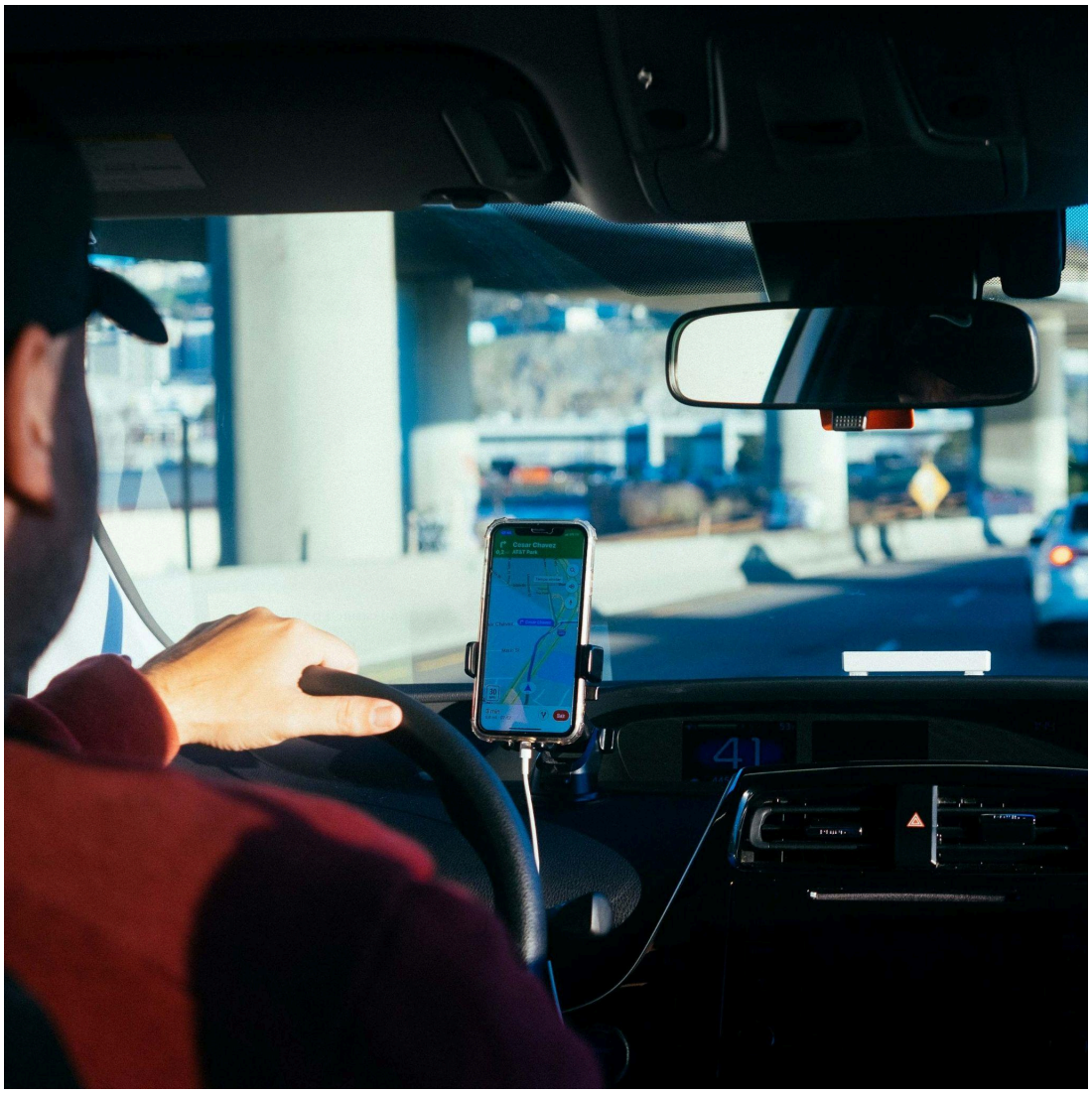
US Shared mobility

February 13 2026

Interviewees

Nicholas Farhi and Mark Jannaway, Partners at OC&C Strategy Consultants



How do car-sharing platforms maintain their competitive positioning? Is it through partnerships with ride-hailing players?

