

Digital Expansion Path from the Perspective of Diversification Strategies

Multiple-case Study on Chinese Digital Firms

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ABSTRACT

In the digital economy environment, with the rapid development of new generation communication technologies such as artificial intelligence, blockchain, cloud computing, and big data, enterprise innovation can no longer be promoted by pre-determined participants in the traditional sense of the linear process. Therefore, enterprises need to have new capabilities to adapt to the current rapidly developing external environment. The innovation practices of companies such as Apple, Amazon, and General Electric all show that enterprises can form an innovation ecosystem with external developers and users by using digital infrastructure and relying on product platforms. In practice, it becomes a common phenomenon that digital enterprises in China or even worldwide have diversified strategies and attempt to enter new fields. Recently, Huawei put forward the "Nanniwan" production self-help plan and launched the "Huawei Intelligent Pig Raise Solution". They also announced that Huawei machine vision would make intelligent pig raising efforts, enabling pig raising intelligent upgrade. Theoretically, at present, there are little researches on how digital enterprises enter new fields. Besides, how to enter a new field is seldom under research.

Keywords: *Digital expansion, diversification, multiple-case study, digital business strategy*

1. INTRODUCTION

As the liberalization of the economy accelerates, and the degree of market activity continues to deepen, it is not in line with the trend of the times to simply believe that specialized operations can bring more corporate profits or that diversified business has more competitive advantages. Years of competition in the Red Sea market have shown that blindly following the trend of diversification and steadfast specialization are not desirable; in the ever-changing market, successful cases of bigger and stronger companies abound, but there is no shortage of "cannon fodder." [1] Diversification is a strategy that causes profound changes in enterprises. It is a common growth method adopted by modern industrial enterprises after they have developed to a certain extent [2]. In this context, studying the mechanism and influence of diversified business and

realizing the stable and sound development of business operations and management has become an important background for the topic of this article.

Enterprise diversification is a strategy that makes a company undergo profound changes and is a method adopted worldwide. It has aroused extensive research and attention in the theoretical and business circles at home and abroad, and at the same time, many seemingly contradictory conclusions were drawn.

In theory, it is generally believed that enterprise specialization is more efficient than diversification. In many literatures, many diversified companies have concluded that the performance is relatively poor, and the success or failure of the diversification behavior of enterprises is affected by many factors. Depending on its external environment and its internal conditions, different views on the factors that affect the success or

failure of diversification and the impact of the implementation of diversification strategies on enterprises within the theoretical circle.

But, after enterprises develop to a certain degree through specialization, they will generally adopt diversification development strategies. [3] In reality, as an important enterprise development strategy, diversification is common in many enterprises that have reached a certain scale. Many large foreign companies have achieved scale expansion through diversification, such as Siemens in Germany, DuPont, General Electric, Motorola in the United States, Sharp, Toshiba, Panasonic, Canon in Japan, Samsung in South Korea, Chia Tai in Thailand, etc. They all rapidly rise by the diversification strategy.

Although from the middle of the last century to the beginning of this century, those once glorious "star" companies such as Deron, Giants, Helios, Asia, Sanjiu, etc. have suddenly evolved into "shooting stars" or declared bankruptcy, and or be taken over by other companies, leaving a painful lesson. But the current reality is that these short-lived lessons have not been able to stop the diversification of Chinese companies. For example, Haier, Gree, and other home appliance giants have invested in real estate development or the financial industry. Youngor, Shanshan and other well-known companies Garment manufacturing companies involved in real estate development or chemical carbon manufacturing, China Resources, China Mobile, and other central enterprises have become major shareholders of commercial banks. Even Vanke Real Estate, which is known for its specialization, invests in the retail and financial industries; and such Chinese companies are diversified. The phenomenon of chemical operation is too numerous to mention. According to statistics, about 75% of the 100 largest companies in the world implemented diversification in 1997. [4]

Enterprise diversification is a common problem in reality. The research should emphasize that the theory must be connected with the practice and embody the research method that theory comes from practice and serves to practice. In certain aspects of the research regarding corporate diversification, various theoretical models and their empirical tests have been widely used and have drawn many valuable value conclusions. Although various theories have certain limitations, it is difficult to comprehensively summarize the diversity and uncertainty of its diversity behaviors. However, drawing on the experience of corresponding theoretical and empirical conclusions and then making certain theoretical analysis and evaluation have laid a foundation for this article to build a new theoretical framework of corporate diversification analysis and verify it. Since few studies are analyzing how diversified companies cross-border and analyze the cross-border mechanism and digital enterprises are

easier to diversify, this article will select a few representative digital enterprise cases and use the method of case research to carry out the cross-border mechanism of digital enterprises and explore in depth.

