

# A Case Study of Strategic Management and Cost Control Based on the Business Battles in Chinese Food Delivery Industry

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**Abstract.** The Chinese take-out industry presents the explosive growth in recent years, the size of the market in 2024 has reached 1.6357 trillion yuan, industry increased permeability to 28%. In this rapidly expanding market, platform enterprises such as Meituan and JD.com are engaged in fierce competition for market share, vying for market dominance through diversified strategies including price subsidies, capacity optimization and ecological layout. This article starts from the perspectives of strategic management and cost control, and uses the theory of platform economy and the framework of policy analysis to deeply explore the internal mechanism of competition in the food delivery industry. Research reveals that the current industry competition is essentially a battle for the dominance of high-frequency traffic entry points and the instant retail ecosystem under the background of the digital economy. Its driving forces mainly come from three aspects: the contradiction between the fading of the e-commerce traffic dividend and the potential of the instant retail market, the competition rules reconstructed by technological innovation, and the dual constraints of policy regulation and social responsibility. Through a comparative analysis of the two major platforms, Meituan and JD.com, in terms of pricing strategies, user stickiness cultivation and social responsibility practices, this article not only demonstrates the uniqueness of platform economy competition, but also provides beneficial thoughts for the standardized development of the industry.

**Keywords:** Business competition; Digital economy; Food delivery industry; Cost-effectiveness; Strategic management.

## 1. Introduction

In recent years, Chinese take-out industry in the rapid rise in the tide of digital economy, become residents consumption pattern and an important force in business ecosystem. According to statistics, the market size of China's online food delivery industry has shown a significant growth trend over the past decade. In 2024, the market size of China's online food delivery industry was 1,635.7 billion yuan, with a year-on-year growth of 7.2%, and the industry penetration rate reached 28.0%. It is expected that the scale of China's online food delivery industry will further expand in the future, reaching 1,956.7 billion yuan by 2027 [1]. However, beneath the surface of the industry's prosperity, platform enterprises represented by Meituan, Ele.me and JD.com are launching a fierce "food delivery business war". The scope of competition has extended from subsidy wars and capacity battles to the construction of an instant retail ecosystem, and has even sparked widespread discussions in society about workers' rights and anti-monopoly.

Both the research focused on the delivery of business model innovation policy or regulation, but internal logic of commercial war broke out with the multidimensional driving mechanism has not formed systemic explanation.

In this paper, by integrating the market competition theory, platform for economic research and policy analysis framework, the system analyzes the cause, path and impact of the take-away business aims to reveal the new paradigm of the digital economy era multilateral platform competition, and for the healthy development of the industry and policy regulation theory reference for the optimization.

## 2. Literature Review

### 2.1 The Market Competition

Today, delivery has become the life of people need. Take its industry giant "Meituan" as an example. It is currently the earliest emerging and most successful group-buying website in China, covering more than 1,000 cities across the country and having over 200 million users [2]. The huge user base and high market share enable it to provide an influx of traffic for further market competition and business competition. As the second-largest B2C e-commerce platform in China, JD.com, with its efficient self-built logistics system and technology-driven core competitiveness, along with its multi-field comprehensive sales enterprise, has also gained a foothold in the hearts of customers. Competition is an important category in economic theory. It is a contest among individuals (or groups or countries). Competition occurs whenever two or more parties strive to obtain resources that are not accessible to all parties[3]. Therefore, in the face of multiple pressures such as limited market demand, profit growth and enterprise transformation, the above-mentioned related enterprises have no choice but to engage in a new round of market competition.

### 2.2 Business Model of Collision

In the plastic industry, O2O business model acts as a bridge, connecting directly to the online merchants and offline customers, promote enterprises, consumers and website platform to achieve a good "win-win" effect.

Meituan follows the strategy of "T" as its overall layout, HengShi group-buying, shu said a specific vertical category, "Meituan take-away" is one of the "one vertical" [4]. Meituan Waimai builds a tripartite platform by aggregating consumers, merchants and riders, with commissions, delivery fees and advertising as its core income. It also optimizes delivery plans based on data algorithms, expands the local life service ecosystem, and achieves scale profitability and sustainable growth.

JD.COM is the most popular with consumers and the most influential of comprehensive electric business platform in China, relying on its powerful ability of logistics and supply chain, to expand the high frequency local life scenes, supplementary electricity limitation of low consumption and short board, the formation of ecological closed-loop "retail + immediate delivery". In addition, by integrating Dada Express's resources and cooperating with merchants, it aims to enter the mid-to-high-end food delivery market with differentiated services and compete for customer stickiness and trust. At the same time, rationally layout the local life entry points, form a competitive balance with food delivery industry giants such as Meituan, improve the omni-channel retail map, and enhance the platform's traffic value and data monetization space.

