

# Xiaomi's Brand Marketing Strategy: A Case Study on Brand Image and Customer Engagement

**Yixuan Wang**<sup>1,\*</sup>

<sup>1</sup>Department of media, University of Toronto, Toronto, Canada

\*Corresponding author: charon.wang@mail.utoronto.com

## Abstract:

This paper takes Xiaomi as an example, examines the brand marketing during the time of economic break downs. It combines the consumer psychology, digital marketing, market controlling and other factors, comprehensively analyzes the reasons for the success of Xiaomi's marketing. The national economy has fallen into a downturn, and the massive accumulation of national debt has led to the slowdown of China's economic growth. The capital's consumption ability has declined 6.8% compared with 2019. During the economic falling tendency, Xiaomi brand still found the opportunity through such an adverse situation. The originator--Leijun used integrated marketing within different platforms and turned Xiaomi into a new generation of Chinese domestic brand. Xiaomi uses the marketing research strategy to find the target consumer accurately. With the high cost-performance pricing strategy and the strong quantity of product, Xiaomi has satisfied most consumers' requirements, which makes the brand image more genial. Beyond that, the originator---Leijun's self-marketing and the content marketing of the product has also bring Xiaomi's popularity to the next level.

**Keywords:** Xiaomi, Digital Marketing, Integrated Marketing, Consumer psychology.

## 1. Introduction

Since COVID-19 pandemic, the global economy has showed a downtrend, people's consumption ability is no longer as strong as the past. China reports that their consumption expenditure per capital in the first season of 2020 has declined 12.5% compare to the same time from last year, the national GDP has dropped 6.8% from 2019 [1]. The final consumption expenditure has pull down 4.4% of the national GDP

among the reasons [1]. With such time of economic depression, the digital media platforms performed a powerful energy nevertheless. Chinese domestic social media platforms, dominated by Douyin and XiaoHongshu, have gradually become an inseparable pastime in Chinese people's daily lives. Entertainment media has become the most convenient and economical way for people to decompress under the great pressure from life. Compared with the cost of

outdoor plan, entertainment media only requires people to have a mobile phone, then they could pass the spare time easily at home. Till 2024 September, Douyin has become the most popular platform in the world based on 6 billions live users per day. They operate every accounts' preference by using their advanced algorithms and data analysis and successfully convert the users into potential customers. Moreover, under the huge amount of users, many influencers also use live streaming to sell goods and attract the target consumers by the vertical account operation. The social media offers them a great opportunity to make money. It can be said that Douyin has helped many people to be known by crowd. At the same time, it also makes many brands that are already frontline more famous and Xiaomi is one of them. As a world leading electronic brand, Xiaomi established in 2010. By the end of 2023, Xiaomi has been selected in Fortune Global 500 for last five consecutive years [2]. From a nameless brand to world famous, Xiaomi's success cannot live without its unique brand identity and the spirit of creative. They worked hard on "Making friends with the users and become the coolest company in consumers' mind", with the pursuit of perfection and efficiency [2]. Of course, Leijun's acumen for market analysis and distinctive marketing approach also helped. As the first tier brand, Xiaomi did not take the high-end brand image because of the strong functionality and originality of products. However, its price is way lower than the similar product. It takes all the problems from user's point of view, provides the product more far than the customer's expectation by starting with the generous price which allowed every ordinary people to have chance connect with the Time. Not only that, Xiaomi also caught up with the development period of Douyin and a number of social media platforms in time, with the experience of the founder—Lei Jun as a marketing gimmick, combined with the integrated marketing of multiple platforms, not only let the consumers become loyal fans of Xiaomi brand, but also significantly increased the exposure and sales of products. This article use the document analysis method to research the reasons of Xiaomi's success. It will be divided into three part — Xiaomi's marketing strategy and development history, consumer psychology and accurate market positioning, content integrated marketing.

