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Car- and ride sharing
The current state and future possibilities in Iceland

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Final project for a BA degree in Economics

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Foreword

This essay is a 12 ECTS credit thesis towards a BA degree from the Faculty of Economics at the University of Iceland. First of all I would like to thank my advisor, Dr. Sigurður Jóhannesson, for his advice and guidance throughout the thinking and writing process and his trust in letting me write about the subject of my choosing. Second of all I would like to thank Þórólfur Matthíasson for representing the Faculty. Thirdly, I would like to thank a few individuals: Ingi Björn Sigurðsson for inviting me to the Point Zero conference, April Rinne for providing me with valuable insights into the sharing economy, Gunnar Haraldsson for having paved the way for the sharing economy in Iceland, Sölvi Melax for allowing me to interview him about his experience with starting a peer-to-peer car sharing company in Iceland, Saskia van Altena, for giving the best constructive criticism, and Kristinn Hrafn Þórarinsson for his invaluable support and help with setting up the graphs and reviewing the essay. Lastly I would like to thank everyone who supported me, answered my emails and gave me ideas about interesting reading materials.
Abstract

The sharing economy has been gaining momentum in the world over the past decade or so. The sharing economy has been defined as the value in taking underutilized assets and making them accessible online to a community, leading to a reduced need for ownership of those assets. Iceland has only become familiar with the term in the last couple of years, and the sharing economy is slowly, but steadily gaining a foothold in Iceland, with Icelanders’ increased use and acceptance of the sharing economy platform Airbnb for example. Sharing has always taken place in the small Icelandic community, but Icelanders have only recently started to take part in the new version of sharing: sharing with strangers and for a compensation.

Because the possibilities of the sharing economy are almost endless, this research focused solely on a specific part of it: car- and ride sharing, in order to shed some light on the enormous possibilities of the economy as a whole. The question that I endeavored to answer in this thesis was: Is there a future for car- and ride sharing platforms in Iceland?

In order to do that, changes in consumer mentality and various types of car- and ride sharing business models, including their positive and negative aspects, were examined. The largest car- and ride sharing businesses in the world were identified and their successes and reputations looked into. The growing interest in the sharing economy in the Icelandic society was explored, as well as the Icelandic car- and ride sharing initiatives that have been founded recently. The benefits and problems of each of the Icelandic initiatives was be determined, as well as their possibilities for improvement, and finally the future possibilities of car- and ride sharing in Iceland were be looked into.

The results of this research is that Icelandic consumers and media seem to be quite positive and curious about he sharing economy. The Reykjavik City Council has also been quite open towards the possibilities of car sharing. Some people are however concerned that regulators need to create a clearer system for participants in the sharing economy. A few innovators have already taken groundbreaking steps to bring the possibilities of the car sharing economy to Iceland. Based on the research they may
have a bright future ahead of them, as long as they work together with regulators and insurance companies.
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1 Introduction

The sharing economy has been gaining momentum incredibly fast over the last decade or so. Multi-billion dollar companies have popped up in a very short amount of time. Iceland has however been left relatively untouched by these big businesses, of which only Airbnb.com has become commonly used so far. Sharing in the more traditional sense has of course always been present in the small Icelandic community. Families have shared baby clothes that have been passed on from family to family, neighbors have shared tools, used cars have been re-sold, farmers have shared in the cost of expensive equipment, et cetera. However, Icelanders have only recently begun to take part in the new version of sharing: sharing with strangers in exchange for some kind of compensation. People around the island have put their houses up for rent on Airbnb.com en masse, bought or sold second hand items on Bland.is, or shared a ride through the Icelandic platform www.samferda.net.

Examining the magnitude and potential of this new sharing economy in Iceland is fascinating. The aim of this paper is to study these aspects through an analysis of one specific part of the sharing economy: car- and ride sharing. In this sector the sharing economy and the development of new information technology can offer interesting and revolutionary possibilities for modern society. The question that I will endeavor to answer in this thesis is: Is there a future for car- and ride sharing platforms in Iceland?

To answer this question, first of all it will be necessary to look into changes in consumer mentality and answer the question why people share. Following that, the various types and business models of car- and ride sharing will be examined and explained, and their positive and negative aspects will be identified. Second of all the largest car- and ride sharing companies in the world will be identified and their business models briefly examined. The companies’ success and reputation will also be briefly looked into, in order to illuminate how successful sharing platforms operate and maintain the trust of their users.

Subsequently, the growing interest in the sharing economy in the Icelandic society will be explored. The interest in- and awareness of the sharing economy that some Icelandic regulators have demonstrated will be portrayed and brought into contrast with the defensive approaches of some foreign regulators. Icelandic car- and
ride sharing initiatives will also be compared to their successful international counterparts, based on their business models. The benefits and problems of each of the Icelandic initiatives will also be determined, as well as their possibilities for improvement. Finally, the future possibilities of car- and ride sharing in Iceland will be looked into, and various possibilities will be examined.

2 Introducing the sharing economy

2.1 What is the sharing economy and why do people share?
Stephany (2015) provides a short definition of the sharing economy: “the sharing economy is the value in taking underutilized assets and making them accessible online to a community, leading to a reduced need for ownership of those assets.” His definition has 5 main limbs that are demonstrated in Figure 1. Assets that have idling capacity can be everything from tools that lie untouched in the garage for most of their life, books that will only be read once after they have been bought and clothes people keep in their closets, but never use, to more expensive assets such as lawn mowers, designer bags, skis and even cars.

![Figure 1. The sharing economy: increasing asset utilization. (Stephany, 2015)](image)

Over the last decade, interesting developments have taken place in our Western society of mass-consumption: research has pointed out that people’s mindset has shifted away from the consumerism that was predominant in the past fifty years or so.
Botsman and Rogers (2010) attribute this to two factors. On the one hand a values shift has taken place, where consumers are increasingly aware that infinite growth and consumption based on finite resources are not a viable combination. On the other hand people are wishing to re-create stronger communities, as they have realized that the constant quest for material things has come at the expense of impoverishing relationships with friends, family, neighbors and the planet. These two factors have helped people to realize that they do no longer wish to be passive consumers, but active participants who are more in control of their world.

People of all ages are transitioning towards a usage mind-set, where reaping the benefits of access to a product is more important than owning it. To quote Aristotle, who had already realized this over two thousand years ago; “On the whole, you find wealth much more in use than in ownership” (Botsman & Rogers, 2010).

Young adults play a big role in this shift in consumer behavior. Research has shown that the majority of 13-25 year olds feels personally responsible for making a difference in the world and considers a company’s social and environmental commitment when deciding where to shop (Botsman & Rogers, 2010). Because of this, and various financial reasons, it is not surprising that adults under 35 are most likely to participate in sharing or renting online, rather than buying and owning assets (Kamenetz, 2013).

