

Research on Trend, similarity and difference of Chinese and oversea' s smartphone brand——Take Apple and Xiaomi as an Example

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Abstract. In the last 10 years, the smartphone industry has risen and gradually become a crucial industry in human beings' society due to the growth of communicational technology. However, the cost of producing a phone has been cut these years because of the industry's maturity. More and more brands are to be born in the future. The situation can be an influential factor in developing the smartphone industry. The convergence of the smartphone industry might cause a recession in the industry. The research will focus on the two symbiotic smartphone brands, Xiaomi and Apple, to study their marketing strategy. By comparing various strategies, the study will also predict the smartphone industry and offer persuasive suggestions for the transition of the smartphone industry. The methodology such as questionnaire and case study will be included in the article to gain the analysis data. The research has analyzed and predicted the smartphone industry trend with the data.

Keywords: Similarity, Difference, Convergency, Smartphone industry, Brand.

1. Introduction

1.1 Research background

With the development of communicational technology and the improvement of the internet situation, the smartphone has become a necessity rather than an Entertainment. Poushter's and Stewart's research displayed the progress of the owning rates of adults from different districts, which increased from 45% to 54% from 2013 to 2015 [1]. The different brand was born to satisfy a great demand for the smartphone. For instance, Apple is one of the smartest phone brands in the world. According to 2021, the fourth season's sales volume of Apple, the data has already reached 834 million dollars, while the Chinese smartphone brand is also a power that can't be ignored. Xiaomi, being one of the most symbiotic brands in the Chinese phone industry, had a 381 million sales volume in the fourth season of 2021. Quest Mobile indicated that Xiaomi had occupied 10% of the proportion of the active quantity in the smart terminal in China, 21.6% for Apple, and 28% for Huawei. However, as a result of the sanction, the demand for Huawei has declined. The essay will mainly focus on Xiaomi and Apple, the smartphone brand that serves different targets, to find out the similarities and differences between Xiaomi and Apple and reflect the Trend of the future smartphone industry.

1.2 Literature review

Machado and Cant used a theory of experimental marketing strategy to explain why Apple can succeed in the smartphone industry, which can be concluded as the effective use of sensory experiences such as product launches and highly-personalized devices [2]. The series of actions, even lining up outside the onside shop, greatly promote Apple to keep their brand loyalty, which is a dominant factor for Apple to become one of the most booming industries in the worldwide smartphone industry. While for Xiaomi, Shih, Lin, and Lurn mentioned a complete strategy,

differentiating from Apple [3]. It is called a fan-centric social media strategy. The Xiaomi enterprise adopted social media to strengthen the relationship between the company and consumers. The executives of Xiaomi, known as J. Lei, posted more than 100 posts to answer consumers' questions about products and corporations on Facebook and Sina Weibo.

Aimed to maintain the consumers' relationship, Xiaomi also built an online community. The online community is also beneficial for Xiaomi to seek authentic comments and advice on the products. All those measures can be thought to be away, same as Apple's experimental marketing strategy, to keep brand loyalty. In their research, Liu et al. proposed that the segmentation of their fans also plays an important role in Xiaomi's adoption of a fan-centric social media strategy [4]. Xiaomi's fans are likely to be divided into 2 different characteristics: amateur fans and professional fans. Xiaomi took measures to improve its social presence for attracting both amateur fans and professional fans, and various strategies like cost-effective products were applied for attracting amateur fans. At the same time, cultural identity is used to attract professional fans.

Nevertheless, Apple seems not to be favorable of this fancy strategy. Johnson et al. explained that Apple mainly attracted consumers by investing in their products and keeping their products innovatively [5]. The sustainable improvement of their products will be a criterion of their core capacity for the customer to judge whether it's a cost-effective product to purchase. It shares some similarities to Xiaomi's fan segmentation strategy to some degree, displaying how their products are cost-effective and valuable to purchases.

