

RIDE SHARING COULD SHIFT AUTO INDUSTRY

One out of 10 cars could be a shared vehicle by 2030, report predicts

We live in exciting times when it comes to the global automotive industry.



GETTY IMAGES Car sharing is a growing phenomenon in Canadian cities, whether its vehicle services, carpooling websites or e-hailing firms.

Companies are developing innovative and affordable technology at a rapid rate; people are buying more new vehicles than ever before; and electric and autonomous cars are gaining ground. There's no question that the industry is ripe for change.

One of the many emerging trends that will shape the auto sector for years to come is the rise of on-demand ride services.

While ride sharing is relatively new terrain, it has quickly become a go-to mode of transportation for many.

From vehicle services like Car2Go and Modo, to carpooling websites, to e-hailing companies like Uber and Sidecar, there are multiple options for those who want mobility on demand.

In January, global management and consulting firm McKinsey & Company released a report on disruptive car trends they foresee in the near future and how they will affect the auto industry.

A leading prediction was that one out of 10 cars could potentially be a shared vehicle by 2030.

The authors behind the report say this growth will be due to a number of factors, including tighter emissions regulations, the rise of direct-to-consumer delivery, and the growing congestion of urban areas.

Canada already shows early signs of this prediction.

In January, Edmonton became the first Canadian city to legalize the popular e-hailing service Uber. Ottawa followed suit this April, announcing regulations that would allow the company to operate legally as of September 30.

Car-sharing companies also have a strong hold. In Vancouver alone, Modo, Zipcar, Car2Go and Evo all have hundreds of vehicles on the road. One of the newest, Car2Go, has grown its fleet to 550 vehicles in the short years since it was introduced in 2011.

In North America as a whole, McKinsey research shows that annual growth in car-sharing memberships has increased by more than 30 per cent in the past five years.

This will affect the auto industry in a number of ways. For example, some new vehicles on the market may be specifically geared toward life as a shared car, designed for heavy use and high mileage.

It may also have an effect on car purchases.

The report predicts that sales numbers will continue to increase, levelling off to approximately two per cent annual sales growth in 2030. There may be a slight reduction in sales due to car-sharing, but this will be offset by heavily-used ride share vehicles needing to be replaced more often.

Ride sharing services will also influence another growing auto trend: electric cars. Many car sharing companies, including BMW's Drive-Now and Mercedes-Benz' Car2Go, revolve around electric vehicles (EVs).

As these companies grow, so will EV sales.

As charging infrastructure develops and prices go down, EVs will become a viable alternative for more and more companies and people.

With the rise of ride sharing, a push toward electric vehicles, and a prediction of increasing sales for years to come, I have no doubt that there's big changes ahead for B.C.'s auto industry, and I look forward to seeing the shift moving forward.



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