

The Pricing and Competition Strategy of Ride-Hailing Platforms under the Influence of Aggregation Effects on Vertical Differentiation

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Abstract

The robust growth of the digital economy has injected new vitality and energy into the shared mobility sector, giving rise to a variety of business models. Notably, the development of aggregation platforms has been particularly prominent. This study constructs a pricing model for ride-hailing systems within the context of the ride-hailing aggregation mode, and explores the impact of aggregation effects on pricing and competition strategies of ride-hailing platforms. The study indicates that under the aggregation mode, with the enhancement of aggregation effects, the service pricing of travel service providers will increase, while ride-hailing platforms tend to lower their pricing to maintain market competitiveness, and ultimately reach a relatively stable pricing level. The joining of ride-hailing platforms to the aggregation platform may reduce consumers' loyalty to their own brands. At the same time, although the aggregation platform can always benefit from the alliance of ride-hailing platforms, it is not always beneficial to the ride-hailing platforms and service providers. The study also finds that within a certain range, the aggregation effect can achieve a win-win situation for the ride-hailing platform, service provider, and aggregation platform. These findings provide a theoretical basis and practical guidance for the strategy selection of ride-hailing platforms under the aggregation mode.

Keywords

Aggregation Effects, Platform Pricing, Co-opetition Strategy, Vertical Differentiation