

Research on the Internationalization Strategy of Chinese Internet Enterprises

- Taking ByteDance Company as an Example

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Abstract: The purpose of this paper is to study the effect of the path of digital enterprise internationalization and the reasons for its success. Studying is conducive to helping other Internet enterprises in our country to choose the appropriate transnational strategy. By using the case analysis method and literature research method, it makes a case analysis of the internationalization process and strategy of ByteDance and its subsidiaries. This paper extracts a generally applicable path of digital enterprise internationalization, which has certain innovative significance and provides a reference for other digital enterprises in our country to carry out internationalization. Finally, through the data of global downloads and operating income, this research finds that ByteDance's internationalization has achieved remarkable results, and concludes that ByteDance has adopted an efficient growth strategy and localization strategy, which have laid a solid foundation for the success of its multinational operation.

Keywords: Digital Enterprise, Internationalization path, Multinational Strategy.

1. Introduction

Relying on the huge domestic Internet consumer market, China's Internet technology enterprises have risen rapidly, and several powerful companies such as ByteDance have emerged, which play an important role in promoting the development of China's Internet technology. As high-tech enterprises, Internet technology enterprises are the key support point of national industrial transformation and upgrading, so the government has promulgated a series of measures to promote their development, boost the growth of the "new economy" and realize the vigorous development of China's Internet economy. The globalization evolution of Chinese Internet enterprises has experienced four major changes, showing the characteristics of more efficient development mode, increasingly diversified business scope, continuous extension of market space, and continuous innovation of promotion mode[1]. Chinese digital companies have a strong ability to go overseas. China's economy is accelerating its transformation to a digital economy. In 2022, the scale of China's digital economy will reach 50.2 trillion yuan, ranking second in the world, with a nominal increase of 10.3% year-on-year, far exceeding the GDP growth rate, and accounting for 41.5% of GDP[2]. However, what cannot

be ignored behind this prosperity is that China's population growth has fallen into a stagnation period, and the problem of population aging has increasingly become a social focus. This is a severe challenge for Internet technology enterprises that take users as growth resources. Therefore, accelerating the overseas layout, accelerating the pace of "going abroad", and looking for new users and income growth points have become another choice for China's Internet technology enterprises[3]. The practical significance of this research is that for Chinese Internet technology enterprises, by studying the internationalization development of ByteDance, a representative enterprise, and analyzing the "unique features" of its internationalization strategy, this study can find the shortcomings in the internationalization process of other Internet technology enterprises in our country, and provide a useful reference for other Chinese Internet enterprises' transnational operation. The "going abroad" of Chinese digital enterprises has become a hot issue in recent years. The research question of this paper is the effectiveness of the path of internationalization of digital enterprises and the reasons for their success.

2. Literature review

2.1. Development status of Chinese Internet enterprises

Wu Zhenzhen conducted a systematic study on the status quo of the international development of Internet technology enterprises in China from three different dimensions: internationalization development degree, external market environment, and internationalization strategy. Du Jingcai points out the general situation of the internationalization development of Chinese Internet enterprises and expounds on three different development stages, namely, exploration, development, deep cultivation stage, and the motivation for the internationalization of Chinese Internet enterprises. Zhang Shanshan and Zhang Yaqi pointed out that in the past 10 years, digital globalization has developed rapidly, and China's digital enterprises have seized the development opportunities and taken advantage of the trend, vigorously carried out global layout and "went to sea" one after another, and the globalization of Internet enterprises has undergone four major changes, showing a broader business scope and other characteristics. Wen Gufang elaborated on the four stages of domestic Internet enterprises going to sea, and pointed out the factors driving their going to sea, such as the support of the good policy environment of the "Belt and Road", and the continuous enhancement of operation and innovation ability of Chinese Internet enterprises in the face of fierce competition in the market. But it also encountered many challenges and difficulties. Guo Quanzhong and Li Zuyue show that the difficulties encountered by Chinese Internet enterprises in going overseas are mainly reflected in the increasing uncertainty of the international economic structure, the increasingly fierce global competition, the future friction between the two major economies of China and the United States, and the challenges faced by the localization of enterprises. Some domestic Internet enterprises lack the local operation ability and lack of experience. It has not fully investigated the differences in local politics, economy, cultural customs, and consumption preferences, and formulated appropriate strategies for going to sea, leading to the obstruction of international operations, and put forward targeted countermeasures and suggestions for Chinese Internet enterprises to go to sea, providing a theoretical reference for the international development of Chinese Internet enterprises. He Xiaoying took the Indonesian market as a representative, pointed out the opportunities and risks of Chinese digital enterprises in the Indonesian market, and gave important suggestions for Chinese Internet enterprises to go overseas, adapt to local conditions, and respect local customs. Zhang Dongjin explains the multiple challenges of the global layout of short videos. For example, the huge influence of Chinese short videos has led Western scholars and politicians to play up the "security risks" brought by the application of Chinese short videos to the West, and the ideology that Chinese short videos threaten their security has gradually emerged. Wen Haili studied the major strategic risks of TikTok's

