

Analysis of Xiaomi's Marketing Strategy

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Abstract: In today's society, new energy vehicles are a major trend, and more and more people are buying them. As the competition in the new energy vehicle market becomes increasingly fierce, marketing strategies are playing an increasingly important role in various companies. A good marketing strategy can help a brand stand out from the crowd. This paper takes the Xiaomi SU7 as a research object and uses the SWOT theory to deeply study and explore Xiaomi's marketing strategy, which has certain reference value for enterprises. It was found that Xiaomi's good use of hunger marketing played a crucial role in the development of the Xiaomi SU7. In order for a company to have the same strong market competitiveness as Xiaomi, it needs to continuously research and utilize new technologies to promote product innovation, accurately apply the hunger marketing strategy, and innovate marketing models to find a marketing path that suits itself.

Keywords: New Energy Vehicles, Xiaomi SU7, SWOT Analysis, Marketing Strategy, Hunger Marketing.

1. Introduction

China is the largest developing country, with a population of over 1.4 billion people, according to the seventh national census [1]. There are also a large number of cars in China, with a total of 345 million vehicles in the country as of June 2024, ranking first in the world [2].

There are countless Chinese car brands, and competition among them is fierce. The Xiaomi SU7, launched by Xiaomi on March 28, 2024, has attracted a lot of attention, which is not unrelated to Xiaomi's marketing strategy.

Marketing is a process of creating value for customers and obtaining returns through maintaining relationships, fundamentally a series of business activities that are not just a sales action, but the most important and powerful driver of business growth. It is a constantly evolving practice in this rapidly changing market environment, and only by continuously learning and adapting can a company stand out in fierce competition [3].

Therefore, focusing on Xiaomi's marketing strategy, studying and exploring its current status, development, existing problems, and optimization measures, has significant reference value for the development and growth of enterprises.

2. SWOT analysis of Xiaomi Company (Xiaomi Su7)

2.1. Strengths

2.1.1. High value for money

Xiaomi has always adhered to the development philosophy of "value for money as king". The market positioning of the Xiaomi automobile is "C-class high-performance, ecological and technological sedan", with the goal of being "the best-looking, easiest to drive, and most intelligent car under 500,000 yuan". On March 28, 2024, Lei Jun, the founder of Xiaomi, held the launch event for the Xiaomi SU7, pricing the standard version at 21,590 yuan. The Audi RS e-Tron GT has a pure electric range of 495 kilometers, a pure electric horsepower of 694Ps, and a 0-100km/h acceleration time of 3.3s, which is slightly lower than that of the Xiaomi SU7, but the official guide price of this car is as high as 1,247,800 yuan. The ZhiJie S72024 Max Long Range version, this version of the car official price is 28,980 yuan, compared with the Xiaomi SU7 in price is higher by 74,000 yuan, but in terms of performance is evenly matched. The Chery Starry Era ES 2024 Max Long Range version, this version of the car official guidance price is 26,980 yuan, and the mileage difference between the two is not much, but there is a price difference, the Starry Era ES is higher than the Xiaomi SU7 by 54,000 yuan. Compared with the prices of other new energy vehicles, Xiaomi SU7 takes advantage of its price advantage to give consumers the impression that it has the same configuration but a lower price, thereby standing out among its peers and sparking a wave of popularity.

2.1.2. Integration of Smart Ecosystem

With the continuous advancement of technology, people are increasingly paying attention to the convenience of life. The integration of smart ecological systems brings convenience, which is undoubtedly a major weapon to promote consumer purchases. Lei Jun once said that the application ecology of the Xiaomi tablet can seamlessly go on board, and the mobile phone end application can be converted into the original car application. All devices in the Xiaomi family can be seamlessly integrated into the car. In addition, Xiaomi has created the CarIoT ecosystem, which is fully open to third-party developers [4]. This shows that the Xiaomi SU7 is an integration of smart ecological systems that can adapt well to all Android or iOS systems, allowing consumers to have the best possible experience to the greatest extent. This is an advantage that other car companies cannot match.

2.1.3. Technological innovation and R&D capabilities

Xiaomi continues to innovate in technology and has successfully mastered five core technologies: electric drive, battery, large die-casting, intelligent driving and intelligent cockpit. It has technically realized super motors V6 and V6s, with a speed of 21,000 rpm, and has been researching the next generation of motor technology to achieve higher speeds. Not only has it developed the Xiaomi Auto Modena architecture, it has also developed an 800V silicon carbide high-voltage platform and CTB integrated battery technology, and jointly developed an 800V high-voltage battery pack with CATL. The appearance of Xiaomi su7 adopts a streamlined body and simple lines, which greatly reduces wind resistance.

