



Leonardo da Vinci Transfer of Innovation Project

**Transfer of experiential and innovative teaching methods for business education**

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Case study

**eCito: an opportunity or a mirage?**

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Written by Indrė Pikturnienė and Benas Adomavičius<sup>1</sup>

“How will we make this work?” Rolandas thought to himself while sitting in a plane flying from Geneva to Vilnius. Series of meetings with business consultants and potential partners were held in Switzerland. He and his partners saw an exciting business opportunity to introduce car sharing service<sup>2</sup> to his home country. Companies like Zipcar, Flexcar, Student car, just to name a few, allowed people without a car to be mobile within a city.

Rolandas and his partners had to decide how to introduce car sharing service to Lithuania. Would car sharing business model work in Vilnius, the capital of Lithuania, a small country of 3,5 million inhabitants, in the midst of the economic crisis? Should they focus to a specific segment? How to adjust marketing actions to specific culture of Lithuanian consumers?

### Founders

Rolandas was a representative of Seven Entertainment group, a Lithuanian investment company, who had experience in launching and successfully developing comparatively new business modes in Lithuania. Company's major business areas are listed in Exhibit 1. Group was seeking to diversify its business. Rolandas and his partner Mindaugas for years were involved in cars market and had worldwide connections in business. With financial support and well developed business model their experience and entrepreneurship seemed to be a very good combination for the future successful business.

### Car sharing business models

The idea of car sharing seems to be very simple from the first glance. Somebody purchases a car. Since he or she does not need a car for all the time, the car is short-term (1-5 hours per day) rented for other members of the community. Members of the community benefit from not investing a substantial amount of money into a car, not bearing all insurance, care, parking costs. Instead they pay on per-usage (time or/and distance) basis and have a car to drive whenever they need, although registration in advance is usually required. After the usage a car is parked in a permanent place or in any other agreed place, depending on the policy, and another member of the community can use it. Increasing number of users leads to positive network-effects which make service substantially more attractive. The more cars and locations are available for car sharers, the more attractive the network becomes.

The business model originated in 1987 in Berlin, Germany, and Lucerne, Switzerland. Other big European cities allowed car sharing entrance as well. Car sharing came to North America in 1994 via first car sharing program in Quebec city<sup>3</sup>. Since 1994, 50 car sharing programs have been started in North America. As of July 1, 2008, there were 14 active programs in Canada and 19 in

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<sup>1</sup> I. Pikturnienė and B. Adomavičius, prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation. All quantitative data not publicly available have been disguised.

<sup>2</sup> Registered users could reserve a car via internet or phone, use it for several hours, and leave it to another customer who has made a reservation at designated parking places.

<sup>3</sup> <http://www.carsharing.net/>

the United States, with approximately 319,000 car sharing members sharing more than 7,500 vehicles in North America. 17 car sharing programs are defunct<sup>4</sup>.

There are numerous examples in the world when car-sharing operates on a non-profit basis, when cars are purchased on community initiatives, often supported by municipality. North American car sharing operations show that 71.4% of all car-sharing programs were non-profit oriented.

The benefits for community are numerous: smaller number of cars in the settlement (it is estimated that effective car sharing service can reduce the car numbers in the settlement by 47%<sup>5</sup>), reduced parking spaces and pollution. On average 15%-32% of members of car sharing communities sell their cars. Such mode became especially popular in large cities, where sufficient user/car density is reached.

Profit based car sharing is also well spread all over the world. For example in North America as of July 1, 2008, 26.3% of the operators were for-profit (five of 19); they account for 74.1% and 83% of the members and vehicles, respectively<sup>6</sup>.

Members register on the internet or by phone; the small test of their eligibility to participate in car rental is carried. Participants have to be of age 21 and above, driving experience not less than 2-3 years, serious and/or repetitive incidents absent.). After screening, which takes from several hours to several days, depending on a company, members receive a key for a car (which can be in a form of code to enter or a chip card). In the car they find rules of usage, car status report to fill in, gas fulfilment card which is used to fuel the car when necessary. Usually car sharing services would have for share 1 car for 38-50 members.

Further, business models differ in the variety of parking and payment policies:

- *Rent-return model.* It requires checking the car availability on the internet and registering for the car to be present on the particular parking place. The member indicates a number of hours the car will be absent, and obliges to park the car in the same parking place by the agreed time. This mode is rather simple to operate, as operator has to rent a limited number of parking places and is sure that his car will come back to the particular place. The major trick is to estimate which parking places will require more or less cars to be present.
- *Park at dedicated locations model.* A more sophisticated model is similar to the first one, only that the car can be parked in any marked place of a car renter. A member can take a car from the city centre and drive to the airport to leave a car there. This model is more convenient for a customer since it does not require a two-way destination; however, operator burdens substantial additional costs to leverage cars' presence in the required places. For example, there is a risk that a huge proportion of cars will end up in a parking place by the airport in the beginning of the day; however at the same time demand within the city will not be satisfied.
- *Leave anywhere.* The third model is the most advanced. The member can leave a car wherever he/she wishes within the determined boundaries in the city. Another member, willing to take a car, can locate the closest car presence on the internet. After using a car, it

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<sup>4</sup> S.A.Shaheen, A.P.Cohen, M.S.Chung (2009). North American car sharing: 10-year retrospective. Transportation sustainability research center, University of California, Berkley.

