

Aruba, November 21, 2013 - The big automakers and car rental companies are taking matters into their own hands. Instead of letting the popularity of car-sharing disrupt their business, they are joining in, and even taking the lead, with their own new ventures in the hopes of holding onto existing customers and connecting with future ones.

Daimler and the rental giant Europcar have joined forces to create Car2Go, while BMW has teamed up with the car-rental company Sixt to form DriveNow. Both companies offer a technology-driven twist on the on-street rental model made popular by Zipcar, which itself is owned by Avis. "Our core business in the '70s was selling cars; in the '80s, late '70s came the great innovation of leasing and financing," said Tony Douglas, head of marketing and sales at BMW's mobility unit. "Now you can pay per use of a car. It's like the music industry. You used to have to buy an album, now you can pay per play."

Mr. Douglas added that, particularly among young people, "you're going to see the rise of car-sharing in cities and the decline of owning my own car."

Those in the industry foresee a huge change in the way people, especially in cities, think about getting around. The future of mobility, they believe, will be "multi-modal," with urban dwellers using smartphones to plan mix-and-match trips that combine cars, bikes, public transportation and walking.

"We just think it's the future, as simple as that," said Robert Henrich, the chief executive of Daimler Mobility Services, which includes Car2Go. "Young customers cannot imagine a life without smartphones anymore, and we need to be part of the smartphone world."

Last year, about 2.3 million drivers worldwide belonged to a car-sharing service, a number expected to increase to 26 million by 2020, said Martyn Briggs, mobility expert at the consulting group Frost & Sullivan. About two-thirds are likely to use station-based services like Zipcar, while a third will use the new, one-way approach, in which cars have no set home location, he said. The new sector's growth is being propelled by a number of factors, including urbanization, the need to address problems like congestion and pollution, a big drop in car sales to young people, and, of course, the availability of technologies that enable more flexible approaches.

While Zipcar, which is available in North America and a handful of European countries, rents by the hour and requires vehicles to be returned to a designated parking spot at a time agreed upon in advance, Car2Go and DriveNow customers pay by the minute, and leave the cars in any legal space whenever they are finished. Drivers generally use them for quick, one-way trips that do not need to be planned ahead of time. The companies negotiate parking rights with local governments, allowing their vehicles to float freely within a designated area, usually a city's limits. When customers want a car, they use a smartphone to locate the one nearest them and a membership card to get in.

Read more/ Source:

<http://www.nytimes.com/2013/11/20/business/international/big-european-players-embrace-the-car-sharing-trend.html>