2.2. Weaknesses

2.2.1. It has been around for a short time

Xiaomi SU7, as a new entrant to the automotive industry, has a high level of brand recognition and technological advantages, but Xiaomi's experience is still lacking, and the depth of vertical

exploration of automobiles is far from enough. Additionally, because car manufacturing is complex, this is a huge challenge for Xiaomi. For consumers, they may be more willing to choose established automotive brands such as Tesla, BYD, NIO, and Li Auto, which are known as the "innovation diffusion" hypothesis. The "innovation diffusion" theory proposed by Rogers suggests that individuals go through five stages when adopting innovation: awareness, persuasion, decision, implementation, and confirmation. Therefore, people need a process to accept a new thing [5].

2.2.2. Consumers are more limited

The owners of Xiaomi SU7 are mostly limited to ages 20-35, with young people being the majority (please see Figure 1). Young consumers have less savings and weaker consumption ability compared to middle-aged and elderly consumers. Xiaomi SU7's ability to attract middle-aged and elderly consumers is not as strong as other automobile brands, so this will have a certain impact on the development of Xiaomi SU7.

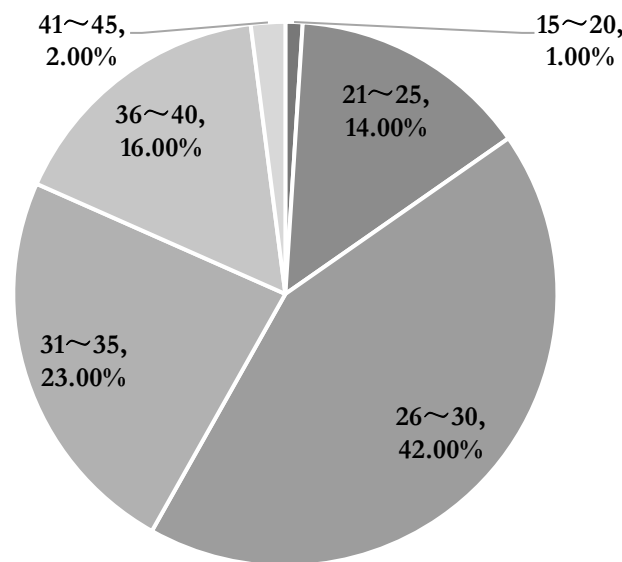


Figure 1: Age distribution of Xiaomi Su7's consumer
Photo credit: Original

2.3. Opportunities

2.3.1. New energy vehicle era bonuses

On October 28, 2024, the State Administration of Public Affairs and the Central Direct Management Office issued the "Notice on Promoting the Use of New Energy Vehicles in Central and State Organs" [6], aiming to promote the development of the new energy vehicle industry and set an example for central and state organs. The notice clearly stipulates that when updating the designated public service vehicles for central and state organs, priority should be given to domestically produced new energy vehicles to support the new energy vehicle industry. The Xiaomi SU7 caught the bonus of the times, with the continuous emphasis on new energy vehicles by the state, the policy subsidies for new energy vehicles, and the growing market size, providing a broader development space for the Xiaomi SU7.

2.3.2. The Development of Artificial Intelligence

Artificial intelligence technology plays an important role in modern society, changing people's lives in various ways, from industrial practice of machine learning algorithms, improvement of natural language processing capabilities, to accuracy of image recognition. Advanced driver assistance systems (ADAS) are one of the most widely used artificial intelligence technologies in the automotive market. This system collects information about the surrounding environment through radar, cameras, and other sensors, and uses AI algorithms to process and analyze the information, providing safe driving assistance to the driver, such as adaptive cruise control, automatic parking, and blind spot monitoring [7]. The Xiaomi SU7 is equipped with advanced intelligent driving technology, including environment perception, path planning, and automatic driving assistance functions. The Xiaomi SU7 obtains real-time road environment information through high-definition cameras and laser, millimeter-wave, and ultrasonic radar sensors, providing it with a large amount of data. Based on the large amount of environmental information obtained, the Xiaomi SU7 has a body-aware intelligent engine, which is an end-to-end perception and decision-making large model, used for path planning to greatly improve driving efficiency and safety. The Xiaomi SU7 provides a variety of automatic driving assistance functions, including high-speed cruise control, urban cruise control, and intelligent parking. These functions to some extent reduce the driver's burden.

2.4. Threats

2.4.1. The market competition for new energy vehicles is fierce

There are more and more car brands nowadays, and the pace of updates and new models is getting faster and faster. New cars are coming out all the time. The competition in the auto industry is extremely fierce, especially in the field of new energy vehicles, where various brands are constantly introducing new technologies, performance, interior and exterior designs to attract consumer attention. The Xiaomi SU7 is a new type of new energy vehicle that needs to face the formidable old rivals such as Tesla and BYD. At the same time, tech companies like Apple and Huawei are also interested in entering the competition, making the market environment increasingly volatile. This puts the Xiaomi SU7 in a challenging position and poses a certain threat to Xiaomi's automobiles.

