Summary:

Car sharing is a specific type of car rental that allows individuals or businesses to rent vehicles by the hour or minute, as opposed to traditional car rentals that are based on day- or week-long rentals. Most car sharing organizations charge a membership fee, a deposit that is refundable upon leaving the organization, hourly fees, and mileage after a certain number of free miles. The car sharing service then handles all costs of ownership, including purchasing, maintaining, insuring, and fueling the vehicle. This type of service draws users who only need a car on an occasional basis, allowing these individuals the benefits of private vehicle access without the demands of car ownership. Whether individuals own their own vehicle or not, car sharing provides them with additional choices for their travel needs affordably and efficiently. In the United States, for-profit and non-profit car sharing organizations are emerging and expanding at high rates. Studies of these organizations have shown that they have the potential to have a significant impact on transportation patterns and, once firmly established, land use patterns as well.

Daimler Auto Group has entered this market with its Car2Go, a car sharing organization with a fleet composed entirely of Smart Fortwo vehicles, beginning with a pilot program in Austin, Texas. Car2Go provides several innovations not yet seen in car sharing operations. First of all, Car2Go allows one-way rentals, whereas other car sharing programs require that the vehicle be brought back to the place of rental. The flexibility and spontaneity provided by Car2Go increase its appeal and will result in significantly different usage patterns than other existing car sharing programs. Secondly, Car2Go also charges users by the minute instead of by the hour as other car sharing organizations do, meaning that short trips are very economically efficient.

This analysis began before Car2Go launched and used new survey data as well as previous literature to compare the Austin market with successful car sharing markets around the country in order to determine the likelihood of success for Car2Go. The results of the analysis confirmed some basic demographic information for Austin: namely, that the general population is younger and more highly-educated than national averages. Previous research has concluded that the young and highly-educated are precisely the groups who are most attracted to car sharing, suggesting that the city as a whole is a prime market for the service. However, the survey data went further to show that specific subgroups, particularly those who live in downtown Austin and those who work and study at the University of Texas campus, are an even richer market for a car sharing operation.

This analysis also looks at Car2Go’s pilot program and public operations which began on Friday, May 21, 2010. A large amount of research remains to be done on the ideal operational characteristics of Car2Go as it moves forward, but the service has begun collecting large amounts of interesting data about the usage patterns of the vehicles and their users. Car2Go has become the fastest-growing car sharing operation in the country, reaching 10,000 members within five months. With a fleet of 200 vehicles in the Austin area, nearly a quarter of them are in motion at any given moment. Additionally, Car2Go has developed an operation that appeals to more than just college students and faculty; approximately 80% of members are not affiliated with the University of Texas. No “typical” user profile has emerged, indicating that the car sharing service is appealing to a broad spectrum of Austin residents. The one-way rental
service has also proved to be advantageous, as very few vehicles require relocation services. Instead, the significant majority of the vehicles are re-rented and driven to another location within 24 hours of the end of a rental. As a direct result of the organization’s successes in Austin, Car2Go plans to expand to several other cities within North American in the next year.