

Research on the Development Strategy of Bicycle-Sharing Companies -- the Case of Beijing, China

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Abstract: With the development of the Internet era, the sharing economy has gradually penetrated into all areas of society and has become an indispensable part of economic development in China. As one of the products of the sharing economy, shared bike is highly favored by public under the promotion of the concept of energy saving, emission reduction and low carbon. While it makes travel convenient, it also exposes many problems in its development process. Since the outbreak of COVID-19 in early 2020, the usage of shared-bicycle got an inflection point for it was considered as a low transmission commuting method. Meanwhile, some new challenges emerged, and, only by effectively and appropriately settling it down can make the companies operate better. This essay studies on the actualities of bicycle-sharing companies under the COVID-19 epidemic in China and throws out optimizing suggestions to help the industry through the difficult time.

1. Introduction

With the development of Internet technology and the advent of the 5G era, the sharing economy shares various resources through the Internet technology platform. This form is popular in the lives of the public. The ideas of the sharing economy are also increasingly used to address people's needs for food, clothing, housing and transportation in their lives. As the most representative product in the sharing economy, bicycle-sharing has developed a relatively complete business model after several years of exploration.

At the beginning of the development of bicycle-sharing, it was put in various areas of the city for people to use. As a new economic growth point, it has developed rapidly and has a wide range of influence. It is widely loved by the public and the attention of major investors. Beijing is the most representative first-tier city, the competition among bicycle-sharing brands of major companies on the streets is obvious. The problems of disorderly parking, corporate brand building and image positioning have caused widespread attention from the public.

In correspondence to the national lockdown, nearly all industries were shut down to get help for the epidemic prevention, especially the transportation industry. People's demand on going out was restrained significantly. When Beijing resumed work and resumed production after the epidemic, it ushered in the second wave of the epidemic. It is difficult to balance the growth and decline of the demand for bicycle-sharing. At the same time, in order to avoid transmission of the virus due to the shared nature, the disinfection of bicycles is also facing unprecedented challenges.

After the prevalence of bicycle-sharing, the growth rate of its users has slowed significantly, and many bicycle-sharing companies are trying to rely on other industry platforms for promotion and cooperation. Due to the similar brand positioning of the major bicycle-sharing companies and the relatively limited marketing methods, the competition has gradually focused on service quality. Retaining users through service competition and formulating corresponding enterprise development strategies have become the key issues.

The development strategy of an enterprise is a generalization of its various strategies, and is mainly a theoretical system established for how the enterprise develops benignly. The development strategy is a reasonable plan to select and develop the direction of the enterprise in a certain period in combination with the social environment. The purpose of formulating enterprise development

strategy is to solve all kinds of problems encountered by enterprises in development, so as to guide enterprises to go on the right path for a long time. The correct implementation of enterprise development strategies can bring a benign survival and development space. It is worth noting that although enterprise development strategies gradually become an indispensable part in the process of enterprise development, but its rationality and applicability are the key to the application for the enterprise itself. And the blind adoption of inappropriate development strategies will cause a devastating blow to the enterprise.

After undergoing a cruel market reshuffling of the fittest, how to make its bicycle-sharing brands survive healthily and steadily is an important issue facing major bicycle-sharing companies. Enterprises have created the development direction by enhancing the core value, and become the key to solve this problem. Therefore, it is necessary to adopt reasonable enterprise development strategies in order to make bicycle-sharing companies stand out in the fierce market competition.

2. The Current Operating Situation of Bicycle-Sharing Companies in Beijing under the Covid-19 Epidemic

2.1 Health and Safety Issues

The infection rate of the new coronavirus in the air is extremely strong, and the densely packed and airtight public transportation provides an excellent hotbed for the spread of the new coronavirus. Especially in large developed cities like Beijing, both subways and buses are overcrowded in the morning and evening rush hours, and people are bound to have concerns about the potential risk of virus infection. At this time, bicycle-sharing has become the best alternative to travel in epidemic situations as a low-risk public transport.