2. THEORETICAL BACKGROUND

2.1. Diversified Content

Diversification strategy refers to the strategy that enterprises selectively enter new business fields occupy more markets and open up new markets or avoid the risks of operating a single business. Strategy is the overall direction of enterprise development. Different strategic choices have different economic consequences for enterprise development. The essence of enterprise diversification is the result of profit and cost trade-off, which is influenced by external and internal characteristics. When the benefit of internalization is greater than the cost of internalization, enterprises will choose diversification based on profit maximization. There are many motivations for firms to implement diversification strategies [5], including risk diversification, market power acquisition, and the realization of economies of scope. Among them, dealing with external capital market friction is an important reason for enterprise diversification [6]. Under the background of financial development, enterprises will make differentiated choices for different motivations, which will have a heterogeneous effect on high-quality development.

By adopting diversified strategy, enterprises can occupy more markets and open up new markets, and avoid the risks of single operation. Product diversification means that the new products produced by the enterprise span a variety of industries that are not necessarily related, and the production is mostly serialized products. The so-called market diversification refers to the enterprise's products in multiple markets, including the domestic, international, regional, and even global. The so-called diversification of investment region means that concentrated in one region scattered in many regions and even countries. Diversification of capital refers to the variety of sources and components of a firm's capital, including tangible capital and intangible capital such as securities, stocks, intellectual property, trademarks, and corporate reputation. The choice of enterprise diversification strategy should be judged according to the dynamic matching degree of resources, capabilities, and market opportunities in different stages of the enterprise life cycle. Only when the matching degree of the three is high enough to support diversification. [7]

Diversified investment plays a great role in the strategic management of enterprises. Because diversified investment can spread the systematic risk of enterprise operation and avoid the loss caused by the

impact of the main business. However, diversification investment has both advantages and disadvantages. Some enterprises blindly pursue diversification and do not invest in the main business of enterprises. That result in lower operating benefits than the specialized stage. [8] Diversified operation in the general sense refers to the diversification of product production. Diversification and product differentiation are different concepts. Product differentiation refers to the differentiation of the same market, but in essence, it is the same product. Diversification is the product of the same enterprise into the heterogeneous market, is to increase the variety of new products and enter the new market both occur at the same time. Therefore, diversified operation belongs to the category of product-market strategy in business strategy, while product differences belong to the differentiation of the same product. At the same time, the definition of the enterprise's diversified business strategy must be that the leading products of the heterogeneous enterprise are less than 70% of the total sales of the enterprise's products.

2.2. There are three modes of diversification

2.2.1. Horizontal diversification

Horizontal diversification focuses on the existing product market and expands the business field in a horizontal direction, also known as horizontal diversification of professional diversification. There are three types of horizontal specialization:

(1) Market development, that is, based on the existing products, to develop new markets.

(2) Product development, that is, taking the existing market as the main object, to develop products similar to the existing products;

(3) Product and market development: to develop new products with the newly opened market as the main object.

This strategy is based on the original market, product reform. So the product cohesion is strong, development, production, sales technology correlation degree is large. The management change is not large, more suitable for the original product reputation, market-wide, and development potential is also great for large enterprises.

2.2.2. Diversification

This refers to diversifying a business area by developing completely different products or markets, although somewhat related to an existing product or market area. There are three types of this multidirectional diversification:

(1) Diversification of technical relations. This refers to the development of heterogeneous products based on research or production technology in the existing business field and for the object of heterogeneous markets. Because such diversification takes advantage of the similarity of research and development capabilities, the commonality of raw materials, and the similarity of equipment, it can obtain the multiplicative effect in technology conducive to mass production and competition in product quality and production cost. Moreover, the more different the use of different products, the greater the effect of diversification. However, in the case of technical diversification, generally speaking, sales channels and promotion methods are different. This is bad for a marketing competition. This type of diversification is generally appropriate for large companies in technology-intensive industries.

(2) Diversification of marketing relationships. This is based on marketing activities in existing market segments, breaking into different product markets. Marketing diversification uses common sales channels, common customers, common promotion methods, common corporate image, and popularity, so it affects sales multiplication. However, due to the lack of production technology, equipment, and raw materials, and other aspects of the multiplication effect, it is not easy to adapt to the changes of the enterprise, also is not easy to cope with the risk of aging of all products at the same time. This type of diversification is suitable for companies with low technology density and strong marketing capabilities.

