

Business Opportunity Identification in the Era of Sharing Economy: A Case Study of Mobike

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Abstract

With the driving forces of Information Technology, We entered the Sharing Economy Era characterized with a socio-economic ecosystem built around the sharing of physical and intellectual resources. Sharing economy has been growing rapidly since its appearance in the early 2000s. One of the Big Four accounting firms PricewaterhouseCoopers (PWC) reported that global spending in Sharing Economy business sectors reached about \$15 billion in 2014, and a possible increase to \$335 billion by 2025.

This article explores how companies identify business opportunities in Sharing Economy Era. Based on the case study of Mobike, a leading bicycle-sharing system in China, which has been funded by the Sequoia Capital, Bertelsmann and other venture capitalists amounted to hundreds of millions of dollars in investment. This article will summarize the successful factors to survive and prosper in the Sharing Economy area. This study will collect data by directly interviewing with the founding team and searching for the secondary information from archives. This paper attempted to find answers from entrepreneurship, business model and other related theoretical lenses. The research results could also enrich the theoretical and practical knowledge about Sharing Economy.

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Sharing economy, generally refers to a new economic model, which is based on the temporary transfer of the right to use the right to obtain a certain reward as the main purpose. At present, with the rapid development of internet technology and increasingly mature, the new business model of sharing economy has been recognized by more and more people, which has infiltrated all kinds of industries from consumption to production, affected all aspects of people's life, impacted and subverted the old mode of thinking, promoted the innovation and transformation of traditional industries as well as brought great changes in the business field. As the current mainstream development economy model, the scale of sharing economy is rising steadily. The report shows that China's rapid economic development has made an important contribution to fostering new kinetic energy of economic development, leading innovation and expanding employment. It is estimated that China's sharing economic market transactions in 2016 is about \$3.452 trillion, up 103% from the previous year, or about 100 million people over the previous year, and its total

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number of participants reaches 600 million. The number of service providers is about 60 million, an increase of 10 million over the previous year. The number of people working on the platform is about 5.85 million, up 850,000 from the previous year. It is predicted that by 2025, sharing economy in the global market will reach 335 billion U.S. dollars, with 36% of the annual composite growth rate, in which, China's sharing economy in the next 3-5 years will be the world's first.

The rapid rise and development of sharing economy is not accidental, along with the development of economic level, consumption is more diversified and subdivided, and the traditional extensive economic model can't complete the efficient allocation of resources. And the sharing economy can effectively adjust the demand for supply and demand, allocate the idle resources rationally, and meet the differentiated demand better. At the same time, the sharing economy through the Internet can form a new social trust system, and through the community and the sharing way, subvert the development of traditional industrial form.

In the traditional business model industry chain, including procurement, purchase, warehousing, research and development, sales and channel maintenance and other links, a high level of management and circulation costs is formed, and the emergence of sharing economic model, has reduced and optimized these processes to a large extent, so that the actual cost of consumers obtaining products or services spends less than that in the traditional model. In this mode, the consumers get the real concessions, the platform uses the idle resources generated, and then distributes them again, thus obtaining the benefit, and forming a win-win situation of the effective utilization of social resources.

In the era of economic development, the Internet allows more and more traditional business models to be impacted, it will reconfigure resources, and maximize the use of resources, so as there is more performance in the benefit of society. In the book *'Sharing economy: Reconstructing the new business model of the Future'*, Robin Chase believes that "sharing economy is a new economic model adapting to the development of the times and one of the most important economic models in the future", but in the process of developing a new economic model, and rapid development at the same time, there will be a lot of problems, such as many enterprises do not find their own business model and lead to failure, there are many enterprises that do not launch new products and is eliminated, so, finding out the fulcrum to pry the economy under the economic development is the key to better and faster development.

So, what are the key points for the entrepreneurial enterprises in background sharing economic? This paper will take Mobike as an example to explore the reasons for the success of the entrepreneurial enterprise under the background of sharing economy.

The Mobike is the Internet short distance travel solution developed by Beijing Mobike Technology Co., Ltd., which is the smart hardware of the model without piling to rent and return bike. People can quickly rent and return a mobike through smartphones, and can complete a few kilometres of city rides at affordable prices. The

Mobike insists on the independent innovation, and it becomes the market absolute leading brand in only one years official operation.

With dozens of intellectual property patents and more than 90% patent applications in the shared cycling industry, the automotive body, intelligent lock, and mobile drive are among the key technologies in the autonomous development of the Mobike. In the past one years, the Mobike has entered Shanghai, Beijing, Guangzhou, Shenzhen, Chengdu, Tianjin, Singapore and other nearly 80 cities at home and abroad, with more than 4 million intelligent sharing bicycles, more than 20 million daily order, growing to the world's largest order volume, fastest growth, the most extensive coverage, the most users of the sharing cycle platform, as well as the world's largest mobile networking platform.

The Mobike has realized the intelligent operation of millions of bicycles through the frontier technologies such as cloud computing, large data and Internet. As the global intelligent sharing bicycle innovation leader, the Mobike is committed to product and science and technology innovation, has been with a number of areas of leading enterprises to achieve strategic cooperation. Collecting the pooling of power, and integrating resource advantages, the open thinking of the Mobike is far beyond other brands.

