

The cause and risk governance of coupon clipping in the platform economy: Taking Li Moujia's "coupon clipping" case as an example¹

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Abstract: In recent years, as internet becomes an important thruster for global industrial transformation and upgrading, reformation of corporate business models and cyber marketing as well as popularity of new thriftism, the platform economy witnesses a rapid development. Econnoisseur (also called as deal hunter) has been the “moth (speculator)” of the platform economy. Meituan, as a platform-based internet company, mainly fulfills its business operation in an O2O e-commerce mode, gaining profits from the stakeholders at both ends of the platform. However, in recent years, the policies of largely different delivery driver fees and high taxi subsidies stipulated by Meituan unexpectedly make the users who are supposed to get benefits fall victim of “coupon clipping”. At present, the thriving development of the platform economy has brought main challenging issues, including how to supervise “coupon clipping” behavior, and how government, social organizations and the public play their due roles, coordinate with each other and jointly promote the normative development of the platform economy. Based on literature analysis, this research takes Li Moujia's “coupon clipping” case as an example to explore the causes and existing risks of “coupon clipping” in the platform economy. Furthermore, the risks hiding in the business operation process of the platform economy are revealed. Lastly, reasonable risk governance suggestions are provided to aid the beneficial operation of the platform economy.

1. Introduction

With increasing advancement of the high-speed development of internet and digital transformation speed of the tertiary industry, the platform economy emerges, which has led to a series of subsequent problems. The presences of a variety of “coupon clipping” events result in economic loss, which reflects the loophole of the platform economy in terms of risk governance. The occurrence, motivations, and influences of “coupon clipping” behavior has been the great media attention. The Li Moujia's “coupon clipping” case discussed in this research reveals the shortfalls and loopholes occurring in the platform economy operation process. Nowadays, with the high-speed development of internet, how to standardize the platform economy operation and promote the combined efforts of

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multiple parties including government and social organizations on the supervision of “coupon clipping” behavior, has become an important challenging issue faced by growing platform economy.

2. Summary of the platform economy

The platform economy refers to a new economy form that utilizes new technologies including internet and big data as the support to the platform, a general term for various economic relations based on the supports of digital platforms and also is an important component of digital economy. The platform refers to a mediation that brings all kinds of users together, is a business model that can create the value interaction between external suppliers and customers, or can be seen as a business model that unites one, two or even more independent groups together by way of supply modes. The platform is a typical bilateral market which simultaneously connects users and the suppliers who provide goods and or service for users. At the same time, it acts as a meditation of information matchmaking and a trading space. [1]

3. The development status of the platform economy

The platform economy originates from Silicon Valley in the US. The release of iPhone in January 2007, the popularization era of smart mobile phones and mobile internet arises, as a result, the platform economy witnessed a thriving development. According to Institute of Computing Technology, Chinese Academy of Sciences, there are 74 digital platform companies with a global market value of more than 10 billion dollars, among which, 35 digital platform companies from the United States and 30 from China. The development of the platform economy in China features a larger number of enterprises and a variety of types; in terms of development regions, East China shows active development of the platform economy; while Midwestern China is in a rapid development stage. The 49th statistical report on the development of China's Internet indicates that China has 1.32 billion netizens up to December 2021, which is increased by 42.96 million netizens compared to December 2020, having an internet penetration of 73.0%. The increasing mobile internet penetration and expanding scale of netizens lay a foundation for the development of the platform economy; the development of internet technologies including cloud computing and big data deepens the degree of sharing and offers technological supports to the growth of the platform economy.

At present, China's economy has entered a “new normal” (a new phase), “Internet Plus” is booming. In such background, internet is increasingly fused with various industries, areas and business forms, which has been a new impetus for China's economic growth and structural optimization. The 2020 China's Digital Economy Development White Paper indicates that.

The year-on-year growth rate of the business income of China's Internet platform companies in 2019 was increased by 24.9%, showing a sharp increase. Internet is playing a new leading role in economic society, and also a key link in realizing unimpeded national economic cycle and the transformation of new and old kinetic energy. However, the platform economy as a derivative product is characterized by a huge number of users, complex business modes and changeable types of business competition. Due to these characteristics, it has become the main driving force of economic development and social progress and a mainstay that participates in international competition².

