

China's delivery platforms compete to offer better worker benefits

Leading players act as competition intensifies and Beijing points out their 'national responsibility'



Rival delivery riders from Meituan, in yellow, and Ele.me, in blue, wait for orders outside a commercial building in Chongqing © Cheng Xin/Getty Images

William Langley in Guangzhou

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China's food delivery platforms are competing to roll out social security benefits, as the government presses for improved conditions in an industry criticised in the past for harsh treatment of its bike riders and drivers.

China's largest players — Meituan and Alibaba-owned Ele.me — have both said they will expand social insurance benefits for their full-time delivery workers.

Their moves followed ecommerce platform [JD.com](#) announcing last month it would enter the food delivery business and provide social security schemes for drivers, including housing fund benefits and various types of insurance.

The developments come after Chinese leader Xi Jinping [met business leaders](#) from across the country's private sector — including Meituan chief executive Wang Xing — urging them to “cultivate a deep sense of national responsibility”, a move analysts said reiterated the need for companies to serve the goals of the Communist party.

“In China, this must be an event with some kind of symbolism,” said Hui Huang, a sociologist at Shanghai Jiao Tong University who spent a year working as a delivery worker for Meituan and Ele.me to research his PhD.

“The government also has an urgent desire to improve the working conditions of riders . . . especially under the current common prosperity agenda,” said Huang.

He added that the platform-based gig economy, with some 82mn workers, had been a useful sponge for employment as China’s traditional industries receded. More than 10mn people work as takeaway delivery drivers, with numbers ballooning after the Covid-19 pandemic kept entire cities locked down at home.

Analysts caution that, while important, the announcements have so far been sparse on details. And while the moves were likely to be partially motivated by calls to protect workers, there also appeared to be an element of competition, with major platforms reluctant to lose drivers — and market share — to rivals.

“It would be great if JD.com is really sincere to become a role model for the entire industry . . . there might be a huge rippling effect,” said Jenny Chan, associate professor of sociology at the Hong Kong Polytechnic University.

But, she added, platforms should clarify how many workers qualify for the payments, whether drivers will have to make contributions themselves and how they will ensure accountability, given that many drivers are employed through third parties. “The devil is in the details,” she said.



Meituan is China's largest food delivery platform and recorded more than \$34bn in revenues in the first nine months of last year.
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Takeaway delivery services, known as *waimai* in China, have expanded well beyond the delivery of just food and groceries. Shoppers can now order a range of items for almost instant delivery from across their local cities, paying fees that are often well below Rmb5 (\$0.70).

Meituan's profits totalled more than Rmb29bn in the first nine months of last year, on revenues of about Rmb249bn.

Alibaba's local services segment, which includes Ele.me and the company's maps app, made a loss of \$111mn in adjusted earnings before interest, tax and amortisation in the six months to September 30 last year. Revenues for the segment were \$4.8bn.

The industry has [come under fire](#) in the past for its treatment of workers, particularly following instances where delivery drivers have died in traffic collisions. Regulators have moved to restrict the use of algorithms that impose onerous fines on drivers and encouraged riders to join unions.

JD.com already operates a nationwide parcels network, with options including same-day or next-day delivery. As part of its move into the *waimai* sector, it said it would gradually introduce housing fund benefits for drivers and the five types of social insurance — covering work-related injuries, medical costs, unemployment, maternity costs and pension payments — from the beginning of March.

Meituan said the following day it was constructing a “system related to social insurance” that would progressively come into effect “for full-time and stable part-time riders” from the second quarter of this year.



Alibaba's Ele.me is the number two food delivery platform in China. © Yin Liqin/China News Service via Getty Images

Ele.me, the country's second largest *waimai* platform, said last month it had launched a trial scheme to provide social security benefits to riders in some cities, adding that it would “comprehensively accelerate the promotion of all-round rights protection for food delivery riders”.

JD.com later added it would cover the full cost of the payments and that riders' income would not be reduced to fund them. Meituan and Ele.me declined to provide further details on how their schemes would work.

Lei, a delivery worker in his 20s, said that the number of Meituan riders had risen since he signed up four years ago, while per-delivery fees had fallen.

“Now there are too many riders . . . it's definitely very overly competitive,” he said of his situation in the southern city of Guangzhou.

On a good day, Lei can earn as much as Rmb300 working for 10 hours, but a policy brought in recently that prevented drivers working around the clock had dented his earnings, he said.

“You have to work every day,” he added, sipping tea during a break. “The more you deliver, the more you earn.”

Huang from Shanghai Jiao Tong University cautioned it would take broader reform to achieve full protection of workers in new sectors that had sprung up in recent years.

“China is now shifting from a traditional labour-intensive economy to a technology-based economy,” he said. “It can only gradually reform and gradually improve its labour conditions.”

Additional reporting by Gloria Li in Hong Kong

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