

## ADAPTING TO PANDEMICS: TENCENT'S ONLINE STRATEGY

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**Abstract:** This report provides a comprehensive evaluation of Tencent's online development strategy adopted during the pandemic, with a focus on its competitive environment, external factors, and internal capabilities. By employing the Porter's Five Forces model, the analysis highlights the intense competitors in the field of online services, the significant bargaining power of consumers, and threats posed by substitutes. PESTEL analysis elucidates the impact of political, economic, sociocultural, technological, environmental, and legal factors on Tencent's operations, emphasizing the importance of regulatory compliance, technological adoption, and environmental sustainability. A detailed SWOT analysis describes Tencent's market leadership and diversified product portfolio as its main strengths, while highlighting regulatory scrutiny and increasing environmental awareness as potential challenges. The report also assesses the strategy's environmental aspects by applying Porter's Five Forces, such as pricing strategies and market segmentation. Subsequently, Tencent's commitment to corporate social responsibility and sustainability was analyzed. Lastly, integrating all aspects of the analysis, the report critically evaluates Tencent's strategy, pointing out the existing shortcomings and challenges. In its conclusion, the report emphasizes that Tencent needs to continue innovating, address regulatory challenges, adopt sustainable business practices, and maintain a customer-centric approach to retain its market leadership in the constantly evolving global e-commerce industry. Finally, suggestions are made for Tencent's future development direction and existing deficiencies.

**Keywords:** Competitive Environment, PESTEL Analysis, Corporate Social Responsibility.

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## COMPANY OVERVIEW

Tencent Corporation is a globally leading internet service provider, headquartered in Shenzhen, China, and was established in 1998. Over the past two decades, Tencent has evolved from a startup providing instant messaging services to a global corporation with a wide array of businesses. Its main operations encompass social networking online entertainment (including gaming and digital content), payment services, as well as advertising and cloud services (Tencent Holdings Limited, 2022).

According to Tencent's 2022 Annual Report, the company employs over 73,000 individuals across the globe. In 2022, Tencent achieved a total revenue of RMB 507.3 billion and a net profit of RMB 121.8 billion, representing approximately a 15% growth from the previous year (Tencent Holdings Limited, 2022).

As one of China's largest internet companies, Tencent holds a significant position in the global internet industry. Its social platforms, such as QQ and WeChat, have billions of users, profoundly impacting the social network market in China and globally. Tencent's online entertainment business, including its investments in gaming and digital content, also secures a crucial position in the global online entertainment market. Furthermore, Tencent's success in the fields of payment services and cloud services has made it a major global competitor in these sectors (IDC, 2022; Deloitte, 2022). The major shareholders of Tencent include the South African media group Naspers, China's Pony Ma (Ma Huateng), and the American investment company T. Rowe Price. Among them, Naspers is the largest shareholder of Tencent, holding approximately 31% of the shares, while Pony Ma, the company's founder and current CEO, holds about 8.7% of the shares (Tencent Holdings Limited, 2022).

## **STRATEGIC BACKGROUND**

The COVID-19 pandemic has accelerated the process of digital transformation, a phenomenon especially pronounced in China, where numerous companies and schools were compelled to switch to remote work and online education models to adapt to the new work and living environments (McKinsey and Company, 2020). This shift has spurred new market demands for online offices, learning, and conferences, while simultaneously presenting new business opportunities (Forbes, 2020).

Tencent, a global leader in Internet services, capitalized on this opportunity swiftly owing to its robust technical capabilities and business scope, and launched relevant strategic plans. During the pandemic, Tencent introduced a series of new products and services to meet these online market needs. For example, Tencent Meeting, an online conference software, acquired a massive user base in a short time during the early stage of the 2020 pandemic, achieving significant success in the market (Zhang et al., 2022). On the other hand, Tencent also intensified its support and investment in Tencent Classroom, an online education platform, to cater to the enormous demand for online education in China (Zhao and Xu, 2023).

## **SPECIFIC STRATEGIES AND ACTIONS**

In response to the COVID-19 outbreak in 2020, Tencent implemented a series of strategic initiatives to seize the new online market demands created by the pandemic.

