The Sharing Economy Policy in Britain and Its Impact on China’s Trademark and Brand Internationalization Strategy

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Abstract—The internationalization strategy on China’s sharing economy models, represented by Mobike, has contributed to the economic development around the world in an innovative way. This paper introduces authorities’ attitude to sharing economy in China and demonstrates several key policies in terms of sharing economy adopted by British government between 2013 and 2017. The purpose is to track inherent logical relation on these policies and observe unresolved issues confronted by Chinese sharing economy-driven companies who are seeking overseas expansion. In response to these problems, this paper highlights key issues related to, and raises crucial suggestions on how Chinese enterprises participating in sharing economy such as Mobike should implement ‘Go Global’ Strategy under the framework of ‘The Belt and Road Initiative’ in a more effective way, and to improve global competitiveness and build up global reputation in terms of trademarks and brands.

Index Terms—China, Manchester, mobike, sharing economy, UK.

I. INTRODUCTION

In 2017, China’s sharing economy ushered in a new historical era. Mobike, a successful sharing economy company based in Beijing continued its steps in serving Chinese consumers and expanding foreign market. Mobike officially debuted in the UK at the end of June 2017 and Manchester became the first European city where Chinese-invented bicycle sharing scheme is employed. For the UK, its recognition and acceptance of Mobike's landing and development have a more profound intrinsic reason. This article will introduce and evaluate policy and development have a more profound intrinsic reason.

II. BACKGROUND

A. China’s ‘Belt and Road Initiative’, Trademark and Brand Strategy and the Path of Sharing Economy in 2017

To most participants in the field of sharing economy in China, 2017 is likely to be the first year of an era: Chinese authorities strengthen support to the internationalization and brand globalization strategy of native ‘sharing economy’ companies. On January 23, the State Council issued the “13th Five-year Market Supervision Plan” (hereinafter referred to as “Regulatory Plan”).

The "Regulatory Plan" pointed out that in order to create a fair and orderly market competition environment, take advantage of China's potential unified market, and vigorously promote the construction of trademark & brand, the State Council decided to implement the ‘trademark brand strategy.’ This strategy will further enhance the brand value, expand the influence of Made-in-China goods and services, and promote the transformation of Chinese products to Chinese brands. At the same time, it will also require Chinese enterprises to step up trademark branding and standards development, encourage them to carry out international exchanges and cooperation, strengthen self-owned brand overseas protection and improve international competitiveness [1].

On June 21 2017, Premier Li Keqiang chaired a standing meeting of the State Council. At the conference, Premier Li pointed out that developing sharing economy is essentially important to catch up the new round of technological revolution and industrial revolution in the world. The development of sharing economy must rely on the Internet platform to optimize and reallocate decentralized resources, resolve excess capacity, and foster new momentum. The implementation of such policy is critical to the supply-side structural reform [2]. On June 27, Zhang Mao, director of the State Administration for Industry and Commerce, issued a document in People's Daily emphasizing that to implement the ‘Regulatory Plan’ put forward by the State Council, competent authorities must raise their awareness, clarify the misunderstandings, identify the right positions and actively promote ‘trademark and brand strategy’ [3].

The trademark and brand should play a positive role in promoting economic and social development, restructuring and upgrading China’s economic development model. He pointed out that the implementation of the trademark brand strategy is an urgent need to adapt to the trend of economic globalization and enhance international competitiveness of Chinese companies. The process of economic globalization is not only the globalization of goods and services but also the globalization of trademark and brand. Trademark and brand are a booster to enhance the market value of products and services and a ‘passport’ to enhance international competitiveness. At present, the nation is actively promoting the ‘Belt and Road Initiative’, international cooperation in production capacity and the process of globalization. In this context, the active implementation of
trademark and brand strategy asks building up Chinese brand, to transform ‘Made-in-China’ to ‘Created-in-China’ model, eventually establishes a new image on the quality of Chinese goods and services [4].