internationalization, selected the United States, one of the major markets of TikTok's internationalization, as the research object, concluded that strategic environmental risk was the most important risk, and proposed preventive measures based on the causes of risk.

2.2. TikTok's internationalization strategy

In his article, Yan Xuyang expounds on the motivation for TikTok's internationalization development, combines it with the actual strategies applied by TikTok in exploring internationalization development, and focuses on analyzing its internationalization development strategies from three perspectives: TikTok's target market selection, international market entry timing selection, and international market operation strategy.

Lu Lijuan uses case analysis to summarize the overseas strategies of Chinese Internet enterprises, including leading Internet enterprises and small and medium-sized Internet enterprises with characteristics, and finally puts forward targeted suggestions on overseas market expansion strategies from the enterprise level. Liu Yan pointed out in his article that Bytedance's international development model is to copy the domestic development model, establish initial expansion through the model, enter the international market through mergers and acquisitions or acquisitions, quickly obtain the legitimacy of the international market through localized content operation and meet the needs of local users in the host country. The internationalization model with Bytedance characteristics is established utilizing pattern replication and pattern expansion. Wang Xiaotian summarized and analyzed the strategies adopted by Tiktok Group, a subsidiary of ByteDance, for international management, including acquisition and acquisition strategy, localization strategy, win-win cooperation strategy, and platform strategy. Zhang Zushu took the case of Bytedance's merger and acquisition of Musical.ly as the research object, studied its merger motivation and merger risk, and summarized the experience and lessons of cross-border merger and acquisition. Zhang Yue analyzed the global environment TikTok is facing, and then, through the analysis of its business elements, gained a more comprehensive understanding of how its business model works. Its diversified brand strategy can increase user viscosity as well as help improve the appeal of new users. By analyzing the globalization strategy of its parent company, it is found that its globalization idea is mainly to pilot the country first, then push to the intercontinental region, and finally unify the global market through standardized aesthetics. Finally, the optimization design of its business model is proposed from 9 dimensions such as key resources. Ma Lianghui analyzed TikTok's development strategy in the United States under the global media landscape, and TikTok has adopted such strategies as removing "Chinese labels", comprehensive localization operation, algorithmic basis, and meme communication to operate abroad. Jiao Yu divided the development of TikTok into three stages, namely, initial stage, growth stage, and maturity stage, and explored the factors influencing the internationalization of short video social platforms and the selection of strategies. Wang Mengxiao pointed out that in terms of location selection, Bytedance has a wide global layout, and in the face of the rapidly changing world political and economic forms, an international location layout of "advancing and retreating can be defended" has been formed. From the perspective of development strategy, Bytedance has perfected the product functions and operation model in the domestic market and copied the template to the international market. Yuan Jingjing took TikTok as an example to study the selection of international market entry modes for Chinese short video enterprises. She indicated that TikTok directly acquired more mature local enterprises through mergers and acquisitions, and obtained more than 100 million initial user accumulation and various communication channel resources, which can not only quickly open the door to the US market, but also have a high degree of control while ensuring its leading technology. Li Yiqing and Huang Zhengsong Summarize the localization strategy of TikTok in overseas markets from the perspectives of product content, human resources, marketing strategy, R&D, and supervision. Jiang Yizhuo and Zhang Baoming proposed that TikTok should adopt

localization thinking, strengthen the coordinated development of localization and nationalization strategies, and respect the diversified local culture and diversified competition when facing the risks of overseas operations. Based on the SWOT analysis, Chen Ying proposed that in the face of the changing international situation, TikTok should adopt a more conservative diversified business strategy, take advantage of the direction, enhance market competitiveness, and avoid threats.

