

SWOT Analysis of Internet Delivery Platforms - A Case Study by Meituan Versus Ele

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Abstract. Since the outbreak of China's internet delivery industry, it has continued to grow rapidly and has become an important branch of the catering industry. Meituan Delivery ranks first in market share and ELE ranks second. The Chinese internet delivery market has formed a relatively stable and mature competitive pattern. This article takes Meituan Delivery and ELE as examples and conducts a comparative analysis of two internet delivery platforms based on the SWOT analysis method. By evaluating their strengths, weaknesses, opportunities, and threats, it is revealed that Meituan Delivery can win in market competition mainly because it holds absolute advantages in brand building and diversified services, serves a wide range of regions, has attractive promotional methods, is easy to apply, and continuously improves its high-tech service capabilities. At the same time, it has been found that current delivery platforms have problems such as poor food safety and hygiene, and low-quality performance of delivery riders, providing reference and inspiration for the innovative development of ELE and other platform-based delivery enterprises.

Keywords: Internet delivery platforms; SWOT analysis; Meituan Delivery; ELE.

1. Introduction

With the continuous progress of network technology and the widespread application of smartphones, the Chinese internet delivery industry has continued to grow at a high speed in recent years. At present, internet delivery platforms are mainly represented by Meituan Delivery and ELE, which adopt the O2O model, forming a relatively stable and mature competitive landscape. Although Meituan Delivery and ELE have been using various marketing strategies for many years to gain more market share, ELE has always been unable to catch up with Meituan. This article uses the SWOT analysis method to comprehensively analyze Meituan Delivery and ELE, analyzing their strengths, weaknesses, opportunities, and threats. It summarizes and studies the reasons for Meituan Delivery's success, which lie in its excellent brand-building and diversified service capabilities, as well as its ability to seize opportunities and vigorously improve its high-tech service capabilities in the face of increasing market demand and technological innovation. Compared to Meituan Delivery, ELE has some shortcomings in terms of service area, promotion methods, and convenience of usage scenarios. At the same time, this article finds that internet delivery platforms are facing issues such as food safety and low-quality performance of delivery riders. Based on the above analysis and research, this article proposes optimization suggestions from the aspects of the service area, promotion strategy, application convenience, technological research and development, food safety, and delivery rider management, providing reference and inspiration for the innovative development of ELE and other platform based delivery enterprises.

2. SWOT Analysis Method

SWOT analysis is a commonly used strategic management tool used to evaluate the strengths, weaknesses, opportunities, and threats of an organization or project. This article will use the SWOT analysis method to compare Meituan Delivery with ELE.

2.1. SWOT Analysis of Meituan Delivery

2.1.1 Meituan Delivery's Strengths

With its superior platform services, Meituan Delivery has developed a solid brand influence and formed a high degree of recognition among consumers, thereby ensuring a continuous expansion in market share and a large user base.

Meituan Delivery has a wide range of service areas. According to data from the Meituan Delivery Platform, Meituan Delivery is at the forefront of the delivery industry in both first and second-tier cities, as well as in the sinking markets of third and fourth-tier cities and below. Its user base and transaction volume far exceed other delivery platforms.

Meituan Delivery has a diversified business structure, it has gradually expanded to other fields on the basis of traditional delivery business, such as fresh food, supermarket products, pharmaceuticals, etc. By collaborating with other industries, Meituan Delivery can provide a wider range of goods and services to meet the wider needs of users.

Meituan Delivery can accurately capture users' psychological needs and market trends. On the one hand, by adopting more group buying and coupon activities, it emphasizes price advantages and attracts users to choose[1]; On the other hand, it actively utilizes the live streaming function to effectively enhance user activity and stickiness.

2.1.2 Meituan Delivery's Weakness

In the early stages of development, when Meituan Delivery expanded its scale, it only focused on expansion and reduced its requirements for food quality, resulting in poor stability and low standardization of food quality. This often leads to food safety issues and user complaints[2]. Meanwhile, it is necessary to strengthen the supervision of delivery riders. Low-quality behaviors such as traffic violations directly affect the platform's image in the minds of users, it also reflects issues with the platform's policies and management of riders.

