China Internet Sector

Quick commerce monthly: Meituan regaining share

Equities

China

Internet Services

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Our monthly tracker of China's quick commerce sector leverages app traffic statistics from QuestMobile to identify sector growth trends, competitive dynamics and the activity of riders and merchants (activeness and overlap).

Sector growth: Steady despite moderating subsidies

We present key trends with the latest data as of 12 April. **Growth trends:** Our channel checks indicate total daily food delivery volume across Meituan, Taobao and JD averaged 122m in March (vs Jan-Feb's 116m; Dec's 122m). The sequential volume increase primarily reflects resumed merchant activity post-CNY, where sector-wide subsidies may have continued to moderate amid a higher subsidy threshold. **Regulations:** On 17 April, SAMR imposed fines totalling Rmb3.6bn on e-commerce and food delivery platforms due to food safety violations (Figure 1). Alongside SAMR's newly introduced regulation effective 1 June, and the reiterated regulatory stance against a food delivery war, we believe the sector will continue progressing towards more sustainable development, emphasizing execution and operating efficiency.

Competition: Meituan's share gain; UE gap increase driven by AOV recovery

We use the sequential share of rider time spent as a proxy for the changes in platforms' respective order volume shares (Figure 4). In March, Meituan's share increased 2.0pp from Jan-Feb, marking its most meaningful increase since the competitive dynamics intensified in April 2025. The gain came at the expense of BABA (-1.1pp) and JD (-0.9pp). Based on our checks, we estimate average food delivery daily volume at c62m/52m/8m for Meituan/Taobao/JD, implying 53%/41%/6% shares (Feb: 52%/41%/7%). With orders exceeding AOV of Rmb30 accounting for 60%+ of Meituan's orders, we believe its share gain in GTV may be even greater. **By platform: Meituan** may have sequentially widened its unit economics (UE) gap with peers, driven by: **1) Optimizing subsidies**, as Meituan's order volume remains resilient as users appear less sensitive to subsidy cuts on a better user mix. **2) A faster AOV recovery**, underpinned by higher customer loyalty. Its expanded membership benefits may have also helped drive increased ASP and purchase frequency. Enhanced cross-selling between in-store and quick commerce (from 40% pre-competition to c60% currently) also helps. **3) Accelerating monetization** (eg, the launch of monthly vouchers for PinHaoFan in May). For **BABA**, our checks suggest it has been optimizing subsidies by lifting the contribution by merchants. It also targets to increase take rates through raising commission rates for chain restaurants and lifting the ad take rate for SMEs, while maintaining a balance with order volume growth.

Riders and merchants: More positive signs

3P rider mix rebounded: 1P rider time spent fell to 16% in March (vs. Jan-Feb's 18-19%; Figure 6), similar to the 4Q25 level, reversing an earlier mix shift from 3P to 1P riders. Our channel checks suggest Meituan's increasing management over third-party agencies with more stringent KPIs to strengthen its moat in lower-tier cities. **1P rider gap stabilising:** The 1P rider DAU of Meituan and Taobao remains similar but Meituan's 1P rider time spent remained 32% above Taobao's in March, up significantly from 28%/22% in Feb/Jan (Figure 9). That suggests Meituan's more efficient and superior fulfilment vs. peers due to higher order density and a more advanced algorithm, in our view. **Merchants' time spent share shifted towards Meituan**, at 55%, in March, increasing sequentially after a low of 50% in Sept. We think this could be the result of a shift of subsidy burden from platforms to merchants, as well as BABA and JD's merchant commission hikes, prompting merchants to optimize operations among platforms

(Figure 11).

