

Research on International Marketing Strategy of Xiaomi Smart Home

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Abstract: *With the development and progress of the economy and society, and the continuous upgrading of consumption concepts, people are more and more respectful of technology, efficient, and convenient home lifestyles. Smart homes have increasingly become an inevitable choice for people to pursue high-quality life. This paper takes Xiaomi Technology Co., Ltd. as the research object, conducts analysis and research with PEST theory and SWOT analysis method, and puts forward countermeasures and suggestions for improving the international marketing strategy of Xiaomi Smart Home.*

Keywords: *Xiaomi Technology Co., Ltd., smart home, marketing, SWOT analysis, strategy research*

1. Introduction

With the continuous development and progress of the economy and society, people's lifestyle and life concept have undergone tremendous changes, and people's requirements for the home environment continue to promote the development of the emerging industry of smart home. International marketing strategy has always been an important topic for domestic and foreign scholars to study, which will be helpful to the construction of marketing strategy for the same type of enterprises. In this context, this paper makes a comprehensive analysis of the environment and strategy of international marketing of Xiaomi's smart home. In the process of analysis, shortcomings of Xiaomi's current corporate positioning and marketing are found. On this basis, SWOT analysis is used to study Xiaomi's international marketing strategy, aiming to provide countermeasures and suggestions from multiple perspectives for further improving its international marketing strategy[1-2].

2. Business background and related overview

2.1 Smart home concept

Smart home refers to the use of various information interaction technologies, self-control perception technologies, network communication technologies, audio and video technologies, etc. to connect lighting, security, audio-visual, home appliances and other household equipment, and then realize the automatic control of their functions through a local area network. Such a kind of intelligent system control creates a comfortable, convenient, efficient and safe living environment for people, and is deeply loved by contemporary young people. With the improvement of science and technology, smart homes have become the norm in people's lives. The market size of the smart home industry has also exceeded \$100 billion and is expected to exceed \$150 billion by 2024.

2.2 About Xiaomi Technology Co., Ltd.

Xiaomi Technology Co., LTD. (hereinafter referred to as Xiaomi) was established by Lei Jun in April 2010 in Beijing, is an Internet company with mobile phones, smart hardware and IoT platform as the core, with smart phones, smart TV notebook and other rich products and services, committed to let everyone in the world can enjoy the better life brought by science and technology. "Let everyone enjoy the fun of technology" is the vision of Xiaomi company, Xiaomi's enterprise goal is to focus on mobile phones and link all smart devices.

Xiaomi was listed on the Main Board of the Hong Kong Stock Exchange on July 9, 2018. Xiaomi is a consumer electronics and intelligent manufacturing company with smart phones, smart hardware and IoT platforms as its core. With equal emphasis on innovation and quality, Xiaomi constantly pursues the

ultimate user experience and operational efficiency. Xiaomi's mission is to always adhere to the "touching, price generous" good products, so that everyone in the world can enjoy the good life experience brought by technology. According to Canalys data, the fourth quarter of 2022 in the world's mobile phone shipments ranked third. Xiaomi has also built the world's leading consumer AIoT (AI+IoT) platform, with the number of connected IoT devices (excluding smartphones, tablets and laptops) reaching 590 million as of December 31, 2022. Xiaomi products are available in more than 100 countries and regions around the world. In August 2022, Xiaomi was selected into the Fortune Global 500 for the fourth time, ranking 266th, up 72 places from 2021[3-4].

3. Xiaomi smart home international marketing status

Since Xiaomi Group entered the overseas market in 2014, the growth rate has been strong, and the global layout has achieved remarkable results. By the end of 2019, Xiaomi has successfully entered the market of more than 90 countries and regions around the world, and achieved overseas revenue of 91.2 billion yuan. Xiaomi has become a global enterprise. In 2019, the revenue of the IoT and consumer products segment reached 62.1 billion yuan, an increase of 41.7% year-on-year. Among them, the smart TV, wearable devices and smart speakers market is in the leading position in this kind of products, Xiaomi TV global shipments reached 12.8 million units, ranking fifth in the world; Global shipments of smart wearable devices ranked first. At the same time, as one of the world's leading consumer IoT platforms, there are 235 million connected IoT devices.

Overall, Xiaomi's overseas market development is showing a good trend, and the globalization strategic layout is steadily advancing. Xiaomi said in its 2019 annual financial report that it will continue to deepen international expansion, further expand its market share in India, Europe, Latin America, Southeast Asia and other regions, and actively explore other potential markets. In addition, Xiaomi will also strengthen cooperation with overseas telecom operators to develop and deepen sales channels.

4. Analysis of Xiaomi Smart Home International Marketing Environment

Under the background of world economic globalization, enterprises are an important carrier to maintain the smooth operation of market economy, and their own operation and development are closely related to the environment in which they live. According to the PEST theory, we will conduct an in-depth analysis of the international marketing environment of Xiaomi smart home from two aspects: macro environment and internal environment.

