



What's driving the **shared mobility** revolution?

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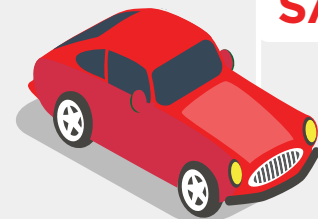
There are a wide variety of factors driving the current mobility revolution. These include not only economic and environmental concerns, but also technology trends, transitory lifestyles, changing regulatory conditions, improved public transport, and the rise of ridehailing and carsharing.

The rapid decline of vehicle ownership

For a variety of reasons, consumer attitudes are quickly shifting. **Within the next decade, not owning a vehicle will become the norm — not just accepted, but embraced by a new generation of mobility users (no longer called ‘drivers’). This defines an end of the car industry as we know it, and a rise of new choices for consumers, for employees, and for corporations.**

Relative to their combustion-engine counterparts, electric vehicles will be much cheaper to maintain and use. On top of this, sharing vehicles implies a reduced cost-per-mile travelled for both businesses and end-users. Add gradual automation of vehicles (and a resulting reduction in accident rates), and you have a trifecta of economic factors driving a mobility revolution.

Private vehicle ownership — especially of the internal-combustion sort — is increasingly perceived as ‘unnecessary’. But what comes in its place?



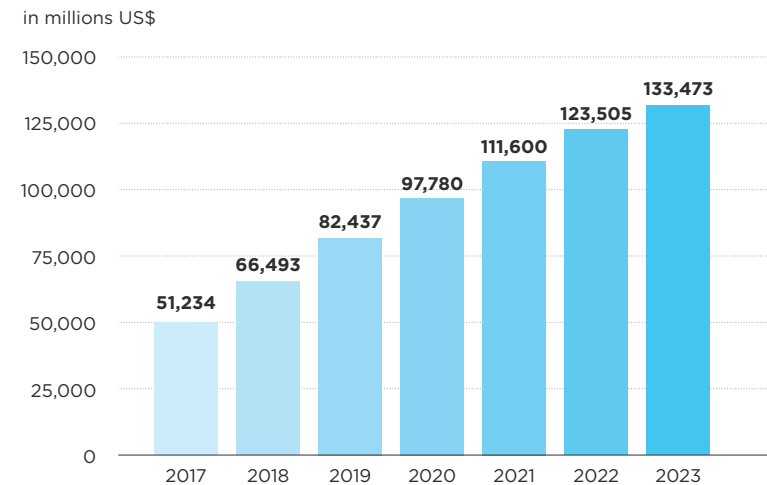
**FOR
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The extraordinary rise of carsharing and ridehailing

Ridehailing and carsharing are two of the most significant and fastest-growing shared mobility services that are enabling an end to car ownership. Carsharing — whereby users have access to a fleet of cars they can (still) drive themselves — is forecast to grow into a US\$4 billion market, just in Europe by 2024. Ridehailing — a sector that includes companies like Uber, Lyft, Careem, Didi and Grab — is even forecast to grow from US\$1.2 billion in 2017 to US\$133.5 billion in 2023, according to Statista and Graphical Research ([Figure 1](#)).

Carsharing and ridehailing are succeeding precisely where car ownership is failing: cost and ease of use. The burden of cost and maintenance that comes with owning a vehicle is a yoke that younger generations (and many older people too) are unwilling to bear. This appeal and simplicity is not lost on corporate users. **Uber has triumphed over car-rental and taxis on business trips, and has become the single biggest recipient of corporate travel expenses among US companies** ([Figure 2](#)) — ahead of all hotel chains, restaurants, and airlines.