Answer: Car-sharing rental models such as Zipcar or Turo are fundamentally challenged because they only work for a niche set of use cases, and they have already penetrated most of that niche. As a result, there is limited headroom for growth, and these models are not exposed to the fastest-growing segments of the broader rental market.

These models work best in very large cities where car ownership is low and trips are short—typically hourly or partial-day rentals. The substitute in these cases is usually taxis, ride-hailing, or occasionally moving services. However, this is a relatively small segment of the overall rental market.

The vast majority—over 90%—of the rental market consists of:

- **B2B rentals**, such as construction companies renting vans for months, logistics companies renting large fleets seasonally (e.g., during Christmas), and corporate rentals for employees.
- **Business replacement rentals**, such as when employees need temporary vehicles while waiting for leased company cars.
- **Airport leisure rentals**, where travelers rent cars for holidays.

Car-sharing platforms are structurally misaligned with these larger segments because:

- Their fleets are heavily biased toward passenger cars, while much of business demand is for vans.
- Their vehicles are located primarily in dense urban areas, not in business parks, secondary cities, rural areas, or airports.
- Their rental durations (hourly or short-term) do not match business rental demand, which is typically weeks or months.

The fastest-growing segment is business van rental driven by e-commerce logistics, which has highly seasonal demand and requires flexible fleet scaling. Car-sharing platforms cannot serve this effectively. Another growing segment is business rentals replacing traditional leasing, where companies increasingly prefer flexible rental durations (e.g., one- to six-month rentals). Again, car-sharing models are not designed to serve this segment.

Economically, car-sharing models are also less attractive because:

- The key success factor in rental is vehicle utilization—typically 70–80% utilization for traditional rental fleets.
- Car-sharing vehicles cannot achieve this level because usage is heavily skewed toward weekends.

- Operational costs are significantly higher, as vehicles require mobile cleaning and maintenance rather than centralized depot servicing.
- Pricing is constrained by alternatives such as taxis, ride-hailing, and borrowing vehicles.

These structural disadvantages mean that the economics of car-sharing models are fundamentally weaker than traditional rental models. For example, Zipcar exited the UK market while making losses.

Since B2B is the largest segment, how does the rise of the gig economy (e.g., DoorDash, Uber drivers) affect rental demand?

Answer: Gig economy workers represent a growing but still relatively small portion of the overall rental market. Sometimes gig platforms negotiate rental deals on behalf of drivers, but often drivers contract directly with rental operators. Rental companies have increasingly developed specific products tailored for gig workers. However, while this segment is growing, it still represents a relatively small share of the overall rental fleet compared to traditional B2B rentals

Why are vehicle-sharing companies partnering with ride-hailing platforms such as Uber and Lyft? Is this primarily for customer acquisition?

Answer: This is not primarily about customer acquisition or improving unit economics. Instead, it reflects an effort by vehicle-sharing companies to deploy their capabilities—such as acquiring, maintaining, and operating vehicles—into faster-growing segments. Vehicle-sharing platforms already have expertise in sourcing and managing vehicles, so expanding into gig-economy fleet supply or ride-hailing fleet supply allows them to participate in growing markets rather than being confined to slow-growing consumer hourly rentals. However, in the case of micromobility partnerships (e.g., Lime with Uber), marketplace access and customer acquisition are indeed key drivers. Being integrated into larger platforms allows micromobility providers to access customers more efficiently.

Do consumers prefer EV rentals, and why has the rental industry been slow to adopt electric vehicles?

Answer: Rental companies have been slower to adopt EVs compared to the broader new vehicle market. While approximately 30% of new vehicles sold in some markets are electric, only about 5–15% of rental fleets are electric.

There are two main reasons:

Customer-side challenges:

- Many customers lack access to convenient charging infrastructure.
- International travelers may be unfamiliar with charging infrastructure in foreign countries.
- Consumers prefer the certainty and convenience of gasoline vehicles.

However, demand from business customers is increasing, as companies with electrified leased fleets want rental fleets to match.