Stock preferences: BABA > JD > Meituan

Overall, we believe the industry is progressing into a normalization phase with continued profitability improvement. As platforms focus on quality, business sustainability and cross-selling opportunities, Meituan could stand out among peers. **Stock view:** We prefer **BABA** as a direct AI beneficiary. In light of an uncertain macro environment and slower core e-commerce growth, we think BABA could increasingly reallocate resources from quick commerce to AI, which could facilitate faster-than-expected quick commerce loss narrowing (management expects to cut losses by half every year in FY27 and FY28, and to reach profitability in FY29). Meanwhile, we like **JD's** strong potential for visible earnings upgrades due to quick commerce loss narrowing and high earnings elasticity (cRmb30bn 2026F adjusted NP, with a food delivery loss of Rmb25-30bn). For **Meituan**, we believe marginal earnings improvement could serve as a re-rating catalyst, especially into 2Q, amid more favourable seasonality for UE (consensus expects a UE loss of Rmb0.5). That said, the risk of intensifying in-store competition from Douyin remains an overhang.

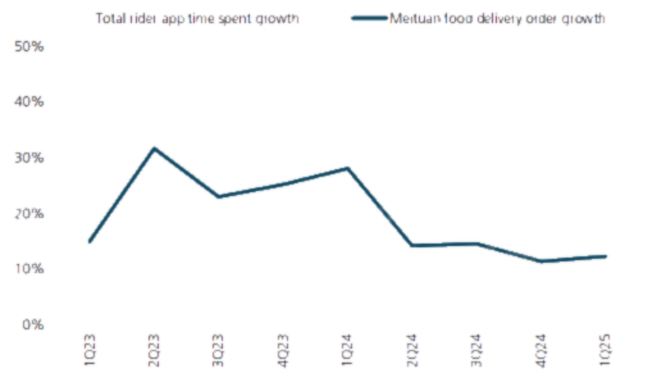
Figure 1: Summary of SAMR's fines on food delivery and e-commerce platforms

Company	Brand	Amount (Rmb m)
PDD	PDD	1,522
Meituan	Meituan	746
JD	JD	635
	Eleme	558
Alibaba	Taobao	47
	Tmall	32
ByteDance	Douyin	57
Total		**3,597**

Source: SAMR, UBS

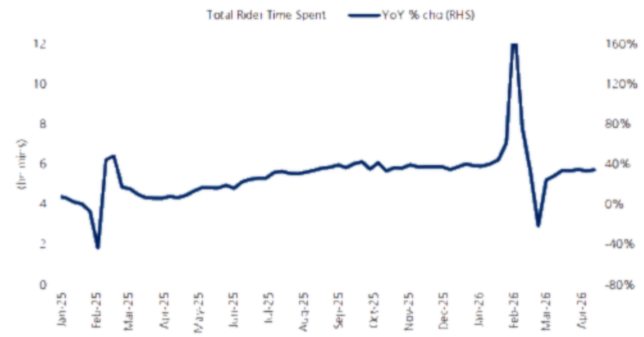
MONTHLY TRACKER – MARCH 2025

Figure 2: Sector growth – total rider app time spent vs. Meituan's historical order volume



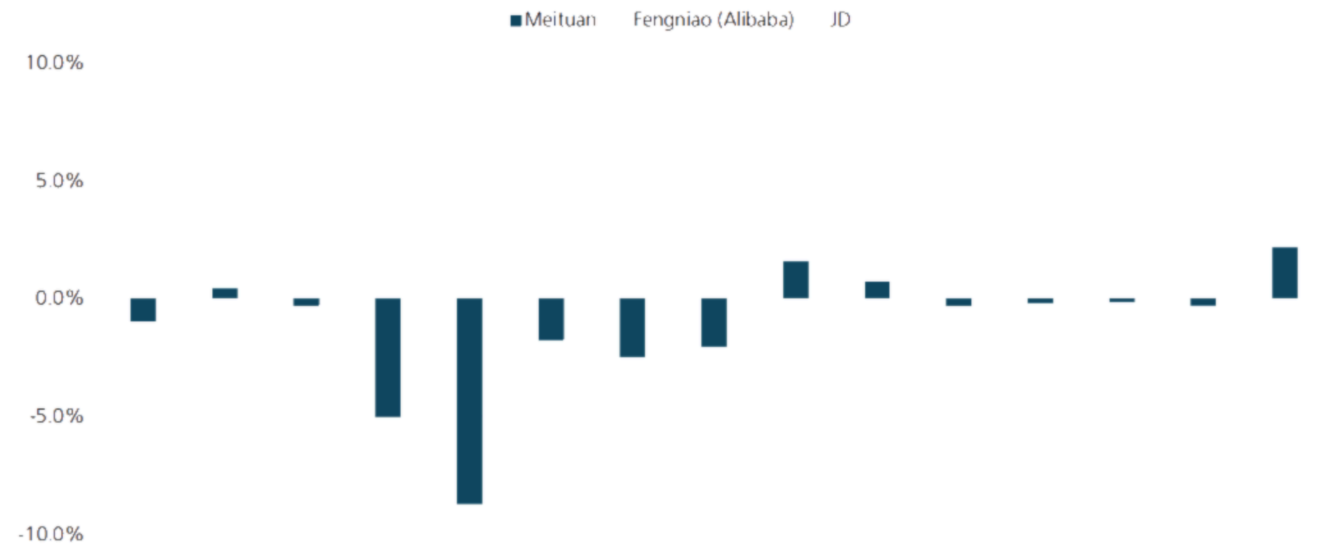
Source: Company data, QuestMobile, UBS. Notes: Quick commerce rider apps include Meituan Rider (1P & 3P), Fengniao Rider (1P & 3P) and JD Instant Delivery Rider.

