The Legalization of Online Car-hailing in China and the Change of Citizens' Travelling Habits

Abstract

China's Ministry of Transport promulgated a series of regulations on the operation of Online Car-hailing in February in 2018, which means that Chinese government declared the validity of Online Car-hailing. The user scale of Online Car-hailing has been booming since this new way for trips came on the stage. Admittedly, accidents related to Online Car-hailing appear frequently during the past few years, some even resulting in people's deaths. And unfair competitions among different companies happen from time to time. However, it has been changing for the better because of the stricter management of online platform and stronger supervision from the government. This essay focuses on the benefit Online Car-hailing brings to people's daily trips. It compares the convenience index between Online Car-hailing and conventional car-hailing, analyzes the applicability and practicability of its functions, and measures the safety of taking a car hailed online. Finally, it draws the conclusion that it is a good way for people's daily trip.

Key Words

DAILY TRIP; ONLINE CAR-HAILING; TAXI SERVICES

BODY TEXT

Introduction

Imagine that you are taking a trip in another city, but you accidentally forget the way back to your hotel. Suppose that you are going to attend an important meeting in your company miles away, but there is only ten minutes before it starts and your car is still under repair. You may turn to taxi drivers to handle the embarrassing situations. Many years ago, traditional taxi-hailing industry rose up in order to meet people's needs of trips for intermediate or long distance. People can hire a taxi and ask the driver to send them to their destinations, with passengers paying a fee to the driver. Nowadays, as the rapid growth of the Internet, a new type of taxi-hailing industry has come on stage – Online car-hailing.

From 2015, Chinese government has pushed for the plan of "Internet Plus", as well as smart

electronic devices being more and more common among citizens. A large number of Online Car-hailing companies have popped up, such as Didi and Uber. (Jiang, Chen, Li, & Yu, 2019) In order to better regulating the operation of Online Car-hailing industry, in 2016, Ministry of Transport of China issued the Interim Measures for the Administration of Online Taxi-hailing services, marking the legalization of running Online Car-hailing companies. (Ministry of Transport of People's Republic of China, 2016) During the past few years, the user scale of Online Car-hailing has been increasing rapidly. Statistics show that until 2017, the user number of China's Online Car-hailing industry had reached 4350 million, which shows the steady growth of the user group and the mature management of Online Car-hailing industry. (GuoMeng, 2018) With just a click in the smart phone app, users can easily get contact with the nearest taxi driver. We can clearly see that Online Car-hailing system has gained popularity and, to some extent, changed citizens' travelling habits. **Online Car-hailing service is generally beneficial in terms of daily trips of citizens for various reasons.**

This essay analyzes how Online Car-hailing system, compared with traditional taxi-hailing, brings benefits to people's daily life. In order to get knowledge of people's true feelings of travelling by online car-hailing, the author, together with other students in Nanjing University, did a research of people's attitudes towards the management and future development of Online Car-hailing industry. The research was done mainly by handing out questionnaires and interviewing.

Convenience

For traditional taxi-hailing operating system, there is not much active interaction between drivers and passengers. Passengers need to wait at the street to see if there is any taxi passing by before they hire one. Drivers sometimes have to wandering in the street to notice if there is anyone who is currently in need to taxi service. In this circumstance, passengers sacrifice the waste of time and drivers sacrifice the waste of money for the gasoline. As a result, it is hard to keep the balance of supply and demand relationship.

