

**An analysis of the industry and business strategy of
ride-hailing transport service in Thailand:
A case study of Grab business**

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Abstract

This research is about the analysis of the industry and business strategy of ride-hailing transport service in Thailand: a case study of Grab business. Since Grab transport service is a business that makes people' life more convenient for riding experience in this digital era and continuously gains popularity for using the service, therefore, there are three objectives for conducting this research. Firstly, to study the market of Thailand ride-hailing transport service industry and competitiveness factors of Grab in Thailand, especially in Bangkok area. Secondly, to analyze Grab's ride-hailing transport business model using business model canvas and value chain analysis as a tool to study how Grab transport business works. Lastly, to examine Grab transport business strategy using PESTEL model and SWOT analysis in economic and business perspectives.

Hence, this research will apply qualitative analysis to analyze related secondary data about Grab transport business and the quantitative data will be used to measure overview competitiveness among Thailand's ride-hailing transport industry. However, the result shows that currently Grab is the market leader in on-demand ride-hailing transport services both two-wheeled vehicles and four-wheeled vehicles measured by the popularity of the users and the number of downloads respectively. On top of that, the strengths that differentiate Grab transport business from other rivals are these three things: strategic partnership, safety as a priority, and the concern about welfare of driver partners, but still the legal issue is a main concern that Grab needs to proceed for operating on-demand transport service in Thailand.

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CHAPTER 1

INTRODUCTION

1.1 Statement of problem

Apart from traditional taxis or public transports that offer people for public transportation, however, currently there is an alternative choice for passengers to immediately call a driver to pick up through an on-demand ride-hailing application which make a ride or a journey easier, for example, using Uber (US), Lyft (US), Grab (Singapore), Ola (India), or Didi Chuxing (China) application to hail a vehicle.

Therefore, the market for ride-hailing services has been arising rapidly. As Prescient & Strategic (P&S) Intelligence Private Limited or P&S Intelligence conducted a study showing that the revenue of global ride-hailing market was valued at \$50.4 billion in 2018 and is expected to reach \$120.2 billion in 2024 which will increase around \$69.8 billion, at a Compound Annual Growth Rate (CAGR) of 13.0% during 2019–2024. Whereas, in Southeast Asia, the revenue of ride-hailing and taxi market is valued at \$16,991 million in 2020 and is expected to attain an annual growth rate (CAGR 2020-2024) of 6.9% which will contribute to a market volume around \$22,202 million in 2024 (Statista, 2020).

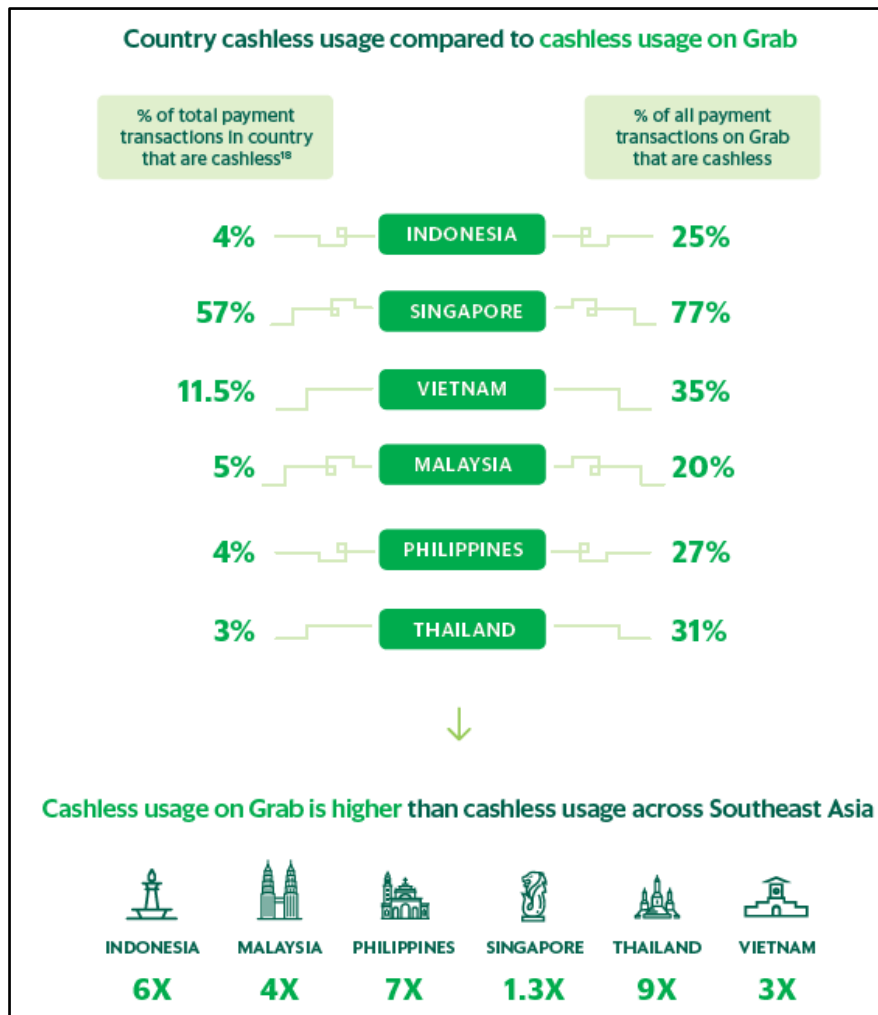
In addition, if we are looking at the situation of Thailand's ride-hailing transport services over time, there are some players operating in this market from the past to the present, such as ride service from traditional taxis, Grab, Uber, and Go-jek as it's called Get in Thailand. More importantly, nowadays it seems like Grab turns out to be an eye-catching company in on-demand ride-hailing transport industry of the country as the company acquired Uber in Southeast Asia operations in March 2018 which Uber received a 27.5 percent stake of Grab in return, and Uber CEO Dara Khosrowshahi joined Grab's board as well (Grab, 2018).

Even Grab was founded in June 2012 and entered Thailand in October 2013 (Grab, 2019), but there are several reasons that made me interested in studying about this company. Firstly, it is about the meaningful brand story as originally Grab was founded as a startup that aimed to tackle taxi problems in Malaysia by creating safety and accessibility for passengers in using Taxi service through Grab platform. Therefore, the brand concept does not only aim for making profit, but also for resolving a social issue on Taxi services for both taxi drivers and passengers as Taxi drivers faced a problem of making insufficient money and hatred on their jobs as well as the safety concern of

women passengers in using Taxi service (LIN & DULA, 2016).

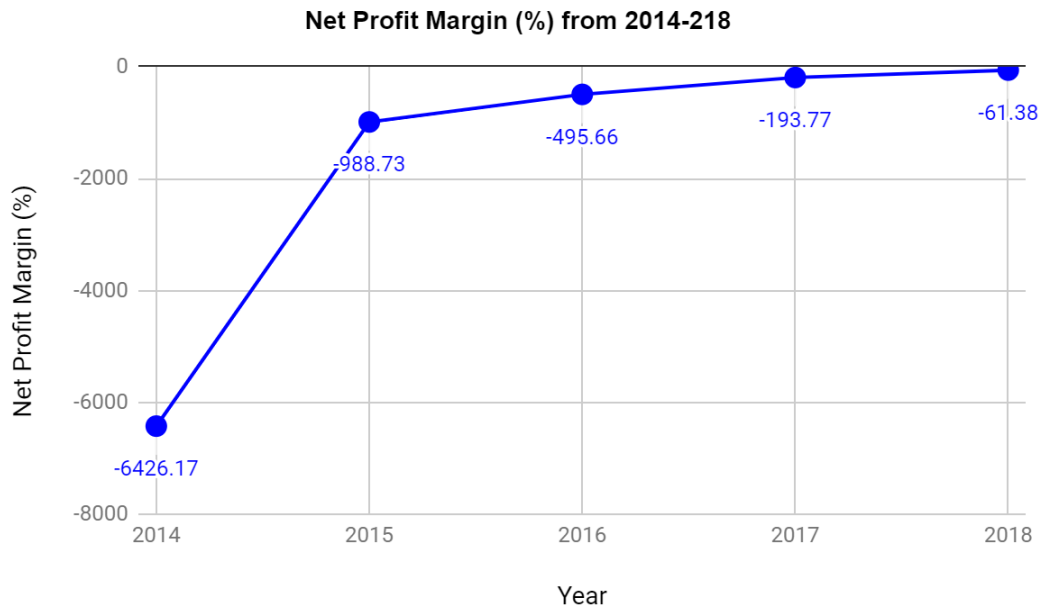
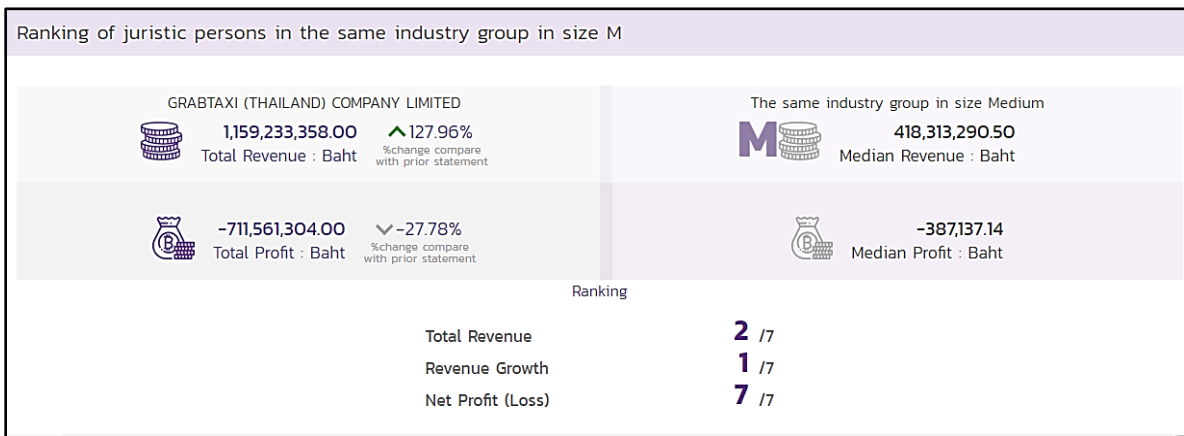
Secondly, Grab business makes a good impact on society in terms of job creation and engagement to the digital economy, such as a cashless transaction since according to Grab social impact report from April 1, 2018 - March 31, 2019 depicts that Grab platform provides employment opportunities for some drivers and supports them to have a better livelihood as 21% of Grab-driver partners did not work before joining Grab (Grab Social Impact Report 2018 -2019, p.6). Moreover, the cashless usage on Grab is also higher than the cashless usage in each country across countries in Southeast Asia, for example, in Thailand there is 3% of total payment transactions in the country that are cashless. Meanwhile, there is 31% of all cashless payment transactions on Grab platform which is 9 times higher as shown in the figure 1 below (Grab Social Impact Report 2018 -2019, p.23).

Figure 1: the comparison chart between the cashless usage on Grab and in the country in Southeast Asia.



Source: Grab Social Impact Report 2018-2019

Lastly, according to the Department of Business Development, Ministry of Commerce in Thailand, Comparing with juristic person in the same industry group and in size M business for the year end 2018 presents that GRABTAXI (THAILAND) COMPANY LIMITED is positioned at the highest revenue growth as number one in the ranking as shown in the picture below, together with the increasing net profit margin from 2014 - 2018 which shows that Grab company has a potential for business growth as the increase of revenue and is able to generate profit continuously over years. Even the number of net profit margin (%) is negative as the nature of startups that need to invest enormously in a few beginning years to boost the market, but it still shows a good direction for Grab business to grow further in Thailand.



Source: DBD DataWarehouse, Department of Business Development, Ministry of Commerce, Thailand, 2020.

Therefore, with above reasons, this is why I am interested in studying the ride-hailing transport industry, especially Grab company in Thailand and would like to further study on how Grab delivers their business strategy to outperform other counterparts and analyze their competitiveness factors as well as the overall situation of Thailand's ride-hailing transport industry using economic perspective and some business analysis techniques to figure out.

1.2 Objective of the study

- 1) To study the market of Thailand ride-hailing transport service industry and competitiveness factors of Grab in Thailand.
- 2) To analyze Grab's ride-hailing transport business model using business model canvas, value chain analysis, along with examining Grab transport business strategy using PESTEL model and SWOT analysis in economic and business perspectives.

1.3 Expected Benefit

- 1) This research is advantageous for Grab company to strengthen their company performance.
- 2) This research is beneficial to new entrants in the ride-hailing industry in Thailand.
- 3) Anyone who is interested in the ride-hailing transport service industry can understand more, especially in the position of Grab business.

1.4 Scope of the Study

- 1) This research focuses on transport services of Grab business operated in Bangkok, Thailand which specifies only on Grab's transport services including GrabTaxi, GrabCar, and GrabBike as the standard vehicle.
- 2) The research intends to concentrate on the market of Thailand's ride-hailing transport industry which operates through an application.

1.5 Definitions

1) Business strategy

Business strategy is the firm's working plan for achieving its vision, prioritizing objectives, competing successfully, and optimizing financial performance with its business model (Schmidt, 2019).

2) Ride-hailing

Ride-hailing is the activity of asking for a car and driver to come immediately and take you somewhere (Cambridge Dictionary, n.d.).

3) Grab

Grab is a technology company based in Singapore which offers different ride-hailing transport services, online food delivery, and courier services through an application (Grab, n.d.).

4) Industry

An industry is a group of companies that are related to each other based on their primary business activities (Kenton, 2020).

