Proceedings of ICFTBA 2025 Symposium: Data-Driven Decision Making in Business and Economics
DOI: 10.54254/2754-1169/2025.BL30470

The Mobile Phone Marketing Strategies: A Case Study of Xiaomi

Yuxin Liu

University of Wisconsin Madison, Wisconsin, USA
yliu2695@wisc.edu

Abstract. In recent years, China's smartphone market has grown rapidly. Since the launch of 4G networks in 2011 and the release of affordable 5G smartphones in 2022, China has cultivated a large-scale consumer base for smartphones. As the world's largest mobile phone market, investigating the factors influencing consumers' smartphone purchase decisions is particularly critical. Based on this, this paper takes Xiaomi, a domestic mobile phone manufacturer, as an example and combines SWOT marketing theory to analyze its current marketing situation in order to better promote the sustainable and healthy development of Xiaomi and other mobile phone brands. This study will explore Xiaomi’s marketing strategy and brand building through SWOT analysis and market data collection. The results show that Xiaomi has gained wide popularity by focusing on high quality at affordable prices and maintaining a close connection with consumers. Xiaomi’s competitive pricing strategy and core technological breakthroughs enable it to maintain a competitive edge in the fiercely competitive smartphone market. These findings provide valuable insights for similar brands seeking market expansion.

Keywords: Xiaomi, Marketing strategy, Mobile Phone Market, Brand Building, SWOT

1. Introduction

Xiaomi decided to enter the mobile Internet mobile phone market in 2011, and its products are no longer just mobile phone applications. Xiaomi’s first smartphone, dubbed the Mi One. At the time, this was a versatile and advanced mobile phone. In the following years, Xiaomi's development was very rapid. According to IDC and Counterpoint Research reports in 2022–2024, Xiaomi’s global smartphone market share has remained between 12% and 14%, ranking among the top three worldwide [1].

Xiaomi has long pursued higher hardware specifications at lower prices, leveraging high cost-effectiveness to attract consumers. Xiaomi has always adhered to the design concept of "born for fever" and accumulated many loyal users [2]. Xiaomi has always been best known for its pricing strategy and has advantages in supply chain management, and direct sales models. Although Xiaomi has achieved remarkable success in the smartphone market, its marketing strategies and market performance still warrant further study. Especially in the face of intense market competition and ever-changing consumer demands, how Xiaomi can maintain its market position and achieve

DOI: 10.54254/2754-1169/2025.BL30470

sustainable development through effective marketing strategies is a question worthy of in-depth exploration.

Based on the above background, this study mainly includes three aspects: First, the SWOT analysis is used to have a clear view of Xiaomi's recent situation in the mobile phone market. Secondly, talk about the analysis of Xiaomi's mobile phone products. Finally, the specific implementation of the marketing strategy is discussed, including brand positioning, channel layout, and user operation strategy. By collecting and analyzing Xiaomi's market data, user feedback, and industry reports, this study aims to reveal the success factors and potential areas for improvement in Xiaomi's marketing strategy. This study provides Xiaomi and other mobile phone brands with replicable marketing strategies to help them uncover new growth points in a highly competitive market, increase market share, and enhance brand loyalty.

2. SWOT analysis of Xiaomi company

2.1. Strength analysis

2.1.1. Cost-effective products

Xiaomi set its profit margin at no more than 5%, but what people don't know is that the company aimed for no more than 3% initially. However, it is much lower than its competitors like Huawei, whose net profit margin hit 9.8% in 2021, China Daily reported. The final 5% margin was decided due to widespread opposition from the management team, which expressed concerns about being overly unfair to investors. In 2018, Xiaomi's founder Lei Jun promised at the annual new product launch event that the company's overall hardware business would not exceed a 5% post-tax net profit margin annually [3]. The certainty of an upgrade without paying a premium is what makes Xiaomi unique.

2.1.2. Senior management team

The composition of the senior management team shapes the team's market judgments and strategic decisions [4]. Xiaomi's management team was originally composed of seven elites, each with experience in top-tier IT companies such as Google, Microsoft, and Kingsoft. They prefer a fast and efficient internet culture, so these seven elites used help from the internet, fan culture, and cost strategy to achieve rapid user growth in a short time. Xiaomi's 2024 annual report states that its global monthly active users exceeded 700 million, representing a year-over-year growth of approximately 9.5%. Despite having no hardware industry background, they made Xiaomi the No. 1 seller of smartphones in China within three years.

