Research on City Taxi Industry Operation Reform Mode and Its Development Trend in an Era of Internet

Yong-jia HE
North China Electricity Power University, Baoding, Hebei, China
596378186@qq.com

Keywords: Taxi Industry, Development Trend, Internet Plus.

Abstract. In order to explore the relationship between traditional taxi and online car-hailing and attempt to assess the development of taxi industry, the paper makes a literature review of taxi industry development from three specific dimension including time, content and management, conducts a case interview with taxi drivers and customers to investigate the reality information, and analyzes the relationship between traditional taxi and online car-hailing reasonably by using the game theory. The results show that the rapid development of the ride-hailing service have directly impacted the passenger flow of traditional taxi service, which has broken the traditional monopoly and replaced the traditional taxi with the dominant position. The two objects of taxi industry need to define their respective positioning, and provide corresponding services for different groups to form a good atmosphere of fair and healthy competition. The conclusion is drawn that the importance of market equilibrium in regard to the development of taxi industry is partially supported by these findings. The comprehensive reform system of the taxi industry is based on benign competition and orderly development should be constructed gradually. Finally, based on all the information, some practical suggestions have been made on the construction of comprehensive reform system.

1. Introduction

“Internet plus wisdom city” is under the depth combination of the Internet and traditional industries and integration of the core system and the key information, including the people’s livelihood, and urban services, such as various requirements to make intelligent response, forming a wider range of internet-based facility and realize the economic development of tools for new form [1]. However, due to the innate problems and gradual change of new potential energy, a series of social problems have been followed, that’s to say, the reform and development are urgently needed.

The outcome of “Internet + transportation”—the online car-hailing was born. The emergence of the ride-hailing service has broken the monopoly of traditional taxi industry while creating a diversified travel choice for the public. Under the background of rapid development in various technologies, the traditional management system is lag behind the present situation. The existing one gradually exposes many contradictions and problems, which make it faces the plight of operating and the challenges of the transformation and upgrading.

2. Literature Review

In recent years, scholars’ research on the development of taxi industry mainly focuses on the specific dimensions of business operation characteristics, market regulation and regulation measures. For the taxicab industry background, Liu Yuting (2015) pointed out that after the reform of the taxi management system, the underlying problems gradually highlighted. What’s more, violent phenomenon frequently occurs, taxi industry reform has become inevitable. On this occasion, Zhang Zhaoxia (2016) believed that “Internet Plus” had brought both impact and opportunities to the existing management mechanism. In the reform of the taxi industry, Yuan Lingling (2016) pointed out that the reform of taxi management was the premise of rationing the relationship between taxi industries. Liu Kaiqiang and other scholars (2016) pointed out that the reform trend of “embedded” taxi industry was irreversible, and the two should not be developed separately. The
ride-hailing and traditional taxi need to define their respective positioning, and provide corresponding services for different groups to form a good atmosphere of fair and healthy competition.

Gradually speaking, academic circles attach more importance to the specific measurement of the taxi industry reform, but may lack macroscopic investigation and discussion, especially the game relation between different objects of the taxi industry.

3. Review and Evaluation of Taxi Industry Development

3.1 Vertical dimension: the historical logic of relevant policy changes

Traditional taxi industry formed in the period of reform and opening-up in China, academic circles have divided its forming process into five stages: in the first stage (1978-1985), taxi industry was in a state-owned enterprise monopoly, when it was in the free development state, and only appeared in flourishing cities like Beijing. The second is the diversification stage of the organization (1985-1992). The third is to allow individual operators to enter the stage (1992-1996), and the traditional taxi industry presents a “blowout” development status. The fourth is to restrict the operation stage of individual operators (1996-2014). Due to the rapid development and the blindness of development, the taxi industry lacked control and the problems were frequently raised. The fifth is “Internet Plus” operation stage (2014-), which shows the trend of reform in the traditional taxi industry. Throughout the development situation of the taxi industry and involve demonstration of the reform of relevant documents summarized in the following table 1, it is not hard to find, the development of the taxi industry has experienced a freedom to squeeze to orderly twists and turns.

Table 1. The policies about the reform of taxi industry in China (2012-2016).

