

potential of Dropbox will be determined by how they meet these challenges.

There are two primary challenges that Dropbox is facing. First, it deals with enormous complexity. Its 200 million users save one billion files every 24 hours. In addition, anytime a device manufacturer tweaks the software or hardware associated with their device, the Dropbox team must remain on top of the change to make sure that its service will still work for that device. Second, Dropbox is facing an increasing number of competitors. Apple iCloud is an example. Dropbox has an edge over iCloud because it's available across platforms, but more challenging competition may be coming. If Google, Apple, or Samsung, for example, decided to go head-to-head with Dropbox, those companies would have the technological chops to give Dropbox a go. Many believe Dropbox is up to the challenge. In January 2014, *Fast Company* magazine listed Dropbox as the most innovative company in America in the category of Productivity.

Discussion Questions

- 2-34.** What environmental trends are working in Dropbox's favor as the firm seeks to operate profitably? What environmental trends may work against Dropbox and why?
- 2-35.** What personal characteristics does Drew Houston possess that suggest he may have what it takes to be a successful entrepreneur?
- 2-36.** What *problem* did Dropbox's founders solve with the service they developed?

Sources: Dropbox Homepage, www.dropbox.com, accessed March 24, 2014; *Forbes*, "Dropbox: The Inside Story of Tech's Hottest Startup," November 7, 2011; E. Ries, "How Dropbox Started As a Minimal Viable Product," available at <http://techcrunch.com/2011/10/19/dropbox-minimal-viable-product/>; A. Walsh, "Dropbox: A Social Web Business Case Study," Social Web Q&A Homepage, available at <http://socialwebquanda.com>, posted August 26, 2012, accessed March 21, 2014.

CASE 2.2

Rover.com: Don't Chuckle: This Is One Impressive Business Idea

• **Web:** www.rover.com • **Facebook:** [Rover.com](https://www.facebook.com/Rover.com) • **Twitter:** [@RoverDotCom](https://twitter.com/RoverDotCom)

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Introduction

Jill is a 26-year-old sales rep for a technology company. She lives in a two-bedroom townhouse with her Golden Retriever Rex. Jill travels about twice a month, and when she's gone, she has three options regarding care for Rex. Option #1—She can ask a neighbor to watch him, but that's hit-and-miss, and she hasn't found anyone she can depend on; Option #2—She can take him to her parents' house, but they live about an hour away; and Option #3—She can take Rex to one of the two kennels that are close to where Jill lives. There is nothing wrong with them, but they are typical kennels. The dogs are cooped up most of the day, and a month ago, Rex came home from the kennel with a cough he picked up from another dog.

Jill loves Rex and has no plans to give him up, but every time she travels, it's a problem to decide what to do with Rex.

A Bad Experience at a Kennel Leads to a Business Idea

Many people are just like Jill. They either have trouble finding suitable arrangements for their dog when they travel, or they feel bad when they're packing for an exciting trip with their dog's big, sad eyes staring at them. The idea for Rover.com—a service that connects

dog owners with dog sitters—occurred to Greg Gottesman after his yellow Labrador Ruby Tuesday had a bad experience at a traditional kennel. To see if the idea had legs, Gottesman pitched it at a Startup Weekend event in Seattle in 2011. Startup Weekends are events that are held across the country. Anyone can pitch a business idea and get feedback from peers. Gottesman's idea received top prize, and six months later, he launched Rover.com.

While Gottesman may have had a good pitch, a little research helps validate the business idea. The dog boarding/sitting market is about \$6 billion a year. More encouraging is that the market could be much larger. Many people don't travel because there is no one they can trust to watch their dog(s). In addition, a survey of 1,000 dog owners by PetCare.com indicated that 80 percent worry about the care their dogs are getting while they're away, and 66 percent are unhappy with their current boarding situation. A total of 70 percent said they would travel more if they had a trusted dog sitter. To get a sense of just how deeply some people care about their pets, a survey of dog owners (commissioned by Rover.com) found that 76 percent of dog owners self-identify themselves as "pet parents," as opposed to "dog owners." A growing number of people see their dogs as "family members" rather than pets. The American Veterinary Medical Association found that people who

consider their dogs to be family members spend twice as much money on them annually (\$438 vs. \$190) as those who view pets as property.

