ENHANCING THE VIETNAMESE MARKET PRESENCE
OF THE CASE COMPANY UBER VIETNAM
BY IMPLEMENTING A PARTNERSHIP STRATEGY

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ABSTRACT

This thesis is dedicated to studying the concept of partnership marketing and apply the knowledge gained to the commissioner Uber Vietnam through actual research. The case company has entered the Vietnamese transportation market in 2015 and is currently going through a rough time acquiring market attention. Partnership marketing has been one of the main strategies that the commissioner applied in its market entry plan, however it did not deliver the expected result. Therefore, the thesis writer conducted this research in order to identify the root cause and propose a future plan for Uber Vietnam to improve its program.

The aim of this thesis is to deliver the right recommendations for the case company to successfully implement a partnership strategy in order to sustainably grow in the Vietnamese transportation market. Hence, the thesis writer proposed several consultation meetings with the case company to fully understand the current situation of Uber Vietnam on the Vietnamese transportation market. A qualitative approach was developed to help the author investigate deeply into the topic and deliver a proper suggestion.

In order to achieve the goal, the thesis writer utilized both theoretical reviews from existing studies and practical findings from her own research. The theoretical framework consists of relevant secondary data from multiple studies on strategic alliances/partnership marketing. Subsequently, a primary research was conducted with a series of five different structured in-depth interviews with the case company’s related stakeholders. The interviews were executed consecutively within a month through Skype due to the geographical distance between the thesis writer and the interviewees.

Based on the research, it can be concluded that the case company’s effort in applying a strategic partnership did not fully paid off because of its insufficient attention to the partnership program design. The study indicated that any partnership negotiation should result in a win-win situation when both parties can fulfill their goals. As a result, the thesis writer focused on designing a thorough process from the preparation phase to the evaluation phase and verified the importance of cross partnership management. In
In conclusion, a strategic partnership can become the case company Uber Vietnam’s competitive advantage if it is well executed and thoroughly consolidated.

**Keywords**
Strategic partnership; partnership marketing; strategic alliances; Uber Vietnam; market entry.

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1 INTRODUCTION

This chapter is designed to provide an insight into the motive behind the thesis writer’s choice of topic. In order to do that, the author intends to explain the case company’s background and its development process, as well as the current situation of the company in Vietnam. Additionally, this chapter will shine a light on the Vietnamese transportation market. The author will then present her thesis topics, thesis questions as well as the objectives she set during the whole research process. The chapter will include the method used for the research and the most notable limitations that the author faced to finish the thesis.

1.1 Case Company Uber

In 2008, the blooming of the sharing economy created by the successful story of the apartment-sharing start-up Airbnb led to a trend in the online application industry. Travis Kalanick and Garrett Camp were two among the very entrepreneur-oriented minds to pick up on the change. Having trouble hailing a taxi on a snowy evening in 2008, they decided to hatch an application that helped thousands of people to get a ride with just a click of a button. Simply, the application creates a platform that connects people who want transportation and those who have it to offer. Uber’s offer varies from low-cost to luxurious options. Uber is not a transporting company but it is disruptively changing logistics worldwide. Billions of people benefit from this technology: people who own private transportation can share their journey to earn money; people who need a ride will have their problems solved; even businesses are interested in the logistical advantages of this application. The business model is not unique, as there are existing start-ups on the market that utilize the advantage of a sharing economy. However, Uber’s operation is concrete and innovative enough to bring the company to the top of the industry.

The business has become a billion-dollar start-up and has expanded in every way possible. The Uber phenomenon doesn’t seem to stop. By 2015, Uber worth was $62.5 billion and was the most valuable start-up in the world (Rosoff 2015). After only 8 years, there are currently a billion connections in 414 cities worldwide engaging in the business. The process of geographical expansion has taken Uber to Asia and Vietnam is one of the most dynamic business hubs. In 2014, Uber raised $1.2 billion and most of the funds were invested in an Asia expansion - the fastest growing market in the passenger transporting industry. (Juggernaut 2015.)

In 2014, Uber decided to launch its first move in Ho Chi Minh city, Vietnam. The young and energetic team of talents raised Uber Vietnam to be one of Uber’s fastest growing markets globally within one year of operation. The mobile application records that every few seconds, there is a connections made between a rider and a driver. Figure 1 shows how quickly Uber expanded in two of the biggest Vietnamese cities during its first year entering the market: Ha Noi and Ho Chi Minh City. In Ha Noi, Uber has created on its own more than 1.5 million rides. Despite the rapid growth in the beginning, it was not a direct route to success as the team faced multiple challenges when entering this attractive market. The Viet-
namese transportation industry is different from any others in the world. It is a mix between traditional and modern styles of transport and the competition is tough for a newcomer.

Uber is confident that what it brings to the country is invaluable. The fact that it provides an alternative to the current transportation situation by sharing rides which helps to reduce the amount of traffic in the street. This advantage is critical to helping Uber get into Vietnam, since everyone here, especially the government, is having trouble with congestion, traffic accidents and facility degradation. Moreover, with Uber’s presence in the market, more job opportunities are available to both local and international talents. Additionally, every Uber driver has to be screened and pass the complete process of an identity check, facility review and background analysis. From the riders’ perspective, this makes the sharing part safer, more accountable, and more transparent and thus, it helps Uber gaining more credibility (Karun, 2015.)

Uber has a defined objective: to make people aware of their existence. Technological advances have made it easier for online businesses like Uber to deploy digital marketing strategies, including social media, advertisement display, content marketing, etc. This has been a significant contribution to the success of their market presence. Local citizens are well aware of Uber’s existence, and gradually, they consider it to be an alternative means of transport. However, there are hundreds of other alternatives for them to choose. According to Douglas Ma (interview 2016), to local people in Vietnam, riding in a car is luxurious and expensive, and despite the fact that Uber’s business model helps to lower the cost, the mindset is still unchanged. Thus, Uber must find their way to change the brand image in different market segments. (Douglas Ma, interview 2016.) The team decides that, apart from catering customers’ experience, it should start researching the market and cooperating with other businesses to benefit
from a business-to-business relationship. Partnership marketing, or strategic alliances is therefore, Uber Vietnam’s next big step.

1.2 Entering the Vietnamese Transportation Market

There are a few decisive factors that determine the marketing strategy Uber must execute in order to win Asian markets in general and the Vietnamese market specifically.

Firstly, the Uber team in Vietnam needs to be well aware of customer insight. There is a huge gap between Western and Eastern culture and this gap makes the analysis of customer mindsets complicated. There are great opportunities with this populous country, though it is still unclear about people’s reception of a new means of transport. Not only the Vietnamese locals are price-conscious, but most of them also own private vehicles. Since the average income is relatively low comparing with other Asian countries, people tend to save their money as much as possible. They are fast in adopting new trends and at the same time, are relatively easy to change. There are different segments in the market which can be divided by ages, profession, income, etc. and each segment’s behaviors are considerably distinctive. For example, a 50 year-old mother would rather drive her son to school than hailing a cab for him, because it is less expensive and safer in her opinion. On the contrary, the son would be drawn to have a cab ride to school as it is more fashionable and independent. Vietnamese local mindsets discourage the use of cars as it is expensive and it causes congestion. Additionally, local citizens have been using cash as the main payment method for centuries and the adoption of electronic cards has not been common. This fact poses a problem to Uber’s traditional business model. Thus, depending on different segment, the team needs to address specific concern in order to draw their attention.

Secondly, the Uber team must tackle huge challenges in market competition. The passenger transportation providers can be divided into four groups: private vehicle owners and public transport; taxi operators; taxi booking application companies and free drivers. The first group is also the most traditional one. As mentioned above, most Vietnamese adults own either a motorbike or a bike. They find it more convenient to control their personal business instead of wasting time waiting for public transport or a taxi. As a matter of fact, this is one of the main factors leading to the terrible traffic situation and serious air pollution in Vietnam currently. Public transport in Vietnam is mostly used by students, and is not positively perceived. People regard public city buses as a dirty, crowded and a careless ride, causing danger to both passengers and other vehicles on the street. To make matters worse, there have been a noticeable number of theft cases reported recently that have happened on packed buses. The second group consists of hundreds of taxi companies, though mostly dominated by two giant players: Mai Linh and Vinasun with a total of nearly 30,000 taxis nationwide. Despite the fact that in the last couple of years, Mai Linh’s business was declining and they had to sell their inventory to pay off debt, the total market share of these two giants still accounts for more than 70% of the market share. (Minh Do 2014.) Their businesses depend vastly on the availability of taxis on the street as well as their partnership with different
malls and apartment complexes. Even though the taxi fare is costly, these taxi operators have developed stably until the third group disruptively entered the market.

![Graph comparing taxi fare between different Asia countries](image)

Figure 2 Comparing taxi fare between different Asia countries (Uber Newsroom, 2015)

So far, there are several passenger transportation applications co-existing in the Vietnamese market: EasyTaxi, Uber and GrabTaxi. The latter two applications quickly dominate the news and their growths are significant enough to cause concerns to any other competitors. And thus, the other players in the market is trying to stop this third group at all costs. To make the situation more intense, the taxi operators are competing by building their own application labelling “made-in-Vietnam” (Ngoc Nguyen 2015). The last group is technically illegal, but it is too common not to mention it. These are the local Vietnamese people who own private cars or motorbikes and willingly turn their vehicles into a service, without any official permit from the corresponding authorities. They do not pay the income taxes nor follow any regulations. Vietnamese locals are familiar with these services for so long time that they do not notice the wrongful act. This group is also considered a traditional means of transport. Currently, it is reasonable for Uber to consider putting together their businesses with the last group, but the market remains complicated and the competition remains severe.

The following graph shows the increasing popularity of the taxi application that is disruptive to the traditional businesses. It is easy to see that Vietnam is exceptionally fast in adapting to the market trend as well as changing its lifestyles. Such tendency can be beneficial for Uber’s business operation as Uber is also a brand new disruptive change in the transportation sector, but also will be a two-edged sword that may counterattack if we are not flexible and change when it is necessary to do so. (Minh Do 2014.)
Last but not least, Uber team has to pay a closer attention to the legal perspective. There has never been a sharing business expanding to Vietnam before, hence there is no equivalent regulatory framework provided for passenger ride application companies. It has not been confirmed by the authorities on whether these companies like Uber and Grabtaxi belong to the technology industry or the logistic industry. Despite the fact that a lot of initiatives are being made from the government to help such businesses, it is so disruptive that many stakeholders are worried that it will cause a major change to the industry. For these reasons, other taxi operators as well as the government rules that these application companies did not have sufficient legal conditions to be qualified to join the taxi market. While the companies insist that they are a technology based enterprise, the traditional businesses claim that they are violating the Vietnamese regulation and being seen as “unfair play”. GrabTaxi, however, progressed one step ahead when its business was approved by the government in 2015 and seizes 62% market share, while Uber has acquired only 21% of the market. (Ngoc Nguyen 2015.)

