



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Strategic Management: A case of Xiaomi

Strategic Management
(BMMB7013)

Qin Na

2231286

Contents

1.Executive summary.....	1
2.Introduction	2
3.Main Finding	3
3.1 Environmental analysis.....	3
3.2 External analysis.....	4
3.3 Internal analysis.....	4
3.4 SWOT analysis	5
3.4.1 Strengths	5
3.4.2 Weaknesses	6
3.4.3 Opportunities	6
3.4.4 Threats	7
3.5 PESTEL analysis	9
3.5.1 Political	9
3.5.2 Economic.....	9
3.5.3 Sociocultural	9
3.5.4 Technological.....	10
3.5.5 Environmental	10
3.5.6 Legal.....	11
3.6 Porter's five force analysis	11
3.6.1 Threat of new entrants.....	11
3.6.2 Bargaining power of suppliers	12
3.6.3 Bargaining power of buyers	12
3.6.4 Threat of substitute.....	12
3.6.5 Rivalry among existing competitors.....	13
3.7 VRIO analysis	14
4.Conclusions	17
5.Recommendations	18
6.Reference list.....	20

List of Figure

Figure 1 Porter's five force analysis of Xiaomi	13
Figure 2 VRIO framework	14

List of Table

Table 1 Xiaomi SWOT Matrix 8

Table 2 VRIO framework of Xiaomi 15

1.Executive Summary

This article provides an in-depth analysis of Xiaomi's strategic position in the smartphone industry, with the aim of helping the company to reshape its strategy and gain a sustainable competitive advantage by delivering a superior customer experience. Strategic analysis is the process of assessing the environment in which an organisation operates, which usually determines how it operates its business. Strategic analysis helps to determine how well the organisation is operating and whether it is able to achieve its stated objectives. Many experts recommend that organisations should conduct strategic analysis on a regular basis to identify areas that need to be improved or strengthened. The internal and external environment of Xiaomi's organisation has been thoroughly analysed through tools such as SWOT analysis, PESTEL analysis, Porter's five forces analysis and VRIO analysis. Based on the results of the analysis, recommendations were made to set up a special after-sales service website and provide video answering services, increase investment in the mid- and high-end markets to improve gross margins, and hire professionals and local employees to better open up overseas markets. The purpose of strategic management is to enable an organisation to achieve a competitive advantage in a highly competitive environment and to achieve its mission and objectives. In addition, strategic management helps organisations to better respond to and anticipate future uncertainties, enabling them to maintain and enhance their sustainability in a changing environment. It is important to note, however, that strategic analysis is not a one-time process, but needs to be carried out on a regular basis, and only by adapting to changing environmental and market conditions can effective strategies be developed to help organisations compete sustainably.

2.Introduction

Strategic analysis is the process of assessing the environment in which an organisation works, an environment that usually determines how the organisation operates as a business. Strategic analysis can help determine the state in which the organisation is operating and whether it is able to achieve its stated objectives. Many experts recommend that organisations should conduct strategic analysis on a regular basis in order to identify areas that need improvement or enhancement (Voxco, 2022). Today, companies conduct strategic analysis to understand the key forces that may affect their long-term growth (Henry, 2021).

Xiaomi was founded in 2010 and is based in Beijing, China. From its earliest smartphones to its current smart home, Xiaomi is known for its range of affordable, high quality consumer electronics products, which have quickly taken over the market with its unique business strategy (Xiaomi official web site, 2023). When the smartphone market was monopolised by Apple and Samsung, Xiaomi used its direct-to-customer Internet marketing to open up the market by relying on the best price/performance ratio, while providing users with MIUI forums to receive timely user feedback, communicate directly with users and continuously improve its system based on user opinions. This has enabled Xiaomi to once again achieve low-cost but efficient marketing. From 2012-2014, Xiaomi's mobile phone shipments skyrocketed from 7 million to 60 million (Song et al 2022, p.374-385). Xiaomi's strategy is not only limited to its disruptive business model, but also to building a broad 'ecosystem' by investing in or incubating start-ups. This internet of devices and services covers a wide range of lifestyle and technology sectors. This strategy has enabled Xiaomi to continue to diversify its revenue streams and provide consumers with a seamlessly integrated user experience (Meihui Smart Home, 2022).

This article will use tools such as PESTEL analysis, Porter's five force analysis and VIRO analysis to analyse and interpret Xiaomi's strategy and identify its problems, and give corresponding recommendations to continue to promote Xiaomi's development and progress and bring more and better products to consumers.

3. Main Finding

3.1 Environmental analysis

Environmental analysis is a strategic management tool that aims to identify and assess the internal and external factors that may affect the performance of a business, as well as the opportunities and threats that exist in the marketplace. This information is of great value to the decision-making process and helps companies to develop or adapt their strategies to the business environment. As the business market environment is highly dynamic and constantly changing, companies need to respond in a timely manner to rapidly emerging and potentially rapidly obsolete market trends by studying and analysing these factors (Shaw, 2023).