<sup>5</sup> R. Cervero. UC Berkeley Study of City CarShare, Jan 2004

<sup>6</sup> S.A.Shaheen, A.P.Cohen, M.S.Chung (2009). North American car sharing: 10-year retrospective. Transportation sustainability research center, University of California, Berkley.

can be left anywhere for another closest member to find. Operating this mode requires high car and user density; therefore it is used only in very big cities with a high number of current and potential users. It can require an operator to re-distribute the cars within a day, if their density becomes uneven in particular parts of the city. Usually the operator has separate agreements with municipality for paying the cars' parking anywhere.

Payment for service can be executed in a variety of ways. Registered users can get a card with prepaid amount of money (which they transfer by bank) and use the car within prepaid limits. Also they can receive a post-usage invoice in the end of the month (transfer by bank). More sophisticated mode is paying by mobile phone. In this case car rental and mobile operators need to draw agreements for the bill for car usage to be included into mobile account.

Pricing car sharing service becomes the major headache, as small payments for short term usage have to cover very high sunk costs of cars and software purchase, marketing costs, and operating costs (which include car tracking and customer service office, internet page support, car maintenance, insurance and fuel costs, parking places payment, sometimes car re-distributing costs). Usually price is a mixture between charging per time and per mileage, for example, one hour (or half hour) includes certain number of free kilometres, additional hours and/or additional kilometres are charged additionally. Other fees can include one-time registration fee, membership fee or car reservation fee. Penalties for late parking or cancelations can be included. Whatever is the pricing mode, it has to follow two rules: (1) being simple and (2) signalling the superiority over taxi or own car in terms of costs.

Car sharing service proved to be the most successful in the cities with well-developed public transport from suburbia or outskirts to the city centre and expensive/limited parking space within a city centre. London, Paris, Boston are good examples. People would come from their living places to the city centre by metro or tram; however, the connection inside the city centre is not very convenient. They can hardly afford coming by own car, as parking is too expensive. In this case they would rent a car for a couple of hours, if they need movement within a city.

### **Initial market: Vilnius**

Total population of Lithuania constituted 3.349 million inhabitants in 2009. Vilnius is the capital and the largest city in Lithuania with 546,733 inhabitants in 2009. However, during a day a large number of commuters from nearby cities flooded Vilnius, and number of inhabitants would increase by 100,000-120,000<sup>7</sup>. Vilnius constitutes 17% of Lithuania's population, but provides 25% of GDP. Vilnius spreads out over 401 square km. The city grows rapidly, as cultural, political, educational, and business life, followed by the majority of working places, is concentrated here.

In 2009 there were 321,944 cars registered in Vilnius (out of total of 1,558,450 cars registered in Lithuania<sup>8</sup>). Average income of inhabitants in Vilnius was 2342 Lt<sup>9</sup> before taxes<sup>10</sup>.

It has an attractive old town which is part of UNESCO heritage sites. However, old town suffers from the lack of parking places and overflow of cars despite of high parking rates. Local politicians

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<sup>7</sup> <http://www.vilnius.lt/bplanas/index.php?mid=84&lang=lt>

<sup>8</sup> Lithuanian department of statistics, [www.stat.gov.lt](http://www.stat.gov.lt)

<sup>9</sup> Litas (Lt) is a national currency of Lithuania. The rate is fixed to euro, 1 euro = 3.45 Lt since 2004.

<sup>10</sup> <http://www.socialiniszemelapis.lt/index.php?-14109162>

time by time start discussing charged car entrance into the old town; however, this idea has been abandoned without the final result at least several times during the last decade.

Many business centres and offices are surrounding the old town of Vilnius. Every day there is a huge flow of transport towards city centre in the morning, and back to the dwelling areas in the evening. Some of business centres and offices have parking spaces which are reserved for employees; for outsiders there are parking fees. Although parking fees in Vilnius centre are far behind those in Stockholm or London, they can become a reasonable financial burden for a local middle level office worker who has to park for the entire working day and earns 1/10 of his colleague in London.

Except the few who can afford living in a centre, most of Vilnius inhabitants live in the dwelling areas around the centre. Historically, there are several districts of high rise residential buildings that were built during soviet times. Further districts of 3-5 story buildings and cottages were built during the time of Lithuanian independence, they are considered to be more prestigious areas affordable for those who have higher than medium income. Private houses are scattered in the most prestigious areas of Vilnius close to city centre or are clustered in different districts more distantly from the city. Some former gardening areas now become clusters for old or newly build private houses as well. In general more wealthy residents of Vilnius prefer to live in private houses on the outskirts of city, or in apartments in city centre.

Public transport in Vilnius consists of buses, trolleybuses and shuttle taxis that operate on determined routes in determined time. Busses and trolleybuses provide reasonably good connections to residential areas of city. Situation is more problematic with residential areas that have expanded just recently and are more distant from centre. Also public transport connection is poor between some dwellings, as major routes connect dwellings to the city centre, but not around city. Since Vilnius keeps expanding and traffic jams become a problem, local government pursues idea to introduce trams. However, the major resistance from part of the citizens, heritage preservers, greens or political opponents hinders this idea for nearly decade. The city is considered to be too small for building metro as it would not pay off economically.