In accordance with these findings, millennials seem to be far less interested in car ownership than previous generations, with the proportion of new cars bought by Americans aged 18 to 34 dropping from 16% in 2007 to 12% in 2013 (Stephany, 2015). This corresponds well with the fact that this age group was let down and disillusioned by the greediness of the economy after the economic collapse of 2008, which was heavily felt in Iceland. The collapse equally made it harder for this generation to save up money for cars and houses, made the option of taking high risk loans less accessible and big financial commitments less tempting. People therefore have various incentives to share in the modern day and age; financial, environmental and social.

However, the main reason the sharing economy has grown so much in recent years is because of reduced transaction costs. With the arrival of the internet, people can find a match to their wants and needs with others with almost no effort, as well as eliminate almost all transaction costs (Stephany, 2015). For example, think about how much effort it would take from someone who wished to sell his used shoes before and after the
arrival Internet. Before the Internet, the shoe owner would need to ask their friends to spread the word that they had this specific shoe, in that specific size, for sale, spend money on advertising it in the newspaper, hang up a pamphlet in a supermarket, or rent a market stand and wait for the right person to walk by. After the Internet, the owner would only need to upload a photo to an online marketplace, such as Ebay for example, add some information about the shoes, and wait for the right person to find them.

2.2 Car- and ride sharing systems

The first sharing economy platforms were not-for-profit companies, such as Wikipedia (founded in 2001), Couchsurfing and Freecycle (both founded in 2003), which have become quite well known. It is incredible how well these three platforms all function, when it is taken into consideration that they are all based on nothing but voluntary human collaboration; people help out when they can, and expect others to do the same.

However, despite the fact that the word sharing implies that no money is involved, the new sharing economy magnates, like Airbnb, Lyft and Uber, are for-profit businesses (Penn & Wihbey, 2015). Compensations on sharing economy platforms vary between companies and can take many forms, from swapping or bartering goods to exchanging money (Belk, 2014). It is in this for profit section that most sharing initiatives, especially car- and ride sharing services, are popping up.

At this point, it is important to define and separate the various systems of the sharing economy, in order to further specify and analyze the business models that are most relevant for the economy studied here: car- and ride sharing. Botsman and Rogers (2010) have divided the sharing economy into three separate systems: product service systems, redistribution markets and collaborative lifestyles. We will look further into product service systems, as they are the most revolutionary manifestation of car sharing, and collaborative lifestyles in the form of ride sharing (Botsman & Rogers, 2010). Redistribution markets for cars, such as the selling and buying second hand cars, have already become so well established in society that we will not go into them any further here.

Product service systems focus on people being able to pay for the benefit of using a product without needing to own it outright (Botsman & Rogers, 2010). This idea has
fundamentally challenged traditional notions of private ownership, as the car used to be the ultimate status symbol. Today, they are the ultimate shareable underutilized asset. Research has shown that the most successful shareable objects have to fulfil three, specific criteria: They must be expensive, easily transportable and infrequently used (Sacks, 2011), all of which are met by cars.

We will look at a few different companies in the next chapter, which are built on the following types of product service systems: Business-to-consumer (B2C) car sharing and peer-to-peer (P2P) car sharing. The main difference between the two is that B2C companies have a centrally owned and managed car fleet, which they need to maintain, repair, insure and provide parking space for (Le Vine, Zolfaghari & Polak, 2014), while P2P companies merely serve as a platform where individuals can share their private cars for compensation. For both types of car sharing, users need to reserve a car ahead of when they wish to use one via a smartphone app or a dedicated website. Some companies require that users reserve a car days in advance, while others allow users to reserve a car only minutes in advance.

Business-to-consumer companies offer varying degrees of flexibility: some only offer “round-trip” services, meaning that the customer must usually return the car to the exact same place where it was accessed, while others are “point-to-point,” which means that users can park anywhere or in designated parking spots within a specific geographic zone. Peer-to-peer companies on the other hand are almost always “round-trip,” because the car needs to be returned back to its owner after each rental (Le Vine et al., 2014). P2P car sharing platforms usually offers a more diverse selection of vehicles than B2C car sharing platforms.

Ride sharing platforms are generally distinguished in a different manner; as either long- or short distance ride sharing platforms. Long distance ride sharing platforms are almost always based on traditional carpooling systems, where all parties benefit from the exchange but nobody makes a profit. Short distance ride sharing platforms can however be based on both carpooling systems and traditional taxi services, where the driver makes a profit.

Almost all platform operators that are part of the before mentioned for-profit car- or ride sharing systems, provide insurance for car owners, passengers and drivers, while they are providing or using a service through the platform. Some offer users up to $1
million in liability coverage, because it is in the company’s best interest to make sure any damage to the vehicles or passengers is covered, because otherwise there would soon no longer be any users. In return for this insurance the platforms charge users a percentage of every transaction that occurs through their online marketplace (Le Vine et al., 2014).

2.3 The positive and negative aspects of car- and ride sharing
Car- and ride sharing has the potential of benefiting individuals, society and the planet as a whole, because the possibilities of better utilizing cars are immense. The average car in the United States, Canada and Western Europe is only in use 8% of the time (Sacks, 2011), which means that cars stand empty for over 22 hours every day. Anyone can see that this is a huge waste of many households’ second most expensive asset. We will now look into the benefits and costs of car- and ride sharing.

The most direct incentive for people to share cars is financial. Average Americans and Europeans spend approximately 18% of their income for one person to drive a medium-size car (Botsman & Rogers, 2010). A household or business that goes from owning a car, to car sharing, sees its costs change drastically. Instead of having high fixed costs: the car itself, insurance and maintenance, and low marginal costs: gasoline, they move towards average costs (Le Vine et al., 2014). However, when comparing the cost of owning a car and being a member of a car sharing platform, people often forget about the fixed costs and only focus on the fact that the price of a membership is higher than the price of gasoline. Therefore it can be challenge to convince consumers that car sharing can be the less expensive option.

Car owners can choose to become members of P2P car sharing platforms and earn money through them. According to Shelby Clark, the founder of RelayRides, the average person using the platform makes $250 a month for renting out their vehicle. Some users are even making enough money on the platform to offset their entire car payment (Sacks, 2011). The sharing economy magnates have gained their immense popularity party because they only take a fraction of the fees levied for the services they provide (Penn & Wihbey, 2015). Therefore the revenue flowing through the sharing economy
directly into people’s wallets was estimated to surpass $3.5 billion in 2013, with growth exceeding 25% (Cannon & Summers, 2014).

