

illustrates the challenges a company faces in balancing the role of the customer and the role of the company in determining the meaning of a brand.

After viewing the video featuring Life Is Good, answer the following questions:

1. What are people buying when they purchase a Life Is Good product?
2. What factors have contributed to the Life Is Good brand image?
3. What recommendations would you make to Life Is Good regarding brand development strategies?

Zipcar: "It's Not about Cars— It's about Urban Life"

Company Case

Imagine a world in which no one owns a car. Cars would still exist, but rather than owning cars, people would just share them. Sounds crazy, right? But Scott Griffith, CEO of Zipcar, the world's largest car-share company, paints a picture of just such an imaginary world. And he has 700,000 passionate customers—or Zipsters, as they are called—who will back him up.

Zipcar specializes in renting out cars by the hour or day. Although this may sound like a minor variation on the established rental car agency business, car sharing—a concept pioneered by Zipcar—is an entirely different concept. As Griffith took the driver's seat of the young start-up company, he knew that if the company was going to achieve cruising speed, it needed to be far more than just another car service. Zipcar needed to be a well-positioned brand that appealed to a customer base with unfulfilled needs.

A Car Rental Company That Isn't about Cars

As Griffith considered what Zipcar had to offer, it was apparent that it couldn't be all things to all people. But the concept seemed particularly well suited to people who live or work in densely populated neighborhoods in cities such as New York City, Boston, Atlanta, San Francisco, and London. For these customers, owning a car (or a second or third car) is difficult, costly, and environmentally irresponsible. Interestingly, Zipcar doesn't see itself as a car-rental company. Instead, it's selling a lifestyle. "It's not about cars," says CEO Griffith, "it's about urban life. We're creating a lifestyle brand that happens to have a lot of cars."

Initially, the Zipcar brand was positioned exclusively around a value system. As an urban lifestyle brand, Zipcar focused on traits that city dwellers have in common. For starters, the lifestyle is rooted in environmental consciousness. At first, Zipcar focused on green-minded customers with promotional pitches such as "We ♥ Earth" and "Imagine a world with a million fewer cars on the road." Zipcar's vibrant green logo reflects this save-the-Earth philosophy. And Zipcar really does deliver on its environmental promises. Studies show that every shared Zipcar takes up to 20 cars off the road and cuts carbon emissions by up to 50 percent per user. On average, Zipsters travel 44 percent fewer miles than when they owned a car.

But it wasn't long before Griffith realized that if Zipcar was going to grow, it needed to move beyond just being green. So the brand has broadened its positioning to include other urban lifestyle benefits—benefits that Zipcar appeals to on its site in response to the question, "Who exactly is the car-sharing type?" Zipcar provides the most common reasons for car-sharing:

- I don't want the hassle of owning a car.
- I want to save money.
- I take public transit, but need a car sometimes.
- Once in a while I need a second car.
- I need a big car for a big job.
- I want a cute car to match my new shoes.
- I want to impress my boss.

One of most important benefits Zipcar provides is convenience. Owning a car in a densely populated urban area can be a real hassle. Zipcar lets customers focus on driving, not on the complexities of car ownership. It gives them "Wheels when you want them," in four easy steps: "Join. Reserve. Unlock. Drive."

Fulfilling Consumer Needs

To join, you pay around \$60 for an annual membership and receive your personal Zipcard, which unlocks any of the thousands of cars located in urban areas around the world. Then, when you need a car, reserve one—minutes or months in advance—online, by phone, or using a smartphone app. You can choose the car you want, when and where you want it, and drive it for as little as \$7.50 an hour, including gas, insurance, and free miles. When you're ready, walk to the car, hold your Zipcard to the windshield to unlock the doors, and you're good to go. When you're done, you drop the car off at the same parking spot—Zipcar worries about the maintenance and cleaning.

Zipcar not only eliminates the hassle of urban car ownership, it also saves money. By living with less, the average Zipster saves \$600 a month on car payments, insurance, gas, maintenance, and other car ownership expenses.

Zipcar's operating system is carefully aligned with its urban lifestyle positioning. For starters, Zipcar "pods" (a dozen or so vehicles located in a given neighborhood) are stocked from a portfolio of over 50 different models that trendy urbanites love. The vehicles are both hip and fuel efficient: Toyota Priuses, Honda CRVs, MINIs, Volvo S60s, BMW 328s, Toyota Tacomas, Toyota Siennas, Subaru Outbacks, and others. And Zipcar is now testing plug-in hybrids and full electric vehicles, as well as full-size vans for big jobs. Each car has its own personality—a name and profile created by a Zipster. For example, Prius Ping "jogs in the morning; doesn't say much," whereas Civic Carlos "teaches yoga; loves to kayak." Such personal touches make it feel like you're borrowing the car from a friend, rather than being assigned whatever piece of metal happens to be available.

To further eliminate hassles and make Zipcar as convenient as possible, company promotional tactics are designed to appeal to city dwellers. The company's goal is for Zipsters to not have to walk more than 10 minutes to get to one of its car pods—no easy task. "Even with today's highly targeted Web, it's hard to target at that hyper-local level," says Griffith. "So our street teams do it block by block, zip code by zip code." Thus, in addition to local ads and transit advertising, Zipcar reps are beating the streets in true guerilla fashion.

