

# Analysis of Xiaomi Corporation's Marketing Strategy

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**Abstract:** *Xiaomi Corporation has successfully developed and expanded the Xiaomi mobile phone business by virtue of its excellent marketing strategy, and by replicating the marketing model, Xiaomi's smart hardware has also received a good market response. It has made relatively successful decisions in Internet marketing, spokesperson selection, and product strategy, and has pioneered the establishment of a complete dual-channel online and offline mobile phone sales. However, in the marketing process of Xiaomi Corporation, there are also problems such as lax Internet marketing review and over-reliance on hunger marketing.*

**Keywords:** *xiaomi Corporation, marketing strategy, hunger marketing*

## 1. Introduction

Marketing guides enterprises to discover the various needs of consumers in an uncertain and complex market environment and realize the development goals of enterprises. A series of market research, target market selection, product development, product wholesale and retail and other market-related activities to achieve sales and generate cash inflows all belong to the category of marketing. Since its establishment, Xiaomi Corporation has always been remarkable in the choice of marketing strategies. Therefore, studying Xiaomi Corporation's marketing strategies can provide reference for other companies.

## 2. Company Profile

Xiaomi Corporation (hereinafter referred to as Xiaomi) was established in January 2010 and successfully listed on the Hong Kong Stock Exchange in 2018. It is mainly engaged in the research and development and sales of smartphones, IoT and consumer products. Xiaomi's sales network is all over the world, as of October 2021. In 2021, Xiaomi's smartphone share ranking surpassed that of Apple and became the second in the world. The company's mission is to always insist on making good products that are "moving people's hearts and prices are kind", so that everyone in the world can enjoy a better life brought by technology. By the end of 2021, Xiaomi has been selected as one of the Fortune Global 500 companies for three consecutive years.

## 3. Research on Xiaomi Marketing Strategy

### 3.1. Internet Marketing

Internet marketing is to promote sales to specific groups on the Internet platform, which is a very effective marketing method<sup>[1]</sup>. Jun Lei, chairman of Xiaomi, has been active on Weibo, WeChat, Douyin and other self-media platforms all year round. In 2021, he will conduct live broadcast activities on Douyin platform for many times. In 2021, the cumulative number of live broadcasts in the first year of 2021 was 32.2039 million, and the sales volume was 32.2039 million. It has reached 173 million; Xiaomi has also formed a complete content matrix on major Internet self-media platforms. Taking WeChat as an example, Xiaomi's new product marketing accounts include not only Xiaomi mobile phones and Xiaomi malls, but also Xiaomi companies and Xiaomi services. account. Once a new product is released, a large number of self-media accounts can quickly and effectively promote it at a lower cost. According to the China Internet Entrepreneurs Association, the cost of traditional marketing is much higher than that of Internet marketing. The traditional marketing process is market research → selecting target market → producing products → advertising, while the Internet marketing process is collecting consumer demand information → providing personalized products → collecting feedback

information → improving products and services<sup>[2]</sup>. The self-built Internet forum platform "Xiaomi Community" is the gathering place for the majority of Mi Fans. Mi Fan can directly communicate with Xiaomi's engineers for product suggestions, bug feedback and service help, and Xiaomi's engineers will reply as soon as possible, which greatly enhances the sense of user experience, increases user stickiness, and makes Xiaomi more able to understand the needs of consumers, so as to design and develop more popular products, and eventually obtain more users and form positive feedback on marketing.

