

# Zipcar: refining the business model essay sample



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Zipcar is attractive to the investors because it has a good business model. There are 9 building blocks for a successful business model: Customer Segments. Zipcar targets at the people who do not want to own a car but occasionally wants the convenience to use a car in the urban locations, where there is a dense base of potential users, parking was expensive, and the need to drive is limited. In United States, this market is large and virtually untouched. Value Propositions. Different from the competitors, Zipcar tries to deliver convenience, ease of use, freedom to travel, and the hassle-free “ownership” for customers.

Zipcar provide membership, members can immediately rent and return the car in the nearest place. All the reservations and billings are done online and it is hassle free. Besides, it provides lower rate to attract customers.

Channels. Through membership and online reservation, Zipcar can easily and quickly delivers its services to the customers. In addition, cars are parked in designated spaces in neighborhoods convenient to users; they only need five-minute walk to a parking location. Customer Relationships. Zipcar provide membership. Members would be issued unique proximity cards called Zipcards.

Members can make a reservation online, and just swipe the Zipcards to get access to the rental cars. Revenue Streams. The revenue comes from deposit, membership fee and rental fees. According to the financial plan, the annual growth rate is expected to be 30 %. From year 2 to 5, the net income before tax will increase to 2 times of the previous year. Key Resources. Zipcar has already owned about 20 cars as key resource. Besides, they had contracts with many large institutions for parking. For human resource,

ZipCar has a strong management team with the skills of business, financial planning and technical expertise.

**Key Activities.** On the one hand, Zipcar has built up the technology platform to ensure its services. Zipcar has envisioned a system that enabled the users to make a reservation online. Also, a card reader was installed inside the windshield of each Zipcar to authorize the users to get into the car. On the other hand, Zipcar do good advertising jobs. They create a logo and use it as advertisement. **Key Partnership.** There are only 2 competitors in United States and they focused on the environmental impact of car sharing rather than convenience and cost effectiveness. In addition, Zipcar has partnerships with many large institutions for parking **Cost Structure.**

The cost of Zipcar includes overhead, vehicle purchase, lease cost, fuel filling, insurance and maintenance. The fixed cost is in a small percentage and can be reduced as the scale increase. For an elevator pitch, Zipcar is a sophisticated car sharing company. We aims to deliver convenience, ease of use, freedom to travel, and the hassle-free “ ownership” for customers.

Our members can make a quick reservation online, go to the nearest parking location, and get the car just by swiping the cards. Zipcar has built up the technology platform, marketing channels, management team and strategic partnerships to ensure the services. For the financial part, a high revenue-cost ratios and promising growth rate have been proved. Now we are thinking to expand our business to Boston and prove the Boston market’s viability.