Case Study of JD.com's Acquisition of Dada Group

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Abstract. In recent years, instant logistics has emerged. As a giant in the logistics field, JD.com began to acquire shares of Dada Group in 2016 and officially issued a privatization offer in January 2025. Given the unique nature of Dada Group's assets, this case is of great significance to the light asset valuation and mergers and acquisitions of the logistics industry and other enterprises. Taking JD.com's privatization of Dada Group as a case study, this paper employs the event study method to investigate the motives behind the acquisition, examine the fairness of the offer price, and assess the post-acquisition performance and strategic implications. The study draws the following conclusions: (1) The premium paid by JD.com for Dada Group in this merger and acquisition is mainly used for light asset acquisition and tax reduction, and the offer is reasonable; (2) In the short to medium term, JD.com's acquisition has achieved significant results in terms of finance and corporate strategy.

Keywords: JD.com, Dada Group, Mergers and Acquisitions(M&A) motive, M&A performance, Event study methodology.

1. Introduction

After four decades of rapid development, the scaling dividend of many industries has diminished, including the traditional logistics industry. According to relevant data released by the China Federation of Logistics and Purchasing on February 11, 2025, the total social logistics volume in China reached 360.6 trillion yuan, an increase of 5.8% year-on-year [1], while the Gross Domestic Product (GDP) growth rate during the same period was 5.3% [2]. Although the total volume has rebounded by 0.6% compared with 2023, it marks the slowest rebound since 2016, which shows that the scale dividend of traditional logistics is declining. In recent years, instant logistics has emerged as a new segment. Instant logistics is a door-to-door service that bypasses warehousing and transshipment [3], which has the characteristics of speed and timeliness. This new concept attracted increasing attention and investment from large enterprises, primarily Meituan, Ele.me (Alibaba Group), and JD.com.

JD.com is a leading player in the traditional e-commerce and logistics industry, holding 63.5% shares of its listed subsidiary, JD Logistics Group. JD Logistics primarily focuses on traditional logistics businesses such as its self-operated warehousing and distribution network. Dada Group, on the other hand, is a giant in the on-demand retail sector, primarily engaged in crowdsourced on-demand delivery, covering 2,800 counties and districts. JD.com and Dada Group have been

cooperating since 2015 through strategic investments and business mergers. After ten years of cooperation, including increasing shareholding and consolidation in the financial statements, JD.com officially submitted a non-binding privatization offer to Dada Group on January 25, 2025.

Mergers and acquisitions (M&A) are a crucial means for enterprises to enhance technology, expand business, increase scale, and seize market share, and are an important strategic behavior in the development of many medium and large-sized enterprises in China [4-6]. Unlike traditional M&A cases, where the acquiring party mainly focuses on acquiring tangible assets, JD.com's acquisition of Dada Group primarily focuses on Dada Group's asset-light model—its crowdsourced delivery capacity pool and pre-positioned warehouse network system—which are hardly captured in financial statements. Analyzing this case not only provides valuable insights into M&A within the same industry but also offers a new research template for pricing behavior in asset-light M&A transactions involving companies in other industries [7,8]. At the same time, this case also reminds relevant investors and regulators that traditional valuation models based on net assets are no longer sufficient to capture the true strategic value and subsequent integration risks of such M&A transactions.

This paper takes JD.com's acquisition of Dada Group as the main research subject and combines the special tracks of traditional logistics and instant logistics to conduct an in-depth analysis of the rationality of the acquisition pricing, the motivation for the acquisition, and the market impact. Through analysis, the paper draws the final conclusions and provides references and suggestions for the subsequent merger and acquisition behavior of other companies in the industry.

