

A Study of Xiaomi's Marketing Strategy in the Indian Market

Yajie Huang

College of Foreign Studies Jinan University, Guangzhou 511436, China

Abstract: With its unique marketing strategy, Xiaomi has quickly stood out in the Indian market and become the leader of the Indian smartphone market. This paper takes Xiaomi's marketing strategy in the Indian market as the object of study and analyzes it in depth using the 4Ps theory. It is found that Xiaomi's marketing strategies in India include product localization, standardization and differentiation, adopting a penetration pricing strategy to target the middle and low-end market, dual coverage of online and offline marketing channels, and hunger marketing and event marketing. At the same time, Xiaomi has made a number of innovations in its localized marketing strategy in India, such as delving deeply into local culture, actively participating in public welfare activities, and hiring Indian celebrities to promote its products, which have effectively contributed to Xiaomi's success in the Indian market. This paper argues that Xiaomi's success provides a useful reference for other Chinese companies to expand in overseas markets.

Keywords: Xiaomi; Marketing Strategy; 4Ps; Indian Market

1. Introduction

Xiaomi was founded in 2010, and it has been committed to providing cost-effective products to consumers. With the development of market economy and the progress of technology, the domestic mobile phone market pattern is becoming more and more stable.^[1] In order to avoid vicious competition in China and promote the international development of the company, Xiaomi needs to develop overseas markets. With the social and economic development and the popularization of Internet technology, the number of smartphone users in India has shown explosive growth during 2013-2022, and the large consumer group and broad smartphone market make Xiaomi begin to focus on the entry and layout of the Indian market.

Since entering the Indian market in 2014, Xiaomi has quickly stood out with its unique marketing strategy. Since the end of 2017, Xiaomi has taken the top spot in the Indian smartphone market with a high market share, which is not accidental but inevitable. Based on the 4Ps theory, this study will deeply explore Xiaomi's marketing strategy in the Indian market, especially the brand positioning, the selection and use of marketing communication channels and the development and implementation of localized marketing strategy, to propose and answer the questions "What is Xiaomi's brand positioning in the Indian market?" "What marketing communication channels does Xiaomi use in the Indian market?" and "What are Xiaomi's innovations and successful practices in localized marketing strategies?" These answers can show how Xiaomi stands out in a competitive market and give insights on marketing for other Chinese companies expanding overseas.

2. Research Design

2.1 4Ps theory

Jerome McCarthy's book, *Basic Marketing*, published in the 1950s, proposed a marketing mix consisting of four elements: product, price, place and promotion, known as the 4Ps theory. This theory provides the main reference point for enterprises to carry out marketing work and formulate marketing strategies.^[2]

Product strategy occupies a central position in the theory. Products include tangible goods, intangible services, information data, brand reputation and all other things that can meet the needs of consumers. The product strategy emphasizes that the various products, innovative products, packaging and brand value provided by enterprises should first be based on the premise of meeting the changing needs of consumers.

Price strategy is a significant determinant of enterprise profitability. When developing prices, enterprises must consider the consumption patterns of their target market, the competitive landscape, the elasticity of demand and their brand positioning. This analysis should be

conducted within the context of local economic conditions to ensure that prices align with consumer expectations and adapt effectively to economic shifts.

Place is the bridge connecting buyers and sellers. Marketing channels are formed by wholesalers, retailers, e-commerce platforms, warehousing and logistics and other intermediaries, so that products can flow from manufacturers to consumers. Companies need to design and evaluate efficient channels, while managing incentives to ensure smooth distribution.

Promotional strategy is a strategy that conveys brand value, introduces products and stimulates consumer purchases through advertising, public relations and sales promotion. In the Internet era, integrated marketing communication has become a trend, which requiring companies to combine various communication methods and maximize their impact in order to achieve sales and market share growth.

In order to seek a certain market response, enterprises should effectively combine these elements, so as to meet the market demand and obtain the maximum profit.

