

Differentiated Pricing Strategies in China's Food Delivery Triopoly

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Abstract. This paper examines the pricing strategies of the three top food delivery platforms in China's food delivery platform market through a comparative case study. This Study identifies that the three different strategies of Meituan, Ele.me, and JD.com, are corresponding to their market positions: a “leader”, a “challenger”, and an “innovator” respectively. In this study, this paper finds out that the strategic differentiation is the pillar of the stable triopoly structure, rather than a pure expansionary strategy in order to increase the market share. The findings would offer empirical support for theories of platform competition and provide a new special sample for it due to its rare situation of almost pure triopoly with huge demand in the market.

Keywords: platform competition, pricing strategy, triopoly market, case study, China's food delivery market.

1. Introduction

The dynamic competition in China's food delivery market provides a natural experiment in studying competitive strategies of platforms. From data of China Catering Brand Power White Paper 2025. P11. collected by Hongcan Industry Research Institute, it is clear to mention that three top food delivery platforms dominate the market, which are Meituan, Ele.me, and JD.com [1]. Before the triopoly pattern was formed, there was a duopoly where Meituan held approximately 70% market share against Ele.me's 30%. The situation was disrupted in 2025 by the strategic entry of JD.com. The subsequent market change showed as JD.com rapidly captured 13% market share by Q2 2025(primarily at Meituan's expense). In Q3 2025, the platforms settled into a triopoly, with the proportion of market share as Meituan at 47%, Ele.me at 43%, and JD.com at 10%. This redistribution occurs at the same time with the three distinct pricing models of platforms, “high base price, low discount” strategy of Meituan, “high base price, high discount” strategy of Ele.me, and “low base price, low discount” strategy of JD.com. It suggests that the pricing mechanisms represent are not temporary choices, but fundamental strategies, shaping the triopoly.

The research mainly aims to explain the link between these different pricing and their corresponding market shares. My investigation is on the question: why did each platform adopt its specific pricing strategy in response to the competition? This study would give ideas of platform strategies with market positioning as a vital role, which would offer both theoretical contributions to platform economics and implications for competitive strategy in digital markets.

2. Literature review

The problem of consistent price dispersion across oligopolistic platforms is interpreted by George Stigler's work [2]. Stigler explains why perfect price information cannot exist in real markets, which is that consumers face real economic costs when they compare prices, introducing search costs. Thus, it allows different prices for identical goods to persist in the market. This theory has been verified in China's food delivery market, where the “walled garden” of Meituan, Ele.me, and JD.com, creates huge cross-platform search costs, such as time and information. Consumers must compare three separate prices information about products with different apps, subsidies of goods, and price structures, instead of a simple comparison of prices of goods side by side. This friction is a necessary condition for the price dispersion I observe. My study also suggests that strategic obfuscation, proposed by Ellison and Ellison, is not the exclusive phenomenon of a platform, but happens in the whole market [3]. Their theory is that firms would increase consumer search costs through price complexity for higher profit, which could be found out in the multi-component pricing structure common to all three platforms: “item price + delivery fee + packaging fee-discount value”. But the forms of obfuscation are different from various platforms. Meituan and Ele.me employ a high list price with a targeted discounts model, creating a perception of value through substantial but complex discount reductions. JD.com, with “low base prices”, anchors the consumers on a simplified listed price while allowing the direct comparison. Therefore, all platforms apply the distinct degrees of obfuscation, creating a layered information environment, which makes the market have a stable price dispersion.

Rhodes and Parakhonyak's dynamic consumer search framework could explain the logic for JD.com's strategic position as a new entrant in the market [4]. Their model describes that when consumers experience high search costs across platforms, young firms can strategically employ transparent, low-price mechanisms to break down the barrier. This concept proves my observation of JD.com's “low base price, low discount” structure, which effectively reduces comparison complexity for consumers and improves the loyalty acquisition identified as crucial for new firms by Rhodes and Parakhonyak. However, their analysis focus on the entry strategy itself, without exploring how the firms in such positioning maintain with existing rivals in a triopoly, as the present situation in China's food delivery market.