(3) diversification of resources. This is based on the material basis of the existing business, into the field of heterogeneous products, market, and full use of resources.

2.2.3. Compound diversification

This strategy seeks growth opportunities from the products and markets that have no obvious relationship with the existing business field. The new business developed by the enterprise has nothing to do with the original products and markets, and the required technologies, management methods, and sales channels must be acquired again. Composite diversification can be divided into the following four types:

(1) Diversification of capital relations. This refers to the general relationship of the capital exchange unit with the development of financing or capital increase, rise to the cooperative unit.

(2) Diversification of talent relationships. When it is found that there is a patent or special talent within the enterprise, it will use this patent or technology to develop into a new business.

(3) Diversification of credit relations. This refers to accepting the mandate of financial institutions to rebuild enterprises on the verge of bankruptcy due to capital losses or other poorly run enterprises.

(4) Joint diversification. This refers to the diversification of a business by pooling capital to withdraw from the business or to grow into a large business.

2.3. Enterprise diversification strategy

Diversification strategy refers to the enterprise engaged in production and operation activities in fields outside the scope of the original leading industry. It is a kind of enterprise development strategy opposite to the specialized management strategy.

2.3.1. Strategic types

Concentric diversification: the addition of new products or services is similar to the existing products or services of the enterprise. When considering a centralized diversification strategy, the addition of new products or services must be within the enterprise's existing expertise and technical experience, product line, distribution channel, or customer base. When an enterprise's industry is on the rise, centralized diversification is very useful and feasible to strengthen its knowledge and experience in the field position.

Companies that have successfully implemented centralized diversification:

Tencent Group: social, entertainment, information, tools

Alibaba: B2B, C2C, electronic payment, search

Xiaomi Group: mobile phone, smart home, accessories

2.3.2. Vertical integration

Vertical integration is a growth strategy that extends an enterprise's existing business in both directions. Forward integration refers to expanding an organization's business to the industries that consume its products or services. In contrast, backward integration refers to expanding a firm to the products or industries that provide the raw materials for its products.

2.3.3. Compound diversification

Compound diversification is a growth strategy to add new products that are significantly different from the company's products or services. This strategy seems to be very popular with companies, and the list of companies that practice it resembles a league table of famous American companies. The external reasons for enterprises to adopt compound polygonization are as

follows : (1) the growth of the original product market demand of enterprises is in a long-term stagnant or even declining trend; (2) The industrial concentration is high, the interdependence among enterprises is strong, and the competition is fierce; (3) The variability and uncertainty of environmental factors force enterprises to pay more attention to the stability of long-term earnings. The internal reason is that the enterprise has strong resources and ability.

2.4. Digital enterprise

The development of digital technology has moved from the Internet and big data into the era of artificial intelligence, in the midst of the impact and disruption of digitalization on the social economy. Internet companies are leading the way, while traditional companies have so far underperformed as a whole. The digitalization trends triggered by social media, mobile devices, the Internet of things, and big data are changing the way people live and require companies to rethink and redesign their original operating models. Digitization is perceptible in real life. For example, we are digitizing media content when we browse the internet for news. The evolution of digitization has made it possible to move beyond the concept of binarization to a new way of interacting with the world. Today we live in an era of data-driven development, and companies that fail to keep up with the advances of the times will fall behind and become obsolete. The digitization of products and services separates function from content and makes business models more flexible [9-10]. A new technological era has emerged with the following of a data-led digital enterprise.

With the development of the mobile Internet grid, the terminals where humans obtain information have been further transformed from fixed to mobile scenarios, bringing about a huge increase in data collection, data storage, and data computing levels than before. In e-commerce and social networking scenarios, the higher frequency of data interaction has also driven the gradual migration of business towards digitalization. Traditional enterprises can no longer be placed as independent individuals in the digital business environment. And digital transformation is a necessary path for traditional enterprises to achieve business growth.

Digital existence is a new way of living based on information technology in modern society. In a digital existence, the way people produce, live, interact, think and behave takes on a whole new dimension. The new digital infrastructure allows product ideas and business models to be rapidly formed, implemented, modified, and reformulated in an iterative cycle of experimentation and implementation [11]. The digital penetration of factors of production, the digital reconfiguration of production relations, and the move towards the full digitalization of economic activities

have resulted in the material production methods of society being heavily marked by digitalization. With people embodying a new digital politics and economy through digital government and digital commerce activities and portraying a different way of learning, interacting and living through online learning, online chatting, online games, online shopping, online medical care, etc. The new digital politics and economy are reflected in activities such as digital government and digital business.

