How Grab Becomes One of the Greatest Start-ups in South-East Asia

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ABSTRACT

Headquartered in Singapore, Grab is a multinational ride-hailing company in Southeast Asia. Grab's service has been classified by the Department of Transportation and Communications (DOTC) under what they defined as Transportation Network Company (TNC). They use cloud-based mobile technology to provide ride-hailing and logistics, food delivery, paying bills, and others. The study aims to analyze how Grab becomes one of the greatest start-ups in South-East Asia. This study began with gathering information about Grab's factors in start-ups while operating towards their mission. Grab's mission is to solve people's problems to drive Southeast Asia forward and deliver a positive social impact for hundreds of millions of people. Grab has served helpful services for users as they had mastered the super apps.

Keywords: Grab, Southeast Asia, Success, Start-up, Transportation

INTRODUCTION

Today, e-hailing services are among the consumer preferences as it makes it easier for users to make reservations just by using their smartphone application. One example of a widely used e-hailing service in Southeast Asia is Grab. Law Insider defines e-hailing as a motor vehicle with a seating capacity of four persons and not exceeding eleven persons, including the driver, used for the carriage of persons on any journey, taking into consideration single or different fares for each journey, where the arrangement, reservation or transaction and the fare for that journey are made simpler through means of an electronic mobile application supplied by an intermediate means of transport (Laws of Malaysia, 2017). As technology advances, e-hailing not only stands as a transportation solution but also expands into a larger landscape including online payments and the creation of extensive employment through food services as well as shaping a more developed lifestyle and economy.

By 2020, e-hailing users are 17.9 million equivalent to 16.4% of users in Southeast Asia. This number is estimated to increase each year and by 2025 it targets an increase of 18.8 million users. This indicates that in the future, consumers are more likely to use e-hailing services since they not only offer transportation services but also provide food delivery services, online goods delivery, and online bill payment. This can indirectly simplify user's daily life, especially busy workers and university students. Research points to several measurable advantages of the services, such as low waiting times and reduced commute-related stress, cost-effectiveness over other modes, and congestion

mitigation particularly for the shared-ride options (Etminani & Hamidi, 2019). The success of this e-hailing service shows a positive trend in the development of a country. It is highly beneficial to society as well as national development.

Grab now operates in the Southeast Asian countries of Singapore, Malaysia, Cambodia, Indonesia, Myanmar, Philippines, Thailand, and Vietnam, and the East Asian country of Japan. According to Zervas, Proserpio, and Byers (2017), several sharing platforms have emerged enabling individuals to share goods and services like cars, household products, and services. Today, Grab has become Southeast Asia's largest mobile technology company connecting millions of consumers to millions of drivers, merchants, and businesses. Most of the popularly known Grab service is Grab Car. Usually, customers always use the Grab Car as their favorite transportation to go to their destination. It is easy for users to use the service by just clicking on their mobile apps and waiting for the drivers to pick them up. Users can make payments by cash or Grab Pay.

Grab also provides food services. Today people are busy working and have no time to buy food so they can just order it online. Grab Food offers cuisines from more than a thousand restaurants. The service allows users to order their favorite foods from local restaurants and place orders through the website or mobile application. The user can choose their selected restaurant to order their meals. The rider will send the user's food as soon as they order. Users can rate the star for service done by the rider and leave a comment if they are satisfied or not. Besides, Grab provides paying bills services. Users can pay their bills by just using the Grab Apps without the need to go outside and queue at the counter. This can save time and energy too. Grab also provides delivery services to the users. Users can just make an order using the Grab Apps. Grab will directly process the order and send it to the shop. So, this will make it easier to shop for anything without going outside. All the services were connected with Grab's mission which is to help solve more people's problems.

Grab service is highly popular among consumers in Southeast Asia. It has become a trusted leading service used by over 36 million users. Grab gives a lot of positive impacts on the social and technological environment of the country using its services. For social context, grab introduces several initiatives that can benefit consumers as well as grab drivers. In 2018, Grab introduced the 'Safer Everyday Technology Roadmap' to enhance transportation safety standards. It includes product enhancements to eliminate preventable incidents, drive safer consumer habits, and encourage long-term changes in road behavior. To enable its proper implementation, Grab partners with Southeast Asia government agencies to address each country's top transport safety concerns. Since consumers feel more secure to use Grab service, it allows Grab to be the first consumer's choice.