The purpose of environmental analysis can be summarised as follows:

- Identifying opportunities: Environmental analysis helps organisations to look at the outside world and identify new trends and opportunities to enter new markets or create new products and services.
- Identifying threats: Environmental analysis helps organisations to identify threats to their business, such as new competitors, changes in regulations, or economic slowdowns.
- Develop effective strategies: When organisations understand how the external world affects their business, they can develop effective strategies that are aligned with their goals and objectives.
- Anticipating change: Environmental scanning helps organisations to develop strategies for changes in the external world in advance.
- Make informed decisions: Environmental analysis helps organisations to make better decisions by gaining a deeper understanding of the external factors that affect their business.
- In a rapidly changing business world, organisations that want to remain competitive and successful need to conduct environmental analysis. This

will help them to seize opportunities, mitigate risks and plan well to achieve growth and success (Villegas, 2023).

3.2 External analysis

External strategic analysis is an objective assessment of an organisation's changing industry (Wheelen et al., 2017). The objective of an external factors analysis is to identify those factors that have a broader impact on a business's operations. This requires a comprehensive study of the entire industry to identify those elements and conditions that may have a positive or negative impact on an organisation (CFI Team, 2023). External analysis usually uses different models and frameworks, including SWOT analysis, PESTEL analysis and Porter's Five Forces analysis (Albu, 2014).

3.3 Internal analysis

Internal strategic analysis is an exploration of the elements within an organisation, including its capabilities, characteristics, assets, resources and competitive advantage (Hitt et al., 2016). Internal analysis focuses on revealing the organisation's strengths and weaknesses in terms of capabilities, resources and competitive advantages. Upon completion of an internal analysis, the organisation will have a clear picture of its strengths and areas of outstanding performance, as well as current shortcomings and gaps. This provides management with the knowledge needed to capitalise on the organisation's strengths, expertise and opportunities. It also allows management to develop strategies to mitigate threats and compensate for identified weaknesses and disadvantages. When business strategies are based on real findings rather than assumptions, it ensures that resources, time, human capital and attention are allocated effectively (Cascade Team, 2023). Internal analysis will also use a variety of analytical tools, including SWOT analysis and VRIO analysis (Indeed Editorial Team, 2022).

3.4 SWOT analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is a framework used to assess a company's competitive position and to develop strategic plans. SWOT analysis examines internal and external factors, as well as current and future potential (Kenton, 2023). SWOT analysis is designed to be realistic, based on facts and figures to look at the strengths and weaknesses of an organisation, its initiatives or the industry in which it operates. To maintain the accuracy of the analysis, organisations need to avoid preconceived beliefs or ambiguities and instead focus on real situations. Companies should use it as a guide rather than a set prescription (Wilson, 2021).

3.4.1 Strengths

- Highly-qualified managers and technical staff: Xiaomi's eight founders are all top talents in their respective fields. Chief Engineer at Microsoft, Vice President of Google's China Engineering Institute, and members in charge of important projects at Google and Siebel. Xiaomi prioritises the hiring of the best talent when selecting its technical staff, which has resulted in the company having highly qualified senior leadership and core technical staff (CNPP, 2022).
- Price advantage: Xiaomi's initial entry into the market was in the form of pre-sale of mobile phones, through the higher configuration and lower price, not only to harvest the first batch of fans, but also to avoid the market risk. Xiaomi does not have any manufacturing plants, its suppliers are a combination of companies that once had a place in the mobile phone market but are now in decline, so they can use their pure technology to make good goods, and the declining companies have less bargaining power with their suppliers, which reduces costs (Liu, 2021).
- Better System: MIUI, the core of Xiaomi, gives its users a good system service. In the UI design, localisation services, etc., are more suitable for Chinese people to use, but also can be the first time to receive user

feedback, better communication with the user, so as to go to meet the consumers (Luo, 2021).

- Internet marketing: Xiaomi's marketing is carried out based on the network, in addition to the use of -social media platforms and short video platforms, etc., Xiaomi's new product launches are also held regularly, and each launch will bring consumers refreshing products. This marketing model not only attracts a large number of fans, but also reduces the cost of publicity, and there is no middleman (Yuan, 2018).

3.4.2Weaknesses

- Lack of hardware core technology: Xiaomi is an Internet company, and does not have a production plant, the core components of its products are sourced from external sources, and production is also outsourced. If its suppliers stop cooperating, it will undoubtedly cause a great blow to millet (36Kr Express, 2023).
- Inadequate after-sales service: As of January 2023, Xiaomi has 226 authorised after-sales service outlets across China, covering 26 provinces and 164 cities (G Electronic Digital Q&A, 2023). This is obviously not enough for Xiaomi's huge user base, and the current after-sales service of Xiaomi has problems such as price differences and the repair process is not visible. After-sales service, as an important reference for consumers before purchase, is an issue that Xiaomi must pay attention to and improve (China Quality, 2020).

3.4.3Opportunities

- China is a big market for smartphones: In China, Xiaomi's popularity and influence is growing, with total mobile phone sales of 273 million units in China in 2022, Apple's mobile phones ranked first with a total of 54.32 million units sold, and Xiaomi's mobile phones ranked second with a total of 43.48 million units sold (CNMO Mobile China, 2023). Not only the mobile phone business, Xiaomi's smart home series is also popular among

consumers for its great cost performance.