On the one hand, bicycle-sharing have a certain degree of privateness during use. Compared with buses, subways, and taxis, they have good ventilation conditions and can better avoid the risk of virus transmission caused by close contact with everyone. This makes it more concerned and favored by people in the epidemic, and the demand for bicycle-sharing has risen compared to other public transportation. According to Meituan's big data on bicycle-sharing, the number of users nationwide during the first working week in March this year increased by about 86% compared with the previous two weeks, and the average daily growth rate was about 94% compared with the Spring Festival period. The number of commuters increased significantly. Among them, the number of rides in Beijing increased by an average of 187.7%.^[1]

On the other hand, the shared rental feature of shared-bicycle makes it possible for users of vehicles to be far more than one person. Some netizens also expressed related concerns on social media: "If others ride the bike which have already ridden by carriers of the virus, will they become infected?" In fact, the handlebars, seats, baskets, locks and pedals of bicycles-sharing are unlikely to change once a guest as hotels do. This entangled mood also increases the cost of users using shared-bicycle. Users have to prepare disposable gloves and seat covers, and use disinfection tools to disinfect the handlebars and seats that are in close contact before riding.

2.2 The Problem of Random Parking

Under the epidemic, the increase in demand for shared-bicycles has brought opportunities for enterprise development and also brought challenges to urban management. According to "Beijing Municipal Committee of rental bicycles on the Internet industry 2020 public oversight of operations management in the first quarter" display, Didi Bike because of illegal bicycles place is an administrative fine of two times, the static data access less than 70% (qualified for the 90 %), at the same time, there are serious data frauds, and the comprehensive evaluation score in the first quarter is grade B; Hello Bike were imposed an administrative fine of one times due to illegal bicycles place and static data access was less than 70%.

With the price of bicycles-sharing rising in 2019, it is no longer a major loss-making business for major companies, and the COVID-19 epidemic has also brought new opportunities for demand

growth. In order to expand the market share, some bicycles-sharing operators took the opportunity to increase the number of shared-bicycle placed, which also increases the pressure of the company's own scheduling and the supervision pressure of the relevant government departments, resulting in disorderly parking and affecting the appearance of the city. The contradiction between bicycle-sharing companies and relevant government management departments has deepened.

2.3 Corporate Marketing Issues

The impact of the epidemic on all walks of life is significant. Although there have been new growth points in the demand for bicycles-sharing, but it is only relative to other public transportation. People still have concerns about the risk of virus infection. Wanting to ride safely also increases the user's cost of use. At the same time, due to the need for epidemic prevention and control, government departments have placed additional restrictions on the movement of people inside and outside the city, which have largely suppressed the citizens' desire to travel. How to transform people's potential needs into effective needs, so that users can use them safely and economically without worries, which puts a big test on the marketing strategy of bicycle-sharing companies.

3. Investigation and Analysis of Existing Reports

By referring to the existing relevant literature, we found that the current research content on the development of bicycle-sharing mainly focuses on two aspects, including the current advantages and disadvantages of bicycle-sharing companies and the exploration of future development strategies.

Chen Xiaoyu believed that shared-bicycle as one of the most successful commodities in the sharing economy, has its own main advantages in the following three points: the use of shared-bicycles greatly promotes green travel for all people, diverts the passenger flow of buses and subways, and alleviates the problem of excessive urban traffic pressure[2]; The popularization of shared-bicycle has reduced the difficulty of short-distance travel and at the same time reduced the cost of short-distance travel; the emergence of shared-bicycles has caused idle bicycle resources to be reused, which greatly improved the utilization of bicycle resources. The emergence of Shared bikes is in line with the people's concept of green travel and healthy life, and also alleviates the problem of urban pollution[3].The convenience that these shared-bicycles bring to people's lives, and the advantages brought to urban development, enable bicycle-sharing companies to be favored by investment institutions, as well as national funding and policy support.

The disadvantages of bicycles-sharing cannot be underestimated. Many pundits believed that shared-bicycle have relatively high production costs as a new type of bicycles. In addition, due to the shared feature of shared-bicycles, products do not have the right to choose consumers, so that the differences in consumer qualities and concepts have an adverse effect on the bicycle itself. The loss of shared-bicycles, man-made damage, random parking and other situations are forbidden repeatedly, and it is difficult to eliminate in a short time. While bringing economic losses to the companies, it also puts forward new requirements for the standard governance of bicycle-sharing.

As a new emerging industry that has become popular in recent years, the joining of many bicycle-sharing companies has led to the second division of the supply-saturated market. In the fierce market competition, companies are forced to use price wars and other methods to seize market share, which makes it difficult for the cost of bicycle-sharing companies to recover, and the development of companies is gradually in trouble. In addition to these common constraints on bicycle-sharing, in cities like Beijing where subway, bus and other public transportation are well developed, bicycle-sharing companies need to solve some problems if they want to keep on developing , such as thinking about how to deal with urban environmental factors, meeting consumer demand to ensure stable profitability throughout the year in the case of seasonal factors.