This three platforms market has a great stability with their different approaches to search costs. Armstrong and Vickers theory of competitive interaction patterns shows that oligopolistic competitors can achieve a continuing equilibrium through differential strategies rather than price wars, which could provide the theoretical foundation in order to understand the co-existence of Meituan, Ele.me, and JD.com [5]. Each platform has a distinct identity in the market: “the leader”, “the challenger”, and “the innovator”, which aligns with Armstrong and Vickers' idea of pattern-based competition. While their theoretical model tells why such differentiation enables great profitability, it does not record the pricing mechanisms through these different operations of platforms, nor does it explore how these competitive strategies emerge as new entrants go into a duopoly market. At the same time, the triopoly in China's food delivery market is likely a price competition between the platforms, which contradicts their core conception about firms trying to shift the competitive concentration to the non-price parts.

And Chen and Rey's work on loss leading provides support to understand the different pricing patterns of various restaurant brands on the same platforms [6]. Their analysis displays how platform power to employ exploitative pricing strategies would be constrained when facing competitors with strong brand equity. This theoretical principle could explain my research finding that McDonald's exhibits significantly less price dispersion compared to Subway and Luckin Coffee.

Because the strong brand capital of McDonald's limits platforms' ability to manipulate its prices for competitive purposes. Yet Chen and Rey's study roots in the traditional retailing industry and fails to solve the problem of how platforms dynamically perform in the digital market where a large number of restaurant brands operate in a competing system.

Overall, these papers jointly build a valid foundation for my research, but they do not specifically investigate how mechanisms with strategic differentiation operate in a platform triopoly. My study records empirically how these theories work in the specific price structures and discount methods in China's food delivery market, as well as discussing how strategic differentiation makes continued coexistence in digital platform ecosystems.

3. Methodology

3.1. Research design

This study employs a comparative case study design and based on quantitative empirical data. In the analysis, the main units are the three dominant food delivery platforms in China, which are Meituan, Ele.me, and JD.com.

The descriptive design aims to record the price data and state the pricing mechanisms with each platform's own market position. The research uses cross-sectional data across cities and brands to show a comparison of pricing strategies, making each platform as a independent case to be investigated by its pricing observed by consumers.

3.2. Data collection

3.2.1. Data source

A manual data collection process was continued over a period of two weeks.

To ensure comprehensive coverage and comparability:

Cities: Three major Chinese cities: Beijing, Jinan, and Shanghai. These cities are selected as some representative samples. Beijing and Shanghai have the most competitive markets with many mature businesses as well as diverse demands from consumers, and the data from which can give the main strategies chosen by platforms. Jinan is a second-tier city, which is also the capital of Shandong province. It could reflect the growing market in competition but with fewer demands due to its fewer population than the former ones.

Platforms: Meituan, Ele.me, and JD.com.

Brands: Three chain brands are chosen for their standardization product offerings: McDonald's (McSpicy Meal), Subway (Tuna Sandwich Combo), and Luckin Coffee (Coconut Latte). The products from the brands I choose are nationally standardized, and chain stores from them are presence on all three platforms, which avoid the influence caused by the difference of food and individual price changes in stores. So, I could ensure the price variations are led by platforms strategies.

Controlling standardization is crucial for product quality, so that the effect of platform pricing strategies could be isolated.

Stores: In order to account for brand consistency, Ten different stores for each brand in each city were sampled.

Period: Collecting data of price at rush hour (17:30-20:30) every day.