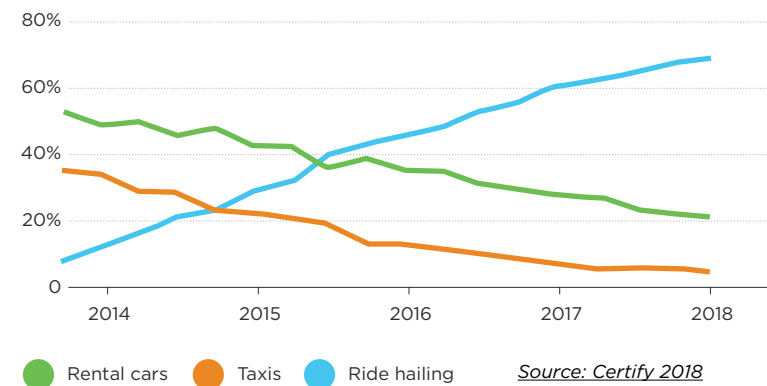
Figure 1
Global Ridehailing market 2017–2023



Source: Statista

Figure 2
Use of destination ground-transport by U.S. business travelers

Percentage of ground transportation business expenses filed by Certify customers*



Source: Certify 2018

*This counts the number of separate expense charges, not the total spent.

In Bank of America Merrill Lynch research across over 60,000 respondents, close to one-quarter of respondents in Europe (and one-third in Asia) said they'd get rid of their private car and rely on mobility-services instead (Figure 3). Furthermore, 42% of respondents globally believed that driving will be replaced by mobility services (Figure 4).

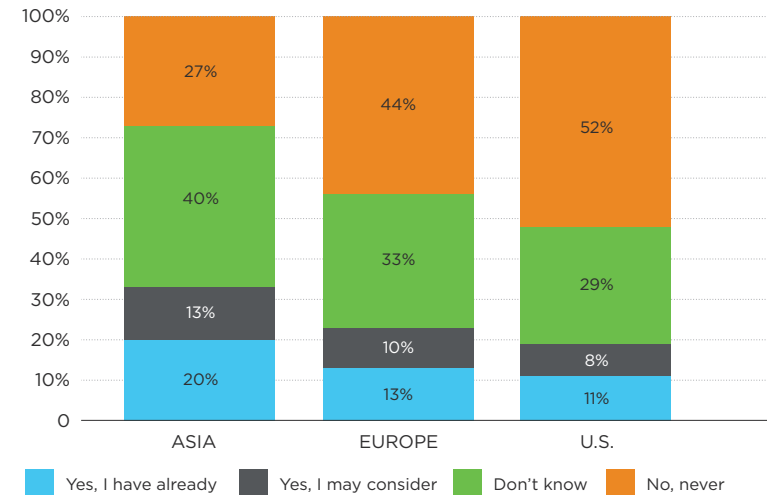


Key takeaway #1

Given the cost and ease of use benefits, organizations should consider shared mobility solutions — their employees and customers have already embraced them.

Figure 3

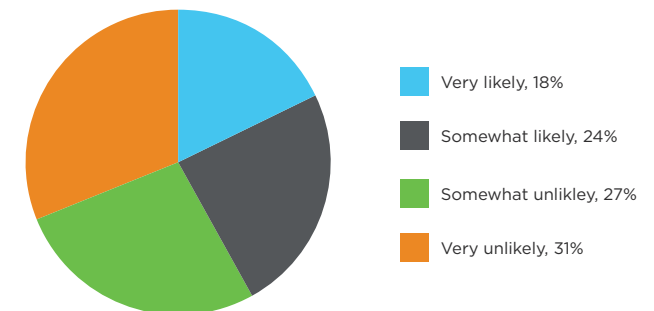
Would you get rid of a car and rely on mobility services instead?
(eg ride-hailing, carsharing, taxis/cab services)



Sample size = 61,160

Figure 4

Thinking about how people typically get around, how likely is it that driving will be replaced by mobility services?
(eg ride-hailing, carsharing, taxis/cab services)



Sample size = 61,242

Source: Bank of America Merrill Lynch 2019

Money talks: Tax laws, incentives and TCO

The corporate mobility industry is driven not by purchase price, but by a total cost of ownership (TCO) that comprises the depreciation of a vehicle, insurance, maintenance, interest and fuel costs. Often, it also includes parking, repairs, and taxes. Indeed, in some cities road and fuel taxes alone may account for up to 25 per cent of the TCO of a vehicle, making both electrification and vehicle sharing attractive to companies, just the same as individuals.

