

# The Research About the Win-win Based on the Acquisition Model

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## ABSTRACT

This paper discusses the advantages and problems of win-win based on the acquisition model, and we have some solutions to these problems. This paper also discusses the target of both company and analysis the negotiation. We used secondary data, literature analysis, and comparative analysis to analyze the acquisition model in the research. This paper discusses the benefits and some problems of the win-win on the acquisition model. Through some surveys, we analyze the company's situation and reasons after acquisition. Then, this paper explores some problems about acquisition between Uber and Postmates. The acquisition showed a great advantage to Uber or the whole takeaway industry because Uber got more customers and the opportunity to succeed in the competition of takeaway services, and Postmates got much money they wanted. Then this paper discusses the solutions to solve the problems to make the acquisition model which win-win based on more stable: improve the wage distribution, increase the cost of the scientific research of driverless cars, share the members in both of the companies, join in some public work. In addition, paying more attention to after-sales service and using data analysis to catch customers' requirements are good ways to improve the acquisition model, which is win-win based.

**Keywords-**component; win-win; acquisition model; Uber; Postmate

## 1. INTRODUCTION

### 1.1. Research background

Uber Technologies, Inc. (NYSE: UBER) and Postmates Inc. on July 06, 2020, announced that they had reached a definitive agreement under which Uber will acquire Postmates for approximately \$2.65 billion in an all-stock transaction[1]. On December 1, 2020, Uber announced the completion of the deal. Uber will combine Postmates with its food delivery subsidiary, Uber Eats, growing during the coronavirus pandemic[2]. Postmates will continue to operate under its name. Food delivery apps that connect drivers, restaurants, and customers have grown rapidly in recent years, fueled by venture capital and armies of contract workers. But the services offered by these apps are very similar, leading to intense competition and pressure to keep fees low. While more

people are using express delivery services during the pandemic, profits are hard to come by. Uber calculates figures for surge pricing at times of high demand, but it rounds off. So a computation of market conditions that might lead to a surge price that is 1.249 times higher than normal fares is rounded down to 1.2, but 1.251 would be rounded up to 1.3. Yet, the initial, unrounded 1.249 and 1.251 estimates represent almost the same underlying market tightness. Using Uber's data, the authors could see how the demand for Uber varied with surge prices that vary (say from 20 percent to 30 percent above normal fares) even when market conditions are roughly constant[3-6]. As a result, delivery app companies are closing in on each other, aiming to strike deals to gain scale. According to this data, and with the increase of the utilization rate of food delivery, we decided to conduct an in-depth study on this topic, with the wide application of food delivery in the world. Food delivery has become a part of our life. He provides great convenience for people.

People do not have to eat out or pick up food from a restaurant. For food delivery companies like Uber, people can order their food directly from a mobile app. A delivery person will pick it up at the restaurant and deliver it to the customer. A recent study by the EDR Group took a closer look at Uber's economic impact in the United States and measured its added value to the lives of customers and drivers. From driver earnings to community spending to increased travel options, riders, and drivers who use Uber significantly impact the U.S. economy. The combined revenue of all Uber drivers and delivery partners exceeded \$12.9 billion in 2017[7-10].

## **1.2. Literature review**

Uber's mission is to create opportunity through movement. We started in 2010 to solve a simple problem: how do you get access to a ride at the touch of a button? More than 15 billion trips later, we're building products to get people closer to where they want to be. By changing how people, food, and things move through cities, Uber is a platform that opens up the world to new possibilities.

Postmates is a leader in delivering your favorite restaurants and a whole lot more on-demand. The platform gives customers access to most merchants in the U.S., with more than 600,000 restaurants and retailers available for delivery and pickup. The market leader in Los Angeles, Postmates, covers 80% of U.S. households across all 50 states. Customers can get free delivery on all merchants by joining Postmates Unlimited, the industry's first subscription service[11].

Together, Postmates and Uber Eats would have a 37 percent share of food delivery sales in the United States, according to Edison Trends, which tracks credit card spending. DoorDash would remain the largest player with 45 percent, while Grubhub would have 17 percent [3].

Uber is looking for growth as people stay home during the pandemic and its ride-hailing business struggles. In May, Uber posted a \$2.9 billion loss for the first three months of the year and announced laying off 14 percent of its workforce. But revenue for its Uber Eats division rose 53 percent. From April to June, Uber said, bookings through Uber Eats more than doubled compared to a year earlier[12].

