

Analysis of reasons for the failure of enterprise localization and suggestions for development in the future: the example of Uber China

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Abstract. The failure of enterprise localization is the key problem that enterprises consider when developing internationally. Therefore, the topic researched in this paper analyzes the reasons for localization failure of Uber China. First, this paper reviews the direct reasons for leading localization failure of Uber China, including finance, product, after sales, policies, and other elements. Second, it compares Uber China with its biggest competitor in the industry, DiDichuxing, comparing their business models using the four elements model and analyzes whether both their characteristics and advantages have reference meaning or not. Finally, this paper compares the overseas expansion of Uber China and DiDichuxing. The research results indicate poor performance of Uber China for end users, convenient service with the advantages of global enterprises, and user dissatisfaction with its payment and after-sales. In the analysis of the business model, DiDichuxing performs better in customer value intentions and profit model. Consequently, through the comparisons of reason analysis, business mode, and overseas expansion, this paper suggests an marketing strategy, after-sales improvements, and consistent strategic focus, revenue focus, and management structure.

Keywords: Localization; Four elements model in business mode; Overseas expansion.

1. Introduction

Driven by dual elements of economic improvement and a harmonious international situation, most enterprises with good business performance in local markets are no longer satisfied being confined to the local area. Expanding business areas is an inevitable road to development. In the past 40 years, "economic globalization" has become a basic way of expanding, and the number of enterprises participating in international business is gradually increased each year. Despite that economic globalization has bridged the gap for enterprises to move forward in international business, it now looks like a bottomless dark hole, swallowing the investment of enterprises. Since China announced reform and opening up in 1978, the potential market attracted many enterprises, with a great number of overseas investments flowing into China. KFC was one of these enterprises. In 1973, at a press conference, KFC president announced the intent to open 50-60 branch stores in Hong Kong. In June of the same year, KFC opened its first Hometown chicken fast food restaurant in Meifu Xintun, Hong Kong. After that, KFC expanded at a speed of almost one new store per month and spending money and effort on advertising to rapidly promote the Hometown chicken fast food restaurants in Hong Kong. It spreads the well-known "Finger-licking good". With good publicity and freshness, KFC attracted huge numbers of customers in the first several months. But it didn't last. That September, KFC announced the closure of many restaurants and in February 1975, it withdrew from the entire Hong Kong market. Despite this, it rebounded and became one of the top four fast food restaurants in Hong Kong. The common problems of an enterprise's rapid internationalization were reflected in KFC's first attempt. First, KFC's well-known slogan is inconsistent with Chinese tradition and etiquette. The Chinese people don't think licking fingers is civilized behavior. Second, the KFC's fast food service is contrary to the eating habits of Chinese people who like to eat and talk with several friends over a leisurely meal. The service lacked tables, making it difficult to attract repeat customers. Additionally, the price and taste of hometown chicken promoted by Hometown chicken fast food restaurant was not accepted by locals. The price was high, so most people couldn't afford it. The

American cooking methods made the taste unpalatable to many. The KFC failure highlights the importance of adhering to local customs and culture when expanding internationally. So, for enterprises planning to expand internationally, the KFC case can serve as a learning tool. It can help entrepreneurs consider the factors that affecting an enterprise's international expansion, why some enterprises do well in local markets but fail and continually meet difficulties in expanding their business scope. Taking the Uber and DiDichuxing expansion failure as case studies, this paper will analyze factors that may affect business expansion and find common factors from both failures; and provide suggestions for future development of Uber and DiDichuxing through existing successful international expansion cases.

