

## WHY OWN A CAR WHEN YOU CAN SHARE ONE?

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**Toronto based car-sharing company, AutoShare, founded in 1998 with 16 members and three cars, today does booming business with over 2000 members and cars in over 50 locations across Toronto.**

**Popularized in Europe in the 1990s, the concept of car sharing is simple—companies such as AutoShare sell annual memberships to people who share use of a number of cars. The cars must be booked in advance, and the user pays a fee based time and distance driven.**

**“In our first five years of operation, we’ve noticed a change in people’s attitudes towards car ownership,” says Kevin McLaughlin, AutoShare president. “Toronto residents realize owning a car in the city is cost prohibitive and they are tired of being a part of the problem of congestion and air pollution.” [www.autoshare.com](http://www.autoshare.com)**

### Carsharing

The Swedish National Road Administration provides the following general definition of car sharing, ‘car-sharing means that a number of persons share the use of one or more cars. Use of a car is booked beforehand, the user paying a fee based on the distance driven and the length of time the car was made use of.’ Although this is similar in some ways to traditional car rental, it differs in the possibility it provides of booking a car for short periods of time and with the rental agreement being made for an extended period of time, rather than each time a car is used. In addition, each household has its own set of keys, and cars are placed in the vicinity of where members live.

Of course each car sharing organization will have its unique characteristics and deviate from this definition but the majority follow these central tenets with the caveat that many also include some form of monthly fee or progressive fee structure based on length of time the customer plans on driving the car.

In a sustainable society, people would employ alternative means of transportation such as public transit, bicycles or other sustainable forms. On occasions when a car is necessary, such as the need for deliveries or when there is limited access to a remote destination one could utilize a carsharing service. As they charge for use (instead of the present situation where most of the

expense is up-front and actual usage carries minimal expense) people have an incentive to utilize a car as little as possible, which aids in the environment and traffic congestion.

While carsharing is not a panacea for all drivers’ needs it can be utilized effectively by a high percentage of urban residents and resolve many of today’s transportation difficulties while saving client’s thousands of dollars through its use.

In 2003, AutoShare speculated that it would cost on average \$561 per month or \$6,737 per year to own a car if it was utilized for 250 km per month. At the same time, AutoShare would typically cost around \$165 monthly for all fixed and operating costs for a savings of \$396 per month or approximately \$4,763 per year.

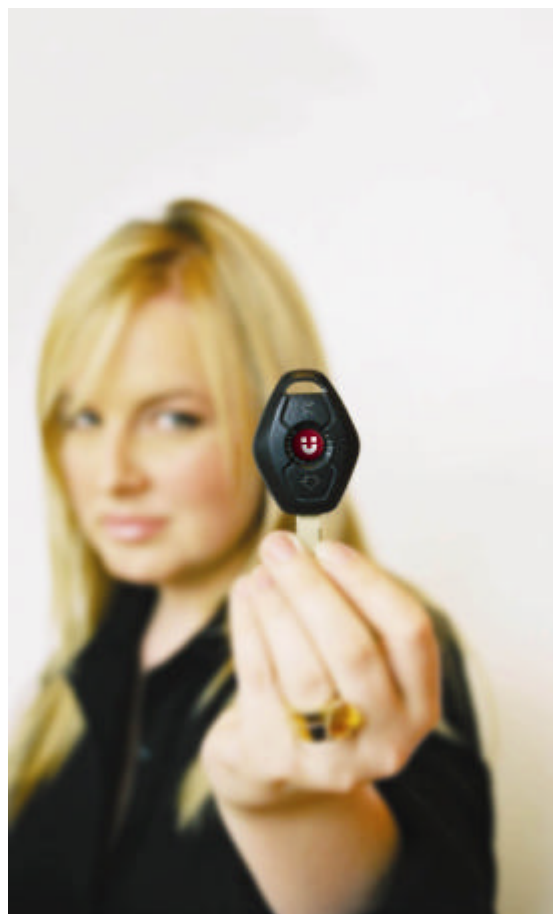
### Alternative Benefits

While cost savings are important, car sharing attracts many for its inherent environmental benefits. These benefits accrue due to the fact that many members modify their behaviour due to car sharing. As it’s only been popular since the mid ‘90s it is impossible to have definitive studies on the ramifications of any modifications in driving behaviour but initial studies do show many positive elements.

These studies have calculated that the average North American car is driven only 66 minutes per day and this includes commuters. Due to this, many car share clients come upon

the realization that they don’t need to own a car as the service, in conjunction with public transit and the occasional use of a taxi satisfies all of their transportation needs. Due to this, 15% of members give up a car when they join and an additional 25% don’t buy a new one due to their membership. As many clients share each car, it has been calculated that each shared car replaces 6+ individual cars.<sup>i</sup>