- Weakening of competitors: Apple, while still the top selling mobile phone brand, has not been able to come up with a refreshing product since the death of Steve Jobs, and its market share has been declining. Huawei has been sanctioned by the U.S. government resulting in chip supply cuts, leading to an inability to meet the demand for huge shipments. The market share of high-end machines has plummeted so that Xiaomi can gain more market share (Wang, 2023).
- Expanding Overseas Markets: Xiaomi has already entered South America, Europe, India and other regions, despite the many challenges, but the growth potential of overseas markets is still very large (TongTong is wonderful, 2023).

3.4.4 Threats

- Fierce market competition: The tech industry has strong competition, and failure to keep pace with the market will result in immediate elimination. Companies like Apple, Samsung and Huawei are Xiaomi's competitors.
- Technological innovation: Technology is evolving faster and faster, resulting in a higher obsolescence rate of electronic products year after year. To remain competitive requires significant investment in R&D, but the return is uncertain. Once you lose competitiveness, you will be like Nokia, even companies with a long history will disappear in 2-3 years (Digital shop, 2018).
- Threat of alternatives: Smart tablets, smart watches, smart bracelets, smart glasses, all these devices can replace smartphones to some extent. With the advancement of technology, it is very likely that they will have an impact on smartphones in the future (Li, 2021).

Internal	Strengths: Highly-qualified managers and technical staff Price advantage Better System	Weaknesses: Lack of hardware core technology Inadequate after-sales service
	Opportunities: China is a big market for smartphones Weakening of competitors Expanding Overseas Markets	Threats: Fierce market competition Technological innovation Threat of alternatives

Table 1 : Xiaomi SWOT Matrix

With the table above, we can summarise:

SO: Accelerate the layout of high-end phones to capture market share.

Rely on cost-effective to enter the overseas market.

Continuous optimisation of MIUI to consolidate consumer loyalty and prevent customer attrition.

WO: Increase core technology research and development.

Improving the quality of after-sales service and increasing consumer trust.

ST: Define core strengths and maintain market share in the face of fierce market competition.

Consolidate cost advantages and reduce the threat of substitutes.

WT: Reduced investment in core hardware R&D costs and development of less competitive user groups.

Improve product quality and reduce the frequency of consumer use of after-sales service.

From the above strategic combination, combined with the current saturation of the domestic smartphone market, the main competitors are in trouble now, millet is suitable for the use of SO strategy: accelerate the layout of high-end

phones, seize market share, relying on cost-effective entry into overseas markets.

3.5 PESTEL analysis

The PESTEL framework is often used to analyse the macro environment of a company and consists of six factors: Political, Economic, Sociocultural, Technological, Environmental and Legal (LibreTexts, 2022).

3.5.1 Political: China's political stability and per capita income are growing year by year, while the country is strongly supporting the telecoms, communications and smartphone manufacturing industries. In terms of policy, the state encourages the development of the Internet, encourages the development of mobile phone chips and has raised 138.7 billion yuan since 2014 to invest in 23 chip research and development companies, with more than 70 effective investment projects. The next stage is expected to invest 200 billion yuan to continue to support the development of China's chip industry (Li and Dong, 2022). China's import restriction policy restricts the number of foreign mobile phones imported on the one hand and the sale of foreign mobile phones in the Chinese market on the other. Xiaomi has a certain home-field advantage in the Chinese market, and only needs to focus on the product itself, improve product quality and optimise after-sales service.

3.5.2 Economic: China has shifted from high to medium speed development, its economy is the second largest in the world, its residents - with increased disposable income per capita - have increased their willingness and ability to consume (Sohu, 2023). Compared with developed countries, China has a broader market as its residents have a stronger consumer demand for smartphones (Li, 2021).

3.5.3 Sociocultural: Xiaomi was initially positioned only for technology enthusiasts to satisfy their quest for the ultimate experience. With the change of social environment, consumers gradually tend to be rational and pursue cost-

effective. The social and cultural environment affects people's behaviour, and at the same time it is of great significance for companies to find the user's pain point and develop products based on this pain point (Wen, 2016). Xiaomi has started a new strategic layout with the aim of finding a broader market and tapping into more potential consumers. The rejuvenation of the consumer group makes people's demand for entertainment shift from the lowest level of demand to the high-level demand for self-satisfaction and personalisation, while the demand for mobile phones changes from only valuing cost-effective to fashion, simplicity, practicality and cost-effective in a balanced perspective (Wang, 2023).

3.5.4 Technological: The rapid growth of the mobile phone industry has led to advancements in its related industries such as screens, cameras, mobile games, etc., making the market for smartphones better and better. The impact of technology on transaction methods is reflected in the breaking of time and space restrictions. The development of e-commerce platforms and electronic payment tools has diversified and facilitated consumption methods, greatly reduced transaction costs and promoted information sharing. Xiaomi has taken advantage of these advantages to lay out its new retail strategy in both domestic and international markets, rapidly opening up sales channels (Wang, 2019).

3.5.5 Environmental: Xiaomi faces the same problem as other competitors: how to create better devices while reducing damage to the environment. At the Xiaomi 11 launch event, both a standard version and a kit version were introduced for consumers to choose from, at exactly the same price, but the standard version did not include a charger or data cable. This environmentally friendly solution received unanimous praise from consumers, compared to Apple's direct cancellation of headphones and chargers, Xiaomi will be environmentally friendly choice to consumers, the results are also more substantial, Xiaomi 11 debut a total of more than 20,000 consumers chose the

more environmentally friendly standard version (Destructive device, 2021).