Ride sharing also has financial benefits, for both passengers and drivers. When carpooling, the passenger benefits from an inexpensive and more comfortable alternative to public transport, and the driver has someone to split the price of gasoline with. When ride sharing instead of taking a taxi, through the Uber app for example, the passenger also benefits from prices lower than those of traditional taxi services, and the drivers get paid more than their taxi driving peers. This has been demonstrated in Table 1, where it can be seen that unless Uber drivers’ after-tax expenses such as gasoline, insurance and maintenance, are more than $6 per hour, their hourly earnings will exceed that of the average taxi driver and chauffeur in the United States (Hall & Krueger, 2015).

Table 1. Comparison of median hourly earnings of Uber driver-partners and hourly wages of taxi drivers and chauffeurs (Hall & Krueger, 2015).

<table>
<thead>
<tr>
<th></th>
<th>Uber Driver-Partners (Earnings Per Hour)</th>
<th>OES Taxi Drivers and Chauffeurs (Hourly Wages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOS</td>
<td>$20.29</td>
<td>$12.92</td>
</tr>
<tr>
<td>CHI</td>
<td>$10.20</td>
<td>$11.87</td>
</tr>
<tr>
<td>DC</td>
<td>$17.79</td>
<td>$13.10</td>
</tr>
<tr>
<td>LA</td>
<td>$17.11</td>
<td>$13.12</td>
</tr>
<tr>
<td>NY</td>
<td>$30.35</td>
<td>$15.17</td>
</tr>
<tr>
<td>SF</td>
<td>$25.77</td>
<td>$13.72</td>
</tr>
<tr>
<td>Avg. BSG Survey Uber Markets</td>
<td>$19.19</td>
<td>$12.90</td>
</tr>
</tbody>
</table>

While environmental concerns may not be consumers’ main reason for car- or ride sharing, partaking in the sharing economy definitely has a positive effect on the environment. The sharing economy does not ask people to share for the greater good, and is therefore more likely to persist: because is anchored on self-interest and free market principles. On the same not, car- and ride sharing leaves people with more than they had before, not less (Stephany, 2015).

Another interesting fact about car- and ride sharing is that it reduces traffic. Traffic is one of the most important paradoxes of the economic principle of “more is always
better.” For example, each extra car makes all the other cars in traffic get to their destination later. In this case, fewer cars on the road are better. To demonstrate the benefits of car sharing in this respect, it has been estimated that each shared Zipcar can take up to 17 cars off the road (Stephany, 2015). Ride sharing has a similar effect, because each extra person in a single car reduces the amount of cars on the road by one, and therefore helps to reduce traffic.

When people are renting a car per hour, or car owners are renting out their car, they also tend to make more efficient decisions about when they actually need to drive, which is better for the environment. “Studies have shown,” says Clark, "that the average car sharer drives 40% less than the average owner”” (Sacks, 2011). When people begin to drive less and use fewer cars, this can cause significant reductions in carbon dioxide emissions (Cannon & Summers, 2014), which are currently at an unsustainable level (Stephany, 2015). Table 2 showcases some of the environmental impacts of round-trip car sharing. It reveals considerable reductions in carbon dioxide emissions and a definitive reduction in cars in both Europe and North America.

Table 2. Reported impacts associated with round-trip car sharing (Le Vine et al., 2014).

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>EUROPE</th>
<th>NORTH AMERICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon dioxide emission reduction</td>
<td>39 to 54%</td>
<td>27% (observed impact) [156% (full impact)]</td>
</tr>
<tr>
<td>Number of private cars a carsharing vehicle replaces (sold/forgone purchase)</td>
<td>4 to 10 cars</td>
<td>9 to 13 cars</td>
</tr>
<tr>
<td>Sold vehicle due to carsharing</td>
<td>16 to 34%</td>
<td>25%</td>
</tr>
<tr>
<td>Forgone vehicle purchase due to carsharing</td>
<td>N/A</td>
<td>25%</td>
</tr>
</tbody>
</table>

Apart from the financial and environmental benefits, car- and ride sharing also has an important social impact. With the advancement of the Internet and social media, people are socializing less in real life and more through their mobile devices or computers. Contrastingly, in the case of the sharing economy, the Internet has been helping people to socialize more offline, after connecting with strangers online. Ride sharing platforms have connected people who are traveling in the same direction, for example giving them a chance to have pleasant conversations on their way to work, instead of cursing at the traffic alone. Most people derive pleasure from making new
connections and broadening their social circles (Stephany, 2015) and because most sharing platforms have some type of rating or reviewing system and provide insurance it has never been easier to trust complete strangers. These self-policing communities are essential for sharing economy platforms to be able to perform (Sacks, 2011).

Most of the down-sides of car sharing fall on the platforms, not the users. B2C car sharing platforms need to buy and maintain a car fleet and all car- and ride sharing platforms need to have a good relationship with regulators and insurance companies, or be able to provide a reliable and substantial insurance for their users themselves. However the users of car- and ride sharing platforms need to make sure that they pay taxes of all their earnings, which can be confusing and quite difficult for some people. The sharing economy as a whole is also very dependent on wireless communication and is therefore vulnerable to unexpected disruptions to communications networks in ways that private car ownership and use is not (Le Vine et al., 2014).

3  Global car- and ride sharing platforms

The global sharing economy was valued at $15 billion in 2014 and predicted to grow to become a $335 billion market by 2025 (Stephany, 2015), which may give an idea of the current scale of the sharing economy and the value of its biggest companies. If we only consider car- and ride sharing platforms, we can see gigantic growth as well. Numbers from 2014 indicate that people can now partake in car sharing in at least 1,000 cities across four continents (Cannon & Summers, 2014) and it is estimated that car sharing revenues in North America alone will reach $3.3 billion by 2016 (Sacks, 2011).

3.1  Business-to-consumer car sharing platforms

Zipcar is currently the largest provider of round-trip car sharing services worldwide (Le Vine et al., 2014). The company was founded 15 years ago in Boston and has been convincing city dwellers that access to cars is better than ownership ever since. However, in light of the development of P2P car sharing systems, the B2C model is comparatively becoming less efficient and competitive. B2C companies have the
disadvantage of needing to manage and fund expansions, reparations and storage of their car fleet (Sacks, 2011), whereas P2P platforms hold none of these responsibilities, as they do not own the cars themselves. Although Zipcar has grown to have over 900,000 members in North America and Europe (“Avis Budget Group,” 2015), it was bought by Avis Budget for less than half of its IPO price because it never managed to make a profit (Stephany, 2015).

Car2go is presently the largest point-to-point car sharing service in the world (Le Vine et al., 2014). It was introduced by the car manufacturer Daimler in 2008 in Germany (Sacks, 2011) and has already grown to have over 1,000,000 members in 29 European and North American cities (www.car2go.com). The app shows the user where the nearest car is located, which can be accessed easily via a windshield card-reader and PIN number, driven anywhere locally and left within a certain area for the next driver to use.

