Going “Glocal”:
BlaBlaCar’s Expansion beyond Europe

The start of 2016 marked an exciting milestone for BlaBlaCar - its 10-year anniversary. In 2006, CEO Frédéric Mazzella founded the French software startup to “connect people who need to travel with drivers who have empty seats.” Demand exploded to 25 million verified users and 3 billion shared miles, supporting the company’s $1.6 billion valuation and making it one of Europe’s five most valuable startups.\(^1\) During an April 2015 interview with The Financial Times, COO and co-founder Nicolas Brusson said the company’s acquisition of the German group Carpooling.com represented “the last step of consolidation in Europe,” allowing BlaBlaCar to turn its attention to lucrative emerging markets.\(^2\) As a small cadre of employees donning Star Wars masks played Ping-Pong in the open concept office outside (Exhibit 1 for staff pictures), Frédéric and Nicolas met to discuss the company’s future and the strategic choices that lay ahead.

As a flexible, fast-paced startup that had dominated the European market, extra-continental expansion was not merely an option, but rather a question of where to play next. Asia? South America? Both? BlaBlaCar had already expanded to India, Mexico, and Brazil, and the founders wondered whether their wildly successful business model could be replicated in foreign markets. Receiving a report from employees dressed as a wookie and Darth Vader, Frédéric and Nicolas reflected on 10 years of fun-filled learning and expansion as they contemplated what to do next.

Company History

Co-founder Frédéric Mazzella conceived of BlaBlaCar in 2003 when he struggled to find a way to reach his family’s home in the French countryside for Christmas and all the trains were booked! As he looked around him, he noticed that the roads were crowded, yet everyone seemed to be driving alone. Frédéric thought he might find someone heading in his same direction and offer to split the cost of gas, but after a quick internet search, he realized that no website to connect drivers with people who needed a ride existed. So, Frédéric partnered with Francis Nappé and Nicolas Brusson to create a website that would do just that – connect drivers with people in need of rides. And so, the BlaBlaCar adventure began!

The company has seen explosive growth since incorporating in 2006. It grew 100 percent on an annual basis in Europe, and began expanding beyond the continent.\(^3\) “We’re being pulled by demand,” Frédéric said. “We launched in a number of emerging markets in the last year...what we’ve seen is phenomenal traction in these markets, more than we expected. So we’ve got into a situation where it just makes sense to accelerate in these markets.”\(^4\) To identify potential markets, the founders took into

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\(^1\) "Ride-sharing app Blablacar raises $200m to become ..." 2015. 3 Apr. 2016  

\(^2\) "BlaBlaCar buys ride-sharing competitors to lock in ..." 2015. 3 Apr. 2016  

\(^3\) "BlaBlaCar zooms ahead with $200m investment valuing it at ..." 3 Apr. 2016  
[http://www.ft.com/cms/s/0/24d1ac00-5c74-11e5-9846-de406ccbb7de.html](http://www.ft.com/cms/s/0/24d1ac00-5c74-11e5-9846-de406ccbb7de.html)

\(^4\) "BlaBlaCar zooms ahead with $200m investment valuing it at ..." 3 Apr. 2016  
[http://www.ft.com/cms/s/0/24d1ac00-5c74-11e5-9846-de406ccbb7de.html](http://www.ft.com/cms/s/0/24d1ac00-5c74-11e5-9846-de406ccbb7de.html)
consideration factors that had fueled success in Europe: the cost of gas, GDP per capita, smartphone penetration, transportation infrastructure, likelihood of building a culture of trust, and prospect of beating or acquiring existing competition.

From the outset, Frédéric imagined a transportation network built on people. The company’s name reveals its social origins, as the number of “Blas” in a user’s profile corresponds to his or her chattiness level. Users create profiles to seek or provide rides and can browse each other’s’ profiles, which include a photo, mini bio, preferences, and ratings left by other members. BlaBlaCar has also implemented a number of features to foster trust among users, notably Facebook Connect, which lets members see if they share mutual friends, and Experience Levels, which allows them to choose from the community’s leading ride-sharers. If users seek additional information about a driver, they can also post a public question to address any of their concerns. For facilitating these interactions, BlaBlaCar collects a 12 percent commission per ride.