3.5.6 Legal: Laws on data security and privacy in various countries could have a greater impact on Xiaomi's overseas expansion of its business, especially in the European Union (Bush, 2019). Also patent-related laws could have an impact on Xiaomi's product development and design.

From the above analysis, millet is in a better macro-environment, should take advantage of the market environment and national policy to accelerate the pace of development. In terms of technology, environment and law will face greater challenges, especially in the expansion of overseas markets. Xiaomi needs to better consider these opportunities and challenges to further develop its business.

3.6 Porter's five force analysis

The Porter's Five Forces model was created by Harvard Business School professor Michael E. Porter in 1979 and has since become an important tool for managers to use in any economy to understand the level of competition within an industry and to improve a company's long-term profitability. It includes Threat of new entrants, Bargaining power of suppliers, Bargaining power of buyers, Threat of substitute and Rivalry among existing competitors (Bruin,2016). The Porter's Five Forces model allows to determine, the profitability of the industry, to understand the competitive situation, to predict changes in the industry and to develop relevant strategies (StudySmarter, 2023).

3.6.1 Threat of new entrants

Potential entrants include smartphone manufacturers and large internet companies. Smartphone is a high profit industry and has been developing relatively fast in recent years, especially in terms of price, performance and other aspects of the market competition is gradually fierce, which is not conducive to the entry of mobile phone manufacturers. Most of the large

Internet companies have their own Internet products, such as social platforms, video platforms, e-commerce shopping platforms, search engines and so on. They have a large consumer base and sufficient funds. Once they enter and combine their products with smartphones, they will stick to some consumers. At present, the smartphone market is almost saturated, and the first entrants are strong enough, but the entry barrier is not high for large Internet companies, if they enter the smartphone market, it will cause some impact on Xiaomi (Zhang, 2022).

3.6.2 Bargaining power of suppliers

Xiaomi, unlike Huawei and Samsung, does not have its own production plants, so the bargaining power of suppliers is weaker. Xiaomi has chosen companies that once occupied a place in the mobile phone market but have politely declined to become their original suppliers, its bargaining power is weak, while the sales of Xiaomi mobile phones are growing rapidly, has formed a scale effect, the overall view of Xiaomi's supplier bargaining power is moderate (Zhang and Zhou, 2021).

3.6.3 Bargaining power of buyers

Smartphone shipments have been falling year on year since 2017, with lower consumer demand and a gradual shift to a buyer's market (Ban, 2022). Coupled with the fact that consumers can learn comprehensive information about products from multiple channels through the Internet and make choices through comparisons of price, brand, performance, and after-sales service, consumers have a high bargaining power.

3.6.4 Threat of substitute

Smartphones have become an indispensable part of people's daily lives. Although there are many products that can partially replace the functions of smartphones, such as cameras, smart bracelets, smartwatches, tablet PC etc., the strongest substitution ability is the tablet PC, but it is larger in size and far less portable than the smartphone. At present, the threat of substitutes is small

(Vigderman and Turner, 2023).

3.6.5 Rivalry among existing competitors

In the smartphone market tends to be saturated, gradually homogenised, shipments are declining year by year under the environment, branding, differentiation has become the current development trend. For the low-end market to take different strategies to deal with the current competitors, in the majority of consumers are not high brand loyalty, cost-effective will become a key factor.. (Chen, 2019).