Figure 3: Sector growth – total rider app time spent YoY growth remained steady QTD



Source: QuestMobile, UBS. Notes: Quick commerce rider apps include Meituan Rider (1P & 3P), Fengniao Rider (1P & 3P) and JD Instant Delivery Rider. Data as of 12 April 2026.

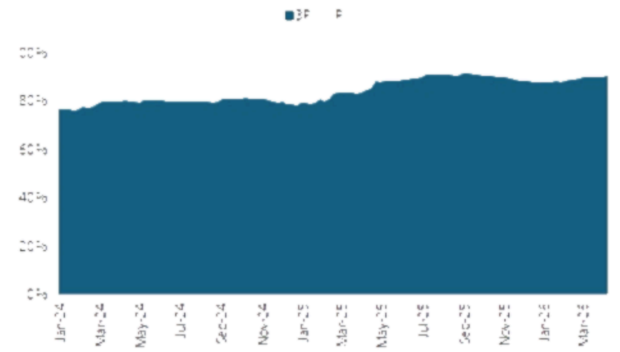
Figure 4: Volume market share MoM % chg – total rider app time spent as proxy



	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
JD	0.2%	0.1%	0.6%	6.1%	6.2%	-1.7%	-2.9%	-1.1%	0.3%	0.0%	0.5%	0.0%	0.1%	-0.8%	-0.4%
Fengniao (Alibaba)	0.8%	-0.5%	-0.3%	-1.0%	2.5%	3.4%	5.4%	3.2%	-1.9%	-0.8%	-0.1%	0.3%	0.0%	1.2%	-1.7%
■ Meituan	-1.0%	0.4%	-0.3%	-5.0%	-8.7%	-1.8%	-2.5%	-2.1%	1.6%	0.7%	-0.3%	-0.2%	-0.2%	-0.3%	2.2%

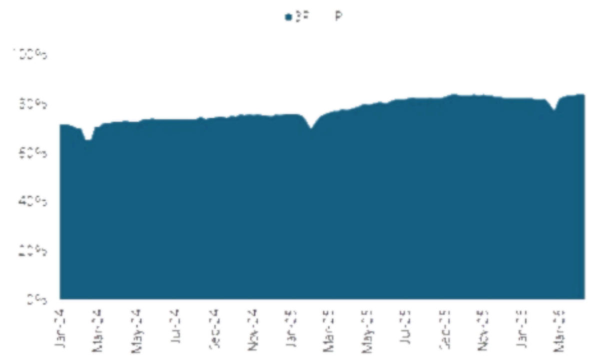
Source: QuestMobile, UBS. Notes: Quick commerce rider apps include Meituan Rider (1P & 3P), Fengniao Rider (1P & 3P) and JD Instant Delivery Rider.