CHAPTER 2

LITERATURE REVIEW

2.1 Concept/Theory related

1) First Mover Advantage (Game Theory)

According to Fernando Suarez and Gianvito Lanzolla (2014), they explain a definition of First Mover Advantage as the ability of a firm to be more advantaged than its competitors due to being the first to enter a market in a new product category. Since the first mover might be better off as Derek F. Channon and Tanya Sammut-Bonnici (2015) state the advantages as follows:

Firstly, it enhances the company's image and the firm can gain the reputation

with buyers, and the early entry can connect with key raw material sources, new technologies, distribution channels, so as to shift the cost boundaries of a business or industry. Moreover, the early operators can build customer loyalty in the first place which is difficult to displace, and it is considered as a preemptive strike which is hard to duplicate.

On the other hand, the first mover can also have a negative impact when the cost of pioneering is high-priced and experience effects are low which means the company needs to pay higher costs for producing a product or running a business. Furthermore, with the fast-changing technology, early investments can turn out to be obsolete rapidly at the same time. Additionally, duplication is easy and customer loyalty is fickle as well as the first mover's skills and know-how is not hard to copy.

2) Economy of Scope

The theory of an economy of scope demonstrates that the average total cost of a company's production decreases when there is a variety of goods produced increasingly. The company can gain a cost advantage from economies of scope when it produces a complementary range of products while focusing on its core competencies (Nickolas, 2020).

As McGee (2015) states that economies of scope will happen when the average cost of a single product is lowered by its joint production with other products in a multi-product firm. In Figure 1 when the output for each product is at Q_1 (so scale economies for each product are fully exploited), it is possible for average costs at C_2 to be even lower than C_1 , if the economies of scope are also fully exploited.

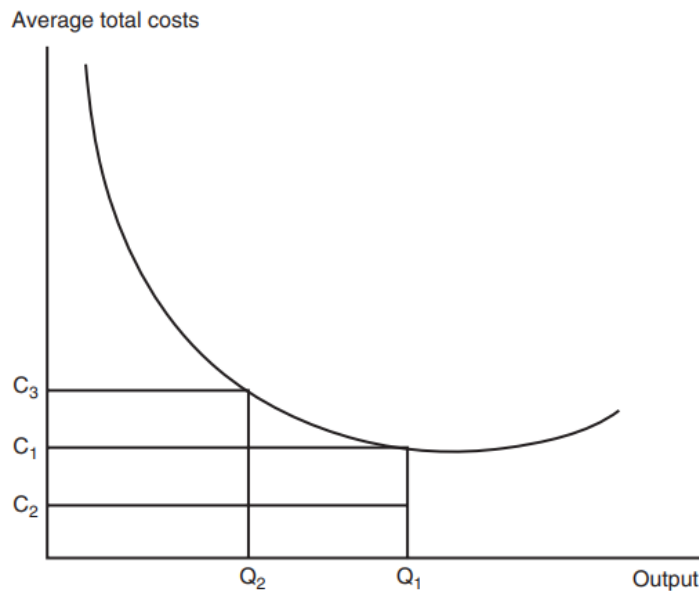


Figure 1 The cost function (McGee, J., 2015)

3) Asymmetric Information

According to Bloomenthal (2020), “Asymmetric Information is known as ‘information failure’ which arises when a party in an economic transaction has greater information than the other one. This situation occurs when a seller of a good or service knows about the product better than the buyer which can happen almost all economic transactions.”

As George A. Akerlof (1970) studies about “The Market for lemons: Quality Uncertainty and The Market Mechanism” and discovers that in the automobile market, there are good cars and bad cars sold together. The bad used cars will be called “lemons,” so when customers buy a car, they will not know whether they get a good used car or a bad used car. Only buyers know well about the details, customers don’t. Thus, a lemon can be sold at the same price as the new cars even if the quality is lower. Hence, this is a risk that comes with asymmetric information.

4) Sharing Economy

April Rinne (2017) defines “sharing economy” in an article *What exactly is the sharing economy?* on the World Economic Forum website as “Sharing economy will focus on the sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability and community.” In addition, Schor et al. (2015) implies that sharing economy as “economic activity that is Peer-to-Peer, or person-to-person, facilitated by digital platforms.”

However, in terms of social sciences, three main areas can be identified in connection with the sharing economy: (1) sociological approach; it focuses on the changing role of individuals, the more conscious and responsible consumer behaviour and the growing altruistic mentality. (2) Economics approach; in this context, the sharing economy has a positive effect on innovation and stimulates the competition. (3) Management theories: it refers to the emergence of new business models and a new type of entrepreneurship and service provider approach that may enhance the traditional industries (Codagnone & Martens, 2016).

5) Demand and Supply

Demand: According to Whelan & Msefer (1996) prepared for the MIT System Dynamics in Education Project on the topic *ECONOMIC SUPPLY & DEMAND* shows that demand is a particular rate that customers would like to buy a good or service. Economic theory explains that demand is comprised of two factors including taste and ability to buy. In this meaning, taste is the desire for a good which implies the willingness to buy the good at a specific price. Additionally, Ability to buy in this context is the ability to buy a good at a specific price meaning that an individual needs to possess sufficient wealth or income. Overall, both factors of demand (tastes & ability to buy) also depend on the market price: when the market price for a product is high, the demand will be low. When the price is low, demand is high. At very low prices, many consumers will be able to purchase a product.

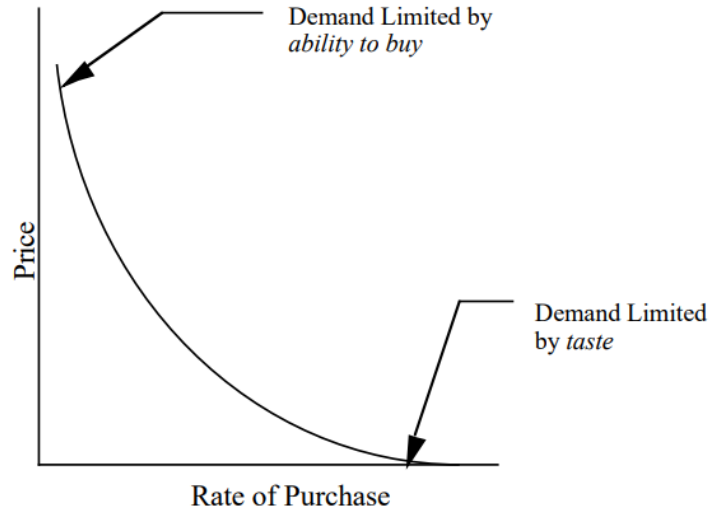


Figure 2: Demand Curve shows the rate at which consumers wish to purchase a product at a given price.

Source: (Joseph Whelan & Kamil Msefer, 1996)

Supply: It is about the willingness and the ability to sell goods and services of suppliers. The change in price will affect the supply rate. In a real market, when the inventory is lower than the desired inventory, producers will increase in product supply and the price. However, increasing supply in the short-term will cause manufacturing costs to raise, and the price will surge as well. Therefore, Changing of the price in turn increases the desired rate of production (Whelan & Msefer, 1996).

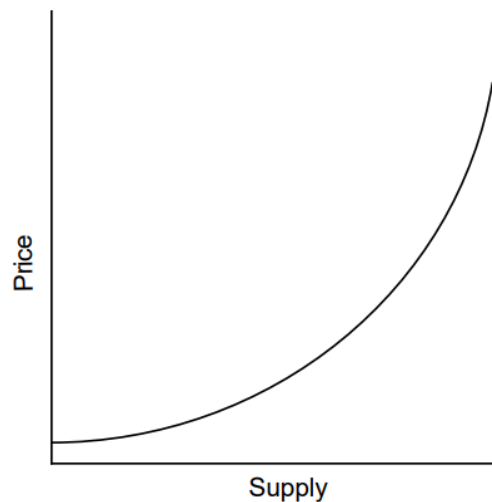


Figure 3: Supply Curve - At high prices, there is more incentive to increase production of a good. This graph represents the short-term approximation of classical economic theory.

Source: (Joseph Whelan & Kamil Msefer, 1996)

2.2 Related research

2.2.1 Introduction about Grab

Grab business came with an idea that Anthony Tan, the CEO of Grab, and Tan Hooi Ling, Grab co-founder, realized the problem of the taxi system in Malaysia including concerns about safety, price rates, and poor quality of taxi services (LIN & DULA, 2016).

Therefore, back to nine years ago, they began to launch MyTeksi in Kuala Lumpur in 2011 (which became GrabTaxi in the area outside of Malaysia) to resolve the problem by approaching several taxi companies until confronted with the fifth company (the small company with 30 taxis) and offered taxi drivers to use their product (application) in June, 2012 (LIN & DULA, 2016).

Afterwards, Grab started expanding to Manila, Philippines in August, 2013. Then, in May 2014, apart from taxis, Grab also established 'GrabCar' in Malaysia and Singapore. Moreover, in November 2014, Grab launched 'GrabBike' in Ho Chi Minh and Jakarta cities where using motorbikes and scooters are usual for their transportation. Overall, at the end of 2015, Grab had received funding from 10 investors around \$680 million dollar. Importantly, in the beginning of 2016, the tech unicorn was rebranded as 'Grab' for offering broader services to customers (LIN & DULA, 2016).

With the mission of Grab that focuses on safety enhancement, transportation accessibility, as well as improving well-being of passengers and drivers. Therefore, Grab's business model aimed to bridge the gap of the supply-demand disparity by building a platform that efficiently matched under-utilized, distributed capacity to demand (LIN & DULA, 2016).

According to Statista (2020), the net revenue of Grab Taxi in 2018 was valued at 1.1 billion U.S. dollars, which provides services to 8 countries in Southeast Asia including Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, Vietnam and the Philippines. Recently, Grab application has been downloaded over 152 million on mobile devices, with accessibility to over 9 million drivers, merchants and agents. Moreover, Grab acquires the region's largest land transportation fleet and has total rides over 3 billion rides since its establishment in 2012 (Bloomberg, 2019).

In terms of Grab in Thailand, Grab firstly entered Bangkok in October 2013 through GrabTaxi which was the first taxi booking application in Thailand as mobile-based ride-hailing service (Ackaradejruangsri, 2015). With 6 years of operating in Thailand starting from 2013-2019, Grab possesses over 320 million bookings from on-demand ride-hailing, food and parcel delivery services among

Thai users and foreign tourists among 16 provinces and 18 cities in Thailand (Grab, 2019) which shows that there's a strong demand for delivery and ride-hailing services from Grab in the country. Now, Grab offers many kinds of services to Thai customers, such as GrabTransport, GrabFood (food delivery), GrabExpress (parcel delivery), GrabFresh (grocery shopping service), together with additional services like GrabPay and GrabRewards which respond to cashless payment and incentivize the use of customers respectively (Grab, 2020). Additionally, Grab also partners with Booking.com and Agoda for booking a hotel through Grab application, along with collaborating with video-streaming service HOOQ and movie-ticketing platform BookMyShow (Trew, 2019).

2.2.2 Capability of ride-hailing services and customer behavior

As Paronda et al. (2016) studies *the comparative analysis of key performance indicators between Transportation Network Companies (TNCs) - Uber and GrabCar and conventional taxis in Metro Manila*, which 4 indicators are being tested including travel speed, reliability (the number of available vehicles at the requested pick up point), passenger expense, and quality of service, so this study will be used to prove whether Transportation Network Companies (TNCs) have a beneficial impact to transport system. The methodology used in the research is comparative analysis and surveys, such as Travel Diary Survey, Availability of Vehicle Check Survey, and performance indicator survey. However, the result demonstrates that TNCs (Uber and GrabCar) create a positive impact to the transport system since the price of TNCs is cheaper than the price of traditional taxis and it also provides a more convenient and flexible service than taxis. Additionally, Uber and GrabCar have better quality of service compared to conventional taxis, and for the number of available vehicles at the requested pick up point, GrabCar is ranked the highest value, followed by Uber and conventional taxis respectively.

Moreover, narrowing down to the area of Bangkok, Thailand, there's a study conducted by Watchareebhorn Sakunlertvattana in 2016 about *Factors Influencing Consumer Brand Choice of Top 3 Taxi Booking Mobile Applications in Bangkok: Uber, GrabTaxi and Easy Taxi* by using qualitative data through questionnaires, which discovers that the most used taxi booking mobile application is GrabTaxi (53.25%), Uber (25%), and Easy Taxi (21.75%). However, 44% of respondents is male and another 56% is female which most of male (18.75%) and female (34.5%) choose GrabTaxi. Overall, Most respondents (75.5%) are around 21-30 years old.

In addition, Ackaradejruangsri (2015) studies the insights of Grab on the perspective of market demand and market supply by using online surveys for 198 Thai passengers and on-site interviews with seven taxi drivers. The study shows that the influencing factors that passengers choose to ride with GrabTaxi are because of prompt ride, sure ride, safe ride, and comfortable ride as the result implies that there are five top reasons influencing their choice for GrabTaxi as it is easy to access (73%) and never reject passengers (73%), spending short waiting time/fast way to get to destination, reliability, and comfort/safety (64%). On the other hand, there are three major concerns among passengers that why they do not choose to use GrabTaxi service. The first reason is because it is easier to grab a taxi from the roadside (49%), secondly, they don't have access to GrabTaxi / do not know how to contact GrabTaxi (37%), and lastly, they doubt about payment method (26%), to mind that the service can be paid for through credit card only. However, recently Grab transport services can be paid by cash, credit/debit card, Alipay via GrabPay, and GrabPay with KBank already (Grab, 2018; Bangkok Post, 2019).

