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## Business Day

By: Stephanie Steinberg and Bill Vlasic

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DANIEL ROSENBAUM FOR THE NEW YORK TIMES

Michelle Fox sold her S.U.V. because the payments and insurance were too much. Now she uses sharing services like Car2go.

### Passing the Keys

By STEPHANIE STEINBERG  
and BILL VLASIC

WASHINGTON — As more companies and even nonprofits enter the fast-growing business of car sharing, they are offering consumers new ways to customize their short-term rentals for convenience, reliability and cost.

Take the expanding Car2go service from Daimler, the German luxury-car maker. It rents only two-seat Smart cars, charges customers by the minute instead of the hour, and allows for one-way rentals and free street parking.

That appealed to Austin Fossey, who turned to Car2go when his pregnant wife, Brooke, went into labor at 2 a.m. on Thanksgiving morning. He pulled up the Car2go app on his cellphone and reserved a tiny Smart car parked near the couple's home in Washington. Car2go was exactly what they needed — a one-way drive to the hospital, at 38 cents a minute, with free parking on city streets and no requirement to return the vehicle.

"We wanted to just drop the car off and not have to worry about it," Ms. Fossey, 31, said in a recent interview as she held her newborn son, Ethan.

Car2go is one of about two dozen car-sharing services in the United States, and its one-way vehicle rentals are the latest wrinkle in the growing industry.

Providers range from small, nonprofit organizations to big corporations like Hertz, a longtime leader in the car

### Car-Sharing Services Hit a Growth Spurt, Offering a Wider Range Of Amenities

rental industry, and Daimler, which started Car2go five years ago in Germany and now operates 1,800 vehicles in six American cities.

New players are also getting in, including Avis Budget Group, another stalwart in the traditional rental business, which earlier this month agreed to buy the vehicle-sharing company Zipcar for \$491 million.

They are all drawn by the rising popularity of car sharing. Last year, about 800,000 people belonged to car-sharing services in the United States, a 44 percent increase from 2011, according to Susan Shaheen, co-director of the Transportation Sustainability Research Center at the University of California, Berkeley.

With most of the services, customers pay a small annual fee to join, then make reservations over the Web or with a smartphone app. They typically unlock the car by swiping a special laminated card across a sensor on the windshield, and rates are usually by the hour.

Amid all the competition, the rental providers are trying to differentiate themselves.

Zipcar, for example, has long tried to portray itself as part of a young, hip lifestyle, calling its members Zipsters and promoting itself through a Twitter hashtag, #thatwhereiroll. It promotes its vast number of rental locations, including many on university campuses, and its blend of or-

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Austin Fossey of Washington turned to Car2go when his wife, Brooke, went into labor early on Thanksgiving morning.

## Car-Sharing Services Grow, and Add Amenities

From First Business Page

dinary and prestige cars, from Ford Escape S.U.V.'s to Mini Cooper convertibles.

Enterprise CarShare, which last year absorbed a Zipcar competitor called Mint, builds on Enterprise's strong tradition of catering to businesses while offering customers the chance to try out newer technologies like Nissan's all-electric Leaf.

And nonprofit groups are adding their own specialized services to the industry, like City CarShare in San Francisco, which in 2008 created the first wheelchair-accessible car-share vehicle. Called AccessMobile, the program offers minivans that accommodate two people using wheelchairs along with three other passengers and a driver. Ms. Shaheen said variety was a key part of the industry's growth, like "going to the chocolate shop and having access to 15 types of different chocolate."

Car2go's chief executive, Nicholas Cole, said Daimler used the latest technology to provide cars almost instantly to members. For a \$35 registration fee, Car2go members can locate and reserve a blue-and-white Smart microcar within 15 minutes. Members pay only a per-minute fee for the rental, and can park free in legal parking spaces in Washington and other participating cities. Car2go also lets members leave the car nearly anywhere in the city it is rented in.

By comparison, Zipcar members pay an hourly or daily rate that typically winds up being cheaper than Car2go's rates, but they have to return the rented vehicle to the same parking lot where they picked it up. (BMW's DriveNow service in San Francisco also allows one-way rentals.)

"Our members are not required to tell us how long they're going to drive or where they're going, as long as they bring it back to the whole area," Mr. Cole said.

One of Car2go's big selling points is free parking. In Washington, for example, Car2go paid

Stephanie Steinberg reported from Washington and Bill Vlasic from Detroit.



Michelle Fox driving a Car2go Smart car. Members pay a per-minute fee for the rental.

\$2,890 per vehicle to the District of Columbia for free use of metered spaces. In some cities, including Miami, the company also rents spaces in parking garages.

New York is among the cities under consideration for expansion,

**One-way rentals, free parking and more as car-sharing's popularity rises.**

sion, said Katie Stafford, a Car2go spokeswoman. "In New York, parking is going to be different than in other cities," she said. "But we would come to an agreement that would make sense for us and the city."

While some automakers have struck supply partnerships with car-sharing services, as Ford Motor Company did with Zipcar in 2011, it's less clear why a car-sharing service makes financial sense for Daimler to operate directly.

Daimler, the German maker of Mercedes-Benz luxury cars and Freightliner trucks, said Car2go emerged from a business innovation group within the company that was looking at the future of transportation within cities. The service, which Daimler says has reached the break-even point in three cities, was begun in Europe and now has about 275,000 members worldwide.

"There's a trend in general for people wanting to pay for what they use," said Mr. Cole of Car2go. "It's like the success in iTunes, where people choose to buy a few songs instead of the whole album." The need for cheap, convenient mobility is fueling the growth of car sharing around the world, said Ms. Shaheen of the University of California, Berkeley. She said that recent statistics showed 1.7 million car-sharing members in 27 countries, including so-called peer-to-peer services that allow drivers to rent vehicles directly from individual car owners.

So far, big corporations and smaller organizations coexist comfortably because of the growing demand for car sharing in urban areas.

The arrival of companies like Daimler and Avis in the market "isn't putting anybody out of business," said Wilson Wood, head of the CarSharing Association, which represents 19 smaller providers, like City CarShare.

A menu of mobility options works for some consumers, like Michelle Fox, a 27-year-old executive of a technology company in Washington. Ms. Fox recently sold her Toyota S.U.V. because of the cost of car payments, insurance and parking.

Instead, she uses a combination of Car2go, a bicycle-sharing network and the Uber call-a-limo service.

Last month, Ms. Fox used a Car2go Smart car to attend a friend's birthday party in the busy Adams Morgan entertainment district in Washington. Since Smart cars measure less than nine feet long, "you can just squeeze Car2go in," she said. After parking in a tight space on the street, she noticed someone watching her. It turned out to be another Car2go member who was looking for an available vehicle. "This puppy is not going to be here when I get back," Ms. Fox said with a laugh.