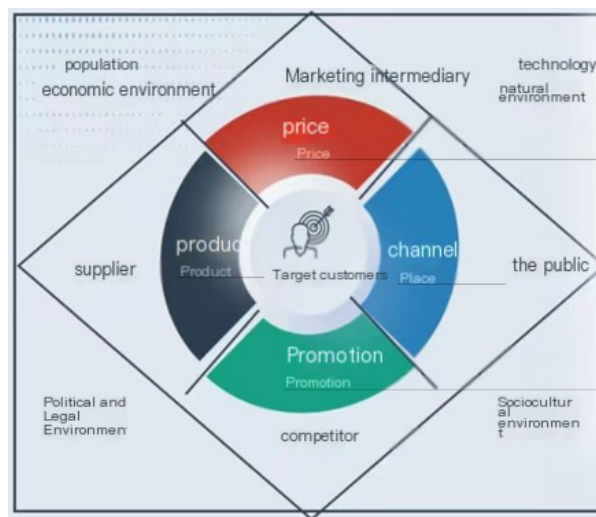


Figure1 4Ps theoretical model

2.2 A Case Study of Xiaomi's Entry into the Indian Market Based on the 4Ps Theory

When a company enters the market, choosing the right marketing mix strategy is the key for the company to carry out marketing. Therefore, according to the 4Ps theory, this chapter will analyze Xiaomi's marketing mix in the Indian market mainly from four aspects: product strategy, price strategy, promotion strategy and channel strategy.

2.2.1 Product: Strong technical support, promote it localization, standardization and differentiation

Xiaomi has a lineup of products with advanced technology. Since its establishment, Xiaomi has attached great importance to the integration of products and Internet services, especially the connection between smart phones and services, so order to optimize the user experience. For this, Xiaomi has launched the Android-based MIUI system, which enables users to customize the interface, themes, and application icons, offering a user experience that is comparable to that of iOS. Through increasing the sale of smartphones, enriching the content, optimizing the experience and recommendation algorithm, the number of active users of Mi C application keeps increasing. MIUI's monthly active users increased 41.7% from 170.8 million in December 2017 to 242.1 million in December 2018 ("Annual report," 2019).^[3] Thanks to its technologically advanced and low-cost mobile phone services, Xiaomi has been able to quickly open up sales channels in the Indian market.

In terms of localization strategy, Xiaomi adopts the strategy of manufacturing mobile phones in India, employing local designers and stars in India to create and promote products, and dig deep into the local culture to make the packaging in line with local preferences. Xiaomi created localized features of the MIUI system to avoid conflicts due to India's diverse beliefs and other social factors. It is also integrating Indian local content providers to provide local content and culture. Xiaomi uses the concept of "Made in India" in its marketing. It emphasizes its brand and product performance to deepen consumer impressions and recognition. In June 2020, some people in India became radicalized due to social opinions. Xiaomi even highlighted the words "made in India" in its advertisements to survive.

In the differentiation strategy, when Xiaomi entered into the Indian market, Samsung has already taken an overwhelmingly dominant share of the Indian smartphone market. However, Samsung's high cost and brand premium, coupled with the significant wealth gap in Indian society, has resulted in smartphone consumers being confined to the higher-income people of India, while the general Indian population is unable to enjoy smartphones due to factors such as income constraints. When Xiaomi first entered the Indian market, its cost-effective, low-priced and high-performance product features greatly stimulated the Indian public's willingness to buy. With the rapid progress of Internet technology in India, as well as the improvement of the overall education level and social structure, the Indian people also increasingly recognize the importance of smartphones in their daily lives. Xiaomi's unique penetration pricing marketing strategy has given a strong impetus to its expansion in the Indian smartphone market.

brand	target market	Host country market		National conditions of the host country		Enterprise's own factors	
		market	market	Similar national conditions	enterprise	international	Product and Market Structure
		capacity	structure	degree	scale	experience	Compliance level
Huawei	Europe	larger	High-end	Lower	larger	richness	conform to
xiaomi	India	big	Mid to low end	higher	big	insufficient	conform to
OPPO	India	big	Mid to low end	higher	big	insufficient	conform to

Source: Compiled from publicly available materials such as Tencent Technology

Figure2 Factors influencing the target market selection of Chinese enterprises

2.2.2 Price: Adopt the penetration pricing strategy, positioning in the middle and low-end smartphone market

In China, Xiaomi's core competencies in brand building and products are cost-effective and penetration pricing method. In India, although the economy is developing rapidly, the wealth gap of the larger population and the lower spending power of the masses, so that a large number of consumer groups prefer low price, cost-effective smartphones. Therefore, after entering the Indian market, Xiaomi continued to follow the strategy of penetration pricing, taking the product as the core of the strategy, and successfully opened the Indian market with high quality and strong cost-effective, becoming one of the top five cell phone suppliers in India.

manufacturer	Q1 2022	Q1 2022	Q1 2023	Q1 2023
	Shipment volume (million units)	market share	Shipment volume (million units)	market share
Samsung	seven point one	19%	six point three	21%
OPPO	four point six	12%	five point five	18%
vivo	five point seven	15%	five point four	18%
xiaomi	eight	21%	five	16%
realme	six	16%	two point nine	9%
other	six point eight	18%	five point five	18%
amount to	thirty-eight point two	100%	thirty point six	100%

