

6.8m

The number of licensed ride-hailing drivers surged from 2.9 million at the end of 2020 to 6.8 million by March 2024, while public demand for such services increased only by about 45 percent, according to the National Ride-Hailing Regulatory Information Platform.



A robot taxi has begun operating on two designated routes in Hangzhou of Zhejiang Province.
— IC

save time and money. They might go home or book into cheap hotels once every three or four days just to shower and change clothes.

While some netizens sympathize with the drivers' plight, others find it hard to tolerate the unpleasant experience of a foul-smelling car interior.

Some cities' regulatory authorities have stepped in to try to address problems in the ride-hailing industry.

The transport enforcement brigade in the city of Hefei in east China's Anhui Province announced a crackdown on illegal ride-hailing. It requires ride-hailing platforms to remove non-compliant vehicles and drivers by a given deadline.

The cities of Shijiazhuang, Linyi and Wuhan have also announced deadlines for clearing out non-compliant operators, while municipal authorities in Jinan and Guyuan have suspended the issuance of new vehicle permits.

To limit the numbers of drivers, Shanghai's regulations require ride-hailing cars to be registered locally and driven by local residents.

However, many ride-hailing drivers from out of town have found loopholes and are still entering the market. They rent electric cars from leasing companies and sign employment agreements with them, effectively becoming company employees rather than private drivers.

Xu Ming, the manager at a

local leasing company, said that most full-time drivers who rent cars at his business are from out of town.

On good days, earnings used to total 800 yuan, but that figure has dropped to 200 yuan due to increased competition and price wars among ride-hailing platforms, Xu said.

Another reason for the market saturation is that aggregation of platforms like AutoNavi, Baidu and Meituan, which have gathered together many smaller local ride-hailing companies that had relaxed entry standards for drivers and vehicles.

These platforms, due to their broader positioning, have limited ability to manage and control these affiliates,

leading to inconsistent user experiences and even potential safety risks, Xu said.

In 2017, Alibaba's AutoNavi pioneered the aggregation model, providing a match-making service for drivers and passengers.

During the period when platform ride-hailing company Didi was penalized and removed from app stores, platforms like Meituan and Baidu quickly rose in prominence.

According to the Ministry of Transport, by March 2024, aggregation platforms handled about 30 percent of all ride-hailing orders, a figure unchanged from a year earlier.

Platforms are struggling to remain profitable. Major

players like Didi, T3, and Caocao have faced significant financial challenges. Many are opting for initial public offerings on stock exchanges to cover their losses.

For instance, Caocao, backed by Zhejiang Geely Holding Group, reported substantial losses over the past three years. Despite efforts to diversify its business, its main revenue still comes from ride-hailing.

Similar issues plague other companies like Ruqi, which continues to operate at a loss despite increasing revenues.

Experts believe that the industry needs a more attractive exit mechanism for non-compliant vehicles and drivers to alleviate the saturation problem.

Gu Daisong from Southeast University told China National Radio that improved regulation and monitoring could help manage the surplus.

Yang Xiaoguang from Tongji University emphasized the need for the industry to move toward high-quality, differentiated services — integrating advanced technologies to improve efficiency.

"Improved regulation, better service quality and technological advancements could be the key to addressing these challenges and ensuring the industry's sustainable development," Yang said.

Ruqi's prospectus for an initial public offering in Hong Kong highlights several innovation opportunities in the ride-hailing industry, such as autonomous driving and Robotaxi technology.

The prospectus says the company plans to allocate 40 percent of the funds raised to research and development in these areas. Robotaxi is a key focus for Ruqi's future growth.

Didi, Caocao and T3 are also investing in autonomous driving, making the Robotaxi the next big step forward for ride-hailing platforms.

According to Frost & Sullivan, China's Robotaxi market is projected to reach 488.8 billion yuan by 2030, accounting for about 60 percent of the global market.

This trend is ominous for drivers because their role will essentially become obsolete.



Passengers line up for online-hailing taxis at Pudong International Airport. — IC