

Xiaomi: An Analysis of Market Strategy under the High Cost-Performance Ratio

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Abstract: Xiaomi Corporation, which was established in 2010 in Beijing, is well-known for its smartphones along with other smart hardware as well as IoT devices. It is the second-largest manufacturer of smartphones in the world, behind Samsung, with a market share of about 12%, most of which run on the MIUI (now HyperOS) operating system. It mainly focuses on providing products that are of excellent quality and performance but still maintain affordability which attracts customers from around the world. This research delves into Xiaomi's adaptive marketing tactics as a reaction to evolving market dynamics and changing consumer demands, and examines Xiaomi's market plan by looking at three clear instances. The first is how Xiaomi keeps its strong position in the smartphone market by bringing out improved models every year with a steady price tag. This helps to maintain their image of being very good value for money. Second, the choice of the company to put \$300,000 for three years into remaking its logo with Japanese designer Kenya Hara. This highlights how redesigning has a strategic effect on brand image and worldwide identification. Thirdly, this study talks about Xiaomi's start in the car industry when it introduced the first car model called Xiaomi SU7 in month April. It shows a major shift from making only smartphones to also producing electric cars.

Keywords: Xiaomi, Logo Design, Strategic Diversification, High Cost-Performance Ratio, Electric Vehicles.

1. Introduction

Research into the marketing strategies of tech companies has primarily focused on Western giants like Apple and Google. However, less attention has been given to Asian companies that employ distinctly different strategies to capture global markets. Xiaomi, a leading player from China, exemplifies unique marketing approaches that challenge conventional wisdom. Xiaomi Corporation, founded in 2010 in Beijing, has carved out a significant niche in the global technology market, renowned for its innovative approach to smartphones, smart hardware, and IoT products [1]. This paper examines Xiaomi's marketing strategies, which have allowed it to deliver high-quality products at competitive prices, thus attracting a broad consumer base worldwide.

Despite existing research on Xiaomi's business model and marketing strategies, there remains a gap in understanding the real-time impact and long-term sustainability of its strategies in new and diverse markets. The purpose of this research is to analyze Xiaomi's strategic shifts by analyzing its

entry into the automotive industry, its high-risk redesign of its brand image, and its strategy of launching a cell phone almost every year at cost price. The research employs a mixed-methods approach, utilizing both qualitative and quantitative data collection methods. It includes case studies, surveys, and analysis of consumer engagement across various digital platforms. This comprehensive methodology will allow for a deeper understanding of how Xiaomi's marketing strategies are received by consumers in different global markets.

One key area of focus is Xiaomi's recent investment in rebranding, which included a logo redesign by the renowned designer Kenya Hara. This move, costing \$300,000 and spanning three years, was not merely cosmetic but a strategic repositioning of Xiaomi's brand identity in the global market [2]. Another significant pivot examined in this study is Xiaomi's entry into the electric vehicle market with the launch of Xiaomi SU7 [3]. This strategic diversification is analyzed in the context of its potential to disrupt the automotive industry, similarly to how Xiaomi shook the smartphone industry [4]. Furthermore, this paper discusses Xiaomi's consistent strategy to enhance product value without increasing prices, a move that has cemented its reputation for offering superior technology affordably. This strategy not only appeals to price-sensitive consumers but also builds brand loyalty and consumer trust [5].

The purpose of this research is to evaluate the effectiveness of Xiaomi's evolving marketing strategies and their impact on the company's position in the global market. By understanding these dynamics, this study aims to provide insights into how technology companies can leverage innovative marketing strategies to sustain growth and consumer engagement in an increasingly competitive market.

2. Cheap Phone

The marketing strategy of Xiaomi for its smartphones is mainly based on providing good technology at a low cost. This promise comes from careful management of the supply chain and business model, which gives importance to leading in cost. Every year, Xiaomi launches new types of smartphones that are not just better than the old ones but also have competitive prices. This ensures everyone can get an upgrade without any extra cost [6].

Data from finance reveals that Xiaomi has managed to greatly increase its operations while sticking to this tactic. In the year 2020, Xiaomi sold 146.4 million sets of smartphones and laptops, which shows how successful they were in maintaining a good balance between cost and performance [1]. Also, the main strategy for the business of Xiaomi consists in strong dedication towards innovation and quality at competitive prices with the aim of increasing its share in markets as well as attracting more customers [1].

The worldwide delivery of Xiaomi smartphones increased by 30.0% in 2021 to reach 190.3 million units, showing the success of their market strategy and capability to meet customer expectations [7]. This rise in shipments reveals Xiaomi's strength in staying competitive and maintaining a firm position within the market through careful pricing tactics and consistent enhancements to their products.

The strategy of the company is not only about pricing and performance. Xiaomi also gives importance to combining its products with new technologies, improving the value offered to users. For example, in many cases their smartphones have cameras that are among the best ranked and have high-performance specifications, which attract both technologically knowledgeable users as well as those who are careful about costs [8].

In general, Xiaomi's yearly launch of reasonably priced and high-tech smartphones is not only for marketing purposes but also a main business approach that serves the needs of many customers seeking both good quality and affordability. This method not only keeps customers committed to Xiaomi but also establishes it as an important part in the worldwide smartphone market.