### ***3.2. Choice of spokesperson***

Spokesmen themselves have huge traffic, and choosing the right spokesperson is of great benefit to the improvement of the company's image<sup>[3]</sup>. Most of the spokespersons of Xiaomi Corporation before 2020 are high-traffic stars in the entertainment industry, such as Tony Leung, Xiubo Wu, Shishi Liu, Yuan Wang, Yibo Wang, Zifeng Zhang and so on. These spokespersons correspond to different consumer groups, Tony Leung and Xiubo Wu correspond to business people, and Yuan Wang, Yibo Wang and Zifeng Zhang are to attract young groups. The celebrity endorsement in the entertainment industry is of great significance for Xiaomi to expand the category of consumer groups, and various styles of mobile phone products launched by Xiaomi are selling well. At the end of 2020, Jun Lei, chairman of Xiaomi, personally went into battle to endorse the newly released annual flagship Xiaomi 11 mobile phone, meeting the requests of many fans. Jun Lei is an excellent entrepreneur. He has always shown himself as a "model worker" and has invested a lot of effort in the long-term development of Xiaomi. For many rice fans, Jun Lei can represent Xiaomi very well, and Jun Lei's management wisdom and model worker spirit can speak for Xiaomi. Spirit. In August 2021, Bingtian Su became the spokesperson of the Xiaomi brand. He broke the Asian record of the men's 100 meters at the just-concluded Tokyo Olympics and became the fastest Asian runner, generating a lot of topics on the Internet, which can be described as sports. The top athletes in the circle, choosing Bingtian Su as the spokesperson, can effectively enhance Xiaomi's corporate image of daring to work hard and pursuing the ultimate.

### ***3.3. Online and offline sales channels***

Xiaomi mobile phones have been listed on mainstream e-commerce platforms such as Tmall, Taobao, and JD. After the payment is made, the payment can be quickly recovered. Since there are few physical stores selling Xiaomi mobile phones, in 2015, the first direct-sale product retail store and customer service center, Xiaomi Home, opened in Beijing. Great functions in one. As of October 30, 2021, Xiaomi Home has 10,000 stores around the world, not only in major cities, but also in every county in China, which greatly makes up for the lack of Xiaomi offline retail. The dual-channel strategy of online and offline sales has greatly improved Xiaomi's sales capabilities and broadened the purchase channels of Xiaomi consumers.

### ***3.4. Explosive product ideas***

Explosive products are products that bear the main sales and generate profits. On the same track, they can stand out in the market. Making an explosive product can quickly open up the market, accelerate inventory circulation, and expand brand influence<sup>[4]</sup>. Before investing in ecological chain enterprises to develop smart hardware, Xiaomi's products were only in the mobile phone category. The Xiaomi digital series and later Redmi Note and Redmi K series can always be used in various markets with a balanced experience and high cost performance. The brand's mobile phone products stand out. Later, Xiaomi created a series of explosive products including Mi Band, Xiaomi TV, and Xiaomi Power Bank. Every June 18th or Double Eleven E-commerce Festival, Xiaomi TV has won the first place in sales/sales on the whole platform for many consecutive years. As of the end of June 2020, Xiaomi TV shipments ranked first in China for six consecutive quarters. Numerous "first" list data not only reflects the success of Xiaomi's explosive product model, but also attracts more users to choose Xiaomi products.

### ***3.5. Cost-effective strategy***

A lower price and better configuration are the core of the cost-effective strategy. It is the cost-effective strategy that makes Xiaomi target a wider user group. Xiaomi's two slogans are relatively popular. "Born for fever" reflects Xiaomi's pursuit of the ultimate attitude in products. "Let everyone enjoy the fun of technology" is to allow consumers to experience the latest technology integration at a

lower price. The product. In 2011, Xiaomi's first-generation mobile phone used the latest and best mobile phone chips from Snapdragon, and was equipped with an 8-megapixel camera and MIUI system. The price was only 1999 yuan. Once released, it caused a big sensation in the mobile phone circle because Mobile phones with the same parameters are far more than 1999 yuan in the market. In 2018, Jun Lei, chairman of Xiaomi, announced that the comprehensive net profit margin of Xiaomi hardware will never exceed 5%. Later, Xiaomi mobile phones have continued the ultimate cost-effective strategy of low price and high configuration, and introduced "running points" to evaluate the performance of mobile phones and quantify various parameters of Xiaomi mobile phones. In the early stage of the company's development, Xiaomi's cost-effective strategy attracted a large number of consumers and successfully turned them into loyal fans of Xiaomi products, which played a good role in the development of Xiaomi's intelligent hardware ecological chain later. In the later stage, the cost-effective strategy will be extended to the independent brand Redmi, creating a new mobile phone brand and providing consumers with better mobile phone products with a more extreme cost-effectiveness.