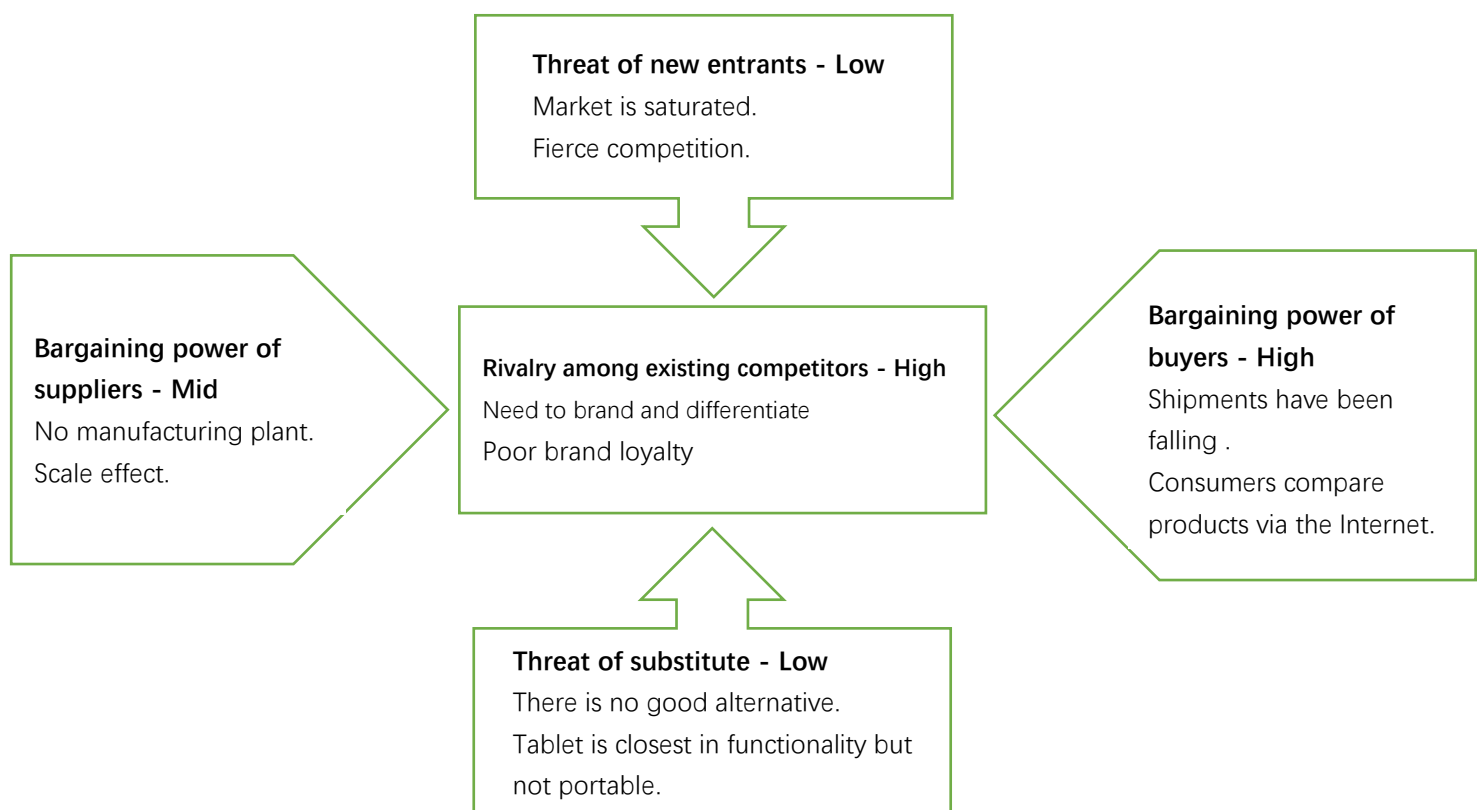


Figure 1 Porter's five force analysis of Xiaomi

As can be concluded from the above figure, the Bargaining power of buyers and Rivalry among existing competitors is quite intense. This means that Xiaomi needs to carry out an effective branding, differentiation strategy to emphasise the diversity of its products as well as its services. If the differentiation strategy has a certain weight on the consumer, the consumer

will become a loyal fan of the product or service and will be less sensitive to the price, which will enable Xiaomi to capture a better share of the mid-range and high-end market (Laja, 2023). Also Threat of new entrants and Threat of substitution are both low and Bargaining power of suppliers is also at a medium level, which shows that Xiaomi can continue to use cost leadership strategy, which will be an important strategy that can lead other competitors. At the same time, the quality of products should be ensured so as to satisfy the consumers' demand for cost-effective products in order to win more consumers' favour (Tomasetti, 2023).

3.7 VRIO analysis

Resource-based theory (RBT) suggests that an organisation's resources are critical to achieving sustainable competitive advantage (Alvarez and Barney, 2017). This means that the development of key resources and capabilities can lead to sustainable competitive advantage. The VRIO framework is a tool for identifying an organisation's competitive advantage, which may include any asset, capability, process, information, knowledge, etc. that improves the efficiency and effectiveness of the organisation. VRIO means Value, Rare, Inimitable and Organisation (Cascade Team, 2023).

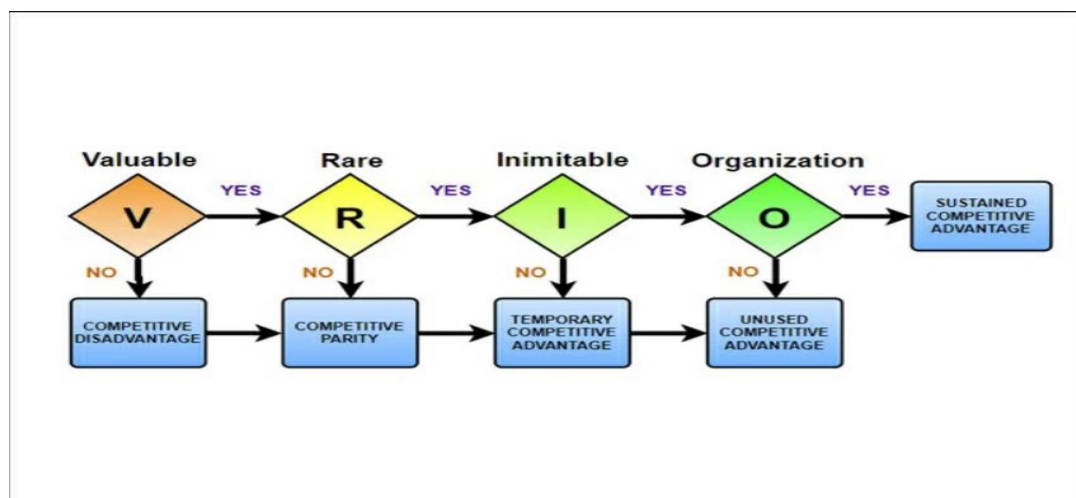


Figure 2 VRIO framework

(<https://gitmind.com/vrio-analysis.html>)

