Tempest

Transformation of Car Sharing in Malmö & Sweden - necessary adaptation or end of business?

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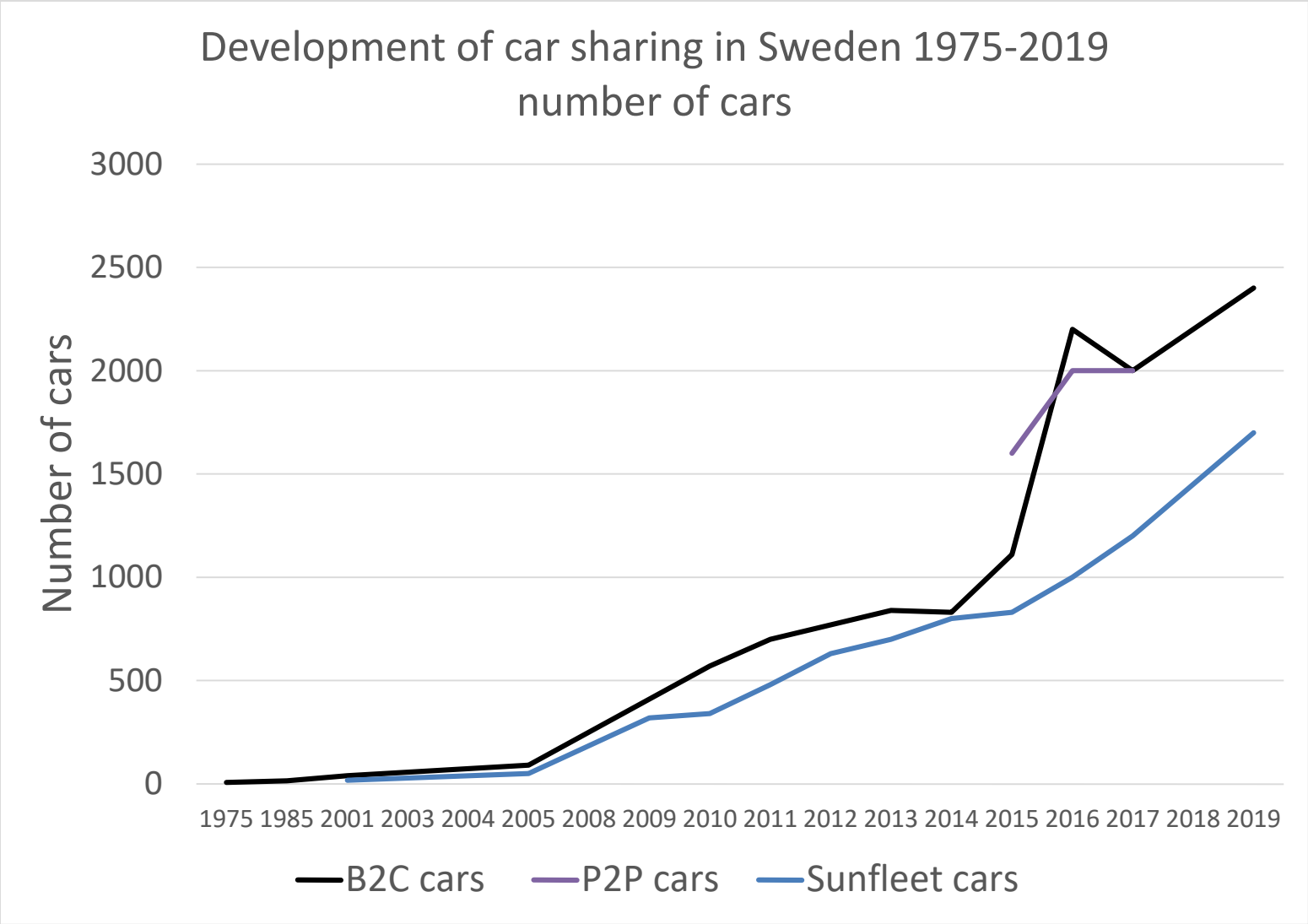

