

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

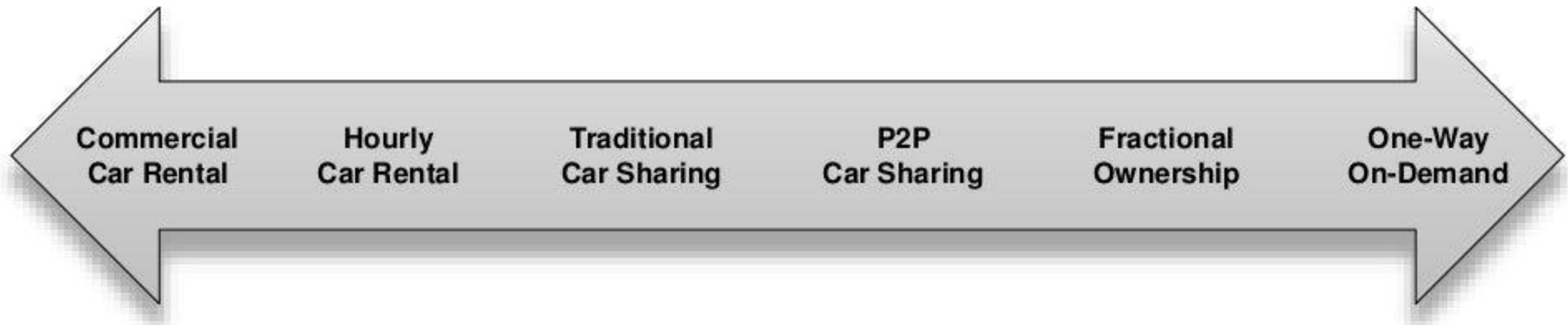
One way and point-to-point

- 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)

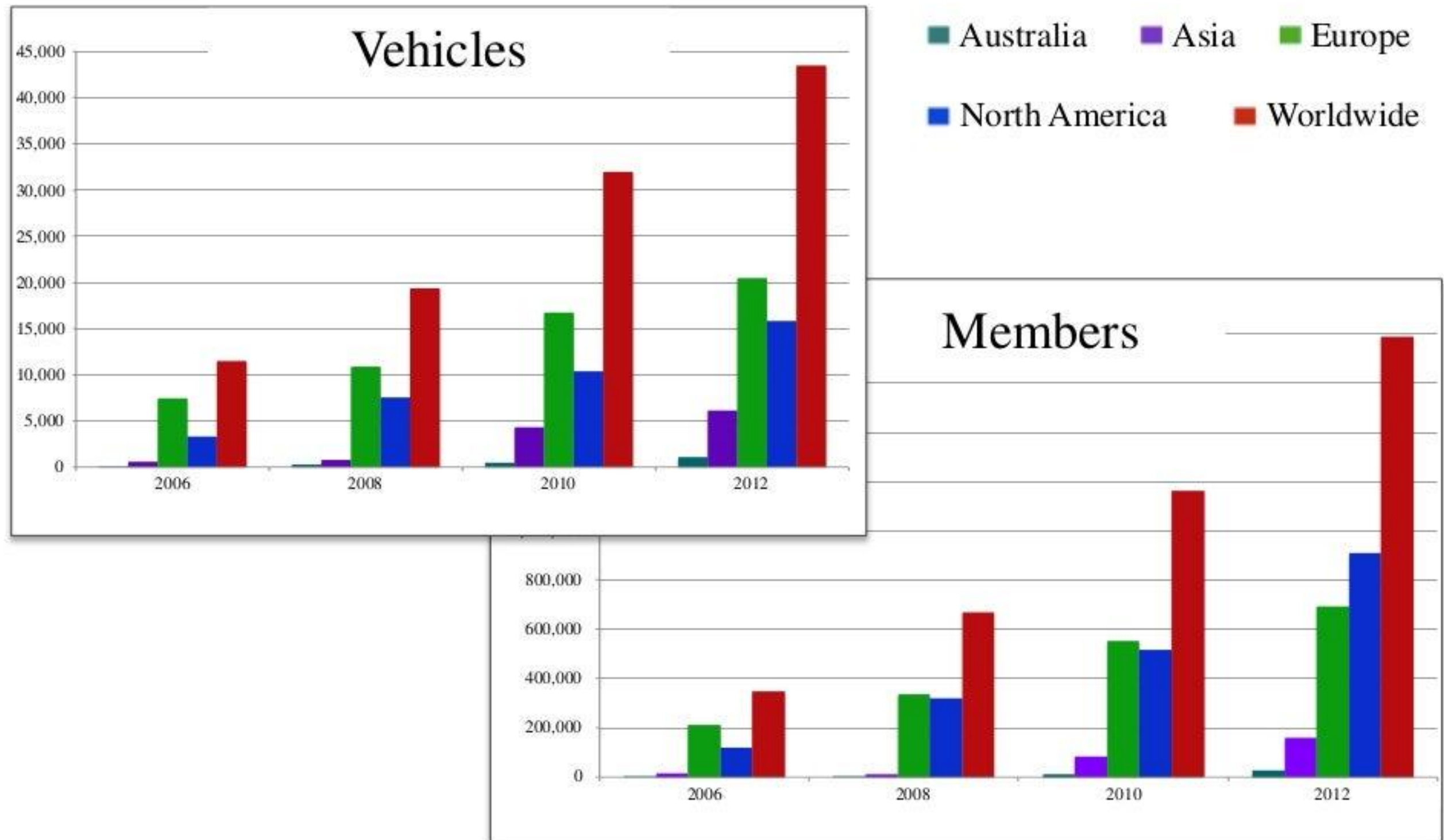
- **North America**

- 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)