**B. The Introduction of Mobike and Its Internationalization in the UK**

Mobike is an exemplary Chinese tech company adopting sharing economy strategy. It was founded in Beijing in January 2015 under the slogan ‘Let Ride Change City and Bicycle Return to City’. In the past two years, Mobike dedicated to providing ‘last mile’ solution for the public. Its smart bicycles are the first smart sharing bicycles in the world integrating GPS and communication modules through its patented smart locks. With the new generation of Internet-related technology, Mobike’s mobile app enables users to locate and conveniently ride bicycles anytime and anywhere. Within its first running year (April 2016 to October 2017), Mobike deployed and operated over 7 million smart bicycles in more than 180 cities in China and abroad, with exceeding 1.5 Billion users and as high as 25 million orders per day. In terms of fiscal data, the company has completed a total of five rounds of ultra-billion dollar financing, including a single round of 600 million US dollars in June 2017 [5]. Mobike’s founder Ms. Hu Weiwei was invited to attend government work report solicitation meeting for comments and briefed Premier Li Keqiang on the innovation of the bicycles and how Mobike contributed to the upgrade of ‘Made-in-China’ product and the sustainable development in urban area [6]. In particular, it is noted that the rapid development of Mobike not only benefits the people in China, but also has a tremendous international influence. As of October 2017, Mobike has been successfully operating in 12 cities in seven overseas countries. Its advanced smart bicycles have been widely welcomed by local government and the public in these countries, and have gradually become mainstream travel solutions for local people. As a result, Mobike contributes to urban sustainable development, improvement of air quality, wellbeing of local people [5]. The successful internationalization of Mobike has shown that, under the ‘Belt and Road Initiative’, China's domestic brands, especially those related to sharing economy, have received unprecedented policy support and opportunities for development.

Mobike announced its official entry into the UK on June 29, 2017. In Greater Manchester, the company deployed 1,000 bicycles in Manchester city centre and Salford, for a six-month pilot run [7]. Its local partners consist of real estate agencies, high-level universities, British Cycling Association, leisure and entertainment organizations and the Greater Manchester Transportation Agency (TfGM) [8]. As of October 2017, Mobike has been conducting business in four cities in the UK, including Manchester, London, Newcastle and Oxford. It is reported that within the next three years (2017-2020) the company aimed to cover two millions British users [5].

This paper argues that there are two points worth paying attention. On the one hand, Mobike represents the first Chinese sharing economy-driven company who developed its own sharing model and patented products in European market. Its success in Manchester marks the symbolic step in terms of ‘Go Global’ strategy, and establishes a good image on Chinese trademark and brand, and therefore strengthens the competitiveness of Mobike in international market. On the other hand, Mobike’s success in Manchester and the UK is attributed to not only good relationship between the two countries, but also complex factors. These factors are summarized from two aspects:

First, Mobike’s European premiere in Manchester, England, is closely linked to the UK’s priority development strategy for Sharing Economy and Sharing City. Second, Mobike’s landing in Manchester directly benefits from the city’s ‘Velocity 2025’ traffic reconstruction plan.


As early as 2014, the British government has already taken actions to invest funds and resources in the study of the sharing economy. This paper argues that although Mobike had not yet appeared, relevant research carried out by the British government has great significance to its entry into the UK three years later and thus, it deserves due attention. This section focuses on two aspects and explores their implications for Mobike: first, the background for the UK government’s announcement of the independent review on sharing economy in 2014; and second, government’s response to certain issues raised in the report.

In August 2014, PricewaterhouseCoopers (PwC hereinafter) pointed out that by 2025, the UK’s share-based economy in five major forms will grow from over £ 500 million in 2014 to more than £9 billion [9]. Over 25% of British adults were participating in the sharing economy [10], and it was expected to rise to 70% by 2025 [11]. Inspired by this article, on 24 September 2014, the British government announced that an Independent Review of the Sharing Economy would be conducted by Ms. Debbie Wosskow (CEO of Love Home Swap [12]). This report intended to offer suggestions for further reform from five aspects: 1) the concept of sharing economy; 2) the potential benefits and risks of sharing economic models to the United Kingdom; 3) identifying the major issues sharing economy participants faced, such as insurance policies in the management of Airbnb; 4) regulatory challenges; 5) obstacles to the understanding of e-credit; and 6) exploring how to maximize the potential value of the sharing economy in the United Kingdom [10]. Just as the then Minister of State for Business, Enterprise and Energy Matthew Hancock pointed out, the main purpose of this review was: to encourage innovation in sharing economy, reduce market transaction costs, raise the economic income of enterprises and the public. And make Britain take full advantage of potential benefits underlying the sharing economy and reach the international preponderance of competing with the United States. The UK would then lead the innovation of new scientific and technological products and concepts, and become the world’s sharing economic center [10].

