

Convenience IN A CAR

Car sharing and convenience stores have potential for a profitable partnership.

BY CHRIS BLASINSKY

The concept of convenience crosses multiple channels of trade, but it isn't just relegated to retail — it's also found behind the wheel of a car.

Zipcar, which merged with Flexcar in 2007, is a car-sharing service that puts customers in the driver's seat when they need to be there. And, like many convenience store operating hours, vehicles are available to customers 24 hours a day, 7 days a week and 365 days a year and are parked in a convenient spot, such as near apartment and condo buildings, university campuses and in close proximity to public transportation.

Convenience and petroleum retailers located in urban areas with a high population and good access to mass transit may already be familiar with car-sharing services like Zipcar, which enables non-car owners to “borrow” a car to get around town. But what's worth thinking about are the potential benefits of a convenience store/car-sharing partnership — particularly as retailers focus on other profit centers that can help grow inside sales.

DID YOU KNOW?

Car sharing launched in 1987 in Switzerland and later in Germany in 1988, according to the World Carshare Consortium.



Right of Way

High gasoline prices are good for business – if you're Zipcar. On July 9, the company announced that it was averaging 10,000 new members per month and attributed the growth to rising gas prices, as 40 percent of new members cited cost of fuel as their reason for joining.

Zipcar members are also likely to be your least fuel-cost-conscious consumers, which means extra cash for inside sales. These customers don't own a vehicle to fill up, and the cost per gallon isn't coming from their own wallet. The rule for Zipcar refueling: Members must leave the tank at least one-quarter full for the next user and refuel using a fleet card (Wright Express) that can be found in the car. Members also don't have to fuss with service checks, oil changes, tire rotations or any other vehicle maintenance.

So what are the possible benefits for convenience store operators? For one, a partnership with Zipcar could

provide a valuable opportunity for retailers to "carve your right of way," a line taken from Edie Weiner, partner at Weiner, Edrich, Brown Inc., who spoke at this year's NACS SOI Summit (see the June 2008 issue of *NACS Magazine*).

What this means is that services like Zipcar can help retailers leverage their own location by bringing other business opportunities into the parking lot, which can also help attract new customers and boost sales. But then again, a parking spot is a parking spot...for a paying customer. If a dedicated parking space is being allocated to a Zipcar all day and every day, how is that going to make you money? Well, think about a potential partnership.

"With the right conditions, partnerships between Zipcar and retailers are mutually beneficial. At Zipcar, we seek parking on a local level and look for easily accessible, safe parking locations that are nearby to where our members live or work. Retailers have to weigh the

Zipcar Testimonial

Here is what one Zipcar member based in Washington, D.C., had to say about the service:

"Zipcar is great for filling in gaps when a friend's car isn't available, or when taking the subway won't work. I am able to get a car when I need it, and they also have pickup trucks and bigger cars if you need to haul stuff. It's also helped me get out of a jam. I was leaving a party, the subway was closed, and no one was in good enough condition to drive. So I got online, reserved a Zipcar to pick up in 30 minutes, walked the four blocks to the car, drove it home, and returned it early the next morning. Zipcar ends up being cheaper if you don't do a lot of driving...I think it's a great service for people who just need a car sometimes to make life easier."

ACCORDING TO
ZIPCAR, 70 PERCENT
OF ITS FLEET CONSISTS
OF LOW-EMISSION
VEHICLES, AND THE
COMPANY SAYS
EACH ZIPCAR VEHICLE
IS RESPONSIBLE
FOR TAKING 15 CARS
OFF THE ROAD.

value of a parking spot with what they would get in return if they were to lease that space to Zipcar, such as increased store traffic and adding an environmental service for their local community,” said Jon Zeitler, vice president of corporate and strategic business development at Zipcar. “We have seen success with joint programs with retailers such as Whole Foods and IKEA where we were able to work together on creative promotions to encourage use of both services.”

Location Is Key

If a Zipcar customer is out running errands for the day, a convenience store has the coffee, bottled water, soft drinks, snacks and other merchandise to help get them on their way. And, if a car-sharing service is located at your store or in close proximity, that’s a one-stop-shop for the driver — not to mention easy.

“At Zipcar, our goal is to make our service as simple and convenient as possible for our members,” said Zeitler.

“Partnerships with a well-located convenience store or group of convenience stores, by definition, could be an interesting fit with our service.”

Zipcar has yet to tap into the convenience store channel. It has, however, found a great customer draw by being located near grocery stores and larger retailers. “Our regional partnerships with Whole Foods and IKEA made sense because our members frequently use the cars for trips to these retailers, taking the car just a few blocks to do a big grocery shopping trip or out of town to pick up large furniture items. The core concept remains the same; simple access to self-service vehicles, conveniently parked in our members’ neighborhoods,” he said.

Although he did not comment on specifics, Zeitler suggested that Zipcar is willing to work with convenience retailers to cross promote the two services, such as offering discounts for Zipcar members. “We are willing to be creative about how we work with partners,” he said, adding, “Both to provide value to our members as well as to have an effective partnership — cross promotions are a method where we have had success.”

Down the Road

Think about the different behaviors some consumers are already doing to combat high gasoline prices, such as carpooling, taking public transportation or riding a bike to work. If the next step means drivers ditching their vehicles for alternate modes of transportation, Zipcar or a similar car sharing service, where available, may be a viable solution for convenience retailers.

Also, think about what you are doing today to expand your convenience offer for the future. Is convenience relegated solely to the service you provide getting customers in and out of your store? Offering an additional time-saving solution for your customers, such as car sharing, can help attract new customers, increase loyalty and drive traffic inside your stores. ■

How It Works

Zipcar has 225,000 members and 5,500 vehicles in urban areas and college campuses throughout 26 North American states and provinces as well as in London, England. Zipcar offers more than 30 makes and models of self-service vehicles by the hour or day.

To become a Zipcar member, log on to www.zipcar.com and check to see if it’s available in your area. Then, complete the online application. Once complete, new members will receive their “zipcard” to unlock the vehicles and can make reservations online or by phone. Drivers reserve Zipcars for roundtrips only, and rates include the cost of insurance, maintenance, parking and gas — with prices beginning as low as \$6 per hour and \$56 per day, depending on city and vehicle type. Each Zipcar must be returned to the same parking spot it was picked up from.

OTHER ZIPCAR FACTS:

- Zipcar launched its Zipcar for Business program in early 2004, which provides business members an alternative to taxis, car services, rental cars, employee reimbursement and company fleets.
- More than 70 colleges have partnered with Zipcar to make car sharing available on campus.
- More than 30 top developers and property managers have partnered with Zipcar to place cars onsite at their properties, providing residents with exclusive access.