France’s Autolib’ is the largest point-to-point station-based car sharing system in the world, and it has plans to expand internationally. The logistics of a point-to-point station-based system, where users can park in a certain amount of designated parking spaces, are less challenging to manage than a point-to-point free-floating system, where users can park in any parking space. However, the trade-off is that users have a lower degree of flexibility, and as with round-trip car sharing the stations require the allocation of dedicated space (Le Vine et al., 2014).

Some companies have been targeting the business-to-business (B2B) market and it has been reported that 16% of authorized users in Europe are business customers. For car sharing operators, increasing business travel as a share of overall usage can help increase fleet utilization during periods when demand for personal use of car sharing services is low, for example in daytime during weekdays (Le Vine et al., 2014).

One difficulty both types of point-to-point car sharing systems face are tidal flows. When all users travel in the same direction, vehicles can end up clustered together. The Autolib’ system has addressed this problem collaboratively with its customers, by offering free rentals to users who are willing to re-position vehicles (Le Vine et al., 2014). The main down side of round-trip car sharing for users is probably the inflexibility of having to return the vehicle back to the exact same parking spot, and having to pay for time the car is not in use (Belk, 2014). Users also need to indicate the
duration of their reservation beforehand, which means that either they pay for time that they end up not using, or they pay a penalty for returning the car late. Users should also always check a car for damage, each time they use a shared car, because failing to report it could mean that they would be liable for damage caused by the previous user (Le Vine et al., 2014).

Sometimes the vehicle owners have to physically transfer the car keys to the car renter and sometimes the cars will be equipped with telematic devices, which provide the renters with remote access via a smartcard or password.

3.2 Peer-to-peer car sharing platforms

One of the largest peer-to-peer car sharing companies is RelayRides. It was founded in 2009 and has its headquarters in San Francisco, the unofficial sharing economy capital of the world. In October 2012 the company had already built a community of 20,000 members and 1,000 vehicles (“RelayRides Offers,” 2012), which has since then grown to hundreds of thousands of renters and tens of thousands of owners. RelayRides’ website (www.relayrides.com) claims that vehicle owners are able to make up to thousands of dollars each month and that their car prices are up to 40% lower than other rental options. Vehicle owners using the platform receive 60% of the rental price, while the other 40% is used by the platform for insurance, technology and support.

Although many P2P car sharing platforms seem to be doing well, one of the first and most promising ones, Whipcar, which was based in the United Kingdom, only managed to remain operating for 3 years. At first, when it launched in 2010, the media was very positive and reported that only 4 months after the launch 600 vehicles were registered on the platform (Dugdale, 2010). The explanation Whipcar provided in its announcement about the platforms’ closing was: „we have discovered there are still barriers to widespread adoption of peer-to-peer car rental in the UK” (www.whipcar.com), which displays the importance for sharing platforms to work and collaborate with regulators.

3.3 Short distance ride sharing platforms

The largest and most famous ride sharing company, Uber, is a for-profit business that works a lot like a taxi service. It was founded in 2009 and is based in San Francisco.
Regular people can become “driver-partners” on the platform or request rides through their website or app. Uber’s valuation has been rising at an incredible speed: In October 2014 it was valued at $18.2 billion, relative to Hertz at $12.5 billion and Avis at $5.2 billion (Cannon & Summers, 2014). In January 2015 it was already valued at $40 billion (“The on-demand,” 2015) and in its most recent valuation in July 2015 it was valued at a record breaking $50 billion. Uber has since its founding been launched in more than 270 cities around the world (Austin, Canipe & Slobin, 2015).

People who want to drive for the company need to fulfil some strict standards. The typical requirements for drivers, to secure passenger safety, is that they must pass a background check, let their driving record be reviewed, submit documentation of insurance, registration and a valid driver’s licence, complete a city-knowledge test successfully and drive a car that is less than a certain number of years old and passes a quality inspection (Hall & Krueger, 2015). Information on Uber’s website (www.uber.com) notes that the platform has also taken some measures to assure driver safety, such as making all transactions cashless to reduce drivers’ robbing risks, by encouraging them give end check feedback about passengers, and by enabling them to not have to do any random pick ups and to see the profile of their prospective passengers.

It would seem that Uber is relatively safe then, contrary to what many of its opponents have claimed. Uber drivers and riders know a lot more about each other before the ride starts than traditional taxi drivers and their passengers. The main benefit of Uber’s reviewing system is that it is in both parties interest to behave well and be polite, because otherwise they may not get a good review and be banned from using the platform. The rating system may also attract drivers that expect to do a good job to Uber rather than a regular taxi service, because their good ratings may attract more customers to them than if they were an anonymous taxi on the street (Hall & Krueger, 2015).

Figure 2 shows that the number of „active driver-partners“, that is drivers who provided at least 4 trips to passengers in a specific month in the United States, rose from near zero in 2012, to more than 160.000 at the end of 2014.
These findings by the The Bureau of Labor Statistics’s (BLS) in the United States indicate that it may be easier and more attractive for people to drive for the new ride sharing companies instead of the traditional taxi companies. People seem to be attracted to the platform mostly because of the flexibility and compensation it offers for drivers. The most important reasons people gave for partnering Uber were: “to earn more income to better support myself or my family” (91%); “to be my own boss and set my own schedule” (87%); “to have more flexibility in my schedule and balance my work with my life and family” (85%); “to help maintain a steady income because other sources of income are unstable/unpredictable” (74%) (Hall & Krueger, 2015).

Another huge San Francisco based ride sharing company is Lyft, which helps people to get a ride from people who own a car. It only allows its users to accept „donations“ because it does not consider itself to be a taxi service (Bercovici, 2014). The company is currently valued at roughly $1 billion. The drivers receive 80% of the payment from passengers and are paid out weekly, according to the platforms website (www.lyft.com). According to one of its founders, John Zimmer, „Lyft was born out of the idea that transportation is really inefficient today, for example 80% of all car seats are empty at all times“ (Dubner, 2014).

There are also quite many car sharing companies based in the United Kingdom. Most of them do not allow drivers to make money through their platform, only to share
the cost of gasoline. One of these is Liftshare, which offers both long and short rides. They explain the pricing system on their website (www.liftshare.com): „Liftshare calculates a suggested price per passenger for your journey based on the length of your trip and using HM Revenue and Customs Approved Mileage Payment Allowance. Drivers can adjust the price within a capped window, to ensure passenger costs offset real costs and no profit is made, therefore not invalidating car insurance.“ The price set by the driver using this system is fixed and non-negotiable, making it simple and transparent for everyone involved.

Liftshare’s, and other similar company’s systems appear to have been set up very carefully so that they do not break any regulations or insurance policies. LiftShare´s website makes it very clear that drivers may not profit from the exchange and the vehicle may not seat more than 8 passengers because otherwise the drivers´ insurance may be affected.

