

## INFORMATION BRIEF

# CARSHARING FOR BUSINESS | ZIPCAR CASE STUDY & IMPACT ANALYSIS

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## WHAT IS BUSINESS CARSHARING?

Business carsharing (or corporate carsharing) is a form of carsharing that enables commercial businesses to reduce or eliminate private vehicle fleets typically maintained for business purposes. It may provide exclusive-use vehicles to clients that are shared among employees and departments or it may offer shared vehicles where the client accesses the vehicles as part of a larger carsharing fleet (i.e., employees use the same vehicles that are shared by individuals and/or other business members) (Shaheen and Cohen, 2012).

## BUSINESS CARSHARING: PAST, PRESENT, AND FUTURE

One of the first examples of business carsharing emerged in 1995, when the Dutch carsharing organization, Auto-date, linked carsharing providers to private companies interested in sharing their fleet vehicles (Shaheen et al., 1999). Early instances of business carsharing in North America include Flexcar, who in July 2002 started providing services for Seattle-based Starbucks Coffee, among other companies. More carsharing companies followed suit, and Zipcar rolled out its corporate program in February 2004. Within three months, the program had enrolled more than 50 companies (Shaheen et al., 2009). (Note: Zipcar and Flexcar merged in 2007.) City CarShare, a Bay Area nonprofit, also started their businesses and organizations program in 2004, replacing the City of Berkeley's existing fleet with City CarShare hybrid vehicles (Bhattacharjee, 2008). City CarShare provides services for businesses and offers discounted rates for nonprofit organizations.

At present, most major carsharing companies across North America offer an option for business clients. Corporate carsharing is not only growing in terms of operators and members, but there is also evidence to suggest this market sector is becoming more profitable for carsharing operators as well. In a 2010 carsharing survey, Shaheen and Cohen (2012) asked experts across 22 nations which markets were the most profitable and predominant. At 31.8% (7 of 22 responding nations), the business market was reported to be the second most profitable, behind the neighborhood roundtrip market at 54.5%. Interestingly, just four years earlier, 80% of nations stated that neighborhood roundtrip carsharing was the most profitable and predominant market, and only 20% indicated business.

Reasons for business carsharing's success include operational advantages over previous fleet-based models, additional flexibility through increased mobility options, and effectiveness as a transportation demand management and parking management tool. The service also has factors that could appeal to companies of various sizes. Large companies may be drawn to business carsharing as an alternative to the high overhead and maintenance costs of a company vehicle fleet. Some businesses might even use carsharing as a strategy to reduce the need for staff to bring a car to work (Millard-Ball et al., 2005). Companies that are not large enough for a vehicle fleet may use carsharing so that employees have a mobility option other than their personal vehicle while on the job. Personal vehicles used for company purposes are often paired with complicated reimbursement and insurance issues whereas carsharing helps simplify many of these problems. Business carsharing has helped meet this middle-ground market demand by providing on-demand mobility to companies at a competitive and many times lower price when compared to fleet ownership and traditional car rental.



# CASE STUDY | ZIPCAR FOR BUSINESS MEMBERS SURVEY

## ABOUT THE SURVEY

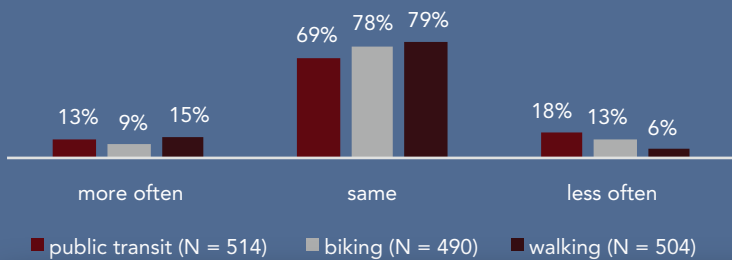
An online survey was distributed in October 2014 and completed by 23,774 active North American Zipcar members, 523 of which were identified as corporate members. The survey was conducted by Zipcar to better understand trip purposes, member vehicle holdings, and overall opinions toward their services.

## ZIPCAR FOR BUSINESS MEMBERS

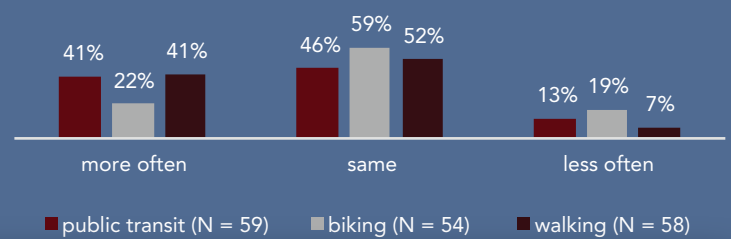
Zipcar has 750,000 members in North America, of which 175,000 are Zipcar for Business members, making up about one fourth of their total North American membership. Benefits to corporate members include company plans with discounted rates, as well as flexible billing options that either consolidate expenses or bill each employee individually depending on the client's preferences. Zipcar for Business is available in 63 cities across the United States.

