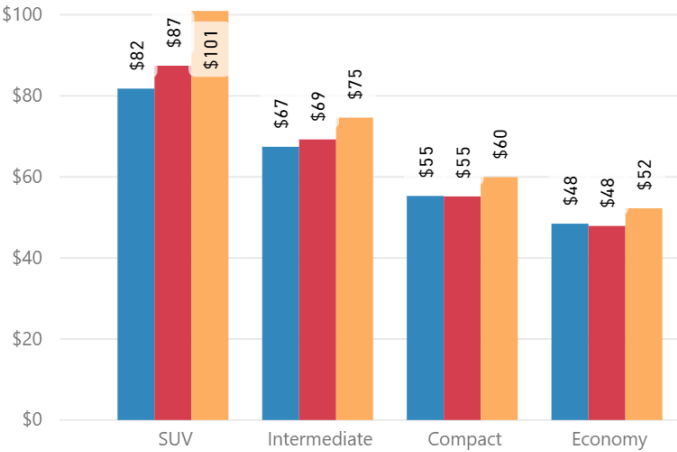


Fig.4

SECTION 1 – Current Month Analysis **AUGUST 2019**

Auckland Airport YoY Summary

Overall Auckland Airport had a YoY average rate increase of **+3%**.

Rentalcars.com sales channel showed an average rate decrease of **-3%**, while Airport Rentals and the direct channels showed increases of **+5%** and **+8%** respectively (Fig. 5).

The average rate for 3-day duration increased **+9%**, while the average rate for longer 7-day was **-2%**, and 14-day duration **-3%** (Fig. 6).

The average rate for SUVs in Auckland was down **-1%** YoY, with all other categories showing average rates of between **-3%** and **+12%** (Fig. 7).

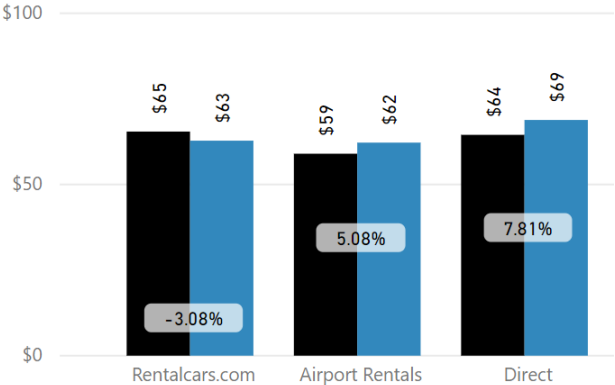


Fig.5

Year ● 2018 ● 2019 % Change

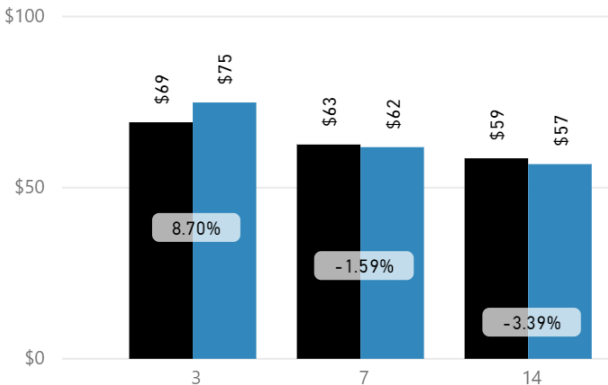


Fig.6

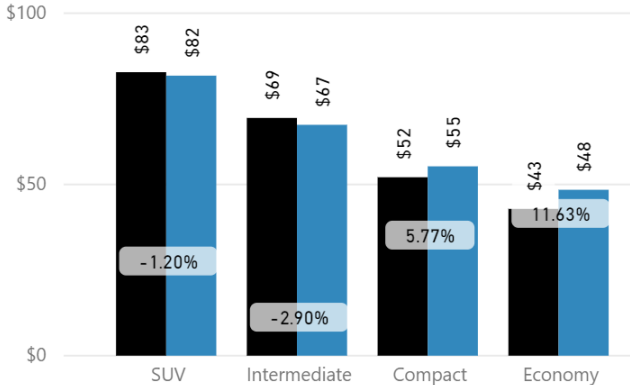


Fig.7

SECTION 1 – Current Month Analysis AUGUST 2019

Christchurch Airport YoY Summary

Overall Christchurch Airport had a YoY average rate increase of **+5%**.

