

HOW DOES FOREIGN COMPANY ACHIEVE SUCCESS IN CHINESE SHARING ECONOMY MARKET

—The cases study of Airbnb and Uber



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Abstract

The thesis combines two themes: FDI and Sharing Economy, uses the cases study of Airbnb and Uber to analyze how foreign companies achieve sustained development in Chinese sharing economy market.

Uber is the pioneer of global transportation sharing company; and it entered into Chinese market in 2013. Within 3 years, it experienced enter-in, growth and decline in Chinese market. Finally, it crashed in China, and sold its Chinese business to its local competitor DiDi Chuxing in 2016. Airbnb is the world's largest community-driven hospitality company, and it also the leader of sharing economy. On August 2015, Airbnb started its Chinese story. Different from Uber, Airbnb is localizing well and growing steadily now in China. Uber and Airbnb are both remarkable companies in the global sharing economy, however, they go to different destinations in Chinese sharing market. What accounts for this difference? How FDI achieve success in Chinese sharing economy market?

In order to answer these questions, the thesis analyzed Airbnb and Uber's cases systematically. By combining Peng's three perspectives with characteristics of sharing economy, the thesis builds its theoretical foundation. The thesis first analyzes opportunities and challenges for FDI in Chinese sharing economy market from political, economic, social and cultural perspectives. Afterwards, the thesis explores driving forces for Airbnb's sustained development, as well as discusses Uber's failure based on primary data and secondary data. General analysis and findings is summarized on table 5. The thesis provides some practical implications for other FDI to achieve success in Chinese sharing economy market.

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1. Introduction

1.1 Motivation

Since the book - *The Rise of Collaborative Consumption*- published by Botsman and Rogers in 2010, Sharing economy (SE) has become a popular buzzword to attract interest from scholars, policy makers, and practitioners. (Cheng M. , 2016). Technological breakthroughs, resource scarcity, rapid urbanization and demographic shifts work together to promote the rapid growth of SE (PwC, 2015). New sharing companies such as Uber and Airbnb have become the leader of industry, and pose real challenges to 'traditional' market players (Goudin, 2016). Furthermore, the public thinks it is just the start of process, PwC research suggests that five sectors of the sharing economy – peer-to-peer accommodation, car sharing, peer-to-peer finance, music, TV and video streaming, and online staffing – could generate revenues of US\$335 billion by 2025 (PwC, 2015, p. 7).

Attracted by the Chinese investment opportunities and by its sheer size and growing domestic market, China is the third-largest destination of FDI (UNCTAD, 2017). Investments of all industries including the sharing economy flows into Chinese market. Driven by global strategy and access to growth market, sharing business companies as Uber and Airbnb entered into Chinese market sequentially. Airbnb, a peer-to-peer platform that provides economic empowerment by bringing real benefits to those who share their homes. Founded in 2008, it has experienced dramatic growth, reaching over four million registered properties in 2017. Over 130 million people have traveled with Airbnb (Airbnb, 2018). Now, Airbnb is one of the world's largest sharing economy brands. On August 2015, Airbnb started its Chinese story and entered into Chinese market. Uber is a peer-to-peer ridesharing and transportation network company headquartered in San Francisco, California, with operations in 84 countries and 633 cities worldwide (Uber, 2018). As the prominent in the sharing economy, the company has radically changed the traditional transportation industry structure, and challenged taxi industry. Uber tried to go into China in 2013. In 2014, it officially started its Chinese business in Beijing, as Uber's 100th city globally. After fast growth in Beijing, regulation and sanction by Chinese governments, and fight with local competitors, it had failed to conquer the

Chinese market. Finally, Uber left China, and sold its Chinese business to its local competitor, DiDi, in 2016.

There has been a number of research focused on FDI in China - how to manage FDI in China, what is the business strategy in China, what motives FDI to flow into China and so on, also plenty of literature concerns sharing economy ranging from theoretical concepts to practical implications. However, limited studies investigate FDI in the domain or sector of sharing business in Chinese context. Different from traditional industries, sharing economy has unique features and business models. Furthermore, the sharing economy in China as an emerging domain has its particularity and complexity in terms of Chinese special institutional background, social context, economical endowment, and costumer need.

1.2 Research Question

Sharing economy in China as an emerging domain involving particular opportunities and potential markets has attracted FDI investments from the whole world. However, different from US and EU, China has unique institutional background, economical endowment and social context. Limited studies investigate FDI of sharing business in Chinese context. Reflecting on the particular challenges and opportunities of this emerging domain in China, coupled with the specific situation of the chosen case companies, the thesis attempts to answer the following one research question consisting of four more specific sub-questions:

How does foreign direct investment achieve success in Chinese sharing economy market?

- What are opportunities and challenges for FDI in Chinese sharing economy market?
- How is the Chinese culture perceived in relation to the domain of sharing economy?
- What are the driving forces behind Airbnb's successful investment in China?
- How to understand Uber's failure in China?

1.3 Delimitations

The objective of the thesis is to have a better understanding of FDI in Chinese sharing economy market. Research is empirically founded within two representative cases – Airbnb and Uber. Although plenty of FDI flood into the domain of sharing economy, this paper is limited to the accommodation and transportation industries. First, accommodation and transportation sectors are revolutionary changed by sharing economy not only in china, but also around the world. Furthermore, Airbnb and Uber are considered as landmarks of the emergence and development of sharing economy. Besides, this limitation of industries and cases allows a more thorough investigation within the limited scope of the thesis.

With regard to theories and frameworks about FDI analysis, the paper focuses on Peng' tripod (2009). The reason for the chosen framework is because Peng's model is comprehensive, which includes both external factors – industry-based considerations, and internal factors – resources-based considerations. Moreover, Peng's tripod involves institutional perspective, including formal institutions as regulation and informal institutions like culture, norms and values. These latter elements are considered to play a significant role in exploring FDI in Chinese context.

In addition, by labelling Airbnb as successful, the thesis refers to its steady growth and its competitive capabilities in Chinese market (Marinova, 2017). As to Uber's failure, the paper means that Uber sold its China business to local rival Didi Chuxing and exited China (Russell, 2016). The definition of success or failure of a company is complex and dynamic. However, this paper is limited within a certain period and confined to Chinese market.

1.4 Structure of the thesis

The thesis is structured as followed:

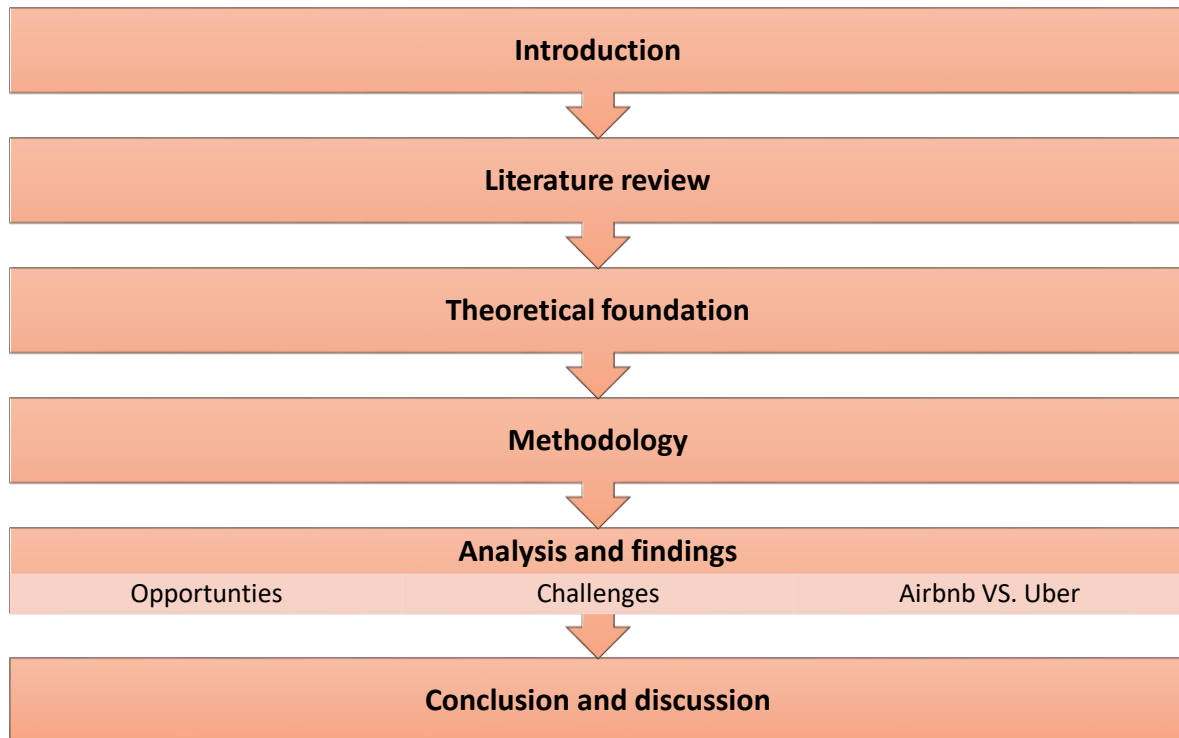


Figure 1. Thesis structure (own contribution)

Chapter 2 reviews the existing literature about sharing economy as well as FDI to provide a systemic context of studying FDI in the sharing market. **Chapter 3** explains the theoretical framework of the thesis. According to research question and sub questions, the paper's theoretical foundation is based on Peng's (2009) three pillars. **Chapter 4** goes deeply into the methodology part, including research design, data collection and data analysis. **Chapter 5** introduces the general analysis and findings of the research including the opportunities and challenges of FDI in Chinese sharing market. The empirical analysis process of the paper divides into two sections based on Airbnb and Uber's cases. **Chapter 6** is the conclusion to answer the research questions, as well as the discussion about possible further research.

2. Literature Review

This chapter first provides a thorough introduction of sharing economy to get a greater overview and understanding of it. Likewise, it generalizes theories and frameworks applied in FDI researches. These two themes combine together to create the literature background for the following case study.

2.1 Conceptual issues of sharing economy

2.1.1 Definition

Since the book - *The Rise of Collaborative Consumption* - published by Botsman and Rogers in 2010, SE has become a popular buzzword in public media (Cheng M. , 2016). The first conceptual issue of SE is its definition, however, there is no 'shared' consensus to answer what is 'sharing economy'. Sharing is a longstanding form of exchange which rooted in human nature and history (Schor & Fitzmaurice, 2015). Different models of sharing can be traced back to ancient times among sharing between kin family members and close friends (Cheng M. , 2016). Belk suggests that sharing involves "the act and process of distributing what is ours to others for their use and/or the act and process of receiving or taking something from others for our use" (Belk, 2014, p. 126).

In early 2000, in response to pressures of natural resource and environment sustainability, society have started to utilize the Internet to enhance efficiency by linking the online and offline world (Cheng M. , 2016). Hence, new forms of sharing and new sharing models have emerged. "What is innovative about today's sharing is that it is a market form in which strangers—rather than kin and communities—exchange goods and services" (Schor & Fitzmaurice, 2015, p. 12). With the successful stories of two Silicon Valley companies - Airbnb and Uber, the concept of SE entered into public world and grabbed people's attention between 2011 and 2012 (Martin, 2016). So many terms of SE have been created based on different disciplines, and been used to describe various meanings.

Botsman and Rogers (2010) first label SE as 'collaborative consumption' to describe "an economic model based on sharing, swapping, trading, or renting products and services,

enabling access over ownership” (Botsman, 2015, para. 12). It has three distinct systems: redistribution markets, collaborative lifestyles, and product service systems (Botsman R. , 2015). Belk (2014) criticizes Botsman’ definition and made a distinction between ‘true-sharing’ and ‘pseudo-sharing’. He defines ‘collaborative consumption’ as “people coordinating the acquisition and distribution of a resource for a fee or other compensation”; while ‘true sharing’ as “entailing temporary access rather than ownership, no fees or compensation, and use of digital platforms” (Belk, 2014, p. 1597). Hamari defines ‘collaborative consumption’ as “a peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services” (Hamari, et al., 2015, p. 2049). Bardhi & Eckhardt use the ‘access-based consumption’ to describe SE as “transactions that can be market mediated but where no transfer of ownership takes place and differ from both ownership and sharing” (Bardhi & Eckhardt, 2012, p. 881). Schor (2015) creates the term ‘connected consumption’ referring to SE, and identified its three characters: the ability of facilitating exchange among strangers; the strong reliance on technology; and the participation of high cultural capital consumers. Reviewing both the rhetorical and controversial debates regarding to the SE topic, Botsman (2015) argues that it is better to filter SE against clear criteria versus definitions. Accordingly, he describes five key ingredients of sharing economy companies: unlocking the value of unused or under-utilized assets; a clear values-driven mission; including valued, respected, and empowered providers; paying for access instead of ownership; building on distributed marketplaces or decentralized networks (Botsman, 2015, para. 4)

The definitions briefly stated above are just some examples, and a detailed examination of terminologies in different disciplines are presented in the work of Codagnone and Martens (2016). But in this paper, it supposes that different labels could be used interchangeably as synonyms. Although there is no definitive definition of the sharing economy, all policy makers, scholars and practitioners believe that “it has started to transform traditional social economic system by allowing individuals, communities, organizations and policy makers to rethink the way we live, grow, connect and sustain” (Schor & Fitzmaurice, 2015; Cheng M. , 2016).

2.1.2 Trust and reputation

From the very beginning the SE has emerged as a theme and phenomenon carrying trust and reputation connotations (Codagnone & Martens, 2016). Sharing economy platforms often serve to bring together bounded groups of people into circuits to facilitate goods and service exchanges (Schor & Fitzmaurice, 2015). The capability of SE to build trust and overcome barriers is not only a defining character, trust and reputation issues have also become the critical part of discussing SE from social science perspective. Schor and Fitzmaurice (2015) argue that trust acting as motivation of many participants of SE; likewise, Belk (2010) suggests that the act of sharing is able to link people together and form a social connection between peers, and the social connection that comes from sharing helps in building trust between them. In short, on one hand, trust motives the emergence and development of SE, on the other SE promotes the trust building within the society. Furthermore, the existing academic literature reveals that trust on SE platforms relies on online reputational rating systems and liability insurance schemes (Codagnone & Martens, 2016). Schor and Fitzmaurice (2015) note that crowd-sourcing of information from participants is the key mechanism for creating trust and reputation of sharing platforms.

However, the reliability of these reputational ratings is subject to debate. Schor and Fitzmaurice state that : “much of the academic literature explores the limitations of the reputational mechanisms that sharing platforms provide” (Schor & Fitzmaurice, 2015, p. 20). For example, Allen and Berg (2014) argue ratings reduce information asymmetry and constitute a form of self-regulation. In practice, there are many reasons to convince us ratings may not be fully reliable. First, an accurate rating is a public good and is likely to be under-provided (Codagnone & Martens, 2016). In many times, user’s rating may not represent his/her evaluations, but may be influenced by platforms’ previous transactions. Also, considering the possibility of retaliation or intentional collusive behavior, reviewers will not reveal their real experiences. Bolton et al. (2012) did an experiment to show that a rating system with simultaneous reveal mechanism reduces retaliation and makes markets more efficient.

Some empirical works focus on the reliability and effectiveness of ratings and reputation system of SE, and acknowledge that they have shortcomings. Lauterbach et al. (2009) do the study focused on CouchSurfing platform, and examined its reputation system. Examining

reputation and trust among CouchSurfers, they find significant problems for the reliability of the information. First, the platform allows users to vouch for each other which would lead to inflation of members' reputations (Lauterbach et al., 2009). In practice, the platform did have a quarter of members vouching for each other (Schor & Fitzmaurice, 2015). Secondly, due to the public nature of the platform's reputational system, vouching can be induced by social pressures rather than genuine affirmations of a member's trustworthiness (Lauterbach et al., 2009). Also based on CouchSurfing case, Overgoor et al. (2012) note that the anonymity of public reputation systems can lead to misinformation. Schor and Fitzmaurice state that SE is 'online, peer-rated, and public trust system' which "has low posting cost and allows any user to post reviews without safeguards to ensure reviewers actually used the service" (Schor & Fitzmaurice, 2015, p. 20).

2.2 Sharing economy's motivations and models

2.2.1 Motivations

There are many academic literatures related to motivations and drivers behind the rapid growth of SE. Hamari et al. (2015) investigate participants' motivation to engage in SE by a quantitative survey study with 168 international participants. Bardhi and Eckhardt (2012) argue that the SE is more of an access-based economy where the consumers are more motivated by economic benefits and the utilitarian value, not the social value. Mölmann (2015) conducts quantitative studies to investigate the most important factors to explain the satisfaction within SE, as well as factors boosting participants' engagement. Lamberton and Rose (2012) find that lowering costs and raising benefits of sharing would make people be more likely to participate into SE through their quantitative study based on rational models. Proserpio and Tellis (2017) summarize six key drivers of the SE's development and success: underused assets, technological advances, globalization of local economies, mechanisms for trust and reputation, social interaction, and flexibility. PriceWaterhouseCoopers (PwC) makes a survey to investigate why people participate in SE. Most participants give answers as following: making life more affordable, making life more convenient, and a belief that it is better for the environment and community (PwC, 2015).

In *Sharing versus pseudo-sharing in web 2.0*, Belk (2014) argues that sharing activities between people have been increasing dramatically during the last years mainly due to

introduction of new technologies, especially to the emergence of the internet and Web 2.0. The Web 2.0. allows traditional sharing activities to become more accessible to people on a larger scale, as well as introducing new methods of sharing between people (Belk, 2014). Moreover, Botsman (2015) summarizes four key drivers of emergence and development of SE. First motivation is technological innovation. Mobile devices whittle down the barriers to the formation and functioning of sharing markets; also create the efficiency and trust for sharing at scale (Botsman R. , 2015). With the extension and development of social networks, buyers and sellers can easily find each other; products and services can be verified and exchange by online payments. The second one is values shift - “a connected society that is rethinking what ownership and sharing mean in the digital age” (Botsman R. , 2013). Economic context is the third driver. Complex and dynamic economic realities ask people to “rethink about wealth and assets through a new lens, and measure growth in a more meaningful way” (Botsman, 2013, para. 12). Fourthly, environmental pressures on sustainable development promote people to make better use of finite resources.

In Schor and Fitzmaurice’ research (2015), they state three major motivations for participation in the SE. The first is economic. Peer-to-Peer (P2P) sharing platforms are able to re-distribute value across the supply chain (Schor & Fitzmaurice, 2015). Hence, SE can facilitate exchange between producers and consumers, away from middlemen, which can reduce the transaction costs. Also, sharing platforms encourage people to join in sharing to earn significant sums by renting out their spare rooms or cars or doing tasks for money. By this way, it is possible to deliver more value to consumers and create new income-earning opportunities for producers (Schor & Fitzmaurice, 2015). The second motivation is reduction of ecological impact, including carbon and eco-footprints (Schor & Fitzmaurice, 2015). In general, “sharing platforms focus on green credentials and impacts, and their users care about eco-impact” (Schor & Fitzmaurice, 2015, p. 12). For example, re-circulation of products involves a lower footprint comparing consumption of new products; living in existing homes reduces the demand for new hotels; and car-sharing has a positive impact on greenhouse gas emissions. The third motivation is to increase social connection and build social networks (Schor & Fitzmaurice, 2015). Many sharing sites advertise its feature of building social networks and creating new forms of social capital.

2.2.3 Models

Because of the variety of SE' characteristics discussed above, a single typology of SE business models is beyond reach. The OECD (2015) identifies three types of SE: "P2P selling (examples: eBay and Etsy); P2P sharing (examples: Airbnb, Uber, TaskRabbit); and crowdsourcing (examples: Mechanical Turks, Kickstarter, AngelList)" (Codagnone & Martens, 2016, p. 7). Proserpio and Tellis (2017) identify four different platform types: P2P Decentralized Platforms; P2P Centralized Platforms; Crowd-Based Platforms; On-Demand Business-to-Consumer (B2C) platforms according to seven requirements. As discussed in section 2.1.1, Bostman and Rogers (2010) distinguish SE three major categories: Product Service Systems; Redistribution markets; and Collaborative lifestyles. Schor and Fitzmaurice (2015) classify sharing platforms and practices into four types by its three characters: P2P Non-Profit Sharing; Business-to-Peer (B2P) Non-Profit Sharing; P2P For-Profit Sharing; B2P For-Profit Sharing.

Codagnone and Martens (2016) provide a conceptual framework to map the SE (Figure 2).

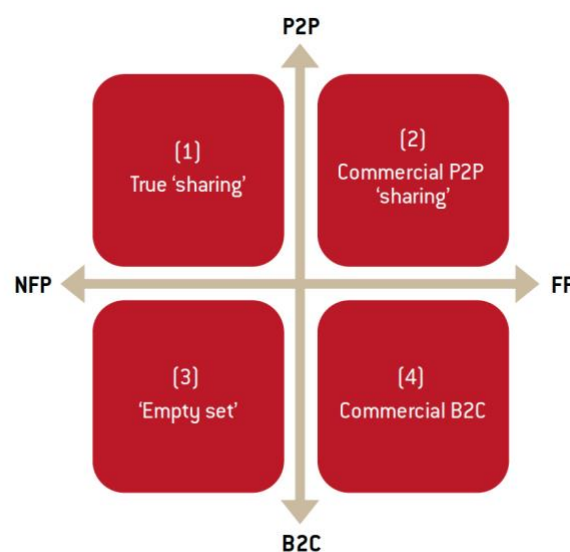


Figure 2. Classification matrix of SE platforms (Codagnone & Martens, 2016)

The first dimension is a proxy for 'true sharing', which classifies sharing platforms into for-profit (FP) and not-for-profit activities (NFP) (Codagnone & Martens, 2016). Now, FP sharing is the main stream, and platforms as Uber and AirBnB have become market leaders (Schor & Fitzmaurice, 2015). The second dimension is axis to distinguish B2C and P2P categories. P2P

exchanges are more like the traditional idea of sharing, except that exchange partners often begin as strangers. B2C exchanges have the tendency to assume the form of more conventional rental arrangements (Schor & Fitzmaurice, 2015). Figure 2 shows a four-way classification of the SE. The northwest quadrant 1 corresponds to platforms with true sharing motives like Food Swaps. The northeast quadrant 2 corresponds to collaborative economy platforms that facilitate transactions between peers such as Uber and Airbnb. These platforms “have large user bases, raise short-term regulatory concerns and disrupt traditional incumbent industries” (Petropoulos, 2017, p. 5). The southwest quadrant 3 refers to an empty set – “businesses are by definition for-profit, though they may finance some social and philanthropic activities” (Codagnone & Martens, 2016, p. 13). The southeast quadrant 4 refers to ordinary B2C activities – “the bulk of all exchange on the Internet” (Codagnone & Martens, 2016, p. 12).

2.3 Benefits and concerns of the sharing economy

2.3.1 Benefits of sharing economy

Based on the conceptual framework of SE discussed above, this sector intends to state benefits of SE from economic, social, and environmental perspectives.