Lithuanians' relationship with owned car is particular worth attention. In Soviet times the acquisition of a car was the major event in a family, signalling both position, wealth, and a result of long term work of family members. The Soviet made car cost 3000-5000 rubles, whereas an average salary was 120 rubles per month. The money usually was saved for years or decades, and was collected from two or three generations (parents and grandparents supported children). It was hardly possible to save it without having additional, sometimes illegal for that time, income. Moreover, even if one had money, he/she could not go to a shop or market to purchase a car. As the number of cars during deficit conditions was limited, one had to gain a permission which would allow purchasing a car. People were queuing for permissions for 3-5 years; only the most influential governors were able to speed up the process. After the regaining of independence and free market in 1990, owning a car, no matter what price, condition or status, remained and interesting relic up till now. An expensive and big car is a signal of owner status. Poor, old and cheap car is a signal that at least someone owns some car. Public transportation is considered a rout of last resort.

### **Potential segments for car sharing**

Students seem to be the most potential segment among individual clients. Statistics department of Lithuania estimated that 576 students per 10 000 inhabitants studied at universities and colleges in

Lithuania<sup>11</sup>. Students were supposed to be innovative, cost sensitive, information sharing, belonging to a generation which is free from Soviet “need to have a car” attitude, and have more short-term reasons for using a car. Communication channels with this target group are easy to identify and comparatively cheap.

Housewives and middle level businessmen were other two segments. Of course, there still were people who did not belong to these three segments but had a potential to become users.

Tourists were a minor segment, but worth targeting in order to gain more frequent usage. In 2009 518,174 visitors have stayed at Vilnius hotels and spent total of 1025795 nights in town. This constitutes a 21% decrease in visitors and 13,5% decrease in stay time in comparison to same time period in 2008. 82% of hotel guests were visitors from abroad with Polish (18,5%), German (10,4%), Russian (9,2%), Latvian (6,5%) and Belorussian (5,3%) constituting the largest segments<sup>12</sup>.

### Alternatives to car sharing

Any potential client had several alternatives to car sharing service.

*Owning a car.* An average driver in Lithuania drives a 10-15 year old car. Wide range of cars at various price points are available for purchase generally ranging from 4000 to 70000 Lt (we will not discuss more expensive options as small part of population who could afford them fall apart from the target market of car sharing service provider). Considering average yearly driving distance of 25000 km. a driver could expect to spend 0.40 Lt/km. on gasoline, or 0.26 Lt/km<sup>13</sup>. for diesel (expenditures largely depended on fuel economy of a car). Mandatory driver's insurance usually ranged from 180 to 400 Lt. per year for most drivers. Casco insurance prices depended on value of the car and usually would range from 700 to 2000 Lt. for most drivers of cars over 10 years old. Repair and maintenance costs varied depending on model of the car, driving intensity and age of the car. Many drivers reported spending from 400 to 1500 Lt. per year on usual maintenance and repairs of their cars. Diesel car maintenance was 15-20% more expensive than gasoline car maintenance. A separate issue was parking space. Most residential areas had limited free parking space. Underground and secure parking spaces were available for rent at an average cost of 120 Lt. per month.

*Renting a car.* Wide variety of rental cars and companies are available. Market size of rental and leasing cars and major market players are presented in Exhibit 2 and Exhibit 3. Market of car rentals in Lithuania was split between local offices of large international companies and local players. Top 5 players control 73% of the market. Usually rental prices of compact cars ranged from 40 – 170 Lt for 24 hours. Rental cars are insured, whereby driver carries a risk of 1000 to 2000 Lt. in case of an incident. Most rental companies offer an option to pay 25-100 Lt. (depending on a car) which reduces driver risk to 0 Lt. in case of an incident. Driver must return rental car to location where it was taken. If it is returned to another location, extra fees are charged. Many rental companies require a deposit (of 1000 Lt.) or a credit card in order to rent a car. It is responsibility of a driver to ensure that gas tank is filled before car is returned. If not rental

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<sup>11</sup> Lithuanian department of statistics, [www.stat.gov.lt](http://www.stat.gov.lt)

<sup>12</sup> Vilnius tourism information center, Municipality of Vilnius. 2011. <http://www.vilnius-tourism.lt/topic.php?tid=31&sid=&aid=118>

<sup>13</sup> Calculations provided for BMW 530d and 528i car models.

companies charge a fee for re-filling gas tank. Many rental companies offered long term rental with prices starting at 1755 Lt. (VAT included) per month.

A fall in year 2009 reflects beginning of crisis, which affected all types of motorized transport vehicles, both rental and leasing. According to survey by company "Autotryimai" volume of leased cars in Lithuania has decreased 84% in 2009.

The largest international players – Avis, Europcar, Sixt, Herts, Budget possessed well know international names, primarily catered to tourists and business travellers with offices located in and around the Airport. They offered a wide variety of cars. Local Lithuanian competitors, namely, Autoūkis, Autobanga, NM Autobaltic and others varied widely by a range of automobiles and quality of services. In general they tend to offer smaller selection of cars and quality of service in comparison to international players, although at a 15-20 % lower prices.

