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## “CARING”: BUILDING A NICHE POSITION IN THE LONG TERM CAR RENTAL MARKET

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## INTRODUCTION

*"Caring": building a niche position in the long term car rental market* is a work born from my business idea and from a personal and highly educational experience in the automotive market.

By carrying out studies on new market trends and analyzing different data, I decided with immense enthusiasm to design my start-up in the automotive sector.

I then selected business models that could offer ideas appropriate to my project, and I got involved with the innovative approach of ALD automotive and IQOS, companies that, in different sectors, have had exponential growth in recent years. In particular, I wanted to study the planning of a company that operates in a sector other than the automotive sector, namely Philip Morris and his "Iqos" product because I believe that in order to achieve its objectives, a company must implement the concept of "open innovation" and open up to new experiences.

That is, companies, to create more value and compete better on the market, cannot rely only on internal ideas and resources, but have the duty to focus also on technological tools and skills that come from the outside and thus startups such as "Iqos", are an example for any company.

Market data, as recorded in the first chapter of this thesis, show how widespread is a mobility culture focused on the use of the vehicle, more as a tool than status, with positive effects for innovation and cost economics, as well as for environmental and social responsibility.

Among the "forms of use" of the car that are experiencing the greatest growth, there is undoubtedly the Long-Term Rental, often abbreviated as NLT, that is an innovative mobility contract, a solution that can respond in a flexible and customizable way to the needs of businesses, professionals and individuals. In fact, more and more people prefer to rent a car instead of buying it, for a number of reasons ranging from the possibility of having everything included in a monthly fee (car tax, maintenance, etc.), to savings, to the absence of costs due to unforeseen events; thus, only in Italy, there are already around 40,000 people who have preferred long-term rentals, with a fixed and predetermined cost, and by the end of 2019 it is expected to reach 50,000.

After considering the future of my project, in the second chapter I moved on to analyze the IQOS brand, the smoke free product by Philip Morris.

A company that in the last ten years has faced the epochal challenge of reducing smoke damage, through the implementation of innovative strategies both from the point of view of research and marketing, with the aim of developing products that reduce or eliminate the harmful components of

the cigarette, thanks to the complementary nature of the scientific commitment, technological innovation and social responsibility towards consumers.

In just a few years, it has succeeded in achieving a metamorphosis that has allowed it to grow exponentially and has made it a benchmark to be inspired in the field of retail and experiential purchasing.

In the third chapter, I wanted to describe the characteristics of the retail mix in depth. In fact, the real competitive advantage of Caring is its experiential approach linked to purchasing.

I pointed out that retail should no longer be thought of as an aseptic and dehumanized space, but as an engaging and "hot" element to appropriate and feel comfortable with. A place of leisure, of growth and of cultural confrontation, where the purchase is subordinated to the activity of living a consumer experience through the solicitation of the five senses.

The Caring retail, with the enhancement of sensory elements, thus becomes a place of permanence (point of permanence), where the consumer does not enter exclusively to buy, but to visit a place that knows how to attract him, intrigue him and entertain him.

All this requires detailed planning and the use of special store designing and visual merchandising techniques, specifically designed to create a perfect atmosphere and make retail a fundamental element for the construction and communication of brand identity, which develops the philosophy of "Sell with sense".

I am convinced that, through careful retail design, it is possible to offer a completely new product for the consumer, managing to evoke images, memories, feelings, past experiences that will determine the purchase itself.

My retail, therefore, intends to contribute to making the purchase a simple, gratifying and relaxing act involving the whole emotional and sensorial sphere of the Customer.

Finally, the last chapter is dedicated exclusively to the launch of Caring, a business plan that will be my goal to present to potential investors. I will illustrate in a quantitative and qualitative way the set of organizational and strategic solutions through which my start-up acquires competitive advantage. In summary, in the Business Model Plan I describe the ideas, the purpose, the gain, the costs, the activities, the communication etc. of the whole project.

So, the costs and revenues for the year for the first 3 years but I also describe the activity and the interactions between them.

# 1. MARKET ANALYSIS OF AUTOMOTIVE RENTAL SERVICES

## 1.1 *From possession to access*

In Italy the transition from ownership to vehicle as a service is increasing.

Today the fleet of smart mobility, rented or shared on Italian roads, has exceeded 1 million: every day for business and tourism reasons, over 900,000 people use long-term car rental services, 130,000 short-term car rental services and 33,000 car sharing services (ANIASA Report, 2019).

A culture of mobility focused on the use of the vehicle as a tool and not as a status, has spread with positive effects for innovation and cost economics, as well as environmental and social responsibility. The rental has become an essential partner for the industry and car services, not only for vehicle volumes, but above all for the traffic of activities ranging from digital mobility to the management of every aspect of circulation and also to the testing and verification of the new models sold.

We must add to them the anticipation of new trends in the car universe, as was the installation of navigation systems, communication systems, business equipment, so-called black-boxes and now ADAS (Advanced Driver Assistance Systems), advanced security systems to increase levels of security and information on driving.

The evolution of technology is facilitating and leading this change in the way of life.

The rental is an innovative mobility contract, a solution that can respond in a flexible and customizable way to the needs of businesses, professionals and individuals.

In the post-war years, when Italy was eager to start over and get up again, car rentals were carried out by wealthy people who needed to move for work and who, once off the train, needed a transfer service to hotels of tourist locations.

The rental was also carried out by people who are not able to buy their own car for traveling.

It was perhaps one of the keys to the rebirth that led to the economic boom.

Thus, a new transport system was born, innovative and comfortable, destined to a rapid development due to the great convenience of being able to have a car available, without having to buy it, but simply paying a small fee.

Since then, so much time has passed, car rental services have evolved by taking advantage of changes in society and adapting to their ever-changing needs.

The car rental market has become a mass phenomenon, even being able to be used by those who, before the internet, did not know the actual possibilities.

The car rental market is constantly growing, indeed, the use of these services is expected to increase again in the coming years, setting up the car sales market.

Connectivity, new engines, automation will be the main benchmarks and, anticipating the entire automotive supply chain, the rental sector has entered speed in the era of Mobility As A Service driven by short and long-term rental sectors.

This is what emerges from the 18th report of ANIASA, the National Association of the Car Rental Industry and Automotive Services.

## *1.2 Long-term Car rental*

Long-Term Rental or NLT means a contractual formula by which the contractor rents a vehicle for a fixed mileage and for a period of time ranging from a minimum of one year to a maximum of five, paying a monthly fee. This amount varies depending on numerous factors, such as the model, the manufacturer of the car and the agreed mileage. Therefore, with the long-term rental, you do not buy a new car, but you subscribe to a service by paying a monthly fee.

Long-term car rental was originally born as a contractual formula specifically dedicated to professionals with VAT number and companies, enjoying the possibility of deducting costs for personal income tax and VAT deduction according to the methods described in articles 164 and 19-bis 1 of the Consolidated Income Tax Law.

In detail, for a holder of a VAT number, the long-term rental is deductible for 20% of the cost incurred in the tax period with a maximum annual deductible limit of 3,615.20 euros, while for the companies that grant the car for employees, a 70% cost deduction can be obtained (Archiapatti M, Aniasa).

However, over the years, car manufacturers and long-term rental companies have allowed private individuals to sign these contracts, although they cannot enjoy the tax breaks reserved for professionals.

Long-term car rental for private individuals is an excellent alternative to buying.



And to access the service it is necessary to respect the only fundamental requirement of spending sustainability.

In fact, companies must show the annual budget, while private individuals must show the pay slip. They are financial documents necessary to verify the existence of a reliable economic situation that allows access to the freeway of the contract.

"Fixed cost and all-inclusive packages are determining the success of the formula", highlights Massimiliano Archiapatti President of ANIASA, "For the same model and distance, we estimate an average convenience of 15% compared to the property, without counting other advantages, such as not immobilizing the entire capital for the purchase or the time saved for the bureaucracy of the car (stamp, insurance, maintenance, any fines or accidents). And you avoid the complications and illusions associated with the sale of used cars "(Massimiliano Archiapatti, 2019).

Therefore, long-term rental is today a professional mobility solution that meets more and more support for three simple reasons:

1) The monthly fee includes all expenses related to the management of the vehicle, namely:

- CA RCA insurance
- Stamp
- Ordinary and extraordinary maintenance
- Tire replacement
- Property tax
- Assistance and roadside assistance

2) The cost of the vehicle is always perfectly clear as it is all included in the payment of a fixed, pre-established fee.

3) The car will always be in perfect working order and guaranteed by a replacement car in case of sudden or sinister failures and any other operation that will be necessary to keep the car in perfect working order.

There is no risk of having unexpected expenses, nor worrying about all those operations like changing tires, coupons and revisions.

It should also be added that, for some time now, buying a car has become increasingly difficult, as prices continue to soar. In fact, a study by the Autopromotec Observatory, carried out through the

analysis of the Istat indexes, on the consumer prices of the entire population showed that between 2015 and 2018 there was a 3.4% increase in cars.

Prices of used cars, on the other hand, decreased by -6.3%. However, fewer and fewer people are aiming to buy a used car, for fear of becoming less confident and having to deal with breakdowns and sudden breakages.

Finally, to request a high-cost outlay are also the RC Cars, the stamp duty, the coupons, the tolls and the change of winter and summer tires. In fact, the annual cost of a car is at least 4,000 euros.

It is clear that the figure is quite demanding and that many families, especially those with low incomes, are on their knees. The long-term rental becomes, therefore, a valid alternative to buying a car, as it allows you to remove any worries and save money, since everything is included in a fixed monthly fee (Grossi, *I segreti del noleggio a lungo termine*).

For all this, we have been witnessing a real change of trend for some years. The Italians even though they consider the car an indispensable means for daily travel, no longer wish to own one, but only to be able to use it, in order to free themselves from the concerns that this entails.

To cope with this particular situation, which is affecting Italy, long-term rental has also expanded to private individuals.

Today there are already around 40,000 Italians who have preferred long-term rentals, with a fixed and predetermined cost. At the end of 2019 it is expected to reach 50,000.

In fact, in the last four years, a positive trend has been recorded despite slight recessions in 2018/2019. Overall, in 2017 the sector recorded 18.2% growth compared to 2016, with over 433 thousand new car registrations in Italy in 12 months. The turnover of the long-term rental sector in 2017 grew by 9% compared to 2016, reaching 4.9 billion euros.

794,409 vehicles were rented in the 12 months of 2017, compared to 674,117 in the previous year. Registrations have also set another record, ending 2017 at 301,553 units, an increase of 10% compared to 2016. In general, long-term rentals in 2017 grew by 18%, with a net increase in the fleet of 120 thousand vehicles.

Within the fleet, considerable increases concerned the mid-range or Class D cars, up 21.9%, but also for small cars and city cars, +17.2. At the same time, all segments recorded significant increases, including high-end vehicles, + 5.9% and higher-end cars or E-Class, + 15% in 2017.

These results were the result of precise entrepreneurial policies, which focused on expanding the clientele, modernizing the fleet and increasingly innovative and technological services.

The total end-of-year 2017 data indicate a fleet of over one million vehicles, a sharp increase in sales to 6.8 billion, + 9.8%, and a new record for registrations of cars and commercial vehicles, which now consistently constitute 25 % of the national market.

**Chart 43 – Penetration of Long-term Car rental on the use of car**

	2018	2017	2016	2015	2014	Cagr '14/'18
Circulating cars	39.018.170	38.520.321	37.876.138	37.351.233	37.080.753	1,28%
Circulating cars in Long-Term Car Rental	706.875	620.680	519.997	457.562	423.422	13,67%
Penetration of Long-Term Car rental on the circulating cars	1,81%	1,61%	1,37%	1,23%	1,14%	12,28%

Source: ANIASA report, 2018

Also in 2018, for the Long-Term Rental, there was a positive balance of + 1.3% with 300,458 vehicles registered, with the sector exceeding the threshold of 300 thousand registrations for the first time. A result that, however, is affected by the sudden slowdown recorded between October and December, which has led individuals and companies to fall by 2.4% and 9.3% compared to the same months of 2017: -35.5% in September, -19.8% in October, -14.8% in November and -8.3% in December.

General setback due to various reasons, starting from the definitive exhaustion of the benefits of super-amortization, to the slowdown in vehicle deliveries with the new WLTP homologation system, reaching the slowdown of zero-kilometer car contracts, but also, and above all, to the progressive slowdown of the Italian economy.

The growth of the GDP, which in 2016 and 2017 had registered the lowest increases in the EU, progressively decreased in 2018, to the point of bringing the country technically into recession with the last two negative quarters. Added to this is a phase of complexity and non-political certainty, with a deceleration of production activities and with a budget maneuver 2019 for the first time discussed in the EU Commission.

Despite this, 2018 was a record year. Overall year-end data indicate a fleet of over one million vehicles, a sharp increase in sales to 6.8 billion, + 9.8%, and a new record for car and commercial vehicle registrations, which now consistently account for 25% of the national market.

A difficult year to interpret, in which the recent WLTP rules have influenced the business, as well as the anti-diesel dogmatic campaign, with an urgent renewal of stocks by the houses and a subsequent deceleration of registrations. Added to these is a decrease in the confidence indices of families and companies with the establishment of a collegial moment of expectation on economic developments. Despite the uncertainties mentioned, vehicle rental is now included in the decision-making mechanisms of the mobility customer and has become an increasingly easier system of services, to which make a natural reference for every type of need whether private, collective or business.

With a fleet that has exceeded 900 thousand units and a rental turnover of 5.5 billion euros.

Another excellent result comes from the front of registrations with 309,000 units between cars and commercial vehicles, a final increase of + 2%, but with an incidence on the market passed in five years from 10% to 14%.

A business trend that represents the change of vision regarding the car good. In addition to the increasingly attractive offer of car manufacturers, an example of the evolution of consumption is the world of dealers who, although up until a few years ago were worried about the development of the car rental, triggering recent frictions with the same houses about the implemented trade policies.

In reality, they understand the value of renting as a multiplier of activity, including the aftermarket, with the establishment of companies also owned by credit institutions.

In 2018 dealers registered almost 41,000 vehicles for hire, demonstrating in practice that they believe in a service system that supports, and does not undermine, customer loyalty by increasing collaboration between companies in the automotive sector. Nevertheless, private individuals confirm themselves to be the great novelty of the long-term rental market.

These, considering it more advantageous, compared to the purchase, to make use of the new forms of sharing, from car sharing to short and long term rental have passed From 25,000 numbered contracts in 2017, to 40,000 at the end of 2018 and at the end of 2019 it is expected to exceed 50,000.

The rental proposals have changed a lot, representing a revolution in automotive marketing: simple configurators come on the site, even on the home page, ready to build a modular and flexible offer, with the possibility of trade-in and vehicle enhancement for reduce monthly fees, without advance payment or with the purchase of travel packages. To offer these services in addition to the long and

short-term historical rental companies, other companies spread throughout the territory were added, often own dealers acting as brokers of high competence.

The specialized operators have taken up the challenge to fully seize and satisfy the demand for pay-per-use mobility. First of all, managing the complexity deriving from the growing number of customers, maintaining high-quality services and confirming the highest standards of transparency in the offer. This is accompanied by the maximum flexibility of services, reinforcing technological innovation, to be close to customers at all times through Apps, call centers, websites.

In 2018 the rental as a whole has registered 70% diesel vehicles, something less than 2017, while there is also a certain decrease in petrol vehicles. A drop to the benefit of alternative power supplies, which together represent a volume of around 33,000 units, reaching a share of 7.5%, almost double compared to 2017.

The percentage of the rental electric boom stands out, an increase of 150%, going from 2,000 to 5,000 new cars. Obviously, they are numbers contained for the reality of our roads where around 13,000 electric vehicles circulate, in front of the 38 million with other feeds. The costs of the electricity will go down, more charging stations begin to appear. There is still a long way to go, but the rental can make a strong contribution, as it is the main actor in the electric sector, with almost 60% of registrations.

It is difficult to indicate which power supply will be preferred for company choices in the coming years. Probably the evolution towards electricity will continue to progressively sustained, supported by lower prices, new technologies, greater facilities for charging infrastructure. Hybrid, LPG, and methane will be the additional growing channels. Moreover, diesel and gasoline will continue to be of interest, with a very gradual decline, but also with moments of recovery.

**Chart 55 – Distribution of car registration for power supply**

	2018	2017	var. %
Diesel	198.299	197.351	0,5%
Gasoline	40.249	47.395	-15,1%
Hybrid	14.916	6.153	142,4%
GPL	5.700	4.894	16,5%
Methane	2.828	1.722	64,2%
Electric	2.574	552	366,3%

total	264.565	258.067	2,5%
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Source: ANIASA report, 2018

As for the players, in first place for registrations there is ALD, which holds 21.1% of market share. In second place Leasys with 20.2% of the market, followed by Arval with a share of 18.8%, the only "big" in positive territory with 10.6% more than the previous year (56.626 plates against 51.186 ), obtained thanks to the excellent performance in light commercial vehicles Volkswagen is growing exponentially, recording the best performance in terms of absolute growth, going from 16,428 registrations in 2017 to 23,628 in 2018. An increase of 43.8% in registered and 2.3% in market share.

The growth of Car Server, which increased from 11,169 registrations in 2017 to 12,590 in 2018, was more contained, but still interesting. Alphabet (owned by BMW) grew slightly with 10,253 plates and Athlon (Mercedes subsidiary) with 8,425. The same percentage increase for both: + 4.2% and a sharp decline in Mercedes, which in 2018 leaves 26% of the registration on the ground compared to 2017. Double-digit red also for Renault / Nissan, down 11, 24% compared to the previous year.

Sifà, a young company from Reggio Emilia, pulls the brakes after the growth of previous years (- 10.5%). Among the "top players", ALD loses 1.1% while maintaining the lead in the final standings. The same goes for Leasys, which remains steady in second place despite having 3.3% fewer than 2018 number plates compared to 2017.

Leasplan is also negative, occupying the fourth position but falling as registered by 5.6%.