1.3 Research gap

As the article mentioned above, it is obvious that most of the research mainly focused on the feature of each brand rather than making a comparison. It is a rare phenomenon to read some research directly related to comparing different smartphone brands. Comparing the brand's main product, strategy, and other key information is vital—the comparison figures out the difference and similarities between the two brands. The future development trend of the smartphone can be predicted by using this approach. With a predictable trend, smartphone enterprises can adjust their products in advance. Investors are enabled to spend their money effectively.

1.4 Research framework

Therefore, the paper's framework is first, to begin with, Xiaomi and Apple's background knowledge. The marketing strategy, main products, and other relative information will be included in the research. Besides, the research will compare Xiaomi and Apple according to the information above to be obvious to seek the differences and similarities. Based on these similarities and differences, the research will make a reflective prediction of the smartphone industry and offer some suggestions for Apple's and Xiaomi's future development.

2. Method

2.1 Survey method

A survey gathers information using relevant questions from a sample of people to understand populations [6]. We did an online survey about using and understanding all kinds of mobile phones among Chinese college students. The survey results of 20 Chinese college students were statistically analyzed.

In this paper, based on the comments and analysis of different brands of mobile phones made by college students, the survey results show that 75 percent of college students are willing to pay more than 3,000 yuan for a mobile phone. 50 percent of college students use Apple phones, while only 10 percent use Xiaomi phones. On the other hand, 75 percent of college students would like to choose the Apple phone, and 60 percent would like to choose a Xiaomi phone. We can see that people's expectations and purchase desire for Xiaomi mobile phones gradually increase. When choosing a mobile phone, 80 percent of college students pay more attention to its battery life, while 70 percent

value its performance. In addition, 70 percent of college students believe that the system of Chinese-made mobile phones should be improved the most, followed by the quality and appearance of the phones. This paper finds out the opinions of college students about the different aspects of mobile phones. This shows that Xiaomi mobile phones have a wide range of future sales and further product upgrade plans.

2.2 Literature research

Literature research refers to the scholarly, critical study of literature, generally for analysis purposes [7]. By analyzing the literature, this paper gives the data and content that can prove the conclusion and, at the same time, ensures the accuracy of the analysis and the authenticity of the results so that the paper has reliable theoretical support. In addition, the literature analysis brings new perspectives to the paper and finds new ways to explain and discuss by using the information in the literature.

2.3 Case study

A case study is a detailed study of a specific subject, such as a person, group, place, event, organization, or phenomenon [8]. This paper analyzes the cases of Xiaomi and Huawei, compares the same and different marketing strategies between mobile phone brands at different levels, and studies how to open up new development directions and trends for mobile phone brands in the future. At the same time, it put forward a practical action plan to solve the problem.

3. Result

3.1 Market development status of Xiaomi

Xiaomi Corporation is a Chinese designer and manufacturer of consumer electronics and related software, home appliances, and household items. Behind Samsung, it is the second-largest manufacturer of smartphones globally, most of which run the MIUI operating system. In August 2011, Xiaomi released its first smartphone, and by 2014, it had the largest market share of smartphones sold in China. Initially, the company only sold its products online; however, it later opened brick and mortar stores. By 2015, it was developing a wide range of consumer electronics. In 2020, the company sold 146.3 million smartphones, and its MIUI operating system has over 500 million monthly active users. In the second quarter of 2021, Xiaomi surpassed Apple Inc. to become the second-largest seller of smartphones worldwide, with a 17% market share, according to Canalys [9]. In Figure 1, it can be seen that the CAGR rate of the Xiaomi mobile phone has grown rapidly from its launch to 2019.