*Taking a taxi.* There are numerous taxi operators in Vilnius. If ordered through a dispatcher, in 2009 an entry to taxi cost 2 Lt., while 1 km distance cost between 1.25 to 1.6 Lt. within Vilnius city limits. Driving outside Vilnius usually cost additional 30-50%. If taxi was flagged on a street or in taxi parking, then prices tended to be 30-100% higher. Night time driving was approx. 50% more. Taxi waiting time depended on availability and location of a client and usually ranged between 5 to 20 minutes. During holidays or busy times waiting time might increase significantly. Prices for taxi which can transport more than 4 passengers would increase to 2-2.5 Lt/km. Since Vilnius is not a big city, a typical distance of driving within a city and to closest outskirts would be 10-25 km.

*Using public transportation.* Vilnius has a relatively well developed public transportation system. In 2009, every weekday 259 trolleybuses and 252 busses were driving on 19 trolleybus and 67 bus routes. Over weekends and Saturdays number of busses decreases to 124 trolleybuses and 120 busses. On an average day trolleybuses drive 53685 km. and transport 313,130 passengers. Busses drive 55857 km and transport 275,380 passengers. An average speed of a trolleybus is 18.5 km/h, average speed of a bus is 22 km/h<sup>14</sup>.

Exhibits 4 and 5 list prices for bus and trolleybus passengers. In addition there were numerous minibuses (usually between 8 to 30 seats) that were operated by independent companies. 34 routes were covered by minibuses (often identical to bus and trolleybus routes). Minibuses drive during peak passenger traffic times from 6 to 19 o'clock. Usually a ticket to minibus would cost 3 Lt. for one time drive in any direction. There are no discounts offered for minibus tickets and no monthly tickets available.

### Early steps into the market

In May 2010 "eCito" started operations with 10 cars at 5 locations (**Błąd! Nie można odnaleźć źródła odwołania.**). Locations were chosen to coincide with major office buildings that housed at least 50 companies. Internal targets to reach at least 20 registered users per car in rental were set. Calculations showed that breakeven could be achieved at daily car utilization of 30%. Foreign companies usually achieved such utilization ratios within first 12-16 months of operations.

Two parking spaces were reserved by the big business centre "Green hall"; several major clients, including the newspaper "15 minutes" were attracted. It is worth mentioning that "Barclay" business

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<sup>14</sup> <http://www.vilniustransport.lt/lt/pages/vezejai>

centre positioned itself as “green”, offering various benefits for workers who use “green” transportation modes or cooperate with colleagues for coming with one car, thus “eCito” parking by this centre smoothly contributed to the entire concept.

Intensive sales effort was started as soon as cars were delivered. Company website was launched. It included communication messages to companies (

Exhibit 6: “eCito” rental locations

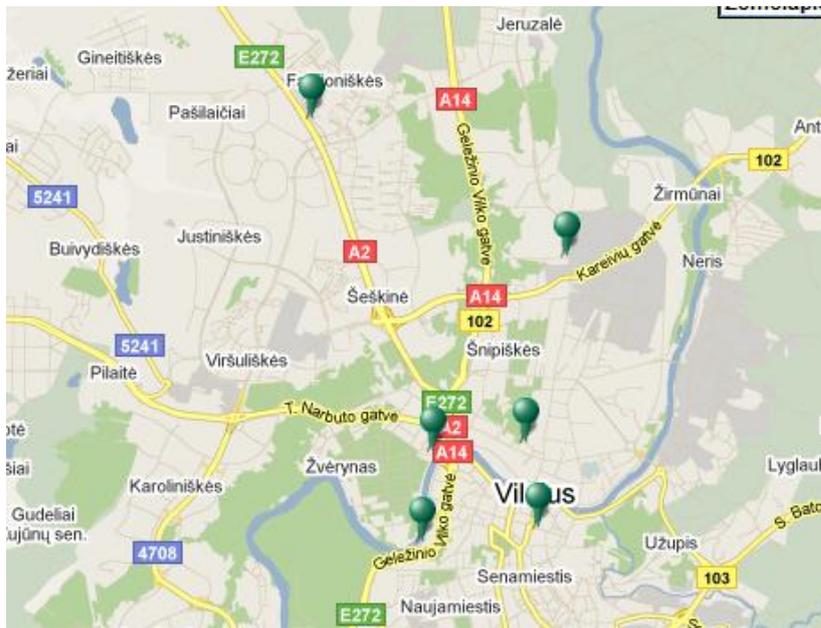


Exhibit ) and individuals (

Exhibit ). Pricing plans for companies (**Błąd! Nie można odnaleźć źródła odwołania.**) and private individuals (Exhibit ) were implemented.

### Communication strategy for the new service

Rolandas together with partner and investors was very well familiar with car sharing business mode and all pros and cons. However, communicating the service to Lithuanian consumers needed a “blank sheet of page” approach. The service had to be presented shortly, clearly, many questions had to be answered and resistance had to be overcome. Direct translation of “car sharing” was introduced as a new linguistic formation into Lithuanian language to describe what a service is about.

The first issue was brand name and visuals. After discussing several options, the brand “eCito” was approved (Figure 1 below). “e” was supposed to signal the personal contactless point. The only thing the client needed to arrange a car was internet connection. “Cito” was a Latin word for “quick”. Indirect association with the word “city” seemed to be additional benefit.

