

A Summary of the Development Process and Countermeasures of China's Shared Bicycle Phase

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Abstract. In recent years, China's shared bicycles have developed rapidly, and bringing great convenience to people's short trips. However, after three stages of development, there have been many problems with shared bicycles, making people doubt the future of shared bicycles. This paper introduces the three main stages of the shared bicycle since its rise and the problems it has exposed, and puts forward specific suggestions for relevant parties to provide reference for government decision-making and business operations.

1. Introduction

In China, with the rapid development of social economy and urbanization, the new way of sharing bicycles has received great attention since its appearance. "Shared bicycle" had become a new type of environmental protection economy. It is characterized by "sharing", "stopping around" and "green economy", aiming at solving the "last mile" problem of urban transportation, business areas, residential areas, bus and subway stations and other places where people are concentrated, effectively complementing the shortcomings of public transportation such as subways and buses, and also alleviating traffic congestion to some extent. However, the shared bicycle model has also experienced many problems in the operation of these years, such as over-delivery, difficulty in depositing guarantee deposits, chaos, random destruction, etc., which has brought great challenges to urban governance. In the year of 2017-2018, many large and small-funded bicycle companies went bankrupt, causing bad social influences and arousing great concern. The question of how to develop the share bicycle industry is a matter of concern.

2. The development process of the shared bicycle industry

The author believes that up to now, the development of China's shared bicycles can be divided into three phases - the former shared bicycle phase, the middle shared bicycle phase and the post shared cycling phase.

a) Former shared bicycle stage

The former shared cycling phase refers to the period in which the shared bicycles gradually emerged in China in the first half of 2017 and before. The initial rise of China's shared bicycle industry was around 2012. The model is a pile-type public bicycle that is modeled after the foreign public bicycle model and is dominated by government departments. However, the vehicle has shortcomings such as high construction costs, cannot be parked at will, and needs to be used by electric card, so this model is only popular in a small number of cities such as Hangzhou, Suzhou, and Changzhou. In 2014, the concept of domestic pile-free shared bicycles began to appear, and a small number of experiments were conducted in Peking University and other places. Starting from 2016, with the development of China's Internet industry, the "come-and-go" shared bicycle began in first and second-tier cities are booming, and with the prosperity of the industry, the business has gradually expanded to third and fourth-tier cities. Among them, a series of well-known shared

bicycle companies such as Mobike, OFO, Xiaolan Bicycle, Xiaoming Bicycle and Youon have emerged. For a time, the streets and alleys were filled with colorful shared bicycles, and the industry showed the characteristics of blooming flowers and flourishing.

b) The middle shared bicycle phase

The middle shared bicycle phase refers to the period from the second half of 2017 to 2018. During this time, the development of the shared bicycle industry has undergone a preliminary boom period, and with the saturation of the market, it has entered a fierce competition stage. The characteristics of this period are: the number of shared bicycles in large and medium-sized cities tends to be overloaded; the damage of shared bicycles is becoming more and more serious; the government's supervision of shared bicycles is gradually introduced and the requirements are more stringent; the competition among enterprises tends to become hot, and the emergence of shared bicycle enterprises collapses. The tide has evolved from a hundred schools of thought to an oligarchy. According to the China Ministry of Transport and Information, the peak of China's shared bicycle companies reached to 77 in 2017. The number of users is limited and the carrying capacity of the city is limited. A large number of disorderly shared bicycles make traffic control more difficult and seriously affect the image of the city. Moreover, the development of the industry must be accompanied by fierce competition. From the end of 2016 to the end of 2017, many companies headed by Wukong bicycles have collapsed or changed their main industry due to blind follow-up investment, poor capital flow, and poor product experience. It triggered a social problem that the deposit was difficult to retreat. According to the statistics of relevant institutions, as of November 2017, the Consumer Council of Shenzhen has received more than 10,000 complaints, 99% of which are difficult to refund the deposit. Enterprises with leading advantages and leading capital, such as OFO and Mobike, accounted for half of the shared bicycle industry, and there was a duopoly market pattern, followed by the U-Bicycle and Hellobike. Second-tier enterprises such as bicycles and Xiaoming bicycles also have a certain market share.

c) The post shared cycling phase.