Compared to traditional enterprises, digital enterprises exhibit different characteristics in terms of business, organization, and IT. They concentrate on constructing a 'customer-centric' system of capabilities and are often marked by the role of a single company in building a modular platform and coordinating value creation and value distribution [12-13].

Companies are thinking about the reason why they want to do digital transformation. Both internal and external factors drive this.

External factors: In the tide of digital transformation, companies are like sailing against the tide. If they do not undergo digital transformation, they will be abandoned by users, overtaken by competitors, marginalized by the market, and eventually out of business.

Internal factors: Digital transformation can capture new market opportunities, try out new business models and take a position in the future business market in advance.

The arrival of the digital wave, where the asymmetrical status of user information has been dramatically changed. And the maximization of customer perceived value has become oriented, has fundamentally changed the traditional production-driven business economy model, bringing enormous challenges and new opportunities for business operations. The traditional entrepreneurial model and framework basically assume a relatively stable and fixed state around entrepreneurial opportunities, and entrepreneurs can make good decisions and develop good business plans [14-16]. In contrast to the traditional competitive model of industrial development, companies' core competencies in the digital economy have changed from the traditional "manufacturing competence" to "service competence + digital competence + manufacturing competence". How do the changing boundaries of innovation mean that new opportunities will emerge? We believe that the concept of creativity [17] can help to address these questions and complement existing theories.

3. RESEARCH METHODS

3.1. Research Setting

3.1.1. Reasons for the case study

The case study method is not only used in business schools, not only in academia but can be widely used in all walks of life.

Summarize experience and lessons to better grasp the future. History and past cases can give us inspiration and wisdom. Through the analysis and analysis of past cases, we can find the lessons we can learn and the advantages we need to carry forward to guide the work practice and make fewer and no longer repeat similar mistakes.

Study in depth and summarize the rules. People's wisdom and knowledge are obtained from social practice. Through the analysis, comparison, and study of cases, we can realize the truth, discover the truth and grasp the law through the initiative of human consciousness.

Case studies are widely used in business schools. One of the important reasons for this is that business schools emphasize the practicality of the taught knowledge. That is, it should be linked to practical examples in real life. Case analysis requires students to think about the issues involved in the case from the decision-maker's perspective, which is equivalent to a simulation exercise to enhance students' practical coping ability. In the case of analysis, there are usually more discussions.

3.1.2. Reasons for case selection

1) Consistency. The eight enterprises are all digital enterprises based on the Internet. Compared with traditional enterprises, digital enterprises show different characteristics in the business, organization, IT, and many other aspects. The core of digital enterprises is to build a "customer-centered" capability system, including organizational structure, innovation mode, IT architecture, customer insight, and other capabilities.

2) Multiple validation. Marketing online, there are traditional offline marketing and online marketing, combining the two and continuing to obtain customer marketing. Online supply chain is the enterprise's internal process online, but the enterprise can also integrate external resources and conduct seamless cooperation and link through the network platform. Such cooperation can improve efficiency and reduce costs.; The organization is online, and the internal management of the enterprise, including personnel management, financial management, and administrative management, can be communicated and connected through the online platform. In particular, staff training

can be done through online video learning, examination, and performance appraisal.

3) Credibility of information. The relevant information of these eight Internet enterprises can stand the test of time, and most of the information provided is credible.

4) Abundance of information. We are in the Internet era. In the environment of big data, tens of thousands of information will appear in a very short time. These eight enterprises are elite enterprises in various industries, with a lot of relevant information.

