

Carsharing

Carsharing is a new mode of transportation that consists of multiple users sharing the same vehicle. This type of service is expanding with the arrival of larger players, such as traditional car rental companies, automotive manufacturers, and large firms specializing in transportation. This new mode of transportation offers real potential and is currently finding its users, in France and worldwide.

Carsharing (or car clubs in the United Kingdom) is a system in which a company, co-op, association, or even an informal group of individuals, provides "clients" or members of the service with access to one or more vehicles.

There are two broad types of carsharing:

- systems organized by companies and seen as a service provided. In this case, users rent a vehicle just like they would from a traditional rental company, but for a shorter period;
- and systems organized by a group of users looking to purchase and share a vehicle. The second category is more common; in France, for example, the France Autopartage network occupies this space. Today, services like this have between 35,000 and 70,000 users.

Finally, carpooling is developing as well: the principle is very similar to carsharing, except that a single individual owns the car and gives ride to other individuals on a one-off basis. This new mode of transportation is growing rapidly: the Blablacar.fr website has more than 2.2 million registered users to date, 350,000 of whom use the site regularly. More broadly, estimates suggest that 3 million people in France carpool.

Where to find carsharing?

Around the world, there are three types of players offering commercial carsharing services:

- traditional car rental companies that have created a carsharing subsidiary;
- automotive manufacturers seeking to diversify their business, and often, to place new types of vehicles;
- and independent players, generally newcomers to the transportation market, like Bolloré with Autolib'.

These independent players, neither renter nor manufacturer, are pioneers in the market and are currently competing with rental companies and transport providers like Veolia Transport, Hertz, and Vinci. The latter have resources and unique expertise that allow them to roll out their carsharing solution more quickly.

For example, when it launched in Paris in 2008, Connect by Hertz started with 80 vehicles and signed up 3,000 members in two years (Fig. 1).

Fig. 1 – Players with a position in carsharing (not comprehensive)

Renters of vehicles	
Hertz	▶ Connect (T)
Enterprise	▶ Wecar (T)
Uhaul	▶ Ucarshare (T)
Zipcar	
Manufacturers of automobiles	
Daimler	▶ Car2go (T + E)
Peugeot	▶ Mu by Peugeot (T + E)
Citroën	▶ Multicity (Berlin) (T + E)
BMW	▶ DriveNow (San Francisco) (E)
Independent players	
Autolib' (E)	Zazcar (T)
StattAuto (T)	Mobility carsharing (T + E)
Cambio (T + E)	Okigo (T)
Autoshare (T + E)	Communauto (T)

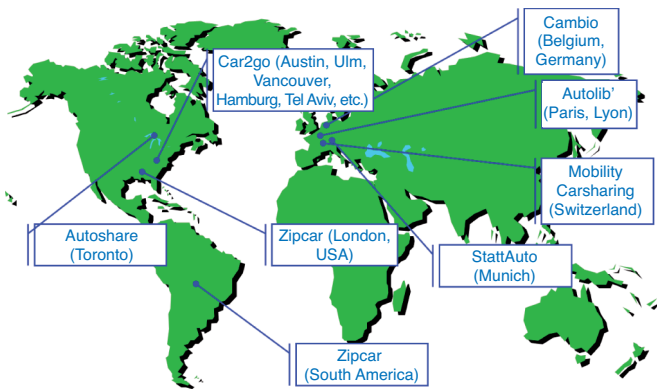
T : combustion vehicles, E : electric vehicles, T + E : combined fleet

Source: IFPEN

At the moment, the audience is relatively limited and the market quite fragmented; there are few players in multiple cities, and even fewer with an international presence. The map below (Fig. 2) shows the most important carsharing players, like Car2go.