To ensure consumer's and Grab driver's social welfare, Grab provides free personal accident insurance for passengers and drivers. In the Southeast Asia ride-hailing industry, it is the first and largest extensive personal accident insurance policy, covering Grab Car, Grab Bike drivers, and passengers for free, without deductions. Passengers can enjoy greater peace of mind while riding the Grab. In Malaysia, Grab creates greater inclusivity for 500 persons with disabilities (PWD). This indirectly allows them to earn income and to socialize in the community. All this happens just to ensure that customers are satisfied while using their services. Kotler and Amstrong (2010) defined customer

satisfaction as the extent to which a product's perceived performance matches a buyer's expectations. Therefore, this will lead to a positive benefit for Grab.

Grab is one of the service companies constantly upgrading the technology used to make it easier for users to access their services. In September 2019, Grab set its 2025 goals to use technology for good in Southeast Asia by its program called "Grab for Good". Its technology improvements aim to improve digital inclusion and digital literacy in Southeast Asia, empowering micro-entrepreneurs and small businesses, training 20,000 students through its technology talent programs with Microsoft and Grab's skills training and digital literacy collaboration.

Grab is Southeast Asia's leading super app, providing daily services of ride-hailing, food delivery, bill payments, and more. E-hailing is anticipated to remain the main business for Grab services. However, the company will keep expanding its services to achieve its aim of being a 'SuperApp' in Southeast Asia (Zuo, Zhu, Chen & He, 2019). Improving its service is a key factor for the successful development of online car-hailing. Grab has been expanding its ecosystem to include bill payments, hotel booking, and trip planners. It also provides enough benefits to avoid its users have to close the app like all super-apps.

According to Patterson, Johnson, & Spreng (1997), customer satisfaction is a vital consideration for all organizations that wish to create and keep a competitive advantage in the present competitive scenario. It is a highly important issue for customers (Fournier & Mick,1999) as it brings major effects upon customer retention (Maladi, Nirwanto, & Firdiansjah, 2019). Grab also provides rewards and subscriptions to build customer loyalty. It offers points every time customers spend money on the apps. This will increase customer satisfaction. For instance, if you use Garb Car services, you will automatically receive some points after you pay for the services. After several amounts are reached, you can redeem the points for vouchers at KFC, McDonald's, or coffee shops by Grab Food. Besides, Grab makes R&D a differentiator. This sometimes provides limited service, especially in urban areas, due to the working in the morning and evening peak hours (Xiong, Li & Wu, 2020). Grab should undertake initiatives to ensure that there is no shortage of services if needed. This requires the R&D role to come up with a solution for this problem. Grab opens its seventh R&D center in Kuala Lumpur, underlining its commitment to nurturing deep tech talents in South-east Asia. Grab plans to hire hundred tech employees, such as data analysts and software engineers, for the R&D center in its first-year operation.

Grab has focused on a hyper localization strategy to drive expansions across multiple markets and category verticals. Grab is now operating in 235 Southeast Asian cities. A hyper-local growth strategy is key local variants of Grab jump in each market. For example, there is GrabTukTuk and GrabRemorque in Cambodia and also GrabTrike in the Philippines which reflect locally popular modes of transport.

RESEARCH METHOD

Developing research methods is an important part of a research design. In this research, we used primary data, which is a quantitative method that can easily describe large data collections. We also designed a survey by Google Form to collect data from respondents. Grab customers were asked to participate in the online survey. A total of 102 participants

completed the survey. Besides, we also use the internet to collect information about Grab and some references from certain journals.

RESULTS AND DISCUSSION

A set of questionnaires was designed to examine how Grab becomes one of the greatest start-ups in South-East Asia. The questionnaires consist of several sections including the respondents' background, their feedback after using Grab services, and the key success factors of Grab success. The questions were designed in various forms including dichotomous questions, multiple-choice questions, and rank order scaling questions.

