

The Impact of Xiaomi's Marketing Strategy on Consumers' Purchase Intention

Yukai Liang^{1, †}, Yanzhen Zhou^{2, †} and Zhaocheng Zhu^{3, *, †}

¹Chongqing Weiming School, ChongQing, 401100, China

²Jinan Xinhang Experimental Foreign Language School, Ji Nan, 250000, China

³Business school, Metropolitan University of Hong Kong, Hong Kong, 999077, China

* Corresponding author: s1280638@live.hkmu.edu.hk

†These authors contributed equally

Abstract. Xiaomi has a wide range of products and its products are cost-effective. The purpose of this exploration was how to increase people's purchase intention of Xiaomi. Therefore, this paper tried to investigate how to improve product sales and brand value. The research topic and the method of this research paper used the Multi-Media Terminal theory. SWOT analysis methods were used in this paper. The results of this study can be concluded that Xiaomi needs to design and manufacture mobile phones through continuous localization and localization. Xiaomi's previous strategy of focusing on cost-effectiveness needs to be corrected, and other peer companies will continue to follow suit, so as to intensify the competition. This paper finally concluded that high-cost performance and a good reputation can improve consumers' purchase intention, and the products maintain good quality and develop towards the direction of a mass brand to meet the needs of ordinary people. The special publicity method of a press release to attract attention and appropriately stimulate consumers' patriotic psychology can also improve consumers' purchase intention.

Keywords: Localization development, Xiaomi company, internet influence

1. Introduction

1.1 Research Background

With the development of the times, society and economy are developing faster and faster. As the country is getting richer and richer, people's lives are getting better and better, and people's demands for life are getting higher and higher. Since 2010, China's Internet development has entered a mature and prosperous stage. In 2012, the application of the Internet on mobile phones will exceed that on Personal computers (PC), and the Apple of Internet tools will become more convenient so that people will become more dependent on smartphones, the application of smartphones and the number of users will be greatly increased. Mobile phones have become indispensable tools in life. Xiaomi mobile phone has rapidly gained a large number of users with its own price advantages and cost-effective characteristics. Since then, most people have used smartphones, and the user group of the Internet has also expanded. A large number of games, shopping, and financial-related apps are now on smartphones. To provide people with a more comprehensive and diversified shopping experience, many people will also sell their products on it. In short, the Internet has enriched people's lives. The Internet economy is a new growth point in China's economy, transforming the market competition pattern. China's per capita GDP is also rising (Figure 1) [1].