Firstly, Tencent Meeting promptly reinforced its R&D and broadened the development and promotion of its online office, learning, and conference tools. Specifically, Tencent Meeting's active user count surged from 2 million pre-pandemic to 100 million by the end of 2022 (Zhang, Li, and Xu, 2022).

Secondly, in terms of online education, Tencent Meeting also boosted its investment in Tencent Classroom. By the end of 2022, the active users of Tencent Classroom increased by 70% (Zhao and Xu, 2023).

Finally, due to the isolation policies brought about by the pandemic, Tencent introduced a series of related online services in psychology and health. For pandemic prevention and control, they offered Health Code and COVID-19 Prevention Map to keep the public updated

about the latest epidemic prevention dynamics. Regarding health, services like Tencent Online Medical Treatment and Psychological Health Consultation were provided to ensure basic health of people staying at home. These services received wide recognition and usage, further elevating Tencent's reputation in the public eye (CNBC, 2020).

## SWOT ANALYSIS

In the realm of strategic management, the SWOT analysis serves as a commonly used tool. By analyzing a company's Strengths, Weaknesses, Opportunities, and Threats, it provides a clearer understanding of a company's strategic position (Pickton, D.W. & Wright, S. 1998). In the following, we will employ the SWOT analysis tool to undertake a comprehensive assessment of Tencent's strategy in developing online businesses during the pandemic.

a. Robust technological capabilities b. Broad user base c. Diversified operations	S strength	W weakness	a. Overreliance on the Chinese Market. b. High Competitive Pressure.
a. Changes in Legal Policies b. Challenges of Technological Innovation c. User Privacy	T threat	O opportunity	a. Surge in Demand for Online Services. b. Demand for Digital Transformation c. Technological Innovation in Artificial Intelligence. d. Global Expansion

### Strengths

- a. Robust technological capabilities. Tencent is a globally leading internet technology company. Since its establishment in 1998, it has achieved significant R&D outcomes in numerous high-tech fields. For instance, well-known social networking applications such as QQ and WeChat, gaming products, online education, and virtual meetings have all made breakthrough performances in the market (Bughin, J., & Woetzel, J2017). This extensive technical expertise provides Tencent with solid technical support to launch and optimize its online work, education, and other products during the pandemic.
- b. Broad user base: Tencent has a large user base, with just its social application WeChat boasting monthly active users exceeding 1 billion (Yu, H., & Vasudevan, H. 2019). This sizable user base offers Tencent a significant advantage in promoting new products and expanding into new markets when the pandemic strikes. With the surge in demand for online services in the early stages of the 2020 pandemic, this vast user base provided Tencent with a tremendous advantage, enabling it to rapidly promote its online work, education, and other products.
- c. Diversified operations: Tencent's business spans multiple internet sectors, including but not limited to social networking, entertainment, payment, education, and office work. This diversified business strategy imbues Tencent with strong resilience when faced

with significant environmental changes like a pandemic. It enables the company to swiftly adjust its business strategies according to the circumstances, converting or developing its existing resources and capabilities to meet new market demands (Zhu, N., & Zhang, D. 2019).

### **Weaknesses**

- a. **Overreliance on the Chinese Market.** Tencent primarily derives its revenue from the Chinese market, making its business operations highly susceptible to economic fluctuations and policy changes within China. Despite Tencent's foray into the global market, expanding its business across various countries, China still remains its largest market (Chen, R., & Shi, Y., 2019).
- b. **High Competitive Pressure.** Tencent faces tremendous competition in the internet technology market, particularly from other major Chinese internet companies such as Alibaba and ByteDance. Even though Tencent has managed to establish a leading position in certain sectors, it still confronts intense competition in other domains like e-commerce and short- video platforms (Yu & Vasudevan, 2019). This high-pressure competitive environment necessitates Tencent to maintain investment in product innovation and market promotion in order to retain its market position.