First, SE develops new market and boosts economic innovation. Codagnone and Martens state: “It could lead to an increase in productivity through use of underutilized assets or ‘dead capital’, create new markets through disruptive innovations” (Codagnone & Martens, 2016, p. 19). In *Global Annual Review 2015* of PwC, it suggests that “five sectors of the sharing economy – peer-to-peer accommodation, car sharing, peer-to-peer finance, music, TV and video streaming, and online staffing – could generate revenues of US\$335 billion by 2025” (PwC, 2015, p. 7). Besides, the emergence of SE provides new approaches and models to do business activities. Burtch et al. (2016) examine how sharing economy platforms influences local entrepreneurial activity by exploiting UberX and Postmates. Furthermore, SE reshapes markets in various sectors of the economy, especially accommodation, transportation, online labour markets, and finance, by changing supply and demand economics (Olaya, 2016). These changes spur innovation among incumbent industries. For example, BMW’s Drive Now, Daimler’s Car2Go, Volkswagen’s Quicar – most manufacturers are engaging in the car sharing

scheme (PwC, 2015). WEF report emphasizes that SE create new industries, revitalise traditional ones, create high quality jobs, and lead to a sustainable circular economy (WEF, 2013).

Besides the reinforcement and innovation of the economy, the rapid expansion of SE offers impact on society and communities. Codagnone and Martens suggest SE benefits the society as : “richer social experiences, community revival and strengthening of social capital” (Codagnone & Martens, 2016, p. 18). As discussed above, SE is a crucial agent for social network. Sharing is more community-oriented which has the ability to addresses social problems as isolation, over-consumption in new ways. Moreover, it helps individuals meet expand their universe of opportunities to builds social capital— “the connections within a community that help boost resilience and bring people back into relationship with one another” (Olaya, 2016, para. 9).

Last but not least, SE promotes environmental sustainable development by changing the way of consumption and production. Schor and Fitzmaurice (2015) find that many users of sharing platforms are likely to use the Internet to do things efficiently and greener. Olaya (2016) does research based on case of FoodSharing - which allows individuals, retailers, farmers or restaurants to share food they are not going to use before damaged and people can find near food and pick it up quickly when needed. He finds that: “FoodSharing contributes to the reduction of food waste, by now they have saved more than 3300 Tons of food in Germany that in other cases would be thrown away” (Olaya, 2016, para. 7).

2.3.2 Regulation and policy

To what extent can the sharing economy lead to sustainable development? This question attracted public attention in recent years, at the same time, Uber and Airbnb are flooding into public debate. Codagnone and Martens state that: “review of media accounts (i.e. newspapers, magazines, etc.) conducted for the period 2012-2015 shows that in less than five years the ‘honeymoon’ with the ‘sharing economy’ has ended” (Codagnone & Martens, 2016, p. 4). Optimistic and positive reports of these two typical companies have been substituted by accounts of legal disputes, that remind people of dark side of the SE (Codagnone & Martens, 2016).

Many existing regulation rules and policies appear unsuited to the new economic model of the sharing economy. The first major question for governments raised by this SE is related to taxation. As existing tax regimes are not designed for sharing activities, in many cases, “start-ups in the sharing economy are 'free-riders' in their behaviour towards the social systems in which they thrive” (Goudin, 2016, p. 15), so they do not feel it necessary to submit to taxation. But the absence of taxation result in some unfair competition. Policy makers and regulators around the world are facing the challenges of the erosion of the tax base (Petropoulos, 2017). However, tax collection is a perennial problem in many of the sectors in which sharing economy platforms operate (Goudin, 2016, p. 26). The social insurance system is facing the similar problem. Goudin states that: “the traditional system not being adapted to the nature of services supplied by the sharing economy, nor that of the economic relations established between its customers (Goudin, 2016, p. 15). Moreover, the legal framework of SE is unclear. Although governments and policy-makers are fighting to interpret existing laws in the context of SE business models, and to make new regulations (Goudin, 2016). It is not an easy task to adjust the existing regulatory framework.

With the concerns about how to regulate SE, some researchers recommend the creation of self-regulatory schemes (Cohen & Sundararajan, 2015; Allen & Berg, 2014). Allen (2014) suggests that self-regulation is one of the elements of SE activities. Quattrone et al. (2016) study Airbnb spread history in London, and find traditional regulations have not been able to respond to Airbnb’ fast changing demand and offer. Proponent say that self-regulation is the best way of SE platforms because of its “flexibility, low regulatory burden, better reputation; innovative solutions and cost-effective policy-making (Goudin, 2016, p. 196)”. However, how to guarantee public interest versus private interest; and how to guarantee transparency and public accountability among effective systems and process remain deeply concerned (Goudin, 2016).

2.3.3 Labor rights and consumer protection

Among increasingly controversies about SE in the period 2014-2015, the dispute over eroding labour security and inequalities is probably the most heated topic (Codagnone & Martens,

2016). SE presents the opportunity to transform how we make sense of what is happening by rethinking our business model design, and day-to-day decision-making (OECD, 2015), which provide both opportunities and challenges for labour market. On one hand, SE creates opportunities for people to increase income by flexible part-time job. Katz and Krueger (2016) do empirical study of US labour market, and state that US workers engaged in alternative work arrangements rose from 10.7% in 2005 to 15.8% in 2015. On the other hand, whether SE platforms should be considered as information providers or employers is under debating (Goudin, 2016). This difference has great impact on labour right, such as minimum salary and worker compensation. Moreover, some studies provide evidence for the reproduction of inequality within the sharing economy. Edelman and Luca (2014) do the statistical analysis of a dataset constructed from Airbnb. And they find that: “controlling for other relevant covariates, non-black hosts charge approximately 12% more than black hosts for the equivalent rental, controlling for all other information available on listings” (Edelman & Luca, 2014, p. 2). These findings highlight the existence of discrimination in SE marketplaces (Codagnone & Martens, 2016).

2.4 Theories and frameworks of FDI

The objective of the paper is to investigate FDI in Chinese sharing market and analyze the driving forces for success. Hence, the paper applies not only researches and key concepts of sharing economy, but also theories and frameworks of FDI. This section introduces the background and literature of FDI to provide a synopsis of cross-border investment for sharing business.

2.4.1 FDI and motivations

One of the most significant economic developments of recent decades is the rapid growth in cross-national trade and the surge in FDI. More and more companies, including sharing business companies, invest in other countries - most of them are developing countries and emerging markets. OECD (Organisation for Economic Co-operations and Development) defines FDI as follows:

a category of investment that reflects the objective by a resident enterprise in one economy (direct investor) of establishing a lasting interest in an enterprise (direct investment company) that is resident in an economy other than that of the direct investor. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the enterprise. The direct and indirect ownership of 10% or more of the voting power [...] is evidence of such a relationship (OECD, 2008, p. 234).

In short, FDI is the investment made to acquire a lasting interest in an economy. Now, FDI play the critical role of global economy development. UNCTAD (United Nations Conference on Trade and Development) (UNCTAD, 2010) suggests that FDI relative to economies has grown rapidly. With regard to developing countries, first, a large share of global FDI goes to developing countries. 8 of the top-20 host economies for FDI in 2014 were developing or transition economies, and over 50% of global FDI went to developing countries (UNCTAD, 2015). Secondly, FDI in developing countries is more profitable (UNCTAD, 2010). However, the distribution of FDI in developing countries is highly uneven, the largest share of FDI goes to Asia, in particular China, while low investments flow to Africa (UNCTAD, 2015). Meyer and Peng (2011) states that there are two forms of FDI: Greenfield and Acquisition. Greenfield is “building new factories and offices from scratch (on a proverbial piece of ‘green field’ formerly used for agricultural purposes) (Peng M. W., 2009, p. 379) ”, this FDI method creates advantages as following: designing operations to fit the parent; compete equity and operational control. While Acquisition is “taking over of another business”, this way does not need to add new capacity; and has fast entry speed (Peng M. W., 2009, p. 380). Choosing which way of FDI has to be considered in relation to the overall strategy and host countries’ endowment.

According to UNCTAD, FDI affects several factors such as: employment, income level, market structure, innovation and technology, human capital, fiscal revenues, political, and social issues (UNCTAD, 1998). These effects are complex and dynamic. On one hand, proponents argue that FDI promotes long-term economic growth by increasing capital, employment and efficiency. On the other hand, opponents think that FDI is one way of capitalism exploitation

to worsen the living standards of least developed countries (LDP). In this paper, it acknowledges that FDI has deeply impact on Chinese economic growth, and FDI is an inevitable trend all over the world.

In the 1960s, Hymer (Hymer, 1960) was the first scholar to systematically explains firms' activities outside their home country (mostly US firms) and explore motivations behind these activities. He argued that oligopolistic competition drives FDI. In his view, FDI was driven by firms' quest to extend their dominant positions in international markets. Thereafter, Buckley and Casson (1976) and Hennart (1982) introduced 'Transaction Cost Theory' as an explanation for FDI. The theory states the existence of market imperfections and market failure. According to this theory, FDI was undertaken to reduce transaction costs in cross border transactions (Hennart, 1982).

Dunning, the founding father of International Business (IB) and inventor of the OLI framework, systemically presents four motivations for FDI: market-seeking; resource-seeking; efficiency seeking; and strategic-asset seeking. Market-seeking FDI is driven by access to growth markets. MNCs perceive that they can best service a particular market by investing in it, rather than by exporting from their home countries (Dunning J. H., 2008). From this view, FDI is able to sustain existing markets, promote new markets, enhance economic growth, as well as maintain competitive capabilities. Resource-seeking FDI is driven by access to resources. MNC is aimed at investing abroad to acquire particular and specific resources at a lower cost compared with home country (Dunning J. H., 2008). Efficiency-seeking FDI is driven by reduction of transaction costs. Dunning states that efficiency-seeking FDI is to "take advantage of different factor endowments, cultures, institutional arrangements, economic systems and policies, and market structures by concentrating production in a limited number of locations to supply multiple markets" (Dunning J. , The globalization of business: The challenge of the 1990s, 1993, p. 59). Strategic-asset seeking FDI is driven by the objective of acquiring both tangible and intangible firm-specific assets such as managerial capabilities, proprietary advanced technologies, cutting-edge manufacturing know-how, marketing skills and practices, brands, patents, and capacity for R&D and innovation (Dunning J. H., 2008), to achieve its long-term strategic objectives and maintain its global competitiveness.

2.4.2 the Resource based view

The resource based view(RBV) is one of the most important theories applied in FDI, and business strategy research. The theory provides useful insights into the origin and sustainability of the competitive advantages of firms (Dunning J. H., 2009). Barney and Hesterly describe RBV as “a model of firm performance focus on the resources and capabilities controlled by a firm as sources of competitive advantage” (Barney & Hesterly, 2010, p. 66). From RBV perspective, resources are intangible and tangible assets of firms, which can be controlled to use and implement its strategies. While capabilities are intangible and tangible assets to take advantage of other resources (Barney & Hesterly, 2010). For example, factories, products, firm reputation, human resource, and so on. Two critical assumptions of RBV, the first is resource heterogeneity – “different firms possess different resources and capabilities” (Barney & Hesterly, 2010, p. 67), the second is resource immobility – “these resources and capabilities differences among firms may be long lasting” (Barney & Hesterly, 2010, p. 67). VRIO (Value, Rarity, Imitability, and Organization) framework is the tool of RBV scholars to analyze resources and capabilities. From the VRIO aspects, only if the resource or capability is valuable, rare, inimitable, and able to be exploited by the organization, it will generate a sustained competitive advantage. RBV concerns an important reason for understanding the difference of firms, as well as practical implications for firms to gain competitive advantages (Barney & Hesterly, 2010). Furthermore, RBV also provides answers for questions as follows: what motivates FDI? why firms go internationalization? And how to manage FDI in developing countries.

However, there are also some critique for RBV. RBV is analyzing firm internal factors from the inside-out perspective. Hence it tends to ignore the influence from the external factors such as network, and institutions (Johanson & Vahlne, 2009). Also, RBV is a static theory, as it fails to consider how resources are created, and how they change over time. (Jensen, 2016)

2.4.3 the OLI model/ the eclectic paradigm

For more than two decades, the eclectic/OLI paradigm has remained the dominant analytical framework FDI (Dunning J. H., 1981, p. 163). It is a simple, yet profound, and construct model (Dunning J. H., 1981, p. 163). The model avers that the extent, geography and industrial

composition of FDI is determined by the interaction of three sets of interdependent variables (Dunning J. H., 1981, p. 163). The principal hypothesis of OLI model is that a firm will engage FDI when it satisfies following three conditions:

1. The firm possesses O (owner) advantages that are not available for other firms. This is the necessary condition for firm to conduct international activity (Dunning J. , 1993).
2. When the firm has O-advantages, it must be more beneficial for the firm to use itself by existing its value chain or adding new values, rather than contract-out, as licensing them to foreign firms (Dunning J. H., 1988). these advantages are called (internalization) advantages.
3. Satisfying O-advantages and I-advantages, firms must have interests to utilize these advantages outside its home country. Otherwise the firm will produce at home, then export overseas (Dunning J. H., 1988). These advantages are termed L (location) advantages.

The O-advantage is the firm-specific competitive advantage, and also is the possession of advantages of coordinating cross border transactions (Hansen, 2016). The O-advantage include property right and intangible asset advantage such as know-how, production innovations, organizational system, and so on. The I-advantage offers necessary conditions for conducting activities 'in-house', for example, avoid costs of negotiating costs and protecting property rights, exploit government intervention like quotas, tariffs, price control, tax control, control suppliers and market (Hansen, 2016). The L-advantage is determined by host country's economic, political and competitive factors, including market opportunities, natural resources, low-cost labor endowments, skilled workforce, the possibility to gain access to valued inputs, or a favorable institutional, legal and cultural environment (Hansen, 2016).

Although the paradigm integrates a variety of contextually related theories to provide an explanation for different types FDI. The model also has some limitations and challenges. Some scholars argue that the OLI is poorly defined and the relationships between the three advantages are far from obvious (Strandskov & Pedersen, 2010, p. 197). Moreover, the OLI model was advanced 40 years ago, the international business has experienced dramatic change. That creates challenges for the OLI model and for specific OLI variables.

2.4.4 the Institutional based view

North defines institutions as “the rules of the game in a society”. Institutions are important in both developing and developed countries, since they can create order, stability and predictability, distinguish acceptable actions from a range of diverse activities by laws, regulations, norms, cultures, ethics, and so on (Peng et al., 2009). Also, North states that Institutional frameworks are made up of both formal and informal institutions (North, 1990). Formal institutions include laws, regulations, and rules, While Informal institutions include social norms, cultures, ethics, values and beliefs. Given the influence of institutional frameworks on firm behavior, any strategic choice is conducted inherently affected by the formal and informal constraints of a given institutional framework (North, 1990). Peng presents that the institutional perspective is the most frequently drawn upon theoretical tool when seeking to better understand the unfolding competition in emerging economies and developing countries (Peng et al., 2008). The profound differences between emerging economies and developed economies force scholars to pay more attention the institutional perspective (Peng et al., 2008). Scott (2008) defines that there are three supportive pillars of institutional-based view: regulative, normative, and cognitive institutions. The regulatory pillar is related with regulatory processes - rule setting, monitoring, and sanctioning activities. In this pillar, institutions involve the capacity to establish rules, inspect other’s conformity to them, and manipulate sanctions like rewards or punishments (Scott, 2008). The Normative and Cognitive pillars refer to informal institutions. The normative pillar introduces the prescriptive, evaluative, and obligatory dimensions to guide and inform social actions (Scott, 2008). While the cognitive pillar is “the shared conceptions that constitute the nature of social reality and create the frames through which meaning is made” (Scott, 2008). Peng suggests the dimensions of institutions as figure 3. There are two core propositions for institutional-base perspective (Peng et al.,2009). The first proposition is boundedly rational choices: *“Managers and firms rationally pursue their interests and make strategic choices within the formal and informal constraints in a given institutional framework”* (Peng et al., p. 67). The second proposition is compensatory structures: *“While formal and informal institutions combine to govern firm behavior, in situations where formal constraints are unclear or fail, informal constraints will play a larger role in reducing uncertainty, providing guidance, and conferring legitimacy and rewards to managers and firms”* (Peng et al., p. 68)”.

<i>Degree of Formality (North, 1990)</i>	<i>Examples</i>	<i>Supportive Pillars (Scott, 1995)</i>
Formal institutions	● Laws	● Regulative (coercive)
	● Regulations	
	● Rules	
Informal institutions	● Norms	● Normative
	● Cultures	● Cognitive
	● Ethics	

Figure 3. The dimensions of institutions (Peng et al.,2009)

2.4.5 the LLL model

Besides traditional theories of FDI such as RBV and OLI model, some scholars turn to investigating FDI from developing countries and emerging markets. Mathews studies the remarkable success of several Asia Pacific firms to explain what establish them as serious international players (Mathews, 2006, p. 5). He suggests that these firms have following characters: firstly, they all internationalized very rapidly, with accelerated internationalization process, not incremental. Secondly, they achieve internationalization through organizational innovations and strategic innovations, not technological innovation (Mathews, 2006, p. 13). And he states the LLL (Linkage, Leverage, Learning) model as an alternative and complementary framework for OLI model to explore FDI from developing countries and emerging markets. LLL model presents three types of organizational and strategic innovation for the firm without O-advantage (Mathews, 2006).

1. Linkage: firms focus not on its own advantages but on how to acquire advantages externally through linkages (Mathews, 2006, p. 18). Linkage based strategies enable these firms to exploit their latecomer status to establish advantages.
2. Leverage: firms build networks with incumbents or partners to leverage resources (Mathews, 2006, p. 19).
3. Learning: firms able to learn and build new advantage from repeated linkage and leveraging processes (Mathews, 2006, p. 19).

The analysis objective of RBV is to sustain incumbent competitive advantages. By contrast, from the perspective of LLL model, these newcomers and latecomers from developing countries and emerging markets are aimed to overcome such barriers (Mathews, 2006).

2.4.6 the Investment development path

The investment development path (IDP) is to describe, explain and predict the relationship between FDI and level of economic development (Dunning & Narula, 1996). Dunning and Narula (1996) suggest there are five stages of IDP as figure 4:

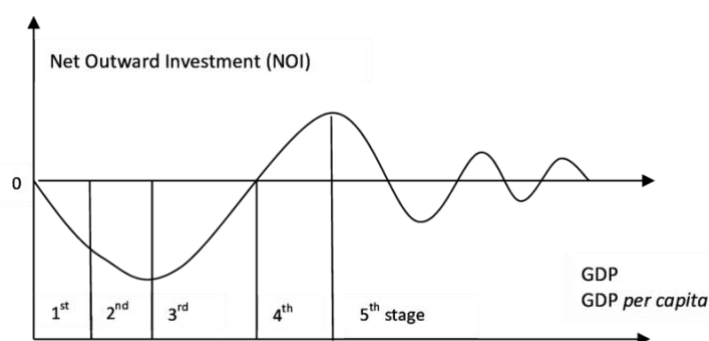


Figure 4. The pattern of investment development path (Dunning & Narula, 1996)

During the Stage 1 of IDP, the L advantage of a country is insufficient to attract inward FDI. For example, the country has inappropriate economic systems or government policies, inadequate infrastructure or poorly educated labour force (Dunning & Narula, 1996, p. 2). Also, the country has little outward FDI. Firms prefer to export or import. During this stage, government's intervention usually organizes within fields of providing basic infrastructure, upgrading human capital by education, engaging in social and economic revolution (Dunning & Narula, 1996, p. 2). During the stage 2, inward FDI starts to rise, while outward FDI remains low (Dunning & Narula, 1996). The country possesses some desirable L advantages to attract inward FDI, for example, the cheap labour and infrastructure attracts labor-intensive industries. So, in stage 2, inward FDI is resource-seeking. Furthermore, O-advantages of domestic firms increase from the previous stage, and government induces push factors as subsidies to encourage outward FDI (Dunning & Narula, 1996). During stage 3, the country experiences a gradual decrease in the rate of growth of inward FDI, and an increase of outward FDI (Dunning & Narula, 1996). The initial O-advantages of inward FDI begin to be

erode, because domestic firms acquire their own competitive advantages by spillovers (Dunning & Narula, 1996, p. 3). Hence, in stage 3, motives of inward FDI shift to efficiency seeking, while motives of outward FDI shift to market-seeking. During stage 4, the country's outward FDI exceeds or equals inward FDI. Inward FDI drives by assets-seeking, efficient-seeking and market seeking. And outward FDI is efficient-seeking and market-seeking (Dunning & Narula, 1996). During this stage, government targets at maintaining competition, fostering asset upgrading and facilitating markets. During the stage 5, net outward investment of a country falls first and later fluctuates around the zero level (Dunning & Narula, 1996, p. 4). Both inward FDI and outward FDI continue to increase. The O-advantages of firm be less depending on nature resources but more on their ability to acquire assets. Firms become globalized while the nationality of firms become blurred (Dunning & Narula, 1996).

Although the IDP theory explains FDI at different levels of economic development, and states the effects of FDI. It also has come limitations and challenges. The IDP theory is too generic, ignoring the distinctiveness of different countries and industries. Then, the IDP doesn't discuss what drives IDP sequence (Hansen, 2016).

2.4.7 the Global value chain

Gereffi (1994) investigates globalization of production and trade, and establish the global value chain (GVC) approach. UNCTAD defines the global value chain as "the sequence of all functional activities required in the process of value creation involving more than one country" (UNCTAD, 2013). The global production is integrated like the chain, various nodes of the chain geographical distribute around the world, each node performs its particular tasks (Gereffi, 1994). Gereffi pesents two kind of GVCs: producer-driven GVCs and buyer-driven GVCs (Gereffi, et al., 2005). Producer-driven GVCs are often developped within capital intensive sectors such as high-tech electronics and automobiles. However, concerning buyer-driven GVCs, buyers source from a diverse range of suppliers and countries globally, such as the clothing industry. Gereffi also identifies three determinants about how to govern GGCs: the complexity of transactions, the ability to codify transactions, and the capabilities in the supply-base (2005). Since some activities of the chain add more value than others, firms at disadvantages will upgrade themselves. Schmitz (2006) classifies four types of industrial upgrading within the GVCs: process upgrading, product upgrading, functional upgrading, and

inter-sectoral upgrading. The GVCs provide opportunities for developing countries' firms to exploit the chain to acquire added-value and capabilities. The GVC approach not focuses on FDI flow, in contrast, FDI flow is a part of the chain to distribute resources and create value. From the GVC perspective, it is able to analyze the FDI activities from the whole value chain.

3. Theoretical Framework: Peng's strategy tripod

3.1 Peng's tripod

In order to answer the research question, the thesis applies Peng's tripod to investigate how does FDI achieve success in Chinese sharing economy market. The strategy tripod is the combination of three legs as figure 5: the industry based considerations, the resource-based considerations and institution-based considerations, that provides a better understanding of the FDI's management and strategy. It is reasonable to state that this tripod is the most applicable model not only to analyze FDI within the sharing economy industry, but also to study FDI towards developing countries and emerging markets.

Compared with other traditional industries, the sharing economy has features as: creative business model, relying on trust and reputation, linking individual supplier and customer. Even so, the tripod is able to explore the intrinsic capabilities as well as the extrinsic resources of FDI within sharing economy. Each of the three legs sheds light on what determines the success or failure of FDI. The industry-based view posits that the degree of competitiveness in an industry largely determines firm performance (Peng, 2009). The resource-based view suggests that firm-specific capabilities differentiate successful firms from failing ones. The institution-based view states that institutional factors drive performance differences (Peng, 2009). None of them alone is enough to provide a comprehensive picture (Su et al., 2016). Only the combination of three legs is insightful to probe deeply into research questions.

