

Zipcar, Flexcar to merge car sharing businesses

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Wednesday, October 31, 2007

For the past two years, the Bay Area has been the most competitive market in the nascent but booming business of car sharing, with three companies charging residents to drive any of the hundreds of cars scattered around San Francisco and the East Bay.

But the competitive landscape is changing. Zipcar and Flexcar, the two largest and only nationwide car sharing companies, announced Tuesday night that they are merging. The new company will operate under the Zipcar brand and use its technology.

Car sharing businesses charge membership fees for round-the-clock access to fleets of vehicles spread across metropolitan areas. Members pay hourly, and sometimes per-mile, rates when they drive the cars. Gasoline and insurance are covered in the price.

While the effects of the merger are uncertain, company officials, industry experts and members say the move could help expand the practice of car sharing.

Scott Griffith, Zipcar's chief executive officer, hailed the merger as good for car sharing. Since the two firms have little overlap in locations, they said, the combined company will give members better access to more vehicles in more cities, and allow additional investments in technology, vehicles and expansion.

"This merger is a classical example of the whole being larger than the sum of its parts," he said.

San Francisco is one of two cities where both Zipcar and Flexcar operate. Washington is the other. City CarShare, a nonprofit group, brought car sharing to the Bay Area in 2001, and the two for-profit companies followed four years later.

City CarShare has 15,000 Bay Area members who share 230 vehicles; Zipcar has 12,000 members using a fleet of 430, according to company officials. Flexcar membership figures were not available, but the company has a fleet of 200 vehicles in the Bay Area.

Flexcar and Zipcar members said their concerns over shrinking competition would be outweighed by the increased access to cars - both in the Bay Area and in other cities served by the merged company.

"As a member, I think it's great," said Tara Hunt, 33, who owns an Internet marketing consulting business, lives in San Francisco and belongs to Zipcar. "I love competition, and there will still be competition with City CarShare, but this gives me more access to more cars in more neighborhoods."

She'll also have access in more cities around the United States, Canada and England. In addition to San Francisco and Washington, Zipcar operates in New York, Boston, Chicago, Vancouver, Toronto and London. Flexcar locations include Seattle, Portland, Ore., Los Angeles, San Diego, Atlanta and Pittsburgh. Both companies also provide car sharing on dozens of college campuses.

"It will be nice to have access in more cities," Hunt said. "I travel a lot."

Keith Kamisugi, a San Francisco publicist, belongs to both Flexcar and Zipcar, since one has more cars available near his home and the other has more available near his job.

"If they keep both companies' locations, it will be great for me," he said. "I'll get the best of both worlds."

Rick Hutchinson, chief executive officer of City CarShare, said he's not concerned that the merger will drive the nonprofit out of business.

"We've always been very supportive of anything that promotes car sharing in the Bay Area," he said, pointing out that City CarShare's membership and fleet have swelled since the two for-profit firms entered the market. "I wish all car share firms the best of luck. I just hope there's not too much disruption with the merger, trouble for members that would push them away from car sharing."

Susan Shaheen, a UC Berkeley researcher who focuses on the car sharing industry, said the merger should help the new company nationally in terms of economies of scale and marketing, as well as the San Francisco challenge of finding and leasing parking spaces in desirable locations.

Shaheen said the merger seems to be following the same road that car sharing traveled in Europe, where it's been popular for at least a decade: starting as a grassroots effort, moving into a growth and exploration phase, then attaining profitability. Dave Brook, a car sharing expert who founded a Portland car share firm that merged years ago with Flexcar, agreed.

"This is kind of a landmark," he said of the merger. "It's kind of funny to think of car sharing as an industry, but I guess it is now. A lot of people are going to be watching to see where it goes."

Online resources

For more information on car sharing:

www.carsharing.net

For more information on the car sharing companies:

www.zipcar.com

www.flexcar.com

www.citycarshare.org