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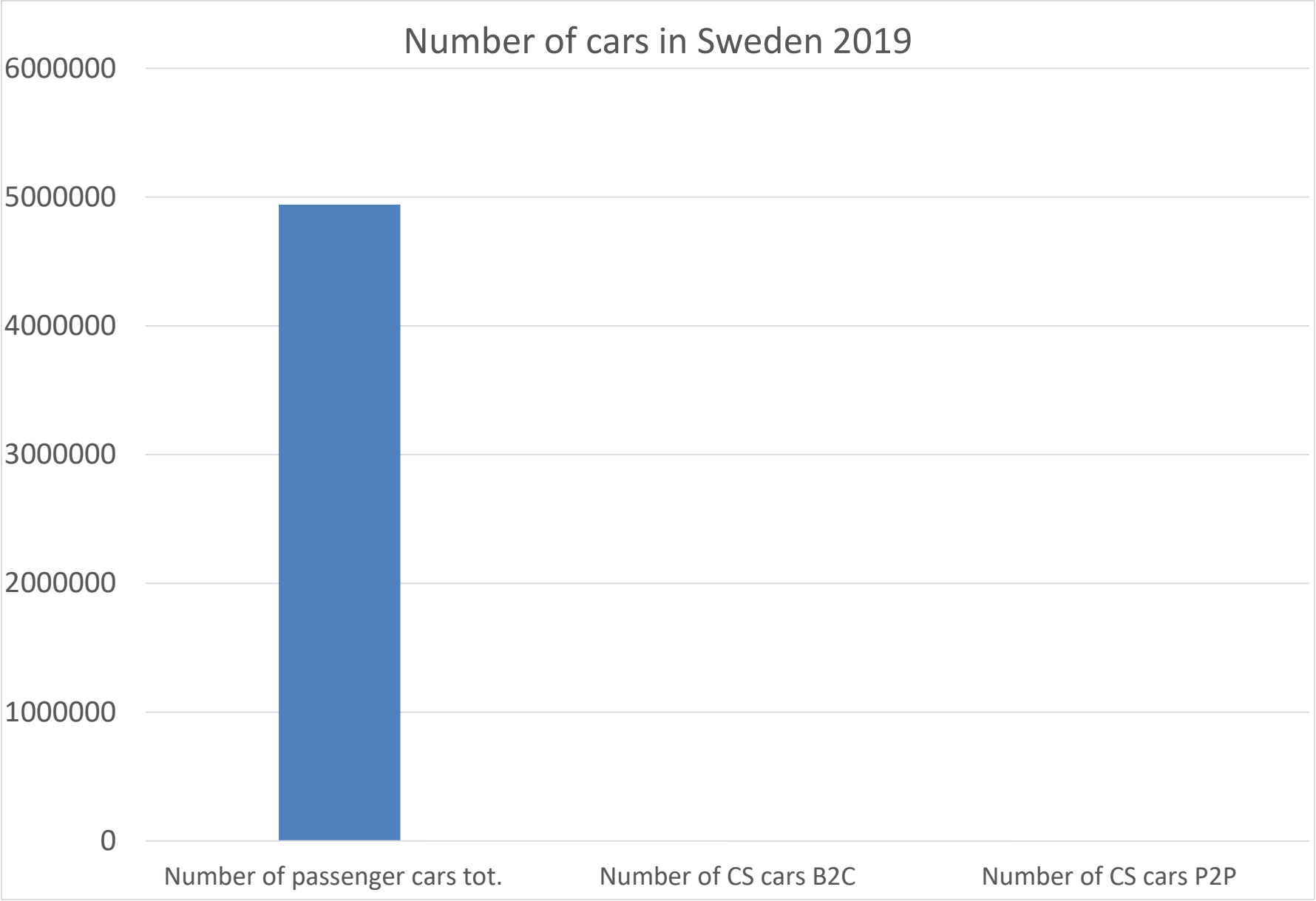
Number of cars in Sweden 2019
6000000
5000000
4000000
3000000
2000000
1000000
0
Number of passenger cars tot.
Number of CS cars B2C
Number of CS cars P2P

Car manufacturers and car sharing

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Volvo	Sunfleet (Hertz)
Daimler	Car2Go
BMW	DriveNow
Toyota	Getaround
General Motors	Uber
Sumitomo: Mitsubishi, Citroên, Hyndai	AiMo
Conglomerate of Chinese manufacturers	Ride-sharing initiatives

ShareNow

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Problems making profit

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- Car clubs more driven by the idea of collectivism, sharing and environmental concern, than on making a profit
- BMW's DriveNow and Diamler's Car2Go left Stockholm after 2 years and a loss of about 70 million kronor each.
- *"Car-sharing companies are loosing money and slowly dying, beaten by ride-renting companies like Uber"**