**Figure 1: Approved brand name and design**



“Be rapid within your city with the help of internet only” – that was supposed to be the major message. The general slogan which followed “eCito” brand was “Move in a rhythm of the city” (“*Judék miesto ritmu*”). For a visual part, the contrast of bright orange and bright green was selected. Animated orange manikins were supposed to demonstrate typical car sharing usage situations and users (project manager, active woman, businessman) on the advertisements (Exhibit 11).

Rolandas decided that primary target will be corporate clients. The arguments for this decision were numerous. Communication is more face-to-face, thus less costly and more explanatory. Business, if compared to individual segments, rely more on cost calculations, and this was the strongest part of “eCito”. It was estimated that for a company owning a car (including purchase, leasing costs, insurance, repair, fuel, and parking) it would cost approx. 1900 Lt. per month per car, whereas using “eCito” service 8 hours every weekday would cost 1050 litas per month per car (not to mention that most likely the car would be used less than 8 hours).

Exhibit 2 lists pricing comparison of car sharing vs. ownership of a car for corporate clients.

Adding the fact that all car related problems are outsourced, current assets are not anchored, and better control of employees using the car for personal needs is offered, the benefits were obvious. Further, it was expected, that business users would end up as private users or would become “agents” of a company among their family members and peers. Communication started on May 2010.

### Initial communications

There was no exact positioning. The benefits were obvious, and it was expected that personal selling and a good experience of new users will attract the followers. The important focus was to find convenient parking places and assure that demand fluctuation within a day or week would be satisfied without inconvenience for the clients.

In June of 2010 direct sales efforts to business clients were started. Rolandas and his colleagues visited companies located in business centres talking directly with business owners. Experience showed that at least 3 sales meetings were necessary for business owners to make a decision.

Initially, mass communication was targeted to business markets. In May 2010, eCito participated in car race and provided a test drive for journalists (business journalists constituted the vast majority of triers). Press conference has drawn a lot of attention. New service was presented as filling a missing gap in transportation means; also it was compared to analogous in the world’s major cities. The founders were presented as innovative entrepreneurs. Ecological aspect and possibility to reduce transportation means in the city were addressed. Consumer benefits were discussed: it is cheap and convenient 24/7 service.

From May 2010 till January 2011 more than 30 articles and press releases were published in business press. Some of them appeared in the major media: dailies “Lietuvos rytas”, “Respublika”, “Verslo žinios (Business news)”, “15 minutes”. A lot of internet sites have published news on “eCito” or were discussing service in forums. Facebook and blogs were used.

Each of press releases or articles was tackling different topics. First the service in general was introduced, featuring user benefits. Further press-releases announced new parking places, more cars or addressing new segments (students). In autumn press-releases announced optimistic results: “the new service was adopted in Lithuania”. TV program “Ekovizija” featured “eCito” as a step towards more ecological city. In October 2010 “eCito” participated in “Vilnius CO2 Green Drive” parade which promoted eco ideas, and won a „green“ rally.

Product placement in photo session, featuring two models by “eCito” car on a picnic, was implemented in summer 2010 in „Laima“, one of the most prestigious female magazine in Lithuania.

The intention of mass communication (leaflets, posters) was to describe typical segments and typical usage situations together with the benefits in convenience, costs and time. As one might note, the communication did not include particular positioning point. Although it might seem a major marketing flaw, the decision was deliberate. It appeared that hardly world-wide tested positioning as an alternative to a car will work in Lithuania. Most of the individuals consider that they need to have a car. It is not only a mean of transportation, but also a signal of status and achievement. Other possible positioning points, as “Alternative to the second car”, “Alternative to taxi” or “Alternative to car rent” seemed to be equally good or bad, thus it was decided to wait and see which category will be established the best in consumers mind.

## Early results

However, after several months enrolment was roughly 50% of planned levels substantially despite the increasing marketing communication (also it was expected that current users and cars driven in the city will serve as communication).

Enrolment figures showed almost 0% student customers, 50% business customers and 50% individual customers (many have heard about “eCito” service at their workplace, because company was using “eCito” service). Calculations in January of 2011 showed that at least 10 more months are needed to reach break-even. Average utilization level was 20%. Average time utilized per day was 2 hours and driving distance of 15 km/hr.

## Deeper insights

For Rolandas and Mindaugas continuous feeling that they do not understand the behaviour and attitudes of potential customers was irritating. For the better understanding focus groups with prospects were performed in second half of 2010 by market research agency. Results revealed a bunch of problems with little “ready to go” solutions.

First of all, the term “car sharing” represents more business position rather than user position. Users in Lithuania did not like the idea of sharing. Yes, they needed a car. Yes, they could pay for a short term rent. Yes, the idea seemed to be clear. But sharing is not something that people like the most in Lithuania.

Most of the customers still did not identify particular usage situations or particular benefits what “eCito” offers. They would never consider getting rid of an own car in exchange for permanent “eCito” service. One reasons is typical Lithuanian “must have a car” attitude. Another reason is common around the world: people do not calculate the entire costs of car owning, they do not calculate the car costs per kilometre, they do not think in terms of how much do they really use a car instead of simply keeping it in the garage.

Moreover, customers would hardly consider “eCito” in situations when are left without a car (accident, repair, lend). Customers would probably see “eCito” as an alternative to public transport, but in this case “eCito” loses substantially when costs are compared.

