How The Bike Rental Industry

Benefits From

Equipment Rental Software

Equipment rental software enables rental businesses to increase ROI and organizational efficiency.

Abstract

Even though revenues for the bike rental industry are predicted to grow over the next few years, the industry is becoming increasingly more competitive with fewer bike retailers taking a larger share of the revenues. For bike retailers to benefit from the increase in biking awareness and more bicycle friendly cities, they need to adopt better strategies to compete in the market. The high touch nature of the bike rental industry where multiple customer interactions need to be seamlessly handled makes it imperative for the bike retailers to use equipment management software. Equipment management software allows bike retailers to handle both front and back office operations efficiently. The software helps increase customer retention, sales and decrease costs and loses by tying together customer demands and inventory needs, improving operational efficiency, and attracting more business.

Bike renting businesses must adopt better management strategies in order to grab a larger share of the increasing revenues.

Industry Trends

As one of the most popular recreational activities in the US, there has been a consistent increase in the number of cyclists over the past few years. This is largely attributed to the increased participation of young adults aged between 18 to 24 years. It is surprising to see that despite this increase in cycling, bicycle sales have remained stable over the past few years. This difference in the demand of bicycle sales can be attributed to the popularity of bike rentals and bike sharing programs. Fierce competition in the bicycle industry has also led to a decline in the number of physical bike retail stores, indicating that a fewer number of stores are benefitting from a larger number of bike sales.

Initiatives that promote the use of bikes for transport have increased considerably over the past few years. Such bicycle schemes aim to reduce traffic congestion and benefit from the eco-friendly nature of bicycles as opposed to other motorized modes of transportation. Many bike sharing programs have been introduced so as to complement public transportation. Bike sharing programs use a network of automated bike parking stations in order to provide bikes for short-term use. These schemes have led to more bicycle friendly cities with specified bike lanes and an increase in cycling awareness. It is for these reasons that bicycles have gained popularity for short to medium range travel in urban areas.

Bike rental programs are also benefitting from the increased awareness about cycling as they typically rent out bikes for recreational use for longer durations of time. For example, in Minnesota the introduction of the Nice Ride bicycle sharing scheme led to a 10-15% increase in sales for Penn Cycle, the local bike rental shop. Cycling appeals primarily to the recreational market in the US; according to NBDA research conducted by the Bicycle Market Research Institute in 2006, 73% of adult cyclists rode for recreation. This recreational use of bicycles makes the bike industry sales dependent on weather, seasonal cycles and economic conditions.

As the number of recreational cyclists is increasing, so is the demand for bike renting which is far more convenient and cost effective than transporting personal bikes.

Advancements in the bicycle industry have led to the development of more comfortable and specialized bikes. This has enabled retailers to better match customers to suitable bikes depending on gender, age, size or usage requirements. The rental bicycle industry has the advantage of providing more specialized bikes as compared to bike share programs which usually provide one size fits all type bikes. It is also important to note that bicycle sales only represent 47% of the revenue of the average bike retailer, while parts, repairs, fitness equipment and rentals represent the rest of the sales.

Increased Demand For Bike Rentals

The increase in the number of recreational cyclists has led to an increase in bike renting and bike rental businesses. Roughly 40.1% to 56.5% of bike retailers provide bike rental services. Recreational cyclists prefer not to carry their bikes to distant cycling locations due to the high cost of transportation. It is simply more convenient and economical for hobbyists and tourists to rent bikes from their destination locations rather than transport and maintain their own bikes. Bikes also serve as excellent and cheap modes of transportation within cities for tourists to use on vacations. The increase in the number of bicycle friendly roads has also increased the use of bicycles for inter-city travel and exploration.

Equipment management software smooths out the multiple customer interactions in the bike rental industry, thereby enhancing customer experience resulting in an increase in sales.

The Bike Rental Business Model

There are two main aspects of running a bike rental business: customer interaction and inventory maintenance. On the customer end of the business, bike retailers need to provide bike details like availability, bike specifications and rates to customers while inquiring about customer needs and expectations. At this point of interaction, bike retailers require an efficient way to record customer and payment information. Customer interaction extends throughout the renting process from repair requests during the rental period to bicycle checks on return. On the inventory end of the business, bike retailers need to ensure that they have a sizable stock of bicycles that will meet the demand of the customers. These bicycles need to be well maintained and fully functional. Parts, tools and other equipment necessary for the repair and maintenance of the bikes also needs to be properly stocked in order to properly maintain and repair the bicycles.

