

China's ride-hailing boom hits saturation, the future is uncertain



Passengers wait for online-hailing cars and taxis at a bus station in Shanghai. — IC

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China's ride-hailing drivers are feeling the pinch of a saturated market. The once lucrative gig is now a grind, with drivers navigating the complexities of a market that's rapidly running out of room for expansion.

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.

Shanghai resident Zhao, who drives under the Caocao platform app, has personally felt the pinch. He started driving a ride-hailing car after his business failed and he needed income to support his daughter through college.

"Initially, I could earn over 10,000 yuan (US\$1,379) a month due to platform bonuses and fewer drivers," Zhao told Shanghai Daily. "Since 2019, however, more drivers entered the market and my income began to decline."

Indeed, the market saturation results from too many people seeking to capitalize on a business that really needs only a driver's license and a car — sometimes a rental electric vehicle. Drivers often see ride-hailing as a flexible employment option, a side job or a temporary solution during career transitions.

Several Chinese cities have

issued warnings to caution those thinking about entering the industry.

After the COVID-19 pandemic, the crunch on business became more acute. Driver Zhao said it became increasingly difficult to get ride orders. Now, making only about 6,000 yuan a month, he said he is considering other part-time jobs.

A Shanghai Daily reporter joined a ride-hailing drivers' group on WeChat, where over 200 drivers from across the country exchange tips and share grievances. One driver posted his day's work, showing only two ride orders and 62 yuan in fares. Another driver responded immediately, showing four orders a day with total earnings of less than 100 yuan.

"If I don't turn on the 'special offer' button on the app, which means accepting lower fares, it's very hard to get orders," one driver complained to Shanghai Daily.

Another driver noted that driving a ride-hailing car is no more profitable than working as food deliveryman.

"You invest over 100,000 yuan to buy a car, then have to pay platform fees and electricity for battery charging," he said. "In the end, you make about the same as a guy delivering meals."

Netizens frequently complain of "smelly cars" driven by ride-hailers. That's probably due to the fact that many drivers sleep in their cars to