

Essay on the competitive strategy of Xiaomi Smartphone



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Why Xiaomi can grow so fast?

Introduction:

Xiaomi Inc. popularly recognised as ‘China’s Apple’ is a privately business organization specialised in Chinese electronic goods. This Chinese company introduced its first product in the year 2011 and by 2014 it witnessed a product sale of 60 million units of smartphones. Currently due to the huge business success the company has underwent a rapid business expansion leading to its penetration in the international markets of Malaysia, Singapore, Indonesia, India, Brazil and Philippines (Tian, 2015).

Xiaomi Inc being highly successful in establishment of its product in both the national and international market was capable dominating the business market of Samsung, Apple, Lenovo and LG products. Looking into the profitability aspects of this company it was evident that in 2013 84% of increase in profit was observed while in 2014 the profit doubled amounting to 27 billion yuan (Yang, Park and Lim, 2015).

The competitive strategies of Xiaomi are as follows:

- **Focus strategy of Xiaomi:** Venturing into the core business objectives of this company it was observed that Xiaomi ‘focused to inherit ‘cost innovation’ approach whereby product quality is maintained at the lowest possible price. This strategy of Xiaomi was found to contrast with the business strategy of Apple Inc that relied on following the ‘product innovation’ approach. Comparing the business strategy as followed by Apple Inc. it preferred to maintain a high quality of both product and price. It is justified to state that the core business strategy of Xiaomi gained a huge competitive advantage and resulting in capturing the market shares of Samsung and Apple (Tian, 2015). The razor thin margin practiced by Xiaomi Inc keeping the prices of its smartphone products at half the price offered by Samsung was the main cause of business success of Xiaomi. It was not only the lowered product price but also the incorporation of high specs phone features was another considered as a competitive advantage of this Chinese borne smartphone company.
- **Development of customizable OS based on Android MIUI:** Xiaomi has not compromised with its product quality and wisely selected MIUI Android OS platform for its smartphone products after understanding that the OS platform of Samsung and Apple have distinct features. The incorporation of common applications like cloud services, the

security apps, music player, video player etc were part of competitive advantage of Xiaomi Inc was successful to capture a huge pool of global customers. Also the incorporation of MIUI operating system of Xiaomi Smartphone simplified the accessibility of the Xiaomi applications and contents on other Android phones (CNBC, 2014). As previously mentioned that low cost and innovative strategy was the main competitive advantage for the Xiaomi product an example can be cited whereby it is observed that the Xiaomi Mi3 include a 5 inch display of resolution 1080 pixels along with incorporation of the latest Qualcomm Snapdragon 800 high end processor, a 2 GB RAM and the 13 megapixel camera at an unbelievable price of only \$230. On the contrary the Samsung Galaxy smartphone with similar features comes in the market at a price of \$600 that is more than double the price of Xiaomi product. (International Business Times, 2014).

➤ **Online direct selling strategy of Xiaomi along with an effective promotional strategy:** Additionally the marketing strategy of Xiaomi can also be identified as one of the efficient competitive strategy. The company has no investment made for developing physical stores and sells its products only through online platform. Apart from practising traditional product promotions it heavily relied on social network sites and word-of-mouth promotional practices. Hence the brand recognition approach followed by Xiaomi can also be considered as one of its competitive advantages. In this context it is important to add that Xiaomi own a very efficient customer feedback system. The promptness of addressing to the feedbacks provided by the customers can also be cited as one of the reasons behind the presence of high amount of customer loyalty (Shih, Lin and Luarn, 2014).

Conclusion:

In this concluding section it can be stated that the rapid expansion and business success of Xiaomi smartphones was mainly because of its two core competitive strategies. Keeping the price of product significantly lower with no compromise with product quality along with maintaining the high specs of the smartphone helped this start up Chinese company to successful defend the long established smartphone giants like Samsung within a very short time frame. However the contribution of Xiaomi unique marketing strategy and highly effective customer care service is undoubted with respect to the above mentioned content of discussion.

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