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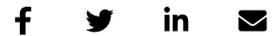
Want to up or downgrade your car? Subscribe online

Turners takes stake in Australian car subscription service..

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By **Graham Skellern** (/author/graham-skellern)

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Collaborate's Chris Noone says younger people value access to a car rather than having the burden of ownership.

Do you want a small, sporty car to zip around town and then suddenly switch to a sturdy, four-wheel drive for your long-awaited holiday in the countryside? This option will soon be coming your way.

Turners Automotive Group, in conjunction with ASX-listed Collaborate Corporation, is planning to introduce a car subscription service – where customers can take up a car for a minimum of a month and then hand it back or switch to driving another one.

In late March this year, Collaborate, which operates online peer-to-peer marketplaces, launched the first truly flexible car subscription scheme in Australia. It is called Carly and Turners soon cottoned on.

Last month Turners invested \$1 million for a 12.13% stake in Collaborate, formerly Qanda Technology, and a seat on the board.

Collaborate chief executive Chris Noone said the key thing about Carly was flexibility – and not being locked into a lease for three to four years or paying off a car loan.

“A generational shift is happening. The younger generation doesn’t have the same relationship with cars as older people. They value access to a car rather than having the burden of ownership,” he said.

“People nowadays are more focused on lifestyle, they may contract or relocate, they may take extended leave, or their circumstances may change in a way they don’t need a car all the time. A monthly subscription makes sense. You can upgrade or downgrade the car or hand it back when you don’t need it.”

Under the scheme in Australia, the customer does need to give 30 days’ notice of returning the car.

Turners chief executive Todd Hunter said, “we liked what Collaborate was doing and we see an opportunity in New Zealand – as well as giving us exposure in the bigger Australian market. I have every confidence the subscription service will work in New Zealand because of the flexibility, and I’d like to think it will be up and running this year.”

Noone was in Auckland to meet the Turners team and stitch together a joint venture agreement. Turners, the largest used car dealer in the country, would use its nationwide network of branches to supply vehicles and organise insurance.

How it operates

Collaborate’s Carly service works like this: customers go online and select a car – they don’t need to visit a dealership – and pay the monthly subscription. Before that, the customers’ IDs are verified online and they electronically sign a subscription agreement.

The monthly payment is based on a formula that includes the value of the car, age of the customer and driving experience but it starts at \$A115 (\$119) a week or \$17 a day.

The most popular subscription in Australia, at \$A133 a week, includes damage liability of \$2000, 2400km free per month (more than that is 15c per kilometre), insurance, car service and registration, road assistance and free delivery.

Since launching the scheme, Collaborate has formed a partnership with one of New South Wales’ largest vehicle dealerships, Sutton Motors, to supply cars.

Collaborate has also linked up with I-Motor, which manages 700 websites for dealers, displaying more than 50,000 vehicles and attracting 15 million page impressions per month. A subscription option will be added to each vehicle listed on the websites.

Noone said a flexible car subscription is an alternative to leasing or owning a car. "With a lease you are locked in for three to four years and you can't change the car. If your circumstances change, then it's expensive to break the lease and hand the car back.

"Take a young couple – they may like to drive a sports car now but at some stage they will buy a house and start a family and think they should get a bigger SUV instead. Under the subscription service, they can get a sports car and then switch to the SUV when the kids come along. If they take a lease out, they are driving a SUV around for three to four years without any kids in it."

Tighter credit

Noone said after the banking royal commission in Australia credit requirements for loans had tightened and people were now finding it harder to get car loans.

"They are rethinking their long-term commitment to owning cars. With subscription, and if they get into financial trouble, they just hand the car back with no payments – it's no big deal."

Collaborate, which started out as a mining company before switching to technology, operates three other online platforms where owners and renters transact directly. There are DriveMyCar and MyCaravan rentals and Mobilise, which advertises underused assets, particularly machinery, for rent.

Noone said the car industry in Australia was declining, with retail sales down 10%, and dealers and manufacturers are looking for new ways to engage with customers and create new revenue streams.

"We allow the dealer or manufacturer to maintain ownership of the vehicle and we do all the marketing to organise the subscription. We are supporting the existing industry and not looking to disrupt it. We are providing another way of capturing sales."

09:43



Watch Grant Walker's interview with Turners Automotive Group CEO Todd Hunter

By **Graham Skellern** (/author/graham-skellern)

Senior reporter

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