Meanwhile, the shortfall of the platform economy thus ensues: as an emerging product, it has a risk governance gap. In the era of digital economy, although the Anti-Monopoly Law of China has been released, it meets practical obstacles including difficulty in dominant market position identification and application dilemma of vertical monopoly agreements when the law regulates

² Exploration of cause, current status and future ideas of the platform economy in the internet, Guo Quanzhong

business behavior of the platform economy. In the meanwhile, owing to the characteristics of the network effect and demand-side economies, issues that the platform economy in its growing process requires enterprises in the platform to make a binary choice between the platform and its counterpart as well as the behavior of big data-enabled price discrimination against existing customers occurs. These issues consequently lead to unhealthy competition and a waste of resources. In addition, the development of the platform economy remains immature. This can be reflected by frequent occurrences of personal information leakage, adulteration and false publicity, which causes reputation damage of the platform economy. [2]

4. Causes of Meituan “coupon clipping” behavior

“Coupon clipping” refers to the behavior that people make money by collecting commissions from their subordinate using the discounts or red envelope promotion activities of found on the Internet. It can be generally seen as behavior that people make moneys by collecting all kinds of discount activities on the internet. With the emergence and development of the platform economy, “coupon clipping” behavior has involved from individual behaviors to group behaviors.

4.1. A typical case

Li Moujia et al. from Hubei Province, China utilized the loophole of Meituan during December 2017 and April 2018 to conduct “coupon clipping”: at first, they bought a large number of non-real name phone cards to register the Meituan accounts. Using these accounts, they booked hotel rooms on MeituanAPP, secondly, they falsely claimed to that they failed to find hotel location or there was no vacancy in hotel, lastly, they applied for a refund of the deposit and defrauded Meituan of an additional payment ranging from 20 to \$ 50 per order.

Previously, Meituan once released the refund and compensation policy of user experience, namely, users who book hotel rooms on Meituan can get the all deposits and additional compensation refund from Meituan in case of that the hotels have no vacancy or users fail to find booked hotel’s location. Initially Metuan stipulated this policy for improving customer satisfaction, unexpectedly, it falls victim to the “coupon clipping” of the criminal gang led by Li Moujia. It is much joyful to share the coupon clipping’s benefits than enjoy the benefit alone. In January 2018, Li Mojia during the period when he returned to his hometown imparted the coupon clipping’s aforementioned defrauding skills to his relatives and friends including Li Mouyi and Tan Mou. Li Moujia sold the information of hotels that can be defrauded in 100 Yuan per hotel. During this period, Tan Mou provided a large number of non-real name phone cards and jointed with founding members including Li Moujia to establish studios in Hubei and Guangdong Provinces to committee group crimes. According to statistics, they mainly defrauded more than 200,000 Yuan in total. Li Moujia when committing crimes continuously enrolled coupon clipping hobbyists to join their team in a form of pyramid selling to expand their coupon clipping scale. They formed a unified action with distinct internal labor divisions. [3]

4.2. Analysis of the cause of “coupon clipping” behavior

To summarize relevant reports and academic review of “coupon clipping” behavior and integrate the Li Moujia’s “coupon clipping” case, the causes of the emergence of “coupon clipping” behaviors can be described as follows:

To begin with, the development of the platform economy offers a soil for the generation of “coupon clipping” behavior. The discount activities of traditional offline shopping modes are difficult to be promoted in a large range, due to being usually restricted by time, space and promoting channels. Customers are unable to get discount activities in time. However, use of digital technology can realize

the fast integration of discount information on the internet. In the case aforementioned, Li Moujia is relatively sensitive to all kinds of discount information on the internet due to its special occupation. Hence, in December 2017, after he found there was a loophole in Meituan's refund and compensation policy for user experiences, he began to maliciously register Meituan accounts for implementing large-scale "coupon clipping" behavior with an aim to gain profits. It can be found that the platform economy also offers a convenient condition for "coupon clipping" when it makes customers rapidly informed of discount information. [4]

