



Four Chinese Sharing Economy Stars

■ By Lei Na

The CEOs and founders of four of China's most successful sharing economy businesses, Xiaozhu.com, Dudu Bus, Home-Cook and mobike, brought a large audience to the Greenwoods Classroom on the Shanghai Campus February 24 for the China Entrepreneurs Seminar, which was organised by the CEIBS Entrepreneurship Platform (E-Platform). The event is one of 20 intimate salons the CEIBS E-Platform plans to hold this year which will provide an opportunity for CEIBS students and alumni to explore

various aspects of entrepreneurship and innovation.

CEIBS Assistant President and Management Committee Member Dr Snow Zhou, who is also Secretary General of the E-Platform, offered advice and encouragement to the entrepreneurs in the audience during his Opening Speech at the event. He said that no matter how complex and uncertain the business environment, every industry holds opportunities for those with an innovative mindset. "Every enterprise's failure can be

attributed to a lack of innovation," he said. "Both for startups and established enterprises, innovation is a necessary gene. Without it, even if you succeed today in telling a good story to market yourself to investors, you are certain to face failure tomorrow."

Read on for some of the highlights of the China Entrepreneurs Seminar and some words of wisdom from the successful sharing economy entrepreneurs who spoke during the event.



Xiaozhu.com: China's Airbnb



The co-founder and COO of China's home-share platform Xiaozhu.com, and a CEIBS EMBA alumnus, Wang Liantao said one of his initial challenges was to create a supply of available properties that could be promoted on the platform. The first bed offered was actually a sofa in a Xiaozhu.com employee's home, and the first guest was a journalist. The first 100 lodgings offered were provided by staff and their relatives. After overcoming many difficulties at the beginning, Xiaozhu.com now boasts more than 100,000 lodgings, and handled around RMB400 million worth of transactions last year. Learn more about the challenges Wang had to overcome in developing Xiaozhu.com on page 18 of this issue of *TheLINK*. Here is some of the advice he gave to sharing economy entrepreneurs during the Seminar:

The sharing economy, in our view, actually means to re-empower an individual who owns a property, allowing him to participate in a brand new production and service based on his assets, capital or knowledge.

Abundant resources, a full-fledged credit system, and development of the mobile internet are three keys enabling the sharing economy to develop further.

For any internet business, if it cannot solve the problem of experience, it can never create a positive cycle, and any kind of promotion is in vain.

The platform should be the target of a business, instead of an operational approach. Only when it has a clear target and can solve user experience problems can it become a real platform.

Many entrepreneurs worry about regulations when innovating, but in the long run, aren't you creating value for ordinary users and creating new service modes for society? If the answer is a yes, then the problem of regulations can be overcome over time.



DuDu Bus: *Another Type of Ridesharing*



While working at Chinese internet giants Alibaba and Tencent, the founder and CEO of DuDu Bus Liu Yixun had a front row seat to watch the fierce competition between China's first two ride-sharing platforms Didi Dache and Kuaidi Dache who were backed by his employers. He also saw firsthand the power of having a platform that can leverage Big Data. These experiences gave him the idea to create a more efficient travel solution for commuters. He observed that during the week there were many idle buses that were mainly in service on weekends and in peak tourist seasons. He and his start-up team created Dudu Bus by finding a way to reuse these idle resources and enhance their use efficiency during the week to serve commuters.

“In the future, we hope we can grow into the biggest intelligent public ridesharing platform nationwide and connect workplaces, residences and public spaces with buses,” Liu said. He has also shown his ability at innovating in the transportation sector by launching PonyCar, a service which is making a few electric cars available for short-term, short-distance travel. Liu Yixun had the following insights for aspiring sharing economy entrepreneurs looking to jump into the transportation sector:

Chinese society has arrived at a turning point where everyone wants to own a car. I believe in a couple years, everyone's focus will shift to travel efficiency and finding a quicker way to reach their destinations.

