

Indonesia Car Rental - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Indonesia Car Rental Market size is estimated at USD 0.67 billion in 2024, and is expected to reach USD 1.42 billion by 2029, growing at a CAGR of 16.09% during the forecast period (2024-2029).

The COVID-19 pandemic affected the market studied due to its high dependency on Indonesian tourism. The sector witnessed a steady decrease in passenger and tourist traffic due to the spread of the virus, which reduced the car rental service demand. Although, post-2021, the tourism sector regained its growth phase and portrayed strong demand for car rental services.

Advancing technology is an essential factor expected to boost the market's growth over the forecast period. The increased information technology use is transforming the industry and allowing operators to provide better customer service. It includes optimizing corporate and customer information management and creating user-friendly internet booking applications.

People are becoming more open to traveling light due to their individual mindsets and social shifts. They are more comfortable renting a car than owning one, especially for travel. This shift in society's mindset contributed to unusually high demand for rented cars. Indonesia is no longer a destination for visitors who arrive in their vehicles. Tourists are looking for rental cars for their trips. The reasons why the country is experiencing a car rental crisis are clearly stated. Though speculations are correct, authorities have already expressed concern to all.

The market is attracting impressive investment in the online sales channel, which is slowly increasing. Moreover, with rising internet and smartphone penetration, online booking witnessed a positive growth outlook. A similar scenario is anticipated to register over the forecast period.

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Moreover, the electric rental fleets in the country are expected to grow in the coming years, which will also encourage the rental services offered across the country to attract customers and curb greenhouse emissions.

Major players operating in the market are TRAC, Indorent, Bluebird, Adi Sarana Armada Tbk, and others. The companies rely on considerable research and development operations to stay competitive.

Indonesia Car Rental Market Trends

Growing Demand for Online Car Rental Services

An increasing number of smartphone-based online rental car booking apps are being used, significantly boosting the market growth.

Online booking services include booking cars through internet sites and mobile applications, among which renters opting for booking-via-sites is the most common method. The rise in internet users across the country is likely to increase the online booking services use. For instance, in 2021, internet users witnessed around 77.1% of the total country's population, which is expected to grow to 93.2% by 2030.

Renting cars via mobile applications is the second most common online booking type. Mobile applications must be downloaded and can be accessed easily by the car renter to change the booking details, among other services. For instance, in 2021, the number of smartphone users in the country witnessed 199.18 million, which will likely see significant growth for the online car rental booking service.

With technological advancement, renting a car through online booking is one of the most popular options for customers in recent years. 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.

Government Efforts to Boost Tourism Aiding the Market Growth

The tourism sector contributes a significant share of the car rental service market, owing to the rise in international tourist visitors across the country. The tourism sector contributes around 5% of the country's gross domestic product, which helps boost the country's economy.

The Ministry of Tourism and Creative Economy of Indonesia is investing in the country's tourism industry to foster sustainable and community-based tourism. Five super-priority tourism destinations, eight special economic zones, and 12 sustainable tourism projects are expected to benefit from the investments to increase demand for car rental services during the forecast period.

In March 2022, Minister of Tourism and Creative Economy SandiagaUno met with 18 foreign investors to offer sustainable tourism projects worth USD 1.5 billion. This investment would contribute around 20% to the national tourism industry growth, contributing to 5% national economic growth in 2022.

In August 2021, the Indonesia Investment Coordinating Agency (BKPM) and the Ministry of Tourism and Creative Economy signed an MoU for investment in the tourism and creative economy sectors. The MoU also stated the infrastructure development across the country would attract tourists, increasing the number of visitors across the country.

Owing to multiple such investments and government efforts to improve the market conditions for the car rental market, a

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considerable rise in tourism expenditure is being witnessed in the country and is projected to continue during the forecast period.

Indonesia Car Rental Industry Overview

Indonesia includes the largest car rental market in South East Asia. However, the market remains consolidated, and the major players account for more than 76% of the market. The remaining market comprises organized players, including financial institutions with licensed businesses and thousands of small local operators with small fleet sizes and a presence.

Players are partnering with other companies to have an edge in the competition. For instance,

- In June 2022, MPMX and CARRO signed a strategic partnership to provide Indonesia with a fully integrated online and offline automotive ecosystem. With this investment, MPMX, Indonesia's leading automotive, transportation, and mobility group, and CARRO, Southeast Asia's most prominent and fastest-growing automotive marketplace, will begin a partnership to offer Indonesian consumers an end-to-end ecosystem. It includes an online marketplace, financing, rental, repair, and aftersales.

Additional Benefits:

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

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