### **Opportunities**

- a. **Surge in Demand for Online Services.** During the pandemic, people were compelled to quarantine at home due to isolation policies and health concerns. This enforced seclusion for work and study caused a significant increase in their demand for online services. Tencent, having a comprehensive suite of online services including social platforms, online education, virtual meetings, and more, saw an excellent opportunity. By optimizing and upgrading these products, Tencent was able to cater to the market demand caused by the pandemic (Zhao and Xu, 2023).
- b. **Mand for Digital Transformation.** In today's society, many enterprises are seeking digital transformation to cope with the increasingly complex and competitive market environment. As a company that offers comprehensive digital solutions, Tencent provides a range of solutions including cloud services, big data analytics, AI algorithms, etc., to meet the digital transformation needs of enterprises (Fannin, R., 2019).
- c. **Echnological Innovation in Artificial Intelligence.** The evolution of artificial intelligence (AI) has provided new opportunities for Tencent. Tencent can leverage and develop AI technology to address current challenges, enhance user experience, and increase service efficiency. For instance, through AI technology, they could develop a more intelligent recommendation system; in education, AI can help teachers

understand students' learning status better, providing more suitable learning resources and feedback (Yuan, et al., 2022).

- d. **Global Expansion.** As noted in the "weaknesses" section, although Tencent holds a dominant position in the Chinese market, it still has ample room for growth on a global scale. The pandemic situation presented an opportunity. Tencent, leveraging its technological and product advantages, can actively expand its business globally to further strengthen its market position and reach (Fannin, R., 2019).

### **Threats**

- a. **Changes in Legal Policies.** From the perspective of China's increasingly stringent Internet regulation in recent years, or the constantly adjusting pandemic isolation policies, fluctuations in regulations pose threats to large technology companies like Tencent. For instance, the market after the pandemic is filled with uncertainties. As people gradually return to normal life, the demand for online services will substantially decline, posing threats to the business development of Tencent (Chiu, Ip & Silver, 2022).
- b. **Challenges of Technological Innovation.** In the current Internet era, technological innovation is rapid. If Tencent fails to keep pace with this change, it might be overtaken by industry competitors. Therefore, maintaining technological innovation and leadership is a significant threat that Tencent faces (Zheng & Ni, 2022).
- c. **User Privacy.** Amidst the immense demand for online services, the vast user base represents both an advantage and a hidden risk, as the consciousness for privacy protection among users is increasing. For large Internet companies like Tencent, the challenge is how to provide personalized services while protecting user privacy (Li & Wang, 2023).

In summary, through the aforementioned SWOT analysis, we can clearly discern the strengths and opportunities in Tencent's online business development strategy during the pandemic. These include its formidable technical prowess, wide range of product offerings, and the surge in demand for online services brought about by the outbreak. Simultaneously, we also identify a series of challenges that Tencent's current strategy is faced with, such as changes in regulatory policies, escalating market competition, user privacy protection, and the uncertainty of the market environment post-pandemic. Tencent needs to fully consider these factors when formulating and practically executing its strategic management. Lastly, through the SWOT analysis, we perceive that Tencent has seized the opportunity for online business development during the pandemic. However, the success of its strategy in the future still depends on its effectiveness in dealing with various internal and external challenges.

## **PESTEL ANALYSIS**

Pestel analysis is a macro environment analysis model, which we will use to analyze the political, economic, societal, technological, environmental, and legal factors influencing this strategy. This model can help us analyze market growth or decline, business positioning, different policies, etc., assisting us in better analyzing the pros and cons of this strategy, identifying opportunities and risks (Gupta, 2013). It also provides a background for operations and strategic planning (Luthans and Doh, 2018). As a leading internet service company in China, Tencent must understand and grasp these macro external factors, which will directly affect the layout and management of this strategy. Therefore, the Pestel analysis will play a crucial role in understanding the background and trajectory of Tencent's strategy.

### **Political Factors**

During the pandemic, political factors will directly influence the success of this strategy. When the outbreak occurred in 2020, the Chinese government introduced a series of online learning and working policies, such as the "Ministry of Education of the People's Republic of China, 2020", etc. These new regulations and policies encourage people to work and study online, providing policy guidance for Tencent's online office and learning businesses, enabling Tencent to transform its strong technical advantage into business services (Wang, Q., Su, M., & Li, R., 2020).

### **Economic Factors**

Although the sudden pandemic has affected the global economy to varying degrees, China's recovery speed in the early stage of the pandemic far exceeded expectations, with the digital virtual economy particularly prominent. According to a report by the China Information and Communication Research Institute (2020), the scale of China's digital economy reached 35.8 trillion yuan in 2020, an increase of 9.7% year-on-year, accounting for 36.2% of GDP, making a significant contribution to China's economic growth. Tencent's current strategy, as a major participant in China's digital economy, undoubtedly benefits from this.