We have divided the ridesharing market into three segments according to travel distances: journeys within 3 km, from 3 to 30 km, and more than 30 km. Journeys within 3km will be dominated by shared bicycles, cars will be used for journeys between 3 km and 30 km, and buses will take care of trips longer than 30 km. Ridesharing is a huge market worth hundreds of billions of dollars.

Home-Cook:

“Innovated in China” Outpacing the World

Home-Cook is a platform that lets people order home-cooked meals prepared by their neighbours, and has completed its Series B round of funding. CEO Shao Kai him, who dropped out of MIT to join the company, said the idea for the platform came from his generation’s nostalgia about their childhood. “When I was young, every time I came home from school, I could smell my neighbours’ cooking and would join them for dinner. Why can’t we dine at the neighbours’ now?”

In her presentation on the sharing economy at the Seminar, CEIBS Assistant Professor of Marketing Lin Chen illustrated what a competitive market Home-Cook is in, by showing an image filled with all the logos of apps providing home-cooked meals and shared bicycles which have launched in the previous year and noting that all of them have received Series A funding. Home-Cook has managed to stay in the game against more than 20 rivals. Though Home-Cook has been successful in its initial development, the CEO says the next challenge will be government regulations. Here are some of his insights for entrepreneurs on surviving in the sharing economy:



Meal sharing has a long history. In the past it mainly only occurred between acquaintances and neighbours, but now, thanks to the internet, it can be expanded and occur between strangers.

The sharing economy is also a product of entrepreneurship, and is a combination of interest arbitrage and innovation.

O2O catering is still a competitive, fast-growing area; its annual compound growth rate is currently 20%. Even though ele.me and meituan.com handle more than 9 million orders every day, their monthly compound growth rate still remains at 20%.

In the beginning, everyone thought the cooks on Home-Cook would be retirees, but now more than half of the newly-registered cooks were born in the 1980s and 1990s. Those who have the highest opportunity costs have already joined our platform.

The offline local promotion team for Home-Cook has grown to 1,000 people. We have also provided O2O subsidies. However, these cannot create any business value. Today, what we care most about is how to enhance the efficiency of the cooks.





Mobike: Unicorn's Ambition

Among the many sharing economy start-ups in China, perhaps none have had a rise as meteoric as the bicycle sharing company mobike. Though it hasn't yet reached the Unicorn status given to start-ups valued at US\$1 billion or more, it seems likely it may get there soon, having already closed a US\$215 Series D round of funding in January this year, and then weeks later announced additional investments from manufacturing giant Foxconn and the Singaporean investment firm Temasek. Thus the Seminar audience, many of whom already follow the company's founder, Hu Weiwei on their WeChat Moments, eagerly awaited mobike's Shanghai General Manager Yao Chengwu to have his turn at the microphone.

Though as of last December the company already had 100,000 bicycles in Shanghai alone, Yao said that the company would never define itself as a bicycle company. Instead it saw itself as, "China's biggest internet of things company". As the founder of ZBJ.com Zhu Mingyue told *TheLINK* in the story **ZBJ.com: Creating new value by sharing existing resources** on page 24, a sharing platform is a sea of data; therefore young mobike is still accumulating data in anticipation of the miracles it will be able to use it for in the future. Read Prof Lin Chen's insights on Mobike's business model in the story **Why Mobike is a Hit** on page 14. Here are some insights into the company's business shared by Yao at the Seminar:



There are three reasons behind mobike's rapid development in the past year. First, the ubiquity of the mobile internet in China; thanks to the use of apps, the emergence of Didi and Uber, and the influence of internet plus, people were more open to mobike. Second, our aim is to solve the problem of 'the last one kilometre' in urban traffic, and we have provided the government with a solution to the smog problem. Third, our success is a result of the "internet plus" entrepreneurship ecosystem that has only recently developed. If we launched years ago, all our bikes would have been quickly confiscated.

Mobike is a public product in some sense. In every city we enter, we always spend a lot of time communicating with the local government.