2.1.3 Meituan Delivery's Opportunities

The market demand space of the internet delivery industry is growing rapidly. According to the "52nd China Internet Development Report" released by CNNIC, as of June 2023, as shown in figure 1, the number of online delivery users in China reached 535 million, an increase of 13.72 million compared to December 2022, accounting for 49.6% of the total number of internet users. The increasing market demand has brought sustained development opportunities to Chinese internet delivery platforms.

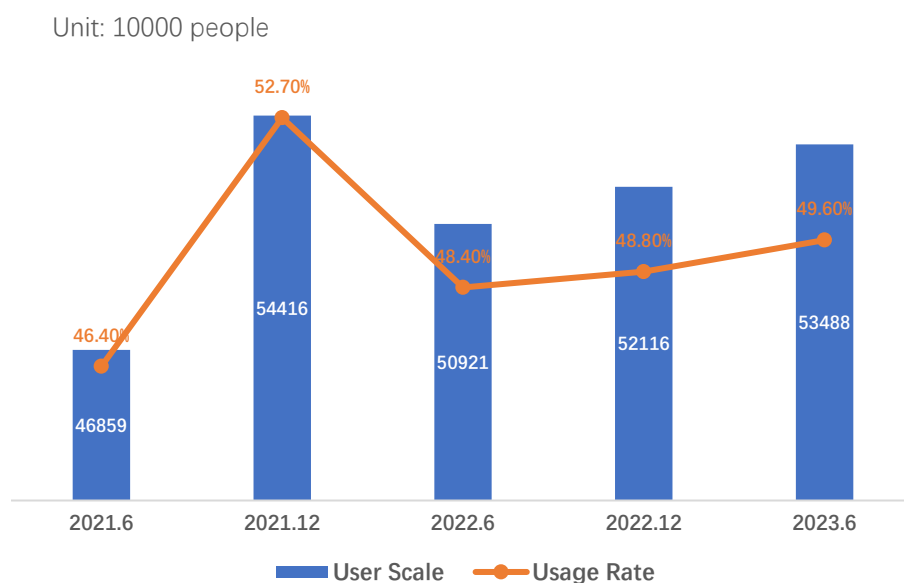


Figure. 1 Scale and usage rate of internet delivery users from June 2021 to June 2023

In recent years, with the application of information technology such as artificial intelligence and big data analysis, as well as the development of mobile terminals, the rapid development of the internet delivery industry has been greatly promoted[3]. For example, an intelligent scheduling system effectively improves delivery efficiency; in 2018, an unmanned delivery platform was launched, using technologies such as drones and unmanned vehicles for delivery in specific areas, attempting to establish an unmanned delivery ecological alliance; the intelligent recommendation system can provide personalized restaurant and dish recommendations to users based on their historical orders, taste preferences, and other factors, improving their order satisfaction.

2.1.4 Meituan Delivery's Threats

As the strongest competitor of Meituan Delivery, through Alibaba's platform resources, ELE can enjoy the huge network flow brought by Alibaba through the continuous driving traffic of Alipay, Gaode Map, and Taobao's 88vip membership system. ELE's market share is now about 40%, ranking second in the industry, which poses a certain threat to Meituan Delivery's market position[4].

Platform-based enterprises obtain network flow through subsidized promotional methods, then use their huge user flow to increase commissions, and even coerce enterprises to enter their own platforms through an alternative approach. These ways of improving their competitiveness may be subject to national antitrust investigations.

2.2. SWOT Analysis of ELE

2.2.1 ELE's Strengths

Through years of hard work, ELE has gradually gained recognition from enterprises and consumers, accumulated a strong user experience and reputation, and possesses brand reputation value[5].

