

# Should You Become A Car Sharing Operator?



# Introduction

This webinar will answer the following questions Car Sharing Operators (CSO) need to know:

- What are the revenues and profitability you can expect?
- What are the profitable target markets for car sharing?
- What kind of capitalization do you need?
- What are the considerations starting either from scratch or from an established car rental business?

# Introduction

- By the end of this webinar, you will know whether being a Car Sharing Operator (CSO) is for you
- Presenters have a cumulative 45 years industry experience and have founded or consulted with:
  - Zipcar, Mint + Non Profits
  - Hertz, Avis/Budget, Daimler (1-Way), RelayRides



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# What Is Car Sharing?

- Network of vehicles close to local demand
- 24/7 vehicle access
- Vehicles rented by the minute, hour or day
- Rates include fuel, insurance, parking, maintenance and cleaning
- Membership model





# How Car Sharing Functions



- Vehicles located at self-service locations
- Better customer experience
- Renter's usage automatically billed to their credit card
- Lower transaction cost for CSO

**Technology is the difference!**

# Types Of Car Sharing

## Round trip

- Neighborhood
  - P2P – peer to peer
- College / university campus
- Government / corporate fleet
- Fleet leasing with telematics

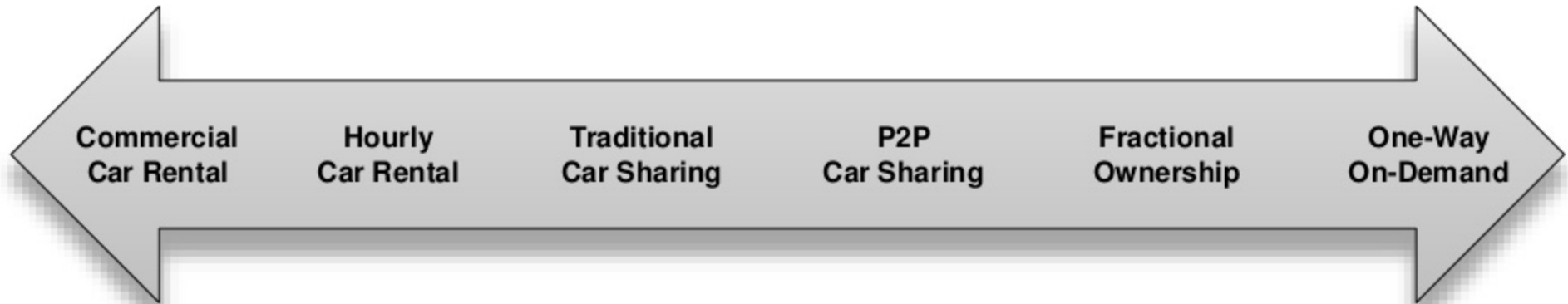
## One way and point-to-point

- Floating parking
- Station parking

**Combination** round trip –  
one way

**For profit or non profit business models**

# Differences Between Car Rental And Car Sharing



## **Car Rental**

- Supplements ownership

## **Car sharing**

- Alternative to ownership



# History Of Car Sharing

- **Europe**

- 1987 — StattAuto (Berlin, Germany)
- 1987 — Mobility Carsharing (Switzerland)