3.2.2. Data collection process and variables

The prices of products from the three brands in different platforms were collected at the same time daily for 14 consecutive days. The following variables were manually recorded from the interface of each platform's mobile application into a standardized Excel sheet for each observation:

- City
- Brand
- Platform
- Date and time
- Item price (¥)
- Delivery fee (¥) (Basic delivery fee-Peak delivery discount)
- Packaging fee (¥)
- Discount value (¥) (The value of the coupon provided by platforms, e.g., "¥8 off over ¥30 on orders")
- Final price (¥) (Item Price + Delivery Fee + Packaging Fee -Discount Value)

The dataset of over 4,000 price observations was built, forming the foundation for the analysis of subsequent case study.

3.3. Data analysis

The analysis is conducted in two stages, including a quantitative description, and qualitatively interpret these patterns as strategic cases, setting the foundational patterns .

3.3.1. Quantitative descriptive analysis

-Price Composition: The average values of variables (Item price, Delivery fee, Packaging fee, Discount value) and calculating the final price for each platform, as well as each brand and platform combination.

-Platforms Comparison: The final price distribution for each platform is summarized with descriptive statistics. It gives a clear representation of platform's general price positions and differences.

3.3.2. Qualitative case analysis

The core of the methodology is treating each platform as a distinct case with the data used to characterize its strategy. Construct a strategic narrative by the quantitative models for each of them:

Meituan, the leader: Meituan has a consistent pattern of high final prices, and the composition of its price would lead to lower the reliance on huge discounts. With the biggest consumers group in previous, its products are almost price elasticity after the competition because of consumers' loyalty.

Ele.me, the challenger: There is a pattern of high base item prices with the highest average discount values of Ele.me, indicating a competition model with some prominent subsidies to attract consumers.

JD.com, the innovator: JD.com has a more transparent price structure compared to the other platforms, which has lower list prices and a less complexity.

3.4. Ethical considerations

This study abides by the standards of academic integrity. All data in this paper were from public information displayed on official mobile apps. No personal data or any forms of non-public information were accessed or stored. It is the analysis of pricing strategies in platform market, and poses no ethical risks pertaining to privacy or confidentiality. All findings are shown in an aggregated, anonymized manner.

4. Results

4.1. Overall pricing

The data shows the final prices of the three items collected in my dataset in the three platforms. In Table 1, Meituan has the highest average final price could be seen, followed by JD.com, then Ele.me. The initial finding tells the basic pattern of strategic differentiation in the market.

Table 1. Average final prices of all the three items collected

Platforms	Average final price
JD.com	19.68*
Ele.me	18.70
Meituan	26.12

A decomposition of the final price to some variable components shown in Table 2, manifests that there are some structural factors behind the differences. While all platforms utilize the same variables of price, the magnitude of each component differs greatly, which constructs the basis of their own identities in the market.

Table 2. Composition of average final price by platform

	item price	delivery fee	packaging	discount	final price
JD.com	25.29	0.77	1.55	7.92	15.06
Ele.me	31.72	1.30	1.58	15.91	12.92
Meituan	31.78	1.65	1.59	8.90	19.64

The four price components shows that platforms use them in different ways as a part of competition. The item price serves as the foundation. Meituan and Ele.me provide higher item prices than J.D.com, which make sure that future discounts could be set. JD.com uses low item prices to establish its low cost reputation. Delivery and packaging fees can be used for price adjustment. Platforms can attract people by reducing delivery fees. The packaging fee is fixed, but the cost still could be changed. Discount is an important part that could influence purchase in goods. Ele.me offers high discounts with complex conditions, mainly targeting customers who are price sensitive and also willing to spend time comparing prices on the different websites. Meituan's discounts are smaller in value, used to maintain inelastic users. And JD.com has fewer discounts overall.

To analyze the temporal stability of each platform's pricing strategy, I plotted multi-line charts of the daily average final prices over the observation period (Figure 1, Figure 2, Figure 3). As shown in the figure, JD.com's price trend is the flattest, indicating high consistency in its positioning as the 'the innovator'. In contrast, Ele.me's trend line shows noticeable fluctuations, which may be related

to its role as the 'the challenger', requiring frequent calibration of its discount levels. Meituan 's trend line fluctuates the most and is relatively high, evidencing its 'the leader' positioning with the price-insensitive consumer base.

