

China's Used Goods Market Must Solve Trust & Credit Problems

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“The sharing economy has become a popular concept in China. Generally speaking, Didi Dache, jiashuangkuaizi.com and guazi.com can all be categorised as sharing economy enterprises.

In my view, the sharing economy means people can share the right to use an item with many others during its life cycle. It helps improve efficiency of use, and creates higher value from the item. If Didi users share cars in units of minutes and hours, Guazi clients share cars on a yearly basis. This kind of sharing economy will create great value for society.

Except for a few categories, many domestic sharing economy businesses are doing worse than expected after more than a year of development. Therefore, we should look at the nature of the sharing economy to understand the reason behind this phenomenon.

As you may have noticed, in China both the sharing economy and the second-hand or used goods sectors lag behind those in other countries.

In developed countries such as the US, the second-hand-goods marketplace developed organically. When

consumption standards for the average person reach a certain point, goods become abundant, all brands are trusted universally, and there is a high degree of mutual trust between people. It's natural for second-hand merchandise to appear in large numbers, because there is already a high degree of trust and credit. However, in China, the sharing economy is still in the early stages of development. It's a concept that has exploded in popularity in just the last one or two years, long before consumption standards have risen to the point where the second-hand-goods marketplace came about in developed countries. Now it seems everyone is in the second-hand merchandise business, including the Xianyu App, 58.com's platform Zhuanzhuan.com, Ganji.com, and Guazi.

Therefore, as we develop our own businesses, the platforms facilitating the sale of second-hand merchandise should also be more responsible, because we are actually building the business culture for this marketplace.

In order to help people share their goods with others, and build our reputations, we have had to go to greater lengths than our foreign rivals. For instance, in the US, there's a company called Kelly Blue Book, and a used car sales platform called CarMax.

Everyone can visit Kelly Blue Book to look up the standard value of various car brands and models after a certain number of years and miles, and they can compare it to the asking price of the car being sold on CarMax. In China, there is no impartial third party that can tell you how much a second-hand car is worth, so Guazi must do it.

This is what we, as a second-hand merchandise platform, need to deal with in the specific context of China today. We need to shoulder the social responsibility related to honesty and credit as well as culture. It is far more complicated than the second-hand businesses in developed countries.”