## AFTER JOINING ZIPCAR

### TOTAL CORPORATE MEMBERS EXPERIENCED



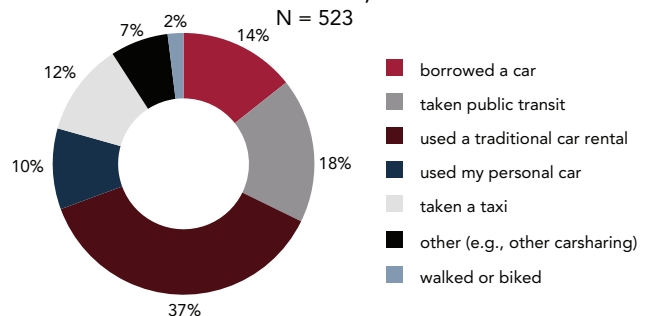
### CORPORATE MEMBERS WHO BECAME ZERO-CAR HOUSEHOLDS BECAUSE OF ZIPCAR EXPERIENCED



**2 in 5** corporate members surveyed sold or postponed a vehicle purchase due to joining Zipcar

This corresponds to **33,000 VEHICLES REMOVED** across North America due to Zipcar for Business

### IF ZIPCAR DID NOT EXIST, I WOULD HAVE



## IMPACTS OF ZIPCAR FOR BUSINESS

About one fifth of corporate users surveyed claimed to have sold a vehicle and another fifth claimed to have postponed purchasing a vehicle due to joining Zipcar. Throughout North America, this corresponds to approximately 33,000 total vehicles removed due to Zipcar for Business. Overall, after joining Zipcar for Business, members reported biking and taking public transit slightly less often and walking slightly more often. When looking at corporate members who sold or postponed a vehicle purchase due to Zipcar, 41% reported taking public transit more often and another 41% noted walking more often, compared to 13% and 7% who reported taking transit less and walking less, respectively. Interestingly, 22% of members who sold/postponed a vehicle purchase said they were more likely to bike, but 19% of this group reported to be less likely to bike—resulting in a 2 percentage point increase in biking among this group. If Zipcar were not available, 37% of corporate member respondents claimed they would have used a traditional car rental company, and 24% would have driven either their own or a borrowed vehicle. There is a 13% induced demand effect (trips taken that would not have occurred, if Zipcar was not present), as 11% of respondents claim they would not have made the trip at all, and 2% claim they would have accomplished the task online (e.g., online shopping). In general, Zipcar for Business seems to change member likelihood to buy/lease a personal car within the next few years. Forty-nine percent of respondents claim they are less likely to buy a car in the near future since joining Zipcar, and 41% claim that their likelihood has not changed.

## ACKNOWLEDGEMENTS

Zipcar shared this data set with the Transportation Sustainability Research Center (TSRC) at UC Berkeley for analysis of the corporate market, which is not well researched, at present. TSRC did not receive funding support from Zipcar to conduct this analysis. We acknowledge Zipcar's support in making this research possible by sharing their data and research instruments with the TSRC/IMR research team. Dr. Elliot Martin and Isabel Hemeryk Viegas de Lima of TSRC/IMR also provided notable support with this information brief.

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## ABOUT INNOVATIVE MOBILITY RESEARCH

Innovative Mobility Research (IMR) is a group of researchers whose projects explore innovative mobility technologies and services that could improve transportation options, while reducing their negative societal and environmental impacts. IMR contributes critical data and analysis to help mobility providers give consumers a range of approaches to meet their transportation needs.

Innovative mobility strategies, through both technological advances and modifying people's travel patterns and behaviors, are important tools to reduce energy consumption and to create a more sustainable transportation future.

IMR is based at the Transportation Sustainability Research Center (TSRC) at the University of California, Berkeley. IMR's current research areas include: shared mobility; alternative fuel vehicles; intelligent transportation systems (ITS); public transit connections; mobility for special populations; and alternative transport futures, including automated vehicles. IMR designs research projects and conducts evaluations throughout the State of California, the U.S., and internationally.

## IMR RESEARCH TEAM

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