## 2. Xiaomi's Marketing Strategy and Development History

### 2.1 Xiaomi's Marketing Strategy

Among the entire Chinese low-end mobile market, Xiaomi could be said as the leader. It gives users a feeling of scientific and technological innovation and ensures a good

value for money. At the beginning of Xiaomi's origin, the purpose is to "change the generally low operational efficiency in the business world", which means, there is no additional spending related to the brand value for the consumer, but to use ultimate quality and the price that only a little more than cost to make every penny worth the user. Lei Jun, founder of Xiaomi, said at a public press conference in April 2018 that "Xiaomi's comprehensive net profit margin will never exceed 5%, and if there is any excess part, the excess part will be fully returned to the user" [2]. The overall marketing gives a sense of empressment and leads people to trust and pay.

### 2.2 Xiaomi's Development History

Xiaomi's development has dealt a serious blow to the cut-throat competition which caused by fake mobile phones in the Chinese mobile phone market. On July 31, 2013, the official release of Redmi mobile phone caused to collapse of the pirated mobile phone market in China with its incredible cheap price. Since then, Xiaomi's concept of "pro-people" has been implemented and has become a stepping-stone to open the Chinese and even the global mobile phone market. In January 2014, Redmi mobile phone launched in Singapore which is the first time Xiaomi showed itself in front of the whole world and smoothly open the international market. In April of 2014, Xiaomi dapped in the field of AI home system and became the first domestic smart home platform with more than 10 million online devices, over 15 million users installed the app and more than 2 million daily active users in next year [2]. In 2021, Canalys data showed that "Xiaomi's annual shipments reached 191.2 million units, with the third ranking in the world" [3]. Until now, Xiaomi mobile phone has become the first mobile phone brand in multinational mobile phone markets, including India, and has achieved great achievements in smart home system and AI technology. In just ten years, Xiaomi's goal has changed from combating piracy to the world's top artificial intelligence technology, which is inseparable from the brand's accurate control of consumer demand and integrated marketing in the huge network market.

## 3. Consumer Psychology and Market Positioning

### 3.1 Xiaomi's Precise Positioning of the Target Market

#### 3.1.1 The Popularity of the iPhone and Rampant Piracy

Xiaomi's target market positioning is the low-end income group at first and the products are known for "cost-effec-

itive” and “low price”. In the early stage of Xiaomi’s development, Lei Jun found that China’s mobile phone market was disordered through market survey. At that time, Apple mobile phones were all the rage, but far exceeded China’s per capita consumption level. The lowest price of iPhone4 released in September 2010 was 4,999 yuan, while China’s per annual capita GDP was only 29,900 yuan [4]. With its high price, iPhone brought its value of sociability to the peak, instantly attracted everyone’s attention. At that point, an iPhone is a combination of fashion and technology, which is also a symbol of identity and status. The person who can afford an iPhone was always recognized as rich people. However, although the iPhone is far ahead in user experience and product performance, only few people can afford to buy it, and most people are discouraged by its expensive price. So many people choose to use pirated phones. On the one hand, even if the product hardware is not satisfactory, the similar appearance also has the same sociability value. On the other hand, pirated phones were very cheap and only need a few hundred yuan. However, the pirated phone is far from the quality goods in the way of product performance and quality assurance, the pirated phone is more prone to hardware problems such as screen damage. Because it is not the authentic phone, consumers have no place to repair the faulty machine, so the damaged pirate machine is usually scrapped directly.

### 3.1.2 Xiaomi’s Market Position

To let more consumers enjoy both of cost and quality, Lei Jun launched the Xiaomi mobile phones. In 2010, when Apple still cost 6800 yuan, the original Redmi mobile phone is only 799 yuan and rectified the pirate mobile phone market directly. Redmi not only made it functions to meet the needs of most Chinese people for mobile phones, but also advanced with The Times in appearance design. With the valuable price and fashionable shape Redmi attracted a lot of young people, especially students from tier 3 or 4 cities and well-educated office workers [5]. At the same price, Redmi showed its almost equal performance and quality of products comparable to big brands, so that the distinctive market positioning makes Xiaomi attract a large number of target customers in the early days of its establishment. It can be said that the emergence of Xiaomi not only makes China’s pirated mobile phones reduce the share significantly, but also gives young people who pursue technological development and fashion styles and chance to choose.

