

Sharing Economy Workshop, Project No. P15-1200

Submitted by

RelayRides

RelayRides Overview

RelayRides is the world’s largest person-to-person car-sharing marketplace whose mission is to put the world’s 1,000,000,000 cars to better use. We are empowering car owners to rent out their idle vehicles and providing travelers with an affordable, unique, personalized, green and convenient alternative to the traditional car rental experience. Our community has embraced the flexibility, cost savings and owner income generation that RelayRides provides. RelayRides offers a marketplace that is safe and highly scalable and we provide great benefits to our members. Renters enjoy a unique selection of vehicles, convenience and prices that are on average 35% lower than traditional car rental companies, while active owners make hundreds of dollars a month renting out their underutilized cars to neighbors and travelers.

Similar to other great marketplaces, such as eBay and Airbnb, the majority of our marketplace innovations come from our community. For example, the creation of our airport marketplace was inspired by an owner who frequently rented his car out to travelers arriving at Reagan National Airport in Washington, DC. Our new “Trip Photos” feature in our iOS and Android apps grew out of car owners and renters asking for easier ways to manage the start of the reservations by easily recording car, gas level and mileage. And our renters sought more options with respect to insurance. Initially we provided a “one size fits all” approach to insurance, but many renters with transferable policies didn’t require additional insurance. Today we offer renters more choice with respect to the amount of insurance they need.

Today the RelayRides community offers car-sharing in over 2,500 cities connecting owners of over 800 different makes and models with interested renters. Car owners are able to maximize their existing car asset and recoup the average cost of ownership of about \$250 per month with the average active owner earning approximately \$400/month. Finally, micro-entrepreneurs have organically sprung up around the economic opportunities that the RelayRides marketplace offers and “power-owners” (defined as owners with more than 3 vehicles) represent a fast growing part of our business.

Car sharing and Ridesharing are Different

The RelayRides car-sharing marketplace is distinguished from ride-sharing businesses like Uber and Lyft in a number of ways:

Car-Sharing	Ride-Sharing
Scheduled reservations	On-demand; short-lead
Driving for personal use	Driving for commercial use

Driver is third party (renter)	Driver is car owner
Longer, mostly downtime	Higher utilization
Usually solitary	Usually multiparty
Owners & Renters	Drivers & Passengers

Differences between car sharing and ridesharing are significant. Policymakers must take care to distinguish between these business models, and not take a one-size-fits-all approach to regulation. Focus should be on real risk to the community, and less on motorized vehicles themselves.

Trust and Safety

Members of the RelayRides’ community - the car owners and renters - gain each other’s trust through direct communication with each other. Renters send messages to owners inquiring about their car and to work out how to arrange delivery of the vehicle. At the end of the trip, the owners and renters rate each other and give comments about their experience. Businesses like eBay have shown that this kind of feedback loop is very powerful in pushing both parties to adhere to the agreement, respect the property and each other.

In addition, RelayRides confirms the identity of each renter at sign up.

RelayRides currently provides a \$1 million liability policy for owners against injuries and third party property damage and protects owners against damage to their car. Renters can choose to purchase different levels of insurance protection packages at time of rental - akin to traditional rental car practices.

Engagement and Insurance

The RelayRides team openly communicates directly with state regulators and agencies, educating them about the unique aspects of our business model and about the protections in place for our customers. RelayRides has taken a proactive stance with respect to insurance and obtained commercial liability insurance policies for our community. We continue to iterate on this and give our community many flexible options with respect to purchasing insurance and are constantly seeking new ways to further enhance the trust and safety aspects of our marketplace.

State Regulations

The RelayRides marketplace is available in 49 states. RelayRides withdrew its New York offering in May 2013 due to incompatibilities with New York’s unique insurance law. Currently the New York State legislature is considering legislation that would remediate these incompatibilities and allow the RelayRides marketplace to reopen in New York. While the outlook for the legislation is unclear, what is clear is the direct harm to consumers that exists in New York when car-sharing businesses that provide robust consumer protections and insurance cannot operate. Residents of New York City, for example, frequently encounter a great scarcity of rental cars during the summer months. Car rental agencies are not able to keep up with the

demand even at exorbitantly high prices. Without this statutory update for car sharing, the current regulatory landscape offers very few alternatives for New York consumers at these peak times.

Car Owner Opportunities

In March of this year, the average active RelayRides car owner saw on average \$417 compensation for sharing his or her car. These are funds that owners say help offset the expense of owning and maintaining a vehicle during hard economic times. For some car owners living in high cost areas, funds generated from renting out a car via RelayRides can make the difference between keeping, maintaining and insuring a car and not. RelayRides is also providing alternative income sources for micro-entrepreneurs who are turning to the economic opportunities RelayRides offers.

Historical Perspective

Sharing-economy businesses often face decades-old regulatory structures that could never have anticipated the innovative change ushered in by these new companies and business models. First generation internet companies like eBay encountered these regulatory challenges frequently, often in the form of state legislatures attempting to apply ill-fitting regulations to disruptive internet businesses. It took eBay years of educating lawmakers about the uniqueness of their marketplace and about the real and technical differences between their sellers and the traditional live auctioneers.

RelayRides encourages the Federal Trade Commission to contemplate these kinds of regulatory challenges as they examine issues relating to the sharing economy. It is vital that the innovations, increased competition, economic opportunity and increased consumer choice created by these companies remain available for all people.

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