3. Xiaomi's "Hunger Marketing" Strategy

3.1. The concept, content, and principles of the "hunger marketing" strategy

3.1.1. Concept and Content

Currently, there are different definitions of the "hunger marketing" strategy in the academic community. The definition that is widely accepted is that "hunger marketing" strategy refers to the deliberate reduction in the sales volume of products by producers in order to dominate the supply and demand relationship and control the supply and demand relationship, thus presenting a false appearance of supply being less than demand in the market. Its ultimate goal is to maintain high sales prices and high profit margins [8]. Hunger marketing fully utilizes the value principle of "things are precious because they are scarce" to tempt consumers. It is usually used to limit supply, conduct short-term promotions, and create scarcity to maximize the exploration and stimulation of consumer demand, making consumers feel the tension of one product being hard to come by, thereby boosting its sales revenue and profit, and further shaping its brand image [9].

3.1.2. The Principle of Scarcity

In 1817, David Ricardo wrote in his book "The Principles of Political Economy and Taxation": "The source of the exchange value of goods with utility is twofold: scarcity and the amount of labor required to obtain them." He also said, "The value of some goods is determined by their scarcity [10]." Due to the absolute scarcity of social resources and the relative infinity of human needs, resources are limited while human desires are infinite [11]. which are contradictory and mutually exclusive, driving the emergence of economic activities. Utilizing psychological pressure and urgency to encourage impulsive purchases by consumers, thereby increasing sales.

3.2. Implement the "limited supply" marketing strategy

3.2.1. The Precise Application of the "Limited Supply Marketing" Strategy

The trend set by Xiaomi SU7 had a lot to do with the company's "limited supply marketing" strategy. Everyone knew that the initial production of Xiaomi SU7 would be limited, creating a situation of supply being less than demand, which created scarcity for the product. Xiaomi SU7 used a limited and reservation-based purchasing system to create a sense of tension and urgency among consumers. When the product was released, consumers would compete to place orders, hoping to be among the earliest owners. The behavior of those who had reserved the product on social media then triggered others to rush to buy it as well [12]. Xiaomi used this condition to precisely grasp the psychology of consumers and boost sales of Xiaomi SU7.

3.2.2. Pricing Strategy

The pricing strategy announced by Lei Jun at the launch event was also part of the hunger marketing strategy. The pricing of the Xiaomi Su7 was lower than what consumers expected, making them feel that they were getting more value for their money and increasing their urge to place an order.

3.2.3. Utilize media and multi-channel marketing

Lei Jun frequently posted information about the Xiaomi SU7 on social media platforms such as Weibo and Bilibili, which attracted a lot of discussion and attention. On Bilibili, a parody video of Lei Jun became popular among young people, and Xiaomi SU7's launch successfully dominated the trending list. This multi-channel marketing approach increased the product's visibility and brand awareness.

4. Conclusion

Xiaomi SU7, as a new emerging brand of new energy vehicles, has some immature aspects, but it has sparked a heated market, which indicates that it has certain uniqueness that is worth learning from and emulating. This study not only uses the SWOT analysis method to deeply analyze the advantages, disadvantages, opportunities, and threats of Xiaomi SU7, and found that Xiaomi SU7 has a very high cost-effectiveness, Xiaomi's excellent smart ecosystem, strong R&D capabilities, and is good at seizing opportunities of the times, but also faces the problems of not being on the market for long, limited consumer base, and fierce market competition. Furthermore, by studying Xiaomi's "hunger marketing" strategy, it was found that the precise application of hunger marketing has an important role in the development and growth of Xiaomi SU7. Companies can promote their business by utilizing smart ecosystems to make life more convenient for consumers, continuously innovating, constantly enhancing R&D capabilities, following the trend of the times, seizing the benefits brought by policies, appropriately applying hunger marketing, and constantly adjusting marketing strategies to adapt to the development of the enterprise, thereby driving the enterprise to achieve more objective

income and achieve more favorable development. Xiaomi SU7, as a new emerging brand of new energy vehicles, has some immature aspects, but it has sparked a heated market, which indicates that it has certain uniqueness that is worth learning from and emulating. This study not only uses the SWOT analysis method to deeply analyze the advantages, disadvantages, opportunities, and threats of Xiaomi SU7, and found that Xiaomi SU7 has a very high cost-effectiveness, Xiaomi's excellent smart ecosystem, strong R&D capabilities, and is good at seizing opportunities of the times, but also faces the problems of not being on the market for long, limited consumer base, and fierce market competition. Furthermore, by studying Xiaomi's "hunger marketing" strategy, it was found that the precise application of hunger marketing has an important role in the development and growth of Xiaomi SU7. Companies can promote their business by utilizing smart ecosystems to make life more convenient for consumers, continuously innovating, constantly enhancing R&D capabilities, following the trend of the times, seizing the benefits brought by policies, appropriately applying hunger marketing, and constantly adjusting marketing strategies to adapt to the development of the enterprise, thereby driving the enterprise to achieve more objective income and achieve more favorable development.

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