RESEARCH ON THE DIVERSIFICATION STRATEGY AND EVOLUTION OF REVENUE STRUCTURE OF PLATFORM ENTERPRISES: A CASE STUDY OF MEITUAN

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Abstract

This paper uses a longitudinal one-case quantitative research design to explore the role of Meituan in diversification strategy in transforming its revenue makeup in the period between 2019 and 2023. Disclosures available publicly were put through a three-step process of data auditing and examined using descriptive statistics, correlation analysis, and ordinary least squares models. Analytical transparency was ensured with the help of IBM SPSS Statistics 29 and Python. The findings indicate that there was a purposeful seeking of a breakthrough in the stability trajectory: the core business share dropped to 74.8% against 79.1% and the Diversification index increased to 0.404 against 0.331 and remained the same. Basic enhanced user engagement and continued R&D spending served as a combined force, and stability in profitability took a J-curve recovery. In theory, the research connects the network impacts, resources orchestration, and platform maturity with the diversification finding and explains how platform enterprises can mitigate growth and risk trade-offs. In practice, it provides measures of action to sequence market expansion and technology investment priorities.

Keywords: Platform enterprise, Diversification strategy, Revenue structure, Network effects.

Introduction

The digital platform economy is a conclusive contributor to productivity success and value establishment all over the world. Platform businesses create faster acceleration in scaling, so-called data-driven personalization, and cross-market spillovers that crosscut across conventional boundaries between industries (Gawer, 2021). The digital economy of China has increased to 50.2 trillion yuan in 2023, more than 41 percent of the GDP, based on consumer services and urban logistics anchored on such platforms as Meituan, Alibaba, and JD.com.

Meituan subsequently became both a Group-buying site and an all-inclusive lifestyle super-app, adding food delivery, hotel and travel, mobility, new retail, and fintech services in that order. Its diversification is different from old-fashioned conglomeration, as it uses data assets shared, modular technologies, and network effects to extend the value proposition or retention of users within the ecosystem. The implications of the Revenue of such expansion will be important to both academics and managers aiming to find playbooks that can be repeated to diversify platforms into an enterprise.

Current research does not provide any longitudinal empirical data at the firm level, usually relying either on concept arguments or cross-sectional surveys. Additionally, there is a dearth of literature that defines an interaction between diversification and Revenue mix, user engagement, and technology investment over time. Through the lens of the strategic changes at Meituan, and its 2019-2023 strategy, the given study offers a unique dynamic understanding

of platform diversification based on the theoretical rationale with provable financial and operating indicators.

Research Significance and Objectives

Theoretically, the study adds platform diversification theory through the expansion of thinking to an ecosystem level of resource-based view. It elucidates the simultaneous mediation of the diversity intent and performance relationship by user base growth, intensity of technology, performance, and satisfaction.

In practice, the research provides platform executives with a tangible diagnosis of sequencing diversification activities on how and when to trade short-term profitability with network expansion and how to monitor the cash flow resilience. These are intended to (1) trace the development of the revenue structure of Meituan; (2) develop and visualize a theoretical model linking drivers, mechanisms, and outcomes; (3) test hypotheses about user engagement, core business maturity, and technology intensity; and (4) compare the results with those of other platforms within the Chinese economy.

Literature Review and Conceptual Framework

Digital Diversification

Digital change allows the platforms to dissolve the difference between related and unrelated diversification using the same algorithms, data mounds, and consumer interfaces (Andreasson et al., 2024). Empirically, roughening out the consequences of digital transformation, Wu and Li (2022) show that the expansion of diversification can be achieved through market-power reinforcing channels and risk dispersion channels. Schreieck et al. (2024) also note that the strategies of integration can be complete convergence into one or a symbiotic partnership and relationship, which means that the decision of governance determines the speed and synergistic diversification.

Network Effects and Revenue Structure Evolution

Platform ecosystems still rely on network effects as the catalyst of value. As demonstrated by Soares and Nieto-Mengotti (2024), user-side network effects influence the logic of pricing, the logic of subsidies, and the logic of bundling, and in turn, establish viable options of revenue structure. According to Farronato et al. (2024), the successes of mergers are dependent on the retention of networks after the merger, whereas Cusumano et al. (2020) explain that the world leaders use network effects to maintain the expansion across markets. These results suggest diversification without supporting the network is likely to fragment value capture.

Research Gap and Hypothesis Development

Although rich conceptual literature exists, little research offers a longitudinal map of the direction diversification intensity, revenue mix, and technology investment take among themselves within a platform enterprise. Based on the resource orchestration theory (Helfat & Raubitschek, 2020) and the research on digital ecosystems (Gawer, 2021), we will posit that the diversification of Meituan is controlled by three drivers: core business maturity, user engagement, and technology intensity, moderated by network effects and fulfillment efficiency. Figure 1 represents the conceptual framework that comes out of it and grounds the hypotheses later to be tested in the paper.