Data source: Canals database

Figure3 2022-2023 Q1 India smartphone shipments and market share

At the same time, Xiaomi is focusing on promoting the construction of factories in India and promoting the localization of production. Most of Xiaomi's smartphones sold in India are sourced from other parts of the world, including China, South Korea and Japan, and assembled in its local factories. In an interview with IANS, Manu Kumar Jain, vice president of Xiaomi International and head of Xiaomi India, said that Xiaomi has seven factories in India and more than 99 percent of Xiaomi smartphones sold in the country are locally manufactured in India.^[4] Assembling and production in India, avoiding high import tariffs, has greatly reduced the production cost of enterprises, increased the profit margin of products, and greatly enhanced Xiaomi's brand competitiveness in India. Meanwhile, Xiaomi has taken advantage of India's

inexpensive labor force and relatively perfect industrial park infrastructure, relying on local policy support to create an integrated, all-encompassing product production process, which has further compressed costs.

Combining low price and high configuration, Xiaomi has attracted many young fans in India and established a good corporate and product image.

2.2.3 Place: Dual coverage of online and offline marketing channels

Between July 2014 and April 2015, Xiaomi sold it exclusively on the Flipkart. It then went on sale on Amazon and Snapdeal. Now, Xiaomi's online channels mainly include Flipkart, Amazon, Xiaomi Net and Snapdeal. However, due to the late start and slow pace of Internet development in India, coupled with India's vast territory and mostly villages and towns, the transportation between places is inconvenient, the development of online transportation grid is slow. These have led to the inadequacy of India's logistics system, the environment for the development of e-commerce is still immature, and the influence of e-commerce is still inadequate.

Therefore, in order to further expand its market share and enhance Xiaomi's competitiveness and popularity in the Indian market, Xiaomi actively expands its offline channels. Xiaomi's offline market in India currently consists of three parts: Xiaomi Home, Xiaomi partner store and specialty stores, all of which expanded significantly in 2019. Xiaomi currently has over 500 Xiaomi Houses, mainly located in Indian metropolitan cities. Xiaomi currently has 5,000 partner stores in India, said Manu Jain, head of Xiaomi's India business. Xiaomi has bypassed all levels of distributors and partnered with major retailers like Sangeeta, Poorvika, Croma and Xinshi Digital to reach out to retailers directly. The partnership with Xiaomi enables them to make additional profits from Xiaomi sales and promote Xiaomi as a key product. On the store front, Jain said Xiaomi currently has 1,500 Xiaomi stores in India. Instead of setting up its own stores, Xiaomi prefers to promote its brand at partner stores.^[5]

The dual coverage of online and offline channels further improves the construction of Xiaomi's industrial grid.

2.2.4 Promotion: Hunger and Event Marketing Strategies

Xiaomi's long-standing "hunger marketing" strategy has really paid off. People love to snap up limited quantities of goods, and that's no different in India. In addition, Xiaomi's "flash sale" strategy in India not only builds brand awareness, but also sends the message that its products are affordable by encouraging people to sign up.^[6] The network pre-sale approach effectively reduces the cost of warehousing, transportation and publicity, while the direct sales model also avoids the drawbacks of traditional marketing.

In the beginning, Xiaomi's advertising spending in India was very limited and it mainly relied on social media-driven promotions. When it first entered the market, Xiaomi relied on social media platforms such as Twitter and Facebook to launch marketing, hoping to influence consumers' purchasing behavior, but the effect was not obvious. Therefore, Xiaomi made a timely change from the country's traditional marketing methods to a model of offline promotions and print advertisements in line with local realities, which drove Xiaomi's brand building in the minds of Indian consumers.

In India, Xiaomi has also adopted a futures marketing strategy to motivate consumers to buy. Through online booking and pre-sale, Xiaomi effectively controls the inventory management of selling products that may be reduced in the future at the current price. The pre-order form of Xiaomi's official website also greatly improves consumers' sense of participation and sense of achievement.

Event marketing is a means that an enterprise attracts the interest and attention of media, social groups and consumers by planning, organizing, and utilizing persons or events of news value, social influence, and celebrity effect to improve the reputation of enterprises or products, establish a good brand image, and ultimately promote the sales of products or services.