Table 1. Summary of Respondents' Demographics (*N=102)*

Response	Frequency	Percentage (%)
Gender		
Male	23	22.5
Female	79	77.5
Age Group		
10-19	6	5.9
20-29	93	91.2
30-39	2	2.0
40-49	1	1.0
50 and above	0	0
Races		
Malay	87	85.3
Chinese	11	10.8
Indian	3	2.9
Siamese	1	1.0
Nationality		
Malaysian	102	100
Non Malaysian	0	0
Occupations		
Students	76	5.9
Employed	12	91.2
Unemployed	7	6.9
Housewife	4	11.8
Freelance personal trainer	3	74.5
Monthly Income		
RM 2,500 and below	94	92.2
RM 2,501 - RM 5,000	5	4.9
RM 5,001 - RM 10,000	2	2.0
RM 10,000 and above	1	1.0

Table 1 shows respondents' genders, ages, races, nationality, occupations, and monthly income. By genders, this survey was were answered by 77.5% female and 22.5% male respondents. Most of the respondents were between 20-29 years old and all of the respondents were Malaysian. A total of 75% of the respondents were students, while others were employed, unemployed, housewives, and freelance personal trainers. Most

of them had a monthly income of RM 2500 and below since the majority of them were students.

Table 2. Summary of Grab Information

Response	Frequency	Percentage (%)
Are you familiar with this Logo?		
Yes	102	100
No	0	0
How do you know about GRAB?		
Friends / Family members	45	44.1
Television / Radio	1	1.0
Social Media	54	52.9
Newspaper / Magazine	0	0
Myself	2	2.0
Have you used the service provided by GRAB?		
Yes	98	96.1
No	4	3.9
Which Grab service do you use the most?		
Grab Car	75	73.5
Grab Food	19	18.6
Grab Mart	2	2.0
Pays Bills	4	3.9
Delivery	2	2.0
How often do you use Grab service?		
Everyday	5	4.9
Once a Week	13	12.7
Two or Three Time in a Month	24	23.5
Once in a Month	49	48.0
Sometimes	2	2.0
Rarely	3	2.9
Once in Two Month	4	3.9
Three or Five time in a Year	2	2.0
What attract you to use Grab services?		
Affordable and Convenient	58	56.9
Points incentives for discount	14	13.7
Good Customer service	25	24.5
All of the above	5	4.9
Are you satisfied using Grab?		
1 – Highly satisfied	30	29.4
2 – Satisfied	28	27.5
3 – Neutral	15	14.7
4 – Unsatisfied	23	22.5
5 – Highly unsatisfied	6	5.9
What strategies Grab used to be competitive?		
Social Media	28	27.5
Customer Services	32	31.4

Variety services provided	38	37.3
Corporate social responsibility	4	3.9

Table 2 indicated that all respondents were aware of the existence of Grab services and 96% of the respondents have used the Grab services. Most of them knew Grab services from social media promotion (52,(%), and friends and family members (44,1%). which Among all services Grab provides, Grab Car and Grab Food occupy the two most service the respondent used by 73,5% and 18.6% respectively. Besides, about half of the respondents used Grab services once a month. Only 5% of them used the services every day. Moreover, most of them are attracted to use Grab services due to their affordability and convenience. Therefore, there is only a little difference in satisfaction using Grab services. More than half were satisfied and highly satisfied while 28.4% of them were unsatisfied. Lastly, the common Grab strategies to be competitive is providing a variety of services.

Table 3. The Key Success Factors of Grab Success

Responses	Frequency	Percentage (%)
Grab mastered the super app (Scaling)		
1 – Least important	0	0
2 – Unimportant	0	0
3 – Neutral	21	20.6
4 – Important	45	44.1
5 – Most Important	36	35.3
Grab has rewards and subscriptions (Scaling)		
1 – Least important	0	0
2 – Unimportant	4	3.9
3 – Neutral	18	17.6
4 – Important	36	35.3
5 – Most Important	44	43.1
R&D as a differentiator (Scaling)		
1 – Least important	0	0
2 – Unimportant	2	2.0
3 – Neutral	23	22.5
4 – Important	43	42.2
5 – Most Important	34	33.3
Hyper localization (Scaling)		
1 – Least important	0	0
2 – Unimportant	1	1.0
3 – Neutral	24	23.5
4 – Important	39	38.2
5 – Most Important	38	37.3
Marketing (Scaling)		
1 – Least important	0	0
2 – Unimportant	1	1.0
3 – Neutral	10	9.8
4 – Important	42	41.2
5 – Most Important	49	48.0

Cost, Quality, Flexibility, Dependability (Scaling)		
1 – Least important	1	0
2 – Unimportant	3	2.9
3 – Neutral	12	11.8
4 – Important	28	27.5
5 – Most Important	59	57.8

Table 3 indicated that the key success factors that influence Grab success. As for Grab super app mastery, 79.4% of respondents believed that it is of importance that Grab mastered the apps. Grab apps have satisfied a range of daily services that respondents needed. It provides a lot of services, including transportation, paying bills, ordering food, delivery, prepaid, hotel booking, clean and fix, attraction, and even insurance for the drivers. Grab also provides many advantages and functionality to keep the users' loyalty. Table 3 also indicates that the largest number of respondents opted for scale 4 (important), implying that Grab super apps mastery is a factor of Grab success.