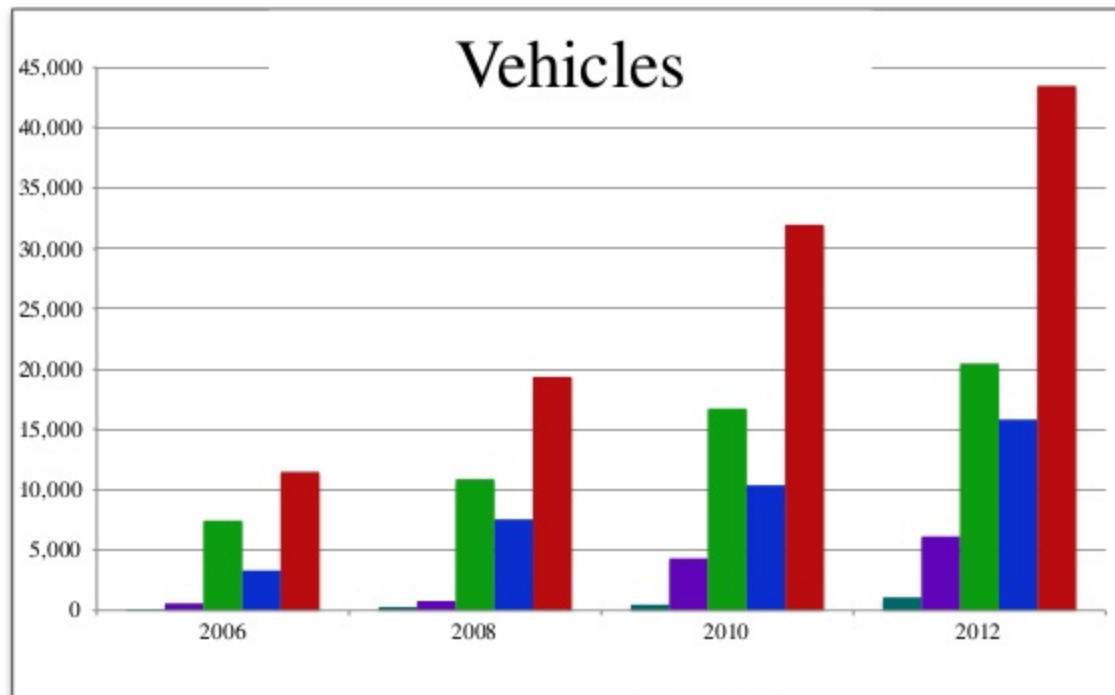
- **North America**

- 1994 — CommunAuto (Montreal, Quebec, Canada)
- 1998 — Carsharing Portland (Portland, Oregon)
- 2000 — Flexcar (Seattle) and Zipcar (Boston)
- 2009 — Car2Go (Ulm, Germany)
- 2010 — Car2Go (Austin, Texas)
- 2014 — Car2Go Black – car rental linked to car sharing

