

Analysis and Improvement of Xiaomi Corporation's Strategic Management

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Abstract. This paper briefly introduces Xiaomi Corporation, sorts out the changes of the Corporation's external environment (market environment) and internal environment since the establishment of Xiaomi Corporation, in order of time, from the initial stage, the nirvana stage and the new dilemma. Analyze and summarize the management strategy of Xiaomi Corporation for more than 8 years. Finally, the Corporation proposed strategic improvement for Xiaomi Corporation. It is hoped that Xiaomi Corporation can adhere to the differentiation strategy and cost leadership strategy, consolidate the low-end market, impact the high-end market, and strive to have representative models at various price points to expand market share and realize the enterprise and maximum prosperity.

1. Introduction

1.1. Corporation Profile

Stable strategy refers to the strategy that the enterprise is prepared to keep the resource allocation and operation status of the enterprise in the current state and level during the strategic planning period under the constraints of the internal and external environment. According to the stable strategy, the business direction that the Corporation is currently following, the products it is engaged in and the market areas it is facing, the scale of production and sales and market position achieved by the Corporation in its business field are generally unchanged or grow by a small margin or reduce.

1.2. Business model

Xiaomi's logo is a "MI" shape, which is the capitalization of the "meter" Chinese pinyin. It is also an abbreviation of "Mobile Internet", which means Xiaomi is a mobile internet Corporation.

Mi Chat, MIUI, and Xiaomi Mobile were the three core products of Xiaomi Corporation. However, with the failure of Mi Chat in the competition of WeChat and the need of the Corporation to broaden its business, Lei Jun recently announced Xiaomi's new business in several conferences. The model is "Triathlon", namely hardware + new retail + internet. Among them, the hardware is dominated by mobile phones, including TV, routers and other Mijia eco-chain products; the Internet is dominated by Xiaomi's founding--MIUI, taking into account interactive entertainment, cloud services, finance, film, etc.; It is a new type of retail created by Xiaomi. It is mainly based on Xiaomi Mall, including the offline millet house and the first millet.

2. Environmental analysis

2.1. Analysis of the external environment

In recent years, China's mobile Internet has developed rapidly, software and hardware have developed simultaneously, and the functions of mobile terminals have been continuously strengthened. Consumers' definition of mobile phones has shifted from a single communication device to a multi-functional personal media entertainment center, and the continuous improvement of China's consumer culture has also increased their acceptance of new things and shortened

reception time. In many consumer groups, “playing a mobile phone” is not a concept, but a real entertainment.

However, in the early stage of the development of smart phones, mainly foreign brands such as Apple and Samsung occupied the market, the price was relatively high, and the cost performance was generally low. People urgently need domestic brands to lower the price of mobile phone products, hoping to enjoy good quality and low price. The smart phone, then, Xiaomi, glory and other major value-for-money mobile phone brands came out. However, with the continuous development of the smart phone industry, people are increasingly demanding what is a good mobile phone, not only requiring "no card", but also requiring the use of experience, interface aesthetics, camera capabilities and other aspects of comprehensive excellence.

After years of baptism, among the Chinese smartphone brands, small mobile phone manufacturers are increasingly unable to survive, and their original market share has been slowly swallowed up by other large manufacturers. The contest between the big "giants" has reached a feverish level. At this stage, mobile phone manufacturers must almost fully open their horsepower to cope with fierce market competition. If they are not careful, they may be overtaken by their opponents.

2.2. Internal environment analysis

Today's Internet e-commerce platform, whether it is telecom operators, software developers, terminal manufacturers, or content providers, has not only stayed at a single business level, but has already extended to multiple levels, and has been closely linked to each other and slowly lost. With a clear definition, the development model of “terminal + service” has gradually been favored by everyone. With the terminal, there is an interface between the user and the mobile Internet. With the service, there is a market, and the ability to continue to operate. However, this model is not so easy to implement because it relies on strong capital and sufficient operational capacity. At the same time, it also has a strong requirement for the close cooperation and operational experience of each sub-chain, and Xiaomi is thick and thin. With unique conditions, it has a quality "terminal + service" mode. In addition, Xiaomi's logistics is responsible for and promoted by Vancl, which is owned by its own group, and greatly reduces operating costs.