At the same time, public transit sees increased benefits as AutoShare has conducted surveys that 27% of their clients utilize public transit to a higher degree than in the past. As more people join carsharing services that should have a dramatic affect on public transit as it will increase capacity utilization which should increase revenue and make it more feasible to add routes to the existing system. This could of course entice more people to use such



services and decrease congestion many fold. These studies have also found that there can be increasing health benefits associated with utilizing such services as they have found that 25% of participants are biking or blading more than before they used such services. Not only does autoshaaring increase the health of those that are utilizing such services but if greater numbers start participating there could be a noticeable decrease in carbon monoxide and other chemicals associated with driving which would of course be a benefit to society as a whole

"The UC Berkely study-the first independent, academic study of car-sharing -clearly shows that car-sharing is a cheaper, more convenient alternative to car ownership and that it carries significant environmental and traffic benefits," said Larry Magid, executive director of City CarShare of San Francisco. "The dramatic decreases in car ownership and usage shows that City CarShare members are undergoing a fundamental change in how they use these cars, and how their travel impacts the environment."<sup>ii</sup>

#### **Autoshare the Company**

Founded on October 6, 1998 with 16 members sharing three cars in Riverdale, the Annex and St. Lawrence Market neighbourhoods, this Toronto based car-sharing organization has gained over 1,200 members (and employs four full time individuals to aid in operations as well as a few part time for more menial tasks) who have shown interest in saving money and the environment.

"In our first five years of operation, we've noticed a trend in people's attitudes towards car ownership," says Kevin McLaughlin, President, AutoShare. "Toronto residents realize owning a car in the city is cost prohibitive with lease payments, maintenance, insurance and parking costs, and they are tired of being a part of the problem of congestion and air pollution. With many downtown residents using their car sporadically, AutoShare provides an alternative that can make a positive difference in people's disposable income with the added benefit of being able to reduce air pollution and traffic gridlock."<sup>iii</sup>

One inherent advantage for AutoShare is the experiences of

Kevin McLaughlin, as he has been around the industry since 1996/97 as a founder of Vancouver's Co-operative Network. His earlier studies in Commerce (at Queen's) have ensured that he has a pragmatic angle on his business and won't develop the attitude of, "thou shalt do as we say because it is good for the environment"<sup>iv</sup>.

#### **Design Implications**

Autosharing, if used extensively, could have positive ramifications for urban design as is being found in Europe.

As mentioned earlier, Europe was the instigator of car sharing and few countries have adapted to it as quickly or as eagerly as car mad Germany. The port city of Bremen has encouraged its half a million citizens to abandon car ownership by having car-sharing sites at 37 locations.

"It's a great feeling of liberation when you get rid of your habitual dependency on the automobile," said Pit Klasen a Bremen architect who swore off owning an automobile six years ago and now designs car-free neighbourhoods. "But it only works when you know you have the flexibility of getting into a car when you really need it. That's where car-sharing comes in."<sup>v</sup>

In his neighbourhood, newly vacant parking lots are utilized as playgrounds and an underground garage serves as a communal recreation room with space left over for a self-sustaining laundromat that uses rainwater collected from the roof.

#### **Web Site**

The site is well thought out as they give details as to how the system works, stress the cost savings associated with the service and have links to various articles and other literature documenting the environmental benefits of joining AutoShare. Their marketing strategy is quite resourceful as they target a relatively young demographic since they realize that this is the age group where the majority of their clientele will be found. AutoShare obviously appreciates that younger people are less likely to have a car, be more concerned with saving money, have less time constraints and thus are more suitable to utilize a service that some may consider inconvenient.

On the site they trumpet the fact that their service can be found in various new condos located in the city. The condos are in downtown, which entices individuals without cars and locating AutoShare in their garages makes it as accessible and convenient as a personal car. Also, AutoShare has chosen condos such as Mozo and others, which attract a young, trendy clientele and AutoShare must hope that these individuals will adopt the autoshaaring concept and initiate a trend.

#### **Cars**

The average car share program (and AutoShare is no different) strives to use late model fuel-efficient cars as part of their mandate to improve the environment. One of the dilemmas car-sharing companies have confronted is the use of their cars as a marketing tool. In Victoria, BC, Kathryn Molloy, the manager of the Victoria Car Share Co-op attempted to place large signs on the cars but their members objected. People didn't want to be a driving advertisement and forced them to use alternative marketing strategies. While, it would be advantageous to employ cars in this service, auto share companies must appreciate that their members will discount such strategies.

Overall, auto sharing should be the wave of the future. The greatest difficulty will be persuading more individuals to sign up. At present, they've been preaching to the converted as many members have an environmental bent and have sought after such a service. To be truly successful they have to widen their net and attract a much higher percentage of the populace. But it does have some unlikely advocates as noted by the following quote. As William Clay Ford Jr., the CEO of Ford Motor Company said, "if you live in a city, you don't need to own a car."<sup>vi</sup>

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<sup>i</sup> [www.carsharing.net](http://www.carsharing.net).

<sup>ii</sup> [www.citycarshare.org](http://www.citycarshare.org).

<sup>iii</sup> [www.autoshare.com](http://www.autoshare.com).

<sup>iv</sup> Interview with Kevin McLaughlin

<sup>v</sup> "Automotive Alternative" by William Drozdiak in The Washington Post, September 20, 1999.

<sup>vi</sup> [www.carsharing.net](http://www.carsharing.net).