How Rover.com Works

Rover.com's service is run through its website. If you're a dog owner, you simply follow the prompts on the website, which asks you to identify your location and select the dates you need your dog to be watched. You can indicate whether you'd like your dog to be watched at your home or the sitter's household. You're then provided profiles of Rover.com-approved dog sitters in the area. The profile includes prices (per night), photos, reviews, certifications, and a full description of the sitter. The reviews are particularly helpful. For example, a Rover.com customer wrote the following about Jennifer, a Rover.com sitter in Central Florida: "I boarded my 1-year old Beagle with Jennifer for eight nights while on a cruise. She took great care of him and e-mailed us every night with an update. I highly recommend her and will definitely be using her in the future." Some sitters send text and photo updates along with e-mails. Rover sitters charge between \$25 and \$75 per night. In San Francisco, Rover.com's biggest market, there are over 500 sitters registered on the site.

The profiles also reveal the nature of the sitter. Some are professionals who watch dogs on a full-time basis. Others are large families with their own dogs. Some have rural property with park-like settings. Still, others are elderly people who enjoy watching dogs in their homes.

If you'd like to become a Rover.com sitter, the website walks you through the application process. You must create a profile and must be approved by Rover.com. The company says that it approves only 10 percent of the

sitters who apply. Rover also encourages a "meet-and-greet" session before a dog owner tries a sitter. This suggestion recommends that the dog owners (with their dog in tow) meet the dog sitter at a mutually agreeable time and place to talk before they try each other out. The meet-and-greet can be arranged through Rover.com's website. Rover helps sitters get started by providing them access to \$20 coupons to provide to new clients. A sitter can get up to 250 of the coupons, and Rover pays the bill.

Rover handles client billing. It takes a 15 percent commission for its part. Many Rover.com sitters leave successful careers to dog-sit full time. While critics chuckle when they hear statements like this, Rover.com can be a serious business. There are now over 25,000 dog sitters with profiles on Rover.com's website. Top Rover.com sitters earn several thousand dollars a month. A Rover sitter can also work as much or as little as they want. A sitter's profile includes a calendar indicating when the sitter is available. The average stay for a dog at a sitter's home is just over four days.

Rover tries to take care of both the dog owner and dog sitter by offering additional layers of protection. For example, every stay booked through Rover includes premium insurance for emergency vet bills, property damage, liability, and more. Rover offers additional services for dog owners, an area of its business that is destined to grow. Rover subscribers can currently purchase an annual \$49.99 protection package that includes a 24/7 vet consultation and special Rover tags for extra safety and security.

Making Things Fun

Rover.com also makes things fun for both its dog owners and dog sitters. Its website features RoverCam, which is a camera inside Rover.com's Seattle



To reassure dog owners and make things fun, Rover.com has an app that allows sitters to send photos of the dogs they are watching during their stay.

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(continued)

headquarters aimed at the part of the building where Rover.com's employees let their dogs hang out. The day this case was written, there were six dogs in-house, including Carmel, Georgie Girl, Gus, Charlie, Oscar, and another Gus. Oscar, for example, is a three-year, one-month-old Miniature Schnauzer. He was lounging on a comfy chair the day the case was written. Rover's sitters are also equipped with some cool technology. The company's app allows sitters to send photos of the dogs they are watching to their owners while they're away.

In late 2013, Rover.com introduced Rover Reel, which offers Rover customers free videos of their dog's experience during their stay with a Rover.com sitter. Sitters simply submit sufficient photos of a dog they're watching, and they will receive a personalized video (Rover Reel) of the dog's stay to share with the owner.

Growth Plans & Venture Capital

Rover.com's potential has garnered plenty of attention. In 2013, the company increased its revenue by 800 percent and currently has about 200,000 dog owners listed on its site. Incredibly, as of January 2014, the 43-person company had raised \$25 million in funding from top-shelf venture capital firms and pet retailer PetCo. The numbers in the pet industry are staggering. Americans spent \$53 billion on their pets in 2012. Currently, there are roughly 78 million dogs in the United States (this number is an all-time high).

In light of these statistics and what it has learned in its three years of existence, Rover.com has a three-prong growth strategy, as follows:

1. Spread geographically, including in international markets.
2. Provide new services, including dog grooming and dog walking.
3. Add other animals, such as cats, horses, and reptiles.

Rover.com's CEO Aaron Easterly, a passionate dog lover, believes the company is only a fraction of the size it can become.

Discussion Questions

- 2-37. In the United States, what environmental trends are supporting the development of Rover.com's business?
- 2-38. How might Rover.com use focus groups to gain a better understanding of its current and potential customers and their needs?
- 2-39. In this chapter, we noted that a true business opportunity is attractive, durable, timely, and anchored in a product or service that creates value for a buyer. To what extent does Rover.com's service satisfy each of these criteria?

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