## 3. Strategic Analysis

### 3.1 The Product Price of The Game

Big coupons determine the amount of decision making in general, an enterprise should take the price war strategy, need to have the following three basic requirements: 1. The product quality has reached a relatively high level in the industry and has been recognized by the target customers. 2. A price war must be preceded and followed by the launch of new products. 3. Enterprises that launch price wars should have a certain production scale [5]. Both Meituan and JD.com meet the above three conditions.

From the point of view of competition in the market dynamic, Meituan compared with JD.com seconds to send the two sides through real-time monitoring of breaks dynamically adjusted their subsidy strength, making themselves more competitive. For Meituan Waimai, on the basis of the original, it has set up a "highly sought-after" discount channel, displayed limited-time discounted products in real time to attract customers, and placed more emphasis on discount promotions of specific products within the platform [6]; JD.com is promoting the "Hundred-Billion Subsidy for Food Delivery" campaign, which offers meal subsidies such as "10 yuan off for every 15 yuan spent"

or "30 yuan off for every 60 yuan spent". The specific discount amounts vary by customer and merchant. The platform also offers large discounts to new users in order to quickly acquire customers and attract price-sensitive users.

### **3.2 User Mental Competition: "Take-out = Meituan"**

Meituan take-away is a stereotype of net's online order platform, which began in November 2013, providing food, fresh fruit, dessert drinks, supermarkets, convenience, and many other categories of businesses, and has a special self-built distribution team to ensure that the goods immediacy. "Meituan, delivering anything fast" has also become its popular slogan [7]. The platform's over ten years of operation experience has enabled it to have a large and stable customer base, which also promotes the sustainable development of the enterprise in this industry. Although JD Takeout is a newly established operation channel of JD.COM.

Meituan take-out jingdong delivery and the customer for the reflects the local life service platform's complexity of the economic competition in the market and are more dynamic. From the perspective of strategic positioning, Meituan, relying on its first-mover advantage and scale effect, has formed a closed-loop ecosystem of a "super platform" by building a collaborative network of high-frequency catering consumption scenarios and diversified services (such as in-store visits, hotel and travel, and community group buying). As a latecomer to the market, JD Takeout follows the differentiated path in the resource-based view (Barney, 1991)[8], focuses on supply chain efficiency and high-net-worth user groups, and attempts to transform the supply chain management capabilities accumulated by JD.COM in the B2C e-commerce field and the "instant fulfillment" capabilities of Dada Express into competitive advantages. From the perspective of consumer behavior theory, Meituan forms path dependence through subsidy locking of price-sensitive users (such as red envelope viral growth and membership systems), while JD.com relies on quality trust premium and cross-platform rights binding of PLUS members, reflecting the structural differences in user value propositions between the two types of platforms (Teece, 2010)[9].

### **3.3 Social Discourse of Race: 24 Hours Online to Meet Customer Demand vs Meituan Jingdong Riders through Active Practice of Social Security**

For platform economy enterprises, the dedication and consolidation of social responsibility can bring them a certain degree of favor and trust from customers and society, thereby facilitating the operation of the enterprise and promoting its development.

JD take-out and Meituan take-out influence level of competition in society, economy is essentially a platform labor rights protection and consumption experience optimization mode between the value of the game. Jd.com attempts to reconstruct the labor relationship model of the gig economy by fully undertaking the social security of delivery riders. Its strategy has a dual social effect: On the one hand, this measure is in line with the policy orientation of the "Guiding Opinions on Safeguarding the Labor Security Rights and Interests of Workers in New Employment Forms", reducing the occupational risks of riders through institutional guarantees. It may form a public image of a "responsible enterprise" and enhance the recognition of the government and the public. On the other hand, this move will directly push up labor costs and may weaken its competitiveness in price-sensitive markets. In contrast, Meituan's "24-hour service commitment" focuses on upgrading the consumer experience. By using an intelligent dispatching system to dynamically match night delivery capacity, it builds an all-weather service network. Although this approach has strengthened user stickiness, it has increased the work intensity and occupational health risks for riders. Two types of strategies reflect the social responsibility tension of the platform economy: JD.com reconstructs the production relations with institutionalized guarantees, which may promote the upgrading of industry standards, but it needs to balance the conflict between cost transmission and market share; Meituan maintains its dominant position in the market through technological optimization, but it is facing continuous disputes over labor ethics.