Table 1. Enterprise Description

An enterprise name	Set up the time	Diversified method selection basis	The enterprise type	Diversification Course
millet	2010	Cooperation, cooperation with hardware manufacturers, to establish the Internet of Things ecology (bamboo forest ecology)	Smart hardware and electronic products research and development of mobile Internet enterprises	2010-2016 Mobile phone production 2016-Now VR
drops	2015	Cooperation (cargo laborer)	One-stop travel platform	Warehouse started in 2014 Special bus, preferential Bicycle business Delivery business
Alibaba	2007	Strategic M&A (UC, culture and media, social networking, logistics and finance, O2O) Independently develop Internet products	Software and information technology services	1999-2009. electricity 2009-Now Cloud computing
Baidu	2000	Independent development and acquisition	AI	Search the entrance Consumption of content Baidu to pay Baidu Made Car (AI)
Tencent	1998	Independent development, investment, cooperation	Integrated Internet Services	1997-2002. Social APP 2003-Now Game development and acquisition Cloud computing electricity
NetEase	1997	Independent development	Network information service	The 97-09 Games and email 11-now Crossover (education, music, koala, strict selection) financial management, catering
Meituan	2011	Independent development, acquisition	Life service e-commerce	2010-2012. Group-buying business The cat's eye film 2013-2016. The takeout operation, integrated mass comment, the troika 2017-Now Catering and platform construction
Bytes to beat	2012	Independent development	The information technology	2012 ~ 2015 The headline number We-Media 2016 ~ 2019 The headline video Trill listed Bytedance AI TikTok is listed overseas Acquiring a game company 2020-Now Globalize and develop overseas markets on a larger scale

Table 2. Enterprise Diversification Course

	Tencent	NetEase	Meituan	Byte Dance
Basic operations	Internet-based value-added services, social software, games	Internet-based value-added services	Catering Takeaway	Short videos & information
Diversification History	1998-2004 : Instant Messaging Services 2005-2010 : Social software QQ, Tencent Games 2011-now Integrated construction of the overall platform	1997-2009 Games and emails 2011-now Cross-border (education, music, koala, strict selection) financial management, catering	2010 ~ 2012 : Group purchase business 2013 ~ 2016 : Take-out Operations 2017 ~ now : Platform building and the strategic focus moves to F&B	2012 ~ 2015 Self-Media 2016 ~ 2019 Tik Tok overseas listing; acquisition of gaming companies 2020 ~ now Globalization Developing overseas
Diversified approach	Self-development, investment, cooperation Development	Self-development	Self-development and acquisition	Self-development and acquisitions
Types of Diversity	Related Diversity and Unrelated Diversity	Related Diversity and Unrelated Diversity	Related Diversity and Unrelated Diversity	Related Diversity

Table 3. Enterprise Diversification Course

	Xiaomi	Didi	Alibaba	Baidu
Basic operations	Mobile phone	Online cabs	Ecommerce	Search Engine
Diversification History	2013-2017 2017-now	2014-now cargo warehouse, Specialized cars, shared Bike business	1999-2009 Ecommerce 2009-now Cloud Computing	2014-now Baidu Payments , 2017 Baidu cars (AI)
Diversified approach	Cooperation with hardware manufacturers to establish an IoT ecology (Bamboo Ecology)	Cooperative (Cargo) Autonomous (bicycle and takeaway)	Strategic M&A (UC, culture and media areas, logistics and finance, O2O) Self-developed internet products	Self-development and acquisitions
Types of Diversity	Related Diversity	Related Diversity and Unrelated Diversity	Related Diversity and Unrelated Diversity	Related Diversity and Unrelated Diversity

3.2. Data collection

We collected data from eight companies on their diversification strategies and underlying businesses, mainly covering multiple dimensions of diversification. Diversification strategy is a kind of development strategy for enterprises to engage in production and management activities in fields outside the scope of the original leading industry. It is the opposite of enterprises' specialized management strategy. [18-19]. Based on some suggestions from the case study [20-21], we mainly collected data from the following sources :(1) Corporate official websites; (2)Social media reports;(3) Expert comments and evaluations. (4)Industry research

report. By combining these sources, we can make data collection more effective and reasonable.

The aspects of data collection can be divided into the following two parts:

1.Basic business of eight digital enterprises. Basic business is the foundation of an enterprise, is the initial business aspect of an enterprise.

2.Diversification strategies of eight digital enterprises. Strategy is the overall direction of enterprise development, and different strategic choices have different economic consequences for enterprise development. Diversification strategy refers to the business enterprise in the existing main business is limited by the product life cycle, the size of the market, industry competition intensifies, the influence of geographical environment, to spread the enterprise the

management risks, through the integration of existing resources, seek new products and markets, enter one or more of the original main business related or not related to different industries, a number of business, at the same time To realize the expansion of business space, improve the enterprise's ability to resist risks of the development of strategic mode.

3.3. Data analysis

The purpose of our data collection is to study the cross-border mechanism of the digital enterprise. The purpose of this study is to explore how digital enterprises become diversified and what types of diversification of digital enterprises are. The diversified ways of digital enterprises include self-employment, investment and merger, and both. The diversified types of digital enterprises are related to the main business and unrelated to the main business.

