



EUROPEAN  
RENTAL  
ASSOCIATION

# Connecting to Customers through Innovation

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- The Sharing Economy (SE)...not if, but when?
- Yard Club Lessons
- Our focus on Innovation

# The Sharing Economy: A definition

- The Sharing Economy (SE) is a set of new marketplace platforms that allow customers to purchase slices of asset access to supplant ownership and increase utilization
  - Not all business models underlying SE platforms are new, but marketplace platforms trigger wider reach of rental (vs. ownership) models in ways that have created disruptive competition for incumbents
- These platforms mediate asset access for consumers and businesses in a way that (a) significantly increases asset utilization and (b) enables consumers to shift away from historical patterns of asset ownership
- Incumbent players need to create a clear "SE exposure analysis" and devise their strategic response, depending on their vulnerability

# Not all elements of SE are new, but they have been deployed in truly disruptive scale

	Rental models have existed in major SE asset groups ...	... but SE models change use patterns and scale of rental/borrowing/sharing	The new SE is notable for its scale and disruptive capacity
 <p>Car Rental</p>	 <ul style="list-style-type: none"> <li>Few select rental pickup locations</li> <li>Mostly multi-day long-term rentals</li> </ul> 	 <ul style="list-style-type: none"> <li>24/7 distributed pickup, often requiring only a smartphone</li> <li>Shorter booking periods (e.g. hourly) possible</li> <li>Introduction of peer-to-peer rental</li> </ul> 	<p><b>Expansion/normalization of rental creates alternatives to owning</b></p> <p><b>Peer-owners who share goods via platforms compete with rental and sales firms</b></p> <ul style="list-style-type: none"> <li>E.g. every homeowner becomes a potential competitor to hotels</li> </ul> <p><b>Sharing poses a significant threat to incumbents' revenues</b></p> <ul style="list-style-type: none"> <li>2014 study found each additional car-share vehicle displaced 32 personal-vehicle purchases<sup>1</sup></li> <li>AirBnB averages 425K guests per night, 22% more than Hilton<sup>2</sup></li> </ul>
 <p>Travel Rental/Sublet</p>	 <ul style="list-style-type: none"> <li>Dedicated hotels offer room w/bed</li> <li>Flats only available through local agencies</li> </ul> 	 <ul style="list-style-type: none"> <li>Global digital marketplace of homes with aggregated listings</li> <li>Different amenities to traditional hotel (e.g. kitchen)</li> <li>Trust and verification indicators</li> </ul> 	
 <p>Clothing Rental</p>	<ul style="list-style-type: none"> <li>Clothes for occasional use from agencies/stores</li> </ul>	 <ul style="list-style-type: none"> <li>Central warehouse allows access to range of designer labels</li> <li>Home delivery with size options</li> <li>Personalized offerings through subscriptions</li> </ul> 	
 <p>Machinery Rental</p>	<ul style="list-style-type: none"> <li>Book through contractors and rental agencies</li> </ul> 	 <ul style="list-style-type: none"> <li>Introduction of peer-to-peer rental</li> <li>Reduced coordination time for distant/unfamiliar parties</li> <li>Easy tracking and usage metrics for asset owners</li> </ul> 	

1. AlixPartners study of 10 key car sharing markets. 2. PwC Consumer Intelligence "The Sharing Economy"  
 Source: PwC Consumer Intelligence, AlixPartners, Zervas et al " The Rise of the Sharing Economy", Yahoo News, Nielsen.

# Asset Management Disruption is occurring globally



Asset management innovation is visible across the continents,  
and working to find its place...

# Yard Club Lessons



Yard Club started as Peer-to-Peer (P2P) and pivoted into a B2C digital experience for Caterpillar dealers... Now it has become our San Francisco Digital Lab

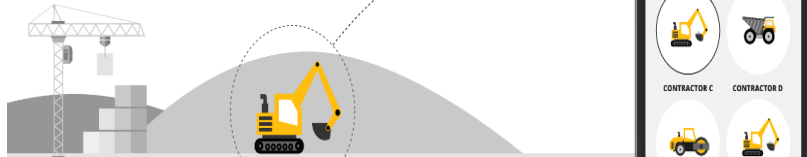
- Key challenges – maintenance, insurance, operator trust, customer reliability, late adoption
- Key opportunities & learnings – agile development, design thinking, UX&CX Innovation

Then



## WHAT ARE PEER RENTALS?

Select members of the Yard Club network can access contractor-owned equipment for rental alongside high-quality supplier inventory, including unique, hard to find equipment. They can also list their own gear for rental to other trusted network members.



Now

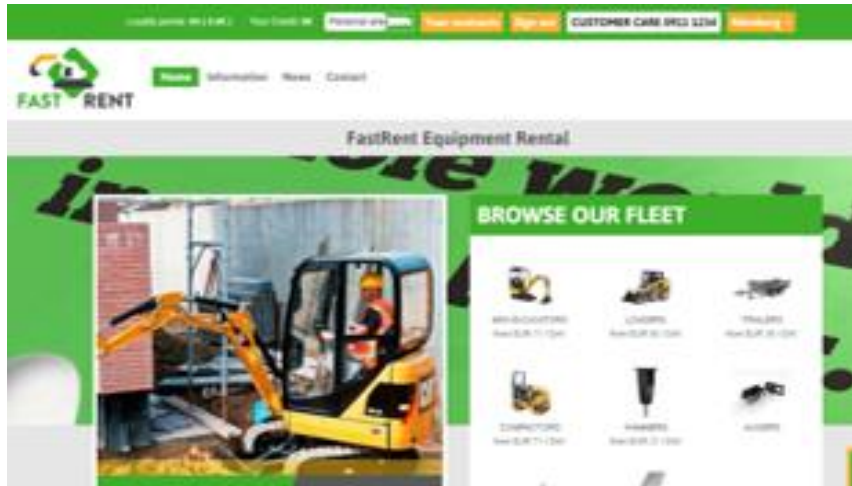
Customers use our online and mobile platforms to easily find and request equipment



Customers can locate, manage, and service active rentals from anywhere – increasing dealer touch points at all phases of the rental



# Yard Club – just the start to our innovation focus



## FAST & EASY

Search, book and pay on-line, on the phone or at the store. No need to negotiate. Instant availability and prices. Manage your contracts & invoices when and how you want.

## ATTRACTIVE PRICES

Book now or in advance and get the best deals. Attractive prices are visible real time on the website and the mobile application. Lower your cost, with reliable, modern equipment and valuable options.

## QUALITY EQUIPMENT

Enjoy recent, world class equipment in excellent condition. Our invoices are accurate and updated real time. You always know where you stand. Call us or stop by the store to meet our friendly and knowledgeable team.

Thank You