The above situations are not only Uber’s concerns, but any company’s if they consider entering the Vietnamese passenger transport market. For Uber, the situation is changing positively: people are increasingly receptive to the brand, they gradually realize that using Uber costs less than hailing a taxi and it is a more convenient transportation method. The competition remains harsh but with Mai Linh’s decline in business and more people’s willingness to use other alternative options, there are more room for Uber to grasp.
1.3 Thesis topic, research question and writer’s motive

The author of this thesis has been interested in the sharing economy since the start of the apartment sharing application Airbnb. However, while Airbnb did not succeed in entering the Vietnamese market several years ago, Uber gained its first presence in this competitive market in 2014. With regards to all aspects mentioned above, the thesis writer had a talk with Ms. My Dang, a partnership executive at Uber Vietnam to understand the team’s action in the market. Uber Vietnam focuses their expansion strategy on the marketing activities. According to Ms. Dang, Uber team in Vietnam executes its marketing operations into three distinct directions: partnership; social media and growth, with a focus on the partnership as the data has shown that the partnership marketing accounts for the largest share of the customer headcounts (My Dang, interview 2016). Partnership is understood as engaging into the business-to-business (B2B) relationships in order to acquire mutual benefit from the cooperation. The partnership team’s concern is to form an agreement between Uber and other businesses from different industries such as the food & beverage sector; the e-commerce sector; the banking sector, with the purpose of utilizing the partners’ data base to acquire new customer sources for Uber. The partnership cooperation is expected to create mutual advantage to both parties involved. Uber provides partners with different packages and offers, mainly related to transportation, and in exchange, partners will help promoting the company to their stakeholders. (My Dang, interview 21.2.2016.)

This thesis content will be dedicated to understanding the concept of the partnership marketing, as known as strategic alliances, and applying the concept into the real case company Uber Vietnam in order to give the best solution to help the case company sustainably expand into the Vietnamese market. The specific topic on the research is: “Enhancing the Vietnamese market presence of the case company Uber Vietnam by implementing a partnership strategy”. The research question is stated but not limited to “How can Uber acquire the market share in Vietnam on the basis of executing a B2B branding strategy?”

1.4 Research objectives

The actual research will be completed by accomplishing four objectives.

The first objective is to provide the theoretical foundation base on the knowledge of the B2B business partnership; the strategic alliances and the market acquisition. There are credible theory sources which are going to be used accordingly to best describe the knowledge applied within the research. These specific sources will be mentioned in the theory part as well as in Sources chapter.

The second objective is to consult the existing partnership networks, the B2B research data and the strategy analysis of the case company on the Vietnamese market; and to conduct an independent research to support the strategy. This objective will be acquire by retrieving the existing data from the commissioner company, gathering the secondary data via media scan-
ning such as the internet; the newspapers and different publishes from other valid sources. Other methods such as partnership profiling and interviews to obtain the primary data may be executed depending on writer’s analyses of the thesis progress.

The third objective is to analyse the research result to compare and produce the best strategy plan for the B2B activity of the case company Uber Vietnam. The author of the research would like to provide an objective view by presenting result through different graphic forms (charts; diagrams; tables).

The fourth and also the final objective is to propose an action plan and an implementation strategy based on the analysed conclusion in the form of recommendation by the author. The ultimate goal of both the author and the commission company is to know how to utilize the knowledge of the strategic alliance in practical situation so that it helps the case company to sustainably acquire the market share on the Vietnamese transportation market.

1.5 Research method and limitations

The thesis writer will apply different research methods in order to achieve the best results, including the use of secondary data from various valid sources. If possible, there will be an actual research in order to gather credible primary data needed in the assessment phase. Additionally, the author intend to profile the related businesses and if possible, interview different parties for the purpose of delivering the right and needed recommendation.

There are a few limitations to the process of completing these research objectives. Firstly, the geographical area of both the commissioner company and the researched market is in Vietnam, while the thesis writer is currently accommodating in another country. This situation will cause various difficulties in time management and resource access to the research process.

Additionally, the topic of the thesis is business-to-business related. Therefore it is not simple to conduct a large survey or some other common research methods. Moreover, it is neither straightforward nor easy to gain an answer from a business, a representative of a business or to get an interview with the right person in charge. Therefore, the research method will be flexible depending on the actual situation during the execution of the thesis.

Another limitation is lying in the fact that the strategic alliance – the thesis’s main theory foundation – is a niche concept. This means that there are not many available and updated sources for the thesis writer to study and orient, and thus, the writer has to gather a larger studies that contain a section on the partnership marketing. There is also another option to learn from experienced persons to provide the knowledge in the theory part. This limitation, hence, may unexpectedly prolong the thesis writing process.
2 THEORY FRAMEWORK – STRATEGIC PARTNERSHIP

This chapter is designed to provide relevant existing theoretical knowledge that has been studied on the topic "strategic alliance". The main objective that the author is fulfilling in this chapter is to create a base framework for the research activity later on.

With the rising popularity of internationalization, modernization and industrialization, doing businesses globally has become tougher than ever before. As organizations are striving to maintain their presence on the market, their marketing teams have to look for some new angles to leverage their core competences, and the strategic partnership is one of the most recent trend being utilized. We can dictate how popular this method of marketing is through some key datas. There are more than two thousand alliances built every year in the world and it keeps growing at a considerable rate of 15% annually. However, not all of them succeeded. In fact, barely less than half of the alliances formed can sustain. Only a number as small as 9% of all the yearly partnership formation worldwide benefits from the cooperation. For this reason, there must be a thorough understanding on the partnership marketing and how it works for the business, and that’s the purpose of this following theory framework section. (Stein-hilber 2013, 4.)

The concept “strategic partnership” refers to a large strategic application in business and can be used in almost any professional area, from marketing/sales to supply chain integration. In fact, it is a familiar concept within the business world. Such strategies as licensing, joint venture, and outsourcing are the terms that we hear every day at work (Serrat 2009, 2). The most common form of the brand alliances in the last few decades is co-branding, which is easily observed in the airline industry, where different brands come together to form an agreement to promote one single product: flight. These formation is also known as the airline alliances. Other entrance to the brand marketing is cross-marketing, which will be the main topic of this dissertation. Cross-marketing implicates the formation of a partnership which will lead to a joint marketing strategy to co-brand both parties and result in a broader customer bases for each member of the agreement. Depend on different approaches to the strategy, the brand marketing can be a short-term tactic to tackle the brand awareness, increase the sales revenue or a long-term scheme to grow the market share or to enter a new market. (Elyas 2013, 1.)
According to a recent study “Growth from the right intro” by the CMO Council and BPI network, the most substantial benefits of a partnership engagement are illustrated in the figure above. 68% of the respondents are in favor of a strategic alliances to acquire new customers. This is also the purpose of the case company Uber Vietnam when engaging in a partnership. Second to acquiring new customers, increasing revenue is also one of the most important factors that make companies decide to set up a partnership marketing (66%). It seems that customers and revenue are a clear choice for any company to root for, as both of these options was voted by more than 60% of the companies that took part in the survey. With 32%, geographical expansion is the next concern and is Uber Vietnam’s second main drives for a strategic partnership. 27% of the respondents note that they want to use partnership as a way to extend their product line. In other word, partnership marketing is used here as an approach to value adding strategy. Sharing almost the same percentage of vote with the previous option (26%), gaining access to new technology (knowledge acquiring) is next on the benefit list. This fact has shown how significantly technology is driving the business world. Some of the less visible advantages acquire by a strategic alliance are adding resources; boosting operation effectiveness; upgrading product/services; financing businesses; improving supply chain management; etc.

This research project will only mention the “strategic partnership” as a marketing tool and is not involved in the merger and acquisition of businesses. In other word, the concept “strategic partnership” described within this paper solely indicates the independent businesses and merely marketing-related. From now on, the three terminologies “strategic partnership”; “partnership marketing” and “strategic alliances” will be used interchangeably.

2.1 Nature and the formation of strategic partnership

According to Olivier Serrat (2009), a strategic partnership “is a voluntary, formal arrangement between two or more parties to pool the resources to achieve a common set of objectives that meet critical needs while remain-
ing independent entities” (Serrat 2009, 2). From the marketing perspective, this involves the sharing of the marketing resources between the members of the alliance such as distribution channel; subscription data or even customer base, in order to achieve the desired mutual benefit (Serrat 2009, 2). Technically, a strategic partnership is an exchange process, in which businesses make a deal with other businesses (B2B) because they have common interest. (Kanagal 2009.)

Over the past few decades, when it was obvious to the business world that developing products is not the only way to sustain the revenue stream, there is a common acceptance from the business people toward satisfying their customers in different ways so that they may stay loyal to the brand. Thus comes the development of the marketing concept and all the related branches, including partnership marketing. (John Egan 2001.) Marketing and its branches have grown so important that nowadays, a firm without marketing is never going to survive on the market. A firm that does not satisfy its customers is on the losing end of the rope.

2.2 The need of a business toward strategic partnership

According to Marc Thomas, every organization has its own shortcoming. When doing businesses, one can not avoid the gap between the reality and the potential capacity. It is the lack of various condition (resources; competences; size; access; etc.) that cause the strategic hole and the businesses of all fields strive to close this gap with either the internal or the external means. The former approach (internal approaches) is widely known as a sustainable, though long-term solution, and the latter one (external approaches) is more likely to deliver the result directly. Hence the birth of the interfirm cooperation as a strategic instruments. (Thomas 2014, 5.)

Figure 5  The scientific rationale behind inter-organizational cooperation (Marc Thomas, 2014)

So why do businesses want strategic partnership? The benefit that an organization gains from a strategic alliance is usually noticeably huge that it
can be turned into a competitive advantage. In other word, when seeking new partners for the marketing activities, the business is actually seeking for a new competitive advantage on the market to outweigh its competitors. The alliance is to ensure that this new competitive advantage is sustainable, and thereby enhance the quality of businesses’ performance, since the world is changing faster every day (Bharadwaj 1993). Being a member of a strategic alliance, the businesses can directly increase the marketing resources without any extra cost, and leverage each other’s core competences in order to enhance the value proposition to potential customers. The friendship will also help each organization to strengthen its access to a new market segment, thus, reaching out to more potential customers (Serrat 2009, 2). The concept of the partnership marketing is a distinct innovation which helps businesses access to wider distribution channels, provide more value to more customers, and increase their customers’ loyalty to the brand. Take the airline industry for example. Nowadays, almost every airline company belongs to an alliance. The engagement in such association gain the company more access to its potential customers in other geographical area and thus, enhance the brand image. The alliance may also benefit from a joint marketing program or a code-sharing agreement. (Debbage 1994.)

Additionally, knowledge is a promising benefit when forming an alliance. The members of an alliance will not only learn more valuable information and knowledge from each other but also, together they may be able to establish a new successful strategy (Serrat 2009, 4). When a firm has reached the maximum level of its exploration in their own field, it tends to seek new way to learn from different sources, and thus the purpose of forming an alliance is vastly for the interest of knowledge. (Grant and Baden-Fuller 2004, 63-64.)

From the customers’ point of view, a business alliance increases the possibility of providing an integrated solution to their right problem and that is surely the main core value that the businesses are aiming at (Steinhilber 2013). In Vietnam, before the car-ride application such as Uber and Grab-taxi arrive, the traditional taxi operators used to have agreements with the
malls and the apartment complexes business. Vinasun and Mai Linh, the two biggest taxi operators in the country, will normally compete to win the right to have a number of their taxis parked on the main entrances of these partners. At the entrance of Vincom mall, one of the biggest and most modern mall in Vietnam, there will be at least five of Vinasun’s taxis available for the mall visitors to hail anytime (Minh Do 2014). Not only does this gain Vinasun more market presence, it also benefits the customers since they can satisfy their instant need for a ride if they want to go a shopping site.

2.3 The differences between doing business-to-business (B2B) and business-to-customer (B2C)

The difference between doing marketing traditionally and doing marketing through said partnership strategy is the direct target. Traditionally, every marketer has to advertise the product directly to those customers who will have a potential need to buy them. Nowadays, with the concept of partnership, doing marketing also means communicating the product to a third party who will then deliver the messages to the main customers. In a partnership agreement, this third party is equivalent to the partner itself. While reaching out to new customer segments is often the ultimate goal in a partnership, it is substantially different sometimes, whether a company decides to accomplish that by choosing between B2B marketing or B2C marketing.