2.2. Opportunities

2.2.1. High technologies

Xiaomi's early move to put dual-frequency GNSS in a mass-market handset has granted the company a proven "accuracy dividend," which most competitors still consider unnecessary. However, advancements provide a sustainability and mobility needs by offering a low-cost solution to many of the challenges that smart cities have to face nowadays. It can turn precise positioning into an everyday expectation for delivery riders, and shared mobility fleets across Asia's densest

DOI: 10.54254/2754-1169/2025.BL30470

cities. In effect, Xiaomi could convert a single product into a self-sustaining urban ecosystem that locks users, enterprises, and municipal partners into its network of devices and services.

2.2.2. Expand partnerships

By aligning with chipmakers like Qualcomm, content hubs such as Netflix, and carriers led by China Mobile, Xiaomi enriches on-device experiences for their users. AI-driven diagnostics now flag failures before they surface, cutting average response to two hours, while extended warranties and trade-in credits convert one-off buyers into repeat upgraders, stretching lifetime value beyond the initial hardware sale [5].

2.3. Threat

China's smartphone market has experienced significant growth in recent years, but its growth rate has been volatile, with fluctuations such as a 1% decline or a 6.3% increase. In the future, growth is expected to slow down, making competition even tougher [6]. The main companies in this market are Chinese brands like Huawei, Xiaomi, and BBK Electronics, as well as the American company Apple. The two driving technology forces will be foldable smartphones and 5G capability [7]. Therefore, it is difficult for Xiaomi to stand out from many competitors, as it holds no advantage in these two major tech trends, posing a significant threat to the company.

2.4. Weakness

Some Xiaomi smartphone screens exhibit slight warping, and are prone to paint peeling after prolonged use. What's more, the gap of the back cover of the mobile phone cannot be closed tightly and the mobile phone body shakes and there is a noise. Meanwhile, numerous users report that Xiaomi's after sales channels are hard to connect, stretching routine returns and exchanges into lengthy ordeals [8]. For Xiaomi, which positions "value for money" as its core appeal, any compromise in after-sales service can lead users to equate the money saved with the risk assumed, quickly eroding brand stickiness.

3. Analysis of Xiaomi's mobile phone products

3.1. Product positioning

The product positioning of Xiaomi's mobile phone fully shows the main thought from Lei Jun--premium tech that everyone can afford. Instead of pursuing luxury, the brand incorporates flagship-grade chips, large-capacity batteries, and fast-charging technology in mid-range price segments, so value, not status, becomes the main draw [9]. Besides, Xiaomi's phones can also seamlessly connect with their new vehicle cars, furniture and other smart home supplies. In conclusion, Xiaomi stands for high specs, low mark-up and user-first innovation across every model it sells.

3.2. Competitive pricing strategy

Xiaomi's competitive pricing strategy is clear: the selling price of each new smartphone is only slightly higher than its production cost. By keeping gross margins just below 5% and earning profit later through ads, cloud services and accessories, Xiaomi offers Snapdragon 8 series chips, 100 W+ fast charging and Leica optics other advanced technic for their customers [10]. The Indian

DOI: 10.54254/2754-1169/2025.BL30470

smartphone market is mainly divided into two segments: one consists of low-priced, low-quality products, while the other comprises high-priced, high-quality products. In that case, their phone market is mainly divided into two parts [11]. One is with a low price and bad quality, and the other one is with an expensive price and high quality. However, Xiaomi is different from those local Indian brands, as it gives you a quality product at a very low price, and this is exactly how it captures the Indian market.

3.3. Core technological breakthroughs

Xiaomi’s key tech breakthrough is photos and software. According to Xiaomi’s official website, its new AISP engine captures 150 full-algorithm burst frames and uses a model for real-time portrait lighting, making phone cameras just like professional devices. It will also attract numerous photographers to try this light and convenient phone. What’s more, HyperConnect turns the mobile phone into a seamless remote for cars, TVs and home devices, making Xiaomi’s products seep into every aspect of life and increasing the consumers’ loyalty.