Customer Arrives	Customer Rents Bike	Customer Returns
- Bike availability checked - Quote sent - Customer and payment information recorded	- Invoice generated - Booking deposit collected - Waiver signed - Additional support e.g. bike repair provided	- Bike checked for damages - Security deposit returned - All dues are cleared

The bicycle rental industry can be considered a high touch business i.e. it requires multiple interactions with the customer from customer inquiry about availability or price to bike collection and return. This person-centric model places a high value on the relationship between the employees of a rental company and the customers. This relationship can have a major impact on sales and customer retention. Therefore, it is extremely important to have a smooth and efficient process for the successful interaction of customers and bike retailers. Having quick, trouble-free interactions is made possible with the help of rental management software. Bike rental companies can use the software to handle both customer interactions as well as their inventory. The benefits of bike rental software are discussed in more detail in the following sections.

A SaaS-based equipment management solution far outstrips the functionality and benefits derived from both desktop software and manual spreadsheets.

Comparing SaaS with Existing Management Solutions

Traditional methods of rental equipment management like spreadsheets are no longer an efficient and productive option. Despite the availability of spreadsheet templates for the management of rental equipment, the method is labor intensive and time-consuming. Additionally, spreadsheets are more prone to errors and faulty data as 9 out of 10 (88%) spreadsheets have errors which can considerably inflate costs. For example, a slight mistake in entering a formula can lead to false data on inventory levels that can affect both procurement and sales decisions. Spreadsheets simply aren't designed to be used for instances that require continuous real-time updating of rental information. Specifically designed rental software is not only more reliable and efficient when it comes to maintaining up-to-date records but also supports a multitude of other features like automatic barcode/QR code scanning, online stores, integrations with other software, email notifications, availability calendars, quick asset reports and off location access. These additional features allow bike retailers to implement a system that optimizes every step in the business model of the bike rental industry from tracking bikes to generating and printing orders.

When it comes to rental software, bike rental businesses have a choice between on premise software and cloud based rental software. On premise software, which is installed locally on a company's own servers and computers has a high initial purchase, setup and training cost. Additional support from in-house IT personnel is also required to maintain and debug issues in the software. On the other hand, equipment rental software has a lower upfront cost, is easy to set-up, and requires no investment in hardware or servers. Cloud based rental software is also more flexible to the needs of the bike rental industry as it is constantly being improved to better cater to the needs of rental businesses. This constantly evolving nature of subscription based online equipment rental software makes it a more effective and holistic solution for bicycle equipment rental management as compared to spreadsheets and other on premise software.

Equipment management software enables businesses to better match their inventory with customer needs and demands by providing real time inventory tracking and insights on renting patterns through reports.

Benefits of Using SaaS

Ties Together Customer Demands with Inventory Needs

As discussed earlier, bike rental businesses must cater to both customer and inventory needs. They need to maintain a fleet of bicycles and other equipment such as bike accessories including helmets and protective gear to meet ever increasing and varying customer demands. Equipment rental software enables the bike rental industry to catalog all their bikes and equipment, store specialist information about the cost, depreciation rate, bike specifications, availability status and easily track equipment with the help of barcodes/QR codes. Having such precise information instantly available makes it easy to check asset availability, look up relevant bikes and rent them to customers. Records about bike usage and maintenance history also facilitate bike rental businesses in identifying inventory needs in a timely manner. They are able to order equipment that is in high demand well in advance, refrain from ordering excess equipment and ensure that existing equipment is well maintained and fully functional. Accurate records of equipment usage and demands enables bike rental businesses to weed out equipment that is outdated or extraneous and unnecessarily incurring maintenance and storage costs.

Equipment rental software enables bike rental businesses to have a complete picture of both their inventory and customers in real time. Reports generated by the rental software provide valuable data that enable bike retailers to understand the renting patterns of different customers over time and gain other insights on customer needs and demands. This allows for better planning and management that optimizes inventory usage by ensuring that all items in the inventory are sufficient to meet the needs of customers. For example, bike rental businesses can predict seasons where rental demand increases and purchase and repair bikes beforehand.