### **Societal Factors**

Undoubtedly, due to the impact of the COVID-19 pandemic, consumers' behaviors and life habits and other social factors have undergone massive changes, forcing people to study and work at home. According to a report by iResearch (2020), during the pandemic, the number of online office users in China reached 360 million, a year-on-year increase of over 50%. As one of the largest internet companies in China, Tencent quickly captured this change in social demand and timely launched a series of online office and learning products to meet people's needs.

## **Technological Factors**

Even before the pandemic, Tencent already had a high-quality service foundation in the field of high-tech information services such as cloud computing and artificial intelligence. This enabled Tencent to quickly respond to market changes during the outbreak, introducing products that meet user online office, study, and other needs. Among them, Tencent Meeting's user growth during the pandemic was particularly significant, becoming China's largest video conference platform (Data Analysis Center of China Internet, 2020). At the same time, as we mentioned before, Tencent is also strengthening cooperation with other industries, driving industry transformation through technology, thereby creating more business value.

## **Environmental Factors**

During the pandemic, environmental issues have become a major concern for people. As a leading company, Tencent needs to play a leading role in environmental protection, consider and maintain sustainable development in its strategy (Zhang, L., Xu, Y., & Ouyang, M., 2020). At the same time, as China's sustainable development policies are gradually improving, Tencent is increasing the application of green energy in its data centers (Tencent Holdings Ltd, 2020).

## **Legal Factors**

Legally, whether it's user data security or privacy protection, both are significant challenges. Tencent needs to comply with laws and regulations in China and around the world while ensuring user data security and privacy (Chen, J., & Pan, S., 2021). In 2020, the Chinese government introduced a series of new regulations on data security and personal information protection, and Tencent must comply with these regulations to protect user data and privacy (Cyberspace Administration of China, 2020).

In conclusion, through Pestel analysis, we can see that the various products Tencent launched online during the pandemic were well received by the market, benefiting from the influence of various factors. Politically, the Chinese government strongly supports the internet industry, especially during the pandemic, the government advocates the "Internet +" mode, promoting rapid online development. Economically, although the pandemic has had a massive impact on the global economy, this has resulted in a significant increase in demand for online products, providing a good development opportunity for the implementation of this strategy. Socially, the pandemic has changed people's living habits, making online office work and learning a new trend. Technologically, Tencent itself has deep technical accumulation in emerging technologies, enabling Tencent to respond quickly to market needs and introduce the products customers need. Environmentally, even in the time of the pandemic, Tencent has made efforts in the era of environmental protection and actively fulfills corporate social responsibility. Finally, legally, Tencent needs to comply with Chinese government regulations on data security and privacy protection, ensuring the protection of user data. Overall, these factors have led to significant business growth in Tencent's current strategy, but as the pandemic

eases, Tencent still needs to consider how to maintain this growth momentum and respond to possible market changes in the future.

## **PORTER'S FIVE FORCES ANALYSIS**

The Porter's Five Forces model is a tool used to analyze the competitive structure of an industry and the competitive position of a company. It includes five forces: industry competitors, potential entrants, substitute products, suppliers, and consumers. These factors influence the industry's profitability and competitiveness (Porter, 1980). Porter's Five Forces research can assist in examining Tencent's strategy formulation, analyzing its strengths, identifying risks, and exploring market possibilities (Porter, 2008). The following is the Porter's Five Forces analysis for this instance:

### **Threat of Competitors**

In the field of online services, Tencent is facing numerous competitors. These rivals are not only competing with Tencent in terms of services and products, but are also fiercely fighting for customer resources, market share, and technological innovation. For instance, Alibaba, ByteDance, and Tencent are all major competitors of Tencent. Alibaba's DingTalk has grown rapidly during the pandemic, providing comprehensive online office collaboration tools for enterprises, directly competing with Tencent's WeChat Work (Yu & Vasudevan, 2019). Furthermore, short video platforms like ByteDance's Douyin and Kuaishou pose threats to Tencent's social media business (Zhang, 2022).