Moreover, developing countries' business climate and resources endowment emerge from different historical paths comparing with developed countries. They also have different organizational structure and cultural background. These difference limits the availability and credibility of single-viewed framework. Furthermore, Chinese context is more dynamic and complex because it experienced a transition from plan economy to market economy. The country started its market-oriented reforms in 1978 - liberalizing the domestic market and allowing foreign investments. Although now China has become a major global economic and trade power, as the world's second-largest economy, and third-largest destination of FDI (OECD, 2015). Chinese institutional background, including regulations, laws, social values and

culture, are different from US and EU. So, the better understanding of institutional perspective in China leads to an in-depth exploration of FDI in Chinese market.

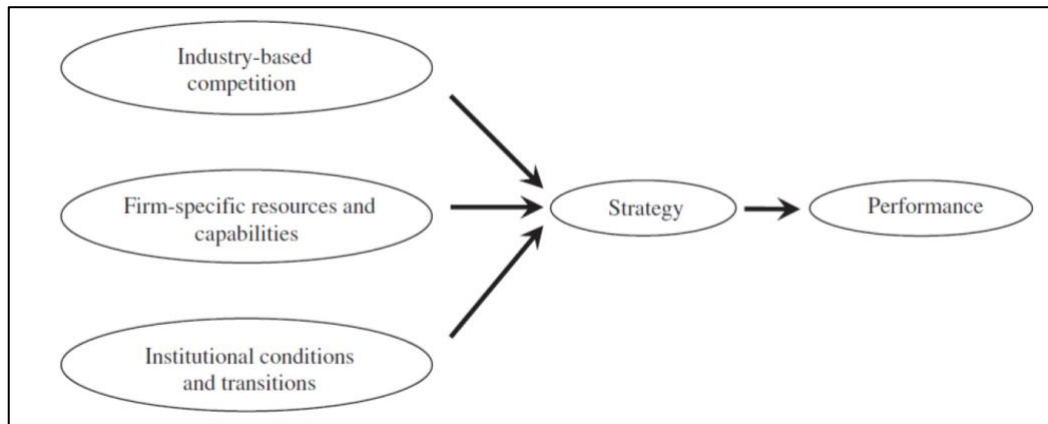


Figure 5. Strategy tripod (Peng M. W., 2009, p. 15)

3.2 Industry-based considerations of FDI in sharing economy

According to the industry-based view (Porter, 1980), FDI strategy and its performance crucially depend upon external industry conditions and position. These external forces can be exemplified by the Porter (1980) five forces framework: (1) industry rivalry, (2) threat of new entrants, (3) bargaining power of suppliers, (4) bargaining power of buyers, and (5) threats of substitute products/services. Industry rivalry is to describe the intensity of competition. The fewer number of incumbent companies, the more likely FDI will achieve success, and gain market shares in host country (Peng M. W., 2014). Considering the industry rivalry factor of chinses sharing economy market, the thesis analyzes the number and strength of incumbent sharing economy firms, and their competitive capabilities. Threat of new entrants refers to the possibility of new firms enter into the certain industry. New entrants into the industry bring pressure on prices and costs (Porter, 1980). In sharing economy industry, this threat depends on government restrictions, distribution channels, brand loyalty and capital requirements. Bargaining power of suppliers is suppliers' negotiation leverage to charge higher prices or demand more favorable terms (Porter, 1980). If there are limited suppliers of an industry, or if switching suppliers is expensive, the supplier group contains more power. However, in the sharing economy, especially the P2P model, the supplier group is scattered individuals. Bargaining power of buyers is that powerful customers can use their clout to

capture more value by forcing prices down or demanding more service (Porter, 1980). Buyers power in sharing economy industry is highly relative to customers switch costs and their price sensitivity. Threat of substitute products or services means the likelihood of customers finding a different way to meet the same basic need (Porter, 1980). In sharing economy, for example, taxi and metro are substitutes for Uber. Hotel is a substitute for Airbnb.

3.3 Resource-based considerations of FDI in sharing economy

The resource-based view identifies internal strengths and weaknesses at the firm level. Barney (2000) presents that firms obtain competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weakness (Jay B. Barney, 2000, p. 115). And the VRIO is the analysis framework to probe company's competitive advantages. 'Value' is discussing "does the resource able to exploit an opportunity or neutralize an external threat with the resource/capability" (Barney & Hesterly, 2010). Firm resource only creates competitive advantage when they are valuable. 'Rarity' refers to "the resource currently controlled by only a small number of competing firms" (Barney & Hesterly, 2010). 'Imitability' analyzes "do firms without a resource or capability face a cost disadvantage in obtaining or developing it compared to firms that already possess it" (Barney & Hesterly, 2010). 'Organization' answers "Is the firm organized, ready, and able to exploit the resource/capability?" (Barney & Hesterly, 2010). So, from the resource-based perspective to analyze the FDI in Chinese sharing market, first issue is to identify firms' valuable, rare and costly to imitate resources/capabilities; and then to find out if these firms such as Uber and Airbnb are organized to exploit these resources/capabilities. If a resource or capability contributes to all VRIO metrics, it is the sustainable competitive advantage of the firm that contributes to sustainable development. Different from other traditional industries, firms in the sharing economy create new business model, and they do not produce and sell by normal ways. Most of them are platforms linking supply and demand. Hence, the analysis of valuable, rarity, imitability, and organization should relate to sharing economy's characteristics. When analyzing the sustainable competitive advantages of sharing economy business, it should start from inherent characters of sharing economy and its models, and then relying on collected data to analyze what are company' sustainable competitive advantages.

3.4 Institutional-based considerations of FDI in sharing economy

The institution-based view argues that FDI management in developing countries is a complex interplay of the formal and informal institutional factors (Yamakawa, et al. 2007). From the formal institutional perspective, institutions including laws, policies, and regulations, will set rules for FDI, monitor their activities, and punish them when they break rules. However, Peng (2009) argues that formal institutions are weak and sometimes non-existent in emerging countries, creating so-called institutional voids. There is a transition from plan economy to market economy in China. China just started its market-oriented reforms in 1978, and began to liberalize the domestic market allowing foreign investments. And the government has huge power, central government and national policies play a vital role in the economic development and industrial structure. For example, in sharing economy industry, Chinese government released “Guiding Opinions on Promoting Development of the Sharing Economy” on 2017, which is the guide of industry strategies and business activities. The better understanding of governments’ guidance will facilitate the development of firm. Considering the weak and rickety regulative pillar in China, the analysis of formal institutions involving institutional voids, competition regulations, industry standards, labour laws, tax regulations, customer protections policy, etc., will create important implications for FDI’s development in the sharing economy.

Within the institutional considerations, formal and informal institutions are in nature compensatory to each other. Informal institutions constitute the normative and cognitive pillars of institutional-based view (Peng et al., 2009). Many observers have the impression that relying on informal connections is an important business strategy in developing countries (Peng et al., 2009). The lack of Chinese formal institutions creates the dependence on informal institutions for FDI to achieve success in China. Managing FDI in Chinese context should follow Chinese own social norms, values, and consumption cultures. With regards to sharing economy, it is important to focus on the issue of trust. In China, Guanxi creates boundaries of outsiders and insiders, and promotes basis for trust, which is different from Western countries.

3.5 Theoretical framework

Combing Peng's tripod with characteristics of sharing economy, and specific Chinese context, the theoretical foundation of this paper is structured as follows:

Three legs	Metrics	Descriptions
Industry-based Considerations	Bargaining Power of Buyers	Target customer of sharing economy; Level of customer concentration; Customers' switching cost; Customers' price sensitivity; Customers' information availability;
	Bargaining Power of Suppliers	Supplier's concentration of sharing economy; Distribution channel; Employee solidarity; Suppliers' competition;
	Threat of New Entrants	Entry barriers of sharing economy; Government policy and industrial policy; Capital requirements; Product differentiation; Brand equity;
	Threat of Substitutes	Buyer propensity to substitute; Relative price of substitute; Existing substitute products; Accessibility of substitution;
	Intensity of Competitive Rivalry	Technology and innovation within the sharing economy; Industry growth rate; Competitive strategy of competitors; Number and size of competitors;
Resources-based Considerations	Value	If the resource/capability adds value by enabling a firm to exploit opportunities or defend against threats?
	Rarity	Can the resource/capability only be acquired by very few companies?

	Inimitability	Do firms without the resource/capability face a cost disadvantage in obtaining or developing it?
	organization	Is the firm organized, ready, and able to exploit the resource/capability?
	Sustained Competitive Advantage	The resource/capability has all 4 VRIO attributes
Institutional-based Considerations	Formal Institutions (Regulation)	Institutional voids in China; Competition and monopoly issues; Industry standards; Labour laws; Tax regulations; Customer protections policy; Infrastructure for sharing economy;
	Informal Institutions (Culture, Norm, Value)	Chinese consumption culture; Social norms; Guanxi-based trust; Reputational ratings; Guanxi with government

Table 1. Theoretical framework of the thesis (accumulated from a variety of articles used across the thesis)

4. Methodology

This chapter gives an overview over the methodology employed in this thesis.

4.1 The research onion

The research onion model by Saunders et al. (2008) is designed to guide the entire research process within the business and management fields. It illustrates six different stages of the research to provide an effective process. The model is starting with understanding different research philosophies, deductive and inductive approaches (Saunders et al., 2009). The next three layers explore research strategy, design choices and time horizons. The last layer concerns data collection techniques and data analysis procedures (Saunders et al., 2009). The research onion will be used as a guideline for this charter starting from philosophy layers and finally reaching its core.

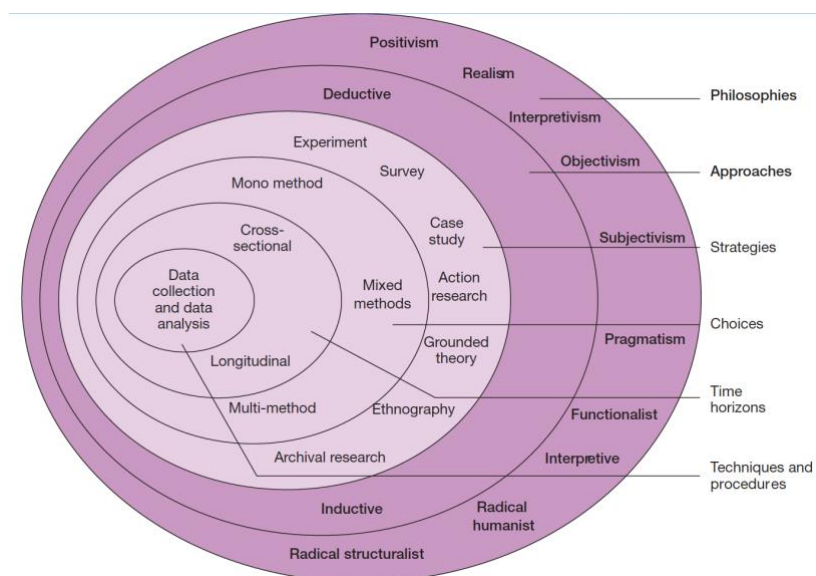


Figure 6. The research 'onion'(Saunders, 2006)

4.2 Research philosophy

This paper adopts a interpretivism philosophy in answering research questions. Interpretivism is an epistemology that advocates that business situations are complex and unique (Saunders

et al., 2008). Hence it is necessary for the researcher to understand differences between humans in our role as social actors. The interpretivist emphasizes the ever-changing world of business organizations. From Interpretivism perspective, the nature of reality is socially constructed and multiple. And the goal of research is understanding phenomena, weak prediction. Research focuses on what is specific, unique, and deviant (Dudovskiy, 2018). Some argue that the interpretivist perspective is highly appropriate in the case of business and management research, particularly in such fields as organisational behaviour, marketing and human resource management (Saunders et al., 2008). Interpretivist approach emphasizes qualitative analysis over quantitative analysis, prefers naturalistic approach of data collection such as interviews and observations. Secondary data is also popular with interpretivism philosophy. Aiming to answering research question and sub questions of the thesis, the paper conducts a diverse analysis of both quantitative and qualitative aspects.

4.3 Research approach

The objective of the paper is to understand different phenomenon in Chinese sharing market and explore how FDI achieve success in the emerging domain. In order to address the research question, the paper applies a combination of two approaches: inductive and deductive. The inductive approach involves the search for pattern from observation and the development of explanations (Bernard, 2011, p. 7). It is particularly concerned with the context in which events were taking place. When following an inductive approach, the reasoning begins with detained observations, then tends to develop empirical generalisations and identify preliminary relationship (Dudovskiy, 2018). The deductive approach involves the development of a theory subjected to a rigorous test (Saunders et al., 2008, p. 117). The main characteristic of deduction is that “concepts need to be operationalized in a way that enables facts to be measured quantitatively” (Saunders et al., 2008, p. 117). On one hand, the paper applies the inductive approach to collect data and analyze data, on the other hand, it uses the deductive approach to construct theoretical and empirical research frameworks.

4.4 Research strategies

From Saunder's onion model, the research strategies, research choices and time horizons three layers can be thought of as focusing on the process of research design (Saunders et al., 2008, p. 131). And this design creates a general plan to answer research questions. This chapter is divided into two parts, explanatory research design and research strategies.

4.4.1 Explanatory research design

In the research methods' literature, the research purpose is most often divided into three groups: exploratory, descriptive and explanatory (Saunders et al., 2008). The exploratory study is defined as "finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light" (Robson, 2002, p. 59). The exploratory research is flexible and adaptable to change. Therefore, it is particularly useful when seeking to clarify understanding of a problem. The descriptive research aims to "portray an accurate profile of persons, events or situations" (Robson, 2002, p. 59). It may be an extension of, or a piece of explanatory research (Saunders et al., 2008). The explanatory research has the purpose to establish causal relationships between variables (Saunders et al., 2008). It is frequently employed when studying a situation or a problem in order to explain the relationships.

The paper is interested in explaining the relationship between success of FDI and the factors that seemed to lead to such success. So, the research is mainly designed as explanatory purpose. It adopts the case study strategy in examining Airbnb and Uber in some detail. The data is collected both qualitative and quantitative. However, in the same way as the research question can be both descriptive and explanatory, so the research project may have more than one purpose (Saunders et al., 2008). Besides the explanatory design, the research also includes descriptive and exploratory oriented elements. It is necessary to have a clear picture of the phenomena before the explanation. Thus, the research describes the situation and characters of Chinese sharing economy from industry, resource, and institutions perspectives before studying the cases. In thinking about the purpose of the research, it also conducts a search of the literature and interviews experts within the sharing economy subject to explore FDI in Chinese sharing markets.

4.4.2 Case study

Saunders charts several research strategies employing in research projects based on research questions and objectives: experiment; survey; case study; action research; grounded theory; ethnography; and archival research. This paper applies the case study and survey strategies. Since the survey strategy can be a part of a case study, this section discusses the case study in detail, while the survey strategy will illustrate in the techniques and procedures part (Ch. 4.7.3)

Robson defines case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence” (Robson, 2002, p. 178). The case study strategy is frequently used in explanatory and exploratory research. And the data collection techniques for a case study can be various and mixed of interviews, observation, documentary analysis. Yin (2003) distinguishes four case study strategies based upon two discrete dimensions: single case VS. multiple case; holistic case VS. embedded case. Single case represents a critical case while multiple case strategy is more than more case. The second dimension refers to the unit of analysis. Based on Yin’ case study typologies (2003), this thesis conducts a multiple-embedded case study. It studies two cases: Airbnb and Uber, and analyze three unites for each case.

The selection criteria for case is from three perspectives, first, the case should be a typical company of global sharing economy; secondly, the company should be a part of inward FDI in the domain of Chinses sharing market; thirdly, the choosing case should be able to reflect the relationship between success and its driving forces. Fuscaldo (2017) states that Uber and Airbnb may be synonymous with the sharing economy. According to company list in the sharing economy market by Indexbytnw, Uber and Airbnb are both top ten companies (IndexbyTNW, 2018). Olaya (2016) argues that accommodation, transportation, online labour markets, and finance are four main sectors of global sharing economy. The Chinese national statistical reports 2018 also shows that accommodation and transportation industry are core parts of Chinese sharing market developmen (SIC, 2018). Furthermore, in Chinese central government’s working report, Airbnb and Uber have both been analyzed to provide suggestions for the development of Chinese sharing economy (Wang, 2018).

4.5 Methodological choice

Saunders defines research choice as the way choosing to combine quantitative and qualitative techniques and procedures (Saunders et al., 2008). Quantitative refers to any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data. In contrast, any data collection technique (such as an interview) or data analysis procedure (such as categorising data) that generates or use non-numerical data is qualitative (Saunders et al., 2008, p. 143). When both quantitative and qualitative data collection techniques and analysis procedures are used in a research, the research choice is defined as mixed methods. This paper applies the mixed methods since it is using both quantitative and qualitative data collection techniques and analysis procedures: questionnaire and interview. Saunders argues that there are two advantages for choosing mixed methods in research. First, different methods can be used for different purposes. Secondly, quantitative and qualitative data collection techniques and analysis procedures each have their own strengths and weaknesses, so the mixed methods enable triangulation.

4.6 Time horizon

Saunders defines two time horizons cross-sectional and longitudinal. ‘cross-sectional’ is a “snapshot” taken at a particular time, while ‘longitudinal’ is a “diary” representing events over a given period (Saunders et al., 2008, p. 146). He also emphasise that these time horizons are independent of research strategy and methodologic choice. The time horizon applying to this thesis is longitudinal because the paper conducts cases study over a period of time.

4.7 Techniques & procedures: data collection

Secondary data	Primary data
Articles & Working Papers	self-administrated questionnaire
Books & Magazines	
Reports	
Organization’s surveys.	semi-structured interviews
Databases	
Webpages	

Table 2. Sources of data (own contribution)

The chapter presents the techniques and procedures at the core of the research onion model. In order to answer research questions and meet objectives, the research employs both primary data and secondary data. They are all summarized in table 2.

4.7.1 Secondary data

Saunders defines secondary data as “reanalysing data that have already been collected for some other purpose” (Saunders et al., 2008, p. 246). The secondary data include both quantitative and qualitative data, and can be used in descriptive and explanatory research (Saunders et al., 2008). Within business and management research, such data are applied most frequently within a case study or survey (Robson, 2002). Saunders suggests the main advantage of using secondary data is saving time and money compared with collecting primary data. The secondary data also provide the possibility to undertake a longitudinal study, as well as the comparative and contextual research (Saunders et al., 2008). Unfortunately, secondary data also have limitations and weakness. First of all, secondary data have been collected by other researchers or organizations for other purposes (Saunders et al., 2008). In addition, the secondary data are less current than primary data, and are more difficult to control quality. Hence, in order to ensure the reliability and validity of the secondary data, the paper need to pay attention to the suitability and coverage of the choosing data.

In this paper, secondary data as academic articles and books are first employed in the literature review and theoretical foundation parts to create an overview of sharing economy and FDI. Survey-based secondary data as Chinese government’s surveys and industrial surveys are also used to answer the research questions. In addition, reports and working papers about Airbnb, Uber, and Chinese sharing market are applied to explain the relationship between success of FDI and driving factors. Furthermore, webpages, news articles, social media updates and other multiple-source secondary data are used in the paper to describe the research context and current status quo.

4.7.2 Primary data: semi-structured interviews

Interview is an effective method to gather valid and reliable data that are relevant to research questions and objectives. Saunders classifies three types of interviews: structured interviews, semi-structured interviews, and unstructured interviews (Saunders et al., 2008). Structured interviews use questionnaires based on a predetermined and standardized set of questions. In contrast, unstructured interviews are informal since “interviewees are free to talk about events, behaviour and beliefs in relation to the topic area” (Saunders et al., 2008, p. 312). Given research objectives of this paper, it applies the semi-structured interviews to collect data about Uber case. The semi-structured interviews are often referred to as qualitative research interviews (Saunders et al., 2008). In semi-structured interviews, interviewer design a list of themes and questions. When conducting interviews, the order of questions may vary depending on the flow of the conversation. Furthermore, it is possible to omit or add some questions in particular interviews. That flexibility of semi-interview provides the opportunity to probe answers and explore the complexity of the topic. The list of themes and questions for this paper is attached in Appendix A.

These interviews consist 9 participants. Two of them are telephone interviews, four of them are interviewed through online chatting by Wechat, the rest three interviews are face-to-face. One participant was the manager of Uber Beijing office, and also participated in the merge between Uber China and DiDi. One respondent is employee of DiDi Chuxing. These two participants have working experience in Chinese sharing economy market, especially in the transportation industry. One interviewee is a KOL (Key Opinion Leader), same meaning as influential celebrities in social media, from the 36Kr media. The 36Kr is one of the leading internet new business media in China, the interviewee is focusing on discussing Chinese sharing economy's development, and have already posted several articles on the 36Kr platform. Other three interviewees are drivers for both Uber China and DiDi Chuxing, and one of them are more than five years working experiences about driving taxi, driving Uber, and driving DiDi. In his own word “he is the witness of Uber China's short history, either the booming or the failure”. The last three interviewees are customers of Uber and DiDi. Their opinions and ideas help to explain the how to achieve success in sharing market between from customers' perspective.

All data gathered through the interview will be analyzed to answer research questions in chapter 5 by content analysis according to the theoretic framework.

4.7.3 Primary data: questionnaires

Questionnaire is one of the most widely used techniques to collect primary data within the survey strategy (Saunders et al., 2008). Saunders (2008) asserts that it provides an efficient way of collecting data from a large sample prior to quantitative analysis. The questionnaire is categorized as self-administered questionnaire and interviewer-administered questionnaire according to how it is administered (Saunders et al., 2008). Based on research questions and objectives of this paper, the paper applies the self-administrated questionnaire to collect data for Airbnb case, and the copy of the questionnaire is provided in Appendix B.

Before designing the questionnaire, literature relating to the research objective is reviewed carefully. Furthermore, all ideas are discussed with tutor. The questionnaire of the paper is carefully designed in order to maximize validity and reliability. It contains 9 questions, covering industrial-based considerations, resource-based considerations, and institutional-based considerations; including who, what, where, how much and how many questions. Every question of the questionnaire is stated in a way that it is short, easy to understand and by no chance equivocal. Besides category questions, the questionnaire provides an option “other” is in case respondent’s answer is not included in the check list. The questionnaire also has a clear layout. The order and flow of questions is elaborated logically to the respondent so that respondent can easily understand its purpose. Before collecting data, the questionnaire has been pilot tested.

The questionnaire is delivered and collected through Internet. As electronic questionnaire, it applies the online software tool: Tencent survey. The Tencent survey is developed based on the most popular Chinese social software Wechat. All users of Wechat have simply access to questionnaire without login or register. So that the response rate of the questionnaire is highly increased. According to Wechat report 2017, there are 902 million users of Wechat until September 2017 (Wechat, 2017). The large number of users provides a possibility to generalize the total population, as well as collect the essential data.

The data gathered through the questionnaire will be summarized and analyzed in chapter 5 following the theoretic framework. As a preparation to do so, all questions and answers will be translated and coded.

