

Research on Production and Sales Strategy of Scooter under Competition Laws

Abstract

Keywords : Scooter Industry, Electric Scooter, Production and Sales Strategy, Unfair Competition

The current majority of scooter industry market in Taiwan is fuel scooter. However, according to the environment protectionism and the government subsidy policy, the public prefer to purchase electronic scooter. Besides, when the leasing business access to sharing scooter industry, the sales of electronic scooter substantial growth in these years. Electronic scooter producers developed various sales strategies, not only brought the impact and change of the whole scooter industry, but also occurred certain competition issues. The aim of this research project analyzed the production and sales strategy of scooter under competition laws, and compared various foreign authorities and enforcement cases, included the following subjects: (1) Potential competition issues of vertical integration, cross-industry operation, and industry alliance of scooter industry; (2) The impact of market competition regarding upstream and downstream relationship of scooter production and sales industry; (3) The impact of price restriction for market competition; (4) The impact of division for sales area and related sales area restriction; (5) The market access of electronic scooter related to competition issues, such as review process of merger, concerted action, vertical restriction etc.; (6) The competition between sharing scooter and lease scooter. At the end, this research project expected to explore the industry dynamics and comparative enforcements, in order to understand the market structure and competition relations of scooter industry, and provide Fair Trade Commission for future competition law and policy recommendation.

At the same time, in order to present the overall dynamics of the current scooter industry, this research project begins with collecting and compiling the

current development business model of Taiwan's scooter industry. After discussing current new outlook of the scooter industry, the following important topics will be addressed: (1) Analyze the scooter industry structure, and define the market for "fuel-fueled scooters" and "electric scooters", "shared scooters", and "leased scooters" etc.; (2) Issues relating to competition law and policies, such like vertical integration of the scooter industry, cross-industry operations, and inter-industry alliance cooperation etc.; (2) The influence of the upstream and downstream relationship between scooter production and sales market competition structure; (3) The influence of the correspondence relationship between scooter dealers (agents) and exclusive dealers on market competition, analysis of the influence of price restrictions on market competition, the impact of restricted sales areas on market competition; (4) Electric scooter participating into the current market regarding competition issues, including horizontal review, joint behavior, and vertical competition restrictions; (5) Competitive issues related to shared scooters and scooter leasing.

In terms of the business model of the scooter industry, the findings of this research project can be summarized as follows: (1) Traditional fuel scooter sales model is "the whole scooter", through cooperation with target dealers, increase sales targets, and maintain services in all ways, and the entity's distribution structure is important to the sales system. Furthermore, the structure of professional general distributors, agency dealers, specialty stores, non-selling specialty stores (independent scooter dealers), such as Guang Yang and Yamaha etc.; (2) Electric scooters have fewer sales channels and can be connected to demand through information and communication. Information services can increase the adhesion with consumers. Compared with traditional fuel scooters, "after-sales service" has a greater proportion of revenue. It's worth noting that the current sales model of electric scooters is based on the principle of separating the "body" from the electric battery business model. Due to the consideration of electric battery technology, there are still optimizations for high variability, high unit price, and high-risk characteristics, so it adopts the mode of providing battery

rental, exchange and charging services, and the large PBGN alliance in the market is formed by Rui Neng (Gogoro) and other manufacturers, while Guang Yang develops its own battery and battery exchange service system by itself; (3) Shared scooters and scooter leasing are accompanied by the development of the digital economy and technological progress, making smart technology trading platforms gradually mature. Electric scooters in the “digital sharing platform” and “traditional scooter leasing” markets are mainly restricted by power exchange and due to maintenance issues, the leasing market for electric scooters is still highly concentrated in “metropolitan areas (Cities)” and “sightseeing areas”; while other non-above regions are still dominated by traditional scooter leasing models and leasing fuel-fueled scooters. This research finds that although leasing models and regions are different, the impact on the production and marketing strategies of scooter manufacturers is not significant.

Based on the analysis above, the following are some short-term, mid-term, and long-term recommendations: (1) Short-term recommendations: The “Fair Trading Commission’s Normative Statement on the Scooter Business” has already stated that the scooter industry may violate the competition law or restrict competition, the market status can be tracked against the specification. From the conclusions of this research project, it can be seen that “fuel scooters” and “electric scooters” belong to the same product market, and the country is the geographic market of the industry. There is currently no significant change in the market structure between the two, and electric scooters account for only 8%, and the remaining 92% are all fuel scooters. In the future, we will continue to pay attention to the changes in the market structure that may be brought about when traditional “fuel scooters” manufacturers step into the “electric scooters” or their “related parts and maintenance” markets, and its influence in the market to determine whether it restricts competition or violates competition laws; (2) Mid-term recommendations: the growth and development of electric scooters has become an international trend, as is Taiwan’s industrial development. At present, the Ministry of Economic Affairs has failed to reach an agreement on common

battery specifications with the electric scooter industry. In the future, there will be PBGN alliance, Guang Yang, San Yang, or even other battery patent specifications. For the electric scooter industry, services such as battery, charging, and battery replacement are the core area, and they are sufficient to affect manufacturing and production, distribution systems, profit models, and consumers' willingness to purchase etc., and subsequent competition law issues may arise. It is worthy of continued attention; (3) Long-term recommendations: The scooter industry is one of Taiwan's unique key development industries. The continuous carbon reduction at UNFCCC and the COP26 Glasgow Agreement observe that the production of "fuel scooters" is bound to be impacted in the future, and electric scooters the market will also continue to expand. In response to emerging technological development and environmental protection trends, the competition status and market structure of the scooter industry should be understood and investigated early to facilitate the law enforcement.