Daniel Ives, an industry analyst with Wedbush Securities, said in a note to clients that the deal was a "defensive and offensive acquisition in the food delivery space for Uber at a time with its core ride-sharing business seeing massive headwinds in this Covid-19 pandemic."

Postmates' app will continue to run separately after the acquisition, but it'll be able to tap into a merchant and delivery network combined with Uber Eats. Uber says this will mean more restaurant options for consumers and

more efficient deliveries for drivers who pick up multiple orders at a time. The companies intend for the deal to close in Q1 2021.

Uber desperately needs its meal delivery division, Uber Eats, to make up for the huge losses it's been experiencing since the start of the coronavirus pandemic. Food delivery is not profitable, nor is Uber's core ride-hailing business. But the company is hoping that with restaurants closed to in-person dining, more people will be ordering takeout in the future.

Most pundits think both companies will fare better if Uber buys Postmates. First, drivers can pick up orders on Uber and Postmates. And the two companies could merge in services and technology to become a business leader in food delivery, express delivery, car rides. Now Uber and Postmates have started the technique of integrating their offerings. Part of a good way to be a national "listening tour" with associate traders subsequent yr to study extra approximately their desires and permit them to provide comments on merchandise and offerings. Uber Eats and Postmates will stay separate entities with their apps and marketplaces from a consumer perspective. But they may integrate transport and service provider networks step by step, which means eating places that associate with Uber Eats may even grow to be Postmates partners. Drivers might be capable of area deliveries from each app. Last month, Uber Ate provided a glimpse at how that aggregate would make possibly paintings while it stated it might waive one-of-a-kind agreements among Postmates and approximately 800 eating places in eleven markets, starting the door for Uber Eats to feature them as partners. "Uber and Postmates have lengthy been devoted to powering transport offerings that guide neighborhood trade and communities, all of the extra essential throughout crises just like the one we are facing today," stated Uber CEO Dara Khosrowshahi in a statement.

However, a few scholars believe that some drivers lost money after Uber bought Postmates. Some gig employees who depend upon Postmates for element or all in their earnings lack out on paychecks because Uber received the meals transport enterprise in December. At least 1/2 of a dozen gig employees who spoke to BuzzFeed News are experiencing unexplained delays withinside the transition to Uber's platform, and a few with visitors violations or crook histories are being denied approval to pressure for the app altogether. By buying Postmates withinside the \$2.sixty five billion deal, Uber eliminated a chief competitor withinside the meals transport marketplace and placed itself on a clearer route to profitability. It's a part of an ongoing consolidation fashion in transport: Eight years ago, Seamless merged with Grubhub, which closing yr turned into offered through Just Eat, a main European meals transport enterprise, for \$7.three billion. DoorDash received Caviar in 2019. And Uber was simplest determined to shop for

Postmates after it had reportedly failed to shop for Grubhub[13].

### **1.3. Research framework**

First of all, we think Uber's acquisition of Postmates is a win-win. Uber has more geographic generalization and tech features than Postmates. With Postmates, Uber could be more than just delivering food. Postmates also delivers other items. Like alcohol, package, laundry items. Therefore, Postmates was like a little pie and joined the big pie to complete the Uber. Also, the addition of Postmates could make up for the loss of Uber Drive in 2020 and 2021. Postmates also increased sales by joining Uber. Uber ran ads for Postmates and increased its visibility. Also, Uber and Postmates share technology for a win-win situation.

## **2. METHOD**

Three methods will be used to help prove the research. First of all, we will use mostly secondary data since the study's object is two business companies and we don't have much chance to interview or survey. And there are still many messages on the Internet we can go deep into it. So we choose mostly secondary data to improve the research. We will use literature analysis as the most source of message for these two companies. Some important reports on the Internet can tell us the whole process of acquirement and the history of these two companies. We can also study their businesses model, business strategy, position in the marketplace, technology value, and current situation. So we need to search on safari, gather the information together on the WeChat group, then choose the significant message to let us use. There must be a long and hard process to choose the right message, so the group members need to find out the meaningful message. Secondly, we will use comparative analysis to compare the difference between these two companies. Through this way, we know more about the running of companies and how the acquirement can be a success. We will compare the different techniques of them and the goods of them.

There will be many proves that need to be used, which we had searched in literature analysis. It is important to compare and balance both Uber and postmates and conclude their successful business acquirement for the whole research. At last, we will discuss in our WeChat group what we can learn from this acquirement and discuss the goods of this model and the changes in the future. We will mainly have a meeting on the internet telephone on WeChat, and we will send our thoughts to the chat group. The leader will organize the ideas and conclude.