4.8 The credibility of research findings (reliability & validity)

Saunders emphasizes two particular elements reducing the credibility of research findings: reliability and validity (Saunders et al., 2008). Reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings (Saunders et al., 2008, p. 147). It can be assessed by posing the following three questions (Easterby-Smith et al., 2002, p. 53): Will the measures yield the same results on other occasions? Will similar observations be reached by other observers? Is there transparency in how sense was made from the raw data? Robson (2002) asserts four threats to reliability: participant error; participant bias; observer error; and observer bias. Validity is concerned with whether the findings are really about what they appear to be about (Saunders et al., 2008, p. 150). Robson (2002) also charts various threats to validity as following: history; testing, instrumentation; mortality and maturation.

In order to ensure the credibility of research findings in this paper. It applies both interview and questionnaire, analyzes both primary and secondary documents. The questionnaire is controlled from design, structure, and pilot testing three perspectives to ensure the reliability and validity. All questions of the questionnaire are stated in a way that they are short, easy to understand and by no chance equivocal. And the option "other" is provided in case respondent's answer is not included in the check list. The order and flow of questions in the questionnaire is elaborated logically to the respondent. Before collecting data, the questionnaire is pilot tested prior to ensure the validity and reliability of the questions. For semi-interview, company webpages, reports and other publications have been collected and read to prepare interviews. That helps to demonstrate interviewer's credibility and thereby encourage interviewees to offer a more detailed information under discussion (Saunders et al., 2008). All interviewees also have been provided with a list of the themes and questions before the event to ensure the validity and reliability. During interviews, all questions are phrased clearly, avoid intricate words and theoretical concepts. The interview also uses open

questions to help to avoid bias. And all interviewees are Chinese in order to limit the implication of cultural differences.

4.9 The research onion applied

The research onion (Saunders et al., 2008) provides a graphical overview over the methodology section. Figure 7 shows an adapted version applied by this thesis.

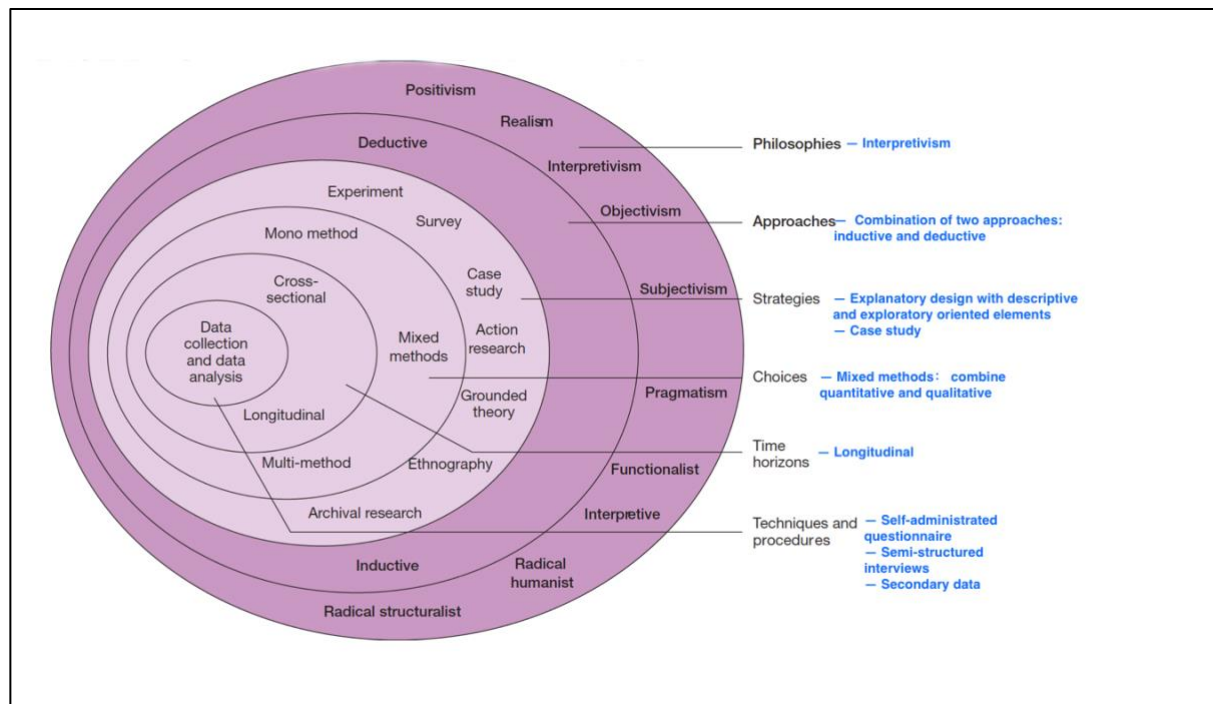


Figure 7. The research onion applied for this thesis (own contribution)

5. Analysis and Findings

5.1 Opportunities for FDI in Chinese sharing economy market

5.1.1 Political environment

First, Chinese government provides a favourable political environment for inward FDI of the sharing economy. Within these few years, the central government has released several regulations and policies to improve the sustainable development of sharing economy in China. These policies have been translated and summarized as following (table 3):

Date	Title	Description
Jul.2017	<i>Guiding Opinions on Promoting the Development of the Sharing Economy</i>	the overall requirements of deepening the reforms to facilitate the development of sharing economy; regulation principles of sharing economy development;
May.2016	<i>Guiding Opinions on Integration of Manufacturing Industry and the Internet</i>	actively integrating the sharing economy and manufacture industry; breaking the boundaries of enterprises entering into sharing economy;
Mar.2016	<i>Guiding Opinions on Promoting the Development of Green Consumption</i>	the supportive principles of sharing economy; promoting individual green consumption activities;
Mar.2016	<i>The 13th Five-year Plan</i>	the importance of developing the sharing economy, and promoting the integration of the Internet, economy and society;

Table 3. Chinese national policies of sharing economy (own contribution)

From 2015, Chinese national economic policy has been focused on ‘supply-side structural reform’ (State Council of PRC, 2016). After several years of rapidly growth of GDP, a series of internal and external factors have led to Chinese economy into slowing growth and structural unbalance. In order to achieve the sustained growth, and maintain its position as the world’s

second-largest economy. The government pays attention to economic structural adjustment, emphasizing the de-capacity, destocking, deleverage (State Council of PRC, 2016). Given this background, the sharing economy is regarded as an innovative and effective method to utilize excessive production capacity, promote industrial optimization and reorganization. (State Council of PRC, 2016). As discussed in above chapters, the sharing economy links individual demand and supply through internet and unlocks the value of unused or under-utilized assets. The *'Guiding Opinions on Promoting the Development of the Sharing Economy'* states that the sharing economy is of "great significance to promoting the 'supply-side structural reform' and in-depth implementation of innovation-driven development strategy" (National Development and Reform Commission, 2017). The central government emphasizes that the sharing economy has positive effects on both economy and society: improving the efficiency of resource utilization, stimulating innovation and entrepreneurial vitality, expanding the employment. In order to promote better and faster development of the sharing economy, Chinese government creates a fair and favourable political environment for sharing business activities. Various regulations involving legal frameworks, business models, credit system and so on have been published in recently. Most of related policies present the key role of the sharing economy as a new force to promote the innovation-driven development as well as the social development. In short, now Chinese government encourages the sharing economy business. Hence FDI of sharing economy enjoys the favourable context and increasing opportunities from formal institutional perspective.

5.1.2 Market opportunities

Secondly, Chinese sharing economy provides market opportunities for FDI. Foreign investors, especially companies who have already obtained experiences from other developed countries, have access to Chinese high-value and large market. These market opportunities can be analyzed from two perspectives, the increasing internet user, and the developing of supportive industries.

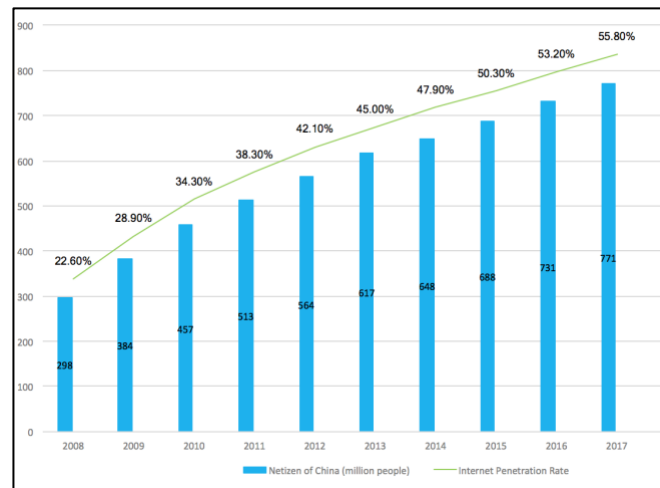


Figure 8. Overview of Chinese internet users (CNNIC, 2018)

According to the latest CNNIC data (figure 8), the number of Chinese netizen has increased rapidly within these few years. In 2008, there was only 298 million internet users in China. However, the internet penetration rate has exceeded 50% in 2015. Furthermore, at the end of 2017, the total number of internet users has exceeded 700 million, and 96% of them are using mobile terminals. The huge number of netizens has provided a such big market for sharing economy. Since the sharing economy is a business model utilizing internet to achieve sharing, swapping, trading, or renting products and services. Internet users act as the necessary base of developing shared economy, they are not only customers but also suppliers of sharing economy. The development of internet in China, especially the mobile internet, has promoted the emergence of Chinese sharing economy activities. Around 2008, some Chinese entrepreneurs learned the business model of Napster, Zipcar and so on, and started their own sharing businesses, such as question-answering and knowledge-sharing websites. The domestic internet industry began to notice the tide of sharing economy. From 2013, the Chinese sharing economy has experienced a rapid growth, in 2013 China's sharing economy transactions was about 52.4 billion RMB, however, in 2014, the transaction value has exceeded 114 billion RMB. In 2015, the scale of Chinese market accounted for 33% of the global sharing economy (SIC, 2018).

The innovative and strong development of supportive industries also offers market opportunities for FDI in sharing economy. Within recently 10 years, the Chinese internet industry experienced revolutionary change from internet to 'Internet +'. Innovative

application of new technologies such as Internet of Things, big data, cloud computing, location-based services (LBS), mobile payments, and near-field communications are key supportive conditions for the explosive development of the sharing economy (SIC, 2018). As shown in figure 9, in 2012, there were about 220 million Chinese citizens using online payments and only 50 million mobile payments users. But in 2016, the number of online mobile payment users reached 480 million, and the number of mobile payments users was about 470 million. These innovative technologies, especially the online payments, help to match individual supply and demand, which is the critical requirement of sharing economy. Only by the assistance of these supportive industries, scattered and small-scale sharing behaviors are able to aggregate into stable sharing business. So, the development of related supportive industries provides the infrastructure of sharing market.

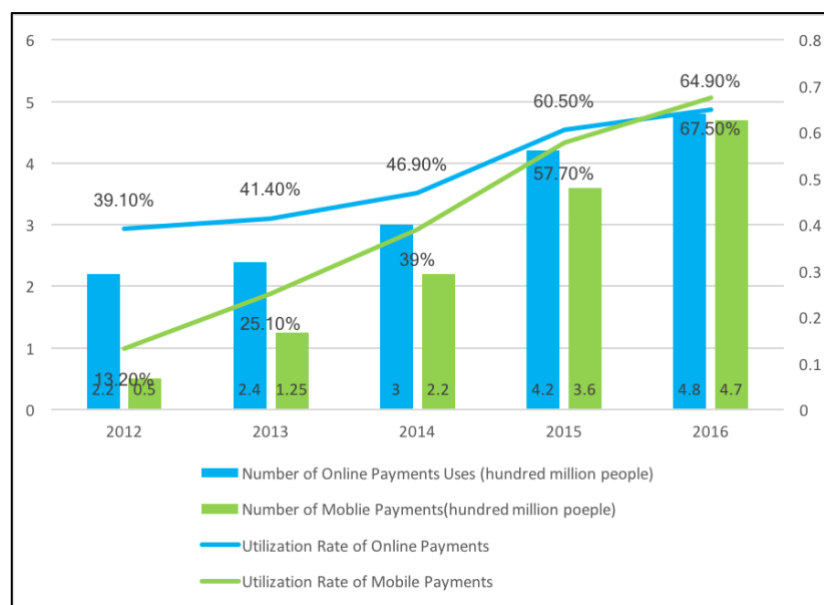


Figure 9. Overview of Chinese Online Payments and Mobile Payments (CNNIC, 2018)

5.1.3 Human resource

Third, Chinese sharing economy also provides FDI with opportunities of human resource. These human resources come from unemployed people, poor people, and educated people, and they could be employee, as well as suppliers and customers for sharing business. Sharing economy has feature as building on distributed marketplaces or decentralized networks which leads to the possibility of flexible employment. Resulting from the 'supply-side

structural reform' discussed above, a large number of people lose their jobs, especially in the de-capacity industries like coal, steel, cement, chemicals, non-ferrous metals, etc. Those unemployed people are human resource for FDI of sharing economy. Since they are skilled labour force, and they know local markets very well. Comparing with jobs in traditional industries, working in sharing economy is flexible about time and location, so people are willing to do it. Data from DiDi shows that 3.931 million people change to working at DiDi from de-capacity industries. In the field of on-demand household services and personal services, the platform Meituan as an example, took advantage of the massive poor people and integrated them into its delivery network and promoted the efficiency of distribution. At the end of 2017, there were more than 500,000 active riders in the delivery group of the Meituan, of which 15.6 million were former workers in the traditional industries, and 4.6 million people from poor areas, accounting for 9.2%. Furthermore, Chinese educated people, especially educated young generation, are also human resources for sharing economy. According to data from "Survey on Consumer Behavior of China's Sharing Economy Platforms 2016" (iresearch, 2017), 85.7% of respondent are willing to be suppliers of sharing economy.

5.1.4 Chinese frugality culture and consumption view

Fourth, the Chinese culture provides opportunities for FDI to enter into sharing market. Chinese society advocates the frugality culture. And the frugality culture has long history, and it has already integrated into Chinese gene. It is easy to find a lot of articles teaching people live with the thrift style in Confucian books and classics. And in Chinese history there are many stories advocating thrift. Chinese culture emphasizes that the frugality is the root of everyone and every family. And it is also one principle of governing the country to achieve the sustainable development. Even now China is with fast-growing economy, Chinese people are continually pursuing the resource-saving and environment-friendly lifestyles. Likewise, the main feature of the sharing economy is resource-saving and environment-friendly through efficient use of existing resources. Sharing the car instead of buying new cars, sharing places instead of building new hotels, the sharing economy encourages people to share resources within the society in order to maximize the use of resources. It advocates paying for access instead of ownership. So, the sharing economy correspond to China's frugality culture. That is why the sharing economy companies from overseas will rarely be resisted from Chinese

culture in the early stages. Frugality is the deep-rooted cultural factor for the sharing economy in China.

Furthermore, according to CNNIC data, young Chinese people, aging from 20-39, are the main components of Chinese netizens. On one hand, they are skilled in using smart phones and other devices. On the other hand, their consumption view matches the sharing economy. The China's young generation, not only accommodate to thrifty culture, but also pursue the high-quality lifestyles such as driving luxury cars and traveling abroad. Considering their contradictory demands, sharing economy activities is best way for them to enjoy luxury lifestyles with low costs. Moreover, more and more Chinese educated young people gradually turn to the green consumption styles. They advocate sharing economy enabling access over ownership, which leads to reduction of waste and sustainable development. So, from the culture and consumption perspectives, Chinese sharing economy provide opportunities for FDI.

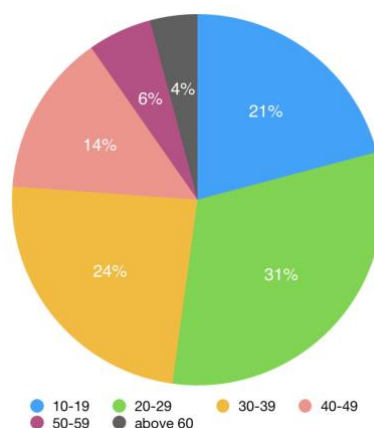


Figure 10. Age distribution of Chinese internet uses (CNNIC, 2018)

5.2 Challenges for FDI in Chinese sharing economy market

5.2.1 Challenges from regulatory perspective

first, from regulatory perspective, Chinese existing regulation framework and legal system impose challenges for FDI. Actually, these regulatory factors impose challenges for both local sharing companies and FDI. But local companies are familiar with Chinese institutional context and pay attention to build good relationships with local governments, so for local companies, it is relatively easier for them to overcome these challenges.

In recent years, the central government has issued many important documents to encourage the development of sharing economy. However, local municipal governments in many regions, emphasized limitations over encouragement. In the case of the car-sharing, most cities have clarified the relevant regulations in terms of vehicle standards, driver qualifications, platform conditions, application procedures, and other restrictions (SIC, 2018). Even in some cities, it has over limited the restrictions about allowed operating areas. They are severely deviated from the development requirements for sharing the economy (SIC, 2018). FDI is hard to start its business in such strictly limited cities and difficult to survive. Sharing activities are new things in China and growing rapidly, hence laws and regulations framework cannot keep up with it. The current legal system and regulations are increasingly unmatched with sharing economic development. The legal status and responsibilities of the platforms are not clearly defined. And there are no clear provisions of the industry classification, new labor relations, and tax collection. That leads to a large number of sharing activities in a gray zone, and even have the risk of “illegal”. However, the sharing economy has typical cross-regional and cross-industry characteristics. It is difficult and time-consuming to improve current regulatory systems, and it is impossible to complete within a short period of time.

5.2.2 Challenges from BAT and traditional industries

secondly, BAT (Baidu, Alibaba, and Tencent) and traditional industries challenge FDI's development in Chinese sharing market.

there are three big leaders in Chinese Internet industry: Baidu, Alibaba, and Tencent. Baidu is a search engine provider, accounts for 76.05% in China search engines market in April 2017 (CNNIC, 2018). It possesses big data, cloud computing, deep learning and other core technologies. Furthermore, it has Baidu Map, which is a leader of Chinese mobile map. Alibaba owns Taobao, Alipay and other related business, it is one of the world's largest Internet companies. Its online sales and profits surpassed all US retailers (including Walmart, Amazon and eBay) combined since 2015 (Cheng A. , 2017). Tencent is the biggest social network provider in China, it has Qzone, Wechat, Wechat Payment and e-commerce products to establish a stable ecosystem. Baidu is able to control Chinese people's searching behavior

and control the core data for LBS technology. Alibaba owns the transaction data, and Tencent has the social network data. Furthermore, the Alipay and Wechat Payment occupy the vast majority of mobile payment market with a market share of 91.12% (CNNIC, 2018). FDI of sharing economy, no matter Airbnb, Uber, or others, have to deal with BAT because they control the Chinese Internet industry. BAT together hold China's information-based data and transactions, type data and relational data. On one hand, these three leaders are competing with each other, especially the fierce competition between Alipay and Wechat Payments. Companies can choose only one of them, if the companies select the Alipay, the information of its products or marketing campaign will be blocked on Wechat. The same for Wechat Payments. So, when foreign companies enter into Chinese internet industry, they have to choose their position. On the other hand, BAT also concern the sharing economy, and have already invested in some activities ranging from the sharing of transportation, professional / personal services, P2P finance, to crowdsourcing and other fields. So how to survive under the siege of BAT is a difficult question for FDI companies.

Furthermore, companies from traditional industries impose challenges to sharing business. The sharing economy has significant cost advantages and unlimited supply capabilities. Hence, they threaten positions of traditional companies, and change the former business logic. Companies and people who lost market shares and reduce profits will not remain indifferent. Take car-sharing for example, Uber and other companies challenge the stable market of Taxi. So, it is easy to find news about taxi drivers striking to resist Car-sharing. Only in the year of 2015, there were 15 Chinese cities experienced large-scale strike events (SIC, 2018). The relationship between sharing companies and traditional firm is become more and more tense. Traditional companies either enter into sharing market to scramble for market share, or compete through any fair or unfair competitive means to maintain their positions. Given this business climate, it is really hard for FDI to achieve success in Chinese sharing market.

5.2.3 Challenges from Chinese trust system

Depending on national cultural background, trust is developed and defined in different ways in different countries (Cremer, 2015). No matter which country, the trust plays a significant role in the sharing economy process. The main differences of Western trust system and

Chinese trust system lie in how people work towards building a trusting relationship, and how this influences people's behavior (Cremer, 2015). The West is considered as an individualistic culture, in which people need to acquire the skill to build alliances and networks to survive, so people take a more active approach to building trusting relationships (Cremer, 2015), furthermore, along with its modernization and industrialization process, it has built commercial credit system guaranteed by laws and regulations. In contrast, China is claimed as a collectivistic culture and a 'Guanxi society' (Cremer, 2015) Guanxi is a complex Chinese concept that captures relationships grounded in trust (Xin & Pearce, 1996). Chinese people in the society is grouped into 'jiaren', 'shengren' and 'shuren'. 'jiaren' is family members, while 'shuren' is relatives and friends or other old acquaintances. 'Shengren' means strangers (Xin & Pearce, 1996). Jiaren and Shuren is considered belong to the inside ground, and trust automatically exists between people in the same guanxi. But trust is never assumed outside of it (Cremer, 2015). So, Chinese trust system is subject to guanxi, if people have jiaren or shuren guanxi, they are trustworthy take for granted. But if the person is shengren, she/he is regarded as out of the specific guanxi group, so there is no trust with the person. Some guanxi like jiaren guanxi is inborn, and some guanxi can be built through exchange of favors. The Chinese society is grouped by different guanxi, and the guanxi creates the base for trust. However, this kind of guanxi-based trust depends on moral, and lacks legal protection. There is no general social trust in the spirit of the law in China.

But, the sharing economy implies the separation of ownership and access of products. People share their space, cars or other things with strangers through online platforms. However, there is no existing trust between strangers in China. Chinese people rarely trust strangers will care for others' property. And there is no reliable credit system for suppliers to choose trustworthy customers. Also, no related laws and norms to protect their rights. So, trust for sharing among strangers is actually a very costly thing in Chinese society. Take house-sharing for example, housing suppliers face the mistrust of customers who may damage their rooms. And neighbors do not trust the customer will behave as a good neighbor, the arrival of those Airbnb's customers may break their original community and may lead to social security problems (SIC, 2018). Moreover, the low illegal cost for breaking trustworthy relationships results in the moral trap within the sharing industries. There are many cases such as the car-sharing driver jeopardizing passengers' safety, the damage of the sharing-bicycles, etc. How

to promote sharing business with Chinses guanxi-based trust system, it is a big challenge for FDI.

5.3 Case study of Airbnb

The case study section applies previously theoretical theories and methodology foundation to the case company, and analyzes primary data and secondary data to answer research questions. First it introduces the case company: Airbnb, and describe questionnaire data collection. Afterwards, following the Peng's tripod, it analyzes Airbnb's business strategies and performance from industrial, resource, and institution perspectives, to find what drives its success in Chinese market.

