

An Economic and Legal Analysis of the "Three Kingdoms" Phenomenon in Instant Retail

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Keywords: San Guo Sha, Economic Law, Market Competition, Consumer Rights, Antitrust

Abstract: This paper adopts an economic law perspective to conduct an in-depth analysis of the “Three Kingdoms” competitive landscape formed by Meituan, JD.com, and Alibaba in the on-demand retail sector. By examining the current state of the on-demand retail market—including its expanding scale, growing product variety, and improved delivery efficiency—the paper traces the formation process of this competitive landscape. By applying economic law theories such as market competition, consumer rights protection, antitrust, and anti-unfair competition^[1], the paper examines issues including subsidy wars, market monopolization, and consumer rights protection. Drawing on relevant experiences from the United States and the European Union, the paper proposes recommendations to improve China’s economic regulation of the on-demand retail market, including the formulation of specialized legislation, strengthening enforcement, and enhancing consumer rights protection, thereby promoting the healthy and orderly development of this sector.

1. Introduction

Amid the surging tide of rapid internet technology development and continuously evolving consumer demands, the retail industry has undergone profound transformation, with on-demand retail emerging as an innovative retail model. It breaks through the temporal and spatial constraints of traditional retail, satisfying consumers’ demand for timely access to goods through the convenience of “online ordering and instant delivery.” Consequently^[2], it has rapidly integrated into people’s daily lives, becoming a new growth driver in the retail sector.

In recent years, the on-demand retail market has demonstrated remarkable vitality, with market size expanding rapidly, product categories becoming increasingly diverse, and delivery times continuously improving. This vast market potential has attracted the attention of numerous companies. Among them, Meituan, JD.com, and Alibaba have leveraged their strong resource advantages and strategic positioning to aggressively enter the on-demand retail sector, forming an intense “three-way battle” competitive landscape. This competitive landscape has not only had a profound impact on the development of the on-demand retail market but has also raised numerous issues at the level of economic law, warranting in-depth study.

2. The Formation and Characteristics of the "Three Kingdoms" Competitive Landscape in Instant Retail

2.1 The Evolution of the Competitive Landscape

The instant retail sector has undergone dramatic changes, evolving from subsidy wars to a "efficiency-first" model, and shifting from a phase of burning cash to expand market share to a stage of refined competition. Specifically, as a pioneer in the local lifestyle services sector, Meituan leveraged its accumulated network of delivery riders and merchants from its food delivery business to take the lead in the instant retail space, building a "30-minute delivery of everything to your door" network through its "Lightning Warehouse" model. JD.com, on the other hand, leveraged its robust logistics and delivery system along with its e-commerce platform advantages to aggressively enter the on-demand retail market with a "10 billion yuan subsidy + 0% commission" strategy. This attracted a large number of merchants to join the platform, resulting in daily food delivery orders exceeding 10 million. On April 30, 2025, Taobao's "Hourly Delivery" service was upgraded to "Taobao Flash Purchase" and featured as a top-level entry on the Taobao homepage. Leveraging the massive traffic of the Taobao main site^[3], along with Ele. me's 4 million riders and 3 million merchant locations, the Alibaba ecosystem officially entered the on-demand retail arena, thereby establishing a three-way competitive landscape in the sector.

2.2 Characteristics of the Competitive Landscape

Leveraging their respective resource advantages, the three giants—Meituan, JD.com, and Alibaba—are engaged in a fierce, all-around battle centered on high-traffic entry points, supply chain efficiency, and reshaping user psychology. Currently, all three hold dominant positions in the on-demand retail market. Furthermore, competition has transcended the traditional food delivery sector, moving toward a new era of full-category retail where "everything can be delivered instantly to your doorstep"—a defining characteristic of the current competitive landscape. In this competitive landscape, the three giants focus on leveraging their respective strengths to achieve differentiated competition: Meituan's "Lightning Warehouse" model offers advantages in cost control and rapid expansion, with plans to increase the number of Lightning Warehouses to 100,000 by 2027; JD.com^[4], leveraging its logistics DNA of "integrated warehousing and distribution + on-demand retail," emphasizes quality and service; Alibaba, leveraging the synergies of its "e-commerce + local services" ecosystem and supported by traffic from the main Taobao platform, is building a differentiated competitive edge based on "low-cost e-commerce + on-demand delivery".

3. Analysis of Economic Law Issues in the "Three Kingdoms" of Instant Retail

3.1 Legal Issues in the Subsidy War

In the "Three Kingdoms" battle of on-demand retail, subsidy wars have become a key strategy for attracting users and merchants. Initiatives such as JD.com's "10 Billion Yuan Subsidy" and Taobao Flash Sale's subsidies exceeding 10 billion yuan have, to a certain extent, promoted market competition and enhanced consumer welfare. However, from the perspective of economic law^[5], the legality of subsidy practices must be assessed using the principle of reasonableness. If such practices are based on fair and reasonable commercial objectives and do not substantially harm market competition, the overall economy, or the public interest, they are permitted by law. Conversely, if subsidies are motivated by improper intentions—such as excluding or restricting competitors, forming monopolies, or seeking excessive profits—they may violate antitrust laws and other relevant

regulations.