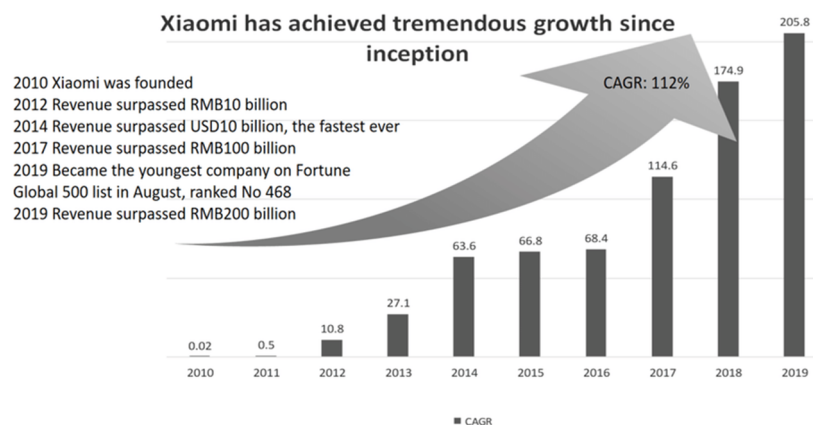


Figure 1. Xiaomi's revenue growth

Xiaomi started to promote globalization in 2014 and gradually occupied a leading market position in India, Southeast Asia, Eastern Europe, and other countries. Figure 2 shows Xiaomi's share of global shipments in Q1 2021, just one percent less than Apple's.

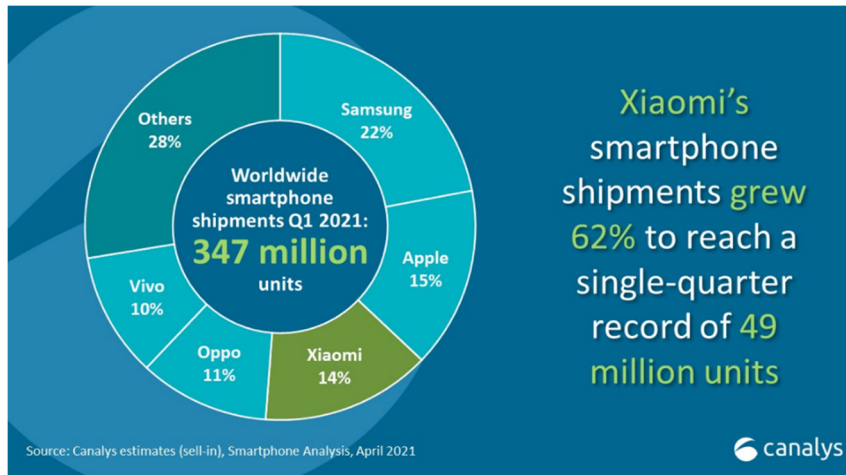


Figure 2. Xiaomi's share of global shipments

3.2 Comparative analysis of marketing strategies between Xiaomi and Apple

Being one of the most successful smartphone corporations, Apple has already formed a mature marketing strategy. In the first place, Apple has a group of designated and specific customers by applying the targeting strategy. Apple's main smartphone product, iPhone, mostly concentrates on the high-end product area. The iPhone's targeting customers are likely the people whose consuming ability is better than most people in society. The 3.6-inch screen attracted the group of people who were always chasing the high-tech and high-end product during the period when most people were still using a phone with type board [10]. In a word, the specific group of people helps maintain the increase of the sale of iPhone products and keep crucial brand loyalty. According to Sun's research, almost 43% of iPhone customers were marked to be familiar or apple fans in her research in 2014. The number of people who used the iPhone in 2014 had already reached 48%, which was 12 times larger than Xiaomi [11]. Even the customers who were not loyal fans of the Apple brand chose to buy the iPhone.

The situation happened because Apple advertised the iPhone by adapting to the way of experiencing marketing. The new retailing has changed the way of marketing due to the development of AI, AR, and VR technology. The onsite shopping is gradual to be abandoned. Apple realized the dilemma and promoted the onsite shop to that customers could experience the iPhone by themselves. Besides, Apple will hold a live launch event to increase its reputation to attract more loyal fans.

While concerning Xiaomi, it's a completely different marketing strategy. Facing the dilemma of the saturation of the high-end up product area of the smartphone industry, Xiaomi puts an effort on the rest of the consumers who can pay for the smartphone from the high-end up product area. From the perspective of the product itself, Xiaomi minimizes the cost of producing each phone and upgrades the operating system to attract their main target consumers, mainly the youth [12]. From the perspective of advertisement, Xiaomi tends to build a community officially due to seeking first-hand advice from the consumers. Under a background of the wide usage of consumers' internet, Xiaomi takes the measure to make the full use of the social application to gain the dynamic consumer's psychological feelings. By combining the measures above, Xiaomi will use the comments as a guide to update its operating system every week.