Resources	Value	Rare	Inimitable	Organisation	Competitive Advantage
Supply Chain	Yes	Yes	Competitors have similar supplies or even partially identical suppliers	Making the most of Xiaomi's organisational structure and capabilities	Maintaining business operations
Pricing Strategies	Yes	No	Often imitated in the industry	Has a pricing analytics engine	Temporary Competitive Advantage
Intellectual property, copyright and trademarks	Yes, competition can be thwarted	Yes, it's hard for competitors to replicate	The risk of imitation is low, but the potential for sabotage is high	Not fully utilised	Strong Competitive Advantage
Marketing	Yes, differentiated competition	No, competitors also have good marketing	Pricing strategy is indistinguishable from competitors	Yes	Temporary Competitive Advantage
Customer loyalty	Yes, smart home range has a huge fan base	Yes	Have rivals but not very competitive	Yes, loyalty achieves good results	Medium to long term competitive advantage
Ability to attract talent	Yes, the strategy is based on innovation	Yes, talents are vital to the growth of the company	Difficult to imitate by current competitors	Yes	Strong competitive advantage

	and product localisation				
Opportunities in e-commerce	Yes, have your own e-commerce platform in addition to the mainstream e-commerce platforms	No, most competitors have	Internal analyses are difficult to imitate	Contemporary organisations all need	Can provide sustainable competitive advantage
Distribution and logistics costs	Yes, it helps reduce costs	No	Difficult to imitate by competitors	Yes	Medium to long term competitive advantage

Table 2 VRIO framework of Xiaomi

The table above summarises Xiaomi's core competencies and resources. Xiaomi has a strong brand patent, the ability to attract talent and the conditions of e-commerce platform, excellent customer loyalty and logistics and distribution costs, which can give Xiaomi a great advantage in the competition. Additionally, Xiaomi has a very good organisation, its supply chain, pricing strategy, and marketing strategy are top notch in the industry, but it is not uncommon for Xiaomi's main competitors to have the same capabilities and resources at the moment. In summary, supply chain, pricing strategy, and marketing strategy are competitive parity. Intellectual property rights, copyrights and trademarks, customer loyalty, ability to attract talent, mature e-commerce platform, and distribution and logistics costs become sustainable competitive advantages for Xiaomi's growth.

4. Conclusions

This article examined Xiaomi's strategic position in the smartphone industry. Its main objective is to help the company to reshape its strategy to gain sustainable competitive advantage by providing superior customer experience. The strategic analysis employs different tools to gain a more comprehensive understanding of the company.

The results of SWOT analysis show that Xiaomi has a high-quality management team and technical staff, unique and more suitable for Chinese people to use the system MIUI, price advantage and excellent network marketing strategy, but the lack of hardware core technology and after-sales service is still a big deficiency. In addition, China as a huge market for smart phones, Xiaomi as the host has a great home field advantage, the United States sanctions against Huawei and Apple's lack of innovation gives Xiaomi more opportunities to seize the market share of high-end phones, while competitors have been weakened should enter the overseas market to get more profits. However, the smartphone market is very competitive and with most consumers not showing enough brand loyalty, technological innovation will be the key to winning, the threat of substitutes is not big at the moment, but one that needs to be considered. Through the SOWT matrix, it is concluded that Xiaomi is suitable for adopting the SO strategy: accelerating the layout of high-end mobile phones to seize market share, and relying on cost-effective to enter the overseas market.

The results of the PESTEL analysis show that China has policies to support the Internet industry and smart manufacturing, as well as the world's second-largest economy, so China is very suitable for Xiaomi's development in terms of Political and Economic. From its beginnings as a tech enthusiast to its current pursuit of value for money, Xiaomi is changing its strategy based on user needs and using e-commerce platforms and technologies such as e-payment to make transactions cheaper and marketing easier. Xiaomi has fewer strategies regarding the environment, and when expanding overseas markets, the laws

and regulations in each country and region, especially the EU, are stricter on data security and privacy, so Xiaomi faces greater challenges in terms of the environment and the law. Overall Xiaomi is in a better macro environment.

The results of Porter's Five Forces analysis show that the bargaining power of buyers and the competition between existing competitors is very intense. This means that Xiaomi needs to carry out effective branding and differentiation strategy to attract more consumers to become loyal fans. Meanwhile the threat of new entrants and substitutes is low and the bargaining power of suppliers is at a medium level, which means that Xiaomi can continue to use its current low price strategy but cater to the market's demand for cost-effective products while maintaining quality.

The VRIO framework shows that Xiaomi's organisation, supply chain, and pricing strategy are top-notch in the industry, but Xiaomi's main competitors also possess these strengths. In order to achieve sustained competitive advantage, Xiaomi needs to focus on developing its brand patents, customer loyalty, continuing to attract the best talent, and continually improving its e-commerce platform, distribution, and logistics.

