

On chaotic SE Asian roads, local hero Grab zips past Uber

March 26 2018, by Martin Abbugao



Grab's Malaysian chief executive, Anthony Tan, used his local knowledge to come up with a service well adapted to the Southeast Asia region and quickly raced past Uber

Uber may be the world's biggest ride-hailing company but it was left in the dust in Southeast Asia by homegrown upstart Grab, which knew

better how to navigate the chaotic highways and byways of an eclectic region.

Spanning 10 countries, from wealthy, ultra-organised Singapore to places like Indonesia and the Philippines that are home to traffic-choked cities, coming up with a ride-hailing [service](#) for the whole of Southeast Asia was never going to be easy.

But Grab's Malaysian chief executive, Anthony Tan, combined his local knowledge with sharp business sense from his time at Harvard Business School to come up with a service well adapted to the region and quickly raced past Uber.

After a years-long fight that cost both companies huge sums as they aggressively slashed fares and rolled out special offers, the California-based company threw in the towel Monday and sold its ride-sharing and food delivery services to Grab for an undisclosed sum.

"Grab is more familiar with its home territory, Southeast Asia," said Song Seng Wun, a regional economist with CIMB Private Bank.

"They saw the Uber model and tweaked it to adapt to local conditions, giving Southeast Asians what they want."

In 2015 they added motorbike taxis to their ride-hailing app in Indonesia, where many commuters get around on two wheels due to heavy traffic, helping them to rival local titan Go-Jek, which had pioneered the service.

Uber followed slowly up the rear, only adding motorbike taxis to their service in the Indonesian capital a year later, by which time the market was saturated.

Uber's disadvantage was that they lacked local knowledge and relied heavily on the model which had allowed them to lead in developed markets, according to Song.

Dramatic expansion

With smartphone ownership exploding across a region that was rapidly growing more affluent, Grab moved fast and expanded aggressively to ensure they were Southeast Asia's best-known ride-hailing app—they now operate in 195 cities across eight Southeast Asian countries.

As they became more successful, they attracted more funding, including \$2.5 billion last year from investors including Chinese ride-hailing firm Didi Chuxing and Japan's SoftBank.

By contrast, when they sold off their operations, Uber was operating in just 64 cities in eight Southeast Asian countries.

Grab has expanded dramatically from its early days. In 2012 Tan quit his job at the family business—Tan Chong Motor, which distributes Nissan cars in Malaysia and Singapore—and founded taxi-booking app MyTeksi with a friend from Harvard.

The name was later changed to GrabTaxi and then just Grab.

It now has a huge range of services, from offering private cars and motorbike taxis to renting out coaches, push bikes and electric scooters, to a payment system called GrabPay.

Tan himself sounds amazed that his company has done so well. "We are humbled that a company born in Southeast Asia has built one of the largest platforms that millions of consumers use daily," he said, in a statement announcing Monday's deal.

His next big challenge is Indonesia, Southeast Asia's biggest market—where he will be taking on former Harvard classmate Nadiem Makarim, the CEO of ride-hailing market leader Go-Jek.

© 2018 AFP

Citation: On chaotic SE Asian roads, local hero Grab zips past Uber (2018, March 26) retrieved 26 April 2024 from <https://phys.org/news/2018-03-chaotic-se-asian-roads-local.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.