2. Mergers and acquisitions case studies

2.1. Introduction to the current status of the industry

The Chinese logistics market in 2025 exhibited a dual-track pattern. On one hand, traditional logistics maintained a total volume of 360.6 trillion yuan, but the overall growth rate slowed compared to the previous five years. The industry is now quite mature and lacks short-term growth potential. Meanwhile, on-demand logistics has expanded rapidly in recent years, expanding from a single food delivery category to comprehensive delivery across "all scenarios, all times, and all distances." Order volume increased from 29.4 billion in 2021 to over 40 billion in 2022, with a compound annual growth rate of approximately 30%. The on-demand logistics market is highly concentrated. As of 2024, Meituan, Ele.me, and Dada had collectively dominated market share. Meanwhile, independent third-party platforms such as FlashEx and SF Express's same-city delivery service have entered the high-end on-demand delivery market through differentiated offerings. The industry as a whole is gradually entering a mature stage characterized by high capital, technology, and scenario barriers.

2.2. Introduction of the merging and acquiring parties

2.2.1. JD.com

JD.com is the first large-scale comprehensive e-commerce platform in China to be listed in the US. The company started with self-operated 3C products (computers, communications, and consumer electronics) and a self-built logistics model, positioning itself as a supply-chain-based technology and service provider. After more than 20 years of expansion, it operates six business segments: retail, logistics, technology, healthcare, finance, and overseas. JD Logistics was listed in Hong Kong

in May 2021, while JD.com still maintains a controlling stake of over 63%, and the two entities remain financially independent. According to disclosed financial reports, JD.com's operating revenue in 2023 and 2024 reached RMB 1.08 trillion and RMB 1.16 trillion respectively, representing year-on-year growth of 3.7% and 6.8%, with net profits of RMB 24.2 billion and RMB 41.4 billion respectively, a two-year Compound Annual Growth Rate (CAGR) exceeding 50%. This indicates that JD.com's fundamentals are sound.

2.2.2. Dada group

Founded in June 2014 and headquartered in Shanghai, Dada Group is one of China's earliest local on-demand delivery and retail platforms, with two core businesses: Dada Express and JD Daojia. The group went public on National Association of Securities Dealers Automated Quotations (NASDAQ) in June 2020. Fundamentally, Dada Group has posted net losses every year since 2017, cumulative losses above RMB 10 billion. In 2024, its net loss reached 2.04 billion yuan, indicating it has not yet escaped its loss-making predicament. The company's market capitalization has plummeted from approximately US$3.5 billion at the time of its Initial Public Offering (IPO) to around US$400 million by the end of 2024, a reduction of nearly 90%.

2.3. Merger and acquisition process

JD.com's acquisition of Dada Group mainly went through four stages: initial stake, incremental stake, majority control and privatization. Based on the transaction characteristics, this paper divides the process into two phases: equity acquisition and actual acquisition. This analysis focuses on the privatization phase.

2.3.1. Equity acquisition stage

In April 2016, JD.com merged with Dada by offering its JD Daojia business plus $200 million in cash, securing a 47.4% stake and becoming the largest shareholder. Subsequently, JD.com increased its stake in Dada in February 2021 and February 2022 by $800 million and $546 million, respectively. In September 2024, JD.com acquired 87,481,280 ordinary shares and 1,875,000 American Depositary Shares (ADSs) from Walmart, increasing its stake from 53.1% to 63.2%, thus securing absolute control.

2.3.2. Actual merger and acquisition stage

The actual acquisition phase encompassed the entire process from submitting the privatization proposal to JD.com's delisting from Nasdaq. On January 25, 2025, JD.com officially submitted its privatization offer. On March 21 of the same year, both parties signed the Merger Agreement. Trading on Nasdaq halted on 17 June, and privatization was officially completed.

3. Mergers and acquisitions case analysis

3.1. Characteristics of mergers and acquisitions

This acquisition is characterized by three main features: a high premium, a short duration, and high synergy expectations. The final agreed acquisition price was $2.00 per ADS, a 42% premium to the pre-suspension price. From the signing of the agreement to the acquisition company's suspension of

trading on Nasdaq took only 78 days, demonstrating extremely rapid negotiation and integration. This is also related to JD.com's absolute control over Dada Group. Dada Group has 1.3 million active delivery riders, and its instant retail operations cover 2,800 districts and counties nationwide. JD.com, which plans to officially enter the food delivery industry in 2025, urgently needs minute-level delivery capacity. Acquiring Dada allows it to immediately utilize its resources for last-mile delivery, generating substantial synergies [8,9].