4. Analysis of Xiaomi's mobile phone marketing strategy

4.1. Market segmentation and target positioning

Xiaomi mobile phone sales group is mainly aimed at enthusiasts and young consumers. Its core selling points for enthusiasts are high hardware specifications and high cost-effectiveness [12]. Instead of adding layers of traditional market segments, the firm simply asked, “Who wants the newest chip but hates the high price?” The answer was students, first-jobbers, and tech hobbyists in China, India, and later Southeast Europe and Latin America [13]. Young consumers pay more attention to the intelligent experience and have a high degree of dependence on the Internet. Early smartphone models were sold at near-production costs, with profits later generated from online services and value-added products, so the brand became a badge for smart shoppers rather than for the rich. Furthermore, The loyalty of Xiaomi’s Mi Fans encourages them to welcome the brand’s continual expansion into new ecosystem products, from smart devices to the latest smartphones. As the company grew, it launched two distinct product lines. One is the Redmi line for shoppers who care most about price, and the other Mi line is for those who still want a low price but also need a premium feel. City level helped the split; Redmi ads fill small-city malls, while Mi stores sit next to Apple in Shanghai or Madrid [12]. Compared with Huawei's focus on the high-end market, Xiaomi is sticking to its own strategy: connect with young consumers, keep costs low, and offer mobile phones that are packed with tech yet priced to beat the rest.

4.2. Branding and customer engagement

Xiaomi’s branding and customer engagement model is built on two simple ideas: let users help design the phone, then let them talk about it. From day one the company called itself “born for geeks” and invited buyers into the MIUI to vote on features, report bugs, and write the next update together. This participation transformed ordinary consumers into “Mi Fans” who perceive a sense of ownership over the product; Tian labels it value-co-creation engagement.” Every Tuesday a new MIUI build is released with memes and short videos, and Xiaomi reposts the best content, giving everyday users the same spotlight usually reserved for paid influencers. The result is a good recycle: the more fans post, the more data Xiaomi harvests for the next update. Beyond product co-creation, Xiaomi also focuses heavily on emotional marketing and building a community to strengthen its

DOI: 10.54254/2754-1169/2025.BL30470

loyalty. The brand is built like a friend rather than a corporation, allowing fans to feel a personal connection with Lei Jun. CEO Lei Jun's own Weibo account acts as the brand's biggest media channel; product teasers, price reveals, and even personal workout selfies keep the narrative human and conversational. When their fans design, post, or complain, Xiaomi listens, updates, and reports. In that case, loyalty becomes automatic, and users will have a sense of belonging.

4.3. Product differentiation marketing

Facing intense competition in the new energy vehicle market, Xiaomi differentiates itself through advantages in software innovation, high-performance engineering, and seamless smart interconnection. It gathers three visible layers that shoppers can instantly feel.

First, every Xiaomi phone ships with MIUI which is a skin that is updated every week and lets users vote on the next tweak. Because buyers see their own ideas appear in the next update, the product feels "alive" and personal. It is called "value-co-creation locked into the firmware" [9]. By continuously refining the MIUI system, Xiaomi has built a distinctive edge in software. Unlike most phone makers that issue only a handful of updates each year, MIUI follows a high-frequency update cycle, optimizing performance almost every week based on user feedback. Second, the same price point usually buys a larger battery, faster charger, and better phone camera than Samsung or Apple offer, so the difference is easy to explain in one line.

Third, Xiaomi's smartphones deeply integrate with its AIoT ecosystem, allowing users to achieve a seamless connection between mobile phones, cars, and smart homes. For example, users can remotely control the air conditioners and floor sweeper by using their Xiaomi phone online. This ecologically closed loop not only improves the user experience but also enhances the brand's market stickiness [14]. By combining participatory software innovation with an interconnected AIoT ecosystem, Xiaomi achieves a distinctive competitive advantage that both attracts and retains users seeking personalization, convenience, and smart living solutions.

4.4. Channel expansion and online and offline integration

Xiaomi's smartphone sales no longer depend on a single web page. It adopts an online-offline integration strategy. Xiaomi now runs a "new retail" mix that keeps the low-cost online flash sale spirit while adding enough offline touchpoints to offer better service for their customers.