3.4 Long distance ride sharing
BlaBlaCar, which is the world´s largest long-distance ride sharing community, was founded in 2009 and its headquarters are in Paris, France. According to their website (www.blablacar.com) they transport more than 2 million passengers every month, have more than 20 million members and operate in 19 countries. It also mentions that the average number of people in Blabla cars are 2.8 whereas the overall average of cars is just 1.6 persons per car. Drivers are not allowed to profit from the journeys, but based on the distance to be traveled Blablacar recommends an amount drivers could charge each passenger for travel expenses. The drivers can change the amount they charge a little, based on how comfortable or fuel efficient their car is for example, but there is a limit. The price per seat is usually about one third of the gasoline cost of the trip and payment occurs in cash at the beginning of the journey. Blablacar works both for journeys between cities within the same country and for journeys between cities across borders, like from Amsterdam to Paris. For added safety women drivers can choose to only open their car up to female passengers, and female passengers can choose rides with females if they wish.
4 A growing awareness and interest in the sharing economy in Iceland

Iceland has slowly become more familiar with the sharing economy over the past few years. Entrepreneurs and regulators alike have organized conferences and meetings to learn about it through lectures by sharing economy advisors, and to discuss the subject and its implications for Iceland.

The first Icelandic conference that direct records were found of, and that focused on the sharing economy in Iceland, was arranged by Iceland Tourism on the 24th of October, 2014. At that conference the basics of the sharing economy were discussed and the economist Gunnar Haraldsson explained that the sharing economy had come to Iceland to stay, although he admitted that it could evolve in various ways (Gunnar Ó. Haraldsson, 2014).

There have also been a few more conferences and lectures in Iceland this year, that have spoken about the benefits and possibilities of the sharing economy. One of these was a morning conference held by the city of Reykjavik last February, where various people, among others the mayor of Reykjavik, Dagur B. Eggertsson, economist Gunnar Haraldsson, and the director of the inspection department of the National Tax Commissioner, Sigurður Jensson, spoke on the subject (Sunna Sæmundsdóttir, 2015a).

Dagur B. Eggertsson talked about how the „do not borrow if you can buy“ mentality that was predominant in Iceland a few years ago was evolving into the opposite, with people thinking more about saving, wasting less and taking better care of the environment. Technology and smartphones are aiding this development by making connecting and trusting strangers increasingly easy. Dagur B. Eggertsson also told the audience that the city of Reykjavik is taking this change in mentality to heart and that they are looking into opening up a bike sharing system in the city center (Sunna Sæmundsdóttir, 2015a).

Gunnar Haraldsson mentioned that the sharing economy had always existed but was only now gaining so much momentum because of the communication technology that has been evolving. He believes trust is the key element in these transactions and that young people are much more open to trying these options. He also focused on the role governments play in the evolution of the sharing economy, whether they choose to
work with or against it, as it is always certain that interested parties will demand that the government stop the development (Sunna Sæmundsdóttir, 2015a).

Sigurður Jenesson then talked about the tax duties of people taking part in the sharing economy. He said that taxes on a part of the sharing economy, like Airbnb and booking.com where people are paid for renting out their house or apartment, are clear. However other areas are more ambiguous and he says that the tax authorities need to keep an eye on the developments and use their common sense to prevent the sharing economy from going underground (Sunna Sæmundsdóttir, 2015a).

The Point Zero conference was held in Reykjavik a few months later, on April 22nd. It had lined up some very interesting and successful lecturers, amongst which was April Rinne, a sharing economy advisor. On their website (www.pointzero.is), she is described as „a sharing economy and shareable cities expert, focusing on the linkages and opportunities between the sharing economy and cities; policy; travel and tourism; and emerging markets. She advises companies, local and national governments, entrepreneurs, think tanks, investors and development banks, working across for-profit and non-profit models.“

While Ms Rinne was in Iceland she met officials from the City Council of Reykjavik and was interviewed by Þóra Arnórsdóttir for Ríkissjónvarpið among other things. In the interview she explained that even though Icelanders are so few it does not matter because social capital, trust, imagination and a great number of tourists make up for it and open up the possibilities of the sharing economy in Iceland. When asked what opportunities she sees for Iceland, she answered: „From where I stand there is actually a universe of opportunities, and it does not require millions of people, or even hundreds of thousands of people to participate. It does require a critical mass of people who are dedicated to seeing a platform forward, but I work in cities around the world, small, medium and large, and different kinds of sharing take place at different levels. But in effect all of these models are hyperlocal, so you can think about sharing that happens within a neighborhood, sharing that happens within a city, within a school group. That is also part of the sharing economy“ (Þóra Arnórsdóttir, 2015).

The director of the Point Zero conference, Ingi Björn Sigurðsson strongly believes that the sharing economy is the future. To quote him directly: „Whether it is right to talk about a revolution or a massive change is hard to say, but it is clear that a few
interesting projects have grown into huge companies almost overnight and are having a
great influence around them. We also see a different consumption pattern and
emphasis between generations, for example millennials are using the sharing economy in
a very different way from the generations before them. These are people that want to
spend their money on experiences rather than acquiring things” (Ásgeir Ingvarsson,
2015).

Another meeting was organized by women of the Icelandic Independence Party
on June 2nd. There were two main speakers, Jökull Sólberg, the founder of Lemonade
and Ásdís Kristjánsdóttir, the director of the economic division of Samtök Atvinnulífsins. Jökull preferred the phrase “on demand economy” to “sharing economy.” He was very positive about the possibilities of the sharing economy, but stressed that in the future steps may need to be taken to prevent monopolies from gaining too much market power, because of how important trust is in this economy (Sæunn Gísladóttir, 2015b), and the biggest companies may develop a monopoly on trust. Both speakers agreed however that the regulation for sharing economy firms needs to be reviewed, because it is too complicated. Ásdís pointed out that Iceland is at the bottom of competitiveness lists that take the law- and regulation environment of firms into consideration (Sæunn Gísladóttir, 2015a). The biggest issues with the sharing economy were, according to her, supervision, organization and regulation (Ásdís Kristjánsdóttir, 2015).

Figure 3 highlights the fact that Iceland’s law- and regulatory environment is not
as well evolved as that of the countries it likes to compare itself with. Out of 61
countries, Iceland places in the 31st place, and although that is not a terrible position,
there is definitely room for improvement. Denmark, for example, places at a
respectable 11th place, putting 20 countries between itself and Iceland (Ásdís
Kristjánsdóttir, 2015).
If these conferences, meetings and interviews can be interpreted as having been held in response to a societal interest and curiosity in the sharing economy, it may have a bright future in Iceland. The lecturers were very knowledgable, educating the audience on the benefits, risks and regulatory challenges of sharing economy platforms.