* Steven Hill, mobility and digital economy expert, NYT

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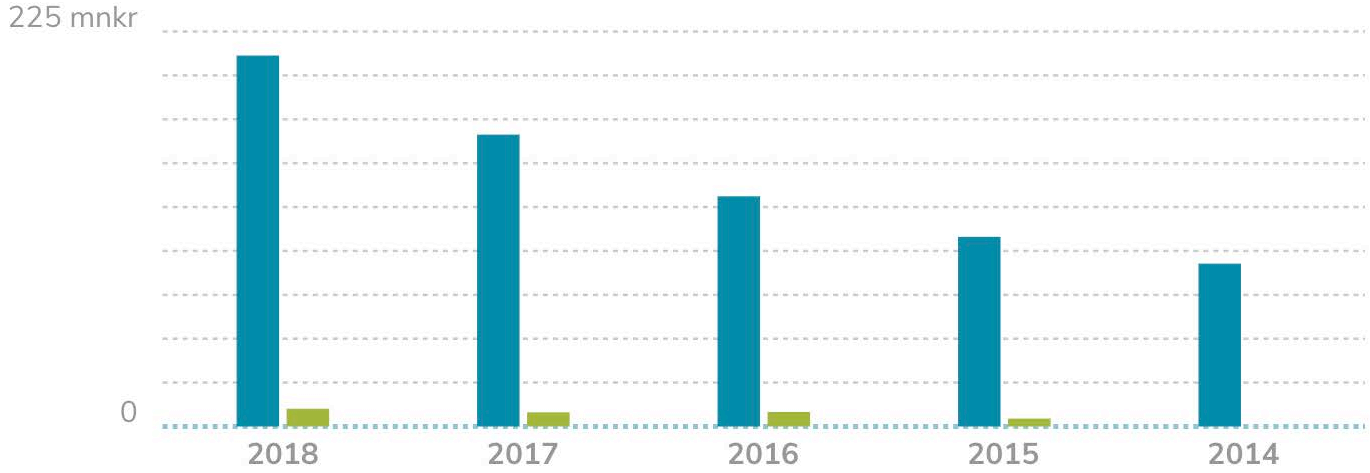
Sunfleet – economic situation

- Sunfleet:
  - positive net result
  - annual growth rate around 20 %
  - revenue of SEK 211 M (approx. 20 M Euro)
  - only the three largest cities in Sweden are large enough to support a car sharing



Volvo Cars and Sunfleet

- Volvo Cars, mother company of Sunfleet:
  - revenue of SEK 253 Billion: 1200 times that of Sunfleet's turnover
  - net profit of SEK 14.2 Billion.
  - sold 642 253 cars in 2018 => a profit of approx. SEK 22 000/car.

Sunfleet ➔ M

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- Volvo cars introduced the concept M – for mobility.
- In 2019 piloted in places in Stockholm and Uppsala
- Then launched Stockholm, Göteborg and Malmö.
- Sunfleet will be discontinued at first in the major cities, then also in the other cities where they are active.

- What is M then? Volvo presents this as the:
  - "*future of car use*"
  - "a *more flexible and personalized service that you can rely on*"
  - "*remove even more cars from the cities' roads*"
  - *"when we offer cars that meet the needs of many people, the urban environment is positively affected"*

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M in practice

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- A learning platform (AI)
- A digital smart card

- Reducing the fleet of cars from > 10 different types of cars to 3 types of Volvo cars.
- Removing the smaller and customer favourite model V40.
- All large type of cars, diesel driven.
- Increasing the price between 50 – 100 % depending on your user pattern. Particularly using the cars during the weekend gets a drastically increased cost.
- Reducing the number of cars available.
- The cost of the service is now, in principle, only time dependant including 300 free kilometres per day, so there is no incentive to drive less.

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Customer reactions

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- Customers are confused, infuriated and sad.
- Appreciated Sunfleet
- With the new M deal, they are leaving

- Want to continue car-sharing, but are asking for alternatives
- Some say they now need to buy a car.
- The increase of cost is the main reason they mention for leaving, but also fewer and bigger cars.

Based on a scan of 276 comments that Sunfleet Carsharing got on three Facebook page posts from September and October 2019

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Customer reactions II

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- Don’t understand and don’t buy the reason why Volvo is moving over to a “new” service
- Representative comments:
  - It’s the same offer as before just more expensive with lesser offering
  - a poor product development
  - an unattractive, stupid and provocative offer
  - a shame for Volvo

Why does Volvo do this?

Speculating - plausible explanations:

- A necessary strategic move, adapting to the rapidly expanding market of urban mobility offerings, focusing on the simpler and more profitable B2B car sharing.
- Volvo is tired of supporting its car-sharing pilot going on for 20 years and never making any real profit.
- Car sharing has been growing rapidly and can; if this is allowed to continue for years ahead, threaten Volvo's main business – to manufacture and to sell cars. The niche is threatening to change the regime.