

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Business Administration

Hannes Virkus

**RIDESHARING COMPANIES' BEST PRACTICES FOR
GLOBAL EXPANSION**

Master's Thesis

Supervisor: Assoc. Prof. Mait Rungi

Tallinn 2017

I hereby confirm that I have written and compiled the thesis independently.

All of other authors' work, statements and data have been adequately referred to.

Hannes Virkus

.....

[signature, date] Student ID: TATM 153693

Student's e-mail address: virkus.hannes@gmail.com

Supervisor Assoc. Prof. Mait Rungi:

The thesis is in compliance with the requirements of a thesis

.....

[signature, date]

Chairman of the Dissertation Committee:

Permitted to the defence of the thesis.

.....

[profession, name, signature, date]

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ABSTRACT

The purpose of this work was to determine the best practises of the ridesharing industry expansion model. Find out what are the key elements companies consider when expanding and why some successful companies have remained domestic.

The industry is unregulated in most countries and people are still often unaware of the ridesharing opportunities. This makes expansion to new markets complicated. Also, as the industry is fairly new, there is little academic research on the ridesharing expansion processes.

The paper was a qualitative research based on public materials and interviews with Taxify, Wisemile, Easy Taxi, Ola and Uber representatives. Lyft and BlaBlaCar were also included in the research using public materials. The analysis involved Osterwalder's business model canvas elements and PESTEL approach to expansion.

Three main categories for ridesharing business are carpooling, on-demand ride services with private drivers and taxi e-hailing with licenced taxis. Ridesharing is very market dependable and it was not possible to frame a single best practise. The industry is very competitive. Highly price sensitive and often heavily subsidised when new markets are entered, thus good financing is needed to stay competitive. One of the reasons of domestic companies to stay domestic was the heavy competition and thus consolidating their efforts on home market. There was no conclusive answer on advantage on being local, but focusing on certain regions was preferred. Local teams and autonomy of the teams was an advantage. Regulations appeared to be a concern only up to being fully banned, hence being unregulated was not a major issue. In the future the industry rather sees consolidation happening with fewer companies operating in the markets.

Keywords: sharing economy, ridesharing, internationalization, business model

INTRODUCTION

The sharing economy has grown noticeably during recent years (Miller 2016, 149; Marchi & Parekh 2016). A study conducted by PwC for the European Commission noted growth has accelerated since 2013 in five key sharing economy sectors – which is at a pace significantly exceeding their expectations from 2014 global study (Vaughan, Daverio 2016, 3). They estimated that last year the platforms doubled their revenue in Europe (ibid). European sharing economy platforms value in 2015 was €28.1 billion and revenue €3.6 billion (Vaughan, Daverio 2016, 7).

To narrow down the sharing economy the focus of this paper will be on ridesharing. Out the five sectors Vaughan and Daverio researched (2016, 6), the largest sector by revenue was peer-to-peer transportation, which included ride-sharing. In the Fortune's list of unicorns (companies whose valuation is at least \$1 billion), out of the top 25 companies, four are providing ridesharing services, including the number one – Uber, with 69-billion-dollar valuation (Newcomer 2016a). This indicates higher public interest in the ridesharing services. In addition, the author has personal interest in contemporary transportation services. During his employment in the Estonian Ministry of Economic Affairs and Communications, there was involvement in creating legislation for ridesharing.

In this research, the author analyses seven transportation network companies, also known as ridesharing companies (Rayle, Shaheen, Chan, Dai & Cervero 2014, 2): Uber, Taxify, BlaBlaCar, Ola, Lyft, Easy Taxi and Wisemile. The focus will be on the companies' approach to expansion and entering new markets. Insights from domestic companies will also be added for better comparison. During initial literature review it appeared ridesharing companies' expansion is little researched (see Table 1). The term “ridesharing expansion” in Google Scholar brought only 4060 results in English and none in the first 50 links clearly focused on the topic (Google Scholar search 2017). Thus a comprehensive academic research will be a contribution to the field

Research Problem and Questions

Due to its newness, ridesharing is unregulated in most countries (Uber in conflict 2016) but that has not stopped it from going global. For instance, Uber, the most well-known company of the sector, operates in 66 countries (Crunchbase Uber 2017), but “Ridesharing” can still be

a new term for people. In 2014 PwC's study in US noted only 44% of US population was familiar with sharing economy (Vaughan, Daverio 2016, 9). A 2015 study in Europe stated that only a third of European consumers have heard about the new form of economy (PwC Sharing Economy... 2015). Operating in an unregulated field and providing still unknown service can be challenging.

In addition, there have been reports on ridesharing companies pulling out of certain markets. Uber did so from China (Gasiorek 2016), Taxify exited Finland (Ruuda 2017), Easy Taxi left Asia (Millward 2016). At the same time, the second, third and fourth most valuable ridesharing start-up still operates only in their home market (Fortune Unicorns 2016). Hence, there are question why some succeed abroad, some do not and why some companies have not expanded their business at all.

Therefore, the main question for the research is **“What are the key elements determining ridesharing company’s successful expansion to new markets?”**

To answer that, break-down questions are:

1. What aspects ridesharing companies consider when expanding their business?
2. What strategy companies use when entering new markets?
3. Why some successful ridesharing companies have not gone abroad?

Research Objectives

The purpose of the paper is an in-depth analysis of the ridesharing companies' expansion and based on the findings formulate a best practice for it. The research will focus on what relevant companies have done well and what not when expanding to new markets, and what are the similarities and differences. That will be accustomed why some successful companies have not yet expanded their business abroad and what could be learned from that. This could then be a starting point for newly establish companies in the field when starting their expansion process. Also, a ground for comparison and new ideas for already operating international companies.

Research Methodology

Methodology for the study will be multiple case analysis. Selected ridesharing companies will offer multiple types of ride services – those can be carpooling, on-demand ride service with private drivers or taxi e-hailing. Often one company offers multiple services. Biggest and most well-known companies are preferred with better availability of literature and

two Estonian companies for better access due to personal contact. Companies who have not expanded are also included for better insights of the reasons why not.

For the qualitative research, there is little academic literature on ridesharing companies in general (see Table 1 in 1.1). Most of the literature is based on Uber, but not generalized on different companies and their expansion policy. Due to the speed of changes in the field and in the activity of the companies, a lot of weight will be put on articles in economics and technology magazines and journals.

In addition, interviews will be conducted with the companies mentioned. With Taxify and Wisemile the author has had personal contact. With others Skype based interviews will be conducted. The interviews' purpose is to understand what the companies did prior to expansion and how they approach new markets. Interview will be built on Osterwalder's business canvas elements and PESTLE's model for analysing new markets. Results will be analysed in a cross-case table and word clouds.

1. LITERATURE REVIEW

In search for literature main websites used were EBSCO search engine and Google Scholar. In addition, as the field of ridesharing is new and quickly changing it was inevitable to include news articles about the companies operating in the industry. The main publishers used were: Bloomberg, The Wall Street Journal, Business Insider, TechCrunch, Wired, Fortune, Fast Company etc. They can all be considered well recognized and reputable sources for start-ups and business, despite their non-academic nature.

It also appeared little academic material was specifically about ridesharing companies and even less about their approach to expanding new markets. In most cases they were more general about sharing economy or start-ups process of internationalisation. But even with those topics the literature was nowhere near of abundance. One Master's study was from Norwegian University analysing business models of sharing economy companies and their effect on internationalization (Kosintceva 2016). Though the study did not touch reasons for expansion nor the practice how it was conducted. This is where this paper focuses the most.

1.1. Sharing Economy

Sharing Economy can have multiple synonyms. Hamari, Sjöklint and Ukkonen (2015, 1) refer to it as “collaborative consumption” and define it “peer-to-peer-based activity of obtaining, giving or sharing the access to goods and services, coordinated through community-based online services” (Hamari et al 2015, 1). Cusumano (2015, 32) uses the term “sharing economy” and describes it with mobile or web platform companies that bring together individuals with underutilized assets with people who would like to rent them. In both cases, those goods or assets can be spare time for everyday tasks, cars to drive people around, extra rooms or even tools and other household items (Cusumano 2015, 32; Hamari et al 2015, 3). Considering Hamari et al (2015,1) also used the term “sharing economy”, PwC uses “collaborative consumption” and “sharing economy” interchangeably (Vaughan, Daverio 2016) and Google search provided almost three times more results for “sharing economy” compared to “collaborative consumption” (Table 1), thus this paper will use the term “sharing economy”.

The following Table 1 provides an overview of the popularity of the terms regarding ridesharing. “Sharing economy” and “collaborative consumption” were searched in quotation marks for more accurate results and referring to specific term. Terms regarding internationalization were left without quotes as “ridesharing” leaves less room for alternative terms. Also, the word about “expansion” or similar, do not have to be next to each other for the same meaning. Most known apps for the service were also searched to understand which have the most literature. For some industry specific terms were added – like “taxi” or “app”, as for example, only “grab” or “uber” lead to too many irrelevant results. Airbnb was added for comparison of the popularity of ridesharing apps, as the first is the most well-known peer-to-peer accommodation provider (Vaughan & Daverio 2016, 17).

Table 1. Search Results

Term	Site	Results	Notes
"sharing economy"	Google Scholar	9060	
"collaborative consumption"	Google Scholar	3370	
ridesharing	Google Scholar	14 200	
ridesharing expansion	Google Scholar	4090	Nothing specific on entering new markets in the first 50 results
ridesharing internationalisation	EBSCO	0	
ridesharing expansion	EBSCO	85	Nothing specific on expansion, mostly news articles on companies related
BlaBlaCar	EBSCO	61	Around 20 relevant
BlaBlaCar	Google Scholar	528	First page offers multiple case study analysis on BlaBlaCar
Grabtaxi	EBSCO	90	Most of them relevant
Grabtaxi	Google Scholar	66	First results show four Grabtaxi case analysis
Grab ridesharing	Google Scholar	309	Mostly general
Uber app	Google Scholar	27 200	Mostly about Uber and ridesharing in general
Ola cabs	Google Scholar	3600	No case studies on Ola, some articles with reference
Ola cabs	EBSCO	251	No designated papers mostly news articles
Didi Chuxing	EBSCO	565	No designated papers mostly news articles with Uber

Didi Chuxing	Google Scholar	85	China focused
Lyft	EBSCO	2852	In depth articles in periodicals
Lyft app	Google Scholar	1430	First five pages offer few articles specific on Lyft, mostly just mentions in ride sharing articles
Airbnb	Google Scholar	8330	

Source: Author's created based on Google Scholar and EBSCO searches

Note: Results in Google Scholar are English results only. All number as of 10.04.2017.

The expansion of sharing economy has been possible only due to technological progress. Access to high speed internet, advancements in mobile computing and the quality of these services have been a must. (Hamari et al 2015, 2) For instance, Uber Driver's app needs more computing power than an iPhone 4S could offer (Compatible Devices). Overall advancements in e-commerce and online payment systems have channelled more people to buy and consume services online. Sharing information has improved significantly with platforms like Wikipedia for knowledge; YouTube, Instagram and Facebook for personal life; The Pirate Bay for sharing files or Kickstarter for sharing business ideas and crowdfunding. (Hamari et al 2015, 2) The virtual sharing of information through social media and advancements in mobile technology have expanded the idea of sharing into a virtual world for physical items and services.

The sharing economy can increase productivity in multiple ways. It can lower marketplace transactions costs, thus lower the price of products and services; facilitate more efficient production by allowing greater level of output created from the same amount of assets and labour, and create production and exchange opportunities that were not possible previously. It is also likely that sharing marketplaces will be a new engine of innovation with new micro entrepreneurship opportunities. (Sundararajan et al 2014, 2-3)

The value of transactions in sharing economy in Europe has almost tripled in two years, starting from €10.2 billion in 2013 to €28.1 billion in 2015 (Vaughan, Daverio 2016, 7). PwC estimated the largest of the sectors based on revenue is peer-to-peer transportation sector (54% of total), which includes ride-sharing, car sharing and driveway sharing models (ibid, 6-7).

PwC (Vaughan, Daverio 2016) assessed sharing economy into five key sectors:

- Peer-to-peer accommodation: households sharing unused space or renting out a home
- Peer-to-peer transportation: individuals sharing a ride, car or parking space

- On-demand household services: marketplace to access on-demand support with household tasks as food delivery or other “do-it-yourself” tasks.
- On-demand professional services: marketplace for people to provide businesses support with skills in administration, consultancy and accountancy.
- Collaborative finance: individuals and businesses lend, borrow and invest directly between each other: crowdfunding and peer-to-peer lending

There are successful companies in all of those five and more fields. In housing the most well-known are Couchsurfing and Airbnb (PwC Sharing Economy... 2015, 5). The latter offers nearly 2 million places to stay in 191 countries worldwide (Vaughan, Daverio 2016, 17). In transportation Uber operates in 556 cities (Uber Locations) and is valued at \$69 billion (Newcomer 2016a), which is more than some United States airlines (PwC Sharing Economy... 2015, 14). Car manufacturers Daimler and BMW are developing a concept of selling transportation service, not cars (Cusumano 2015, 32). For household goods in the US there are platforms SnapGoods, Neighborgoods and Poshmark for clothing (PwC Sharing Economy... 2015, 5). MonJouJou rents kids’ toys for 15, 30 or 60 days (Hamari et al 2015, 3). There is an increasing interest having access over ownership and wider preference of renting instead of buying (Hamari et al 2015, 3) which reflects in the growth of Spotify’s music and Netflix’s movie/television streaming service, which is not peer-to-peer sharing, but represent the idea of having access instead of owning.

1.2. Ridesharing

Ridesharing can be in many different forms and consist of multiple ways of transportation. After reviewing the literature three main areas in ridesharing appeared, based on which the author categorized the service: carpooling, on-demand ride services and taxi e-hailing.

The traditional method of ridesharing is **carpooling**, where travellers share a vehicle for a trip and split travel costs such as gas, toll, and parking fees with others that have similar itineraries and time schedules (Furuhata et al 2013, 28). More modern version is referred as “real-time ridesharing” or “dynamic ridesharing” (Amey, Attanucci & Mishalani 2011, 2) which has same principle as carpooling, but made more flexible with technology (Siddiqi & Buliung 2013, 480). Mobile technology allows drivers and passengers arrange occasionally

shared rides ahead of time or on short notice (Amey et al 2011, 2; Siddiqi & Buliung 2013, 480). Amey et al (2011, 4) defines real-time ridesharing as “a single, or recurring rideshare trip with no fixed schedule, organized on a one-time basis, with matching of participants occurring as little as a few minutes before departure or as far in advance as the evening before a trip is scheduled to take place.” (Amey et al 2011, 4) BlaBlaCar is an example of real-time ridesharing services. When a Paris to Brussels trip by car usually costs 90€ (gas, insurance, maintenance of the car etc costs), BlaBlacar significantly lower the cost by offering a ride to other people going the same direction (Brusson 2013).

Carpooling benefits can be substantial: reduce fuel consumption, emissions and traffic congestion, lower parking costs, provide an alternate mode for travelling and commuting and a mean of transport for lower income travelers (Amey et al 2011, 3). Another long term goal is to have fewer cars (Kalanick 2017, 112). In addition to BlaBlaCar Wisemile is offering the same service in Estonia. Uber is also providing similar service in certain cities around the world under the name UberPOOL, which focuses on in-city carpooling (Kalanick 2017, 112).

Another type of service is “**on-demand ride services**” or “ridesourcing”, where apps connect community drivers with passengers (Shaheen & Chan 2015, 3). App allows to request a ride from a private vehicle driven by a non-commercially licensed driver or a private driver (ibid). It then sends the passengers locations using GPS to the driver and charges distance variable fare for the ride, from which the app usually takes around 20%. Payments can be made automatically with pre-saved credit card or with some apps and countries, cash payment is possible. The apps also have a rating system to rate the driver and the passenger. (Rayle, Shaheen, Chan, Dai & Cervero 2014, 2) Companies providing these services are often called “transportation network companies” (ibid). In many cases, for the consumer, the outcome of this service is very similar to a regular taxi service: people paying drivers for point-to-point, on-demand ride in a car. However, improvements in price and its transparency, convenience, wait and travel time information availability have had remarkable effect on how people see urban mobility. (On-Demand Ride Services...)

On-demand ride services encourage multimodal travel with public transport, bridging the gap of first and last mile coverage (On-Demand Ride Services...; Kalanick 2017, 111). Another benefit is affordability of the transportation compared to a classical taxi and provides alternative income to people sharing their car (Kalanick 2017, 111-112). Uber, Lyft, Taxify, Ola, Didi and Grab are examples of companies providing the on-demand ride service.

On-demand ride services' main difference with carpooling is that carpooling has the purpose of sharing the costs of the ride, while the previous serves the purpose of driving for income (On-Demand Ride Services...; Rayle et al 2014, 2).

Third option is **taxi e-hailing**, where licensed taxis use an app with similar principles as on-demand ride services, only difference being that the cars requested there are not private drivers with personal cars, but licensed taxi drivers (Rayle et al 2014, 2,11). The smartphone allowed to replace the old fashioned call center with a mobile app. An example of taxi e-hailing focused company is Easy Taxi, operating in Latin-America (Easy Taxi Homepage). Taxify initially was also taxi e-hailing focused (Villig, Kotka & Roonemaa 2016).

As the principle is same with on-demand ride services, the benefits are also similar. He & Shen (2015, 94) note the convenience of using an app instead of calling or hailing on the street, less time spent on waiting and searching for the taxi, option to pay electronically. As taxi e-hailing apps only have licensed taxis as their service providers, there are less issues with market regulations, compared to on-demand ride services (He & Shen 2015, 94). There are apps just for these services like Flywheel, Curb and MyTaxi and there are apps which offer both taxis and private drivers, depending on country, like Taxify, Ola, Grab and Uber.

Differentiating terms “real-time ridesharing”, “on-demand ride services” and “taxi e-hailing” gives some insight to the discussion that has been happening in Estonia (Pau 2016) and other countries, questioning whether Uber and similar services are legal. The issue has been that classical taxis have multiple regulations to follow, when private drivers providing on-demand ride service have very little and those being checked by the app provider, creating unfair competition (Anti-Uber protests...). Ministry of Economic Affairs and Communications has stated that sharing a ride with the purpose of sharing costs is allowed and encouraged (Pau 2016) – this is referring to modern carpooling or “real-time ridesharing”, which is the core business of BlaBlaCar or Wisemile. The Ministry added, providing ride services with the purpose of earning income requires a license (ibid) – this refers to “on-demand ride services” done by private drivers, which is the core business of Uber, Lyft or Taxify. Uber, for instance, is combining these two services in some cities, allowing on-demand ride service users share a ride with people with similar destination making it similar with carpooling (Kalanick 2017; Rayle et al 2014, 2). Taxi e-hailing is less confusing as the service is provided by licensed taxis, but the case that some ridesharing companies, for instance Uber, Didi and Ola provide all the three services and all of them being used under the term “ridesharing” is what creates confusion

and misunderstanding. Thus it is needed to separate the three options of ridesharing: carpooling or “real-time ridesharing”; on-demand ride service with private drivers; and e-hailing with licensed taxis.

1.3. Start-ups

Steve Blank has defined startup as “a temporary organization in search of a scalable, repeatable, profitable business model” (Blank, Dorf 2012, 29). Another description refers to an organization focused on creating something new in condition of uncertainty (Ries, 2011, 2). From quantifiable metrics, start-ups are considered less than five years old and with ten or more employees (Criscuolo, Nicolau & Salter 2012, 324). OECD and Eurostat describes a fast growing start-up with an average growth of 20% on three consecutive years and whose number of employees at the start of the observation is more than ten (Audretsch 2012). Estonian Ministry of Economic Affairs and Communications defines a start-up as a starting company with an innovative and disruptive business model, which has an aim to go global from the very beginning. Key characteristic is that the company’s sales and production costs grow while profits are maintained or increased, meaning per product produced (or service offered) the costs increase at a slower pace – this is referred to as scalability. (Käskkiri... 2015, 5)

From the industry point of view, Ries (2011) does not consider company’s size or industry relevant for defining a start-up. Start-ups can operate in public sector, venture capitalized one, non-profit or a traditional company and they can be in all sizes (Ries 2011). For example, the nominees for the Techcrunch’s Best Startup award were Didi, SpaceX, Giphy, Slack and Stripe (Crook 2017), where all of them being highly linked with technology, they operate in various industries like transportation, rocket manufacturing, communication and finances. Regarding valuation, all the companies except Giphy are valued over a billion dollars (Fortune Unicorns 2016).

Despite the possibility of having start-ups in all industries, they still vary from traditional businesses, like retail stores or restaurants, which operate in well-known business strategies (Saks 2016, 12). Start-ups explore new or unknown business models with innovative approach behind it, “innovative” being the key here (ibid). Oxford Dictionary defines “innovate” as “making changes in something established, especially by introducing new methods, ideas, or products” (Oxford Dictionaries). Innovation does not have to happen only

in certain aspect of a business or be necessarily disruptive (Saks 2016, 12). As Saks (2016, 12) describes them, start-ups always try to innovate, discover problems and try to find solutions, which are different from existing ones and doing that, provide more value to users and customers. They can often launch a product well before getting enough users, they can modify the market strategy, name of the company and message it is carrying. (ibid) An example can be Uber, which started as a luxury transportation service, but soon realized people's priorities with a ride was its cost and quick accessibility and this way improved their business model and approach to the service (Kalanick 2017, 111; Cusumano 2015, 34). Traditional taxi was the market ridesharing companies disrupted with their new business models. A clear example where companies explored a new business model with an innovative approach behind it, by using smartphones, mobile data and GPS to connect drivers with passengers and even including an option for almost anyone to be that driver, making having a transportation service cheaper and more accessible.

Steve Blank (2011) categorized start-ups into six types: lifestyle business, small business, scalable start-up, buyable start-up, large company, and social entrepreneur:

Lifestyle start-ups work to live their passion. An example he brings is a surfer who owns a small surf shop at the beach, sells stuff and gives surf classes to pay the bills, so they could spend rest of the time surfing. They live the life they want and work for themselves, while pursuing a personal passion. Another example can be a reliable coder or web designer who loves technology and does the job as it is their passion. (Blank 2011)

Small business start-ups work to feed the family. 99.7% of all companies in the US are small businesses. Small businesses are hairdressers, grocery stores, bike shops, plumbers, travel agents, internet stores, electricians, tailors etc. – anyone who runs their own business. They use their own saving or small loans to start the business, might hire a few people, often relatives and family. Most are barely profitable and they are not built to scale. Small business owners do not become billionaires, but they are good representatives of entrepreneurship and create local jobs. (Blank 2011)

According to Blank (2011), third option is a **scalable start-up**, who are born to become big. They are what Silicon Valley entrepreneurs and venture capitalists aspire to build, examples can be Google, Facebook, Uber, Snapchat. From the beginning their founders believe they can change the world. Compared to small-businesses, their goal is not to just make a living,

but scale quickly and become publicly listed or get acquired and earn a multi-million-dollar payday. To scale, these companies need venture capital and they hire the brightest.

Buyable start-ups are born to be sold. These have become popular among web and mobile apps. The cost to build a product has declined, time to bring the product to market has been radically reduced and the availability of seed money has made these companies proliferate. Their goal is not to build a billion-dollar company, but get bought by a larger company for millions. (Blank 2011) Example can be Autohop and carpooling.com, who were bought by BlaBlaCar for tens of millions (Divac 2015).

Large company start-ups have finite life cycles and these have become shorter in time. They have to innovate or evaporate. Mostly grow by sustaining innovation, building new products around their core ones. Changes in legislation, customer tastes, new technologies, competitors etc. can create the need for more disruptive innovation, which is though difficult to achieve in a large company. They often achieve this by acquiring buyable start-ups (see previous paragraph). (Blank 2011) Examples can be the same Facebook or Google mentioned before.

Social start-ups are driven to make a difference. They are by no means less ambitious or passionate compared to other types of start-ups, but instead scaling or becoming sold for millions or billions, their goal is to make the world a better place. They can be organized for profit, non-profit or hybrid. (Blank 2011) But they can become large and successful like Charity: Water, who has built advanced wells in 24 countries and raised over \$200 million from donors (Schiller 2016).

For ridesharing companies, the most common types appear scalable star-ups, buyable start-ups and large company start-ups. Uber can be good example of a scalable start-up by having expanded to 66 countries. Due to its vastness and 69-billion-dollar valuation (Newcomer 2016a), it can also be considered a large company start-up. Hailo, a taxi hailing app, was acquired by MyTaxi owned by Daimler to create a single brand and compete with Uber in Europe (Campbell & Fontanella-Khan 2016). Hailo was launched in 2011 and it was looking for strategic investor for some time (ibid). They pulled out of US and Canadian market due to extensive competition from Uber and Lyft. Previously they had expanded to Barcelona, Madrid and Dublin from their home city London. (ibid) Hence start-ups can evolve from one type of business to another. They could start as a buyable start-up and then become a scalable one or vice versa. Or be a “scalable” and become a large company start-up or be both at the same time.

The definition of a start-up is clearly very broad and academics do not appear to have common agreement. It appears it does not have constraints on size or valuation as a start-up could be a company just started in a garage or a multi-billion-dollar company. It appears it can evolve in time and still be considered a start-up, just a different version. Common features that appear across definitions are the ability to scale and become global and the aspect of innovation – doing something in a new way and often by using the help of technology. In this paper we will not constrain the companies in interest too much and will consider Ries' (2011) broader definition as a one to follow.

1.4. Business Model Canvas

Blank's six types of start-ups help generally categorize them, but does not give in depth insights of their business model. A more thorough analysis is needed to understand each companies' business model and value. One of the most well-known is **Osterwalder's business model canvas**. Osterwalder's canvas is well known, it has been downloaded more than 5 million times from strategyzer.com and is widely used by academics, for example in Stanford and Harvard (Amarsy 2015). Based on Osterwalder and Pigneur definition, a business model describes "the rationale of how an organization creates, delivers, and captures value." (Osterwalder and Pigneur 2009, 14). Another similar business model canvas is "Lean Canvas", but that is more suitable for early stage start-ups that are still figuring out their customer and product or service selling (Business Model Canvas vs Lean...). For this paper more mature companies will be examined and therefore Osterwalder's canvas is more suitable.

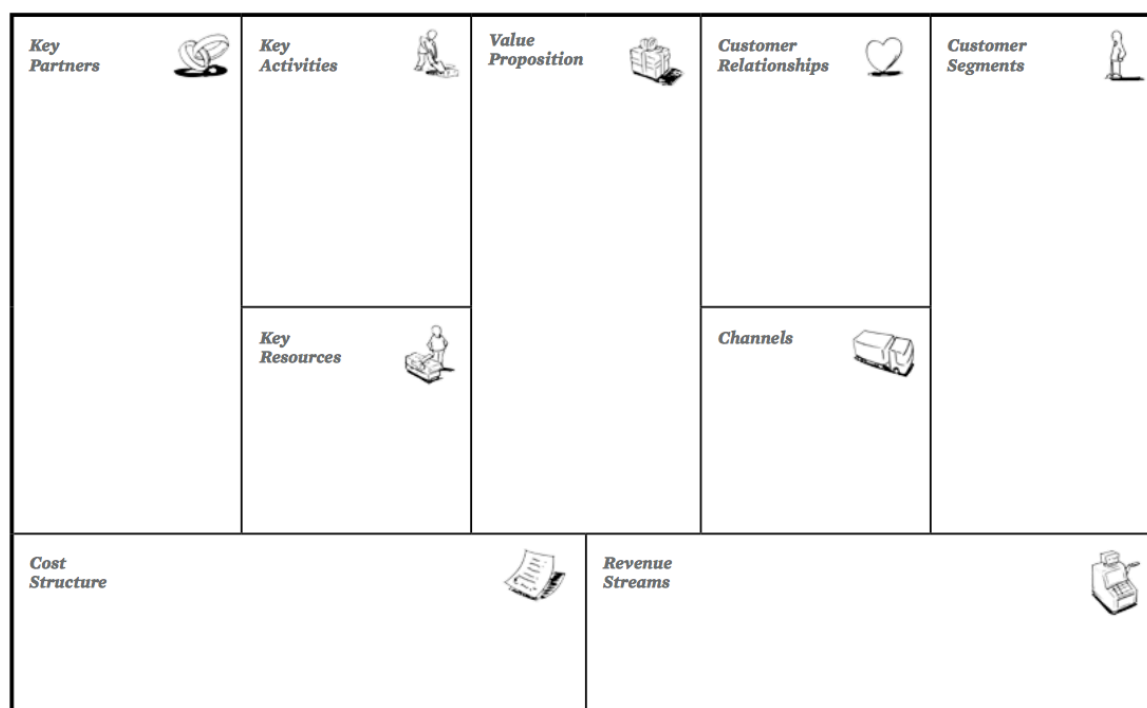
Based on Osterwalder (2004, 42) there are four core elements in a business model. Product which describes the business the company is operating in and the value it offers. Customer interface determines who are the company's target customers, how products and services are delivered to them and how to build relationships with them. Infrastructure management covers how the company handles logistical issues with whom and what kind of network enterprise and finally, financial aspects describe the revenue model, cost structure and business model's sustainability.

Those four core elements divide into additional blocks creating nine in total: customer segment, value proposition, channels, customer relationship, revenue streams, key resources, key activities, key partnerships and cost structure (Osterwalder & Pigneur 2009, 44).

The **customer segments** building block defines different groups of people or organizations company tries to reach (Osterwalder & Pigneur 2009, 20). It questions for who the product is created and who are the most important customers. There are different types of customer segments and methods to approach them, for instance a “mass market” where the customer is not distinguished or “segmented” where broad array of customers is categorized based on different criteria. (Osterwalder & Pigneur 2009, 20-21) For instance Shaheen & Chan (2015, 3) studied 350 on-demand ride services’ users in San Francisco and found users were generally younger and highly educated – 84% had Bachelor’s degree or higher. PwC’s study in Europe also confirmed this, with highest participation was under 35 year olds and well-educated (Vaughan & Daverio 2016, 9). Companies also offer services in different price categories, this way capturing the largest market possible, which is why Uber pivoted from only offering a luxury service to focusing more on the affordability of the ride (Cusumano 2015, 34).

Table 2. The Business Model Canvas

The Business Model Canvas



Source: (Osterwalder & Pigneur 2009, 44)

Value proposition describes the products and services that create value for the customer (Osterwalder & Pigneur 2009, 22). It is usually a mix of elements designed for each customer

segment, for example based on price, speed of service, design or customer experience, newness, performance or customization. (Osterwalder & Pigneur 2009, 22-23) One of the key aspects here is differentiating the value from competitors and differentiating from customer standpoint (Osterwalder 2004, 49-50).

In ridesharing, value propositions can differ. For example, in addition to on-demand ride service, in some cities Uber delivers food and packages. It has diversified ride options, for instance in New York City Uber has carpooling, cheaper UberX and luxury UberBLACK for on-demand ride service and even UberWAV for wheelchair accessibility (Uber New York). In New Delhi Ola has around ten different categories for its ridesharing services, including carpooling and on-demand service by bike (Ola Fares Delhi). Taxify has a separate service for business clients, providing a separate business payment option for certified users. This means Taxify automatically offers them licensed drivers who are able to provide a legally valid receipt. (Taxify avas Business teenuse...)

Channels cover how a company communicates with and reaches its customers to deliver the value promised. This means raising awareness of the company's products and services, allowing customers to purchase specific products or services, provide customer support etc. (Osterwalder & Pigneur 2009, 26-27) Questions here are through which channels customer want to be reached, how are channels integrated, which are the most cost efficient. (ibid) Channels should be selected based on their users by observing their behaviour and habits (Osterwalder 2004, 66). For example, Uber often does engaging campaigns on its platform. In Tallinn they delivered free buns on Fastelavn or just ice-cream in summer. Another example of delivering value can be how Uber adapted its payment system for the customers in India (see Revenue Streams paragraph).

