

Xiaomi: The Coryphaeus Who Sang the Ultimate Underrated Song of Bliss “From Lean to fat Boy” Into the Indian Smartphone Industry: The Success Story of Xiaomi Corporation in the Indian Subcontinent

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Abstract: *It is always a bona fide point that a person with a healthy corpus and a progressive soul always targets a healthy ton of food batches and he always tends to justify his calorie consciousness. Likewise, Xiaomi the brainchild of master entrepreneur lei Jun came to the fore with the same perspective of capturing the absolute market share by flooding less with the sheer bulk of products. They rather at their initial stage of potency targeted specific markets with a specific amount of products obviously at regular intervals. These all plannings successfully brought Xiaomi to the esteemed forefront where it enjoyed more demand than the regular supply. MI thus brought a huge wave into the global smartphone industry with their class-leading android based handsets at a cheaper price and within 10 years starting from 2010 since its advent, this very brand has categorically transformed itself as a World brand and has successfully differentiated and positioned its products against the other fat boys of the market. This fat boy within its 6 years of business in the Indian market has disrupted and transformed the Indian smartphone industry and the market altogether. Obviously, for any organization, the key element contributing to its very success is always its marketing strategy, but also effective execution and the rightest evaluation are as important as the strategies formulated. My research paper is all about valuing such marketing objectives of Xiaomi, its Goals, and perspectives and focusing on the various unique strategies taken by the Indian wing of the company which helped this local fat boy penetrate the Indian smartphone monotony and thus distorting it, giving it a completely new vision and a new path indeed. We here will also be minutely focusing on the ways and the plans adopted by Xiaomi India, which fostered it and gradually helped it attain a competitive position over its immediate contenders.*

Keywords: Bona fide, healthy corpus, brainchild, fat boy, localized, effective, execution, evaluation, penetrate, fostered.

1. Introduction

The last 10 years have been an era of prerogative bliss for the global smartphone industry. The smartphone that was earlier considered a quote of luxury has now been transformed into a physiological day to day need. This is because of people's changing mentality backed with a certain level of purchasing power where they desire for a compact, more subtle device which is handy, reliable, and backs less weight and is mobile. And accordingly, the global tech companies arrived giving such devices a smarter and stylish appearance. Likewise, the advent of Xiaomi, headquartered in Beijing was recorded. They are the company that at a global level not only designs and develops but also sells smartphones, laptops, mobile-based apps, and other consumer-related electronics. Their product portfolio also includes Mi Smart TV, Mi power band, Mi routers, and tablets other than mobile phones. The company launched its MIUI along with its first firmware release on August 16th, 2010, and gradually gained immense popularity amongst the global folks with their E, M, Redmi, and note series line ups. And gradually over a while, it was the year 2014 when they first registered a world-wide sale of 60 million smartphones and with this golden milestone, this fat boy entered the Indian market with all new vigor and enthusiasm. They, for the very first time, tried a unique strategy that was altogether new in the Indian smartphone industry. This was called 'Hunger Marketing' where a manufacturer seems to intentionally restrict the availability of its product to attain

the occurrence of surplus demand. This in turn recorded a massive behavioral change amongst the consumers and this very thing was grabbed by Xiaomi. In today's world, we call this to be a 'flash sale' but way back in 2014 this was an unfamiliar and unknown concept for the Indian customer base and as a result, this recorded a massive positive response. Xiaomi initially started selling its products through the online shopping portal Flipkart. But later on, they changed their distribution strategy and on 7th April 2015, they partnered with Snapdeal and Amazon to bolster their online retail base countrywide. Lately, they also with up with their MI STORE app and website to segregate and diversify their products. They partnered with Foxconn and began their first production facility in Andhra Pradesh. And with such effective baby steps in 2014, they were able to capture a 1.5 percent market share by the year's end. India altogether is a very potential and competitive smartphone market yet it lacks a rooted penetration level for roughly 200 million people who use smartphones out of 1.2 billion people. This situation is improving day by day and more and more people are entrusting themselves into the smartphone realm. This in turn creates a golden opportunity for the Global players to come to the fore and cater to the customer needs accordingly. Xiaomi is just one of them and it categorically saw an increase of 3 percent by the year 2015 against the strong brands like Samsung and Lenovo along with the indigenous brands like lava and Micromax. This inturn resulted in an active settlement of the manufacturing base in India and now more than 85 percent of the phones