The second factor is Grab rewards and subscriptions. The majority (43.1%) of the respondents mentioned it is highly important to give rewards and subscriptions to maintain user loyalty. They could claim their rewards by collecting points that can be redeemed with entertainment, food and beverage, services, grab, shopping, and travel, after using Grab services. The subscriptions allow users to get voucher packs to save on their everyday needs.

Research and Development (R&D) as a differentiator is another key success factor. Most of the respondents (42.2%) agreed that it is important and 33.3% of the respondents mentioned it is highly important. This shows that most of the respondents accepted that R&D is one of the most important activities that every company should practice. Thus, it is also the first step to ensure a company's innovation and to introduce a new product or service.

Furthermore, hyper-localization also is the key success factor of Grab. Most of the respondents (38.2%) have scaled this factor of 4, and 38 respondents (37.3%) scaled of 5. It shows that most of the respondents agreed that hyper-localization is the important factor Grab's success. It creates content based on unique knowledge, right down to the area and community, analyzing how the shoppers are searching and purchasing any items they want. Besides, hyper-localization can take many forms and necessary to make Grab have a significant competitive advantage.

The fifth key success factor is marketing strategies. A total of 48% of respondents argued that marketing is the most important factor leading Grab's success, while 38.2% said that this factor is important in determining Grab's success. This concludes that most of the respondents realized Grab's marketing strategies to promote the services. The direct marketing with the mobile application is one of Grab's main platforms to monitor and ensure that customers get the best quality of services. They can also directly communicate with customers and share feedback on their services. The most effective strategy Grab used was social media marketing since Grab's target customers are teenagers and adults, the primary social media users. Social media platforms such as Facebook, Instagram, and Tiktok can increase brand awareness. Grab's visual and audio concepts in social media can make people more interested in using the services. Besides that, Grab also uses various advertising platforms such as newspapers,

television commercials, and sponsorship in entertainment programs to attract customers' attention.

Based on the findings, it can be seen that cost, quality, flexibility, and dependability are Grab key success factors. The majority of the respondents (57.8%) argued that they are highly important in leading Grab's success. To ensure that the consumers are satisfied with the services provided, this factor should be taken under advisement. Grab has the same average price as other e-hailing services. What differentiates Grab from other e-hailing services is the quality. Grab car drivers are especially emphasized to always maintain quality standards in serving customers. Customers prefer friendly and efficient drivers. Grab is highly concerned with drivers with such criteria to ensure users' satisfaction. The mobile application is highly flexible to use. Grab Food and Grab Pay has a systematic system. For example, if customers have no cash while shopping, they could use Grab Pay to pay their expenses and bills. This is the reason why Grab has become one of the popular choices among consumers and indirectly the customer's dependability on Grab increases.

CONCLUSIONS

In conclusion, Grab is a popular and convenient mode of transportation. It has developed abroad and become one of the most outstanding startups in South-East Asia. Besides, it has also become one of Malaysia's biggest e-hailing businesses, competing with MULA, and MyCar. This research found many key success factors of Grab's success. In this new era with a lot of technological advancement, Grab has mastered a super App, which includes many services, such as transportation, paying bills, and food ordering, easier to use anytime and anywhere. Also, Grab gives a lot of rewards and subscription benefits to attract and maintain user's loyalty. Users can redeem the reward points after using Grab services. Users will have an opportunity to get a voucher pack to save on their daily needs, and it can be used anytime they want before the due date.

Furthermore, most of the respondents stated that Research and Development (R&D) as a differentiator is another key success factor. Every company must take this activity as their first step to introduce their new products or services in the market. They also need to practice hyper-localization as a significant competitive advantage. By practicing this factor, they should listen to what the majority prefer their companies over others. The fifth key success is marketing strategies to promote their services, to monitor and directly communicate with their consumer's satisfaction.

Finally, we underlined cost, quality, flexibility, and dependability are the other essential success factors. Grab always considers ensuring user satisfaction with the affordable cost and the highest quality performance compared to other e-hailing services. Grab also provides flexibility with a cashless payment.

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