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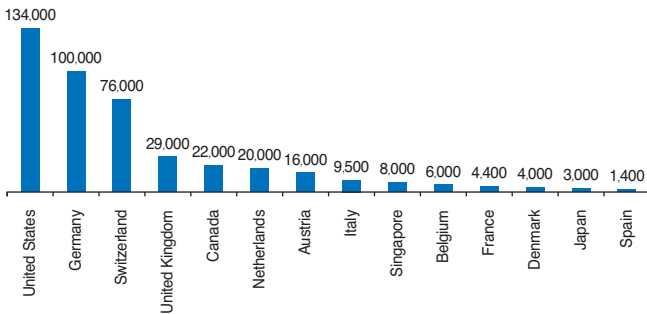
Fig. 2 – The main players in carsharing



Source: IFPEN

The number of carsharing service users only occasionally exceeds a hundred thousand. One place this occurs is the United States, and another is Switzerland – an excellent result given that the 76,000 users there represent 1% of the country's total population (Fig. 3).

Fig. 3 – Number of users of carsharing services (2006)



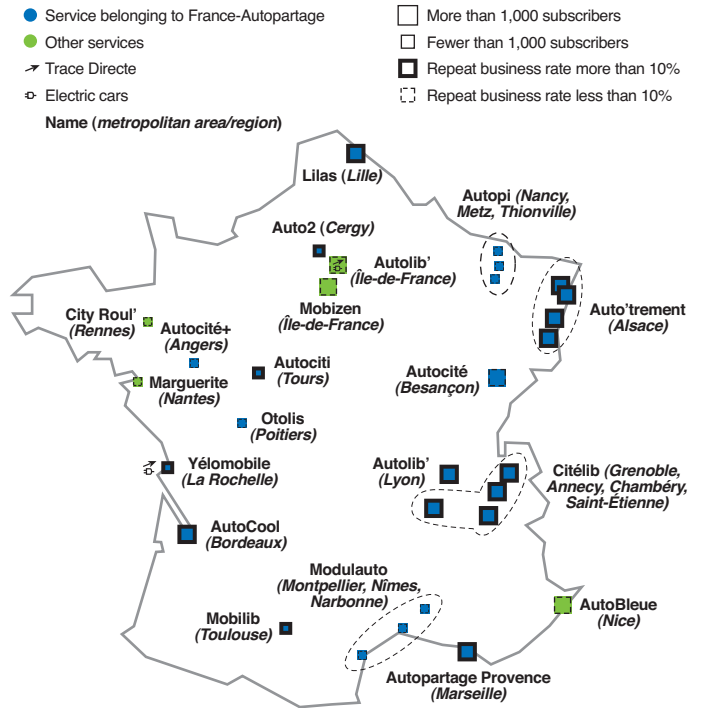
Source: Results of the national survey on carsharing in 2012, France-Autopartage

Experiments with carsharing have existed since 2008 in France, in 19 major cities (Fig. 4).

The figurehead for these French programs is Autolib', naturally, which was rolled out to Paris and its metropolitan region in 2012. After a difficult launch, Autolib' achieved cruising speed in 2012 with constant growth in the number of annual subscribers, called "premium" subscribers. An additional 3,000 subscribers have signed up each month since the start of 2013, and the total number exceeded 40,000 in fall 2013 (Fig. 5).

The profitability threshold for Autolib' is around 80,000 premium subscribers. The budget was initially slated to break even in 2018, but if the current growth rate for new subscriptions continues, this could happen in 2014.

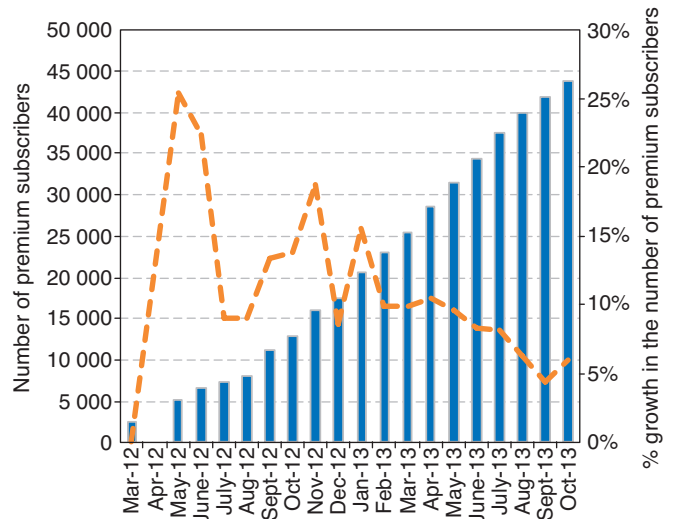
Fig. 4 – Map of carsharing in France (December 2012)