5.3.1 Case description

Airbnb, founded in 2008, is one of the most recognizable international brands in the accommodation sharing economy. In 2013, at its Asia-Pacific headquarter in Singapore, a four-person team began to deploy the Chinese market; in 2014, the first group of employees entered of China, only two of them were permanent working employees; in August 2015, Airbnb officially announced its start of Chinses business. In November of 2016, Airbnb China was established, and it operates independently from the Asia-Pacific region (Liu & Zhang, 2016). Airbnb conducted a conservative market strategy and a moderate growth strategy in the first period of its Chinses activities. The Financial report stated that: "different from Uber's 'violent storm' entering into China, Airbnb is a breath of wind (Liu & Zhang, 2016).

In the summer of 2014, when Airbnb was thriving in the western market, inspired by the sharing economy wave, a group of Chinese companies emerged one by one, including Airbnb's main competitor Tujia, Xiaozhu, Mayi Duanzu and so on. However, different from these domestic followers focusing on China's domestic accommodation business, Airbnb is looking at China's outbound tourism market. According to statistics from the China Tourism Academy (CTA), more than 100 million Chinese tourists went abroad in 2015, with an increase over 10% (CTA, 2017). Nathan Blecharczyk, chairman of Airbnb China, announced that

Airbnb's Chinese outbound-travelling users increased by more than 700% in 2014, and China had been the fastest growth area for the company (Sina Technology, 2017). Airbnb also pays attention to build good relationship with China's governments. In 2016, it signed strategic cooperation agreements with four cities: Shanghai, Shenzhen, Chongqing and Guangzhou, and also signed a strategic cooperation memorandum with the CTA.

In 2017, Airbnb began more active and aggressive for its Chinese strategy. Not only focusing on outbound-tourism market, it also actively engaged in domestic tourism and accommodation business. On March 22, it announced its new Chinese name [Ai Bi Ying], which means "Let Love meet each other". After that, it launched a series of market campaign to promote its brand. Airbnb promoted 'Trips' and 'Experiences' products to the Chinese market. On June, Airbnb launched its new 'Story' function in the Chinese market. In terms of register and payment, Airbnb collaborated with local partners, and enable to login with WeChat login and pay through Alipay. In 2017, it continued to sign a strategic cooperation agreement with Chongqing and Guilin.

At the end of 2017, Nathan Blecharczyk stated Airbnb will keep increasing investment in the domestic market, but outbound-tourism market is still account for the overwhelming majority of Airbnb China. In terms of domestic market, he presented that the Chinese market has reached 150,000 sets of housing, with an increase of 100% year-over-year, and 2.25 million users, with a year-over-year increase of 287%. Among them Shanghai is one of the most popular cities (Sina Technology, 2017). For the next step of the Chinese market, Nathan Blecharczyk revealed three principles: high-quality, good service and cooperation (Sina Technology, 2017). The goal for Airbnb is that: by 2020, China will become the world's largest market for Airbnb (Liu & Zhang, 2016).

5.3.2 Data from questionnaire

Based on the Airbnb China's strategies and its business performance, the thesis uses the questionnaire to collect primary data. With regards to theoretical foundation of the thesis, Airbnb is analyzed from three perspectives. The questionnaire includes nine questions, one basic information, four questions from the industry-based considerations (question 2,3, 7,8,9),

while three questions from the resource-based considerations (question 4, 5, 6). The last question is one general question about Airbnb's Chinese development, including the institutional factors. A total of 200 people participated in the survey and collected 200 samples. The detail information and response rate for each question is showed on Appendix C. In the next three sections, analysis of Airbnb case from three perspectives, it will employ some pie charts (see Appendix D) sourcing from this questionnaire data.

5.3.3 Industry-based considerations for Airbnb

Bargaining power of buyers – According to the questionnaire data, the main consumer groups of Airbnb are Post-80s and Post-90s (question 1). According to *Chinese short-term accommodation industry report 2017*, 79.1% of the users for Airbnb, Tujia and other online accommodation platforms are undergraduate (iResearch, 2017). The report also stated that the middle class is the main consumer group, with monthly income between 10000 to 20000 (iResearch, 2017). The average daily price for housing offers via these online platforms is concentrated between 200-500 yuan. The total price for Airbnb's housing offers depends on the landlord's pricing and Airbnb's service fees, and the landlord's pricing is the main part. Airbnb charges 10% service fee (Airbnb, 2018). For this matter, bargaining power of Airbnb's customers is weak. Considering consumers have the access to find the price-acceptable housing on the platform, furthermore, only 24% of survey participants feel that there is no sufficient housing at Airbnb (question 6), it suggests that consumers' price sensitivity of Airbnb is relatively low. Regarding brand, data of question 2 in the survey argues that Airbnb's cognition rate is as high as 85%. iResearch (2017) report also asserts that advertisements through search engines and information sharing through social networks as WeChat, Weibo, are main ways for users to recognize platforms. Taking Airbnb's WeChat account operational data, it can assume that Airbnb conducted interesting and attractive marketing champions through social networks and obtain a group of loyal users and fans (Lee, 2017).

Bargaining power of suppliers – Airbnb currently offers 4 million listings across 191+ countries (Airbnb, 2018). With Airbnb China's outbound-tourism focusing strategy, such a large number of listings provide its competitive advantages to overcome bargaining powers from suppliers. However, in China's domestic market, Airbnb's listings are relatively

insufficient compared to its competitors, with only 80,000 suites, Tujia has 440,000 suites which are distributed in 289 cities, Mayi Duanzu also has more than 300,000 suites of housing. Based on business models of sharing economy, suppliers of housing-sharing should be individual landlords. However, according to the question 7 of the questionnaire, only 18% of the participants are willing to become suppliers. Most of them worried about trust system, housing management and tenants' quality (question 8). Take Chinese high price for housing into account, it suggests that domestic suppliers are limited, especially high-quality listings. Therefore, high-quality housing supplies have become the competitive assets for every platform. So, the bargaining power of Chinese domestic suppliers is still very strong. However, first Airbnb is focusing on the Chinses outbound-tourism market, so suppliers' bargaining power less influences on Airbnb comparing with other platforms. Secondly, Airbnb has already improved the regulatory system, promoted its operating system, and build Chinese service center in order to obtain more high-quality domestic supplies.

Threat of new entrant – it is too costly or difficult for potential rivals to enter this market due to several entry barriers. First, the online short-term accommodation industry has already well structured. Different platforms have competitive extended to various cities in China, especially in the popular tourist cities. From 2011 to 2013, a large number of platforms were launched, and their housing manage team went to the whole country to obtain high-quality supplies. New entrants need to invest more capital in order to obtain housing supply and attract consumers, thus the capital requirement is very high. Secondly, platforms have begun to establish their own brands through differentiation strategy. For example, Airbnb emphasizes its 'Trips', 'Experiences' and 'Story', which offer the access for local lifestyles. Mayi Duanzuant focus on families' travelling, Munian Duanzu adheres to the "one room, one life". It is difficult for new entrants to build its specific products. The third barrier is brand loyalty. These existing brands have already achieved a certain level of loyalty users by satisfying the individual needs, refining services, and interesting marketing campaign.

Threat of substitute – The risk for substitute is low for Airbnb. Compared with the traditional hotel industry, Airbnb provides people with a cheaper option. Subject to Chines frugality culture, consumers prefer cheaper price of products and services. Data of Chinese hotel industry presents that budget hotels account for half of the total, while mid-to-high-end

hotels account for a relatively low percentage (chyxx, 2017). From this data, it is reasonable to suggest that Chinese consumers prefer to save money on accommodation. Furthermore, Airbnb provide the access to experience local life at the same price as a budget hotel. So, there is no active substitute from traditional hotel industry. Given the online accommodation industry, there is no obvious alternatives for out-bound tourism market, and Airbnb maintain the dominant position in this market. Although Xiaozhu Duanzu and Tujia are aggressively expanding their overseas businesses, Airbnb has the first-mover advantages. It has already obtained a large number of supplies. It also has built its brand loyalty, according to report from CTA, 82% of Chinese outbound travelling consumers expressed satisfaction of Airbnb, and 30% of Chinese outbound travelling consumers said that Airbnb's experiences make their journey more interesting (CTA, 2017).

Intensity of Competitive Rivalry – The industry experiences fierce competition. In the domestic market, Tujia, Mayi Duanzu, Xiaozhu Duanzu all are powerful competitors for Airbnb (question 3). There are more than 400,000 units housing on Tujia platform, with half of them locate on core tourist cities (Liu & Zhang, 2016). Mayi Duanzu based on its "Tourism + Duanzu" model, provides accommodation products as well as tourism value-added services, such as attractions tickets, car rental, airport transfer, etc. (Liu & Zhang, 2016), Xiaozhu Duanzu promotes personalized accommodation and encourages landlords to share their personal experiences (iResearch, 2017). Given this competition context, Airbnb employs its overseas advantages to promote its development in China. In the outbound-tourism market, Zhubaijia directly compete with Airbnb, and expand its overseas listings (Lee, 2017). While Tujia plans to maintain its leading position in the domestic market, at the same time to develop its overseas business. Competition in the industry is becoming more and more intense. But Airbnb conducts a successful strategy. The logic for Airbnb's development in China is first to control the outbound-travelling market, and then to encourage those Chinese users who have experienced Airbnb overseas to become landlords or tenants in China. And its products enable tourists integrating into local communities and exploring local cultures. During its localization process, Airbnb cooperated with BAT and other giants of online travelling agency. It cooperates with WeChat to enable access of WeChat login, as well as it cooperates with Alipay to meet Chinese customer's payment habits. Furthermore, it establishes strategical

relationships with the local governments and sign strategic cooperation agreements with some tourist cities.

5.3.4 Resource-based considerations for Airbnb

The resource-based view focuses on resources and capabilities to explore how internal factors promotes company's successful development. In the following part, the thesis uses the VRIO framework to analyze what is Airbnb's sustainable competitive advantages. Peng and Meyer (2011) classify company's resources into two categories, tangible and intangible. Tangible resources contain financial resources and physical resources, while intangible resources include technologic resources; reputation and brand; corporate culture and human resources. Corporate capabilities can be classified in terms of corporate functions; management; research and development (R&D); product design; sales and distribution (Peng & Meyer, 2011).

Analyzing Airbnb's sustainable competitive advantages from the 'V' item: the resource and capability should be valuable, and able to exploit an opportunity or neutralize an external threat (Barney & Hesterly, 2010). Considering Airbnb's practical information discussed in the chapter 5.3.1, Airbnb has a number of valuable resources and capabilities: financial resource; technologic resource; R&D; brand reputation and management; human resource; relationships with governments; global strategy and strategic management; product design and marketing; supply control and customer services.

The second step is to discuss the 'R' - Rarity. The rarity refers to "the resource or capabilities currently controlled by only a small number of competing firms" (Barney & Hesterly, 2010). Although Airbnb possesses many valuable resources and capabilities as discussed above, some of them do not qualify for the rarity constriction. The financial resource of Airbnb is without rarity. On March 2017, Airbnb completed the Series F funding, received 1 billion U.S. dollars, bringing its valuation up to 31 billion U.S. dollars. However, its competitors also have competitive financial resource. For example, Tujia completed division of its online and offline business in 2017, after that the online platform successfully completed the Series E funding with 300 million U.S. dollars. As for the human resources, although Airbnb has established its

Chinese headquarter in Beijing. Within its Chinese team, all employees have international backgrounds as well as good understanding of China. However, Airbnb's local competitors have more human resources advantages. Their employees are better understanding the Chinese market, and their team do not have the challenges of cultural diversity. The same situation for customers service, local competitors are easier to provide customers services. The resource or capability which meets both the 'V' and 'R' constrictions creates competitive advantage for Airbnb.

The third step is to discuss the 'I' factors of above resources and capabilities. Imitability analyzes "do firms without a resource or capability face a cost disadvantage in obtaining or developing it compared to firms that already possess it" (Barney & Hesterly, 2010). First, the technologic resource and R&D is not cost to imitate. The main factor affecting R&D and technical resource is professional employee such as developer, programmer, engineer and so on. However, according to the *2017 Human resource report of Chinese Internet industry* (ELE, 2017), the Internet industry have a high turnover rate compared with other industries, and 34.5% of participants have the job-hopping aspirations. With the strong talent mobility in the industry, Airbnb's competitors are easily to develop the similar R & D and technical resources. Secondly, the relationship with government is easy to imitate for Airbnb' competitors. Because China's government is encouraging the development of the sharing economy. Since 2017, the relevant policies and regulations has been issued by the Ministry of Land and Resources, the National Development and Reform Commission, and the National Tourism Administration, involving the supply of housing, the supply of land, the development of tourism and so on, to promote the development of housing sharing (SIC, 2018).

After identifying Airbnb's valuable, rare and inimitable resources and capabilities, it is the time to analyze its sustained competitive advantages. There is no doubt that Airbnb - a company has office in 20 cities over the world and expands business to 191+ countries - is organized, ready and able to exploit its resources and capabilities to achieve its development. This paper suggests that Airbnb has sustained competitive advantages from four perspectives: global strategy and strategic management; brand reputation & management; product design and marketing; and supply control. Furthermore, these resources and capabilities are mutual supportive. Airbnb's global strategy and supply control reinforce each other. Data from the

questionnaire states that about 59% participants express the main use for Airbnb is out-bounded tourism (question 4). Airbnb currently has powerful control over its overseas housing supply with 4 million listings across 191+ countries (Airbnb, 2018). So, the company design its global strategy and entry strategy based on its overseas advantages. It does not directly enter into the competitive domestic tourism market. However, it promotes Chinese development by a circuitous way: controlling the outbound-travelling market first, and give Chinese users a new awareness of travelling, then encourage them to become landlords or tenants in China. Furthermore, Airbnb's interesting products and strong brand also combine together to create its sustained competitive advantages. Around 40% of participants of the questionnaire feel that compared with other platforms, the best thing of Airbnb is it access to different cultures (question 5). Through 'Trips', 'Experiences' and 'Story', tourist can enjoy local lifestyles and experience different local activities (Airbnb, 2018). Although other competitors are able to build the same model as Airbnb, Airbnb has already built its strong brand awareness, and obtained a number of loyal fans. When people think about a trip to local life, the first choice for them is Airbnb. Hence, these are real sustained competitive advantages for Airbnb.

The VRIO analysis of Airbnb's internal resource and capabilities is illustrated on table 4, and ☆ means temporary competitive advantages while ★ means sustained competitive advantages.

Resource/ Capabilities	Value	Rarity	Inimitability	Organization	Competitive Implications
Financial resource	✓	✗			
Technologic resource	✓	✓	✗		☆
R&D	✓	✓	✗		☆
Brand reputation & management	✓	✓	✓	✓	★
Human resource	✓	✗			
Relationships with governments	✓	✓	✗		☆

Global strategy and strategic management	✓	✓	✓	✓	★
Product design and marketing	✓	✓	✓	✓	★
Supply control	✓	✓	✓	✓	★
Customer services	✓	✗			

Table 4. VRIO analysis of Airbnb (own contribution)

5.3.5 Institutional-based considerations for Airbnb

The institutional-based view emphasizes the critical impact of formal and informal institutions on business development. As discussed on chapters 5.1 and 5.2, institutional factors - policies, regulations, cultures, trust system, and so on - create both opportunities and challenges for Airbnb. This sector explores how Airbnb takes these opportunities, as well as how it overcomes these challenges.

From formal institutions perspective, China's positive policies and regulations for sharing economy provide opportunities for Airbnb's development. The National Development and Reform Commission, the National Tourism Administration and other related institutions have released some policies and regulations involving housing supply, land supply, tourism administrations. However, there are also some challenges for housing-sharing form regulatory perspectives. Most of existing policies and laws do not fit well with the rapidly development of the industry. Some local governments offer more restrictions than encouragement. For example, *Beijing City's Tourism Regulations* states that from August 1st. 2017, all suppliers in Beijing should go to AIC (Administration for Industry and Commerce.) bureau for registration (SIC, 2018). In order to take opportunities and overcome challenges. Airbnb first establishes good relationships with local cities' governments, especially these core tourist cities. It signed the cooperation memorandum with Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu, and Guilin local governments. Secondly, it works hard to understand China's policy orientation, and build stable relationship with the central government. Nathan Blecharczyk, the chairman of Airbnb China, attended some business

conferences in China, and combined Airbnb's activities with 'supply-side structural reform' (Lee, 2017). Considering the lack of applicable industry standards and management policies, Airbnb also actively cooperates with a number of domestic research institutes, universities and other institutions to jointly conduct research on sharing economy, housing-sharing, and market management, and other fields (SIC, 2018).

From informal perspective, first of all, Airbnb's housing lists, especially listings in famous foreign tourist cities, catered to Chinese frugality culture. During travelling, Chinese consumers pursue cost-effective accommodations. However, hotels in a famous tourist city with good location are always with expensive price. Compared with them, Airbnb is cheaper. It also has the possibility to provide a kitchen, as well as experience local events. So, for most of Chinese out-bounded tourists, especially the whole family and young generations, Airbnb provides good products (Liu & Zhang, 2016). Secondly, Airbnb conduct some strategic methods to overcome the challenges from Chinese trust system. Chinese guanxi-based trust system lead to many people are skeptical of housing sharing. Likewise, many Chinese people are reluctant to be landlords to share their rooms. In order to overcome negative effects of mistrust in Chinese society, Airbnb values focuses on trust-building of Chinese landlords, not expansion of listings. By building reliable rating system, launching a "Community Mentor Program", creating a "Landlord College", allowing hotel industry's professionals entering the platform and some other methods, Airbnb is able to ensure the high-quality of listings, and shape a trustworthy image of Airbnb.

5.4 Case study of Uber

5.4.1 Case description

In August 2013, Uber started its Chinese activities, tried operation in Shanghai first and later entered into Shenzhen and Guangzhou markets. In February 2014, Uber officially announced its entering to China's market with the product Uber Black. The Uber black was targeted at the luxury vehicle service with Audi, BMW and Mercedes-Benz cars (Lu, 2016).

In order to simplify the operation process and speed up its development, Uber China employed the 'three-elite-team': one city has one team with only three employees. Every

team has ample budget and full autonomy. And they operate independently in different cities (Liu, personal communication, April 29, 2018). By this way, it recruited a group of young people who have passion to fight for it. During its early stage in China, Uber conducted a lot of interesting brand marketing campaigns. For example, a series of "one-click for XX" activities, cruise in West Lake in Hangzhou, rickshaw in Beijing, helicopter travelling around Shanghai, and so on (Liu, personal communication, April 29, 2018). At the same time, its future competitor, DiDi Chuxing, was fiercely competing with another local company, KuaiDi. However, the Uber also did not take the opportunity to capture local market. Chinese people just regarded Uber as "a company good at marketing" (Guo, personal communication, April 29, 2018). It had only a few thousand registered drivers and a small number of high-end users. In China, taxi is regarded as a kind of public transport with moderate prices, hence the high-end Uber Black are too expensive for Chinese consumers.

However, there was still a huge market opportunity for car-sharing in China. According to data from the Ministry of Transport, Chinese private cars had reached 124 million, 40 cities with more than 1 million cars, and 11 cities have more than 2 million (MOT, 2016). So many private car owners could be able to become suppliers of Uber. And In many Chinese cities, especially in big cities, a large number of daily travel needs had not been met by public transport. Furthermore, Chinese people had been dissatisfied with the service quality of taxi for a long time (Yu, 2016). In order to occupy this market, in August 2014, Uber launched a localized product - People's Uber - in Beijing. Private car owners who meet requirements can register as drivers of People's Uber. Its price was a little higher than taxi, but significantly lower than Uber Black. However, due to the brand positioning, regulation policy, company management and some other problems, Uber did not positively promote this product in China's market (Liu, personal communication, April 29, 2018). During the next 8 months, although People's Uber did not have direct competitor in China, the product was also limited to a few cities (Liu, personal communication, April 29, 2018).

In March 2015, after long hesitation, the People's Uber started an aggressive strategy, expanding rapid by price-cuts, promotion code, subsidies and other means. It was regarded as officially declared war on DiDi. In April 2015, DiDi launched a similar product of People's Uber - DiDi Kuaiche - and invested one-billion-yuan subsidy to fight with People's Uber. After

several months' battle. In September 2015, Uber announced that People's Uber increased its market share from 1% to 35%, while DiDi said that it occupied 80% of the market (Lu, 2016). Along with their fierce competition. Some problems of Uber China came up, involving human resources management; relationships with governments; relationships with media; issues about product; service and so on (Yu, 2016).

Although Uber made positive efforts to solve problems, for example, Uber China made an organizational structure adjustment, hired Zhen Liu as its China's Head of Strategy, tried to establish a more positive relationship with the Chinese government (Yu, 2016). Its competitor, DiDi, had already realized these problems and solved better than Uber. In addition, DiDi cooperated with Grab in Southeast Asia, Ola in India, and Lyft in the United States to form an 'Anti-Uber' alliance in Global (Huang, personal communication, May 1, 2018).

Ultimately, Uber left China under the pressures of investors and market. On August 1st, 2016, DiDi announced that it acquires Uber China's brand, business, data and other assets in mainland China (Lu, 2016).

5.4.2 Data from semi-structured interviews

The thesis uses the semi-structured interview to collect primary data about Uber China. Based on the Uber China's business activities and theoretical framework of the thesis, the interview guide is designed from three perspectives, involving nine specific or open-ended questions (see Appendix A). The interviews include 9 participants. Among them, there are employee or former employee of Uber China and DiDi, as well as drivers and users. The detail information of interviews is showed on Appendix E and Appendix F. In next parts, it will present and discuss the findings derived from semi-structure interviews.

5.4.3 Industry-based considerations for Uber

Bargaining power of buyers – In China's traditional taxi industry, the number of vehicles, and the price are controlled by local governments. That results in many problems of the industry, such as taxi service is in short supply, and customers are troubled by "difficulty in taking a taxi"(Ding, personal communication, April 30, 2018). In such background, the car-sharing

through online platforms such as Uber and DiDi are able to attract a lot of users. The statistics report from 36Kr suggests that young white-collar workers are the core users of such platforms (Song, 2018). Because this group of people has both the just-in-time demands of daily commuting and enough consumption ability. According to the survey the 25-34 years group are most often use them (Song, 2018). The level of income is also closely linked with the usage rate (Song, 2018). Data from the survey states that the proportion of high-income users in the Uber is higher than that of DIDI (Song, 2018).

Moreover, users of the industry have a high degree of concentration. Take Beijing for example. During the morning rush hour – 7:30 to 9:00 – user group are concentrating within some areas such as Huilongguan, Tiantongyuan, Fangshan and other densely populated areas. In addition, the switching cost of consumers are low. All interviewees stated that there was no switching cost for them to change platforms. The price is the main factor when they make decision"(Ding, personal communication, April 30, 2018). Only within the similar price context, they would consider quality of service, the brand image or other things. Hence, the price sensitivity of consumers is very high. Consumers are easy to check many kilometers for driving and whether the driver has detoured"(Yang, personal communication, May 1, 2018). And it is also easy for consumers to find subsidy information for all platforms. So, in general, consumers have strong bargaining power in the industry.

Bargaining power of suppliers – Suppliers of Uber and other platforms are mainly from two kinds of people. First, former taxi drivers who are not dissatisfied with income level, and then convert to a full-time driver of Uber and DiDi. Second, owners of the private cars. Most of them work as part-time job, and some turn to full-time drivers"(Zhou, personal communication, April 27, 2018). Dada from Xinhua News states that the main purpose for drivers is to increase income (XINHUA NEWS, 2016). Therefore, suppliers of the industry are highly price-sensitive.