The post shared cycling phase refers to the period from 2018 to the present and the future. In this period, the shared bicycle is facing a situation in which the number of users is large and tends to be stable, the competition for large-scale competition is deteriorating, the profit model is changing, the market supervision is exerted, and the industry tends to decline. According to statistics, by the end of 2018, the number of shared bicycle users in China has reached 235 million. In 2017, the growth rate of users in China was 632.1%, while in 2018 it was only 14.6%, and it is predicted to further drop to 10.3% in 2019. During this time, local governments have strengthened the management of shared bicycles in cities. In 2018, Chengdu issued the “Chengdu Internet Rental Bicycle Parking Order Management Measures”, “Chengdu Shared Bicycle Operation Management Service Specification” and other documents, ranking the shared bicycles, curbing the growth of bicycle production and promoting healthy competition in the industry; Shanghai also issued the “Guiding Opinions on Encouraging and Regulating the Development of Internet Rental Bicycles in Shanghai” was issued, encouraging enterprises to promote services through credit management and technological innovation to implement deposit-free and real-time refund of deposits. Shared bicycle companies have also experienced new problems at this stage. Take OFO and Mobike as example. In the first half of 2018, the IPO prospectus updated by the company after the acquisition of the US group showed that Mobike's bicycle income in April 2018 was 147 million yuan, and its daily operating expenses has reached 160 million yuan, plus the depreciation of fixed assets. The net loss in January has reached nearly 400 million yuan. In the second half of the year, the OFO also exposed the incidents of poor management and hard deposits, which triggered a frenzy refund for the whole people. As of December 2018, the refund requests has been discharged to 11 million. The public is not optimistic about the future of the industry, and the development of the shared bicycle industry is once again showing a confusing trend.

3. Suggestions for promoting the healthy development of shared bicycles

As a convenient and fast short-distance travel mode, shared bicycles have made great contributions to the implementation of low-carbon environmental protection, solving urban congestion and facilitating residents' travel, and are an indispensable resource for the society. In the post-share bicycle phase where the current fierce competition is coming to an end and the industry layout is stabilizing, the following recommendations are made to the development of the shared bicycle industry:

3.1 Enterprises should carry out refined operations

Users are the main source of funding for sharing bicycle companies' profits. Therefore, it is the first thing for the company to carry out refined operations and improve the user experience without the need for fierce competition and extensive release. At this time, enterprises should adjust their business models in time and work hard at the service level. The specific practices are as follows: 1. Through the background monitoring of big data analysis, more accurate evaluation of the location and quantity of bicycles; 2. Through technological innovation to enhance bicycle quality and riding comfort, provide a better riding experience, and reduce criminals The destruction of bicycles. 3. By improving the deposit refund system and even canceling the deposit to dispel the concern that people are not able to refund the deposit of the bicycle; 4. By improving the operation mode, establishing a better operating system and a more complete workflow, further reducing operating costs. 5. By enhancing the level of bicycle scheduling, more timely scheduling of vehicles, cleaning up damaged vehicles, and improving operational efficiency. 6. By strengthening exchanges with the government, the government can understand the needs of enterprises, enable enterprises to better implement the government system, reduce waste of resources, and adverse consequences caused by corporate violations. 7. By strengthening communication between enterprises, reaching a consensus on cooperation and more rational sharing of shared bicycles. 8. Improve user stickiness by providing more humanized services, such as riding navigation. 9. Expand the profit model around bicycles, such as strengthening cooperation with e-commerce, increasing advertising, etc., striving to achieve multi-channel profitability and reduce business operation risks.

3.2 The government should strengthen supervision and guidance measures

First of all, the biggest controversy in sharing bicycles is the management of the deposit. In the event of a financial crisis in the company, the right to redeem the deposit will be impaired. Therefore, the government should continue to strengthen the supervision of deposits, and strengthen the supervision of deposits collected by enterprises, such as setting up special accounts, entrusting qualified financial institutions to supervise, etc., formulating special policies and regulations for deposits to eliminate user concerns. . Secondly, local governments should refer to the methods introduced by other cities, and combine their own circumstances to introduce their own management methods for the sharing of bicycle companies, the potential market for bicycles, and the responsibility for corporate violations. Local governments and management departments will implement specific supervision work. Strengthen the supervision of enterprises, prevent their illegal distribution, excessive release and other activities, to curb the development of shared bicycle development, and guide the orderly development of shared bicycles.

3.3 Supervised and constrained by ethics and legal systems

The public is a consumer of shared bicycles. The rational and legal use of shared bicycles not only demonstrates the moral literacy of citizens, but also reflects the height of urban civilization. In view of this, the government should constrain the use of chaos in bicycles by combining ethics and the rule of law by formulating ethics, establishing a credit system and introducing punitive measures. First of all, not only through the media, activities and other channels to publicize the moral concept of honest and civilized vehicles, reduce the subjectivity of vehicle destruction; secondly, relying on the convenience of the Internet and big data to establish a relevant credit system, For those who

lock or destroy bicycles, their credit scores will be lower and their future bicycle use and credit loans will be limited. Finally, for serious acts such as destruction and theft of bicycles, they are punished according to relevant regulations.

4. Conclusion

As a new thing in the Internet era, China's shared bicycles have shown amazing potential and exposed huge problems in recent years, but their development prospects and conveniences are still incalculable. After the three stages of the first, middle and the last, with the stability of the competitive landscape, sharing bicycles is the time to take a healthy and orderly development. The development of shared bicycles is inseparable from the rational operation of enterprises, the effective supervision of the government and the public awareness of users. Only when the government, enterprises, and users are closely linked to achieve the overall welfare growth of both the supply and demand sides will there be room for more development potential.

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