Customer Relationships define the type of relationship company has with each client segment, as each customer might want different approach. It can be automated or personal, with the goal of customer acquisition or retention. (Osterwalder & Pigneur 2009, 28-29) Acquiring new customers is expensive, but always necessary to make a business. Focus should be on the most valuable customers and how to retain them. (Osterwalder & Pigneur 2009, 74-75)

For example, Taxify deals personally with each case where a client has rated the driver with one star (out of five) (Raave 2015). The authors experience with Uber has been similar, where in case of cancelled ride due to too long wait, the company initially charged €3 fee, but

after explaining the ride was cancelled due to increase in the wait time of the car, the company refunded the fee no questions asked.

Revenue streams represent the cash company is generating from each customer segment (Osterwalder & Pigneur 2009, 30). Revenue can be transactional, resulting from one-time customer payment or recurring resulting from ongoing payments. Streams can be subscription based, usage fees, renting, licensing etc. It is important to revise how are the customers currently paying, how would they prefer to pay. (Osterwalder & Pigneur 2009, 30-33) For instance, Uber was known for its payment model where credit card details were pre-entered in the app and the fees were automatically taken after each ride. In India though, Uber quickly realised credit cards were not that popular and therefore introduced cash payments and afterwards used the idea in multiple markets (Lu 2016). Pricing can be predetermined and fixed or dynamic based on market conditions (Osterwalder & Pigneur 2009, 30-33). In ride sharing, this is something that differs between companies. In Estonia both Taxify and Uber use dynamic pricing where price depends on the availability of the cars. Another app “Gett” then again promotes itself for having fixed prices and using that as a key differentiator from Uber (About Gett).

Key Resources describes the most important asset required to make a business model work. These can be physical, financial, intellectual or human, can be owned or leased or acquired from key partners. They determine what is required for the value proposition, distribution channels, customer relationships management and revenue streams to work (Osterwalder & Pigneur 2009, 34-35). Osterwalder (2004, 82) considers people based skilled essential for companies that rely on innovation, hence for start-ups too.

In ridesharing the resources are most likely human capital and finances. Finances are needed for expansion as reportedly Uber lost \$2 billion in 2015 and \$3 billion in 2016 (Newcomer 2016a). Taxify was also operating in a loss. In 2015 the company received an 800 000-euro loss on a 700 000-euro revenue. (Lilleorg 2016) Hence venture capital is needed for growth.

Key activities describe the most important things company must do for its business to work. For Microsoft it is software development for McKinsey it is problem solving. The activities categorize for production – relating to making the product and delivering in substantial quantities and quality. Problem solving to solve customer problems.

Platform/networks determine how to connect the customers. (Osterwalder & Pigneur 2009, 36-37)

As stated before, scalability is key for a start-up, therefore the goal is to attract as much users as possible, which can mean expanding abroad. Another option for more users is to provide a service for all customer segments which is why ridesharing companies often provide all types of services: carpooling, on-demand private drivers and taxi hailing, and have rides in different price categories.

Key partnerships describe the network of suppliers and partners that make the business work. Alliances are made to optimize the business model, reduce risk and/or acquire resources. It's useful to outsource some activities like accounting, marketing or public relations. (Osterwalder & Pigneur 2009, 38-39)

In ridesharing, drivers could be considered as the companies' partners. In Tallinn competing companies are Uber and Taxify. Uber dropped its prices by 25% in summer for people to take more rides and this way allow drivers to earn more. Taxify followed but only lowering the price for its cheapest option, as they estimated that Uber drivers with more expensive cars will otherwise stop driving. (Liiva 2016) Based on the authors talks back then with some Uber drivers, they confirmed that after the price decrease they started driving Taxify instead, therefore in the ridesharing business there is competition for the key partners as well.

Cost structure defines all costs that occur to operate the business model. Naturally all businesses should minimize the costs, but some models can be more cost driven than others. For example, when offering low price is the key selling point for the product or service. Another extreme is value-driven cost model, for example luxury hotels or supercars. It is important to understand costs in every part of the business to find opportunities for savings. (Osterwalder & Pigneur 2009, 40-41).

As growth was key for a start-up, that brings costs and therefore they often operate in a loss with the aim of profiting from more users in the long run. Taxify operated with a €800 000 loss in 2015 (Lilleorg 2016), Uber's loss is estimated around \$3 billion a year (Newcomer 2016a) and Lyft lost \$600 million in 2016 (Newcomer 2017b). Hence savings appears to be a lesser concern for the companies during their period of expansion.

Not all elements are equally important when comparing ridesharing companies and figuring out what matters inside the company when being expanded. **Customer segments** provide insight, what audience the company targets. **Value proposition** is definitely important

as it gives insight how the ridesharing company differentiates itself from others. **Channels** show how the value is transferred to customers, but it will likely come out with the value proposition as well. Customer relationship seem to be less relevant, as the level of it is more standardised among companies and is not a major influencer when entering new markets, therefore will be left out. **Revenue stream** gives an understanding what importance does price pay in the sector and how much raised capital affects expanding the business. Key resources and key activities are rather similar between companies, therefore will be left out for this analysis. **Key partners** on the other hand provide insight how companies try to attract more drivers, as they are essential to the business. Cost structure will be excluded as analysing revenue streams would be enough to understand the importance of money.

1.5. Internationalization

There are multiple benefits for a company to go global and internationalize its business. Associate professor Tony Bailetti defines internationalization as a process “by which a company increases its involvement in cross-border markets via exporting, licensing, partnerships, joint ventures, direct foreign investment or other means.” (Bailetti 2012, 6). Technology start-ups go global to increase the value of the start-up, reduce revenue source risks and increase the size of the start-up’s addressable market (Bailetti 2012, 5). Early globalization also increases company’s adaption to uncertainty and its ability to change (ibid).

Most common proactive measure for internationalization is the goal for increased profits and growth (Root 1998, 1). Additional reasons are for example technological capability or a unique product or just having the resources and possibilities to extend to foreign markets. It can be the case where home market has become too small or consolidated already or increase pressure from competitors. (Albaum 1994, 31) There can be many more reasons from tax opportunities or production leftovers etc (ibid) but the ones mentioned before are more suitable for technology start-ups.

To fit the global methods best for technology start-ups in the age of the internet, two main approaches will be compared: stage approach and global approach.

1.5.1 Stage Approach

With the stage approach, companies first capture their home market and then seek for new countries to expand (Baronchelli & Cassia 2008). Two theories describe this approach the best: product life cycle theory and Uppsala internationalization model (ibid).

According to Vernon (1966), the author of the product life cycle theory, companies introduce new products only in their home market and when the product matures, they go abroad. Vernon (1966) observed that US companies first offered products at home, when product matured they started production in other advanced countries and serve the local market there. Finally, as production became standardized they expanded to developed countries to meet local demand. In 1979 Vernon himself started to question some assumptions, since differences among many developed countries disappeared and the geographical reach of companies had increased. Therefore, companies started to launch new products in several markets all in once, especially in industries characterized by high level of innovation, for example electronics. (Vernon 1979)

Another theory of stage approach is Uppsala's. Uppsala model's states that companies develop their activities abroad gradually, over time and in an incremental fashion. Internationalization happens based on their knowledge development and this development is explained by psychic distance – the sum of differences in political system, culture, language etc. To overcome it, companies first expand to markets that are perceived physically closer and move into distant markets as their knowledge develops. (Johanson & Vahlne 1977) They consider accumulating knowledge the key reason for expansion, as more knowledge about markets and cultures allow companies to expand to further new territories. In time the organizational ability improves, allowing the company to reproduce in foreign locations at lower cost and time. Faster foreign entry with lower costs is a competitive advantage compared to rivals with less international experience. Nevertheless, the home market is considered vital for gradually expanding companies as it supports their expansion to new markets (Chetty & Campbell-Hunt 2004).

Uppsala theory also emphasises the importance of experiential knowledge, which helps reduce the psychic distance and can only be gained by personal experience, compared of objective knowledge which is taught (Johanson & Vahlne 1990).

There Uppsala theory has gained criticism as well. Chetty et al (2004) stated it oversimplifies a complex process and firms frequently skip stages, and it ignores acquisitions, which have become a common method of expansion.

1.5.2 Born Global

The other approach, born global, states that companies do not expand gradually, but start their international activities from birth and enter new markets at once (Baronchelli & Cassia 2008). The phenomenon has become more evident in recent time due to advances in technology regarding production, transportation and communication (Chetty & Campbell-Hunt 2004). Though the theory itself emerged already in 1993 from a study by McKinsey consultants (Rennie 1993). The study showed two types of exporters. First, companies who had solid ground and focus in their home market and the average age of the companies for their first export was 27 years and export count for 20% of total sales. The second group of exporting companies, started exporting on average only two years after their foundation and gained 76% of sales through export. The latter were called the born global. (Rennie 1993) These companies see the world as one market and does not confine themselves to a single country. The focus of a born global is growth through international sales and to do so they operate in niche market, have access to international networks and finance. (Chetty & Campbell-Hunt 2004, 61; Rennie 1993) They have engagement in multiple markets at once and it often happens in early life of the company (Chetty & Campbell-Hunt 2004, 61). No clear limitations or criticism of the born global approach was found.

Transportation is a universal service, ridesharing companies just provide it in a specific way. Internet and technological advancements have made it easy to provide internet based services around the world and therefore, there is little reason companies whose service is based on the internet should only stay at their home market and not go global. Surely, there are ridesharing companies who are among the Fortune's list of Unicorns (2016) and not have gone global, like Lyft, Didi and Ola, but there are also examples of rapid expansion with very short time periods. For example, Uber was founded in March 2009 and their first foreign city was two years and nine months later, in December 2011, in Paris (Lu 2016). By the end of 2014 they were launching at a rate of one city per day and today operating in 66 countries and 556 cities (Uber locations). Estonian Taxify was founded in 2013 in Estonia, by December 2014 they were already operating in Finland, Latvia, Lithuania and Belarus (Startupclass 2015).

Today they operate in 17 countries and 22 cities (Taxify 2017). Therefore, born global theory is more adaptable for analysing ridesharing companies expansion to new markets.

1.6. Choosing Markets

There are many risks companies face when choosing markets. Some countries are politically unstable, others have more natural disasters, some have higher crime rate or weak economy or currency. They all might not always be a threat to a business, some might even be a benefit. Therefore prior to expansion it is better to get an overview of what can be a threat or an opportunity for a business.

1.6.1 PESTEL Model

PEST model is well known to categorize macro-environment risks. The model can be used to compare different markets or analyze which factors impact the business the most and this way find the best markets for the company to operate in. It is an acronym for four sources of change: Political, Economic, Social and Technological (Sammut-Bonnici & Galea 2015, 1).

The model has multiple variations. One of the most thorough additions is PESTEL. (ibid, 2) The additional “EL” stands for Environmental and Legal factors. The other variations add for example ethical dimension or demographics at the same time removing some factors. All in all, PESTEL covers the main ones and the analysis should be conducted only on the dimensions relevant for the business. In addition, SWOT analysis could be used in conjunction with PEST(EL) for better insight of internal dimensions, as well Porter’s five models for competitive elements (Sammut-Bonnici & Galea 2015, 2). Considering the volume of this paper, this paper will only analyze the expansion using PESTEL model.

Political factors dimension observes to what extent policy makers intervene in the business environment, this includes trade, taxation, labor and environmental legislation (Sammut-Bonnici & Galea 2015, 1). For instance, Google had to pull out of China because of censorship, or when Formula One suffered from banning tobacco advertising in the European Union. It is important to keep in mind the relevance of each factor, as some businesses are in more regulated areas than other, for example telecoms, utilities and financial institutions. For these companies it is important to consider in which political environment they are operating

in the future. (ibid, 2) As ridesharing companies, especially on-demand ride service providers, are having hard time from public institutions in multiple countries (Uber in conflict 2016), the government's approach towards on-demand ridesharing is something to consider when choosing markets. Another option is to look for developing countries with weaker institutions who would not consider the banning nor legalizing ridesharing as a priority. Danish Union Magazine noted 71 places Uber was banned a year ago (Uber in conflict 2016).

Economy factors have obviously important role on attractiveness of market or industry. The most known measure for country's wealth is Gross Domestic Product (GDP) per capita. This is though more important for industries that depend on high purchasing power, for instance jewelry, tourism and various luxury items. Food, health services and basic commodities have more steady demand across countries. Unemployment level diminishes disposable income, but on the other hand gives access to cheap labor. (Sammut-Bonnici & Galea 2015, 3) For ridesharing, low income countries can be a drawback on one hand, there are less people who are able to pay for private driver. On the other, by being that driver, it is an opportunity for low income people to earn extra money. Another option is to look for cities with most expensive taxi rides, which are Oslo, Zurich, Luxembourg and Geneva (Cities with the most... 2017). Or countries with most cars per capita. In Europe it is Luxembourg, followed by Italy, Lithuania and Malta (Passenger cars in EU 2013)

Social factors dictate work patterns, attitudes and consumer preferences for a particular product or service. It includes demographics, lifestyle, perception of brands, purchasing behavior, effects of advertising and religious influences. (Sammut-Bonnici & Galea 2015, 5) Even though transportation is a universal service, ridesharing can be viewed differently among cultures, for example, religions where women are not allowed to drive, it diminishes the possible amount of drivers for companies. Or the demographics of populations, considering the average age of a ridesharing client. Or whether ridesharing is seen in the public as a positive alternative to taxis or illegal and unfair competition against regular taxis.

Technological breakthroughs can create a demise of some industries or new opportunities for others (Sammut-Bonnici & Galea 2015, 5). Nowadays businesses are becoming more reliant on the access of internet or even only mobile internet. The popularity of smartphones or adaptation of new innovations (ibid, 6). For ridesharing companies, these elements are surely crucial, as both internet and smartphones are core elements of their business.

Cisco's research on mobile data pointed the 2016 highest growth in mobile data subscriptions was in Middle East and Africa and Asia Pacific (Cisco Visual Networking Index 2017).

Environmental dimension covers the geographical location and climate related characteristics. Environmental protection aspects also apply here or the usage of a natural resource. (Varendi, Teder 2008, 17) Even though this category appears less relevant for ridesharing services, the climate can influence the business, as Uber's data shows they have more rides on rainy days (Rain's Effect on Uber Rideship 2011), hence more success in climates where it rains more.

Legal perspective is needed to understand what laws are enforced and what legislative changes can happen in the foreseeable future. This category defines which authorities can affect the work of the company and to what extent (Varendi, Teder 2008, 17). This is highly linked with political dimension, but being more specific on the legislative side, while the political dimension defines the general principles government can have towards ridesharing. This category also includes labour laws, transportation license regulation, insurance laws – all relevant for ridesharing and can create problems for the companies (Uber in conflict... 2016).

The PEST(EL) analysis provides a framework to increase the awareness of external environment and it is not intended to keep it in strict form. There are various elements that affect multiple categories, for instance increase in taxes (political) is likely to diminish disposable income of consumers (economic), on the other hand if that tax money goes to support investment, it can lead to new employment and wealth. Citizens can push governments to adopt favorable legislation, as has happened with growing environmental awareness. (Sammut-Bonnici & Galea 2015, 7) And can happen with legislation for ridesharing. The model is very dynamic and the aim is to help companies think about different dimensions influencing the business. For this paper the environmental aspect is the least relevant one, therefore it will be excluded from further analysis, leaving a PESTL model to use in the further research.

1.6.2 Market Entry Strategies

There are multiple strategies for entering market. Kotabe and Helsen (2009, 323) has listed out the main pros and cons of all the main approaches. Most of the approaches are suitable for exporting products and traditional services, and less for modern ridesharing business. All the options stated by Kotabe and Helsen (2009, 323) are: indirect exporting, direct exporting, licensing, franchising, contract manufacturing, joint venture, acquisition and greenfield.

Indirect and direct exporting are less favorable for ridesharing companies as the model is more suitable for exporting goods, rather than services (Kotabe & Helsen 2009, 299-300).

With licensing the firm offers proprietary assets to a foreign company in exchange for royalty fees. Examples of those assets can be technology, know-how and patents. This can already more suitable for ridesharing, as their core value is the technology platform and is often used by other software companies. Licensing usually has very minimal costs for selling the service, but from downside is the royalties can dwarf the potential income from having full ownership of the platform in other markets. It can create new competitors after the licensing agreement ends. (Kotabe & Helsen 2009, 301-302) Similar alternative is franchising which adds the elements of business model and brand for the licensable service. The benefits are similar, including the minimal risks of new markets, and the caveats are also similar, with potential loss of income and difficulties finding a suitable franchisee. (Kotabe & Helsen 2009, 304)

Contract manufacturing is not suitable for ridesharing services, as nothing there is manufactured. The model is more suitable for traditional manufacturing of products. (Kotabe & Helsen 2009, 305-306)

With joint venture company establishes a new entity with another company in the host country with shared equity. Typically, the partners are local companies. Compared to licensing or franchising, joint ventures provide more control over the operations and benefit of potential bigger profits than royalties would offer. Still, many companies see lack of full control of the venture a downside, though it is possible to change that with majority ownership. Similarly, with licensing, joint ventures carry the threat of having a future competitor. (Kotabe & Helsen 2009, 306-307)

Compared to joint venture, by acquiring a foreign company, wholly owned subsidiary provides the full control of the venture, meaning they are able to keep all the profits. Being a wholly owned subsidiary sends a strong message to market about commitment and can often be a faster option to start up, as negotiations for a joint venture can take long time. The downsides are that the company takes all the risks and possible losses. It is also very demanding for the company's resources to develop everything by themselves. (Kotabe & Helsen 2009, 312)

The last option "greenfield" is contrasting mergers or acquisitions (Kotabe & Helsen 2009, 313). Greenfield is described as an approach where the parent company builds its own

subsidiary from scratch (Kotabe & Helsen 2009, 315). It is often used when acquisition is not feasible. Greenfield gives more flexibility in human resources, suppliers, logistics, technologies used etc. and offer full control of the operations. It avoids the cost of integrating an acquired company to the parent company. The negative of the greenfield approach is the vast amount of time and capital needed and carries high political and financial risks. (Kotabe & Helsen 2009, 315)

It is not clear to say which method is most suitable for ridesharing industry and there might not be a single correct way to do it. BlaBlaCar mostly acquires existing companies when entering new markets (Divac 2015). Uber on the other hand has expanded to 556 cities (Uber Locations) by having only three acquisitions (Crunchbase Uber 2017). Taxify creates a legal body only if they really need to (Villig, Roonemaa & Kotka 2016).

2. METHODOLOGY AND DATA COLLECTION

2.1. Qualitative Research

Qualitative research is best described where gathered data is not linked with numeric indicators. The approach tries to answer questions “why” and “how”, explain phenomena with words rather than numbers (Laherand 2008). Quantitative method on the other hand focuses on testing or verifying, compared to understanding the phenomenon with qualitative research (Reichardt, Cook 1979). Qualitative method understands from respondent’s point of view, provides “insider view”, is closer to data and has an explorative orientation (ibid).

Therefore, for this research qualitative method will be used, as it will help better understand the “why” and “how” companies enter new markets. Also, as the ridesharing industry is new, it is difficult to get a large enough quantitative research on this topic.

The main danger of qualitative research is being subjective on data analysis (Reichardt, Cook 1979, 110). To combat this, it is important to position itself beyond judgement and provide material for its audience to judge for themselves (Mason 2002, 7).

2.2. Case Studies

Case studies allows to expand and generalize theories by combining existing theoretical data with new empirical insights (Yin 1994). This is especially important when researching topics which have not been previously studied (Vissak 2010, 371). They do not necessarily need to rely on prior literature, nor previous empirical findings. Therefore, even if little is known about the topic, case studies can be used to build new theories. (ibid.) Also, Eisenhardt (1989) brings out case study method is appropriate when current perspectives contradict with current research. This can be referred to the case where there are successful and well-financed ridesharing companies who have not expanded their business abroad.

Eisenhardt (1989, 534) defines case study as: “a research strategy which focuses on understanding the dynamic present with single setting”. Studies can be multiple or single case based. Single case is suitable for a rare or a critical event, which has not happened enough to have multiple cases to compare to (Yin 2003, 41). Multiple case study on the other hand works

when generalization is needed or repetition of an event through multiple experiments. Results can be predicted either similar or contrasting (ibid, 47).

In multiple case study each case stands on its own as a separate experiment (Eisenhardt & Graebner 2007, 25 in Rungi 2016). The experiments serve as contrasts, extensions and replications to the emerging theory (ibid). It helps validate the findings with the goal of analytical generalizing, not statistical, which is done in surveys (Meredith 1998; Eisenhardt 1989 in Rungi 2016). Multiple case study also helps to gain external validity and guard against observer bias (Leonard-Barton 1990 in Vissak 2010, 373). They help to perceive patterns more easily, generate hypotheses, eliminate chance associations and raise important questions and issues (Vissak 2010, 373). In comparison, a single case study is examined to understand one case, not the others (Stake 1995 in Vissak 2010, 373).

From the drawbacks multiple case studies are time- and labour-consuming and may reduce the depth of the study (Vissak 2010, 378). Thus the results may come out only scratching the surface (ibid). Multiple cases can lead to a risk of ending up with confusing or contradictory results (Ghauri in Vissak 2010, 380).

For the purpose of this research a multiple case study will be used. To generalize and find the best practice for ridesharing companies to enter new markets, more than one case should be studied. This allows to find similarities, compare approaches and conclude which methods work the best.

Main danger of multiple case studies is overloading them with cases. There is no ideal number of cases, but the optimal is considered between four and ten (Eisenhardt 1989, 545). Less than four and it is difficult to provide enough complexity and empirical ground will be little convincing. More than ten cases and it will become difficult to comprehend the complexity and amount of data. (ibid) With too many cases the latter ones will most likely start repeating the information of the previous (Vissak 2010, 380).

2.3. Sample and Data Gathering

The first category for choosing the companies was “sharing economy”. After initial literature review ridesharing appeared to be the most successful industry of the sharing economy, with multiple companies among the Fortune’s unicorns list (Fortune Unicorns 2016). Therefore, there is increased public attention and more written about those companies, which

reflects the internet searches done (Table 1 in 1.1). For example, Airbnb the largest sharing economy accommodation company had more than three times less results than ridesharing industry's leader – Uber (Table 1 in 1.1). The author also has increased interest in the transportation industry and had exposure to the topic while working in the Estonian Ministry of Economic Affairs and Communications.

Next, companies in the ridesharing business had to be narrowed down. Based on Eisenhardt (1989, 545) the optimal number should be between four and ten. As the focus was initially set on sharing economy, companies providing carpooling and on-demand ride services were preferred. Taxi e-hailing is not considered a ridesharing service, but there are companies offering taxi e-hailing and on-demand ridesharing (see 1.2. Ridesharing). Companies offering only taxi e-hailing will not be considered.

To analyse the companies' expansion to new markets, third criterion was the companies needed to be international. During literature review the author's listed suitable companies: Taxify, Uber, Grab, BlaBlaCar, Careem, Gett and Easytaxi. All of them operate in the ridesharing business providing on-demand services or real time carpooling, some also offer taxi e-hailing. They are also operating in multiple foreign markets.

There are multiple ridesharing companies who have not entered a foreign market, but are highly successful at their vast home markets. Examples are Ola in India, Didi in China and Lyft in the United States. All these three companies are part of Fortune's Unicorns list (2016). Therefore, it would provide valuable insight why they have decided not expand their business abroad. Wisemile, a real time carpooling service provider in Estonia will also be included in the list, as the author has personal contact with the founder.

2.4. Interview Frame

The interviews were needed for more in depth information about the companies and their expansion process. As the field is little researched and none of the companies has gone public, there is not much data about the business strategies of the companies, nor their approach to foreign markets or in the case there is, it is often very generalized or only touches the surface. The availability of public information on different companies was very inconsistent. Also, as the business is quickly changing and interviews would give the most up to date information.

Questions were kept as open as possible to understand what companies emphasise the most. Structurally questions were divided into two. First, questions about the company's business model based on Osterwalder's canvas and categories considered relevant for this paper. Second part of the questions was, how companies chose their new markets and what criteria they followed, using PESTEL model as a basis structure. Questions about companies' approach to globalisation was included to gain insights whether the born global or Uppsala model is applicable for ridesharing companies. Considering some companies had not expanded abroad the second part of the questions was formulated as "what if they would expand". The list of questions was kept as short as possible, to keep the interview not too long. From the author's experience, a 30-minute interview is more likely accepted than a 60 minute one. All the interviews were conducted in approximately 30 minutes.

The interview was done on semi-structured basis. This is most suitable for this research, as the method is most often used when topics are little researched, goal is to go more in depth and get a thorough overview of the topic, and if presumably topic can have multiple opinions or approaches (Rungi 2016). Semi-structured interviews have open questions, broad topics and this way it is allowed to side-track from initial questions for new discoveries (ibid).

The companies selected to approach for the interview were Taxify, Uber, Grab, BlaBlaCar, Careem, Gett, Easytaxi, Didi, Ola, Lyft and Wisemile. These ridesharing companies were either operating in multiple foreign markets, were successful in their home market, but had not expanded or the author had personal contact with the founder. The final selection of the companies was based on the interviews received.

As the emails of the companies' employees were not publicly available, the author subscribed to LinkedIn free trial to gain access to InMails, which allowed to contact people outside his LinkedIn network. In each company around five to six people were contacted who were either co-founders or had leading positions in strategy or expansion. Also, emails were written to the companies' general email address. In the case of Taxify and Wisemile, the author had previous contact with the founders and could address them directly. In some cases, emails were also written, if email addresses could be obtained from rocketreach.co website. Each contact who did not reply, received at least one follow up with approximately five days later after initial email. In total around 100 requests were sent including email and LinkedIn. LinkedIn was a better option to reach out for contact and would recommend it for future researches.

In total 53 people were contacted, from whom 18 replied, most of them declined. Eventually interviews were conducted with Wisemile's CEO and founder Arti Kütt, Easy Taxi's co-CEO Jorge Pilo, Taxify's co-founder and CEO Markus Villig, Ola's Vice President Rahul Maroli and former Uber Slovakia founding member and marketing manager Matej Benuska. Wisemile, Taxify and Uber interviews were conducted face to face. Easy Taxi's and Ola's interviews were done over the internet. All the participants agreed with interview being recorded and allowed the transcripts of them to be added to this paper.

2.5. Analysis

The interview transcripts were analysed and key points noted as short comments. Those comments were afterwards added to cross-case table. Similar comments in the table was generalized under one term for better comparison. The cross-case table helped to find similarities and differences between interviewees' answers, and were the foundation for further conclusions. From the interviews word-clouds were also formulated for better understanding which key words were the most used.

Even though nobody from Lyft or BlaBlaCar was willing to give an interview, they were both included in the comparison for better depth and their unique business aspects. BlaBlaCar has a different approach to expansion through acquisitions. The company replied to interview request with web page with links to founders' interviews on different topics and data about the company. That was very helpful and abled to answer most of the questions. The author took the same applicable set of questions and answered them by himself using interviews and articles from founders and other relevant employees working in the companies.

Lyft was included for a better comparison of the domestic companies and they have strong emphasis on company culture, thus it would have been interesting to analyse its influence on the business itself.

Didi marketing manager agreed with an interview, but it was not conducted, as insights from a similarly positioned Ola were already received. From the final companies added, it already started to appear similarities which would suggest the saturation point was achieved.

In addition to the the cross-case table word clouds were made from the interviews (Appendix J-N). The cross-case table was author's selection of key points from the interviews. Word clouds were used to compare those key points with interviews' most used words. This

provides insights if what was most talked about matches with the key points from the cross-case table. Lyft and BlaBlaCar were not included in this part, as their answers to the interview questions were selected by the author. Author's questions were removed from the transcript and word cloud generator at wordclouds.com was used to formulate the bubbles. Afterwards, lists of the most used words were consolidated into a single table to compare the results with the cross-case table analysis and author's conclusions.

2.6. Overview of the Companies

2.6.1 Wisemile

Initially Wisemile was a social transportation network that connects ridesharing, taxi and package delivery services. It was founded in 2015. They operated in cities and intercity and only in Estonia. Using the platform was free for drivers and passengers. (Wisemile Ettevõtte) They plan was to earn revenue from package delivery by private and taxi drivers (Mallene 2016). Recently Wisemile did a pivot – changed their business model from being a ridesharing platform to become a transportation platform, including on-demand ridesharing, real-time carpooling, taxi e-hailing, public transport and intercity transport (Appendix B).

When founded, Wisemile's focus was on intercity carpooling with the purpose of sharing costs (Kütt 2015). For example, when somebody was driving from city of Tallinn to Tartu and had free seats in the car, they could list their time of departure, number of available seats and price per seat. This would enable passengers to travel cheaper than with a train or bus and drivers save on costs when driving alone (Kütt 2015). They had a web platform where you can book the ride on a computer without using the app (Wisemile Ettevõtte). This suggests initially the company was real-time carpooling platform, afterwards adding the option for hailing taxis and providing private drivers for on-demand ridesharing and delivering parcels. Thus becoming a more general ridesharing platform providing multiple services that fit under the term.

To attract more users Wisemile added more features to their platform than competitors Taxify and Uber. Passengers could see driver and car details, picture of the car and feedback left by other users. It was also possible to see the cost of the ride change during the trip. (Mallene

2016) In addition, it was easier to become a driver in the app, as they did background checks in retrospect (ibid), compared to Uber and Taxify who did it beforehand.

2.6.2 Easy Taxi

Easy Taxi was launched in April 2012 (Easy Taxi homepage). The core business is connecting taxi drivers with passengers, but in some countries they also operate with private drivers (Appendix C). The app works similarly to other ridesharing apps – it offers a customer's request to the closest driver, they do background checks of drivers and show their full name, car and license plate to the passengers. (Easy Taxi Homepage) It estimates the price of the ride prior to ordering which is similar to Uber's, with the difference Easy Taxi's passengers cannot be charged over the maximum quote (Mulligan 2015). They also offer separate corporate account for business clients (Easy Taxi Homepage). The company has attracted \$77 million in funding (Easy Taxi Crunchbase 2016)

The app is available in 12 countries and more than 77 cities (Easy Taxi homepage). They only operate in Latin-America (ibid). Previously they have operated in Asia and Africa (Millward 2016).

2.6.3 Taxify

Taxify started by focusing on licensed taxis, then added private drivers and had a separate intercity carpooling app "Hopp" for a short period (Lõugas 2015; Villig, Roonemaa & Kotka 2016). Today when entering new markets, Taxify solely focuses on private drivers. They are also the largest private driver focused app from Europe. (Appendix D)

The company changed their mobile application in May, 2017 by replacing the list of available cars with categories – private, privateUp, taxi, taxiUp and XL. Doing this there was no longer an option to choose a specific car. (Geenius 2017) Doing this made the app more similar to Uber, which also has categories in some cities (Uber New York).

During the last half a year Taxify has hired new teams remotely by doing Skype interviews. Africa is now their number one market, while the CEO has never been there himself.

In half a year Taxify did more rides in Johannesburg than they did in Tallinn in three years. (Villig et al 2016). Compared to Tallinn the differences with Johannesburg were around 15 times more people living there, unemployment was very high around 20% and the public transportation was badly organized, therefore Taxify's service is more needed there than in Estonia's market (Villig et al 2016).

Taxify has raised €2 million (\$2.18 million) to support growth. CEO Markus Villig said back in 2016, that considering the money raised and number of rides, they are the most efficient ridesharing company. In 2015 company's losses were €800 000 (\$862 000) (Lilleorg 2016), today they are break-even (Appendix D).

2.6.4 BlaBlaCar

The company was founded in 2006 by Frédéric Mazzella, Nicolas Brusson and Francis Nappiez (BlaBlaCar homepage 2017). BlaBlaCar focuses on intercity long distance real-time carpooling and is market leader in their service category (BlaBlaCar Crunchbase). Uber in some countries also offers carpooling services, but for short distances and within a city. (Gupta 2016) At first the company spent a long time finding its business model. There were also other options, for instance companies were interested in the service for their employees' commute. It was initially accepted, as financing was needed, but was dropped quickly due to much technical complexity and it was not what the founders wanted. (Mazzella 2015) When decided to go with the long distance carpooling service they had difficulties sell the idea, as the classical image of people hitchhiking was not good. The platform started to create social profiles for the passengers, enable to charge them as they would buy a ticket. Trust was also a key element, thus they started to verify phone numbers, credit cards and allowing reviews by others. (Brusson 2013) The main value proposition was a cheaper option to travel between cities and the possibility to meet people (Brusson 2014). With carpooling there is already something common between passengers and the ice is already broken. Also being in a car with a person for couple of hours give plenty of time and reason to talk and become acquainted.