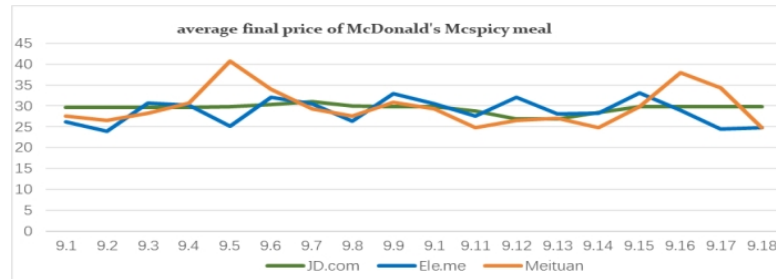


Figure 1. Average final price of McDonald's Mcspicy meal from different platforms

*To ensure the clarity and readability of the findings presented in this paper, all resulting descriptive statistics in the tables are reported to two decimal places with unit CNY.

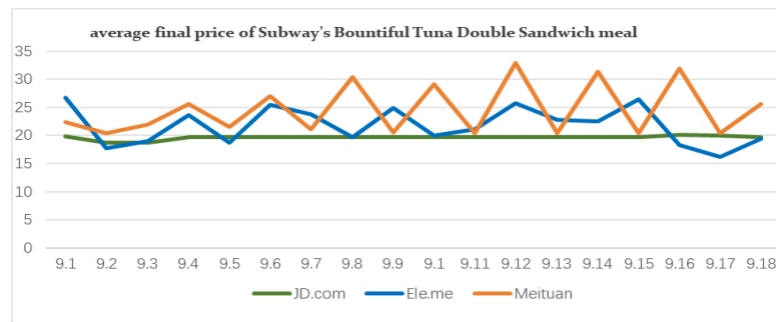


Figure 2. Average final price of Subway's Bountiful Tuna Double Sandwich meal

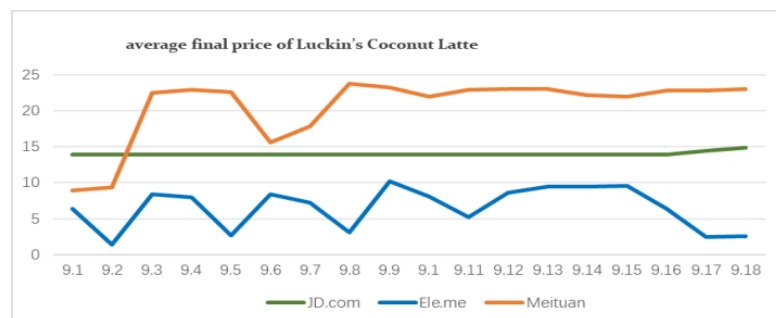


Figure 3. Average final price of Luckin's Coconut Latte

4.2. Case analysis: three strategic profiles

4.2.1. Meituan: the leader

The data support Meituan's position as the high-value, high-price leader. The platform exhibits the highest average item price and maintains this premium positioning with the lowest average discount value among the three platforms. Its pricing strategy appears stable in the 14 days, with small difference in its final price. The pattern tells a strategy focused on profit extraction from users who are loyal and less sensitive to the price changes, which depends on the market dominance and service quality rather than aggressive discounting to retain customers.

4.2.2. Ele.me: the challenger

Ele.me's strategy is aggressive discount based on high prices. Its final price is lowered by its highest average discount value as seen in Table II. It leads to a psychological gap between the listed price and the final price, attracting price-sensitive consumers who are driven by the great surplus.

4.2.3. JD.com: the innovator

JD.com's data demonstrates a young firm in the food delivery market employing a simplified low-price model, which has the lowest item prices, as well as discount among the three competitors. Its discount is lower compared to Ele.me, resulting in a final price structure that is both the lowest and least complex. The average prices of it shows the flattest trend line, which is an innovative approach to minimize costs of both consumer search and comparison, which challenges the logic of high base price with discounts, and JD.com targets the consumers that refer the pricing clarity and stability.