Figure 5: Riders – 3P and 1P DAU mix



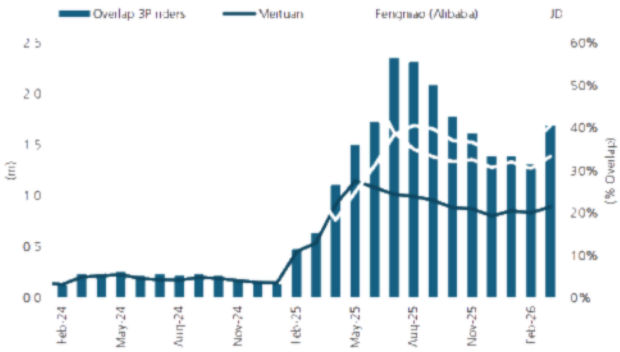
Source: QuestMobile, UBS. Notes: Quick commerce rider apps include Meituan Rider (1P & 3P), Fengniao Rider (1P & 3P) and JD Instant Delivery Rider. Data as of 12 April 2026.

Figure 6: Riders – 3P and 1P time spent mix



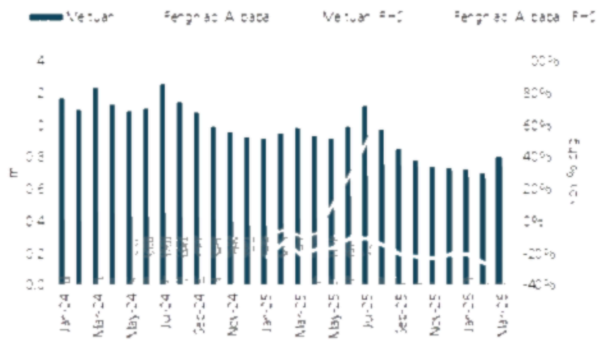
Source: QuestMobile, UBS. Notes: Quick commerce rider apps include Meituan Rider (1P & 3P), Fengniao Rider (1P & 3P) and JD Instant Delivery Rider. Data as of 12 April 2026.

Figure 7: 3P riders – overlapping DAU and % overlap ratio



Source: QuestMobile, UBS. Note: Quick commerce rider apps include Meituan Rider, Fengniao Rider and JD Instant Delivery Rider.

Figure 8: 1P riders MAU – Taobao catching up with Meituan

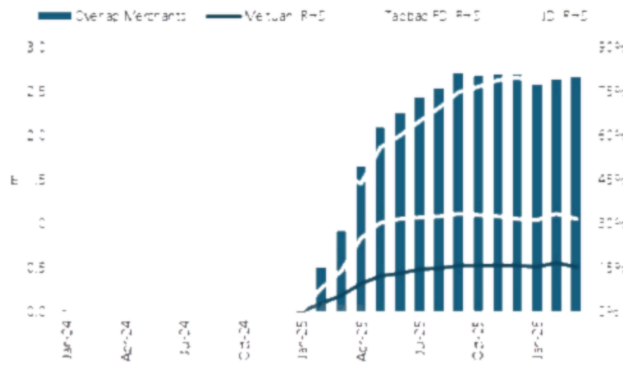


Source: QuestMobile, UBS. Note: Quick commerce rider apps include Meituan Rider and Fengniao Rider.

Figure 9: 1P riders time spent – gap between Taobao and Meituan stabilizing

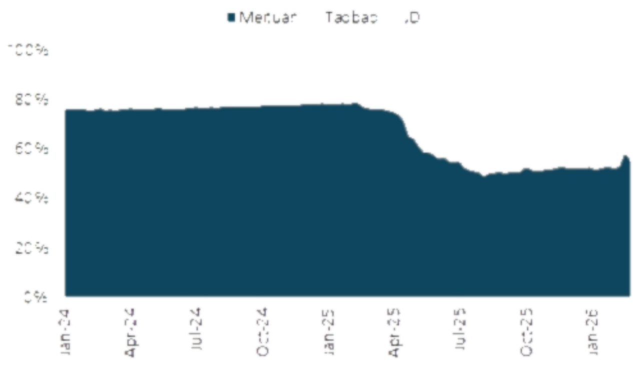
Source: QuestMobile, UBS. Note: Quick commerce rider apps include Meituan 1P Rider and Fengniao 1P Rider.