5.Recommendation

The strategic analysis suggests that Xiaomi wants to focus on developing a sustainable competitive advantage by innovating and optimising its products and services in order to establish a unique position in the market. This may include developing new product features, providing a personalised customer experience and more creative branding through social media and online marketing. In addition, good after-sales service can not only boost sales, but also increase consumers' brand loyalty and gain a good reputation (Duan, 2015). Xiaomi can meet diversified needs through multiple communication channels by establishing a dedicated website for after-sales service, categorising problems and uploading relevant instructional videos, and

assigning specialists to set up one-on-one video services, etc., so as to achieve fast, efficient solutions, enhance customer satisfaction and promote sustainable development of the company.

Low price strategy and cost-effective to millet brought competitive advantage, but at the same time this strategy is also accompanied by the problem of low gross profit margin, the main competitors Apple and Huawei is currently weakened, millet should increase in the mid-range and high-end market and high-end brand establishment of the investment, the gross profit margin will be increased, the implementation of diversification strategy, in different markets to meet the different needs of consumers (Wang, 2020).

In order to gain a sustained competitive advantage, Xiaomi has to accelerate the pace of entering overseas markets, India is currently the largest overseas market for Xiaomi, however, the Indian government has implemented a series of sanctioning policies against Xiaomi, Xiaomi may need to focus more energy and resources on other countries or regions to gain more profits. Europe is also one of the important directions of Xiaomi's development, currently in Spain, France, Italy and other countries in the market, Xiaomi has been among the top three brands in terms of market share (IT home, 2023). However, different countries and regions have different cultures and laws and regulations, especially the European region on data security and privacy related laws, Xiaomi needs to invest in relevant experts or recruit staff from the local to deal with these issues, in order to better expand the market (Xie, 2019).

6.Reference list

Albu,P. (2014) *What tools/ techniques can be used for an external analysis?*

Available at: <https://www.performancemagazine.org/what-tools-techniques-can-be-used-for-an-external-analysis/> (Accessed: 10th July 2023).

Alvarez, S.A. and Barney, J.B.(2017) Resource-based theory and the entrepreneurial firm. *Strategic entrepreneurship: Creating a new mindset*, pp.87-105.

Ban,Y.M. (2022) *Is the domestic smartphone market saturated (smartphones are not selling)*. Available at: <http://www.studyofnet.com/251868381.html> (Accessed: 13th July 2023).

Bruin,L.D. (2016) *Porter's Five Forces*. Available at: <https://www.business-to-you.com/porters-five-forces/> (Accessed: 12th July 2023).

Bush,T. (2019) *PESTLE Analysis of Xiaomi*. Available at: <https://pestleanalysis.com/pestle-analysis-of-xiaomi/#Legal> (Accessed: 12th July 2023).

Cascade Team (2023) *VRIO Framework Overview*. Available at: <https://www.cascade.app/blog/vrio-framework> (Accessed: 13th July 2023).

Cascade Team (2023) *What Is Internal Analysis?* Available at: <https://www.cascade.app/blog/internal-analysis> (Accessed: 10th July 2023).

CFI Team (2023) *External Analysis*. Available at: <https://corporatefinanceinstitute.com/resources/management/external-analysis/> (Accessed: 10th July 2023).

Chen,H. (2019) 'Research on Xiaomi's Competitive Strategy Based on Porter's Five Forces Model', *Market Weekly*, 2019(06), pp.23-24.

China Quality (2020) 'Xiaomi's after-sales transparency saves customers a lot of heartache', *China Quality*, 2020(05), pp.53-54.

CNMO Mobile China (2023) *2022 domestic mobile phone sales rankings announced Apple breaks first Huawei surprisingly*. Available at: <https://baijiahao.baidu.com/s?id=1754812585211235403&wfr=spider&for=pc> (Accessed: 11th July 2023).

CNPP (2022) *Who is the founder of Xiaomi? Xiaomi Founder Team People*. Available at: <https://www.cnpp.cn/focus/20016.html> (Accessed: 11th July 2023).

Destructive device (2021) *Xiaomi 11 eco-friendly solution recognised 20,000 users chose the standard version! Lei Jun publicly thanked*. Available at: <https://t.cj.sina.com.cn/articles/view/2017327511/783df99700100rw0r> (Accessed: 12th July 2023).

Digital shop (2018) *What killed Nokia? How the former mobile phone juggernaut exited the stage of history!* Available at: <https://www.163.com/dy/article/D9KPT6FL0530GJC9.html> (Accessed: 11th July 2023).

Duan, Y.Y. (2015) 'Analysis of Xiaomi's Cost Leadership Strategy', *Economic Research Guide*, 2015(08), pp.16-17.

G Electronic Digital Q&A (2023) *Xiaomi repair after-sales service site address*. Available at: <https://zhidao.baidu.com/question/505798212455164004.html> (Accessed: 11th July 2023).

Henry, A. (2021) *Understanding Strategic Management*. Oxford University Press.

Hitt, M.A., Ireland, R.D. and Hoskisson, R.E. (2016) *Strategic management: Concepts and cases: Competitiveness and globalisation*. Cengage Learning.

Indeed Editorial Team (2022) *How to Conduct a Thorough Internal Analysis*. Available at: <https://www.indeed.com/career-advice/career-development/internal-analysis> (Accessed: 10th July 2023).

IT home, (2023) *Xiaomi's European mobile phone market shipments down 4%, market share up 5 points*. Available at: <https://baijiahao.baidu.com/s?id=1765554774115697019&wfr=spider&for=pc> (Accessed: 14th July 2023).