### 3.2 User Experience and Consumer Psychology

In order to better understand the needs of consumer and enhance the user experience, Xiaomi also has its huge user community in Chinese own “Facebook”---Weibo. In

Weibo, the operation department of Xiaomi randomly drew the lucky user to promote the activeness and stickiness of fans. They get to know the ideas and needs of users from comments and forwarding posts, and makes product adjustments and changes based on that. In terms of user demand, Xiaomi never let go of any details. When a user proposed a cost-effective hearing aid which is suitable for the elderly, and after the market research, Lei Jun noticed that most of the world’s hearing aids are unstable and expensive. So Xiaomi manufactured a hearing aid for the elderly and only cost 999 yuan. From cost-effective smartphones to affordable air conditioning, TV and washing machines, in 2024, Xiaomi truly understood women’s demand and provided the hair removal device with only 100 yuan price to female college students. In such an inclusive and understanding community, users can feel that they are “be seen, cared, and satisfied.” Xiaomi with its interactive emotional marketing way to make more users feel the geniality of the brand, effectively “make friends with users, do the coolest company in the hearts of users”, but also improve the user’s loyalty to the brand.

## 4. Digital Marketing and Brand Image

### 4.1 Lei Jun’s Self-Marketing

Xiaomi’s action on the market is not only to receive the problems and solve, its founder Lei Jun’s self-marketing in the field of digital media has transformed Xiaomi from passive acceptance to active manipulation. He not only improved Xiaomi’s reputation and sales, but also made the entire brand image more vivid. In 2022, Lei Jun has made a huge impact on social media with his own legendary experience. “College entrance examination science champion”, “young adulthood” and other labels tell everyone that he is reliable without exception, and most of the audience got a good impression on it. At that time, China’s science and technology was backward and ordinary people could not afford to buy imported electronic products, but Xiaomi insisted on using the lowest price and striving to let every ordinary person enjoy the fun of science and technology [2]. Lei Jun considers the problem from the user’s point of view, so that users feel the sincerity and simplicity of Xiaomi. Recently, MBTI caused a hot discussion on the Internet. MBTI is a personality concept proposed by Myers and her daughter in 1950, it assigned a binary value to four categories: introversion or extraversion, sensing or intuition, thinking or feeling, and judging or perceiving [6].

Usually rational people are better at analyzing the logical relationship of things, while emotional people are more likely to act impulsively because of emotions. Therefore, rational people are usually considered to be the role of

leaders. However, Lei Jun's MBTI-ENFJ was quickly remembered by netizens because it was different from all the CEOs on the Fortune list. Other CEOs are inclined to rational personality, but Lei Jun's ENFJ is the only one who is inclined to emotional personality. "A perceptual person has made Xiaomi a listed company", which has caused a lot of discussion in Douyin, and everyone has called him the "light of F people", that is, the hope of perceptual personality. Lei Jun successfully created an image of a sympathetic consumer and a loving brother in the hearts of the public. So fans and users affectionately call him Boss Lei, which also subtly narrows the distance between the brand and users.

## 4.2 Content Marketing and Excellent Product Quality

Xiaomi's success lies not only in its strong product quality, but also in its trend-following content marketing. Now in Douyin, when people talk about Xiaomi, the first word that comes to mind is "involution", Xiaomi is not only work hard in the price, but also in the diversity of products. After mobile phones, Xiaomi has set its sights on various industries, aiming to cover all aspects of consumers' lives. Normal ballpoint pen can only write 40,000 words, but Xiaomi's ballpoint pen ---"giant write", can write 170,000 words, with the incredible cheap price of 9.9 yuan for 10 pens. Not only that, because most of the plugboards on the market have a bad ornamental value, Lei Jun invested 20 million to make a beautiful and simple art plugboard, which is only 49 yuan. This move forced the socket brand--- Bull to make emergency public relations and updated all products in just a few months. To compete with Xiaomi in the market, they made the new plugboard with the price which only one dollar cheaper than Xiaomi. And these were all inseparable from Xiaomi's superb marketing, in 2022 to 2024, "Involution" has been a hot topic of concern to the public of China. People are joking about themselves with the word ---"involution" under the pressure of life, while they still have to be in the cruel social competition. "Involution" brings the public a sense of exhaustion and suffocation. However, when a brand worked so hard and put itself in an involution in order to please and seek benefits for consumers, the public would feel affinity and affection. In the process, Xiaomi has successfully transformed itself from the merchants to an ally that considers consumers. Xiaomi use its practical actions to let consumers benefit in all aspects, the brand image has become more pro-people.

