

# Zipcar individual case brief

Business



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Zipcar Company is affected by several general environment factors including the following: Sociocultural: There is very well developed public transportation system available in the urban areas and people can easily get the mobility through public transportation. Easy access to the public transportation affects Zipcar's business to minimize its revenues. Economic: Due to the high gas prices, it is not easy for the companies like Zipcar to compete in the market but the Zipcar can come up with hybrid cars to overcome this threat.

Technological: Zipcar has now its own application to select the cars and this application makes the process easy for the customers in selecting the right vehicle. Technology is helping the company to better facilitate its customers. Zipcar company is attractive for the new entrants and the business has enough potential to generate above average profits. Following are the most important of five forces affecting the Zipcar business: Threat of new entrants: Threat of new entrants is high for this company. There are many other companies like Enterprise car rentals can also offer car sharing services.

Threat of substitute products: Zipcar is a unique business model and the threat of substitute product is low because it needs a big business setup to establish business model similar to the Zipcar. Following are the two main companies that are in the competition with the Zipcar. Enterprise rent a car: Enterprise rent a car is a big car rental business and if they start the car sharing service in the future so it will become more competitive for the Zipcar to generate above average revenue in the market. Hertz car rental service: Hertz car rental can be another direct competing firm to the Zipcar.

They are second largest in terms of fleet after Enterprise. Most important of the value chain factors are discussed in the following paragraph. Marketing and sales: Are very important factors that are important for the company. This business needs some proper marketing strategy to create awareness in the minds of the target audience. This factor is superior among the both competitors. Technological development: It is important for the Zipcar is a company and the company can use new technology including smart phone applications to attract new customers. This factor is superior among both competitors.

Zipcars net profit margin for 2012 was 5. 26 million as compare to Hertz profit margin of 2. 69 million. The company has a socialresponsibilityof keeping the environment clean and Zipcar is adding environment friendly cars to its fleet to keep the environment clean. Zipcar company is aligned with the market trend and this is the major strength that is attracting more opportunities and limiting threats to the company. Due to the seasonal demand for the vehicles Zipcar experiences low return in certain months that limits the opportunities and enhances the threats.

Zipcar is offering the service that is valuable and rare but it is not costly to imitate for big competitors and there are also substitutes available in the market with little modification in terms and conditions. The competitive advantage for Zipcar is temporary. Zipcar's business level strategy is highly focused on differentiation and offering environment friendly products. Corporate level of the strategy is not that developed yet and the company is having slow growth due to the income only from one sector. The company

had a merger with Flexcar in 2009 and they also made alliance with Avancar in Spain due to its cooperative strategy.

Company has not given a good international strategy even though they are also working in several other nations but they still need better business model to work internationally. Overall, the company has to work on the corporate level to compete both locally and internationally. Company is pursuing its business level strategy to win the market share. Firm needs to recruit more staff because there is a strong lack of customer service in their current business model and today, the companies with strong customer service are the one who has a big market share in the businesses.

Most important 7's factors are following: System: Company has uniform working criteria everywhere they work. Staff: Company works hard to boost the motivation of their employees. Skills: By hiring the right people and continuous training procedure the company is having edge over other competitors. Q1: How the company takes care of its stakeholders as they are major part of the process to generate above average returns? Q2: What strategy does the company have to response to the hyper-competition?