5 Governmental initiatives towards car- and ride sharing in Iceland

Contrary to many foreign regulatory bodies, The City Council of Reykjavik appears to be a supporter of the sharing economy. The City Council is looking into creating a bike sharing system to support sustainable forms of transport and healthier habits (“Skoða rekstur,” 2014), and has shown interest in supporting and even participating in car sharing. An article from October 2014 mentioned that Hrólfur Jónsson, the director of operations and asset management in Reykjavik, has been working on getting a car sharing service off the ground in Reykjavik, and that the city is interested in potentially becoming a user itself (Sunna Sæmundsdóttir, 2014). One of the great benefits of car sharing is that unlike many forms of urban transport it can be profitable, generating a revenue stream for the public purse rather than requiring ongoing subsidy (Le Vine et al., 2014).

The City Council of Reykjavik seems to have taken notice of the sharing economy and sustainability trends, and according to a report from June, 2015, it intends to
promote environmental traveling habits in every aspect of their policy making. The City Council’s report noted that it has been calculated in Copenhagen that every kilometer driven in a private car, costs the community about 15 ISK. That equals about 67 millions of ISK on every work day in the Capital Region in Iceland. According to foreign research, the cost for the community due to air-and sound pollution would similarly add up to about 3 ISK for every kilometer driven in a private car. That equals about 13 million ISK for every work day in the Capital Region („Samferða Reykjavík,” 2015).

In regards to ride sharing platforms, a young member of Parliament for the Progressive Party, Haraldur Einarsson, recently said that he preferred building a ride sharing platform similar to Uber in Reykjavik, with automatic self driving- and electric cars, to an expensive light rail system (Sunna Kristín Hilmarsdóttir, 2015). The only form of public transportation that has been available in Iceland until now, has been buses, making the population very dependent on cars to fulfil their transportation needs, especially during the dark winters. Therefore, ride sharing systems, if adopted by enough people, may very well be just the extra form of transportation Icelanders need.

6 Car- and ride sharing platforms in Iceland

Icelandic car- and ride sharing platforms are still in its early stages, and most initiatives are less than a couple of years old. We will look at how far they have managed to come, compared to international sharing platforms, in the next four chapters.

6.1 Business-to-consumer/business car sharing in Iceland

The only Icelandic business-to-consumer car sharing company is Snattbílar Avis (Avis also owns Zipcar), which began operating this year, and according to their website (www.snattbilar.is/avis) they are the first company that rents out cars short-term in Iceland. They have started with 15-20 cars (Sunna Sæmundsdóttir, 2014) that people that work in Höfðatorg - and companies that are located in Höfðatorg – can utilize. Unfortunately the service is still not open to other consumers.
Snattbílar is a round-trip service, so the cars are considered “in use” until they are returned to Höfðatorg. The charges for the service are a 2.000 ISK per month subscription fee and a 1.500 ISK fee per hour, for every use. Gasoline is included in the renting price. Snattbílar works similarly to foreign business-to-consumer services, such as Zipcar, and subscribers can quite conveniently order a car online via their website, or through their app.

This service may not be open to the public yet, but it is affiliated with a big company, and has the potential to grow. Höfðatorg is a very busy area with many companies closeby, so choosing to be located there at first was a strategically smart decision. If the company is not ready to start offering memberships to people everywhere in the Capital region all at once, smaller future expanding possibilities might still include partnering with apartment buildings to provide car memberships for tenants for example. This might reduce the need for some households to own a car, or a second car.

6.2 Peer-to-peer car sharing in Iceland

The Icelandic equivalent of the previously mentioned peer-to-peer car sharing platforms is the company VikingCars, which was founded in 2014 in Reykjavik by Sölvi Melax and Baldur Árnason. It gained a place in Arion bank’s Startup investment program during the summer of 2015, which may help it on its way to success. The platform (www.vikingcars.is) specializes in renting out cars, owned by Icelandic individuals, to tourists. It has established a relationship with all the main insurance companies in Iceland, and when people sign their car up on the platform, VikingCars arranges the neccessary extra insurance.

When a car owner agrees to rent his car to someone, he needs to meet the renter at the agreed place and time to exchange keys, and both parties need to sign a contract. The renters also need to inspect the car before they depart, so they can not be blamed for any pre-existing damage to the vehicle. At the end of the lease the owner and renter meet again to exchange keys, and this time the owner needs to check if everything is in order. Renters currently have to rent the cars for a minimum of 3 days on the platform, which saves the company and the owners the work of having to
exchange keys with new renters every day, but may prevent locals who would like to rent a car for just one day from participating in car sharing.

VikingCars does however offer very competitive prices for people who wish to rent a car, because the platform allows owners to set their own price. Some owners are renting out an older and smaller car, which would make a great option for tourists who are looking to keep the cost of their travels in Iceland low. Other owners are renting out a new jeep, and will therefore charge a higher price. This way the platform offers many different kinds of cars and caters for many different traveling needs.

The price comparison in Figure 3 shows us that the cheapest car the traditional car rentals in Iceland have to offer are everything from 1.9 to 5.5 times more expensive than the cheapest car VikingCars had to offer on the same dates. VikingCars takes 30% of the rental price, and uses a part of that to pay for extra insurance. Owners therefore receive 70% of the rental price, but need to make sure they pay taxes of their earnings.

The concept of VikingCars seems to be quite strong and thought through. Many Icelandic families own two cars, and especially during the summer one or both cars are used a lot less, when Icelanders themselves are perhaps on holiday abroad or biking to work instead of driving. The demand for rental cars is especially high in the summer,
which makes peer-to-peer car sharing a very sensible option. It also gives ordinary Icelandic people the chance to benefit from the latest boom in tourism.

There was another P2P platform called Caritas launched around the same time as VikingCars, but it is not operating anymore. Their website is still up however and the calculator on their website (www.caritas.is) reveals that a person had rented out their car through the website for 10,000 ISK for 1 day, they would only receive 5,000 ISK, that is 50%. The company itself charges 2,500 ISK (25%) for their services, 508 ISK go to taxes, 1,500 ISK is for insurance (paid for every day the car is rented out), and 1,000 ISK is a one time fee. Now if a person rented their car out for 10 days, for a total of 100,000 ISK, they would receive 59% of the price, or 59,000 ISK, because the fee is only payable once. This shows that here it pays off to rent your car out for longer periods at a time. Although the calculator is very helpful and the platform received a lot of attention in Icelandic media when it first started out, it has since then almost been forgotten.