At first the name of BlaBlaCar was *Covoiturage*, meaning ridesharing in French. Though when the company started expanding they saw they could not use the same name and just translate "ridesharing" into a local language would have created a mess for branding. They needed something more unifiable. The name BlaBlaCar comes from the company's adopted

chattiness index to determine how much person wants talk in a car; “Bla” for a little, “BlaBla” – moderately and “BlaBlaBla” – a lot. (Brusson 2013)

The company has raised \$333 million in five rounds of investments (BlaBlaCar Crunchbase). BlaBlaCar’s last funding of \$22.8 million was in September 2016 from a Russian venture capital firm. The company is valued at around \$1.5 billion (Dillet 2017).

Company has around 40 million members and does 4 million journeys each month (Edwards 2016). For better comparison with other companies, that is around 48 million per year (4 million x 12=48 million).

2.6.5 Lyft

Initially the company was called Zimride. They launched in 2007, 6 months before the iPhone was unveiled. Therefore, initially it was desktop based and you had to take a few days to arrange the ride. It was used mainly by college students to get a ride home in the weekend and rides around college campuses. Lyft launched private drivers in 2012, before Uber did. Uber was hesitant to go to the market at first, but eventually saw that was where the service was heading. Zimride was officially renamed Lyft in 2013. (Green 2016)

The company is also known for its pink mustache that drivers could put on the front grill, which is now replaced with a smaller glowing mustache for the front dashboard. (Green 2016)

Lyft has maximum four ride options. In San Francisco they have the “Regular” for basic cars and on-demand service, “Lyft Plus” with six or more seats and a “Premier” version for luxury cars (Lyft San Francisco Bay Area). In addition, the company has launched Lyft Line, which is on-demand in city carpooling service, where rides are shared with other people with similar locations and destinations (Green 2016). In San Francisco more than half of the rides are done using carpooling and in New York more than 30%. (Somerville 2015)

In April 2017, during the writing of this thesis, Lyft announced they raised \$600 million dollars with a valuation of \$7.5 billion. That increased the total amount Lyft had raised to \$2.61 billion. The company stated a 34% increase in rides, compared to last quarter of 2016, reaching 70.4 million. (Etherington 2017) In 2016 Lyft did 162 million rides in the US (Carson 2017).

In 2016 Lyft’s revenue was \$700 million with \$600 million loss (Newcomer 2017b). Revenue increased 250% and losses 46% over the year (ibid).

2.6.6 Uber

Uber started as lux car service in 2009. After launching they started raising venture capital and then make the mobile app in 2010 to enable customers to order a ride, get price estimate and then accept or reject the offer (Cusumano 2015, 34). The company created UberX in 2012 to enable rides in smaller, less expensive cars. Today they offer loans for individuals to buy new cars. From customer downside they rely on “dynamic pricing” which means prices go up during higher demand – rainstorms or at nightlife peak time. (Cusumano 2015, 34) This is also done by Lyft and Taxify for example. Depending on markets, Uber has taxi e-hailing service, in-city carpooling, on-demand private drivers, package and food delivery (Dupre 2016). They are also known for distinctive marketing doing UberCopter for on-demand helicopter service or UberIcecream to deliver free ice cream (ibid). They have adapted to regional differences as well, for instance offering free buns on Fastelavn in Tallinn or KittensOnDemand to order kittens to play with using the app (Khazzam 2015)

Uber offers multiple ride options in different cities. For instance, there can be UberBlack for luxury vehicles, UberX for the cheapest option, UberSelect which is somewhere in-between them (Branman 2017). In New York they have SUV and UberX for larger groups, even UberWAV for wheelchair access (Uber New York). In some cities Uber operates UberPool which is similar to Lyft Line’s in-city carpooling (Kalanick 2017, 112).

Uber has raised \$8.81 billion in funding and debt financing (Crunchbase Uber) and has \$69 billion valuation (Newcomer 2016a). Uber released their 2016 number in April 2017. Gross booking in 2016 was \$20 billion, net revenue \$6.5 billion and adjusted net loss \$2.8 billion, excluding the China business. Company’s growth outpaces losses though. In Q4 2016 revenue increased 74% compared to Q3 while losses rose 6.1% over the same period to \$991 million. (Newcomer 2017a)

2.6.7 Ola

Ola is India based ridesharing company offering taxi e-hailing, private drivers, in-city carpooling and intercity transportation service. They offer a wide range of cars from bikes and rickshaws to luxury cars and shuttle buses. They operate in 102 cities across India and have not

expanded elsewhere. They have their virtual wallet for payments, special service for corporate users and in car entertainment system for rented cars. (Ola homepage)

Ola's main competitor in India is Uber, with around 35% market share, compared to Ola's 65% (Appendix E). Ola gained success from launching Micro service – a low cost offering (Chakraborty 2017). RedSeer analysis on the market, surveying 3107 customers in 12 cities, showed Ola lost market share from 70% in March last year to 60% in December (ibid). On average Ola had 6 million rides a week in the period from September to December in 2016 (Chakraborty 2017). For better comparison, that is around 312 million for the 2016 (6 million x 52=312 million).

Uber and Ola constantly roll out new services. Both offer hourly rentals. Ola offered monthly subscription service to loyal customers, where subscribers get a preference in cab allocation and are not subject to surge pricing. (Chakraborty 2017)

The company has raised \$1.56 billion in funding over nine rounds. After its recent funding from SoftBank the company's valuation dropped from \$5 billion to \$3.5 billion, as Uber had gained market share in India. (Peermohamed 2017; Corbuleac 2017) In 2016 company's losses were \$357 million, a year earlier the loss was around \$124 million. Revenue in 2016 was \$59 million. (Shankar, S. & Chanchani 2017)

3. ANALYSIS AND DISCUSSION

The following chapter is an analysis of the cross-case table (Appendix O), interviews (Appendixes B, C, D, E, F) and interview answers based on public materials (Appendixes G, H, I), word clouds (Appendixes J, K, L, M, N) and table of most used words in interviews (Appendix P). Some of the questions in the interviews were unified in the cross-case table for better grounds of comparison. Those were mostly regarding differences among questions between international and domestic companies.

3.1. Business Model and General Information

Business Model

The selection of companies ended up being very comprehensive. Four companies were international, three were domestic. One company was focused on taxi e-hailing, one entirely on intercity carpooling, the rest mainly on-demand ride service and usually had multiple services. There was representation from all three ridesharing categories: on-demand ride service with private drivers, taxi e-hailing with licensed drivers and intercity carpooling based on private drivers. In most cases companies offered multiple service options. The most common categories were on-demand ride service and taxi e-hailing. BlaBlaCar was the only one focused on one category – intercity carpooling (Appendix G). Wisemile started with the same service, but shortly included taxi drivers, private drivers for in-city transport and package delivery (Appendix B). Eventually they pivoted their business model to comprehensive transportation platform and focused on intercity transport. Considering on-demand ride service and inter-city carpooling are based on private drivers, all the companies relied on them. In most cases companies who provided on-demand ride service had it as their core service. Among those offering on-demand ride services, taxi e-hailing was also part of the business, with the exception of Lyft who only focused on private drivers offering on-demand service (Appendix I). Easy Taxi was the only one who was focused on taxi e-hailing and had on-demand ride service with private drivers as a supporting business (Appendix C). Three biggest companies: Ola, Lyft and Uber all had in-city carpooling service in some cities. There are no clear similarities in business

model among international companies or domestic – services are provided regardless of international status.

Size and Funding

The spectrum of market sizes – number of rides completed in 2016 – varies from tens of thousands to billions. It should be kept in mind that those number as all estimations, as exact data was not available publicly or interviewees often gave rough estimates. Considering BlaBlaCar is a market leader in intercity carpooling segment (BlaBlaCar Crunchbase), the market is clearly smaller than on-demand ridesharing's and taxi e-hailing's. Easy Taxi who focuses on taxi e-hailing, but also has on-demand ride services has roughly twice the number of rides than BlaBlaCar's intercity carpooling or Uber who is market leader in on-demand ride services having about 2 billion rides compared to BlaBlaCar's estimated 48 million.

In the cross-case table, the author calculated how many investments has a company raised compared to its number of rides in 2016. Number indicates what is the investment cost of each ride in 2016 (money invested divided by number of rides). Lower the number, the more efficient the company is. Wisemile was not comparable, as they had raised no capital and it was unknown how much founders invested initially. Taxify was by far the most efficiently operating company, where 23 million rides were achieved with \$2 million investment. That makes investment cost per ride \$0.087, compared to Uber's \$4.4 or Lyft's \$16. Lyft has raised surprisingly large investments, considering only operating in US and thus the market size. This might be because it is more expensive to expand in US. Subsidies are needed at launching (Appendix F; Singh 2016; Corbuleac 2017; Kotka, Roonemaa & Lepik 2017) and higher the average wage in the country the higher subsidies needed to be paid for drivers (Appendix C). From numbers perspective, Ola spends about \$40 Million a month to keep its services going and keep its market share. Uber spends in India around \$30 million and it will reach \$40 million as they continue their expansion. (Corbuleac 2017) Lyft spends \$50 Million in US (Newcomer 2017b), though it should be kept in mind that US market is population wise three times smaller than India. Based on investment costs per ride, the average cost for international companies was \$3.04 and the average for domestic, excluding Wisemile, was \$10.4, thus making the international companies more efficient.

OECD and Eurostat describes a fast growing start-up with an average growth of 20% on three consecutive years and whose number of employees at the start of the observation is

more than ten (Audretsch 2012). With the exception of Wisemile, all companies had more than ten employees. Taxify is break even, from about \$850 000-euro loss a year earlier (Lilleorg 2016). Uber's 2016 Q4 revenue was 74% more than in Q3 while losses rose 6.1% over the same period (Newcomer 2017a). Lyft revenue grew 250% and losses 46% in 2016 compared to year earlier (Newcomer 2017b). Even though data for all the years operated is not available, these numbers suggest that most of the companies operated can be considered fast growing start-ups based on OECD and Eurostat definition (Audretsch 2012). These numbers also support Ministry of Economic Affairs and Communications definition on start-ups. As start-up's key characteristic was the company's sales and production costs growth while profits are maintained or increased, meaning per service offered the costs increase at a slower pace – this is referred to as scalability (Käskkiri 2015, 5). Though companies' researched numbers were about losses, during a growth period they are increasing revenue and keeping losses growth minimum, thus services offered while costs or losses increase at a slower pace.

Comparing the investments raised and rides in 2016 suggests the more money raised the more rides, thus market share achieved. This is also supported by the statements that expansions are well subsidized, thus more money needed for more market share (Appendix D; Appendix C; Appendix F; Singh 2016; Gupta in Newcomer 2016b). Taxify a clear exception being able to expand with minimal costs.

Competitive Advantage

The most common mention for competitive advantage was price. It was noted by international and domestic companies, suggesting ridesharing is price sensitive service.

“That's what efficiency means – we can offer better price (...)” (Markus Villig, Taxify).

“Usually it [competitive advantage – author] was the price. All markets are very price sensitive. (...).” (Matej Benuska, ex-Uber)

“They [drivers - author] are extremely price sensitive, but are at the same time value sensitive. (...)” (Rahul Maroli, Ola)

During the writing of this paper, Taxify announced cutting prices in Tallinn. The aim was to increase the number of rides, as the average price of the cheapest ride option will cost less than hour of parking in the city center. Taxify will compensate the temporary losses from the price drop to the drivers through bonuses. They also changed the menu – it was no longer

possible to choose a specific car, but categories were implemented: private, private up, taxi, taxi up and XL. (Villig in Geenius 2017). After the changes there was a lot of negative feedback in the Taxify's Facebook group "Taxify sõprade foorum". The drivers were unhappy with the lowered prices and it appeared drivers started to drive less for the app, as clients started to post stories where they could not get a ride or the waiting time was significantly longer than before. (Taxify sõprade foorum) Thus the industry is very price sensitive and companies need to find the right balance for drivers' pay and customers' price. According to Anil Kumar, CEO of market research and advisory firm RedSeer, there is an elite segment who seeks service, but for the majority the price is the only criteria for them (Chakraborty 2017).

Another key word was "focus", where Ola considered focusing on home country an advantage (Appendix E) and so did Easy Taxi, who considered whole Latin America their home market (Appendix C).

"Competitive advantage is the region where we play. In Latin America, at the beginning there were lot of ridesharing players. We were one of the first, if not the first, be able to get funding quite early, had slight larger team and were able to expand quite fast. When we got scaled, we were the only regional ridesharing company in Latin America. This gives you the understanding of a market nobody else has. If a competitor comes, let's say Uber, they have an app that has to work in France, Germany, maybe not Germany, UK, Kansas City and Melbourne, but also Lima, Bogota and that forces them into compromises. We don't have to make compromises as we are only in Latin America." (Jorge Pilo, Easy Taxi)

"We are largely India focused company. All the products we develop are focused on India." (Rahul Maroli, Ola)

Lyft's COO Tibbens said their expansion is not going to happen before: *"we feel like we're at a point we've gone deep enough here in the U.S"* (Tibbens in Somerville 2015). BlaBlaCar stated focusing on intercity carpooling was an advantage (Appendix G), thus the focus can be regional or related to the service provided. Wisemile initially offered intercity carpooling, on-demand ride service and taxi e-hailing, with the latter two being less successful as Uber and Taxify had already well established in the Estonian market (Appendix B). Easy Taxi and Ola focused on their regions due to competition (Appendix C; Appendix E). Taxify stated their focus on Africa was a lot due to less competition there and other regions in the

world already being very competitive (Appendix D; Pau 2017; Villig, Roonemaa & Kotka 2016). Hence one of the reasons and benefits for regional focus is due to competition.

Interestingly there was **little emphasis on the app** itself or its **features**. Only Ola mentioned some of their features as cash collection, offline booking and e-wallet (Appendix E). This can refer to the case that the apps are interchangeable and service is already standardized. They all work similarly and have similar features, which supports the case where price becomes the most important. The interchangeability of the apps and thus the pressure on price has been noted elsewhere (Kotka, Roonemaa & Lepik 2017). Kosintceva's Master thesis on the sharing economy business models also did not show any unique and differentiating value propositions among ridesharing companies (Kosintceva 2016).

Mostly competitive advantages were about harder values, than softer – efficiency, more drivers, cheaper, business model, cash collection etc. BlaBlaCar and Lyft were focusing more on softer values like brand, trustworthiness or meeting people (Appendix G; Appendix I). Lyft's president John Zimmer said on WSJ's Live Conference, their main advantage compared to Uber is better focus on customer. They built their marketplace by taking care of the drivers and customers better than anyone else. They have also managed two main requirements customer has: liability – 3-minute ETA and price. (Zimmer 2016a) From business model perspective the two have less in common, as BlaBlaCar focuses on intercity carpooling and Lyft on-demand ride services.

It is difficult to point any solid competitive advantage between companies from client's perspective, thus more pressure will be on price and brand could become one of the few opportunities for differentiators.

Attracting Drivers

Across platforms the main attraction for drivers was pay, or **lower commissions** from companies' standpoint. This supports the survey done by Campbell (2017) among drivers of ridesharing platforms, stating "pay" was their biggest motivator.

"Our commission is in most cities around 10-15%. (...) We win drivers because they earn more with us." (Markus Villig, Taxify)

"We do our settlements on a daily basis. Uber does them on weekly basis. Drivers are extremely anxious when it comes to money, they want to get it fast. (...)" (Rahul Maroli, Ola)

“With private drivers we offer them choice. Uber charges 25%, we charge considerably less, depending on the market. We try to have a closer relationship with the drivers’. In the end, the driver wants to make a living.” (Jorge Pilo, Easy Taxi)

International companies stated their market position as an advantage for the drivers. Easy Taxi benefit was focusing on taxi drivers while competitors mostly focused on privates (Appendix C). When starting, Uber’s advantage was being first and lacking competition in many markets (Appendix F). BlaBlaCar emphasized the position of being a market leader in intercity carpooling and thus having most riders for drivers (Appendix G). Being a market leader means the company has the most users, thus drivers will have the most ride requests and least waiting time.

There were also market based characteristics. For instance, Ola stated *“paying daily”* an advantage (Appendix E), while Uber and Taxify paid weekly (Appendix F). This suggests there is demand for fast pay in the industry. Interestingly Ola mentioned drivers using two apps anyway (Appendix E) and Wisemile mentioned the same from customers’ perspective that often two apps are used and there is no reason to download a third one to offer the same service (Appendix B; Villig, Roonemaa & Kotka 2016).

From BlaBlaCar and Wisemile, who both focus on intercity carpooling, the main benefit for the drivers was costs saved from using the service (Appendix G; Appendix B). Those companies represent the most classical version of ridesharing, where drivers do not drive to earn money, but to keep costs lower (Pau 2016).

“(…) There also has to be a need for saving – to earn back the fuel and car costs” (Arti Kütt, Wisemile).

Similarly to competitive advantage, based on materials found, Lyft focused again mostly on softer values like the culture where passengers treat drivers as equals or friends or where experienced drivers mentor new ones (Appendix I). This way they are differentiating themselves from Uber with softer and friendlier brand (Appendix I). Uber is known for its’ “through walls” techniques and often do not have good relationships with countries and have internal conflicts (Kotka, Roonemaa & Lepik 2017) and as stated before, **brand** is one of few opportunities to differentiate when price is same and marginal technological differences.

Target Group

All companies, except Ola who did not disclose their target market, categorized **youths** and young adults as their main users. Age ranges varied but their presence was clear. Intercity carpooling companies Wisemile and BlaBlaCar put more emphasis on slightly older population – BlaBlaCar stated 50% being 30+ (Appendix G). From Wisemile's interview: *"Initially we saw students could be a large target group. (...) When we started working, it turned out there are a lot of 40+ people who share their rides."* (Arti Kütt, Wisemile). Shaheen, Stocker & Mundler survey of 600 French BlaBlaCar users also brought out the popularity of the service among youths and older (Shaheen, Stocker & Mundler 2016, 8). 18-34 year olds were 45% of the total and 45-64 year olds 38% of total surveyed (ibid).

A clear similarity across all companies was the case of users being mostly **higher educated**. This supports Shaheen & Chan (2015, 3) study on 350 on-demand ride service users in San Francisco and found users were generally younger and higher educated, with 84% having a BA or higher. Also, Shaheen et al's (2016) research on BlaBlaCar found 47% of users being undergraduate to PhD.

Interestingly both Easy Taxi's and Taxify's average user has above average income (Appendix C; Appendix D). Both companies offer taxi e-hailing and on-demand carpooling. Wisemile's average user income level was below average (Appendix B). With BlaBlaCar it was similar as in France 23% of a survey respondents stated their income below €10 900 (\$10 900), with French median between €10 000 and €15 000 (Shaheen et al 2016, 8). This supports the case where intercity carpoolers seek the possibility to save money, while taxi service or on-demand ride service is a convenience service.

Though not touched during interviews, researching the companies showed many of them offering **multiple ride options**. For instance, in many US cities Uber offers UberBlack for luxury vehicles, UberX for the cheapest option, UberSelect which is somewhere in-between (Branman 2017). In New York they even have UberWAV for wheelchair access (Uber New York). Lyft in San Francisco has Lyft Line for in-city carpooling and the cheapest option, regular for basic cars and on-demand service, Lyft Plus with six or more seats and a Premier version for luxury cars (Lyft San Francisco Bay Area). In New Delhi, Ola has around ten categories for rides, including in-city carpooling, bikes, rickshaws and taxis (Ola Fares Delhi). Taxify has low cost and luxury services. Having many services widens the target market, so everyone can find a suitable ride considering price and convenience. It can also ensure drivers

get appropriate pay considering the car. Benuska said about Uber's target market: *"They want to transport everybody. They want to substitute public transportation."* (Matej Benuska, ex-Uber).

Revenue Streams

For all companies, except Wisemile who has not raised money nor earned revenue (Appendix B), income comes from investments and ride commissions. The commission per ride is somewhere between 10-20%, depending on the market and competition (Appendix O; Rayle et al 2014, 2). Taxify and Easy Taxi stated being break-even (Appendix D; Appendix C) both being international companies. All domestic companies were **not break-even**. Uber had some profitable markets and some where they still have to heavily subsidize (Appendix F), but in total they are still suffering losses (Newcomer 2017a). Easy Taxi stated they left Asia due to being unable to compete with local Grab and Uber, who had raised significantly more money for expansion (Appendix C). Then again, Taxify for example has managed to expand significantly with only little over \$2 million raised.

"Two things that didn't work in Asia. It was more expensive. You had to put more money to marketing to get passengers. The second, most important point was, Grab Taxi raised 150 million dollars just to fight in three or four markets SE Asia. We didn't even have half that money and we were in 33 countries. There is no way we could compete with those guys." (Jorge Pilo, Easy Taxi)

It seems the goal is still to grow quickly, whether internationally or domestically and worry about making money later. Kotka has also pointed on Uber's losses that investors have not given them money to be profitable, but to expand their business and gain market share (Kotka, Roonemaa & Lepik 2017). Considering this, companies researched should be considered as scalable start-ups based on Blank's (2011) categorization, with the aim is to become big. As some ridesharing companies operate in huge losses (Newcomer 2017a; 2017b) they goal is not just to make a living, as Blank's definition suggests and also adds a lot of venture capital is needed for the scalable start-ups. (Blank 2011) Uber could also be considered as a large company start-up on Blank's (2011) categorization, as they have built new services around their core business of moving people. Such as self-driving cars (Kotka, Roonemaa & Lepik 2017), delivering food or packages (Dupre 2016). And considering the definitions it can be both at the same time.

3.2. Expansion Process

Home Market Prior First New Market & Born Global / Why Have Not Expanded

Three out of seven companies researched had not expanded abroad. Though, for better comparison their answers were adapted to international ones – why they have not expanded and if they would, how would they do it?

The clearest reason to expand for internationals was **first mover advantage**. That came across all international companies. There was understanding the problem they were solving was universal and present elsewhere and it would be only a matter of time when someone else would copy the idea (Appendix C; Appendix D).

“Yes, that [first mover advantage – author] was one of the keys for Uber’s success” (Matej Benuska, ex-Uber).

“(…) the issue we were solving was the same in the other countries. It made sense to start in other countries as well and not allow anyone take the first mover advantage.” (Jorge Pilo, Easy Taxi)

Expanding quickly is common for start-ups who address a problem that affects large amount of people globally (Baletti 2012, 10). These companies also increase foreign sales early (ibid).

Taxify’s Markus Villig said first mover advantage was considered important at the beginning but not anymore (Appendix D). For them, more important was finding the right business model, which was focusing on private drivers instead of taxis. Supply for taxis is limited and private drivers carry a lot bigger potential for growth. (ibid) Being fast second was perceived even better for Taxify and Ola, as this way the first mover does the part of educating people (Appendix D; Appendix E).

“(…) At first we thought it [first mover advantage – author] is super important. Today we see, it is even easier to be second. Especially if we talk about private drivers. As you have seen, it takes a lot of investments into lobbying, getting the regulation right, educating clients so they wouldn’t be afraid to sit in a car without taxi labels. You have to educate drivers, that it is okei way to earn extra money and being a taxi driver is not bad reputation job. All that requires a lot of money. Uber has built all that infrastructure and changed people’s perception. If you are a second player to enter, you can take advantage of it and capture the market quickly.” (Markus Villig, Taxify)

That is something Uber has done a lot with their global expansion (Kotka, Roonemaa & Lepik 2017). Educating people was also considered one of the most difficult aspects of expanding (Appendix G; Appendix B; Appendix E).

Taxify and Uber on the other hand had already solid market share back home prior entering new – Taxify was break even and Uber had already raised \$32 million and was expanding rapidly in US (Appendix D; Appendix H). From these perspectives, Taxify and Uber follow stage approach, where according to Baronchelli & Cassia (2008) companies first capture home market prior to expanding to new. Their case also supports product life cycle theory where companies go abroad only when the product has matured and been proven in the home market (Vernon 1966) and from Uppsala's approach they both followed the case where first new markets were ones closer regarding geography or culture (Johanson & Vahlne 1977). Uber's first new market was Paris and followed by London (Appendix H), being part of the same western culture. Taxify's firsts were Helsinki and Riga (Appendix D). Though, Uber and Taxify also have traits of born globals. For instance, born globals enter first new market in about two years after foundation and gain most of their revenue abroad (Rennie 1993). Uber entered first new market two years after founding and Taxify half a year (Appendix H; Appendix D). Taxify had approximately 87% of rides from foreign markets. Both companies also had the idea of going global from the start (Appendix H; Appendix F; Appendix D).

On the other side, Easy Taxi was unknown in the home market and BlaBlaCar had not yet fully validated their business model prior expansion (Appendix C; Appendix G). This is the opposite of stage approach. Easy Taxi entered first new market one year after starting and BlaBlaCar four years, thus fits them better to the born global category. Easy Taxi also stated going global was plan all along (Appendix C). From BlaBlaCar founders' interviews it was unclear whether it was a plan from the start, as they addressed the thought after Iceland's ash clouds happening four years after founding and new market entered (Appendix G).

Based on this, Saks's (2016, 12) description of innovative companies applies here. He described innovative companies as who often launch without reasonable amount of users, change their market strategy, company name (ibid). Many examples can be brought here, like Wisemile pivoting their business (Appendix B), Taxify changing focus from taxis to private drivers (Appendix D) or BlaBlaCar searching for a niche and changing its name (Brusson 2013). Oxford Dictionary though defines "innovate" as "making changes in something

established, especially by introducing new methods, ideas, or products”. “New methods” being a key here, as the idea of the service among companies is mostly the same, not all companies could be considered innovative, but some as copycats. They could have been innovative in their region, but questionable globally.

Among domestic companies the **main reason for not expanding was the cost**. That is understandable from Wisemile’s perspective who has not raised money and thus find it difficult to finance expansion. The issue of cost also appeared from analysing Lyft, though their funding was all \$2.6 billion more than Wisemile’s. The main reason Easy Taxi stated exiting Asia and Africa was: “*Money*” (Jorge Pilo, Easy Taxi).

Interestingly Wisemile brought out the same case of unvalidated business model as a reason for not to expand (Appendix B). Two big domestic players Ola and Lyft stated focus on home market as the reason not to expand, as both operate in vast markets (Appendix E; Appendix I). Ola mentioned the fear of losing India’s market share when focus goes elsewhere with new competitors emerging (Appendix E).

“It’s a huge market. It’s something Didi would answer. China and India are huge markets from ridesharing ecosystem point of view. India is the second largest market for Uber. It doesn’t make sense for us to step out of the market and let others players here. We are very focused on developing our market and building our brand in India. And later we can always look at expansion.” (Rahul Maroli, Ola)

In case of Lyft, their reasons not to expand were less clear, stating in addition regulatory difficulties and still figuring what will be their main value added in new markets ahead of competitors (Appendix I). Wisemile stated expansion was a plan from the start (Appendix B), which can come from the case that Estonian market is just too small for a business of theirs.

Both Lyft and Ola can be considered following the stage approach and aim for a **strong presence in the home market before going global**. They appear to prefer to go global gradually – enter new markets only after gaining experience in domestic market and acquiring knowledge about the planned foreign market before (Baletti 2012, 8). In one interview Lyft’s Chief Operating Officer Rex Tibbens said “*It’s a very expensive proposition to try to be in every country before you figure out what that country needs. You can’t go launching in other countries for the sake of launching in other countries and burning investor capital.*” (Tibbens in Somerville 2015). All in all, different companies appear to have different theoretical

approaches and often by having characteristics of both theories, they are not the clearest cases of either one.

Key Activities Prior to Expansion and Market Entry Strategies

Not surprisingly single key activity stated was hiring people. In most interviews there was little elaboration on the activities prior to expansion. Uber's answers on this question were the most informative, stating they first hired a local legal company who helped setting up a team, with a local marketing and operations manager (Appendix F). Surprisingly Easy Taxi expanded by sending someone from their headquarters in Brazil to start a business abroad (Appendix C). CEO of Easy Taxi Dennis Wang also stated in an interview *"Like Ambev, when we expand to another country, we send someone from our headquarters to implement the company philosophy at the new branch."* (Repsold & Wang). They still hired local people in the team, but appeared to have a lot of guidance from home headquarters, as the interviewee stated the most difficult about going abroad was:

"Managing the product or business in a market where you are not. For examples, developers, managers are all sitting in Sao Paolo. It is very easy for them to see what the pain for the taxi or private driver is as they take the ride every day. When you have to do it Lima or Bogota, they are not there. It is way harder to do it. You need much better product organization to make that happen." (Jorge Pilo, Easy Taxi).

Hiring was usually straightforward. Taxify practiced unique approach when expanding in Africa. They posted an online advert for a city manager. The suitable ones were selected and asked to do a market research. The one who did the best research was hired as a manager. All interviews were done via Skype and nobody from the management had been to Africa. Taxify tried to keep the business simple as possible and not even create a business entity in a new country if possible. This lean approach can be the reason for their efficiency and by far the lowest investment cost per ride. (Appendix D)

Regarding entry strategy in most cases greenfield option was used with little room considered for other options. With "greenfield" a subsidiary is founded as a new company (Kotabe & Helsen 2009). The downsides are time consuming, capital needs and higher political and financial risks (ibid) appear less applicable to ridesharing companies, as the main value is the online platform there are little physical assets needed to start a new subsidiary, thus there

are smaller financial risks as well. Taxify had built a very lean expansion process with human capital being the main cost (Appendix C). There was little interest in joint ventures among all companies. Wisemile was only company mentioning the possibility of selling a licence (Appendix B). BlaBlaCar was unique, as they were the only one expanding through acquisition and practising acqui-hiring, where new teams were formed from companies acquired (Appendix G). This way the company could get access to industry experienced team with some track record. BlaBlaCar also kept the local teams autonomous, as locals knew best how to cater each market individually. (ibid)

It appears **acting local** on each market is a must. Teams should be built by local people who understand the market specifics and are given the freedom to act on their best behalf. Easy Taxi sent people from their headquarters to start businesses in new markets and eventually withdrew from South East Asia and Africa (Appendix C).

“(...) Process was the same – we sent the people, started from scratch, we tried to hire local people and build it up. Actually the person who was regional manager in Africa was Brazilian. Told him to go to Africa and set it up.” (Jorge Pilo, Easy Taxi)

Surely it was not the only reason, but operating locally from the start and giving the teams the freedom to act have showed better results from BlaBlaCar's, Taxify's and Uber's expansion (Appendix G, Appendix G; Appendix F).

Market Research Aspects

First thing to notice was the companies did not have a very systematic approach to expansion. Everyone had some criteria they followed when researching, but nothing in depth and organized. Even though PESTEL is a widely used method for market analysis, it is not used among ridesharing companies. When first asked how markets entered were chosen, some aspects were given, but afterwards each of the PESTEL component had to be asked separately with often no specific insights given. Thus companies use their own **simplified approach** to choosing markets.

From the interviews and research, there were mixed signals regarding legal questions and regulation. Internationalised companies considered it rather less important than domestic. When analysed earlier in the paragraph 2.6, political and legal questions appeared very acute in the ridesharing business. In most countries the business is unregulated, in some unfavourably, but still companies manage to find ways to operate.