## **3. RESULT**

### **3.1. Industry Status Analysis**

Now, as the COVID-19 in European countries and American countries is still becoming more and more serious, with the habits people formed during the COVID-19 period, they start to wear masks. Also, people there preferred to cook by themselves or call a takeaway service rather than go out and eat[14-16]. So, the takeaway services' business started to get better as more customers using their services. However, not only the Uber see this opportunity, but other companies also saw it. So, that's why many other companies also joined this competition against other companies and fought for a precious resource: The customers. And when Uber eats found out that it had too many strong enemies, it would try to find a better way to win. And it saw the Postmates.

Early in 2019, Postmates was not so famous at that time but also got many old customers. However, the CEO of Postmates showed great interest in selling the company. So, Uber found them and gave them such a great condition that they couldn't reject them. Uber got what they need to become a huge takeaway service platform, and it must have enough customers to pay for its services. However, to get enough customers, they need a big company to make advertisements for them. But, as postmates was just a small and new company, they had to find a cooperator for Uber. Though they already had a takeaway platform called Uber Eats, they should find other cooperators instead of competitors to make it possible to get more customers as well as reduce the pressure on the platform if they still want to improve their market share.

Then, when Postmates w trying to get the opportunity to expand their business, at that time, Uber found them. And, after a discussion, they got what they wanted. So, they joined Uber and started deep cooperation with them, especially Uber Eats.

### **3.2. Reasons analysis**

There are also several important reasons, like Uber. According to the Uber main company's financial statements, in 3 months, they got about 41 billion profit (U.S. dollars). So, they had the capital to provide enough discounts to both the customers and the restaurant owners.

#### **Analysis of the situation after acquisition**

So, what happened after Uber. Inc. acquired Postmates? First, Postmates can't become a larger takeaway platform because of its strong competitors and because of another reason, a reason about humans. Human resources in Asia, the lowest one only costs 1000 per month. However, in European countries and Canada

and the USA, it cost much than this number. So, that's one reason why Postmates got better after being acquired by Uber. Inc. As it doesn't need to worry about the human resource problems anymore. Before, it had to pay much on human resources. But, now, with the strategy Uber made, Postmates could save a great amount of money.

### **3.3. Analysis of behavior characteristics**

If we look at the actions of their customers, we will find that this is defiantly win-win cooperation. The customers want to get their meal as soon as possible without getting too much touch with the delivers; they also want the food to keep its flavor. So, the uber drivers can get this work done easily. They would send the passengers to their destinations as soon as possible, and they would go to the takeouts, which would just put them at the front door and maybe ask the customer to give the tips through the Internet. This kind of action can also meet the customer's meet for having as little contact as possible with the delivery.

Someone stands for Uber. Inc as well as Postmates, such as Michiel Gemora. He once was a driver of both Uber and Lyft, and now, he had his small blog about a taxi driver. He thought it would benefit the whole industries' integration as it would force the laborers to stick together easier and fight for their rights or other benefits. Also, he mentioned that it would increase the competition among these companies, and they would use a more win-win strategy to attract more cooperators.

So, overall, this was a kind of win-win cooperation. Both of the companies got what they wanted, the future of this kind of business was bright. That might be a good choice for both Uber Inc and Postmates. And they provided great evidence for the win-win strategy among all the companies. They both got what they wanted. Uber got their new opportunity while Postmates got the money as well as the advertisements.

### **3.4. Problems anslysis**

However, that also raised a question. According to a taxi driver who used to work in Uber called Itami Awar, this deal was like allowing an embezzler to buy a bank, as he mentioned, after the Uber. Inc acquired Postmates, and they would quickly squeeze the food deliverymen and taxi drivers to get more profits by dividing them into different contractors instead of an employee with full salaries and benefits. Also, because the competition about the takeaway service was becoming more and more intense, nearly all companies started to hire more deliverymen to get more customers. So, they lowered their salary level. According to an employee in Postmates called Waskas, the number of money he got was getting smaller and smaller. (Hackett 2020)

Also, Uber's main business was its taxi service. However, now, it is facing different challenges. It faced great resistance from the local companies in Germany and India, which made them lose many customers. Also, as it kept its main balance in Germany and India, its competitors began to make their moves. But, another bad news for Uber was that their old challenger, DoorDash, which owns both taxi service and takeaway platform, was trying to win a price war with them. Also, Uber's stocks weren't looking so good at that time as they used to be. Those caused great damage to Uber's profits and made Postmates may be run low on funds.