For the online way, Xiaomi uses Mi.com, Tmall and JD and other sites to sell its phones, collecting wish list data and accurately reaching potential consumers through Internet data analysis. For example, Xiaomi and Alipay jointly launched a lucky free week activity at present, where users who make payments via Alipay's quick payment feature have the chance to win free trial opportunities [12]. For the offline way, Xiaomi adopts a direct experience strategy to serve the customers. More offline stores mean faster after-sales service and low-cost marketing. While the entity shops for goods, the low-cost contract machine turns out and makes up for the defects of the lack of a pre-sale sales network. Survey shows that 22% of consumers want network orders, and 6% of consumers choose the telephone order. 10% of consumers choose TV orders. Most consumers still choose entity shops to buy [12].

5. Conclusion

Xiaomi's smartphones have secured a position in the fiercely competitive smartphone market by leveraging its core competitiveness. They survive a slowing phone market by offering high-tech phones at nearly cost prices, earning back profit through ads, ecosystem products, and loyal fan feedback. Online sales and offline stores together keep the brand's best service for consumers. However, there remain some limitations for Xiaomi. The most obvious one is that the competition in the mobile phone market is intensive, and it is hard to stand out from their competitors. Companies like Apple and Huawei have an advantage in foldable smartphones and 5G capability. Xiaomi still needs to further optimize its efforts in these two fields. In the future, Xiaomi could add campus or social media questionnaires to measure how much price, ecosystem, or community truly matters. Furthermore, through globalization strategies, Xiaomi can broaden its international reach, boost brand influence, and grow its market share domestically and abroad. It still needs to identify the optimal strategy for overseas markets.

References

[1] Zhao, W., & Yi, L. (2023). Product innovation logic under the open innovation ecosystem: A case study of Xiaomi (China). Technology Analysis & Strategic Management, 35(6), 659-675.
[2] Wang, Y. (2023). Marketing Status and Analysis of Different Mobile Phone Brands–Take Xiaomi Phones for Example. Advances in Economics and Management Research, 5(1), 364-364.
[3] Qiu, Z., & Kuznetsova, E. V. (2025). OPTIMIZING XIAOMI SMARTPHONE MARKETING STRATEGY BASED ON SWOT ANALYSIS. Экономика и бизнес: теория и практика, (3 (121)), 371-375.
[4] Lyon, D.W.; Ferrier, W.J. Enhancing performance with product-market innovation: The influence of the top management team. J. Manag. Issues. 2002, 14, 452–469.
[5] LUAN, Z. (2022). The marketing strategy of Xiaomi company from the perspective of brand value research (Doctoral dissertation, Doctoral dissertation, SIAM UNIVERSITY).
[6] Sun, L., & Fah, C. T. (2020). Xiaomi-transforming the competitive smartphone market to become a major player. Eurasian journal of social sciences, 8(3), 96-110.
[7] Yen, R. H. M., Hung, Y. C., & Fu, G. L. (2019). Multi-criteria analysis on the strategies to the telecommunications development–A case study in Taiwan. Eurasian Journal of Social Sciences, 7(1), 1-10.
[8] Robustelli, U., Baiocchi, V., & Pugliano, G. (2019). Assessment of dual frequency GNSS observations from a Xiaomi Mi 8 Android smartphone and positioning performance analysis. Electronics, 8(1), 91.
[9] Liu, Y., Li, H., & Chen, X. (2021). Disruptive innovation and value co-creation: The Xiaomi ecosystem in emerging markets. Journal of Business Research, 130, 577-588.
[10] Ma, Y. (2024). Supply chain and competitive strategy: Taking Xiaomi 13 series mobile phones as an example. Frontiers in Business, Economics and Management, 12(3), 44-46. https: //doi.org/10.54097/yex5zup9
[11] Panigrahi, C. M. A. (2019). A Case Study on Marketing Strategy of Xiaomi. International Journal of Management, Technology, and Social Sciences (IJMTS), ISSN, 2581-6012.
[12] Huang, H., & Jitphrasong, N. (2016). The analysis of Xiaomi mobile phone marketing strategy. International Journal of Management and Commerce Innovations, 4(2), 629-638.
[13] Zhang, H., Xiao, H., Wang, Y., Shareef, M. A., Akram, M. S., & Goraya, M. A. S. (2021). An integration of antecedents and outcomes of business model innovation: A meta-analytic review. Journal of Business Research, 131, 803-814.
[14] Li, Z., Li, S., Luo, M., Jhong, J. H., Li, W., Yao, L., ... & Lee, T. Y. (2022). dbPTM in 2022: an updated database for exploring regulatory networks and functional associations of protein post-translational modifications. Nucleic acids research, 50(D1), D471-D479.