For example, in San Francisco, passersby got to swing a sledgehammer at an SUV, while on Harvard's campus, students tried to guess how many frozen IKEA meatballs were stuffed inside a MINI. In Washington, D.C., Zipcar street teams planted a couch on a busy sidewalk with the sign "You need a Zipcar to move this." And the company has launched several local "Low-Car Diet" events, in which it asks urban residents to give up their

in each of the cities where it operates. Surveyed dieters reported saving 67 percent on vehicle costs compared to operating their own cars. Nearly half of them also said that they lost weight.

Fostering Brand Community

Zipcar's orientation around the urban, environmentally conscious lifestyle fosters a tight-knit sense of customer community. Zipsters are as fanatically loyal as the hardcore fans of Harley-Davidson or Apple, brands that have been nurturing customer relationships for decades. Loyal Zipsters serve as neighborhood brand ambassadors; 30 percent of new members join up at the recommendation of existing customers. "When I meet another Zipcar member at a party or something, I feel like we have something in common," says one Brooklyn Zipster. "It's like we're both making intelligent choices about our lives." And just like Harley owners get together on weekends to ride, the Internet is littered with announcements for Zipster parties at bars, restaurants, and comedy clubs, among other places.

As Zipcar has taken off, it has broadened the appeal of its brand to include a different type of urban dweller—businesses and other organizations. Companies such as Google now encourage employees to be environmentally conscious by commuting via a company shuttle and then using Zipcars for both business and personal use during the day. Other companies are using Zipcar as an alternative to black sedans, long taxi rides, and congested parking lots. Government agencies are getting into the game as well. The city of Chicago recently partnered with Zipcar to provide a more efficient and sustainable transportation alternative for city agencies. And Washington, D.C., now saves more than \$1 million a year using Zipcar. Fleet manager Ralph Burns says that he has departments lining up. "Agencies putting their budgets together for next year are calling me up and saying, 'Ralph, I've got 25 cars I want to get rid of!'"

How is Zipcar's strategy of positioning itself as an urban lifestyle brand working? By all accounts, the young car-sharing nicher has the pedal to the metal and its tires are smoking. In just the past eight years, Zipcar's annual revenues have rocketed 68-fold, from

\$2 million to more than \$136 million, and it's looking double that number in one year's time. Zipcar has also reached the milestone of being profitable. With 10 million people now within a 10-minute walk of a Zipcar, there's plenty of room to grow. And as more cars are added, Zipcar's reach will only increase.

Zipcar's rapid growth has sounded alarms at the traditional car-rental giants. Enterprise, Hertz, Avis, Thrifty, and even U-Haul now have their own car-sharing operations. But Zipcar has a 10-year head start, cozy relationships in targeted neighborhoods, and an urban hipster cred that corporate giants like Hertz will have trouble matching. To Zipsters, Hertz rents cars, but Zipcar is a part of their hectic urban lives.

Questions for Discussion

1. Evaluate Zipcar based on benefit-oriented positioning.
2. Describe the beliefs and values associated with Zipcar's brand image.
3. Compare positioning based on benefits to positioning based on beliefs and values. Which is stronger?
4. Based on what you know about the Zipcar brand, how will the company perform in the future relative to bigger, more experienced competitors?

Sources: Jerry Hirsch, "Zipcar CEO Talks about Car Sharing as Lifestyle Choice," *Seattle Times*, May 13, 2012, <http://seattletimes.nwsources.com/html/business/technology/20120513zipcar14.html>; "Zipcar Rolling into Profits, Stock Headed to \$22," *Forbes*, February 23, 2012, www.forbes.com/sites/greatspeculations/2012/02/23/zipcar-rolling-into-profitability-stock-headed-to-22/; Kunur Patel, "Zipcar: An America's Hot-test Brands Case Study," *Advertising Age*, November 16, 2009, p. 16; Paul Keegan, "Zipcar: The Best New Idea in Business," *Fortune*, August 27, 2009, accessed at www.fortune.com; Stephanie Clifford, "How Fast Can This Thing Go, Anyway?" *Inc.*, March 1, 2008, www.inc.com/magazine/20080301/how-fast-can-this-thing-go-anyway.html; and www.zipcar.com, accessed October 2012.

MyMarketingLab

Go to mymktlab.com for Auto-graded writing questions as well as the following Assisted-graded writing questions:

- 8-1. List the names of the store brands found in the following stores: Walmart, Best Buy, and Whole Foods. Identify the private label brands of another retailer of your choice and compare the price and quality of one of the products to a comparable national brand. (AACSB: Communication; Reflective Thinking)
- 8-2. A product's package is often referred to as a "silent salesperson" and is the last marketing effort consumers see before they make a selection in the store. One model used to evaluate a product's package is the VIEW model: visibility, information, emotion, and workability. *Visibility* refers to the package's ability to stand out among competing products on the store shelf. *Information* is the type and amount of information included on the package. Some packages try to simulate *emotion* to influence buyers. Finally, all product packages perform the basic function of *workability*—protecting and dispensing the product. Select two competing brands in a product category and evaluate each brand's packaging on these dimensions. Which brand has superior packaging? Suggest ways to improve the other brand's packaging. (AACSB: Communication; Reflective Thinking)
- 8-3. Mymktlab Only – comprehensive writing assignment for this chapter.