Women, especially 40+, are afraid to use not an own car due to imaginary technical differences in driving or possible damage. Many women drive automatic cars, whereas Fiats of “eCito” were mechanical.

Good time planning, that is required for car sharing usage, is seen as an inconvenience by customers (one customer reported that she is afraid that a car will stop automatically by the end of reservation if she is late to park). Fixed and few parking places makes the convenience and flexibility limited. Registration procedure, although the same as everywhere in the world, for customers seems to be long and complicated.

Business clients reported other points to think about. Most of the businesses do not come to regular costs/alternatives recalculation, thus very direct and convincing communication with decision makers is necessary. Many companies had their own cars or commitments to lease for the upcoming 3-5 years, and thus would consider “eCito” only in the future, after current car park

would be out-dated and new decisions would be made. It might sound strange, but in Lithuania many companies require employees to use their own cars for business reasons, offering small compensations or considering it as a default commitment if somebody is willing to have certain job.

To add up, it appeared that many potential clients do not understand that “eCito” communication is “eCito’s”! Instead they thought that a nicely painted white Fiat Punto with a slogan “Move in the rhythm of the city” is Fiat’s Punto promotion. Others claimed that they were sure that this was communication of “Cido”, a popular juice brand. Some interviewees were convinced that cars are somehow related to “Cityservice”, the company which offers building maintenance services for Vilnius. None of these associations were beneficial for “eCito”.

However, several opportunities were outlined. First of all, it was necessary that “eCito” needs to be established as a separate category for permanent, not accidental usage, over time. Additional potential usage situations were identified. It appeared that car sharing service would have a potential besides car sellers/guarantee services, where people come to leave their cars for repair. Special rates could be offered for night usage, thus additional segments that wish to come from work and park car by their home to come back in the morning could be attracted. Application of “eCito” registration could be created for installing into smart phones. Hotels and sport clubs clients could be small, but stable niches.

#### Questions for discussion:

1. What are potential user segments for this service in Vilnius? Who would benefit the most from this service?
2. The biggest challenge still was how to encourage first time users to register and to try the service. What benefits, evident from the first glance for owners, should be outlined for users? Shortly, clearly, and right to the target?
3. How to reach segments that look similar in some characteristics at the first glance, but are rather different when you try to understand usage situations, motives and other reasons behind the usage?
4. What positioning statement should be used for each target segment? Is it possible to use same positioning statement for multiple segments? If yes, demonstrate how.

**Exhibit 1: Activity areas of "Seven entertainment group"**

- Siemens Arena, the biggest show arena in Lithuania with seating capacity of 12,500 visitors;
- “Panevėžio arena” located in Panevėžys 5<sup>th</sup> biggest city in Lithuania and seating capacity of 7,000 visitors;
- “SEVEN Live” one of the biggest promoters in Baltic countries, which organizes concerts and shows.
- “Tiketa” , the second biggest electronic and on-site tickets seller in Lithuania,
- “Teatrai.lt”, the most informative web project about the theatre and classical music in Lithuania.

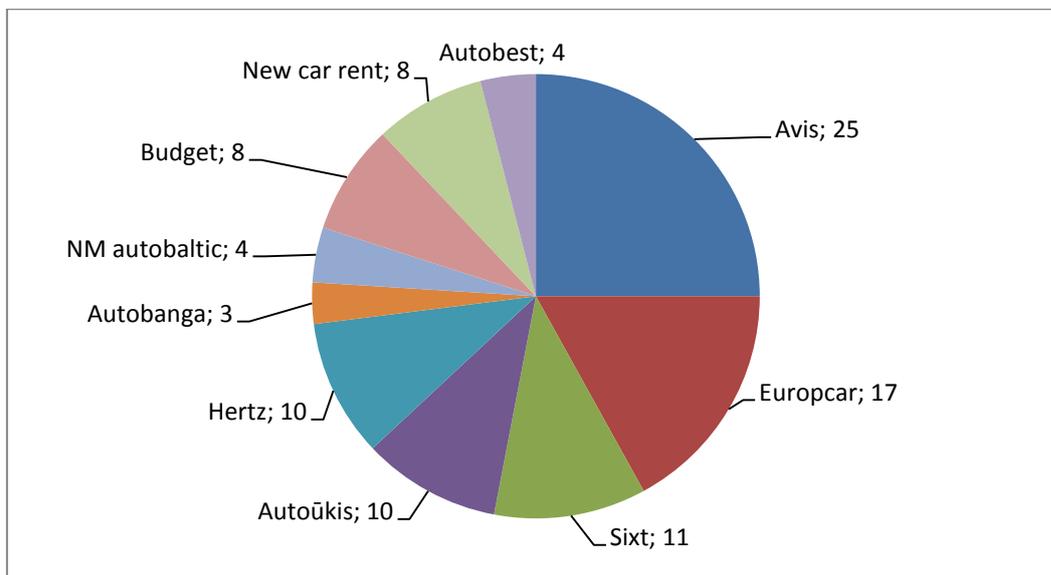
**Exhibit 2: Market dynamics of rental and leased cards business in Lithuania 2005-2009**

Motorized transport rental and leasing market size and growth

Year	2005	2006	2007	2008	2009
Market size in mil. Lt.	20,39	25,47	62,76	92,96	41,6
Y-o-y growth in %	-	24,9	146,4	46,6	-55,2

Source: Lithuanian department of statistics

**Exhibit 3: Market share of car rental providers, %**



Source: Lithuanian registry.