On the other hand, in the taxi drivers' point of view, they also have positive feedback towards GrabTaxi as they benefit from the service, such as freedom in job selection, multiple channels to connect with passengers, an efficient system, higher income, and wellbeing and support, so these reasons motivates for their engagement in the platform (Ackaradejruangsri, 2015).

2.2.3 Business strategy

As Ezzatul et al. (2019) studies Grab company over time and suggests Grab two propositions for further improvement along with analyzing the PEST analysis and the market opportunity analysis to support the idea. Hence, they suggest two ideas for improvement consisting of *Green Grab* and *Rent-A-Car* projects in Malaysia.

A. Market Opportunity Analysis

1) Green Grab

- There's an opportunity for Grab to do green business like Green vehicles which at this moment customers are aware of pollution and environmental impact. Thus, Grab can add a choice for electric cars in the app and continue promoting a campaign with a cheap price for getting electric Grabs as doing in Singapore and apply to Malaysia so that passengers can try using the service.
- Grab can benefit from the first mover advantage for Green vehicles in the market.
- In the long-term, Grab can achieve the target market in a cost-effective way because drivers don't need to pay for petrol fee.

2) Rent-A-Car

- Using an application to help customers renting a car conveniently since the car renting market is not a big threat for Grab to join yet.

B. PEST Analysis

1) Green Grab

Political factor: an increase in tax on petrol which shows that Malaysian government is concerned about environmental issues, perhaps, they may provide subsidies to Grab to help them acquire electric cars.

Economic factor: with the solid growth of Malaysian economy and the suitable environment which is competent to build the Grab idea for going green.

Social factor: eco-friendliness is a concerning issue nowadays, on the other hand, it might be disadvantageous for bicycles and wheels to do Green Grab due to the hot weather in the country because Malaysians might prefer using cars with an air conditioner.

Technological factor: Malaysia is close to Singapore which is the area that already implemented Grab electric cars, so there's a chance here to further develop. Plus, Malaysia possesses engineering skills in the country, so there's potential to create prototypes of electric wheels and bicycles here.

2) Rent-A-Car

Political factor: Malaysian people have suffered from deficit, therefore it affects them to use fewer cars. Hence, Rent-A-Car project could be beneficial for millennials to avoid paying the cost from car loans, as well as it can also reduce carbon emissions from using cars.

Economic factor: Malaysia has an impact in High exchange rate which affects oil prices, so people are influenced by car sharing rather than driving their own cars. Moreover, Rent-A-Car can make a great impact on the tourism industry from an increasing number of foreigners traveling to the country, especially for those who prefer renting a car.

Social factor: Grab can focus on working people with hectic working hours who have no time to search for car rental websites, especially users in Penang and Kuala Lumpur region.

Technological factor: Rent-A-car feature can be used with Grab driver and e-pay functions that have already launched in the application without developing a new application which will increase more cost.

Moreover, Loke (2018) also studies surrounding factors towards Grab Malaysia by using PESTLE analysis (Political, Economic, Socio-cultural, Technological, legal, and environmental aspects), as a situational analysis to review ongoing factors on Grab in Malaysia, along with using Porter's 5 forces framework to analyse the competition level of Malaysian Grab. Therefore, the results are displayed as follows:

A. PESTLE analysis of Grab Malaysia

Basically, PESTLE analysis consists of six elements including Political, Economic, Social, Technological, Legal, and Environmental factors, however in Loke's research, she interprets six above aspects in general, but mainly specifies on three main factors that influence Grab in Malaysia which includes Political, Economic, and Technological areas.

1. *Political:* Grab business was regulated by Malaysian government in 2017 which Prime Minister Najib Razak agreed on this regulation so from this approval, Grab could be used widely and legally across the country.
2. *Economic:* with the advantage of grab services, the platform can create more jobs and increase employment over 2.6 million people across Southeast Asia, and reduce unemployment at the same time which is positively influential for the overall economy. Moreover, according to

Asian Development Bank (2018) as Luke indicated in her study that “Road congestion would slightly impact around 2-5% of GDP on Asian economy every year because of the time lost on transportation and increasing cost of transport,” thus on-demand ride-hailing like Grab platform could lessen the demand for private cars, so it is able to decrease road congestion which is good for economy as mentioned.

3. *Technological:* Grab improves and enhances their technological development to benefit both Grab drivers and other partners, such as utilizing artificial intelligence and machine learning to help drivers for knowing the pick-up spot in demand of the day or providing the amount of data collected to business partners for marketing under the consent of the Grab users. Moreover, in terms of Grab users, they are raised awareness of cashless payment and introduced for using Grab Rewards on the application.

B. Porter’s Five Forces Framework of Grab Malaysia

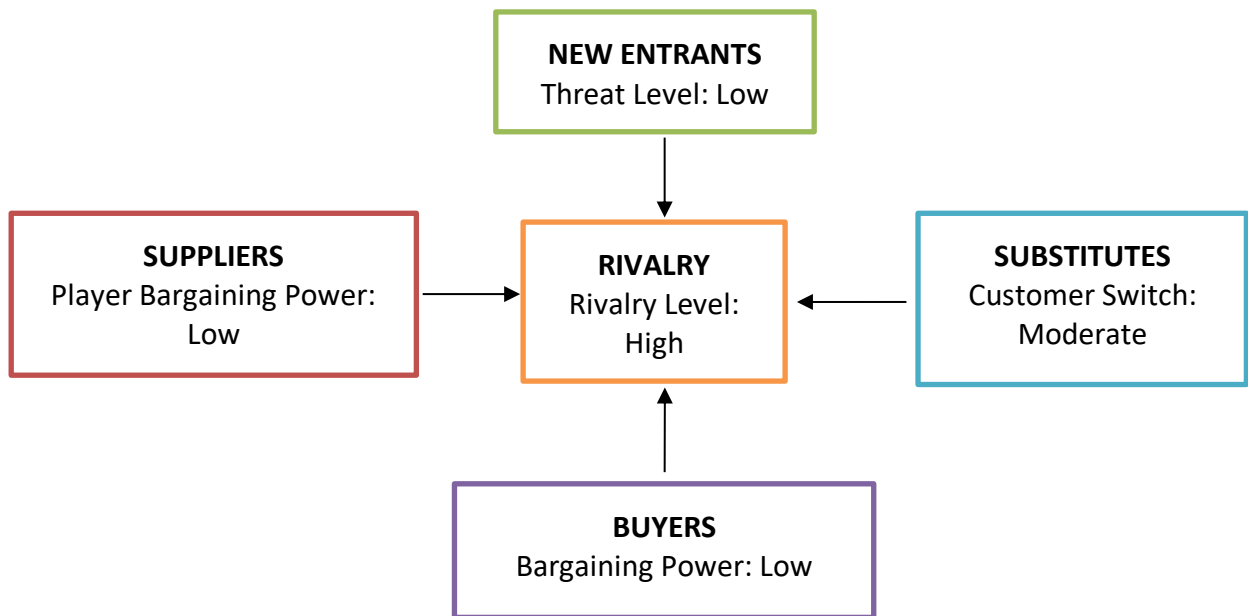


Diagram: Porter’s Five Forces Framework on GrabTaxi Holdings Pte. Ltd.

1. New Entrants

The threat level is low for new entrants which can elaborate into two factors: In the case of the local market, local people seem to trust from a trustworthy brand rather than a startup as the personality of unwillingness to take a risk of Asian culture as Vivian Choy Mun Loke explained on her research. On the other hand, in the case of new entrants, it would be costly for them to create marketing campaigns and raise brand awareness.

2. Substitutes

The threat of substitutes for Grab is moderate since it requires low costs for customers to shift from using Grab to other transport options, passengers can easily change because there is a choice for public transportation as well.

3. Buyers

The buyers of Grab possess low bargaining power since the price set by Grab is the cheapest rate compared to other taxi options, and passengers are not allowed to bargain for the taxi fare.

4. Suppliers

As Loke (2018) analyzes that the level of suppliers is low and the suppliers consist of two ways: Tech & IT suppliers, and collaborative partners together with investors. For mobile and desktop applications, Grab outsource tech & IT companies to manage them. However, for partners (collaborative partner and paid partnership), Grab is required by partners so that the bargaining power of the supplier is low.

5. Rivalry

The threat of rivalry is high as there are many players in ride-hailing service which provides similar services as Grab offers. Therefore, they must compete with each other through pricing competition and available routes to outperform in this market.

2.2.4 Influencing factors on Grab's success in Southeast Asia

As Tam et al. (2018) studies about *Grab overtaking Uber: The David versus Goliath of Ride-Hailing App in Southeast Asia* showing that there are three turning points with provided by three success factors to explain Grab achievement over time as follow:

Turning point 1: Partnership with Local Taxis

Time frame: late 2012

Grab is the first ASEAN company to participate in the ride-hailing industry, so they need to be the first mover to confront everything by themselves from the beginning. Therefore, hardship started from finding a sample fleet of taxis to try out their product, they needed to approach each company from door to door until finally he encountered the fifth company with 30 taxis to be the first partner and the first group of drivers using their platform. Moreover, since at the start, there was no local ride-hailing regulation regulated, together with vague perspective of local regulators, Grab turned out to play a crucial role for linking between licensed taxi driver, private freelance drivers, and customers by themselves as long as they attracted more drivers and built trust from a credible local venture (Lee, 2014).

- **Success factor:** Solving real social pain points

The idea of Grab emerged from the concept of solving taxi service problems, such as issues about the safety of passengers and service quality by creating a platform to connect passengers and licensed taxi drivers through an application. Importantly, Grab's founder focuses on the grass roots or the bottom (Tung, 2015) by starting to use cash and accept payment through card in early 2016 which is opposite to Uber that aims to serve high-end customers as providing UberBlack, the limousine ride-hailing service, in Malaysia in February 2013 (Tam et al., 2018).

Moreover, since Grab understands about local culture so that they are able to deliver the product that responds to customer needs, such as a real-time location sharing feature that passengers can send to others, and a button for emergency for contacting the nearest police station which Uber did not implement these similar functions until mid-2016 and 2018 respectively.

Turning point 2: Resentment from competitors and stricter regulatory control

Time frame: Mid-late 2016

As Tam et al. (2018) reveals on the research that there was a protest gathering from 10,000 Indonesian taxi drivers and 500 Malaysian taxi drivers against the biased regulation on Uber and Grab (at the time it was GrabCar) and the cheap taxi fare from pricing competition among the ride-hailing industry so that it affects local taxi's revenue which was happened in Malaysia and Indonesia. After this situation, Malaysian government imposed a regulation later in late 2017, but Indonesia temporarily banned Uber and Grab. However, from this difficulty, Grab responded to Malaysian government so well and was willing to follow Malaysian regulation by planning to connect with local partners and obey to the strict regulation, such as the details about driver registration, safety check, drivers' employment term, and data disclosure (Freischlad, 2016; Tam et al., 2018). In contrast, Uber did not quickly respond to the local regulators and lack of ineffectiveness in communication and relationship management with local regulators which will help a lot (Tam et al., 2018).

- **Success factor:** liaison with the public and local regulators

Grab performed a good performance to deal with the relationship between local regulators and realize the significance of the domestic regulation which is different from Uber that they chose bribing to overcome the problem (Newcomer, 2017; Tam et al., 2018). Additionally, Grab increasingly gained the trust from customers and employees as well (Tam et al., 2018).