(ANIASA Report, 2019)

### *1.3 Short-term Car rental*

Both airport stations and downtown stations contributed to the growth in short-term car rental turnover, with the latter, however, contributing the most to the positive trend. The airports represent 64% of the business and generated a turnover of 789 million euros (+ 0.6%), while the downtown stations achieved a turnover of 440 million euros (+ 3.9% compared to 2017).

The Rent a Car of commercial vehicles deserves a special mention, which showed an important increase in the fleet (+ 28.6%), determined above all by the growth of e-commerce. Sales of short-term rental of commercial vehicles grew by + 17.5%, with a sharp increase in the average duration of rentals (14.2%), a sign that more and more operators are using Rac to face temporary peaks in work.

After four positive years, the scourge of thefts in 2018 returned to hit the Rent a Car segment significantly: the damage to operators amounted to 10.2 million euros and the rental companies suffered 1,594 thefts of vehicles, with a 36% growth compared to 2017. Fortunately, the recovery rate of stolen vehicles has also increased, from 46% in 2017 to 49% in 2018. This means that almost one vehicle in two is recovered. Merit, of course, of technology.

As mentioned, in the first quarter of 2019 short-term car rental continued the positive trend, despite some negative indicators. Turnover was stable (+ 0.8%) and the number of rentals (-0.5%), rental days increased (+ 1.9%), while the decline in registrations was significant (-19.6%). A signal of caution on the part of the operators, but above all the reflection of a significant change in the policies of the car manufacturers, which in the first quarter of the year provided less incentives than last year for registrations by the Rac companies.

Another fundamental fact is that which concerns the typical customer of the short-term rental. According to the research carried out by ANIASA it is mainly people with an average age between 36 and 55, 57% of contracts, while young people under 35 stop at 24%, the most mature customer range "Has a percentage share of 19%. The predominant nationality is the Italian one, 53% of short-term rental services, followed by European customers, 30% and North Americans, 6% of the total.

**Chart 17 - Distribution of the number of rentals by age and nationality**

	2018	2017
Distribution by age		
- rentals to customers aged 18 to 35 years	24%	24%
- rentals to customers aged 36 to 55 years	57%	57%
- rentals to customers aged more than 55 years	19%	19%
Distribution by nationality		
- rentals to Italian customers	53%	53%
- rentals to European customers	30%	31%
- rentals to American customers	6%	6%
- rentals to other nationalities customers	11%	10%

Source: ANIASA report, 2018

In 2018 the number of total points of sale was 1,029, 10 more than in 2017. The increase in sales points was recorded at the city locations (+ 6%), while at the airports there was a contraction of the 14%. In reality it is not a question of real closures of sales outlets, but rather of concentration phenomena of the brands of the rental multinationals, which bring together several stations.

The distribution of points of sale by type of location has changed slightly compared to 2017: 21% of the stations are located at the airport locations, while 79% are located in urban centers; in 2017 it was, respectively, 24% and 76%.

Sales per store amounted to 1,194,000 euros, with an increase of over 9,000 euros per point of sale compared to 2017. The sales point located at the airport is much more profitable than in the city: the first, in fact, has generated an average turnover of almost 3.7 million euros, against the almost 540,000 euros of the city station.

The analysis of the distribution of points of sale by type of operator shows that 49% of the stations belong to the direct network, while 51% belong to the indirect network. The stations of the indirect network increased by 6%, those of the direct network decreased by 3%.



Chart 27 – Retail number

	2018	2017	var. %
Retail number	1.029	1.019	1%

Chart 28 – Distribution of retails by operators and location

	2018	2017	var. %
Retails	1.029	1.019	1%
Distribution of retails by type of operators			
- direct network	529	545	-2,9%
- indirect network	500	474	5,5%
Distribution of retails by type of location			
- inside airports	214	248	-13,7%
- in downtown	815	771	5,7%

Source: ANIASA report, 2018

Short-term rental offers its services to two macro categories of customers: consumers and business customers. The most important share of turnover and rentals is developed for consumer customers.

In 2018 the turnover generated on this category of customers was 68%, the rentals and days realized have had a percentage weight, respectively, of 72% and 66%. Such high percentages show the preponderance of tourism vocation in the short-term business model. Consumers rent for less time and pay a higher price than companies. To rent a vehicle in 2018 they spent on average € 34.9 per day, compared to € 35.7 in 2017, and to keep the car 6.2 days they paid € 218 against € 225 in 2017, compared to a duration average of 6.3 days.

The category of private clients includes those who rent directly (B2C) and those who rent through intermediaries such as brokers, tour operators, travel agencies and others (B2B2C). The turnover developed on the former amounted to 404 million euros, up 5.4% compared to 2017. Customers who book directly developed 32% of rentals, up 7.9% compared to 2017 and 28% of days (+ 9.1%). Customers who rented directly spent an average of 40.3 euros a day, and to keep the car 5.8 days they

paid 234 euros. The business developed on private customers who booked through intermediaries was 35% of the total, down by 4% compared to 2017. Rentals on these customers accounted for 40% of total leases, in growth of 0.9%. This type of customer spent an average of 31.1 euros a day, and to keep the car 6.6 days he paid 204 euros. There was, therefore, a recourse to this channel by short-term rental companies, which guarantees high sales volumes, even if with some renunciations in terms of margins.

Turning to corporate customers, the turnover generated on this target in 2018 was 32% of the total, the rentals and days realized had a percentage weight of 28% and 34% respectively. Corporate customers pay less than individuals; this obviously depends on the high number of rentals that the individual corporate customer guarantees on average compared to the private one. To rent a vehicle, companies spent an average of € 31.7 per day, compared with € 33 in 2017, and to keep the car 8.1 days, they paid € 258 compared to € 249 in 2017, compared with an average duration of € 7.5 days. Within the macro category of corporate customers, so-called replacement and affiliated companies are distinguished.

On the replacement segment (consisting above all of the long-term rental demand for replacement of temporarily unavailable vehicles, data in use by its customers), operators achieved a turnover of 9% of the total, up 8%, 9% compared to 2017, they developed 6% of rentals, up 4.5% compared to 2017 and 11% of days (+ 10.9%). The replacement has spent an average of 27.6 euros a day, and to keep the car 12 days has paid 331 euros. On the target of the affiliated companies (that is those that buy rental packages for the occasional mobility needs of their employees and / or that stipulate multi-month contracts for employees not assigned to company cars) the charterers have achieved a turnover equal to 23 % of the total, up 3.4% compared to 2017, developed 22% of rentals, up slightly (+ 0.5%) and 23% of days (+ 8.6%). The affiliated companies spent on average 33.6 euros a day, and to keep the car 7.1 days they paid 237 euros on average.

## 1.4 Car Sharing

Sharing is a trend, even in the field of cars. The shared car likes, very much if in the last six months alone, in Italy, car sharing has grown by 35 percent reaching 4.2 million bookings. A success that is absolutely not taken for granted, but that now affects an ever increasing number of operators. Thanks to the affordable rates, the ease of finding the cars, the intuitiveness of the apps for managing the service and, above all, the difficulties in using the private car in the city (Iacovini C., *Car sharing*).

The cardinal principle of car sharing is giving up the private car, but not the flexibility in moving. The car passes from the consumer goods to the services one. Unlike carpooling, a model according to which more people travel together in the same car - owned by one of them - by sharing travel expenses, or by ride sharing, meaning on-demand car sharing, car sharing it is similar to an hourly rental with cars located in several points of the city. The registered user of the service identifies the desired vehicle, more and more often through a special app, books it, uses it and then returns it to a specific place or, a practice now shared by the most modern services, in any parking lot within a limited area. Area that usually coincides with the urban perimeter.

2018 was a year of further growth and consolidation for vehicle sharing: the number of subscribers grew, now close to 1 million and 800 thousand. With a stable fleet of 6,600 units, the number of rentals increased by approximately 27% compared to 2017, reaching almost 12 million contracts. Milan and Rome are confirmed queens of the shared car with 9.5 million rentals, over 80% of the total.

Chart 81 – Car sharing

	milan	rome	Other cities	total
Registered users	850.000	600.000	340.000	1.790.000
Active users*	300.000	200.000	140.000	640.000
Fleet cars	3.100	2.100	1.400	6.600
Rentals made	6.310.000	3.210.000	2.350.000	11.870.000

\* Active users are those with at least one rental in the second half of the year

	milan	rome	Other cities	total
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Average duration (minutes)	27	33	23	28
Average distance (km)	6,6	8,3	5,5	6,8
Minutes per Km	4,1	4,0	4,2	4,1

Source: ANIASA report, 2018

Today we rely on sharing for work or recreational needs, every day of the week and in different time slots, with a peak of use in the pre-evening band (16-19). The average user is a man (63% of the total, but there is a progressive increase in the female audience) and is just over 35 years old.

As for consumption habits, no significant change has occurred in the last year on the distribution between the time slots of the day, except for a further drop in the 7.00-9.00 range (from 7% to 6% of the total). In general, Car Sharing users are equally distributed between the time slots, with a lower presence in the 7: 00-9: 00 band (the peak of traffic leads to an extension of the duration of the rentals and therefore of the relative cost) and a peak use in the 16.00-19.00 range.

From the point of view of weekly use, there is a constant distribution between the days of the week, without appreciable changes compared to 2017. Each of the 7 days of the week in fact weighs between 13% and 15% of the total. These values, which in the past years showed some differences between the main operators, from 2018 on the other hand are more uniform, also due to the stabilization of the operating model by the operators who entered the sector more recently.

**Chart 83 – Consumption habits by age, time slot and day**

	18-25 age	26-35 age	36-45 age	46-55 age	>55 age
%	26%	30%	21%	15%	8%

	24-7	7-12	12-16	16-21	21-24
%	14%	20%	19%	31%	16%

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
%	14%	14%	14%	15%	15%	15%	13%

In essence, 2018 stands as a further year of growth for car sharing, but at the same time also for the consolidation of the sector. After the first few years of the business, the business model is gradually

stabilizing, finding a solid share of loyal users who use the service assiduously. The rentals then grow and the number of km traveled increases, confirming the sector's good state of health.

The spread of rental mobility produces immediate safety benefits on our roads thanks to the latest generation vehicles - properly maintained and often equipped with advanced driver assistance systems - with a concrete impact in terms of environmental sustainability. Leased cars (all Euro 6) today can count on decidedly reduced emissions compared to those of the national vehicle fleet, among the oldest in Europe: less than half (if on petrol) and two thirds (if diesel) less than carbon monoxide, 50% less nitrogen oxide and -70% of unburnt hydrocarbon emissions.

"The data testify to the unstoppable evolution of Italian mobility with the gradual transition from ownership to vehicle use," states ANIASA President - Massimiliano Archiapatti, "even if the climate of economic uncertainty and the political situation in recent months are slowing down this innovative drive. "We are experiencing an epochal change in the mobility of our country, guided by three key elements: sharing, connectivity and sustainability - continues Archiapatti - an evolution that testifies to our new way of moving and that is accompanying the Italians towards a more intelligent use of the car, towards forms of consumption-based mobility. A Code of the Road anchored to an '80s mobility that does not include sharing mobility, risks curbing its spread. A change of gear is essential, also by promoting more ecological engines and connection infrastructure networks, which facilitate travel and transport for the benefit of the country system ”.

### *1.5 Conclusions*

Given the record numbers recorded by car rental services, both in the short and long term, one wonders why such a marked success. This result is even more amazing considering that despite 51% of Italians know these services, in reality only 17% are informed about the methods of hiring and the companies that offer these services. However, almost 1 in 3 Italians are inclined to experiment with these formulas in the coming years, while 5% guarantee that they will try long-term rental services as early as 2019.

Companies engaged in short-term and long-term rental services have been able to intercept a driver's need: to have an ever new car available and to delegate the management of ancillary services. In addition, car rental companies have been able to anticipate changes in the automotive industry, transforming their fleets to meet the growing demand for environmentally friendly and sustainable vehicles, primarily electric cars and new plug-in hybrids.

## 2. BENCHMARKING ANALYSIS: THE CASE OF IQOS

### 2.1 IQOS Brand

With this work of mine I wanted to tell two stories of change: what is happening in the automotive sector and the story of IQOS, an innovative smoke-free device resulting from years of scientific research and technological innovation to offer adult smokers, who would otherwise continue to smoke, a product where the tobacco is heated and not burned the opposite of normal cigarettes. The common denominator is certainly the innovation in research and marketing that unites the modern concept of "use" of machines with IQOS, capable of changing the rules of the game by heating and not burning tobacco. In just a few years, it has succeeded in achieving a metamorphosis that has allowed it to grow exponentially and has made it a benchmark to be inspired in the field of retail and experiential purchasing.

Inspiration must be considered as a driver of innovation and change.

"By changing things, it does not necessarily innovate. Innovating means simplifying and speeding up performance and improving the consumer's experience. It is not enough to transform oneself, one must shift one's view, orient oneself in unexplored worlds. Think of the invention of Edison, the light bulb. He could have simply changed things a little, developing a candle that melted more slowly and instead revolutionized everything with the light bulb. " (Eugenio Sidoli, 2018)

This is the thought of Eugenio Sidoli, president and managing director of Philip Morris, a company that in the last ten years has implemented the epochal challenge of reducing smoking damage through innovative strategies both from the research point of view both of marketing, with the aim of developing products that reduce or eliminate the harmful components of the cigarette, thanks to the complementary nature of the scientific commitment, technological innovation and social responsibility towards consumers.

The company started from the consideration that "closed innovation" (the research done within the boundaries of the company) is no longer sufficient but must be replaced by the concept of "open innovation". Companies, in fact, to create more value and compete better on the market, cannot rely only on internal ideas and resources but also have the duty to resort to technological tools and skills that come from the outside, in particular from startups, universities, institutes research, suppliers, inventors, programmers and consultants.

Given that the change is however more difficult than the status quo, in order to involve many or all it is necessary to transform the individual dream into a common dream and define the prospects for improvement, in short, to build an environment that favors the sharing of ideas in an integration perspective and change in which optimism and confidence are key factors for the future.

All this is what has been achieved in the cube, the research and development center of the tobacco giant Philip Morris International (PMI), where 430 professionals such as physicists, chemists, mathematicians, toxicologists, doctors, statesmen or epidemiologists from all corners of the planet work to make a future without smoke. White coats dedicated to a common goal: the development of alternative solutions to conventional cigarettes, when forecasts indicate that about one billion people will continue to smoke in 2025.



The Cube

Source: Wired.it, 2016

The World Health Organization estimates the number of smokers at one billion (with a great incidence in the age group between 20 and 25 years) and calculates that in twenty years the percentage among adults will be the same as today, i.e. 20%. A dreadful catchment area, which guarantees a long and prosperous future for the great tobacco realities. However, the mission of these companies is to move



in the delicate and, to some extent, ethically contradictory relationship between doing business and alleviating the responsibility of being pillars of those MDMs, or Death Merchants, as dubbed by the movie "Thank you for smoking ". In short, how can we continue to exist in this sector and at the same time drastically reduce the damage done to the human body? Philip Morris International answers with research and technology. That in the last decade has invested 2.5 billion euros in research and development, the Cube is, in essence, science combined with a dose of creativity.

IQOS was born from this planning, the smoke-free product by Philip Morris, a sophisticated electronic tobacco warming system, specially prepared and mixed up to a temperature below 350 ° C, without producing combustion, fire, ash or smoke. This generates a vapor containing nicotine, which allows you to savor the taste of tobacco. Since no combustion process occurs, levels of harmful chemicals are significantly lower than cigarette smoke.

The IQOS was first marketed in Japan and Italy (autumn 2014), immediately after in Switzerland and in the meantime spread to many other countries. The first launch of IQOS took place simultaneously in Milan and Nagoya in November 2014, in fact, Italy and Japan have a key role in the epochal transformation process of this leading tobacco company. The Crespellano plant (Bologna) has the absolute leadership in the manufacturing processes of the "heets", the tobacco sticks that are heated and not burned: 36 billion sticks produced in 2017, destined for all 43 outlet markets. The Japanese market was the most receptive, also due to the Japanese "social" culture. The "Heat Not Burn" (HNB) share on the entire Japanese tobacco market reached 22%, which led to a 16% drop in cigarette sales in three years. Philip Morris states that IQOS has 15.5% of the tobacco market in Japan, which, on a global scale, accounts for over 80% of the HNB market. In Italy, we are at 2% of the total number of cigarettes (for the "heets" only). (iqos.it)

The star device demonstrates that the risk potential is reduced because the combustion-free heating process considerably reduces the formation of harmful components. "Based on chemical analyzes, the IQOS aerosol contains, on average, between 90% and 95% less harmful components and potentially harmful than cigarette smoke," explains Ignacio González, Philip Morris's Spanish scientist. In short, imagining a future without cigarettes seems utopian, but if all the scientific evidence is confirmed at least there are decades in which all the serious damage caused by smoking could be significantly reduced and, in this, Philip Morris works so that 30% of people use smoke-free products in 2025.

## *2.2 IQOS Places*

The company takes care of every detail from scientific research to the design of the device and the places of promotion and sale.

"The world of design and artists is a world that is clearly avant-garde and open to innovation and transformation, making it an important partner for us who are trying to transform our company and who intend to transform the company by focusing on smoke-free products" This is what was stated by Daniel Cuevas, Head of RRP Development, Philip Morris Italia in the presentation of the Iqos World Revealed exhibition project created for the Design Week by British artist Alex Chinneck to celebrate the new perspectives that the smoke product opens for smokers free. The project focuses on the architecture of the entire building. Outside the artist recreates a totally new facade that seems to "open" in one of its ends through a zip. The interior spaces, on the other hand, are characterized by unexpected "openings" in the concrete floor and in the stone walls. The symbol of the zip thus reveals itself as the distinctive trait of the project, the expedient through which the artist gives rise to a series of surreal fissures from which an ethereal and impalpable light propagates. The artist Alex Chinneck states that: "I like to make works of art of great usability even at the conceptual level so that the largest number of people can understand and appreciate them. In this case, the work is the result of a dialogue with the Iqos brand and the concept of imagining the future in a new and positive way ".