3. Methodology

3.1. Research method

3.1.1. Literature research method

By reading a lot of relevant literature about Internet enterprises, I have learned about the current development status of Chinese Internet enterprises, as well as the opportunities and challenges faced by Chinese Internet enterprises in the context of the industry. In addition, I have also read a lot about the internationalization strategy of ByteDance and its subsidiary Tiktok. Understand the overseas market entry mode of Bytedance, the localization strategy adopted overseas, and the final results achieved.

3.1.2. Case Analysis

Case analysis is an important method for qualitative research, which refers to analyzing a specific case one by one through relevant literature to obtain a general rule. The case companies selected in this paper are ByteDance and its subsidiary Tiktok, and the principle of case selection is to be representative. As a leading Internet company in China, ByteDance has many successful experiences in the process of internationalization. Through the case analysis of the internationalization process and strategy of the case company, a generally applicable internationalization path of digital enterprises is extracted, which can provide a reference for other digital enterprises in China when carrying out internationalization.

3.2. Data collection method

The main data collection methods in this paper are to search various databases, obtain receipts from the official website of the enterprise, and obtain literature about the case company. In addition, to improve the diversity of data sources, the research reports and current affairs comments published by authoritative institutions on the case company are also important reference data sources for this paper.

3.3. Reliability and limitations

The selection of cases in this paper is highly representative, but also highly consistent with the research theme, Bytedance has a wide range of user scale and influence, and its domestic development has been fully expanded to the international. The data sources in this paper are very authoritative and accurate, which also increases the reliability of the research. The authoritative references in this paper are basically from high-quality journals. The limitation lies in the lack of an empirical research model in this paper, the lack of convincing in data processing, and the inability to strictly control variables and eliminate the interference of other factors.

4. Results

According to the research, ByteDance's internationalization path is very successful and has achieved remarkable results. Three years after its establishment, ByteDance began its journey of "going global".

In 2015, ByteDance began to carry out preliminary internationalization in the form of investment and mergers and acquisitions. That includes buying the short video app Musical.ly and merging it with its own TikTok. The move marks the accelerating pace of ByteDance's internationalization[4]. Its subsidiary TikTok has become the number one mobile app downloaded in several countries in a short time, surpassing many local strong competitors such as Facebook, etc. According to Sensor Tower, TikTok has been downloaded more than 4.92 billion times globally as of April 2024. The number of monthly active users exceeded 1.582 billion, and the amount of time users spend on TikTok every day continued to grow. In 2024, the average user will spend 58 minutes and 24 seconds on TikTok every day, an increase of 113.14% compared with 2019 data. As of May 2024, TikTok's cumulative global in-app revenue exceeded \$14 billion, making it the world's highest-grossing non-gaming app. Meanwhile, TikTok has maintained strong revenue growth, hitting an all-time high of \$450 million in March 2024. TikTok has a global distribution, covering more than 150 countries and regions, and it has achieved significant user growth in Southeast Asia, the United States, Europe, and India, among other places, in addition to the mainland Chinese market. The achievement marks TikTok's successful entry into the world's major markets and serves as a model for Chinese Internet companies to successfully go global. TikTok, which has Chinese DNA but strives to build an "American brand" in the United States, has sought to reduce operational risks amid the Sino-American trade war by distancing itself from the Chinese government and insisting that it "serves America", ignoring the Chinese identity of its parent company. Its content is also produced by users, with no official Chinese presence. Therefore, TikTok is positioned as a depoliticized short video platform for American users, a completely American localized product[5].

