

COMPANIES - UK

Whipcar uses web to drive innovative rental scheme for underused vehicles

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CARS

News analysis

The chance to use a neighbour's vehicle has proved very popular, writes Tim Bradshaw

An ambitious new UK company offering people the chance to rent their neighbours' cars has had hundreds of drivers registering on the site just a week after launch.

Whipcar, which launched in mid-April, uses the internet to connect owners of underused cars with drivers looking for short-term rentals for a trip to the shops or the school run.

But insurance limitations mean that **Whipcar** has had to turn away a surprisingly large number of sports car owners. Drivers of Porsches, Jaguars, Ferraris and a Maserati had all hoped to take advantage of **Whipcar's** system, which lets them set their own price before lending their pride and joy to fully insured and vetted neighbours.

Whipcar is just one example of a business using the web as a marketplace to bridge the gap between car ownership and traditional rentals. Streetcar, which pioneered car clubs in the UK, was acquired last month for \$50m by Zipcar, an American competitor whose model it emulated.

Car clubs - a sector generating €250m (£217m) annually across Europe - are growing rapidly in the UK after a slow start. Streetcar, established in 2002, now has 80,000 members and 1,100 car locations in eight UK cities. Each car has an average of 40 regular renters. Of **Whipcar's** prospects for success, a Streetcar representative would say only that the launch of a further rival provided further evidence that people were "reassessing traditional car ownership".

The average British car sits unused for an average of 23 hours every day and costs more than £5,000 a year in maintenance and depreciation, even before fuel costs. With the tagline "rent the car next door", **Whipcar** was founded by Vinay Gupta and Tom Wright after sitting in Soho surrounded by parked cars in a crowded street.

"We were already thinking about a solution to the problem of excess capacity," says Mr Gupta, a former digital media strategist for MySpace, Emap and Vue. "Research shows [the car] is the most valuable latent asset that you have."

Whipcar's unusual model solves several difficulties of traditional car clubs: difficulty in finding on-street parking, maintaining cars and providing vehicles to rent in sparsely populated areas. **Whipcar's** website suggests an hourly rental price based on the car's age, model and postcode. A selection of cars in central London cost between £30 and £40 a day, for anything from a Mini Cooper or VW Beetle to a Land Rover and E-Class Mercedes.

The service is free to join for drivers and owners; **Whipcar** takes a 15 per cent cut of the rental cost, plus a transaction fee from the driver. **Whipcar** performs a check on carless drivers with the DVLA to ensure the driver is over 21, has no more than six points on their licence and has no drink-driving convictions.

A bespoke insurance policy, negotiated through broker Willis with the Lloyd's market, means that an owner's no-claims bonus is protected even if a driver wrecks his or her car. **Whipcar** has to pay a premium every time a car is rented through its system, at a cost of just over £5 a day.

The company is banking on its renters to be "micro-entrepreneurs" who will do their own local marketing, although it declines to suggest how much these traders might earn from leveraging their cars.

"We pair safe drivers with safe owners," says Mr Wright, whose previous ventures include a social network for pregnant women and stints working with HarperCollins and BSkyB. "We are pretty optimistic about the calibre of people using our service."

Delta Partners, a Dublin-based venture fund, seems to share that confidence, investing £1m in the company. "It's certainly risky," says Delta's Rob Johnson. "But I wouldn't say it was more risky than any other [start-up]. It's a great idea, but when you think about all the things that could go wrong, you have to have the confidence that these guys can carry it through."

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