The same electronic device that heats tobacco without burning it, designed to achieve the positive goal of a smoke-free future (the acronym IQOS stands for "I quit ordinary smoking"). It can be considered a concentration of technology and design, both constantly evolving. Even the promotion and marketing of this product go through channels that are innovative for the tobacco sector, so, those who already know what they need and want to make a quick purchase have their own channel; whoever lives every purchase as an experience and prefers to go into every detail, will find his; and even those who want to experience the place of purchase in a new and stimulating way, will not be disappointed by IQOS. The stores are "flagship stores" (flagship stores), single-brand stores aimed

not so much at selling a product but rather at enhancing the brand. These are large spaces that feature furnishings designed down to the smallest detail, which also propose artistic or musical events and where the purchase of the product must become a unique experience. They are physical places that allow Philip Morris to always be at the side of IQOS users to give advice, to present events, unique locations that can be the meeting point for meetings with coaches and virtual places that allow you to buy from the comfort of home and, in the case of special promotions in progress, at a discounted price.

## 1. The Embassy

The pride of IQOS, real centers of promotion of innovation, places of art, culture, experience, meeting, before sales outlets. Located in beautiful historic buildings, in central streets and offering a very large calendar of events. They are spaces inspired by innovation, design and new technologies, where adult smokers can learn about IQOS, try it, buy it, receive assistance and discover the full range of accessories to make it unique. But not only. In the Embassy it is also possible to know the previews, discover the works of emerging talents, attend exhibitions by international artists, participate in talks with critics and gallery owners or at events that explore the topic of temperature control from different points of view. IQOS, in fact, heats the tobacco without burning it, and this is possible thanks to the Heat Control System which, in addition to eliminating smoke, also eliminates ash, thanks to the achievement of a maximum temperature of 350 degrees, instead of the 900 of normal cigarettes. It is therefore clear that the issue of temperature control is the relevant element for the device.





IQOS Embassy Milan

Source: mymi.it, 2017



IQOS Embassy Milan

Source: arte.it, 2017



## IQOS Embassy Milan

Source: [picamemag.com](http://picamemag.com), 2018



## IQOS Embassy Milan

Source: [lucapozzi.com](http://lucapozzi.com), 2018

### 2. The Boutiques

Environments with a very reduced design, modern and focused on the product, with an inviting and welcoming atmosphere that places great emphasis on natural materials such as high-quality wood, ash and walnut to build a sensory bridge over tobacco, which is also a natural product. Boutiques are not only in Rome, Milan, Naples, Bologna, Florence or Turin, but also in Madonna di Campiglio, Forte dei Marmi, Catania, and in many other cities. The boutiques are located in central and easily accessible locations and offer the full range of products and services to try and deepen the knowledge of IQOS. Inaugurated with important and engaging events thanks to the presence of musical artists and local artists, they have quickly become the point of reference for IQOS users.



IQOS Boutique Florence

Source: [Firenze.repubblica.it](http://Firenze.repubblica.it), 2018





IQOS Boutique Madonna di Campiglio

Source: [news.giudicarie.com](https://news.giudicarie.com), 2018

### 3. IQOS smart.

Corners in stations and airports. Large stations and airports are places of passage but also of waiting: it often happens to arrive early, to wait for a coincidence or, at times, to come across strikes or delays and, given that IQOS is a device to always carry with you, then we cannot disregard the IQOS Lounge present in the most important Italian transit hubs. Thus, passing from Fiumicino Airport, Rome Termini Station, Milan Central Station and Naples Station, it is possible to find an IQOS point where you can buy or even simply watch, find assistance or recharge your device. Smokers who do not know IQOS can enter to inquire and try the device created by Philip Morris International. Everything is designed for the comfort of the IQOS User in transit, can stop and sit together with other users, have a chat, watch the new products and exchange info with the girls at the desk or with the support staff, because it's never too much late to have so much more info on what some people call "smokeless cigarette".



## IQOS Smart Dubai

Source: [dutyfreemag.com](http://dutyfreemag.com), 2019

### 4. Summer lounges

Places where even on vacation you have the opportunity to learn about IQOS, learn more about it and where you can buy it, perhaps sharing the experience with other IQOS users while sitting comfortably on the outside sofas with a view of the beach or view of the mountains. The IQOS device does not produce smoke odors and it is more likely to give less people discomfort around the user.





IQOS Summer lounge Riccione

Source: [picdeer.com](http://picdeer.com), 2018

##### 5. IQOS store.

The selected tobacconists. The IQOS Store, represent the circuit of tobacconists present throughout the Italian territory, where to learn and buy IQOS. They are real IQOS sales points that are also found in smaller countries. Even adult smokers who live in a small town can conveniently buy everything they need to use their device to heat and not burn tobacco.



IQOS Store Tabacconist Pieri

Source: [inmontacatini.it](http://inmontacatini.it), 2018

## 6. The website

IQOS has a technological DNA. It is therefore clear that adult smokers can buy it online. Where is it? In the dedicated section of the Italian site. All kits, holders, magazines for all models, covers, caps and cases: by going to the online shop, all the new color variants, the latest versions of the device and the entire range of accessories to customize are available IQOS and use it to the best based on everyone's needs. A sales and consultancy channel open 24 hours a day, where you can learn more about IQOS, read curiosities, update news and the stories of some of the more than five million people who have already chosen IQOS to consume tobacco. The IQOS site is the fastest and most practical way to stay up to date even on promotions, limited editions and seasonal innovations. Not only. The site is also the IQOS magazine is the point where to find articles, information and news. There are articles on design and art; food and starry cuisine appointments; product insights and personal stories



of those who switched to IQOS, the so-called changes in better stories. All these channels also serve as a continuous assistance and customer care moment for the IQOS User who can always find a solution to any doubt, to any eventual product problems thanks to the service chat. IQOS is really always in support of the user.

### *2.3 How does IQOS work?*



Source: Wired.it, 2016

Instead of burning tobacco, it heats it with a ceramic and platinum foil that generates an inspirable aerosol. The temperature is electronically regulated to drop from 800-900 to 300-350 degrees and it is precisely here that the secret of reducing damage is seen, since all those extremely harmful substances related to burning smoke are drastically reduced. And the nicotine? That remains.

Dr. Chaudhary explained that "nicotine is not the main cause of smoking-related illnesses even though it is not without risks, especially for heart patients, developing adolescents or pregnant women".

However, as is well known, this substance creates a strong psychic dependence that can be considered as a compulsion to retain the consumer. And it is self-evident to underline how much there is not so much desire to eliminate this security.

IQOS is therefore not an electronic cigarette, because it does not contain liquid, but real tobacco that is present in a sort of dough that favors heating. iQOS has the merit of reproducing an experience rather similar to the traditional one both for generated and perceived "aroma", and for the feeling of the filter on the lips and "internal" for all rituals and related gestures. No ash is produced and when it is finished (in about 6 minutes), the cigarette must be left in its place for a short time before throwing or replacing it.



A technician at work at the Cube

Source: Wired.it, 2016

IQOS is nicknamed Platform 1. There are three other products on the launching pad, each with a number. Platform 2 has become a sort of online legend because it seems the perfect crime: it appears and, to all intents and purposes, is a cigarette that lights up and smokes between the fingers, but has all the advantages of IQOS. How is it possible? Because of its structure that bypasses and softens the contact between heat and tobacco through a sort of fuse, also drastically reducing the temperature and

harmful substances generated thanks to the innovative architecture of the blonde 2.0. The other two platforms are nicotine-release electronic cigarettes, but do not contain tobacco.

The focus is on health. Taking for granted that - even in the best of hypotheses - the products with low-risk potential are however carriers of an even less damage to the organism, a univocal answer to the question is needed "Does it hurt? If yes, to what extent? " SME researchers have published over 80 studies in sector magazines, among the last, there are those that appeared in Toxicological Sciences of the Society of Toxicology. The results would show that the level of harmful substances related to smoking-related diseases is 90% lower and the aerosol has no harmful effects on indoor air quality.

The professionalism and knowledge that characterizes the social and productive fabric of Philip Morris International, the infrastructural and logistic choices made and the focus on research and innovation, have allowed this multinational to achieve excellent results and, in a few years, to be present in 43 countries in the world with six million exclusive consumers (that is, they have stopped smoking cigarettes) and another three million in the process of conversion.

Objectives achieved therefore that make this company a benchmark to inspire in the field of retail and experiential purchasing.

#### *2.4 IQOS events*

- Umbria jazz

Umbria Jazz is a 10-day event in which the city of Perugia is immersed in the jazz notes that will transform it into the Italian La La Land. 500 artists present and over 500,000 estimated visitors. IQOS was present with the IQOS Lounge for all those adult smokers intending to discover the world of heated tobacco and buy IQOS in Perugia, benefiting from special offers designed for all IQOS lovers and adult smokers looking for an alternative to smoking cigarette present in the city. The lounge was positioned exactly in the city center, in Piazza della Repubblica. An inevitable stop for those visiting the Umbrian capital. Also thanks to Umbria Jazz, Perugia is a city to visit for those who love music. Thanks to its history and the charm of the alleys, walls and buildings it is chosen by travelers from all over the world as an artistic and cultural destination. Culture and higher education are still in the DNA of Perugia today. Here is one of the most prestigious and well-known Italian universities, listed among the

oldest universities in the world. In fact, since 1308, thousands of students come here every year to study, filling the city with movement, new ideas and projects. Fundamental elements to activate those processes of change and innovation, which are also the basis of Philip Morris International's vision for building a smoke-free future. Not only in the big cities, usually heavily impacted by issues related to innovation. Even in smaller contexts like Perugia, an ancient city, which preserves its historic charm, but is deeply receptive to the new.

- Talk beauty trends

The Beauty Trends talks in Rome, Catania and Naples are IQOS events dedicated to beauty, in which Diego Dalla Palma, together with the audience and smile experts, was confronted with the many themes related to the world of make-up and the latest trends of aesthetics tout court. The talks addressed common issues related to smoking, such as ash, the smell of smoke, the formation of stains on the teeth, and told about the benefits to the skin and smile deriving from smoking cigarettes. The Rome Embassy, the Catania Boutique and Villa Diamante in Naples welcomed Dalla Palma and her Beauty Trends talks on beauty and quality of life. A meeting with a real expert to tell all the cultural and social value of the art of make-up: the ability to dictate new trends and the influence exerted on daily consumption until the advent of new solutions that are increasingly green and eco-friendly. To enrich the series of meetings focused on the themes of female beauty and awareness, the contribution of a smile designer. The smile expert shared his experience looking for solutions to eliminate or slow down the formation of stains on the teeth due to the smoke.

"The reason that prompted me to accept the IQOS invitation is the belief that innovation is an important and shared theme in the cosmetics world too. Innovating means accepting the challenge of change. My professional experience has often led me to the choice of new products. To changes dictated by beauty trends, to the evolution of the techniques adopted to make women more and more beautiful".(Diego Dalla Palma, 2019).

The talks of the Beauty Trends events, therefore, offer a glimpse into the future. Building the future means choosing innovation, says Dalla Palma. "I am of the opinion that very often, especially in Italy and in this moment, we do not look at the history of creativity, at those great creatives and innovators who risked in times when it was difficult to do so. Today I

expect cosmetics to take the same steps as fashion, towards art even with impetus to create something truly innovative in the future”.

### *2.5 IQOS Mystery shopping analysis*

Mystery Shopping is a fascinating way to measure the customer experience where people are hired to represent the real customers they buy in a store. Feedback is then sent through these "mystery shoppers". It is a form of primary market research that uses quantitative techniques because the Mystery Shopper usually has to fill out a form that evaluates his experience. Furthermore, this method is only used to access services and is not applicable to products. Mystery shopping is certainly an effective tool for obtaining detailed information on customer needs and improving in areas where a company is lacking. It also helps to verify employee morality and effectiveness. However, a challenge with this technique is to keep such shoppers as mystery.

I personally conducted this mystery shopping at the IQOS Embassy in Foro Buonaparte, 50, 20121 Milan. Furthermore, in order to have more precise data, I had this analysis performed by 10 other people and I reached the following result which I show you below in the chart. The results obtained from the mystery shopping showed precisely the added value of Iqos, in fact its stores are real meeting points where the company makes branding. They are physical places that allow Philip Morris to always be at the side of IQOS users to give advice, to present events, unique locations that can be the meeting point for meetings with coaches and virtual places that allow you to buy in a comfort way.

# PLACE

1-5

the store is easy to reach	4,8
the store brand is visible from the outside	2,2
the store is located in a good commercial area	3,6
the shopping windows are attractive	1,3
the store entrance is welcoming	1,5
information on opening time and store services (e.g., credit cards) are well displayed and visible	2,1
focal points are used to drive navigational patterns within the store	0,9
lighting in the store is pleasant and is used in product displays, the	4,9
temperature is comfortable	5
the music volume in the store is appropriate to the style and tone of the brand	5
the navigation and store layout are intuitive and clear	5
the store is in order and clean (external, shopping windows, dressing room, counters)	4,7
the store is browsable, the aisles of the store are wide, there is a relax area in the store	4,8
digital interaction, screens, wifi, beacons, social media interactions are integrated in the store	2,5
the counter zone is clean and orderly. The desk at the check counter is clean and free.	4,3
overall, the store communicates is well targeted to a certain type of consumer (specific sex - age range) and keeps the promise of the brand	3,8



## PRODUCT PRICE PROMOTION

1-5

the overall merchandise offer (assortment) of the store is clear	5
it is easy to identify categories/areas dedicated to single type of products	4,9
there are at least 4 type of categories (novelty fashion/emotional service destination)	1,2
the furniture and shelving used exhibits the product well	4,8
the merchandise is displayed in an orderly fashion, clean and well placed	4,9
there are visible stock outs, missing products, missing sizes	1,1
the price tag on each product is clear	4,7
the shopping windows invite to purchase (feature promotions, etc.)	1,3
there are flyers or catalogues informing on promotions that customers can pick up	3,1
in store communication of commercial offers is visible and clear	2,9
there are promotional announcements (stopper) on the shelves and on the products	0,8
the layout and displays provide incentives to cross-selling and impulse purchases (e.g., total looks are suggested etc.)	4,7
existence of a loyalty card, loyalty card is for free	3,7
the assortment represents well the brand and is well calibrated to the target	4,8
overall, the store assortment, pricing and promotional policy invites to purchase	4,1

# PEOPLE

1-5

the salespeople in the store are numerically adequate respect to the number of customers and the situation in the store	3,1
the personnel of the store is easily identifiable (salesmen are wearing uniforms)	4,9
the salespeople have a nice look and outfit	4,8
ease of interaction (try to stop and ask something to a person in the store), is anybody in the store speaking your first/second language?	4,9
ask to the salespeople where is a certain product (does s/he show you/bring you where it is?)	5
ask whether there is a product that is not exposed in the store (does s/he ask you questions or simply says no we do not have it?)	5
the personnel is in line with the brand and adapt to the target that the store is supposed to serve	4,7
the personnel uses words that are in line with the imprint of the brand he represents	4,8
the people with whom you interacted have been available, smiling, they answered to you looking at you and greeted you spontaneously?	4,8
the personnel is autonomous and active	3,6
the personnel works separately or in groups (chatting and talking to each other)	2,9
during this shopping experience the personnel has done whatever was in their possibility invite you to purchase	3,1
if during this shopping experience the personnel had proposed you interesting articles you could have purchased them	4,9
the queue at the cash register is quick; the cashier is friendly	4,2
the personnel of the store is an added value from the commercial point of view	4,5

### **3 CARING: BRAND AND RETAIL MIX**

#### *3.1. Caring brand*

The point of sale (or store) is today unanimously recognized as a privileged place, within which to concretely implement the system of strategic decisions relating to marketing communications.

The progressive complexity of competitive dynamics and consumer behavior has, in fact, increased the importance of communication within these physical spaces.

Over the last few years, there has been a marked interest on the part of companies in retailing policies. The growing importance that commercial strategies are gradually playing in the affirmation of the various products on the market, induces, in effect, towards forms of greater control of distribution activities and of direct contact with the reference market. And this is because, in most cases, the products offered by the different companies are very similar to each other and, therefore, one of the ways in which to "stand up" to the competition and, at the same time, increase the customer base and loyalty. of those already in existence, guaranteeing their satisfaction, increasing and improving brand image and brand equity, increasing revenues and market share, is precisely focusing on the exceptional experience of the purchase.

This is precisely the objective set in the car rental retail market, a true "evolution of the sales point"; in fact "Caring" is not a simple space dedicated to the commercial activity, in which the consumer goes exclusively for the purchase, it is indeed an authentic occasion of meeting, in which inside there is the possibility of establishing new relationships between customers and brands and between customers themselves, and fortify existing ones.

In particular, "Caring" can be illustrated both as a point of sale, where a logistical and transactional concept of commercial activity predominates, so the point of sale is seen as the only source of information relating to the commercial offer (the product, its products benefits and services connected to it) both as a Point of purchase, in which, with the evolution of purchasing behavior, the focus shifts from products to customers and the point of sale also begins to perform a function strongly recalling symbolic values .

So also and above all as "Caring" Point of permanence: a place in which to satisfy the hedonistic, fun and consumer gratification needs (shopping experience); that is, the point of sale takes on a playful and recreational dimension, a place that attracts, intrigues and entertains the consumer.

Given that the recourse to the "spectacularization" of the purchase act allows the consumer to feel satisfied also by those needs linked to self-gratification, to the desire to escape from daily routines and emotions.

Finally it is Caring Point of meeting, where the fulcrum of the sales activity also becomes the establishment of deep and lasting relationships with consumers; in this way the point of sale is transformed into a space for relationships and brands among customers, a fundamental tool for getting in touch with the consumer and a privileged channel for communication and interaction.

In the retail Caring the sales space has become an expression of identity, personality and the set of values inherent in the brand. In particular, Caring has the characteristics of life brand style, that is, it has the ability to offer, together with the car rental product, the proposal of a specific lifestyle, to which the consumer approaches for empathy, for sharing of values and common behaviors.

The purpose of Caring is to give a complete representation of the brand identity and, while continuing to perform traditional functions, focuses on the relationship with the customer. An agreement as a real "bridge" between the company and the consumer, in fact, Caring aims to establish with the customer a stable, long-lasting and interactive learning relationship, to reach the transition from the brand personality stage to the so-called brand experience.