**Exhibit 4: Prices for public transportation tickets**

Passengers		Types of tickets and price in Lt.				
		Onetime tickets		Monthly tickets (valid for 30 days)		
		At kiosks	Inside of the bus or trolleybus	Take a trolleybus	Take a bus	Take both trolleybus and bus
1.	Schoolchildren and daytime students	1,00	1,25	17,00	17,00	22,00
2.	Retired persons (men - 62,5 yrs., women - 60 yrs.) till 80 yrs.	1,00	1,25	42,50	42,50	55,00
3.	Persons with slight disabilities, participants of 1940-1990 resistance to occupation, defenders of Lithuanian independence who were injured during 1991 January 11-13 USSR aggression.	1,00	1,25	42,50	42,50	55,00
4.	Disabled individuals, people over 80 yrs. old.	0,40	-	17,00	17,00	22,00
5.	All other people	2,00	2,50	75,00	75,00	100
				85,00	85,00	110,00
6.	Nighttime tickets		3,00			

**Exhibit 5: Prices for time limited tickets for riding trolleybuses and buses**

	Price	With 50% discount	With 80% discount
1 day (24 hrs.)	13 Lt	6,50 Lt	2,60 Lt
3 days (72 hrs.)	23 Lt	11,50 Lt	4,60 Lt
10 days (240 hrs.)	46 Lt	23 Lt	9,20 Lt

Exhibit 6: “eCito” rental locations

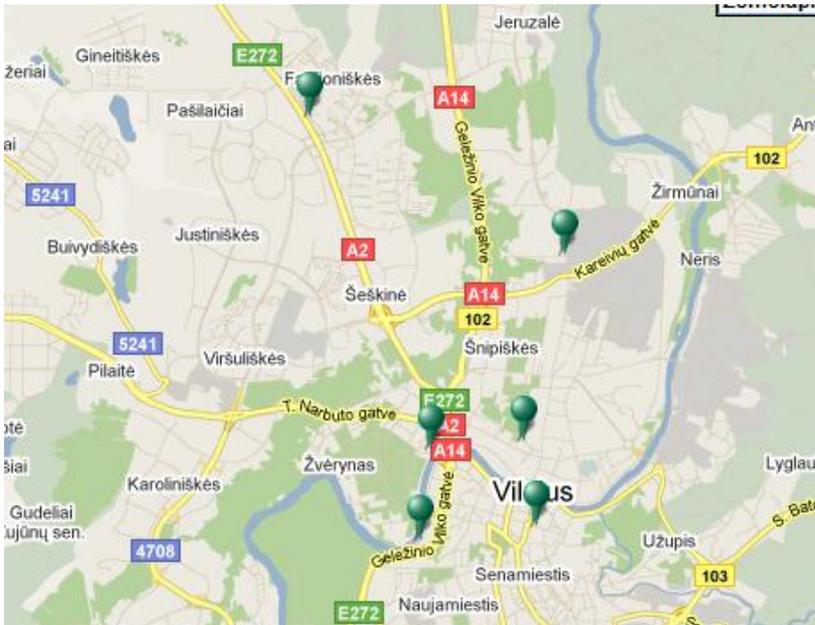


Exhibit 7: Communication to businesses

### Why “eCito” is the best solution for you?

„eCito“ services (car sharing) are designed for all companies, no matter what size they are and type of their activities.

Considering “eCito” solution? If your company does not have its own car, but wants to enjoy unlimited freedom of movement or seeks to optimize management of its automobile fleet, then our answer is “Yes, “eCito” is for you”!

After evaluating needs of your employees, you can select the most relevant “eCito” service plan for you.

#### „eCito“ will allow you to forget:

- expenses for leasing cars;
- expenses for fuel;
- expenses for insurance and car maintenance.

All of this is taken care of by the team from “eCito”!

Seeking higher effectiveness? Plan and lower automobile costs with<sup>15</sup>

<sup>15</sup> Source: <http://www.ecito.lt/lt/verslui>

#### Exhibit 8: Communication to individuals

„eCito“ – is smart, economical and ecological way to drive.

Car sharing – is unlimited freedom to move, without your own car.

#### „eCito“ ensures that:

- Your car's gasoline tank is always full;
- You don't have to worry about insurance;
- You can forget car repair trouble;
- You don't have to borrow money to buy a car.

#### Everyone can use „eCito“:

- this service allows you to have a car when you need it, driving where you need, for as long as you need;
- „eCito“ cars „Fiat 500“ – economic and ecological;
- car can be used for a very short time, for example one hour;
- Is your car being repaired, then „eCito“ – excellent solution;
- „eCito“ can be used for trips to other cities or within the city, for example while going to visit someone;
- it is an excellent solution for someone without own car, but having business in another part of a town<sup>16</sup>

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<sup>16</sup> Source: <http://www.ecito.lt/lt/kiekvienam>

**Exhibit 9: “eCito” car sharing prices for corporate clients**

**One time fees:**

- Registration fee: 29 Lt.
- Card issue fee: 19 Lt.