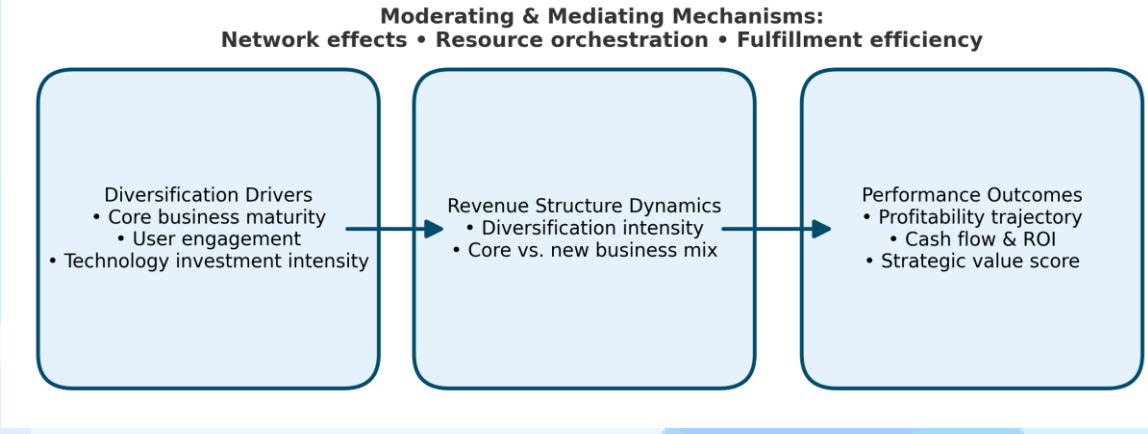

Figure 1. Conceptual framework linking diversification drivers, revenue structure dynamics, and performance outcomes.

Research Methods and Hypotheses

Research Design and Data Sources

The study adopts a longitudinal analysis involving one case. Meituan was chosen as it is the most popular local-life service platform in China and has revealed the segment information since 2019. The five-year window is able to retrieve the pre-pandemic baseline, the pandemic disruption, and the post-pandemic optimization, which allows one to observe the inflection points in the strategies. Only audited filings of the Hong Kong Stock Exchange, Meituan investor-relations releases, and government statistical yearbooks were used to gather data.

Data Processing and Analytical Tools

Quality-control protocols were provided in three forms, which included: (1) extraction of reported figures and conversion of all monetary values into RMB 100 million; (2) harmonization of units, disclosure gaps, and marking a not disclosed item instead of assigning the value; (3) time stamps reconciliation between financial, operational, and user-engagement indicators. IBM SPSS Statistics 29 workflow was run together with Python 3.12 descriptive statistics, correlation analysis, and OLS regressions.

Significant endogeneity and small-sample biases were recognized by performing rigorous tests with alternative specifications, keeping track of Durbin-Watson values, and interpolating quantitative findings with the qualitative understanding of management reports.

Variable Measurement

The level of diversification is assessed by the adjustments of the index known as the Herfindahl-Hirschman used to measure the intensity (HHI): $1 - \Sigma(\text{share}^2)$ across core and new business segments. User engagement incorporates active users, frequency of transactions, and cross-business use, whereby the intensity of the technology investment is the expenditure of R&D. Additional indicators are efficiency of fulfillment, cash-flow Margin, ROI index, and strategic value score, which is a combination of both financial and strategic KPIs.

Hypotheses

H1: Higher core business maturity (proxied by gross-profit resilience and fulfillment efficiency) positively relates to diversification intensity.

H2: User engagement growth positively relates to diversification intensity.

H3: Technology investment intensity positively relates to diversification intensity and subsequent performance gains.

H4: Network effects and fulfillment efficiency moderate the above relationships by amplifying positive spillovers.

H5: Diversification and performance follow an inverted-U/J-curve relationship, with short-term profit pressures followed by recovery as synergies materialize.

Empirical Analysis and Findings

Descriptive Statistics of Core Indicators

The summary of the main quantitative indicators of Meituan over a year is presented in Table 1. Total Revenue rose from RMB 97.5 billion to RMB 276.7 billion (in 100 million RMB units), with the diversification index peaking at 0.404 in 2021 before stabilizing. The number of active users grew to 720 million from 450 million, and the number of orders per head went up to 30.4 from 19.4, confirming reinforced user stickiness. The level of R&D remains between 7.7 and 9.5 percent, indicating the long-term commitment to technology.

Table 1. Key performance indicators of revenue structure evolution (2019–2023).