“In our case, as we were doing taxi hailing in all these countries, there was no issue at all. It was just a different way to call a taxi. So it was not a complication.” (Jorge Pilo, Easy Taxi)

This is supported by He & Shen (2015, 94) studies. Same was with intercity carpooling, as it was used with the purpose to share costs, not earn income (On-Demand Ride Services...; Rayle et al 2014, 2; Appendix B; Appendix G). Though BlaBlaCar has a legal battle in Spain where local bus transportation provider accuses them in “unfair competition” and that BlaBlaCar should be considered as a commercial vendor (Vaughan & Daverio, 2016), BlaBlaCar won the first leg of this case, with the same arguments from the court that the service shares costs (Pereira 2017). The troubled one is the on-demand ride service, which uses private drivers who are not licenced. An interesting insight was the approach of being “not regulated” vs “being banned” (Appendix C; Appendix D). *“There is a difference being illegal and not having a law to cover it.”* (Jorge Pilo, Easy Taxi). From Taxify interview about African markets: *“Right, there is no regulation, hence it is not banned – that is also okei. In Estonia it is still grey area, but that is good enough.”* (Markus Villig, Taxify) Therefore, **the legal questions matter in the case of being completely banned.** Easy Taxi, Taxify, Uber and Ola offered private drivers and licenced taxis or limousine service, which gave them more flexibility – when on-demand ride service with private drivers was banned, they could offer taxi e-hailing instead. Also the main reason for companies to leave markets were due to regulation. So the bottom line would be – if not banned, then other aspects start to play to decide which market to pick.

It was interesting to compare Easy Taxi’s and Taxify’s approach on legal issues. Easy Taxi focused on taxis, Taxify on private drivers.

“We never launched private drivers in Asia. In Latin America we only launched private drivers once it was existing or allowed in the cities. In Brazil we only launched when it was legalized in Sao Paolo. That’s why we don’t have this in Colombia for example. In Mexico City only when the operation or the model was legalized. Peru has always been like that. We have a different approach in that kind of sense.” (Jorge Pilo, Easy Taxi)

“(…) With Easy Taxi they were stuck with the taxis and exited Africa, couldn’t do it. We came six months later and were significantly bigger when started using private drivers. They didn’t realise they should have left the taxis and operate with privates.” (Markus Villig, Taxify)

“They [Easy Taxi – author] did not prefer to operate in grey area. Today we have 70% of business in those three African countries and growing quickly.” (Markus Villig, Taxify)

Easy Taxi though said one of the reasons to leave Africa was because the market was not ready (Appendix C). Taxify on the other hand started focusing on on-demand ride service (Appendix D). They only looked for countries where private drivers could operate – were not banned (ibid). Usually exit from a market was the last resort when the legislation just did not leave room to operate (Appendix F).

Regarding economic aspects, **bad public transport** was something looked among international and domestic companies. This though is not surprising, as people would seek for alternatives when public transport is not working and it can be considered as a competitor to ridesharing companies. Uber’s CEO Travis Kalanick though has said before Uber can operate in cooperation with public transport providing first and last mile (Kalanick 2017, 111). BlaBlaCar though preferred good public transport but bad intercity, as their service often does not cover the last mile (Appendix G). They brought the example of India, where public transport is often overcrowded, hence it demand exceeds supply (ibid). Wisemile thought same about Africa as a potential need for the service (Appendix B). Another common aspect looked was **car ownership**, as it is vital for creating on-demand ride services and carpooling supply. For carpooling the cost of owning a car and driving was also important, as the driving force in the service is the needed to save costs (Appendix B; Appendix G). This is supported by Shaheen et al’s survey in France on BlaBlaCar users stating the main motivation to share a ride was clearly saving money, regardless of income level (Shaheen et al 2016, 12). Both Wisemile and BlaBlaCar stated countries with smaller distances between cities were more suitable for their service (ibid).

The GDP of a country appears to matter less for the services as it was barely mentioned. Which is the opposite of what is mostly considered under economic factors in a PESTEL model (Sammut-Bonnici & Galea 2015, 3). There are successful markets for different ridesharing categories among wealthy nations and developing. Transportation is needed everywhere and eventually the price of the service will be adjusted with the local market (Appendix F).

Interestingly only Taxify said they look into country’s unemployment rate (Appendix D). The on-demand service by private drivers is an opportunity to earn additional income and survey done among US drivers stated “pay” as the main reason for driving (Campbell 2017). **Supply** was stated one of the key elements of a successful entry to a new market.

“Mixture of how easily accessible is the supply, regulations” (Matej Benuska, ex-Uber).

“(…) Second is how to create supply. You can create demand, but it takes longer time to create supply. So these are the main factors – how to create demand and supply.” (Rahul Maroli, Ola)

“Most important is getting the drivers and point two is situation of the competition – what are they doing, how aggressive they are.” (Markus Villig, Taxify)

Regarding **social aspects, only intercity carpooling** companies brought them up. Wisemile stated sociability and openness was the most important aspect for the service to work (Appendix B). BlaBlaCar emphasised trust as the key issue, but also the sociability aspect, as their name itself comes from the chattiness index they created to determine how much people want to speak in a car (Brusson 2013).

From technological aspects, the need for smartphones were mentioned, but that was often only after the interviewer asked about them. Three people interviewed all point to the case that the smartphone usage and **expansion of mobile internet happens anyway** and is already quite good in the emerging markets. This is supported by Cisco’s research on mobile data subscriptions, pointing 2016 highest growth being in Middle East, Africa and Asia Pacific (Cisco Visual Networking Index 2017). *“30-40% smartphone penetration is usually enough and as taxi e-hailing and private drivers are more used by higher income segment, that tends to be the one owning a smartphone as well” (Markus Villig, Taxify).* Uber and Easy Taxi in some cases gave drivers smartphones to use and provide the service, so it seems low smartphone penetration is not a primary issue (Appendix H; Appendix C). Ola even adopted an SMS based ride requests for areas with lacking mobile internet (Appendix E).

It was difficult for companies to point out one single most important aspect. Access to supply either for privates or licensed taxi drivers were emphasised by Easy Taxi, Taxify and Uber. Taxify considered the most important the right business model, pointing to the case that their growth escalated when they started to focus on private drivers, but supply and state of competition were also highlighted (Appendix D). For Wisemile, not validated business model was one of the reasons they had not expanded abroad (Appendix B).

Most Successful Markets

All international companies stated **“home market”** as one of their most successful ones. Uber and Taxify were the ones who achieved solid home market prior entering abroad

(Appendix H; Appendix D). In Taxify's case even though their first expansion was to closer markets in Europe, but by the end of the year half of their market will be in Africa (Villig in Pau 2017)

For on-demand ridesharing and taxi e-hailing Mexico was mentioned. Both Taxify and Easy Taxi operated there and Easy Taxi stating around 50-50 ratio between privates and taxis (Appendix D; Appendix C). Germany was BlaBlaCar's most successful market (Appendix G) and Wisemile also brought it out something to consider when they would expand (Appendix B). Both carpooling companies focused more on European market, though BlaBlaCar also entered India (Appendix G). Easy Taxi and Wisemile considered China and India as "too big" (Appendix C; Appendix B).

Asia appears a difficult market for ridesharing. Lyft considered it complicated (Appendix I). Uber has to subsidise the markets a lot (Appendix F). Easy Taxi left the region due to competition and lack of funding, as Uber's and Grab's finances well exceeded theirs (Appendix C). Grab only focused on Southeast Asia region making it more difficult to compete when Easy Taxi was operating in 33 countries (Appendix C). Martin Villig, head of expansion in Taxify, considered most fierce competition in Asia, USA, Latin-America, India and Russia, thus they focus mainly on Africa and Eastern-Europe (Pau 2017).

Role of Competition

Ridesharing is a very **competitive business**. All companies took competition seriously. Uber felt more confident as they are usually market leaders and large investments in the company help subsidise the markets until enough market share is gained (Appendix F). Though even they can suffer, as competition forced Uber out of China, Easy Taxi from Asia and Wisemile did not get its in-city ridesharing services going due to Uber and Taxify dominance (Appendix F; Appendix C; Appendix B). The main difficulty with competition are the **subsidies**. Companies do price dumping to lower the prices for consumers and pay out of their pocket to the drivers to keep them motivated (Appendix F; Singh 2016; Appendix E; Appendix D). When user and driver base is large enough subsidies for drivers are removed (ibid).

"(...) But they are trying to do their own thing and if there is competition they do price cuts. They cut the price, so customers are happier, drivers need to be subsidized for some time until competition dies." (Matej Benuska, ex-Uber)

“Then it’s the competition – how much and how aggressive. There are markets where Uber’s commission is 25-30%, markets where it is 10% or less and they are very aggressive, marketing a lot etc.” (Markus Villig, Taxify)

“(…) I wouldn’t need more money if there weren’t strong competitors. If there hadn’t been competitors, we wouldn’t have exited Asia. (...) Latin America was a lot better market for us, it was less competition, higher margins, it was a local place” (Jorge Pilo, Easy Taxi).

Taavi Kotka has pictured Uber’s possible situation regarding competition. If Taxify has 15% of a market and Uber 85%, Uber will have to subsidise the whole 85% to push Taxify out of the market. Taxify can then wait until Uber stops paying subsidies and then re-enter the market or become more active again, and Uber will have to start subsidising again. (Kotka, Roonemaa & Lepik 2017) Taxify keeps in mind to go to cities where Uber does not subsidise drivers, as otherwise it would be difficult to compete. Markets where Uber has a majority of it, they often charge commissions up to 30% and those are the markets Taxify aims with a better offer for drivers. (Villig, Roonemaa & Kotka 2016)

As BlaBlaCar expanded through acquisitions, their view on competition was different. Competitors were just bought and merged with BlaBlaCar. This way they saved time on gaining market share, finding talented employees and finances that would have allocated to competing. Uber the other big player on on-demand ride services has not bought competitors (Crunchbase Uber), but rather tries to overtake their market share. Ola and Easy Taxi had both bought one competitor (Appendix E; Appendix C), but it appears more as an exception than a rule. Despite their rare acquisitions, they are doing well in their regions, as BlaBlaCar is doing in theirs with acqui-hiring. Thus there is no single method to approach competitors, but there is clearly strong competition in the industry.

Interestingly Wisemile brought up the case that people using **maximum two ridesharing apps** and it is difficult to come in as a third player, especially if the service is the same (Appendix B). Taxify’s Markus Villig has also pointed that two is the optimum number of apps for drivers and passengers (Villig, Kotka & Roonemaa 2016). Ola mentioned the case where drivers often use theirs and Uber’s app to take requests (Appendix E). Campbell’s (2017) US survey supported the case where 88% of drivers stating they were active on Uber and 62% on Lyft platform. Also, 43%, which was the largest segment, replied they had signed up on two platforms and 16% on three. (ibid)

There was no clear conclusion on whether a local company has an advantage in a market. Home markets were successful for all the international companies, but there was plenty of examples of farther markets where companies were also successful (Appendix D; Appendix G; Appendix F). Due to intense competition expanding everywhere is just too difficult and takes vast resources, thus focusing on certain regions could be an advantage – Easy Taxi focusing on Latin-America, Taxify Europe and Africa, BlaBlaCar has its majority of markets in Europe (Appendix C, Appendix D, Appendix G). From Uber and BlaBlaCar the main take was the emphasis on having local team and giving them independence to execute their ideas (Appendix F; Appendix G). *“If you work with local teams and give them independence, they can make Uber equal to local competition”* (Matej Benuska, ex-Uber). They know the most about the local market and what works and knows how to adapt the service to the people.

Cooperation

Surprisingly Easy Taxi whose main focus was on taxis did not do cooperation with taxi companies (Appendix C). Instead they **preferred taxi licensed drivers**, as when there is a taxi company, there is less room for marginal. Licensed drivers usually own their cars and they do not have to pay hefty fees for taxis. (ibid) Taxify, Uber and Wisemile were open to taxi companies as well (Appendix D; Appendix F; Appendix B). Wisemile stated the need for a dispatcher service to successfully cooperate with taxi companies (Appendix B), though Easy Taxi who focuses on taxis only used app to app communication (Appendix C).

Out of companies researched Lyft and Ola were part of an Anti-Uber alliance (Appendix I; Appendix E). It also included Didi in China and Gett in Southeast Asia (Bogle 2017). Members of the alliance did interchangeable recommendation to each other’s customers. For instance, when Didi clients go to US, they can open Didi app and hail a Lyft (Bensinger & Winkler 2016). Same goes vice-versa for Lyft users when travelling in Asia (ibid). Another similar partnership was made in March 2017 between Middle-East’s Careem and China’s Yidao Yongche. The agreement allowed Careem app users use the same app in China and order a ride, which will be fulfilled by Yidao, and vice versa. (Uber Rivals from Dubai... 2017)

In the interview Ola stated the alliance was ongoing (Appendix E), though there was an article in Mashable stating the alliance was called off at some point after Didi merged with Uber China (Bogle 2017). The alliance seemed a collaboration to diminish Uber’s advantage of being a global app for travelers, but the competition and different interests got in the way (Bogle

2017). Though it reckons Uber being a global behemoth and other need to create alliances to compete with it on a global scale.

Based on Lyft's findings, one area for cooperation was **lobbying for regulations** (Appendix I). That is the area where ridesharing industry as a whole would benefit and cooperation makes sense. From the author's experience in the Ministry of Economy Affairs and ridesharing legislation there was a lot of joint efforts from Uber and Taxify to regulate the industry. There were cases where they were chasing slightly different outcomes but the end goal was the same.

Expansion Effect on Services and Costs

As **focusing locally** was something all aimed for, there were many cases where needs in local markets pushed changes in the apps. This supports Baletti's thought on technology start-ups expansion – what works in one region cannot easily be used in others (Baletti 2012, 8). There were no single approaches, but many examples nevertheless. For instance, Uber and Easy Taxi had to adapt their drivers' apps to illiterate in developing countries, using more colours and icons for actions (Appendix C; Appendix H). Uber was forced to create cash payments in India, when credit cards linked with the app was at the core of the platform (Appendix H). Later they used the cash option in multiple other countries where credit cards were scarce (ibid). Ola in India went a step further to add virtual wallets and Uber followed (Appendix E). Uber expanded their marketing events when appeared successful – like UberIcecream or UberKittens or order flowers with Uber on Valentine's day etc. They also adapt to markets, when in Estonia they offer buns on Fastlawn. (Appendix F)

Taxify stated their biggest benefit was to get the **business model right** (Appendix D).

Most difficult was to get the business model right. We focused too long on taxis and wrong markets. When we got the model right, that we only select markets where regulation allows private drivers, then all other problems disappeared.” (Markus Villig, Taxify)

Baletti's research on quickly scaled start-ups supported the case that companies who use collaborative entrepreneurs scale faster and have rapid foreign sales (Baletti 2012, 12). On collaborative entrepreneurs he referred to non-professionals offering services, with an example of Airbnb where regular homeowners could operate as accommodation providers. Key being to link suppliers, customers and partners in a way that allows all of them to act entrepreneurially.

(ibid) This idea supports the case where all the top most valuable ridesharing companies (Fortune Unicorns 2016) are **private driver focused**.

Regarding service differentiation between markets for all companies it depended on legislation. If privates were completely banned, taxi service was used. Elsewhere Uber and Taxify preferred private drivers. (Appendix F; Appendix D) Easy Taxi used 50-50 options and in Peru only private drivers as there was no taxi market (Appendix C). Uber noted that it is better to **start with the cheapest ride** and later add luxury and other options (Appendix F). The goal was to get as many people as possible in the cars at first and make the service as affordable as possible (ibid).

It is no surprise expansion is costly, mainly due to subsidies needed to compete for a better price and pay for drivers. Uber's 2016 losses were \$2.8 billion with \$6.5 billion revenue (Newcomer 2017a). Though Taxify and Easy Taxi stated they were break even – supporting their expansion with ongoing operations. It also appeared that **better financed** companies are able to compete for larger markets. Easy Taxi could not handle the competition in Asia due to the costs – with limited resources they had to choose their battles (Appendix C). Interestingly, Lyft who has not expanded abroad lost \$600 million in 2016 with \$700 million revenue (Newcomer 2017b). The company though is expanding rapidly in the US (Lyft Crushes 2017...). Ola lost around \$347 million in 2016 with only \$59 million revenue in India, though both Uber and Ola starting to narrow down on subsidies and bonuses (Shankar & Chanchani 2017).

Biggest Hurdle

The single most difficult thing about expansion would be **educating people** about the service. That emerged from researching BlaBlaCar, from interviews with Wisemile, Ola and Taxify (Appendix D; Appendix G; Appendix B; Appendix E). For Easy Taxi the main reason was managing from distance, but they also had more centralized management than others (Appendix C; Repsold & Wang). “Supply” was also mentioned a lot. Uber stated it as the most difficult aspect (Appendix F), Ola emphasised the difficulty to find drivers (Appendix E). It is also why Taxify, Ola, Uber and BlaBlaCar offer leases or rents cars to their drivers in some countries (Appendix E; Appendix H; Appendix G), thus eliminating the case where people would like to drive, but do not have a car. Subsidies support both cases of educating people and finding supply – cheaper prices bring more customers and better pay attracts drivers.

Future of Ridesharing

When asked about the trends in the industry, there was a generalised agreement of **consolidation happening** in the market. Meaning there will eventually be few big players. Only Ola did not see consolidation and rather the opposite – more competitors emerging and eventually having five to six companies regionally (Appendix E). Easy Taxi agreed with few big players but many brands, as the the aspect locality leaves many brands but few owners (Appendix C). Currently there is still little mergers happening at least in the on-demand ride services and very little done by big players, with the exception of Didi buying Uber China (Newcomer & Wang 2016).

Another similar note was on the activity of car manufacturers. They have done multiple investments. General Motors in Lyft, Toyota in Uber, Daimler in Car2go, Volkswagen in Gett (Hall-Geiser 2016). It appeared from the interviews the main reason for it could be the race for autonomous cars. When those cars are street ready, it will be a big setback for car manufacturers and then a car becomes a service instead of a possession. Already partnering with ride sharing companies, allows car makers to get access to the customer base to offer the service.

Key Insights

Even though all researched companies were ridesharing companies, there were still noticeable differences between the three service categories: taxi e-hailing, on-demand services and intercity carpooling. Carpooling companies had different preferences on choosing markets than on-demand ride service providers or taxi e-hailers. Thus there is a possibility to research each category separately.

The main reason not to go abroad for big players who would have the resources to expand was the preference to focus on home market and the case that the home market was vast. When Uber started its expansion they had little competition (Appendix F). Today there is already significant competition from smaller local companies and thus expansion has become more difficult and expensive. The ridesharing business in general is very competitive. The service itself is quite **standardised** by now, therefore main difference being in price or brand image. With stronger competition companies **focus on regions** – Taxify Europe and Africa as the latter is one of the few places market has not been developed yet (Appendix D). Grab

focuses in Southeast Asia, Easy Taxi Latin America after leaving SE Asia due to competition (Appendix C) Ola in India without any signs of expanding in the near future (Appendix E).

To expand everywhere and compete everywhere requires a lot of finances. The business is **heavily subsidised** in establishing markets to keep the price low for the consumers to start using the service and pay enough to the drivers to provide the supply. Both of the aspects are also the hardest – find drivers to provide supply and educate people to create the demand.

There is **little cooperation** in the field. One of the few areas is lobbying for regulations (Appendix H) as that is something everyone in the industry could benefit. Regulations themselves appeared to carry importance only to the extent of being banned.

Companies are rather seeing consolidation happening in the market, thus some of the companies researched might not exist in the near future. With the arrival of self-driving cars there will be even less difference between brands and more involvement from car companies.

3.3. Word Clouds

As the cross-case table and its analysis is author's interpretation of the interviews, word clouds were created for comparison. Word clouds give an overview of the most used words, which suggest what topics interviewees emphasized the most. Thus BlaBlaCar and Lyft were not included in this part, as their answers were finalized by the author. Interview questions were removed from transcripts and word cloud generator (wordclouds.com) was used to create the word bubbles. Prepositions, articles and parasite words were removed as much as possible to bring out the words related to this paper. As the word cloud generator considers each word a separate one, words with same core, but different endings or plural and single words were consolidated together. A table was generated from the list of most used words in each interview. Top 50 words were included to keep the table comprehensible. For similar words across the interviews colour coding was used. The goal of the results is to see whether the author's conclusions of the cross-case analysis are similar to the results of the word clouds. Downside of word clouds is that they do not take into consideration of the weight and context of the terms used.

Word Clouds Compared with Cross-Case Analysis

The following analysis was based on Appendix P.

The most popular mention was about “**drivers**”, this included taxis, privates and supply in general. Easy Taxi and Uber stated access to supply as the single most important aspect in new markets (Appendix C; Appendix F). Taxify also emphasised the role of the drivers, which supports the fact that they looked unemployment as one of the key figures in a market (Appendix D), hence to make sure supply is easily achieved. As “supply” and everything related to it was by far the most used term in interviews, Word Cloud analysis supports the importance of it and even though not all the companies stated it as the single most important aspect, appears to be one.

The service appears to be people and **customer focused**, as “people” and “customer” were the second most common mention. It should be noted that these words appeared half the times words related to supply and drivers did. This could refer to the case that companies are part of the sharing economy where private drivers play a key role – regular people offering service to regular people. Also, the case where “educating people” was considered one of the most difficult aspects of expansion. This emerged from researching BlaBlaCar, from interviews with Wisemile, Ola and Taxify (Appendix D; Appendix G; Appendix B; Appendix E).

Competition was also talked about. This included specific competitors for each company as well. Ola’s interviewee referred to “Uber” more than “competitors” or “competition”, which is understandable as Uber is their main rival. Ola used the word “players” often as well, which refers to other companies operating in the business. Wisemile also referred to specific competitors rather than addressing them generally. The high level of competition in the industry also emerged from the cross-case analysis. Competition forced Uber out of China, Easy Taxi from Asia and Wisemile did not get its in-city ridesharing services going due to Uber and Taxify dominance (Appendix F; Appendix C; Appendix B).

“Market” was also at the top, suggesting the industry is **market dependent**. “Local” also came up at the top, which included reference to “regional”. It should be noted that the number is up due to Easy Taxi’s strong emphasis on the regional aspect and markets it was involved. Other companies mentioned these aspects less, with the exception of Ola, who only operated in India and were very locally focused (Appendix E). Importance of acting local also emerged from the cross-case. It was not a must to be local per se to be successful, but having a **local mind-set** and approach was important. Thus this supports the reference to “market” as the industry did appear very market dependable and there is no “one size fits all” option. Even

though Easy Taxi brought the number up for the “local” category, it is still noticeable from other interviews.

Reference to **“money”** was also visible. This included everything related to investments, funding and company finances. “Price” was considered separately, as “money” refers to the expenses of expanding and operating and “price” the cost of the ride. “Price” was nearly three times less mentioned than “money”. From the cross-case analysis, price sensitivity appeared clearly more present than it did in the word clouds. Same was with subsidies, which had almost no presence in the top words of the word clouds. Though if money and everything related to it would be combined together it does have a significant presence based on word clouds and it did appear an important from the cross-case as well.

“Regulations” involved everything related to the legislation, governments and legal issues. Out of the terms compared, it was one of the least mentioned, but still standing out. From the cross-case, regulations appeared to have to carry role only up to being completely banned. Not being regulated was mostly not an issue. Thus from the word clouds it still appeared it received more attention than the cross-case would have suggested.

First mover advantage appeared important from the cross-case analysis, but it did not emerge from the word cloud or any words related to it. Only Uber had “first” as one of the most used words.

CONCLUSION

Literature review gave insight that ridesharing is still modestly researched topic, with few academic papers on their globalization (see Table 1). A limitation for the writing was how quickly the industry develops and changes. There were multiple articles published on companies and the industry just weeks and days prior to completion of this paper, which gave important insights and were included here. The fast pacing industry thus is difficult to analyse in depth and at the same time keep the outcome of it up to date and relevant. Regarding anything about the companies' expansion methods, the author tried to find as up to date information as possible and not to use articles older than 2015.

The purpose of this work was to analyse ridesharing companies' approach to expansion. Understand what key elements companies research prior to expansion and what aspects are the most important for the industry to consider when expanding. As there were examples of companies who were successful in their home market, but still had not expanded abroad, they were also included for comparing their reasons of staying domestic.

Methodology for the paper was multiple case analysis on Uber, Taxify, Easy Taxi, Ola, Lyft, Wisemile and BlaBlaCar. Qualitative research was applied for better understanding of reasons behind the expansions process. Interviews were conducted on a semi-structured basis with Taxify, Easy Taxi, Ola, Wisemile and former employee of Uber. BlaBlaCar and Lyft were unable for an interview, but were analysed based on public materials.

The analysis was built on two parts. First, based on Osterwalder's canvas companies' business model elements were analysed. Only relevant to the expansion process was selected: competitive advantage (value proposition) and channels, partners (drivers), target group (customers) and revenue streams. The second part included more in depth approach to their expansion with PESTEL model being the core element, with the exclusion of environment as the author considered it less important and the topic did not emerge during the interviews either.

The first important understanding emerged when researching ridesharing in general. The author distinguished **three main categories** under the term, which are often used interchangeably and considered the same. Carpooling was the most classical method of ridesharing, with the purpose of sharing costs (Furuhata et al 2013, 28; Pau 2016). On-demand ride service was the most known and used one, where private drivers provide rides mostly in-city and drive to earn income (Rayle et al 2014, 2; On-Demand Ride Services...). Taxi e-hailing

being the third, where modern technology was adapted to hail a taxi (Rayle et al 2014, 2,11). Some companies also offered in-city carpooling, which was on-demand ride service shared between multiple passengers (Kalanick 2017; Green 2016). As there were companies offering multiple or even all of the services, the terms often get mixed up, but are important to separate, as the type of service often determined companies' approach to expansion.

From the break down research questions first was: **what aspects ridesharing companies consider when expanding their business?**

As companies had often very different approaches to expansion, what they considered important and what not, it was not possible to summarise a best practice that is adaptable for the industry. The differences appear from what is considered the core service, as in the research there were representatives of all three services and some providing multiple types of services. The service was also very **market dependable** and what worked in one region might not in the other. **Local teams** were needed and it was better to give them autonomy, as they understand the local markets the most and how to succeed there. Also, as the industry was extremely **competitive**, focusing on a certain region appeared to work better.

The service was **price sensitive**, which also appeared from drivers' perspective, where low commissions were the main value offered. Majority of users were considered younger population and higher educated. Income wise rather above average, but the companies usually offered multiple types of rides with different price categories. Thus GDP was not considered important, as the price was adapted to the market and car category. In competitive markets, especially when launching, prices were **subsidised** to be appealing to the customers, while keeping the pay attractive for the driver. Thus, most of the companies in the industry were operating in losses and external financing is needed.

Most of the companies researched expanded in the early years of operating. The main reason for expansion was **first mover advantage** as the problem and solution was considered universal. Companies offering similar service emerged quickly and thus it was needed to move quickly. Looking the current competitive state of the markets the assumption was correct. Two large and well financed companies who had not expanded stated the reason of focusing on home market and the size of the home market. With increasing competition protecting or gaining market share at home can already be a challenge enough.

Though PESTEL model is popular for analysing potential markets, it was not used by the ridesharing companies. Usually each companies had certain criteria they checked, but the approach was **not systematic** – it was faster, leaner, like the industry itself.

Legal questions which the author initially thought to be key importance, appeared not to be. They were important only to the extent of whether ridesharing was banned. Being “unregulated” was good enough to operate. From economic aspects, **bad public transportation** was considered something to look, as the service can be considered as a competitor to the ridesharing. Supply or the **drivers** were often emphasised as the most important element and they were mostly motivated by **lower commissions**, hence better pay. Considering that, it was interesting only Taxify mentioned looking into countries’ and cities’ unemployment figures (Appendix D). Social aspects were little mentioned, thus less important. From technology, smartphones or mobile internet availability was considered, but nothing too important as the availability of them was thought to happen anyway.

The second research question: “**what strategy companies use when entering new markets?**” actually had little weight. The main preferred expansion strategy was **greenfield** – starting a subsidiary from scratch (Kotabe & Helsen 2009, 315). Hence, companies prefer to stay independent. Rarely there were any other options considered.

The third question was **why some successful ridesharing companies have not gone abroad?** Out of those researched Wisemile was the smallest domestic company, with international expansion on mind (Appendix B). Ola and Lyft had billions invested in them, but both still operating only in India and United States accordingly. The main reason was the preference to **focus on home market** (Appendix E; Appendix I), which can be understandable as their both home markets are massive. **Competition** was also an element in the reasons, as there was fear losing market share at home when starting to share efforts abroad (Appendix E).

Majority of the interviewed believed **consolidation** will happen in the industry. The differences between applications were marginal. This pushed pressure on price being a differentiator, but can only lowered to an extent. Thus the main differentiator can be a **brand** and market share (Kotka, Roonemaa & Lepik 2017).

Further Research

There were multiple elements in the paper that could have more room to go in depth. Each service category: real-time carpooling, on-demand ride service with private drivers or taxi

e-hailing could be separately researched. As the industry was very competitive the role of competition could be more thoroughly analysed – how it affects the industry in general. The role of being local – whether being local was an advantage or not did not find a conclusive answer. Regional differences play a role, what would be the best practises for ridesharing in the United States, Europe, Africa or Asia. The industry is developing rapidly and there is a lot unresearched in the ridesharing business.

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APPENDICES

Appendix A: Interview Questions

Business Model

1. What is your competitive advantage, compared to other ridesharing companies?
2. What benefits you offer your drivers that the competitors don't?
3. Please describe your target group?
4. Please describe the revenue streams does the company has?

For International Companies

5. What was the situation in your home market prior to entering the first new market?
Follow up questions if needed in italics
 - a. *Were you profitable in the home market?*
 - b. *Why did you decide to expand your business abroad?*
6. How did expanding to new markets fit into the company's strategy at the founding of the company?
7. What were the key activities you did prior to expanding?
 - c. *Any new services introduced?*
 - d. *Any changes in the teams?*
8. Please give a timeline of the markets entered
 - e. *When was the first new market?*
 - f. *When significant expansion started?*
9. Why those markets?
10. If and how did you consider political/legal aspects when choosing new markets?
11. If and what economic aspects did you consider?
 - g. *How does general wealth of the country affect your decision?*
12. If and what social aspects did you consider?
 - h. *Cultural distance?*
13. If and what technological aspects did you consider?
14. Any other key points you considered when choosing a market?

15. Which markets were the most successful?
16. How does competition affect the choice of new markets?
 - a. If an existing competitor already exists do you still go?*
17. How does company's origin affect the success abroad?
18. What is single most important aspect when choosing markets?
19. Please describe your market entry strategy?
 - a. Do you set up a new business, sell a license, create a joint firm etc?*
 - b. How do you find people?*
20. If and what kind of cooperation have you done abroad?
 - a. With taxi companies, public transport providers etc?*
21. How has expanding to new markets changed your services?
22. How do you differ your services in foreign markets?
23. How has expanding to new markets affected your costs?
 - a. How has expansion to new markets been financed?*
24. If you have left a market, please explain why?
 - a. What do you think was lacking to succeed?*
25. What is the most difficult aspect of going abroad?
26. What do you see happening in mergers and acquisitions in ridesharing industry?
 - a. Is there consolidation happening?*

For Domestic Companies

1. Why haven't you expanded abroad?
2. How did expanding to new markets fit into the company's strategy at the founding of the company?
 - a. Was it a plan all along?*
3. If you would go abroad, which markets would you choose first?
4. Based on what criteria would you choose markets?
5. If and how would you consider political/legal aspects when choosing new markets?
6. If and what economic aspects would you consider?
7. If and what social aspects would you consider?
8. If and what technological aspects would you consider?
9. What would you choose for your market entry strategy?

- a. Would you set up a new business, sell license etc?*
- 10. How would competition in a new market affect your decision?
- 11. If and what kind of cooperation would you seek in a new market?
- 12. What do you think is the most difficult aspect of expanding a ridesharing business?
- 13. What do you see happening in mergers and acquisitions in ridesharing industry?
 - a. Is there consolidation happening?*

About

- 27. How many employees does your company have?
- 28. How many rides were done in 2016 in home market?
- 29. How many rides were done in foreign markets?
- 30. How many drivers do you have?

Appendix B: Interview with Wisemile Founder and CEO Arti Kütt.

The interview was done on Friday, 24th of March 2017 at 9:15 am in the company's office building. The interview was done in Estonian as the native language of the author and the interviewee. The interview was 37 minutes.

Wisemile had recently pivoted their business and instead of being a ridesharing platform they will focus on becoming all-inclusive mobility platform, including ridesharing platforms, taxis and public transportation. During the interview we touched both companies, but focused more on the initial business model.

Mis on Wisemile'i konkurentsieelis?