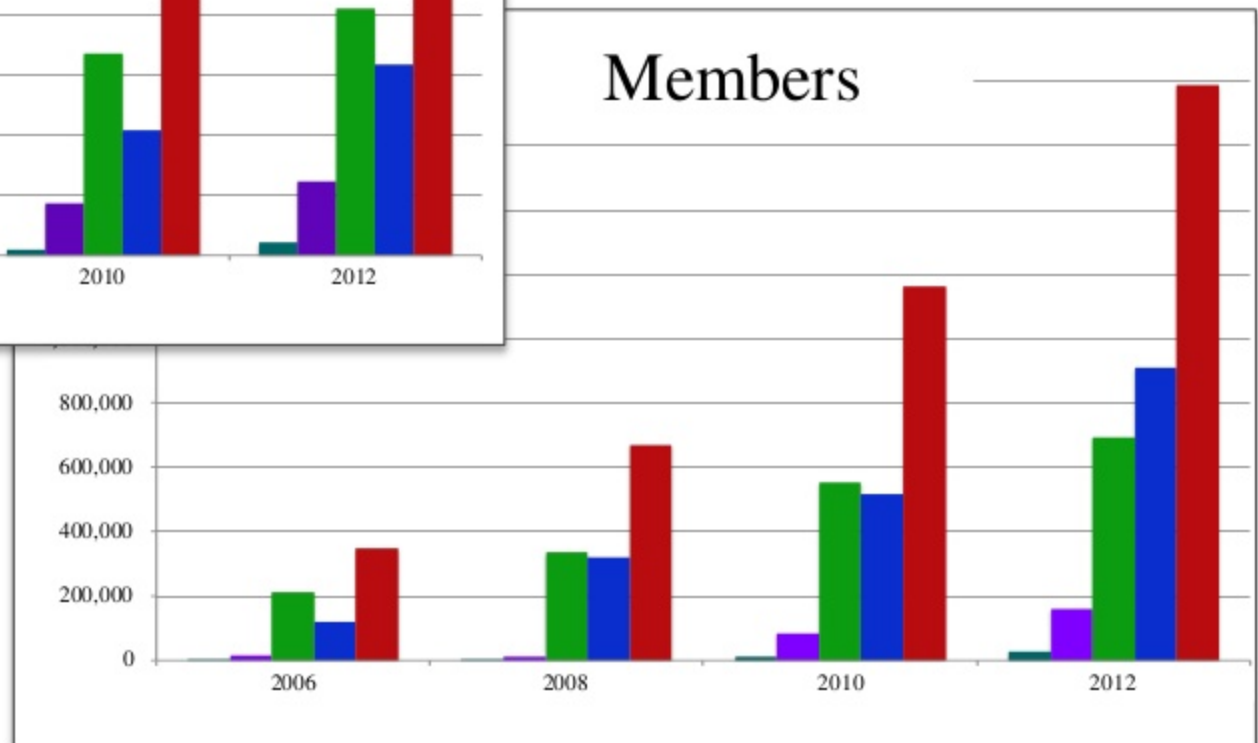
- **Asia**

- 1997 — NTUC Car Cooperative (Singapore)
- 2002 — Orix (Japan)
- 2003 — GoGet (Sydney, Australia)
- 2013 — Zoom (Bangalore, India)

# Worldwide Growth Of Car Sharing



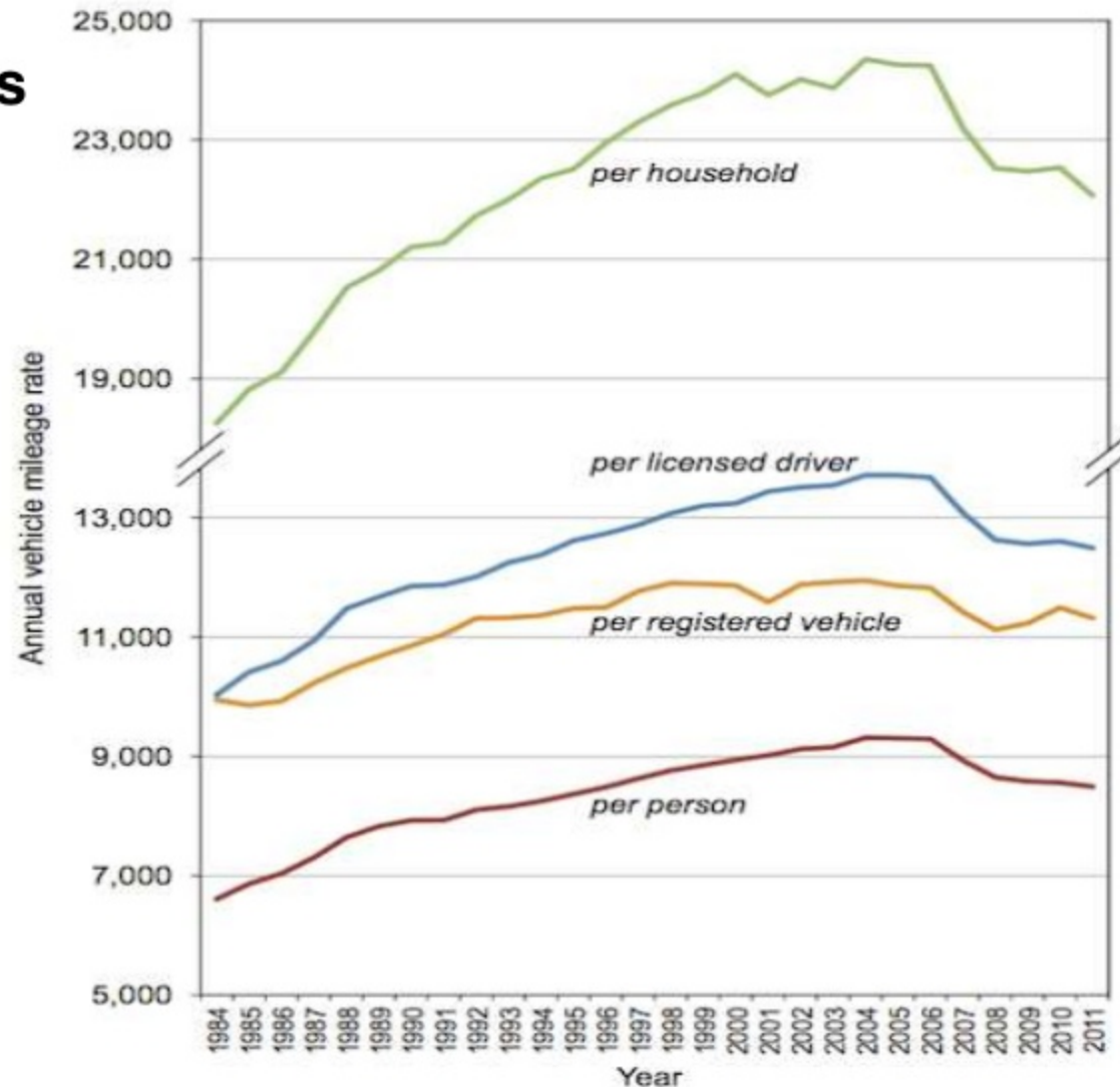
Australia Asia Europe  
North America Worldwide