Autolib' in Paris and Autolib' in Lyon do not represent the same player: Bolloré and Lyon Parc Auto respectively

Source: Results of the national survey on carsharing in 2012, France-Autopartage

Fig. 5 – Growth in the number of premium subscribers to Autolib'



Source: Autolib'Métropole – Monthly subscription sales

What about carsharing between individuals?

Carsharing between individuals is much more difficult to quantify. An initial estimate was calculated during the

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national survey on carsharing (conducted on behalf of Ademe and the Ministry for Ecology, Sustainable Development and Energy, which counted between 10,000 and 20,000 shared vehicles (or one out of every 2,000 vehicles) for 35,000 to 70,000 car sharers in the private sphere in France.

Why carsharing?

The main reason users look to carsharing is that it eliminates the need to own a car. The automobile model is currently undergoing a radical transition from owning a car, which was previously seen as a sign of social success, and Generation Y's vision in which owning the car is much less important than the locomotion it represents.

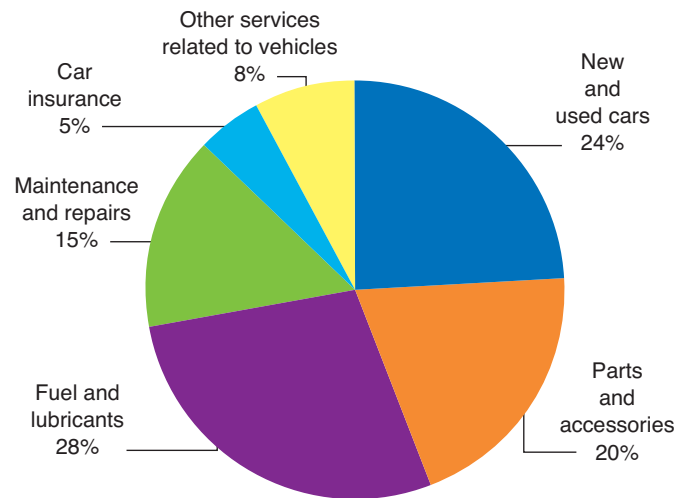
But carsharing also fits the current trend of individuals relying more and more on communal services, second-hand goods, reselling items, and group purchases, all with the goal of saving money.

If we assume that a personal vehicle is used only 5% of the time, then users of a carsharing service have access to a car that they pay for only when they need it. This helps spread the burden of fixed costs, which represent a non-negligible portion (approximately 75%) of the cost of owning a car (Fig. 6). The rest of the time, the car is used by other members.

For owners who share their vehicles, the results are just as positive, significantly reducing automobile transportation. Estimates show that a carsharer travels approximately 3,200 km a year (1,500 km via carsharing), compared with 5,250 km before joining the carsharing service. Overall, the distance covered as a driver is thus reduced by 40%, which also means reducing and sharing the costs of using a car, like fuel and tolls.

In addition to the savings, users of carsharing services also emphasize the social and safety aspects — they can meet new people and avoid driving alone.

Fig. 6 – Breakdown of the automobile budget for a French household



Source: Insee – Household automobile budgets adapt to fuel prices – 2007

Finally, for the road networks, carsharing is an effective tool to reduce traffic congestion. According to the survey results, the number of households that do not own a car jumps by 40% with membership to a carsharing service. And one carsharing vehicle replaces between 4 and 8 other vehicles (source: MOSES project), which could be a household's second vehicle, first vehicle, or a vehicle whose purchase was no longer necessary.

Carsharing is clearly still in its early phases, and we should expect to see it grow rapidly and become a fixture over the coming years. In France, some studies predict that the number of users could climb to 150,000 by 2015 driven by the likely increase in fuel prices, the ongoing effort by cities to promote this type of initiative, and the arrival of major transportation groups on the market, all of which should feed into the sector's recent momentum.

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