	<b>Price (in Lt.)</b>	<b>Price per km (in Lt.)</b>	<b>Free km*</b>
Price for 1 hour (8-18 o'clock)	12	0.66	10
Price for 1 hour (18-8 o'clock)	4.35	0.66	0
Business day (8-18)	84	0.36	50
24 hours	109	0.36	50
Business weekend (Friday – Monday) (18-8)	249	0.36	100

\* for each hour of rental, driver gets this number of free km, which don't have to be paid.

**Exhibit 10: “eCito” car sharing prices for private clients and students**

	<b>Plans</b>			
	<b>Start</b>	<b>Premium 50**</b>	<b>Premium 100**</b>	<b>Premium 200**</b>
Discount for 1 hr.	-	10%	15%	20%
Pre-payment part that can be used per month	-	50 Lt.	100 Lt.	200 Lt.
Unused part is transferred that many months	-	1 month.	1 month.	2 months
Yearly fee	50 Lt.			
Registration fee	29 Lt.	29 Lt.	29 Lt.	29 Lt.
Price for 1 hour (8-18 o'clock)*	12 Lt.	10.8 Lt.	10.2 Lt.	9.6 Lt.
Price for 1 hour (18-8 o'clock)	4.35 Lt.	3.92 Lt.	3.7 Lt.	3.48 Lt.
Price for 1 km.	0.66 Lt.	0.66 Lt.	0.66 Lt.	0.66 Lt.
Fuel and insurance included	Yes	Yes	Yes	Yes

\* for each hour of rental, driver gets this number of free km, which don't have to be paid.

\*\* prepaid plans, advance payments of 50, 100 or 200 Lt. provide additional discounts.

	<b>Price (in Lt.)</b>	<b>Price per km (in Lt.)</b>	<b>Free km*</b>
Private day (8-18)	84	0.36	50
24 hours	109	0.36	50
Private weekend (Friday – Monday) (18-8)	249	0.36	100

Exhibit 11: One of advertisements of “eCito”



Three stylized human figures representing different users of the eCito service:

- Projektų vadovas Tomas**  
*Darbo reikalais dažnai važiuoju susitikti su klientais, rezervuoju automobilį internetu ir visada suspėju nuvykti, ten kur reikia.*
- Aktyvi moteris Milda**  
*Per 2 valandas su „eCito“ spėjau apsilankyti grožio salone, pasivaikščiojau po parduotuves ir pasiėmiau sūnų iš darželio.*
- Verslininkas Aivaras**  
*„eCito“ rezervavau 3 valandoms ir nuvykau į du verslo susitikimus.*

**Registruokis**

[www.ecito.lt](http://www.ecito.lt) arba skambinkite telefonu: **8 616 00300**,  
„eCito“ dalinimosi automobiliu paslauga –  
tai šiuolaikinis būdas naudotis automobiliu.

**Exhibit 12: Cost comparisons for “eCito“ versus owning a car for corporate clients**

	Fee for an individual driver	Price for 1 hour	Price for 1 hour	Price per km
<b>Registration fee</b>		<b>8.00 - 18.00</b>	<b>18.00 - 8.00</b>	
75.00 Lt	40.00 Lt	12.00 Lt	4.35 Lt	0.66 Lt
<b>10 employee company</b>				
Company uses	5	cars. Each car's price is	45,000 Lt	
	<b>Owned cars</b>	<b>Car Sharing service</b>		
Costs of money	14,931 Lt	0,- Lt		
Upkeep and technical service	9,750 Lt	0,- Lt		
Washing	5,040 Lt	0,- Lt		
Insurance	30,375 Lt	0,- Lt		
Costs of parking space	21,600 Lt	0,- Lt		
Car usage	31,500 Lt	0,- Lt		
Fuel	57,834 Lt	0,- Lt		
Tires (2 sets of 4)	9,600 Lt	0,- Lt		
Depreciation	162,000 Lt	0,- Lt		
Costs for 3 years	342,630 Lt	<i>Car Sharing</i> usage (per day) 2,5 hrs. + 20 km		24.79 Lt
Costs per month	9,517 Lt	10 employee monthly expenses to use car sharing		5,207 Lt
	<b>Savings per month</b>	<b>45%</b>		<b>4,311 Lt</b>
	<b>per 3 years</b>	<b>155,192 Lt</b>		

### Exhibit 13: Financial information

#### Direct costs of running a car (for 1 yr.)

Fuel (assuming 10 000 km driven)	Lt2,880
Tires (two sets for 3 yrs)	Lt1,920
Maintenance, insurance, washing	Lt4,451
<b>Total direct costs:</b>	<b>9,251 Lt</b>

#### Overhead costs (for 1 year)

Marketing	100,000 Lt
Sales (including costs of salesman)	72,000 Lt
Office rental	6,000 Lt
<b>Total overhead</b>	<b>178,000 Lt</b>

#### One time investments

Average price of a car	Lt45,000
Number of cars 10	Lt450,000
Costs of capital (annually)	10%
Software costs	Lt100,000
Website development	Lt20,000
<b>Total one time investments</b>	<b>Lt570,000</b>
<b>Cost of capital</b>	<b>Lt57,000</b>

#### Revenues (at 100% utilization)

avg. price per hour*	Lt9.32
avg. km driven per day	27.40

\*assumes private drivers with 65% day and 35% night driving