However, Online Car-hailing system addresses this problem to some extent. Compared with traditional taxi-hailing system, the process of hiring a car online is much simpler. Our research questionnaire has received 478 responses from Online Car-hailing users, and as is shown in **Graph 1**, nearly 90 percent of them list "convenience" as one of the attractions of using Online Car-hailing system. Through smart phone apps, users can clearly see the drivers nearby. After inputting the destination, one can send his request of hailing a car to the drivers, waiting for drivers to give him a helping hand – of course, the time consumption here can always be ignored. After one driver accepts your request, both the user and the driver can get each other's location and phone number, making it more convenient to contact with each other. Upon arriving at the destination, the user can pay through mobile payment tools – a popular mode of payment in China which do not need cash or credit cards and can be done merely via your smart phone. Active interactions between passengers and drivers increase, while the sacrifices on money spent and time largely drop.
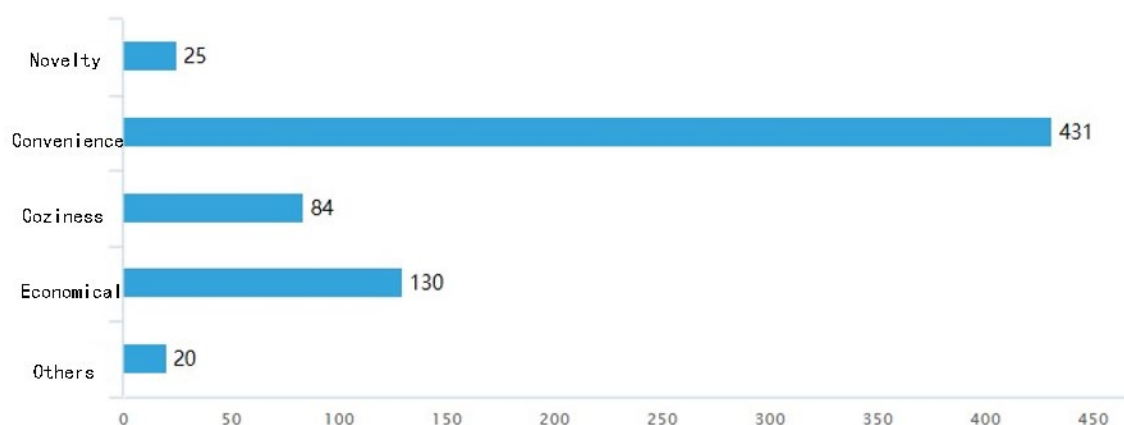
**Graph 1** Why people choose to use Online Car-hailing system

Moreover, Online Car-hailing system is operating through Internet, which means all the users' data and trip routes are recorded. Companies can analyze those data and predict the demand distribution of the users in different places, thus allocating resources to keep balance of supply and demand. Scientists have built several mathematical models to analyze and predict the supply and demand relationships. For example, professors from Tsinghua University and Beihang University adopted LS-SVM model to predict short-term demand for Online Car-hailing, which is of high efficiency and make up the drawbacks of the previous mathematical models. (Jiang, Chen, Li, & Yu, 2019) Another research group from Tsinghua University and Bigdata Research Lab of Didichuxing applied a framework called DeepSD to estimate the real-time demands of Online Car-hailing, which can be done almost automatically and made rather accurate predictions by analyzing various kinds of data sources. (Wang, Cao, Li, & Ye, 2017) Nowadays, big data analysis algorithms are getting more and more mature, and can be applied to various kinds of situations. By analyzing big data, we can easily predict the demand of Online Car-hailing and push for the proper allocation of car resources, which is of great benefit for both passengers and the companies.

Variety

Although taxi services become popular among most of the places in China, users' needs may vary according to their location, time, financial situation or even the social status. For example, people of middle-class may want services with low price and average coziness for daily trips; travelers from another city may be more willing to take a hitchhike for they want to save money for their exploration; people with high position in the company may prefer pricy but cozier tailored car service for business matters. (Lingyu, Wei, Chuan, Yuhui, & Jieping, 2018) Unfortunately, traditional taxi services cannot offer such various kinds of services. Most of the taxi company can only afford one certain kind of car of average quality, and the price for the service is usually controlled by the government.