Me oleme praegu **lähimas pivotit**. Me algselt olimegi **sõidujagamisetevõtete ja siis tulime takso juurde**. Me algne ärimudel oligi, et kasvatame sotsiaalselt transpordivõrgustikku, mille abil hakkame ka **pakke vedama**. Me nägime, et see asi ei lähe töösse ja praegu oleme võtmas suunda, mis **liidestaks erinevad transpordiplatvormid kokku – sõidujagamise poole pealt ka teised platvormid nagu Uber, lisaks bussid, rongid ja tpilet**.

Eesmärk oli algselt pakkuda sõidujagamist ilma vahendustasudeta, et võrgustik kasvaks võimalikult kiiresti. Nägime, et e-kaubandus oleks vaja kiiret, kahe-kolme tunni transporti.

Sügisel tegime piloodi ettevõtetega, kuid nägime, et pole piisavalt suur ja piisavalt kiiresti kasvanud, et seda teenust orgaaniliselt osutada. Taksodega läheks sõit liiga kalliks. Teenuse kvaliteet ja usaldusväärsus – kui midagi juhtub, kes vastutab jms oli meil natuke läbimõtlema tehtud. Nägime, et see ärimudel ei lähe tööle. Vaatasime mis meil oli olemas ja mujal turgudel toimub ja oleme teinud vajalikke muudatusi.

Seega nüüd pakutegi terviklikku transporditeenust hoopis?

Jah, klient võtab äpi lahti, tahab minna Akadeemia teelt Tartusse. Me pakume talle kolm-neli paketti välja. A la mine siis trollipeatuse, sõida bussijaama, sealt saad selle bussiga Tartusse ja Tartust mingi transpordiga sihtkohta. Või võta takso rongijaama ja sealt sõidujagaja sihtpunkti. Klient saab kombineerida võimalikult mugava paindliku variandi.

Kas *pivoti* põhjus oli see, et turul olid Taxify ja Uber juba nii võimsad?

See ka kindlasti üks põhjus. **Erajuhte ja taksojuhte oli registreerinud meil ligi tuhat**. Klientide poolel Taxify ja Uber töötavad väga hästi, lisaks olemas Taxigo ja Taksofon, et **miks**

Comment [H1]: Pivot

Comment [H2]: First carpooling, later taxi hailing

Comment [H3]: Package delivery

Comment [H4]: Mobility platform

Comment [H5]: No commission

Comment [H6]: Competition fierce home

ta peaks veel ühe lisa äpi tõmbama. Sealt tekkis taksodega probleem. *Carpoolingul* on vaja muuta väga palju inimeste käitumisharjumisi. See, et ma ei lähe bussiga ja istun suvalise auto peale, *early-adopterid* seda teevad, aga et lai mass järgi tuleks on palju aega võtnud.

Comment [H7]: Max two apps

Comment [H8]: Change habits

Mida pakkusite oma juhtidele mida konkurendid ei pakkunud?

Me ei võta vahendustasusid, meie platvormil saavad juhid määrata ise hinnad. Taxify ja Uber dikteerivad hinnad ette. Meil võis sõita ükskõik mis autoga. Me oleme avatud platvorm, mitte teenusepakkuja – nagu ajalehekuulutus: mul on selline auto, sõidan sellise hinnaga, kas keegi tahab. Kui sõidab vana koleda autoga ja klient ei taha, siis ta ei telli. Mõni klient aga võib-olla tahabki soodsat hinda ja on valmis seda tellima, siis me ei keela.

Comment [H9]: No commission

Comment [H10]: No price dictated

Comment [H11]: Any car

Kas ja kuidas te kliente segmenteerite? Kes teie sihtgrupp on?

Tegime erinevaid persoonasid. Algselt nägime, et tudengid võiksid suur sihtgrupp olla. *Carpoolingul* võtsime tudengid suurimaks sihtgrupiks, kuna nad tihti sõidavad linnade vahelt ja on harjunud sõitu jagama läbi Facebooki gruppide. Kui hakkasime tööle, siis tuli välja, et väga palju on 40+ inimesi, kes oma sõite jagavad. Kõrgharidus oli üks ühine joon. Olid õpetajad, ettevõtjad, aga üldiselt haritud inimesed. Üldiselt keskmisest madalama palgaga, aga mitte alati. Väga süvitsi pole detailidesse läinud.

Comment [H12]: Students

Comment [H13]: 40+ aged

Comment [H14]: Higher education

Comment [H15]: Lower than average wage

Kuidas teie äpp erineb konkurentide omast? Tegite ka *Pivoti* nüüd, et sealt tuleb selgemalt see välja.

Praegu oleme teinud *minimum viable producti*, mis koondab asjad kokku, kuid ei pane kliendile terviklikku paketti kokku, mis hõlmaks kõiki teenuseid. Plaanime näiteks Uberiga liidestada selle. Enda taksoteenuse kaotame ära, sõidujagamise poole pealt kui läheme välisturgudele võime liidestada BlaBlaCar'iga. Me ei pea ise pakkuma teenust, vaid koondame erinevad asjad kokku

Comment [H16]: Plug in

Kas Taxify on ka huvitatud?

Taxify ei ole huvitatud, eelkõige kuna nad peavad arvestama teise partneriga arenduste juures, nendega kellega on liidestatud. Tahavad praegu pigem kasvada nii kiiresti kui võimalik ja ei näe täna meis veel nii suurt väärtust, mis on mõistetav. Uberil on liidestus olemas ja nad on seda varem teinud.

Kuidas teie tuluallikatega on?

Asutajate enda investeringud. Väljast pole kaasanud. Tulu teeninud ei ole.

Comment [H17]: Founders investments; no profit; no raising

Sain aru, et varem oli pakivedu, see kus plaanisite tulu teenida, siis mis nüüd saab see olema?

Nüüd on kolm varianti, mille vahel peame valima. Üks on, et teenustasu maksab klient. Näiteks kui liidestus on tPiletiga ja klient maksab kaks protsenti vms juurde. Teine variant on, et sama summa maksab kinni tPilet või Uber või kolmas partner, et viime talle kliendi. Kolmas variant on, et avalik sektor on meie klient, et meie teeme näiteks Tallinna linnale rakenduse kogu linna transpordiga koos linnaga seotud maakonnaliinid, koos Uberi ja teistega.

Ehk see on midagi sarnast nagu Helsinki teeb Smart Mobilitiga?

Jah, kuid praegu on idee veel toores ja seetõttu ei tea millise mudeli kasuks otsustame.

Edasi läheks rahvusvahelistumise teemale. Miks ei ole minekut välisriikidele tehtud?

Algselt oligi plaan pakivedude ärimudelile. Pidime Eestis ära tõestama, kas läheb tööle või ei lähe. Kui ta siin ei lähe, ei lähe ka kusagil mujal, oleks vaid raha põletamine. Oleks saanud ka minna sõidujagamise või taksoga ja teha see tasuliseks, rääkisime isegi mingite partneritega, kuid see oleks ressursi nõudnud, mida polnud. Nüüd on küll kaks Gruusia ettevõtet huvitatud et viia sinna sõidujagamise rakendus, et osta meilt litsentsi või teha ühisettevõtte või midagi sellist. See oli siis algse plaani kohta, mitte *pivotile*. Nüüd meil on otsuskoht, kas läheme vana kontseptsiooniga või ootame *pivoti* ära ja ootame uue tervikpaketi ära. Uue versiooniga on plaanis teha demo ja levitada seda erinevates sihtgruppides, riikides, erinevate sõnumitega ja vaatame kas demo läheb kusagil viraalseks ja levib. Ning selle järgi otsustame kas kuidas ja kuhu minna.

Comment [H18]: No proof of concept

Comment [H19]: Expensive

Comment [H20]: Georgia

Comment [H21]: Licence;

Kas rahvusvahelistumise aspekt oli plaanis juba ettevõtte asutamisel?

Jah

Comment [H22]: Yes

Kui peaksite turge valima, siis millised valiksite, algse platvormi jaoks?

Tegime uuringut, puhtalt sõidujagamise ehk *carpoolingu* mõttes oleks Inglismaa üks parimaid turge. Näiteks Londoni ja Manchesteri vahel on väga tiheda liiklusega, palju tudengeid sõidab, erinevaid inimesi, avatud kultuur.

Uuringul võtsime fookuse palju kasutatakse mobiiltelefoni ja mobiilset internetti. Kuidas on autokasutus, millised on ühistranspordi võimalused. Makromajanduselt SKP. Selle põhjal tegime valikuid. Euroopas jäid silmapiirile Rootsi, Inglismaa, Saksamaa, Poola. Vaatasime ka geograafiliselt kuidas paiknevad. Näiteks Hispaanias on suurlinnu üksikuid ja päris laiali aga Poolas on palju ja tihedamalt.

Comment [H23]: Smartphones; car usage; public transport

Comment [H24]: Sweden; Great Britain; Germany; Poland; Regional

Comment [H25]: Closer cities

Kas Hispaania puhul Barcelona ja Madridi vahel pole suurt pendeldamist?

Tegelikult ka on. BlaBlaCar oli Hispaanias väga varakult. Poolas ei olnud BlaBlaCari ja see oli üks kriteeriume. Inglismaal oli. Kus konkurendid on olemas läheks kõigepealt Inglismaale ja kus poleks oleks läinud Poola või Rootsi Euroopa kontekstist.

Comment [H26]: Competition

Väljapoolt on liiga hoomamatu kui võtta Hiina, India või USA.

Comment [H27]: China India too big

Miks hoomamatu, kultuuri tõttu?

Kultuuriline keskkond on Aasia puhul eelkõige. Hiina on välisettevõttel üldse väga raske siseneda, Uber hea näide.

Comment [H28]: Cultural distance

Kuidas seadusandlikud aspektid turgude valikut mõjutasid?

Vaatasime ka neid, kus mujal ka kuidas on sõidujagamine ära reguleeritud. Osades kohtades on fikseeritud see hinnalagi mida võib *carpoolinguga* küsida, ilma et peaks omama litsentsi.

Comment [H29]: Max price

Kas see oli esmajärguline asi?

Üsna esmajärguline. Kui Wisemile'iga välja tulime, saime palju tähelepanu, kas see on seaduslik jne. Avalik diskussioon läks lahti, meie saime vaid tuntuks sellega muidugi. Aga nägime, et kui läheme mujale on sarnased probleemid või on juba ära olnud, kui sõidujagamispplatvormid on varem eksisteerinud.

Majanduslikud aspektid? Mainisid enne, et tudengid peamised kasutajad ja madalama sissetulekuga, kas see tähendab, et rikkus pole oluline?

Pigem ei ole. Kui vaadata mida Taxify teeb, kes laieneb Ida-Euroopasse ja Aafrikasse, kus elatustase pea olematu. Sõidujagamises sama, kui vaadata, kes on meie klient või tarbija, siis autojuht peab olema suuteline autot osta. Peab olema ka soov kulude kokkuhoiuks, et kütuse- ja autokulu tagasi teenida.

Comment [H30]: Lower income ok

Comment [H31]: Need for saving

Ehk siis jõukamaid riike pigem ei otsigi?

Jõukas riigis on väga erinevaid inimesi, aga kõrgklass pole kindlasti teenuse kasutaja.

Aga keskklass? Kas eestlasest keskklass tarbiks teenust rohkem kui briti keskklass?

Jah, isegi võimalik. Teenuse kasutaja kõrgharidusega, ja ametilt puhas keskklass Eesti mõistes. Inglise keskklass meie omast jõukam, seega seal kasutaja siis pigem küll madalapalgalisem.

Sotsiaalsed aspektid?

Väga oluline. Eesti on üks halvimaid testpaiku, kuna oleme nii antisotsiaalsed. Näiteks, kui istun bussis kusagil Aafrikas või mõnes teises riigis, siis teine inimene istub mu kõrvale, et saaks rääkida. Eestis vastupidi, et ta istub võimalikult kaugele. Sõidujagamisega sama, et ma pean rääkima kellegiga või tekib ebamugav vaikus... Sotsiaalne aspekt on väga tugev.

Comment [H32]: Sociability very important

Kas uuriste kui levinud on riikides pöidlaga hääletamine, traditsiooniline hääletamine?

Ei uurinud spetsiaalselt.

Aga kuidas uurisite, mis riikides inimesed on suhtlemisaltimad?

Mida lõunapoolse lähed, seda suhtlemisaltimad on. Seetõttu Rootsi ja Skandinaavia pole nii hea sihtgrupp.

Comment [H33]: Southern countries

Tehnoloogilisi aspekte? Mobiilne internet?

Vaatasime palju on mobiilse interneti kasutust. [Mõttepaus] Väga rohkem tehnoloogilisi aspekte ei vaadanudki.

Comment [H34]: Mobile internet usage

Veel mõtteid endal? Mis silma jäi kui turge uurisite?

Autode kasutus, palju on inimesi ühes autos, üldist trendi Aafrika pilte vaadates kus ühes väikeses bussis on 30 inimest, seega seal seda teenust on vaja.

Comment [H35]: Car usage; number of passengers

Samas see läheb juba kaugematele turgudele, mis on kultuuriliselt keerulisemad.

Jah seda küll

Comment [H36]: Cultural distance

Milliseid turgudele sisenemise strateegiaid kasutaksite?

Gruusia on keeruline turg, keerulised inimesed. Suhtlesin erinevate inimestega kellel seal töötamise kogemusi. Neil on kombeks võtta kogu oma perekond tööle. Seetõttu oleks lihtsam müüa oma litsents sinna ja ühisettevõtet mitte teha. Ise eelistaks aga tütarettevõtte kaudu laienemist teha, aga osades riikides on see kompleksne. Pead leidma väga usaldusväärse isiku, kes see teine partner on.

Comment [H37]: Licence in Georgia

Comment [H38]: No joint venture

Comment [H39]: Prefers subsidiary

Aga selline meetod, et ainult oma inimestega? Kohalik partner peab kindlasti olema?

Pigem küll. Idee oli ka, et kui võtame uue turu, siis oleks ka kohalik investor, kohalik turundussuunaga inimene ja meie poolt oleks tehnoloogia.

Comment [H40]: Local partners needed

Konkurentide ostmise kaudu laienemine ei tule kõne alla finantsiliste võimaluste tõttu?

Jah

Kuidas konkurentsi võrdlesite teiste aspektidega, et kui paistis soodne turg, aga konkurendid olid ees, kas ikka oleks läinud?

Algselt ei osanud sellele nii palju rõhku panna, kuna puudus kogemus. Kui tulime Eestis taksorakendusega välja ja nägime, et kliendil on üks kaks sarnast rakendust olemas, siis ta ei taha kolmandat tõmmata. See peaks olema väga väga palju parem või väga väga palju odavam.

Comment [H41]: Max two apps

Comment [H42]: Competitors very important

Kui võtta nüüd Inglismaa, kus BlaBlaCar töötab täitsa hästi sarnase hinnastamistasemega ja et saada *early adopterid* kätte, siis on väga keeruline ilmselt. Vaja väga suurt turunduseelarvet et seda teha.

Keda olete koostöö raames otsinud? Mõne konkurendiga või taksofirmaga või ühistranspordiga?

Takso puhul oli variant võtta kohalik taksopark, kellele anda rakendus kasutada ja koostöös laieneda – igati loogiline. Sõidujagamisega konkurendiga koostööd teha ei näe ühelteki poolt mõtet.

Comment [H43]: Taxi company ok

Mis taksoga koostöö puhul takistuseks oleks?

Tehniline aspekt - meil on puudu on dispetšer teenus. Eestis enamik tellimusi käib ikkagi läbi telefoni helistades. Helistatakse keskusesse ja seal on Taxify dispetšer lahendus, kes suunab tellimuse mõnele taksojuhile. See pool on meil täna puudu. Kui peaksime laienema, siis taksofirma kindlasti tahab seda. Lihtsalt äpp pole nii suur väärtus.

Comment [H44]: Dispatcher service

Kas taksojuhid siis pole seda äppi kaudu tellimist piisavalt omaks võtnud?

Taksojuhid on, aga kliendid pole. Väga palju tellistakse ettevõtetest, hotellidest. Suur hulk on ka pensionäre, kes reisivad taksodega.

Comment [H45]: Educating people

Kas Gruusia turgu olete ka uurinud täpsemalt kõikide poliitiliste, majanduslike jne aspektide vaatest, et kas tasub ära?

Meie partnerid seal tegid selle ise ära. Taxify laienes sinna. Sõidujagamist oleks vaja, bussitransport on kaootiline, sõidetakse suurlinnade vahel, roheline aspekt on oluline, väga sotsiaalsed inimesed, nutitelefonide kasutus laes. Esmaste aspektide puhul paistab mõistlik.

Kui peaksid valima ühe aspekti, mis oleks kõige kõige tähtsam välisriigi valimisel?

Must have on nutitelefonide kasutus, aga kui võtta sotsiaalne või majanduslik, siis inimeste sotsiaalsus on olulisem – mis ma arvan võõraste inimestega suhtlemisest. Esimene küsimus on ikka, et ma ei taha võõra inimese juures istuda või võtta peale. Igasugused hirmud tekivad.

Comment [H46]: Smartphone usage; sociability

Seadusandlikku aspekti sa väga esile ei too. Kui vaadata, siis enamustes riikides on kõik reguleerimata, aga ikka laienetakse.

Ilmselt küll jah. Keegi ei teeni sellega kasu. See on vigane seadusandlus ja inimesed ikkagi mõistavad, et teenus võiks toimida ja muuta seadusi.

Comment [H47]: Less important

Aga riiki vaadata hoiaku suhtes, et kas ta plaanib seadustada seda või mitte, kas see oleks oluline?

Gruusias sellist rakendust pole olnud. Ei tea seal küll seadusandlust, aga ilmselt seal ei või ka ilma litsentsideta transporditeenust osutada. Kui vaatad, et see pole äriiline teenus ja võiks kulude katteks inimesi peale võtta, kuna põidlaküüdiga nagunii hääletatakse, siis tehnoloogiline platvorm lihtsalt lubab seda.

Comment [H48]: Carpooling legislation ok

Kui vaadata aga näiteks Taxify laiendust, siis pigem arengumaadesse. Ehk lihtsam ongi laieneda sellistesse riikidesse kus seadusandlus nõrgem ja nad ei hakka ka teenuse pakkumist keelama?

Ilmselt ka seda. Minu teada laienevad nad ka sinna, kus Uberit pole või on välja aetud. Aga nad võivad laieneda ka ainult oma taksoplatvormiga ja erajuhte ei kaasa.

Sest erajuhtidega on probleemid, et kui vahendad lihtsalt litsentsiga taksosid, siis on kõik okei.

Just

Comment [H49]: Private drivers troubled
Taxis okei

Kui palju ettevõttes inimesi töötab?

Igapäevaselt kolm

Comment [H50]: 3

Kui palju sõite tehti 2016

Peab järgi vaatama.

Comment [H51]: Later sent via Facebook: 62 500

Kui palju on juhte?

Sõidujagamisel on pooleks juhid ja reisijad – umbes 9000 autojuhti on registreerinud.

Comment [H52]: 9000

Kas kasutajate kasv on olnud milline?

Alguses läks lakke – uus asi, meediatähelepanu. Siis langes ja nüüd on stabiilne.

Appendix C: Interview with Easy Taxi's co-CEO Jorge Pilo

Interview was done via Skype on March 30. It was in English and 31 minutes long.

What is Easy Taxi's competitive advantage?

Competitive advantage is the **region where we play**. In Latin America, at the beginning there were lot of ridesharing players. We were one of the first, if not the first, be able to get funding quite early, had slight larger team and were able to **expand quite fast**. When we got scaled, we were the only regional ridesharing company in Latin America. This gives you the understanding of a market nobody else has. **If a competitor comes, let's say Uber, they have an app that has to work in France, Germany, maybe not Germany, UK, Kansas City and Melbourne, but also Lima, Bogota and that forces them into compromises**. We don't have to make compromises as we are only in Latin America.

Comment [H53]: Being regional

Comment [H54]: Quick expansion

Comment [H55]: Focus one region

Why haven't you included private drivers?

We do private drivers as well. It depends on the market: **Mexico 50% of the rides are private drivers, in Peru 100% are private drivers – taxi industry in Peru is almost non-existent, in Brazil we have a considerable amount of private drivers, Colombia is 100% taxis, Chile is 90% taxis, Uruguay is 50% private drivers, Argentine 100% taxis.**

Comment [H56]: Colombia 100% taxi
Chile 90% taxi
Argentine 100% taxi
Uruguay 50-50
Mexico 50-50
Peru 100% private

From technical side, do you only have an app-to-app communication or a classical taxi dispatcher service as well?

Only the app-to-app communication.

Comment [H57]: No dispatcher

How do you attract the drivers to your platform?

With taxi it is very easy. People get less taxis on the streets and we are the few sources they [taxi drivers] can get customers. Uber can't offer them as they do not operate taxis in the region.

Comment [H58]: Focus taxis; no competition

With private drivers we offer them choice. Uber charges 25%, we charge considerably less, depending on the market. We try to have a closer relationship with the drivers'. In the end, the driver wants to make a living. What you want to do is make it easier for them.

Comment [H59]: Lower commissions

How do you segment your customers?

There is certainly customer segmentation in terms of marketing, what type of discount you give each – it's based on their performance or status. You might do reactivation campaigns for those customers who haven't taken a ride in certain period of time. You classify them active and inactive, heavy users, casual users and light users. Based on that you have different incentives to each other.

What about demographics?

We have obviously geographical differentiation per city. We do not have the gender of the individuals, we do not do that check, nor age. We do not have the data on that for 100%. We do have sampling what is the percentage of women, people in the age of 18-24 and different age groups.

Are main users younger population? University graduates? Wealthy or less?

Yes, it's still the younger population. It's not college students as usually taxis are expensive for them. They would still take public transportation sometimes. People who take taxi or private car on a regular basis are young workers, people who have already finished collage.

Comment [H60]: Younger population

Comment [H61]: Not university students

Comment [H62]: Workers; higher education

What about revenue streams? How much comes from operations and how much from investors?

We achieved break even in Q4 last year – as of Q4 last year we do not burn cash. We support the operations with internal cash and operations.

Comment [H63]: Break-even

What was the situation in your home market prior entering your first foreign market?

When we went international we were still tiny-tiny in Brazil. People didn't know who we were. But we saw the problem, the issue we were solving was the same in the other countries. It made sense to start in other countries as well and not allow anyone take the first mover advantage.

Comment [H64]: Unknown; first mover advantage

Was the idea of going global already at the founding of the company?

Yes.

Comment [H65]: Yes

Can you give me a timeline of the expansion?

2012 founded, at the end of 2013 we were already in a new market. In 2014 we went to all the markets

Comment [H66]: 1 year first; 2 years rapid

Was that in Latin America or Asia and Africa as well?

Asia and Africa was 2014. We shut down in 2015. Latin America expansion was in 2013.

Comment [H67]: 2015 Asia Africa exit

How did you decided which countries to pick?

Because of the size of the market and the conditions. In Thailand or Indonesia, they had a similar issue how they hail taxis, the size of the market was considerable for us to get in. And it wasn't too complicated. We decided not to go to India or China because it was too big

Comment [H68]: Market size; similar issues

Comment [H69]: India China too big

How did you look into the political and legal aspects?

We always spoke to a lawyer – can we do it in this or this country. There is a difference being legal and not having a law to cover it. In many times there is room for interpretation. In our case, as we were doing taxi hailing in all these countries, there was no issue at all. It was just a different way to call a taxi. So it was not a complication.

Comment [H70]: Taxi hailing no problem

When you went to private drivers you ran into trouble?

We never launched private drivers in Asia. In Latin America we only launched private drivers once it was existing or allowed in the cities. In Brazil we only launched when it was legalized in Sao Paolo. That's why we don't have this in Colombia for example. In Mexico City only when the operation or the model was legalized. Peru has always been like that. We have a different approach in that kind of sense.

Comment [H71]: Privates must be legal

So in Asia and Africa you didn't go with private drivers due to not being legalized?

Back in 2014 nobody thought of that. It was not a discussion

Besides market size mentioned earlier, any other macro-economic aspects you looked into?

With market size you take the number of taxis, multiply it by number of rides they do every day, multiply by average ticket size and that gives you an idea of the market size. Also the dynamics who drive the taxis, is it the owner, or is it the person who is renting the taxi. Because if it is the owner there is more space to take the cut of the ride. If it is a person renting the car, that person already pays a hefty fee for the owner and there is not much money to take.

Comment [H72]: Taxi market size

Comment [H73]: No taxi companies
Licensed drivers more profitable

When you make this analysis, usually the city that doesn't have good public transportation, Bogota for example, you see the number of taxis and number of rides is already very high – people who can't take public transportation take a lot of taxis. From this you already see macro trends like poor public transportation or growth, as taxi drivers would get more rides when using the app.

Comment [H74]: Poor public transport needed

Any social aspects? Was there cultural distance in Asia, Africa?

Yeah, definitely. Differences how you treat drivers, how they want to be treated. In some places we need people to be going to drivers, show them how to use smartphone. Some again were already quite tech savvy, in Singapore for example it was quite easy to sign them on. There is definitely difference how drivers behave.

Comment [H75]: Drivers' training differs

If you compare all the aspects – political, economic, social, technological. What would you say is the most important?

The trend of everyone getting a smartphone was quite obvious. In some countries where drivers didn't have smartphone, might be difficult to begin but eventually everyone would have a smartphone. Plus, drivers would see that working with us and a smartphone, their revenue will increase. So we were not too concerned about that. Some countries were more expensive to begin because we had to acquire them smartphones. We had to make some changes in the app due to social or educational aspects. There were some countries where drivers couldn't read, so we had to make the accept button green and cancel in red. But eventually the concept of using an app to get a taxi was so simple that any driver could get it.

Comment [H76]: Smartphones come anyway

Comment [H77]: Gave drivers smartphones

Comment [H78]: Improving app

So you still mainly focused on the size of the market to determine which one to choose?

Yep.

Comment [H79]: Market size

Which markets you say were the most successful?

Brazil, Peru, Colombia, Mexico, [

Comment [H80]: Brazil, Peru, Colombia, Mexico

So all still in the Latin America?

Yes, we stopped looking in Asia in 2015.

Would you elaborate on the reasons why shut down in Asia and Africa?

Money. We were in 33 countries and our funding was limited. Every dollar we put in Asia, we were not putting in Latin America. Two things that didn't work in Asia. It was more expensive. You had to put more money to marketing to get passengers. The second, most important point was, Grab Taxi raised 150 million dollars just to fight in three or four markets SE Asia. We didn't even have half that money and we were in 33 countries. There is no way we could compete with those guys. And so we thought, let's cut our losses in Asia and focus on Latin America. Latin America was a lot better market for us, it was less competition, higher margins, it was a local place – we were from there, and that was a big advantage for us.

Comment [H81]: Lack of money

Comment [H82]: Marketing expensive

So is being a local player more valuable than being a global phenomenon like Uber?

If you see where Uber is struggling is Grab in SE Asia, which is local; Didi in China which is local; Ola in India which is local – so yes being local does have quite big of an advantage. [

Comment [H83]: Not being local

What was the market entry strategy when you went to Asia and Africa?

The operations in Middle East and Africa were actually different companies. From corporate perspective two different companies but we shared the investors, so we had legally different entities. Process was the same – we sent the people, started from scratch, we tried to hire local people and build it up. Actually the person who was regional manager in Africa was Brazilian. Told him to go to Africa and set it up. [

Comment [H84]: New company

Comment [H85]: Sent own people

What about cooperation? Did you find a local taxi company to cooperate with?

We never worked with taxi companies. We wanted to have direct relationships with the drivers. Otherwise you have someone in the middle, they dictate the rules. We were giving benefits to the drivers and therefore there was no need have someone in the middle.

Comment [H86]: No taxi companies

What about the pros and cons of buying competitors, as you went to Colombia by buying a competitor?

Yes, we acquired Tappsi in Colombia. We were both fighting each other, for the same market and it made sense to join forces.

Comment [H87]: Acquisition an option

But with other countries in Latin America, how did you decided whether to buy or compete?

Always the discussion of “how much”? You always want to buy your competitor; the question is how much are you willing to pay. For some you are willing to pay zero, for some a lot of money. In Colombia we paid the amount we were willing to accept. There were no other competitors we were willing to give considerable amount of money, as they were all small.

You said exit in Asia was a lot due to money, was it the same in Africa?

Investors thought it was not worth it. The problem with Africa was it was too early, the economics are not quite there, at least for now.

Comment [H88]: Africa not ready

What about Ghana why did you left there, as I know Taxify did so also after entering?

It's a small market. Yes, there are a lot of people, a lot of rides, but the ticket is so low. Right now it is not worth it to put money there. We were better off putting money in Latin America, with higher ticket, higher margins, easier to operate. It was also a stretch for us, different continent, we were stretching our team there. If we had 20 billion, yes we would be there, with limited resources you have to pick your battles.

Comment [H89]: Distance

What key activates you had prior to you big expansion? Did you do any improvements in your services?

We hired more and more people. We launched in Mexico, hired more people, then in Peru. Our country managers were very close, there was lot of knowledge sharing. We also tried different things in different markets regarding services.

Comment [H90]: Hire people

Comment [H91]: Knowledge sharing

Examples?

Initially in all the countries the drivers had to go to the office and send all the documents. In Colombia we build an application where the driver could give all the information on the

phone. It worked and we set it up in other countries. Or for example the way we do pricing, in most places we used the price from the taxi meter, but in Peru there was no taxi meter so we had to use our own internal taximeter in Peru and it worked well and we applied it to all the countries. You test the features, if it works, you apply it to other markets.

Comment [H92]: New markets, new features

What do you see happening in the ridesharing business, will there be lot of consolidation – bigger companies buying smaller?

There will definitely be some consolidation and already has been. Didi invested in Grab, invested in Ola, invested in 99Taxis Brazil. There is a lot of going on. Car makers are going to the game Volkswagen investing in Gett. From 200 apps three years ago eventually there will be three or four. There are going to be many brands but a few corporations.

Comment [H93]: Consolidation

Comment [H94]: Car manufacturers

Comment [H95]: Many brands, few corporations

What was the most difficult aspect of going abroad?

Managing the product or business in a market where you are not. For examples, developers, managers are all sitting in Sao Paolo. It is very easy for them to see what the pain for the taxi or private driver is as they take the ride every day. When you have to do it Lima or Bogota, they are not there. It is way harder to do it. You need much better product organization to make that happen.

Comment [H96]: Managing from distance

If you should go to Africa or Asia again, what would you do differently?

Have a lot more money and more robust organization. Then we were still a startup. I wouldn't need more money if there weren't strong competitors. If there hadn't been competitors, we wouldn't have exited Asia. Knowing what happened, best decision would be not to go to Asia.

Comment [H97]: No competitors no exit

What about Europe?

Too expensive. Hiring a team is expensive, marketing is expensive. To give incentives to drivers, passengers you need a lot of money.

Comment [H98]: Europe too expensive

Could you please verify or elaborate some numbers? How many employees you have?

500 employees

Comment [H99]: 500 employees

I found Easy Taxi makes around 8 million rides a month or roughly 100 million a year. Is that data up to date?

Yes, sounds about right

Comment [H100]: 8 million a month

And I found you have roughly 500 000 drivers?

Yes, approximately

Comment [H101]: 500 000 drivers

Appendix D: Interview with Taxify's Founder and CEO Markus Villig

Interview was conducted in Taxify's office on 31st of March and lasted for 23 minutes.

Mis on Taxify konkurentsieelis võrreldes teiste äppidega?

Peamine konkurentsieelis on efektiivsus. Kui me täna vaatame miks Uber on edukas, siis nad on võitnud sellega, et neil on viis kuni kümme korda rohkem raha kui kohalikul playeril. Viimase paari aastaga on muutunud see, et neil on tekkinud konkurente kellel on samasse regioonini panna umbes samapalju raha.

Aga kliendikesksemalt vaadates?

Efektiivsus tähendabki, et suudame pakkuda paremat hinda, suudame meelitada rohkem juhte, rohkem kliente, kes on suurim, sellel on parimad kohale jõudmise ajad, aga kokkuvõttes see taandub efektiivsusele. Mida vähem on sul kulusid, mida optimeeritumalt viid kliendi ja juhi kokku, seda kiiremini saab klient auto ja soodsam sõit on.