However, Xiaomi's research and development and technical strength are weak. Although Xiaomi Mobile has developed and owns the operating system MIUI of its own products, the gap between Xiaomi and Huawei is also reflected in the chip and the network. In SoC, Xiaomi still lacks a powerful self-developed processor, and Huawei has developed itself. The Kirin 980 processor chip is provided by Huawei chip subsidiary HiSilicon. In addition, under the new market positioning, Xiaomi's cost control pressure is greater. Xiaomi has always insisted on “the king of cost performance” and positioned it in the low-end market. However, in recent years, Xiaomi wants to upgrade the brand in the high-end market, but in addition to the mobile phone R&D and technology. In addition to the shortcomings, Xiaomi is also facing the problem of cost control. Under the effective control of the cost, the Xiaomi mobile phone will not form an effective market scale effect as before, and the bargaining power with the supplier will be weakened, thereby reducing the growth rate of the Xiaomi mobile phone.

3. Strategic analysis

3.1. Start-up phase

In the early stage of development of a Corporation, it was no longer a development strategy, so that the Corporation continued to develop and its scale continued to expand.

Xiaomi Corporation was established on April 6, 2010. At the beginning of the Corporation's establishment, the main business was MIUI and Mi Chat. At the time, Mi Li was almost popular in the country, and the momentum was great. But unfortunately, WeChat was born. Tencent relied on its strong social skills in QQ to make people quickly accept WeChat. Mi chats with WeChat. The defeat was defeated. Since the birth of MIUI, it has paid great attention to the user experience, and

actively listened to the opinions and suggestions put forward by users, and constantly improved, making this customized operating system on Android system very user-friendly. However, at this time, domestic mobile phone manufacturers did not optimize the system. More mobile phones use the Android native system, so Xiaomi's MIUI left a great impression on the people at that time, and some even proposed the view that "everything is based on MIUI" shows that people were very unanimous in their understanding of MIUI.

In 2011, at the beginning of the development of domestic smart phones, Xiaomi Corporation took the shareholder wind and released Xiaomi mobile phone 1. It is because of its high cost performance that Xiaomi mobile phone 1 has sold well on the Internet, September 5, 2011. Xiaomi officially opened the online booking, booking more than 300,000 units in half a day, and achieved great success. On December 18, 2011, Xiaomi Mobile 1 was officially sold online for the first time. 300,000 units sold out in 5 minutes. On August 16, 2012, Xiaomi Mobile 2 was officially released at the Beijing 798 Art Center. On November 19, 2012, at 12 noon, the second round of MI2 100,000 units was sold out in 2 minutes and 29 seconds. On November 29, 2012, at 12 noon, the third round of MI2 150,000 was sold out in 1 minute and 43 seconds.

Such rapid sales, indicating that the first generation of Xiaomi mobile phone in the hearts of Chinese people, the performance, the price is low, widely loved by the Chinese people. The reason why Xiaomi, a start-up Corporation, has achieved such great results is that it adopts an intensive growth strategy in its development strategy. Through high cost performance, it actively penetrates the market, expands market share, and lays a good reputation in the hearts of the people. The foundation for future development is laid.

3.2. Nirvana stage

At the beginning of 2017, Xiaomi did not announce the sales in 2016. As a non-listed Corporation, it is normal to not publish it. However, it is not normal to put it on the high-profile millet. Some media used "Waterloo" to describe Xiaomi's 2016, and Lei Jun also said that 2016 did not reach 2015 shipments. Xiaomi's revenue in 2016 fell by 23% from 2015. This value is even optimistic, and the actual situation may be worse than 23%. Lei Jun said, "We have been rushing too fast in the past few years to create a miracle of growth in the history of modern business, but we have also over-drafted some of the growth in advance. Therefore, we must slow down and make up the lessons carefully, and it must be better than the late. It's better to use slower simmers than to rush."