3.2. Analysis of merger and acquisition motives

JD.com's acquisition motives can be summarized in three points. First, this acquisition can expand JD.com's market share in instant logistics and defend its market position. Before the acquisition, JD.com had already established a relatively complete delivery system, from warehouses to trunk lines to local delivery, but there was always a gap in last-mile delivery capacity. This created certain difficulties for JD.com's entry into the food delivery industry, and the acquisition of Dada Group played a key role in this. Second, the acquisition can make up for its own insufficient delivery capacity. After JD.com's food delivery service was launched in May 2025, the official disclosure showed that the peak daily order volume surpassed 25 million, while JD Logistics has 150,000 full-time riders with a maximum daily order capacity of about 12 million orders. The gap must be filled by externally purchased delivery capacity. Dada Group has 1.3 million active riders, which can directly fill the gap of JD Logistics' instant retail capabilities after the acquisition. Furthermore, this acquisition can optimize JD.com's financial situation. Dada's recurring losses can be utilised to reduce JD.com's taxable income, thereby boosting JD.com's net profit margin. After Dada Group is delisted, it will save listing-related audit costs, which can expand the group's free cash flow.

3.3. Merger and acquisition value premium assessment (reasonableness analysis)

The privatization offer price represents a 42% premium over the closing price on the day before the announcement, directly reflecting compensation for Dada Group's off- balance-sheet intangible assets such as its crowdsourced transportation pool and scheduling algorithm. The reasonableness of this premium will be verified through the following three methods.

3.3.1. Book-value approach

According to Dada Group's 2024 annual report, as of December 31, 2024, Dada Group's shareholders' equity were RMB 4.8211 billion, which was equivalent to United States Dollar (USD) 680 million based on the exchange rate at that time. Therefore, the net assets of all remaining shareholders, excluding JD.com were USD 250 million, which is well below the USD 520 million offer.

3.3.2. Order density method

This article treats crowdsourced networks as asset-light infrastructure capable of generating stable commissions, estimating fair value by multiplying annual order volume by value per order. This approach uses the network value per order (VPO) as the core multiplier. Since Dada and FlashEx both operate on a point-to-point instant delivery model, and Dada has higher order density and a stronger network effect, the implied VPO of FlashEx's 2021 Pre-Initial Public Offering (Pre-IPO) round of financing is used as a reference. The implied VPO for that round was $0.15 per order. Dada

Group completed a total of 4.36 billion orders in fiscal year 2024. Based on the aforementioned VPO calculation, the fair value of the delivery pool is approximately $650 million.

3.3.3. Real-options approach

Using the real options approach, the strategic flexibility generated by JD.com's acquisition of Dada is decomposed into expansion options and waiting options, with a total estimated value of US$384 million, well above the US$170 million premium in the market draft. This indicates that the 42% premium is economically reasonable from the perspective of real options and leaves a safety margin.

4. Merger and acquisition performance analysis

4.1. Market performance analysis

Market performance analysis aims to analyze the market's reaction to the acquisition in order to assess its performance. This paper primarily applies the event-study methodology for market performance analysis. JD.com is listed on both the Hong Kong and US stock markets; for consistency, this paperuse HK-traded shares.

On January 25, 2025, JD.com filed a non-binding privatization proposal with the Securities and Exchange Commission (SEC) through Form 8-K, officially initiating the privatization of Dada Group. This article uses the first trading day after that date as the event date, i.e., January 27. Dates prior are denoted as negative, and dates after this date are listed as positive numbers. This article selects [-10, +10] as the event window period based on specific circumstances.