Comment [H102]: Price; more drivers; fastest arrival

Palun too välja mõned konkreetsemad nüansid, mida pakute juhtidele, et nad tuleks teile, mitte ei läheks näiteks Uberi juurde

Meil vahendustasu enamustes linnades on 10-15% mida võtame sõidu pealt, Uber võtab 25-30%. Juhi jaoks see tähendab 15-20% paremat hinda mida ta meil sõiduga teenib. Kui see arvutada kasumiks, siis see on oluliselt suurem. Kui sul on 15-20% käive suurem, kulud samad, siis kasumi marginaal on juba oluliselt parem. Võidame juhid üle sellega, et nad teenivad meiega rohkem. See tuleneb omakorda sellest, et oleme efektiivsemad – kuidas linna siseneme, inimesi palkame, protsessid jne.

Comment [H103]: Lower commissions;

Comment [H104]: Lower operating costs

Kuidas kliente segmenteerite?

Segmenteerime kahte kolme osasse. On kliendid, kes on passiivsed: konto teinud aga sõite mitte, nendega tegeleme kõige aktiivsemalt, anname ka kuponge ja asju, et nad esimese sõidu ära teeksid. Siis on inimesi kes on teinud esimese sõidu, kuid pole teinud teist sõitu – ka kliendigrupp kellega väga tegeleme, üldiselt neil olnud esimene kehv kogemus. Kolmas on see kellega väga ei tegele, kes on teinud 2+ sõitu. Kes teevad teise sõidu ära, neist üle 90% jääb püsikasutajaks.

Aga demograafia poole pealt?

80% meie kliente on 20-35 – inimesed kellel on nutitelefoni, oskavad seda kasutada, aktiivne eluviis, üle keskmise sissetulek.

Comment [H105]: Age 20-35; smartphone; above average income

See “üle keskmise sissetulek” peab paika ikka?

Jah. Vahe tuleneb sellest, et takso on ikka 2-3x kallim kui oma autoga sõitmine või ühistransport ja seetõttu enamus inimesi kasutab seda ainult mõned korrad nädalas, isegi need kellel on kõrgem sissetulek.

Kuidas te tulu teenite?

Täna on mudel väga lihtne – vahendustasu iga sõidu pealt 10-20%. Keskmise sõit on 5-6 eurot.

Comment [H106]: Commission 10-20%

Kui investorite rahad juurde võtta kuidas see tuluosa mõjutab?

Start-upi puhul nagu ikka – alguses tõstad raha, paned sellega teenuse käima. Meie puhul oleme mööda kasvanud. Oleme tõstnud 2 miljonit eurot raha, ettevõtte on käivet teeninud üle 5-6 miljoni ja oleme break-even ja raha ei kuluta. Suurema osa teenime ise.

Comment [H107]: Break-even

Nüüd rahvusvahelistumisest. Milline oli olukord koduturul enne esimesele välisurule minemist?

Alustasime 2013 keskel. Eestis ega Ida-Euroopas ühtegi sellist äppi veel ei olnud. See oli suht tühi maa. Eestis läks suhteliselt hästi – esimese kuue kuuga saime esimesed sõidud tuhandetesse, mis oli piisav et saada tiimi kulud nulli. Siis saime kohe aru, et seda ideed hakatakse igal pool järgi tegema, et peaksime minema kohe järgmistesse linnadesse. Ehk koduturul saime nulli, äri kasvas kiiresti ja võtsime suuna järgmistele turgudele, Läti ja Soome.

Comment [H108]: Founded 2013; first mover

Comment [H109]: Home market break even

Comment [H110]: First mover advantage; same issue

Läti oli esimene?

Jah.

Mõte minna globaalseks oli kohe ettevõtte asutamisel selge?

Jah, seda teadsime kohe. Nägime, et Eesti turg on niivõrd väike. Siin oli umbes 2000 taksot, paarsada tuhat sõitu, seega su lagi parimal juhul on paarsada tuhat kuus käivet. Selle pärast polnud see miks me seda teeme, tahtsime jõuda ikka 10 või 100 miljonit käibeni.

Comment [H111]: Yes; home market small

Kui olulisena sa näed *first mover advantage*'it?

Selles osas on arvamus muutunud. Alguses esimesed paar aastat arvasime, et see on megaoluline. Täna näeme, et lihtsam on isegi olla teine. Eriti kui räägime privaatjuhtidest. See nõuab, nagu sa oled ise näinud, palju investeringuid lobbysse, regulatsioon saada korda, lubatakse privaatjuhte, pead kliente harima, et julgetaks istuda suvalisse plafoonita autosse, pead juhte harima, et see on okei viis lisaraha teenida ja taksojuht polegi mõttetu kehva mainega töökoht, see nõuab räigelt raha. Uber on kogu selle infra ära ehitanud ja inimeste meelsust muutnud. Nüüd kui oled teine *player* tuled sisse, siis kasutad seda infrat ära ja võtad kiiresti turu.

Comment [H112]: Initially important; not anymore

Comment [H113]: Fast second easier

Comment [H114]: Educate people, drivers

Kas ettevõtte siseselt tegite mingeid muudatusi enne välisturgudele minemist?

Mingil määral. Eesti äri juba kasvas ja pidime siia inimesi palkama ja lisaks võtsime paar inimest juurde, kes välismaaga tegeleks.

Comment [H115]: Hired anyway

Kuidas teil teenused erinevad turgudes?

Laias laastus meil täna ongi ainult kaks teenust: taksod ja privaatjuhid. Teenus sama, sõidad punktist A punkti B võimalikult soodsalt.

Comment [H116]: Taxis and private drivers; depends on regulation

Aga privaat juhte ja taksosid rakendate mõlemaid igal pool?

Sõltuvalt turu regulatsioonist. Meil on neli-viis riiki, kus on taksod ja privaatjuhid koos, paar riiki kus on ainult taksod ja umbes kümme riiki kus ainult privaatjuhid. Ehk sõltub regulatsioonist.

Ajaraamilt, millal esimene uus turg? Ja kuidas seal edasi?

2014 alguses esimene uus turg. 2013 august alustasime ehk 5-6 kuud pärast asutamist läksime Lätti.

Comment [H117]: 0.5 years new market

Millal tuli kiirem laienemine?

Siis kui mudeli paika saime. Esialgu üritasimegi laieneda taksode mudeliga, esimesed kaks aastat tegelesime ainult litsentseeritud taksodega, aga selle mudeliga asi väga ei läinud. Üritasime igat pidi: võtta taksojuhte, proovida läbi taksofirmade. Kummagigi väga hästi ei läinud. Kui proovisime privaatjuhtide peale minna, siis hakkasime väga kiiresti kasvama. Läksime 4-5 riigi pealt 15 riigi peale.

Comment [H118]: 2 years rapid; working business model

Mida sa näed peamise raskusena, miks taksodega ei läinud?

Supply on väike – palju juhte on igas linnas. Sul on väga piiratud kliendibaas keda sihid ja neil huvi oli palju väiksem. See väärtuspakkumine taksole on üsna väike, sa teenid mingi 10-20% rohkem ja neil on suva. Aga kui võtad inimese, kellel enne ei olnud üldse võimalik teenida ja nüüd on, see väärtuspakkumise erinevus on väga suur. Neid inimesi kes tahavad lisaraha teenida on linnades tuhandeid ja tuhandeid. Palju lihtsam on leida tuhat uut inimest kes tahab raha teenida kui võtad tuhat taksojuhti ja veenad neid, et tule liitu ja teeni rohkem.

Comment [H119]: Taxi supply small; privates better

Aga need linnad kus olite taksodega, kas tegite koostööd taksofirmadega?

Taksode poolel on alati olnud hübriidmudel, kohati kasutame üksikuid juhte ja kohati firmadega. Sedasi olnud kõikidel turgudel on taksodega olnud.

Comment [H120]: Single drivers and companies

Milliseid turge pead kõige edukamaks?

Kõige paremini läks Eestis. Läti arvasime umbes aasta tagasi oli väga edukas turg. Aga nüüd oleme leidnud reaalselt edukad turud, kus oleme teinud umbes viis korda rohkem sõite kui Eestis. Need on peamiselt suured turud Aafrikas LAV, Nigeeria, Egiptus, Mehhiko, Gruusia. Need on turud, kus poole aasta, aastaga teeme sama tulemuse mis Eestis kolme aastaga.

Comment [H121]: Estonia

Comment [H122]: South Africa; Nigeria; Egypt; Mexico; Georgia

Kas saaksid täpsustada aspekte mille järgi turge valite?

See on väga lihtne ja taandub kahele kolmele asjale. Üks asi on, et meil on ligipääs juhtidele, mis tähendab et regulatsioon lubab seda. Ja teine on suhteliselt kõrge tööpuudus. Need on kõige kõige olulisemad asjad. Kui need on olemas oleme alati turu tekitanud.

Comment [H123]: Regulation ok; high unemployment

Aga Aafrikas ju pole te reguleeritud?

Regulatsioon puudub jah ehk ta pole otseselt keelatud, et see on ka okei. Eestis täna on siia maani hall ala, aga see on *good enough*. Kõige olulisem on juhtide saamine ja *point* kaks on konkurentsiolekord, mida konkurendid teevad, kui agressiivsed nad on. Kui need on paigas võime ükskõik mis linna minna.

Comment [H124]: Grey area ok

Comment [H125]: Supply and finding drivers

Comment [H126]: Depends how aggressive

Kui valida kas võtta selline turg kus seadusandlust üldse pole või selline arenenum riik, kui te pole veel reguleeritud, kuid ütleme et potentsiaali on, siis kumb tasub võtta?

See juba sõltub turust. Kui vaatame Prantsusmaa või UK-d siis seal on regulatsioon struktureeritud: maksad paarsada eurot, saad litsentsi, süsteemid on paigas ja meile see sobib. Reeglid paigas, vs Aafrika, kus sul täna pole üldse mingit sisenemisbarjääri – igaüks saab tulla. Regulatsiooni poole pealt pole vahet.

Kui vaatate, et regulatsioon lubab, tööpuudust on, siis mida järgmisena vaatate?

Siis ongi konkurentsi pool – kui palju ja kui agressiivsed. On turge, kus Uberi vahendustasu on 25-30%, on turge, kus vahendus on 10% või vähem ja nad on üliagressiivsed. Teevad kõvasti turundust jne. Vaatame, mis konkurendid teevad parasjagu.

Comment [H127]: Competition aggressiveness

Kuidas sa näed ettevõtte päritolul mõju nende edule?

Ülimalt palju. Täna meil toode pole väga muutunud, tehnoloogia mõttes on ta sama. Vahe on milliste juhtidele ja kus turul me seda rakendame. Kas pakud seda taksodele või privaatjuhtidele.

Aga selle poole pealt, et Uber võõrana sai Hiinas Didilt tappa, Easy Taxi lahkus Aafrikast ja Aasiast, et keskenduda kodu regioonile Ladina Ameerikas. Teil läheb Eestis paremini kui Uberil.

See on pigem koefitsient. Kui sa oled sealt pärit sul on 5-10-20% mingi eelis. Aga ta pole see, et *make it or break it*. Kõige olulisem on see, mis su see mudel on. Kui tegelesime taksodega oli meil kasv mega aeglane Lätis ja muudes riikides, kui hakkasime privaatjuhtidega tegelema läks kohe oluliselt paremaks. Teine asi kui tegime privaatjuhte Ida-Euroopas oli okei, kui läksime Aafrika siis olime nagu rakett üles. Kõige olulisem on ikkagi mida sa rakendad ja kuhu turule. Easy Taxi puhul nad on endiselt kinni taksodega ja nad tõmbasid Aafrikast välja, ei saanud hakkama. Meie tulime 6 kuud pärast neid ja oleme neist oluliselt suuremad, et

Comment [H128]: Origin less important

Comment [H129]: Business model more important

hakkasime privaatjuhte tegema. Nad lihtsalt ei tajunud ära, et oleksid pidanud taksod maha jätma ja privaatjuhtidega tegelema.

Ta mainis jah, et nad tegelevad privaatjuhtidega ainult seal kus seadusandlus lubab

Hallidele aladele nad ei julgenud minna jah. Täna meil 70% äri on nendest kolmest Aafrika riigist ja kasvab kiiresti.

Turule sisenemise strateegiatest. Litsents? Tütarettevõte? Ühisettevõte kohaliku partneriga vms?

Siin meil lihtne mudel. Läheme alati riiki oma firmaga. Ei hakka mingite partneritega tegema, pärast mingid juriidilised keerukused. Võimalusel läheme üldse ilma tütarfirmata, kui vaja, nt regulatsiooni mõttes või pangakonto loomise, siis teeme. Nii *lean* kui võimalik ja üritame kõik enda kontrolli all hoida.

Comment [H130]: Subsidiary if any; no joint ventures

Aga kuidas inimesed leiata?

Siin oleme Euroopa kõige unikaalseim firma kuidas laieneme. Täna kõige edukamad turud on Aafrikas, kus meil pole kontorist keegi kohalgi käinud. Mitte ühtegi korda. Me oleme kõik inimesed *remotely* palganud.

Comment [H131]: Local employees; everything done remotely

Teete töökuulutuse?

Jah Facebooki või kuhugi kohalikku kohta, et otsime inimest. Paarsada inimest kandideerib, vaatame CV-d üle, Skype'is intervjuud. Palkame ära. Vaatame kui saab hakkama siis saab, kui ei saa võtame järgmise inimese. Kõik teeme eemalt. Pole kuulnud ühestki maailma firmast kes nii laienenu, rääkimata Aafrikasse.

Kuidas on uued turud kulused mõjutanud?

Väga regionaalne äri. Mingi linna peame alguses investeerima, kui oled läinud üle kriitilise piiri ja oled piisavalt suur, siis püsikulud sõitude mahuga võrreldes kasvavad väga aeglaselt. Alguses meil on linna vaja kolm inimest, et üldse käima panna, samas need kolm inimest suudavad linna ära katta kui teevad 100 tuhat sõitu kuus. Alguses oleme miinuses ja kui oleme piisavalt suured, siis hakkab turg kasumisse jõudma. Praeguse seisuga meil on seitse linna mis on tugevalt kasumis ja ülejäänud on varajases faasis, et hakkavad jõudma.

Comment [H132]: 7 profitable markets

Kas teete ka subsideerimist uutel turgudel?

See on selline äri kus alguses peab tegema. Kui lähed linna kus teine tegija teeb mitu miljonit sõitu kuus ja toob 5 minutiga auto. Ja kui sa alustad ja sul on 15 minutit *pick up time*, siis pead seda kuidagi kompenseerima. Kvaliteedilt kompenseerida ei saa, sest sellest inimesed väga ei hooli, siis peamine asi mis saad teha on hind. Seetõttu alguses peadki subsideerima kuni oled piisavalt suur.

Comment [H133]: Subsidizing at first

Räägi palun nendest turgudest kus te lahkunud olete ja miks?

Oleme lahkunud väga vähestelt turgudelt. Soomest ja Valgevenest. Aga kummalgi turul me väga isegi ei tegutsenud. Pigem selline faas, et palkasime esimesed inimesed ja hakkasime tegema turuanalüüsi, üritasime midagi käima panna, vaatasime, et ei tule välja ja ei läinud edasi. Ainus asi mille taha jäi oli regulatsioon ehk mõlemas riigis on väga piiratud taksojuhtide arv, nad on konsolideeritud ametiühingutesse ja firmade alla ja need keelavad äppide turule tuleku.

Comment [H134]: Left markets due regulation; Finland; Belarus; Netherlands

Aga privaatuhtidega?

Ei ole lubatud. Kui oleks olnud *cappimata* taksolitsentsid või privaatuhtid, siis oleks ilusti hakkama saanud, aga kui sul on väga väike hulk juhte ja kõigile ütleb ülemus, et ei tohi äppi kasutada, siis polegi midagi teha.

Aga Hollandis?

Aa jah, sama teema.

Aga Aafrikas Ghanas?

Seal ei jõudnud ka eriti midagi teha, vist isegi mitte *launchida*. Me tegime *remotely* turuanalüüsi ja ei läinud edasi. Vaatasime, et ei saa piisavalt juhte, kuna nutitelefoni kasutus oli madal ja inimeste arv kellel oli eraauto oli 4% või midagi. Sealt ei leia lihtsalt autojuhte.

Comment [H135]: Ghana bad metrics

Ehk tehnoloogilistest aspektidest vaatate ikka nutitelefoni kasutatavust või mobiilset interneti?

See on enamustes riikides ikkagi piisavalt hea. Kui on juba 30-40% siis on väga hea.

Comment [H136]: Already happening

Need topp 20-30% inimesi kellel on raha, et taksoga sõita on ka see sama kontingent kellel on nutitelefon olemas.

Comment [H137]: Smartphone usage 30-40%

Kaugetel turgudel kultuurilist distantssi äri ajamisel ei tekkinud?

Siiamaani pole probleemi olnud

Comment [H138]: No problems

Olete alati kohalikud inimesed palganud ja nemad toimetanud?

Head inimesed on igal pool maailmas samasugused.

Mida sa näed, mis on kõige keerulisem uutele turgudele minnes?

Kõige keerulisem on ärimudeli pool paika saada. Me liiga kaua tegelesime taksodega ja valede turgudega. Kui saime mudeli paika, et valime ainult neid turge kus regulatsioon lubab privaatuhte, siis kõik muud probleemid lahenesid ära.

Comment [H139]: Right business model

Aga kui nüüd see on selge?

Põhimõtteliselt pole. Kui sul on ärimudel paigas ja see töötab, siis sa võid isegi keskpärase inimese seda juhtima panna ja see ikka toimib. Alguses panime palju rõhku sellele, et leida ülihäid inimesi, aga ärimudel oli kehv ja sa ei suuda seda ikka käima panna. Saime selle paika ja polnud enam nii oluline keda palkasid.

Comment [H140]: Average workers ok

Aafrikas, Euroopas, Ladina Ameerikas, Kagu-Aasias on teenust päris palju. Kesk-Aasia, nõ stan-riigid, aga paistavad üsna tühjad. Olete te neid turge uurinud?

Kõik maailma regioonid, mis on huvitavad – seal on piisavalt sõitjaid ja piisava hinnaga sõidud on kõik kaetud välja arvatud kaks: Euroopa ja Aafrika, mis on suhteliselt vabad. Täna me keskendume ainult siia ja tahame need turud võita. Esialgu olla topp 2 Uberi järel ja järgmise paari aasta jooksul neist mööda saada.

Comment [H141]: Focus Europe; Africa

Milliseid üldisi trende sa näed sõidujagamises? Kas suured ostavad väiksemad?

Konsolideerimise koha pealt vaikselt hakkab toimuma. Kui vaatame autotootjaid, siis nemad on väga aktiivsed. Ostavad ja investeerivad kõvasti. Mercedes on ostnud Euroopas kolm taksot mitmesaja miljoni eest. Näen, et eriti just autotootjate poolt suureneb. Nad saavad aru, et

Comment [H142]: Consolidation happening; Car manufacturers

tuleviku mõttes isesõitvate autodega on see ülikriitiline, et sul on see data olemas ja nad lihsalt hakkavad neid kokku ostma. Konkreetselt äppide vahel pole väga tehinguid toimunud.

Ma küsiks ka värskendamiseks mõned numbrid. Palju teil töötajaid on?

120

Comment [H143]: 120

Juhte?

Iga kuu liitub umbes 25 000 juhti. Aktiivseid on kümnetes tuhandetes.

Comment [H144]: 25 000 added monthly

Palju teil sõite koduturul on?

3 miljonit midagi vist

Comment [H145]: 3 million home

Kui võtta koduturg vs globaalselt?

Eelmine aasta oli väga suur osa. Nüüd on äkki umbes 15 protsenti.

Comment [H146]: 20 million globally

Appendix E: Interview with Ola's Vice President of Corporate Strategy & Supply Rahul Maroli

Interview was done on 19th of April via Zoom conference calls and lasted for 23 minutes.

What is Ola's competitive advantage compared to other ridesharing companies?

We are largely India focused company. All the products we develop are focused on India. For example, when Uber developed their platform globally they did not collect cash. We started collecting cash around three years ago. Uber copied us and piloted cash collection model as we set up. That was a model Uber pioneered in India and now they have applied that to other markets. Solutions we develop are largely India centric. Cash collection being one of them.

Comment [H147]: India focused

The second was, 4G connectivity in India is fairly bad. What we implemented was offline booking. Even if you do not have internet connection you can still book a cab. From the app it can send an SMS with geo location, then you receive an SMS which cabs you have in the area. Then you can send an SMS back and book a cab. When you get back to 4G connectivity it goes back to the app, downloads the required information. So we have the capability to completely book offline

Comment [H148]: Cash collection

Comment [H149]: Offline booking

Third innovation was, we saw a lot of frauds happening. We implemented a system of one-time password. For every ride you start you have to give a one-time password. When drivers commit fraud, they pair up – one books a ride and other one accepts it. By doing that they can get more rides to be entitled to some benefits. To combat this, we implemented one time passwords – OTP – you get a one-time password with SMS and you have to give that one-time password to the driver to start the ride

Comment [H150]: Fraud prevention

What benefits you offer drivers, so they would come to you instead of Uber?

We do our settlements on a daily basis. Uber does them on weekly basis. Drivers are extremely anxious when it comes to money, they want to get it fast. That's why we decided to do the settlements on a daily basis.

Comment [H151]: Daily settlements; Uber does weekly

These are the kind of incentives we have, so drivers would come to us, instead of Uber, even though Uber is giving them a lot more money than we are providing.

Are you saying Indian drivers are less sensitive on prices or payments?

They are extremely price sensitive, but are at the same time value sensitive. We provide better value than Uber does. But having said that, supply is extremely fungible between the two platforms.

Comment [H152]: Drivers use both platforms

What about your target market? Who is your typical customer?

That is confidential

What about your pricing model?

It depends on geography. Accurate information depends on what agreement we have with the driver or operator. I will not be able to tell you accurate figures of what these numbers are.

Can you elaborate the role of Ola's side businesses, like Ola Play and Ola Money?

These are not side businesses. Our fundamental philosophy is how we keep the customer with us.

[The interviewee had to take a phone-call]

Ola Money makes it very easy to complete the transaction and walk away. You have a wallet instead of linkage to credit card. What happens in India is that you can't directly charge a credit card. You have to put a password each time you want to pay with credit card. It's a two factor identification. The government requires that to prevent frauds.

Comment [H153]: Adapted payment system

I read people use it as a comprehensive payment system for utility bills etc?

That's correct. That's how wallet work, but fundamental reason to have a wallet for us is to give a seamless customer experience. You don't have to worry about payments. We also see customers who put money on the wallet are more loyal to us.

So you still focus on ridesharing and everything else is to support it?

That's right. Ola Play goes back to fundamental philosophy of making a difference when you ride. It's a connected car. You connect your phone with the screen in car and play videos, music, radio etc from it. Your phone becomes a remote control.

And that's in cars you lease and rent to drivers?

That's right.

Back to the revenue streams for a sec, if it's not a secret, are you break-even?

At this time, no company in ridesharing is break even.

Comment [H154]: Not break-even

Some of the ones I have interviewed are, though they are smaller companies

When you look at top 5 big ones, none of them are.

What's the market situation you are holding in India?

We have about 65% market share. Following Uber with 35%. Rest for others.

Comment [H155]: 65% market share
35% Uber

Why Ola hasn't gone abroad, considering its success?

It's a huge market. It's something Didi would answer. China and India are huge markets from ridesharing ecosystem point of view. India is the second largest market for Uber. It doesn't make sense for us to step out of the market and let others players here. We are very focused on developing our market and building our brand in India. And later we can always look at expansion.

Comment [H156]: Huge home market

Comment [H157]: Competitors emerge when focus everywhere

Comment [H158]: Focused on home market

But you are not afraid to lose the first mover advantage? That later all the markets are already conquered by others?

As you move forward it is interesting to see more players get into the market. We won't be only ones. Uber will have to fight with more players who want to get piece of the pie. The markets will have 5-6 players in every geography. If we want to capture US market, we would need about a billion dollars. We see more competition coming in each of these markets

Comment [H159]: First mover advantage not important

Comment [H160]: 5-6 competitors regionally

But how did being a global player fit into the company's strategy at the founding of the company?

They were very focused on being a Mumbai centric company. From there we expanded to whole India. And at some point we look providing service across the globe.

Comment [H161]: No

If you would go abroad, which regions you would go to first?

We haven't even discussed that. It would be very premature to talk about that.

If you do expansion on regional level how do you choose the cities to go?

At this point we are in 102 cities across the country. This covers the bulk of large cities in India. We are also expanding to smaller cities across the country and see if we have micro markets in those locations. We are looking to further expanding. Uber is currently in 36 cities.

If I go further into detail, do you look into legal or political aspects when choosing cities?

No. We look the demographics of the city. To see the market potential of the city. We look at the public transportation, how good is it. The main aspect is yes, the situation of the public transport. The city should not have a strong public transportation system.

Comment [H162]: Demographics

Comment [H163]: Bad public transportation

What about technological aspects? Smartphone usage, mobile data?

Yes, those are also criteria we look into.

What about economic aspects? Income levels etc?

Demographics, that's what I meant about demographics of the city.

What about competition? If Uber already operates, do you still go there?

We are normally who get first to the city. Uber is following us in whichever city we get into. We have a lead in this.

How to you see company's origin affect its success in the market?

Globally when you look, most companies are dominant players in local geography and then they look at expanding. We are looking something similar, we want to be dominant, sustainable player in the country of origin and then we want to look at expansion. I don't think we should think that around. Most brands follow the same philosophy.

Comment [H164]: Strong home market first

What about cooperation? I read Lyft did anti-Uber alliance that Ola was also part of?

Yes, that is correct.

How did it work out?

Yes, it still intact, there is a lot of information sharing we do.

Comment [H165]: Anti-Uber alliance

So it is still the case, when Ola's customer goes to US, it recommends to use Lyft app?

That's correct.

What do you think is the most difficult aspect of expanding a ridesharing business?

[It's changing consumer mind-sets.] You need to create new use cases; you need to change how users use transportation as a service. That's the larger challenge. Second is how to create supply. You can create demand, but it takes longer time to create supply. So these are the main factors – how to create demand and supply. [

Comment [H166]: Educating customers

Comment [H167]: Finding drivers

So is Uber's global expansion beneficial for you, as they do the education of the people about the service beforehand? And being fast second becomes easier?

Yes, that's right. [

Comment [H168]: Not first to market

Quick question, the call was to be one hour or half an hour

Half an hour. Few more questions and I'm done.

What are the biggest hurdles you have when expanding in India?

Largely, not only in India, but globally it's [government regulation.] There are no standardised rules, there are rules for the taxi business. The rules though were not created for geometric progression of growth, where you have to create huge set of supply. The rules were not created for these situations. That's the challenge how to manage government regulations. How to engage the regulators? How do you create rules that are more favourable from consumer perspective?

Comment [H169]: Government regulation

As being in grey are how difficult it is in India to operate?

There are regulations, the governments are realizing the regulations are needed. But there are also political reasons for some of these regulations. You need to engage with all the stakeholders to build very strong ecosystem.

What do you see happening regarding mergers and acquisitions in ridesharing industry?

We did acquire TaxiForSure, the number three player, in 2015. We were already dominant player back then, but we did merge with them. But we don't have any other targets for acquisitions.

Comment [H170]: Acquired TaxiForSure

But from global perspective do you see more consolidation happening?

No, there will be more players getting in the market. I don't see consolidation happening. At this stage there are still very few players on the market.

Comment [H171]: More competitors emerging
No consolidation

Please elaborate some numbers for me, so they would be up to date. How many employees Ola has?

Close to 5000 people.

How many rides were done in 2016?

On a daily basis we do slightly over 1.5 million rides.

How many drivers you have?

About 600 000.

Appendix F: Interview with Uber Slovakia Founding Member and Former Marketing Manager Matej Benuska (currently Taxify's Expansion Manager)

Interview was conducted over lunch in a restaurant and lasted for 29 minutes.

My name is Matej Benuska, I used to work for Uber in Slovakia, later in Prague. I was marketing manager for Prague and Slovakia. I was there when Bratislava launched. Before Bratislava and Prague, I used to be stationed in Bucharest, and it was just first months when they were starting the business. For Taxify, I launched Bratislava, Prague and now launching London.

First, what would you say is Uber's competitive advantage compared to other ridesharing companies?

First advantage was they were first. They were first with the international expansion. They were not the first, but maxed out the model and got the funding. They started to expand and were very aggressive with the expansion. First launched and then it was looked into if it's legal.

Comment [H172]: First mover advantage

Comment [H173]: Right business model

Comment [H174]: Aggressive expansion

Comment [H175]: Legal unimportant

So the case that they were first global

Yes, and the second, they had very good funding. They could subsidize the markets long enough to change the price or behavior of the market.

Comment [H176]: Good funding

Can you elaborate more on the customer perspective?

Usually it was the price. All the markets are very price sensitive. They subsidized the markets or did it without proper taxi licensing and that's why some Uber services were banned in France or some Germany cities or Italy, depending on what service they were offering. Sometimes they had licensed taxis and sometimes private drivers. They were able to lower prices, as transportation is very price sensitive and that mattered the most.

Comment [H177]: Cheaper

Comment [H178]: Depending on legislation

What were the benefits offered to drivers, so they would come to Uber not competitors?

There was no competition at the beginning. They offered a new business model to private drivers with contracts not binding them as employees. They offered also subsidies for

Comment [H179]: No competition

Comment [H180]: Private driver contracts

the trips at the start or guaranteed incomes or activation bonuses. Also in most European countries monthly salary is paid, but Uber paid weekly, same as Taxify, it's fast money, you can do it with your own car, don't need a license.

Comment [H181]: Subsidies, guaranteed income, bonuses

Comment [H182]: Weekly salary

What would be Uber's target market?

They want to transport everybody. They want to substitute public transportation. They want monopoly on transportation, which is not happening but you have the early adaptors who are techies, after you have business people or young people who party, but the ultimate target is to be a monopoly on the market. They want to have everybody.

Comment [H183]: Everybody

Comment [H184]: Techies, business, young people

What about revenue streams? Where does Uber's money come from?

They offer stock options for investments and which will be very valuable when they do IPO.

Comment [H185]: Investments

Okei, so main comes from investments, but what about the markets you were involved, were they break-even for instance?

I don't want to specify but in those markets they were break-even. Depends on the market, but they are mostly subsidizing now in South East Asia and India and Europe is making its own money. Most of their money comes from US and Europe also makes its own.

Comment [H186]: Europe break-even; SE Asia, India subsidized

Can you elaborate on the expansions processes you were involved in Slovakia, Bucharest and Prague?

In Bucharest I was at first. I can tell you the standard process of expansion. First they hire a local legal company to start an entity, which works for marketing and hiring purposes, then they hire a team. Before comes research though, but let's assume they have done that already. Usually it consists of operations and marketing manager for supply and demand. And those people are local. Sometimes they also hire a general manager. They don't start officially, when they get enough drivers they launch.

Comment [H187]: Hire legal company

Comment [H188]: Marketing manager, operations manager, local

Comment [H189]: First supply, then launch

What was the situation in the markets before Uber entered?

There were taxis and taxis were usually cheating and didn't have a good reputation. All of those markets had a local taxi app but no ridesharing apps. Uber came with lower prices and

Comment [H190]: Taxi reputation bad, no competitors private drivers

lot of people started using private drivers, so there were no private driver ridesharing platforms before. Actually the only region in Europe they had competition was Estonia. And even here actually, at first it was taxi based, so they didn't have competition at all.

Do you think being a global player was a plan from the start for Uber?

I think yes, that Travis had the idea they would go globally. And he was the first successful. They wanted to do global expansion and planned to hire 6 expansion managers, but they hired like 40.

Comment [H191]: Yes

So first mover advantage was important?

Yes, that was one of the keys for Uber's success.

What do you think about being a local player? Is it an advantage?

If you work with local teams and give them independence, they can make Uber equal to local competition.

Comment [H192]: Independent local teams

Can you give a timeline of your region?