Business model is the method of business activity on which the enterprise lives with, and it determines the position of the enterprise in the value chain, including the positioning, the business system, the key resources ability, the profit model, the enterprise value and so on. A successful enterprise should clearly understand its business model and dare to innovate in the business model so that it can get a seat in a changing market economy. With the rapid development of sharing economy, there are many new start-up enterprises to join the sharing economy, but not all enterprises can find their own business model. For example, "the borrower", it pays deposit which is equivalent with book pricing, but also shall pay courier fees and packaging fees (calculated as the starting price + deposit amount X2), and when books are returned, the deposit can be returned all, this is the way of its operation. While this model makes up for the lack of public library services, it allows readers to read the latest books and has no time limit. Such a way seems to see the value of its business, but such a model is almost impossible to see its profit point, so its business model is too limited, also leads to its inability to develop and ultimately failed.

However, Mobike regards solving the "last kilometer" as the concept of travel, with operation of a deposit of 299 Yuan and 1 Yuan per hour. By using smartphones, people can quickly rent and return a mobike, with affordable prices to complete a few kilometers of urban cycling. This business model quickly gains the market's favor, as well as achieves great success. It advocates the concept of green and health travel and environmental protection, clearly positions its own products, to help people solve the short trip problem, perfectly displays the value of the enterprise, and creates their own profit model, which are the key factors in their success.

The product innovation originates from the market demand, as well as from product technology demand of the market to the enterprise's, that is the technological innovation activity takes the market demand as the starting point, clearing product

technology research direction, and through the technical innovation activity, creates the marketable product which suits this demand and satisfies the market demand. In the real enterprise, the product innovation is always in the two dimensions of technology and demand, according to the enterprise characteristic, matches the market demand with the enterprise technical ability, and seeks the best union point of the risk and benefit. The impetus of product innovation is fundamentally the result of the joint action of technology advancement and demand. The fundamental meaning of innovation is the courage to break through the limitations of the enterprise, under the existing conditions, create more new products to meet the needs of the market, going at the forefront of the trend of the times, as well as winning the fierce market competition.

Mobike uses innovative ideas and combines internet technology to redesign bicycles. Mobike first develops a smart lock, this lock not only can unlock by sweeping code, realizing interactive connection between intelligent lock and users, it can obtain large data in the GPS and communication module system, according to the daily operation of the data analysis of thermal needs, determine market demand. The company's backstage can adjust the vehicle that has been put on, and optimize the new launching vehicle. On this basis, it also can deal with user's recharge, and payment services, in addition, through the establishment of the user's credit system, realize order management of civilized using bike and standardize parking. Mobike also through the intelligent lock within the GPS, achieve accurate positioning, using special-purpose networking SIM card to realize instant communication between intelligent lock and cloud platform, and achieve the effect of efficient technical management and operation. In other aspects of the bike, also by improving the use of materials, use solid tires and shaft drive to improve the performance of the bike, so as to improve user's experience. Through constant innovation in products, Mobike enhances its own core competitiveness in market, and just because of it, they can achieve such a great success in such a complex economic environment.

A good entrepreneurial team plays an important role in the success of new ventures. The cohesion of the entrepreneurial team, the spirit of cooperation, and professionalism based on the long-term goal will help new ventures get through the crisis time and accelerate the pace of growth. In addition, the complementarity and coordination between team members and the complement and balance between the founders have played a role in reducing management risk and improving management level for new ventures. The study shows the impact of team members' personal experience, ability and resource control levels on new enterprise mortality at different stages of the entrepreneurial process. The functional heterogeneity of the entrepreneurial team can effectively improve the survival status of the new ventures.

Mobike was founded by the Hu Yunwei, a car journalist, at the beginning of the venture, Hu Yunwei found the CEO of BitAutocom, and senior product manager Xia Xiaoping, then they found Uber's Shanghai regional Manager, then jointly founded Mobike. From their founding members, we clearly see the difference between their functions, including media personnel, technicians, managers and financial personnel.

Mobike has a good use of the principle of complementarity in the composition of the entrepreneurial team, highlighting the functional experience of heterogeneity in the entrepreneurial team, to make up the capacity gap for team members in the knowledge, skills, experience and other aspects, through mutual cooperation, play the synergy effect of "1 + 1 > 2". Such a team can improve the opportunity to identify, develop and use the capacity of the new business operations, to play a synergistic effect, to strengthen organizational development and management to provide a unique social perspective. It is precisely because Mobike caught this functional experience heterogeneity in the entrepreneurial team, it can maintain the stability of the entrepreneurial team, and achieve success in the changing market economy.

To sum up, sharing economy is the result of social development and technological progress, and is the product of cloud computing, large data, Internet of things and mobile web. In the context of sharing economy, consumption concept, transaction costs, supply and demand relations, as well as social relations have a greater change, if the entrepreneurial enterprise can achieve success, it must seriously consider the formation of entrepreneurial team, business model innovation and product innovation, user-centric, achieve sustainable development capacity relying on value creation, and in the development process, strengthen self-monitoring, take the initiative to fulfill social responsibility, win public trust and create brand image; Traditional enterprises want to get new development, it can not only take the initiative to join the tide of sharing economy, create new value through cooperation with innovative enterprises, gain new competitive advantages, actively implement the strategy of transformation and development, and vigorously promote personalized and flexible manufacturing mode and service transformation based on Internet. The explosion of sharing economy has become the trend of economic development, more resources and services will appear on the sharing platform in the future, enterprises should respond positively, grasp the key elements of success, identify business opportunities in the sharing economic model as well as get success.