Drivers save money on gas, while riders save time; both have the opportunity to make a new friend. This is a win-win model that unlocks latent value in the empty seats of those driving alone. It also creates environmental and economic benefits by enabling a more efficient use of resources, addressing congestion problems, and encouraging affordable and social travel experiences. In areas where existing transportation is expensive, unavailable or inconvenient, BlaBlaCar provides an attractive alternative. Although the company relies upon a minimum level of infrastructure (i.e. high quality roads, widespread penetration of smartphones and internet service), it also responds to the shortcomings of these systems, while simultaneously offering consumers a reprieve from the price gouging typical with last-minute train, bus, or air travel.

BlaBlaCar’s strong commitment to community undergirds every aspect of its company culture. While expanding throughout Europe, BlaBlaCar often partnered with domestic competitors, leveraging their local knowledge with its global presence. This “glocal” approach gave the company a key competitive advantage. “The way we build our international expansion is with local officers. We have an office in London, Madrid, Milan, Moscow, Warsaw...We made a lot of small acquisitions because that’s the best way to find talented entrepreneurs who are passionate about this industry. That’s how we launched in Italy, Germany, Poland and Russia.”

The company’s explosive growth has been fueled by venture capital. Backed by strong investors, BlaBlaCar aims to grow its customer base in new markets through mergers and acquisitions (M&A) and Greenfield investments (investing in starting new offices in new locations). “Our ambition is to go further than what we have today [...] At this point we could either try to optimize our business to become profitable, or we could invest with this proof of concept to expand now and become profitable later,” commented Mazzella. To date, BlaBlaCar has chosen to expand its reach rather than focus on monetization.

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5 "Ridesharing trust & safety | BlaBlaCar.co.uk." 2015. 4 Apr. 2016 <https://www.blablacar.co.uk/trust-safety-insurance>
6 "Our Story | BlaBlaCar.co.uk." 2015. 25 Mar. 2016 <https://www.blablacar.co.uk/blog/our-story-continued>
Rise of the Ridesharing Economy

BlaBlaCar is a product of the ‘sharing economy,’ a wave of peer-to-peer activities that emerged in the early 2000s following developments in information and communications technology, changes in consumer behavior, and the growing use of online social networks and electronic markets. Heralded as one of Time Magazine’s “10 Ideas That Will Change the World,” this movement was spearheaded by entrepreneurs who yearned to connect cash-strapped consumers with opportunities to share and exchange goods, including less tangible assets like time, space and skills. Leveraging the potential of new technologies like the Internet, social media, and smart phones (See Exhibit 2 for figures), these trailblazers created platforms that gave consumers access these goods and services in cheaper and easier ways. Couchsurfing, Airbnb, Uber, and Lyft – some of the earliest players in this economy – drove down costs for goods and services by unlocking latent value in un- or under-utilized assets. They also expanded consumers’ options.

The role of social benefits within these networks is less clear. Whereas platforms like Couchsurfing often attract users eager to make new friends and experiences, Uber and Lyft connect cost-conscious consumers with enterprising drivers hoping to earn an extra buck. The seemingly less altruistic aspects of this phenomenon prompted the Harvard Business Review to criticize the “sharing economy” as an “access economy” in disguise. The contention over whether these services constitute ‘sharing’ or ‘access’ has caused particular turmoil in the ridesharing industry. For instance, taxi drivers around the world decry Uber’s ability to provide cheaper and more convenient rides to customers while also avoiding the costly governmental regulations applied to taxis. Europe is no exception. In Belgium, courts have banned Uber completely, threatening the company with hefty fines should it return. In Spain, Confesbus—an association of Spanish bus operators—plans to take BlaBlaCar to court for the unfair competition it poses to transport services.

However, BlaBlaCar often avoids the regulatory scrutiny of Uber and Lyft due to its trust-based, non-profit business model, which allows customers to become friends and travel together along common routes for nothing more than the cost of gas. Trust and safety were key elements of the sharing economy when it began, and continue to be key elements in BlaBlaCar’s business model today. Developing trust within various cultural contexts is part of the company’s “glocal” and integral to its D.R.E.A.M.S. framework (See Exhibit 3). This framework is comprised of six pillars that set the terms for peer-to-peer interactions and aim to foster confidence in the network. It states that members must have access to information that is Declared, Rated, Engaged, Activity-based, Moderated and Social.