## 4. Cost-benefit Analysis

### 4.1 Distribution Cost Control

Meituan take-out and JD delivery cost benefit analysis from the cost structure and scale effect. Meituan take-out rely on part-time and full-time double crowdsourcing rider, with salary according to single settlement, flexible manpower cost but greatly influenced by the order fluctuations. The delivery cost per order in first-tier cities is approximately 5 to 7 yuan after subsidies. The high order density of tens of millions of orders per day spreads out the average cost, and the dynamic pricing algorithm optimizes the route efficiency, further reducing the cost proportion. Jd Waimai, relying on its unique logistics system, mainly uses its own delivery personnel. Besides the daily delivery fees, it also offers fixed salaries and performance bonuses, with relatively high cost rigidity. The cost of each delivery order is approximately 8 to 10 yuan. Although JD's warehouse resources can be reused in the delivery of high-priced categories to reduce marginal costs, the order density of the food delivery business is relatively low, mainly focusing on first - and second-tier cities, making it difficult to form a scale effect. Moreover, the mixed scheduling of cold chain or instant deliveries increases management complexity. In terms of technological investment, Meituan has reduced the delivery time of riders by an average of 20% through AI route planning, while JD.COM's logistics middle platform, although capable of coordinating with warehouse data, is insufficiently adapted to the immediate demands of takeout, resulting in relatively high timeliness costs. In the future, Meituan can continue to optimize its dynamic capacity pool, while JD.com needs to increase order density or collaborate with supermarket delivery to improve efficiency.

### 4.2 Subsidies and User Acquisition Costs

In the process of double platform for commercial competition, Meituan delivery through subtraction, god coupons, such as high-frequency subsidies, reduce the user actually paid price subsidies for a single order to about 3-5 yuan, depending on the density of high order costs diluted by guests, after purchase rate of over 60%; JD.COM focuses on users with high average transaction values. Subsidies are mainly concentrated on the first order discount and membership benefits (5-10 yuan per order), but low-frequency consumption leads to a CAC of 50-80 yuan. It relies on JD Plus membership to drive traffic and reduce customer acquisition pressure, but the user retention rate is less than 40%. In response to this, to further expand its market share, JD.COM has launched a "Hundred-billion Subsidy" program. Xu Ran, vice chairperson of SEC and CEO of JD Group, said when talking about the subsidy strategy: "The subsidies now are different from those in the past. The industry scale and user scale today are both larger than in the early years. Nowadays, users and merchants are very familiar with food delivery consumption, so the efficiency of subsidies will be much higher." We only focus on the track of quality takeout, not from top to bottom. This is more controllable for us. [10] "

### 4.3 Stability Dealer Cost Control

For merchants, platform have low commission policy to attract new businesses. It should be noted that in the previous situation where the two major food delivery platforms occupied over 90% of the market share, catering merchants lacked bargaining power over the platforms, and the excessively high commission rates of the platforms once made the merchants suffer greatly [11]. Meituan Waimai Tong's excessively high order traffic and dynamic commission policy :15-25% commission + activity subsidies maintain merchant stickiness. The cost for top merchants to maintain stability is lower than the industry average, but small and medium-sized merchants need to pay additional promotion fees due to the bidding ranking mechanism. JD.COM, relying on the JD ecosystem, attracts quality merchants with a low commission rate of 8-12% and the reuse of cold chain warehousing. However, the insufficient order density leads to a higher proportion of promotional investment for merchants, and special subsidies are required, such as delivery fee reductions to make up for the traffic

disadvantage. Overall, the cost-effectiveness of maintaining stability for merchants is weaker than that of Meituan.

## 5. Conclusion

This article conducts a systematic analysis of the competitive landscape of China's food delivery industry, revealing the underlying logic of strategic choices made by platform enterprises in the digital economy era. The research indicates that the current intense competition in the food delivery sector has transcended the mere pursuit of market share, evolving into a multi-dimensional contest involving technological capabilities, business models, and social responsibilities. Meituan, leveraging its first-mover advantage, has built an ecological closed loop, while JD.com, relying on its supply chain strength, pursues a differentiated competitive strategy. The strategic differences between the two reflect the diverse paths of development in the platform economy.

The article argues that the essence of the food delivery industry's competition is a concentrated manifestation of the struggle for high-frequency traffic entry points and the dominance of the instant retail ecosystem in the digital economy era. This competition is driven by three interwoven forces: first, the contradiction between the fading traffic dividends of traditional e-commerce and the trillion-dollar market potential of instant retail, which prompts platforms to enter the retail ecosystem through high-frequency food delivery services; second, technology reshapes the competition rules, with the improvement of algorithm efficiency and the optimization of delivery networks making "30-minute delivery" a core barrier to user experience, while data-driven precise marketing further intensifies the competition for user stickiness among platforms; third, the dual shaping of policies and society, with anti-monopoly regulations forcing the industry to shift from "wild expansion" to compliant competition, and social issues such as rider rights protection and merchant commission conflicts compelling enterprises to reconstruct the balance mechanism between social responsibility and commercial interests. Looking ahead, as regulatory policies become increasingly refined and consumer demands continue to upgrade, competition in the food delivery industry will place greater emphasis on the balance between technological innovation and social value.

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