2. Case introduction

Uber Technologies Inc. (hereinafter referred to as Uber) was established in 2009 and promoted its service for the first time in June 2010 in San Francisco, California. Uber was one of the first enterprises to provide online car hailing services, and its brand slogan "your private driver" and excellent service continue to attract consumers to its service. Uber's services include: Uber X (the priority choice for low-income groups that emphasizes software preferential strength); Uber XL (for the groups who have many people in a single trip); Uber Pool (for the groups that need carpool service), Uber Black (for people with middle or high income); Uber Lux (for groups with high income, the highest service level of Uber) among others. According to income level and consumption preference, Uber locks target customer groups by vertical segmentation services. Basically, Uber can meet almost all different customer travel demands. Therefore, Uber's monthly order quantity and number of monthly active users gradually increases. The Uber valuation is also rising accordingly, attracting multiple rounds of investors. In 2011, Uber obtained US \$11 million in the first round of fundraising in February, and \$37 million in the second round of fundraising in November. In August 2013, it obtained US \$363 million in the third round of financing. Under the multiple rounds of financing, Uber was not satisfied with limiting business to the US. In November 2011, Uber expanded business outside the United States for the first time, with Paris, France its first international destination. In July 2012 Uber promoted its service in the United Kingdom. In July 2013, Uber landed in the Asia Pacific region for the first time, expanding business to Taiwan, China. According to a "special research report on special vehicle market development" released by CNNIC, the market capacity of mobile travelling in China was small and without support of state policies from 2010 – 2013, so development was delayed. Between 2014 and 2015, the market capacity increased exponentially. The huge Chinese market became Uber's next expansion target. In July 2014, Uber officially announced it would start operations in Beijing, which was the prelude to entering the Chinese market. In October of the same year, Uber promoted its carpooling service in seven cities. Once passing Uber's background investigation, a driver was qualified to carry out the business operation. In April 2015, the corporation between Uber and Baidu map remedied the problems of incomplete collected information and failure of locating drivers and users, caused by issues with Google Maps. The collaboration with Alipay was more convenient for users' payment experience. However, as Uber continued to develop, DiDi simultaneously realized a strategic merger with KuaiDi in February 2015. One of the direct results of this merger was that both DiDi and KuaiDi reduced their subsidies to taxis; instead, they transferred their focus to the special car market, triggering a subsidy fight between DiDi and Uber China. To obtain a larger market share, both parties paid a large sum. According to the Caixin report, DiDichuxing lost as much as 12.2 billion yuan in 2015 with an average monthly loss of nearly 1 billion yuan. After entering China's market, Uber lost \$2.5 billion. Finally on August 1 2016, DiDichuxing and Uber China reached a strategic agreement that DiDi would purchase all assets held by Uber China in the Chinese mainland, and both parties held each other's shares. Uber global would hold 5.89% of DiDi's share. The expansion failure of Uber in China leads us to ask: what are the reasons for expansion failure of Uber in China? What are the differences

after comparing the business models of Uber and DiDi? Was the overseas expansion method of DiDi suitable for Uber? Now, we will carry out analysis based on the three questions above as follows.

3. Case analysis

3.1 Analysis of the reasons for the failure of Uber China localization

3.1.1 The problems of product localization

(I) Experience

Before the strategic corporation with Baidu Maps in April 2015, Uber adopted Google Maps to locate drivers and passengers to provide service. Google is limited by China's government, so problems like incorrect location, location update delays, and small map coverage occurred, which inconvenienced users and created a bad experience.

On the after-sales end, personnel numbers were inadequate to serve monthly active users. Uber didn't set after-sales service and service calls early on. When problems occurred during the Uber experience, only email inquiry was available, but without detailed information shown on the Uber China website. Users only could enter the page when creating an account, which was at the bottom of "register for taking car" webpage, and after clicking terms and condition options. Then one sentence appeared: "Any other questions, please visit help.uber.com.cn or send an email to support@uber.com. This can also be found using the terms for Chinese users, which added addition time to problem solving efforts. Meanwhile, Uber personnel could not manage all issues by checking emails, which reduced the efficiency of problem solving and affected relationships with customers.

(II) Payment

At the beginning, when Uber entered China, Uber adopted its unified global payment method of credit card payment, without consideration of the payment habits of Chinese users. Consequently, the payment method of Uber is very complicated for Chinese users. First, users need to verify their credit card number, and check whether it had bonding card information; only then could they register an account. However, most Chinese users were transferred from credit card payment to mobile payment as WeChat, Alipay, and others. Without a doubt, the Uber payment method bothers Chinese users and closes door for the potential customers without credit cards. To accommodate such users, the Alipay option was added to Uber payment method options. However, random investigations showed most users noted that Alipay can't be bonded successfully, and only the appointed credit card is available, as some credit cards can't be accessed to be bonded. While, in the DiDi platform, due to the strategic partnership with WeChat, the users of DiDi can freely choose WeChat or Alipay payment, and the password-free payment agreement can be signed, which is very convenient for users.

