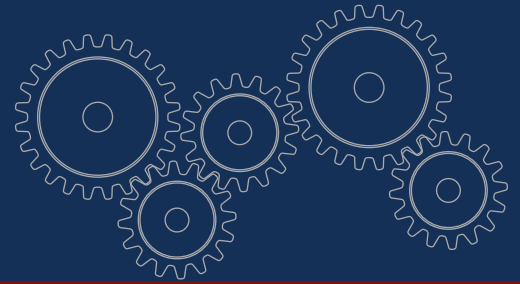




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Accelerate Your Business →

Case Studies

DEPRECIATION ANALYSIS HELPS RENTAL COMPANY SOURCE RISK CARS

THE CHALLENGE

With domestic manufacturers cutting back on the number of program cars they are selling into rental fleets, the rental car companies increasingly find themselves dealing with the additional responsibilities that are inherent with remarketing risk vehicles. One major national rental company, which was purchasing both new and used vehicles to build its fleet, approached Manheim Consulting seeking to gain a better understanding of vehicle depreciation so it could make smarter buying and selling decisions when building and turning its fleet.

THE RECOMMENDATION

Manheim Consulting conducted an analysis of vehicle transaction data over a three-year period, isolating a variety of factors that affect depreciation. From this study, Manheim Consulting was able to show which vehicles incurred the least amount of depreciation over a specific time period with further insights on the effects of mileage, seasonality and model year. In addition, Manheim Consulting was able to show which vehicles with similar criteria were achieving the highest value in the wholesale auction marketplace.

THE RESULT

The rental car customer used the Manheim Consulting analysis to develop a sourcing strategy to supplement its rental fleet, purchasing a select group of recommended vehicles which had the least amount of net depreciation. In addition, the study helped determine the optimal length of time/mileage to leave these vehicles in service, in order to maximize the value for each when reselling in the wholesale market.

