

case 1-429-159
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Zipcar, Inc.

The Fortune magazine headline was “Zipcar – The Best New Idea in Business.” The September 14, 2009, article declared that Zipcar, a car sharing service, was “Netflix for cars.” Actually, it was not so “new” of an idea by 2009 – having been launched in 2000 in Boston by Robin Chase and Antje Danielson. In late 2010, Scott Griffin, who became Zipcar’s CEO in 2002, was still in the process of converting this “best” idea into a profitable business. Zipcar was clearly the car sharing market leader, and some analysts predicted great growth in the business. For example, Frost and Sullivan projected it to be a \$3.3-billion business in North America by 2016.¹ However, as Griffin himself put it: “We have to figure out how to make money... big ideas can create excitement, but [some] never make any money.”² With the growth potential of the market attracting the attention of established players like Hertz, with its “Connect with Hertz” program, Enterprise with WeCar, and U-Haul with U Car Share, the issue was how could Zipcar retain its leadership position and fulfill Griffin’s prediction that “we’re going to be the market leader of an industry with a \$5-billion to \$10-billion growth curve”?³

Zipcar Concept

Zipcar sought to be a “convenient cost-effective and enjoyable alternative to car ownership.”⁴ Traditional car rental companies were not positioned in this way. These companies, such as Hertz, Avis, and National, operated out of a central location so customers had to come to them. Upon arriving, a customer typically found a queue to join to await a somewhat laborious check-in process. Upon completion of the process, one was handed a rental contract and told a space number, where sat a generic car of contracted-for size, but otherwise to be accommodated to as to make, color, style, and features. Minimum rental was for one day; insurance was extra, and gas not included, requiring pre-purchase (and no credit for fuel in the tank at return) or fill-up just prior to return.

In contrast, Zipcar’s slogan was “wheels when you want them.” Cars were conveniently located in the neighborhoods where Zipcar members lived or worked. Rentals could be made for as little as one hour, gas and insurance were included, and members selected a specific car from an available assortment – make, model, type, and color. Zipcar offered a wide range, with less expensive options for everyday use, high-end

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