4.1 Macro-environment Analysis of Xiaomi Smart Home International Marketing

1) Political Environment

With the rising demand in the smart home market, various countries are paying more and more attention to the development of this industry, and have successively issued a series of relevant policies and laws and regulations to support its development. Japan and Japan followed closely and launched relevant policies one after another. The introduction of these policies is to promote the development of smart manufacturing, which points out the direction for the development of the smart home field.

2) Economic environment

As the world's largest developing country and the world's second largest economy, China has been actively advocating the establishment of a new type of global development partnership. In recent years, China has become one of the important driving forces of world economic growth. The enhancement of economic strength has further promoted the economic cooperation between China and other countries, and further promoted the development of my country's smart home enterprises in the international market. As the main enterprise of smart home, Xiaomi can also enjoy the advantages brought by the good economy.

3) Social environment

Enterprises entering the market of the host country must fully understand the local social environment, which is formed by the mutual influence of the local population environment and social culture. The population aging in economically developed countries and regions such as Japan, South Korea, and Europe is deepening, and the consumer groups targeted by smart home products are mainly young and middle-aged people. With the reduction of the demographic dividend, this will have a great impact on

the sales of smart home products. However, the population of many emerging economies is growing rapidly, such as India, Brazil, Indonesia and other countries, which shows a sudden increase in the market demand for smart home products. Different countries have different social environments. How to meet the needs of consumer groups for smart home products in different social environments is a problem that must be considered in the international marketing of Xiaomi Smart Home.

4) Technical environment

At present, the relevant technologies of smart home such as the Internet, the Internet of Things, and artificial intelligence have achieved rapid development under the encouragement and guidance of national policies in recent years. The development of the Internet of Things, the Internet and artificial intelligence technologies fully guarantee the high-tech and intelligence of smart home products. However, due to immature technologies such as 5G, artificial intelligence, and Internet of Things communications, the development of smart home products still faces many problems.

4.2 Internal Environment Analysis of Xiaomi Smart Home International Marketing

By 2020, Xiaomi has invested in more than 300 companies; in terms of corporate organizational capabilities On the one hand, the success of Xiaomi is inseparable from its excellent team. Xiaomi has been implementing the plan of full holding and investment by all employees, so that the interests of employees are closely connected with the interests of the company, and the goals of employees are consistent with those of the company; in terms of corporate marketing capabilities , Xiaomi has attracted a large number of loyal customers with its precise market positioning, and Xiaomi has established a long-term trust relationship with consumers through relationship marketing, and has a large-scale customer fan resource, which has laid a solid foundation for the development of Xiaomi smart home[5-6] .

5. SWOT Analysis of Xiaomi Smart Home International Marketing Strategy

5.1 Analysis of Advantages of Xiaomi Smart Home International Marketing

1) Complete and rich product ecological chain

Millet in the development of smart home has been continuously promoted, millet smart home launched a lot of star products we now know, such as sweeping robot, air purifier, millet water purifier, millet bracelet, millet rice cooker and so on, according to the survey, now more and more families are willing to choose millet smart home products, Including TV, rice cooker, scale and so on are deeply loved by everyone. Xiaomi has formed its own complete product ecological chain in the smart home industry.

2) Price Advantage

Xiaomi smart home adopts a combination of official self-operated and distributor-operated sales methods. Through the official self-operated method and its own huge ecological chain, many intermediate links are reduced, and product sales prices are reduced. Under the premise of ensuring the same configuration, Xiaomi smart products always have the lowest price, but low price does not mean that the quality of the product is not good. Xiaomi pays special attention to product quality and strictly controls every detail in the production process.

3) Excellent management ability

Xiaomi company has been established for ten years. The great achievements of Xiaomi company today are inseparable from the outstanding leadership of CEO Lei Jun. His unique vision has grasped every stage of contemporary technological innovation. Looking at Xiaomi Its great achievements today are inseparable from Lei Jun's long-term vision and correct leadership.

5.2 Analysis of the Weaknesses of Xiaomi Smart Home International Marketing

1) Less capital investment and later entry into the international market

Although Xiaomi's R&D investment in 2020 will reach 10 billion yuan, it is insignificant compared with foreign giants. Amazon's market investment has reached 100 billion as early as 2018, so in terms of R&D investment, Xiaomi Smart Home still needs to double. Work hard to innovate and upgrade products and services. Before 2018, Xiaomi Smart Home has always regarded the domestic market as an important target market for enterprise market development, and entered the international market late.

2) The core technology is not yet mature, and the after-sales service lags behind

Xiaomi has cooperated with many companies to produce many popular and best-selling products, but there are also drawbacks.