They opened Prague in 2014, ran for a year, in 2015 they opened Slovakia and in 2015 they also opened Bucharest in February. Central Europe was one of the last places they expanded, after Slovakia there was expansion to Croatia, Belarus and Kiev.

Can you elaborate on the research you mentioned before? About the political, legal, economic, social etc aspects?

You take a look at the population of a city and a basic assumption is you get one ride per person. Some do no trips and some are heavy users. This is divided by taxis and privates. After that you check how many own a car, you check what is the GMV (Gross Merchandise Volume) per capita, you also check regulations, which mostly Uber ignored. A lot said no-no and they still went head on. They challenged the local regulations and were successful, as taxi industry needed regulatory update. Nobody liked taxi industry and the public opinion was positive towards Uber.

Comment [H193]: Population, one ride per person

Comment [H194]: Car ownership, GMV per capita

Comment [H195]: Local regulations challenged

But market wealth wise there is no difference, as it seems Uber is everywhere – rich countries, poor countries, the price is just adapted to the market?

Yes, exactly.

Comment [H196]: GDP doesn't matter

What about technological aspects? Smartphones, mobile data?

We do that... but that comes anyway. In early 2009 it could have been more of an issue, but nowadays even in developing countries the smartphone penetration is huge, more than laptops as everyone is using internet on the phone, not PCs.

Comment [H197]: Comes anyway

Successful markets you already mentioned...

Yeah, Europe is doing well, if they are not banned they are doing fine. US is doing fine, Australia I think as well. In Russia they have tough competition from Yandex. In Africa no competition

Comment [H198]: Europe USA Australia

What would you say is the single most important thing when expanding?

Mixture of how easily accessible is the supply. Regulations.

Comment [H199]: Access to supply

But regulations wise, they go anyway.

Yeah, but if you are banned instantly you don't go there. Or war in Ukraine, you don't go there. But the supply has to be easily accessible and the GMV of the country, how much they need to invest, how much they get return on investment. Some markets are heavily subsidized like Central Europe and you don't get the same return on investment as in SE Asia when there was no competition. ROI is very important.

Comment [H200]: Unless completely banned

Comment [H201]: ROI

Regarding market entry strategy, did you set up a new business?

Yes, Uber invests heavily into marketing, they are using influencers, a lot of affiliate marketing, promoting works like charm. Referring a friend – you get a ride, I get a ride.

Comment [H202]: Heavy marketing

How did you find people?

There were recruiters looking in LinkedIn. Expansion managers were looking.

What about cooperation? For instance, was there any with taxi companies if you had their service?

They are doing some in SE Asia I have heard and in NYC, but mostly focus on privates. Only if they go under Uber but just use their fleet.

Comment [H203]: Taxi companies sometimes, focus privates

Any examples on how new markets changed the service? For instance, how in India they started using cash.

Oh, yea, they always launch with credit cards, but their penetration there was so small they had to adapt. And then were successful.

Comment [H204]: Cash payment option

How did the services differ in the markets? Did you have the luxury versions or package delivery etc?

I think there is no package delivery anywhere in Europe. There is carpooling in London. City needs to be big enough for pooling. They go standard UberX or UberGo or UberPOP. For instance, they launched in Prague with UberBlack, the expensive one, but that didn't work at all. You need to start with the budget one. You need to put as many people in cars as possible, it's about quantity not quality.

Comment [H205]: No package delivery in Europe
Carpooling London
Begin UberX
Later UberBlack

Comment [H206]: Quantity over quality

How sensitive is Uber to competition?

They sure monitoring of course. They are usually they are the biggest in the market and it is unusual in the Baltics someone is bigger than they. But in most they are running a monopoly. But they are trying to do their own thing and if there is competition they do price cuts. They cut the price, so customers are happier, drivers need to be subsidized for some time until competition dies. Key is also to have funding to do that.

Comment [H207]: Usually market leader

Comment [H208]: Price cuts if needed

Comment [H209]: Subsidize until competition dies

Why Uber left some markets? Hungary for example?

They were forced to, legally forced to. They hold on till last breath, but if they leave they really need to.

Comment [H210]: Legally forced to
Only when last resort

What is the most difficult thing when expanding?

Hard question. Everything together... supply is the key.

Comment [H211]: Supply

How do you see the ridesharing market evolving? Will there be more players or mergers?

There will be few big players. Uber won't be running monopoly, in my opinion. The market will be divided, Uber might have larger share. Uber is all about breaking the barrier for the market entry and new players can get in, like Taxify is competing with the giant. There will be new companies, but the golden time is ending and if you hadn't started I wouldn't. Rather I would focus on autonomous vehicles. They will be the game changers. We will be doing this until they come along. The biggest cost is the driver part. And you want people use your system with the autonomous cars.

Comment [H212]: Few big players
Uber larger share

Comment [H213]: Uber breaks the barriers

Comment [H214]: Autonomous cars game changer

What about acquisitions?

Yea that's happening...

But Uber doesn't do that

Yeah, they try to be self-sufficient. But Daimler for instance they do that. That depends on company preferences. There will be Uber as Coca-Cola and smaller ones as Pepsi and others.

Comment [H215]: Uber doesn't acquire

Comment [H216]: Car makers

Appendix G: BlaBlaCar's Insights to Expansion Based on Public Materials

1. What is your competitive advantage, compared to other ridesharing companies?

At first the company spent a long time finding its business model. The original idea was to offer carpooling service for long distances. There were also other options, for instance companies were interested in the service for their employees' commute. It was initially accepted, as financing was needed, but was dropped quickly due to much technical complexity and it wasn't what the founders wanted. (Mazzella 2015) When decided to go with the long distance carpooling service they had difficulties sell the idea, as the classical image of people hitchhiking wasn't very good. The platform started to create social profiles for the passengers, enable to charge them as they would buy a ticket. Trust was also a key element, as they started to verify phone numbers, credit cards and allowing reviews by others. (Brusson 2013)

Comment [H217]: Focus carpooling

Comment [H218]: Trustworthy

The main value proposition was a cheaper option to travel between cities and the possibility to meet people (Brusson 2014). With carpooling there is already something common between passengers and the ice is already broken. Also being in a car with a person for couple of hours give plenty of time and reason to talk and become acquainted. Something that is less likely to happen when travelling with a train or bus. (ibid)

Comment [H219]: Meet people

Compared to Uber for instance, in BlaBlaCar it is possible to choose who you travel with. (Brusson 2015) Also, Uber focuses on within city transportation, BlaBlaCar's focus is on intercity, therefore Uber rather complements the service than competes (Brusson 2016b).

2. What benefits you offer your drivers that the competitors do not?

Compared to other ridesharing companies, BlaBlaCar does not have drivers in a similar manner. Cars drive between cities anyway and the service allows them to save on fuel and other maintenance costs (Brusson 2016a; Fehrenbacher 2013).

Comment [H220]: Drive anyway; Saving costs

40 million members (drivers and passengers) (BlaBlaCar homepage 2017).

Comment [H221]: Large amount of users

The company charges 12% of the price of the journey. The fee is charged gradually – when entering a market, the service is free and after people get familiar with it and start using it, a fee will be applied. (Brusson 2014)

Comment [H222]: Free at first

3. Please describe your target audience?

1/3 of BlaBlaCar users are students and 2/3 of them are active. 60% are men and 40% women. 50% of community is aged 30+ (BlaBlaCar for Students)

Comment [H223]: 33% students; 50% 30+

4. What kind of revenue streams do you have?

It took a while to figure out how to monetize the service, which happened in 2011 (Brusson 2013). They tested many business models: matchmaking by call centre, a premium offer, event platform in partnership with festivals etc. Eventually they went with the model in correlation with the site's activity – you only pay when using the service. Revenue will be based on growth of the business. (Mazzella 2015). Mazzella (2015), one of the founders, has emphasized the need of being a user of the product you are developing – to see and test the problems first-hand. The company charges 12% of the price of the journey (Brusson 2014). The fee is charged gradually – when entering a market, the service is free and after people get familiar with it and start using it, a fee will be applied. (ibid) Most of the revenue comes from Europe. In emerging markets, the company does not yet take fees with the aim to scale faster (Brusson 2016a)

Comment [H224]: 12% commission

Comment [H225]: Europe main market

Comment [H226]: Growth is goal

In 2012 they raised 10 million dollars (Brusson 2013). In 2014 summer they raised 100 million dollars (Brusson 2015). The funding was used to grow faster, acquire more companies and the focus was not on profitability as soon as possible but growth (ibid).

Comment [H227]: 100 million raised

Internationalization Process

5. What was the situation in your home market prior to entering the first new market?

The carpooling business is also very locally based – vast majority of the rides is domestic. This made it difficult to expand, as what they have done in the service might not work in other markets. Also, a lot of other services in Europe scale little in neighbouring countries, but are successful at home. Companies that do expand to other Europeans successfully, and what BlaBlaCar wanted, was to expand quickly and at early the age of the company. (Brusson 2013) Brusson (2013), co-founder and CEO of BlaBlaCar, noticed when the company stays in their home market for long time, same size competitors emerge very quickly in others countries

Comment [H228]: Local business

Comment [H229]: First mover advantage

and that makes difficult to expand later. In 2009 BlaBlaCar was still only in France, business model **was still not proven**, nothing was monetized. (Brusson 2013)

Comment [H230]: business model unproven

6. How did expanding to new markets fit into the company's strategy at the founding of the company?

One of the moments when understanding the service could work **everywhere was 2010** after the Iceland's volcanic eruption and all the flights were cancelled. Then they saw a huge increase in the usage, while also creating awareness for the service. (Brusson 2017)

Comment [H231]: 4 years

7. Please give a timeline of the markets entered

Founded in 2006, they spent first years finding a business model (Mazzella 2015). **In 2010 company expanded to Spain. In 2011 United Kingdom. In 2012 they acquired a company in Italy and Poland (Brusson 2013), Italy was the first acquisition (Brusson 2015).**

Comment [H232]: 4 years first market. 7 years faster expansion.

Accelerated more in 2013, launched in Germany, by end of the year launched Russia and Ukraine, also by acquisition. They scaled very early – before the business model was proven.

In 2013 the company had **two-thirds of growth from outside of home market**. (Brusson 2013)

Comment [H233]: 2/3 growth abroad

In 2014 summer they raised 100 million dollars (Brusson 2015). The funding was used to grow faster, acquire more companies and the focus was not on profitability as soon as possible but growth (ibid).

In 2015 BlaBlaCar launched in Brazil and India, acquired Rides in Mexico, Mitfahrgelegenheit in Germany and Autohop to expand in Hungary, Croatia, Serbia and Romania (BlaBlaCar homepage 2017). In January 2016 BlaBlaCar bought Jizdomat and started operating in Czech Republic and Slovakia (BlaBlaCar homepage 2017). Expansion in Turkey and India were organic (Botteri 2016). France is BlaBlaCar's biggest market, but Germany and Russia have grown rapidly (Brusson 2016a).

Comment [H234]: 2015 farther markets

BlaBlaCar is looking at **Asia as the next region**. (Brusson 2016a)

Comment [H235]: Asia next

8. If and how did you consider political/legal aspects when choosing new markets?

Because BlaBlaCar enables users to share costs, without the purpose of making profits, there are very little regulatory constrains for the company (Brusson 2016b)

Comment [H236]: Little importance

9. If and what economic aspects did you consider?

With India was the case that transportation (trains, buses) is fully packed – demand exceeding supply. BlaBlaCar tries to relieve that by creating more opportunities to travel between cities. (Brusson 2015)

Comment [H237]: Public transport bad intercity; overcrowded

In Europe BlaBlaCar's advantage is different. Intercity transportation is in most countries well organized, but they are often expensive, where carpooling can offer a cheaper alternative (Brusson 2014).

Comment [H238]: Public transport expensive

10. If and what social aspects did you consider?

Trust is something that is kept in mind. In India trust and safety issues were the main concern, but they just implemented more safety features (Brusson 2015).

Comment [H239]: Trusting

11. Any other key points you considered when choosing a market?

BlaBlaCar for instance, has not expanded to United States due to multiple reasons. One being the cost of owning a car is a lot lower in US than it is in Europe, therefore the need to reduce driving costs is lot lower. Then there is the case where many US cities are more spread out, so regular trips that most users seek are varied. Public transportation is also easy to understand and widespread. US also seems to be less trusting towards driving with strangers, though BlaBlaCar does not see that something can be overcome. (Fehrenbacher 2013)

Comment [H240]: Cost of owning car

12. Which markets were the most successful and why?

France is BlaBlaCar's biggest market, but Germany and Russia have grown rapidly (Brusson 2016a). The key was to make founding teams autonomous – they were in charge how to develop the service in the country, how to approach the market (Brusson 2013; Brusson 2015).

Comment [H241]: Home market France; Germany, Russia

13. How does competition affect the choice of new markets?

Regarding Uber, then they are not perceived as competitors, rather they improve their service, as BlaBlaCar often does not cover the last mile. Drivers and passengers often meet in transportation hubs (Brusson 2016b).

Comment [H242]: Uber not competitor

There is also often the case where competitors are bought when entering new markets, but they prefer to choose ones that are still early stage. (Brusson 2015)

Comment [H243]: Competitors acquired

14. How does company's origin affect the success abroad?

The carpooling business is also very locally based – vast majority of the rides is domestic. This made it difficult to expand, as what they have done in the service might not work in other markets. (Brusson 2013)

Comment [H244]: Very local business

In lot of markets people were not doing city to city ridesharing and to reason the service each market had to be approached differently. This was again where local teams were advantage. Local teams are needed, as they know better how to educated local people about the service and its benefits. To build a global solution they solved the problem in many markets locally. (Brusson 2014)

Comment [H245]: Local teams needed

15. What is single most important aspect when choosing markets?

When choosing markets BlaBlaCar needs distances between cities to be not too long, petrol prices fairly high, so there would be incentive to share to cost of the ride and good public transport within city, as they do not manage first and last mile. It is an advantage when public transportation between cities is not too good. (Brusson 2016a).

Comment [H246]: Short distance intercity; high fuel prices; good city public transport; bad intercity public transport

16. Please describe your market entry strategy?

The key was creating local teams, each in a new market with local offices. It was complex from legal and management point of view, subsidiaries were needed and they were still an early stage start-up. To make things easier they created start-ups in a start-up and made them autonomous. This way they boarded a lot of entrepreneurs on the teams. (Brusson 2013) The reason to get great teams was also why they used the method of acquisition when expanding to new markets – they got great teams that were already doing what BlaBlaCar was (Brusson 2015). This way they also didn't need to put the efforts into competing. The key wasn't maintaining the strategy, but keeping the same culture of the company. This was done by acquiring early stage start-ups, when it was easier to integrate them to BlaBlaCar's culture.

Comment [H247]: Acquiring competitors; create local teams

Comment [H248]: Autonomous teams

Comment [H249]: Acquisitions early stage start-ups

Philippe Botteri (2016), member of board in BlaBlaCar, pointed to BlaBlaCar's expansion as "aqui-hiring" – hiring by acquiring. He considered the most critical element of a successful launch in a new country for a start-up to be finding a talented country manager, but

Comment [H250]: Talented country manager

noted finding one is extremely difficult. Sending a member from the core team to launch was also a good option, but the person needed to meet language fluency criteria and geographical familiarity for instance. When BlaBlaCar acquired PostInAuto, they managed to get a talented leader in Italy, who could retain total freedom to build the service in the country under BlaBlaCar. Today the company is the dominant service in the country and Olivier Bremer, the manager in Italy, went on to launch BlaBlaCar in Germany, as he had dual German/Italian background. He now manages both countries. The reason for joining forces with BlaBlaCar, Bremer noted having a larger budget and experienced team to support his efforts in Italy. (Botteri 2016). Similar approach in Russia and Poland also brought excellent results (ibid). This allows to save years of work for a company trying to expand (Botteri 2016) and can have multiple benefits for one being acquired. The team receives money to expand faster, like they would in fundraising, robust and proven product with technological platform, access to relevant expertise in the field, methods for faster growth, tailored customer support provided by headquarters, strong international brand with communication methods (Mazzella in Botteri 2016). Most of the acquisitions BlaBlaCar had done were through stocks and equity, so cash has not been primary (ibid).

Comment [H251]: Buying with stocks

17. How has expanding to new markets changed your services?

More how the company operates. BlaBlaCar also created a working culture within the company. They have the opportunity to work in different country for some period. This was experiences and knowledge from different markets are shared better and help improve the service everywhere. It also adds the understanding of building a global marketplace for different countries. They also brought every team into their Paris headquarters every six weeks to synchronize everything. It is costly but worthy to get all the best practices from each market. (Brusson 2013)

Comment [H252]: Work abroad

Comment [H253]: Every six week meetings

18. How has expanding to new markets affected your costs?

In 2012 they raised 10 million dollars and then acquired a company in Italy and Poland (Brusson 2013), Italy was the first acquisition (Brusson 2015). Accelerated more in 2013, launched in Germany, by end of the year launched Russia and Ukraine, also by acquisition.

In 2014 summer they raised 100 million dollars (Brusson 2015). The funding was used to grow faster, acquire more companies and the focus was not on profitability as soon as possible but growth (Brusson 2015).

Comment [H254]: Funding used for acquisitions

19. What is the most difficult aspect of going abroad?

Main effort went to educating people about the service and its benefits and that is the main hurdle when expanding, not competition. In lot of markets people were not doing city to city ridesharing and to reason the service each market had to be approached differently. This was again where local teams were advantage. To build a global solution they solved the problem in many markets locally. (Brusson 2014)

Comment [H255]: Educating people

About

20. How many employees your company has?

Company has over 500 employees (BlaBlaCar homepage 2017).

Comment [H256]: 500 employees

21. How many drivers do you have?

40 million members (drivers and passengers) (BlaBlaCar homepage 2017).

Comment [H257]: 40 million members

Appendix H: Uber's Insights to Expansion Based on Public Materials

Business Model

1. What is your competitive advantage compared to other ridesharing companies?

Advantages can vary in regions and depends on competitors, but by being the most widespread ridesharing platform with 556 cities (Uber locations) they have the advantage for travelers to use one app in different countries. Though, there have emerged alliances between platforms to offer similar value to travelling users (Uber Rivals from Dubai... 2017; Bogle 2017).

Comment [H258]: One app globally

The company has a strong and well-known brand, with Uber being a household name for ridesharing and used as a verb (Kalanick 2016).

Comment [H259]: Household name

Compared to Uber's main rival in US – Lyft – Uber shows driver's estimated time of arrival prior to requesting the ride, something Lyft does not. In the US, Uber has a broader array of services than competitors. Uber is also covering 75% of US population and it also means more work for drivers, hence lower waiting time for passengers. (Branman 2017)

Comment [H260]: Showing ETA

Comment [H261]: More services

Comment [H262]: Lower waiting time

2. What benefits you offer your drivers that the competitors do not?

Depending on cities, but in US, Uber has largest user base, which means more customers for drivers. In July 2016 from total number of US people using ridesharing apps, 89% used Uber at least once, compared to Lyft's 19% (Sonders 2016). Uber has more categories for cars, meaning drivers are able to charge according to the car benefits – for instance they have UberBlack for premium cars, UberSelect being cheaper than Black, but more expensive than the regular UberX. Uber also has a higher minimum charge than Lyft. (Branman 2017)

Comment [H263]: Market leader US

Comment [H264]: More car categories

In India Uber has its own club for high performing drivers and offer benefits on health, free insurance, education subsidy for kids etc (Singh 2016). Ola does have a similar program (ibid), but difficult to compare which is better. Both companies in India have matched all innovations - offering auto rickshaws (three wheel open taxis), bikes and cab pooling (ibid).

Comment [H265]: Health, insurance, education bnefits

Uber also referred to their drivers as partners and provided high-touch experience. In the early days they were invited to Uber's offices, receive equipment like phone, chargers, tips and best practices etc. (Dupre 2016)

Comment [H266]: Free stuff

3. Please describe how do you segment your customers?

According to GlobalWebIndex, 16-34 year olds are the most enthusiastic Uber adopters, making three quarters of US Uber users. Only 10% of users are 45-64 year olds. (McGrath 2015) According to SurverMonkey's 2016 survey 49% of Uber drivers earn less than \$50 000 a year and 24% over \$100 000 a year (Sonders 2016). In 2015 US average wage was \$48 098 (National Average Wage... 2015)

Comment [H267]: Mainly 16-34 year olds

Comment [H268]: Above average income

From US drivers' perspective, 19% are aged 18-29, compared to taxi industry average in the same age group of 8.5%. 47% of drivers have a college or postgraduate degree, compared to 18% in the taxi industry. 80% of drivers had a full or part time job prior to starting driver Uber and 61% of Uber drivers also work full or part time. (BSG 2014)

Comment [H269]: 47% higher educated

Comment [H270]: 61% has job

4. What kind of revenue streams do you have?

Uber has raised 8.81 billion dollars in funding since 2009 (Crunchbase Uber 2017). Money was raised to expand and grow the business geographically and across products (Kalanick 2016). Company reported 2016 net revenue of \$6.5 billion with \$2.8 billion loss. Losses were just 5% higher in fourth quarter than in third, while the revenue grew 70%. (Hook 2017b)

Comment [H271]: 8.81 billion raised

Comment [H272]: Revenue 6.5 billion, losses 2.8 billion

Internationalization Process

5. What was the situation in your home market prior to entering the first new market?

In 2011, December just before launching in its first foreign city – Paris, Uber raised \$32 million. Their first major round of raising was in February 2011 to test San Francisco model in a few other cities. (Kalanick 2011) In a year they launched in New York, Boston, Chicago, Seattle and every city grew rapidly, which gave confidence in the business model. They grew 34% month over month and rolled out one city per month in last quarter of 2011. (Kalanick 2011) Back in 2011, Kalanick also wrote about the need of expanding quickly to stake their claim on global stage due to copycats and sophisticated "cloning" (ibid).

Comment [H273]: Raised 32 million

Comment [H274]: Product validated

Comment [H275]: First mover advantage important

6. How did expanding to new markets fit into the company's strategy at the founding of the company?

In 2011, Travis Kalanick posted Uber will start making itself a global logistics and transportation brand (Kalanick 2011).

Comment [H276]: 2011 announced expansion

7. What were the key activities you did prior to expanding?

Expanded in US, tested the model, raised capital for expansion. (Kalanick 2011)

8. Please give a timeline of the markets entered so far

Founded 2009. First new market 2011 – Paris, France and then London. 2013 expanded to Asia, Africa and India. In 2014 Beijing, China. Expansion has been rapid – during the peak, every day were expanded to new city. (Chokkattu & Crook 2014)

Comment [H277]: 2009 founded
Year 2 first market
Year 4 rapid

9. Why those markets?

Back in 2012 Kalanick described a lot of the cities with constrained number of taxis or no liquid black car market. Those were the markets they were growing quickly. In other case, there are cities with tons of taxis but the quality is poor. Kalanick also emphasized transport being local, especially as there are often incumbent business who try to protect their interests. It is important to understand the industry from local perspective, as they often are different in markets. (Carter 2012)

Comment [H278]: Limited number of taxis
Poor quality

Comment [H279]: Local perspective needed

Mina Radhakrishnan, head of product at Uber, said they do look into general data, like population, literacy rate and internet penetration to understand the growth potential (Radhakrishnan 2015a). Understanding the culture of the market, should not be underestimated, even simple things like translating the app takes a lot of effort and getting the tone right. Cultural differences must be taken into account, for instance in US using first names in business is okei, but not so much in Asia. Key is to get a good translator, who also understands the business and its values (Radhakrishnan 2015b).

Comment [H280]: Population; literacy rate; internet penetration

Comment [H281]: Culture important in marketing

10. If and how did you consider political/legal aspects when choosing new markets?

It's difficult to state Uber putting emphasis on the legal aspect, considering it operates in many cities they are not regulated and they and other ridesharing apps have been banned in multiple. For instance, Uber is fully banned in Austin, Alaska, Oregon, Bulgaria, Denmark, Italy, Hungary (Craggs 2017). In Brussels, Netherlands, Germany and France some Uber services are forbidden. For instance, in Germany the popular private driver service UberPOP

was banned, but professional limousine and taxi driver service was allowed. (Khosla 2015) For Uber's benefit they often are "too big to ban", meaning public mostly likes the service and therefore it is difficult for governments to ban them (ibid).

Uber has also encouraged drivers to keep driving even after a ban, which was the case in France. The company even promised to pay the fines if they happened. (Popper 2015)

Comment [H282]: Legal less important

11. If and what technological aspects did you consider?

Uber's general manager in Central and Eastern Europe Rob Khazzam, stated when expanding in the region, the main argument was there were lot of youths in the region, who are well adaptable to new technologies. Also, owning a car is very common in Eastern Europe, but like everywhere, mostly underused. Cities often choose Uber themselves. For instance, in Bucharest a large amount of people downloaded Uber app before the service was available. (Khazzam 2015)

Comment [H283]: Adaptable to technology

12. Any other key points you considered when choosing a market?

Uber is known for its aggressive approach to expansion. They usually start with smaller steps, meaning they initially choose few cities and with successful launch expand to others in the country. (Griswold 2014)

In the early days Uber also targeted cities with bad weather and booming nightlife (Bentley & Ehrenberg 2014).

13. Which markets were the most successful and why?

Considering earning before interests and taxes, Uber is profitable in North-America, Europe, Middle-East, Africa and Australia (Hook 2016). India is Uber's second largest market (Kalanick 2016).

Comment [H284]: North-America
Europe
Middle-East
Africa
Australia
India 2nd largest

14. How does competition affect the choice of new markets?

In India Uber for instance is not interested in going to 100+ cities, but go deeper in major cities they operate in and gain market share there (Singh 2016). Competitor Ola is aiming to gain more growth from expanding to new cities. Despite, both companies do large discounts and subsidies rides to gain market share and this also makes things more difficult to other smaller competitors. (ibid)

Comment [H285]: Subsidies needed

One of the benefits of early mover advantage is the ability to dictate prices. For instance, when Lyft tried to enter New York City, Uber already had a significant market share and just prior to Lyft's launch, they reduced prices 20%. Benefitting from network effects and sufficient margins helped create barriers for competitors to enter or gain market share. (Writz & Tang 2016)

15. How does company's origin affect the success abroad?

Kalanick also emphasized **transport being local**, especially as there are often incumbent business who try to protect their interests. It is important to understand the industry from local perspective, as they often are different in markets. (Kalanick 2016)

Comment [H286]: Local perspective needed

16. Please describe your market entry strategy?

When choosing people for the new companies in new markets, **Uber usually hires general managers with local experience** (Huet 2014).

Comment [H287]: Local managers

17. If and what kind of cooperation have you done abroad?

Uber has done cooperation with multiple local municipalities. For instance, in Oakland, Philadelphia and Tampa have started subsidizing Uber rides to public transportation users. It is cheaper to subsidize rides than build new public transportation lines. People can take the public transportation as close as possible and use Uber, Lyft or other cab services for last mile. (Some cities are subsidizing... 2016) Uber also started to share passengers travel data anonymously with cities planning authorities. They have tested it in Washington DC, Sydney and Manila. (Hook 2017a)

Uber also partnered with Times Internet, which is part of **The Times of India Group** - the largest media conglomerate in India. (Times Internet and Uber... 2015)

Comment [H288]: Media

Uber also does cooperation with **restaurants, cafes, events, nightclubs all over the world**. With events they sometimes offer free rides to and from the event. (Khazzam 2015)

Comment [H289]: Restaurants, events, nightlife

18. How has expanding to new markets changed your services?

For instance, in Hong Kong Uber had to rebuild their system due to differences in writing addresses. They had to adapt to how telephone numbers were **written everywhere in the world, also zip codes, currencies etc.** (Lu 2016)

Comment [H290]: Unifying data

Also, payment methods. When they launched in Paris, they did not have the capability to do transactions in euros and dollars were used for Parisians (Lu 2016). In India, Uber had to start using virtual wallets, as credit card transactions were to troublesome due to government regulations. India was also the first place where Uber started to accept cash, as just that was just how people were used to paying. They later expanded the possibility to multiple countries. India also pushed the company to change the drivers' app, as many of them were illiterate. They started to use more colours and icons for actions. (Moore 2015; Lu 2016)

Comment [H291]: Virtual wallet; cash paymentVirtual wallet; cash payment

Regarding marketing Uber also test ideas in certain markets and if they work, they expand them elsewhere, UberIcecream or delivering flowers on Valentine's day (Khazzam 2015).

Comment [H292]: Marketing events scaled

19. How has expanding to new markets affected your costs?

Uber has operated with noticeable losses in new markets. That is due to subsidies paid to the drivers to keep the price of the trip lower and drivers' salary big enough to motivate them. Those subsidies are one of the main reasons for Uber's and other ridesharing companies' losses. When there is enough supply and demand from customers, subsidies are lowered and sometimes prices of the ride cut to attract even more passengers. Drivers' can earn still the same, but just have to provide more trips. The company uses a classical startup mentality to scale – grow as quickly as possible and bring profits later. (Wohlsen 2014)

Comment [H293]: Subsidies expensive

Considering earning before interests and taxes, Uber is profitable in North-America, Europe, Middle-East, Africa and Australia (Hook 2016).

20. If you have left a market, please explain why?

In the beginning of 2013 Kalanick and the team had an idea to roll out in China. 6-7 months later they made it happen. Uber invested around 2 billion dollars in the Chinese business. And they made an exit in 2016, selling the unit to Didi. Kalanick said China was just very different from rest of the world. The government has a role in the business and there is a need to rethink everything the company does – have to become Chinese. Going to China has to be humble and with the mentality of assuming everything is different unless proven otherwise. Have to go understand China as deep as possible and build up from there. (Kalanick 2016)

Comment [H294]: China too different

Uber's costs in China were enormous as in two years the company lost there around \$2 billion. Therefore, it made sense to cut the losses and focus on other markets instead, which is

why investors pushed the deal. Uber sold its China unit to market leader Didi for 20% share of the company and Didi invested a billion in Uber. (Newcomer & Wang 2016)

Uber also has left Hungary, Bulgaria and Spain due to unfavorable legislation. Uber also suspended UberPOP service in France, Belgium, Germany and Italy for the same reason. (Byrne 2016)

Comment [H295]: Unfavorable legislation

21. What do you see happening in mergers and acquisitions in ridesharing industry?

Toyota has put a small investment in Uber, but that is more considered as partnership agreement than venture capital. This way Uber is not wedged to any car manufacturer. (Dupre 2016)

Comment [H296]: Car manufacturing investment free

From competitors Uber is the most forefront in developing self-driving cars. They have their own business center for it and already testing them in Pittsburgh. (Dupre 2016) Uber also acquired Otto – company which developed self-driving truck. Uber also has a lawsuit in progress with Google, which accuses Otto co-founder, now Uber executive and ex-Google engineer from stealing company's self-driving technologies. (Ohnsman 2017)

Comment [H297]: Acquired Otto

About

22. How many employees does Uber have?

6700 (Loizos 2016)

23. How many rides were done in 2016 in market?

In July 2016, Uber stated they had reached 2 billionth ride in six months after reaching 1 billionth. That is 5.5 million rides per day making approximately 2 billion rides a year. (Tepper 2016)

Appendix I: Lyft's Insights on Expansion Based on Public Materials

Business Model

1. What is your competitive advantage, compared to other ridesharing companies?

Lyft's president John Zimmer said on WSJ's Live Conference, their main advantage compared to Uber is better focus on customer. They built their marketplace by taking care of the drivers and customers better than anyone else. They have also managed two main requirements customer has: liability – 3-minute ETA and price. (Zimmer 2016a)

The company also cultivates a culture. They made multiple conventions – encouraged people to sit in front, do a fist pump with the driver – everything to set a tone of a friendly peer-to-peer community. As the company has evolved, the fist pumps and sitting in the front has diminished, but the idea and a friendly culture it tried to set has remained. (Green 2016; Lien 2016) The drivers are encouraged to offer charging the phone, some even offer water, gum or even bake cookies for the customers (Green & Zimmer 2013). Uber in comparison started as a luxury on-demand car service, rapid expansion, brash mentality as they flouted regulations everywhere and were in conflict with taxi drivers (Lien 2016).