(III) User end

The Uber app is still needed for Uber service, which not only occupies phone memory but also causes issues due to built-in software problems. The App will get stuck and affect the user experience. DiDi users can open the app in the built-in pages of WeChat or Alipay without any extra memory, which is convenient.

3.1.2 Faked orders

At the same time, with the rapid expansion of Uber business in China, the phenomenon of fake orders came as well. Through fake orders, black drivers and passengers can not only defraud rewards and subsidies provided by Uber China, but also have no need to complete the process of picking up passengers. Before it was supervised by the government, the phenomenon of fake orders was very common in the online car hailing market. According to statistics, in July 2015, about 3% of orders for Uber China were fake, equal to 30,000 orders per day. This requires time and energy to check the driver's passenger record and screen out defrauding drivers. This is obviously very difficult. At that time, China was one of the countries with the highest rate of fraudulent orders. Such drivers even created their own term "give a shot," which is the red pushpin logo in the Uber App. It plays a role in communicating codes between drivers to rapidly help them recognize each other. To reduce fake

orders, Uber promoted extra identity authentication, that included voice recognition for passengers and facial recognition for drivers. This greatly reduced the subsidies. As known in 2015, the average subsidies in Uber China were reduced by 80%, made it more difficult for Uber China to compete in larger markets in China.

3.1.3 Policy

Before Uber entered the Chinese market, there was no rule of law in most areas of China to restrict the development of industry. In 2014, mobile travel was totally new to China. Due to the different geographical environment and consumer preferences, different consumption markets were formed. So before establishing unified legal rules, enterprises could make profits through the pricing method of regional discrimination, which also happened to Uber. The subsidy fight caused huge losses for Uber, and without legal rules, the main profit-making methods for Uber were its "Premium algorithm" and "Automatic matching and positioning," which could improve the profit rate of Uber through "elastic pricing" to make up for losses. But this situation depended on the gray area between regional differences. On July 28, 2016, the General Office of the State Council of China issued "Guiding opinions on deepening reform and promoting the healthy development of the taxi industry," which divided taxis into two categories: cruising taxis and booking taxis. For the first time, it also introduced Internet special cars into the management of booking taxis, clearly stating the position of the taxi industry and supporting the companies with booking taxi platforms for continuous and innovative development. For foreign enterprises like Uber, the collected documents belonged to the jurisdiction of Chinese government and lacked subsidies. The law regulates that the taxi market should adopt market price. Undoubtedly, it contains the profit space of Uber's elastic pricing. According to the rule of law, foreign enterprises like Uber need provincial and national laws and regulations to operate in China. Therefore, Uber would face very serious legal repercussions if they didn't withdraw from the Chinese market.

3.1.4 Capital

Throughout 2015, Uber obtained nearly US \$2 billion in investments from Chinese local investors, including China Life, China Taiping, Baidu, GAC group, and CITIC Securities. In the round B financing, Uber obtained more than US \$1 billion, most of which was invested in Uber China. A large capital inflow also strengthened Uber's determination to fight a big subsidy war.

In March 2015, Uber announced the price of people's Uber, which was lower than that of taxis, was reduced by an additional 30%. The subsidies to drivers and discount to users were all afforded by Uber. The price reduction of people's Uber brought a great rise to the business in China. In November of the same year, Uber implemented new subsidy activity for Thanksgiving Day. Meanwhile, DiDikuaidi fought back, issuing discount tickets. In 2015, when Uber was making no effort to capture the Chinese market, DiDichuxing successively invested in Grab Taxi, a taxi hailing software in Southwest Asia; Lyft, which is a taxi hailing software in the US; and Ola, which is a taxi hailing software in India. These three are the biggest local competitors of Uber around the world. This not only occupied the market share of Uber, but brought huge business pressure to Uber. In March 2016, Uber China promoted a "national carpool" to attract more users. With a maximum price of 9.9 Yuan one-way, Uber would handle the balance. Based on 2015 statistics, Uber's losses in China's mainland market were more than US \$1 billion. In just two years, the Uber's total losses reached more than \$2.5 billion. The shortage of funds and loss of overseas markets forced Uber to abandon subsidy fighting and withdraw from Chinese market.