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are produced and procured in Indian itself thus reducing the operational costs of the company at a massive level.

2. Literature Review

For any global brand, the marketing strategy varies from country to country. Either the companies can carry on with the conventional marketing mix or they can adjust and customize the present marketing mix as per the needs of the market of that country. To exceed customer's expectations it is very much important to identify the customer's needs and design and develop the products accordingly. Companies when trying to expand their market rely on the forces which influence either the adaptation or standardization strategy to improve the company's performance. So, accordingly, it needs a perfect strategy to enter into a competitive market like India. Either the company needs to alter or metamorphose its present marketing strategies to gain a competitive advantage in the foreign market or it needs to mutate its energies and strategies all together to serve over a longer period. Xiaomi adopted such methods of alterations and reconstructions and developed certain standardized strategies to attract more customers. Such strategies in general require less investment than the adaption strategies. They also made use of several strategies to inform the customers and to increase the awareness level amongst them regarding the several benefits and the bundled offers that they are offering. One such is Guerrilla marketing, a potent effective yet Low-cost marketing strategy. It also used social media platforms like Facebook and Twitter largely to effectively market their products and attain the maximum possible customer base.

Marketing strategy an introduction

Today's scenario is encircled amongst an explicit digitalized platform. Clans mostly are affixed over online connected platforms and are receiving tonnes of promotional emails and ads every single day regarding numerous products and services. The challenge for any company now is to formulate and procure an accurate pen-papered marketing strategy to differentiate their products from others and draw customer's attention. Customers these days will never purchase whatever you sell to them, they are pretty particular about whatever they are buying and that product should exactly match their requirements as well as social commitments and statuses. So the challenge now lies in how well a company formulates its strategy to deliver optimum value for money to the customers and make them certainly aware of their class-leading products and services because marketing is all about creating, communicating, and delivering the best value possible to the customers and an effective marketer should always frame the policies that way so that the company can achieve its goals and objectives of earning profit with a lesser risk of failures.

Strategies by Xiaomi

Lei Jun's brainchild, the future global fat-boy underwent a huge market survey and took immense feedbacks from the tech-savvy critics to have a piece of exact knowledge about the market. Way back in 2010 they realized the potencies of the global giants like Apple and Samsung and also recognized their immense fan base and brand equity. As a

result, they choose the android OS platform and accordingly designed their user interface. They also came out with their cloud services, their unique browser, security app, and many more. Next, they targeted and segregated their products within the growing global middle class who desire class-leading features yet at an effective bracket. So, they came up with feature-rich phones that were unmatched yet at a cheaper price rate than the market. So adding all these minute details it can be said that Xiaomi did adopt a unique cost competitive strategy and with that, they quickly tried to expand within the international market. They certainly kept their margins very low at an initial level and absolutely nullified the conventional marketing strategies and rather focused on online platforms, thus creating its unique brand image and a global presence altogether. Regarding its advent into the Indian smartphone market, they firstly targeted the lower and the mid-range customers, and next, they came up with unique ideas of hunger and guerrilla marketing and collected continuous feedback from their customers and critics as well. And will all these despite receiving tough competition from the other class-leading 'fat boys' it managed to grab a significant chunk into this very market and in today's scenario, it is the prime Coryphaeus who is singing the ultimate song of success. To certainly find out its market effectiveness and dominance let us delve deep into the methods adopted by Xiaomi:

- 1) They created an immense impulsive ecosystem in the form of a Mi user interface where apps, games and other themes installed in such interface generated revenue in millions. They then came up with their app store and provoked people to differentiate their ones from the other industry leadings thus marketing and promoting several services and goodies of their own and earning like an e-commerce giant. They since their inception always targeted the global middle-class citizens and accordingly came up with unique industry-leading smartphones at a cheap price every time they came into the limelight.
- 2) They came up with the Mi-fan community where they used social media platforms to promote their events, their products, and services and this very thinking was an instant hit as people were new to it and we're utmost curious about what all was happening under such an umbrella culture. Through their fan community, they connected numerous critics and bloggers who provided a better description of the products under the mi fan base. Right now in the Indian market, Xiaomi is delivering its products through Amazon, Flipkart, Snapdeal, and other shopping platforms to the targeted customers. And apart from that, they have also involved themselves in a continuous market survey where they are taking feedback from the customers at regular intervals. They are certainly using 'a customer-obsessed method' readily involving them directly in the designing and the development processes. This, in turn, makes the customer feel special and he is induced or rather psychologically forced to consider this very brand, everytime he is going for tech shopping.
- 3) They have spent mostly nil over the conventional forms of marketing. They categorically used the social media platforms to the utmost and aggressively used the other social media forums to connect to the target audience. They believed in a word of mouth publicity because a satisfied customer will surely assert and sometimes even

encourage and motivate his peer groups to go with that very product.

- Right from the advent of the Indian smartphone industry they targeted the lower-income groups and next to the middle and the upper-middle classes. For that, at an initial level, they lowered their margins and premiums and sold them at a cheap rate than the market. They penetrated the subcontinent market band of 10000-15000 rupees and flooded that band with their wide range of class-leading products with unique never seen features.

- They involved themselves in continuous product improvement and innovation standards. And this innovation was not only restricted to the product side or its operating system but the marketing strategies were adopted and continuously innovated. They always came up with the commitment of delivering superior quality yet at an affordable price. Following **IllustrationNo:1** is the present product line up from the house of Xiaomi.India. [2020]