First of all, a successful B2B transaction requires a formal process. Since the other party is an organization, it is more likely for the agreement to be legalized, and all the terms and conditions are expected to be reviewed, checked and approved by a lawyer. Hence, the amount of time it takes in order to acquire a successful transaction with the other businesses can vary from several months to even half a year, depending on the nature of the agreement and the size of each party (Kunitzky 2010, 5). Therefore, when considering to set up a partnership network, an organization should take into account the time span it would take in order to deliver the closest judgement on the result.

Secondly, there is a substantial difference in the driver behind a business and a customer when engaging in a transaction. For a business, the motive is much bigger and objective than individual. The end aspiration is always a mutual benefit for both business and individual. However, in businesses, the “benefit” is measured carefully by all metrics, number and data, unlike that of the individual’s when it is often measured by the “feeling”. Thus, when making a decision to buy or to engage in a transaction, a business will take into account all the aspects that will directly or indirectly affect the end result. Hence, if a business would like to think about a partnership as a marketing strategy, bear in mind that the approaches to a B2B engagement is significantly diverse than that of a B2C relationship. (Kunitzky 2010, 6.)
2.4 Partnership agreement as a strategy to enter a new market

As globalization is changing the world in every corner, the concept of localization is equally important. Think global, act local. When one is determined to move to a new geographical area, his first action is often to conduct a research and analysis on that new home. What could possibly be a wiser choice than to have a friend in the new land to tell him everything he needs to know about it? The same logic works with the business world. When considering an expansion, a business may favor a partnership decision with which it can scan the new environment and has its first insight on the market. This partnership can last for as long as both parties find it beneficial. Globalization has to be tied with localization. Globalization is the macro perspective, the view from above to align all business into one strategic structure, to control and develop the whole unified organization. However, without localization, the business will fail from inside out, each division is lost if it does not integrated into the local norms and customs. Therefore, when entering a new market, or going global, organization should always pay close attention to local situation and an alliance with local brands is considered one of the most effective strategy to blend into the market without failure.

According to Dr. Salah Elyas (2013), with the perspective of enhancing the consumer behaviour with the affiliation of different products, advertising alliance can be divided into two models: Unbalanced and balanced method of advertising. (Elyas 2013.)

2.4.1 Unbalanced advertising method in brand partnership

This type of partnership happens when there is an imbalance between two brand powers in the alliance. In other word, when one brand is relatively bigger than the other one, this partnership happens with the aim to both strengthening the brand power of the stronger business and increasing the brand awareness of the weaker one. Regularly, the weaker will be the dependent party and seeks the protective relationship from the other one (Elyas 2013, 4). Several varieties of partnership can happen within an unbalanced advertising agreement:

- Sponsorship: the host brand will display the bigger brand name as a sponsor – directly or indirectly. A sponsorship happens to advertise the host brand, but can also positively impress the target customers of the sponsor company. (Elyas 2013, 5.)
- Recommendation: typically, the recommendation method is used to enhance the brand name of the host brand, although in fact the host brand has already established a well-known and careful positioning name in the target customers’ awareness. (Elyas 2013, 5.)
- Contribution: This type of alliance engages both brands into creating a common product (can be a tangible product, a strategy, or a campaign) in which the host company is the owner and the other brand is contributing to some factors to complete the product. (Elyas 2013, 5.)

A recent example can be seen in the newest collection of H&M x Balmain, with H&M being the host brand and the Balmain is the co-
designer of the collection. When released, this collection gained a massive attention all around the world, its appearance on the news along with the high expectation from the fashion lovers globally has proven that this collaboration between the two brands has been a great success. (Sowray 2015.)

Through the above mentioned methods, it can be seen that an unknown brand will go for the first two methods when choosing a type of alliance to enter a new market, while the third one is often used by a well-known brand to enhance the presence on a new market or to target a different group of customers. In reality, the application of these methods is dependent on the final goal of each company when setting up a partnership agreement.

2.4.2 Balanced advertising method in brand partnership

This engagement reflects an equality between each member in the activity created by the alliance. Though a specific measurement of an equal result is not defined, it is assumed that an equal result means that through the alliance, both parties will gain a comparable impact on the target subject. Dr. Salah Elyas divides this group into two distinct categories. (Elyas 2013, 5.):

- The first category includes a proportionate participation from all members of the alliance agreement. There is no differentiation between the powers, as all the members will appear equivalently in the public (for example, on the package or on the advertisement). (Elyas 2013, 6.)
- The second category is an alliance made by equally strong brands from different sectors. Broadly speaking, this agreement is a contemporary contract to form an association in order to leverage each members’ competences and create more value to the product delivered. (Elyas 2013, 6.) For instance, the cooperation between PepsiCo and Starbucks in 1994 to release bottled cold coffee drinks was a worthy risk, as both of them had no experience in the new segment and they decided to join knowledge and capabilities for the common purpose, which later became a successful move. (Simoons 2012.)

There is no obvious evidence that in an alliance, one brand will benefit more than the other. In the end, it will depend on the purpose of each brand when engaging in the alliance to measure the success. However, it is proven by real cases in history that a strategic alliance between local brands with the foreign ones can result in successful market entrance if the strategy is well designed. One of the most typical case is the rivalry between soft drink giants Coca-cola and Pepsi when they compete to form partnership with local restaurants and fast-food chains when entering a new market around the world.
2.5 Risk management in entering a partnership marketing scheme

There is undeniable benefit associated with strategic alliance and if well-managed, the partnership will be a sustainable competitive advantage. This section is dedicated into recognizing the risk behind such alliances and how to manage the risk prudently to ensure minimum damage on the business operation.

As mentioned above, there were more than half of the alliances failed annually. The most common rationale is the unaligned mindset from each party when engaging into a partnership. Alliances are about relationship and value creation, which require utmost trust from both end of the relationship. In the context of business partnership, this may be hard to acquire. Every business allows a certain amount of suspicion in all situations, this keeps business away from risk. When engaging in a business alliance, the risk became harder to forecast. The company is no longer able to control every movement of the business. It’s not only the business’ responsibility but also the partner’s, therefore when something negative aroused, both parties may panic and blame the others for the unwanted incident.

![Advantage and disadvantage of strategic alliances](image)

In business world, it is often believed that there cannot be a win-win situation, or “your win is my loss”. Such mindset put alliance stakeholders into the state of “dividing the success” and thus, competition. To avoid such problem and reach the maximum effectiveness, every member of alliance should focus on “value-creation” instead of rounding their head toward “value-division”. In the end, what businesses want from inter-firm relation is to satisfy customers, and what customers need is the complementary of both product, not the separation of them. (Kittel 2015, 5.)

The determining factors that lead to failure in strategic alliances include miscommunication. In fact, miscommunication is the problem of every kind of relationship. Effective communication initiates from respect. Businesses regularly tend to underestimate the importance of alliance and as a result, do not pay close attention to what the partner wants. A mis-
alignment of purpose when the contract is made can be devastating. (Kittel 2015, 6.)

Another contributing factor to the collapse of such strategy come from crucial detail: complexity between businesses. We all know that every organization has a typical structure and culture. Every company is different from each other’s. Nonetheless, when forming an alliance, rarely there is someone speaks out about those intangible though vital points: how to achieve harmony when the partners are so different? Not to mention an international alliance, when not only internal differences cause trouble to the relationship, but also external factors such as national culture, law, business customs and working environment. All these factors mentioned above together create the “complexity” that should be taken into account when forming the partnership. (Kittel 2015, 7.)

2.6 Partnership strategy outline

In order to excel in the art of partnership marketing, a company should consult the following outline of a typical action plan that was applied by many of the previous successful partnership projects. The plan outline is illustrated as the following figure and is then presented in detail in the smaller sections from 2.6.1 to 2.6.5.

![Diagram of partnership strategy outline]

Figure 8  typical timeline of a partnership strategy
2.6.1 Partner selection

When choosing a partner for the big plan in marketing, a business should notice two main factors: resources complementarity and compatibility. (Thomas 2014, 25.)

- Resources complementarity indicate an importance in value-creation feature of the partnership. This factor gives weight to the possibility that together, the members of that alliance will create something valuable and desirable to target group. (Thomas 2014, 25.)
- Compatibility feature, on the other hand, focuses on similarities between the members of an alliances. The driver behind this feature is relationship-based, meaning that the alliance aims at reinforcing collaborative strength. There are different types of compatibilities such as human; operation; culture; strategy, etc. (Thomas 2014, 25.)

According to Marc Thomas, a process of 5 steps is strategically planned when deciding a partner to do business: First is to develop partner profile based on specific need from the partnership. This is the basic “get-to-know” step that will help business assess generally if there is a fit between the two companies. Secondly, business must scan the list to find out a shortlist of potential partners. This process involves a thorough check on business insight of the partners and an objective judgement should be drawn based on statistics and numbers. Thirdly, business is expected to develop a framework and decide on the selection criteria that matches its business operation and objective. After that, an analysis will be conducted based the framework and if necessary, a first-hand meeting should be arranged to initiate the engagement. Last but not least, company must deliver a risk management plan to avoid unexpected situation aroused. (Thomas 2014, 27.)

2.6.2 Partnership negotiation

Bear in mind that during the partnership negotiation, each party must show a collaborative mindset, a win-win attitude will form the foundation of a healthy and fruitful relationship.

The figure below demonstrates the possibilities in a negotiation, in which two situation is considered stable: the first one (both parties lose) and the forth one (win-win situation). Apparently, no company would like to cooperate with another if the partnership results in losing profit. However, practically, no one is able to predict every situation in a case, and the when losses happen, it normally is due to unexpected reasons. Obviously, it is always easier to control the situation and manage risk when the company is working independently. In a partnership, the “independence” factor is replaced by “collaboration” factor, which means the company has to trust on its partner in every situation and cannot in full control of their actions. Unexpected situation occurs easily if the partnership is not thoroughly communicated. Which means, when forming a business alliance, not only the two companies were granted with new opportunities, but they also share the same risks. Thus, in the following sections, the author men-
tioned risk management in order to help organization manage their partnership to prevent such negative outcome.

Situation 2 and 3 result in one party’s loss, which theoretically will not be accepted by the losing side. However, in reality, every situation may happen as long as the entire partnership is considered balanced from both end of the partnership. (Thomas 2014, 30.)

![Negotiation matrix (Marc Thomas, 2014)](image)

In general, most of the partnerships formed nowadays fall within situation 2, 3, 4 with 4 being the maximum effect that both parties hope for when signing the contract. During the actual meeting, a negotiation minutes should be carefully drafted and checked by all stakeholders to be judicially ensured. The negotiating team should include decision makers and experts from every sectors related to the agreement.

2.6.3 Establishment phase

The establishment phase is meant to design an attentive plan with clear objectives. During this phase, both parties have to deliver the answer for some decisive factors such as governance form, contractual provision, and decision making process.
2.6.4 Execution

After drafting the plan, creating the alliance, deciding on the type of partnerships, the execution must involve in the performance assessment of both parties and the fulfilment of contract. In the most ideal situation, the execution phase will spare room for communication clarity; decision making; conflict resolution and affiliate valuation. The optimal goal for the whole execution phase is the highest effectiveness achievable of alliance performance (Thomas 2014, 30). It is always recommended to actively approach the partner to deal with every possible situation that may affect the end result of the partnership.

Step-by-step guidance to execute the partnership includes: every day’s activity management; monitoring and adjustment of potential obstacles; risk management or corrective measure; communication and development from mistake. Throughout the whole execution process, a unified collaboration between the two parties is required in order to both deliver the best result from the partnership and to enhance trust and respect between the two companies, because in the end, it is all about the relationship established that sustains (Thomas 2014, 51.)