Overall, trust is the key to survival in the ridesharing economy; other elements in this ecosystem have experienced constant change. Successful players failed fast, won fast, and figured out the rest later.

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Emerging Markets: India, Mexico and Brazil

While BlaBlaCar originated in Western European countries where travelers had numerous transportation options—from trains to buses to flights—driving growth in new markets required adapting the company’s operating model to address the needs of emerging markets where a high demand for travel was stymied by weak and/or inefficient infrastructure. After raising $100 million in venture capital funds in the summer of 2014, the company decided to expand beyond Europe into India, Mexico and Brazil.

India

On January 14th, 2015, BlaBlaCar penetrated the Indian market through greenfield investment. With 1.2 billion people and a transportation infrastructure struggling to keep up with demand, the company identified India as an ideal target for expansion. In India, inter-city connections by bus or railcar are extremely limited and often costly. As Country Manager Raghav Gupta noted, “Train tickets are either not easily available or unaffordable and buses are uncomfortable. We [...] make the trip more affordable by splitting costs.” Yet unlike many European markets where transportation costs fluctuate with demand, these prices are fixed by law in India, which effectively diluted BlaBlaCar’s fundamental value proposition as a much cheaper travel alternative. Essentially, while BlaBlaCar could be an affordable reliable alternative to trains and buses, it was not always the cheapest. Subsequently, in India the company positioned itself as a reliable alternative to trains and buses.

Shifting trends in urban mobility also compelled BlaBlaCar to broaden its operating model to effectively deliver value to Indian riders. While the company continued to focus on promoting long-distance ridesharing, it recognized great demand for shorter, intra-city trips. In order to effectively offer these services within the confines of the law, BlaBlaCar ensured steadfast compliance with both state and federal regulatory structures. For instance, the Delhi government proposed an odd-even car scheme that designated specific days when vehicles could drive based on their license plate numbers. In response, BlaBlaCar developed a feature that allowed users to offer rides on their designated days, thereby making it easier for both passengers and drivers to use this service, while also supporting short-distance travel.

By adapting its strategy to the regulatory and context-specific needs of this new market, BlaBlaCar India...

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<http://www.thelocal.fr/20150917/french-start-up-becomes-first-to-top-1-billion>

<http://venturebeat.com/2014/07/02/french-ridesharing-giant-blablacar-raises-100m-may-actually-take-over-the-world/>


18 “BlaBlaCar to allow users to offer rides as per odd-even plan ...” 2015. 31 Mar. 2016

19 “BlaBlaCar to allow users to offer rides as per odd-even plan ...” 2015. 30 Mar. 2016
had offered over one million seats and 55 million kilometers of shared travel across 700 cities by December 2015.\(^{20}\)

**Mexico**

Mexico mirrored many of the same realities that made India ripe for entry, including high cost of transport and weak infrastructure. In Mexico, petrol prices had increased by 72% since 2010, and rail services between the country’s 14 major cities\(^{21}\) were severely lacking. Under these conditions, a local startup, *Rides*, emerged as a popular alternative for city-to-city ridesharing. Moreover, given the gross congestion in urban areas, the Mexican government promoted *Rides* as a way to reduce traffic and pollution from auto emissions. Building off its established network and existing regulatory relationship with the government, BlaBlaCar acquired *Rides* in April 2015,\(^{22}\) making Mexico the sixth country to join its ridesharing community and the company’s first foray into Latin America, a move that strategically positioned it for future ventures in the region.\(^{23}\)

Within its first 100 days of operating in Mexico, BlaBlaCar reached 12,000 user connections for inter-city journeys between Mexico City and Queretaro, Guadalajara, Puebla, and Monterrey.\(^{24}\) In many ways, this heretofore unseen rapid growth emanated from the company’s ability to successfully leverage its acquisition of *Rides*, which had a strong community of drivers and passengers and normalized ridesharing as a consumer behavior in Mexico.\(^{25}\) Ultimately, Mexico’s addition to BlaBlaCar expanded the company’s reach to over 20 million members.