In order to meet environmental targets, as well as regulatory requirements and global agreements, many governments across Europe have already introduced tax incentives for hybrid and electric vehicles. In Germany, for instance, an annual vehicle tax is dependent on both the displacement (€9.50 for diesel and €2 for petrol per 100cc) and CO₂ emissions (€2 for every gram above 95g CO₂/km). In the Netherlands, EVs are exempt from registration tax. France has significant subsidies available (up to 27 per cent of purchase price) for low-emission vehicles. The success of electric mobility in Norway — where over half of new vehicles are fully electric — can also be attributed to their being able to use bus-lanes, and park in the city for free.

Incentives shift the balance toward electric vehicles, but some city-specific measures take it even further.



Cities and citizens are demanding change

We've all heard the stat that over half of the world's population now lives in cities, and, according to the UN, that 68% will do so by 2050. This is already the case in most of the developed world: In Northern America (82%), Latin America and the Caribbean (81%), Europe (74%) and Oceania (68%), more than two thirds already live in urbanized areas, and the numbers are increasing. **City planners are overwhelmed with challenges of driver and pedestrian safety, traffic congestion, air pollution, and climate change.**

EU law states that every citizen has the right to clean air, yet the daily congestion caused by ICE vehicles has led to illegal pollution within countless European cities (not to mention in parts of Asia and South America). Rather than building more roads (which actually induces more demand and exacerbates congestion), cities in Europe have increasingly introduced urban access restrictions to help reduce congestion and pollution, improve efficiency for business, and improve the general quality of life for residents and visitors.

Low Emission Zones (LEZs) aim to regulate vehicular access to reduce pollution in the worst areas — usually by banning, or charging, vehicles with higher emissions. Germany operates one form of LEZs in over 80 urban areas, Italy in 20 regions. London launched its Ultra Low Emissions Zone (ULEZ) in April 2019, and the Paris Crit'Air scheme is perhaps the most advanced scheme of them all.

For freight forwarders and logistics companies, it presents new, but not insurmountable challenges. Any business looking to operate trucks in London's Ultra-Low Emission Zone, for example, has to make sure its vehicles are Euro 6 compliant or face hefty charges. On the other hand, compliant fleets have an opportunity to differentiate and gain competitive advantage.



Demand for solutions to the challenges of traffic congestion, air pollution, and pedestrian safety present both challenges and opportunities for fleet operators.

Doing good: A new focus on Corporate Social Responsibility

Today's consumers, particularly younger generations, put a greater focus on ethics in the brands they choose. They look for an alignment of values, including sustainability. **Fleet managers — who previously have mainly considered total cost of ownership as their key metric — are now tasked with decreasing emissions, often even more so than costs.** This also presents an opportunity for early adopters.

Deutsche Post DHL, for example, operates the largest electric fleet in Germany, and has even developed and manufactured its own vehicles inhouse — including vans, e-bikes, e-trikes and its own bespoke 'StreetScooter' vans. The company plans to replace its entire mail and parcel delivery fleet in the mid-term with electric vehicles that are charged with electricity generated from renewable energy sources.

Key takeaway #2



Companies that take the initiative and switch to electric and alternate-modes of mobility are positioned as CSR leaders, and can generate both public and employee loyalty.

Opportunity knocks: Multi-modal and corporate mobility

With cars increasingly disincentivized in major cities, we will see a shift towards car use on a needs-only basis, through services such as carsharing and ridehailing. This often correlates with higher use of public and active transport modes, better air quality, and improved public health.

Karsten Crede, CEO Mobility Solutions, ERGO Digital Ventures AG notes that in urban areas:

“Mobility providers and platforms will gain in importance where a higher diversity of fleets will co-exist. This will also result in a different structure of corporate fleets. **Corporate mobility offers will change in the sense that fleet managers will not only provide cars, but additional modes of transportation to their users. The flexibility of this offering and the intelligent orchestration of mobility services will be key success factors in the future.**”

The overall target is of “seamless multi-modal mobility,” adds Crede. “This will clearly increase the comfort of traveling and commuting at an affordable price. Key challenges here, however, are the integration and standardization of multiple transportation systems and the optimization of routing and ticketing to provide a real customer value.”

Key takeaway #3



To take advantage of shared mobility opportunities, CEOs and fleet managers should integrate additional modes of transport into corporate mobility plans, open fleets up to sharing, create new business models from shared assets, think ahead to an autonomous future, and work with cities to improve quality of life for all.

About the authors

This white paper was developed as a collaboration between industry thought leaders.

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