The main steps of data analysis are as follows:

Step 1

Based on the data collection results, I sorted out the data of eight digital enterprises and classified them into categories.

Step 2

Identify the ways of diversification of the eight companies, including independent development, merger, acquisition, or both.

Step 3

Identify the types of diversification of the eight companies, whether they are related or unrelated.

Step 4

To compare the analysis results and further explore the relevant mechanisms of the diversification of digital enterprises.

4. DISCUSSION

4.1. Findings

Based on the previous analysis, this article focuses on implementing diversification strategies by eight digital companies. Based on previous studies, explores the mechanism and influencing factors of companies that carry out diversification strategies. Based on the previous research, this section summarizes the research results of this article. It puts forward suggestions for selecting diversification strategies for Chinese enterprises, and finally puts forward some limitations of the research in this article and some possible future research directions.

Diversification is not the goal of corporate development but a way to form and maintain corporate

competitive advantages. No matter what form of diversification the enterprise implements, it is crucial to cultivate and strengthen its core capabilities. Companies should maintain and expand the main business they are familiar with and good at, try their best to expand market share to maximize the benefits of the economies of scale. They enhance the company's core capabilities as the first goal and regard it as the life of the company and implement the diversification strategy based on.

Therefore, most of China's current enterprises, especially small and medium-sized enterprises, should not blindly adopt a diversified development strategy when they do not have the above conditions to make diversification successful. At this stage, the more urgent task of these enterprises is to develop their own capabilities through professional development approaches and gradually form their own unique core competitiveness. Under the condition that the company has formed its core competitiveness by strengthening its main business, the scale of its business has expanded to a certain extent. The company's external market has been further improved, the implementation of a diversified development strategy based on the company's core capabilities can effectively improve the company's diversification performance and maintain the sustainable development of the enterprise. Many enterprises in our country, regardless of their strength, the one-sided pursuit of diversified development strategies, failed to develop in new fields and adversely affected the original main business. These are very painful lessons. In addition, the diversified development of the company has caused the company's existing business to expand. The relationship between the existing business and the original resources and capabilities may become more and more distant, which means that the need of supplement resources and abilities that expand these the business area is rising. Therefore, when an enterprise considers its new business strategic plan, it should focus on using its development strategy to improve its resources and capabilities and lay the foundation for long-term development. [22]

In short, in the increasingly fierce market competition, diversification strategy is an important method for companies to seek future development. Taking Alibaba as an example, through the analysis of Alibaba's implementation of related diversification strategies, it can be concluded that Alibaba's implementation of diversification is to enable Alibaba to form a system of online shopping, customer positioning, online payment, product distribution. After-sales service is a closed loop, forming a one-stop service convenient for consumers and enabling consumers to enjoy a pleasant shopping experience. Secondly, we can strive for synergy, reduce transaction costs, and enhance the core competitiveness of enterprises [23]. Also, business risks can be diversified to ensure that the business

operation "does not shine in the East and the West shines". Finally, we can use the company's surplus resources to open up new markets. However, through the implementation of related diversification, Alibaba may cause a decline in the quality of corporate management due to the expansion of the company's scale and the difficulty of management and integration. Shortly, it can be believed that Alibaba can overcome the disadvantages of diversification, give play to its advantages, and promote the development of China's e-commerce in a healthy and lasting direction. [24]

4.2. Future research

On the one hand, this article focuses on explaining the cross-border behavior and diversification strategy, and process of digital enterprises. However, whether diversification is a "pie" or a "trap" is not conclusive. Its answer depends on scientific rigor research. On the other hand, the empirical research on diversification in Chinese academia started relatively late. There are still many problems in the research methods of corporate diversification, and the depth of research is insufficient. These documents largely follow the research paradigm of foreign corporate diversification. Focusing on the empirical test of the "relationship between diversification and corporate performance". [25] In the future, we can further explore the relationship between diversification and performance, and also delve into the motivations of diversification, and grasp the internal reasons for the efficiency of corporate diversification.

5. CONCLUSION

The advent of digitalization is adapting the innovation and entrepreneurship of the company, which makes us think more deeply about the future diversified development of the company and the utilization of digital scenarios. In the business model of the whole enterprise, the operation model, resource utilization method and customer relationship of the enterprise have changed due to the introduction of digitalization. The enterprise has carried out digitalization and diversification reform. As a new business phenomenon, digitalization and diversification are still being explored and developed.

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