Rentalcars.com sales channel showed an average rate decrease of **-8%**, while Airport Rentals and the direct channels showed increases of **+8%** and **+13%** respectively (Fig. 8).

The average rate for 3-day durations increased **+13%**, while the average rate for longer 7-day and 14-day durations by **+2%** and **-2%** respectively (Fig. 9).

The average rate for SUVs was up **+4%**, with all other categories increasing between 0% and **+14%** (Fig. 10).

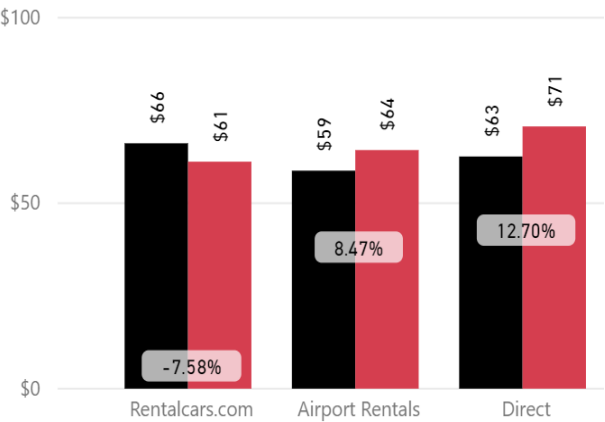


Fig.8

Year ● 2018 ● 2019 % Change

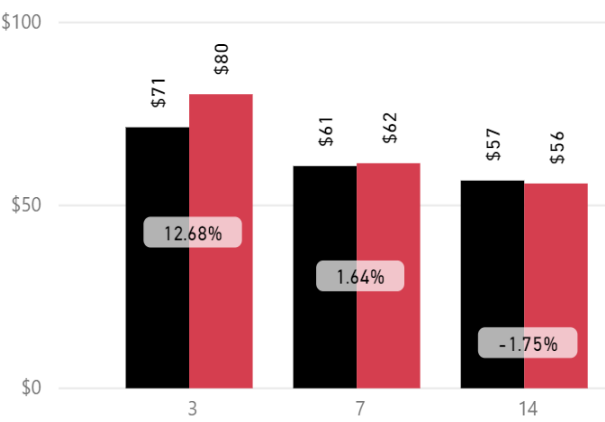


Fig.9

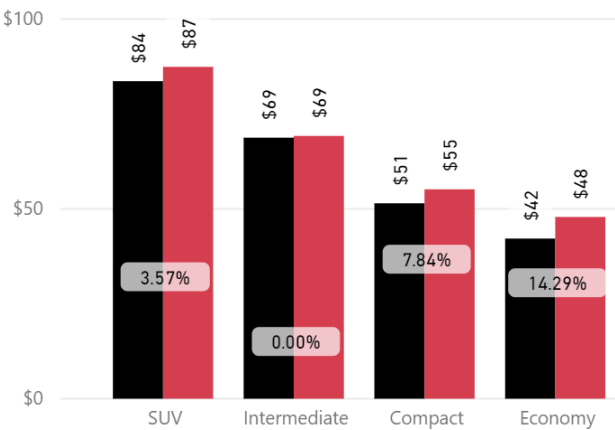


Fig.10

SECTION 1 – Current Month Analysis AUGUST 2019

Queenstown Airport YoY Summary

Overall Queenstown Airport had a YoY average rate increase of +12%.

The rentalcars.com sales channel showed an average rate decrease of -1%, while Airport Rentals and the direct channels showed increases of between +9% and +22% respectively (Fig. 11).