After experiencing rapid growth in the initial period of several years, Xiaomi entered a trough in 2015 and 2016. Its mobile phone business is particularly strong, and sales and operating income have declined significantly year-on-year. Lei Jun himself realized that the impact of the previous years was too fast, and over-drafted part of the growth, so it is necessary to steadily and steadily make up the lessons. Therefore, Xiaomi has adopted a stable strategy in 2016 and 2017.

Stable strategy refers to the strategy that the enterprise is prepared to keep the resource allocation and operation status of the enterprise in the current state and level during the strategic planning period under the constraints of the internal and external environment. According to the stable strategy, the business direction that the Corporation is currently following, the products it is engaged in and the market areas it is facing, the scale of production and sales and market position achieved by the Corporation in its business field are generally unchanged or grow by a small margin. Or reduce.

It is precisely because of the steady and steady play of Xiaomi, on October 25, 2016, Xiaomi released a heavy concept machine - Xiaomi MIX, precisely because of the release of Xiaomi MIX, the word "full screen" began to enter the public eye. Although Xiaomi MIX still has more short boards, it is not a practical mobile phone, but its impact is far-reaching. Xiaomi MIX has created a "full screen" era, and other mobile phone manufacturers have also followed suit to launch a full-screen mobile phone. Until the second half of 2017, the full-screen era officially arrived.

On April 19th, 2017, Xiaomi Corporation launched the most successful mobile phone in Xiaomi's history - Xiaomi MI 6, which is widely used by its users because of its powerful and

almost short board performance, careful industrial design and high cost performance. As a generation of gods. Xiaomi MI 6 has been in short supply since it was listed, it is difficult to buy, the price is very strong, and even the price has not been lowered. Thanks to the success of Xiaomi MI 6, Xiaomi played a beautiful turnaround, and basically recovered from the decline of the previous two years and returned to the growth path.

The Xiaomi MIX2 released on September 11, 2017 combines the concept of full-screen with pragmatism, enabling the full-screen mobile phone to have mass production conditions and can be used as the main force for daily use.

At this point, the product line of Xiaomi mobile phone is roughly formed. There are MIX series at the high end, digital series in the middle and high end, note series in the middle, and red rice series in the middle and low end. The price ranges from 100 yuan to nearly 4,000 yuan.

This kind of price has a differentiated strategy for the corresponding products. It is Xiaomi, which is also the strategy used by many mobile phone manufacturers. It can meet the different needs of different consumers and is more conducive to expanding market share.

In contrast, Apple's mobile phone is focused on the high-end market, almost never has an Apple phone below 4,000 yuan, and the price of Apple's mobile phone has risen in the past year or two, and the highest configuration even exceeds the million mark, which makes quite a part of it. Consumers cannot buy an Apple phone. However, due to the excellent system environment and excellent design of the Apple mobile phone, some consumers can always stick to the position of Apple, and not buy other brands when the price rises. However, the majority of domestic mobile phone manufacturers, including Xiaomi, do not have very good and unique characteristics. If blindly follow the high price, it will only lead to a decline in sales.

3.3. New dilemmas

Although Xiaomi played a beautiful turnaround in 2017 and successfully recovered from the decline, Xiaomi's situation in the recent 2018 is not optimistic.

In 2018, Huawei's mobile phone suddenly broke out. On March 27th, the P20 Pro was released. The original rear-mounted three-shot attracted the attention of everyone. Its camera shooting level dominated the DxOMark list and became the best mobile phone in the world at that time. Then, in June, glory released GPU Turbo technology, using technology to fully compensate for the relatively weak GPU level of the HiSilicon Kirin chip, making it closer to the Qualcomm chip in the same period. In October, Mate 20 released, the appearance of its "Yuba four photos", the recognition is extremely high, and the level of photography is not necessary to say, the overall performance is not a shortcoming.