**Source:** Susan Shaheen, Transportation Sustainability Research Center, University of California, Berkeley

# Trends Favoring Car Sharing

- **People are moving to cities**
  - 70% of U.S. population
- **Better transportation alternatives**
  - Bicycles, walking
  - Uber, Lyft, rideshare
- **People are driving less**
  - Peak miles in 2005
  - Peak car ownership



Source: Michael Sivak, University of Michigan, Transportation Research Institute

# Trends Favoring Car Sharing

## Smartphones & apps





# Trends Favoring Car Sharing

- “Millennials” age 16-34 not as interested in driving
  - VMT dropped 23%
  - Getting driver’s license later
- Greater indebtedness
- Poorer job prospects
- Value convenience, flexibility
- “Sharing economy”

URBAN WONK

## Why Young Americans Are Driving So Much Less Than Their Parents

RICHARD FLORIDA APR 10, 2012 136 COMMENTS



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“Unfortunately for car companies,” Jordan Weissmann [noted](#) at *TheAtlantic.com* a couple weeks back, “today’s teens and twenty-somethings don’t seem all that interested in buying a set of wheels. They’re not even particularly keen on driving.”

Now a major [new report](#) from Benjamin Davis and Tony Dutzik at the Frontier Group and Phineas Baxandall, at the U.S. PIRG Education Fund, documents this unprecedented trend across a wide variety of indicators.



# Trends Favoring Car Sharing

- **New transportation alternatives**

- Uber, Lyft (alt. taxis)
- Bike sharing
- Dynamic ridesharing
- Autonomous vehicles



# Trends Favoring Car Sharing

- **Users save**
  - Savings of \$2,500 - \$5,000 per year compared to ownership
  - Less hassle
- **Cities are interested in car sharing**
  - Each shared vehicle offsets 9 – 13 private cars
    - 26% of car share members sold their personal vehicles
    - 53% avoided purchasing another vehicle
  - Reduces member VMT by 20+% (energy & GHG savings)
- **Investors are interested in new transportation services**

# Trends Favoring Car Sharing

- Car rental companies entering the car sharing market



- OEMs (car manufacturers) entering the car sharing market



# Key Customers For Car Sharing

- **Demographics**

- Prime customer age 21 – 45
- College educated +
- Males and females evenly split
- Medium level income
- Lower rates of car ownership
- Use public transportation

- **Geographics**

- Located in urban residential-retail areas
- Walkable destinations
- College and corporate campuses

# Growth Forecast

- **Frost and Sullivan — 2012**
  - North America “Optimistic” 2020 scenario
    - U.S.: up to 7 million members and 155,000 vehicles
    - Canada: up to 1.4 million members and 31,000 vehicles
  - Growth Projections for North America
    - Traditional car sharing = +30% per year
    - One-way / On-demand = +48% per year
    - Peer to peer = +34% per year
- **“10 million people are within a 10 minute walk of existing Zipcars”**

— Scott Griffith, Zipcar CEO 2012





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# Car Sharing Compared To Car Rental

	Car Sharing	Car Rental
<b>Basic Proposition</b>	Alternative to car ownership or people who don't own a car	For business trips, vacations, or insurance replacement
<b>Customers</b>	Urban dwellers and commuters; campus students and faculty	Corporate and leisure travelers; service replacement vehicles (loaners)
<b>Usage Model</b>	Membership / social driven	Transactional
<b>Car Locations</b>	Private / public parking locations	Airports and rental locations
<b>Access to Vehicles</b>	24/7 self service via wireless & GPS technology with the use of smart card and smart phones	Traditional retail location and counters
<b>Pricing</b>	All inclusive pricing with insurance and gas included for the first 250 kil.	Gas and insurance are optional – up sold separately
<b>Reservation Duration</b>	By the hour or by the day	By the day, week, or month