The average rate for a 3-day duration increased +18%, while the average rate for longer 7-day and 14-day +6% and +3% respectively (Fig. 12).

The average rate for SUVs was up +12%, with all other categories increasing between +8% and +13% (Fig. 13).

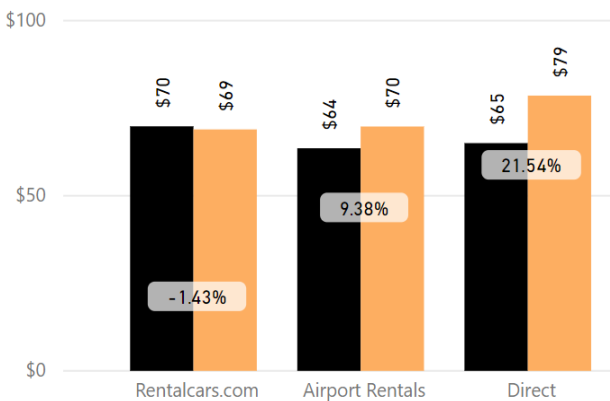


Fig.11

Year ● 2018 ● 2019 % Change

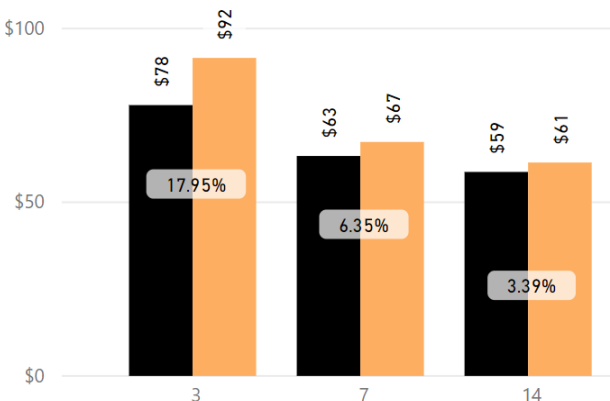


Fig.12

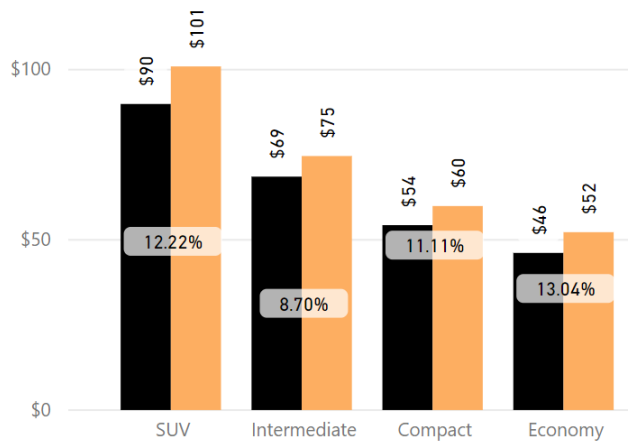


Fig.13

SECTION 2

YEAR TO DATE (YTD) ANALYSIS

SECTION 2 - Year to Date (YTD) Analysis

May to August 2019

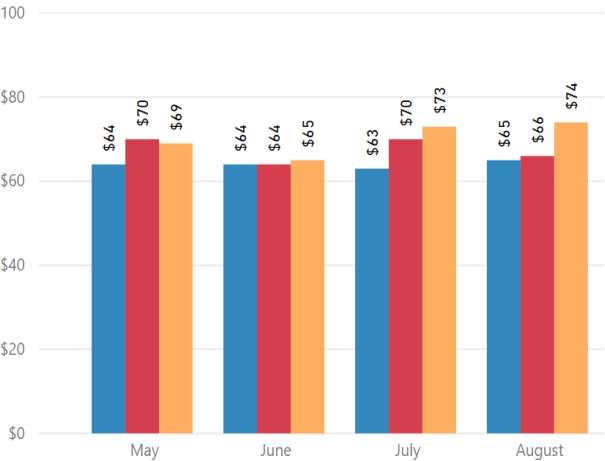


Fig.14
Location ● AKL ● CHC ● ZQN

- During May and June 2019 the average rates dropped as is the norm during the early part of the Winter season (Fig.14)
- Averages rates started to strengthen from July 2019 as the winter season hits its mid point
- The average rate for Auckland Airport was consistent between May and August 2019, while both Christchurch and Queenstown Airports showed gains through that period