At the same time, due to the expansion of market demand, new competitors are continuously emerging. With the advancement of technology, pandemic isolation policies, the emergence of new business models and market demands, a large number of emerging Internet technology companies are emerging in tandem, these companies may pose threats to Tencent's existing business (Zheng and Ni, 2022). Tencent needs to continually innovate to address the challenges brought by these competitors.

### **Potential Entrants**

In the field of internet services, potential entrants could come from various aspects. With the rapid development of internet technology and the increasing market demand caused by the pandemic, new companies and products could emerge at any time, posing unprecedented challenges to Tencent's business development (Feng, H., & Hong, D., 2019).

The threshold to enter the internet technology industry is relatively low. As long as a new competitor has an innovative business model and certain new technology, it could stand out in a very short period of time. For instance, the rise of short video platforms has disrupted the original internet landscape dominated by companies such as Tencent and Alibaba. New players like ByteDance have rapidly risen through TikTok (a short video application) (Zheng and Ni, 2022). On the other hand, the development of advanced technology also provides possibilities for new entrants. For example, cloud computing companies might challenge



Tencent's position in the cloud service market by offering superior cloud services (Lu, W., 2022).

In general, Tencent needs to constantly pay attention to market and technological changes in order to respond to potential competitors in a timely manner.

### **Substitute Products**

In internet companies, the emergence of substitute products is a common occurrence. Due to the rapid development of technology and the constant changes in user demand, new products or services can replace existing ones at any time.

Firstly, looking at online work, international platforms such as Zoom, Google Meet, and Microsoft Teams are all substitutes for Tencent Meeting. These products have a large number of users worldwide and have achieved significant growth during the pandemic (Marr, 2020). In addition, tools like Slack and Asana can also serve as substitutes for Tencent WeChat, providing users with different collaboration methods (Bondar et al., 2022).

Secondly, Tencent is also facing threats from similar substitutes both domestically and internationally in education. Internationally, platforms like Coursera, edX, Khan Academy, etc., offer a wide range of online courses and learning resources, attracting a large number of learners (Chen et al., 2022). Domestically, educational institutions like New Oriental and TAL Education have their own platforms offering a wealth of online courses and learning tools. These platforms have a solid foundation and mature user base in the domestic market, posing a threat to Tencent's online education business (Wu et al., 2021). Finally, some traditional methods of learning, such as social media and video sharing, can also serve as substitutes for online education, attracting students' attention. For example, platforms like YouTube and Bilibili have a large number of educational videos, allowing users to learn freely on the platform without having to take formal online courses (Rogers et al., 2020).

In summary, in terms of substitute products, it is once again proven that Tencent needs to continue improving the quality and appeal of its online education and office products to face the challenge of substitutes.

### **Suppliers**

Unlike traditional industries, the suppliers of the internet industry are mainly non-physical entities such as technology, data centers, and advertising. Firstly, technology support suppliers are indispensable partners for Tencent. For instance, Tencent relies on a variety of open-source and commercial software for research and operations, including but not limited to databases, servers, and cloud services. If these suppliers raise prices or change strategies, Tencent will have to passively spend time and resources to respond to these changes (Kshetri, 2020).

Secondly, data centers are also important suppliers for Tencent, and most of their products and services rely on the security and stability of data centers. Therefore, the operating costs of data centers, such as electricity, equipment, maintenance, etc., will impact the profit brought by this strategy (Han et al., 2021).

## **Consumers**

The power of consumers has a significant impact on Tencent's strategy. Firstly, unlike the traditional physical goods industry, in the internet industry, consumers can freely choose various virtual online services such as office software, educational platforms, entertainment applications, etc. Tencent needs to provide high-quality products and services to meet consumer needs and win their favor (Yang et al., 2022). Secondly, unlike the past, the biggest opportunity of this strategy is a large amount of new customer traffic. The satisfaction and stickiness of new customers will directly affect whether this strategy is successful and how much profit it brings.

Therefore, Tencent must constantly improve and update products to enhance the user experience and meet their expectations (Zhou, 2021). Finally, user data is an important resource for Tencent. Tencent can understand the needs and behaviors of users by collecting and analyzing user data to provide better services. But at the same time, the security of user data is a major challenge faced by Tencent. Tencent needs to protect data security while balancing the relationship between data collection and privacy, to avoid losing the trust of users (Feng et al., 2021). In general, a large number of consumers are the biggest opportunity brought by this pandemic, and whether to maintain and expand the consumer base is also one of the important criteria for the success of this strategy.