## **4. DISCUSSION ABOUT THE STRATEGY TO OPTIMIZE THE MODEL OF WIN-WIN COOPERATION**

### **4.1. Improve the wage distribution**

A higher salary means that more workers want to join the company and make the company more competitive in the market. Besides, good treatment about the salary stimulates workers' passions in the company and can have better performance. Huawei company is a famous supplier of communication equipment help the wage growth even in the economic recession. It was ridiculous at that period, but they eventually got a better grade because more salary stimulated the workers who had more passion for working harder. The eventual profits will cover the increase of workers' salaries and push the company, which is in the mode of win-win cooperation to a positive cycle to get more and more profits over time.

### **4.2. Increase the cost of the scientific research of driverless cars**

Getting the food they order is more stable for most people, and their evaluation will be better. Strengthening scientific research on delivery cars can decrease the time-consuming. Driverless cars can decrease the cost of labor because they do not need humans to control. They can produce these driverless cars as much as possible because the company will not worry about the labor shortage, so delivery efficiency will be better.

Improvement of delivery efficiency means more profits they can get, and it can accelerate the company's development, which is in the model of win-win cooperation. Although Postmate had decided to research and develop the delivery car, more financial support can decrease the time that scientific research of vehicle needs.

#### ***4.3. Share the members in the both of the company***

Before Uber acquires Postmate, both of them have their members. So after the acquisition of Postmate, they can integrate the members from both of the two companies and have more members. If they want to do some propaganda work, the audience will be huge after the integration. The propaganda work will spread more widely and easily than before. The increase in customers means that consumers will also increase. The company in the mode of win-win cooperation can get more profits than before, and they can use the money to do something good for the company, like increasing the salary of workers so that they will work harder. It will push the company to a positive cycle, and their profits will continue to increase.

#### ***4.4. Join in some public work***

Because of some events about the monopoly of Uber after they acquired Postmate, people might not like the company, so that the profits of Uber will decrease. So joining some public work is very necessary that they can have some choices that allow people who do not like the company because of those events to change their minds and help get profits back to where they were. It is a good way to reinvent the company's image outside. Also, it will be a good chance to spread out their service to increase their customers that make higher awareness of the company in the world. And they will be more competitive in the marketplace than some companies which have no wide awareness. For instance, ERKE had donated to Henan Province people. Many customers knew about ERKE and wanted to buy the company's products like clothes. In a short time, the profits of ERKE increased dramatically. Their sales volume increased about 130 times than before in just one day. Doing some other charity can also have a great impact on both society and the profits of companies.

#### ***4.5. Pay more attention to after-sales service***

Most people will have a great impression of the company if they have a good after-sales service. These people may ask for the company's services repeatedly, and they may recommend to their friends the services that will increase the profits the company gets. Also, great after-sales service can help the company contact customers and know about something they do not satisfy so that the company can be able to have a clear way to solve these problems

#### ***4.6. Use data analysis to catch the requirements of customers***

Data analysis is a good way to know about customers' preferences exactly, and the company can use any data, which are about products that the customers usually buy, and recommend something about these preferences to stimulate the increase of consumption. The strategy can give customers a feeling that the company's services are more suitable for them than those of any other company. It helps the company have a stable income from a stable consumer base. It is good for them when they want to get more market shares in the future.

### **5. CONCLUSION**

A lot for the acquisition were being researched between two companies, Uber and Postmates during this process. With the growth of delivery food during covid-19, Uber saw a commercial opportunity to buy Postmates to improve the competitive ability in takeaway services. At the same time, Postmates shows its intent to sell itself. As a big company, Uber has enough financial resources to support itself to develop a new part of Uber Eats. Postmates has quite a lot of customers, which shows they may have good cooperation during this acquirement.

After the requirement, there are still competitive problems with other food delivery companies. Different salary levels would cause employees to leave. There is still a big range to increase the number of customers to prevent the loss of custom against other takeaway service companies. So we discuss how to optimize the model of win-win. Improving wage distribution, putting more discounts on the development of the driver-less car, sharing members in two companies joining more public works, improving the after-sales services, and updating data immediately will benefit a lot. This research discusses the growth of food delivery in Covid-19 time and the acquirement between Uber inc. and Postmates. We find the mode of win-win in this acquirement and solve the problems in this cooperation. We give ideas of salary mode change in this area as well as the optimal strategy for the future development of delivery companies. There is still a problem in this research, and we do not have primary data using secondary data instead. What more about the future? We can do surveys and interviews to get preliminary data to make the research more convincing.

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