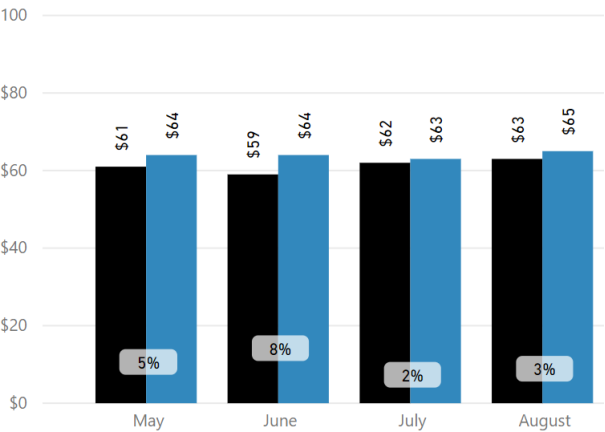


Fig.15
Year ● 2018 ● 2019

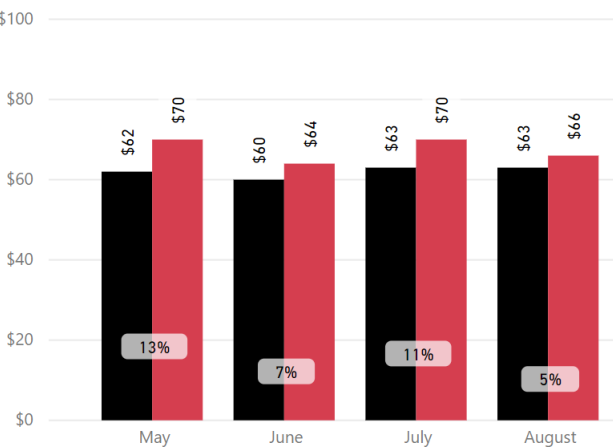


Fig.16
Year ● 2018 ● 2019 www.marginfuel.com

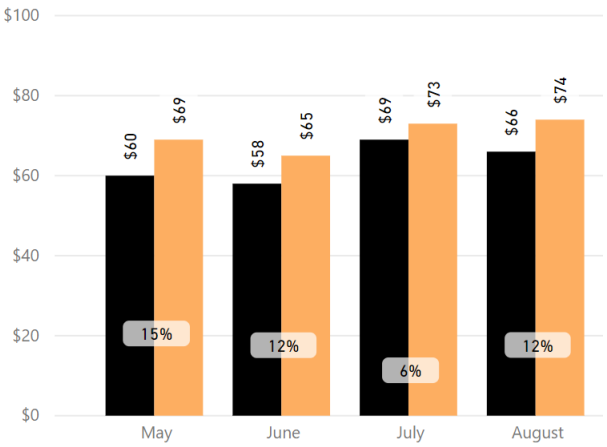


Fig.17
Year ● 2018 ● 2019

SECTION 3

FORWARD MARKET ANALYSIS

SECTION 3 – Forward Market Analysis

September to December 2019

Overall average rates for the coming months remain stable. As noted in last month’s report there is a potential YoY soft spot between late September and November 2019 (Fig.18). The early average rate build for December 2019 is encouraging, however, rates will firm up from November onwards. The overall trend is consistent for all three locations (Fig.19 to Fig.21).