Nevertheless, excessive subsidies may have a negative impact on fair market competition. On the one hand, large platforms, leveraging their substantial financial resources and monopolistic positions to offer massive subsidies to consumers, may squeeze out the development space for small and medium-sized platforms and merchants, leading to unfair market competition. Due to a lack of financial backing, small and medium-sized platforms and merchants struggle to compete with giant platforms in terms of subsidy intensity and commission fees, potentially placing them at a competitive disadvantage or even forcing them out of the market. On the other hand, subsidy wars may distort market price signals^[6], causing consumers to rely excessively on subsidies for their purchases while neglecting the actual quality and value of goods and services, which is detrimental to the long-term healthy and diverse development of the market.

3.2 Market Monopoly Risks

As competition in the on-demand retail market intensifies, market share is gradually concentrating among the three major giants: Meituan, JD.com, and Alibaba. If this concentration of market share reaches a certain level, it may raise suspicions of monopoly. When a platform occupies an absolutely dominant position in the market, the operator or its representatives may abuse their dominant market position—whether through agreements, mergers, or other means—to exclude or restrict competition. For example, if a platform leverages its high market share in the on-demand retail sector to force merchants to sell exclusively on its platform—under threat of penalties—such conduct would constitute an abuse of market dominance and violate antitrust laws.

In addition to the abuse of market dominance, other monopolistic practices may exist in the on-demand retail market—the three major giants may enter into horizontal monopoly agreements to divide markets, fix prices, and so on, in order to secure high profits. Such monopolistic behavior will severely undermine the fair competitive order of the market, hinder the effective functioning of market mechanisms, and ultimately harm the interests of consumers. Consumers will face issues such as rising prices, a narrowing range of choices, and declining service quality.

3.3 Consumer Rights Protection Issues

In the process of on-demand retail, there is a problem of information asymmetry between consumers and platforms or merchants. Platforms and merchants possess detailed information about products and delivery status, while consumers often have to make decisions based only on the limited information displayed by the platform. This may result in consumers being unable to fully understand relevant information when purchasing goods or services, thereby affecting their ability to exercise their right to know the true nature of the goods they purchase or use, or the services they receive. Furthermore, the quality of after-sales service in on-demand retail varies significantly. When consumers encounter product quality or delivery issues, their right to compensation is often not effectively safeguarded. Some platforms and merchants shirk responsibility or delay handling consumer complaints, making it difficult to effectively protect consumers' legitimate rights and interests.

4. Lessons from Economic Law in Overseas Instant Retail Markets

4.1 Relevant Legal Regulations in the United States

The United States has a relatively well-developed legal framework in the e-commerce and retail sectors. In terms of antitrust regulation, the U.S. strictly regulates monopolistic practices through laws

such as the Sherman Act and the Clayton Act. Monopolistic behaviors by e-commerce platforms, such as abuse of market dominance or monopolistic agreements, face severe penalties—including hefty fines and corporate breakups—once established; In terms of consumer rights protection, the United States has enacted a series of laws and regulations, such as the Federal Trade Commission Act, which requires e-commerce platforms and merchants to provide consumers with truthful and accurate product information to safeguard consumers’ right to know. Additionally, regarding after-sales service, the law mandates that merchants establish comprehensive return and exchange policies to protect consumers’ right to seek redress.

4.2 Lessons from the EU

The EU’s legal framework in the digital economy is also relatively advanced. In terms of antitrust regulation, the EU prioritizes maintaining market competition order and strictly supervises the conduct of firms with dominant market positions. For potential monopolistic practices in the on-demand retail market—such as platforms engaging in unfair competition by leveraging their data advantages—the EU regulates these activities through relevant laws. Regarding consumer rights protection, the EU has enacted regulations such as the General Data Protection Regulation (GDPR), emphasizing the protection of consumers’ personal data and preventing platforms and merchants from misusing consumer data. Furthermore, the EU requires e-commerce platforms to safeguard consumer rights in cross-border transactions, ensuring that consumers enjoy equal legal protection when shopping on e-commerce platforms in different countries^[7]. These experiences offer important insights for China in improving the economic legal framework of its on-demand retail market. China can draw on the EU’s practices in data protection and the protection of consumer rights in cross-border transactions, and formulate corresponding laws and regulations in light of its actual circumstances.

5. Recommendations for Improving Economic Legal Regulations in China’s On-Demand Retail Market

5.1 Enact Dedicated Regulations for the On-Demand Retail Market

Before formulating specific regulations, it is necessary to clearly define the rights and obligations of the three parties involved: on-demand retail platforms, merchants, and consumers. For platforms, it is essential to clarify their strict liability for verifying merchant qualifications, including review standards and procedures regarding business licenses and product quality certifications. Platforms must also assume the obligation to maintain transaction security by employing encryption technology to safeguard consumer payment information and prevent data breaches; Merchants must be required to provide accurate product information and ensure that product quality matches the description. For example, when selling food, they must clearly state key information such as production dates, expiration dates, and ingredient lists, and product quality must comply with national standards. Consumers, meanwhile, have the rights to fair transactions, free choice, and access to information^[8]. Regulations should ensure that consumers can clearly understand product prices, performance, and after-sales policies when purchasing goods or services, and have the right to freely choose products and services without unreasonable restrictions.