By comparing the marketing strategy of Xiaomi and Apple, it's clear to study the difference and similarities of each strategy. Firstly, both Apple and Xiaomi pay attention to their target consumers. The corporations understand that the satisfaction of loyal fans can maintain a part of their product's sales. At the same time, the companies use various advertising strategies to enlarge the consumers who are not their loyal fans. With the development of the smartphone industry, the various brand will be born. The competence of each brand will be more fierce. By studying the top brand of smartphones nowadays, the prediction of the smartphone industry can be made. The smartphone industry will likely transfer into a service industry in the future. Although the innovation of the core technology

might still be crucial, the decisive factor will be popularity and brand loyalty due to the fierce competition. The phone's position will be transferred from a necessity into a daily-used product.

There are also some problems with Xiaomi's marketing strategy. First of all, compared with Apple's mobile phones, Xiaomi's brand value is very low. Xiaomi does not carry out special brand promotions and publicity, leading to consumers' lack of understanding of Xiaomi. Secondly, Xiaomi mobile phone marketing has no market segmentation, the practice of dividing the target market into approachable groups. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioral criteria used to understand the target audience better [13]. Xiaomi's target market is students and low-income people, but its spokespeople are successful, making the consumers think Xiaomi's mobile phones are more suitable for business people.

Finally, because Xiaomi's mobile phones were sold online in the initial stage without physical stores, it saved costs on the one hand and caused many after-sales problems. Although Now Xiaomi has established many offline after-sales sites called "Mi Home", the speed of after-sales service is limited in the face of huge sales volume. Over time, Xiaomi's phones will face many consumer problems [14].

4. Discussion

Xiaomi targets customers who want to buy electrical devices with a limited budget, which is obvious from its pricing strategy[15]. Through the official online store of Xiaomi, it is shown that the prices of Xiaomi smartphones range from 599 to a maximum of 4699, so people can get most of Xiaomi's products, although they do not have a high income. On the one hand, it illustrates Xiaomi as a populist brand, but on the other hand, there are non-negligible drawbacks of this strategy[16]. Since Xiaomi labeled itself as a populist brand, people will consider whether they are labeled as people with low income as they buy the phone. However, it is very common in customers' or everyone's minds that they do not want the label of "lower cast" or "low income", because it contains a sense of disdain and a loss of face. Although people's real situation is within the range of Xiaomi's target customers, they will force themselves to reach and join the target customer group for other brands.

Moreover, It requires the customers to have higher incomes to buy their products, so those who just reached this group can feel a sense of achievement as they are labeled with higher social status. The solution to this issue for Xiaomi is to develop a branch that sells high-end products as they keep the branch of fair-priced goods at the same time. In this case, Xiaomi is no longer a brand that belongs to the lower class. Instead, it pushes the brand image to a young and innovative company, but the fair price goods branch is still there to make sure people with lower income can enjoy electrical devices.

Talking about Apple, one of the most famous electrical products companies globally. As we all know, Apple company targets people for being an affluent brand, targeting customers with medium to high income and those who are more likely modern and young[17]. The targeted customer helps the brand build a brand image like a "luxury brand", which automatically attracts more customers and makes people accept the high budget it asks for due to its brand value. However, there are still disadvantages of this targeting method of Apple company. Since they target modern and young customers, people who are not so familiar or professional at digital devices might struggle when using them. A possible solution is that Apple company can try to make their system easier to understand or offer live sessions to teach customers how to use it so they widen their targeting range.

The marketing strategy between Apple and Xiaomi is a strong reference significance for developing smartphones in the future. Apple uses new retail marketing more and more widely, mainly through experiential marketing to sell iPhone products, focusing on AI, AR, VR, and other emerging technologies to strengthen consumers' sense of product experience. In contrast, Xiaomi tends to create its community, collect first-hand suggestions from consumers through the community, and obtain dynamic psychological feelings of consumers through the use of the community. Based on

consumer suggestions, a close relationship between consumers and the brand is achieved by updating the weekly operating system guide.