Overcome workflow interruptions and delays by tracking inventory in real time to deliver faster and better customer service.

Improves Operational Efficiency

The high touch business model of bike rental businesses involves multiple customer interactions. According to the American express survey in 2011, 78% of customers did not complete a transaction or intended purchase due to poor service experience. Therefore, it is necessary to have an efficient and effective system for customer service. Equipment rental software ensures that inventory is tracked in real time. This makes it possible for employees to instantly and precisely access equipment details like availability, rental rate and condition in a hassle free manner. Customers are able to immediately get information about bike availability and specifications. Therefore, the system greatly reduces initial customer service time. When using the online storefront provided by the equipment rental software, customers are also able to look up bikes and reserve them on their own. Thus, customers are able to avoid unnecessary delays and get service when and where they want it. This ensures that the customer's initial interaction with bike rental businesses is hassle free, efficient and effective.

Availability calendars and internal checks on double booking of equipment are additional features that make equipment rental software even more desirable for bike rental businesses. The rental software makes sure employees are able to track rented equipment and observe when it's due back in order to easily reserve available timeslots for additional renting in advance. The software also makes it easy to identify possible damage to returned rental equipment and charge customers accordingly. Barcode/QR code technology used by the rental software makes checking in returned accessories like helmets and locks along with the bikes a seamless process.

The rental software also optimizes the entire renting process through features like POS or accounting integrations that enable customers to automatically make payments through the software and rental businesses to track and record these payments. With the software, bike rental businesses are able to cater to all aspects of the renting process, from adding customer information to looking up bike equipment, drafting orders and generating invoices.

Avoid the hurdle of separately updating equipment availability on the webstore by using equipment management software to generate an online webstore that automatically syncs with the existing inventory database.

Attracts more business

Equipment rental software enables bike rental businesses to have an online storefront. As revenues from e-commerce are predicted to increase, bike rental businesses can considerably increase sales by venturing online. Enabling customers to browse and rent bikes and related equipment online allows bike rental businesses to reach a larger, more diversified customer base. Having a diversified customer base greatly reduces uncertainty in sales resulting from localized changes in customer behavior.

Read More: Why Bike Rental Business' Need Online Rental Software

Just having an online store for your bike rental business is not enough on its own to increase sales. In order for customers to use online bike rental stores, they need to be able to easily search for them. Having SEO (Search Engine Optimization) friendly settings for online storefronts increases the likelihood of bike rental stores being visited when relevant keywords like 'bike rental' are searched. Bike rental software enables customers to increase their visibility on Google and other search engines by configuring their webstore SEO settings i.e. defining their title tags, keywords and meta descriptions. Bike rental businesses are also able to provide customers with more flexible service as customers can browse through and rent bikes at a time and location convenient to them. Online storefronts allow for 24/7 customer service. With it, customers can easily log in to the customer portal and request extensions on the lease of rented equipment, access support documents and view their receipts and orders.

Using the online storefront that is provided by the rental software instead of separate online platforms enables bike rental businesses to automatically sync the online store with the inventory management system. In the absence of automatic integrations provided by online rental software, many bike rental businesses attempt to update inventory information on online webstores manually. This method is inefficient and often results in customers viewing and renting bikes that are still marked as available on the webstore but have already been checked out by employees. Rental software that organically connects to the webstore ensures that neither customers nor employees are misinformed about current bike availability, and additional work does not have to be done to manually update inventory information on the webstore.

Summary

Bike rental software meets the many challenges of the bike rental industry- from customer service to inventory maintenance. Due to the high touch nature of the rental business, the software is an excellent tool to **save time**, **decrease costs** and **increase customer reach and profits**.

EZRentOut offers a cloud-based solution to any bike rental business' rental management woes. It is an equipment rental solution that requires no hardware or software setup, providing a complete end-to-end solution that offers supercharged integrations, customer management, and order tracking. EZRentOut can help your SMB make customers happy and be the very best at what it does!

You can sign-up for a 15-day free trial here!

EZRentOut

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