

# Ecofriendly Driving

# Zipcar

By BURTON BOLLAG

*Car-sharing business grows quickly in U.S. cities.*

**F**or many city dwellers, owning a car is both a blessing and a curse. Some urbanites get around mostly by public transportation, but occasionally need a car for shopping or for trips out of town. Maintaining a car is expensive, and finding parking on crowded city streets can be a nightmare.

Two women looked at this problem and saw a business opportunity, as well as a way to help the planet. In 1999, they founded Zipcar Inc., which has grown rapidly to become the world's largest car-sharing business.

Driven by high oil prices, Zipcar is now averaging 10,000 new members per month, triple the number joining at this time last year.

A new survey claims that at current membership levels, Zipcar will lead to a saving of 16 million gallons of petrol and 150 million pounds of carbon dioxide annually.

Traditional car rental companies rent cars by the day. Car-sharing allows drivers to rent by the hour, and without having to wait in line at a car rental counter. Instead, cars are left at reserved places all over urban areas. Many customers have to walk only a few blocks to pick one up.

Zipcar's founders, Robin Chase, an American, and Antje Danielson, from Germany, got the idea after seeing it in Berlin. "We wanted to take what was a co-op, environmental movement in Europe and brand it as something cool and hip," Chase says.

She knew the business would require a sizable investment to develop wireless technology that could automatically keep track of vehicles. The aim was to make reserving a car online almost effortless for users, and cost-free for the company. After coming up with a business plan in January 2000, she spent countless hours trying to find investors interested in this novel idea.

"The biggest challenge was persuading people to finance it," she says. "We didn't fit into an established category. Venture capitalists would always ask me: 'Are you a technology company or a consumer company?'"

Zipcar opened for business in Boston, Massachusetts, in June 2000, with the slogan, "Wheels when you want them." Analysts say the company did many things



Courtesy Robin Chase

*Far left: The electronic Zipcard used by customers to unlock Zipcars. Above: Robin Chase, one of the founders of Zipcar. Below: A Zipcar parked at Manhattan in New York City.*



Photographs courtesy Zipcar

brilliantly, from creating new wireless technology to marketing that emphasized the environmental benefits of car-sharing.

But the company had chronic difficulties raising cash, and in 2003 its board decided to replace Chase as chief executive. (By then, she had sold her controlling interest.) In her place, the board hired Scott Griffith, a former executive with the aircraft maker The Boeing Company.

Griffith attracted more investments and helped solve one of the company's biggest challenges: the low use of cars during the business day, when many members are at

work. He did this by making deals to provide vehicles to companies, universities and even some city offices.

In the fall of 2007, Zipcar acquired its largest American competitor, Flexcar. With the two companies merged, Zipcar now has 5,500 cars in more than 50 cities in the United States, Canada and England. Griffith said the company plans an aggressive expansion into new cities in the United States and Europe.

The merged company does \$100 million in annual business. "Our biggest goal," he said in a recent interview with the *Boston Globe*, is "to become a billion-dollar company" in about five years.

Unlike the traditional business model for car rental companies, Zipcar's operations are automated. Its vehicles are equipped with a wireless device that not only tells the company where the car is, but also sends such information as the car's fuel level and the number of kilometers driven.

To use a vehicle, drivers must become Zipcar members by paying a one-time \$25 application fee and \$50 a year. Zipcar checks with the appropriate motor vehicle department to make sure applicants have good driving records. If they do, they are mailed a credit-card-size Zipcard. Today, Zipcar has almost 225,000 members.

Drivers reserve a car by telephone or online. A Web site displays which models are available at which reserved parking spaces around the city, and the driver picks one. The process typically takes less than a minute, and prices start at \$7.50 per hour. (Petrol and insurance are

#### For more information:

Zipcar

<http://www.zipcar.com/>

Car sharing

<http://www.carsharing.net/>

included.)

To use the car, a driver waves his or her Zipcard in front of a small card reader on the windshield. If the driver has a valid reservation for that hour with that car, it unlocks and can be driven away with an ignition key that has been left inside. The system discourages theft by disabling the engine if someone tries to use a car without a Zipcard and reservation.

Customers must return the car to the same parking spot at the end of the reserved time.

Zipcar stresses its contribution to saving the environment. It says surveys of its customers indicate about a third would have kept their car or purchased one if they could not use Zipcar.

Robert Deyling, a lawyer who lives in Washington, D.C., says not having a car encourages him to walk and take buses more. He uses Zipcar about twice a month to go places he cannot reach by public transportation, like evening events at his daughter's grade school.

"Not having a car is definitely saving me money," he says. "My costs for the occasional car rental, car-sharing and taxis probably wouldn't even be the cost of [petrol] if I owned a car."



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*Scott Griffith, CEO of Zipcar Inc., swipes a Zipcard on a car in Cambridge, Massachusetts.*