3.2 Comparison on Uber and DiDichuxing of business mode

Business mode is a concept tool used to state special enterprise commercial logic and is based on multiple component elements and their relationships. This paper uses Johnson and Christensen's four-element business model to carry out analysis, which includes customer value proposition, profit model, key resources, and key processes. Among of them, customer value proposition describes how

to help customers complete important tasks from three aspects as target customer. The tasks and supplies must be handled. The profit model includes an income model, cost structure and resource utilization turnover speed, aiming to describe how enterprises create value for themselves. The key resource of enterprises is to transmit necessary elements of value proposition to target segment markets, including personnel, technology, products, services, information, channels, brands, cooperative partners, and others. The key processes are the important elements of an enterprise's successful operation and management, including design, development, resource mobilization, manufacturing, and others.

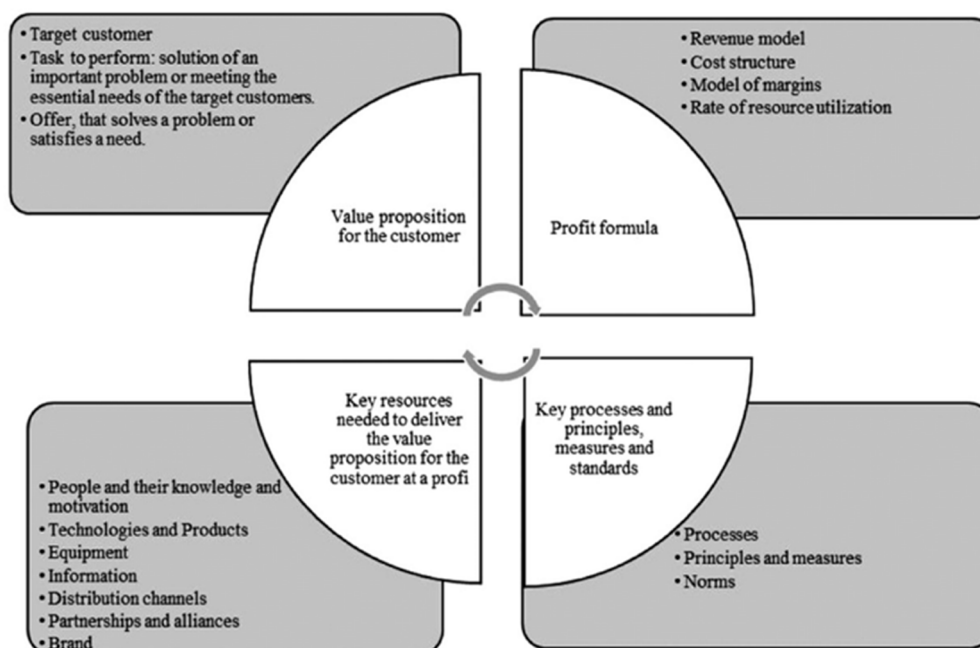


Fig. 1 Business model

Value proposition for the customer

For the customer value proposition, this paper describes three aspects of the target customer and the tasks and supplies needed for completion.

First, for the target customer, based on technical advantages and brand value, Uber China aims to vertically radiate its customer group. In addition to expanding its service field, it prefers to provide service in vertical depth. For example, in the mobile travel field, Uber divides user groups low, middle, and high income and provides services according to corresponding requirements. Despite its Uber slogan "Uber for everything," it increases the operation cost of Uber. On the contrary, DiDi pays more attention to the user groups and seeks for horizontal expansion. The requirement of this group is huge, once demand stickiness happens, the value would be generated continually.

Second, for the needed completion of tasks, except mobile travel, Uber still engages in Uber Eats, Uber Delivery, Uber Freight, and others, aiming to provide vertical and comprehensive service for transportation and travel, as users connection all transportation needs to Uber. On the other hand, DiDichuxing expands in a vertical direction. To meet the diversified travel requirements in different situations (with the exception of online hailing of private cars) DiDi still covers free riders, express trains, taxis, buses, surrogate drivers, etc.

Both entities are very similar regarding supplies, which make use of big data, cloud calculation, and other technologies. They provide accurate location service for passengers and drivers and dispatch cars on time to the correct destination.

Profit formula

For the profit model, this paper reviews income model and cost structure.