Turning point 3: Acquisition of Uber's Businesses in ASEAN

Time frame: 2017-2018

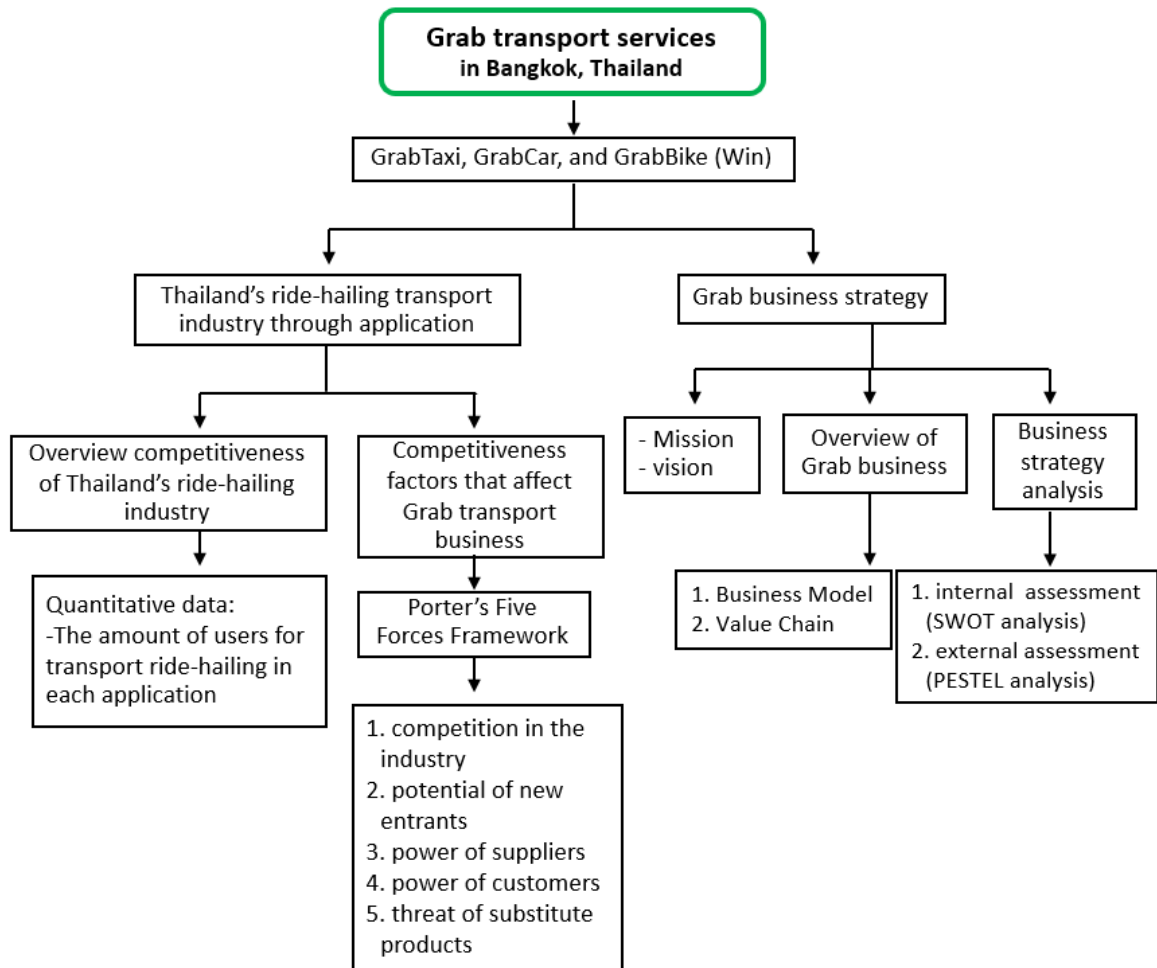
After Easy Taxi left ASEAN region in 2016, then Uber and Grab competition became more competitive in 2017 as they were the two main players in the industry (Tam et al., 2018). As in March 2018, Uber operations in Southeast Asia was acquired by Grab company and Uber received 27.5% stake in Grab and Uber's CEO, Dara Khosrowshahi, would join Grab's board members. From this deal, Grab is able to acquire Uber resources and talents as well (Grab, 2018 ;Tam et al., 2018).

- **Success factor:** understanding and meeting local needs with the following five factors

- 1) Capturing local customers' needs
- 2) Serving local needs despite the uncertain profitability
- 3) Understanding the needs of local drivers
- 4) Effective advertising with corporate social responsibilities initiatives
- 5) Local labor acquisition

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Conceptual Framework



3.2 Methods of Study

The study will apply qualitative analysis to analyze related secondary data and the quantitative data will be used to measure overview competitiveness among Thailand's ride-hailing transport industry.

3.3 Data

The secondary qualitative data used for analyzing in this research is acquired from Grab websites and other relevant sources, such as Grab related news, articles, and researches which were conducted relevant to Grab and ride-hailing transport industry in Thailand. Moreover, the quantitative data used throughout this research, such as the number of users using ride-hailing applications, is referred from the survey conducted from Bansomdej Poll, Bansomdejchaopraya Rajabhat University, during January 21-24, 2020 in case of motorcycle taxi services (two-wheeled motor vehicles) and for four-wheeled motor vehicles, the number of users used the application will refer to the number of application downloads for both drivers and passenger from Play Store and App Store which received the secondary data from a research conducted by CONC Thammasat in 2019.

3.4 Data Analysis

As the research topic is about an analysis of the industry and business strategy of ride-hailing transport service in Thailand: A case study of Grab business. Therefore, this study will use PESTEL analysis to analyze Grab business strategy from influenced external factors including 6 determinants: Political, Economic, Social, Technological, Environmental, and Legal factors, as well as to study internal factors of Grab business strategy through SWOT analysis (Strength, Weakness, Opportunity, and Threat) in economic perspective. Moreover, this research will investigate Grab's business model for ride-hailing transport service using Business Model Canvas as a tool along with studying Grab's value chain to understand more about the overview of Grab business.

Additionally, Porter's Five Forces model will be applied to study Grab's competitiveness factors in five dimensions including Competition in the industry, Potential of new entrants into the industry, Power of suppliers, Power of customers, and the Threat of substitute products, together with using the number of users in each ride-hailing transport application to compare market share and study overview competitiveness of Thailand ride-hailing transport industry in general.

First Mover Advantage Theory

Grab entered Thailand in October 2013 (Bangkok Post, 2017), following with Uber started operating in Thailand in 2014 (MarketingOops, 2017). Hence, Grab company can be advantageous to gain customer loyalty in the first place, together with Grab's decision to acquire Uber company which made Grab stronger since Grab was able to get Uber talents and expand customer base in Southeast Asia region from this deal (Russell, 2018). Hence, it shows that Grab benefits from the first mover advantage and currently has the power to control ride-hailing services in the region over its rivals.

Economy of Scope

In the case of Grab, apart from transport services, such as GrabCar, GrabTaxi, and GrabBike, the company also offers a variety of services to customers through the one application including GrabFood for food delivery, GrabExpress for delivering parcels and documents, booking a hotel via Grab application, or even booking a ticket for cinema, and etc. Therefore, Grab is kind of a super app that yields many services to customers in one application which is relevant to the concept of economy of scope that producing a variety of goods and services will decrease the cost of producing only one product at a time since all Grab services are based-on ride-hailing which uses a vehicle as the means of transporting goods and people. Therefore, more services can be arised from Grab's core resource which is a ride-hailing service and Grab platform.

Asymmetric Information

In terms of Grab transport services, using Grab application helps customers eradicate the barrier of asymmetric information between car drivers and passengers as well as to make the information transparent since Grab provides customers about the details of the car, the driver, and current location, so customers can decide or use this information for their security when using ride-hailing service.

Sharing Economy

On Grab ride-hailing transport platform, it is how the sharing economy works as Grab drivers will have their own vehicle regardless of motorcycles, cars, or taxis, and they will share this asset through Grab platform to customers or passengers in the community that need this kind of ride-hailing transport services to commute to a particular place without using their own vehicle. Therefore, this is a win-win situation between drivers and passengers. Drivers can get a job along with getting passengers. On the other hand, the passengers get a ride to their destination.

Demand and Supply

Demand comes from passengers who want to hail for a ride to a place, and supply comes from drivers who have their own cars and are ready to service customers to their destination. Hence, Grab ride-hailing transport service platform makes this transaction easier and more accessible by connecting drivers with passengers and creates an equilibrium that demand meets supply through the application.

CHAPTER 4 RESULTS

Since this research aims to focus on the analysis of the industry and business strategy of ride-hailing transport service in Thailand by particularly studying a case study of Grab business. Therefore, with the definition of business strategy which is defined in Chapter 1 as the firm's working plan for achieving its vision, prioritizing objectives, competing successfully, and optimizing financial performance with its business model (Marty Schmidt, 2019).

Therefore, to understand more about Grab business, first of all, beginning with the mission and vision of Grab company:

Grab	Mission	Grab's mission is to revamp the safety and accessibility of transportation, as well as to improve the lives of passengers and drivers (LIN & DULA, 2016).
	Vision	Grab's vision is to "Drive Southeast Asia Forward," by elevating the quality of life for everyone (Grab social impact report, 2018-2019).

Thus, recently Grab application does not provide only ride-hailing transport service and food delivery, but also offers other services to enhance customer's life, such as GrabDelivery, GrabGroceries, and GrabDriveYourCar in Drive for Me feature.

Explore Grab

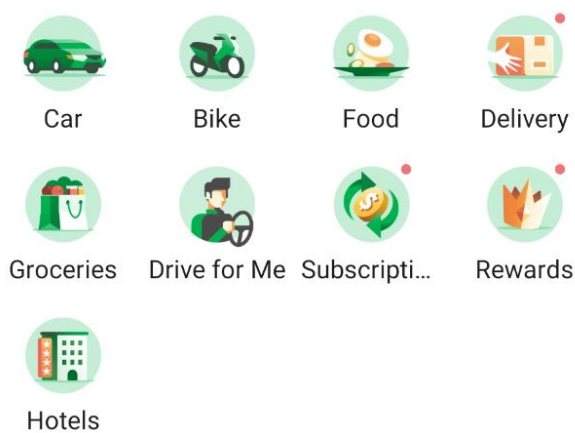









Figure: this picture shows services of Grab application in Bangkok, Thailand on mobile phone.

Source: Grab mobile application

4.1 Understanding overall Grab business model (transport services) in Bangkok, Thailand through Business Model Canvas

Key Partners  <ul style="list-style-type: none"> - Funding Investors (46 investors) - Drivers (car drivers, taxi drivers, and motorbike riders) - Payment partner (KBank, Alipay, Credit/Debit card) - Business partners (TAT, NUS, Samsung, etc.) - Thai regulators for imposing the laws for Grab business 	Key Activities  <ul style="list-style-type: none"> - To provide on-demand transport services for passengers to reach the destination safely and conveniently through Grab application. 	Value Propositions  <ul style="list-style-type: none"> • GrabBike (Win) <ul style="list-style-type: none"> - Serving accessible on-demand motorcycle riding service to a pinned location with price transparency, safety and security from real-time tracking. • GrabCar <ul style="list-style-type: none"> - Accessible ride-hailing service that provides comfort and security for passengers with various types of private cars to choose. • GrabTaxi <ul style="list-style-type: none"> - Providing accessibility, safety, and security in on-demand riding service with price transparency for customers. 	Customer Relationships  <ul style="list-style-type: none"> - Self-service by using Grab application to request for a selected vehicle to pick up and deliver to a place. 	Customer Segments  <ul style="list-style-type: none"> ➔ Multi-sided market <ul style="list-style-type: none"> • For Drivers/riders <ul style="list-style-type: none"> GrabBike (Win): Riders who have a motorcycle and a smartphone which want to earn an income mainly or alternatively with GrabBike. GrabTaxi: Those who own a taxi as a job and a smartphone which want to earn an income alternatively or mainly through Grab platform. GrabCar: Those who have a private car and a smartphone which want to earn an income with Grab mainly and alternatively • For Passengers <ul style="list-style-type: none"> GrabBike (Win): Those who commute alone and want to conveniently reach the destination within the fast time. GrabTaxi /GrabCar: Those who ride alone or with others which want convenience and security in taxi/car riding service.
Cost Structure  <ul style="list-style-type: none"> - Fixed costs: employee salary (full-time), rental fee, monthly dividend for investors, analytics tool payment - Variable costs: payment for drivers, technical infrastructure for the app, architecture of the system, contract workers, marketing cost 		Revenue Streams  <ul style="list-style-type: none"> - Grab company: <ol style="list-style-type: none"> (1) Grab takes off 15% of commission fee (for private cars) and 10% (public vehicles) from car rides per time based on distances, and sometimes includes surge pricing during peak hours. (2) Grab application usage fee from motorcycles 1 baht per ride and 3 baht per ride for private cars except GrabTaxi. 		

1. Key Partners

- Funding Investors (48 investors) which Mitsubishi UFJ Financial Group and TIS Japan are the most recent investors (Crunchbase, 2020, accessed on April 23, 2020).
- Drivers (car drivers, taxi drivers, and motorbike riders)
- Payment partners (KBank, Alipay, Credit/Debit card)
- Business partners (TAT, NUS, Samsung, etc.)
- Thai regulators for imposing the laws for Grab business

2. Key Activities

- To provide on-demand transport services for passengers to reach the destination safely and conveniently through Grab application

3. Key Resources

- Grab application system
- The number of Grab users and Grab drivers registered in the platform.

4. Cost Structure

- **Fixed costs:** employee salary (full-time), rental fee, monthly dividend for investors, analytics tool payment
- **Variable costs:** payment for drivers, technical infrastructure for the app, architecture of the system, contract workers, marketing cost

5. Value Proposition

- **GrabBike (Win):** Serving accessible on-demand motorcycle riding service to a pinned location with price transparency, safety and security from real-time tracking.
- **GrabCar:** Accessible ride-hailing service that provides comfort and security for passengers with various types of private cars to choose.
- **GrabTaxi:** Providing accessibility, safety, and security in on-demand riding service with price transparency for customers.

6. Customer Relationships

- Self-service by using Grab application to request for a selected vehicle to pick up and drop off at a place.

7. Customer Segments

→ Multi-sided market

- *For Drivers/riders*

1. **GrabBike (Win):** Riders who have a motorcycle and a smartphone which want to earn an income mainly or alternatively with GrabBike.
2. **GrabTaxi:** Those who own a taxi as a job and a smartphone which want to earn an income alternatively or mainly through Grab platform.
3. **GrabCar:** Those who have a private car and a smartphone which want to earn an income with Grab mainly and alternatively

- *For Passengers*

1. **GrabBike (Win):** Those who commute alone and want to conveniently reach the destination within the fast time.
2. **GrabTaxi /GrabCar:** Those who ride alone or with others which want convenience and security in taxi/car riding service.

8. Revenue Streams

Grab company:

1. Grab takes off 15% of commission fee (for private cars) and 10% (public vehicles) from car rides per time based on distances, and sometimes includes surge pricing during peak hours.