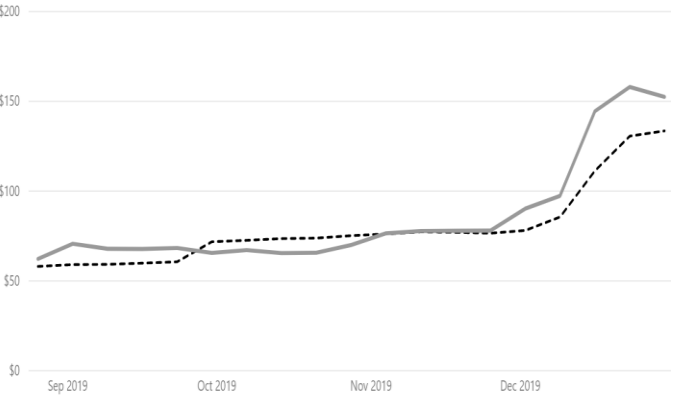


Fig.18
Year --- 2018 — 2019

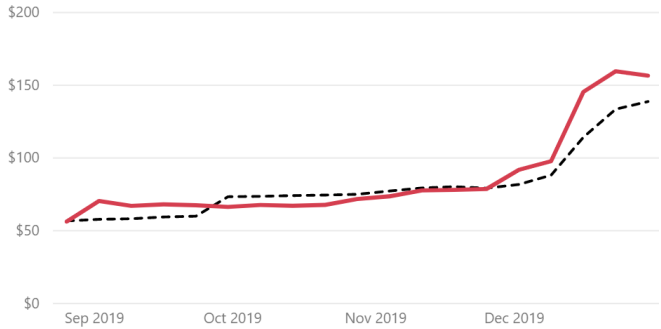


Fig.20
Year --- 2018 — 2019

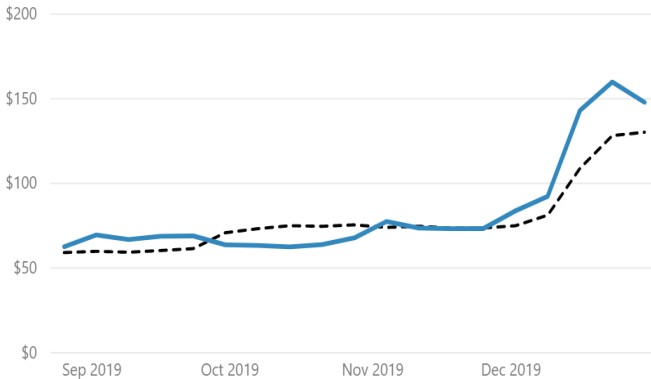


Fig.19
Year --- 2018 — 2019

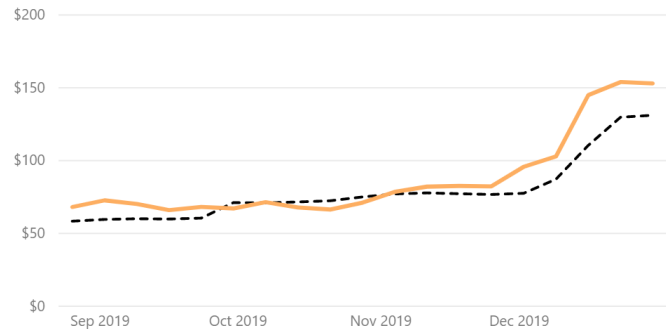


Fig.21 www.marginfuel.com
Year --- 2018 — 2019

Market Insider Tip:

The back end of the Winter season, tailing into Spring, remains strong compared to prior year.

Plan now for a period of YoY weakness between late September and November 2019, with weakness in the October 2019 School Holidays (refer next slide).

However, keep one eye on the Auckland build profile late in the winter season to ensure fleet is on hand in Auckland to service upcoming demand.