For the income model, Uber and DiDichuxing mainly earn income through platform service fees. The charging standards of service providers are different for different service levels. For DiDi express,

DiDi ride, People's Uber and other similar services, the charging standard of the DiDi platform is 5% of the driver's income, while Uber doesn't collect a similar fee. For DiDichuxing, Uber X and other services of the same type, the charging standard of DiDi is still 5%, while Uber collects 20% from the driver. In the high-end service market, including DiDi Premier, DiDi Lux, Uber Black and Uber Lux, DiDi collects a 20% fee from the driver, as does Uber. For economy travel, serving customers who are highly sensitive to price changes and oriented by preferential policies, the cost collected by Uber from drivers is high. Despite this, these services are most in demand and bring the strongest economic benefits to Uber. This reduces enthusiasm of drivers and wrong pricing methods have not played a particularly good role. Except for platform service cost, the income resource of Uber still includes a living service fee, which affect Uber Eats and others. The income sources of DiDi cover advertising investment of pages, information collection fees, and so on.

With regarding to cost structure, the online car hailing market in China has not formed a monopolistic market to cause a dynamic pricing. Uber China and Didichuxing must continually fight for subsidies to occupy more market share. High subsidies cost both parties more than 10 billion yuan in just one year, which also constitutes the main structure of Uber China and Didi costs. Meanwhile, to guarantee the coverage of service, Uber China and Didi still purchased a certain number of special cars. The annual depreciation, maintenance costs, and driver fees of the special cars are all included into the cost.

Table 1. Comparisons of platform service fee rates

Class	Uber China		DiDi Chuxing	
Started	People's Uber	0%	DiDi Express and Hitch	5%
Economy	Uber X	20%	DiDi Express	5%
Advanced	UberBlack and UberLux	20%	DiDi Premier	20%

Key resources

This paper would like to analyze the key resources of Uber and Didi from three views: technology, service, and corporation partners.

From the technology aspect, Uber and Didichuxing don't only rely on the high subsidies, large preferential policies, and other ways to attract users. Its key technology of building fundamental service is the way to firmly catch users. In 2015, Uber started Project Mezzanine, forming the service system composed by real-time service, back-end service, PostgreSQL, and expandable formed storage. Real-time service supports active travel, and back-end service is responsible for billing, payment, fraud detection, analysis, city management, etc. The Uber business model adopts an operational way of hybrid cloud with the combination of cloud providers and multiple active data centers. To avoid the damage caused by data center faults, Uber maintains the spare data center, which manages data center faults by taking driver end as the resource of data forming. Uber's big data analysis technology can help Uber dispatch vehicles according to distance, the number of waiting people, wait time, queuing priority, and other factors. 'From the intelligent mobile software developed based on locating technologies as LBS, GIS and others, Didi then learns from Uber to connect with cloud calculation platforms, and develops layout of big data, and applies machinery learning methods and reduces answer time by using ETA system.'By staying up to date with technological service, Didi screens data and dispatches vehicles.

Second, in the terms of service, Uber and Didi have different service segmentation. Uber segments user groups based on income level and provides service according to different requirements. For example, the user groups served by Uber X, Uber XL, Uber Black and others are all different. Didi segments based on product itself to meet the diversified requirements of travelling methods. For example, except for special vehicles, Didi still has taxis, buses, trucks, and so on.

The cooperative partners of Uber China are Baidu, Alipay, Hainan Airlines, Geely Automobile, and others, which are preferred by users. The partners of Didichuxing are WeChat pay, LYFT, OLA, GrabTAXI.

Table 2. Comparisons of Key Resources

Key Resources	Uber China	DiDi Chuxing
Technology	Big Data Real-time Service Backend Service Posture SQL	Positioning Cloud Calculating Artificial Intelligence
Service	Car-hailing service and Domestic service	All-around travel platform
Partnerships and Alliances	Baidu, Alipay, Geely Auto, Hainan Airlines	Lyft, GrabTaxi, OLA, OfO

Key process

This paper analyzes the key processes of Uber and Didi’s business models, including car service and payment methods.

Uber mainly attracts users by high-end service and advanced technology. The mutual evaluation system between driver and passenger built into the Uber program not only guarantees passenger safety, but also provides some protection to drivers who can refuse orders. Didi is not as advanced as Uber here, instead grabbing orders, and fake orders happen more. There is memory function in Uber software, by which Uber drivers can judge the user’s riding purpose, the user’s location at that time, riding habits and riding places, to recommend accordingly. Regarding the driver score evaluation system, Uber can select orders for drivers based on drivers’ historical score and frequency of receiving orders.