3. Logo

The unveiling of Xiaomi's new logo in 2021, meticulously crafted over three years for \$300,000, marks a pivotal moment in the company's branding journey [2]. Entrusted to the esteemed Japanese designer Kenya Hara, known for his role as MUJI's art director and a professor at Musashino Art University, the redesign was not merely a cosmetic change but a profound reflection of Xiaomi's "living" essence. Hara's approach transcended traditional design paradigms, encapsulating the dynamic spirit and philosophy of Xiaomi rather than just altering its visual form. They developed at least 24 shapes that sit somewhere between a circle and a square, and picked one that "strikes the perfect balance" and best represents the core aspect of "alive" [8]. The corners of the original square logo have been rounded, and the curvature of the letter M has been slightly altered to fit the frame.

Even with the subtle visual alterations in the logo, changing the square shape of the previous logo into a "squircle", this redesign turned into a main point for strong public debate. It created lots of comments and discussions on social media. The response from the public was mixed, but it greatly increased Xiaomi's brand recognition on worldwide platforms [8].

This new logo shows Xiaomi's commitment to always aiming for perfection and its deep comprehension of how brands change over time. It emphasizes that a logo is not only a picture, but it also represents what the company believes in and hopes to achieve. Looking at it from this viewpoint, Xiaomi's input into its logo goes beyond money exchange; instead, it shows a planned effort to connect more with its worldwide viewership and strengthen its role as an innovator in the tech industry [9].

People's responses to the logo's introduction were split. Numerous individuals thought that the expense and little alteration were excessive, which resulted in a flood of jokes and memes on the internet [10]. Yet, this considerable involvement with the logo gradually changed the story over time. What was initially a source of mockery turned into a larger conversation about the brand, making it an unintentional viral marketing strategy. This change highlights an important aspect of contemporary marketing where any kind of visibility, even if controversial, can strengthen brand identification and involvement with customers.

Basically, the change in Xiaomi's logo, even if it appears small on the surface as an aesthetic alteration to a digital icon, was a deliberate action aiming for broad media coverage and public involvement in conversation about this brand. This case shows how strategic marketing with top-level design and engagement can produce many effects that go beyond just spending money in today's internet era where interaction with brands often happens publicly or virtually [9,10].

4. The Xiaomi Car

The Xiaomi SU7, which is priced at about \$29,880 for its starting version, marks the entry of Xiaomi into the electric vehicle (EV) sector. This price range places it in competition with Tesla models available in China and shows an aggressive pricing method by Xiaomi to gain market share within this growing EV industry [11].

The increase in Xiaomi's market value by \$7.6 billion from the launch of the SU7 shows a clear link between advanced technology and mobility, reflecting that this company emphasizes integrating these two aspects. The SU7 includes elements like self-driving assistance and smart in-car infotainment systems, which are presumed to attract a tech-oriented customer base [12].

Pre-orders for Xiaomi's EV, which show a lot of interest and trust from consumers in Xiaomi to innovate outside of its usual product areas, are also helping push the firm into the EV market. In less than 24 hours after they started receiving pre-orders, Xiaomi got around 89,000 reservations. This suggests that there is a strong demand for their new vehicle. But it's possible customers could have to wait about four to seven months because of the big demand [12].

For marketing the SU7, Xiaomi uses its large group of fans and famous name for delivering technology solutions that are both good in quality and not costly. The trust of existing customers is an important strength because many millions of people who like their phones could buy a car [11]. Xiaomi's plan stresses on highlighting the inventive features of this product and how it fits into Xiaomi's wider range of products, which makes for an improved user experience [12].

Also, Xiaomi's crucial collaborations, like joining with BAIC to create electric vehicles in a factory they own, show its dedication towards EV domain. The goal is to establish a strong position in this market that is currently controlled by traditional car manufacturers and technology firms entering into electric mobility sector [12].

In general, the decision of Xiaomi to enter into electric vehicles shows a bigger plan they have for expanding their products and taking advantage of the worldwide trend towards sustainable and smart transportation solutions. If the SU7 receives good feedback from markets, this could pave the way for Xiaomi to become a significant part in the EV industry as long as they keep up with innovations and handle market hurdles well [12,13].

5. Conclusion

This research studies Xiaomi's moves that made its brand famous worldwide, and mainly looks at the high cost-performance ratio strategy it follows, rebranding efforts done by Xiaomi and how they are entering into electric vehicle market with SU7 from Xiaomi. Xiaomi has achieved continued success in the market by always launching new smartphone models every year that are better than the previous ones. They keep their price range consistent, so customers can buy these improved versions without spending more money each time. The redesign of Xiaomi's logo also helps them to maintain a strong and wide brand conversation because it is simple yet unique. Additionally, entry into electric vehicle sector with SU7 from Xiaomi shows how they are not afraid of taking big risks for growth opportunities globally.

In Xiaomi's strategies, there are some good points to highlight and also things that need more study. For example, the analysis of consumer feedback on rebranding could be improved by using a wider range of geographical data for better understanding global views. Moreover, it may help to compare Xiaomi's market strategies with competitors in order to find out special difficulties and chances in various areas.

In the future, more investigation might concentrate on how Xiaomi's branding work affects consumer loyalty over a lengthy period and also its influence on the company's profit-making capacity. Another hopeful domain of study includes examining if Xiaomi can maintain its aggressive pricing method when production costs increase or there are changes in worldwide economic patterns. Moreover, as Xiaomi enters into electric vehicle (EV) market sector too; continuous research becomes very important for assessing how successful their EVs have been adopted by users and what kind of effect they have compared with well-known car makers.

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