## 4.3 Integrated Marketing and Emergency Public Relations

In order to maximize the influence of digital marketing,

Xiaomi regards China's social media as a whole and carries out integrated marketing across all platforms. On March 28, 2024, Xiaomi held the listing conference of the new energy tram Xiaomi SU7 for the first time, and the number of reservations exceeded 10,000 in just four minutes. As of 24:00 on April 30, the firm order of Xiaomi SU7 has reached 88,063 units [6]. Such amazing sales not merely come from the enthusiasm of Xiaomi fans, but also from the integrated marketing strategy of Xiaomi SU7. Before the press conference, Xiaomi held a technical conference at the end of last year, which continuously raised the expectations of all fans. Secondly, they also invited KOL (Key Opinion leaders) and KOC (Key Opinion consumers) including but not limited to Douyin, Xiaohongshu, Weibo and bilibili to promote the product performance and advantages. By releasing product preview, Use experience videos and user reviews, Xiaomi has attracted the attention from the whole network. Moreover, Xiaomi's measures to maintain its brand image are not only marketing, but also responding to unexpected situations. Shortly after Xiaomi released the SU7, an evaluation blogger uploaded a collision experiment between the Xiaomi SU7 and other new energy vehicles, and malicious rumors that the Xiaomi SU7 has a safety risk. He pointed that after the collision, Xiaomi's battery was damaged, resulting in power failure. Not only the door could not be opened, but also the automatic alarm could not be generated, which may lead to risks such as casualties for customers. The video went viral on the Internet immediately. When everyone doubted Xiaomi's safety, Xiaomi has responded in a very short time, claiming that the Xiaomi SU7 was connected to the Chinese national monitoring center and found that the vehicle which in the charge was power off for a long time before the test. But this did not threaten the security of users, because Xiaomi has a backup battery and the emergency call was connected quickly at the time of the collision. However, the backstage staff continued to call for five minutes and got no response. The response disclosed the blogger's discredit and fraud, and also let Xiaomi SU7 show its security performance for users in this critical public relations. Once this matter was fermented on the platforms, Xiaomi's fair and safe image was deeply into the hearts of users, so that sales ushered in a new wave of peak undoubted.

## 5. Conclusion

In summary, under the premise of global economic depression and declining consumption ability, brand sales are facing unprecedented challenges. However, the rise of digital marketing has provided new opportunities for brands. Xiaomi has successfully created a vivid brand image through its precise market positioning and integrated

marketing across all platforms. To accurately reach their target customers, Xiaomi also has a deep insight into consumer psychology and demand, through the cost-effective product strategy, millet not only hit the vicious competition cause by pirate product in the market, but also establish a brand image of “value for money” in the minds of consumers. Moreover, Its founder Lei Jun has enhanced Xiaomi’s market competitiveness by his excellent self-marketing and brand building. In addition, Xiaomi’s integrated marketing strategy on social media also shows its foresight and flexibility, through precise content marketing and effective crisis public relations, Xiaomi has continued to expand its brand influence and enhance user loyalty and participation.

Overall, Xiaomi’s success is attributed not only to its excellent products and services, but also to its keen grasp of market changes and innovative marketing strategies. In the case of unfavorable economic environment, the effective use of digital marketing provides new growth momentum for brands. In the future, Xiaomi’s experience is also a great example for other brands to create more market opportunities and business value through accurate market positioning and innovative marketing means.

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