Figure 10: Merchants – DAU and % of overlap across 3 platforms



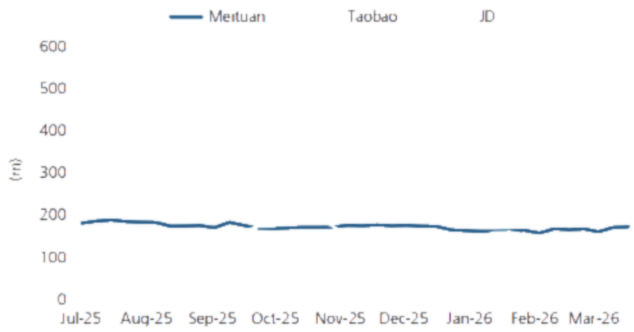
Source: QuestMobile, UBS. Note: Quick commerce merchant apps refer to Meituan Merchant, Taobao Instant Commerce Merchant and Retail Merchant and JD Instant Delivery Merchant.

Figure 11: Merchant time spent – shifting towards Meituan sequentially



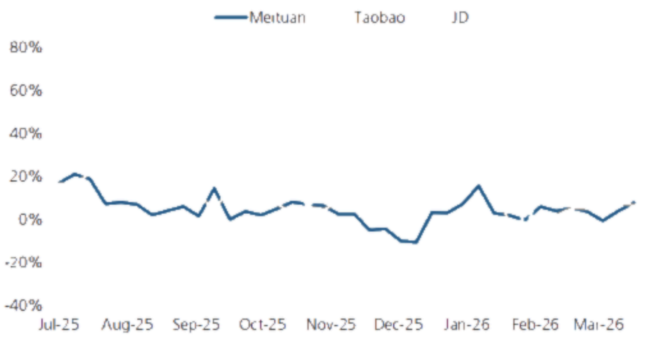
Source: QuestMobile, UBS. Note: Quick commerce merchant apps refer to Meituan Merchant, Taobao Instant Commerce Merchant and Retail Merchant.

Figure 12: Users – weekly DAU trend



Source: QuestMobile, UBS. Note: Data as of 12 Apr 2026.

Figure 13: Users – weekly DAU YoY growth



Source: QuestMobile, UBS. Note: Data as of 12 Apr 2026.