In order for this to happen, Caring focuses on two fundamental aspects that allow the experiential dimension to become an integral part of the firm's offer: polysensualism and the ability to generate interactions.

Polysensualism given that it intends to arouse in the consumer "a global involvement of all the senses in the consumer experience".

The various companies, at present, have acquired the awareness of how much the stimulation of the senses of the individual has taken on a role of fundamental importance in all the phases of the consumption experience, from that of bringing the consumer closer to the product to that, above all, of the memory phase.

For what, instead, concerns the brand's ability to create interactions, it is necessary to underline how the active involvement of the consumer in the consumption experience can allow the Caring to acquire information useful to regenerate a valid offer and to generate relationships based on mutual learning. In fact, today the consumer is no longer a "consumer of having", but has turned into a "consumer of being", who does not go to the point of sale with the sole purpose of buying a given product, but does so in order to dive completely in a positive and multi-sensorial experience.

Caring has therefore been designed as a place where consumers can immerse themselves in 360 degrees, surrounded by colors, shapes, sounds and sensations that allow them to experience what the brand really is.

When we talk about the Store Experience (or Shopping Experience) we refer to the experience that the consumer experiences at the point of sale with the aim of giving an opportunity, an emotion or a suggestive memory through the sales space.

The realization of the store experience stems from psychological studies and is based on the assumption that man is constantly looking for pleasure and that, therefore, he is led to return to places that have aroused positive feelings in him.

"What are the key points to make a unique and unrepeatable experience in your store?"

The Caring sales point contributes to the construction of a specific brand identity, through a right combination of hard type communication methods, which involve the elements relating to the external structure of the store (e.g. location and external layout) or elements of the internal structure (e.g. internal layout and atmosphere), and soft type which, instead, provide for the realization of activities of different nature.

As far as the hard modality is concerned, attention is essential not only to the elements relating to the external structure of the store (e.g. location and external layout) but also to the elements that instead characterize the internal structure (e.g. internal layout and atmosphere):

### *3.2 Caring Location*

The identification of the Location, i.e. the location of the store, is of considerable importance, takes on strategic value and requires consistency both with the philosophy underlying the brand and with the target audience.

For this reason, an elegant, innovative and eco-sustainable location capable of giving an added value to retail, an international hub in the great system of social, cultural and economic exchanges: Porta Nuova, in the heart of Milan which looks to the future, the neighborhood that is the subject of a major urban and architectural redevelopment project where chromium-plated metal alternates with clear Nordic-style fountains and green spaces that defy the laws of physics.



Source: 3giorniamilano.it, 2019

Porta Nuova comes from the urban redevelopment of three neighboring areas, north-east of Milan: Garibaldi district, Isola district, and Varesine district. A large project that has redesigned the whole area in architectural terms, creating a brand new economic and residential area for the city of Milan, an ideal site for the "Caring" philosophy.

The area concerned covers a total area of 340,000 m<sup>2</sup>, including 57,000 m<sup>2</sup> of offices, 11,000 m<sup>2</sup> of retail space, 160,000 m<sup>2</sup> of pedestrian areas, 20,000 m<sup>2</sup> of cultural spaces, 370 luxury apartments and around 4000 mostly underground parking spaces.

The complex has over twenty buildings including skyscrapers, offices, cultural centers and urban villas. The buildings are characterized by a considerable height and a strong architectural impact. To report in this sense:

- the Unicredit Tower, the highest skyscraper in Italy;
- the Torre Solaria, the highest residential skyscraper in the country;
- the Diamond Tower, with its characteristic square shape;
- the Vertical Forest, with its hanging gardens.

These important architectural and pedestrian paths are accompanied by large paved public spaces, such as Piazza Gae Aulenti and Piazza Alvar Aalto.

The Bosco Verticale, an extravagant skyscraper designed by the architect Stefano Boeri, is just one of the spearheads of the district. It is a huge palace, whose structure is made up of terraces with lush gardens, which literally defy the laws of gravity. One of the new architectural wonders that can see Milan launch in the Olympus of the hypermodern metropolises. It can be defined as an innovative environmentally sustainable environment, in which man and nature harmoniously share the same living spaces.

Another jewel of the futuristic area are the Unicredit Tower and the Pavilion. Home to the bank of the same name, the Tower of the Unicredit is a 231-meter high round-shaped skyscraper, entirely covered with mirrored glass windows. Its metal tip, with a sinuous shape, called "Spire", lights up very suggestively at night and on special occasions. It is the tallest building in Italy. The Pavilion has a seed-shaped construction, entirely covered with wooden panels, which hosts cultural events, conferences and concerts: the symbolism of the "seed of culture", as the rebirth of the city of Milan, is evident in the intentions of its creator, the architect Michele De Lucchi. Porta Nuova can be reached with the underground line, line 2 (green) or line 5 (purple), with the railway link, and with the tram line 5, getting off at the Porta Garibaldi station.

The focal point of this area is undoubtedly the Piazza Gae Aulenti. This is a huge open space, between the Unicredit complex and the Palazzo della Regione. The square hosts an interesting acoustic work by the contemporary sculptor Alberto Garutti: a brass structure that connects the square to the underlying parking lots. From here you can also admire a complete panorama of the area: the residential towers "Solaria", "Aria" and "Solea", the "Garibaldi towers", the "Bosco Verticale" and the famous Pirelli skyscraper. From the square you can take a walkway that leads to the nearby Corso Como, an area full of trendy bars and chic restaurants; or, you can choose to walk the Alvar Aalto footbridge, an interesting 900-meter steel structure that rises above the Via Melchiorre Gioia.

But the center of the entire area is the public park called "Biblioteca degli Alberi", a huge green lung of 90,000 square meters, with numerous pedestrian paths. Here is the botanical library, with an exhibition of local and regional flora. The urban park is also a tourist attraction with music, cinema, games for adults and children, educational centers such as the "Museum of flowers and insects". It houses 90,000 plants and 450 trees, equipped sports areas, thematic circular forests, vegetable gardens, educational trails, bike paths and runners.

From the park you can see the “Ziggurat”, home to offices of important companies, an eco-sustainable building in glass, whose name recalls the ancient Sumerian-Babylonian towers. This scenario is completed by the restored Porta Garibaldi and Porta Nuova, nineteenth-century buildings belonging to the city walls, the first Spanish and later Austrian, with their toll booths. Next to the gardens we find some luxury residences, also called "the villas of the Varesine": elegant residences with spacious terraces, an oasis of peace and relax in Milan.

Particular attention was also paid to the strengthening of transport with the revolution of the car route, through the construction of a tunnel between Via Melchiorre Gioia and the Porta Garibaldi station, and the connection of the area with the underground line, which make the area easily accessible and passable

	Porta Nuova Garibaldi	Porta Nuova Varesine	Porta Nuova Isola
Offices	50 500 m <sup>2</sup>	42 000 m <sup>2</sup>	6 300 m <sup>2</sup>
Residentials	15 000 m <sup>2</sup>	33 000 m <sup>2</sup>	22 000 m <sup>2</sup>
Commercials	10 000 m <sup>2</sup>	7 000 m <sup>2</sup>	850 m <sup>2</sup>
Exhibition areas	10 000 m <sup>2</sup>	-	1 600 m <sup>2</sup>
Cultural areas	-	3 000 m <sup>2</sup>	760 m <sup>2</sup>
Hotels	15 000 m <sup>2</sup>	-	-
Parking spaces	1 200 m <sup>2</sup>	2 000 m <sup>2</sup>	570 m <sup>2</sup>

Source: Wikipedia, 2019



In this multifaceted and vast area there is a minimum common denominator that also makes it futuristic: sustainability from an environmental point of view, with the construction of new buildings or the repositioning of historic buildings in terms of energy efficiency and sustainability; but also understood as healthiness for the people who will live there, from air to light, from water to sound. It is not by chance that the two projects that are candidates for the most recent international certifications that define the standards for the best performing architectures are born here: the Vertical Nest signed by Mario Cucinella, which will be ready in 2021. The elliptical-shaped building made entirely in wood and glass (23 floors above ground for a total surface of 31 thousand square meters) will host a congress hall of over two hundred seats, offices and on the top floor a sky restaurant in the panoramic greenhouse with spaces for public and cultural events, and aims at sustainability. The double outer casing will, in fact, be able to isolate the building in winter and limit summer overheating, while the consumption of building resources will be reduced to a minimum, thanks to solar panels installed at strategic points and water collection systems rain integrated into fantastic design elements.

The redesign oriented towards a more sustainable architecture, as well as more aesthetically pleasing than the "Razor" building, now destined to host the new Unipol Sai Assicurazioni headquarters, is also underway. It, characterized by a prismatic façade that reflects light with an iridescent effect, will be covered with porcelain stoneware treated with a material capable of activating a photocatalytic process "eat smog", which will allow a reduction of 36 kilos of nitrogen oxide to the year equivalent, it is estimated, to the action of over 120 thousand square meters of green areas (data certified by the Politecnico di Milano). A high-performance silicon film positioned on the roof will also be able to produce the required energy, resulting in a significant reduction in CO2 emissions.

In this environment, Caring finds the ideal site to define the hard and soft modes specific to its brand identity, with not only high-quality buildings, but also flexible and suitable for new types of smart work, with green areas and comfort elements for the same employees and patrons

For example, in the last period, Coima is redeveloping an entire block for a surface of over 22 thousand square meters for the purpose of leasing. The block includes the 50s tower by Francesco Diomedè, Giuseppe and Carlo Rusconi Clerici over 70 meters high, to which will be flanked by a building of over 4 thousand square meters dedicated to commercial and tertiary sectors.

The complex will be the first for offices in Milan to obtain a whole series of international certifications that define the standards of sustainability of the buildings and design of the spaces designed.

### *3.3 Caring Atmosphere*

Create the "atmosphere" that involves the consumer in a direct and intense way to make him "immerse" completely in the reality of Caring, it is a determining objective of the preparation of the internal space of the store.

The atmosphere is considered an authentic means of communication, able to guarantee an adequate positioning of Caring in the minds of consumers and to reinforce the relationships established with them.

When the potential customer enters the point of sale, it is important that he immediately perceives that nothing is left to chance: furnishings, colors, lights and signs of the restaurant consistent and in harmony with the message that Caring intends to convey. Emotional marketing can be used in all phases of the customer's experience with the product or service: pre-purchase, purchase and subsequent use of the purchase. Sensory stimuli have a strong influence on the customer, attracting attention and leaving a strong impression on him.

In fact, entering the Caring retail, all five senses are stimulated: a pleasant atmosphere will push people to come back often and buy more. Visual stimuli (e.g. lighting, signage, ...) as well as sound and olfactory stimuli contribute to concretely expressing the identity of the brand, with a highly distinctive connotation of the sales environment. These are the so-called polysensory stimuli, which, in a manner consistent with the overall image of the brand, influence the emotional sphere of the consumer and are aimed at making his "visit" an electrifying and pleasant experience.

So, the atmosphere of the store becomes a strategic variable to create a strong competitive advantage and to differentiate.

In particular, the fundamental factors that characterize the Caring store are visual, tactile, sound, olfactory, gustatory and social factors.

- Visual factors.

One of the most urged senses in communication is the view, meaning par excellence in the "image society", through the visual stimuli of the video screens, the simulator and the 3d configurator, all with the aim of involving the consumer by affecting his experience and, consequently, purchase choice. In videos and images, customers are shown how to apply their

products and their surprising results, with the effect of generating enthusiasm in the consumer, who is thus more inclined to purchase the items on display

- Tactile factors.

In Caring the tactile dimension is fundamental, because it is the sense that, among all, pushes the consumer more to take the final decision. After looking at a product, being attracted by its color, its shapes, its smell, one is always tempted to touch it, before deciding. And if touching it, the material disappoints expectations, often changing one's mind. In fact, to stimulate these emotions there are 2 cars in the store that vary monthly according to the offers. Furthermore, the armchairs, chairs and tables inside the store are all covered in leather, the same used for car seats.

- Sound factors.

Music is present in the Caring sales point, without, however, ever disturbing customers. In fact, it must promote relaxation or, at least, be on the subject with the products sold, increasing the time spent in the store. Inside the Caring store there is "lounge music". During the configuration phase, instead, the sounds of the cars are reproduced to stimulate the client's emotions more.

- Olfactory factors.

The olfactory memory never fades and their strength of memory depends on the importance of the situation in which the smell was felt for the first time. It would be optimal for a Brand to be able to find a symbolic odor-image that allows it to be identified and distinguished from the others (olfactory signature); moreover, it must be uniformly acceptable to the wide audience of Customers and must be consistent with the product (s).

The olfactory stimulation certainly contributes to the conditioning of the purchase given that the olfactory memory never vanishes. For this reason, in the "Caring" store, an attempt was made to create an image-smell, that is the scent of the skin of a new car coherently with the brand

- Social factors.

Caring has a coffee shop in its sales outlet, which aims to promote social relationships between customers and between customers and employees. In fact, the spaces of interaction, the permanence in the shop and the number of people present in the predetermined time unit are important to offer a pleasant environment in which to relax and get excited, in which to buy for the sake of experiencing a unique experience. Both the creation of a particular atmosphere and the theming of the store are intended to attract the consumer, make the service "attractive", making the visit to the store more enjoyable.

The point of sale becomes a real stage: the lights, the colors and the sounds can be read as elements of a setting in which the customer immerses himself and where the sales staff can play a role.

Caring, therefore, becomes theater that offers sensations and arouses emotions. Furthermore, Caring, with a strategic analysis of the offer and of the reference target, wanted to achieve an authentic and effective definition of the exhibition spaces. The customer who visits the Caring store intends to find out about the commercial offer, the organization, the services, the employees, the products and through this experience will absorb certain information that will allow them to form an opinion on the sign. Through visual merchandising, therefore, we want to help the customer reach the right place, in which to satisfy planned purchases, the place that invites him to make impulse expenses, from which he receives certain information about the product and in which he does, with due calm, considerations and comparison with other offers offered to him.

Among the elements that effectively contribute to the definition of retail Caring, colors can be included, which, taken together, constitute a rather evocative component and, at the same time, decisive for the internal organization of the sales space. It is an "ingredient" to which visual merchandising dedicates a significant part. The different shades, in addition to having to be combined in a harmonious way between them, have the peculiarity of reflecting multiple values and meanings, which can also differ between the various cultures. In particular, Caring is characterized by purple and black colors, to recall the ideas of relaxation and calm and of power and elegance respectively.

The purple color invites you to identify with your neighbor and accentuates the emotional part of the individual, while black creates depth and leads to seriousness and credibility.

- Internal Layout:

Caring is also a sales point, a spokesman for young and dynamic style, with glamorous and sophisticated spaces, but at the same time comfortable and welcoming. The architectural concept is based on the centrality of light. Inside, a modern-style setting dominates, with essential and minimal furnishings that enhance the brightness of the spaces, to encourage a greater and more intense involvement of the “visitors” of the store, leaving them free to explore the space designed with the objective to stimulate their creativity and curiosity. The positioning strategies follow, in fact, commercial rules and opportunities aimed rather at influencing the choices of the customer and directing them appropriately towards specific products.

- External layout.

Of course, even the threshold and store windows are components that exert a certain influence, from the earliest stages, on the purchase choice, when the consumer starts an experience that, even if not exclusively aimed at the purchase, it could still entertain and intrigue him. The threshold acts as a real point of contact between the external and internal reality of the point of sale and can act as a "filter" towards the outside, helping to select customers. The windows, on the other hand, are distinguished by the possibility of being periodically renewed with cars on display, adapting them, from time to time, to the offers on the market in addition to consumer tastes and market trends; they also capture the attention for the presence of audiovisual screens, where Branding is done and offers are displayed. So, customers who have already entered the store are already prepared to receive promotional messages, while those who pass by the windows every day are waiting to be amazed. The objective of the showroom, in fact, is not so much to provide exhaustive information, but to strike the attention of the consumer, enhancing the service on sale. However, the title that encompasses the whole narrative of the brand is represented by the sign.

Svetlana Fabrikant, artistic-didactic director of the Italian Window Display Academy, reveals that "if the shop window is the visiting card of a shop, the sign is its magnet, the most immediate and powerful call". His job, in fact, is to attract customers and get them into the room, acting as a real, very important, communication tool. Also in this case, the aim is to make the brand unique and attractive, easily recognizable in the eyes of the consumer, a brand with an identity of its own and well-defined by the name, an identity that is difficult to imitate. ( Svetlana Fabrikant, 2018)



An example of how retail Caring should be.

Source: 3dgeeks.com, 2019

### 3.4 Caring Personnel

#### *Caring “ANGEL”*

In the era of the customer, the challenge for brands and companies is to be able to align themselves with the growing needs, needs and high expectations of their customers. Consumers are not satisfied with just buying products and services, they are increasingly looking for unique, personalized, memorable experiences that can arouse emotions. They want transparent communication and are looking for immediate satisfaction of their needs in the face of minimal use of time and resources.

In this scenario, it is essential to offer an excellent customer experience. That is the sum of experiences, feelings, emotions and memories that a customer matures in interaction with brands.

Only those who are able to offer memorable experiences can stand out in a highly competitive scenario. At the head of this unique experience, Caring places the professional figure of the “Angel” who must be able to help the client to go beyond that "threshold", to establish the first contact in a unique way:

1. demonstrating closeness to the Customer. through two modes of non-verbal communication: the eye contact of a loving gaze and the smile.
2. verbally approaching with a greeting pronounced with kindness and a sonorous voice, full-bodied, enveloping and warm, a greeting that is able to communicate authentic hospitality.

The angel must know how to build, moreover an effective communication that can favor the "journey of the customer" inside a sales point and make it even more exciting, making him feel the real protagonist of the shopping experience and, even, anticipating the dreams and needs of the customer to get in deep harmony with him.