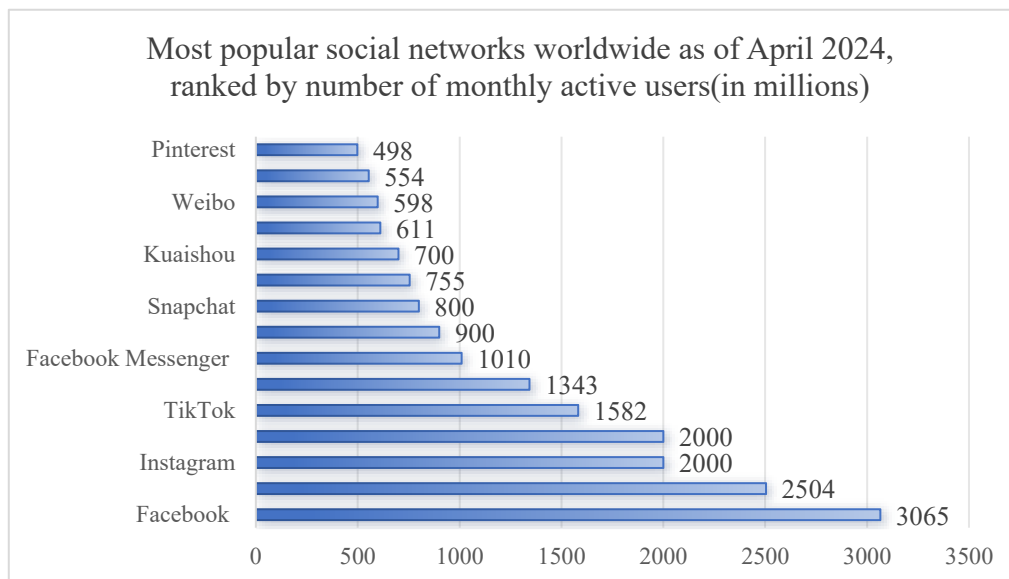


Figure 1: 2024 World Popular Social Media Rankings

5. Discussion

The purpose of this paper is to explore the transnational operation results of digital enterprises and the reasons for their success. According to the data of TikTok's global downloads and revenue in recent years, ByteDance's internationalization path is very successful, thanks to its choice of the correct internationalization strategy. In the context of digital trade, the technical environment and external environment faced by enterprises are quite different from those of traditional trade[6]. ByteDance adopts an efficient growth strategy. Take advantage of the large capacity of the domestic market and the demographic dividend to expand rapidly. After optimizing the product functions and

operation mode to the mature stage in the domestic market, enterprises copy these successful experiences to the international market, thus avoiding the difficult process of exploration in overseas expansion[4]. For example, Top Buzz, the overseas version, and TikTok, the overseas version of Douyin, are both successful apps for this strategy. This model not only reduces research and development costs and the possibility of errors but also improves the success rate of products in overseas markets. This model provides a useful reference for other Chinese Internet enterprises and helps them develop more smoothly in the process of business internationalization. Its subsidiary TikTok's business strategy in the international market is mainly based on the multi-country localization strategy, that is, according to the regional characteristics of different regions and countries, the development of product management and promotion strategy according to local conditions. Its localization strategy is further refined into content localization, such as a powerful algorithm recommendation mechanism, which can more accurately grasp the pain points of local users, understand their needs and preferences, and increase customer loyalty. TikTok has established overseas business institutions in the constantly developing international market and established extensive commercial cooperation with local partners through institutional operations[7]. Specifically, ByteDance actively integrates into the local environment using localized operations. This localization is not just the simple application of cultural symbols or elements on the surface but goes deep into the core of content creation. By using local Internet celebrities and creative teams, this study can deeply understand and reflect on local life, and more accurately grasp the needs and preferences of local users. In the process of developing new markets, TikTok will adapt to local languages, and even adapt to more than 10 local dialects in India. Different regions have stars, popular trends, and markets of their languages, achieving thorough localization[8]. To achieve this goal, ByteDance has also made important changes to the structure of its operations team. By recruiting local talents in the host country, not only is the language communication smoother, but more importantly, these employees have a deep understanding and perception of the local culture. They can more accurately grasp the preferences and needs of local users when planning content, making the content closer to the actual life of local users. By adopting a polycentric strategy in human resources, ByteDance has adopted unifying human resources policies in the process of optimizing global operations, aiming to ensure the consistency and coherence of the company across the world. However, ByteDance also fully understands and respects the principle of polycentrism, that is, tailoring the most appropriate human resource management strategies and methods in different geographical locations according to local laws and regulations, deep cultural heritage, and unique social habits not only ensures the implementation of the company's core values and ethical standards but also ensures the implementation of the company's core values and ethical standards. It also ensures that the operation strategy of the enterprise can flexibly adapt to the unique environment of each place to achieve truly localized operation[9]. Some Failed multinational corporations lack the talent team for localized operations, which leads to friction in the process of enterprise landing promotion. Enterprises going abroad need not only to have a global vision but also to focus on regionalization[10]. About Marketing, TikTok is currently pursuing a strategy of brand diversification. Brands on TikTok are more diverse due to their inclusiveness. Nearly half of the top brands are now on TikTok, with tech, food, and gaming brands averaging more views across the platform. Different types of brands enhance the credibility of platform marketing while providing diverse choices for users at different consumption levels of the platform, which makes TikTok increasingly a more comprehensive and comprehensive social platform[11].