#### **4. Analysis of marketing problems**

##### ***4.1. Internet marketing often overturns***

The Internet can amplify marketing effects, but similarly, negative publicity can have a very poor effect on the Internet. Several executives headed by Jun Lei, chairman of Xiaomi, often use personal social accounts to publish content related to Xiaomi on the Internet. It is naturally beneficial to increase Xiaomi's exposure and positive topics, but the inappropriate remarks of executives may also bring negative effects to Xiaomi. influences. In April 2020, when promoting the Xiaomi Mi 10 Youth Edition on the Internet, Cheng Chang, the vice president of Xiaomi Corporation, caused an uproar with his promotional copy on Weibo. He promoted the Mi 10 Youth Edition 50 times by being able to photograph "cracked crotch" and "girls' dormitory". The zoom camera function has a bad influence. Jun Lei himself has also caused erroneous demonstrations when displaying electronic products at press conferences and live broadcasts.

##### ***4.2. Hunger marketing is not worth the gains***

Hunger marketing can indeed gather popularity and increase traffic when the brand awareness is low and the product market is narrow. The rapid development of Xiaomi at the beginning of the period also benefited from the hunger marketing strategy. But after opening the market, hunger marketing has become less and less popular with consumers. It may take a long time for consumers to buy their favorite mobile phones or other products, and some consumers may not have so much patience, and some consumers may have an urgent need for replacement. At this time, if other companies release similar products and have sufficient supplies to buy at any time, then consumers are likely not to wait for Xiaomi's products.

##### ***4.3. A gap between publicity and actual experience***

No matter what the slogan is, it needs to be implemented in the actual user experience of the product in the end. When promoting new products such as mobile phones, the performance is somewhat exaggerated, and the parameters of the chip, screen and lens used are used as the main direction of marketing, while the improvement in actual user experience is ignored. With the gradual homogenization of electronic products such as mobile phones, it is difficult to stand out from a crowd of electronic products simply by stacking hardware and design appearance. As the core product of Xiaomi mobile phones, the MIUI mobile operating system based on Android deep customization has been in recent years. However, the development is slow, the improvement of the MIUI system has not kept up with the pace of Xiaomi's development, and the satisfaction of Xiaomi users is declining.

#### **5. Suggestions for Marketing Strategy**

##### ***5.1. Strengthen the review and control of marketing and publicity copywriting***

It's a good marketing strategy for executives to personally promote the company's products, but if some inappropriate copy or inappropriate comments from the executives have a negative impact, then

the gains outweigh the losses. First of all, executives need to be cautious in their words and deeds. Executives are also the company's signature. Their words and deeds affect consumers' likes and dislikes of a certain brand. For company executives who have been active in the Internet community for a long time and have a certain influence, they can pass the inspection of the marketing department before publishing company-related copy or pictures to reduce the probability of marketing overturning. Xiaomi also needs to pay attention to the actual experience of consumers. The competition of electronic devices is becoming more and more fierce. If you want to stand out in a homogeneous market, you need to be surprisingly successful. It is not only necessary to publicize the hardware parameters of the product, but also to increase the investment at the software level, and strive to improve the user experience of consumers.

### **5.2. Reduce the frequency of hunger marketing**

Since Xiaomi was founded in 2010, it was successfully listed in 2018. After more than ten years of development, Xiaomi has grown into a large company with a mature business model. Hunger marketing has long been unsuitable for Xiaomi today. In the past, there was a shortage of supply due to insufficient production capacity in the use of hunger marketing. It is recommended that Xiaomi increase investment and expand production to ensure timely supply. Secondly, change the marketing strategy to sell in stock to reduce the waiting time of consumers. This can not only sell more products, but also win the trust of consumers and create a strong and reputable image.

## **6. Conclusion**

Xiaomi Corporation has a lot to learn in terms of marketing. The successful Internet marketing strategy achieves rapid publicity among young groups with low cost and high efficiency, and successfully captures the purchase of young people with the explosive product model with high matching and low price. psychology. In terms of the choice of spokespersons, Xiaomi's choice of spokespersons takes into account the preferences of consumers of multiple age groups, and lays a solid foundation for creating different styles of mobile phones. Xiaomi's marketing strategy is not static. When the online market is saturated, Xiaomi turns to a dual-channel strategy of online and offline sales to quickly adapt to market changes. Xiaomi's long-term future development requires appropriate marketing strategies.

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