

CIRCULAR ECONOMY SNAPSHOT: BMW DRIVENOW



Canada united in the achievement of zero waste, now and for future generations

GENERAL INFORMATION

- 4 countries, 8 cities, plans for 25 more cities
- Automotive sector
- Joint venture between BMW Group and Sixt
- www.us.drive-now.com

BMW DRIVE NOW

BMW Group, the German luxury car company, launched a car-sharing mobility service DriveNow in Germany in 2011 in a joint venture with Sixt, a car rental agency. Each company holds a 50% share of the joint venture. BMW Group contributes the vehicles and the automotive technology to the joint company. Sixt, in turn, provides the services, the car rental know-how, the IT systems, and an extensive network of stations for customer registration.

The service is available in five German cities, San Francisco, Vienna and London with 25 additional cities planned. Users can locate, unlock and start cars using a mobile phone app, then drive them on a charge per minute basis. DriveNow enables the customer to book the car with as little as 15 minutes of advance notice, allowing for customer spontaneity. Cars can be picked up and left wherever the customer wishes within certain city limits. The convenience of making one-way journeys distinguishes it from other car-sharing services which have a central collect and return point. The service offers customers significant savings potential compared to the total cost of car ownership. Customer benefits include the flexible and spontaneous location-independent hiring and returning of vehicles as well as the premium fleet including a wide range of BMW models. As of 2014 DriveNow operates over 2,400 vehicles and has over 360,000 regular customers.

BMW's views of the future of car ownership influenced its decision to enter the car-sharing business. DriveNow estimates that an average car is used only about 4% of the time and with half the global population predicted to live in cities by 2050 and parking becoming ever more difficult, urban residents are increasingly looking for alternatives to ownership. Observing that in cities that have embraced



blog.drive-now.de (E car sharing Berlin)

car-sharing a single such vehicle has the potential to replace dozens of cars, the company determined it needed to be in the car-sharing sector. It also allows BMW to access customers it normally has trouble reaching, as the average age of the company's buyer is in their mid-40s but the average age of a car sharing user is 32. Younger generations are not as attached to car ownership and continue to make multi-modal choices in transportation.

While in the past BMW Group was in the business of selling cars, by the year 2020 it has a vision to be the world's leading provider of premium vehicles and premium services for individual mobility – where cars are provided as a mobility service. The company is equally seeking to make mobility climate-friendly and easy on resources, and has been increasingly combining its car-sharing offers with electric drivetrain solutions which generate zero emissions. Their newest electric vehicle model (i3) incorporates recycled and eco-friendly materials and is being introduced to DriveNow customers.

Product as a Service: An alternative to “buy and own” this model promotes access over ownership, which is retained by the company. This internalizes benefits of circular resource activity by shifting incentives for product durability and upgradeability from volume to performance based.¹

¹ Accenture. (2014) Circular Advantage: Innovative Business Models and Technologies to Create Value in a World without Limits to Growth.



<http://www.digitaltrends.com/cars/bmw-ponders-expanding-driverow-car-sharing-program-25-cities/> - bmw - drive now

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Developed by the National Zero Waste Council in collaboration with the Ministry of Environment.

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