For all this to happen, it is necessary that:

- 1) The “Angel” possesses exceptional communication skills and interpersonal relationships:
  - Communicate clearly, especially in oral form, in order to create a positive environment for clients, collaborators and superiors;
  - have a friendly and engaging personality to create positive interactions with clients;
  - listen carefully and understand the questions and complaints of customers in order to resolve any problem promptly;
  - contribute to creating a group atmosphere that is flexible and pleasant.
- 2) be enterprising, energetic, motivated and demonstrate a spirit of initiative.
- 3) has excellent organizational and time management skills:
  - or is multitasking; know how to work in a dynamic and frenetic environment;
  - know how to work both independently and as part of a team.
- 4) has decision-making and problem-solving skills:
  - identify and solve problems in a timely manner;
  - have self-control skills even with the most difficult customers.

Creating an emotional bond based on the customer's understanding is something that goes far beyond normal daily interactions and, since the relationship that is established between the employee and the customer represents the real experience with the brand, it is necessary that Caring selects the staff also evaluating the empathic skills and training it with respect to the required processes and skills.

Caring therefore guides the formation of the “Angel” through the organization of courses of:

- Verbal and non-verbal communication
- Techniques to exercise empathy and listening skills
- Techniques of dialogue and negotiation
- Motivational and self-motivational psychology,
- Safety training and emotional intelligence
- Time management

and exercises of:

- Analysis of real cases
- Role-playing: one-to-one and group simulations
- Video interview
- Simulation of the call
- Trading games
- Test quiz

In Caring retail, we are also attentive to the continuous improvement of the now famous Customer Experience. That is the sum of experiences, feelings, emotions and memories that a customer matures in interaction with brands

The memory of a positive or negative experience that is, significantly influences the future behavior of the customer by decreeing for a good part the success of the company.

So, it seems obvious, that creating memorable shopping experiences, which remain etched in the mind of the consumer and that influence his future behavior, means for the brand to develop a considerable competitive advantage and is now the true ground of comparison and distinction for the companies, surpassing in importance, quality and price of the product itself that makes or sells.

*Caring “SELLER”*



Selling well is the result of skills and practice: the majority of characteristics, traits or abilities can be cultivated or improved. This is why our sellers must have the following characteristics:

1) Great listeners.

A true listening to the customer's needs is the most important element for a positive sales experience. The Caring seller must know how to ask a series of questions and then listen carefully, to identify the difficulties of a potential buyer and understand how to manage them, this can increase the success rate by 65%.

2) The ability to read between the lines.

The Caring "Seller" must be able to interpret what is being said and, more importantly, what is not said, and the greater the success of the sale. Prospects will hardly play open cards right away: Know when and how to go on after each point of contact.

3) Manage expectations.

For each call, email or face-to-face meeting. The Caring seller must be able to clearly define the expectations down to the smallest detail. To build trust do not sell or promise something that is not feasible. They must be able to clearly explain the advantages of the service without making empty promises. They must also be able to communicate clearly by continuing conversations and entertaining customers.

4) Create a real relationship with prospects.

"Caring" sellers must be able to establish a connection with customers. Building a real relationship during a sale. According to Web strategies, only 18% of buyers buy from a seller who does not adapt to their personality type, while the percentage rises by 82% in case the seller is aligned with them.

For this Caring seller needs to know how to identify the style of the buyer in order to adapt his approach to be in line with him. All this through 3 dimensions to build a mental connection with the prospect client:

- Wishes: affection and welcoming have a very strong power. It is not possible to create them, but the "Caring" seller can refine them by focusing on how his offer can improve, customer satisfaction.

- Identification: people do not buy things just because they are functional to their purpose.
- Beliefs: The "Caring" seller must be able to understand the client's beliefs associated with the service being promoted

5) Empathy.

The seller "Caring" must know how to think like the prospect customer: see things from their point of view, their needs, their objections, etc., to earn their sympathy and have a chance of success.

6) Get to the point.

"Caring" salespeople have to go straight to the point, customers have little time to talk, so salespeople need to go straight to the point and help someone effectively understand a process or concept.

### 3.5 *"Caring" Entertainment*

Entertainment is the strategic lever available to the company to meet and respond to the hedonistic and recreational needs of modern consumers. In Caring, customer entertainment effectively communicates brand identity and stimulates consumer involvement with creativity.

The creation of events and the supply of entertainment facilitate the interaction between the different customers, for this reason the entertainment offer is usually realized through:

- Auto simulator.

Inside the Caring Retail there will be the car simulator of Toccafondi Multimedia. A revolutionary and innovative driving simulator designed and developed to be an excellent tool for Road Education both for those who need to get a license and for those who want to "get involved" by learning new strategies and behaviors for safer driving per se for others. It allows to teach the correct use of the gearbox, the clutch, the steering wheel, all these elements react in a realistic way, guaranteeing an almost real reproduction of driving a vehicle. A high-quality driving simulator, in addition to allowing experiences similar to those that can be tried with a real car, must be able to simulate all those aspects that are difficult or impossible to

prove in real life, to prepare the student to situations that could occur. The Auto Simulator is equipped with an extraordinary 3D graphics with cared-for scenarios and high-level audio (surround) with high-quality realistic sounds (the sound of the engine outside and inside the passenger compartment, the sound of braking, of the horn), so as to transform the driving simulation into an intense experience, reproducing driving situations both daily and extreme, therefore, difficult to reproduce during driving lessons on the road. It is also possible to simulate night driving (in different visibility conditions) and driving in different weather conditions (rain, snow, fog), road traffic offenses with related penalties, paying particular attention to the effects of driving under the use of drugs, alcohol, and altered psychophysical states, and even recreate unusual situations of danger, perhaps due to high speed. The driving simulator is a valuable tool for road education and preventive guidance. In Caring, you choose the professional driving simulator with wood cladding and printed graphics on adhesive. Carpet interior with adjustable eco-leather seat. Equipped with high-performance PCs, 32-inch 16: 9 monitors, 5.1 full surround system and guide kit. Professional software GuideTo multilingual cars.



This is the real simulator that will be in Caring retail.

Source: GuidaTu, 2019

- Vehicle configurator.

Always with the aim of increasing the experience in the store, Caring wanted to install a 3D vehicle configurator. The idea is to immediately create a feeling between the customer and

the car of their dreams. In fact, the customer can test himself directly in the configuration of his car, in all its details and finally see the final configuration in 3D so as to feel immediately inside his car. Consumer services are very welcome and represent a sort of protection and "pampering" that the brand reserves for buyers whose presence they do not always perceive but of which they perceive the absence. If the business allows it, it is better to attach a series of services to the after-sales consumer to a simple purchase. So in general nothing has to hurry the customer and nobody has to disturb him during his search. A service designed specifically to make the Caring retail experience even more enjoyable.



This is an example of the 3d vehicle configurator should be.

Source: rapiergroup.com, 2019

- Lounge bar.

A cup of coffee or tea, offered on the premises or taken while browsing on the shelves, can be a brand that increases added value for buyers. With the fierce competition and multi-channel retail options, the need for travel within the store, a bar concession can be a valuable retail tool. The goal is to offer a complete shopping experience for the Caring customer and increase the time spent in retail. It is known that men do not necessarily spend much time in shops when they shop, so it was felt that having a coffee shop in retail Caring was a great incentive to increase browsing times and ultimately increase sales. It's really about driving more visitors to a more frequent presence in the store. Starting from the idea that Caring can be a destination after a day of shopping; a space in which to enjoy an elegant and relaxed atmosphere and immerse yourself in the world of long-term rentals. The turnover generated by the Lounge bar is certainly minimal, but it is about retaining customers and making them present in the store and giving them the opportunity to buy. Caring, aiming at experiential

marketing, wants to be able to create a relationship of belonging and of identification between Brand and Buyer and to ensure that this union is as profitable, lasting and "contagious" as possible to new Customers.



This is a representation of how the lounge bar should be.

Source: capetownmagazine.com, 2019

### 3.6 *"Caring" Price and promotion*

The promotional process consists of 5 main phases:

- Definition of the objectives of the promotion
- Identification of the customer target
- Development of a promotional strategy
- Execution of the promotional action
- Evaluation of promotional effectiveness

### Definition of objectives

Increased consumer traffic in the store not only through promotions but above all by branding.

### Target identification

The definition of the target to be identified is an immediate consequence of the prefixed objective; greater clarity we will have in defining our objective and the greater our probability of having a correct strategy and identification of the target. It is essential in this sense to have a good well-defined customer base; in fact, the greater the profiling of our client will be, the better the identification of our target and the consequent promotional action may be.

### Strategy development

The strategy is closely related to the objective pursued.

Once the objective and the target have been set, it will be necessary to define the strategy and therefore the incentive policy, the message, the channel to be used and the timing.

A good promotional message must then contain all the information necessary to arouse interest in the user, and that leads him to an action.

As for the channels to be used, we will manage a mix of the most effective ones and allow us to monitor the return: SMS, mail, social media and Google Ads.

### Execution of the promotional action

During the execution phase the reactivity that our structure is able to have to react to any unexpected actions, both positive and negative, is fundamental.

### Evaluation of promotional effectiveness

Following each promotional activity, it is necessary to measure its effectiveness.

## *Pricing*

The price is the monetary expression of the value associated with a good / service. Measures the intensity of need for the customer. For the seller it measures the value of the factors that make up the product plus the profit. The price makes it possible to create an exchange between the two market players.

But the price does not only represent the amount of money needed to purchase a quantity of goods or services, the concept is broader: if a product represents a basket of attributes and benefits that can be drawn from the basic function, from the services or from the brand, then the price is the value that these advantages assume and therefore coincides with the perceived global utility.

- The price directly affects the level of demand
- determines the profitability of the company (profit, quantity and investments)
- influences the positioning of the product on the market (perception of the brand or product with the idea of quality)
- allows easy comparison with competing brands
- it must be compatible with the other components of the marketing mix: it must finance advertising, packaging, respecting distribution.
- The influence of the economic environment: its fixation may be subject to legal, regulatory and social constraints, it is easily imitated by competition, consumers are more price-conscious when they experience contractions in purchasing power

With regard to the pricing strategy, Caring seeks to maximize competition between the various long-term rental companies. Caring, as a multi-brand broker of all long-term rental companies, is able to offer customers the best price for each vehicle on the market.

Therefore, the choice of price is dictated by the competition and the pricing of the various car rental companies. The only lever on which Caring can influence is that of commissions.

In fact, Caring has the possibility of influencing the price from 0 to 10%, and this is the margin on which it generates profit.



#### 4 BUSINESS PLAN “CARING”



"Caring" is the name I chose for my retail, it summarizes the care and attention I will invest in the emotional journey with which I will accompany my clients from pre-purchase to post purchase in order to create memorable shopping experiences for them, that remain etched in their mind and influence their future behavior.

I believe that this brand allows me to develop a considerable competitive advantage and to represent the real ground of comparison with the other competitors, because the caring determines the value and quality of the product itself that is realized.

The entrepreneurial idea stems from the study of the new economic/social trends and how these can affect the lifestyle of consumers with particular reference to mobility. Through the analysis of the benchmark of experiential retail as IQOS, it was synthesized a business model that can be adapted in our enterprise of services: Caring.



## 4.1 Executive summary



renting is caring

# EXECUTIVE SUMMARY

## COMPANY

Caring is an experiential retail dedicated to innovative mobility services. It is a business which rivals with the already existing car rental services.

## VISION & MISSION

The company's vision statement is to become the leader of car rental services through innovation, experience in store and customer care through the creation of relationships between the customers. (Renting is CARing)  
The company's mission statement is to offer a premium service through a memorable experience inside a retail.

## HOW IT WORKS

Caring is a real experience point designed to support its customers in all their mobility needs. Nowadays, owning a vehicle is increasingly expensive. This is why our long-term rental solutions represent a more than advantageous alternative: with the payment of a monthly fee for the entire duration of the contract, from 18 to 48 months, a package of 10 services is included which subtracts to the customer the fixed costs, such as property tax, insurance, stamp duty. And much more. With Caring you only experience the beauty of the car. We will take care of the rest.

## COMPETITIVE LANDSCAPE

Caring's competitors are the multinationals long-term rental companies (ald, arval, leaseplan), short-term rental companies (hertz, avis, europcar), brokers and ald base. Caring will be the first and only one experiential retail of long-term rental and alternative mobility services in the city of milan.

## REVENUE STREAM & MARKET SIZE

Caring revenues are generated from commissions on every single contract (on average 4,3%, 1170€), from rappel and Lounge bar. Every day, more than 900,000 people use the services of long-term rental (Nlt) for work or tourism reasons, 130,000 for Rac and 33,000 for car sharing. As many as 77,000 companies and 2,900 public administrations rely on Nlt services, 5.3 million short-term contracts and 12 million car-sharing rentals signed in 2018. Car rental represents 11.1% of GDP and 16.6% of tax revenue, and constitutes a real pillar of the automotive sector.

## PRODUCT & MARKETING STRATEGY

Our goal is to create a community, which comprises people interested in new mobility solutions. Caring plans on creating this community through advertisements and PR campaigns. This will imply the use of Google AdWords, Google ads, Facebook, YouTube, etc. as well as billboards, all emphasizing the innovative and unique aspects of the retail. We are planning on creating a movement alongside the community, which will be based on our slogan "Renting is Caring" with the purpose to become a trend.

## FINANCIAL PROJECTION

We are seeking an initial investment of 200k to cover the next 20 months. We estimate a positive cash flow for the last quarter of the second year. The initial fixed costs are generated by: Staff salary, rent, furniture, marketing and commission payable. Instead, the revenues are generated by: Commissions, Rappel and Lounge bar. At the end of the third year is estimated a positive cash flow of 94.300€.

## TEAM

Francesco Faragalli (60%) is the founder and CEO of Caring. Vincenzo Gramenzi will be the General Manager (40%). The other 2 members comprise of Ludovica Siciliano Angel and Pasquale Nolli seller.

WEB: [caring.com](http://caring.com)

MAIL: [info@caring.com](mailto:info@caring.com)

PHONE: +390861411871 Source:

My own property

## 4.2 The company

Caring is a new concept of retail in the field of mobility, the idea is to offer any automotive product through long-term rental services, with a memorable shopping experience and premium consultancy and customer care.

### - Vision and mission

The company's vision statement is to become the leader of vehicle rental services through innovation and commodity.

The company's mission statement is to create an experiential space to offer advice on mobility with a superior quality service where the customer is at the center: Customer centric.

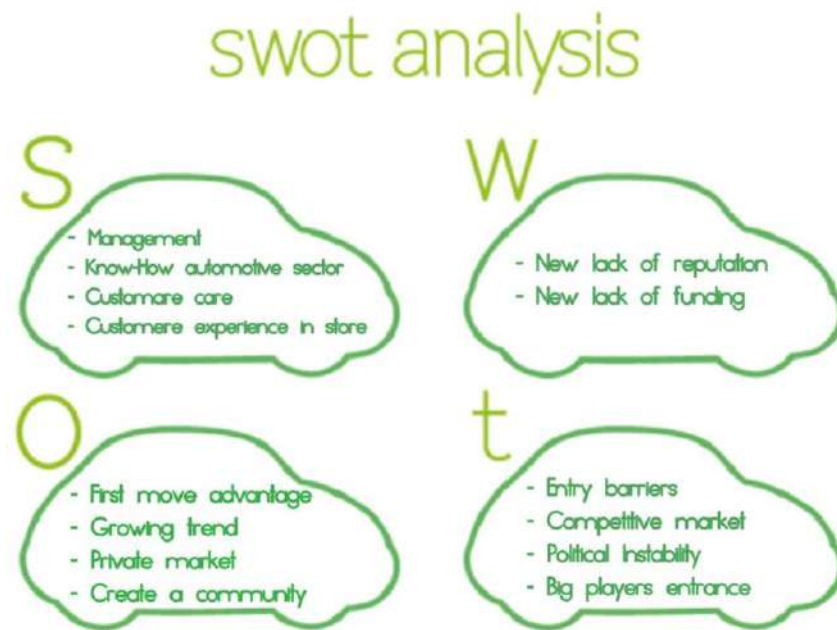
We differ from the rest of the competition due to the attention we devote to our customers as they enter our retail market up to the post purchase focus and the experience we offer in our retail.



Source: My own property

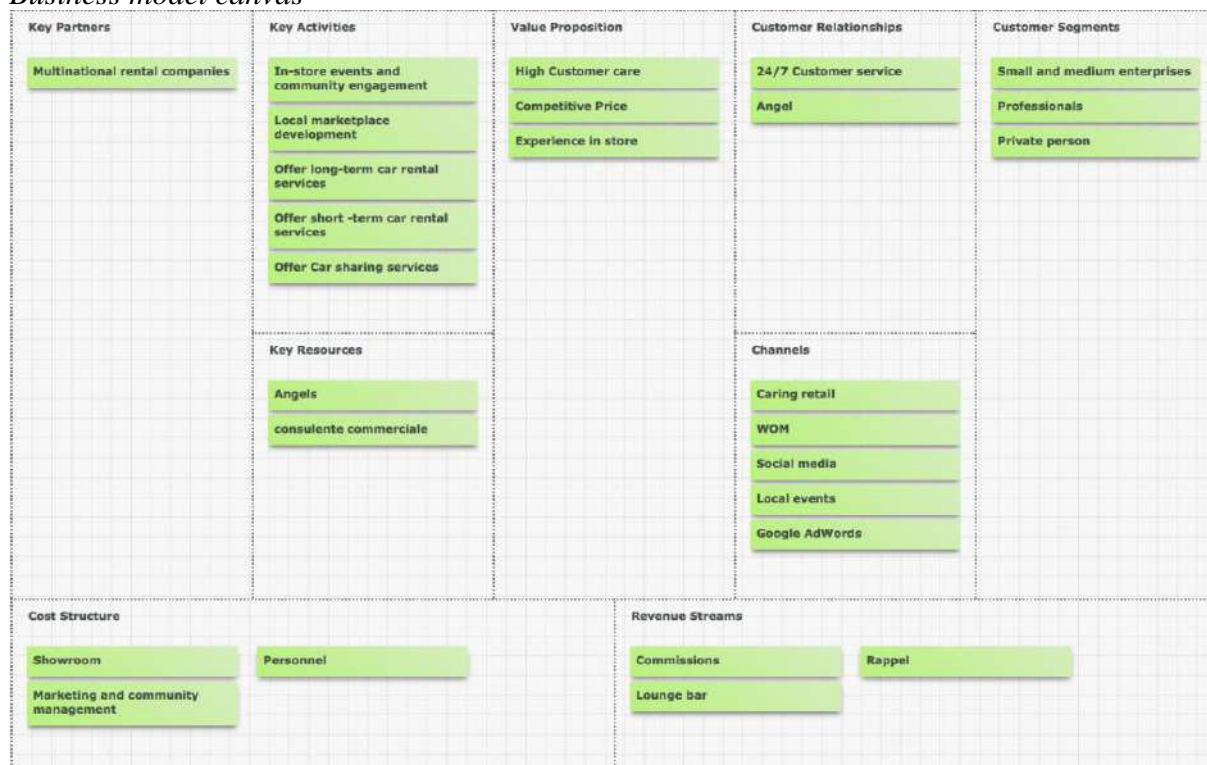


## Swot analysis



Source: My own property

## Business model canvas



Source: My own property

### 4.3 The service

Caring is a real experience point designed to support its customers in all their mobility needs.