There had been some controversy recently about whether these peer-to-peer car sharing companies were even legal. However the Icelandic Parliament took a step forward and passed a new law on the 9th of July, 2015, regarding peer-to-peer car sharing platforms. It agreed that every Icelandic individual can rent out two vehicles through a certified platform (Lög um leigu skráningarskyldra ökutækja nr. 65/2015). News of this new law was released during our interview with Sölvi Melax, one of the founders of VikingCars, and he was very relieved and happy about it (Sölvi Melax, personal interview, July 9, 2015).

6.3 Short distance ride sharing in Iceland

Ryan Graves, the head of global operations for Uber, was recently in Iceland and promised to bring the service there, although he could not confirm when that would happen (Sunna Sæmundsdóttir, 2015b). The company reported in December 2014, that it had collected enough signatures to be able to start up in Reykjavik („Uber til,” 2014). Until this time, there is no official platform or company catering for the demand for short distance ride sharing services in Iceland.

The only options for people who need a ride and for some reason do not want to or can not take a the bus, walk or bike, are currently various Facebook groups. The same goes for people who have an empty seat in their car and would like to fill it, or people
who would like to make a little extra money by giving people rides. To give an idea of the possible demand for ride sharing services in Iceland, the following graph shows the amount of people that were part of various Icelandic ridesharing groups on June 16th and on August 16th, both 2015, respectively.

![Figure 5. Number of members of Icelandic ride sharing groups on Facebook on the dates June 16th 2015 and August 16th 2015.](image)

As figure 5 makes clear, there is definitely interest in ridesharing in Iceland. In the two months between the dates demonstrated in the graph above, membership of almost all groups increased. The biggest group, „Skutlarar!” gained a considerable 2,182 members. Many of the groups are closed, but most people who apply will be accepted to join them. Some groups serve a more specific audience than others, for instance: „Skutlarar á Austurlandi“ (ride sharing in East-Iceland), and „Skutlarar fyrir fólk yfir 50
ára” (drivers for people over 50), and some serve a very specific purpose like „skul á skíðasvæðin” (ride sharing to the ski areas).

All of these Facebook groups are officially illegal in Iceland, which means that there is no regulation of them, no insurance and not much security for drivers and passengers, who often do not know anything about each other other than what they can see on their Facebook profiles. Giving rides in exchange for money, without a taxi licence, is illegal in many other countries as well, which has led to Uber being banned in several countries.

The government is however missing out on a substantial amount of possible taxes. Some of these groups are more like carpooling groups, where people only share in the price of gas or take turns to drive. However the groups where drivers charge a small amount of money to give people rides have become somewhat infamous in Iceland due to negative media coverage. One recent headline, from last June, on the Icelandic news website mbl.is read: „Drugs, alcohol and illegal ride sharing on Facebook,” giving the impression that these three things were equally dangerous. The article read: „Around 440 people ask strangers, who do not have the required licence, to give them a ride for money every week,” and continues: „Þórir Ingvarsson, an investigator with the police force in the Capital Region, says that in addition to the service being illegal, people are taking a big risk by accepting rides from anybody” („Eiturlyf, áfengi,” 2015). A search for Icelandic articles, that mentioned anything about actual crimes that had taken place through these Facebook groups, was unsuccessful however, which gives the impression that these headlines were mainly a way to frighten people into not trusting them.

Just a few weeks later, another news story about ride sharing Facebook groups surfaced. It revolved around singer and choir director Kári Friðriksson. He had been unemployed for a few years and was receiving 65% unemployment benefits, but was denied them after he admitted to driving people through the Facebook group „Skutlarar”. He was under the impression that he could do that to earn up to 60.000 ISK a month, because he was not on full benefits. However, because he did not report the earnings beforehand, his benefits have been stopped and he needs to pay some of what he has received back to Vinnumálastofnun. All this occurred, inspite of the fact that he was only earning a few tens of thousands of ISK every month at most, which indicates
that the regulatory system has not been adjusted so that it can handle this form of the sharing economy yet (Valur Grettisson, 2015).

6.4 Long distance ride sharing in Iceland

There already exists an Icelandic equivalent of the long distance ride sharing communities. It is the website Samferda (www.samferda.net). People can request a ride and drivers can request passengers through the website. It only offers long distance trips between cities or towns and asks travelers to split the cost of the trip, but does not want anyone to make a profit on it. This way the driver can share the cost of gasoline with someone and passengers can get to their destination in a cheap and comfortable way (Hildigunnur Hafsteinsdóttir, 2015).

The website (www.samferda.net) can be very useful for people who need to travel between towns, but do not want to waste empty seats on such a long ride, or do not want to travel by bus. As the website itself states: „It is more fun, cheaper and better for the environment to share ride with others when you travel around Iceland.“ (52)

7 The future possibilities of car- and ride sharing in Iceland

7.1 The foundation future car- and ride sharing platforms will need to build on

First of all, in order for sharing economy platforms to be able to thrive, they need to maintain a good relationship with regulators and insurance companies. Both parties need to communicate openly with each other, and work towards the same goal. Regulators need to realize that if platforms emerge, that are built on a trust and reviewing system, drivers may not need to have all the same licences as traditional taxi drivers (Þóra Arnórsdóttir, 2015). It is usually in the platforms’ best interests to maintain high levels of service, and they will generally regulate their own users. Uber drivers need to fulfil a range of qualifications for example, including having a good driving record, as well as maintaining a high ranking on the website. However, because the City Council of Reykjavik has been following the developments of car sharing platforms, they
may be more open to adapting regulations to the sharing economy, than their foreign peers.

A bonus for prospective car- and ride sharing platforms is that Icelanders are already a very connected community, and have the second highest number of Facebook users based on population. According to a survey from 2013, 73.4% of Iceland’s population is active on the website every month (Jóhannes Benediktsson, 2013). Therefore a well designed and advertised, mobile car- or ride sharing app would very likely catch on rapidly, with the possibility of more than three quarters of the population joining.

In the past few years, Icelanders have also begun to drive their personal vehicle less, as is demonstrated in figure 6. The trends are downwards sloping, although we can not say whether the reasons for the reduced driving distance are financial or otherwise. This does however make more or bigger peer-to-peer car sharing platforms, that are geared towards either tourists or the local community, a realistic possibility in the future. Because as people drive less, their cars stand still and unused for even longer, which means more idling capacity. If drivers are thinking about saving money, by driving less, they may also be more open to accepting strangers as passengers, if they are willing to split the cost of gasoline.

Figure 6. The average distance Icelandic cars are driven per day, comparing distances from 2006 to 2013 (“Önnur töflraði,” 2015)

The kilometers driven have not increased overall since the financial crisis, even though 5 years have passed between 2013 and 2008 in Figure 6. This is a good thing for
the environment of course, but also a big waste of cars, that are being driven less and less.