Ms. Wosskow’s independent review (review hereinafter) was released in November 2014. The review, entitled as “Unlocking the Sharing Economy” meticulously answered the above six issues and put forward critical suggestions. This paper believes that this review is closely related to the development of Mobike at three aspects, namely, the formation of the trade body, the pilot run of sharing cities, and define the scope and content of sharing economy.

First, this review suggests that sharing economic entities should jointly form a new Trade Body, which should have representatives of all substantive businesses and represent the interests of all sharing economic models and industries in the UK and throughout Europe. Its aims include: 1) communicating and coordinating with the government on behalf of sharing economic entities, lobbying the government to formulate and adjust relevant policies for the purpose of safeguarding the common interests of entities and consumers; and 2) assisting the British government in attracting inward funds to sharing economic services; 3) to ensure the collective purchasing power of members, for example as a unitary subject to the insurer negotiating insurance terms of service. In addition, the review recommends to establish a unified product and service standard (kitemark) that is designed to ensure and maintain professional standards, create a dispute resolution mechanism, provide reasonable insurance services and ensure participants to understand the relevant laws and regulations and tax policies, as well as to ensure that the online evaluation system is real and fair. It is also advised that within this framework, specific ‘sub-criteria’ should be developed for each sector (such as residential or carpooling) [11]. This paper believes that the proposal of establishing a unified trade body is necessary and of far-reaching significance. However, the effective operation of such a body will largely depend not only on the communication between various industries within but also on the coordination and cooperation among the government, enterprises and consumers. Mobike, as a participant in the sharing economy with unique mode from outside the EU, should fully participate in this body in order to maximize its own interests and promote its strategic goal in the UK market.

Second, the review suggested that the government should pilot the Sharing City program as soon as possible. The goal of a sharing city plan is to maximize the sharing of all resources within the urban area, including transport, office space, accommodation space, and technology networks [11]. This paper argues that the proposal of a sharing city plan offers an unprecedented opportunity to revive sharing economy in all components in the country, in particular in the populated and resource-concentrated England. Mobike’s accession to Manchester also directly benefited from this program.

Third, the review attempted to define the scope and content of “sharing economy” and provided recommendations to the government accordingly. The “sharing economy” identified in this review refers to a new economic model that helps people share assets, resources, time and skills mediated by online platforms [11]. This paper believes that since the concept of ”sharing economy” proposed in this review originated in industries that had been established by 2015 and only covered those considered to have significant in development, it is therefore imperfect. For example, according to this definition, Mobike is excluded from ‘sharing economy’ classification. The arguable evidence showing imperfection of the concept lies in Chapter Four, Section III, “Shared approaches to transport,” as mentioned in the review, consists of modes such as car rental, car clubs, car sharing, and bike sharing. With regard to bicycle sharing, the review acknowledged that not only should the current sharing economic model be defined and discussed, it should also cover emerging new models [11]. For example, ‘Bike sharing is increasing in popularity, with Spinlister now available in 40 countries’ [11]. However, despite showing some similarities, there is still a big difference between Spinlister which was based in the United States and Mobike [13].

B. Government’s Response on the Review (March 2015)

Ms. Wosskow’s independent review received a positive response from the British government. Five months after the review, the British government released a response entitled ’Independent review of the sharing economy - Government response’ (hereinafter referred to as the government response) in March 2015. The government response gives comprehensive solutions to those issues raised in the review. For those suggestions mentioned above, it has provided the following three solutions.

First, in response to the proposal of establishing a new trade body, the government responded positively. The British government, in collaboration with 20 sharing economy enterprises, set up a trade body called ‘Sharing Economy UK’ (SEUK) in March 2015. All SEUK member companies sign code of conduct and accordingly provide their respective consumer groups with sharing products and services that meet common standards and principles [14]. The establishment of SEUK greatly contributed to the development of the UK’s sharing economic model. With the organization’s efforts, in May 2016 the British government announced the world’s first Sharing Economy Allowance program. The program gives individuals an allowance of less than £2,000 based on a sharing platform [15]. Regarding the establishment of a kitemark, in July 2016 SEUK announces the establishment of a sharing economy enterprise product service standard called “TrustSeal.” This is the first uniform product and service standard specifically for the sharing economy in the world. All applications for TrustSeal will be independently reviewed by PwC. The products and services of the approved enterprise organization will be awarded the mark of this standard. As regards insurance issue, government’s response announced that the British Insurance Brokers’ Association (BIBA hereinafter) would formally involved in the activities of the SEUK and TrustSeal committees since July 2016. The BIBA would then target coverage of businesses involving sharing economy companies and negotiated with insurers on insurance services on behalf of members of SEUK [16]. Ms. Wosskow’s independent review noted that 75% of respondents indicated that knowing that their use of sharing economic products and services were insured would have
been "significant" or "very significant" in deciding to choosing these products or services [11]. As existing insurance clauses and policies cannot cover all aspects of a product or service in a sharing economy, BIBA’s membership of SEUK and TrustSeal will significantly boost the sharing economy in the UK and will therefore mostly welcomed by both the government and SEUK [11].