In contrast, Xiaomi in 2018, the series of Xiaomi MI 8 and the MIX3 in the back, either the old-fashioned notch screen or the impractical slide design, does not seem to be amazing when MIX and Xiaomi MI 6 were released. The performance is also quite satisfactory. Under the containment of other manufacturers such as Huawei, it seems to show a little powerless.

4. Suggestions for improvement

4.1. Strategic objectives

Xiaomi mobile phone wants to be a high-end smart phone. With the advent of the 5G era, mobile Internet technology not only marks the revolutionary speed of data transmission speed, but also facilitates people's lives and even changes people's lives, like the industrial revolution. The changes we bring are the same. Therefore, in the future, such new technologies will be widely used in such terminal devices as computers and smart phones, and naturally will enable people to have a deeper understanding of all aspects of smart phones and stricter requirements. Therefore, Xiaomi mobile phone should focus on the aspects that people expect, focusing on attack.

4.2. Strategic choice

4.2.1. Differentiation strategy

Xiaomi mobile phone has adopted a differentiation strategy from the beginning. In domestic mobile phones, Xiaomi mobile phones adopt a super cost-effective mode uniquely, and the performance configuration belongs to high-end mobile phones. Compared with the top mobile phone brands in the world, Xiaomi's difference lies in its high cost performance and unique marketing model. Especially from a marketing perspective, online marketing and hunger marketing can allow consumers to experience a more different consumer experience, which is the difference with other mobile phone manufacturers. In the development of smart phones in the future, Xiaomi wants to build a first-class brand and make more attractive smart phone products. It is necessary to adhere to the differentiated strategy with advantages and adhere to the layout of "terminal + service".

The best-in-class smartphones signify that higher-profile phones can support more software, more stable applications, and provide more convenient and high-quality services, which means prices will inevitably rise. Differentiation is an effective strategy to reduce the sensitivity of consumer prices. Through constant innovation in products and services, manufacturing differentiates from other manufacturers, and avoids homogenization, we can continue to maintain and grow our customers' scales, allowing us to go further on the mobile Internet.

Faced with the siege of many mobile phone manufacturers such as Huawei, Xiaomi should adhere to the differentiation strategy, not tough with the strong players, and strive to catch up and surpass the strong hands.

4.2.2. Leading the cost

Since its inception, Xiaomi has focused on the cost leadership strategy. This strategy is the core strategy of Xiaomi and the basic strategy for the Corporation to consolidate and continue to develop. Xiaomi's mobile phone often appears to be in short supply, not only because of the excellent performance and excellent user experience of Xiaomi mobile phone, but also because it has relatively low cost and price of Xiaomi mobile phone in the same industry, which makes Xiaomi mobile phone Have a good reputation. The cost leadership strategy of Xiaomi mobile phone is mainly reflected in its marketing model. Different from the traditional agent mode, the traditional agent mode is to sell the manufacturer's products to agents and institutions. From each province to each city, each level of new agent will be Adding new agency costs, the agent earns the agent profit, so the cost of the product will increase, and the pricing of the product will increase accordingly. The Xiaomi mobile phone adopts the official online direct sales and online scheduled sales, and its eco-chain Corporation is directly responsible for the supply and sales, which can realize the direct sales from the manufacturer to the online sales to the customer, avoiding the intermediate agent and Cost of sales can perfectly control lower costs and set lower prices.

In the future development, Xiaomi should continue to adhere to such a cost leadership strategy, and Xiaomi will further focus on the cost of the product itself, such as the raw material cost, management cost and labor cost control of the mobile phone. While improving product quality, we will control costs, impact high-end products, moderately raise prices, and obtain certain profits for R&D work, laying the foundation for further in-depth development. For mid-end products, we need to further consolidate and maintain the characteristics of Xiaomi. Cost-effective, attract more customers to buy, expand market possession.

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