2. Grab application usage fee from motorcycles 1 baht per ride and 3 baht per ride for private cars except GrabTaxi.

9. **Channels**

- ***Awareness:*** Facebook, Instagram, and Twitter
- ***Evaluation:*** Grab website and application
- ***Purchase:*** Grab application on devices with offline and online payment in application
- ***Delivery:*** a vehicle with a car driver or a rider with scooter
- ***After-sale:*** Grab application

4.2 Grab's Business Strategy analysis: internal and external assessment

PESTEL Analysis:

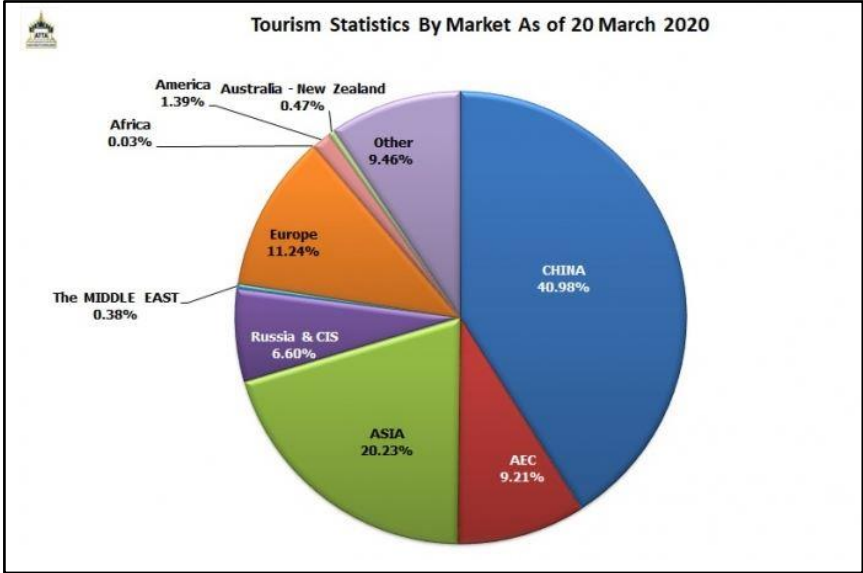
to evaluate the external factors that affect Grab business strategy using PESTEL model as a tool

PESTEL Analysis of Grab in Bangkok, Thailand	
Political	<ol style="list-style-type: none">1. The decreasing price of MRT railway (purple line) in Bangkok: The fare of MRT railway (purple line) decreased to 20 baht for all stations in the purple line, so this regulation was effective within 3 months from December 25, 2019 - March 31, 2020 (ThaiPBS, 2019). Therefore, it could reduce passengers' demand for using Grab in the area of MRT (Purple line) since the price of MRT is cheaper than Grab base fare which costs 30 baht.2. Thailand's 20-year National Strategy on transportation development: As the Office of Transport and Traffic Policy and Planning, Ministry of Transport, aims to focus on inclusive transport, transport efficiency, and green & safe transport as a part of Thailand's 20 Years Transportation System Development Plan which impacts positively to Grab vehicle services since Grab has already begun to revamp ride-hailing transport services that provide safety and accessibility for all passengers. However, as Grab launched "GrabAssist" project in 2018 for people with disabilities in Bangkok area which was an encouraging beginning to drive for inclusive transportation, but this function should be implemented and expanded widely in other areas outside Bangkok as well. Therefore, it is an opportunity for Grab to further develop in the transportation industry corresponding to the government's goal in the future.3. Launching TaxiOK application for taxi services: Department of Land Transport launched TaxiOK application for enhancing traditional taxis which will be another choice for passengers for using on-demand ride-hailing transports in parallel with GrabTaxi services as these two products are substitute goods in economics. However, Grab platform provides various types of vehicles apart from taxis which is beneficial for customers due to a variety of choices and brand reputation. Overall, it depends on customers which application they want to use, but as TaxiOK application will charge customers for the app usage fee around 20

baht, together with the taxi base fare 35 baht, then the total fee would be 55 baht. Thus, if the fare is in the same range, launching TaxiOK application might not dramatically impact Grab since Grab is advantageous from the first mover advantage to gain a customer base on their platform.

Economic

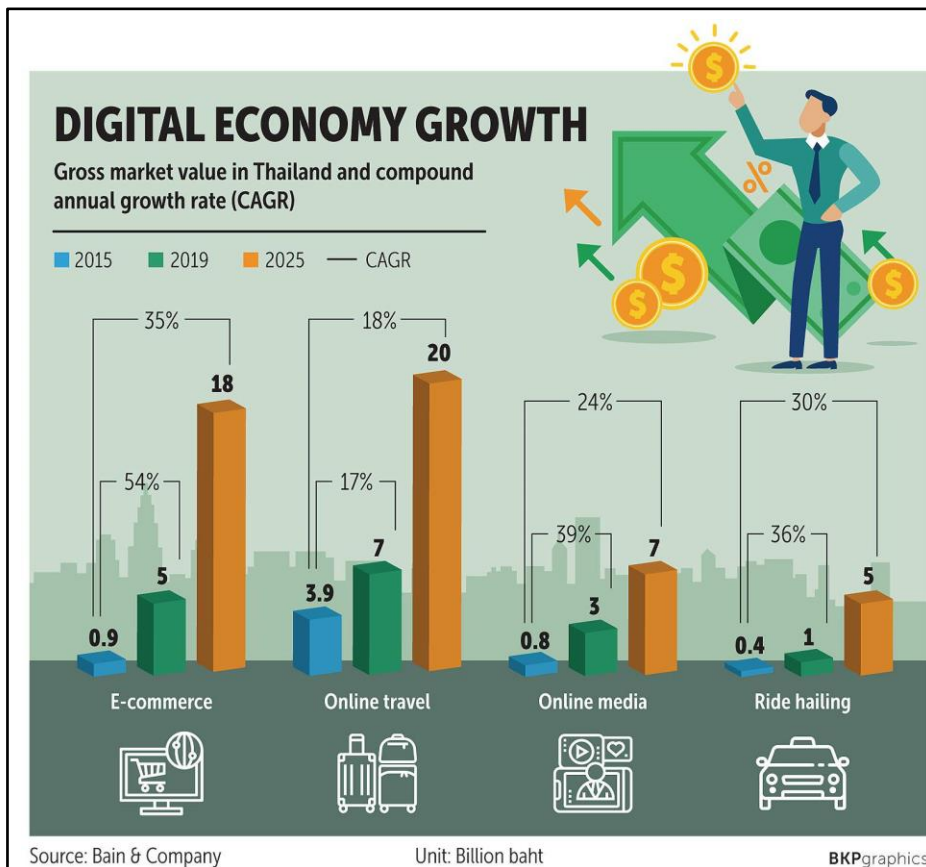
1. The increasing number of tourists traveling to Thailand can affect demand for using Grab ride-hailing service to raise up due to 1 in 3 of Grab users are foreigners which come from China, Malaysia, Singapore, South Korea, and Indonesia (Investerest, 2019). Meanwhile, according to the tourism statistics presented by The Association of Thai Travel Agents shows the percentage of arrival tourists in Thailand by market in March 20,2020 that the major inbound travellers will come from China 40.98%, Asia 20.23%, and AEC 9.21% as shown in the figure below. Thus, Grab can benefit from the amount of travellers coming to Thailand by launching Chinese language in the application to service Chinese customers and promoting promo codes or using marketing tools to boost foreign customers during the high season in Thailand.



(Source: Association of Thai Travel Agents, 2020)

2. As Zoho Corp, an India-American software development company, explained on Bangkok Post website in December 2019 about *Eight emerging and evolving digital trends in 2020*, so the trend consists of sharing economy and digitised economy as a part of the trend. Thus, this is a significant impact for Grab platform, especially ride-hailing transport services that connect digital

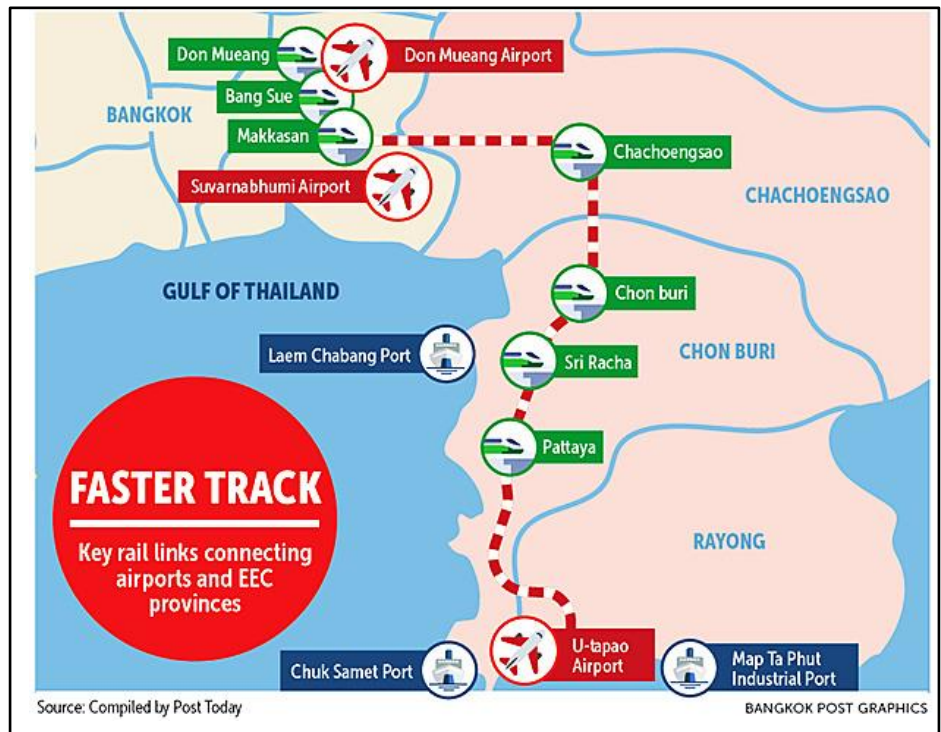
devices on the platform, because the business is on the trend which means Grab application is in the good direction to move forward and continuously grow in Thailand market corresponding to the digital economy growth in the following given figure.



3. According to a research conducted from CONC Thammasat which indicates that Thai ride-hailing industry is valued at 6% of Thailand's GDP in ground transport sector which is around 21 billion baht in 2018 and the value will reach 120 billion baht in 2025, or about 20-25% of the ground transport sector's GDP. Thus, when saying about Thailand, it's not only about Bangkok area or main provinces, but also other secondary provinces outside Bangkok. Hereby, Thailand's ride-hailing industry has a potential to extend which Grab can play a crucial role in this market as well as contributing to Thailand's GDP value by adding on-demand ride-hailing service widely to secondary provinces and adjusting with local transports since when Thai people become a tourist and travel to these secondary provinces, so without their transport ownership, Grab transport services can be a choice for them to take a ride because of the accessibility.

4. Corresponding to the theory of first mover advantage, being the first mover to enter Thailand on-demand ride-hailing transport market via an application is an opportunity for Grab to expand their business conquer the local market scale or add new options for on-demand transport services as Grab entered Thailand in 2013 (Grab, 2017), and Uber started establishing in 2014 (MarketingOps, 2017). Even though, there might be some new players in the ride-hailing transport market like LineTaxi or GET WIN (motorcycle), but Grab still has some valuable resources like talents and technologies from its parent company in Singapore and Uber as well.

5. Regarding the establishment of Eastern Economic Corridor (EEC) of Thailand for a special economic zone as a part of Thailand 4.0 action which expands the development areas to three provinces in eastern region including Chachoengsao, Chonburi, and Rayong provinces, Therefore, this plan can be an opportunity for Grab transports to scale up through the local areas of these provinces in the future since this EEC will be a business center and the connecting point of three airports including Don Mueang International Airport, Suvarnabhumi Airport, and U-Tapao International Airport.



<p>Social</p>	<ol style="list-style-type: none"> 1. The rise of urbanization movement in Southeast Asia: <p>As Digital Economy Promotion Agency (DEPA), together with Frost & Sullivan, established a document about Thailand Digital Technology Foresight 2035 implying that urbanization in Southeast Asia would reach 53% in 2025 which the mega regions consist of Greater Bangkok, Greater Jakarta, and the capital region in Philippines. For this reason, infrastructure and transportation are prominent for the population living in a growing urban city like Bangkok. Thus, it generates a positive impact and potential growth for Grab transport services since the number of users tend to increase in the future during urbanization which ride-hailing can be an on-demand transport service that fulfill their need for convenience. However, to be ready for that, Grab should recruit the number of Grab drivers to be sufficient with the number of increasing passengers and ensure that the well-being and insurance of Grab drivers are concerned and prepared in advance.</p> 2. Effect of Coronavirus outbreak (COVID-19) from Wuhan city in Hubei province of China: <p>Beginning with February, 2020, There was a news occurring in Thailand that a Thai taxi driver in Bangkok was infected by Coronavirus which the virus transmitted from human to human (Bangkok Post, 2020). Although, the taxi driver is not a Grab taxi driver, but this news shows that Grab should be aware of the security and hygiene of drivers and passengers during this ongoing epidemic, especially for Chinese passengers from risky areas. However, currently it is in April 2020 which covid-19 outbreak becomes a worldwide pandemic and also impacts Grab on-demand ride-hailing services. Therefore, the demand of passengers might decrease among this outbreak, but still food delivery is necessary during the quarantine period, so it is great for Grab to leverage Grab drivers with service from GrabFood and GrabExpress during the covid-19 situation to sustain their revenue.</p> 3. Aging society in Thailand: <p>Thailand is facing an aging society so that I will analyze this social issue by dividing it into two perspectives: drivers and passengers. On one hand, Grab can keep pace with this ongoing trend by influencing and promoting the elderly to work with Grab as a Grab driver to generate income and create jobs for them. On the other hand, in the perspective of Grab passengers, Grab can raise an issue about the inclusive service which is ready to serve</p>
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	<p>the elderly people and for all since the barrier between old people and Grab application might be the use of technology.</p>
<p>Technological</p>	<ol style="list-style-type: none"> 1. 5G auction in Thailand: <p>In the middle of February, 2020, a 5G auction happened in Thailand which raised the value around 100 billion baht. The result announced that Advanced Info Service Plc (AIS) won the most 5G licenses among other competitors. Hence, this situation can affect Grab's IT infrastructure to operate and signal with 5G devices in the near future, together with greater big data management that the company needs to deal with. On the other hand, 5G will enhance Grab's technology to be more efficient in riding experience and using IOT service.</p> 2. Personalized customer experience: <p>With the surge of data received from customers everyday, every minute, every second, therefore this data generates a great amount of data collection that Grab can utilize as a tool to effectively engage with customers and create a promotion or advertisement based on customers' behaviors. Hence, Grab can utilize and benefit from data analytics and apply this asset for Grab development in advance.</p> 3. The effect of technology diffusion: <p>The increasing number of internet users or the number of internet penetration rates in Thailand indicates a rapid increase from 53% in 2017 to 70% in 2020 and the rate is predicted to increase to 82% in 2023 as shown in the following figure (Moore, 2020). Thus, it indicates that the ride-hailing market in Thailand has a possibility to progress and Grab can attract more users to the platform since the internet is a basic tool to access on-demand transport services from Grab application.</p>