Since the establishment of the SEUK and TrustSeal systems has had a positive impact on the development of the sharing economic model in the UK and eventually in the world. Therefore, in order to maintain the long-term stability of investment in the UK and to keep communication and strengthen coordination with the government, consumers and other members of the SEUK, this paper suggests that Mobike should join in SEUK and make bicycle sharing standard under the framework of TrustSeal. This will also enhance market competitiveness and international influence of Mobike’s trademark and brand.

Second, the review had advised the government to pilot the Sharing City program as soon as possible. The British government also gave a positive response. The first page of the government response mentioned that the British government ‘agrees that the sharing economy can help cities address social and economic challenges in innovative new ways and drive local growth. [17]’ As a result, the British government decided to pilot a sharing city plan in Leeds City Region and Greater Manchester in 2015/2016, covering shared transport, shared public space and health and social care. In particular, the British government mentioned that this pilot scheme should focus on ‘exploring approaches to public assets and services’ and ‘work with cities ... on the development of specific proposals and an evaluation of the pilots’ [17].

The author believes that the government’s response to the trial of sharing city in Manchester coincided with the development goal of “Velocity 2025” – an urban traffic reconstruction program that Manchester had been implementing since 2013. The two together contributed to Mobike’s landing Manchester at the end of June 2017. (The ‘Velocity 2025’ will be introduced in the next section.) This paper argues that the implementation of the "Share City" plan and urban traffic reconstruction plan make Manchester lead the test for British Central Government to explore feasibility of new sharing economic development model. Thus, on the one hand, Manchester will get the appropriate policy support of the Central Government. On the other hand, it will certainly have a positive impetus to Mobike’s investment in Britain. Relevant reports indicate that TfGM positively acknowledged Mobike’s entry into Manchester trial operation and said that Mobike's smart bicycles will have a potential boost to the city's ongoing Cycle City Strategy. In addition, the introduction of Mobike had generated an irreplaceable positive effect on promoting green travel, improving air quality, reducing energy emissions and improving public health [8].

Finally, in response to the review defining the scope and content of ‘sharing economy’, the government response announced that it would soon collaborate with the Office for National Statistics (ONS hereinafter) on project about therange of sharing economy and its impact on the traditional economy in the UK [17]. The latest report of this project – ‘The feasibility of measuring the sharing economy: progress update’ – was released on October 12, 2016. In this report, ONS divided the sharing economy into three forms: (1) property rental and access); 2) peer-to-peer services; and 3) collaborative finance [18]. On the definition of sharing economy, ONS conducted literature reviews and comparisons, covering definitions from various research bodies including the European Commission, ONS, SEUK, and the US. Accordingly, ONS suggested that although the current "sharing economy" was not well-defined and still evolving [18], its most prominent feature was that there was no change of property ownership while the temporary usage of goods or services happened [18]. This paper agrees with this analysis. Based on this analysis, Mobike’s bicycle sharing scheme is fully in line with the ONS’s definition and therefore should fall into the scope of sharing economy [18].

In conclusion, this paper argues that Mobike’s promotion in the UK is closely linked with the "Sharing Economy" priority development strategy and the "Sharing City" pilot program that the British government has formulated. Mobike’s internationalization strategy is in line with British national interests and long-term development objects. However, Mobike who is running as a sharing economic entity from outside the EU remains inactive in terms of participating in sharing economy at national level. This will inevitably have an adverse impact on its sustainable and stable development in the future. Therefore, this paper suggests that in order to enhance its influence in British market and competitiveness, Mobike need to strengthen its cooperation and communication with the government and trade bodies such as SEUK under the established framework, and close its link with other sharing economic entities and industries.