In addition, the stability of supply is low in car-sharing industry. According to statistical data, 94.4% of drivers did not sign labor contracts with platforms, and 78% of drivers have no sense of belonging for these platforms (XINHUA NEWS, 2016). So, from suppliers' perspective, they have low switching cost and low loyalty for any brand (Yao, personal communication, April

24, 2018). They would like to change platforms frequently for income-seeking. Besides, suppliers, especially these former taxi drivers, would like to form a union to object to regulatory management (Zhou, personal communication, April 27, 2018). At the early stage of Uber, its office location in Chinese cities even was kept secret in order to avoid driver's containment (Yu, 2016).

Threat of new entrant – The threat of new entrants is big for car-sharing. First of all, there are a lot of unsaturation markets in many Chinese cities. Every day, no matter who, has to go out by taxi, public transports, or on foot. It is an important demand for daily life. However, China's transport management varies from city to city. Every city has its own specific regulatory policies and different market contexts (Yu, 2016). Therefore, even for leader companies of the industry, it is impossible for them to maintain the dominant position in every Chinese city (Zhou, personal communication, April 27, 2018). So, there still remain a number of market shares in many third and fourth-tier cities in China. It is possible for new entrants to choose specific city and start its development.

Secondly, as discussed above, consumers have low brand loyalty and low switching costs. Hence, consumers are willing to accept new products as long as they can provide cheaper price and more subsidy (Yang, personal communication, May 1, 2018). Thirdly, the industry requires little technical innovation as well as differentiation strategy. It is obvious that new entrants have latecomer advantages, for example, they are able to obtain technologies with low cost, and they can copy business models from existing companies (Huang, personal communication, May 1, 2018). So, it is reasonable to suggest that the industry is facing with big threat of new entrants. Although new entrants need high capital requirements to develop new markets or fight with existing companies, there are still some investors, especially Chinese internet giants, would like to enter the market (Huang, personal communication, May 1, 2018).

Threat of substitute – There are many substitution products. The first substitute comes from the traditional taxi industry. At beginning, car-sharing platforms Uber, and DiDi upsetted the traditional taxi service because of the better service and cheaper price. However, facing fierce competition from these platforms, traditional taxi companies began to change their attitudes,

and improve their service quality to attract more consumers. For drivers, they also tried to retain drivers by reducing management fees and increasing welfare.

The second substitute is online car rental like Cargo, EVCARD, Gofun, TOGO and so on. These companies work as another way of car-sharing. They look like rental cars, but much better. Take Car2go for example, user can grab a car2go from anywhere on the street, then drop it off anywhere on the street in the operating area, without reservations and refueling (Car2go, 2018). Considering that the Chinese government is encouraging the development of new-energy-vehicles, and Chinese customers need more alternative ways to meet their commuting demands, these companies are growing rapidly in China. For example, when car2go entered into Chongqing market, within 10 months, it acquired more than 78000 users (Pwg, 2018).

Other methods of public transportation are also substitute for car-sharing. In China's first and second tier cities, such as Beijing and Shanghai, metros and buses are very convenient. When people are not in a hurry, and consider about saving-money, they are also very willing to choose these public transportation methods (Ding, personal communication, April 30, 2018).

Intensity of Competitive Rivalry – The industry is highly competitive. First, Uber has strong competitors. By merge with KuaiDi, DiDi obtained the majority of market share. Data shows that by December 2014, the accumulative accounts number of car-sharing platforms had reached 172 million, whereas DiDi and KuaiDi account for over 99% (Lu, 2016). Furthermore, DiDi is support by Chinese Internet giants, Tencent and Alibaba. Tencent is the biggest soicla network provider in China, it has Qzone, Wechat, Wechat Payment and e-commerce products to establish a stable ecosystem. While Alibaba owns Taobao, Alipay and other related business, it is one of the world's largest Internet companies. Uber experienced several times of blockades on WeChat. Many Chinese cities' Uber WeChat public accounts, involving account of Shanghai, was banned on WeChat. Although WeChat announced that it is normal system jitter, or Uber accounts were on suspicion of smear campaign. There is no doubt that Uber was under pressure of Chinese internet giants (Yao, personal communication, April 24, 2018).

In addition, the requirements for technological innovation and creative in the car-sharing are not so high. DiDi or Uber had the similar level of technological development like Internet of Things, big data, cloud computing, location-based services (LBS). On the contrary, platform's sustainable development depends on stable technical support and efficient customer service (Yao, personal communication, April 24, 2018). However, Uber did not have a local technology and product team, and every technical problem needs to be send back to the United States. As for customer service, Uber insisted that email reply is more efficient than telephone center. But Chinese users are not accustomed to this style (Guo, personal communication, April 29, 2018).

Moreover, Uber's competitor – DiDi –conducted very positive and effective strategies to compete with Uber. In China, on the one hand, DiDi rapid raised fund and refueled the subsidy war. On the one hand, it established more friendly relationships with local governments, as well as strengthened its internal management. In global, DiDi cooperated with Grab in Southeast Asia, Ola in India, and Lyft in the United States to form an 'Anti-Uber' alliance (Huang, personal communication, May 1, 2018).

5.4.4 Resource-based considerations for Uber

Different from Airbnb's case, it is obvious that Uber China did not have sustainable competitive advantages. Even it had some competitive advantages during the introduction period, these competitive advantages did provide sustainable development for Uber China. Uber's financial resource was not valuable compared with DiDi, although it has received more than 10 billion U.S. dollars fund, invested 1 billion U.S. dollars in subsidy to the Chinese market. However, these financial resources did not help it explore opportunities or defend against challenges from DiDi. On the contrary, it leaded to huge losses. According to Uber's financial documents, Uber lose 1.1 billion U.S. dollars in 2015 (Lu, 2016). As for R&D resource, Uber even did not have R&D team in China, and all issues had to send back to the United States and wait for a reply. Compared with DiDi's R&D department, it is obvious that Uber's R&D resource was not valuable. In addition, Uber's brand reputation and management were also without valuable in China. Although Uber is a well-known sharing economy brand, in China, it did not bring any value to the company other than academic research (Huang, personal

communication, May 1, 2018). Because of the car-sharing industry, consumers are concerned about prices first and then service quality. In addition, Uber started its Chinese business as a high-end brand first, afterwards, it changed its brand position, which leads to some negative effect on brand reputation. Relationships with governments were also without value in China. Uber not only failed to establish good relationships with the local governments, but also led to challenges. In the Institutions-based section it will discuss about this issue. As for supply control, Uber had no value in it considering the instability and low switching costs of supply discussed in the industry-based section. Furthermore, Uber had no telephone customer service in China, and customers could only get help through email. This is unacceptable in China (Xiong, personal communication, April 27, 2018).

Uber is proud of its technologic resource (algorithm, demand forecasting, congestion forecasting, supply matching, intelligent scheduling, surge pricing, etc.). interviewee of Internet industry states that Uber's algorithm is really better than DiDi (Yao, personal communication, April 24, 2018). However, in terms of technology resource, DiDi's interface and interaction are much friendly for Chinese users, with more payment methods, more business lines to meet various users demands (Yao, personal communication, April 24, 2018). And as discussed above, users care more about price than innovation and creativity. Technology resource is just supportive. It is a competitive advantage, but not a sustainable competitive advantage.

Furthermore, Uber boasted its 'three-elite-team'. in the early stages, this kind of human resource did provide competitive advantages for Uber. Every team has ample budget and full autonomy, and teammates all had in-depth understanding of the local markets. In Shanghai, the first Chinese cities to enter Uber, members of the city team can speak local dialects, understand the locals' living habits, which helped them conduct some attractive marketing campaigns. But with Uber's development in China, its human resources management did not improve and more and more problems came out. The excessive flat structure led to blocking of career promotion channels, and the core employees started to leave Uber. Uber advocates "decentralization". There is no CEO in China and all cities' teams operate independently (Liu, personal communication, April 29, 2018). That led to extremely difficult cooperation and linkage among different cities. Uber China was unable to mobilize national

resources to negotiate with partners, or handle government relationships (Liu, personal communication, April 29, 2018).

Uber's product design and marketing provided competitive advantages in China during the introduction period. There were some attractive marketing campaigns based on cultures of different cities, which helped Chinese customers to know about Uber. But the capability did not have inimitability, it is easy for other companies to copy (Huang, personal communication, May 1, 2018). Moreover, after introduction stage, Uber turned to focus on subsidy-war in the Chinese market and did not continued to maintain this competitive advantage.

Uber's strategic management and global strategy did not help the company to exploit opportunities in Chinese market. Uber entered into the Chinese market with Uber black, a high-end brand positioning, which did not meet consumers' demand. After that, Uber launched People' Uber, a good product with good price, however, Uber hesitated to actively promote it. At that time, there were no similar products in the market for eight months. But Uber missed the opportunity. Then Uber aggressively provoked a subsidy-war with DiDi, resulting in a huge loss. Look at DiDi's strategy management, on the one hand, it tried best to resist Uber's competition in China. On the one hand, it formed the Anti-Uber alliance in global to counterattack in order to reduce the pressure on the domestic market (Huang, personal communication, May 1, 2018).

5.4.5 Institutions-based considerations for Uber

Different from Airbnb's case, the primary data and secondary data state that Uber did not take opportunities from regulation context, instead its created the challenge for Uber's development in China's markets. For any company, local or FDI, wants to survive and sustained develop in China, it is necessary to maintain a good relationship with Chinese government. This is the rule of the game in the Chinese market (Huang, personal communication, May 1, 2018).

When Uber entered into Chinese market, existing laws and policies did not involve sharing economy. This was a "gray area" (Yu, 2016). Furthermore, because car-sharing is related to people's daily life, the government would certainly pay attention to it. Before August 2016,

the central government gave tacit approval of companies in the industry, but these companies need to operate within the legal scope (Huang, personal communication, May 1, 2018). Therefore, the four local platforms: DiDi, Shenzhou, YiDao and No. 1 car were all operate legally with a circuitous method. Private cars were affiliated with a P2P car rental company, and then the platform seconded private cars from the qualified car rental company (Huang, personal communication, May 1, 2018). Besides, DiDi also actively cooperated with the government, experts and scholars to establish the industry standards.

On the contrary, Uber took a tough attitude towards regulatory challenges. Uber did not make any attempts to legalize its activities. Instead, it induced private car owners to avoid lawful inspection and evading legal liability (Yu, 2016). These actions exasperated Chinese government. Uber received regulatory penalties in many Chinese cities. For example, On April 30, 2015, the Guangzhou City's AIC, and the Public Security Department jointly conducted an inspection of Uber Guangzhou and seized thousands of iPhones (Yu, 2016).

Furthermore, Uber did not take opportunities from Chinese frugal culture, but also it fell into moral trap. During the introduction period, Uber was targeted at the high-end brand position which did not cater to Chinese people's cost-effective consumption view. Instead, in the eyes of Chinese people Uber is a company only good at marketing. When Uber aggressively promoted People's Uber in many cities, the lack of understanding of Chinese culture and social norms led to negative influences (Xiong, personal communication, April 27, 2018). First, there is no trust between drivers and Uber. Uber's high subsidy not only led to more people become Uber's drivers, but also led to the emergence fraudulent trips (Yu, 2016). Some drivers used the modified smartphones and related software to fake orders and use them to defraud Uber's subsidy. However, Uber did not respond immediately and effectively (Zhou, personal communication, April 27, 2018). This not only caused a loss of funds, but also lost the trust of many hard-working drivers.

Secondly, Uber did not help to establish trust between drivers and users. Uber almost did not have auditing program and training process for its drivers. Just after clicking the "Become a Driver" button, uploading some licenses, watching a training video, the people could be Uber's driver (Zhou, personal communication, April 27, 2018). That caused customers' insecurity issues appear in many Chinese cities. Take Hangzhou for example, on April 2015

there were two reports about sexual harassment of female passengers from Uber's driver. Furthermore, Uber customer service only provided a 20-yuan coupon to passengers for compensation (Yu, 2016). Which leads to many Chinese consumers no longer trust Uber and its service.

5.5 Airbnb VS. Uber

The overview of Airbnb and Uber case study is showed on table 5 as following:

Three legs	Metrics	Airbnb	Uber
Industry-based Considerations	Bargaining Power of Buyers	1: Post-80s and post-90s users 2: weak price-bargaining power 3: relative-low price sensitivity 4: through attractive market campaign obtain a group of fans.	1: young white-collar workers 2: high degree of concentration 3: low, almost no switching cost 4: high price sensitivity 5: easy to find information, and compare the price
	Bargaining Power of Suppliers	1: relative-strong bargaining power of domestic suppliers 2: Airbnb focusing on out-bound tourism market lead to less influence 3: Airbnb's active process of obtain high-quality domestic suppliers	1: former taxi drivers and owners of the private cars 2: main purpose for drivers is to increase income, highly price-sensitive 3: the stability of supply is low 4: drivers with low switching cost and low loyalty for any brand 5: drivers can form a union to object to regulatory management
	Threat of New Entrants	1: low threat of new entrants 2: high capital requirements 3: less possibility of different products 4: loyalty for existing brands	1: big threat of new entrants 2: markets opportunities in many cities, third and fourth-tier cities 4: consumers are willing to accept new cheaper products

			5: new entrants have latecomer advantages
	Threat of Substitutes	1: low risk for substitute 2: cost-effective than traditional hotel industry 3: no obvious alternatives for out-bounded tourism market 4: has first-mover strategies	1: many substitution products 2: traditional taxi industry 3: online car rental like Cargo, EVCARD, Gofun, TOGO 4: other methods of public transportation
	Intensity of Competitive Rivalry	1: fierce competition of the industry 2: have powerful competitors in domestic market 3: dominant position of out-bounded tourism markets 4: employs its overseas advantages to promote domestic development 5: cooperated with BAT and other giants of online travelling agency	1: highly competitive 2: strong competitors DiDi, 3: DiDi is support by Chinese Internet giants, Tencent and Alibaba 4: Uber did not have sustained competitive advantages compared with DiDi 5: DiDi conducted very positive and effective strategies; in global 'Anti-Uber' alliance
Resources-based Considerations	Competitive Advantage	1: Technologic resource 2: R&D 3: Relationships with local governments	1: Technologic resource 2: Human resource management 3: Uber's product design and marketing
	Sustained Competitive Advantage	1: global strategy and strategic management 2: brand reputation & management 3: product design and marketing 4: supply control	No obvious sustained competitive advantages
Institutional-based Considerations	Formal Institutions (Regulation)	1: the cooperation memorandum with tourist cities 2: understand China's policy orientation 3: build good relationship with government	1: Uber's negative attitude towards regulatory challenges 2: did not try to legalize its activities 3: induced private car owners to avoid lawful

		4: actively cooperate with research institutions	inspection and evading legal liability 4: received regulatory penalties in many cities
	Informal Institutions (Culture, Norm, Value)	1: cost-effective products meet Chinese' frugality culture 2: build a trustworthy brand by reliable rating system, community mentor program, landlord college program	1: at beginning targeted at high-end brand position 2: no trust between drivers and Uber 3: did not respond immediately and effectively to fraudulent trips 4: did not help to establish trust between drivers and users 5: no auditing program and training process for its drivers

Table 5. Overview of Airbnb VS. Uber (own contribution)

6. Conclusion and discussion

The thesis first reviews existing literature about sharing economy as well as FDI to provide a systemic context of studying FDI in the sharing market. The first conceptual issue of SE is its definition, however, there is no ‘shared’ consensus to answer what is ‘sharing economy’. Botsman and Rogers, Belk, Schor and other scholars have created many terms of sharing economy based on different disciplines. Although there is no definitive definition of it, all policy makers, scholars and practitioners believe that “it has started to transform traditional social economic system by allowing individuals, communities, organizations and policy makers to rethink the way we live, grow, connect and sustain” (Schor & Fitzmaurice, 2015; Cheng M., 2016). Afterwards, the thesis reviews literature about trust and reputation, motivations and models, as well as benefit and concerns of the sharing economy.

The objective of the paper is to investigate FDI in Chinese sharing market and analyze the driving forces for success. Hence, the paper applies not only researches and key concepts of sharing economy, but also theories and frameworks of FDI. It also presents literature about FDI’s definition and motivations. Then, it states several important theories and frameworks applied in FDI, including the resource based view, the OLI model, the institutional based view, the LLL model, the investment development path and the global value chain.

The thesis’s theoretical foundation is based on Peng’s strategy tripod to answer the research questions. It is a comprehensive model, which includes both external factors and internal factors. It is reasonable to state that the tripod is the most applicable model not only to analyze FDI within the sharing economy industry, but also to study FDI towards developing countries and emerging markets. Each of the three legs separately sheds light on what determines the success or failure of FDI. None of them alone is enough to provide a comprehensive picture of FDI. Furthermore, the sharing economy in China as an emerging domain has its particularity and complexity in terms of Chinese special institutional background, social context, economical endowment, and costumer need. Only the combination of three legs is insightful to probe deeply into research questions. The thesis argues these three legs within the sharing economy context, and lists them into table 1.

In order to answer research question *“How does foreign direct investment achieve success in Chinese sharing economy market?”*, the thesis first analysis the opportunities for FDI in the newly emerging domain of sharing economy market in China. Opportunities come from four perspectives. First, Chinese government provides a favourable political environment for inward FDI of the sharing economy. Along with the ‘supply-side structural reform’, the government is increasing focus on sustainable development of sharing economy in China. Secondly, the increasing internet users and the development of supportive industries provide FDI with lots of market opportunities. Within recently 10 years, the Chinese internet industry experienced revolutionary development. New technologies such as Internet of Things, big data, cloud computing, LBS and mobile payments will support the development of sharing economy in China. Thirdly, China also provides human resources for FDI to sustained develop in Chinese sharing market. The large number of unemployed people, poor people, and educated people could be both suppliers and customers for sharing business. In addition, Chinese culture, especially the frugality culture, offers opportunities for FDI to start its business in Chinese sharing markets. Chinese culture encourages people to live with the thrift style; more and more Chinese educated young people gradually turn to the green consumption styles and advocate the development of sharing economy.

However, there are also some challenges for FDI to sustained develop in Chinese sharing economy market. The first challenge comes from China’s existing regulation framework and legal system. How to build good relationships with local municipal governments and how to do business in gray areas are difficult questions for FDI to answer. Secondly, if FDI want to survive and sustained develop in Chinses sharing markets, it has to overcome challenges from BAT and traditional industries. BAT have already dominated Chinese internet-related industries. Baidu controls Chinese searching behavior, Alibaba owns the transaction data, and Tencent has the social network data. Furthermore, the Alipay and Wechat Payment occupy the mobile payment market. Any FDI of sharing economy enters into Chinese market has to deal with BAT. Likewise, firms from traditional industries – they know local market very well, and have stable relationship with local governments – are also challenges for new FDI firms. The third challenge relates to Chinese cultural background. China is claimed as a collectivistic culture and a ‘guanxi society’. Chinese guanxi-based trust system suggests that trust automatically exists between people in the same guanxi, conversely, there is no trust among

strangers. However, the sharing economy implies the separation of ownership and access; and strangers share resources or capabilities through online platforms. So, how to make Chinese people trust strangers is a big challenge for sharing economy firms. Besides, there is no reliable credit system in Chinese society; and the legal cost for breaking trust is low in China. Hence, it is infeasible for FDI to just copy their home countries' business models in China's market.

The thesis analyzes Airbnb's steady growth and competitive capabilities in China from three perspectives. It suggests that Airbnb not only exploits its internal resources and capabilities, but also takes advantages of external opportunities, as well as overcomes external challenges. From the industry-based considerations, Airbnb faces weak bargaining powers of buyers, low threat of new entrants, and low risk of substitute. Although there is relative-strong bargaining power of domestic suppliers, Airbnb strategically focuses on outbound-tourism market to avoid the negative effects. The industry is fierce competitive, with powerful competitors in domestic market. However, Airbnb does not fight with those competitors directly, instead Airbnb takes advantages of its competitive advantages to maintain the dominant position of outbound-tourism markets first. And then uses its dominant position overseas, as well as loyal fans to obtain more domestic market share. From internal resource-based considerations, Airbnb has sustained competitive advantages such as: global strategy and strategic management capability, brand reputation and management capability; product design and marketing capability and supply control capability. From formal institutional perspective, Airbnb understands China's policy orientation and builds good relationship with government. From informal institutional perspective, Airbnb's cost-effective products meet Chinese frugality culture. In addition, Airbnb build a trustworthy brand image through different methods to overcome challenges from Chinese guanxi-based trust system. Airbnb's success is not driving by only one force, but combination of both internal and external factors.

Likewise, Uber's failure in China was not only result from one reason. Various disadvantages and difficulties mixed together and led to Uber's exit in China. From industry based considerations, Uber's buyers and suppliers had strong bargaining powers because of their low switching cost and high price sensitivity. In addition, there were big threats of new entrants and substitutes. The industry was highly competitive with strong competitors.

Compared with its competitors, Uber did not have sustained competitive advantages. Although from resource-based analysis, Uber had some competitive advantages: technologic resource; human resource management; and product design and marketing capabilities. These advantages were not rare and inimitable. And along with the change of Uber's strategic focus, some competitive advantages became disadvantages. From formal institutional perspective, Uber held the negative attitude towards regulatory challenges. As for informal institutional considerations, Uber's brand position did not fit well in China's culture, and it also refused to actively build trust among drivers and users.

Learned from Airbnb and Uber's cases, FDI should realize that although Chinese sharing market is attractive, and easy to enter-in. It is difficult to survive and sustained develop, even for global famous brands. FDI should first make the right local strategy as well as the global strategy based on its internal resources, industrial context, and institutional background. In order to exploit external opportunities and overcomes challenges, FDI should comprehensively analyze its advantages and disadvantages from industrial background, regulatory frameworks, social context, and cultural circumstances. In addition, FDI's internal resources and capabilities should be employed according to industrial context, regulation environment, and cultural background to build its sustained competitive advantages.

There are several interesting perspectives for further discussion that can be drawn from the thesis. The first group is from practical perspective. The thesis suggests that China has different cultural and social context from western countries, and western norms and standards are not fit in Chinese context. So, it will be possible for further discussion about what is the suitable system and mechanisms in China, and how FDI takes advantage of it. It also states that there are big challenges from BAT's monopoly. It would be interesting to explore the practice guideline for FDI to deal with BAT based on quantitative analysis. The second group is further discussion about Chinese culture and sharing economy. Due to time and space constraints of this thesis, it only focuses on the frugal culture and guanxi-based trust, however, Chinese culture is complex and dynamic. Further research might investigate FDI of sharing economy related to other hemispheres of Chinese culture, such as Confucianism and Taoism.