Xiaomi is actively involved in public service activities in India, aiming to increase visibility and credibility. For example, India's air pollution is serious, a number of cities among the world's most polluted, traffic police group suffered greatly. Therefore, Xiaomi, together with public welfare organizations, donated 6,000 anti-haze masks and 17,000 reflective vests to the Bangalore traffic police, aiming to ensure the health of the traffic police and enhance public awareness of environmental protection.

Through the above behaviors, Xiaomi has established a good brand image, enhanced consumer loyalty and finally promoted the sales of its products.

3. Results and discussions

Xiaomi's performance in the Indian market fully demonstrates the success of its unique marketing strategy and brand positioning. Through the above analysis, we can answer the above questions and further reveal the reasons for Xiaomi's success in the Indian market.

3.1 What is Xiaomi's brand positioning in the Indian market?

Xiaomi's brand positioning in the Indian market is very clear, focusing on cost-effective smartphones, directly targeting India's large low- and middle-income consumer groups. This strategy not only meets the demand for high-performance smartphones in the Indian market, but also conforms to its high price sensitivity. By emphasizing its cost-effective brand positioning, Xiaomi has built strong brand recognition and consumer loyalty in the Indian market.

3.2 What marketing communication channels does Xiaomi use in the Indian market?

Xiaomi has adopted a variety of marketing and communication channels in the Indian market, both online and offline. In Online, Xiaomi has fully leveraged Indian e-commerce platforms such as Flipkart and Amazon for product sales and brand promotion. Through online channels, Xiaomi is able to reach consumers directly, reduce intermediaries and improve sales efficiency. At the same time, Xiaomi also uses social media platforms for brand promotion, which increases the brand's visibility and influence among Indian consumers through interaction and advertising on social media platforms.

In the Offline, Xiaomi has actively expanded its retail network in India. Xiaomi has opened a number of Xiaomi homes, partner stores and exclusive stores in India, providing consumers with a more intuitive product experience and purchase channels. In addition, Xiaomi has established partnerships with local retailers to further expand its market coverage by selling its products through their channels.

3.3 What are Xiaomi's innovations and successful practices in localized marketing strategies?

Xiaomi has made a number of innovations and successful practices in its localization marketing strategies. First, Xiaomi focuses on the local design of its products and launches products that meet the preferences of Indian consumers. For example, Xiaomi's phones in the Indian market are more in line with the aesthetic needs of Indian consumers in terms of appearance design and color choice.

Xiaomi also digs deep into the local culture, actively participates in public welfare activities in India and hires Indian stars to promote its products, so as to enhance the cultural resonance and connection between the brand and local consumers. This cultural integration not only enhances the brand image, but also helps Xiaomi better integrate into the Indian market, winning the love and recognition of local consumers.

In summary, Xiaomi's success in the Indian market cannot be separated from its precise brand positioning, diversified marketing communication channels and innovative localized marketing strategies. By analyzing these success factors in depth, we can provide useful references and inspirations for other Chinese enterprises to expand in overseas markets.

3.4 Enlightenment for other Chinese enterprises' overseas expansion

Xiaomi's successful marketing strategy in the Indian market has provided valuable experience and inspiration for other Chinese enterprises to expand overseas.

3.4.1 Conduct in-depth market research

Before entering the new market, Chinese enterprises should conduct in-depth research on the target market to understand the needs, preferences and consumption power of local consumers, so as to clarify their market positioning and launch products and marketing strategies that meet the market demand.

3.4.2 Implement a localization strategy

Chinese enterprises should pay attention to the localized design of products, including product functions, appearance design and other aspects, so as to better adapt to the consumer preferences in the target market. At the same time, they should actively participate in local social welfare activities to enhance the cultural resonance between the brand and local consumers.

3.4.3 Diversified marketing channels

Chinese enterprises should also make full use of a variety of online and offline marketing channels to carry out diversified marketing

and expand brand awareness and market coverage.

4. Conclusion

Xiaomi's success in the Indian market has undoubtedly set a model for other Chinese companies expanding overseas. Through an in-depth study of Xiaomi's marketing strategy, we found that the key to its success lies in its precise brand positioning, implementation of localization strategy, use of diversified marketing channels, and flexible response to market changes. These experiences provide valuable lessons for Chinese companies: when expanding into overseas markets, they need to focus on understanding the needs of the target market and launch products and services that meet the preferences of local consumers. They should also actively participate in local social and cultural activities to strengthen brand identity. At the same time, they should flexibly use online and offline channels for marketing and promotion to expand brand influence. All in all, Xiaomi's successful marketing case in the Indian market has pointed out the direction for other Chinese companies to expand overseas and provided valuable experience to learn from.

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