**Brazil**

With more than 50 million cars on the road and a highly connected citizenry, Brazil was a natural successor for expansion in Latin America.\(^{26}\) As company executives noted, “The cost of car travel is excessively high for the majority of Brazilians. The country’s tolls are the highest in the world while Brazilians must face a recent hike in the price of fuel.”\(^{27}\) For example, with BlaBlaCar, a typical journey between São Paulo and Rio de Janeiro costs around R$60 per person, compared to R$83 by bus or R$180

\(^{20}\) “BlaBlaCar to allow users to offer rides as per odd-even plan ...” 2015. 30 Mar. 2016 <http://articles.economictimes.indiatimes.com/2015-12-13/news/69006265_1_blablacar-number-plates-platform>
\(^{21}\) Cities with a population of over 1 million inhabitants.
\(^{22}\) As in Eastern Europe, in Mexico BlaBlaCar employed the acqui-hire strategy of using local acquisitions to recruit top talent and drive growth. By purchasing Rides, a competing ridesharing platform popularized in the wake of skyrocketing petrol prices, BlaBlaCar capitalized on the Mexican startup’s network and reputation within the country.
by plane.\textsuperscript{28} The country also had incredibly high levels of internet penetration, smartphone ownership and social networking usage.\textsuperscript{29} Moreover, following its successful launch in Mexico, BlaBlaCar obtained $200 million in new investment to support opening a new office and developing country-specific, adaptive services in São Paulo.\textsuperscript{30} These conditions made the Brazilian market ripe for entry.

Reflecting on the decision to enter these three new markets, COO Nicolas Brusson remarked, “We’re solving completely different problems in these countries, [...] which is very different from Europe. We had thought there would be demand, but didn’t realize how quickly it would take over. We now know we can accelerate much faster in these markets.”\textsuperscript{31}

**Important Choices Ahead**

Frédéric and Nicolas currently considered where BlaBlaCar should expand next, keeping in mind their ideas about how to win (trust, cost, infrastructure and existing competition). The startup already expanded into emerging markets in Latin America and Asia, and with successful launches into Mexico and Brazil, BlaBlaCar indicated an intention to further expand. Are there countries where all factors of success align? Is Argentina a next viable option? With over 1 billion people in the region, Asia also serves as a huge opportunity for growth. Success in India suggests they may explore another country in the region such as Japan. To date, the founders had penetrated any market with sufficient demand, so the founders also considered entering both Argentina and Japan simultaneously now.

These two countries offer interesting possibilities. Differences in population density, types of infrastructure and culture, and similarities in relatively high GDP and smartphone penetration make this a tough decision. While Japan has a high overall population density, within the major cities, the population density is even higher. Issues such as gridlock and mass traffic are huge concerns which BlaBlaCar can address through ridesharing. However, in terms of long distances Japan has an incredible railway system that is faster than flying or driving, and thus, the Shinkansen (bullet trains) tend to dominate the field of long distance travel. Argentina, on the other hand, has a low population density and a vast country whose major cities are long distances apart. Extensive expressways connect most major metropolitan areas and there is an underdeveloped railway system. Instead of rail travel many Argentineans utilize luxury buses to travel long distances. However, a bus from the capital to popular northern city Iguazu falls takes 18 hours, and a bus to popular southern city takes 36! These buses are not less expensive than driving. Flights are available but prohibitively expensive for the average Argentine. (More information in Exhibit 4)

Additionally, there are two international competitors, Carpool World and Rdvouz, with operations in both Argentina and Japan (Exhibit 5a and 5b). Are either of these companies worth acquiring to access both markets? Will they merge well with BlaBlaCar’s culture? Are they too much competition? Frédéric and Nicolas looked at each other with excitement as they discussed the age old dilemma: where to play, and how to win.