2.6.5 Evaluation

Evaluation is the final but crucial part before an alliance terminates. It allows each member of the partnership an opportunity to look back and feedback on the whole process of the alliance, draw the lessons from mistake and learn from the experiences. Evaluation phase will directly form the foundation for the next step of the business, whether to continue, change or terminate the partnership agreement. A bilateral evaluation should be made from both parties to secure the fairness of the judgement. There is no specific method for the measurement of success, though depending on specific nature of the agreement, members can agree on the most suitable option. Several options are suggested by Marc Thomas are as followed: (Thomas 2014, 54.)

- Cost accounting is a short-term and sided measurement since it focus mainly on financial report. However, this measurement is crucial in order to quickly evaluate the result of an agreement internally. (Thomas 2014, 54.)
- Alliance scorecard is based on Kaplan’s & Norton’s balanced Scorecard concept which was introduced in 1992. The scorecard is designed in order to help an organization manage its financial situation in accordance with organizational vision and strategy. The essence of this method is for the purpose that a company is able to balance its intangible asset with its physical one. In the core of this concept, four perspectives are established: financial; customers; internal business processes; learning and growth. Balanced Scorecard concept is a full measurement that assess every aspect related to the agreement. There are various scorecard framework developed by notable experts. The detail of a basic scorecard by Kaplan and Norton is explained in the following figure. (Thomas 2014, 54.)
Enhancing the Vietnamese market presence of the case company Uber Vietnam by implementing a partnership strategy

Figure 10  Classic Balanced Scorecard (Kaplan, Norton, 1996, p.9)

- Diagnostic tools such as surveys or evaluation forms. This method allow flexibility in designing the tool as long as it is suitable for both parties. Type of survey and evaluation forms also varies based on different experience with the partnership strategy as well as organizational culture. (Thomas 2014, 54.)

2.7 Conclusion

During this chapter, the author presented the general concept of a strategic alliance and its history of application into business world. Furthermore, she provided a theory background on the most famous study about different types of partnership as well as a detailed definition for each of the type mentioned. Last but not least, the author gave a typical outline of a strategic partnership from the initial point to the finishing stage.

The concept of strategic partnership is a modern and innovative solution for businesses in achieving various purpose. This dissertation will address the purpose of such partnership in market expansion geographically. With a carefully developed plan and execution of the explained theory, there is an expectedly higher chance that businesses will excel in partnership agreement.
3 CURRENT SITUATION AND CHALLENGES

This chapter is designed to present the actual research carried out by the author in order to study and understand the partnership marketing strategy of the case company Uber. The research will cover both current situation as well as future potential pictures for Uber to execute its strategy. This chapter is purposely important in the sense that it describes the primary interview activity and the interviews’ outcome, which will later be used as the main environment to analyse and create the recommendations for the case company.

3.1 Uber’s current partnership plan

Before conducting the actual research on external stakeholders, the thesis writer decided to have a talk with Ms. My Dang, Uber’s marketing associate and the thesis writer’s direct supervisor at the case company, to update on its current B2B strategy.

Currently, Uber is deploying various types of corporate partnerships. Depending on the type of business that the partner is operating, the direct target of the promotion can be the partner itself (partner’s employee) or its customers. Several of the most typical partnership forms are listed below according to Ms. My Dang:

- Uber for business: allow partners to use Uber’s platform as a means of transportation. Specifically, Uber will provide corporate with an admin account that can grant its employee access to Uber’s service. This is a convenient package since the bill can be added up and sent to the partner’s company at the end of every month and remove the hassle of payment method. The advantage of such package is that Uber can help tracking employee’s use of transportation (whether it is used for company business or private purpose) as well as eliminating the wasted time in reimbursement and administration.

- Standard deal: The package offers a specific amount of discount for customers of partners every time they enter the coupon code (provided to partners in advance). This is the type of deal that Uber had with the KAfe group that the author will discuss later on.

- API: allows customers to order Uber’s service via partner’s platform. This is the partnership method that the thesis writer want to apply on Uber and VNP alliance.

- Branding campaign: Collaboration on a short-term program or event. For example, Uber and Baskin Robbin together organize “Ubericecream” program, or Uber and Viettinbank share the “Uber-taoquan” event. Such short-term event is expected to bring a drastically high profit over a period of time to help both parties gain immediate marketing influence and net revenue.

For Uber, this partnership strategy aims at 2 main goal: branding and customer acquisitions. The former depends mainly on Uber’s creativity with the package delivered to partners (how attractive is the idea that Uber is offering?) but the latter is heavily stressed on the partner’s network. Hav-
ing worked with B2B for Uber for over a year, Ms. My Dang identify that the most potential partners are banking sectors and online platforms. In the following research, the thesis writer will introduce several interview done on these identified target sectors. Depend on different situation, Uber will have its own method of searching for partners. Uber may first design the partnership package and based on that, it will look for the most suitable companies to cooperate; or vice versa, meaning that Uber already have a target corporation to match, and thus it create the package to suit the corporation. Either way, both parties supposedly have to share the same vision and interest as well as strategy in order to effectively communicate.

3.2 Validity and reliability

The thesis writer chose a qualitative approach for this thesis topic. As the thesis’s main stakeholders are Uber and the Vietnamese local businesses, it is justifiable to conduct the interviews directly with the responsible members of each stakeholder for quality answers. Specifically, the thesis writer conducted several structured interviews with the related parties (Uber and the potential partners) to pitch into the main topic. A structured interview is designed with a specific set of interview questions and is slightly tailored based on the interviewee’s background. “The aim of this approach is to confirm that each interview is offered with exactly the same questions in the same order.” The research’s purpose is to collect in-depth data from the people who have insight on the situation so that the thesis writer can analyse and work out the solution for the matter that the thesis topic presents (Trueman 2016). As each of the stakeholders carries a different company situation, thus a slightly modification to the question set sometimes is necessary.

The interview questions are carefully chosen based on the updates from the current situation at Uber Vietnam. The chosen interviewees are required to give their specific answers on but not restricted to the following details:

- Companies’ target segment;
- Main marketing activities;
- Main marketing purposes;
- Previous partnership that the companies made with other businesses;
- The typical benefits they expect from such agreement;
- Result of the partnership

There are more additional customized questions for each of the representatives depend on the specific case.

During the research process, there were a total of five interviews conducted between the thesis writers and the related partners. Due to specific geographical difficulties (the interviewer is currently not present in Vietnam), the interviews were carried out online in both written and oral forms. There are several main criteria that the author applied when finding the right interviewees. The interviewees were chosen based on their professional position in different organizations that the thesis writer would like
to study. Specifically, all of the respondents are currently occupied in the marketing or business development positions in the consumer service companies such as shopping mall operator, food and beverage service, hospitality, etc. Most of the interviewees are between the ages of 23 – 30 as it is easier for the fresh minds to recognize and change the business trend on the market. Moreover, the chosen targets are geographically restricted within Vietnam. The reason for this location setting is that the thesis writer aim at the local companies to be Uber’s potential partners (further explanation will be discussed in the recommendation section).

The thesis writer has divided the respondents into 3 groups:

- The third party interviewee: the interviewee is a member of Ministry of Science and Technology who has 3 years of experiences in the Vietnam market observation, research and study. Even though this interviewee is not directly related to Uber and its partners, it is useful for the thesis writer to learn more about the current situation and trends that are influencing the business decisions in the Vietnamese market. The purpose of this interview is to gather an objective standpoint as a leading opinion for further research orientation into the detailed perspective from related parties. The discussion also helps orienting the following interviews contents and direction with different chosen companies.

- Uber’s previous partner: the thesis writer arranged a close conversation with a member of the KAfe group, a beverage service provider that cooperated with Uber in May - June, 2016. The talk lasted 1 hour with some interesting information from the KAfe that helped the thesis writer in identifying the pros and cons of the ongoing partnership strategy executed by Uber. Through the information collected from this discussion, the author would makes some changes for the following interviews with the potential partners so that it would be more practical as well as beneficial for both parties when agreeing on a partnership plan.

- Uber’s potential partners: In addition to the above conversations, the author executed three more interviews with the business development members from these companies in Vietnam: Vincom department store, VNP group and Techcombank. Consecutively, they are operating in the mall, e-commerce and banking businesses. These are distinctively renowned local businesses in Vietnam and has maintained a close relationship with their market stakeholders, especially their customers. The interviews were centered on the present marketing activities that the companies are performing as well as the possibilities of a partnership agreement between Uber and those companies. The results were satisfying for the thesis writer and are expected to be beneficial for Uber’s partnership team.

For more information on the selection process, the author made an effort to reach out to eleven potential respondents based on the above presented criteria, in which five of the attempts are considered quality responses. The result of all the successful interviews will be presented in the next part of this research sections.
3.3 Research analysis

3.3.1 Third party consultation

Mr. An V. Nguyen, an expert from the Ministry of Science and Technology agreed to provide the writer with a neutral viewpoint from the perspective of a Vietnamese macro market researcher. Besides his major career at the Ministry, Mr. An V. Nguyen also has had 3 years of experiences in analysing and consulting for start-up and small businesses on the local market prospect. The author was introduced to Mr. An V. Nguyen via some of her networking opportunities and finally got the chance to discuss in details with him on the thesis topic.

Generally, the Vietnamese service market is expanding diversely with a notable growth in number of the creative young talents. With the increase in the income of the age segment between 20 and 35, the demand for the transportation also rises considerably. However, the Vietnamese infrastructure does not support the rising demands and the shortage of means of transportation is larger every day. Mr. An V. Nguyen expected that for the next 10 years, the local people will still rely on either private vehicles (mainly motorbikes) or the cars/taxi service. This situation poses a positive sign for the transportation application provider like Uber and its competitors.

The following graph made by the Q&me market research depicts the Vietnamese means of transportation in the simplest way. It can be seen from the graph that along with buses, taxi has become a major part of the transportation industry. This is also an appealing market for a lot of companies to set their food on, considering that just after 5 years, the market competition situation has dramatically changed. The graph also shows that Ho Chi Minh City is a more open market for the taxi business, account for 30% of the pie compare to 23% of the market share in Ha Noi. However, this does not mean that it is easier and more profitable to compete in Ho Chi Minh City. On the contrary, Mr. An V. Nguyen considers Ha Noi to be a blue ocean, the market is not yet very open so the taxi war is not as tough as it is in Ho Chi Minh City and thus, Uber’s opportunity may be wide open. Moreover, he suggests that since Ha Noi is the capital city, the local people in Ha Noi is used to changing their habit and they are quite receptive to new trends, as long as it makes their life easier. Now that the buses facility and the city infrastructure has been degraded, Uber is holding the longer end of the stick.
According to Mr. An V. Nguyen, the current way in which Uber is partnering with other companies is not precisely equal. To be specific, Uber is offering its partnering companies the transportation for their customers, meaning that Uber is able to access the partners’ customer base. The problem with this deal is that Uber would have a long term benefit while the partnering company only gain a one-time revenue growth. This imbalance in profit also leads to the failure of some agreements that Uber had until now. Therefore, in order for Uber to excel in this type of marketing strategy, it has to come up with a win-win deal to attract the right partnership and plan on long-term agreement.

On another question, Mr. An V. Nguyen suggested several business sectors to which Uber can consider to bridge its network. Vietnam is still a young market, as it has become acquainted with the taxi and transportation providers only for the past 5 years. Moreover, the main purpose of using taxi as a transportation is commonly for entertainment, such as going out with friends (cafés, shopping, restaurants, bars, gyms, etc.) and business trips. Nowadays, the most promising segment that frequently calls for the public transport is young people with medium to high income who is about 25 – 30 years old. A simple explanation given is that the people with such income can afford the taxi fare, and within that age range, people tend to have a higher demand on entertainment (they already have a job and are not yet to be married).