Payment methods are also considered. To unify global payment methods, Uber mainly recommends users pay by non-cash, credit card systems, and users can check riding and consuming records in their user history. After consumption, the order is sent to users’ email as well. For Didichuxing, cash payment or WeChat payments are available to users, who also can also choose to pay password free. This is greatly convenient for users. The fee collections of each, as described above, are similar, but in the field of economic travel, Uber China fees are 15% higher than those of Didichuxing.

3.3 The overseas expansion method of Didichuxing

Since promoting online car hailing services for the first time in San Francisco in 2010, Uber has been expanding everywhere. Through the present, Uber has supplied service for more than 63 countries around the world, with more than 93 million monthly active users. Its current market value is more than 55 billion US dollars. Since the first service promotion, its value of assessment has increased as well, and its excellent service and convenient operation pages are very popular among user groups. “Uber adopts a layout strategy of a typical American Internet giant: management remote + unified technological platform + airborne troops + local limited teams + excellent marketing strategy.” The expansion method, like guerrilla warfare, can help Uber promote service in a short time and its remote, unified technology platform can help Uber save management costs. Although the expansion is fast, the implementation is affected by local customs and culture, consumption habits, and restriction of foreign enterprise policy.

Different than the nomadic expansion method of Uber, Didi mainly adopts a method of capital output + technology and operation support. Since becoming the enterprise with the biggest scale of online car hailing in China after the merger and acquisition of Didi and Kuaidi in 2015, Didichuxing started its overseas expansion. In August 2015, Didi invested 350 million US dollars for corporation with Grab Taxi in technology, product and operating. In September 2015, Didi invested \$100 million in Lyft for a strategic cooperation. The roaming service plans of Didi and Lyft cover navigation,

communication, payment, and other background functions. In September 2015, Didi also invested in Ola Cabs, an India company. In January 2017, Didi invested tens of millions of dollars in 99, a mobile travel service provider in Brazil.

Based on the above investments, it is not hard to find the basic proportion of Didi's overseas investment was not large and mainly focused on corporation + localization, fully respecting the development preferences of overseas enterprises and realizing win-wins with corporations. Until now, Didi has built cross-border corporation networks with multiple countries and areas around the world in mobile travel using capital, technology and operations and reaching more than 50% of the world's population. Didi's coverage includes more than 1000 cities in north America, southwest Asia, south Asia, and South America. Didi's coordinated network includes the leading enterprises in five major regions of the world and forms a unique multilateral cooperation network.

4. Suggestion

4.1 Marketing strategy

Uber can integrate digital marketing means into marketing. After entering new cities, Uber would rapidly promote business, combining with local characteristics. The marketing focuses of Uber China are on the traditional front-end markets such as public praise, cross-marketing, etc. Thanks to this, brand praise is built into the user groups by Uber China, which is also spread between users and drivers. Uber improves its power of brand influence around the world. Meanwhile, it also brings huge marketing costs. In 2014, Uber's marketing costs reached US \$246 million, which was increased to US \$295 million in the first half of 2015. This absolutely brought pressure to Uber China's operations. "Different than more traditional marketing activities of Uber, Didi actively works on new social networks by using digital marketing. Through network communication popularity by WeChat's social network, Didi brings traffic to the platform." Through social networking, Didi can reduce marketing costs and then, based on the strategic corporation with WeChat, Didi enhances its own influential power. Didi can also weaken the influential power of its rival on social platforms with the biggest contact area with the public, as the official account of Uber China is blocked to improve its own brand image construction. Besides social networks, Didi also studied subsidies, which uses marketing through the penetration relaxation chain of special car red envelopes. The target customer groups locked by Didi are the ones of original taxis, which have a high sensitivity to price changes. Red envelope subsidies can greatly improve the volume of services used. Special car red envelopes can be obtained by using Didi's special car service. Every time you use it, users have a chance to receive a red envelope, but it must be activated through sharing with other users. Consequently, Didi improved the number of users through vouchers. To sum up, only looking at social media and consumer psychology, Uber can stand stably in the enterprise localization.