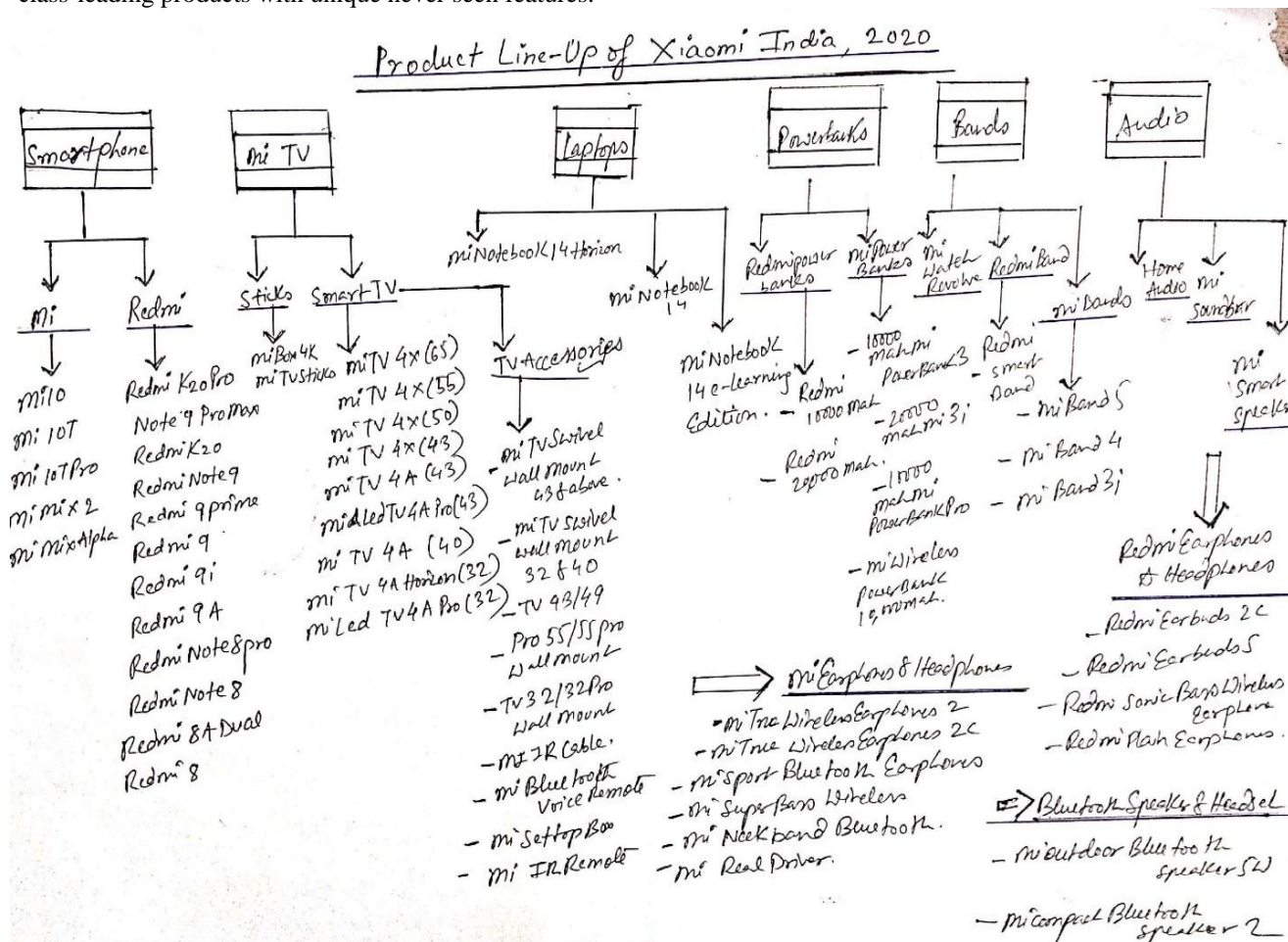


Illustration 1: Product Line-Up (Xiaomi.India)

Source: <https://www.mi.com/in/list>

- They also came up with unique selling strategies that were unheard of in the Indian market before its advent. People earlier were more into buying tech products from the offline stores and they seemed to possess less trust over the online commitments. But with the advent of Xiaomi into the Indian market things drastically changed. Xiaomi instead of dealing with offline stores and third-party retailers went on with the 'flash sales' of their products. In such sales, limited stocks are aired over a specific time limit. This creates a whole lot of buzz amongst the customers and they are induced into impulsive buying. As time is less are the stocks are limited the customers are motivated to buy on the spot the grab the piece of the latest technology as soon as possible. This increases the company's profit at a whole new level and helps to restrict the company from the overproduction of phones. It largely creates and improves sales and also largely puts forth fake propoganda which in the long run helps achieve the company's goals and

objectives. An example can be cited about Xiaomi product Mi 4 which penned down for sale on 10th of Feb, 2015. In that flash sale the company's demand breathtakingly exceeded the supply as more than 2, 50,000 buyers registered the sale but the company approximately kept 25000 to 35000 units on this first sale.

As per the reports and statistics provided by **Strategy Analytics**, Xiaomi is the most chosen brand amongst the Android users who are looking to buy a whole new device. The subcontinent people prefer this brand over Industry leaders like Samsung and Apple and Xiaomi has also bagged a preference level of 26% over the other preferred brands. There is also a very interesting fact that Home-grown player Micromax stands at a mere 2% now according to the reports. This program also further revealed through a survey that only 6 percent of the potential buyers have a preference towards the premium price bracket of 40000 or more and

over half of the potential Indian buyers have a propensity to spend between 10000 to max 30000 over a smartphone. The detailed chart is provided below in the **Illustration No:2**

Illustration No: 2: Indian Smartphone: Preferred Brands vs Share of Installed Base Android Users.