Operational challenges:

- Rental depots typically have easy access to fuel infrastructure but limited access to rapid charging infrastructure.
- Installing ultra-fast charging infrastructure at depots is extremely expensive and requires significant grid upgrades.
- EV charging takes much longer than refueling, reducing fleet utilization.
- Faster vehicle turnaround is critical to rental profitability.

While rental companies are investing in charging infrastructure, adoption is occurring gradually due to cost and operational constraints.

What is the cost structure of traditional rental companies?

Answer: If a customer pays $100 for a rental, the approximate cost structure is:

- $45: Vehicle holding cost (depreciation plus financing and maintenance)
- $20: Gross profit
- $6: Insurance
- $8: Vehicle movement costs (repositioning vehicles)
- Remaining costs include IT, fuel, and maintenance

Vehicle holding cost is the largest cost component, representing approximately half of total costs. Rental company profitability depends heavily on vehicle depreciation and residual values. For example, in 2022, used vehicle prices rose significantly, reducing depreciation and increasing rental company profits. Rental companies also benefit from large purchase discounts from OEMs, sometimes exceeding 50% in certain circumstances.

How long do rental companies typically hold vehicles?

Answer: Rental companies typically hold vehicles for:

- 6 to 18 months
- Approximately 10,000 to 15,000 miles

This is shorter than commonly assumed and allows companies to maintain relatively new fleets and maximize resale value.

How do rental companies manage vehicle resale?

Answer: There are two primary models:
Buyback model (approximately 75% of vehicles):

- The OEM agrees to repurchase the vehicle at a predetermined price.
- This reduces residual value risk.

Risk model (approximately 25% of vehicles):

- Rental companies manage resale themselves.
- This allows companies such as Enterprise to profit from vehicle trading.

Vehicles are typically sold through:

- Franchise dealers
- Independent dealers (e.g., Motorpoint in the UK)
- Auctions (approximately 20–30% of vehicles)

What discounts do rental companies receive when purchasing vehicles?

Answer: Typical discounts relative to retail prices are:

- Dealers: ~10%
- Leasing companies: ~20%
- Rental companies (buyback vehicles): ~25–26%
- Rental companies (risk vehicles): ~35%

In certain situations, discounts can exceed 50%, especially when OEMs need to offload inventory quickly or meet EV sales quotas.

Why do large rental companies use franchise models for international expansion?

Answer: Franchising allows companies like Hertz to expand internationally without investing heavily in physical infrastructure. Large companies benefit from existing global brand recognition and customer demand. For example, US customers traveling internationally prefer renting from familiar brands. Smaller domestic-focused rental companies lack global customer demand, making franchising less viable for them.

How concentrated is the US rental market?

Answer: The US rental market is highly concentrated. Based on available data:

- Enterprise: ~50%
- Hertz: ~20%
- Avis Budget: ~20%
- Others: ~10%

This means the top three players control approximately 90% of the market.
This level of concentration is higher than in Europe, where typically five players control about 80–90% of the market.

What share of the rental market is vehicle sharing?

Answer: Vehicle sharing represents a very small share of the total rental market—likely less than 5%, and possibly closer to 1–2%. It is not considered a significant segment relative to traditional rental.

What is private equity's view on micromobility investments?

Answer: Private equity investors are cautious about micromobility due to:

- Regulatory uncertainty
- Unproven business models
- Unclear long-term profitability
- Safety and regulatory issues

Most investment in micromobility currently comes from venture capital rather than private equity. Ride-hailing companies are becoming more attractive to private equity as their business models stabilize and generate consistent cash flow, although autonomous vehicle competition presents future risks.

Do government contracts improve micromobility stability?

Answer: Yes, government contracts improve regulatory stability. However, they also limit pricing power, effectively turning micromobility companies into regulated suppliers.
This reduces the likelihood of achieving monopoly-level profitability.

Why have micromobility companies struggled with profitability despite rising demand?

Answer: Micromobility companies face several economic challenges:

- High damage rates requiring frequent replacement of vehicles (sometimes within 3–6 months)
- High repair and maintenance costs
- Operational costs related to repositioning vehicles
- Competition from cheaper public transport and ride-hailing

These factors result in high cost structures relative to consumer willingness to pay.