Thus, the recommended sectors are: the food & beverage chains; the attractions offices; the e-commerce and the banking sectors. Some of the biggest local companies that fall within the recommended sectors are: Highland café, The KAfe group, Cong café (the food and beverage sector); VNP group (the e-commerce sector); Techcombank, Viettinbank, Vi-
etcombank, BIDV (the banking sector). The author has connected with three representatives among the potential companies mentioned above for further inquiry.

Apart from commenting on the market situation, Mr. An V. Nguyen also gave a considerable fact that Uber is not yet welcomed by the Vietnamese government. This disadvantage does not only harm Uber’s direct operational business but also make its potential partners hesitate in cooperating with Uber. Needless to say, no business would choose to set an agreement with a firm that can harm their own reputation as well as their relationship with the host government. Consequently, he openly asked for Uber to first resolve its legal matters before setting its foot into the partnership strategy, since this is a long-term plan and requires both the human resources as well as the capital investment.

3.3.2 The KAfe group - previous partner’s experience

Since the beginning of its entry to Vietnam, Uber has been deploying a strategic partnership together with other traditional marketing plan such as social media (via both online and offline channel) and growth marketing in an attempt to seize the market share as fast as possible. As a result, there were a few companies that has experienced the Uber’s partnership agreement, either long-term or short-term. Thus, the author decided to reach out to a well-known company that was a previous ally with Uber in order to gather some practical knowledge and their advice.

The KAfe group was chosen due to the following criteria: (1) It is a famous coffee service provider among Vietnamese consumers; (2) It previously partnered with Uber for a marketing campaign; (3) Its main target customer segment corresponds to Uber’s; (4) It is possible for the thesis writer to contact with the KAfe group’s marketing team. Thanks to a few network connection, the author was introduced to Ms. Anh V. Q. Vu, a supervisor of the KAfe group and a formal marketing executive who was involved in the partnership agreement between the KAfe group and Uber. The thesis writer was able to set up an online meeting with her on August 15th, 2016 for an in-depth interview.

Being known for its stylish and modern lifestyle, the KAfe group is the first urban fusion café chain in Vietnam since 2013 and has received massive favorable attention from citizens all over Vietnam. As one of the most attractive destination for the Vietnamese young people, the KAfe was invited by Uber for a partnership from June 1st, 2016. Specifically, the deal was so that with every bill exceeds 300,000 VND (about €13) at any of the KAfe shops, the customer will get a 20% discount code for an Uber ride. According to Ms. Anh V. Q. Vu, the partnership was not a failure, though she had expected more than what the result was. She mentioned that at the time, Uber had just entered the Vietnamese market for a short time and had not been popular among the target customer group. Thus, when partnering with the KAfe, Uber gained its reputation among the KAfe group’s customers, however the KAfe’s benefit was not clear to Ms. Anh V. Q. Vu. Their customers were satisfied with the discount, but it’s only a one-time use code and so, it’s is not regarded as a win-win partnership. Thus,
the interviewer has been interested in clarifying the cause behind the unsuccessful relationship.

First of all, the target segment that the KAfe chose to focus on is the people within the age range of 20 – 35 with an income higher than the average. Moreover, the KAfe group was quite unique in the sense that its shops are visually standout, so its major customers tend to have a modern lifestyle, meaning that they spend more time enjoying their life instead of just focusing on working or studying. Such target segment happens to coincide with Uber’s main marketing attention and thus, lead to the agreement mentioned above. According to Ms. Anh V. Q. Vu, the two companies gets along well as Uber is perceived to be a luxury service (even though its taxi fare is among the lowest) and it fits the image that the KAfe group is trying to set up. For a leisure day, nothing feels better than dressing up, taking a comfort ride by a private car to one of the most beautiful cafés and enjoying the quality time there. That is the picture the two companies would like their customers to bear in their mind when they think of the brands.

Secondly, the interview content covered an area about the marketing channels. For the KAfe, it’s most effective to do its marketing online via the social media, typically Facebook and Instagram. This is justified by the fact that the two giant social networks are most commonly used by the KAfe’s target customers. Moreover, the KAfe focuses on the art of visual besides the quality, which make Instagram a perfect selection. The company also utilizes the spreading capacity of news and magazine to capture the targeted market attention. Being a phenomenon since the marvellous acquiring of $5.5 million investment, the KAfe group’s founder, Ms. Dao Chi Anh has always been publically advertised on every headline locally and internationally. This is a huge advantage for the coffee chain from the start.

Last but not least, the author asked for more details on the previous business partnerships that the KAfe group has had when growing its business. Prior to Uber, the KAfe had many experiences in the partnership marketing and they were all perceived as positive. Therefore, the KAfe group expected that it would have been smooth with the Uber’s agreement as well. The discussion with the author has made Ms. Anh V. Q. Vu realize that the previous partnership’s success was due to the balance in benefit received from both side. For instance, when cooperating with TPbank for a promotion program, it’s agreed that during two specific weeks, 50% discount at any of the KAfe shops would be applied to TPbank’s VISA or MASTER card owners. The discount sum later on was paid by TPbank. Such deal was appealing to both parties as TPbank was able to utilize the KAfe’s customer bases, and the KAfe was happy with an increase in TPbank customers visiting its shops.

Apart from TPbank, the KAfe group was welcomed with several other contracts to cooperate, and Foody was one of the big names that Ms. Anh V. Q. Vu mentioned. Foody and the KAfe collaborated to release an E-card that offers discount and special deal when being used at the KAfe shops. This time, the partnership aimed at a totally different target group
which were the working group (executives, officer, businessman, white-collar, etc.). A successful deal with Foody has helped the KAfè in acquiring a brand new separate customer segment that they were not able to attract before.

To Ms. Anh V. Q. Vu, these are the typical win-win situations that will lead to a long-term business alliance, this is what she hoped for when the KAfè group decided to partner with Uber. Once again, in the theory section 2.6.2 about the partnership negotiation, it is highlighted that a win-win situation is one of the most fundamental requirement for a healthy and long-term relationship between businesses. In real world, such theory has been proved by the above experience by the KAfè group with Uber Vietnam.

3.3.3 Potential partner’s analysis

With all the information gained from the two interviews mentioned above, the thesis writer decided to contact three more companies that fall into the most potential list made by Mr. An V. Nguyen: Techcombank (banking industry); Vincom mall (shopping center business); and VNP (e-commerce platform). The author was able to connect to some of the employees of the companies mentioned above via personal network, and succeeded in arranging several online interviews with three young talented representatives to gather the necessary information that will be provided in the following parts.

Techcombank – Vietnam’s largest technical and commercial joint stock bank

Ms. Chi Y. Le was one of the very enthusiastic talents of Techcombank that the thesis writer successfully networked. Previously, Ms. Chi Y. Le is a member of the Human Resources Business Partner team, who was also actively involved in the marketing activity of this famous local bank. Together with Ms. Chi Y. Le, the thesis writer have been able to analyse the level of potentiality of an agreement between Uber and Techcombank in the near future.

To start off, the interviewer and Ms. Chi Y. Le has identified the prospect customer groups of both Uber and Techcombank in order to find a match of interest. Considering that Techcombank operates on the banking sector, plus being one of the largest banks in Vietnam, it is easy to understand that its customer base spreads from the 18 years old population to the senior generation, with a focus on the 25 – 40 years old working class. Whereas for Uber, the most prosperous customer segment is the population of the age range within 20 – 35 years old. It can be said that the Uber’s customer target is mostly in accordance with that of Techcombank despite some minor age gaps. Such understanding about the respective customer segments helps the attendees identify a common ground for the future marketing plan, should an agreement is made between these two companies.
When discussing about the marketing objective of a business partnership agreement to Techcombank, Ms. Chi Y. Le believed that it is most crucial to satisfy the existing customers, to strengthen the bond between Techcombank and its clients in order to turn them into the bank’s loyal users. Such motive derive from the fact that Uber’s promotion package is not very considerable. A person without Techcombank card would rationally not rush to create a card from the bank just to enjoy a free ride or a 20% discount of a taxi. On the contrary, those who already own a Techcombank card would be more than pleased that they would be able to travel to work on a taxi or even a luxurious car with a discounted price. Thus, they would feel more engaged in the bank’s operation. From Uber’s perspective, partnering with Techcombank means that they will be able to utilize Techcombank’s customer base. In other words, Uber’s primary goal is to expand its network and reach out to more customers belonging to its target market. Here, even though there is a mismatch on the marketing purpose, the main collaboration essence remains unchanged.

On the question about the risk evaluation, the Techcombank representative admits that there are multiple aspects that the bank has to consider. Being one of the most popular bank in a fast growing economy like Vietnam, there is always the pros and the cons. One important thing that every Techcombank employee has to bear in mind is that the information security should be the highest priority. Being in the banking business is like running a financial security service. Techcombank guards its customers’ safes while they’re investing their life savings on the bank. The bank always has to take due diligence to assure that there is no risk, and to cooperate with a company is always risky since the bank has to surrender its full control of the situation and puts its customer information on the hand of another company. Moreover, Uber is also believed to have unsolved dispute with the local Vietnamese government. Hence, Uber is not an appealing partnership contract as it is very new to the market and has not yet confirmed its credibility.

Ms. Chi Y. Le disclosed that previously, Techcombank has successfully partnered with several of the big-name corporations in Vietnam, locally and internationally. Some names can be listed such as Vietnamairlines, VNPT (Vietnam Posts and Telecommunications Group) and Vingroup. Techcombank enjoyed very beneficial deals from these partnership alliances due to the advantage that it is the corporation whose bank cards are owned by almost every adult in Vietnam. With such massive influence, it is fairly easy for Techcombank to be invited for different business cooperations. Thus, Ms. Chi Y. Le was not sure if Techcombank would be willing to invest time and money on the partnership with Uber, considering that it’s quite new on the market so the profit is not yet attractive. Therefore, Uber should consider wrapping a better benefit package to capture Techcombank’s interest.

*VNP group – Vietnam Price Joint Stock Company – one of the starters in Vietnam’s e-commerce sector*

The representative of this e-commerce giant that the author selected was Ms. Viet T. Phan, a Human Resources executive of VNP group. Ms. Viet
T. Phan was the author’s colleague when in Vietnam and was happy to provide the author with the information to complete this research. The type of partnership that the author is designing for Uber and VNP group is partially different from the partnership analysed above between Uber and Techcombank. Specifically, with VNP, Uber will become not only VNP’s partner but also VNP’s customer. In other words, when collaborating with VNP, Uber can directly be presented and sell its offer on the VNP’s e-commerce platform as an additional sales channel from all the previous methods of the lead generation. The customer of VNP when opening the platform can see and order the Uber’s service straight from the VNP’s website. This strategic alliance scheme will be elaborated in detail on the following paragraph.

One of the VNP’s major product is vatgia.com, an e-commerce platform that allows everyone to shop online. This is the category on which the author would like Uber to partner with VNP. Vatgia.com is described as a business to business to customer (B2B2C) network, which is highly interactive business model. The said model is understood as a company borrows Vatgia.com’s online platform in order to advertise, sell and deliver its products to the targeted customer segment. It can be compared that vatgia.com is the Amazon of Vietnam.

Currently, vatgia.com has become an online business hub and an attraction for small and medium online companies to amplify its product image as well as brand reputation. The following figures shows the actual flow and strategy of VNP for vatgia.com to maintain its present position as the largest e-commerce platform in Vietnam.