Vendor	Share Android Panel	% Preferred Brand for Next Smartphone
Xiaomi	16%	26%
Samsung	18%	12%
Lenovo	11%	6%
Motorola	11%	7%
Micromax	9%	2%
Apple	-	12%
One Plus	2.4%	6%

Source: Strategy Analytics Inc.

Xiaomi's entry into the Indian Smartphone Market

Xiaomi's advent into the Indian smartphone industry way back in 2014 was an extensive and sizeable move from the company's perspective. The Subcontinent, though being the second most inhabited nation was altogether lacking a preponderant penetration level but still, it had an immense potential to turn out itself as one of the class-leading markets. Today, in the present scenario China retain the top spot in the global smartphone market but India over the years has turned out to be the next major potential embryonic market and has thus received a major wave in the smartphone industry because of the rising middle class and stiff competition from the other "fat boys" as well as the local leaders. The company since its inception into the Subcontinent had forecasted all such probable potentials with the market and accordingly has escorted their products, categorically segmenting and differentiating it. They made an elaborated market study based on the purchasing power of the people, their required and desired functionalities, their technical know-how, and intentions behind buying such a product. And accordingly, they segregated their products amongst the 'Entry level customers' who are not great at spending a lot on technology yet they are always in search of a cheaper substitute. They are not blessed with enough money, yet they are curious and inspecting and are always in a mood to buy one. They are not backed with enough power of literacy, so they are not that way categorically responsible for the recruiter's advertisement. They just want to be digitally sound and instantly see themselves getting connected to social media. Next, amongst the 'mid-range customers' which comprises a larger part of India's growing middle class, who are intellectually sound and are gradually heading towards higher strata of the society. They desire a product that is class-leading that has packed all the recent features, yet at an affordable and competitive price bracket. Xiaomi certainly has comfortably achieved its target of penetrating and capturing the subcontinent market and the result is discernible in the form of their product- 'Redmi Note 3' which surprisingly by the first half of 2016 managed to retain the top spot in terms of sale, amongst the other Industry leaders. Another new record engraved in Golden letters by the name of Xiaomi is when they managed to sell nearly 2, 50,000 units of its product 'Redmi Note 4' within ten minutes of the flash sale. Later, it registered a sale of over a million units within the 30th day of its launch. According to a report by Strategy Analytics, an Indian customer who wishes to buy a smartphone is not only tech-

savvy but is certainly particular about his brand preference and brand specifications. Xiaomi with its immense hard-work somehow managed to become India's "Most Preferable Smartphone Brand" by the year 2017 and has managed to retain its top spot to date.

Present smartphone growth trends and forecast (2020-25):

According to the recent extensive and strategized report published by Mordor Intelligence the smartphone market that was previously valued at USD 714.96 billion is estimated to reach and achieve the all-time magic figure of USD 1351.8 billion by the year 2025, at a CAGR of 11.2% over the forecasted period of 2020-25. The growth of the markets especially the ones of China and India are increasingly visible yet considering the other part of the coin, due to plunging penetration levels on one hand and economic shutdown as a result of the Corona pandemic on the other the market growth rate is waning down, though at a very slow rate. The tech researchers and the critics do believe that such a condition is just a transitory one and it is readily recoverable. The companies during this phase are considerably earning revenues by launching new, industry-leading products in various markets yet the maturity state in a few compromising regions might be challenging for their revenues. For example, Apple In April 2020 lofted its budget champion iPhone SE into the global market but due to certain pandemic restrictions, they were not able to earn their penned revenue because of delayed shipments of their products into several markets worldwide. This covid19 pandemic saw smartphone shipments at a worldwide declining stage and according to exclusive reports, there has been roughly a 15.7 percent decline in year on year unit shipments from 331.8 million in Q2 2019 to 279.8 million in Q2 2020.