Exhibit 1 - Company Staff

Left: Frédéric Mazzella, CEO; Francis Nappez, CTO; Nicolas Brusson, COO (Source: Company website)

Above: Office staff (Source: Facebook)
Exhibit 2 - ICT Fast Figures 2015 (Source: International Telecommunication Union, Data & Statistics Division)

**MDGs 2000-2015:** ICT revolution and remaining gaps

- Globally 3.2 billion people are using the Internet by end 2015, of which 2 billion are from developing countries.
- For every Internet user in the developed world there are 2 in the developing world.
- However, 4 billion people from developing countries remain offline, representing 2/3 of the population residing in developing countries.
- Of the 940 million people living in the least developed countries (LDCs), only 89 million use the Internet, corresponding to a 9.5% penetration rate.

**3G mobile-broadband coverage is extending rapidly and into the rural areas**

[Diagram showing 3G population coverage for 2011 and 2015* with World population figures for 2011 (7 billion) and 2015* (7.4 billion).]

Source: ITU.  
Note: *Estimates.
Declared
Declared information is the foundation of a trusted online profile, it is the information that is volunteered by the user, telling the community a bit more about themselves. No one trusts a stranger, so this is the first, essential, step in moving away from anonymity towards online trust. For example, users can declare a name, age, their preferences or even give a quick description of themselves in their own words.

Rated
Ratings have long been used online because users trust content that has been created by a third party. However, unlike older online services like eBay or tripadvisor, for example, collaborative services ask users to rate one another, after having met “In Real Life”, enabling people to build valuable peer-reviewed reputations and to create inter-personal trust in a community.

Engaged
In order to feel completely comfortable transacting with a fellow user of a sharing service, you need to believe that the other party will respect their engagement. That’s why a sharing service must always allow it’s members to financially commit to their transaction, via a pre-payment service.

Activity-based
All the information given in the D.R.E.A.M.S. framework gains it’s full value within a specific context. For example, a positive rating about a persons’ ironing skills does not indicate that they will be a good driver to ride share with, therefore, a successful sharing service must be activity-based.

...and also for Activity
Members of a collaborative service depend on each other to provide the goods or service that the platform is dedicated to. That’s why it’s vital to enable a reactive exchange between them, ensuring that the transaction progresses smoothly from initial interest to payment. To do this, information about one users’ activity must be provided to the other party in a transaction, for example "Laura was last online yesterday at 6pm", "Laura has read your message" or "Laura generally replies within two hours".

Moderated
All information transferred by users of a sharing service must be third-party verified, whether this is the verification of contact or bank details or the approval of User Generated Content. Users need to know that everything they see online meets a required level of goodwill and authenticity, as ensured by the third-party providing the sharing platform.

Social
Social networks allow users to connect their online identity with their real world identity, be it socially, via Facebook, or professionally, via LinkedIn. Indeed, collaborative services are one facet of a person’s online presence: their personal responsibility and good reputation are essential to their interactions on sharing services.
### Exhibit 4 - Data on Argentina and Japan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Argentina</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of gas/gallon</td>
<td>$3.79</td>
<td>$3.63</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>$12,509.50</td>
<td>$36,194.40</td>
</tr>
<tr>
<td>Smartphone penetration$^{32}$</td>
<td>48%</td>
<td>39%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Extensive expressways connect most major metropolitan areas</td>
<td>- Car traffic an issue</td>
</tr>
<tr>
<td></td>
<td>- Bus services are extensive, but do not offer cost savings compared to driving</td>
<td>- Expressways charge tolls</td>
</tr>
<tr>
<td></td>
<td>- Current efforts to re-nationalize the railroads, but meaningful improvements to passenger service remains years away</td>
<td>- Cars and trains are both expanding to rural areas</td>
</tr>
<tr>
<td></td>
<td>- High quality Shinkansen (bullet trains) currently dominate the field of long-distance travel and hold a special place in Japanese society and culture</td>
<td></td>
</tr>
<tr>
<td>Existing Players</td>
<td>CarpoolWorld, Rdvouz</td>
<td>CarpoolWorld, Rdvouz</td>
</tr>
</tbody>
</table>

$^{32}$ “Smartphone Ownership and Internet Usage Continues to ...” 2016. 4 Apr. 2016
Exhibit 5a - Potential Competition: CarPool World