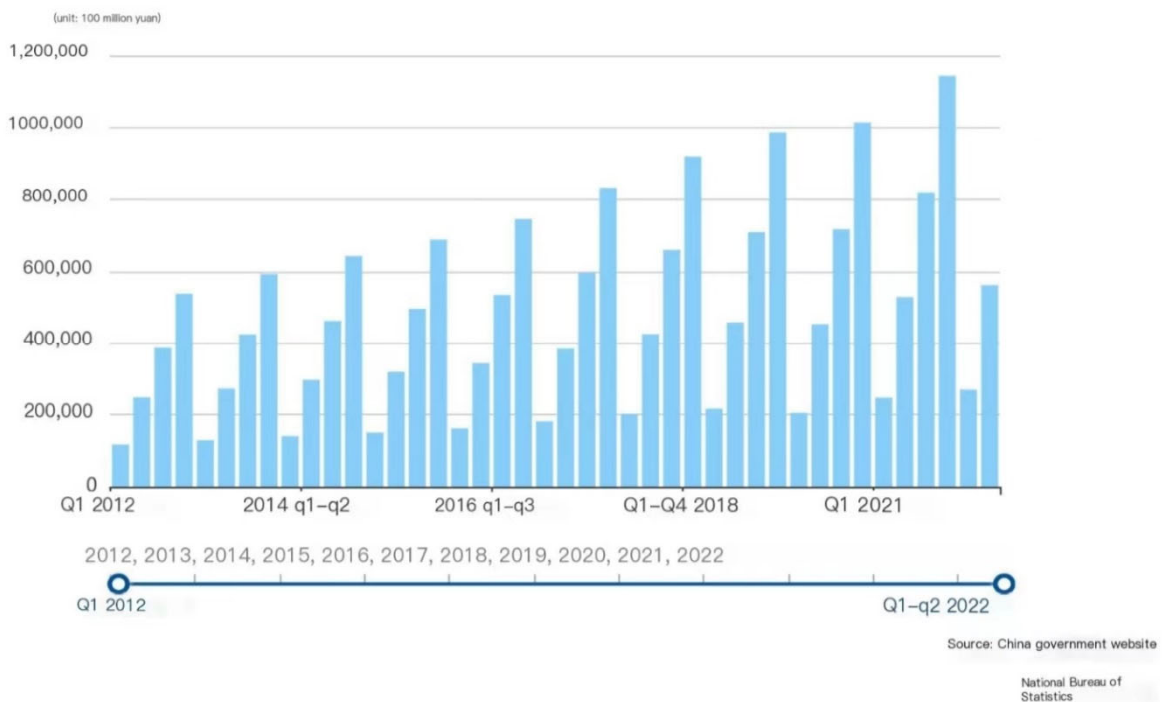


Figure 1. Statistical chart of national per capita disposable income in 2016 to 2020 [1]

Therefore, people will have a certain pursuit of life, so when facing low-price Xiaomi mobile phones, they will naturally choose to refuse. Xiaomi mobile phones have a very high-cost performance ratio, and the image of low prices has been engraved in people's minds. Faced with the current background of the times, few people need this product, resulting in a significant reduction in the number of users. Xiaomi is a mobile Internet company focusing on the independent research and development of high-end smartphones. At present, the problem it faces is that with the rise of domestic per capita GDP, people have a high pursuit and will not choose Xiaomi mobile phones, resulting in a decline in the number of users.

Here they introduce various research issues and contents of many research scholars focusing on Xiaomi company, such as Qi Yinghua has studied the possible financial strategy bankruptcy under Xiaomi's light asset operation mode. Reasonable investment and timely revenue have a great impact on the financial situation of the enterprise [2]. Liu and Qian made a study on Xiaomi's enterprise technology innovation and business model under the Internet + strategy, and the integration of mobile Internet, cloud computing, Internet of things, and other modern manufacturing industries [3]. Dong and Chen studied how manufacturers reshape the relationship with users in the Internet age, the increase of user choice in the Internet age, the development of e-commerce, and the shortening of the product life cycle. It forces the manufacturing industry to seek unique value and efficient value creation and transmission. Leading to the construction of the relationship between enterprises and users is no longer friendly for research [4]. The research Deng on Xiaomi's mobile phone marketing strategy under the background of social media development, and research on the inadequacy of social marketing. Deng Lunan studied the marketing strategy of the Xiaomi mobile phone under the background of social media development and pointed out the marketing strategy of Chinese smartphones and the problems in social marketing [5]. Ning Yue and Yu Haoyang study strategic cost management based on the internal value chain, the study cost control, reducing unnecessary expenses, and studying such issues [6].

1.2 Research Gap

Through the study and research in the first part, we find that there is a lot of research on Xiaomi companies. However, under the background of this research, the problem that the number of users of

Xiaomi is gradually decreasing has not been solved. Therefore, this paper is to make up for this gap and analyze Xiaomi company as the research object. Thus, the research problem is: that with the rise of domestic per capita GDP, people will not choose Xiaomi mobile phones. How can we improve consumers' willingness to buy it?

Therefore, the purpose is to adjust the marketing strategy to increase people's willingness to buy Xiaomi mobile phones.

1.3 Fill The Gap

According to the research questions raised in the second part, how does Xiaomi adjust its marketing strategy to further improve consumers' purchase intention, we might as well propose hypotheses, Xiaomi can choose to use all components produced in China to make its mobile phone completely domestic, and then the cost will rise, the price will increase, and then it will become a high-end domestic product, so as to improve consumers' purchase intention. This paper will verify the hypothesis by SWOT analysis based on the Multi Media Terminal theory. Therefore, the general research direction of these papers is to study how to improve consumers' purchase intention and provide marketing strategies according to the current situation of Xiaomi. After getting the conclusion, this paper will discuss and summarize the advantages and disadvantages of Xiaomi's marketing strategy.

2. Literature Reivew

2.1 Definition of Marketing Mix Theory

The marketing mix theory focuses on product, price, place, and promotion. It is a complete product with four basic points. This is often the basis of product marketing. First, the product itself needs the special value of the flash point. Develop the current convenient and fast functional requirements, the most basic of which is the value of meeting people's current daily basic needs. It has unusual functions, advantages, and flash points for a product. Then there is the price. It can be designed as an equilibrium price that conforms to the market according to the market positioning of the products. The product positioning is based on our own brand value. At the same time, it can be judged that the brand value positioning according to the public's vision. Then there is the channel. The price is a high burden, while the customer thinks that the price is a "suitable" level.