4.3. Cross-brand price dispersion patterns

A significant finding emerges when examining price dispersion across different restaurant brands. In Table 3, McDonald's exhibits a remarkable lower price dispersion compared to both Subway and Luckin Coffee among the three platforms.

Table 3. Price dispersion by brand and platform

Platforms	JD.com	Ele.me	Meituan
Average final price McDonald's Mcspicy meal	29.52	28.79	30.03
Average final price Subway's Bountiful Tuna Double Sandwich meal (standard)	21.87	19.61	28.42
Average final price Luckin Coffee's Coconut Latte	13.96	6.55	20.44

The constrained price dispersion for McDonald's is noteworthy with the relationship between platforms, Meituan being most expensive, followed by JD.com, and Ele.me most affordable, remains the same across the three brands. It suggests that even though the platform strategies drive the absolute price levels, factors of brands can influence the degree of price variation permitted in each platform's ecosystem.

In conclusion, the results give the quantitative evidence for a triopoly market structure defined by sustained differentiation in their strategies.

5. Conclusion and discussion

This research set out to investigate the strategies of platforms in China's food delivery market after JD.com's entry. While the market appears to be engaged in a hard price war, my research shows a reality which is the competition has evolved to a strategically differentiated equilibrium, precisely as theorized by Armstrong and Vickers [5].

It seems that the great subsidies and discounts from platforms would contradict Armstrong and Vickers' thesis that firms avoid price competition. However, a deeper examination of my data shows that the platforms are not in a simple, destructive race. Instead, they fight a complicated price war where the weapon of choice differs from each player. Meituan's "high-list-price, low-discount", Ele.me's "high-list-price, high-discount", and JD.com's "low-list-price, low-discount" strategies show three distinct forms of price competition, each targeting a different consumer group, so that

they almost gain the particular market share with certain consumers. Its strategic layers are stable and profitable for each player.

The theoretical contribution of my work is that it extends Armstrong and Vickers' theory. My research demonstrates that the "patterns of competitive interaction" do not mean the absence of aggressive pricing in digital platform markets, but they manifest as a structured differentiation in the price competition mechanism. My findings are also consistent with Chen and Rey, as the small price dispersion for McDonald's shows that even in an intense competitive environment, platform power remains constrained by strong brand partners [6].

From a practical and policy perspective, this understanding is useful for both managers and regulators. It tells managers that winning a price war in a mature market is about having the most cleverly designed pricing structure, which could lead to an equilibrium in the market. For regulators, it suggests that the presence of discounts and subsidies should not be seen equated with anti-competitive predatory pricing, but should be evaluated with whether these tactics are part of a broader strategy to maintain a sustainable market stability.

There are several limitations in this paper that should be acknowledged, and also some present opportunities for future research. First, the geographical scope was limited to three major Chinese cities (Beijing, Jinan, and Shanghai), expanding this to include other cities could show how platform strategies adapt to different levels of consumer purchasing power. Second, the data collection period of my project is only two weeks, which is sufficient to establish strategic patterns, gives only a snapshot in time and cannot catch the long-run adjustments in price of products. Third, my analysis relied on manually collected list price from same device rather than transaction data of all consumers, which might include unobserved personalized discounts or dynamic pricing at the individual level.

In final analysis, the study of China's food delivery market from a duopoly to a stable triopoly tells a story of strategic maturation. JD.com's entry did indeed trigger a price war, but the platforms, through strategic necessity, evolved this conflict into a structured equilibrium. They discovered that the most sustainable form of competition is not to fight over the same customer with the same weapons, but to split the battlefield itself. This research demonstrates that in the complex calculus of platform competition, the ultimate victory does not come from winning the price war, but from successfully changing its rules of lose or win.

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