Nowadays, owning a vehicle is increasingly expensive. This is why our long-term rental solutions represent a more than advantageous alternative: with the payment of a monthly fee for the entire duration of the contract, from 18 to 48 months, a package of 10 services is included which subtracts to the customer the fixed costs, such as property tax, insurance, stamp duty. And much more.

With Caring you only experience the beauty of the car. We will take care of the rest.

The advantages of long-term rental:

- Certain and planning costs: We offer rental solutions that include a complete package of customizable services based on different mobility needs.
- No capital investment: The monthly fee for the entire duration of the contract, from 18 to 48 months, also includes vehicle financing.
- Consulting: A team of qualified professionals who make their skills available for optimizing the costs of managing car fleets or individual vehicles.
- Reset time and resources: We are in charge of managing the vehicle and all administrative procedures.
- Guaranteed used: With the Caring Permuta formula we buy used at the Quattroruote value.
- Purchase of the vehicle: At the end of the rental it will be possible to buy the vehicles at advantageous conditions.
- Customer Service: A dedicated assistance service to meet every need and satisfy all needs.

The services to drive without worries.

- Registration, road setting and delivery of the vehicle.

Property tax:

- CA RCA and insurance coverage in the event of an injury to the driver.
- Exemption from liability for fire, theft and damage to the vehicle.
- Ordinary and extraordinary maintenance in over 12,000 affiliated centers.
- Free 24-hour mechanical road assistance.
- Dedicated customer service.
- Management of administrative procedures and fines.
- Web area to manage all vehicles with a click.

Additional services on request:

- Replacement car in the event of vehicle technical shutdown.
- Cars in pre-assignment until delivery of the rented vehicle.
- Replacement of winter or summer tires to move safely.
- Fuel card to simplify refueling management.
- Telematic services.

Our attention to the customer is continuous over time: We assist and support our customers constantly, before and after the signing of the contract, with a certified customer service. Not just a multi-service center where to find assistance, advice and information, but also an experiential center, where you can experience innovation and the latest technologies that are changing the way you live the car. A complete offer for a unique experience.

Consulting: Our consultants are waiting for you in an informal environment to create together the most suitable solution.

Test drive and delivery: Try the available vehicles and pick up the one associated with your contract as soon as it's ready.

Post sales assistance: You can contact Caring to learn about and activate new services or for any request for assistance.

E-mobility showroom: Discover E-GO offers and electric vehicles, as well as charging stations and Enel box stations. Looking to future generations, with a view to flexible mobility and optimization of management costs, Caring puts the environment and sustainable mobility at the center of its development strategies, seeking new solutions that have a positive impact on society and the territory.

This is why two highly innovative projects have been born that cover the path of sustainability:

- Caring green: The electric mobility that turns your life around. It is the solution that offers you a 100% electric vehicle with an all-inclusive fee. To move freely while respecting the environment



- Caring Car sharing: A new way to experience corporate mobility that optimizes fleet manager management, reduces driver costs and improves the quality of life for our cities.

#### *4.4 Market analysis*

Today over 1 million Italians choose smart mobility, whether it is renting or car sharing. Every day, more than 900,000 people use the services of long-term rental (Nlt) for work or tourism reasons, 130,000 for Rac and 33,000 for car sharing.

As many as 77,000 companies and 2,900 public administrations rely on Nlt services, 5.3 million short-term contracts and 12 million car-sharing rentals signed in 2018: a clear sign that these formulas have become a full-fledged part of the styles of life of the Italians.

Not to mention the growing number of private individuals conquered by the advantages of the long-term rental formula, which have definitively chosen to forgo the purchase of the car: from the 25,000 contracts in 2017 to 40,000 at the end of 2018 and is expected to exceed quota 50,000 in the current year.

After the boom of the first half of 2018, the rental has reduced the speed of its run since last fall. By filing a new record anyway, within a car market down 3.3%. One car out of four continues to be registered for rental which, representing 11.1% of GDP and 16.6% of tax revenue, constitutes a real pillar of the automotive sector.

Despite the numerous prohibitions aimed also at the latest generation diesel cars, last year the rental as a whole registered 70% diesel vehicles. The trend for gasoline-powered cars was down, while alternative power supplies were up sharply, doubling the share overall compared to 2017 (33,000 units).

The percentage of the rental electric boom stands out with 2,800 new cars and a 150% increase in one year, but the numbers are still very low: only 13,000 units are zero-emissions on a fleet of 38 million vehicles.

Short-term rental - Last year marked a new sector record for Rent-a-car, which grew both in terms of turnover and volumes.

	<b>2018</b>	<b>2017</b>	<b>Var. %</b>
<b>Revenue</b> (million of €)	1.228	1.207	1,8%
<b>Rental days</b>	36.312.348	34.690.046	4,7%
<b>Number of rentals</b>	5.369.172	5.204.881	3,2%
<b>Average fleet</b>	129.833	119.946	8,2%
<b>Average duration of rentals</b> (Days)	6,8	6,7	1,5%
<b>Revenue per day of rentals</b> (€)	33,8	34,8	-2,8%
<b>Registrations</b>	87.304	106.331	-17,9%
<b>Vehicles acquired for hire or leasing</b>	52.503	52.042	0,9%
<b>Average fleet utilization</b>	76,6%	79,2%	-3,3%

The rental companies have managed over 5.3 million rentals (+ 3.2% on 2017) for a total of 36 million rental days (+ 4.7%). The average rental prices further decreased by € 33.8 per day.

Long-term rental - 2018 was the fifth consecutive year of growth for the Nlt. From 2015 to date, the number of vehicles handled has increased from 600,000 to over 900,000. The reduction in the price of the service has allowed the operators of the sector to get closer and closer to private individuals, making the rental more competitive compared to traditional vehicle acquisition formulas.

	2018	2017	Var. %
<b>Revenue of rental contracts</b> prelease included (mld €)	5,5	4,9	12%
<b>Vehicles</b>	196.787	180.981	9%
<b>Average fleet</b>	850.384	734.263	16%
<b>Number of rental vehicles at the end of the year</b>	906.360	794.409	14%
<b>Registrations (Cars + VCL)</b>	306.538	299.353	2%

The average managed fleet saw an increase of 16%, while the estimated turnover recorded an increase of 12% in the presence of a decrease in the average monthly fee of over 3%.

Car sharing - Further growth and consolidation also for vehicle sharing: the number of subscribers is growing, now close to 1 million and 800 thousand. With a stable fleet of 6,600 units, the number of rentals has risen by around 27% compared to 2017, reaching almost 12 million contracts. Milan and Rome are confirmed queens of the shared car, with 9.5 million rentals (over 80% of the total).

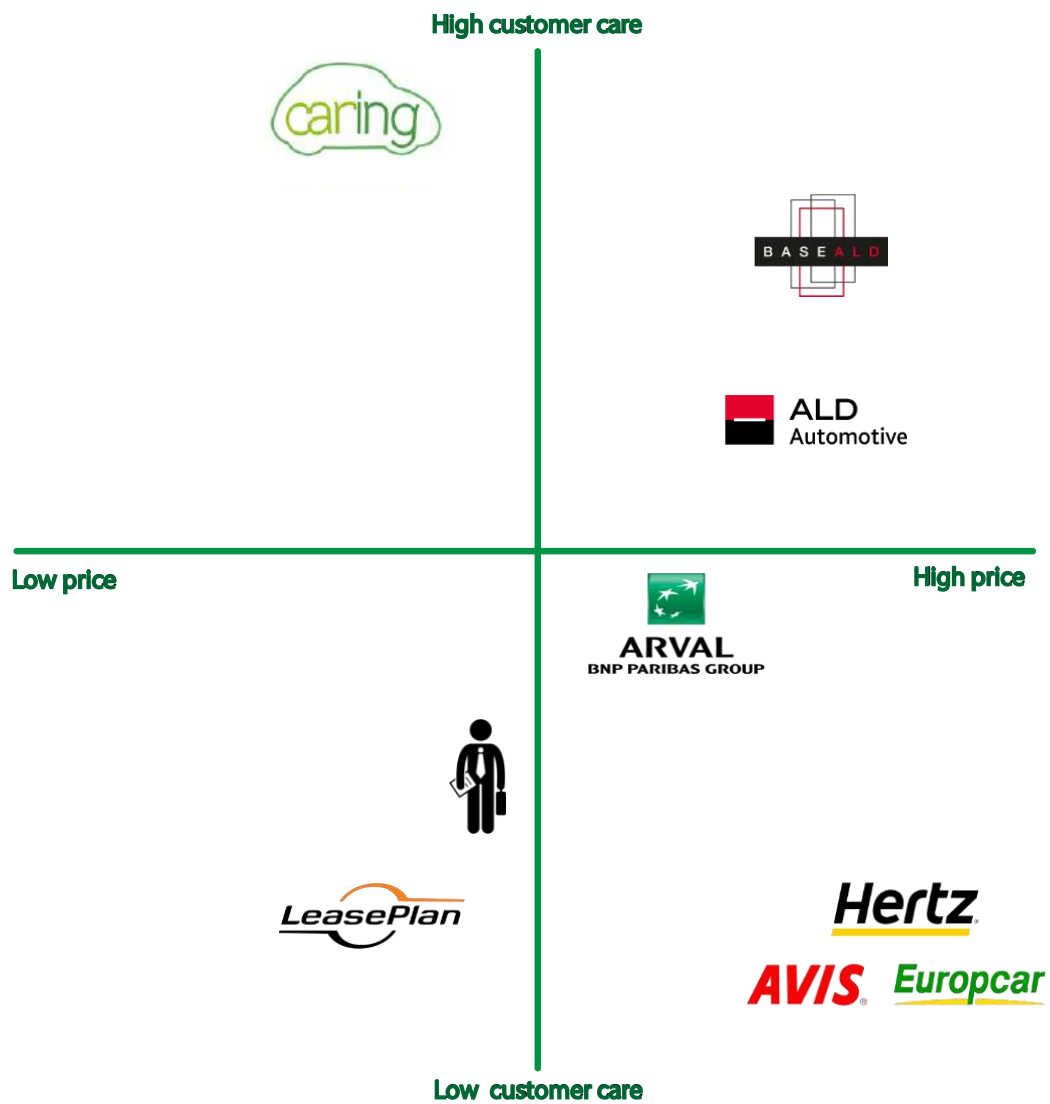
Competitive advantage.

Caring pay a great attention to detail and to the customer's attention to the first time in the retail to the post purchase experience. Moreover, we offer a multi-brand service (ALD, ARVAL, LEASE PLAN), so we have the possibility to offer competitive price by exploiting the competition among the various players in our favour. I know, let customers save money and have a very deep customer care.

Furthermore, caring wants to maximize the private market, a fast-growing market that represents a true and proper trend in the automotive sector.

Caring's competitors are the big long-term rental companies (ALD, ARVAL, LEASEPLAN), short-term rental companies (HERTZ, AVIS, EUROPCAR), brokers and ALD Base. Caring will be the first and only one experience of long-term rental and alternative mobility services in the city of Milan. Which is the city more predisposed to innovative mobility and where this service is growing exponentially.

## Caring positioning



Source: My own property

#### *4.5 Marketing strategy*

Our goal is to create a community, which comprises owners and guest, with the core value of “Sharing is caring”, the underlying philosophy on which our company is based on.

Caring plans on creating this community through advertisements and PR campaigns. This will imply the use of Google AdWords, Google ads, Facebook, YouTube, etc. as well as billboards, all emphasizing the innovative and unique aspects of the retail.

We are planning on creating a movement alongside the community, which will be based on our slogan “Renting is Caring”. The use of content marketing that allows Caring to meet six important requirements:

- Let itself be known;
- Deliver trust and goodness to the product / service;
- Make traffic;
- To sell;
- Loyalty, create membership and word of mouth;
- Grow and sell more and more;

The purpose of this is to make Caring become the new trend in the constantly growing car-rental marketing.

#### *4.6 Staffing and Management*

The strength of Caring is its Staff and its Management. All Caring people must feel involved in the project. Each resource was chosen carefully and after a long selection process.

The entrepreneurial idea Caring was born from Francesco Faragalli Serroni with the support of Vincenzo Gramenzi.

After years of studies at the prestigious LUISS Guido Carli University and following his work experiences in the Automotive sector, Francesco Faragalli Serroni had the idea of the Caring business and was supported by Vincenzo Gramenzi.

He was general manager of a long-term rental dealership for 6 years, making his company achieve the leading role in the sector in the Marche and Abruzzo regions. He will take on the role of General Manager with the aim of bringing his experience to the service of an emerging start-up. His role will be fundamental, as will be very important in the choice of the two people who will complete the team initially: The Angel and the Seller.

The Angel will help the client to go beyond that "threshold", to establish the first contact in a unique way:

1. demonstrating closeness to the Customer. through two modes of non-verbal communication: the eye contact of a loving gaze and the smile.
2. verbally approaching with a pronounced greeting with kindness and a sonorous voice, full-bodied, enveloping and warm, a greeting that is able to communicate authentic hospitality.

The angel must know how to build, make it feel the real protagonist of the shopping experience and, even, anticipating the dreams and customer needs to get deep into harmony with him.

And after a careful selection, this role will be played by Ludovica Siciliano.

Brilliant girl, graduated in Management, with great communication skills, able to create empathy with people and above all a highly trained girl in Management.

Finally, there will be the fundamental figure of the Seller. This role will be played by Pasquale Nolli, one of the most prolific long-term rental brokers in central Italy.

His skills to establish a connection with customers and building to real relationship during sale and after sales make him the perfect person for this role.

Both the Angel and the seller are hired with a fixed-term contract, and the seller will also receive a commission for each contract he stipulates.

#### 4.7 Financial planning

From a careful analysis of the market, of the competitors of the potential of retail given by the competitive advantage and the flows generated by the location, the CEO Francesco Faragalli Serroni with the support of the General Manager managed to estimate a profitability and a financial analysis of the retail.

Retail Caring has a revenue stream generated from three sources:

- The Commissions: for each contract stipulated Caring earns a commission. The average commission for each contract stipulated is 4.3% of the list price of the vehicle which on average is € 26,000. This generates an average commission for Caring of € 1,170 for each contract.
- Rappel: The large multinationals of the rental offer a prize (Rappel) for the achievement of certain objectives, which consists of a sum for each contract entered into. Caring will receive a Rappel of € 250 for each contract stipulated in the first year, € 300€ in the second year and € 400 in the third.
- Lounge Bar: The Lounge bar inside Retail Caring has as its primary objective that of improving the retail experience, increase the time duration of the visit in the retail and also generating income. The estimated average gain is € 2000 per month.

Caring Fixed costs for the first 3 years are the following:

- Showroom: the Caring show room has a fixed rental cost of € 5000 per month. To this must be added € 60,000 in furniture and initial lounge bars in the first month.
- Staff: The owners of Caring are Francesco Faragalli Serroni and Vincenzo Gramenzi respectively for 60% and 40%. For this reason, their remuneration will depend on earnings and in the first year it will be fixed at € 30.000 for the CEO and € 20.000 for the general manager. Instead the Angel and the Seller are hired with a fixed term contract for the first 3 years, earning respectively € 1.200 per month the first and € 1.000 the second. In addition, the Seller will receive a commission of 10% of the total commission that Caring will obtain on each individual contract stipulated. In the third year two other people will be added to the staff. The first will be responsible for managing the back office while the second will be another seller. Both will be hired with a fixed term contract and will have a salary of € 1.200 per month for the first and € 1.000 per month for the second + commissions.

- Entertainment: In the first month of Caring's life there will be a fixed cost for the purchase of entertainment material. The driving simulator will cost € 3000, the configurator instead € 2000 and € 3000 for screens and computers in retail.
- Marketing: Caring will have to enter a very competitive market and will have to be known and immediately noticed in the area of Porta Nuova in Milan, which is why Marketing will be essential, especially for the first 24 months. The fixed costs related to marketing will be €30000 for the first year, € 30,000 for the second year and € 30000 for the third year respectively.

Caring to start its business will need an initial loan of € 200,000 with a 6% rate that will be paid off in three years. This allows caring to have the amount to start up its business by paying € 5,900 a month to repair the loan.

Below I made a cash flow statement for the first 36 months of the Caring business. From this analysis, carried out on estimates of revenues and fixed costs, it follows that in the first year Caring estimates to close its work with € 83,050 thanks to the initial loan. But the costs were higher than the revenues generated by: commissions, rappels and lounge bar. In fact, revenues are going to be € 237,000 and instead costs € 283,150.

In the second year, instead, the costs and revenues will be the same and will be € 318,000.

In the eighth month of the second year, it is estimated that the break-even point will be reached, at the time when 280 total contracts will be made.

From the twentieth month of activity, Caring will start producing profit and will close the third year with € 94,300 in positive cash flow.



