

UBER's Failure in South East Asia

Summary of the Problem

Uber, the giant ride-hailing company originally from the United States, decided to quit from its business in South East Asia (SEA), more specifically in countries of Malaysia, Indonesia, Singapore, Cambodia, Vietnam, Philippines, and Myanmar. In 2018, Uber was being acquired by its biggest rival in the region which was Grab. 27,5% of Grab's share ownership belongs to Uber after the acquisition. This exit was a bit unexpected as Uber is widely known as the most successful ride-hailing company and even less than a year before the acquisition, the company's top management was confident with the expansion strategy in SEA. There are several reasons that caused Uber's failure in the mentioned region.

Just because Uber is perceived as one of the fastest-growing start-ups in its business, it will not guarantee its success and smooth operation in a new region as well. It is obvious that Uber wants to move quickly by expanding the market globally. Uber has been doing excellent performance in the USA, Canada, and Europe, however, this does not mean that Uber can apply the same market strategies in SEA and expect the same results as in the USA, Canada, and Europe. Geographically, SEA is located undoubtedly far away from Uber's origin. This also reflects drastically different cultural, political, and economic environments. Moreover, as a result of globalization and technology sophistication, there are many companies or start-ups that also want to try to compete in the same business with Uber in their own countries before Uber reached out to SEA. Due to the growth of smartphone users, this ride-hailing business competition is so tense, there were two biggest rivals of Uber in SEA which were Gojek from Indonesia and Grab from Malaysia.

Those "local" companies for sure understand way much better about the needs of customers in the countries than Uber. Providing great service was not enough to win the competition. For example, Uber did not provide cash payment at the beginning of their service in SEA. On the other hand, its competitors had this feature of cash payment as they knew that many people in SEA still did not have bank accounts or credit cards or even knew how to pay with digital payment. Coming alone with this factor, many customers already preferred to use services from

other companies. Another problem that Uber faced was a huge protest from local taxi drivers' union regarding its existence-threatening traditional taxis.

Solutions of the Problems

1. There is no such one market strategy that fits all countries, especially the Uber case. Despite its dominant position or leader in the ride-hailing business, Uber still needs to have good planning and strong research if it wants to expand in a new region, especially geographically far, drastically different culture, different political situation, and different economic environment. Regardless of aiming to be the first mover, Uber still needs to consider several aspects starting from its competitive market advantage, who are the local competitors, the pricing strategy, advertising content, communication channel, and more.
2. Go beyond localization. It is globally expanding, but Uber needs to think local as well. Put position as local customers. How is their situation? What do they need? Why should they use Uber instead of local similar applications? Moreover, SEA consists of many countries and it is so diverse. Even each country could have different culture, behavior, needs, expectation, situation, everything is different. These are important differences that Uber cannot underestimate. There are adjustments that Uber must apply. Thus, Uber should plan this well, considering if the cost will be covered by the return or the other way. If it is necessary or will be more favorable to acquire or have a partnership with local similar companies, then Uber should do it rather than trying to work on everything alone overly confident but turns out giving negative impact to the company.
3. Special case for SEA region, many countries have their own local traditional riding hail such as tuktuk (in Thailand), ojek (in Indonesia), or basically local taxis. Uber should try to build a good relationship with the mentioned unions rather than showing an attitude to compete.
4. Uber should have strong branding tools. It needs to be able to give local visualization without losing its true values as a global brand. As there are big local competitors, emphasize on what Uber's strengths and opportunities and execute them in both marketing content and operations as well.

Conclusion

From Uber's case, it is important to note that just because the company is big or fastest growing, it does not mean it could just expand globally to anywhere. Having more than a good plan is absolutely important, strong research in the relevant region is necessary. Consider local values such as economic, political, and cultural situation, expectations, aspirations, and adjust the business with those values.