SECTION 3 – Forward Market Analysis

October School Holidays 2019 (25th September to 13th October 2019)

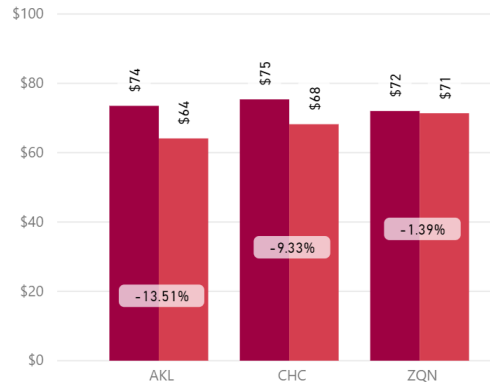


Fig.19

Market Insider Tip:

Leverage your channels aggressively in order to stimulate demand, initially utilising the marketing power of the OTAs.

Thereafter, your channels will need active management, so make sure you are on top of them.

Having fleet in the right place is once again crucial, especially with an eye to the Peak Season, essentially ensuring fleet is in Auckland from early November 2019.

- For October School Holidays 2019, for all three locations, across all sales channels, there is currently an overall YoY average rate decrease of **-8%** (Fig. 19)
 - The YoY decrease is largely being driven by Auckland and Christchurch Airports (Fig. 19)
- The average rate across all sales channels is weaker (Fig. 20)
 - Rentalcars.com **-3%**
 - Airportrentals.com **-8%**
 - Direct **-14%**
- The rate remains strong for the 3-day duration (Fig. 21), however, the weaker trend extends to all vehicle categories (Fig. 22)

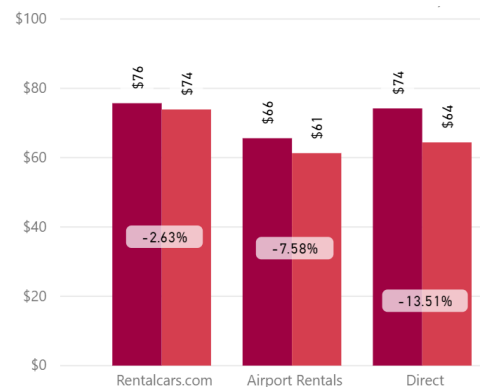


Fig.20

Year ● 2017 ● 2018 % Change

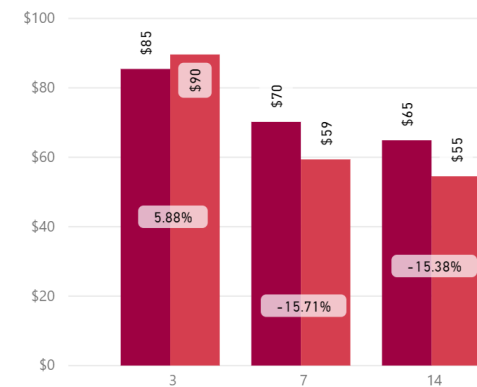


Fig.21

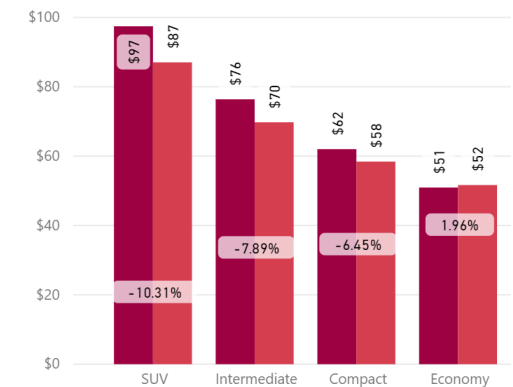


Fig.22

Methodology & Disclaimer

Methodology:

- The data was derived from circa. four (4) million datapoints, and this size dataset was deemed large enough to draw reasonable conclusions.
- Inconsistent outlying datapoints were removed.
- The data collected is from 13 individual rental vehicle operators (a mix of independent, franchise, small, medium and large, and thus the data includes the relative mixture of on- and off-airport operators).
- The data collected from the 13 rental vehicle operators has been anonymised and aggregated, then displayed to provide a general reflection of the overall market.
- The pickup days included in the data are Tuesdays and Fridays.

Disclaimer:

This report is intended as a guide only