- Transportation

Grab rivals rush into Manila gridlock after deal with Uber

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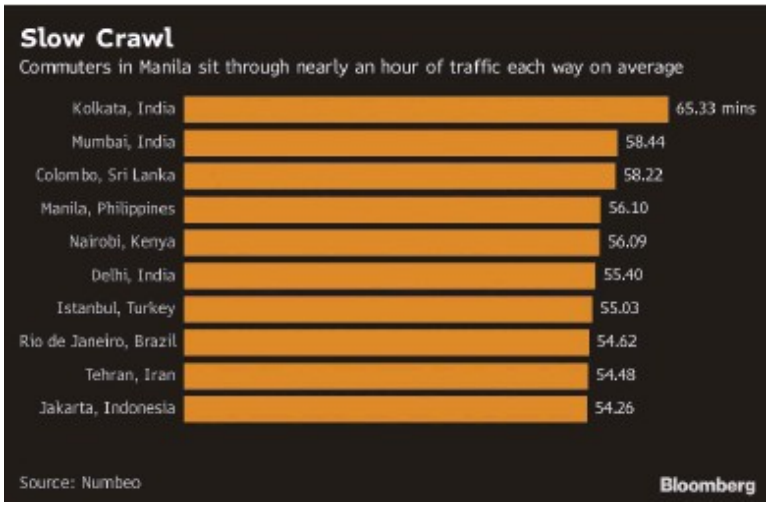
Aslew of ride-hailing ventures are taking to the gridlocked streets of Manila, undeterred by the market dominance of Grab now that it controls Uber in the Philippines.



Hype Transport Systems, Inc. and Ipara Technologies and Solutions, Inc. are just two of the five new entrants approved by the regulator since Grab agreed to take over the operations of Uber Technologies, Inc. across Southeast Asia.

PT Go-Jek Indonesia, the biggest remaining rival in the region, will seek to enter the Philippines, said Aileen Lizada of the transportation agency.

Grab now controls more than 90 percent of the ride-hailing market in the Philippines but struggles to keep up with demand, with just 35,000 vehicles on its app to service as many as 600,000 requests a day. Ride-hailing has proven especially popular in Manila, where poor infrastructure and limited public transport contribute to traffic snarls estimated to cost the economy 3.5 billion pesos ($68 million) a day.

That's created an opening for startups like Ipara and Hype, both of which plan to start services this month.

"This is the perfect time to enter the market," Paolo Libertad, chief operating officer of Ipara, said in a phone interview. "Commuters are realizing how difficult it is to have Grab as their only option."

Go Lag, Inc. and Micab Systems Corp. are two other approved new entrants planning to start operations before the end of May while Hirna Mobility Solutions, Inc. hasn't disclosed a target date.

An estimated 19 percent of commuters in Manila use ride-hailing, nearly double the 10 percent average in Southeast Asian capitals, according to a study by Boston Consulting Group.

The entry of new players and continuing demand for services may force the regulator in the city to again raise the cap on ride-hailing vehicles, which was just increased by 42 percent in February to 65,000.

With the Philippine Competition Commission estimating Grab's market share at 93 percent, the Singaporebased giant is taking action to allay criticisms.

While Grab said it welcomes competition, the company is vowing to suspend drivers who cancel trips and has started masking destinations to prevent drivers from being selective. Ipara plans a similar strategy.

Hype is promising fares at least 20 percent lower than Grab's by charging only for the distance traveled, not the time it takes to get through the capital's clogged roads.

Hirna founder Coco Mauricio is lobbying the transport regulator to cap fares and limit the promotions and incentives that only Grab can afford to offer. (Bloomberg)