

## Tencent (2017, IMD)

- *Full Name of the Case:* China's Tencent: Leading the Way in Monetizing Platforms
- *Teaching Note(s) Available?* Yes
- Case is available through The Case Centre (Reference no. IMD-7-1936)

Tencent is a Shenzhen-based Chinese conglomerate founded in 1998 by Ma Huateng. It is best known for its messaging app Weixin/WeChat (and associated applications, such as for payments), as well as its vast repertoire of video games (it is globally the biggest publisher of video games), e-commerce and other offerings. The case traces the explosive growth of Tencent and how it has been able to utilize its scale and first-mover advantage to build and monetize a phenomenally successful multisided platform business model, which draws on different sources of value.

As such, the case lends itself well to illustrate the different theories of value creation discussed in **Chapter 2** of the book, in particular Schumpeterian innovation (e.g., the origins of WeChat), resource-based advantages (e.g., from the bundling of products and services on the WeChat platform) and strategic network effects. By explaining how value creation has shifted from adding value in a linear series of activities (i.e., in a value chain) to creating value from interactions on a platform, the case can also be used to make the point that the business model has become a relevant unit and level of analysis.

The case could also be used in conjunction with **Chapter 8** (value propositions, NICE framework), and **Chapter 12** (digital platform business models).

Students will find this case interesting because Tencent is such an important player globally (the 8<sup>th</sup> most valuable company in the world in September 2020), which many students nevertheless know comparatively little about. It's particularly interesting to understand how Tencent aggregates within its business model various equivalents of social media platforms in the U.S. (e.g., Facebook, Twitter, Spotify) into a sort of mega platform that generates value through all these super-charged linkages.