![Figure 12](image)

**Figure 12** Vatgia.com’s B2B marketing strategy (Thu Huong, 2015)

As shown in the photo, VNP is currently boosting its B2B cooperation with many of the online-based companies such as baokim.vn (online payment); mytour.vn (online tour and hotel booking); 123doc.org (online material and books); pub.vn (online cinema); etc. Vatgia.com aims at offering a wider range of products for its customers, not only the physical products
but also the online applications. VNP believes that investing in the small-medium size companies in Vietnam is a smart move because once deciding on the B2B strategy, VNP at the same time can eliminate the possibility of a tough market war between vatgia.com and all the different companies on the market. Moreover, these companies tend to waste their potential online businesses due to the lack of resource management tool, and vatgia.com is able to offer the right tool. This is the reason why the thesis writer see a match between Uber and VNP for a potential strategic alliance. (Thu Huong 2015.)

![Diagram](image)

Figure 13  VNP - Vatgia.com’s business model explanation (Tram Vu 2016)

The diagram shows the simplest form of the e-commerce that is performed by VNP’s Vatgia.com. The website will be the main online market that gathers products from all VNP’s other business partners. Once a customer has a need, they enter the online market, search for the products they want, and simply make the purchase through Vatgia.com’s online payment method. The profit will be later on divided between the market (VNP) and the providers (Uber or other businesses). This model indicates the form of relationship that VNP uses to bring Uber to its online customer bases (B2B2C).

According to Ms. Viet T. Phan, there is a great potential for Uber and VNP (vatgia.com to be specific) to set a partnership in the future. For now, she added that VNP Group cares most about is brand image of the partner (whether it is compatible for Uber and VNP to cooperate); the collaboration package (what Uber brings to offer) and the long-term benefit for VNP Group (if collaborate, can VNP increase its sales, will VNP gain market advantage, etc.). According to these criteria, the thesis writer will decide on the right recommendation to deliver to Uber in order to align with the VNP group’s expectation.
Vinretail – the largest shopping centre operator across Vietnam

Vinretail is directly owned by Vingroup – one of the most valuable Vietnamese corporations. Vinretail’s main product is a chain of 20 Vincom malls and shopping centers across the nation. When collecting input from Vincom retail, the thesis writer received the help from Ms. Viet T. Phan once again, as she too previously worked at Vincom in the Customer Service division.

Vincom shopping center business has 2 main type of customers: Corporate customers and individual customers. Being a mall operators, Vinretail has a lot of customers being businesses that want to have their retail stores inside the Vincom mall. However, this segment is not appealing to Uber as they have their own transportation and logistics team. The second group of Vinretail customers – the individual shoppers, however, is what the thesis writer intent to discover and utilize. Ms. Viet T. Phan suggests that code sharing is somewhat not very exciting and new to the Vinretail’s customers, but if Uber is able to design a better strategy to ally, Vinretail is always an open deal.

Vinretail’s main focus customer group has corresponded well with Uber’s. They both are aiming at generation Y from 20 – 35 years old with stable income and modern lifestyle. In Vietnam, these are the type of clients that would ride a taxi to go shopping. Vinretail’s purpose is to attract more individual shoppers to its mall, and Uber will be the carrier provider. If Uber comes up with a creative marketing plan and an appealing package, the deal is evaluated as beneficial by Ms. Viet T. Phan.

3.4 Discussion

The quality of the conducted interview was satisfactory according to the author’s judgement. Among the six interviews conducted, one was internal (with Ms. My Dang from Uber) and the rest of the interviews were external contributions.

The author has made a summary illustration as below.

First of all, for the KAfe group, the previous experience was neutral so the author’s target is to fix the mistake. The thesis writer believes that maintaining trust in the relationship is much more beneficial and easier than building trust in a new one. Since the KAfe is a very notable business on the market, it makes sense for Uber to work on the business relationship for a brighter future. This time, the author suggests to create a win-win package in order for the KAfe to enjoy the equivalent benefits as Uber does. One of the suggestion made is that Uber can create a partnership card for customers. The card can be added up every time a customer use any service from both companies, and later will be turned into discount percentage when a specific numbers of points is earned. This can be an interesting incentive to push the customer into buying more from both services.
Secondly, the author assessed Techcombank’s possibility to become a partner of Uber. Though the chances are odd, Techcombank is too huge to ignore the profit it may bring to the table. Since Techcombank needs more value to get interested in Uber, Uber’s task, hence, is adding value. Let’s not forget that the value can be both tangible and intangible. Sometimes Uber tend to forget that it is the most valuable start-up in the world. It is, therefore, worth Techcombank’s investment. Moreover, a partnership between a local company and an international one is a huge opportunity to expand the bank’s international network, as Uber’s business operation abroad is exceptionally successful.

Thirdly, the author evaluated VNP/Vatgia.com as the most possible partnership to work on. Simply because in this relationship, there is a great possibility of a win-win situation to build and maintain a strong partnership. There is an alignment from both vision to method of business between Uber and Vatgia.com. What needs to be done is to assure VNP that Uber is a desirable partner. To be able to achieve that, Uber should start building up and consolidating its network and its customer base to gain Vatgia.com’s attention, as the buyers are the target group of VNP for the e-commerce business. Once VNP can recognize Uber’s potentiality in attracting the online customer base as well as it does to the offline customers, Uber may become a desirable business negotiation for VNP/Vatgia.com.

Last but not least, Vinretail is considered to be the fastest partnership opportunity to earn revenue. Due to the characteristics of a mall operator, Vincom shopping center receive a huge numbers of both new and frequent visitors every day. Uber and Vincom can collaborate to organize periodic occasional events in order to increase the number of temporary customers.
as well as reinforce the engagement level of frequent visitors. Such strategy can help both companies utilize the precious occasion to advertise their products and services.

The above analysis is based on the research conducted on the Vietnamese market. However, it is a specific result that the author has derive from her own experiences with each of the interviews. The business alliance strategy that this thesis aims at is a general concept and require a broader point of view. Thus, the author will provide a more relatable result in the recommendation section.
4 RECOMMENDATIONS

This chapter is dedicated to contribute practical and logical suggestions for the case company Uber Vietnam based on the theoretical knowledge along with the executed research and analysis. The author of the thesis concentrates on designing an unbiased recommendation plan according to the most exact situational analysis.

Creating an excellent alliance marketing project is not an easy work, but if successful will be a great acceleration to level up the company’s brand image as well as its reputation. Despite the popularity of partnership marketing, there are a lot of companies that are failing in this creative yet complicated strategy. According to a reliable study, every year, two thousands partnership are established globally. Plus, this number keeps going up at a rate of 15% per year. The sad truth is, among these partnerships, only a percentage of less than 50% succeeded, and the number narrows down to only 9% of the partnerships actually produced profit for the companies. The above numbers has proved how important it is to learn about the secret for a fruitful partnership project, otherwise the strategy will be come a waste of both money and time. Thus, this chapter will highlight what is needed specifically for Uber Vietnam to excel in this program.

The figure below depicts the significant difficulties faced by companies and enterprises when they developed and managed alliance strategies. The data is drawn from the most recent report “Growth from the intro” conducted and compiled by the CMO Council and BPI network. The survey was analysed by Powerlinx. It appears that keeping the partnership active and mutually beneficial has been the top priority in the concern list of companies (45%). This is even more important in an emerging market like Vietnam, because of the level of competitive intensity a company need to address. Apart from maintaining a relationship, building a continuously win-win situation is next to the list (42%), as it is a necessary condition for the relationship to last. More than one third of the respondents (32%) chose allocating sufficient resources and mindshare as their significant obstacle when entering this marketing field. This can be understood as pooring the right amount of resources so that the partnership can be run smoothly and efficiently without waste. Lower in the list, we can see other less obvious options such as negotiating and structuring the deal (29%); researching and finding the right partners (27%); understanding where and how partnering can be beneficial (25%); sourcing and leveraging opportunities (24%), etc.
Enhancing the Vietnamese market presence of the case company Uber Vietnam by implementing a partnership strategy

Figure 15  Challenges when managing and leveraging a strategic alliance (Doron Cohen, 2014)

On the basis of sustainable and healthy partnership commitment, the author divided this recommendation chapter into three main sections that represent a complete process of a partnership project:

- Preparation for the partnership program will provide a set of recommended actions for Uber Vietnam to do in order to prepare for a successful partnership plan.
- On-the-process recommendation will provide some correction and suggestion to the current program that Uber Vietnam is executing in order to make it more attractive and sustainable.
- Post actions when finishing the partnership program will shine a light on the necessary steps to do after a partnership program is coming to an end.

Figure 16  Strategy recommendation order

Preparation
- Consolidate internal resource and external situation
- Partner selection
- Partnership negotiation

On the process
- Contract signing
- Execution plan
- Actual project
- Frequent partners meeting to manage and adjust partnership program

Follow-up
- Evaluation
- Lessons
- Decision to renew or terminate the partnership
4.1 Preparation phase

In order to excel in any strategy, the preparation part must be executed with great scrutiny. Thus, the author of the thesis decided to spend a generous amount of time to look at the case company Uber Vietnam’s preconditions when it first launch its partnership program with a view to assess the influence these preparations might have on the end result of the plan.

4.1.1 Clearing up the negative relationship with the local government

It can be drawn from all the interviews presented above that a lot of Uber Vietnam’s stakeholders care about the complicated relationship between the company and the Vietnamese local government. As the case company is quite inexperienced in Vietnam (due to the fact that it introduced its product only a year ago), it is utmost important not only for the partners but also for the company itself to make sure the government will not cause any trouble during its operation.

Vietnam officially belongs to the single-party social republic framework with the single party being the Communist Party. The fact that Vietnam is among the only five remaining Communist Parties in the world has unfamiliarised most of the foreign companies with its political situation. Such political state is different from everywhere in the world. In Vietnam, the Communist Party is the absolute powerful organ, meaning that it has the authority to rule every matter of the country, from the most confidential one to the smallest decision. The Communist Party also owns 60% of the total number of companies in Vietnam, the so-called State-owned enterprises. This group of State-owned enterprises comprises of the most giant industry leading companies, including oil and gas; power and electricity; minerals; telecommunication; materials; health cares; airlines; banking; etc. Currently, the State-owned companies are undergoing privatization program by the government. Nonetheless, the influence this group is having on the country’s economy is undeniable and any foreign company who wishes to enter Vietnam should pay attention to this fact.

A lot of companies try to enter the Vietnamese market without being aware that the Vietnamese government is the highest authority that holds the power to every sectors of the country’s development. The case company Uber Vietnam made this mistake a year ago when it entered Hanoi and Ho Chi Minh City unprepared. The local government, dissatisfied by this entry, has demand Uber Vietnam to legalize its presence to the authority ever since. Somehow, the company never succeeded in winning over the Vietnamese government’s favour and always failed to be approved by the authority in charge. On the other hand, its direct competitor, Grabtaxi managed to claim a permit and is currently doing fine on the transportation market.

Taking a look at the interviews with Mr. An V. Nguyen, it is obvious that from an experienced third party point of view, the trouble with local government in Vietnam is almost unacceptable to any start-up or foreign companies. In other market, this will probably be cleared up sooner or lat-
er, but not in the Vietnamese market. The Communist Party always want to make sure they can demonstrate their powerful control over the country’s development and thus, his first and foremost advice is to settle down this quarrel before actually doing any big project on the transportation market.

4.1.2 Stabilizing the stakeholders’ relationship

The Vietnamese market may be Uber’s hardest ground to conquer. Not only that the company aren’t in the local authority’s favor, but it is also not winning positive sign from some of the most important stakeholders: the competitors; the private vehicles owners; and most importantly, the customers. For a business to be sustainable, it should only create opportunities but not cause any turbulence to the existing market force. Thus, negative opinion from the stakeholder will make it difficult for the company to survive.

First of all, during the introduction part, the thesis writer discussed about how traditional and new competitors negatively perceive the case company Uber Vietnam’s operation as harmful to the transportation market in general and the public transport specifically. Due to the fact that Uber is an disruptive start-up, it is definitely not in the favor of the existing competitors in Vietnam.