	<div data-bbox="607 212 1463 785" data-label="Figure"> <table border="1"> <caption>Internet user penetration in Thailand from 2017 to 2023</caption> <thead> <tr> <th>Year</th> <th>Share of population</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>53%</td> </tr> <tr> <td>2018</td> <td>59%</td> </tr> <tr> <td>2019*</td> <td>65%</td> </tr> <tr> <td>2020*</td> <td>70%</td> </tr> <tr> <td>2021*</td> <td>75%</td> </tr> <tr> <td>2022*</td> <td>79%</td> </tr> <tr> <td>2023*</td> <td>82%</td> </tr> </tbody> </table> </div> <p data-bbox="867 827 1143 856" style="text-align: center;">(Source: Statista, 2020)</p>	Year	Share of population	2017	53%	2018	59%	2019*	65%	2020*	70%	2021*	75%	2022*	79%	2023*	82%
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2023*	82%																
<p>Environmental</p>	<ol style="list-style-type: none"> <li data-bbox="581 894 1489 1276"> <p>1. Sustainability trend in business:</p> <p>With the rising of climate change issue nowadays, Grab can utilize this trend to drive the business strategy towards a sustainable business in which the company could plan a project for reducing carbon emission through a carbon offsetting program that targets to plant trees as equals as carbon footprint the company emitted in order to run the business together with taking care of the environment. Although, there might be many cars registered with Grab, but Grab can also implement the plan for a particular day or a particular area as a special project.</p> <li data-bbox="581 1318 1489 1856"> <p>2. The trend of electric vehicles (EVs):</p> <p>According to the report of KMTG about electric vehicles in January 2018, the report mentions that the popularity of using electric vehicles in Thailand is still in the minimum rate as the statistics from the Land Transport Department reveals that the number of registered hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) were at 84,236 units, while only 63 units were battery electric vehicles (BEVs). However, the report claims that EVs are expected to be commercialized in Thai market in 2025, and by 2036, Thai government proposes to install 690 charging stations and 1.2 million electric vehicles in the country (KPMG, 2018, p.1).</p> <p>Even the EVs will be a long-term plan to be launched in Thailand, but electric vehicles like HEVs, PHEVs, or BEVs could be</p> 																

	<p>an added advantage for Grab to create a new choice of transports for customers in the eco-friendly approach. At the same time, Grab application can engage with customers by showing how much carbon emission the customers help to reduce per a ride while using EVs.</p>
<p>Legal</p>	<ol style="list-style-type: none"> 1. Grab transport services in Thailand were expected to be legalized in March, 2020 (Bangkok Post, 2020). However, if Grab is proclaimed publicly to be legal, then it would be easy for both Grab drivers and Grab passengers in using services as well as to expand on-demand ride-hailing services to other provinces in Thailand without the opposition from local transport services. 2. Data protection: Thailand imposed the Personal Data Protection Act, B.E. 2019 or PDPA which will become effective from May 27, 2020 afterwards. Therefore, Grab business should be aware of data privacy of users when receiving customers' data on their platform. Hence, Grab should create a consent for customers every time to gain permission to access the data.

SWOT Analysis:

To analyze the internal assessment of Grab business strategy through SWOT model

<p>Strengths</p>	<ol style="list-style-type: none"> 1. Grab has been doing strategic partnerships with big and leading companies in Thailand like Central Group for doing O2O campaigns (Offline-to-Online channel) and KBank for financial assistance which these companies are thought partners for doing business and moving forward together with Grab in Thai market. For doing so, Grab has received support from these established organizations and shared the common goal with each other. For example, the case of KBank, Grab hands with Kasikorn bank for working on digital banking and solving financial solutions to transform Thailand to be a cashless society, as well as, Grab also launched the wallet option as GrabPay Wallet for in-app payment powered by KBank (Grab, 2018). 2. Grab is concerned about safety as their priority for both passengers and drivers which really differentiates Grab service and the service from conventional taxis. For example, the safety of Grab passengers, the customers can click a feature called “Share My Ride” for sharing the real-time tracking journey to friends or family members while taking a ride which is beneficial in case of emergency, and this function is definitely helpful for women or elderly who travel alone (Grab, n.d.). Moreover, for the safety of drivers, Grab also provides the Group Personal Accident insurance for GrabCar rides and GrabBike rides which will be eligible for both Grab drivers and passengers after the booking is confirmed (Grab, 2016). 3. Grab does not only create jobs for drivers, but also takes care of drivers’ welfare as a special partner. For instance, Grab offers scholarships to Grab drivers’ children by supporting their educational tuition fees around 200 children which value one million in total. Besides, Grab also cooperates with the Social Security Office under the Ministry of Labour to provide social security for drivers to receive compensation for medical payments, accidents, and other welfare benefits under Section 40 of Thai law (Grab, 2018). Hence, It is not only an amount of money, but also the quality of life for Grab’s workers.
<p>Weaknesses</p>	<ol style="list-style-type: none"> 1. Grab company is not responsible for any cases of losses or accidents that provided by Grab drivers, so this might affect Grab drivers to bear the burden by themselves as there’s an agreement written in Terms of Use that “If you are a Third Party Provider, you further represent, warrant or undertake that: You shall be solely responsible for any and all claims, judgments and liabilities resulting from any accident, loss or

	<p>damage including, but not limited to, personal injuries, death, total loss and property damage which is due to or is alleged to be a result of the transportation/delivery service provided by you” However, “Third Party Provider” means the independent third parties who provide the Solutions to Users through the Service, including drivers, delivery partners and third party merchants (Grab, 2019).</p> <p>2. For GrabTaxi service, the fare will be metered-base, but there might be additional charges for toll, so the shown price on the application might not be the final price that passengers need to pay if GrabTaxi takes a toll route. Therefore, it might be better if the application can show whether the ride will use the toll route so that customers can prepare their money in advance.</p>
<p>Opportunities</p>	<p>1. As originally Grab emerged from a startup so there might be a cultural spirit of startup that encourages Grab to be ready for change and make progress all the time. Therefore, Grab employees might be fostered to be active in working and adaptable for change as finally talents will be a key resource to drive the company. Hereby, this is a positive impact for Grab.</p> <p>2. Government organization like TAT (Tourism Authority of Thailand) is interested in collaboration with GrabTaxi (Thailand) as they run a project together called “Tourism Smart Data, The Time Is Now” which TAT would like to utilize the data system from Grab to know the insights of international and local travellers in order to analyze and use it for Thailand’s tourism development and contribution to local communities (Grab, 2019). From this point, it shows that Grab has the core technology and crucial data as their asset, so it attracts partners and positively helps Grab to raise brand awareness through project collaboration.</p> <p>3. With the new appointment of Country Head of Grab Thailand, Tarin Thaniyavarn, who has the vision and strong leadership to renovate the organizational structure and to take an action for achieving the company’s vision progressively as the Grab’s vision is elevating the quality of life for everyone (Grab Social Impact Report, 2018-2019). Thus, after he was appointed to this position, there are many added services provided by Grab, such as GrabFinancial (Micro-lending service), GrabExpress (parcel delivery), and GrabFresh (grocery shopping) which have transformed Grab to be a super app rapidly, along with on-demand ride-hailing services that are currently provided to around 20 provinces in several regions of Thailand as shown in the figure below, and will drive to 30 provinces in 2020 nationwide.</p>

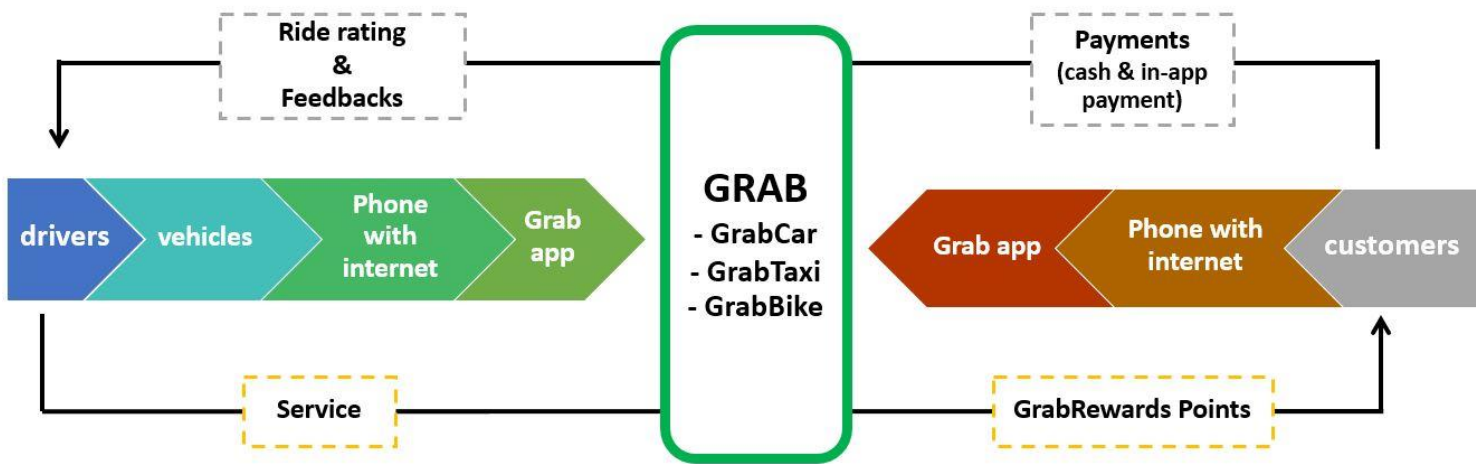


(Photo source: The Nation Thailand, 2020)

4. Competition in the on-demand ride-hailing industry has a great impact on Grab in helping to do marketing for customers to raise awareness in this ride-hailing market in Thailand as well as to encourage Grab to improve their organization and make their service better.
5. Grab is certified for ISO 9001:2015 and it's the first ride-hailing industry globally to be certified for this certification. Hence, this award proves that Grab has a quality management system which customers can ensure in the standard quality of Grab services (Grab, 2016). Therefore, it makes Grab company reliable and qualified.

<p>Threats</p>	<ol style="list-style-type: none"> 1. With the existence of traditional transport service, such as the conventional tradition of WIN (motorcycle taxi) which each motorcycle rider is required buy a driver vest that values over 100,000 baht and even more costly among the business areas in Bangkok, so from this, it can put the pressure on local motorcycle taxis when GrabBike drivers can easily become and take the similar job without bearing any expensive payment (Workpoint News, 2019). Therefore, this might be the conflict for Grab on-demand ride-hailing service that cannot be legalized smoothly and somehow it affects GrabBike drivers' security which is the core resource of Grab transport service business. 2. As Grab is still illegal in Thailand, hence in practical terms, Grab does not get full support from the government to go Live as the best potential as Grab is supposed to be, so from this issue, it might impact Grab driver partners when providing services to customers as well. 3. Negative feedback against Grab transport services on social media like Facebook, Twitter or Pantip might be able to affect the perception of customers towards Grab application. 4. The main source of Grab's revenue comes from fundings from the investors, so without the initial funding, Grab wouldn't be financially supported to a recent position and Grab is dependent on the investors which is uncertain somehow.
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4.3 Grab's Value Chain Analysis



From this value chain analysis of Grab services (GrabCar, GrabTaxi, and GrabBike), so the key players are two sides which are drivers in the left side and customers in the right side which Grab platform in the intermediate platforms between these two key players. However, Grab drivers will deliver a service to customers and customers will pay the fare for drivers in return, so the fare can be paid through cash or in-app payment. Then, after the booking is confirmed and service is ended, customers will give a rating and feedback to drivers, at the same time, users will also receive GrabRewards points for their account. On top of that, this transaction will not happen, if drivers do not possess their own registered vehicle, a phone with internet, and Grab application to apply for an account. On the other hand, passengers cannot use the on-demand ride-hailing transport service, if they do not have a phone with internet and Grab application on their phone. Overall, this is a value chain of ride-hailing transport service on Grab platform.