Secondly, reform and innovation of the online consumption mode and marketing mode enable creates opportunity for "coupon clipping" behavior. This is because their loopholes allow "coupon clipping" behavior to arise. Unlike traditional consumption modes, online consumption modes based on the internet platform is more convenient and has more discounts, which both provide the space for the development of "coupon clipping" behavior. Marketing modes of contemporary enterprises emphasize users' appraisal and establishment of a good platform image. However, some enterprises in the platform show a lack of experience, which leads to the loophole in the design of marketing activities, consequently, they are likely to be intensively attacked by econnoisseur. The case aforementioned indicates that although the refund and compensation policy of user experience released by Meituan aims to elevate the favorability of users, it is difficult to ascertain whether users' refund behaviors align with real situation they claimed. Meanwhile, low-cost characteristics of online consumption modes reduce the cost of crime, which is objectively beneficial for the implementation of Li Mojia's "coupon clipping" behavior. Meanwhile, as the development of the platform economy is based on internet, which is unavoidably subject to safety issues such as data breach and hacker attacks. Li Moujia's the first "coupon clipping" fraud behavior just utilized such security loophole of Meituan. Later on, Li Moujia set up a studio with his relatives and friends, then used bank cards to defraud compensation. The occupational econnoisseur takes advantage of internet loopholes to make faked orders in an attempt to defraud a large amount of cash. Such cases have been frequently reported, indicating there is an emergency to solve such internet security issues. [5]

Thirdly, the consumption culture of new thriftism speeds up the development of "coupon clipping" behavior. New thriftism refers to the life style that people can get as many enjoyments and benefits as they can by using as less money as possible to meet their multiple demands. It changes people's consumption habits, in such scenario, "coupon clipping" behavior become prevalence. Due to being greedy for small gains, after Li Moujia discovered the Meituan's loophole, he began to register other user accounts to defraud Meituan's compensation and impart this skill to other people. Consequently, the individual speculative "coupon clipping" behavior is evolved into group "coupon clipping" behavior. Although the initial motivation of the majority of "coupon clipping" behaviors is to achieve higher discounts, outlaws stop at nothing to gain profits, which not only goes against the initial motivation of users and also deviates from the original purposes of enterprises and the platform in increasing the favorability of user experience.

5. Future suggestions for sound development of the platform

5.1. Enhancement of supervision to "coupon clipping" behavior and innovation of marketing methods

In the business logic of "coupon clipping economy" the starting point of "coupon clipping" is enterprises which carry out discount promotion activities and the terminal point is that users who share discounts from the promotion activities. The platform enterprises formulate discount promotion methods to attract users to more frequently visit their platform shops. By dosing so, they can gain profits by increasing their products' exposure. Although the platform can see an exponential growth of users in a short time to increase its internet traffic by means of low-cost promotion activities and

coupons, users after the promotion activities complete are more prone to leave. For the purpose of long-term development and cultivating adhesiveness of users, the platform companies are suggested to transform their management idea and improve the quality of products and service in terms of supply chain. Meanwhile, the platform companies should innovate marketing methods and stipulate long-term business strategy to allow users more willingly to pay the bill for the platform's promotion activities.

5.2. Strengthening the cooperation between relevant platforms and enterprises to establish anti-econnoisseur league

The ending of “coupon clipping” behavior calls for multiple efforts such as the platform, and enterprises. Although, innovating cyber security technology and the enhanced degree of anti-crime leave little room for econnoisseur to exploit loopholes, the black and gray industry related to “coupon clipping economy” remains active and requires urgent governance. The platform needs to enhance the communication with other platforms and enterprises to build anti-econnoisseur league, share intelligence data of the black industry and information of technology database, fully utilize resource sharing, and strengthen collaboration to create benign cyber environment and strangle the econnoisseur in the cradle.

5.3. The platform industry development warrants its standardized business operation

Nowadays, internet economy has been primary economic forces of many nations in the world. Government governance is therefore facing new challenges posed by the internet. Although, the platform economy plays key roles in promoting social resource allocation and development of intelligent and efficient industry, it shows disadvantages including imperfect business operation foundation and un mature business operation system, which aggregates the clustering effect of occupational econnoisseur. Government should realize that insufficient supervision will lead to “coupon clipping” behavior, therefore creating healthy business operation environment is essential in next work. By doing so, government can realize more early warning schemes in a bid to effectively reduce the influence of risks and build more favorable business operation environment. [6]

6. Conclusion and discussion

Information age creates opportunities for the establishment and development of the platform economy, which leads to a series of new types of occupations and promotes scientific and technological innovation. However, the influence of econnoisseur should not be neglected when the public enjoy the dividend brought by the platform economy. Our research finds that the China and other countries across the world have stipulated policies and laws for managing the platform operation; meanwhile, the platform companies are carrying out continuous enhanced cooperations with their cooperative companies. However, how to reduce the malicious “coupon clipping” behavior while keeping user activity unweakened and how to achieve win-win situation for three parties remains challenging issues faced by government, the platform, and cooperative enterprises. The issues call for new ideas and warrant in depth study in future.

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