



IAN BROWN

Ian serves as the Chief Executive Officer for Rentalcars.com, the world's largest car hire booking platform. With customers in over 162 countries and cars in 50,000 global locations, Rentalcars.com's customer base is supported in over 40 languages. Rentalcars.com is in turn part of Priceline Group, the world's leading travel group, alongside Booking.com, Priceline.com, Kayak, Agoda and OpenTable. Ian joined Rentalcars.com in 2014. Previously he spent 16 years at Oliver Wyman where he led the Travel & Leisure and Commercial Effectiveness practices. Ian holds an M.Eng. in Engineering, Economics & Management from The Queen's College, Oxford. He lives near Manchester with his wife Shelley and two young boys.

WHAT KIND OF CARS WILL WE USE IN THE FUTURE, AND HOW WILL WE USE THEM?

As a tech business, we think less about "what kind of cars" we will use in the future and more about what kind of experience customers will expect. Across all forms of travel the clear trends are: frictionless, simple, personalized, mobile, aggregated. That is certainly true for car hire right now. In future, we see that extending to how customers expect to access all forms of ground transport – likely using just one or two apps.

The last few years have seen a proliferation of new business models: ride-hailing, such as Uber; private drivers, as in our Rideways business; peer-to-peer, like Turo; and car clubs, such

as Car2Go. And now there are monthly car access schemes like Book by Cadillac. We believe that in just a few years customers will expect to access all of these and more with just a few clicks on their mobile device.

It is easy to imagine a twenty-something urban professional – let us call her Sarah – taking the bus to dinner on a Friday night, and then a taxi or Uber home afterwards. On Saturday morning, she might take a car from an on-street car club for a couple of hours for a trip to Ikea. Then she picks up a fun sports car as a peer-to-peer rental in the afternoon to drive out of town for the rest of the weekend with her boyfriend. Easy to imagine because of course it is already happening in cities like London and Berlin. Throw autonomous cars into that mix at the much

lower price-point per ride they will enable, and maybe two or three of Sarah's trips are taken using autonomous ride hail instead. At least one might be shared with strangers.

Obviously, we all know there is a ton of machine learning required to bring safe autonomous cars to reality at scale and in all locations and weather. We believe the winners in the future will also be applying scale AI to make the whole customer experience frictionless and personalized. For instance, using real-time data signals to anticipate Sarah's needs in getting around and auto-recommending the best options for her at every step, so all she needs to do is say or think yes. By the way, that goes also for targeted in-car marketing.

IS RENTING REALLY THE NEW BUYING?

We are clearly not the experts on this but we do not see car ownership disappearing quite as fast as some have predicted, particularly once you get outside of cities. At the same time, there is a younger, urban adult generation growing up now that has a quite different attitude to mobility as well as to ownership in general, and just does not see the need to own a car. So we do believe that sharing platforms will continue to grow in major cities. Indeed, the data is already pretty clear as you look specific cities in Europe, Asia-Pacific, and for that matter markets like Brazil.

That said, there are some quite different sharing models out there. A lot of fascinating experimentation has been happening in different cities around the world, which we love because there is so much to learn from it. At its simplest we think about two broad sets of sharing platforms which serve different needs: car clubs like Zipcar or Car2Go, where users access the vehicle on an hourly basis, and peer-to-peer clubs like Turo or Drivy.

Car clubs are largely complementary to traditional (charge-by-the-day) car rental. They serve a different customer need: instant access for a few hours. This is why several car rental companies have built or acquired such platforms.

Peer-to-peer clubs, on the other hand, tend to operate in a more similar space to traditional car rental firms. Customers tend to use these for multi-day durations, and often while on leisure trips. They tend to be older vehicles than you would have in a car rental fleet and there can be multiple friction points before you actually get in a car. However, for a customer, they are often cheaper than the equivalent traditional car rental, and you know exactly which vehicle you are hiring.

HOW WILL THE CAR RENTAL BUSINESS CHANGE OVER THE NEXT 20 YEARS?

Mary Barra famously said last year at Davos that she believed the auto industry will change more in the next 5-10 years than it has in the last 50. In some ways we think the same will probably be true for the car rental industry. As well as the types of vehicles

changing – more connected, different fuel mix, and so on – we think the customer experience will change markedly too. Today, physically hiring a car takes too many steps and is just plain complicated and full of friction. For example, the customer may have to sign lengthy terms and conditions, often in a language they do not understand. Then they put down a deposit; inspect the vehicle for damage, and likely stand in a long line waiting to be served at a desk.

We just do not think customers are going to stand for this in future. So we are working with some of our most forward-thinking supply partners to simplify the experience for our joint customers and to progressively engineer the friction out – all the way from the first click to getting behind the steering wheel.

As you look further out, there is no doubt that autonomous cars will impact the industry. While this could be a threat to the current rental car operators, I personally think it could represent a real opportunity – certainly for those who are smart about seizing it. It seems likely that we will then see an accelerated convergence between today's different rental, ownership, and mobility models. Once nobody actually needs to drive, then a rental car, an Uber and a car-club car start to look very similar.

HOW DO YOU THINK COOPERATION WILL EVOLVE BETWEEN THE AUTO MANUFACTURERS AND NON-OWNERSHIP SERVICES?

There are actually already some strong relationships between automakers and many car rental businesses. You also see some quite different patterns of participation by automakers in the rental sector as you go around the world. In the United States, Ford sold off Hertz just over a decade ago. But if you go to Japan, you find Nissan and Toyota both operating great car rental businesses at scale.

Many automakers are experimenting with different non-ownership models. Just to pick a few: Book by Cadillac offering customers access to a whole fleet of cars for a monthly subscription fee; General Motors experimenting broadly with its Maven proposition; Daimler behind Car2Go, one of the largest global on-demand car clubs; and Volkswagen recently announcing Moia. As a tech business that has customer experimentation in our DNA, we find it hugely exciting to see so much experimentation happening in parallel across the industry.

Our expectation therefore is that as we see the pace of technological innovation and business model innovation accelerating dramatically, this will also lead to more "relationship innovation" between automakers, car rental operators – and, indeed, businesses like ours. ●