7. Bibliography

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8. Appendix

Appendix A. Semi-structured interview guide for Uber

Uber 访问问题

1. 请问您是都使用过 Uber（优步）和滴滴
 - a. 作为司机还是顾客？
 - b. 哪一个使用更多？
 - c. 为什么？
2. 请问您如何评价 Uber（优步）的服务？
 - a. 平台使用体验
 - b. 价格问题
 - c. 权益是否受到保护
3. 您是如何了解到 Uber（优步）的？
4. 您开始使用 Uber（优步）的主要原因什么？
 - a. 价格补贴？
 - b. 方便快捷？
 - c. 营销活动推广？
5. 您对 Uber 最不满意的是哪一点？
 - a. 价格
 - b. 服务质量（司机素质？叫车难？）
 - c. 平台管理问题
6. 请问您是否了解滴滴 VS. Uber（优步）的价格补贴大战？你如何看待？
7. 您觉得 Uber（优步）最终退出中国市场是为什么？（中国的政策法规问题/ 中国消费习惯/错误的市场策略/资本问题）
8. 请问您如何评价 Uber（优步）的中国策略（
 - a. 竞争策略
 - b. 营销策略
 - c. 产品
 - d. 管理
9. 请问您觉得相比 Uber（优步），滴滴占领市场的原因（主要分析 sustainable competitive advantage）是什么？

Uber's Interview Guide

1. Have you ever used Uber and DiDi?
 - a. As customer or driver?
 - b. Which one is more frequently?
 - c. Why?
2. What do you think about Uber's products and services?
 - a. How about the user experience?
 - b. How about the price?
 - c. How about the protection of rights?
3. How do you know Uber?
4. What is the driver for you to start using Uber?
 - a. Price subsidy?
 - b. Its convenience?
 - c. Marketing campaign?
5. What is your dissatisfaction of Uber?
 - a. Price?
 - b. Service quality (drivers' quality/ low market shares)?
 - c. Efficiency and management of the platform
6. Do you know the DiDi VS. Uber subsidy battle? What is your opinion?
7. What do you think is the main reason for Uber's failure in China?
(from regulation perspective, from consumption culture, from strategies, from capital resources)
8. What do you think about Uber's strategies in Chinese market
 - a. Marketing strategy
 - b. Competition strategy
 - c. Management strategy
 - d. Product strategy
9. Compared with Uber, what do you think is the sustainable competitive advantage for DiDi?


Appendix B. Questionnaire for Airbnb


Airbnb（爱彼迎）问卷调查

1. 请问您的年龄
A: 小于 18 岁 B: 18-28 岁 C: 28-38 岁 D: 38-48 岁 F: 大于 48 岁
2. 请问您是否了解并使用过 Airbnb（爱彼迎）？
A: 经常使用，非常了解 B: 偶尔使用，一般了解
C: 听说过，但是没有使用过 D: 不知道是什么
3. 请问以下四个平台您觉得哪个是 Airbnb（爱彼迎）在中国的主要竞争者？


蚂蚁短租
A:


小猪
B:


途家
C:


游天下
youtx.com
D:
4. 请问您使用 Airbnb（爱彼迎）的主要用途是？
A: 国内度假旅游 B: 出境度假旅游 C: 国内商务出行 D: 其他用途_____
5. 相比其他平台，Airbnb（爱彼迎）最吸引您的是以下哪一点（可多选）？
A: 安全的支付体系
B: 便捷的使用体验
C: 充足且优质的房源
D: 较低的价格
E: 能够体验当地文化和生活方式
6. 以下最阻碍您继续使用 Airbnb（爱彼迎），降低您用户体验的是哪一点（可多选）？
A: 平台使用不方便
B: 低效的服务和反馈机制
C: 缺少充足且高性价比的房源
D: 遇到不靠谱的房东，无法保护自身权益
7. 假设您是房东并且现在考虑把房子出租，您是否愿意将您的房源放在 Airbnb（爱彼迎）平台上？
A: 愿意 B: 不愿意 C: 无所谓
8. 当您考虑问题 7 时，以下哪一点最影响您的决定？
A: 房屋管理和保洁上是否麻烦
B: 是否能够找到高素质的租客
C: 自己的权益是否能够被平台保护
D: 在该平台上是否能盈利更多
9. 请问您觉得 Airbnb（爱彼迎）在中国发展中的主要问题是？
A: 租客和房东之间缺少信用体系
B: 不理解中国人的消费习惯
C: 不适应中国的政策和制度
D: 不符合中国国情的战略决策

Airbnb questionnaire

1. Your age group
A: 18 or less B: 18-28 C: 28-38 D: 38-48 F: 48 or more
2. Do you know Airbnb China and use it before?
A: know it very well and always use it
B: know it, and sometimes use it
C: know it, but never use it
D: don't know it
3. Following four platforms, which do you think is main competitor of Airbnb China?



A:



B:



C:



D:

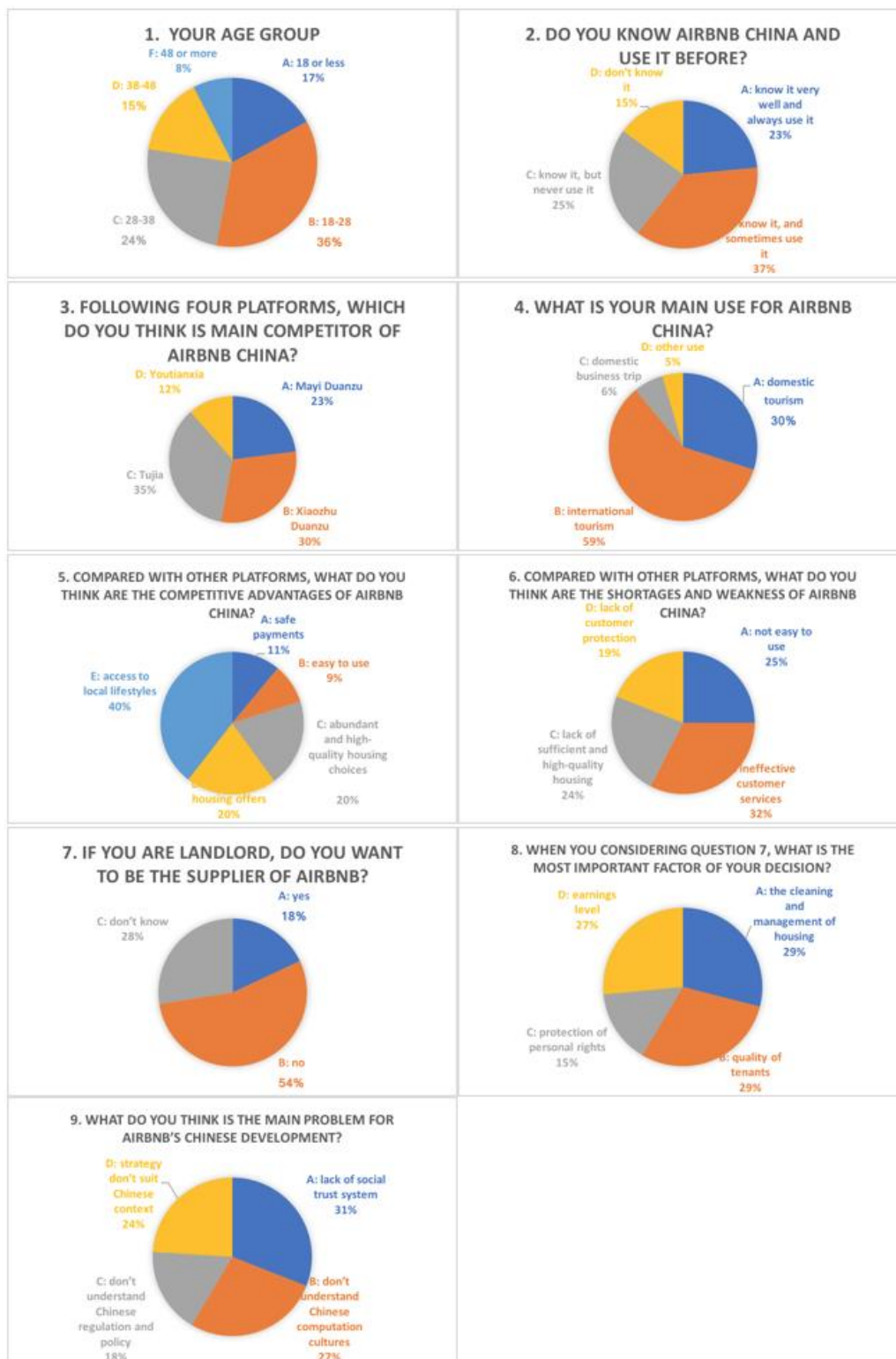
4. What is your main use for Airbnb China?
A: domestic tourism B: international tourism
C: domestic business trip D: other use_____
5. Compared with other platforms, what do you think are the competitive advantages of Airbnb China?
A: safe payments B: easy to use C: abundant and high-quality housing choices
D: low price of housing offers E: access to local lifestyles
6. Compared with other platforms, what do you think are the shortages and weakness of Airbnb China?
A: not easy to use B: ineffective customer services C: lack of sufficient and high-quality housing choices
D: lack of customer protection
7. If you are landlord, do you want to be the supplier of Airbnb?
A: yes B: no C: don't know
8. When you considering question 7, what is the most important factor of your decision?
A: the cleaning and management of housing
B: quality of tenants
C: protection of personal rights
D: earnings level
9. What do you think is the main problem for Airbnb's Chinese development?
A: lack of social trust system
B: don't understand Chinese computation cultures
C: don't understand Chinese regulation and policy
D: strategy don't suit Chinese context

Appendix C. Data collected from the Airbnb's questionnaire

Questions	Answers	Response number	Percentage
1. Your age group	A: 18 or less	34	17%
	B: 18-28	72	36%
	C: 28-38	49	24%
	D: 38-48	30	15%
	F: 48 or more	15	8%
2. Do you know Airbnb China and use it before?	A: know it very well and always use it	47	23%
	B: know it, and sometimes use it	74	37%
	C: know it, but never use it	49	25%
	D: don't know it	30	15%
3. Following four platforms, which do you think is main competitor of Airbnb China?	A: Mayi Duanzu	46	23%
	B: Xiaozhu Duanzu	60	30%
	C: Tujia	71	35%
	D: Youtianxia	23	12%
4. What is your main use for Airbnb China?	A: domestic tourism	60	30%
	B: international tourism	118	59%
	C: domestic business trip	13	6%
	D: other use	9	5%
5. Compared with other platforms, what do you think are the competitive advantages of Airbnb China?	A: safe payments	22	11%
	B: easy to use	18	9%
	C: abundant and high-quality housing choices	40	20%
	D: low price of housing offers	41	20%
	E: access to local lifestyles	79	40%
6. Compared with other platforms, what do you think are the shortages and weakness of Airbnb China?	A: not easy to use	50	25%
	B: ineffective customer services	65	32%
	C: lack of sufficient and high-quality housing	47	24%
	D: lack of customer protection	38	19%
7. If you are landlord, do you	A: yes	36	18%
	B: no	109	54%

want to be the supplier of Airbnb?	C: don't know	55	28%
8. When you considering question 7, what is the most important factor of your decision?	A: the cleaning and management of housing	58	29%
	B: quality of tenants	59	29%
	C: protection of personal rights	30	15%
	D: earnings level	53	27%
9. What do you think is the main problem for Airbnb's Chinese development?	A: lack of social trust system	62	31%
	B: don't understand Chinese computation cultures	55	27%
	C: don't understand Chinese regulation and policy	35	18%
	D: strategy don't suit Chinese context	48	24%

Appendix D. Pie charts sourcing from the Airbnb's questionnaire



Appendix E. Overview of interviews

Name	Interviewee Information	Date	Method
Yuan Yao	27 years old; working at internet industry; part-time driver of Uber and DiDi;	24 April, 2018	face-2-face interview
Mr. Zhou	35 years old; driver; have 5 years working experiences of driving Uber, DiDi, and Taxi	27 April, 2018	face-2-face interview
Taocheng Xiong	29 years old; KOL of 36Kr media; focusing on Chinese sharing market	27 April, 2018	online interview
Yingyue Guo	24 years old; student; user of Uber and DiDi;	29 April, 2018	face-2-face interview
Alice Liu	27 years old; former employee of Uber city operations;	29 April, 2018	online interview
Xiao Tan	28 years old; working at public institution; part-time driver of DiDi and Uber	30 April, 2018	telephone interview
Yijian Ding	25 years old; working at bank; user of Uber and DiDi	30 April, 2018	telephone interview
Chao Yang	30 years old; working at internet industry; user of Uber and DiDi	1 May, 2018	online interview
Rong Huang	28 years old; working at DiDi product department	1 May, 2018	online interview

Interview 1/采访记录 1

受访者：姚远（兼职司机/程序员/27 岁）

4 月 24 日

徐晴晴 Qingqing Xu (采访人) = X

姚远 Yuan Yao（受访者）= Y

X: 上午好，非常感谢你愿意接受我的采访，我先介绍一下我们的采访，是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单，我已经发给你了，主要是关于 Uber 在中国的发展。

Y: 是的。

X: 那么我们就开始正式采访了。

Y: 嗯。

X: 首先请问了解滴滴和优步么？

Y: 还行吧。

X: 根据我们之前的沟通，你是优步和滴滴的兼职司机都做过是么？

Y: 是的，优步和滴滴都开过

X: 那具体是什么时候呢？

Y: 15 年初到 16 年吧，16 年中

X: 那你是怎么接触到这件事的呢？

Y: 就是朋友推荐来做，说可以赚个油费，当年滴滴和快的大战的时候，木有进场，觉得挺可惜的，然后朋友介绍了下，我就去做了，第一次是开优步

X: 那你做兼职司机的主要目的是赚钱么？

Y: 哈哈，不然呢？开始做这件事吧，主要是因为有补贴，没有补贴的话，能赚多少钱啊。然后它也木有那么辛苦是吧，周末出来开一开。

X: 那你的本职工作是什么呢？

Y: 我的主职是程序员

X: 那滴滴和优步，你哪一个开的更多呢？

Y: 相对来说还是滴滴开的更多吧，毕竟用户更多，他的市场份额比优步多啊。

不过“混拉”（滴滴和 Uber 都做）赚钱还是木有只做一个平台赚钱多。

X: 为什么呢？

Y: 只做一个平台的话，翻倍补贴，还要其他补贴都设置的更高一些，不过具体的我也不是很清楚

X: 那你为什么不只开优步或者只开滴滴呢？

Y: 哈哈，我也不是全职，就是兼职，我开优步还是开滴滴，也不是说有什么规则限制之类的。当然是怎么方便怎么来，只做一个的话，我有空的时候不一定会能接到单。

X: 那么请问作为优步司机的话，你觉得优步的服务怎么样？比如 APP 的使用，收益问题，还有司机权益之类的。

Y: 首先吧，感觉优步的顾客普遍素质要比滴滴高的。然后吧，滴滴的客服对于司机和乘客都差不多吧，但是优步更偏向顾客；如果被顾客投诉的话，司机辩驳的空间很小的，扣除档次收入，或者什么封号啊，优步也不会给出具体的解释的。说封号就封号了。相对的话滴滴这方面的顾虑少一点的。不过优相比滴滴，司机端的软件做的更好用的一些，滴滴主要是太卡了。

X: 那你是觉得优步比滴滴有技术优势么？

Y: 这个问题，如果单纯只讲算法的话，优步是做的更好一些，他的技术团队肯定更牛逼。它很多算法上的东西确实领先国内现有水平。但是吧，一个软件，尤其是对于普通人来讲，还要看他的运维（运行维护），UI 设计，使用体验各方面。我自己是觉得滴滴在这方面肯定是对中国人更友好的。

X: 那么请问你对优步最不满意的是哪一点呢？

Y: 对 Uber 最不满意的是，大概是被投诉的话偏向乘客吧。其实也没有特别不满意的地方，毕竟它已经不存在了

X: 那请问你怎么看优步和滴滴的补贴大战呢？

Y: 价格补贴大战的话，我的了解是 14 年底的时候优步的补贴最高吧，但是当时我还木有开，15 年下半年时候 Uber 是 12 单奖励 150 元，滴滴是 22 单奖励 100 元，这个补贴政策也是每周都会变动的，优步变，滴滴也会跟着变，针锋相对吧。而且我觉得吧，虽然我从补贴中获利，但是补贴大战是不可取的，尤其是优步对上滴滴，滴滴在补贴大战上是经验丰富的。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢?

Y: 退出市场的话,我的看法是,优步一开始建立这种新的模式,确实是好的,也是创新的,但是中国公司学来了,而且中国的互联网企业背后都有 BAT (百度,腾讯,阿里)的支持,当然也包括优步,所以这本质上就是一个资本的厮杀。滴滴背靠腾讯和阿里大佬,对优步是全方面的压制。你看优步在微信上被封杀了几次,上海的优步公众号被封号,虽然微信方面是说系统抖动,然后优步不正当竞争什么的,但是这里面肯定有滴滴和优步竞争的关系。

X: 那你如何评价优步在中国的各方面发展策略呢?

Y: 我对优步印象比较深刻的就是它前期的营销吧,前期优步的口碑还是很好的,司机里面也将除了讲开优步赚不了钱,别的评价都还好的。我有关注过一下他的线下活动,包括组织司机参加的活动,都还是很有意思的。但是补贴 15 年中差不多就停了,公司主要关注与跟滴滴烧钱了。

X: 那你觉得滴滴跟优步比,优势有哪些呢?

Y: 我觉得滴滴优势吧一是对中国市场的了解,二是雄厚的资本,还要腾讯和阿里的支持

X: 好的,那么差不多采访结束了,感谢你的参与!

Y: 不用谢。

Interview 2/采访记录 2

受访者: 周师傅 (全职司机/ 35 岁) (应受访者要求做匿名处理)

4 月 27 日

徐晴晴 Qingqing Xu (采访人) = X

周师傅 Mr. Zhou (受访者) = Z

X: 你好,非常感谢你愿意接受我的采访,我先介绍一下我们的采访,是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单,我已经发给你了,主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

Z: 嗯。

X: 首先请问你了解滴滴和优步么?

Z: 挺了解的，我开出租车，后来去开优步和滴滴，也有五年多时间了，可以说见证了他们的发展。

X: 根据我们之前的沟通，你是优步和滴滴都开过是么？

Z: 是的，15 年之前我开出租车，后来滴滴和快的补贴那个时候，同公司的司机有的就出来了，我看着他们挺赚钱的，而且开出租车还要给公司交份子钱，我也就出来了，也开始开滴滴和优步。

X: 那滴滴和优步哪一个开的更多呢？

Z: 滴滴开的多，优步补贴力度大的时候，也去开过一段时间的优步。

X: 那为什么没有继续开优步了呢？

Z: 没有继续使用吧，一是因为优步不能抢单，是派单，这样子就少了一笔抢单的补贴收入。而且派单吧，还是不适应，有的地方我也不愿意去，也不能老是取消，取消多了，对我也有影响的。然后优步吧还是没有滴滴乘客更多，你看滴滴活到了现在。而且后来滴滴的补贴也还可以的，混拉的话还是没有只开一个平台收益高。所以综合考虑还是回到了滴滴。而且优步被查的太多了，老是被查，然后刷单的又多，都没有好好开车的了。

X: 可以给我们详细讲一下刷单的问题么？

Z: 我木有用过啊。我是好好开车的那种人。我知道的要么是通过那种刷单软件。要么是抱团，建立 QQ 群，相互叫车，还有一种方空车刷单的。反正优步的刷单问题太严重了。优步也不治理，开优步真是没意思的。

X: 那么请问作为司机的话，你觉得优步的服务怎么样？比如 APP 的使用，收益问题，还有司机权益之类的。

Z: 优步吧，最怕遇到乘客纠纷了，乘客非说你绕路啊什么的。处理纠纷的时候一是很慢，也没有客服电话，发邮件，那简直是不合理。然后优步的的客户端用不习惯，没有滴滴的用着舒服。

X: 那么请问你对优步最不满意的是哪一点呢？

Z: 不作为吧。乘客和司机发生矛盾不作为，被查也不管。什么都不管，随随便便就能成为司机。

X: 那你能介绍一下如何成为优步司机么？

Z: 在网上或者下载 APP 上申请一下成为司机，刚开始的时候优步公司的人也会来我们司机的群给介绍他们公司，他们也会帮忙弄，申请之后上传一些证件，身份证驾驶证行驶证之类的，就可以了，挺简单的。

X: 那成为滴滴司机呢？

Z: 差不多的流程。

X: 那上传完证件会有审核流程么？

Z: 说是有，但是我没见过审核不过的。

X: 那岂不是很多不安全因素？

Z: 这两年新规之后，据说审核严一点，但是谁知道呢。我只能自己做个有道德的司机了。我们职业出租车司机还好点，他们兼职的车主，一言难尽吧。

X: 那请问你了解优步和滴滴的补贴大战吗？你怎么看呢？

Z: 两个公司的补贴都差不多，优步可能略多点，因为它有翻倍奖励，看成单率和评价分数，还有 12 个行程 50 元，22 个形成 100 的成单奖之类的。其实补贴力度差别不大，而且一个公司改变了，另外一个也会改变，我是觉得补贴都是暂时的，也不能依靠补贴，主要还是要看乘客用什么，他们用什么，那我就开什么。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢？

Z: 我觉得优步退出中国市场那是必然的，在中国市场是吧，滴滴和快的合并，已经占领了大多数市场份额了，虽然说三四线城市，还是有市场的，那优步也不是跟滴滴争小城市吧。然后优步也不了解中国市场对吧。

X: 不了解中国市场是指哪些方面呢？

Z: 各方面吧，跟政府关系也不好，一直被查处，司机闹事也处理不好，就知道躲起来，你说司机联合起来维权也好是吧，闹事也好是吧，你不尽快处理，就知道搬公司，那合适么？新闻天天给你报道，看谁还用你。

X: 那请问司机联合起来是做什么你知道么？

Z: 有的吧，是被交管局扣了车，要公司出面处理，有的是被封了号要公司解释。他们有司机维权群吧。

X: 那你如何评价优步在中国的各方面发展策略呢？

Z: 我觉得优步没什么特别好的策略吧，除了补贴大战时候大热了一下，后来就没什么水花了

X: 那你觉得滴滴跟优步比, 优势有哪些呢?

Z: 滴滴吧一个是有钱, 是吧。然后处理问题都挺及时的, 对司机也好, 对乘客也好。主要还是熟悉中国市场吧。

X: 好的, 那么差不多采访结束了, 感谢你的参与!

Z: 嗯。

Interview 3/采访记录 3

受访者: 熊韬程 (36Kr 平台 KOL/29 岁)

4 月 27 日

徐晴晴 Qingqing Xu (采访人) = X

熊韬程 TaoCheng Xiong (受访者) = XT

X: 你好, 非常感谢你愿意接受我的采访, 我先介绍一下我们的采访, 是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单, 我已经发给你了, 主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

XT: ok。

X: 首先请问优步和滴滴么?

XT: 了解的, 我做过相关的研究。

X: 那么你是如何了解到优步的?

XT: 它和 Airbnb 是共享经济的招牌, 从优步进入中国, 在上海试营业, 我就有关注了。

X: 那么请问你会作为乘客使用优步和滴滴么? 哪个使用的更多呢?

XT: 当然会, 而且我会有意识的去比较两个的服务, 回去跟司机聊天, 去了解他们使用体验。单就哪个使用的多, 我还是滴滴用的多, 因为开通优步的城市还是不多, 尤其是我经常出去出差。

X: 那你觉得优步和滴滴个各有什么特色呢? 优步有什么优势呢?