## **Critical evaluation of Porter`s Five Principles in context of Tencent**

In general, Porter's five forces provide an effective framework to help us understand various aspects of Tencent's current strategy. The above analysis shows that, despite the challenges from competitors, the threat of potential entrants, the existence of substitutes, the bargaining power of suppliers and consumers, Tencent still utilized this strategy, its technical advantages, and market opportunities to deal with threats and weaknesses, thereby achieving significant growth in online business during the pandemic.

## **CURRENT STRATEGY FOLLOWED BY TENCENT**

Through the analysis of the above models, we can see that Tencent's strategy during this epidemic was excellent, particularly in promoting online services, such as remote work, online learning, and virtual meetings. They successfully attracted a large number of new users, thereby enhancing their market competitiveness.

On one hand, Tencent promoted its existing online services, such as WeChat, Tencent Meeting, Tencent Classroom, etc., to meet people's needs for working and studying from home. This not only increased users' reliance on its products, but also further enhanced Tencent's leadership in the Internet market (Wang et al., 2021). On the other hand, Tencent has strengthened its investment and innovation in digital technology to provide higher quality services. For instance, Tencent has launched a series of new online education applications, providing more convenient online learning methods for students and teachers (Li et al., 2022).

However, despite the significant results of Tencent's strategy, they are still facing a series of challenges. Firstly, with the easing of the epidemic and the gradual opening of

lockdown measures, people are gradually reducing their demand for online services, which has a direct impact on Tencent's revenue. Secondly, Tencent is also facing pressure from other competitors, such as Alibaba, ByteDance, etc. (Zhang et al., 2021). In summary, Tencent's strategy during the epidemic was very successful, but they also face significant challenges in the future.

## **CHALLENGES AND SHORTCOMINGS OF TENCENT'S STRATEGY**

From the above content, we can see that during the COVID-19 pandemic, Tencent's online development strategy promoted its online products such as WeChat Work, Tencent Meeting, etc., achieving significant business growth. However, this strategy also has some clear drawbacks, which we will now focus on and analyze.

Firstly, the quality and user experience of online products still need improvement. Due to the sudden onset of the pandemic, the transformation from offline to online was overly urgent. Despite Tencent's consideration of various factors, there have been some users who reported problems during the use of products such as WeChat Work, like poor video call quality, unstable systems, etc. (Zhou, Y., & Zhang, Y., 2022). These issues may lead to user churn, affecting Tencent's market share.

Secondly, Tencent faces substantial competitive pressure in the online education market, while lacking mature online education products. At present, the online education market is fiercely competitive, with large internet companies like Alibaba and Baidu all actively laying out in this field. As Liu et al. (2023) mentioned, due to the lack of unique advantages and mature products, Tencent's competitive position in this market is not stable.

In addition, Tencent's online products mainly rely on advertising revenue. However, with the Chinese government's increased regulation of data privacy and online advertising in recent years, this could potentially impact Tencent's ad revenue. Furthermore, the acceptance of online ads among users is also declining, which may further weaken Tencent's revenue sources (Sun, J., & Li, M., 2023).

In summary, although Tencent has achieved some results during the pandemic through its online strategy, it still needs to improve in areas such as product quality, market competition, and revenue model.

## **SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT**

Corporate Social Responsibility (CSR) and sustainable development are another important perspective for evaluating corporate strategy. CSR emphasizes the company's responsibility to society and the environment, while sustainable development emphasizes the company's long-term survival and development.

Firstly, in terms of social responsibility, during the epidemic, Tencent helped to reduce the mobility of the population and lower the risk of epidemic transmission by enhancing services such as online work, learning, and meetings, thereby demonstrating social responsibility. At the same time, these online services provided convenience, reducing people's travel and helping to decrease carbon emissions, in line with sustainable development goals

(Frynas & Yamahaki, 2016). Secondly, in the future, Tencent could further optimize its data center's energy consumption to reduce electricity consumption and carbon emissions, and could also invest in renewable energy to achieve sustainable operations (Jiang & Luo, 2021). Considering the current recovery from the epidemic, Tencent could also support companies severely affected by the epidemic, such as in education, medical, and environmental protection sectors, to achieve a win-win situation in terms of economic benefits and social impact (Chiu & Wang, 2020).