In terms of the company's future development strategy, many pundits believed that bicycle-sharing companies must improve their products, prices, channels, and publicity if they want to achieve sustainable development. For example, bicycles-sharing companies should continue to invest money to study how to improve the comfort of Shared bikes, prolong their service life and reduce

maintenance costs[4]. For another example, enterprises can disperse their targets to other markets, broaden their sales channels, actively conduct research, and try to put a reasonable number of bikes on the basis of demand to promote the balanced development of Shared bikes[5]. Only innovation can make companies stand invincible.

The outbreak of the epidemic in early 2020 brought new opportunities and challenges to bicycle-sharing companies. For safety reasons, many people began to choose shared-bicycle as their first choice for daily travel. Increased market demand provides new opportunities for the bicycle industry that has entered the cooling period. On Feb 17th, 2020, China Urban Public Transport Association completed a “Standard” (shorted), requires bicycle-sharing companies should make the disinfection normalization and standardization. On Feb 24th, 2020, Meituan launched the “Week of Returning to Work by Riding “ activity, other companies have also launched similar activities.

The epidemic has injected new vitality into bicycle-sharing companies, but it has also brought new problems, such as the shortage of support crews under the surge in demand for bicycle-sharing. Recently. For the stimulation of epidemic, Mobike, Hello Bike and Didi Bike, which share the support of large bicycle companies, have fallen into price wars. Although such price wars increase the number of consumers in a short period of time, they also face difficulties in making profits. The research on the development strategy of bicycle-sharing companies still needs further exploration.

4. Feasibility Suggestions

Above all, for the development of bicycle-sharing companies in future, we are trying to give some feasible suggestions based on the current situations in their operating and combined with the relevant research collected as flows:

4.1 Improve the Technic Measures of Operation and Maintenance

Judging from the data released by bicycle-sharing companies, with the continuous upgrade of the country's management regulations for bicycle-sharing and the sharp increase in shared-bicycle investment, various companies have gradually increased their investment on shared-bicycle management and operation costs. The instantaneous increase in market demand also reflects this problem. In the information age, bicycle-sharing companies are bound to invest in operation and maintenance. If they can reasonably use intelligent methods to monitor the bicycle's conditions within a certain range in real time and automatically report faults such as damage, they can greatly reduce labor costs.

4.2 Improve Enterprise Product Quality

The products provided by bicycle-sharing companies mainly include software and hardware. Relevant companies should do a good job of collecting consumer opinions and optimize the operation interface and process of bicycle-sharing application based on consumers' actual experience. Next, do a good job of consumer safety reminders in the software. In terms of hardware, that is, the shared-bicycle itself, you can improve the appearance, safety and comfort of the bicycle according to the distribution ratio of the demand group, or launch a new theme bicycle, At the same time, in order to further avoid damage or misappropriation of vehicles, the anti-theft technology of vehicles should be reasonably upgraded to reduce vehicle losses.

4.3 Actively Seek Business Cooperation

The impact of the epidemic on the social economy should also provoke the thinking of bicycle-sharing companies. Under the market competition incentives, some large bicycle-sharing companies cannot rely on their own resources to fully adapt to today's rapidly changing social reality. They should actively seek cooperation. Carry out resource replacement for mutual benefit and win-win results. Rely on the technical resources of some large technology-based enterprises to improve the level of product intelligence. At the same time, rely on capital investment from large enterprises to enhance their ability to bear risks.

4.4 Focus on Marketing

During the epidemic, Mobike took the lead in initiating a propose of indiscriminate disinfection which advocate disinfecting shared bikes regardless of brands. The movement not only successfully modeled the company's social image, but also accomplished a positive marketing, and earned credibility from consumers. After the COVID-19 epidemic, we suggest that bicycle-sharing companies could actively get involved in some charity to upgrade cooperate identity from depressed to energetic.

5. Summary

The competition between bicycle-sharing companies has become easeful. Though the outbreak of COVID-19 brought a new opportunity to bicycle-sharing industry, there's also some following challenges remained to be solve. After the study, we suggest that the relevant companies could cut labor costs with the assist of big data, improve the product experience oriented by users, reasonably adapt their marketing strategies and model a positive public image.

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