First, this article finds the closing price data of JD.com for each trading day during the event window by consulting the Wind database and then inserts into equation (3-2) to obtain the actual rate of return of JD.com during the event window. Figure 1 shows the changes in JD.com's stock price during the window period.
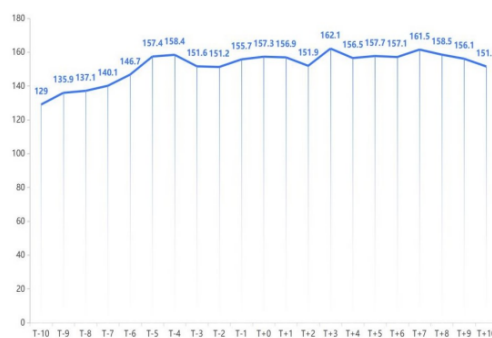

Figure 1. Stock price fluctuations of JD.com during the window period

As mentioned earlier, this article uses Hong Kong stock data for calculation and analysis; therefore, this paperuse the Hang Seng Tech Index to represent $R_{m,t}$. This article first retrieves the closing index data of the Hang Seng TECH Index for the corresponding date from the Wind database, substitutes it into the formula to obtain the market return for the corresponding period, and then performs a linear regression between the obtained JD.com's actual return during the clean period and the market return to calculate the coefficient α_i and β_i, resulting in the following regression equation:

$$R_t = -0.008 + 1.182 R_{m,t} \tag{1}$$

At this point, the t-statistic of 0.42 is insignificant. The cumulative excess return (CAR) is the sum of the excess returns from the first day of the window period to the day of calculation. Substituting the data, CAR(-10, +10) = 0.81%.

This reveals that the average daily excess return over 20 trading days was only 0.04%, and the t-statistic was far below the 1% significance threshold; the cumulative excess return (CAR) was also only 0.81%, fluctuating near zero; the regression coefficient β=1.182 indicates that the stock price largely moved in tandem with the Hang Seng Tech Index, without any additional positive jump. Therefore, during the window period, investors remained neutral towards JD.com's privatization of Dada, and the market did not give it a significant positive evaluation.

4.2. Financial performance analysis

This paper uses the financial indicator method to assess the financial performance of this acquisition. The financial indicator method refers to evaluating a company's financial condition and operating results by analyzing its financial indicators. Regarding this acquisition, this papercan compare pre- and post-acquisition indicators to determine whether the acquisition created value for the acquiring entity, JD.com . JD.com's privatization acquisition of Dada Group was completed in June 2025, and Dada Group was delisted from Nasdaq on June 17th. This means that during the second quarter of 2025, JD.com completed the acquisition of Dada Group, consolidating it into its financial statements as a wholly-owned subsidiary. Therefore, this paper selects JD.com's financial report for the second quarter of 2025 and compares it with the financial reports for the same period in previous years. The financial indicators selected in this paper include profitability, efficiency, solvency and growth indicators [10].

The key financial data of JD.com for the second quarter of each year from 2023 to 2025 are as shown in Table 1.

Table 1. Key financial data of JD.com from 2024 to 2025 (unit: million yuan)

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
Total assets	651636	643559	698234	677862	706939
Total liabilities	363686	346814	384937	369191	409650
Owner's equity	287950	296745	313297	308671	296289
Operating revenue	291397	260400	346986	301082	356660
Operating costs	245500	215300	293900	253200	300000
Net profit	13594	12837	10864	11279	6709
Income tax	2022	2406	750	2063	-10
Interest expenses	688	681	926	600	643
accounts receivable	25596	19714	25596	31380	40983
stock	89326	72883	89326	95434	103537
Fixed assets	329435	332457	311536	320632	312906
Current assets	322201	311102	386698	357230	394033
Current liabilities	280227	265553	299521	284129	322632

Source: JD.com's quarterly financial reports from 2024 to 2025

Profitability refers to a company's ability to generate profits. It is a crucial factor in assessing a company's long-term sustainable development. Strong profitability can effectively address a company's financial problems and ensure its sustainable growth. Key indicators for analyzing profitability include gross profit margin, net profit margin, return on equity, and return on total assets.