Yet Markets like India seem to considerably hold the smartphone sales and mainly the subcontinent market witnessed and endorsed a larger portion of sales amongst the mid-range price bracket. Furthermore, the consumer's changing attitude towards online purchase has served largely. Xiaomi, Vivo, Oppo, Realme, Samsung are amongst the top market leaders in terms of overall sales. But these companies are also expanding their offline sales and service network at a rapid pace to leverage the market benefits and opportunities. These days the companies are actually in a hurry of launching new and newer class-leading products and thus segregating the markets. Some of the recent worthy progresses in the smartphone industry includes:

- 1) In August 2020, Xiaomi came up with their product named Redmi note 9 which bags a 6.53 Ultra HD touch screen, with fast charging support.
- 2) In July 2020 Samsung Galaxy Z flip 5g bagging the first 865 plus 5g modem that provides a blazing fast speed along with better and more efficient device processing with sharper imagery through improved graphics renditions.

Asia-pacific to hold a compelling market Share:

Asia manages to occupy the highest smartphone market share both in terms of production as well as sales. This region bags a copious amount of smartphone makers. But far boys like Huawei technologies.co .ltd, Samsung

Electronics., Vivo Communication technology.co.ltd, Xiaomi Corporation all together hold a mammoth share in the overall smartphone market. China has been the most preferred market for any technology company followed by India. China has also been the most adored and loved demographic position in terms of smartphone manufacturing. The primary vendor Huawei technologies shipped an estimated amount of 55.8 million units in Q2 2020 and surpassed Samsung, which managed a total of 54.3 million units in Q2 2020. Despite facing sanctions from the US market Huawei has successfully managed to alleviate impacts on its international business and has finally retained and maintained its top spot. On the other hand, rising tensions amongst the Indian and Chinese government has also impacted the subcontinent's smartphone industry as well as a market. But yet though Chinese OEM's over the last 18 months have invested massively in India to promote the Indian government's Make in India campaign, to increase their production capacity, and finally strengthen their overall customer service operations in the country. Major leaders of the market like Xiaomi, Oppo, Vivo, and Realme have contributed heavily, yet due to Government tensions and pandemic their sales and their revenues have been considerably affected and that is discernible in Q2 2020.

3. Conclusion

This is how the categorical and paradoxical "Lean Boy" of LeJun's effective brain turned itself firstly into a prosperous Tech-Savvy Start-up and in the longer run, a noticeable "Fat Boy" of the global smartphone industry. Now, Xiaomi is one of the most valued starts up with an estimated net worth of over 46Billion. Its adaptive localized marketing strategy, product standardization, and differentiation has been a boon on its part and has successfully converted it or rather helped it achieve its goals and objectives.

Xiaomi with its unique and unheard marketing strategies has also created a prolonged buzz within the tech industry and they have made their ground strong with their motto of delivering the Industry leading feature-rich phones at a competitive and a cheaper price which even the top fat boys of the industry like Apple or Samsung are unable to match. Adjacently, this study also marks the company's entry into the Indian Smartphone Market, thus disrupting it and changing it completely. Its unique strategies in the form of hunger marketing and guerrilla marketing certainly reconstructed the subcontinent's smartphone Industry at large. Such strategies were previously unheard but with the advent of Xiaomi, it provided an all-new vision and the company was extensively accepted warmly by its citizens. Xiaomi never segregated or projected itself as a 'Premium Smartphone brand', rather they targeted the lower and the upper-middle-class strata with their unique products at an affordable price. This initially over a while was doubted by a certain class or customers because of their Anti-China biased mentalities but with their unique marketing strategies and fortified sales and service in the later years. The unsettled confused particularly disarranged such customers; turning their minds altogether thus converting them into the entity's loyal customers in a long run.

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