XT: 首先是优步的补贴一直会比滴滴的高一点, 就这一点就吸引了很多乘客和很多司机, 中国市场嘛, 追求物美价廉, 出行服务, 在服务差别不大的情况下, 肯定是便宜的那么取胜。然后优步一直在追求降低 ETA (estimated time of

arrival)，就是乘客下单之后的等待时间。这是它的一个核心追求，让乘客不用等待，所以它采取的是派单制。滴滴在这一点上跟它不一样，乘客下单之后，它是司机可以抢单的，抢单有补贴，他是通过抢单来增加司机的积极性。

X：那请问你怎么看优步和滴滴的补贴大战呢？

XT：我觉得对于优步来讲，补贴大战就是一个两难的选择，如果他不通过补贴大战，只通过常规的品牌营销，很难短期内把品牌推广到人尽皆知。补贴，是唤醒中国消费者的最简单途径，中国消费者就爱补贴。但是补贴大战又是一个超高的短期投入，只能靠赢得市场份额来获得长期收益弥补这个支出。但是是不是能够通过补贴大战获得市场呢。而且获得市场之后，这个市场是不是垄断的，会不会有新的进入者进入呢？总之，现在中国的互联网创业也好，互联网公司也好，都流行先用补贴换市场，这个策略是否有效，是否长期有效，我是持怀疑态度的。

X：刚刚我们讨论了优步的竞争策略是用补贴换市场，那么你如何评价优步在中国的其他方面发展策略呢，比如营销，政府关系之类的？

XT：优步初期的营销活动做的都是可圈可点的。但是后期明显乏力，并没有能继续保持这种优势，而且优步和各地政府的关系是非常紧张的，优步在政府事务处理上给人一种“不服管教”的态度，这个对于一个企业在中国发展是非常不利的。

X：那你觉得优步最终退出中国市场的根本原因是什么呢？

XT：竞争策略的失误，竞争对手的强大，加上 15，16 年的巨额亏损。

X：那你觉得滴滴跟优步比，优势有哪些呢？

XT：财大气粗。哈哈。开玩笑。融资跟的上，而且占有先机，已经占据了很大的市场份额，又有本土企业优势，了解市场和消费者，这些优势使得它能打败优步吧。

X：好的，那么差不多采访结束了，感谢你的参与！

XT：不用谢。

Interview 4/采访记录 4

受访者：郭映月（乘客/学生/24 岁）

4 月 29 日

徐晴晴 Qingqing Xu (采访人) = X

郭映月 Yingyue Guo (受访者) = G

X: 上午好, 非常感谢你愿意接受我的采访, 我先介绍一下我们的采访, 是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单, 我已经发给你了, 主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

G: ok。

X: 首先请问了解滴滴和优步么?

G: 算了解吧, 经常用, 包括之前的快的。

X: 那请问哪个使用的更多呢?

G: 滴滴用的更多

X: 为什么呢?

G: 一是滴滴的车多, 二是 Uber 遇到过车祸, 投诉没有能解决, 客服很冷漠, 就不想再用了

X: 交通事故啊, 那请问最后是怎么解决的呢?

G: 不了了之, 优步说不是他们的问题, 司机出车祸也受了伤, 不过也不大的问题, 反正我就自认倒霉了, 自己出了医药费。

X: 那么请问作为乘客的话, 你觉得优步的服务怎么样? 比如 APP 的使用, 收费问题, 还有权益保护之类的。

G: 优步客服就是垃圾, 低效的令人发指, 连客服电话都木有, 不可思议。APP 也不好, 有些词比关于优惠乘车和优惠码什么的就非常混乱。还有邀请奖励, 点击进去是邮箱, 都没有微信什么的方式, 很不实用。还有派单功能, 虽然感觉不会再打车难, 可以也会被各种花式拒单。总之 Uber 非常让人不满意

X: 那请问你是怎么了解和接触到优步的呢?

G: 是朋友推荐的, 她出过旅游回来说优步在国外很好用

X: 那请问你怎么看优步和滴滴的补贴大战呢?

G: 价格补贴大战, 我不是很在意, 因为补贴是暂时的, 而且也没有太多, 我希望的得到高品质的服务, 比如快速接单, 不绕路, 司机讲文明, 安全可靠,

高效的客服。他们应该考虑如何解决出租车的那些问题比如司机绕路，司机拒载，尤其是下雨天时候，还有换班的时候，很难打车，然后又的地方很多车，有的地方又无安全没有车。我觉得优步和滴滴应该要专注在解决这些问题。而且听说补贴大战里面，司机为了多拿补贴会刷单骗取补贴。觉得这个策略很不明智。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢？

G: 优步退出中国是必然的，它的商业模式可以模仿，又没有本土企业了解中国市场，也不作出改变，还有垃圾服务。

X: 那你如何评价优步在中国的各方面发展策略呢？

G: 感觉它前期就是一个很会做营销的公司，各种花里胡哨的营销活动。后期吧，问题就太多了。本地化做的也不好。

X: 那你觉得滴滴跟优步比，优势有哪些呢？

G: 那就太多了，就客服这一点吧，滴滴就比优步好太多。我觉得滴滴最大的优势就是将优步的商业模式非常好的中国化在中国市场。

X: 好的，那么差不多采访结束了，感谢你的参与！

G: 再见。

Interview 5/采访记录 5

受访者: Alice Liu (前优步中国员工 /27 岁)

4 月 29 日

徐晴晴 Qingqing Xu (采访人) = X

Alice Liu (受访者) = L

X: 你好，非常感谢你愿意接受我的采访，我先介绍一下我们的采访，是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单，我已经发给你了，主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

L: ok。

X: 首先请问你觉得优步相比滴滴优势有哪些呢？

L: 首先优步的技术和算法是领先同行业的。其次，优步的品牌营销是非常出众的。然后优步的精英小分队模式也很棒。

X: 可以详细说一下优步的精英小分队模式么？

L: 精英小分队分为三个人，城市经理，负责整体城市业务策略的制定；市场经理，负责市场营销和获得用户；还有运营经理，主要负责招揽司机和管理司机相关事务。每个城市小分队都有很大的自主权和预算，然后每个城市的小分队是独立运作的，优步没有大区设置，只设有几个总领负责处理政府事物，PR 相关的部门，运营和市场都是放权给当地团队去做。

X: 那这种模式的利弊分别是什么呢？你认为是利大于弊么？

L: 这种模式前期肯定是利大于弊的，自主权和充足的预算，激励了每个优步的员工，所以优步的员工凝聚力是很强的，我们对公司的归属感很强的。而且小分队模式，减少了繁琐的管理流程，提高了效率。当然后期也出现一些问题，过度扁平化，使得升职成为问题，还有不同城市之间的重复劳动和无意义的竞争。

X: 那可以介绍一下优步的品牌营销么？优势在哪里？又有什么问题呢？

L: 我觉得优步品牌营销做的是非常出众的，首先优步是一个很优秀品牌，它有它的品牌内涵，而且优步的员工都非常认可优步的品牌。优步有一句话叫做，生而骄傲，大概能够感觉到优步人的那种价值认同感。而且优步有很多脍炙人口的营销案例，比如“一键打**”系列品牌推广活动，杭州的四季主题地铁活动，北京的后海人力车，上海的直升机环游上海，都获得非常高的关注和反馈。虽然后期，优步战略重点的转移，在品牌营销上的投入变少了，也不能够抹灭优步在品牌影响上的出色表现。

X: 优步的政府关系处理一直饱受弊病，你是如何看的呢？

L: 这一点是由于很多方面原因造成的，首先是优步的全球统一态度就是这个样子的。然后呢，由于以城市为个体的战略布局呢，优步确实无法调动全国性的资源，在和政府关系处理上比较受限。不过优步后期有积极的改善这一点，做出了许多积极尝试。

X: 那请问你怎么看优步和滴滴的补贴大战呢？

L: 这是优步从全球格局出发做出的战略决策，因为中国市场非常重要，总部也非常看重中国市场，总体目的还是为了获得中国市场。当然在实施中确实吃了很多亏，比如大量刷单事件，也是没有预计的。

X: 那你觉得滴滴跟优步比，优势有哪些呢？

L: 滴滴首先获得了阿里和腾讯支持，这一点却是给优步的运营造成了阻力。然后滴滴在政府关系，媒体关系上更加成熟，获得了更多助力。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢？

L: 从 Uber 全球布局来说，不是单纯的出售优步中国，是滴滴出行和 Uber 全球将相互持股，成为对方的少数股权股东，滴出行收购的也仅是优步中国的品牌、业务、数据等全部资产。Uber 从全球布局出发，退出中国市场，保存实力，维护其在其他国家和美国的市场地位。是综合多方面因素考虑作出了战略决策。我认为很难讲根本原因是什么，应该说是资本与市场的共同作用吧。

X: 好的，那么差不多采访结束了，感谢你的参与！

L: 不客气。

Interview 6/采访记录 6

受访者：谭啸（兼职司机/公务员/28 岁）

4 月 30 日

徐晴晴 Qingqing Xu (采访人) = X

谭啸 Xiao Tan (受访者) = T

X: 你好，非常感谢你愿意接受我的采访，我先介绍一下我们的采访，是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单，我已经发给你了，主要是关于 Uber 在中国的发展。

T: 嗯。

X: 那么我们就开始正式采访了。

T: OK。

X: 首先请问了解滴滴和优步么？

T: 还算了解吧。

X: 根据我们之前的沟通，你是做过优步的兼职司机是么

T: 是的

X: 那么请问做了多久呢?

T: 不到一年吧。

X: 具体是什么时候呢?

T: 15 年过完你那之后吧, 到 15 年年底

X: 那为什么会想到做优步的兼职司机呢?

T: 额, 赚钱吧。我们本职工作的话, 工资不是很高, 然后空余时间也挺多的。

那段时间不是补贴很高么, 优步的补贴很高, 我有朋友去做了, 所以我也就说过试下。

X: 所以你是被优步的高补贴吸引的? 那你为什么没有想做滴滴的兼职司机呢?

T: 额, 觉得优步的乘客可能素质高一点? 对滴滴感官不是很好, 觉得滴滴司机听混乱的, 而且滴滴的补贴也木有优步高。我做兼职嘛, 当然是那个轻松又赚钱多, 做哪个啦。

X: 那如果滴滴补贴比优步多, 你就会去做滴滴司机么?

T: 哈哈, 这个, 可能吧

X: 那你对优步有归属感么?

T: 没有, 只是随便跑跑, 反正没事儿做, 跑跑车还能赚钱, 多好

X: 那你为什么 15 年底就没有继续做了呢?

T: 司机变多了, 然后优步变得挺混乱的, 动不动就被查啊什么的。我就不想继续做下去了。

X: 那我在采访其他优步司机时了解到存在刷单现象, 想问你了解么?

T: 哈哈, 这个我没有做。不过我知道挺普遍的, 很多那种群, 联合起来刷单的, 但是我就是简单的跑跑活, 做那个没意思, 优步也不怎么管, 所以后来就不想继续开了。

X: 那么请问作为优步司机的话, 你觉得优步的服务怎么样? 比如 APP 的使用, 收益问题, 还有司机权益之类的。

T: 额, 我觉得优步的 APP 做的还行吧, 挺干净简单的, 就是有时候觉得不是那么顺手。

X: 不那么顺手具体是指哪方面呢?

T: 它的登陆啊, 支付之类的按钮不在习惯的位置。

X: 好的, 那么关于收益还要司机权益呢?

T: 我开始做兼职司机的时候, 补贴大战开始了一段时间了, 据说之前的司机转的更多, 但是我那时候每一单还是有补贴的, 反正油费还是能赚回来的。

X: 那么关于司机权益呢?

T: 我还好, 木有遇到什么特别奇葩的乘客, 程序员比较多, 而且可能我常跑的地方在张江什么的。所以也木有遇到过什么纠纷, 但是我有朋友遇到过被封号啊什么的, 反正优步是投诉无门。

X: 那么请问你对优步最不满意的是哪一点呢?

T: 额, 没有客服吧, 然后有问题又找不到人, 搞得神神秘秘的。

X: 那请问你怎么看优步和滴滴的补贴大战呢?

T: 他们为了抢市场吧, 但是我一开始就不看好优步的, 强龙不压地头蛇嘛, 也不能这么讲, 就是觉得这样成本太大了, 但是对我当然是没坏处的, 我可以赚一笔就好了。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢?

T: 这个很难讲根本原因是什么, 各方面原因都有吧, 管理上, 决策上, 对市场的把握上。

X: 那你如何评价优步在中国的各方面发展策略呢?

T: 混乱。嗯。一开始搞得特别高端的样子, 营销做的花里胡哨的, 然后又搞烧钱大战, 还跟政府躲猫猫, 在中国肯定长久不了。

X: 那你觉得滴滴跟优步比, 优势有哪些呢?

T: 嗯, 首先, 滴滴跟政府关系好些吧, 我觉得, 一开始滴滴优步的车都被查是吧。后来就只盯着优步查了, 那明显是滴滴跟监管机构关系好啊。然后吧, 滴滴, 本土企业嘛, 对市场, 消费者情况, 都更了解。

X: 好的, 那么差不多采访结束了, 感谢你的参与, 祝你假期快乐!

T: 嗯嗯。

Interview 7/采访记录 7

受访者: 丁亦简 (乘客/银行从业/25 岁)

4 月 30 日

徐晴晴 Qingqing Xu (采访人) = X

丁亦简 Yijian Ding (受访者) = D

X: 你好, 非常感谢你愿意接受我的采访, 我先介绍一下我们的采访, 是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单, 我已经发给你了, 主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

D: 好的。

X: 首先请问了解滴滴和优步么?

D: 还可以的, 经常使用。

X: 那请问哪个使用的更多呢?

D: 差不多吧, 主要看哪个补贴高

X: 那么你是如何了解到优步的?

D: 有一段时间, 微信微博朋友圈里, 铺天盖地都是优步的优惠啥的

X: 那你开始使用优步的主要原因什么?

D: 有补贴, 有时候坐下来比地铁还便宜。而且出租车太难打了。尤其是下雨天, 换班的时间什么的。打不到出租车。有优步或者滴滴的话可以在家叫好车再出门就很方便啦。

X: 那么请问作为乘客的话, 你觉得优步的服务怎么样? 比如 APP 的使用, 收费问题, 还有权益保护之类的。

D: APP 挺干净整洁的, 就很典型国外 APP 那种, 做的干净。而且他是派单, 去偏一点的地方也不担心没有车去。

X: 根据对其他乘客的采访, 了解到优步会有派单之后被拒单的问题。那你有遇到过么?

D: 也有啊, 派单之后给我打电话说车坏了, 或者是去不了什么之类的, 让我取消订单。那也没办法啊, 司机和乘客相互体谅呗。

X: 根据对其他乘客的采访, 表示优步的客服非常不好, 你有体验么?

D: 这个我也听说了, 比如优步只有邮箱, 这一点我也听无语的。不过可能我打车频率不是那么高, 我还木有遇到过需要找客服的情况。

X: 那请问你不适用优步或者滴滴的时候用哪些替代产品呢?

- D: 地铁, 公交车之类的。不赶时间的话, 还是这些比较省钱, 优步和滴滴如果没有补贴的话, 天天打车还是有点贵的。
- X: 那么请问你对优步最不满意的是哪一点呢?
- D: 没有特别不满意的地方哎。
- X: 那请问你怎么了解优步和滴滴的补贴大战吗, 你怎么看呢?
- D: 了解的, 补贴大战的时候, 我也多打了一些车的, 毕竟省钱嘛。但是我也知道这不是长久的。长久的话, 那公司不要亏死啦。感觉补贴大战有点像赔本赚吆喝。
- X: 那你如何评价优步在中国的各方面发展策略呢?
- D: 对于它的策略不是很了解哎。就觉得这个公司来去匆匆。砸了那么多钱, 然后灰溜溜的退场。
- X: 那你了解优步的营销活动么? 比如佟大为做优步司机之类的, 你觉得怎么样呢?
- D: 哦, 这些在朋友圈里有看到过的, 觉得还蛮有意思的, 还有一键打飞机什么的, 它前期的推广吧。
- X: 那你觉得优步最终退出中国市场的根本原因是什么呢?
- D: 不了解中国市场, 然后对手很强大吧。滴滴确实很强大啊, 而且背后还有支付宝和微信, 优步很难抗衡吧。
- X: 那你觉得滴滴跟优步比, 优势有哪些呢?
- D: 本土企业了解中国市场, 而且感觉滴滴在和政府建立友好关系上很努力, 优步就感觉不怎么样了。
- X: 好的, 那么差不多采访结束了, 感谢你的参与!
- D: 嗯。

Interview 8/采访记录 8

受访者: 杨超 (乘客/互联网从业/30 岁)

5 月 1 日

徐晴晴 Qingqing Xu (采访人) = X

杨超 Chao Yang (受访者) = Y

X: 你好, 非常感谢你愿意接受我的采访, 我先介绍一下我们的采访, 是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单, 我已经发给你了, 主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

Y: 嗯。

X: 首先请问优步和滴滴么?

Y: 打车的 APP 。

X: 那么你是如何了解到优步的?

Y: 它之前在上海推了很多营销活动, 朋友们都在讨论, 就知道了

X: 那请问优步和滴滴哪个使用的更多呢?

Y: 现在是滴滴, 优步没有了嘛, 之前差不多, 优步补贴高的时候优步用的多一点。

X: 那你开始使用优步的主要原因什么?

Y: 有补贴, 然后是方便, 尤其是去不熟悉的地方, 或者其他城市, 好打车, 而且你不会被绕路, 能看到开了多少公公里, 付多少钱什么的。对了, 他是派单, 不用输入目的地, 感觉会很方便。

X: 根据对其他乘客的采访, 了解到优步会有派单之后被拒单的问题。那你有遇到过么?

Y: 有吧, 但是不多。

X: 那么请问作为乘客的话, 你觉得优步的服务怎么样? 比如 APP 的使用, 收费问题, 还有权益保护之类的。

Y: 优步的客服出了名的不好吧, 好像是只有邮箱对吧。也没有客服电话。APP 干净, 但是不好用, 有时候找登陆什么的, 会在一个很奇怪的菜单下面。不知道它的 UI 怎么设计的。

X: 那么请问你对优步最不满意的是哪一点呢?

Y: APP 不友好吧, 设置的不符合常用习惯。然后客服也不好吧。

X: 那请问你怎么了解优步和滴滴的补贴大战吗, 你怎么看呢?

Y: 知道的, 补贴大战, 滴滴和优步投入都很大嘛, 这种补贴战, 真的就是要么赢要么死。破釜沉舟的打法。现在互联网行业真的是很有钱啊。

X: 那你如何评价优步在中国的各方面发展策略呢?

Y: 优步前期的营销还是很出彩的, 上海的外滩, 杭州的西湖, 每个活动都很戳当地城市的特点, 觉得都是教科处级别的营销活动啊, 值得中国公司学习。

但是后期和滴滴烧钱大战，真的是，拖累了它全球的步伐吧，感觉全球赚的钱，都砸到中国市场搞补贴了吧。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢？

Y: 资本的压力吧，毕竟 15, 16 年都在亏损，烧钱大战烧了那么多，市场份额上又比不过滴滴，也不可能一直补贴大战下去，只能握手言和了。

X: 那你觉得滴滴跟优步比，优势有哪些呢？

Y: 财大气粗。哈哈。融资跟的上，而且占有先机，已经占据了很大的市场份额，又有本土企业优势，了解市场和消费者。

X: 好的，那么差不多采访结束了，感谢你的参与！

Y: 好的。

Interview 9/采访记录 9

受访者：黄蓉（滴滴出行员工 /28 岁）

5 月 1 日

徐晴晴 Qingqing Xu (采访人) = X

黄蓉 Rong Huang (受访者) = H

X: 你好，非常感谢你愿意接受我的采访，我先介绍一下我们的采访，是关于对外直接投资在中国共享经济市场发展。本次采访的主题和问题清单，我已经发给你了，主要是关于 Uber 在中国的发展。那么我们就开始正式采访了。

H: 好的。

X: 首先请问你怎么看优步和滴滴的补贴大战呢？

H: 首先补贴大战是优步主动发起的，滴滴当然是不惧挑战的，但是对滴滴也是巨大的压力，15 年年终总结的时候，CEO 总结说今年最大的成就就是顶住了优步的挑战。虽然滴滴对于补贴大战算是经验丰富了，但是优步还是一个可怕对手。滴滴从战略层面是相当重视对手的，国内国际双重努力。

X: 可以讲一下国际上的努力么？

H: 一方面是围魏救赵，为了缓解优步在国内的压力，一方面是全球布局推行滴滴的全球化，滴滴通过投资的方式与美国打车软件 Lyft、东南亚打车软件 Grab、印度打车软件 Ola 结盟，这就是新闻上你可以看到的反优步同盟。

X: 那么请问你觉得滴滴相比优步有优势有哪些呢？

H: 滴滴在技术层面上，比优步更加稳定，稳定的服务司机和用户。从产品层面上，统一的平台，更好更优质的服务。从客户服务层面就不用说了，碾压优步。

X: 那么关于政府关系问题呢，很多评论说是政府支持了滴滴，所以滴滴才战胜了优步，你怎么看呢？

H: 我是不认可的，滴滴却是在政府关系上比优步更好，但是这不是说政府偏心或者怎么。滴滴在政府关系上也不是一帆风顺的，要知道新规制定之前，网约车是灰色地带，可不可做，如何合法做，每个公司都有这种困扰，滴滴，也包括其他公司，比如易到，一号车，都采取的是讲私家车挂在 P2P 租车平台下，然后在借调过来这种路径来实现合法化，但是优步不是的，优步并没有作出任何努力。滴滴和各地政府之间友好的关系都是滴滴努力得来的，滴滴积极推行城市智慧出行，帮助各地政府解决交通拥堵问题，解决出行难题。反观优步在处理政府问题上一贯高冷且强硬的立场。我只能说在中国市场，要遵守中国的游戏规则。

X: 据我所知，很多优步员工非常以优步品牌为傲，并且认为优步的品牌营销是最好的，你怎么看呢？

H: 嗯，当然首先我承认优步是一个很优秀的品牌，优步也有一批很擅长做营销的员工。但是无论是滴滴还是优步，我们归根结底不是一个做营销的公司，我们做的是产品，是服务，品牌和营销热度只是一时的，我认为，优步的品牌和营销活动并没有为公司创造价值。更何况，品牌和营销活动是可以借鉴的。

X: 那你觉得优步最终退出中国市场的根本原因是什么呢？

H: 优步并没有真正的去了解中国市场，包括它的 APP，它的客服，很多细小的方面，都可以看出来优步的中国化做的并没有那么好，优步大概骨子里还有一股自视清高的态度，当然滴滴的战略制定，滴滴的技术发展都帮助了滴滴获得胜利，但是从根本上来讲，我觉得是优步轻视了中国市场的复杂性，中国市场的变化速度，复杂程度，尤其是互联网行业，让每个公司都要有忧患意识。

X: 滴滴也会时刻保持忧患意识么？

H: 当然，中国的市场最无情，今天你在风口，明天你说不定就跌下去了，战胜了优步，还有下一个挑战者呢，而且后来者，他们吸取了你的教训，复制你

的商业模式，比你更轻松更容易迎合消费者，只要他更有钱，补贴更多，或者他选择一个城市精准进攻，对滴滴都是挑战。

X：好的，那么差不多采访结束了，感谢你的参与！

H：再见。