Table 2. Profitability

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
Gross margin	15.8%	17.3%	15.2%	15.9%	15.9%
Net profit margin	4.67%	4.93%	3.13%	3.75%	1.88%
Return on equity	4.72%	4.38%	3.56%	3.63%	2.22%
Return on total assets	2.09%	1.98%	1.62%	1.64	0.97%

Table 3. Operational capabilities

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
Accounts receivable turnover	11.38	13.21	13.56	9.59	8.70
Inventory turnover	3.26	3.57	3.88	3.15	3.44
Fixed asset turnover	0.88	0.78	1.11	0.94	1.14
Total asset turnover	0.45	0.40	0.50	0.44	0.50

Table 4. Solvency

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
Debt-to-asset ratio	55.81%	53.89%	55.13%	54.46%	57.95%
Interest coverage ratio	22.70	22.38	12.54	22.24	10.42
Current ratio	83.10%	89.71%	99.28%	92.14%	90.04%
Quick ratio	114.97%	117.15%	129.11%	125.73%	122.13%

Table 5. Growth potential

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
Revenue YoY growth	1.2%	5.1%	13.4%	15.8%	22.4%
Net profit growth rate	90.91%	47.80%	34.62%	43.82%	103.23%
Owner's equity growth rate	0	3.05%	5.58%	-1.48%	4.01%
Total asset growth rate	8.28%	-1.24%	8.50%	-2.92%	4.29%

The data was calculated by the author based on JD.com's quarterly financial reports.

Combining Table 2, Table 3 Table 4 and Table 5, it can be seen that JD.com's operational and debt-paying capabilities remained relatively healthy before and after the acquisition. However, in terms of profitability, JD.com experienced a certain decline in the second quarter of 2025, which is due to heavy investment required for the development of JD.com's new food delivery business. In terms of growth, JD.com posted strong growth compared to the previous four quarters, indicating that the merger with Dada Group had a positive impact on JD.com.

5. Conclusion

This article analyzes and evaluates the typical merger and acquisition case of JD.com's acquisition of Dada Group from the perspectives of the background, motivation, process and effect of the acquisition, and concludes: (1) For JD.com, although the final offer represented a premium to market value of Dada Group before the acquisition, the implicit value brought by the merger of Dada Group (light assets such as rider resources and offline stores) can fully cover the acquisition expenditure of JD.com, so the premium is within a reasonable range. (2) From the perspective of corporate strategy, the acquisition of Dada Group is a gap in JD.com's corporate strategy: the merger of Dada Group completes JD.com's supply chain fulfillment system, fills the delivery-capacity gap, and completes a closed-loop system of the supply chain. (3) In the short to medium term, JD.com's acquisition is successful. Through this acquisition of Dada Group, although JD.com did not receive immediate positive feedback in the capital market, it recorded positive effects in terms of financial performance. The launch of JD Takeaway in 2025 also relied on Dada Group's delivery capacity resources. Therefore, from current perspective, the acquisition has yielded net positive benefits.

In addition, through the analysis of this M&A case, this author offers several suggestions for corporate M&A. Firstly, as a typical examplar of asset-light M&A, this case provides a good reference for the reasonable assessment of M&A premiums by quantifying asset-light value. In the future, companies should also reasonably quantify and estimate the intrinsic value of relevant asset-light assets when engaging in M&A activities. Secondly, companies need to define their M&A rationale and select targets rationally based on their current development status and future plans. In a competitive industry, companies can achieve strategic layout through acquisitions, capture unique advantages of acquired companies, and effectively leverage their resources to enhance their ecosystem. Since this M&A occurred in 2025,within one year of writing, the latest available data are drawn from JD.com's 2025 semi-annual financial report and 2025 second-quarter financial report. Long-term analysis is precluded by data scarcity. Moreover, the financial information of the acquired company is derived from overall operating results, and a causal link cannot yet be established between changes in financial performance and the M&A behavior. Therefore, standalone analysis cannot capture the positive effects of the M&A behavior; a comprehensive analysis of the M&A performance from other non-financial evaluation perspectives is also necessary. this paperwill continue to monitor JD.com's long-term performance and conduct follow-up research on this case.

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