4.4 Overview competitiveness of Thailand's ride-hailing transport industry

4.4.1 Players in Thailand's on-demand ride-hailing market for both two-wheeled motor vehicles and four-wheeled vehicles

Ride-hailing transport services	Players in the market	Brand Logo
Two-wheeled motor vehicles	1. GrabBike (Grab company)	
	2. GetWIN (GET company)	
	3. Go Bike (Motorcycle Taxi Association Thailand)	
Four-wheeled motor vehicles	1. GrabCar & GrabTaxi	
	2. LINE MAN Taxi	
	3. Taxi OK* Mr. Saksayam Chidchob, Minister of Transport , addressed to stop operating the TaxiOK system as it is the burden cost for taxi drivers (PPTV Online, Prachachat, August 7, 2019).	

Remarks: this figure focused on the Bangkok area only.

Two-wheeled motor vehicles

Figure 1:

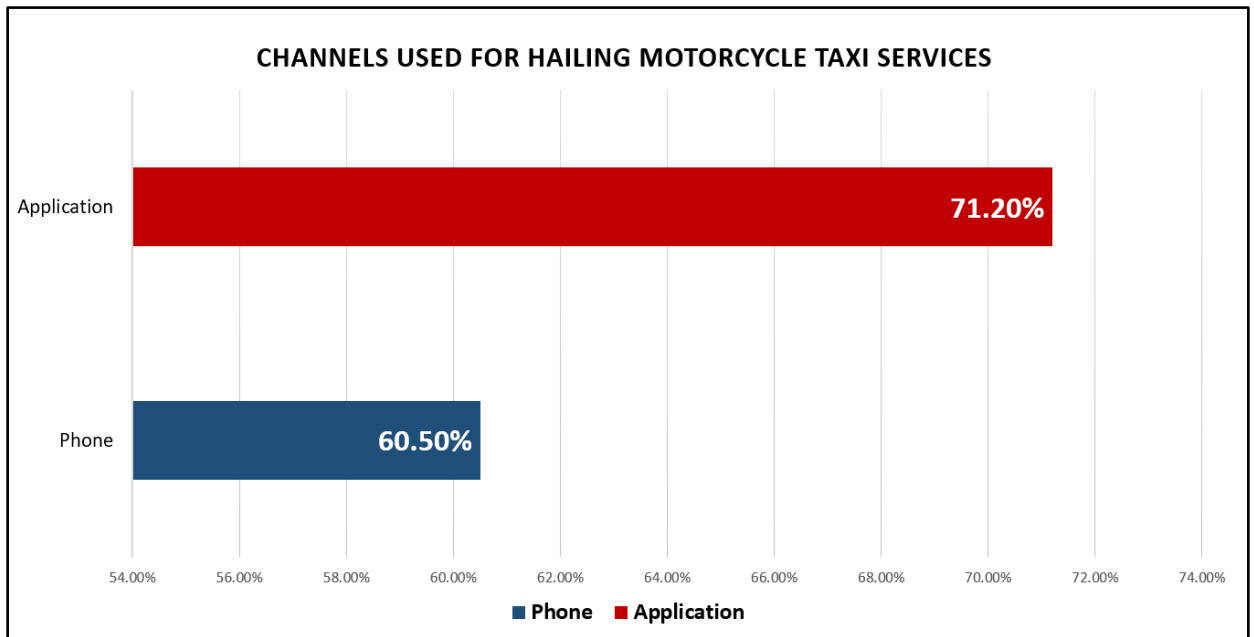
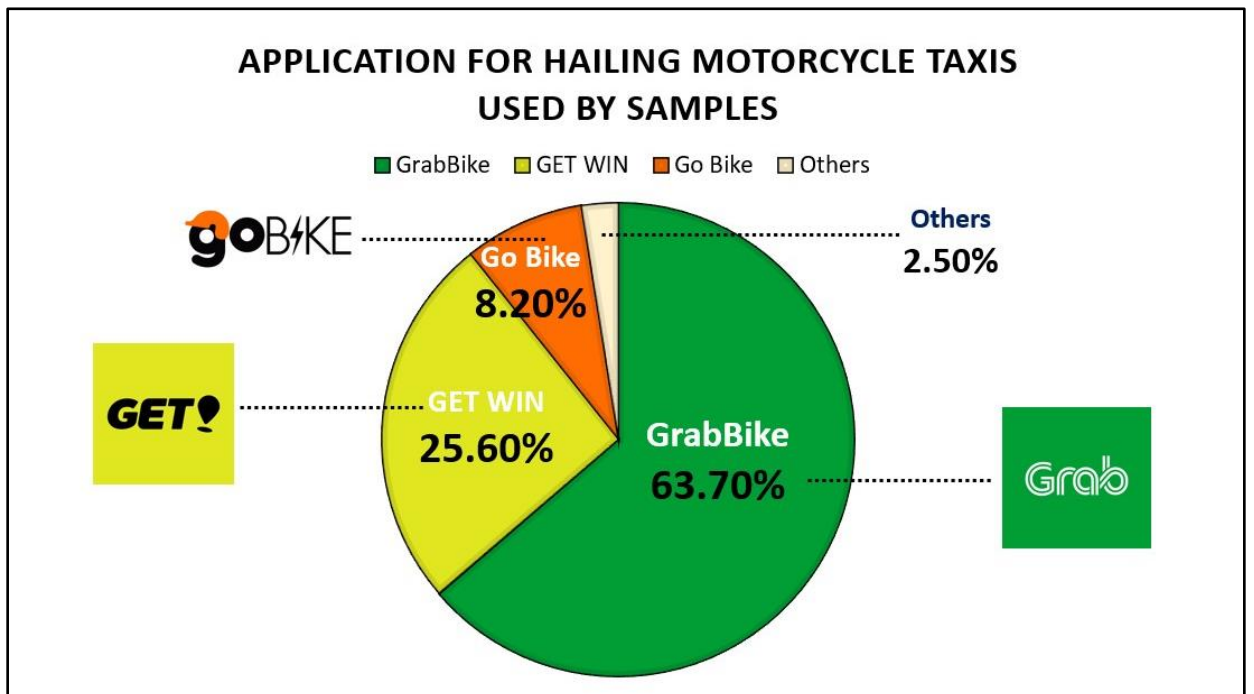


Figure 2:



Data collected: Bansomdej Poll, Bansomdejchaopraya Rajabhat University, January 21-24, 2020
(**Source:** Institute for Research and Development, Bansomdejchaopraya Rajabhat University, 2020)

According to Bansomdej Poll, Bansomdejchaopraya Rajabhat University, conducted a survey about the opinion of users towards motorcycle taxi services in the area of Bangkok by collecting 1,117 from January 21-24, 2020 using Taro Yamane method to calculate the sample size as the population is more than 100,000 then the sample size should be 1,111 samples for achieving confidence level at 95% and acceptable error should not exceed 3%. However, the result shows that 60.5% of samples have been used to hail motorcycle taxis through phone, and 71.2% of samples have been hailed the motorcycle taxi service through application as shown in Figure1, however the applications that the sample users use are including GrabBike 63.7%, GET 25.6%, Go Bike 8.3%, and others 2.5% as presented in Figure 2. (Institute for Research and Development, Bansomdejchaopraya Rajabhat University, 2020)

Therefore, Studying this primary data conducted by Bansomdej Poll indicates that Thailand's ride-hailing for motorcycle taxis (two-wheeled motor vehicles) is an oligopoly market since there are a few firms participating in this market which Grab dominates the market over a half of the percent measured by the percent that samples select for using the service, following with GET WIN from Gojek company (Indonesia) as the second player. As a consequence, GrabBike is in the top popularity among users for motorcycle taxi service through application in Bangkok area, Thailand.

Four-wheeled motor vehicles

Figure 3:

Comparison of Ride-hailing Transport Service Provider in Bangkok, Thailand		
Company (Juristic Name)	GRABTAXI (THAILAND) COMPANY LIMITED	LINE MAN (THAILAND) COMPANY LIMITED
Registered No:	0105556090377	0105562160721
Service name	<ul style="list-style-type: none"> ● GrabCar ● GrabTaxi (under Grab application) 	<ul style="list-style-type: none"> ● LINE MAN Taxi (On-demand taxi service under Line Man application)
Industry group in registered document	82990 Other business support service activities, not elsewhere classified	63113 e-Marketplace
Industry group in the latest financial statement	52219 Other service activities incidental to land transportation, not elsewhere classified	-
Investment by nationality	<ul style="list-style-type: none"> ● Thai 75% (2,159,977,599.93 baht) ● Cayman Islands 25% (719,992,400.07 baht) 	<ul style="list-style-type: none"> ● Thai 50% (10,000,005.00 baht) ● Singaporean 50% (9,999,995.00 baht)
Type of car services provided	2 types of car services: taxis and private cars	1 type of car service: taxis
The number of app downloads by drivers and users in Thailand (Ride-hailing & Food delivery)	<ul style="list-style-type: none"> ● Download by passengers: 10 million times 	<ul style="list-style-type: none"> ● Download by passengers: 5.4 million times
	<ul style="list-style-type: none"> ● Download by drivers: 1.2 million times (Play Store and App Store, www.appanie.com , August 8, 2019, as cited in CONC Thammasat, 2019, p.13)	<ul style="list-style-type: none"> ● Download by drivers: 77,000 times Play Store and App Store, www.appanie.com , August 8, 2019, as cited in CONC Thammasat, 2019, p.13)
The number of on-demand transport service areas	27 areas (1 capital city, 23 provinces, and 3 cities - Samui, Hua Hin-Cha Am, Pattaya) (Source: GrabDriver TH, 2020)	4 areas: 1 capital city and 3 provinces (Bangkok, and some areas of Nonthaburi, Pathum Thani and Samut Prakan) (Source: LINE MAN, 2020)

(Source: Department of Business Development, Ministry of Commerce, April 17, 2020)

According to Figure 3 which shows the comparison of ride-hailing transport service providers for four-wheeled motor vehicles in Bangkok, Thailand, there are two ongoing applications launched by two companies that currently play an important role in Thailand on-demand ride-hailing transport industry including Grab and LINE MAN applications. However, this analysis will exclude TaxiOK application as this application was suspended for operation since August 7, 2020, announced by Mr. Saksayam Chidchob, Minister of Transport (PPTV Online, Prachachat, August 7, 2019).

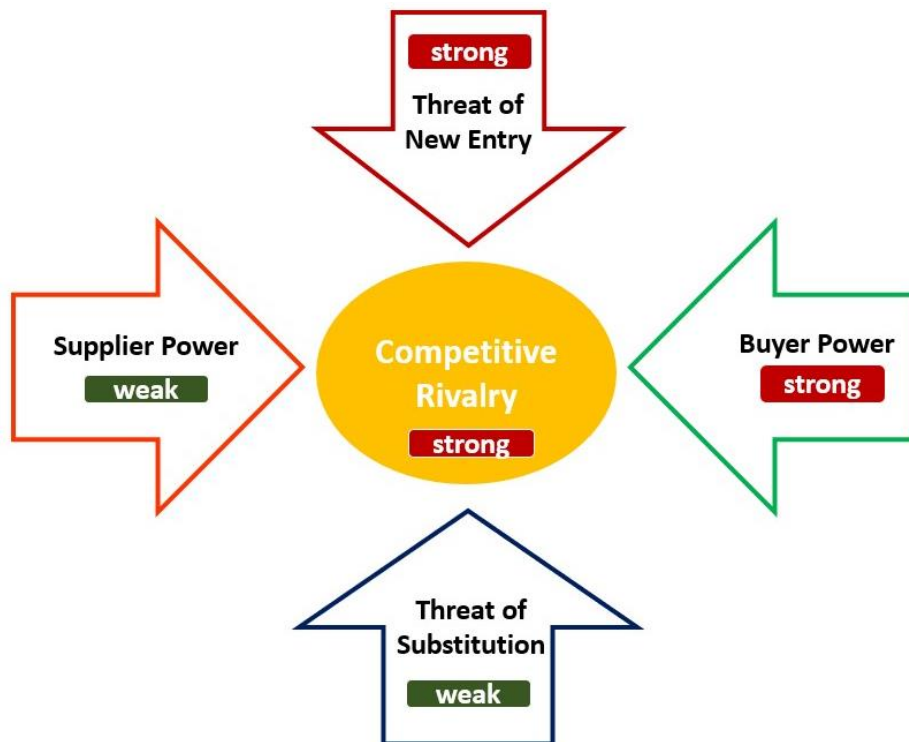
Therefore, there are two companies to focus on this study, GRABTAXI (THAILAND) COMPANY LIMITED and LINE MAN (THAILAND) COMPANY LIMITED. Beginning with GrabTaxi company, the firm provides two types of cars comprising of private cars as offered through GrabCar service, along with taxis as offered through GrabTaxi. On the other hand, LINE MAN company delivers ride-hailing transport service through taxis only under LINE MAN Taxi feature on LINE MAN application. Hence, from this point, what exactly differentiates Grab and LINE MAN transport service is private cars. As LINE MAN application only has taxis and taxi drivers in their system which might support LINE MAN service to operate legally because it benefits both parties (the company and public sector). Contrary to Grab company which supplies both private cars and taxis on ride-hailing transport service, hereby this becomes a crucial issue of contradiction between Grab drivers and local taxi drivers, as well as an unlawful concern.

However, if comparing quantitative data on the number of application downloads, it is not surprising why Grab application has the number of downloads by passengers and drivers more than LINE MAN application as the percent of downloads on Grab is higher almost 2 times for passengers and around 15 times for the amount of downloads by drivers respectively. Moreover, Grab also has a greater amount of areas providing on-demand ride-hailing service than LINE MAN, so this might be a reason why Grab approaches a big amount of users on their platform.