Laws and regulations should establish strict market entry requirements. Retail platforms must possess sufficient financial resources to cover operational costs and potential risks, as well as mature technical systems—including stable transaction platforms and efficient delivery dispatch systems—to ensure smooth transactions and timely, accurate deliveries. Merchants must hold the appropriate business licenses, and a credit assessment mechanism should be established to restrict access for those

with poor business records or a history of fraudulent activities.

Laws and regulations should also standardize rules for the publication of product information, clearly defining the timelines and accountability for each stage—including order generation, payment, and delivery confirmation—and prohibiting merchants from publishing false, exaggerated, or misleading product information. They should explicitly prohibit unfair competition practices and stipulate corresponding legal liabilities, thereby establishing a comprehensive accountability system to maintain a fair competitive environment in the market.

5.2 Strengthening Antitrust and Anti-Unfair Competition Enforcement

Antitrust enforcement agencies should establish routine market monitoring mechanisms and utilize big data analytics to track the competitive landscape of the on-demand retail market in real time, with a focus on changes in market share and corporate competitive behavior. At the same time, efforts to combat unfair competition in the on-demand retail market should be intensified. A multi-departmental collaborative mechanism should be established, with market supervision departments, commerce departments, and industry associations creating information-sharing and joint enforcement mechanisms to form a synergistic regulatory force. Regarding false advertising, regulatory authorities must promptly order the cessation of such illegal activities and impose penalties—such as fines or revocation of business licenses—based on the severity of the offense^[9]. For acts of commercial defamation, legal liability must be pursued, requiring the perpetrators to issue a public apology, rectify the damage, and provide financial compensation to the aggrieved party. Regarding acts of trade secret infringement, we will improve relevant legal procedures to strengthen protection for trade secret holders, increase penalties for infringers, raise the cost of infringement, and uphold the market's innovation and competitive order.

5.3 Strengthening Measures to Protect Consumer Rights

Platforms should establish strict information review mechanisms and conduct multiple rounds of review on product information published by merchants to better safeguard consumers' right to know. Prior to product listing, conduct meticulous reviews of basic product information, quality certifications, and promotional claims to ensure the accuracy and authenticity of the information. Platforms simultaneously utilize blockchain technology and other means to create a digital record of product information, guaranteeing its tamper-proof and traceable nature. Additionally, platforms encourage consumer participation in oversight by establishing a reward system for reporting violations; platforms offer incentives to consumers who uncover false advertising by merchants, fostering a positive social atmosphere where the entire community works together to safeguard consumers' right to know.

Establish uniform after-sales service standards, clearly defining the conditions, procedures, and time limits for product returns and exchanges. For products with quality issues, merchants must accept returns or exchanges unconditionally; for products without quality issues, consumers should also be permitted to return or exchange them under certain conditions. Platforms should establish centralized after-sales service platforms to consolidate merchants' after-sales resources. When consumers encounter issues, they can file complaints directly with the platform, which is responsible for coordinating with merchants to resolve the matter. At the same time, specific timelines for complaint resolution should be established—for example, the platform must provide an initial response within 24 hours of a consumer complaint and offer a concrete solution within 48 hours—to improve the efficiency of complaint handling. Third-party mediation agencies may also be introduced to mediate disputes where the platform and consumer cannot reach an agreement, thereby safeguarding consumers' right to compensation.

Enact specific data protection regulations to clarify the rules governing how platforms and merchants collect, use, and store consumer personal data. When collecting data, platforms and merchants must adhere to the principle of data minimization, collecting only necessary data relevant to business operations, and obtaining explicit authorization from consumers. Regarding data usage, regulatory authorities should prohibit the use of consumer data for unauthorized commercial purposes, and prohibit the use of purchase records to deliver targeted advertisements unrelated to consumer needs. When storing data, platforms and merchants must implement strict encryption technologies and security measures to prevent data breaches. In the event of a data breach^[10], platforms and merchants must assume corresponding legal liability, including promptly notifying affected consumers, taking measures to prevent further data leaks, and compensating consumers for their losses.

6. Conclusion

The “three-way competition” landscape in the on-demand retail sector is an inevitable outcome driven by internet technology and consumption upgrades. It must be acknowledged that while this competitive structure stimulates market innovation and enhances consumer convenience, it also exposes economic law-related issues such as disorderly subsidy competition, heightened monopoly risks, and inadequate protection of consumer rights. Drawing on the economic law experiences of foreign on-demand retail markets, China should improve the economic law framework for the on-demand retail market by enacting specialized regulations, strengthening enforcement of antitrust and anti-unfair competition laws, and reinforcing consumer protection measures. This will promote the healthy and orderly development of the on-demand retail market within the rule of law, achieving a win-win outcome for consumers, merchants, and platforms!

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