

Brazil Vehicle Rental Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Brazil vehicle rental market was valued at USD 1.7 billion in 2021 and is projected to grow to USD 2.7 billion by 2027, registering a CAGR of 8 % during the forecast period.

Key Highlights

The COVID-19 pandemic affected all the automobile sectors, particularly vehicle rental markets. Due to the outbreak and strict government protocols to contain the pandemic, the vehicle rental market in Brazil took a beating. But now, as the situation eased and life comes back to normalcy, the vehicle rental market in Brazil has started picking up pace and is anticipated to witness significant growth during the forecast period.

Over the medium term, with life in the country returning to routine and commencing international travel, Brazil is among the top on the tourist list. Owing to the rich cultural heritage and natural scenery of the amazon forests and beaches, the government is also taking initiatives to boost the tourism industry in the country.

Additionally, because of high vehicle maintenance, the residents are moving towards rented vehicles rather than buying ones. These factors are responsible for Brazil's vehicle rental market growth during the forecast period.

Increased concern and awareness of lower emissions have led to increased car rental options. Additionally, vehicle rental also provides the option of increased mobility without the concern of paying the costs associated with car ownership and maintenance. As a result, the shortage of vehicles led to a deficit between demand and supply, leading to buyers looking for alternative car options. The rental services offered by several companies in the market came across as the best alternative and a viable option for private vehicle owners, leading to an increase in demand for rental vehicles in Brazil.

Brazil Vehicle Rental Market Trends

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Government Initiatives to Boost Tourism

Since 2020, despite the economic losses due to Covid-19, the Brazilian tourism industry has been showing consistent hints of recovery. Brazil is one of the top destinations for tourism, which is increasing steadily and is expected to show signs of great recuperation in the upcoming year.

This can be directly linked to Brazil's Federal Government as they have relaxed the procedure to obtain a tourist visa for Brazil. After relaxing the visa norms for countries like the United States, Japan, Canada, and Australia, Brazil has witnessed about a 25% increase in tourists from these countries. In the coming years, the Government is working towards adding more countries to the list by easing the visa procedure norms for residents of countries like China, Qatar, the United Arab Emirates, and Saudi Arabia. Rising government investment in developing tourism sectors across the country is likely to increase the car rental services in the country. For instance,

In February 2022, the Brazilian Government invested R\$866 million to improve the conditions of Brazilian tourist cities and increase the price of the sector's potential, attracting even more visitors and receiving them with more comfort.

The Brazilian Government also established a new policy called the National Policy for Tourism Management of Cultural and Natural World Heritage Sites. This law aims to help maintain and develop new programs, organize projects and promote the tourist segments related to the Cultural and Natural World Heritage Sites in Brazil. Brazil has 21 recognized UNESCO World Heritage Sites. Hence, with the increasing tourism and investments, the Brazilian vehicle rental market is expected to grow in the forecasted period.

Online Booking Dominating the Market

Brazil has a significantly high penetration of internet users, primarily attributed to the availability of high-speed internet at affordable prices. In 2021, the number of mobile internet users in Brazil stood at 75.7% of the total population and was projected to grow to 88.2% by 2030. This has motivated rental players to shift their business models from brick-and-mortar structures to online business models to provide their customers with an easy and hassle-free experience.

With the advancement of technology, renting a vehicle through online booking has been the most popular option for clients in recent years. Furthermore, it offers extra features for real-time monitoring of a rental vehicle's operation, performance, and maintenance. Such features significantly benefit drivers and fleet managers, allowing them to spot dangers and execute timely modifications to their rental services more efficiently and effectively.

Online booking systems provide the customer with complete control over the rental vehicle for the duration of the rental period. The popularity of the rental platform across markets is the most influential element in expanding short-term online rental service providers.

Many platforms offer their customers hourly, daily, or monthly online rental services. This service is handy for travelers who need to rent a vehicle at a tourist spot for a short time.

Brazil Vehicle Rental Market Competitor Analysis

The Brazil Vehicle Rental Market is dominated by several key players like Localiza, Movida, Unidas, Hertz Corporation, and many others accounting for significant market share. The primary focus of these players is on enhancing their services to gain a customer base and maximize profitability. For instance,

In March 2022, Brookfield Asset Management invested USD 60 Million in a Brazil-based corporate rental and fleet management

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company Ouro Verde. Brookfield Asset Management expanded its vehicle rental service across the country through this investment.

In August 2021, Kovi, a Brazilian car rental startup company, invested USD 100 Million in expanding car rental services in Brazil.

In January 2021, CalAmp and Localiza, the largest car rental operator in South America, announced a multi-year enterprise agreement that expanded the car rental experience for both consumers and fleet operators in Brazil.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS

- 4.1 Market Drivers
- 4.2 Market Restraints
- 4.3 Porters Five Forces Analysis
 - 4.3.1 Threat of New Entrants
 - 4.3.2 Bargaining Power of Buyers/Consumers
 - 4.3.3 Bargaining Power of Suppliers
 - 4.3.4 Threat of Substitute Products
 - 4.3.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION (Market Size by Value - USD Billion)

- 5.1 By Application Type
 - 5.1.1 Leisure/Tourism
 - 5.1.2 Business
 - 5.1.3 Fleet Outsourcing
- 5.2 By Booking Type
 - 5.2.1 Online Booking
 - 5.2.2 Offline Booking
- 5.3 By Vehicle Type
 - 5.3.1 Passenger Cars
 - 5.3.2 Commercial Vehicles
- 5.4 By End-User
 - 5.4.1 Tour Operator
 - 5.4.2 Fleet Operator

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6 COMPETITIVE LANDSCAPE

6.1 Vendor Market Share

6.2 Company Profiles*

6.2.1 Movida Car Rental

6.2.2 Localiza Rent a Car S/A

6.2.3 Avis Rent a Car System LLC

6.2.4 Enterprise Group

6.2.5 Unidas Fortas

6.2.6 Azul Viagens

6.2.7 Vamos Rent-A-Car

6.2.8 The Hertz Corporation

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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