However, from a negative perspective, the rapid development of online business has also put pressure on electricity demand. Tencent needs to provide stable electricity for its large-scale servers, which is particularly difficult in the context of China's tight power supply and the majority of people working from home during the pandemic (Liu, F., & Li, Z., 2023).

At the same time, the operation and cooling of Tencent's online servers consume a large amount of energy and generate a substantial amount of waste, which may lead to environmental issues. In the long run, Tencent needs to find a balance between business development and environmental protection. For example, Tencent can further adopt green energy to reduce the environmental impact of its electricity demand. Additionally, Tencent can also reduce energy consumption by improving server energy efficiency, optimizing software algorithms, and so forth (Li, J., & Wu, Y., 2023).

In conclusion, while Tencent has made some contributions to environmental protection in the promotion of its online business, it still needs to continue to seek a balance between energy demand and environmental protection.

## **CONCLUSION**

After an in-depth analysis of Tencent's strategy management during the pandemic, we can see that Tencent, with its strong technical foundation, extensive user base, and diversified businesses, effectively seized the opportunities for online development during the pandemic, achieving a rapid growth of its user base and further strengthening its market position (Hitt et al., 2021).

However, we also noticed that this strategy entails obvious risks. In the face of fierce market competition, the variability of user demand, policy and environmental uncertainty, and other multiple challenges, Tencent needs to remain vigilant at all times, adopting a series of countermeasures or new strategies to maintain its competitiveness and achieve sustainable development (Porter & Heppelmann, 2014).

Specifically, we currently suggest that Tencent should continue to intensify its technological innovation and investment, improve user experience, and expand its business scope. In addition, Tencent should still focus on corporate social responsibility, improve its performance in areas such as environmental protection and investment, in order to achieve a harmony and unity of the company's economic, social, and environmental goals (Frynas & Yamahaki, 2016).

Overall, this is a fruitful strategy, but Tencent still needs to adapt to and leverage environmental changes, continuously innovate and actively drive social responsibility, in order

to maintain its leading position and achieve the company's long-term, sustainable development in the future.

## **Suggestions**

As can be seen from our research and analysis, the series of strategic management measures Tencent has implemented in response to the pandemic have undoubtedly been successful. They have greatly improved the company's market position, increased user numbers, and boosted revenue and profits. However, from a long-term perspective, whether it is the gradual improvement of the pandemic, the reopening of society, or the gradual resumption of offline work and study by people, Tencent needs to adopt a new round of strategies or measures to cope with market changes and user loss. Here are some suggestions that might be useful.

Firstly, there is no doubt that Tencent must continue to innovate and invest, continuously improving existing products or developing new ones, to enhance user experience and maintain a leading position in a highly competitive market. In terms of existing products, according to our company's user feedback analysis (Chen, Y., & Wang, Q., 2023), some of Tencent's products have areas in the user interface and functionality that need to be improved. For new products, Tencent could consider expanding its investment in burgeoning fields such as cloud technology, artificial intelligence, and big data to provide more advanced and customized user experiences (Gao & Low, 2014).

Simultaneously, Tencent could consider broadening its business scope. With the easing of pandemic restrictions, the company can explore new potential fields or projects, such as online health technology, fintech, etc. This not only provides Tencent with new revenue sources but also helps establish a stronger competitive position in the market (Lin & Ye, 2019). It could further consider expanding into overseas markets. Despite Tencent's already stable position in China, its presence in overseas markets, especially in Europe and America, is relatively small (Smith, J., & Johnson, K., 2022). Tencent can fully utilize its strong technology and rich product line to strengthen its overseas market development.

Finally, Tencent still needs to increase its investment in social responsibility and sustainable development. During the pandemic, Tencent's contributions to society and communities have been recognized by the public. However, this recognition needs to be maintained in the long term, requiring continuous investment in society and communities to gain steady public trust and establish a stable and healthy brand image.

In summary, Tencent should maintain its leading position in the post-pandemic market through maintaining technological innovation, enhancing user experience, and diversifying development and cooperation.

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