Collaborating with Alibaba Group, ELE has platform advantages and has optimized and improved its operations, management, and finance through collaboration[6].

ELE established " STAR.ELE " through the acquisition of Baidu Delivery, targeting high-end consumer groups such as white-collar workers to provide high-quality internet delivery services. After Alibaba acquired ELE, it enriched its existing retail business and added new retail categories such as Fresh, Watsons, and Starbucks[3].

2.2.2 ELE's Weakness

ELE's market share is relatively small, with strong geographical advantages only in first-tier cities and some second-tier cities.

ELE has launched marketing strategies such as exclusive specialty dishes and limited-time rush purchases through partners, but its efforts in promotional activities are not strong enough for Meituan Delivery.

Delivery food quality issues have become a common problem on internet delivery platforms, directly affecting user satisfaction[7]. Besides, the low-quality performance of delivery riders affects the brand image of ELE[8].

The actual usage scenario of ELE is limited. After being acquired by Alibaba, ELE integrated its meal ordering application into Alipay. Users need to open Alipay to click ELE when ordering meals. In fact, users rarely open Alipay to select related services. The complexity of the application directly affects the number of ELE users.

2.2.3 ELE's Opportunities

The overall transaction scale of the delivery market continues to grow rapidly. More and more Chinese netizens, especially young and middle-aged groups, believe that online ordering can not only meet their demand for delicious food but also save tedious cooking time, which has led to a continuous increase in user numbers[9].

New technologies are continuously advancing. ELE increases investment in the research and development of new technologies, such as the development of the delivery robot by the end of 2017, the trial operation of drone delivery, and the current implementation of intelligent voice helmets.

2.2.4 ELE's Threats

The biggest threat to ELE comes from existing competitors who continue to compete. Meituan Delivery is the main competitor of ELE, and with the relative maturity of the delivery O2O market, the existing market is almost occupied by several major platforms and the phenomenon of homogenization is relatively serious. There are some enterprises in the market that focus on segmented markets and are committed to providing differentiated services, which also poses a certain obstacle for ELE to enter the mid to high-end market[10].

3. Conclusion

Meituan Delivery and ELE have absolute advantages in brand building and diversified services. Faced with increasing market demand and technological innovation, they are also able to seize opportunities and vigorously enhance their high-tech service capabilities. However, compared to Meituan Delivery, ELE is not yet widely available in its service areas, and its promotional methods are not attractive enough, with limited usage scenarios. At the same time, both of them are facing challenges such as food safety issues and low-quality performance of delivery riders.

Based on the above analysis, the following suggestions are proposed for ELE and other platform-based delivery enterprises as a reference means to enhance market competitiveness. Except for first and second-tier cities, third and fourth-tier cities and below are also full of market demand. Internet delivery platforms should actively expand their service scope at all levels and regions to seize market share. Internet delivery platforms should seize the psychological demands of users, leverage the advantages of price promotion, actively use combination strategies such as coupons, discount packages, and red envelope rain to increase marketing attraction, ensure the continuous growth of user numbers, and thus exert a positive network effect. Internet delivery platforms should simplify the usage process of the delivery platform application based on the principle of directness and convenience, ensuring that users can obtain corresponding services in the fastest and simplest way possible.

Internet delivery platforms should increase research and development investment, and fully utilize technology applications such as artificial intelligence, AI, and big data analysis to improve the overall service capability and efficiency of the delivery platform.

As a third-party trading platform, Internet delivery platforms have regulatory responsibility for food producers and operators, strictly follow the laws and regulations issued by the government, attach importance to food safety requirements, and implement the safety supervision of online food through the development of regulatory measures, enable users to eat healthy meals.

Internet delivery platforms should gradually standardize the management of delivery riders, and strengthen training and education for them. However, the dilemma of only pursuing delivery time and disregarding the actual difficulties of riders must be overcome. The promise of real-time delivery to users needs to be achieved through the cooperation of the platform and riders, rather than simply and roughly punishing riders for excessive delivery.

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