All these data show that ByteDance enterprises have achieved remarkable results in international operations in the face of a severe international environment and various challenges. For example, in the context of subtle changes in Sino-U.S. relations, geopolitical risks for Chinese enterprises operating overseas are on the rise. In particular, Internet-related products and services contain a large

amount of user personal information. Therefore, in product design, special attention should be paid to data encryption and protection to prevent data leakage[12]. However, whether it is global downloads or global revenue of ByteDance subsidiaries, these data objectively reflect the direction, market entry mode, and internationalization strategy that Chinese digital enterprises can learn from when they "go abroad". For Chinese Internet enterprises, it has become the key to their success in the international market to formulate transnational operation methods according to the specific conditions of the target market[13]. It provides a useful reference for other Internet enterprises. The limitation of this result is that the qualitative research method adopted in the research method lacks an empirical research model, and the variables cannot be strictly controlled to exclude the interference of other factors, so the data are limited in persuasion. In the future, more research should focus on how digital enterprises overcome difficulties and challenges to take the path of internationalization, analyze the limitations of their internationalization strategy, and evaluate the effectiveness of internationalization with empirical models.

6. Conclusion

The research problem of this paper is the effectiveness of the internationalization path of digital enterprises and the reasons for its success. The research method adopted is the case analysis method of qualitative research. Bytedance, a typical digital enterprise, is selected as a case to study the strategies used in its internationalization path and the results achieved. Its operation mode is also to directly apply the experience to the international market after the domestic exploration is mature, thus saving a lot of time and avoiding re-exploration overseas. However, this study only focuses on the success of the enterprise's internationalization path but has not analyzed the limitations of its internationalization strategy. In addition, this paper lacks quantitative analysis, and future studies should choose appropriate empirical models to study the influence of specific internationalization strategies on the transnational operation results of digital enterprises, to better answer the reasons for the success of the internationalization path of digital enterprises. This paper makes contributions to the internationalization process of digital enterprises in our country, and how to choose appropriate strategies and business models. The research conclusion helps provide a reference for the practice of digital enterprise internationalization.

In the new era, any enterprise has unprecedented development opportunities and faces fierce market competition. Especially after the popularization of Internet technology, domestic and foreign exchanges have become increasingly frequent, and international development has become a necessary way for enterprises to expand their scale and enhance their strength. However, China's internationalization road started late, the independent research and development experience is insufficient, coupled with the gradual loss of labor dividend, Chinese enterprises have a long way to go in the internationalization development. Therefore, the government must based on the situation of our country and the world development trend formulate more scientific policies, and strengthen guidance and supervision to improve the standardization of enterprise internationalization development; Enterprises should increase capital investment and do a good job in independent research and development, create high-quality products to form brand effect, to ensure that Chinese enterprises stand firm in the international competition[14]. At the same time, it is necessary to deal with technological risks, increase investment in core technologies, and maintain core technological advantages from the enterprise side[15].

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