The above are the highlights of Apple and Xiaomi's marketing strategies. Based on the analysis of the advantages of Apple and Xiaomi, it can be inferred that the development of smartphones in the future cannot be separated from the establishment of new retail models and brand communities. Firstly, the new retail marketing can simultaneously output product design and brand culture to consumers through online and offline channels. Based on the strategy, consumers can intuitively feel the brand culture and appearance design of mobile phones and understand customers' real needs more accurately and quickly to formulate reasonable design schemes. In this era of high share information, it happened to be the mobile phone industry's best use of new retail marketing strategies.

Using big data, artificial intelligence, and other advanced technology, the production process, distribution, and sales of the commodity upgrade, reshapes the formats and ecosystem structure and perfects the integration of online services and offline experiences [18]. So the use of new retail marketing is a meaningful part of the future development of smartphones. Secondly, smartphone brands should set up their communities. The community provides a platform for continuous interaction between enterprises and brand loyalists, creating value in the interaction. Brand loyalists have a higher purchase intention for enterprise products in the community. They are more willing to do things that play a positive role for the brand spontaneously, such as making positive word-of-mouth recommendations, knowledge contributions, and service feedback for the enterprise [19]. Through the positive interaction in the community, customers turn into positive emotions and behavior, thus increasing customer loyalty. It also increases the likelihood that consumers will repeat purchases. At the same time, consumer and community information transmission and communication, each other between buyers and sellers of information become more symmetrical, and the brand becomes more understanding of consumer demand. The customer will fit with the brand also increases. That's why community is necessary and why community is important.

Based on Xiaomi's shortcomings, it can be analyzed that the future development of smartphones can also be solved by strengthening the brand image. According to the analysis results, Xiaomi's brand value is very low, and there is no special brand promotion and publicity, making consumers completely lack understanding. Besides, Xiaomi's market positioning confuses consumers because of the lack of market segmentation. Therefore, it is necessary to strengthen the brand's publicity so that consumers know more about the brand. In most cases, consumers are more willing to choose the brands they know. In addition, some familiar advertising phrases will make consumers think of the brand for the first time, thus resulting in purchase behavior. In addition, the smartphone brands should also carry out market segmentation and targeted positioning of the target market so that consumers feel that the product is suitable for them to increase sales.

5. Conclusion

In recent years, the sales of Xiaomi's mobile phones have gradually increased, but compared with Apple's mobile phones, Xiaomi's marketing strategy is not mature. Xiaomi still has many problems in the market. First of all, compared with the consumer groups that Apple pays attention to, Xiaomi does not do a good job in market segmentation. The image of Xiaomi's spokespeople is inconsistent with the image of actual users, and it fails to promote the product information to low-income groups and students accurately. Secondly, Xiaomi needs to enhance its brand value with special brand promotions to deepen consumers' familiarity with the brand.

Xiaomi has been occupying the market with lower prices, but the consumers do not want to be labeled as low income, which will lead consumers to buy other brands at high prices, such as Apple. Xiaomi needs to develop more high-level product lines and maintain the original cheaper ones to solve this problem. Enhance the brand image in the minds of consumers. Finally, Xiaomi should improve its after-sales service. Consumers can increase their loyalty and understanding of Xiaomi phones in various online and offline ways, such as building more communities. So that consumers in

purchase products after the security of safety satisfaction. By comparing the marketing strategies of Miui mobile phone and Apple mobile phone, this paper studies the advantages and disadvantages of Miui mobile phone and solves the problems of consumers' dissatisfaction with the after-sales service of Miui mobile phone and future market segmentation. It also provides experience for the future development of other mobile phone brands. This paper analyzes the market of Xiaomi mobile phones through a questionnaire survey and original data to have a more specific and clear understanding of consumers' evaluation and demand through interviews with consumers in the future.

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