Thanks to Online Car-hailing platforms like Didichuxing, the variety of hailing services successfully meets most of the needs of various users. Among all the services, the most popular ones are Taxi, Express, Tailored and Hitchhike. In our research, we classify our

interviewees into different groups according to their ages, and calculate the services which each group's members use most frequently (**Graph 2**). We can notice from the graph some subtle distinctions among their preferences. Those preferences vary on account of their financial situations, job requirements and so on so forth. For example, most of the mid-class individuals would rather choose to use the service called Didi Express, whose procedure of hailing cars and trip experiences are similar to those of taxis, but the price are comparatively lower than traditional taxi services, some regions even down to 0.99 Yuan per kilometer. (Sina, 2015) For those upper-class individuals and businessmen, Didi Tailored becomes their favorite service, with comprehensive business services from the driver in both Chinese and English languages. (Tencent, 2018) Those diverse services make Online Car-hailing palatable to almost all citizens.
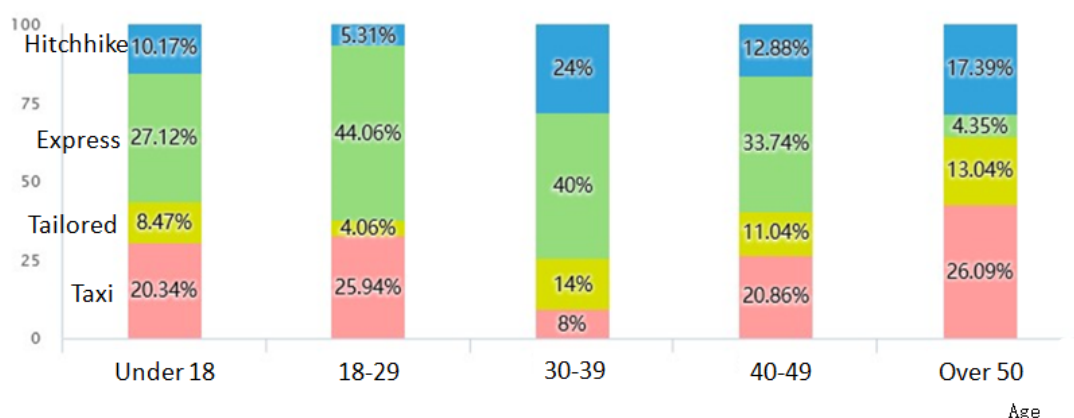
PS: The ratios above are calculated through the number of interviewees who prefer certain kinds of hailing services divided by total number of interviewees of this group. The additions are not 100% for there exist some interviewees who had never used this service before.

Graph 2 Preference of services classified by ages

Also, big data analysis apartment can collect users' trip data, calculate and conclude the frequency of each service classified by regions. They can also push appropriate services to a certain user according to time, places and his behavior feature records. (Lingyu, Wei, Chuan, Yuhui, & Jieping, 2018) So the advantages of each service can be reflected fully.

Strong supervision

The past few years has witnessed the development and revolution of Online Car-hailing services. At first, the invalid competition among companies and the lack of supervision from government led to the unhealthy situation for Online Car-hailing. The fundamental rights of drivers and passengers are often ignored. Murders even happened during some of the trips. Gradually, the government has realized the severity and continuously released several laws and regulations to strengthen the supervision of Online Car-hailing industry. Currently, over 210 cities of China have introduced detailed policies and laws for supervisions on Online Car-hailing. (CNR, 2018)

In our research, we ask our interviewees the best methods they recommend to avoid safety threats of Online Car-hailing. Of all 615 interviewees, 53.66% of them highly recommend

government to pass more specific and detailed laws and strength the regulations, as have government officials been doing in recent years.

Although the force of regulation has caused users' average waiting time being extended, the overall safety index of Online Car-hailing services increase, which is a fundamental guarantee of the coziness and convenience of daily trips. Through the Internet, the car trace and the information of hailing orders will be all connected to the online supervision platform of the government. As a result, all information of Online Car-hailing will be transparent, which makes it easy to keep track of every accident and helps the law enforcement agencies to detect and solve all cases concerned with Online Car-hailing services.

Conclusion

To conclude, people's rationale for adopting Online Car-hailing services is that they provide both convenient and various services which meet all people's needs of daily trip – and that the stronger supervision and more detailed policies from the government. It has not been so long since the birth of such the kind of hailing services, and it is still refining itself. We can predict that in about 10 years, a mature operating system of Online Car-hailing can be formed and all of us can enjoy the benefit of Online Car-hailing in our daily trips.

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