IV. MANCHESTER CITY TRAFFIC RECONSTRUCTION PLAN – ‘VELOCITY 2025’

This paper argues that Mobike’s landing in Manchester meets the mutual interests of both parties. On the one hand, from the perspective of local government, Manchester has its own impetus for the cooperation Mobike, i.e. Mobike’s sharing bicycle scheme is closely related to the city’s traffic reconstruction plan implemented since 2013. This so-called ‘Velocity 2025’ plan provided the necessary infrastructure for Mobike’s landing in June 2017. On the other hand, Mobike has directly aided and accelerated the first phase of this plan. This section will give a brief overview of ‘Velocity 2025’ and explain how this program provides the necessary support for Mobike’s development. As a conclusion, this paper suggests that Mobike should further actively participate in ‘Velocity 2025’ in Manchester and implement an all-directional marketing strategy with local communities. By doing so, it not only contributes to sharing economic cooperation in the region, but also makes the necessary preparations for the large-scale promotion of its shared bicycles in the region after the pilot test.

A. Manchester Bike Transportation Development and ‘Velocity 2025’ Program

As the center city in northern England and the largest
economy in the country, excluding London and Southeastern England, the number of bicycle commuters in Manchester (2.3%) ranks the third in the UK, following Liverpool and London. About 13% of Manchester citizens use bicycles for commuter and leisure purposes, making Manchester one of the most active cycling cities in the country [19]. However, from the statistics presented in Fig. 1, it can be seen that the bicycle commuter rate is still too low compared to other traditional means such as trains and cars, which indicates great market potential for Mobike.

![Fig. 1. The proportion of people accessing the key centre in 2013 by mode (7:30 - 9:30) [20].](image)

On 30 January 2013, British government announced a £62 million funding for nationwide bicycle infrastructure construction. In the spring of 2013, led by the Greater Manchester Department of Transportation (TfGM), Manchester City successfully bid for a central government-related project (“Cycle City Ambition Grant “, CCAG hereinafter). CCAG continued to invest an additional £114 million in 2014-2018. Manchester has a total investment of £42 million between 2013-2018. As a concrete implementation plan of CCAG, Manchester city council proposed ‘Velocity 2025’ plan in 2013. This plan aims to reach a 10% sharing rate in terms of bike trips in urban area within 12 years (2013-2025), and encourage more Mancunians to adopt bicycles as the most preferred way to travel in the city. As suggested, ‘the aim is that within a generation a cycling culture and improved infrastructure will be delivered across Manchester and Greater Manchester that will make cycling a mainstream, everyday form of transport for all.’ To achieve this goal, Manchester cooperated with the Central Government and continued the investment in the local bike infrastructure construction and upgrading since 2013. Fig. 2 shows the transformation of the Wilmslow Road Cycleway, a major road in Manchester. (The total investment for the construction and renovation is £7,578,000 and the total length is about 8.85 kilometers.) This paper suggests that ‘Velocity 2025’ has showed that Manchester municipal authorities paid enough attention improving urban bicycle travel, which also became a fundamental basis with respect to bicycle reconstruction plan and development of Mobike. Besides, it also indicates Mobike will expect a long-term potential development in connection with ‘Velocity 2025’. Above all, a win-win-win scenario that is mostly welcome by both parties can be expected [20].

![Fig. 2. Wilmslow road cycleway [20].](image)

In Conclusion, this paper argues that there is no coincidence about Mobike’s first landing in Manchester. On the contrary, a close connection with the ‘Velocity 2025’ provides Mobike a perfect opportunity to fill a gap in UK sharing economy. Its ‘flexible, individual, and on-demand mobility’ has identified as crucial for successful sharing schemes and will have been of great and practical significance to this region.

V. CONCLUSION

The emergence, development and internationalization of China’s sharing economic models, represented by Mobike, have not only provided unprecedented impetus to the development of the Chinese but also to the world economy, and have been universally welcomed and endorsed. This paper, from the perspective of the state, demonstrates and discusses the relevant policies affecting Mobike’s development in the United Kingdom in the past three years (2014-2017) and expounds the inherent logic and development path of these policies. In doing so, this paper attempts to explore feasible approaches for more Chinese sharing economy-driven companies to engage in businesses under the framework of the ‘Belt and Road Initiative’. Besides, this paper also highlights some significant policy issues that these companies should pay closer attention when implementing the trademark and brand strategy in
connection with "Go Global" strategy. In the meantime, some suggestions are put forward in this paper. As this topic is still in the process of constantly changing, there are bound to be more problems and topics waiting for the academics to explore in the near future.

REFERENCES


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