4.2 After-sales service

The after-sales service satisfaction of enterprises directly affects the loyalty of users. Cultivating a group of loyal users is the main aim of an online car hailing service company; however, Uber China was always criticized by consumers. Uber China's management team plays three roles: market manager, operation manager, and urban general manager. However, it doesn't set up the role that specifically deals with after-sales service, so the after-sales information of Uber can't be delivered successfully and managed in a timely manner. This results less consumption stickiness, despite that Uber can attract users through its marketing strategy. Therefore, Uber can refer to the models of other service companies to add call hotlines or social platforms on the official account rather than by email only. This can shorten the distance to users and provide user convenience. Second, Uber can enlarge management teams to build special teams for asking after-sales questions and improving the efficiency and quality of problem solving.

4.3 Strategic focus and profit focus

Uber China is mainly positioned in the high-end market. Its high-end and private car services provided by Uber Black for users was the core competitive business of Uber. According to the data, in 2015, the daily order request for People's Uber, Uber X accounts for more than 90%, and its main business, Uber Black, only brings 8% of demand orders. This means that the high-end market in China can't return the recovery rate that Uber wants, which leads the inconsistency of Uber's strategic focus and actual profit focus. Limited to the strategic focus, the expansion cities of Uber are mainly distributed in the first-tier cities. In the second quarter of 2016, Uber operated in fewer than 40 cities in all of China. Didi, at the beginning, showed that more than 80% of people would like to choose economic travelling, meaning the replacement of taxis. Economic travel together with user subsidies helped Didi obtain a huge market, reaching more than 400 cities. Uber and Didi both provide multiple levels of service to different demand groups. For the economic travel users who make up more than 90% of the order volume, the collection standard of Didi is 5%, while that of Uber China is 0%. For Uber X, which provides a higher end service, the collection standard of Uber China is 20%. From this aspect, there is inconsistency between Uber's strategic focus and profit focus. Although Uber's primary customer base is the high-end market in order to create a dislocation positioning with DiDi. But Uber should strategically adjust according to the income distribution, aiming to attract the low-end market and then compete with Didi.

5. Conclusion

Through case studies and data investigation, this paper analyzed the reasons for localization failure in China of the global online car hailing giant Uber. Meanwhile, based on Johnson and Christensen's four element business model analysis model, it analyzed the characteristics of customer value proposition, profit model, key resources, and key processes of Uber China and Didichuxing. In the profit model, Didichuxing reflects the consistency of strategic positioning and income focus better than Uber. In the technology area, despite Didi's lack of advancement compared to Uber at the beginning, along with continuous learning and innovation and with the combination of cloud calculation platform, Didi can analyze using big data, customer psychological preference and others. Therefore, in the business model, we can see Didi is a one-stop service platform following Chinese customs and meeting people's needs, while Uber uses an overseas business model with minor modifications. Second, comparing Uber's overseas expansion methods with Didi, Didi's expansion provides more supports in financial and technical aspects and supports localized enterprises through advanced concepts. This model can better protect local enterprises. Although Didi has not expanded its overseas brand, its advantages are also obvious. Didichuxing can save a lot of management costs. Through supporting local companies, there is no need for DiDi to carry out market investigation or design a new business model. Meanwhile it can enhance its own overseas influential strength. Localization failure is always the element that enterprises must consider when expanding internationally. In the Internet era, the sharing economy has developed rapidly. Under this background, the localization failure of Uber China is extremely representative. This paper analyzes the probable reasons for Uber's failure in the views of product, capital, politics, and other factors. And through the comparison analysis of the business models between Uber China and its biggest competitor, Didichuxing, it analyzes its advantages and the operational ways Uber can model. The capital, local culture and customs, and policy environment are the top priorities in considering localization. Then, whether the overseas expansion methods of Didi are suitable for Uber are analyzed in this paper. The operational data adopted in this paper is from Uber China and Didichuxing between 2014 and 2016, which only worked for that time and is not necessarily applicable for today. The different management levels have different strategic development targets. Since 2018, due to various elements, the management levels have changed. In conclusion, we need to figure out whether Uber's current business model is more advanced than before? Also, as people know, different countries treat odd workers platform in different ways, like the worker unions in Europe is strong that they focus

more on worker's profits; people in different countries also have various demands for the sharing economy. Therefore, are the reasons for Uber's failure in China localization universal? What is the localization contradictions that Uber is facing now? All of these are worth discussing.

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