Figure 14: China internet companies – valuation comparison

Company name	Ticker	Mkt cap (USD m)	Rating	Price target (LC)	Price (LC)	Implied upside	PE (x) 2026E	PE (x) 2027E	EPS CAGR (2025E-2027E)	PEG 2026E	Dividend yield 2025E	Dividend yield 2026E	Stock performance 1M	Stock performance 3M	Stock performance YTD
China Internet large cap															
Tencent Holdings	0700.HK	606,169	Buy	780.00	522.50	49%	14.5	12.9	11.9%	1.22x	1.1%	1.3%	3%	-13%	-13%
Meituan	3690.HK	66,600	Buy	128.00	85.15	50%	n.m.	20.3	n.m.	n/a	0.0%	0.0%	8%	-13%	-18%
Baidu, Inc.	BIDU.O	43,086	Buy	170.00	125.11	36%	14.9	14.9	1.9%	7.77x	0.0%	0.0%	9%	-17%	-4%
Average							**14.7**	**16.0**	**6.9%**	**2.13x**	**0.4%**	**0.4%**	**7%**	**-14%**	**-12%**
China e-commerce															
Alibaba Group	BABA.N	328,725	Buy	170.00	139.95	21%	23.2	18.4	32.7%	0.71x	0.7%	0.9%	14%	-14%	-5%
JD.com	JD.O	45,411	Buy	48.00	31.26	54%	9.0	6.5	34.4%	0.26x	3.1%	3.5%	15%	10%	9%
PDD Holdings Inc	PDD.O	143,324	Buy	198.00	103.10	92%	7.5	5.7	31.0%	0.24x	0.0%	0.0%	7%	-1%	-9%
Vipshop	VIPS.N	7,587	Neutral	20.00	15.50	29%	6.1	5.8	3.7%	1.62x	3.0%	4.0%	1%	-10%	-12%
Average							**11.5**	**9.1**	**25.5%**	**0.45x**	**1.7%**	**2.1%**	**9%**	**-4%**	**-4%**
Online Social Media & Entertainment															
NetEase	NTES.O	75,549	Buy	180.00	118.08	52%	13.0	10.8	13.3%	0.98x	2.6%	3.2%	4%	-14%	-14%
Kuaishou Technology	1024.HK	25,767	Buy	68.00	46.98	45%	10.5	9.6	(4.6%)	NA	2.5%	0.0%	-13%	-38%	-27%
Tencent Music Entertainment	TME.N	15,641	Neutral	13.00	10.11	29%	10.4	9.4	8.8%	1.18x	2.2%	2.4%	0%	-38%	-42%
NetEase Cloud Music	9899.HK	3,505	Buy	300.00	126.60	137%	11.1	9.5	(7.2%)	NA	0.0%	0.0%	-1%	-28%	-32%
Bilibili	BILI.O	10,429	Buy	37.50	24.95	50%	25.2	18.8	24.4%	1.03x	0.0%	0.0%	4%	-18%	1%
iQIYI	IQ.O	1,350	Buy	2.50	1.41	77%	13.8	7.6	n.m.	n/a	0.0%	3.6%	15%	-27%	-27%
Joyy Group	JOYY.O	3,310	Buy	80.00	62.47	28%	11.1	9.7	11.2%	0.99x	6.7%	6.1%	6%	-8%	-4%
Weibo Corp	WB.O	2,145	Buy	12.80	8.79	46%	5.6	5.3	0.4%	15.55x	7.2%	6.9%	1%	-17%	-14%
Hello Group	MOMO.O	1,057	Buy	8.80	6.41	37%	6.7	6.5	7.0%	0.96x	3.9%	4.1%	9%	-5%	-2%
Average							**11.9**	**9.7**	**6.7%**	**1.79x**	**2.8%**	**2.9%**	**3%**	**-21%**	**-18%**
A-share Media															
China Literature	0772.HK	3,547	Buy	50.00	27.18	84%	17.0	15.0	37.0%	0.46x	0.0%	0.0%	-1%	-27%	-18%
Focus Media Information Technology	002027.SZ	13,134	Buy	9.80	6.20	58%	14.9	14.1	5.7%	2.60x	5.8%	6.2%	-7%	-17%	-16%
Average							**15.9**	**14.5**	**21.4%**	**0.75x**	**2.9%**	**3.1%**	**-4%**	**-22%**	**-17%**
Travel and transactional platforms															
Kanzhun Limited	BZ.O	6,440	Buy	23.00	14.30	61%	11.3	10.1	11.3%	1.01x	0.0%	0.0%	5%	-25%	-30%
Trip.com	TCOM.O	35,518	Buy	80.00	54.48	47%	12.0	10.6	(12.2%)	NA	1.0%	0.7%	7%	-10%	-24%
Tongcheng Travel	0780.HK	5,459	Buy	26.50	18.84	41%	9.7	8.7	13.1%	0.74x	1.2%	1.4%	-3%	-17%	-16%
Average							**11.0**	**9.8**	**4.0%**	**2.72x**	**0.7%**	**0.7%**	**3%**	**-17%**	**-23%**
K12 Afterschool Tutoring															
TAL Education Group	TAL.N	7,698	Buy	19.50	12.48	56%	18.8	15.0	n.m.	n/a	0.0%	0.0%	9%	16%	14%
New Oriental Education & Technology	EDU.N	9,676	Buy	80.00	57.90	38%	16.7	13.9	14.5%	1.15x	1.1%	2.0%	5%	7%	5%
Average							**17.8**	**14.5**	**14.5%**	**1.22x**	**0.5%**	**1.0%**	**7%**	**12%**	**10%**
Private higher education															
China Education Group	0839.HK	856	Buy	4.10	2.47	66%	2.9	2.9	(0.9%)	NA	0.0%	0.0%	-11%	-19%	-20%
Average							**2.9**	**2.9**	**-0.9%**	**NA**	**0.0%**	**0.0%**	**-11%**	**-19%**	**-20%**
China internet average							**12.4**	**10.9**	**11.3%**	**1.45x**	**1.8%**	**1.9%**	**4%**	**-14%**	**-13%**
US Magnificent 7															
Apple Inc.	AAPL.O	3,973,111	Neutral	280.00	270.23	4%	32.7	31.1	7.9%	4.17x	0.4%	0.4%	9%	10%	-1%
Microsoft Corp.	MSFT.O	3,154,013	Buy	510.00	422.79	21%	22.6	20.0	14.4%	1.56x	0.8%	0.9%	11%	-7%	-13%
NVIDIA Corp	NVDA.O	4,901,832	Buy	245.00	201.68	21%	22.7	15.9	62.9%	0.36x	0.0%	0.0%	17%	13%	8%
Alphabet Inc.	GOOG.O	4,150,183	Neutral	348.00	339.40	3%	24.6	22.4	17.0%	1.45x	0.2%	0.2%	14%	5%	8%
Amazon.com	AMZN.O	2,575,757	Buy	301.00	250.56	20%	21.7	15.5	30.6%	0.71x	0.0%	0.0%	22%	8%	9%
Meta Platforms	META.O	1,766,131	Buy	872.00	688.55	27%	17.5	15.9	3.5%	4.94x	0.3%	0.3%	16%	14%	4%
Tesla, Inc.	TSLA.O	1,417,794	leutral (CBI	352.00	400.62	-12%	n.m.	n.m	18.8%	n/a	0.0%	0.0%	9%	-4%	-11%
Average							**23.6**	**20.1**	**22.2%**	**1.07x**	**0.2%**	**0.3%**	**14%**	**6%**	**1%**