## CARING CASH FLOW 2020

Starting date gen-20

	Beginning	Jan-20	feb-20	mar-20	apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	nov-20	Dec-20	Total
<b>Cash Flow</b>	200.000	126.330	-5.670	-5.670	-5.670	1.989	1.989	1.989	1.989	3.292	3.292	4.595	-45.405	83.050
<b>CASH RECEIPTS</b>		Jan-20	feb-20	mar-20	apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	nov-20	Dec-20	Total
Commissions		11.700	11.700	11.700	11.700	15.210	15.210	15.210	15.210	16.380	16.380	17.550	17.550	175.500
Lounge Bar		2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	24.000
Rappel		2.500	2.500	2.500	2.500	3.250	3.250	3.250	3.250	3.500	3.500	3.750	3.750	37.500
Loan Receivable		200.000												200.000
<b>TOTAL CASH RECEIPTS</b>		216.200	16.200	16.200	16.200	20.460	20.460	20.460	20.460	21.880	21.880	23.300	23.300	437.000
<b>CASH PAID OUT</b>		Jan-20	feb-20	mar-20	apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	nov-20	Dec-20	Total
Marketing		5.000	5.000	5.000	5.000	1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	30.000
Staff		2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	28.800
Staff tax		2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	28.800
Showroom		5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	60.000
Loan payable		5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	70.800
Entertainment cost		8.000												8.000
Furniture & Lounge bar		60.000												60.000
Manager Salary													20.000	20.000
CEO Salary													30.000	30.000
Commission payable		1.170	1.170	1.170	1.170	1.521	1.521	1.521	1.521	1.638	1.638	1.755	1.755	17.550
<b>SUBTOTAL</b>		89.870	21.870	21.870	21.870	18.471	18.471	18.471	18.471	18.588	18.588	18.705	68.705	353.950

## CARING CASH FLOW 2021

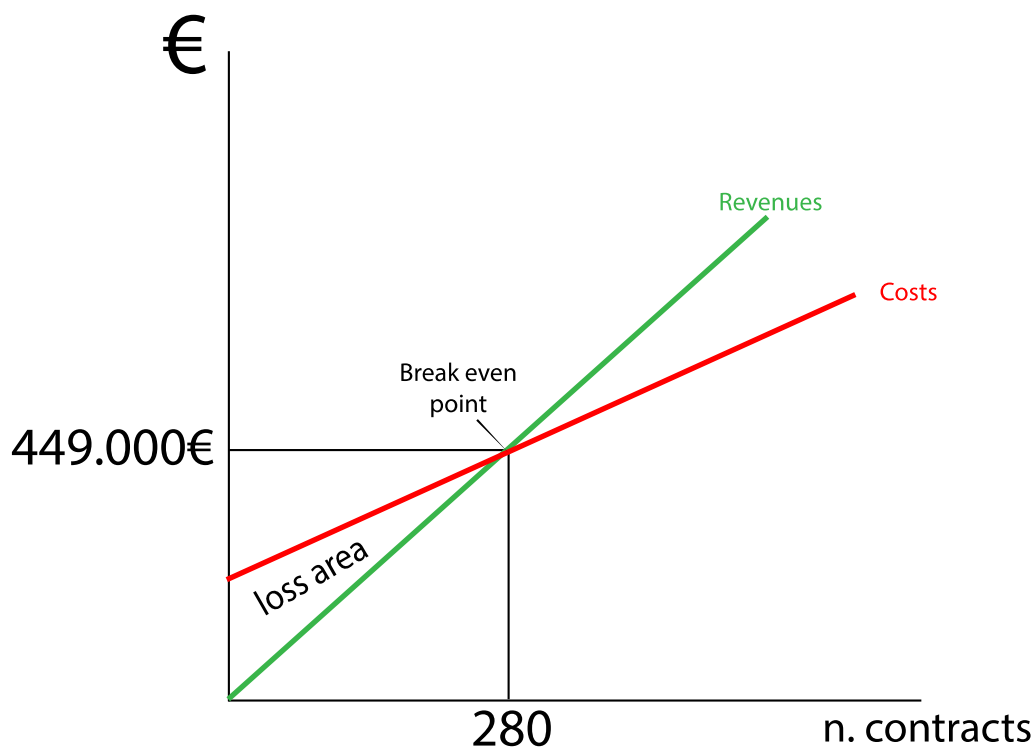
	Beginning	Jan-21	feb-21	mar-21	apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	nov-21	Dec-21	Total
<b>Cash Flow</b>	83.050	242	242	242	242	8.051	8.051	8.051	8.051	10.757	10.757	10.757	-65.443	83.050
<b>CASH RECEIPTS</b>		Jan-21	feb-21	mar-21	apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	nov-21	Dec-21	Total
Commissions		16.380	16.380	16.380	16.380	19.890	19.890	19.890	19.890	22.230	22.230	22.230	22.230	234.000
Lounge Bar		2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	24.000
Rappel		4.200	4.200	4.200	4.200	5.100	5.100	5.100	5.100	5.700	5.700	5.700	5.700	60.000
<b>TOTAL CASH RECEIPTS</b>		22.580	22.580	22.580	22.580	26.990	26.990	26.990	26.990	29.930	29.930	29.930	29.930	318.000
<b>CASH PAID OUT</b>		Jan-21	feb-21	mar-21	apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	nov-21	Dec-21	Total
Marketing		5.000	5.000	5.000	5.000	1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	30.000
Staff		2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	28.800
Staff tax		2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	28.800
Showroom		5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	60.000
Loan payable		5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	70.800
Manager Salary													46.200	46.200
CEO Salary													30.000	30.000
Commission Payable		1.638	1.638	1.638	1.638	1.989	1.989	1.989	1.989	2.223	2.223	2.223	2.223	23.400
<b>SUBTOTAL</b>		22.338	22.338	22.338	22.338	18.939	18.939	18.939	18.939	19.173	19.173	19.173	95.373	318.000

## CARING CASH FLOW 2022

	Beginning	Jan-22	feb-22	mar-22	apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	nov-22	Dec-22	Total
<b>Cash Flow</b>	83.050	2.654	2.654	2.654	2.654	10.763	10.763	10.763	10.763	13.669	13.669	15.122	-84.878	94.300
<b>CASH RECEIPTS</b>		Jan-22	feb-22	mar-22	apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	nov-22	Dec-22	Total
Commissions		21.060	21.060	21.060	21.060	24.570	24.570	24.570	24.570	26.910	26.910	28.080	28.080	292.500
Lounge Bar		2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	24.000
Rappel		7.200	7.200	7.200	7.200	8.400	8.400	8.400	8.400	9.200	9.200	9.600	9.600	100.000
<b>TOTAL CASH RECEIPTS</b>		30.260	30.260	30.260	30.260	34.970	34.970	34.970	34.970	38.110	38.110	39.680	39.680	416.500
<b>CASH PAID OUT</b>		Jan-22	feb-22	mar-22	apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	nov-22	Dec-22	Total
Marketing		5.000	5.000	5.000	5.000	1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	30.000
Staff		4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	57.600
Staff tax		4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800	57.600
Showroom		5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	60.000
Loan payable		5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	5.900	70.800
Manager Salary													40.000	40.000
CEO Salary													60.000	60.000
Commission payable		2.106	2.106	2.106	2.106	2.457	2.457	2.457	2.457	2.691	2.691	2.808	2.808	29.250
<b>SUBTOTAL</b>		27.606	27.606	27.606	27.606	24.207	24.207	24.207	24.207	24.441	24.441	24.558	124.558	405.250

Cash flow for the first 3 years

Source: My own property



Source: My own property

## break even analysis

	1st year	2nd year	3rd year
Number of contracts	150	200	250
Revenues	237.000€	318.000€	416.500€
Fixed costs	283.150€	247.200€	334.200€
Total	-46.150€	70.800€	82.300€

Source: My own property

## *Conclusion*

The widespread distribution of the car as a mobility and transport system has brought great changes in the social and economic landscape of our civilization. The individual means of transport, as an emblematic element of the consumerist development model of Western society, following an economy that is now globalized, has conditioned the lifestyle of millions of individuals and has produced transformations that initially no one could have foreseen.

Today the current economic crisis has led us to the search for systems to reduce car use costs and has produced the idea that exclusive ownership is not the only way to have a car available. The marketing and sales offices of car manufacturers have therefore developed formulas for partial or temporary sales, which offer interesting alternatives to the purchase, such as car rental.

In his essay "The age of access" (2000; trad. It. 2000), Jeremy Rifkin had anticipated the importance of the availability of a good compared to its possession. Despite all the psychological and cultural difficulties that characterize the culture of property, in the automotive world the idea of having the right to temporary or partial use is progressively affirming and, thanks to increasingly flexible and customizable forms, will be able to better meet the various mobility needs, both in business and consumer terms. With the success of the long-term rental, there are more and more operators interested in offering the service. This is why innovation is fundamental, which passes through the continuous development of the services offered and the methods of delivery.

In the start-up that I show in this project of mine, I wanted to outline the innovative strategies that I believe will accompany me in building the competitive advantage of my retail. I would call it "a strategic project" that will see the birth of an experience point dedicated to services and mobility products. In practice, a point of contact with the future, where an increasingly wider and transversal public will be able to know, build, choose and live their own mobility experience signed "Caring".

That is, to offer, also thanks to a direct and continuous relationship in the territory, a customer experience attentive to every detail, which I think is the real added value for customers.

"Caring" breaks the mold and goes beyond the traditional long-term rental offer. The new idea is the creation of a real experience point where the public can learn about, build, choose and live their own experience of mobility signed by Caring. It is certainly an ambitious project with which I intend to

draw new boundaries for the mobility market, celebrating at the same time marketing examples such as ALD Automotive and Iqos, companies that in these years have devoted great attention to finding new solutions and services to offer to customers, always guaranteeing a high quality standard.

The aim of the "Caring" project is to provide a complete representation of the brand identity which, while continuing to perform traditional functions, focuses on the relationship with the customer, understood as a true "bridge" between the company and the consumer with whom it establishes a stable, long-lasting and interactive learning bond, giving him an opportunity, an emotion or a suggestive memory through the sales space.

Marketing, in essence, can no longer rely only on the ancient values of utility and quality, now derecognised in the background, but must anticipate dormant or unexpressed needs; it must give the customer an opportunity, an emotion or a suggestive memory through the sales space.

In a multi-faceted, multimedia, digital, hasty and inattentive society like ours, Caring proposes itself in an innovative way because it aims to improve the consumer experience by involving all senses.

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## SUMMARY

*“Caring”*: building a niche position in the long term car rental market is a work born from my business idea and from a personal and highly educational experience in the automotive market.

By carrying out studies on new market trends and analyzing different data, I decided with immense enthusiasm to design my start-up in the automotive sector. An innovative start-up, despite the fact that the sector sees the involvement of numerous competitors. The innovative element lies in the emotional imprinting that characterizes my automotive retail and that will have to guide the customer at every stage of the journey.

In fact "Caring", the name I chose to my retail, summarizes the care and attention I will invest in the emotional journey with which I will accompany my clients from pre-purchase to post purchase in order to create memorable shopping experiences for them, that remain etched in them mind and influence them future behavior.

I believe that this brand allows me to develop a considerable competitive advantage and to represent the real ground of comparison with the other competitors, because the caring determines the value and quality of the product itself that is realized.

An ambitious project, therefore, that starts from a careful market analysis in the mobility sector and from a focus on changes in daily habits, mobility styles and lifestyles.

Market data, as recorded in the first chapter of this thesis, show how widespread is a mobility culture focused on the use of the vehicle, more as a tool than status, with positive effects for innovation and cost economics, as well as for environmental and social responsibility. A culture of mobility focused on the use of the vehicle as a tool and not as a status, has spread with positive effects for innovation and cost economics, as well as environmental and social responsibility.

The rental has become an essential partner for the industry and car services, not only for vehicle volumes, but above all for the traffic of activities ranging from digital mobility to the management of every aspect of circulation and also to the testing and verification of the new models sold. It is an innovative mobility contract, a solution that can respond in a flexible and customizable way to the needs of businesses, professionals and individuals.

In the post-war years, when Italy was eager to start over and get up again, car rentals were carried out by wealthy people who needed to move for work and who, once off the train, needed a transfer service to hotels of tourist locations. The rental was also carried out by people who are not able to buy their own car for traveling. It was perhaps one of the keys to the rebirth that led to the economic boom.

Thus, a new transport system was born, innovative and comfortable, destined to a rapid development due to the great convenience of being able to have a car available, without having to buy it, but simply paying a small fee. Since then, so much time has passed, car rental services have evolved by taking advantage of changes in society and adapting to their ever-changing needs.

The car rental market has become a mass phenomenon, even being able to be used by those who, before the internet, did not know the actual possibilities. It is constantly growing, indeed, the use of these services is expected to increase again in the coming years, setting up the car sales market.

Connectivity, new engines, automation will be the main benchmarks and, anticipating the entire automotive supply chain, the rental sector has entered speed in the era of Mobility As A Service driven by short and long-term rental sectors.

Among the "forms of use" of the car that are experiencing the greatest growth, there is undoubtedly the Long-Term Rental, often abbreviated as NLT, that is an innovative mobility contract, a solution that can respond in a flexible and customizable way to the needs of businesses, professionals and individuals.

Long-Term Rental or NLT means a contractual formula by which the contractor rents a vehicle for a fixed mileage and for a period of time ranging from a minimum of one year to a maximum of five, paying a monthly fee. This amount varies depending on numerous factors, such as the model, the manufacturer of the car and the agreed mileage. Therefore, with the long-term rental, you do not buy a new car, but you subscribe to a service by paying a monthly fee.

"Fixed cost and all-inclusive packages are determining the success of the formula", highlights Massimiliano Archiapatti President of ANIASA, "For the same model and distance, we estimate an average convenience of 15% compared to the property, without counting other advantages, such as not immobilizing the entire capital for the purchase or the time saved for the bureaucracy of the car. It should also be added that, for some time now, buying a car has become increasingly difficult, as prices continue to soar. In fact, a study by the Autopromotec Observatory, carried out through the analysis of the Istat indexes, on the consumer prices of the entire population showed that between 2015 and 2018 there was a 3.4% increase in cars.

Today there are already around 40,000 Italians who have preferred long-term rentals, with a fixed and predetermined cost. At the end of 2019 it is expected to reach 50,000.

In fact, in the last four years, a positive trend has been recorded despite slight recessions in 2018/2019. Overall, in 2017 the sector recorded 18.2% growth compared to 2016, with over 433 thousand new car registrations in Italy in 12 months. The turnover of the long-term rental sector in 2017 grew by 9% compared to 2016, reaching 4.9 billion euros. 794.409 vehicles were rented in the 12 months of

2017, compared to 674,117 in the previous year. Registrations have also set another record, ending 2017 at 301,553 units, an increase of 10% compared to 2016. In general, long-term rentals in 2017 grew by 18%, with a net increase in the fleet of 120 thousand vehicles.

Within the fleet, considerable increases concerned the mid-range or Class D cars, up 21.9%, but also for small cars and city cars, +17.2. At the same time, all segments recorded significant increases, including high-end vehicles, + 5.9% and higher-end cars or E-Class, + 15% in 2017.

These results were the result of precise entrepreneurial policies, which focused on expanding the clientele, modernizing the fleet and increasingly innovative and technological services.

The total end-of-year 2017 data indicate a fleet of over one million vehicles, a sharp increase in sales to 6.8 billion, + 9.8%, and a new record for registrations of cars and commercial vehicles, which now consistently constitute 25 % of the national market.

A business trend that represents the change of vision regarding the car good. In addition to the increasingly attractive offer of car manufacturers, an example of the evolution of consumption is the world of dealers who, although up until a few years ago were worried about the development of the car rental, triggering recent frictions with the same houses about the implemented trade policies. In reality, they understand the value of renting as a multiplier of activity, including the aftermarket, with the establishment of companies also owned by credit institutions. In 2018 dealers registered almost 41,000 vehicles for hire, demonstrating in practice that they believe in a service system that supports, and does not undermine, customer loyalty by increasing collaboration between companies in the automotive sector. Nevertheless, private individuals confirm themselves to be the great novelty of the long-term rental market. These, considering it more advantageous, compared to the purchase, to make use of the new forms of sharing, from car sharing to short and long term rental have passed From 25,000 numbered contracts in 2017, to 40,000 at the end of 2018 and at the end of 2019 it is expected to exceed 50,000.

If long-term rental meets, almost always, business needs, the short-term one meets the needs of private users who, being temporarily without a car, need to have mobility that is not guaranteed by public transport. But short-term rental is not only this because, sometimes, even having our car at our disposal, we have extraordinary needs, for a few hours or a few days, of a vehicle best suited to our needs.

Short Term Rental has a contractual duration ranging from a minimum of 1 day to a maximum of 6 months; it concerns all car and van segments, while rental points are concentrated in ports, airports, stations and freight villages. It is a service delivery contract, where a company assigns an asset, and the related services related to it, against a payment of money.

The rental proposals have changed a lot, representing a revolution in automotive marketing: simple configurators come on the site, even on the home page, ready to build a modular and flexible offer, with the possibility of trade-in and vehicle enhancement for reduce monthly fees, without advance payment or with the purchase of travel packages. Both airport stations and downtown stations contributed to the growth in short-term car rental turnover, with the latter, however, contributing the most to the positive trend. The airports represent 64% of the business and generated a turnover of 789 million euros (+ 0.6%), while the downtown stations achieved a turnover of 440 million euros (+ 3.9% compared to 2017).

The Rent a Car of commercial vehicles deserves a special mention, which showed an important increase in the fleet (+ 28.6%), determined above all by the growth of e-commerce. Sales of short-term rental of commercial vehicles grew by + 17.5%, with a sharp increase in the average duration of rentals (14.2%), a sign that more and more operators are using Rac to face temporary peaks in work.

After four positive years, the scourge of thefts in 2018 returned to hit the Rent a Car segment significantly: the damage to operators amounted to 10.2 million euros and the rental companies suffered 1,594 thefts of vehicles, with a 36% growth compared to 2017. Fortunately, the recovery rate of stolen vehicles has also increased, from 46% in 2017 to 49% in 2018. This means that almost one vehicle in two is recovered. Merit, of course, of technology.