**Upcoming trips from your area**

<table>
<thead>
<tr>
<th>Route</th>
<th>Date</th>
<th>Time</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buenos Aires Recoleta to Cordoba</td>
<td>April 3</td>
<td>8am</td>
<td>2</td>
</tr>
<tr>
<td>Buenos Aires to Bahía Blanca</td>
<td>April 3</td>
<td>1:30pm</td>
<td>1</td>
</tr>
<tr>
<td>San Nicolás De Los Arroyos to Ezeiza</td>
<td>April 5</td>
<td>4pm</td>
<td>2</td>
</tr>
<tr>
<td>Buenos Aires to Mendoza</td>
<td>April 6</td>
<td>9am</td>
<td>1</td>
</tr>
<tr>
<td>San Andrés, Buenos Aires to La Paz</td>
<td>April 7</td>
<td>9am</td>
<td>1</td>
</tr>
<tr>
<td>Buenos Aires to Montevideo</td>
<td>April 8</td>
<td>9am</td>
<td>1</td>
</tr>
<tr>
<td>Buenos Aires to Neuquen</td>
<td>April 10</td>
<td>8pm</td>
<td>2</td>
</tr>
<tr>
<td>Buenos Aires to Montevideo</td>
<td>June 30</td>
<td>8am</td>
<td>2</td>
</tr>
<tr>
<td>Buenos Aires to Florianópolis</td>
<td>December 10</td>
<td>9am</td>
<td>4</td>
</tr>
</tbody>
</table>

**Register**

**Contact**

**Carpool**

**Argentina**

Please select your city below to view current carpool, vanpool and ride-share listings in your area. The cities below are ordered by proximity (most trips departing or arriving at those locations). Please also view all cities in alphabetical order. Search for carpool buddies in your neighborhood before joining.

- Buenos Aires: 36 carpool rides saving 456,900km and 158 tons of CO₂ emissions. 92.37% efficiency benefit.
- Cordoba: 146 carpool rides.
- La Plata: 53 carpool rides.
- Mar Del Plata: 9 carpool rides.
- Mendoza: 14 carpool rides.
- Puerto Madryn: 5 carpool rides.
- Rosario: 7 carpool rides.
- En Chascomus: 5 carpool rides.
- El Calafate: 4 carpool rides.
- Bueyes: 7 carpool rides.
- Belgrano: 3 carpool rides.
- Catamarca: 3 carpool rides.
- Cuyo: 2 carpool rides.
- Guadarrama: 1 carpool ride.
- In Ushuaia: 4 carpool rides.
- La Plata: 4 carpool rides.
- La Plata: 5 carpool rides.
- Martinez: 1 carpool ride.

**Total savings**

- 142,289 cars off the road.
- 725,864 MT CO₂.
- 81,795,730 litres.
- 309,630,519 km.
- 1,485,102,704 litres.
- 2,390,041,127 kilometres.
Exhibit 5b - Potential Competition: Rdvouz

Ridesharing in Japan

Ridesharing in Japan is becoming increasingly popular as a way to save on transportation costs and reduce traffic congestion. Companies like Rdvouz are offering distance ridesharing services that allow users to find rides and pay for them directly through the app.

Rdvouz - Distance Ridesharing

This app is compatible with some of your devices.
Exhibit 5c - Potential Competition: Noritomosan
Kaede's France trip in Tokyo
04/11 (Mon) ~ 04/11 (Mon)
- Nagano Prefecture, Nagano
- Tokyo, Shibuya-ku

[Nagano → Shibuya]
Hello
Per person 2000 yen
One way (shinkansen)
I want to put
The remaining two people

Shirou's Japan trip to Kyoto
04/17 (Sun) ~ 04/19 (Tuesday)
- Kyoto Prefecture, Kyoto City
- Tokyo, Shinjuku-ku

[Hair Care treat expedition]
Per person 8000 yen
Round trip (shinkansen)
I want to put
The remaining two people

Minato's France trip
04/20 (Wednesday) to 04/20 (Saturday)
- Fukuoka Prefecture, Fukuoka City
- Hiroshima Prefecture, Hiroshima City

[Journey to Hiroshima]
Hello
Per person 4500 yen
One way (shinkansen)
I want to ride
The remaining two people