Young adults in Iceland are in increasingly not buying cars and houses. A recent article stated that almost 40% of Icelanders between 20 and 29 still lived with their parents, compared with only 10% in Denmark. The most relevant reasons for this high number were increasing amounts of University students, high rental prices and increasing house prices (Þórður Snær Júlíusson, 2015). Still, young Icelandic adults, between 15 and 24, work more than any of their peers in the EES. In 2014, 70-74% of them were employed, and an ever bigger percentage, 84%, during the summer months (Sigurður Már Jónsson, 2015).

Despite the fact that young adults live longer at home, car ownership overall has not changed much over the past few years since the financial crisis, according to Hagstofa Íslands. Between 2010 and 2012 about 13% of homes were car free, which is a similar proportion to 2000-2002. About 57.5% of households owned one car, and 29.4% of households owned two or more cars between 2010 and 2012 (Finnbogi Gunnarsson & Lára Guðlaug Jónasdóttir, 2013). It should be noted however, that young adults that still live with their parents, are considered to be a part of their parent´s household, not their own individual household. The car ownership numbers can be interpreted in two very different ways: Icelanders are not ready to give up their main status symbol, their car, or there are so few other options of transportation available, that many people feel that they have no other choice than to own a car.

7.2 Conceivable future car- and ride sharing platforms
If there become more car sharing services available in the Capital Region, it will be interesting to see if its inhabitants will become tempted to forgo car ownership. To take an example, San Fransisco is probably one of the cities with the most transportation options in the world; offering the options of buses, trains, car- and ride sharing platforms, bike sharing platforms et cetera. It is hard to tell which is why, but either people that move to San Francisco end up forgoing car ownership because it is so easy to get around with other transportation, or people are specifically moving to San Francisco to be able to live a car free lifestyle. Figure 7 shows that San Francisco is quickly adding residents, but very few cars. 88% of the total net increase in households
(11.139) have been car-free. This shift has increased the proportion of San Francisco households who own zero cars from 28.6% in 2000 to 31.4% in 2012.

![Figure 7. Net increase in housing units in San Francisco since 2000, and the proportion of those that are car free (Bialick, 2014).](image)

If regulators can make a car free lifestyle so easy, that people do not need to own cars anymore, whole city landscapes can change. With less traffic, developers and City Councils can organize cities in completely new ways and design them for people, not for cars. City Councils or some other government bodies can, in order to reduce traffic, look into creating a not-for-profit ride sharing platform. This is what we found was completely missing in Iceland; a carpooling platform where people who are travelling the same route to work or school every day can find each other, connect and ultimately travel together and split the gasoline bill. There are only a few main roads connecting the busiest parts of the Capital Region, which could be a lot less crowded during peak hours if each car transported more people. If the platform would be easily accessible through an app and a website and adequately advertized, Icelanders, who are such an Internet connected community, might make it a habit.

There are very many carpooling platforms like this in the world, which Icelandic regulators could obtain inspiration and ideas from. If Icelandic regulators were planning
further into the future, they could also consider incentives they can provide to encourage carpooling. For example, in a few countries special „fast track“ lanes have been created, that only cars with a certain amount of passengers can use.

It was already shown in a previous chapter that there is a growing demand for ride sharing services in Iceland, although they are currently only being offered through Facebook groups. In Figure 5 it was demonstrated that in just two months time, membership of the biggest ride sharing group, “Skutlarar!” grew by 2.172 members to a total of 16.959 members, which is approximately 5% of Iceland’s total population. That means that in just two months, 0.66% of the Icelandic population joined the group. This fast growing interest is a very good sign for Uber, which has already stated that it plans to bring its services to Iceland, because if people are willing to provide and accept ride sharing services through completely unregulated Facebook groups, people must be quite desperate for cheaper alternatives to taxis.

Icelanders tend to use the excuse „we are so few,” whenever possible, so it was necessary to disprove that car sharing programs can only exist in big cities. As was mentioned in a previous chapter, April Rinne, an expert on the sharing economy, already stated that she does not believe the small population in Iceland reduces the amount of sharing economy possibilities in Iceland (Þóra Arnórsdóttir, 2015). According to the Transit Cooperative Research Program (2005) car sharing programs have been proven succesful in smaller cities and rural areas, for example in Switzerland, Germany and the Netherlands. In Austria, villages with as few as 1.000 inhabitants were served by a car sharing service. In order for it to function properly, it does however often require a high degree of personal involvement by the members, who need to be committed to seeing the platform succeed.
8 Conclusion

After defining the sharing economy, as well as limiting the thesis to car- and ride sharing systems, we examined the most successful sharing platforms in the world, such as RelayRides, Uber, Lyft, Zipcar, Car2Go and BlaBlaCar in order to be able to estimate whether similar business models, that have emerged in the past few years in Iceland, could be successful.

The Icelandic society in general appears to be quite positive towards the sharing economy, with government bodies such as Reykjavik’s City Council even looking into the possibilities of starting up bike- and car sharing systems in the capital, and laws having been passed recently in favor of peer-to-peer car sharing systems. The regulatory system is however still too complicated, and needs to be adjusted to facilitate these new economic systems.

Two particularities of the Icelandic community make it especially well suited for sharing. The first one is the fact that the majority of Icelanders are online and active participants in social media already, making it easy for them adjust to sharing on new online platforms. The second one is that Iceland is a society that relies very heavily on cars for their transportation, because the only other alternative most people have during the winter is the bus.

To answer the thesis question, whether there is a future for car- and ride sharing platforms in Iceland, it of course depends on several unpredictable factors. However if current trends continue, with sharing companies growing at an amazing pace, receiving good press, helping people make or save some money and reconnect with their communities, the future for Icelandic sharing platforms is quite promising.

The three main, Icelandic sharing platforms mentioned in the thesis were the not-for-profit long distance ride sharing platform samferda.net, the peer-to-peer car sharing platform VikingCars, and the business-to-consumer car sharing platform Snattbílar. The only kind of platform that does not exist yet in Iceland is a short-distance ride sharing platform, although there is already so much demand for such services, that makeshift platforms have
evolved in the form of Facebook groups, and more organized platforms are very likely to be established within the next year or so.

With the surge in tourism in Iceland, that does not seem likely to end soon, there can be quite big growth and revenue opportunities for P2P ride sharing platforms in the near future. They provide ordinary households with an opportunity to make a little bit of money from the boom in tourism, which again brings more money into the economy, which is good for the country. With the extra people on the road, it will also become more important for Icelanders and tourists alike, to use car space more efficiently, so that traffic and carbon dioxide emissions do not increase too much, and preferably decrease.

It took a strange combination of circumstances for people to move away from their consumerist lifestyles and to make them want to start sharing again, including an economic collapse, disillusionment in the economy, the invention of the Internet and GPS technology and a huge amount of underutilised assets. However, since this evolution has been set in motion, it will be very interesting to follow its developments and to see if sharing will become the “normal” consumer behavior.
References


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