Lyft's famous pink mustache was also part of the image being built. They tried to make the service friendlier, stand out from competitors and it did help create brand awareness and word of mouth. Even though the mustache was planned just for launch marketing and they are narrowing down on the usage of them, it is still something people recognize and affiliate with Lyft. (Zimmer & Lacy 2015)

Price competitiveness is also something important for all ride sharing platforms. Taxi and limo service is attainable only for a small segment. With private drivers, every dollar they can cut off the price of the ride, opens the service to a larger user base. Though it is about finding a line between drivers' profitability and customer user base. (Green 2015)

2. What benefits you offer your drivers that the competitors don't?

In every city Lyft operates, they have mentor drivers, who are the top 20 drivers in the city. The mentor does the vehicle inspection and is the first passenger for a new driver. They give feedback and tips how to be a better driver, which is highly valued. These one-on-ones are

Comment [H298]: Community culture

Comment [H299]: Distinguishable brand

Comment [H300]: Competitive price

Comment [H301]: Boarding by mentor drivers

the foundation of the Lyft drivers' community. This is also beneficial for the company, as opening an office and having on-boarding team takes time and is more expensive.

Lyft presents themselves as more friendly, open and community based service. In the early years, majority of the passengers sat in front, treating the driver as equal. (Green & Zimmer 2013)

Comment [H302]: Treated as equals

Lyft drivers are also stated to be happier than Uber's. Harry Campbell, who runs a blog on ridesharing, surveyed over a thousand sharing economy drivers and 75.8% of Lyft drivers stated they were satisfied with the experience of driving for Lyft, compared to 49.4% of Uber's. The numbers remained similar from 2016 study. This was considered mainly because Lyft drivers earn \$1.82 more per hour and 53% of respondents indicated pay was the most important factor. (Campbell 2017) Lyft also offers a tipping feature in the app, that Uber does not (Lien 2016; Campbell 2017).

Comment [H303]: Better salary

Lyft also offers "Destination Mode" – where drivers can mark their route and destination and the app will let them know if there is someone they could give a lift. It's mostly used when doing regular commutes to and from work. (Green 2015)

Comment [H304]: Destination mode

Lyft sends comments left by the passengers to the drivers once a week anonymously, so they could improve their service (Green 2015).

Comment [H305]: Passenger comments provided

3. Please describe your target market?

Lyft's founders have not underestimated the company culture Lyft presents, as millennials – the largest demographic in US – care more about what a business stands for, compared to previous generations (Lien 2016).

Comment [H306]: Millennials

60% of drivers work in creative industry. Majority of the passengers are women. 30% of the drivers are women. (Green 2015)

Comment [H307]: Working in creative industry

4. What kind of revenue streams do you have?

In 2016 company had operating loss around \$600 million with \$700 million revenue (Newcomer 2017b). Company has around 20% commission on rides (Somerville 2015) Lyft also has every ride profitable, investments go to attracting new users and scaling in smaller markets (Zimmer 2016a). The company is already profitable in their main cities: San Francisco, Los Angeles, Chicago and some others (Green 2015). Lyft has raised \$2.61 billions of investors capital (Etherington 2017).

Comment [H308]: Not break-even

Comment [H309]: 20% commission

Comment [H310]: Profitable in main cities

Comment [H311]: 2.61 billion dollars of investments

Not Internationalized

5. Why haven't you gone abroad?

Lyft announced in 2013 they would go abroad by the end of 2014, only to push that date to 2015 (Somerville 2015), but by the time of the writing of this thesis, they still have not expanded overseas.

Rex Tibbens, Lyft's Chief Operating Officer said: *"It's a very expensive proposition to try to be in every country before you figure out what that country needs. You can't go launching in other countries for the sake of launching in other countries and burning investor capital."* (Somerville 2015) For Lyft it would mean starting a new business when entering a country, as each has its own rules and customs. They would have to mold their service based on whatever agreement they find with the local government. After that the new market becomes a warzone, where resources must be used to battle taxi industries, competitors and opposing regulations. It's not only expensive, but distracting. (Somerville 2015)

Uber is worth 10 times what Lyft is and can outspend them overseas – one of the reasons they focus locally (Somerville 2015).

Lyft's Head of Expansion, Jamie Raczka, stated early 2017 they would launch in 100 new cities in US by the end of the year, (Thompson 2017) hence they maintain their focus on US market. In March Lyft announced they had expanded to 131 new cities in three months (Lyft Crushes 2017 Goal...).

6. If you would go abroad, which markets would you choose first?

First overseas market is expected to be London, but Tibbens, COO of Lyft, said that expansion will not happen before they: *we feel like we're at a point we've gone deep enough here in the U.S."* (Somerville 2015).

Logan Green said in South by Southwest keynote that they are monitoring Uber's expansion and learning from it. Emphasizing firmly established local players and government regulations as main problems why Uber is having single digit market share in many non-US markets – same reasons why Asia would be tough market for Lyft. (Green 2015)

Lyft's director of strategic partnerships stated the company was still heavily focused on America, when asked about expanding to Australia (Bogle 2017). Adding, they still have a lot of work to do there and the investors are happy they are focused on US (ibid).

Comment [H312]: Expensive;

Comment [H313]: Starting a new business

Comment [H314]: Regulatory difficulties

Comment [H315]: Competing taxis

Comment [H316]: Competition fierce

Comment [H317]: 100 new US cities

Comment [H318]: US focus

Comment [H319]: Learning from Uber

Comment [H320]: Strong local competitors; difficult regulations

Comment [H321]: Asia difficult

7. If and how would you consider political/legal aspects when choosing new markets?

Rex Tibbens, Lyft's COO, stated they would have to mold their service based on whatever agreement they find with the local government. (Somerville 2015) Adding, after that there can be constant battle with opposing regulations (ibid).

Comment [H322]: Agreement with city needed

Comment [H323]: Constant regulatory battle

Zimmer, President of Lyft, has said when expanding in US, they focus a lot on creating a friendly relationship with the local governments. Sometimes it does not work and they still have battles to operate, but they have encountered positive feedback by cities contacting them and looking for partnership. (Zimmer & Lacy 2015)

8. If and what social aspects would you consider?

In an interview with Zimmer (Zimmer & Lacy 2015), the founder stated they would have to keep in mind of the traditions of a country a lot. For example, in some more elitarian countries the image of "Your friend with a car" might not work, as well as "Everyone's private driver" of Uber's, as people consider a private driver a status symbol and prefer that, especially if it becomes affordable to larger majority.

Comment [H324]: Adjust the brand to culture

9. What would you choose for your market entry strategy?

For Lyft it would mean starting a new business when entering a country, as each has its own rules and customs (Somerville 2015).

Comment [H325]: Starting a new business

10. How would competition in a new market affect your decision?

Logan Green, CEO of Lyft has stated they grew up in a very competitive environment from the beginning, referring to constant battle with Uber. (Lien 2016)

Comment [H326]: Fierce competition with Uber

Ajay Chopra, partner in Trinity Ventures, thought Lyft might have to happy with the market's they have and take the most out of them. Or even get acquired by General Motors to compete better against Uber. (Lien 2016)

11. If and what kind of cooperation would you seek in a new market?

Tibbens said Lyft tries to establish relationships with local officials and businesses (Somerville 2015). The company has also done partnerships with Asian rivals to create an anti-Uber alliance. For instance, when Didi clients go to US, they can open Didi app and hail a Lyft.

Comment [H327]: Tested partnership with Asian rivals

Grab and Ola are also part of the alliance. Same goes vice-versa for Lyft users when travelling in Asia. Didi also invested 100 million in Lyft when forming the alliance. (Bensinger & Winkler 2016) The alliance ended at some point after Didi bought Uber China, with Grab and Ola also withdrawn (Bogle 2017).

Another similar partnership was made in March 2017 between Middle-East's Careem and China's Yidao Yongche. The agreement allows Careem app users use the same app in China and order a ride, which will be fulfilled by Yidao, and vice versa. Both companies are valued around billion dollars. (Uber Rivals from Dubai... 2017)

Lyft has done cooperation in US regarding public policy and regulation lobbying, but it was not always the case, as they sometimes seek for different things. (Zimmer & Lacy 2015)

Comment [H328]: Lobbying cooperation

12. What kind of mergers happening among ridesharing companies?

Uber received 18% of Didi when sold Uber China, meaning Uber became indirect stakeholder in Lyft. Didi also made a 1-billion-dollar investment in Uber, meaning the company has investments in both. (Bensinger & Winkler 2016)

General Motors has invested \$500 million for a 10% stake. The deal included agreement to develop self-driving cars and offer rentals to Lyft drivers. (Bensinger & Winkler 2016)

Comment [H329]: Car manufacturer investment

Lyft themselves have acquired two companies to improve their carpooling service Lyft Line. (Green 2016)

About

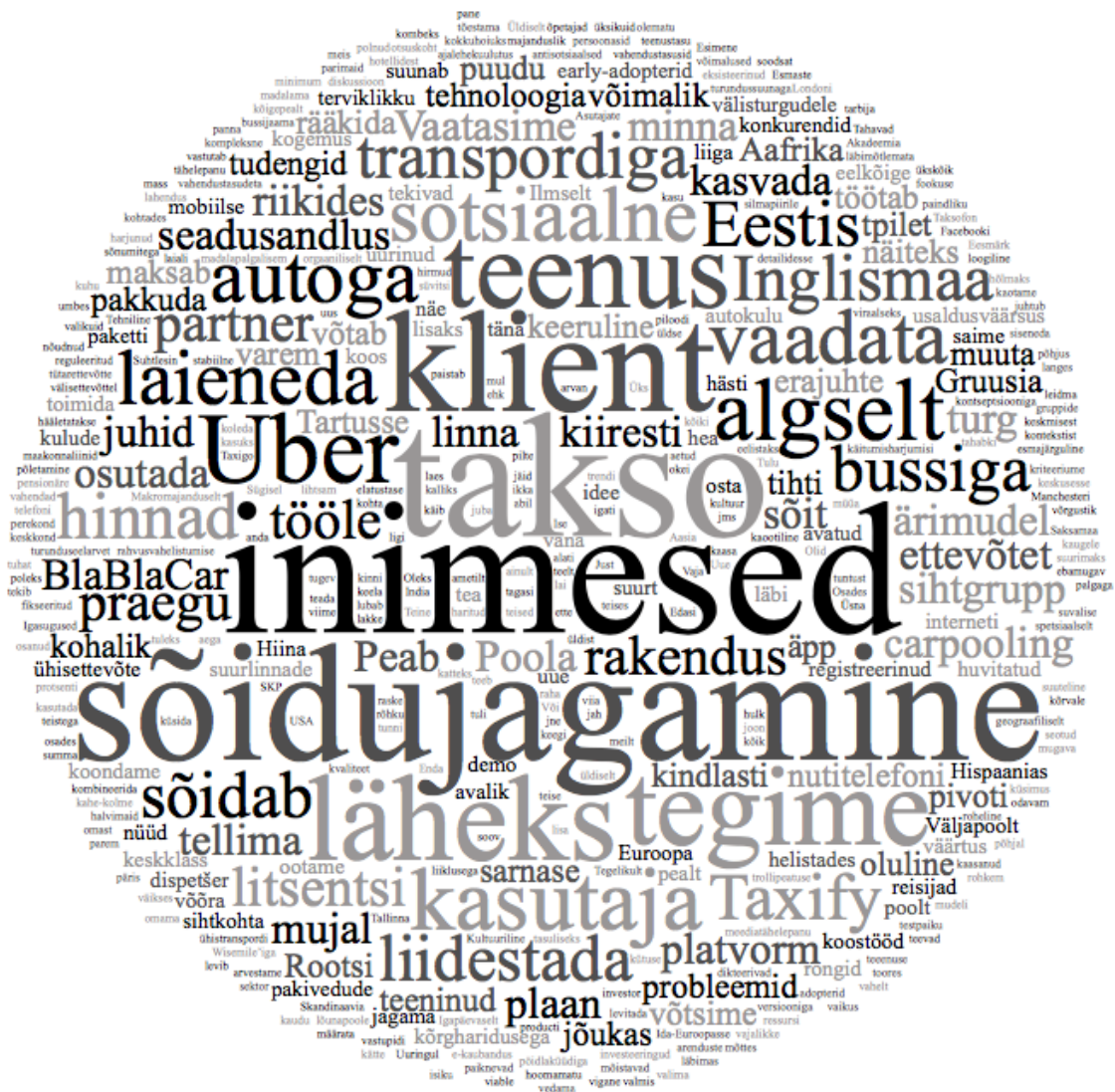
22. How many rides were done in 2016 in home market?

162 million rides (Carson 2017).

23. How many drivers do you have?

Hundreds of thousands (Green 2015)

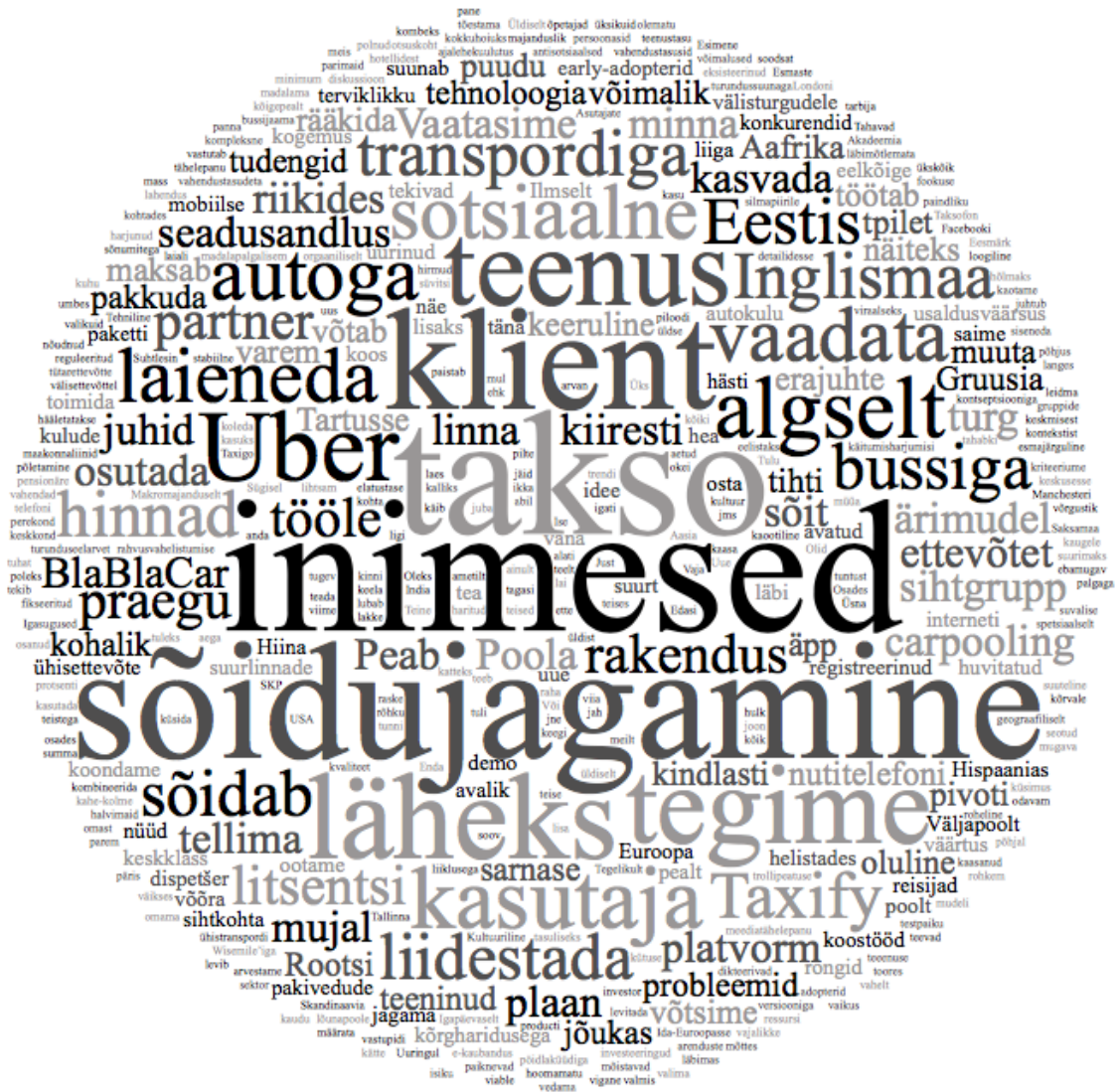
Appendix J: Wisemile Interview Word Cloud



Appendix K: Easy Taxi Interview Word Cloud



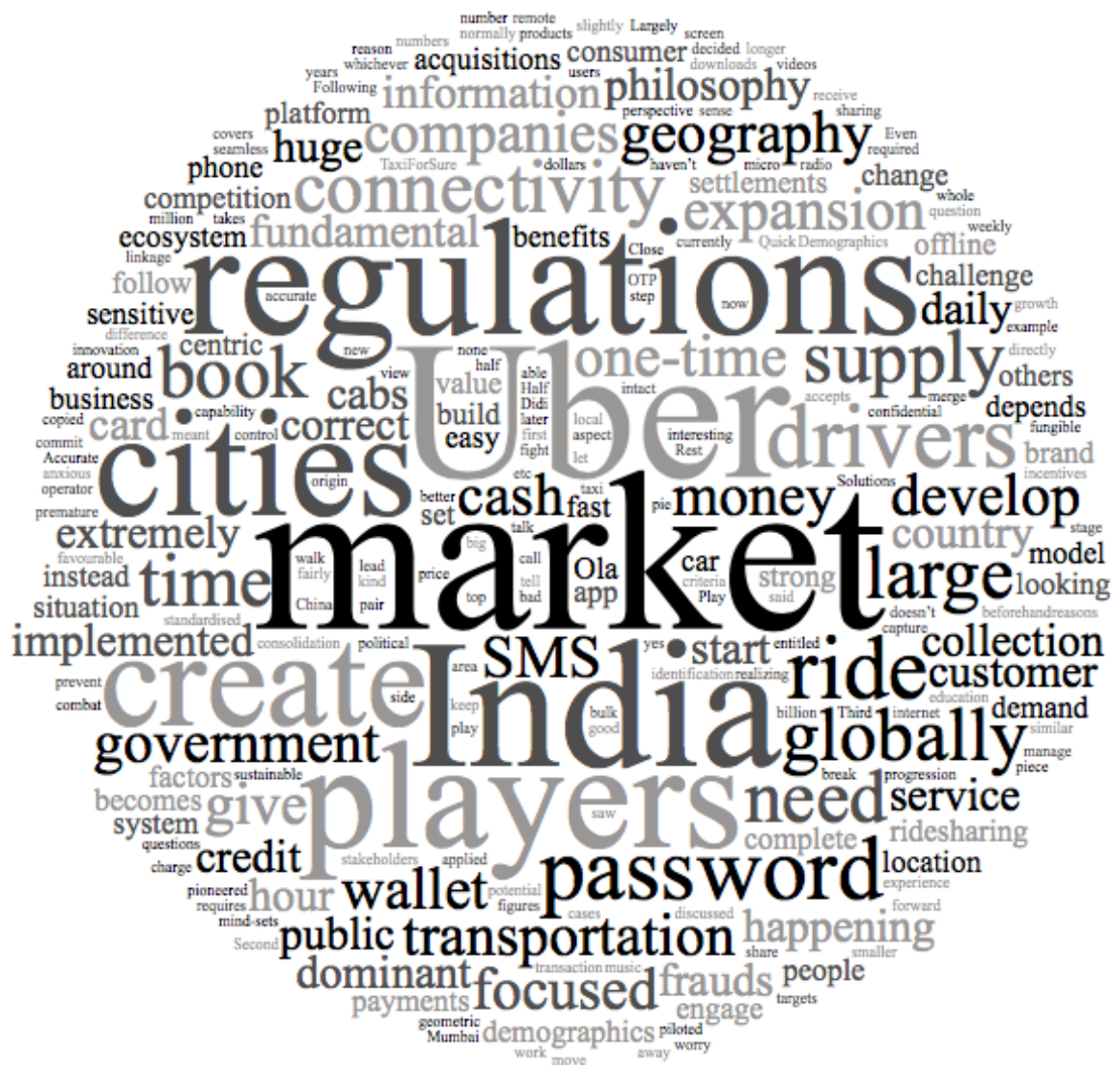
Appendix L: Taxify Interview Word Cloud



Appendix M: Uber Interview Word Cloud



Appendix N: Ola Interview Word Cloud



Appendix O: Cross-Case Table

Table 3: Cross-Case Table

Company	Easy Taxi	Taxify	Uber	BlaBlaCar	Wisemile	Ola	Lyft
Internationalization	International				Domestic		
Interviewed	Interview	Interview	Interview	Public Materials	Interview	Interview	Public Materials
Business Model	Mainly taxi e-hailing On-demand ride service	Mainly on-demand ride service Taxi e-hailing	Mainly on-demand ride service Taxi e-hailing In-city carpooling Package delivery Food delivery	Intercity carpooling only	Intercity carpooling Taxi e-hailing Package delivery	Mainly on-demand ride service Taxi e-hailing In-city carpooling Intercity drivers	Only on-demand ride service In-city carpooling
Region	Latin-America	Europe, Africa, Mexico, Georgia, Azerbaijan	Global	Europe, Brazil, Mexico, India, Turkey	Estonia	India	United States
Employees	500	120	6700	500	3	5000	
Drivers	500 000	25 000 added monthly Tens of thousands in total			9000	600 000	Hundreds of thousands
Home market rides	100 million	3 million	2 billion	48 million	62 500	312 million	162 million
Foreign market rides		20 million					
Funding raised	\$77 million	\$2 million	\$8.8 billion	\$333 million	\$0	\$1.5 billion	\$2.6 billion
Funding raised per ride	\$0.77	\$0.087	\$4.4	\$6.9		\$4.8	\$16
Business Model							

Competitive advantage	Locally focused Quick expansion	Cheaper Operating efficiency More drivers Fastest arrival	Cheaper First mover advantage Right business model Aggressive expansion Good funding	Carpooling focused Trustworthy Meet people	Cheaper First carpooling Later taxi e-hailing Package delivery Mobility platform pivot	Locally focused Cash collection Offline booking Fraud prevention e-wallet In car entertainment	Cheaper Meet people Distinguishable brand
Attracting drivers	Lower commissions Taxi focused Not competing taxis	Lower commissions Better salary	Lower commissions No competition first Private driver contracts Guaranteed income Bonuses Weekly salary	Lower commissions Saving costs Market leader	No commission No price dictated No car requirements Saving costs	Daily settlements Drivers use multiple apps	Lower commissions Treated as equals Boarding by mentor drivers Destination mode Passenger comments provided
Target group	Younger population Not university students Higher educated	80% aged 20-35 Above average income Smartphone users	Youths Business people Techies Everybody	50% aged 30+ 33% students 60% men 40% women	Many aged 40+ Students Below average income Higher educated	Did not disclose	Millennials Drivers working in creative industry
Revenue streams	Break-even	Break-even Commission 10-20%	Investments Europe break-even SE Asia, India subsidized	12% commission Growth is goal \$1.5 billion valuation \$333 million raised	Not break-even Founders' investments \$0 raised	Not break-even	Not break-even 20% commission \$2.61 billion raised
Expansion Process / If Would Expand							
Home market prior to first new market / Why have not expanded	First mover advantage Unknown Small market share	First mover advantage initially important First in home market Quickly break even	First mover advantage Privates competition free Taxi reputation bad	First mover advantage Business unvalidated	Expensive Business unvalidated	First mover advantage not important Focus home market 65% market share Vast home market Competitors emerge when focus abroad	Expensive Focus home market Don't know market needs Regulatory difficulties
Going global plan from the start	Yes	Yes	Yes	4 years	Yes	No	
Key acitivities prior to expansion	Hiring people	Hiring people	Hiring people				

Timeline of markets entered	2012 founded Year 1 first market Year 2 rapid Year 3 exit Asia, Africa	2013-mid founded Year 0.5 first market Year 2 rapid	2009 founded Year 2 first market Year 4 rapid	2006 founded Year 4 first market Year 7 rapid Year 9 distant markets Asia next			
Why those markets?	Privates if legalized Taxi market size Similar problem Europe too expensive Latin America focus now	Privates not banned High unemployment Europe, Africa focus	Car ownership One ride per person	Acquisition based			
Political and legal aspects / if expanded	Privates if legalized Taxi hailing no problem	Privates not banned	Not important First enter then ask Unless banned	Not important Carpooling no problem	Quite important Max price Taxis legal Privates not	Not important	Important Difficult regulations Agreements with city Constant regulatory battle
Economic aspects / if expanded	Bad public transport Taxi market size	High unemployment Car ownership	Population Car ownership GMV per capita GDP unimportant	Bad public transport intercity Expensive public transport City public transport good India public transport overcrowded	GDP less important Car ownership Need for saving Africa transport overcrowded	Bad public transport Demographics	
Social aspects / if expanded	Training drivers differs	Culture no problem		Trust	Low cultural distance High sociability Number of passengers		Culture affects marketing
Technological aspects / if expanded	Happens anyway Gave drivers smartphones	Happens anyway Smartphone usage 30-40%	Happens anyway		Smartphones Mobile internet usage		

Anything else / if expanded		First mover not important Fast second easier		Cost of owning car Short distances intercity	Cost of owning car Short distances intercity		
Most successful markets / Which markets first	Home market Mexico Peru Colombia China, India too big	Home market Mexico RSA Nigeria Egypt Georgia	Home market Europe US Australia SE Asia, India subsidized Russia competitive	Home market Europe Germany Russia	Sweden UK Germany Poland China, India too big Southern countries better	Have not discussed	London rumours Asia difficult
Competition	Competition important Competition forced exits Bought a competitor	Competition important Subsidies needed Depends how aggressive	Usually market leader Price dumping Uber breaks entry barriers	Uber not competitor Bought competitors	Competition important Max two apps used	Bought competitors	Competition important Local competitors in new markets
Company's origin's effect on success	Advantage	Insignificant advantage	Local teams Independence	Local perspective important Local teams		Strong home market first	
Most important aspect / if expanded	Access to supply	Access to supply Right business model Competition	Access to supply ROI	Cost of owning car Good city transport Bad intercity transport	Cost of owning car Smartphone usage Sociability		
Market entry strategy	New company Shared investor	Subsidiary Preferred no entity No joint ventures Everything remotely	Hire legal company Local marketing, operations manager First supply, then launch Heavy marketing	Acquiring competitors Local teams Autonomous teams	Subsidiary Licencing option No joint ventures Local partner needed		New company
Finding people	Hired local Sent own people	Hired local via Skype		Acqu-hiring			
Cooperation	No taxi companies Licensed drivers preferred	Taxi companies Licensed drivers Depends on markets	Taxi companies Focus privates		Taxi companies Dispatcher service needed	Anti-Uber alliance	Anti-Uber alliance Lobbying with Uber

Expansion effect on services	Adapted to illiterateKnowledge sharing	Privates became mainTaxi supply small	Cash payments	Employee rotationEvery six week team-meeting			
Differing services in markets	Depends on regulation Colombia 100% taxi Chile 90% taxi Argentina 100% taxi Uruguay 50-50 Mexico 50-50 Peru 100% private	Depending on regulation	Depends on legislation No package delivery Europe Carpooling London Begin UberX Later UberBlack Quantity over quality	Depends on legislation			
Expansion effect on costs	Exits due to cost Regional markets best	Subsidies needed		Buying with stocks Funding used for acquisitions			
Markets left and why	Africa & Asia Focus home region Lack of money Marketing expensive Africa not ready Distance bad for team	Unfavourable legislation Ghana bad metrics	Unfavourable legislation Absolute last resort				
Most difficult aspect when going abroad	Managing from distance	Finding right business model	Supply	Educating people	Educating people	Educating people Finding drivers Government regulations	
Consolidation of ridesharing	Happening Car makers investing Acquired Tappsi Many brands few corporations	Happening Car makers investing	Happening Uber larger share	Acquired competitors		Not happening More competitors emerge 5-6 companies regionally	Car makers investing Acquired companies

Source: Author's created

Note: Boxes with gray shading are based on public materials and taken from 2.6. Companies, Appendix G, Appendix H or Appendix I.

Appendix P: Interviews' Most Used Words

Table 4. Number of Words Used per Category

Colour Codes with Number of Appearance							
Supply	People	Competition	Market	Local	Money	Regulations	Price
184	89	81	71	67	57	45	18

Source: Author's created using word clouds from the interviews

Table 5. Number of Times Words Appeared in Interviews

Uber	Easy Taxi	Ola	Taxify	Wisemile
18 Uber	26 drivers	15 market	24 taksod	17 inimesed
12 market	26 taxis	13 Uber	24 turg	16 takso
10 competition	16 market	12 India	23 inimesed	15 sõidujagamine
10 first	16 people	11 regulations	17 sõidud	13 klient
9 expansion	14 different	10 players	14 juhte	11 läheks
9 taxis	13 countries	10 cities	13 privaatjuhid	10 teenus
8 Europe	11 money	9 create	13 läinud	10 tegime
8 price	10 private	6 password	11 regulatsioon	9 Uber
7 drivers	10 Asia	6 drivers	11 suured	8 kasutaja
6 regulations	9 Latin-America	6 ride	11 riigi	8 algselt
6 subsidized	9 rides	5 connectivity	11 linn	7 sotsiaalne
6 privates	8 competitors	5 globally	10 teenida	7 laieneda
6 Prague	7 already	5 supply	9 tuhandeid	7 vaadata
6 people	7 worked	5 large	9 Aafrika	7 autoga
6 local	7 Peru	5 book	8 kliente	6 transpordiga
6 hire	7 give	5 need	8 vaatame	6 liidestada
5 marketing	6 operations	5 time	8 lihtne	6 Inglismaa
5 launched	6 smartphone	4 transportation	8 Eesti	6 bussiga
5 manager	6 expensive	4 government	8 raha	6 Eestis
5 works	6 Colombia	4 companies	7 aasta	6 Taxify
5 big	6 invested	4 expansion	7 mudel	6 hinnad
4 transportation	6 Brazil	4 geography	7 parem	6 sõidab
4 investment	6 legal	4 one-time	7 sõitu	5 litsentsi
4 Slovakia	6 local	4 develop	7 umbes	5 rakendus
4 monopoly	6 app	4 focused	6 konkurendid	5 partner
4 offered	5 example	4 wallet	6 hakkavad	5 praegu
4 supply	5 Africa	4 money	6 kasutada	5 tööle
4 start	5 city	4 cash	6 miljonit	4 seadusandlus

4 cars	5 easy	4 give	6 teeme	4 carpooling
3 Bratislava	5 size	4 SMS	6 auto	4 BlaBlaCar
3 successful	4 transportation	3 fundamental	5 tegelesime	4 Vaatasime
3 Bucharest	4 advantage	3 implemented	5 kiiresti	4 ettevõtet
3 companies	4 companies	3 information	5 olulisem	4 sihtgrupp
3 countries	4 launched	3 collection	5 alguses	4 kiiresti
3 everybody	4 regional	3 philosophy	5 jõudma	4 platvorm
3 sometimes	4 willing	3 extremely	5 teinud	4 riikides
3 business	4 Mexico	3 happening	5 firma	4 ärimudel
3 funding	4 better	3 customer	5 käima	4 kasvada
3 heavily	4 higher	3 dominant	5 väike	4 osutada
3 license	4 public	3 correct	5 Läti	4 tellima
3 started	4 going	3 country	5 Uber	4 Poola
3 Taxify	4 hired	3 service	5 äri	4 juhid
3 banned	4 still	3 credit	4 efektiivsemad	4 linna
3 opened	4 years	3 frauds	4 hind	4 minna
3 money	4 Uber	3 public	4 kulud	4 turg
3 Asia	3 age	3 daily	4 arvasime	4 plaan
3 city	3 Grab	3 start	4 esimesed	4 sõit
3 ride	3 customers	3 cabs	4 järgmise	3 kohalik
3 new	3 marketing	2 card	4 kasumi	3 erajuhte
2 penetration	3 managers	2 competition	4 tegeleme	3 nutitelefon

Source: Author's created using word clouds from the interviews