5.3 Xiaomi Smart Energy Home International Marketing

1) National support in strategy and policy

The country has obvious resource inclinations both in terms of strategic planning and local policies, which has promoted the development of the field of smart home. The national economy is developing rapidly, the per capita income is increasing, and the funds that the public can use to improve their lives have also increased. In recent years, the Chinese government has been committed to building cooperation, openness, and mutual benefit and win-win cooperation with other countries. It has laid a solid foundation for entering the international market.

2) Conform to the consumer demand of the times

In today's era, people are no longer in the survival stage of Maslow's hierarchy of needs, but are pursuing the need for self-realization. This need also makes people pay more attention to the comfort and convenience of home life. Everyone hopes to have an intelligent furniture appliances, so the desire for smart homes is stronger than ever. This strong consumer demand will reconstruct traditional business and consumption patterns in the future, and the consumer market of Xiaomi Smart Home has great potential for development.

5.4 Threat Analysis of Xiaomi Smart Home International Marketing

At present, the competition in the smart home industry is fierce. In China, there are not only Huawei, Baidu and other network electronic technology providers involved, but also Gree, Midea and other electrical appliances companies have all entered the competition of smart home. In the international market, Xiaomi also faces fierce competitors such as Crestron, control4, Honeywell and Schneider. As a newcomer to the smart home field, Xiaomi Smart Home will inevitably face fierce competition and bear great pressure if it chooses to enter the international market.

6. Countermeasures and Suggestions for Xiaomi Smart Home to Further Improve Marketing Strategy and Expand International Market

Combined with the analysis of the international marketing environment and strategies of Xiaomi Smart Home, starting from the full use of Xiaomi Smart Home's own advantages and the opportunities given by the outside world, suggestions are put forward for the current marketing strategy of Xiaomi Smart Home to expand into the international market.

6.1 Increase product innovation and enterprise investment to form its own core competitiveness and financial guarantee

In the process of overseas expansion of Xiaomi Smart Home, innovation should always be given top priority, and investment in product innovation should be continuously increased. First of all, enterprises must have high-tech talents. Secondly, Xiaomi should also give corresponding support and encouragement to ecological chain enterprises in terms of innovation. Finally, Xiaomi and upstream and downstream ecological chain enterprises should form innovation into a corporate culture, so as to ensure the success of product innovation. Continuity can ensure that Xiaomi smart home has been continuously exporting more innovative products to the society.

In order to achieve product innovation, enterprises must increase capital investment in product development and technology improvement, but such investment will put a certain pressure on finances. Therefore, the enterprise should plan the product development cycle well, and match it with the marketing strategy, do a good job in financial management, ensure the normal flow and return of funds, and realize the healthy capital of the enterprise.

6.2 Respect cultural diversity and implement differentiation strategies

Transnational marketing activities must pay attention to cross-cultural management and implement

differentiation strategy. When conducting overseas promotion, enterprises must respect foreign culture, local customs and people's feelings, pay attention to more humanized communication with local consumers, and avoid consumer resistance caused by cultural differences. While respecting the culture of overseas markets, it is necessary to convey the corporate culture to the local cultural model through advertising, video and other publicity means to be accepted by the local people. At the same time, it is necessary to implement differentiated marketing and multi-channel marketing according to local policies and cultural traditions, and at the same time pay attention to the combination of online sales and offline marketing, increase the offline product experience center, so as to form a good user experience, which will help to establish a better brand effect in overseas markets.

6.3 Strengthen collaboration among enterprises and turn competition into driving force

As I said before, Xiaomi smart home has strong competitors at home and abroad, Xiaomi needs to look at this competition correctly, as the saying goes: there is competition to progress. For Xiaomi, the fierce competition can be transformed into the driving force for its progress from another aspect, because Xiaomi can learn the successful marketing experience of its competitors, scientific research and technology, and cooperate with its competitors in some aspects. On the basis of competition, Xiaomi should find out its shortcomings and reflect on management, technology and marketing. Combine the advanced nature of the world's smart home giants to improve themselves. I believe that Xiaomi holds a correct view of competition, the face of competition, and embrace the attitude of competition will inevitably allow Xiaomi to make greater progress on the stage of the world's smart home.

7. Conclusion

Based on the environmental analysis and SWOT analysis of the international market of Xiaomi Smart home, combined with the disadvantages and threats existing in the development of Xiaomi's international marketing strategy, this paper puts forward relevant countermeasures and suggestions for the current marketing strategy of Xiaomi Smart home to expand the international market, hoping to provide theoretical support for Xiaomi Group and similar enterprises. It is also hoped that this paper can provide valuable literature system for researchers and help them to further study. In the future research, I will continue to study the international marketing strategy of enterprises and conduct empirical research on relevant issues in combination with quantitative analysis, so as to better improve the research content.

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