3.2 Content dimension: the distribution logic of relevant policy measures

It is the reform orientation of taxi industry to improve the service level of traditional taxi service, encourage the innovation and standard development of the new business mode of the network, and meet the needs of the customers. The main contents of reform can be summarized as six main points: scientific position of taxi service; the efficient management of the right to reform; the restriction of the period and the free use; the reform of the money system; the enterprise or industry
association to negotiate with the driver or the trade union organization equally; establishment of the
dynamic adjustment mechanism of capacity scale to solve the contradiction between supply and
demand; a diversified service system that includes cruise taxis and booking rental cars which will
improve the pricing mechanism and give full play to the leverage of the market supply and demand
relationship [2].

3.3 Management dimension: the interest game between the various objects

There are many related principals in taxi industry in China, and the basic characteristics of the
complex relationship of taxi industry have led to a certain degree of multifarious game relationships,
various kinds of games and rich strategies. Under the influence of improper government
management and the policy of inappropriate regulation, there are different levels of game imbalance
in taxi industry [3]. There are many of the reality affairs show that the imbalance of the game, for
example, the taxi driver petitions in group, passengers exposure malignant events through the media,
the groups of traditional taxi drivers come out joint protest frequently, and so on. Some of them
even show rose to the height of the lawsuit. The above results not only damage the collation
efficiency of the taxi industry, but also undermine the stability of its development reform, which has
had a bad influence on people’s travel. At the same time, the interests of all objects are to compete
with others while striving to maximize their own interests.

3.3.1 Network and traditional taxis: the disruptive innovation

Firstly, the rapid development of the ride-hailing service has directly impacted the passenger flow
of traditional taxi service, which has damaged the vested interests of traditional taxi industry.
Secondly, the ride-hailing service which is popular has broken the traditional monopoly of
traditional taxi industry, which has broken the balance of market competition and replaced it with
the dominant position.

In the face of the undisputable disadvantages and the difficulties of reality, traditional taxi drivers
have taken the strike of violent containment, and other measures with great negative impact to
protect the interests. Above, the mass incidents of taxi industry in recent years have been frequent
and intense, the influence of taxi industry has been characterized, which led to the vicious results of
traffic jams. Thus it can be seen that it is urgent to reconcile the conflicts between the ride-hailing
service and the traditional taxi industry.

3.3.2 Taxi industry and passengers: the greatest common value

From the point of the taxi industry reform orientation, on the one hand, the reforms raise the level
of service. On the other hand, they encourage network about new forms of innovation and
development of the specification. In essence, reforms are made to meet the needs of the people’s
travelling. Thus, from the process and direction of the reform and development of taxi industry, the
game between taxi industry and passengers is in the process of exploring the greatest common
interest.

Figure 1. The objects of the interest game of taxi industry.
3.3.3 Taxi industry and government: balance the market

Traditional taxi due to various reasons had to implementing the price (rates) controls which can bring various negative effects, such as: in the morning and evening rush hour, the supply of traditional taxi often cannot meet the real-time requirements; traditional taxi cannot cover the remote communities and urban fringe areas. Despite the use of Internet technology to provide more convenient and efficient services, the Internet vehicle still has problems such as the inability to reach the full coverage of all levels of society and the failure to completely avoid security risks. The government is trying to build a new system of balanced development of the taxi industry in order to find the ideal result of the combination of traditional taxis and ride-hailing services [4].

4. Discussion

In general, strengthening institutional construction and market supervision, actively guiding public opinion is the perfect choice for advancing the development of taxi industry [5]. In particular, the three dimensions should be embodied. First of all, government should standardize the entry conditions of the ride-hailing car. To make network deeply infiltrate into the taxi industry, the information of the owner and their vehicle must be real-time updated. Secondly, we should strengthen the service model and improve the subsidy scheme. Fully comply with the economic development of the Internet era and pay attention to fairness in the subsidy scheme to create a new competition mode of taxi industry. In addition, social public opinion acts as a double-edged sword in the affairs that the taxi driver strike mass incidents. As a result, positive influence of public opinion becomes a key to the orderly development of the taxi industry. In sudden mass incidents, government should timely release the information, reduce the information asymmetry between the public, relieve pent-up emotions efficiently, and guide the relevant public opinion correct transmission within reasonable orientation. The comprehensive reform system of the taxi industry based on benign competition and orderly development should be constructed gradually.

References