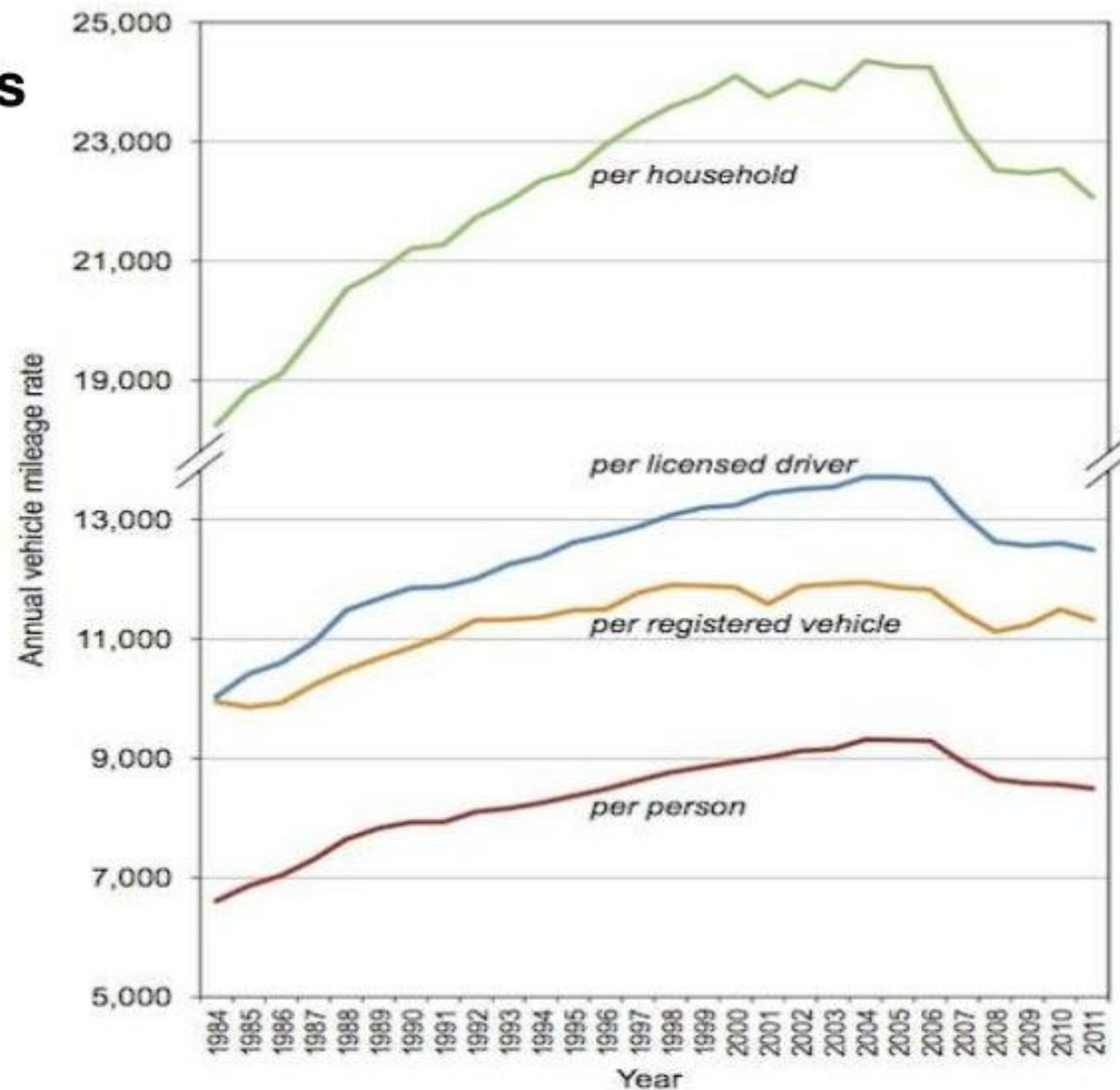
Worldwide Growth Of Car Sharing



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



Like

4,611

Tweet

996

g+

98

in

Share

172

Share

Print

Email

“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

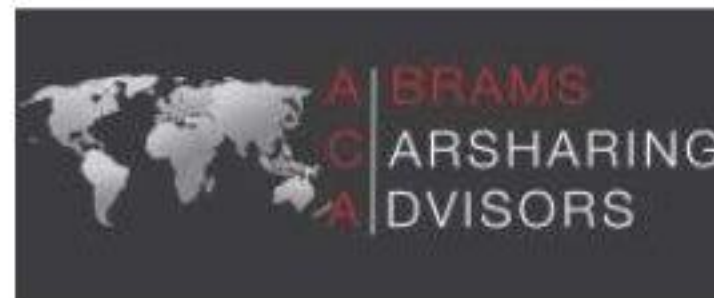
- **“10 million people are within a 10 minute walk of existing Zipcars”**

— *Scott Griffith, Zipcar CEO 2012*



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Car Sharing Compared To Car Rental

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