2.2 Important Results

Marketing mix is a combination of strategies and activities that a firm utilizes to market its goods and services. By focusing on the buyers, a company can select the right function, the right price and distribution channel for the product, and the right method to promote the product.

Primarily, the suitable change in the price of goods usually has positive effects on consumption. Green price refers to the cost price of the product. If the product will generate other values, people will be prepared to generate a premium [7]. According to an article in the International Journal of Scientific & Engineering Research, 4Ps were used to study purchase intention by using descriptive and quantitative in nature [8]. In addition, they introduce a questionnaire survey to analyze. It proves that the green price is affordable [9]. Pricing can take into account the size of the population and profit, so as to take care of the continuous productivity such as employee health and increase value through its functions. [10]. Thirdly, Murphy and Enis show that consumers and suppliers are both recognizing that it is feasible and adaptable to make trading. Each department must attach great importance to the provided profit, in order to offset the related endeavor and hazard in the duration of trading [11]. This is also the personal price.

Actually, perceived quality is becoming the most important factor to compete in the business world. Consequently, service marketing. Quality is a multi-dimensional phenomenon. Thus, reaching the service quality without distinguishing the important aspects of quality it has impossible in his discussion of service quality [12]. During the last few decades, on account of service quality is deeply

influencing the company's performance, customer satisfaction, and customer loyalty. Many researchers and practitioners pay close attention to service quality. The study found that service quality raises the customer retention rate, as the service quality is influenced by customer loyalty. The following is that firms can receive more profit. Finally, eco-friendly products mean those ecological safety goods which can promote the preservation and protection of our natural habitat in the long run. Although eco-friendly products are in order to reduce the consumption of the needed natural resources in their whole lives, they are not the best products to lead to the negative impacts as low as possible. The definition of a green product is a product that is manufactured with nontoxic materials and environmental-friendly measurements. It has been recognized by an acknowledged organization [13].

Change the sales position, favor sales in areas where a large number of such products are needed, and make customers recognized and have a great impact [14]. Muhammad and Suthep have given the result that the change in channels can increase and ease the demand of consumers [15]. As the largest halal food market in Asia, there is a huge gap with other regions. According to the Research Report of Putra University in Malaysia, due to the growth of personal income and population, the demand for halal food has also greatly increased, which realizes the concentration of Thailand and the government's strategy, and the potential for developing and optimizing the professional level in Thailand in five years [16]. Special promotional ways can also increase the consumer's willingness to pay. Asdi & Adityahave testified this result [17].

The price is a high burden, while the customer thinks that the price is a "suitable" level. The interviewee replied that Samsung mobile phones have high quality and high level of product packaging and products, as well as high-quality after-sales services, which prompted consumers to buy Samsung mobile phones.

Research on the influence of restrictive discount promotion on consumption intention is efficiently conducted by Tong Jie [18]. With the development of information and intelligence, various promotion strategies have become an important way for enterprises to win in the dynamic business environment and fierce market competition.

The effect of restrictive discount promotion on consumption intention is moderated by shopping orientation. Specifically, under the minimum purchase requirement promotion strategy, compared with experiential shopping-oriented consumers, task-based shopping-oriented consumers have a stronger willingness to consume; under the maximum purchase limit promotion strategy, compared with task-oriented consumers, experience-oriented consumers have stronger consumption intention.

2.3 Summary

In terms of products, Xiaomi is diversified and has its own brand products in different fields, such as smart homes, watches, computers, and so on. Under the premise of ensuring good quality, these products are also cost-effective, which gives Xiaomi a good reputation and can improve consumers' purchase intention.

In terms of price, Xiaomi can become a mass brand rather than a luxury brand while maintaining good quality, which can meet the needs of ordinary people and improve the purchase intention of the public.

From the perspective of promotion, Xiaomi will almost hold a press conference every year, and the frequent press conference has attracted a group of fixed fans. Xiaomi strongly recommended its new products through the conference, and at the same time distributed small benefits to attract more new people to watch. Among these people, they had an in-depth understanding of Xiaomi products through the conference, knew many advantages of Xiaomi products, and could also improve their purchase intention.

From the perspective of place, the technologies used in the components of Xiaomi products are all domestic technologies, and Xiaomi products are completely domestic products. Compared with other domestic products, some technologies are derived from foreign countries, Xiaomi can arouse people's patriotic psychology and improve their purchase intention of some people.