Year	Total Revenue (100m RMB)	Revenue Growth (%)	New Business Share (%)	Diversification Index	Active Users (100m)	Orders per Capita	R&D Intensity (%)
2019	975.3		20.9	0.331	4.5	19.4	8.7
2020	1147.9	17.7	23.8	0.360	5.1	19.9	9.5
2021	1791.3	56.1	28.1	0.404	6.9	20.9	9.3
2022	2199.5	22.8	26.9	0.393	6.8	26.0	9.4
2023	2767.4	25.8	25.2	0.377	7.2	30.4	7.7

Resource and Capability Indicators

Measurements of resources as provided in Table 2 demonstrate that R&D expenditure has increased up to RMB 21.2 billion from RMB 8.45 billion, while fulfillment efficiency remained low at less than RMB 9 per order as the company was growing. Cash-flow Margin recovered from -2.2 in the year 2021 to 14.6 in the year 2023, with an improved resource orchestration.

Table 2. Resource-based capability indicators (2019–2023).

Year	R&D Expenditure (100m RMB)	Operating Cash-Flow Margin (%)	Asset Turnover	Fulfillment Cost per Order (RMB)	Revenue per Capita (RMB)
2019	84.5	5.7	0.64	7.5	217
2020	108.9	7.4	0.64	8.0	225
2021	166.8	-2.2	0.75	7.8	260
2022	207.4	13.0	0.77	8.4	323
2023	212.0	14.6	0.76	8.2	384

Strategic Performance Indicators and J-Curve Evidence

Table 3 confirms the J-curve. The expansion phase saw a net profit falling at a rapid rate (-235.4 hundred million RMB in 2021), but in 2023, the net Profit has recovered to 138.6 hundred million RMB, the ROI hit 90, with an increase in strategic value score to 95. New business loss ratios have gotten smaller from -76.4% to -28.9% demonstrating disciplined monetization.

Table 3. Strategic performance indicators (2019–2023).

Year	Net Profit (100m RMB)	Operating Margin (%)	New Business Loss Rate (%)	Operating Cash Flow (100m RMB)	ROI Index	Strategic Value Score
2019	22.4	2.7	-37.9	55.7	65	60
2020	47.1	3.8	-39.8	84.8	75	70
2021	-235.4	-12.9	-76.4	-40.1	30	75
2022	-66.9	-2.6	-47.9	286.8	45	80
2023	138.6	4.8	-28.9	405.2	90	95

Regression and Correlation Insights

The correlation analysis also supports the theoretical predictions: Revenue has a significant relationship with active users (r = 0.92) and orders per capita (r = 0.95), whereas R&D intensity showed a negative transitory relationship with the net Profit (r = -0.63), which is an indicator of investment pressure. SPSS regression of net Profit using new-business share and R&D intensity produces an R2 = 0.627 (adjusted R2 = 0.255). A 1 percentage-point increase in the share of new business was accompanied by an average rise in net Profit by -1.43 percentage points, and a 1-point rise in R&D intensity was accompanied by a -9.67 billion increase. Combined with the recovery last seen in Table 3, these results confirm the conjectured J-curve: the initial drop in profitability is compensated as soon as network effects and efficiency gain become a reality.

Robustness and Limitations of Empirical Tests

Robustness tests based on other dependent variables (cash-flow Margin, ROI) generated the same overall signs of coefficients. The value of Durbin-Watson, which is approximately 3.0, indicates the absence of autocorrelation, but the possibility of omitted-

variable bias. These constraints are explicitly acknowledged in the conclusions to guide future research.

Discussion and Conclusions

Synthesis of Key Findings

The H1-H3 is confirmed by the analysis that reveals the role of stable core operations, user engagement growth, and technology intensity in their collaboration to induce diversification. The qualitative support of H4 is that the strategic options of diversification are translated into strategic value through network effects and fulfillment efficiency. The documented J-curve validates H5, which explains the initial decline in profits, followed by increases in ROI.

Comparison with Prior Platform Studies

Unlike the ecosystem coordination in Alibaba and the super-app management in Tencent, Meituan depends more on logistically intensive fulfilment, and thus, operational efficiency is a more significant factor in diversification success. EY's (2024) platform leadership benchmarking shows that only about 9% of technology firms achieve the sustained ROI levels Meituan posted in 2023. The asset-heavy strategy of JD.com will be more reliable in the initial phase but diversify more slowly; the light services bundling of Meituan is thus a trade-off between the asset-light information plays and asset-heavy retail services.

Managerial and Policy Implications

Managers are advised to diversify in three phases, which include consolidation of the core, cross-selling to users faster, and institutionalization of technology investment of more than 8 percent of Revenue. The policy makers who manage the platform economy in China can utilize these lessons to strike the right balance between antitrust activities and incentives to foster the ecosystem-wide novelty, so that the diversification process can maximize the welfare of consumers without compromising compliance.

Limitations and Future Research

There are several things that can be done to make the work in the future more effective in terms of time horizon, the use of quarterly information to enhance statistical power, and the use of comparative multi-case designs between Alibaba, JD.com, and ByteDance. Causal inference would also be better honed through further research into endogeneity, possibly through instrumental-variable methods using regional policy shocks.

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