Figure 17  The performance of disruptive innovation (Rafiq Elmansy, 2015)
The figure above illustrates the most comprehensive knowledge on a disruptive technology, taking performance and time as the main difference measurement. In a short expression, a disruptive technology offers an increasingly high product performance in a considerably short amount of time. While a lot of companies are focusing on building a sustaining innovation, Uber and other sharing economy businesses are the creator of the disruptive model. Such model is defined as containing the following characteristics:

- **Setting up a blue ocean**: a disruptive business is known for the ability to seek for a new market need and serve a totally new group of customers. This is what a traditional business models are not able to do.

- **Developing a new method of price and performance measurement**: disruptive business creates a substantial impact on the price war as well as operation method, thus delivers a totally new way to measure how a business is performing. In other word, a fruitful disruptive model can form a new set of rules to the way the market perceives the product.

- **Trending new business model**: a disruptive model is something the world never knew before. An innovation is considered disruptive when it is so new that it can change completely the traditional way of business operation.

Uber is recognized as one of the most disruptive start-up in the modern business world. Uber has been changing the transportation market ever since its establishment in 2009. The special thing is, it interferes with the transportation business while having no logistics at all, meaning that Uber does not own any vehicles as legal properties. It uses the community’s transports for its own operation. With such model, Uber was able to lower its price per ride and broke the existing market price. This is how Uber disrupts the market. And the Vietnamese competitors are not happy about how Uber Vietnam is trying to lower the market price and steal their own customer base.

Secondly, Uber Vietnam should take care of the private vehicles owners’ reaction. It is known that other than the taxi groups and the state public transport, the private vehicles owners also earn their income by offering short ride around the city to locals or tourists. These are the cheaper options existing in the market before the entry of share-ride services such as Uber and Grab. The arrival of Uber and other equivalent method are a detrimental threat to them as well. However, unlike the previous mentioned competitors, this segment of private vehicles owners are not a legal entity business. Thus, it is practicable to turn them into Uber’s allies rather than treat them as competitors. These are the one with vehicles, and Uber’s business model is to share ride, so why not turning them into Uber’s drivers?

Thirdly and lastly, the most important group that Uber need to focus on winning their cooperation is the customer segment. Until this moment, Uber’s brand recognition has been complicated. When first entering
Vietnam, the company stirred the positive curiosity from local citizen and they all want to try the product. However, the more customers test the product, the more mistakes were found. Vietnamese magazines continues to update a lot of “Uber stories” telling how complicated the payment methods are, how difficult the app is to use, how cheatful Uber’s drivers are, etc. Uber tried to make up to these mistakes by having celebrities endorsement, but in the end, customers are suspicious about the service.

What the author would like to recommend Uber is to find the root cause of the mistake and fix it. Trying to mend the surface of the mistake is not leading Uber to the anticipated result. A problem is only solved when the cause of the problem is found. Vietnamese people are used to cash payment, so update the payment method. Vietnamese people wants it simple, so integrated the app into people’s daily activity. Vietnamese people do not want to be cheated, so pay close attention to the driver recruitment and training process. It’s easier to build the brand by coordinating every step than to wait until mistakes happen.

![Classic disruption cycle](image)

Figure 18  A typical disruption cycle (Techcrunch.com, 2015)

The shortcoming of a disruptive technology is that it is easy to gain market confidence but it is also easy to fall into the collapse phase. As described in the above figure, a disruptive model commonly goes through four phases:

- **Overconfidence**: the rising of a disruptive model can make it a sudden star, everyone find it exciting and they are curious to know more about the technology.
- **Sudden collapse**: once the market is used to the innovation, it is no longer exciting for them to discover more.
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- Too little too late: as the product’s differentiation wears off, the company will try everything to bring it back to the top. This phase is known as “fixing the problem”.
- Ongoing decline: if a company fails to reactivate the customer favor, it will be on the dying phases.

In order for Uber to avoid the “too little too late” and “ongoing decline” phase, the company needs to set up a healthy and sustainable relationship with every stakeholder on the market. The idea of killing competitors is not applicable here. It is advisable not to mess up with the market forces but to create harmony and be a part of the industry. A continuous innovation cycle is also required for Uber to maintain the market excitement and anticipation.

4.1.3 Focusing on choosing the right partnership

![Two choices of partnership selection](image)

Firstly, it’s inarguable that maintaining a relationship is always easier and more profitable than seeking for new one. The author of this thesis recommend the case company Uber Vietnam to focus on partner retention before heading to any new ocean. The truth is, based on the interview that the thesis writer had with the representative from the KAFe group, Ms. Anh V. Q. Vu, Uber clearly did not manage its partnership agreement well enough. The partner was left unsatisfied with the deal. This is the root cause for a dead partnership – a partnership that is not going to be renewed. Instead of aiming at new but short-term partnership, it is wiser to look for way to strengthen its existing one and make it a long-term deal. One can easily tell some of the most recognizable benefits that the company may gain from satisfying its existing partnerships. As the company has done business with the partner before, it already gained knowledge and experience on the market, the industry and the partner particularly. This
help the company save time, effort and financial resource when they are to renew such partnership. Such thing will not happen when the company aims at a totally new business partner, since it will have to start from the scratch: learning about the partner’s operation, understanding the business sectors, investigating on the industry, etc.

![Figure 20](image)

Figure 20  The quality of partnership management assessed by the host companies (Doron Cohen, 2014)

According to the figure above, nearly half of the companies that took part in the report “Growth from the intro” conducted and compiled by the CMO Council and BPI network (42%) admitted that they did not manage the partnership quality very well or even poorly. The case company Uber Vietnam is not an exception. Its poorly handle of the partnership agreement is the main reason for its partnership to last for a short time. Thus, in order to save resources and improve the partnership strategy, the author strongly advises the case company Uber Vietnam to review on previous partnership programs and find out where the problems lie. So far, the author identified one of the most visible cause for the short lifespan of the partnership, which is the imbalance of benefit between Uber and its partners (the Kafe group reported that they did not gain as much benefit as Uber did when engaging into the partnership plan).

Secondly, when seeking new alliances, the case company Uber Vietnam is encouraged by the thesis writer to target the local Fast-moving consumer goods companies and services companies as potential partners. Mr. An V. Nguyen mentioned during the interview that the most helpful partnership deals for Uber are probably those companies that contact with customer on a daily basis, since Uber’s main purpose is to expand its customer bases. Fast-moving consumer goods products such as daily cares; health cares; beauty cares are on a steady demand daily. These are the necessity that every person can not live without. Along with fast-moving consumer goods companies, services companies such as banking; coffee; foods and beverages also hold a massive number of daily visitors. If the case company Uber Vietnam succeeded in partnering with these industries, the benefit will be larger than imagined.
The thesis writer also emphasize on the case company setting partnership with local companies as an indirect means to ease the tension between the company and local government. The purpose is for the government to see the case company’s effort in boosting local economy. Moreover, shaking hand with local companies can help the case company to blend into the Vietnamese market, adapting to local mindset, see things the way Vietnamese does. The case company will also require less time to learn about local practices and procedures.

4.2 Execution phase

4.2.1 Prioritizing long-term partnership

Based on the explanation in 5.1.3, a long-term relationship brings back irreplaceable asset.

There is a limited number of partner’s choices on the market. It will be a waste of time, money and talent to invest in just one partnership program with one company and call it quits. Instead, if the company focus on one partner, bring the best win-win deal on the table, renew the partnership every time a program ends, a massive amount of time money on market research can be saved. The initial set-up cost will only be spent once if the company manages to maintain the relationship.

Moreover, a long-term partnership can earn the case company very good reputation through word-of-mouth by the partners. As mentioned before, the Vietnamese market is an emerging star, thus the level of market integration is expected to be higher than other stable market. As interactive as it seems, the Vietnamese market will amplify the effect of word-of-mouth to the maximum.

Last but not least, increasing the quality of the partnership strategy over the quantity can assist the case company Uber Vietnam in controlling its partnership plan. The theory “quality over quantity” may apply in this case. In other words, building long-term relationship helps the company increase efficiency and communication. The more partners it has, the more difficult it is for Uber to manage the information flow, the knowledge integration as well as the resource pools. Thus, an appropriate number of quality relationships can allow better integration of the business partnerships.

4.2.2 Organizing frequent internal consolidation meeting

A successful alliance cannot be realized with the absence of effective communication. As the thesis writers presented in the theory part, a healthy partnership will results in a win-win situation when both parties satisfy their initial goals: by sharing we gain more. Thus, a thorough communication plan will support the partnership in understanding each other and thus, bring the best of both companies to the strategy and maximize the benefit.
Based on this logic, the thesis writer suggests that during a partnership program, the two parties should have a set of frequent meetings in order to manage and control the progress of the partnership. During the meeting, both parties can jointly judge the current situation as well as propose the suitable adaption to the strategy. Moreover, should a problem arises, these frequent meetings will help the companies realize the mistakes early and deliver the solution in time. For example, the deal with the KAfe group could have been different if Uber had spent time communicating with the partner the KAfe group to quickly notice any imbalance in the benefit proposal plan.

4.2.3 Designing a shared customer loyalty card

Based on the interview with Techcombank and Vingroup, the author of this research judge that the case company Uber Vietnam should look at the opportunity for a shared customer loyalty card in conjunction with its partners.

A customer loyalty program is known as a tie between a brand and both its frequent and new customers. Strictly speaking, it’s the reward from a company to its frequent product purchasers. In modern day, it’s a well-known marketing concept, especially among the consumer goods and services companies. The goal is simple: to attract the right customers and to build a strong commitment between the brand and its potential market segment. Some of the most common loyalty programs can be found in supermarket industry, beauty care industry, food and beverage industry (point card); airline industry (frequent flyer program); gaming industry (digital customer rewards), etc. Since it is seven times more expensive to earn a new customer than to retain the existing one, a lot of companies are investing on more creative way to revive their loyalty scheme.

The benefit of a successful customer loyalty scheme is sizable:

- 75% of the firms that invest on a loyalty program gain higher ROI;
- 95% increase profit;
- 5% increase in customer retention;
- 83% of the customers think they will repurchase at the company whose loyalty card they own;
- Etc.
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The figure above exhibits the typical benefits of a loyalty scheme. Undeniably as the name suggests, a loyalty program aims at improving customer retention for the company. In order to achieve that, this scheme adds value into customer’s buying decision (not only does the customers buy the product, they also buy the “point” added into their loyalty card). The loyalty scheme turn the customer’s buying habit into a tangible reward and thus, increasing the customer satisfaction. Apart from these said advantages, loyalty program is also known for its benefit in gaining customer insight and their purchase decision making process as well as increasing the business revenue.
that the more miles they fly, the more points they earn. This card then will
be applicable for any of the partners’ products. The same model can be
applied to Uber and its partners. The partnership program will be produc-
ing a joint point card that allows their customers to use it at any partner’s
station they visit.

4.3 Post-partnership phase

In order for a partnership to be long term, the case company needs to eval-
uate on their partnership program alongside with the partner. Any problem
and disagreement should be discussed for constructive solutions. This fi-
nal discussion will allow the two companies to decide whether they are
able to cooperate on another project or not. Renewing the contract is as vi-
tal as any other phase in this strategy. Should a company decide not to
lengthen their partnership with the case company, it’s the case company’s
responsibility to dive into the root of the problem and draw its lesson for
further improvement.