Source: Refinitiv Datastream, UBS estimates. Note: Prices as of 20 April 2026.

Valuation Method and Risk Statement

We believe key sector risks include: 1) an evolving competitive landscape and intensifying competition; 2) fast-moving trends in technology, as well as internet users' needs and preferences; 3) uncertain monetisation; 4) the rising cost of traffic acquisition, content and brand promotions; 5) the upkeep of IT systems; 6) expansion into international markets; 7) adverse changes in market sentiment; and 8) regulatory risks.

Alibaba: Our price target is based on SOTP. We believe the key risks for Alibaba are: 1) regulatory changes, particularly for data usage and online content; 2) Chinese and global macroeconomic headwinds; 3) competitive pressure from traditional offline retailers; 4) interruptions of information technology and systems; 5) short-term profitability pressure from long-term investment; 6) execution and management complexity resulting from its multiple platforms; 7) corporate governance – significant voting control by the Alibaba Partnership; and 8) the loss of the services of founder Jack Ma.

JD.com: We derive our price target from a SOTP-based methodology. We believe the key downside risks for JD.com are: 1) low visibility on its profitability; 2) intensifying competition; 3) returns on fulfilment infrastructure investments; and 4) regulatory changes. In addition, as JD undergoes business restructuring, we believe it would take time for the company to develop an optimal new business model. In the meantime, investors might remain cautious on its prospects until the company delivers sustained improvements in its financial performance.

Meituan: We derive our price target using an SOTP methodology. Key risks include competition and heavy investment. Alibaba could invest more in e-commerce user and merchant acquisitions as competition continues to intensify. Its investment in Ele.me and Koubei could also be prolonged to gain share in critical O2O markets, even if the investment is less efficient due to smaller scale. Meituan Dianping's investment in unprofitable new initiatives could put more pressure on its low margins than we expect. Other downside risks include: 1) a potential growth slowdown if customer spending declines; 2) any unfavourable changes in the macroeconomic environment and government regulations; 3) lower subsidies from restaurants; and 4) limited benefits from a secular industry shift.