As mentioned, in the first quarter of 2019 short-term car rental continued the positive trend, despite some negative indicators. Turnover was stable (+ 0.8%) and the number of rentals (-0.5%), rental days increased (+ 1.9%), while the decline in registrations was significant (-19.6%). A signal of caution on the part of the operators, but above all the reflection of a significant change in the policies of the car manufacturers, which in the first quarter of the year provided less incentives than last year for registrations by the Rac companies.

Another very important trend in the automotive sector is car sharing. The shared car likes, only in Italy in in the last six months car sharing has grown by 35 percent reaching 4.2 million bookings. A success that is absolutely not taken for granted, but that now affects an ever increasing number of operators. Thanks to the affordable rates, the ease of finding the cars, the intuitiveness of the apps for

managing the service and, above all, the difficulties in using the private car in the city (Iacovini C., *Car sharing*).

The cardinal principle of car sharing is giving up the private car, but not the flexibility in moving. The car passes from the consumer goods to the services one. Unlike carpooling, a model according to which more people travel together in the same car - owned by one of them - by sharing travel expenses, or by ride sharing, meaning on-demand car sharing, car sharing it is similar to an hourly rental with cars located in several points of the city. The registered user of the service identifies the desired vehicle, more and more often through a special app, books it, uses it and then returns it to a specific place or, a practice now shared by the most modern services, in any parking lot within a limited area. Area that usually coincides with the urban perimeter.

2018 was a year of further growth and consolidation for car sharing: the number of subscribers grew, now close to 1 million and 800 thousand. With a stable fleet of 6,600 units, the number of rentals increased by approximately 27% compared to 2017, reaching almost 12 million contracts. Milan and Rome are confirmed queens of the shared car with 9.5 million rentals, over 80% of the total.

From the point of view of weekly use, there is a constant distribution between the days of the week, without appreciable changes compared to 2017. Each of the 7 days of the week in fact weighs between 13% and 15% of the total. These values, which in the past years showed some differences between the main operators, from 2018 on the other hand are more uniform, also due to the stabilization of the operating model by the operators who entered the sector more recently. Given the record numbers recorded by car rental services, both in the short and long term, one wonders why such a marked success. This result is even more amazing considering that despite 51% of Italians know these services, in reality only 17% are informed about the methods of hiring and the companies that offer these services. However, almost 1 in 3 Italians are inclined to experiment with these formulas in the coming years, while 5% guarantee that they will try long-term rental services as early as 2019.

Companies engaged in short-term and long-term rental services have been able to intercept a driver's need: to have an ever new car available and to delegate the management of ancillary services. In addition, car rental companies have been able to anticipate changes in the automotive industry, transforming their fleets to meet the growing demand for environmentally friendly and sustainable vehicles, primarily electric cars and new plug-in hybrids.

After considering the future of my project, in the second chapter I moved on to analyze the IQOS brand, the smoke free product by Philip Morris.

A company that in the last ten years has faced the epochal challenge of reducing smoke damage, through the implementation of innovative strategies both from the point of view of research and marketing, with the aim of developing products that reduce or eliminate the harmful components of the cigarette, thanks to the complementary nature of the scientific commitment, technological innovation and social responsibility towards consumers. IQOS was born from this planning, the smoke-free product by Philip Morris, a sophisticated electronic tobacco warming system, specially prepared and mixed up to a temperature below 350 ° C, without producing combustion, fire, ash or smoke. This generates a vapor containing nicotine, which allows you to savor the taste of tobacco. Since no combustion process occurs, levels of harmful chemicals are significantly lower than cigarette smoke. The company takes care of every detail from scientific research to the design of the device and the places of promotion and sale.

In just a few years, it has succeeded in achieving a metamorphosis that has allowed it to grow exponentially and has made it a benchmark to be inspired in the field of retail and experiential purchasing, as also reinforced by the analysis carried out during the mystery shopping, carried out in the Iqos store in Milan and Turin.

The stores are "flagship stores" (flagship stores), single-brand stores aimed not so much at selling a product but rather at enhancing the brand. These are large spaces that feature furnishings designed down to the smallest detail, which also propose artistic or musical events and where the purchase of the product must become a unique experience. They are physical places that allow Philip Morris to always be at the side of IQOS users to give advice, to present events, unique locations that can be the meeting point for meetings with coaches and virtual places that allow you to buy from the comfort of home and, in the case of special promotions in progress, at a discounted price.

In the third chapter, I wanted to describe the characteristics of the retail mix in depth. In fact, the real competitive advantage of Caring is its experiential approach linked to purchasing.

I pointed out that retail should no longer be thought of as an aseptic and dehumanized space, but as an engaging and "hot" element to appropriate and feel comfortable with. A place of leisure, of growth and of cultural confrontation, where the purchase is subordinated to the activity of living a consumer experience through the solicitation of the five senses.

The Caring retail, with the enhancement of sensory elements, thus becomes a place of permanence (point of permanence), where the consumer does not enter exclusively to buy, but to visit a place that knows how to attract him, intrigue him and entertain him.

All this requires detailed planning and the use of special store designing and visual merchandising techniques, specifically designed to create a perfect atmosphere and make retail a fundamental element for the construction and communication of brand identity, which develops the philosophy of "Sell with sense".

I am convinced that, through careful retail design, it is possible to offer a completely new product for the consumer, managing to evoke images, memories, feelings, past experiences that will determine the purchase itself. My retail, therefore, intends to contribute to making the purchase a simple, gratifying and relaxing act involving the whole emotional and sensorial sphere of the Customer.

The point of sale (or store) is today unanimously recognized as a privileged place, within which to concretely implement the system of strategic decisions relating to marketing communications. The progressive complexity of competitive dynamics and consumer behavior has, in fact, increased the importance of communication within these physical spaces. This is precisely the objective set in the car rental retail market, a true "evolution of the sales point"; in fact "Caring" is not a simple space dedicated to the commercial activity, in which the consumer goes exclusively for the purchase, it is indeed an authentic occasion of meeting, in which inside there is the possibility of establishing new relationships between customers and brands and between customers themselves, and fortify existing ones.

In particular, "Caring" can be illustrated both as a point of sale, where a logistical and transactional concept of commercial activity predominates, so the point of sale is seen as the only source of information relating to the commercial offer (the product, its products benefits and services connected to it) both as a Point of purchase, in which, with the evolution of purchasing behavior, the focus shifts from products to customers and the point of sale also begins to perform a function strongly recalling symbolic values .

So also and above all as "Caring" Point of permanence: a place in which to satisfy the hedonistic, fun and consumer gratification needs (shopping experience); that is, the point of sale takes on a playful and recreational dimension, a place that attracts, intrigues and entertains the consumer.

Given that the recourse to the "spectacularization" of the purchase act allows the consumer to feel satisfied also by those needs linked to self-gratification, to the desire to escape from daily routines and emotions.



Finally it is Caring Point of meeting, where the fulcrum of the sales activity also becomes the establishment of deep and lasting relationships with consumers; in this way the point of sale is transformed into a space for relationships and brands among customers, a fundamental tool for getting in touch with the consumer and a privileged channel for communication and interaction.

In the retail Caring the sales space has become an expression of identity, personality and the set of values inherent in the brand. In particular, Caring has the characteristics of life brand style, that is, it has the ability to offer, together with the car rental product, the proposal of a specific lifestyle, to which the consumer approaches for empathy, for sharing of values and common behaviors.

The purpose of Caring is to give a complete representation of the brand identity and, while continuing to perform traditional functions, focuses on the relationship with the customer. An agreement as a real "bridge" between the company and the consumer, in fact, Caring aims to establish with the customer a stable, long-lasting and interactive learning relationship, to reach the transition from the brand personality stage to the so-called brand experience. Caring has therefore been designed as a place where consumers can immerse themselves in 360 degrees, surrounded by colors, shapes, sounds and sensations that allow them to experience what the brand really is.

The identification of the Location, i.e. the location of the store, is of considerable importance, takes on strategic value and requires consistency both with the philosophy underlying the brand and with the target audience.

For this reason, an elegant, innovative and eco-sustainable location capable of giving an added value to retail, an international hub in the great system of social, cultural and economic exchanges: Porta Nuova, in the heart of Milan which looks to the future, the neighborhood that is the subject of a major urban and architectural redevelopment project where chromium-plated metal alternates with clear Nordic-style fountains and green spaces that defy the laws of physics.

Porta Nuova comes from the urban redevelopment of three neighboring areas, north-east of Milan: Garibaldi district, Isola district, and Varesine district. A large project that has redesigned the whole area in architectural terms, creating a brand new economic and residential area for the city of Milan, an ideal site for the "Caring" philosophy.

The area concerned covers a total area of 340,000 m<sup>2</sup>, including 57,000 m<sup>2</sup> of offices, 11,000 m<sup>2</sup> of retail space, 160,000 m<sup>2</sup> of pedestrian areas, 20,000 m<sup>2</sup> of cultural spaces, 370 luxury apartments and around 4000 mostly underground parking spaces.

Another key feature of Caring's retail mix is the atmosphere whit the aim to involve the consumer in a direct and intense way to make him "immerse" completely in the reality, it is a determining objective of the preparation of the internal space of the store.

The atmosphere is considered an authentic means of communication, able to guarantee an adequate positioning of Caring in the minds of consumers and to reinforce the relationships established with them.

In fact, entering the Caring retail, all five senses are stimulated: a pleasant atmosphere will push people to come back often and buy more. Visual stimuli (e.g. lighting, signage, ...) as well as sound and olfactory stimuli contribute to concretely expressing the identity of the brand, with a highly distinctive connotation of the sales environment. These are the so-called polysensory stimuli, which, in a manner consistent with the overall image of the brand, influence the emotional sphere of the consumer and are aimed at making his "visit" an electrifying and pleasant experience.

So, the atmosphere of the store becomes a strategic variable to create a strong competitive advantage and to differentiate.

Furthermore, Caring, with a strategic analysis of the offer and of the reference target, wanted to achieve an authentic and effective definition of the exhibition spaces. The customer who visits the Caring store intends to find out about the commercial offer, the organization, the services, the employees, the products and through this experience will absorb certain information that will allow them to form an opinion on the sign. Through visual merchandising, therefore, we want to help the customer reach the right place, in which to satisfy planned purchases, the place that invites him to make impulse expenses, from which he receives certain information about the product and in which he does, with due calm, considerations and comparison with other offers offered to him.

In the era of the customer, the challenge for brands and companies is to be able to align themselves with the growing needs, needs and high expectations of their customers. Consumers are not satisfied with just buying products and services, they are increasingly looking for unique, personalized, memorable experiences that can arouse emotions. They want transparent communication and are looking for immediate satisfaction of their needs in the face of minimal use of time and resources.

In this scenario, it is essential to offer an excellent customer experience. That is the sum of experiences, feelings, emotions and memories that a customer matures in interaction with brands. Only those who are able to offer memorable experiences can stand out in a highly competitive scenario. At the head of this unique experience, Caring places the professional figure of the "Angel" who must be able to help the client to go beyond that "threshold", to establish the first contact in a unique way.

In developing retail caring, great attention has been paid to keeping the customer in the store for as long as possible.

For this reason entertainment is a strategic lever available to the company to meet and respond to the hedonistic and recreational needs of modern consumers. In Caring, customer entertainment effectively communicates brand identity and stimulates consumer involvement with creativity.

The creation of events and the supply of entertainment facilitate the interaction between the different customers, for this reason the entertainment offer is usually realized through:

- Auto simulator.
- Vehicle configurator.

Always with the aim of increasing the experience in the store, Caring wanted to install a 3D vehicle configurator. The idea is to immediately create a feeling between the customer and the car of their dreams. In fact, the customer can test himself directly in the configuration of his car, in all its details and finally see the final configuration in 3D so as to feel immediately inside his car.

Another fundamental lever in the Caring retail mix that I developed in the third chapter is that of Pricing and Promotion.

The promotional process consists of 5 main phases:

- Definition of the objectives of the promotion
  - Identification of the customer target
  - Development of a promotional strategy
  - Execution of the promotional action
  - Evaluation of promotional effectiveness
- 
- Definition of objectives

Increased consumer traffic in the store not only through promotions but above all by branding.

- Target identification

The definition of the target to be identified is an immediate consequence of the prefixed objective; greater clarity we will have in defining our objective and the greater our probability of having a correct strategy and identification of the target. It is essential in this sense to have a good well-defined customer base; in fact, the greater the profiling of our client will be, the better the identification of our target and the consequent promotional action may be.

- Strategy development

The strategy is closely related to the objective pursued. Once the objective and the target have been set, it will be necessary to define the strategy and therefore the incentive policy, the message, the channel to be used and the timing. A good promotional message must then contain all the information necessary to arouse interest in the user, and that leads him to an action. As for the channels to be used, we will manage a mix of the most effective ones and allow us to monitor the return: SMS, mail, social media and Google Ads.

- Execution of the promotional action

During the execution phase the reactivity that our structure is able to have to react to any unexpected actions, both positive and negative, is fundamental.

- Evaluation of promotional effectiveness

Following each promotional activity, it is necessary to measure its effectiveness.

With regard to the pricing strategy, Caring seeks to maximize competition between the various long-term rental companies. Caring, as a multi-brand broker of all long-term rental companies, is able to offer customers the best price for each vehicle on the market.

Therefore, the choice of price is dictated by the competition and the pricing of the various car rental companies. The only lever on which Caring can influence is that of commissions.

In fact, Caring has the possibility of influencing the price from 0 to 10%, and this is the margin on which it generates profit.

Finally, the last chapter is dedicated exclusively to the launch of Caring, a business plan that will be my goal to present to potential investors. I will illustrate in a quantitative and qualitative way the set of organizational and strategic solutions through which my start-up acquires competitive advantage. In summary, in the Business Model Plan I describe the ideas, the purpose, the gain, the costs, the activities, the communication etc. of the whole project.

So, the costs and revenues for the year for the first 3 years but I also describe the activity and the interactions between them. The elements of the business model plan are summarized in the executive Summary that I'm going to show below.



renting is caring

## EXECUTIVE SUMMARY

### COMPANY

Caring is an experiential retail dedicated to innovative mobility services. It is a business which rivals with the already existing car rental services.

### VISION & MISSION

The company's vision statement is to become the leader of car rental services through innovation, experience in store and customer care through the creation of relationships between the customers. (Renting is CARing)  
The company's mission statement is to offer a premium service through a memorable experience inside a retail.

### HOW IT WORKS

Caring is a real experience point designed to support its customers in all their mobility needs. Nowadays, owning a vehicle is increasingly expensive. This is why our long-term rental solutions represent a more than advantageous alternative: with the payment of a monthly fee for the entire duration of the contract, from 18 to 48 months, a package of 10 services is included which subtracts to the customer the fixed costs, such as property tax, insurance, stamp duty. And much more. With Caring you only experience the beauty of the car. We will take care of the rest.

### COMPETITIVE LANDSCAPE

Caring's competitors are the multinationals long-term rental companies (ald, arval, leaseplan), short-term rental companies (hertz, avis, europcar), brokers and ald base. Caring will be the first and only one experiential retail of long-term rental and alternative mobility services in the city of milan.

### REVENUE STREAM & MARKET SIZE

Caring revenues are generated from commissions on every single contract (on average 4,3%, 1170€), from Rappel and Lounge bar. Every day, more than 900,000 people use the services of long-term rental (Nlt) for work or tourism reasons, 130,000 for Rac and 33,000 for car sharing. As many as 77,000 companies and 2,900 public administrations rely on Nlt services, 5.3 million short-term contracts and 12 million car-sharing rentals signed in 2018. Car rental represents 11.1% of GDP and 16.6% of tax revenue, and constitutes a real pillar of the automotive sector.

### PRODUCT & MARKETING STRATEGY

Our goal is to create a community, which comprises people interested in new mobility solutions. Caring plans on creating this community through advertisements and PR campaigns. This will imply the use of Google AdWords, Google ads, Facebook, YouTube, etc. as well as billboards, all emphasizing the innovative and unique aspects of the retail. We are planning on creating a movement alongside the community, which will be based on our slogan "Renting is Caring" with the purpose to become a trend.

### FINANCIAL PROJECTION

We are seeking an initial investment of 200k to cover the next 20 months. We estimate a positive cash flow for the last quarter of the second year. The initial fixed costs are generated by: Staff salary, rent, furniture, marketing and commission payable. Instead, the revenues are generated by: Commissions, Rappel and Lounge bar. At the end of the third year is estimated a positive cash flow of 94.300€.

### TEAM

Francesco Faragalli (60%) is the founder and CEO of Caring. Vincenzo Gramenzi will be the General Manager (40%). The other 2 members comprise of Ludovica Siciliano Angel and Pasquale Nolli seller.

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In the start-up that I show in this project of mine, I wanted to outline the innovative strategies that I believe will accompany me in building the competitive advantage of my retail. I would call it "a strategic project" that will see the birth of an experience point dedicated to services and mobility products. In practice, a point of contact with the future, where an increasingly wider and transversal public will be able to know, build, choose and live their own mobility experience signed "Caring".

That is, to offer, also thanks to a direct and continuous relationship in the territory, a customer experience attentive to every detail, which I think is the real added value for customers.

"Caring" breaks the mold and goes beyond the traditional long-term rental offer. The new idea is the creation of a real experience point where the public can learn about, build, choose and live their own experience of mobility signed by Caring. It is certainly an ambitious project with which I intend to draw new boundaries for the mobility market, celebrating at the same time marketing examples such as ALD Automotive and Iqos, companies that in these years have devoted great attention to finding new solutions and services to offer to customers, always guaranteeing a high quality standard.

The aim of the "Caring" project is to provide a complete representation of the brand identity which, while continuing to perform traditional functions, focuses on the relationship with the customer, understood as a true "bridge" between the company and the consumer with whom it establishes a stable, long-lasting and interactive learning bond, giving him an opportunity, an emotion or a suggestive memory through the sales space.

Marketing, in essence, can no longer rely only on the ancient values of utility and quality, now derecognised in the background, but must anticipate dormant or unexpressed needs; it must give the customer an opportunity, an emotion or a suggestive memory through the sales space.

In a multi-faceted, multimedia, digital, hasty and inattentive society like ours, Caring proposes itself in an innovative way because it aims to improve the consumer experience by involving all senses.