4.5 Porter's Five Forces Analysis on Grab Transport Business

There are five levels to evaluate each factor in Porter's Five Forces model which will be defined through a sign as follows:

- Level 1 (very weak): a force that's strongly in the company's favor
- Level 2 (weak): a force that's moderately in the company's favor
- Level 3 (neutral): a neutral force
- Level 4 (strong): a force that's moderately against the company
- Level 5 (very strong): a force that's strongly against the company

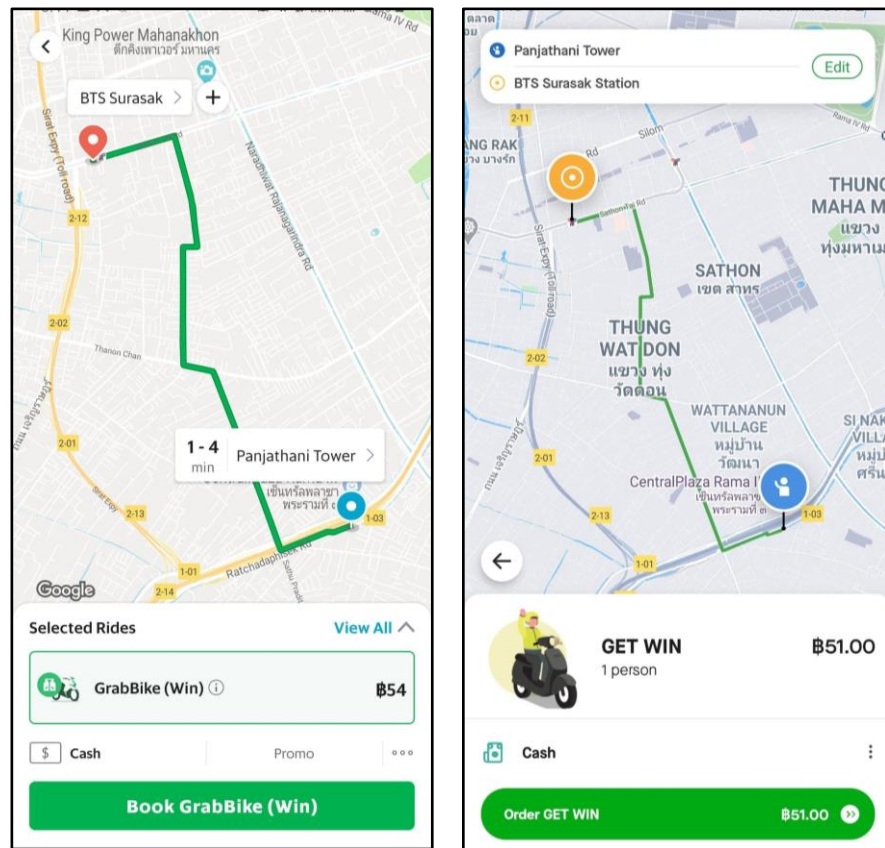


1. Competitive Rivalry (strong)

- *Number of competitors:* There are a few players in Thailand's ride-hailing transport industry for both two-wheeled and four-wheeled vehicles. For motorcycle taxis, there are GET WIN and GoBike against GrabBike. For cars and taxis, besides Grab there are no companies that offer private cars for on-demand transport service, LINE MAN Taxi offers taxis only.
- *Product differentiation:* Product differentiation is little. The on-demand transport service provided among other competitors is similar to Grab transport service.

- Switching cost:* The switching cost is low for customers as the fare will be in the same range since these companies will compete with each other through a price war and discount promotions. For example, using Grab and GET application to hail a motorcycle taxi from Panjathani tower (G-Able office building) to BTS Surasak station around 3.44-3.45 pm, so the total fare for Grab application is 54 baht and GET application is 51 baht respectively. With the same journey and same time, GrabBike's price is slightly higher than GET WIN for 3 baht which can affect the passenger's decision to go for the cheaper price.

Figure: The price comparison between using GrabBike (WIN) and GET WIN service within the same distance and about the same time.



- Company size (measured by the number of employees):* Approximately, Grab company has around 300 employees (Dun & Bradstreet, n.d.) and GET Thailand and LINE Thailand companies have the total employees around 201-500 people (LinkedIn, n.d.) which all of them are in the similar firm size except the smaller company size of GoBike that consists of 120 employees (Malaysian-Thai Chamber of Commerce, 2018).

2. Supplier Power (weak)

- *Number of suppliers:* For Grab, there are two kinds of suppliers: taxi drivers and general drivers or riders who own private cars/motorcycles.
- *Bargaining power of supplier:* In terms of ride-hailing transport service, the supplier for Grab would be the number of vehicles and drivers for taxi drivers, car drivers, and motorcycle riders that supply the service to customers on their platform. Therefore, the bargaining power of suppliers is low since there are plenty of vehicles (taxis, cars, motorcycles) and drivers which are available and not rare to find because they are kind of identical goods. However, in case if there are inefficient drivers on Grab platform, then there would be a lack of supply to serve the demand on a ride-hailing transport platform as well, so the supplier is still crucial, but they are supposed to agree with the working condition and percent of income deduction that Grab proposes.
- *Differentiation of the supplier's products and services:* the differentiation is minimal and the switching cost is low.

3. Buyer Power (strong)

- *Number of customers:* there are many individual customers or customers as a group using Grab from both Bangkok area and other provinces outside.
- *Difference between competitors:* the on-demand ride-hailing transport services provided has low level of differences against the rivals except Grab has a GrabRewards feature to redeem the points which can attract customers who like participating in point redemption.
- *Buyer's ability to substitute:* the buyer's ability is at a high level to substitute for using other alternative services, such as cancelling the order and hail the car from another app that costs cheaper or hail from local taxis nearby.
- *Switching cost:* the switching cost is low since it doesn't cost much for passengers to cancel the order if they cancel the order within 500 meters from the starting point of the driver's car to the current position within or over 3 minutes after the confirmation of driver, then the passenger will not be fined (Grab, 2019).

4. Threat of Substitution (weak)

- *Number of substitute products available:* there are several choices for transportation that customers can substitute apart from using Grab including walking, cycling, using public transports like bus, BTS skytrain, MRT, local taxis, or using their personally owned cars.

- *Relative price/performance of substitutes:* sometimes for some journey, the alternative services like bus, BTS, MRT or local taxis in Bangkok might cost cheaper than using Grab on-demand transport service, and some substitute services could be a more eco-friendly choice than Grab, such as walking or cycling that the customer can consider without any payment. But the thing is those substitutes might not exactly offer safety, accessibility, and security as Grab does through Grab platform.

5. Threat of New Entry (strong)

- *Barriers to entry:* the barrier to entry level is high as to launch as a Grab transport service platform requires online and offline resources, such as core technology knowledge, application design, and the essential resource like the strong network of driver partners and users on the platform as well as the collaboration with other partners, such as taxi drivers, public motorcycle riders, insurance company, or banks for in-app payment process.
- *Economies of scale:* Grab transport business does not apply the economy of scale theory as when producing more outputs will decrease the unit costs since the pricing for Grab's on-demand transport service, such as GrabCar, will charge based on upfront fixed fare using dynamic pricing that depends on demand using service at the moment, if there's high demand, the fare will increase (Grab, 2020). Meanwhile, GrabTaxi will charge based on meter rate which will also include the booking fee from 20 baht to 45 baht depending on the balance of demand and supply at specific time and area (Grab, 2020), and GrabBike fare is based on starting fare and fare per kilometer (Grab Press Centre, 2017).
- *Capital requirement:* the large amount of capital needed to start the business as Grab since Grab invested around 2,879,970,000.00 baht for registering the company in Thailand on June 6, 2013 (DBD DataWarehouse, 2020).
- *Government policy:* slow process of legalizing Grab application in Thailand because Grab service is against traditional taxi service since Grab includes private cars as an on-demand service which will affect local taxi services, but the application can be legal if partnering with association of taxi drivers only like LINE MAN Taxi has collaborated.
- *Brand loyalty:* Brand loyalty level is not high in this ride-hailing transport market since the service provided from each ride-hailing transport application is similar to each other, so it depends on fare prices and promotions that a company can offer which will possibly affect the customer's decision. For example, there's a Facebook page named "Grab Promo Code Thailand" which is a Grab promo code community created by Grab customers who would like to share promotion codes for using Grab to each other in order to get the cheaper price, so this page gains a lot of popularity as there are 168,866 people like on the page and 175,445 people

follow on this as shown in the following picture (Grab Promo Code Thailand, accessed on April 21, 2020).

Figure: Facebook page of Grab Promo Code Thailand with 168,866 likes and 175,445 followers



(Source: Grab Promo Code Thailand, Accessed on April 21, 2020).

CHAPTER 5

CONCLUSION AND SUGGESTION

5.1 Conclusion

The inspiration of this research begins from my desire and my curiosity that would like to study Grab business as a main subject for the study since Grab business seems to be a helpful application that makes people's life more convenient in several aspects, This is my original thought about Grab business. Therefore, I asked myself, "when talking about Grab, then what would be the first thing that I think of?," My answer turned out to be that I thought of Grab as a ride-hailing transport service that passengers hail for a ride and Grab drivers pick them up and send them off. Then, I decided to focus on the Grab transport service part and respond to my curiosity by studying Grab business strategy to see what they are, and observe how they have been working on with their business to reach this current position in the ride-hailing transport industry by focusing on Bangkok area, Thailand.

Hence, this research topic occurs as an analysis of the industry and business strategy of ride-hailing transport service in Thailand: a case study of Grab business. Consequently, in this chapter, I will summarize on what I have found throughout this study together with answering my curiosity as follows:

1. The market of Thailand ride-hailing transport service is an oligopoly market in which there are a few players in this industry and a price maker. If categorizing by the number of wheels, for two-wheeled vehicles, there are three main services including GrabBike, GET WIN, and Go Bike which GET WIN and Go Bike will offer the service by public motorcycle taxi riders (WIN). However, if measured through the popularity of users from the Bansomdej poll survey cited in this research, Grab will be the first choice that the passengers use the most over other competitors in Bangkok area, Thailand. However, for four-wheeled vehicles, there are two crucial players which are Grab (GrabCar, GrabTaxi) and LINE MAN Taxi which Grab has more on-demand transport service area in Thailand and the number of application downloads from drivers and users than LINE MAN application.

2. Competitiveness factors of Grab transport business are influenced by five aspects including: (1) Threat of new entry (strong); (2) Buyer power (strong); (3) Threat of substitution (weak); (4) Supplier power (weak); (5) Competitive rivalry (strong). However, the level of each factor is measured by supporting ideas in Chapter 4.
3. Grab business is a multi-sided market which is a platform in the middle that connects demand (passengers) and drivers (supply) to each other through the application. The main value proposition of each service of Grab, such as GrabCar, GrabTaxi, and GrabBike will have slightly different values, but the basic common thing that the three services can offer to passengers is accessibility which Grab's revenue will receive from the commission fee (%) in each transaction.
4. Grab's mission is to revamp the safety and accessibility of transportation, as well as to improve the lives of passengers and drivers (LIN & DULA, 2016). At the same time, Grab's vision is to "Drive Southeast Asia Forward," by elevating the quality of life for everyone (Grab social impact report, 2018-2019).
5. For examining Grab's ride-hailing transport business strategy, there are two perspectives used in this research to evaluate Grab transport business in order to understand the business as much as possible, which consists of the internal factors that have shaped Grab to be in the current position, along with the external factors that might affect Grab business, such as the factors from political, economic, social, technological, environmental, and legal approach.

However, the strength of Grab transport business strategy is strategic partnership with the big leading companies in other industries like KBank (banking sector) and Central Group (retail sector), as well as the concern of safety for both passengers and drivers, together with necessitating the welfare of Grab drivers so that Grab drivers are not a group of Grab workers, but they are treated like a group of Grab business partner. On the other hand, the external factor that affects Grab on-demand ride-hailing business the most would be the legal perspective as an illegal concern.

6. For the Grab value chain, the business runs on Grab platform which requires both drivers and users to have the internet and install the Grab application as an important entrance to the service, so Grab position will be the center to cooperate between passengers (demand side) and drivers (supply side) to make the transaction flow successfully.

7. In the area of Bangkok, Thailand, Grab has six services in total starting from on-demand transport service, GrabFood (food delivery), GrabExpress (parcel delivery), GrabFresh (grocery shopping), Hotel booking service in Grab application, and GrabDriveYourCar in Drive for Me feature. But in this research will study only on-demand transport services which are GrabCar, GrabTaxi, and GrabBike as they are the standard service.

5.2 Suggestion

1. As Grab business provides many services to customers, so my suggestion for studying in the next research could be an analysis of Grab business strategy in other services like Food delivery or parcel delivery since there are some players in these businesses as well.
2. According to Bangkok Post news, there's a new taxi booking mobile application called "HaHa Taxi App" launched by Howa International Co., Ltd (the operator of Taxi Radio) and Suvarnabhumi Taxi Cooperative as well as partnering with Mastercard for digital payment (Bangkok Post, January 24, 2019). Even though, there is a new player in Thailand's ride-hailing transport industry which is a great signal of competition which will be beneficial to customers, but looking from the company side, companies in this industry quite offer similar service to customers which is on-demand transport service. Hence, to survive for this business, the most significant key is how the companies will differentiate their business from other rivals in the same ride-hailing transport industry.

Figure: the sample picture of HaHa Taxi Application launched by Howa International Co., Ltd (the operator of Taxi Radio) and Suvarnabhumi Taxi Cooperative



(Source: Bangkok Post, January 24, 2019)

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