3. Methodology

3.1 Research Design

A variety of methods are used to assess Apple Inc. Each has its advantages and disadvantages. However, in this paper, we are going to follow XiaoMi company's steps, using the qualitative analysis method and conducting a SWOT analysis. Qualitative research is to gain keen insight by exploring questions, understanding events and phenomena, analyzing human behavior and opinions, and answering questions. The meaning of the SWOT analysis method: According to SWOT analysis, S represents strength, W represents weakness, O represents opportunity and T represents threat. The theme of this paper is "how to raise the consumer's willingness to pay for XiaoMi products". Hence, it is essential for them to know the advantages and disadvantages by comparing them to competitors via analysis. Consequently, the business can make proper decisions to improve its status among consumers.

3.2 XiaoMi Company

All materials of Xiaomi mobile phones need to be gradually localized and appear in the public's view as "made in China". Become a product that people call a "national product". Since the reform and opening up, the vigorous development of China's economy for more than 40 years and the continuous rise of domestic consumption has laid a solid foundation for the rise of domestic brands. In 2014, General Secretary Xi Jinping proposed to "promote the transformation of Chinese manufacturing to Chinese creation, Chinese speed to Chinese quality, and Chinese products to Chinese brands". With the increasing influence of domestic brands year by year, the research on domestic brands has gradually increased [6]. On September 15, 2020, Huawei banned the export of chips containing American technology components to China, which greatly reduced the output of Huawei products and the sales volume in western countries. It is prohibited to use foreign chips containing American technology, which strongly reflects that China needs to independently research and develop chips to avoid foreign influence, thus pushing the localization to a climax. The Internet era has brought opportunities to the inheritance and development of China's excellent traditional culture, and with the unique advantages of network communication, China's excellent traditional culture has ushered in a new opportunity [7]. China's traditional excellent culture has been vigorously spread due to the Internet's advantages such as diversification and quick availability. Whether in China or abroad. Chinese products and domestic products will be very popular. Therefore, at present, domestic products have become one of the important choices of the Chinese people. In this way, China's domestic products are sold to the world. Xiaomi is a mobile Internet company that develops high-tech products. "Born for fever" is Xiaomi's product concept.

The revenue and profit from Xiaomi's core smartphone business may fall short of market expectations. The second is that margins in Xiaomi's smartphone business are also likely to be squeezed due to higher costs for logistics and components, as well as increased price competition. The third point is that in its fiscal 2021 financial results announcement, Xiaomi indicated that half of its sales come from foreign markets and that India and Europe are the major international markets, while tensions between China and India will most likely lead to Xiaomi's products and services being restricted or even launched in India.

3.3 SWOT-Analysis

3.3.1 Strength

The product itself is the advantage. At the beginning of the establishment of Xiaomi, Lei Jun was already a well-known Internet person, so he began to cooperate with the top experts in the relevant industries such as Google and Microsoft at that time, and quickly created a top Internet team. It played a great role in product design and research. The mobile phone system developed by Xiaomi is more suitable for Chinese people. Many of the details are designed in accordance with the living habits of the Chinese people. Moreover, it has developed various ecological products, such as the seamless

connection between the XiaoMi bracelet and mobile phone system. It is suitable not only for students who easily accept new things but also for urban white-collar workers and urban youth who work in office buildings [8]. The price of Xiaomi's mobile phone is a huge advantage. When the user considers the cost-performance ratio, the price of the same selected supplier is also lower, but it has strong technical ability. It adopts the distribution mode of electronic channels and logistics companies, with the supply from the manufacturer, Xiaomi's sales and network direct sales, highlighting the advantages of low cost, high efficiency and rapid integration. It is suitable for users who urgently need high-performance mobile phones, with office workers and students as the main user groups.

3.3.2 Weakness

Product patent is a significant disadvantage for Xiaomi. Compared with Apple, Huawei, and other peers, the number of patents developed is very large. As a result, Xiaomi has a weak background and few suppliers to choose from. As a result, intelligent products cannot be manufactured and sold. Disadvantages in sales channels: Using the way of online marketing, we constantly cooperate with e-commerce platforms such as jd.com and Taobao. Different operating rules of each platform may lead to the deviation of the sales price, and the demand is very huge, which often leads to the overload phenomenon of too many visits, which greatly affects the image of Xiaomi and the shopping experience of users.