A partner is as important as a customer, as it is a chain in the case compa-
ny’s operation and if the partnership is lost, the company may lose profit.
Thus, the thesis writer advise the case company Uber Vietnam to hold fre-
quent event to tribute its existing partners, to show them that the company
care and appreciate them. A partner recognition is also an invaluable net-
working opportunities for any business to take advantage of. Hence, any
partner will see the added value in the case company’s initiatives.
5 CONCLUSION

This chapter is designed to provide a concise conclusion to the entire research process. An overview of each stage of the thesis will be described briefly in this chapter, following by a personal observation from the thesis writer on the future action plan that the case company Uber Vietnam can consider.

Thesis background

Emerging economy are more likely to pose challenges to start-ups or newcomers than a stable developed one. A start-up, as successful as Uber is, usually struggles to capture its market share on an alien battle field like the Vietnamese transportation market. Besides the traditional marketing methods that are widely known by many businesses, Uber Vietnam also introduces a strategic partnership program as one of its flagship schemes to acquire market attention. Thus, the research question that the thesis writer would like to answer is: “How can Uber acquire the market share in Vietnam on the basis of executing a B2B branding strategy?”

The specific topic of the research is: “Enhancing the Vietnamese market presence of the case company Uber Vietnam by implementing a partnership strategy”. Based on the thesis outline, four main objectives were set in order to solve the ultimate goal of helping the case company sustainably expand into the Vietnamese market. Consecutively, these four objectives are: providing the relevant theoretical foundations; conducting an independent qualitative research; analysing the research outcome and proposing a practical strategy for the commissioner in the form of recommendation.

Theoretical framework

A strategic partnership “is a voluntary, formal arrangement between two or more parties to pool the resources to achieve a common set of objectives that meet critical needs while remaining independent entities.” (Serrat 2009, 2). A business normally choses strategic alliances for the purpose of closing the gaps between where the business are and where the business want to be. Interfirm cooperation is an innovative method to demonstrate the potentiality of marketing.

Strategic alliances has the ability to create undeniably huge advantages that no business will turn down: innovative marketing project with low budget; core competence leverage; added value proposition; new potential customer segment; etc. In other words, partnership marketing strategy is soon becoming the next big hit on how a firm design its competitive advantage, as it has been proven to be able to provide an integrated solution for the target customer segment’s problem, a solution that is a combination of different products made by the partners alliance.

Compare to a businesses to customers operation (B2C), a businesses to businesses transaction (B2B) is a more complicated and long-term
process. With strategic marketing, the concept of business transaction is at a new level: businesses to businesses to customers (B2B2C), meaning that marketing equals communicating the product to a third party who will then deliver the messages to the main customers. A B2B transaction requires a formal process of meeting and discussing and consolidating the negotiation. A B2B transaction also differs from a B2C transaction in the way that the motive behind each process varies: a B2B transaction tends to derives from a common need of the company as a whole, not a personal demand as in the B2C cases.

When considering a business expansion, a business often looks at the partnership decision as a common option to help it scan the new environment and provide the first insight on the market. The idea behind such action is “think global, act local”. There are typically two methods of engaging in a partnership: unbalanced brand partnerships (indicating a relationship where one brand is relatively bigger than the other) and balanced brand partnership (reflects an equality between each member in the partnership). The former includes but not restricted to sponsorship; recommendation; contributions; etc. The latter refers to either a proportionate partnership participation or a cross sector alliance.

Risk management is one of the key factors leading to a success or failure of a firm in a partnership agreement. There were more than half of the number of alliances failed annually. Risk in a business transaction is inevitable, yet unavoidable. The only thing a business can do is prepare for risk management plan. The same philosophy happens in a strategic partnership. When engaging in a business alliance, the risk became harder to forecast, as a business is sharing its right to control the activity to another business. As the business is no longer able to fully control every movement of the operation, it tends to go wrong if the partners are not able to properly communicate. Miscommunication, thus, is one of the leading causes of the collapse of a partnership strategy. Moreover, it’s often believed that in a business transaction, there cannot be a win-win situation, as “your win is my loss”. Such state of “dividing the success” leads the businesses into competing with their own partners instead of cooperating for a common good. Therefore, one should bear in mind that a company should focus on “value-creation” instead of rounding its head toward “value-division”. Another risk cause is the complexity within each firm that creates a difficulty for the partners to understand each other and align their business activity.

In order to set up a a strategic alliances, these are the recommended steps for a beginner:

- Partners selection
- Partnership negotiation
- Establishment phase
- Execution
- Evaluation
Research structure and research outcomes

The goal of this research is to collect updated and reliable primary data from the people who have an insight on the market to serve as a foundation for the thesis writer to provide a proper execution plan. The actual research was carried out within two months (June 2016 and July 2016). The thesis writer chose a qualitative approach for this thesis topic due to the characteristics of the thesis topics being a B2B strategy. Specifically, there were several structured interviews conducted with the commissioners’ related stakeholders. The thesis writer designed a specific set of in-depth interview questions and is slightly modified to suit different interviewee. The interviewees were selected based on specific criteria: currently occupying in the marketing/business development position; belonging to the consumer services industry; locating in Vietnam and are between the ages of 23 – 30. During the research time frame, there were six interviews completed online in both written and oral forms. The interview categories were as follows:

- Uber’s representative
- The third party interviewee
- Uber’s previous partner
- Uber’s potential partners

First of all, an interview with Ms. My Dang, Uber’s current brand marketing representative shined a light on the situation that the commissioner is facing. Consequently, the thesis writer managed to interview Mr. An V. Nguyen from Ministry of Science and Technology and an experienced market observer. Such interview helped the author learn more about the current situation and trends that are influencing the business decisions in the Vietnamese market. The purpose of this interview is to gather an objective standpoint as a leading opinion for further research orientation into the detailed perspective from related parties.

Secondly, the author was able to analyse on the four interviews held with the case company’s partners. During the interview with the KAfe group – a previous partner of Uber Vietnam, the author found out that this giant food and beverage service company were not satisfied with the partnership’s outcome and believe it was only advantageous for Uber’s side. Next, the interview process was carried out with Uber’s potential partners in the future, including Techcombank, VNP/Vatgia.com and Vinretail. Techcombank is one of the most notable bank operator of Vietnam and it is too huge to get interested in a newcomer like Uber. However, the case company can find a way to add more value to its offer, based on the fact that it is the most successful start-up in the world. The author considers VNP/Vatgia.com as the most possible partnership to work on. There is an alignment from both vision and business model between Uber and Vatgia.com, thus, this partnership deal can be made a win-win situation. Last but not least, Vinretail is assessed to be the fastest partnership opportunity to earn revenue, due to the characteristics of a mall operator.
Future recommendations

Based on the analysis made throughout the actual research process, the thesis writer has proposed a recommended strategy for the commissioner to conquer the Vietnamese market with partnership marketing. A three-step strategy proposal was made based on an overview of all the knowledge gathered during the whole thesis development. The recommendations were made in each consecutive phase to form a logical execution plan.

– Preparation phase:

• Clear up the current relationship with the Vietnamese local government
• Stabilize its current market reputation with its stakeholders
• Choose the right partnership

– Execution phase

• Focus on building long-term proposal
• Hold frequent meeting with its ongoing partners to consolidate the alliance program

– Post-partnership phase

• Consider the opportunity of a partnership renewal
• Organize frequent event to tribute its existing partners

Final words

To conclude the thesis, partnership marketing is considered a viable strategy for a company, especially a new one, towards increasing the market presence. Based on the above analysis and recommendation, the thesis writer is able to answer the topic question raised in the first stage of the research: “How can Uber acquire the market share in Vietnam on the basis of executing a B2B branding strategy?”.

These suggestions given above were made based on realistic analysis and logical thinking process, but there are certain limitation that can only be anticipated when the commissioner apply it to the real market. The recommendation alone will not serve as a perfect solution to the case company’s problem, but hopefully can present a positive direction towards how the company will execute and succeed in the field of strategic alliance marketing.
Enhancing the Vietnamese market presence of the case company Uber Vietnam by implementing a partnership strategy

SOURCES


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IN-DEPTH INTERVIEW QUESTIONS WITH THE THIRD-PARTY CONSULTANT

1. Can you introduce yourself and your career direction?
2. Can you tell me something about the Vietnamese market in general?
3. What about the transportation market specifically? (The purpose of these two questions is to analyse the Vietnamese macro environment)
4. How would you describe the trend and effect of the start-up waves in Vietnam currently?
5. How would you describe the opportunities that foreign companies and start-up are seeking in the Vietnamese market? (The purpose of this question is to recognize the complex force that Uber Vietnam is engaging into)
6. Do you have any comment on Uber Vietnam? (The purpose of this question is to grasp the interviewee’s judgment on the case company)
7. What do you think Uber Vietnam need in order to advance further in the market? (The purpose of this question is to identify Uber’s market challenges)
8. What are the sectors that Uber can rely on to expand its partnership program? (The purpose of this question is to gather an objective view on the right sectors for Uber to invest on)
9. What are your suggestion to Uber Vietnam to create a win-win strategy with its partner? (The purpose of this question is to set a foundation for the recommendation)
10. Can you elaborate on the competitive war between Uber and Grab? Which one do you think is holding more advantage? (The purpose of this question is to peak on the competitor’s advantage)
IN-DEPTH INTERVIEW QUESTIONS WITH THE PREVIOUS PARTNER

1. What company are you currently working on?
2. What job position are you holding? In which department do you belong to?
3. What industry does your company serve in?
4. Has your company ever engaged into a partnership program with any companies before? With which company?
5. Tell me about that partnership experience: what was the program, who was the host, what deal was negotiated, what did your company get in return, was the partnership considered successful, was it a long-term contract, etc. (For this question, further information was asked depending on each interviewee).
6. Currently, what is your company’s marketing activity’s customer target? (The purpose of this question is to compare and identify a common ground between Uber and the interviewed company)
7. What is the main purpose of your company’s marketing activity? (The purpose of this question is to identify if the company is aiming at customer retention or customer base expansion)
8. What is the greatest advantage that you expect if your company were to sign a partnership contract? (This question is to identify the interviewee’s main concern and motivation)
9. What risk can you imagine if your company were to sign a partnership contract? (This question is to identify different industry’s risk management)
10. Tell me something about your Uber experience?
11. Why do you think it was not a successful partnership? (The purpose of this question is to realize the problem on Uber’s current partnership program)
12. What is your idea of a good deal from Uber? (The purpose of this question is to set a foundation for the recommendation)
13. Do you think there is an opportunity for your company and Uber to renew the contract? (The purpose of this question is to establish a long-term relationship engagement)
IN-DEPTH INTERVIEW QUESTIONS WITH POTENTIAL PARTNERS

1. What company are you currently working on?
2. What job position are you holding? In which department do you belong to?
3. What industry does your company serve in?
4. Have you ever heard of Uber Vietnam?
5. Have you ever experienced Uber Vietnam?
6. Tell me something about your Uber experience?
7. Has your company ever engaged into a partnership program with any companies before? With which company?
8. Tell me about that partnership experience: what was the program, who was the host, what deal was negotiated, what did your company get in return, was the partnership considered successful, was it a long-term contract, etc. (For this question, further information was asked depending on each interviewee).
9. Currently, what is your company’s marketing activity’s customer target? (The purpose of this question is to compare and identify a common ground between Uber and the interviewed company)
10. What is the main purpose of your company’s marketing activity? (The purpose of this question is to identify if the company is aiming at customer retention or customer base expansion)
11. What is the greatest advantage that you expect if your company were to sign a partnership contract? (This question is to identify the interviewee’s main concern and motivation)
12. What risk can you imagine if your company were to sign a partnership contract? (This question is to identify different industry’s risk management)
13. Would you consider Uber as a valuable partner and why? (The purpose of this question is to recognize a potentiality between the two company)
14. If your company were to sign a contract with Uber, what is the expected deal from Uber that you can think of? (The purpose of this question is to set a foundation for the recommendation)