

Q&A with Flexclub CEO and co-founder Tinashe Ruzane



By [Imran Salie](#)

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Car rental options may not be cost-effective and traditional financing isn't always viable or accessible for some. A car subscription service fits perfectly in between, while also reducing costs and the administrative burden. FlexClub is a change in how people shop for cars and they built technology and operational infrastructure to support a wide array of automotive and mobility companies with managing their car subscriptions.



Tinashe Ruzane, CEO and co-founder of FlexClub | image supplied

Tinashe Ruzane is the CEO and co-founder of FlexClub. He was the head of vehicle solutions for Uber across Europe, Middle East and Africa, where his team were working with auto industry stakeholders to design products that increased access to vehicles for ridesharing drivers.

Here, Ruzane offers further insights into the world of car subscriptions and Flexclub:

What is a car subscription service and how is it affecting the current vehicle landscape in South Africa?

Car subscriptions are a way to access a vehicle by simply paying one all-inclusive monthly fee, with no need for additional insurance or maintenance premiums. Unlike vehicle financing or leases, which are typically 48 months or longer, subscription contracts can be as short as one month.

Consumer preferences continue to shift towards mobility services over traditional car ownership, especially across younger customer segments. In South Africa, the majority of new car buyers don't keep their cars for longer than three years, yet often have limited alternatives to financing the car over six years, in an effort to make the monthly cost more affordable.

The traditional process of buying, financing and insuring cars can be quite cumbersome and involve a high amount of admin for consumers.

Car subscriptions offer customers unparalleled flexibility and convenience as an alternative to traditional car loans, which can lock customers into precarious long-term commitments, especially when balloon payments are used.

At FlexClub, we enable our members to easily subscribe for vehicles from a network of more than 20 merchants, including brands like Avis and Europcar. We've seen thousands of applications from customers across South Africa and grew the number of member accounts more than 500% in 2021.

■ ***Explain why a car subscription service is the best way for digital nomads to have a vehicle.***

With FlexClub, a member can order a car and have it delivered to their preferred address in under one week. We like to say it's as easy as ordering a pizza online. Instead of needing to walk into a dealership, apply for vehicle financing, purchase insurance cover and arrange a maintenance plan, customers who value convenience and flexibility will love the simplicity of car subscriptions.

■ ***What about services and maintenance? How does this fit into the car subscription business?***

One of the key features of a subscription is its all-inclusive nature. For one monthly fee, customers get exclusive vehicle access, without needing to incur separate costs for insurance or maintenance.

Typically, each merchant will offer a range of mileage packages from which customers can choose. Customers only pay additional costs if they exceed the limits of their selected package or for items not part of the fair wear and tear of the vehicle.

■ ***In five to 10 years' time, what role will this trend have in South Africa's automotive industry?***

FlexClub is a technology enabler for progressive merchants like Avis and Europcar looking to offer their customers a seamless way to subscribe for a vehicle online. We are working to support more merchants in their journey to more easily offer subscriptions to their customers.

Recently we welcomed Avis Fleet, the leasing arm of Avis, into the network of merchants as they launched innovative 12-month and 24-month subscriptions that will be even more competitively priced for customers with a longer-term use case. It's cliché now, but the CEO of General Motors, Mary Barra, was famously quoted several years ago as saying that the automotive industry would change more in the next decade than it had in the previous 50 years.

That remains true for the decade ahead, with electrification and autonomous vehicles also playing an increasing role in the future of the industry. Even for that reason alone, it is almost an inevitability that taking loans to buy cars with the intention of owning them is going to become less practical.

▣ ***Why should South Africans and businesses consider this service as an option when it comes to car ownership?***

Vehicle financing data shows that while the majority of South Africans buying a new car will finance it over six years, most will trade-in the vehicle after three years. This mismatch is driven by the lack of product offerings better suited to those who don't intend to take eventual ownership of the vehicle.

Furthermore, vehicles are not a great way to build and store financial value, as they depreciate over time. To this day, unfortunately, many people make the mistake of thinking that vehicle financing is always the best choice. More customers are waking up to the idea that car subscriptions may better serve their specific needs.

▣ ***What does it mean for e-hailing drivers? Explain how it can help them attain a car.***

When we launched, thanks to a partnership with Uber, the first members we welcomed onto the platform were e-hailing drivers. While consumer accounts now make up the largest segment of members on our platform, we still support hundreds of worker accounts (our internal term for e-hailing drivers).

Through FlexClub, an Uber or Bolt driver with a worker account can seamlessly subscribe to a vehicle from our network of merchants. Used car subscriptions tend to be a more economical option for those with worker accounts, however, merchants in our network are currently navigating severe used car supply shortages due to the macro factors impacting the auto industry.

▣ ***What impact do car subscriptions have on the car rental space and is it an overall better option?***

Car subscriptions are an incredible revenue growth opportunity for car rental companies, as these companies already have the operational infrastructure and fleet management capabilities to run subscriptions.

Some of the world's leading car rental brands have now chosen to be part of our merchant network and benefit from using our technology to accelerate their subscription ambitions, which is incredible validation for us.

We have focused our efforts on helping merchants increase their revenue by delivering a superior digital experience to their customers. Subscriptions don't compete with short-term rentals, as they are for customers who need a vehicle for longer than one month. As a result, the most pioneering car rental companies will discover an amazing incremental revenue opportunity that doesn't cannibalise their short-term business.

ABOUT IMRAN SALIE

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