3.3.3 Opportunity

Xiaomi brand expansion and publicity are the opportunities that can be caught in their market. The sales volume and attention of Xiaomi's mobile phones in the Chinese market are constantly increasing. The brand value and popularity are at the peak in China, and the reputation is also very good. It can be sold overseas by virtue of the price advantage to expand the marketing market. And the arrival of the mobile Internet will gradually increase the popularity of smartphones. The production volume is gradually increasing, and the output of the suppliers is large so that the cost will be constantly optimized.

3.3.4 Threats

The threats may come from the fierce competition among peers. Xiaomi's cost-performance ratio has won a large number of users, which will cause peer companies to imitate. They also use low prices, cost performance, and other strategies to plunder market resources, thus causing more fierce competition. For example, Zipping, which is newly launched by Vivo, has a greater cost-performance ratio and mobile phone performance and has become the first choice of students. Impact of rising per capita income: With the continuous rise of per capita income in recent years, most people do not need such cost-effective mobile phones, but need to meet their own identity and a better mobile phone user experience. Will choose more advanced mobile phones.

4. Results & Discussion

The advantages and disadvantages of Xiaomi at this stage are summarized as a whole. There is a professional team to carry out the technical design and research and development of mobile phones. The mobile phones themselves are extremely cost-effective. Digital products are constantly innovated and have strong innovative thinking. They are mainly supplied by manufacturers, Xiaomi sales and network direct sales, highlighting the advantages of low cost, high efficiency and rapid integration. Disadvantages: the research on technical patents is less, which leads to suppliers' failure to supply accessories products normally. Different network platforms have different prices, which may lead to disputes with customers. The platform often has too many visits and overload phenomena, which greatly affects the image of Xiaomi and the shopping experience of users. Next is the discussion. High-tech products and innovative products will be greatly added to our lives. The Xiaomi Bracelet designed according to Xiaomi for the first time was sought after by most people. It occupied the bracelet market at that time with its advantages of lightness, portability, versatility and outstanding

price. The innovation ability of an enterprise can determine the survival probability of the enterprise. At the same time, it can be seen from the size of the enterprise's innovation that the enterprise's technological capability and enterprise thinking are active, advancing with the times, and it is a very young technology company.

Therefore, Xiaomi needs to continue to develop young and innovative thinking. All products are constantly developing towards localization and self-determination. Chinese national leader President Xi Jinping said that the goal of "achieving high-level scientific and technological self-reliance and self-improvement". Xiaomi company should be adapted to social needs and national development strategy. Therefore, both the Chinese people and the state will give support and care to Xiaomi enterprises. Moreover, since Huawei was controlled by American chips and technologies, both technology and sales volume have been greatly reduced. Obviously, only the enterprise's own R & D and manufacturing industries will not be threatened. Then support domestic events to reach the peak, and people will be greatly affected by the views of this brand due to the news of current events. Therefore, Xiaomi enterprises need the goal of independent research and development. Therefore, the cost and price will continue to rise, and we will not pay too much attention to factors such as cost performance. This is not the same as the conclusions of most scholars. Because the times are changing, the conclusions of the research are based on different time points and social situations. The cost-effective route was also a good strategy in the past, but it will be followed by more peers, so that there will be more choices at the same price, and the competition will be more intense. Therefore, we need to change the strategy and actively change according to the social situation. If Xiaomi completes a series of home-made designs such as home-made independent chips and mobile phone systems, the brand value will be greatly increased, and its reputation will also rise. It will become a national mobile phone in China, and the national level of science and technology will be greatly improved. Xiaomi will also have a foothold in high-end mobile phones.

However, for the current situation of Xiaomi, there are great difficulties in technology research and development, the possession of talents and the required production materials. Moreover, China's independent research and development is not mature enough. These problems are the paths that Xiaomi and China's science and technology need to break through and create.

5. Conclusion

To conclude, the results of this study illustrate how Xiaomi can improve consumers' purchase intention. Xiaomi uses SWOT analysis to find out its existing strengths and weaknesses and uses marketing mix theory to analyze four aspects and analyzes how these four factors can be changed to improve consumers' purchase intention. All aspects of domestic mobile phones are developing rapidly. According to the research results, this paper suggests that Chinese consumers should pay more attention to the changes in Xiaomi products. This paper examines how changing the Marketing Theory of 4Ps can improve consumers' purchase intention and analyzes how consumers will choose products in the social environment. However, this paper is different from its predecessors in that we have obtained the future development direction and trend of Xiaomi Company through SWOT analysis. In the future, Xiaomi will pay more attention to domestic independent research and development products to realize the localization of materials needed for Xiaomi mobile phones, so as to improve the corporate image.

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