Kenton, W. (2023) *SWOT Analysis: How To With Table and Example*. Available at: <https://www.investopedia.com/terms/s/swot.asp> (Accessed: 10th July 2023).

Laja, P. (2023) *Differentiation strategy: what it is, why it's critical, and how to get it right*. Available at: <https://cxl.com/blog/differentiation-strategy/> (Accessed: 13th July 2023).

Li,X.H and Dong,Y.Q. (2022) *The Golden Decade of Domestic Chips*. Available at:

<https://baijiahao.baidu.com/s?id=1745637358082541674&wfr=spider&for=pc>

(Accessed: 11th July 2023).

Li,Y.Q. (2021) *A Research on Strategic Cost Management Based on Ecological*

Chain of Xiaomi Company. Available at:

<https://www.cnki.net/KCMS/detail/detail.aspx?dbcode=CMFD&dbname=CMFDTEMP&filename=1023409623.nh&uniplatform=OVERSEA&v=fhWL7tgoI9I21ZvV3VyvhP0RKWzCiK5rQoc7Gbf5TjOrDFYhm7waU6h0vdQtxsUo> (Accessed: 11th July 2023).

Li,Z.F. (2021) *Research on the Development Strategy for the Mobile Phone Business of Xiaomi Corporation*. Available at:

<https://www.cnki.net/KCMS/detail/detail.aspx?dbcode=CMFD&dbname=CMFD202201&filename=1021092126.nh&uniplatform=OVERSEA&v=pgseFH0yGkdurKXSCPWeu2bUUz2rzretqs0mGmkPdpezqqfWoOu7PqJL2PG1lxoz> (Accessed: 11th July 2023).

LibreText (2022) *The company's external macro environment - PESTEL*. Available at:

[https://query.libretexts.org/%E7%AE%80%E4%BD%93%E4%B8%AD%E6%96%87/%E5%9B%BE%E4%B9%A6%EF%BC%9A%E7%AE%A1%E7%90%86%E5%8E%9F%E7%90%86_\(OpenStax\)/08%3A_8%EF%BC%9A%E6%88%98%E7%95%A5%E5%88%86%E6%9E%90-%E4%BA%86%E8%A7%A3%E5%85%AC%E5%8F%B8%E7%9A%84%E7%AB%9E%E4%BA%89%E7%8E%AF%E5%A2%83/8.04%3A_%E5%85%AC%E5%8F%B8%E7%9A%84%E5%A4%96%E9%83%A8%E5%AE%8F%E8%A7%82%E7%8E%AF%E5%A2%83%E2%80%94%E2%80%94PESTEL](https://query.libretexts.org/%E7%AE%80%E4%BD%93%E4%B8%AD%E6%96%87/%E5%9B%BE%E4%B9%A6%EF%BC%9A%E7%AE%A1%E7%90%86%E5%8E%9F%E7%90%86_(OpenStax)/08%3A_8%EF%BC%9A%E6%88%98%E7%95%A5%E5%88%86%E6%9E%90-%E4%BA%86%E8%A7%A3%E5%85%AC%E5%8F%B8%E7%9A%84%E7%AB%9E%E4%BA%89%E7%8E%AF%E5%A2%83/8.04%3A_%E5%85%AC%E5%8F%B8%E7%9A%84%E5%A4%96%E9%83%A8%E5%AE%8F%E8%A7%82%E7%8E%AF%E5%A2%83%E2%80%94%E2%80%94PESTEL)

(Accessed: 4th July 2023).

Liu,J. (2021) *SWOT Analysis of Xiaomi*. Available at: <https://www.docin.com/p-2602029751.html> (Accessed: 11th July 2023).

Luo,K.Y. (2021) 'Xiaomi's MIUI surpasses 500 million monthly users worldwide', *Market Observation*. 2021(12), pp.86-87.

Meihui Smart Home (2022) *What exactly is the Xiaomi Smart Ecosystem? Do you understand the Smart Ecosystem?* Available at:

<https://baijiahao.baidu.com/s?id=1729893435987228902&wfr=spider&for=pc>

(Accessed: 10th July 2023).

Shaw,A.A. (2023) *What is Environmental Analysis? – Definition, Tools & Process*. Available at: <https://www.marketingtutor.net/environmental-analysis/> (Accessed: 10th July 2023).

Sohu (2023) *New 2023 Global GDP Rankings Revealed, U.S. Power Dictatorship Is Undesirable*. Available at: https://business.sohu.com/a/690218398_121721409 (Accessed: 11th July 2023).

Song,Y.H. et al. (2022) *A case study of Xiaomi's strategic transformation*. Finance Watch. 2022(01). p.374-385.

DOI: 10.26914/c.cnkihy.2022.025184

StudySmarter (2023) *Porters Five Forces*. Available at: <https://www.studysmarter.co.uk/explanations/business-studies/strategic-analysis/porters-five-forces/> (Accessed: 12th July 2023).

Tomasatti,B. (2023) *Cost Leadership Strategy*. Available at: <https://www.carboncollective.co/sustainable-investing/cost-leadership-strategy> (Accessed: 13th July 2023).

TongTong is wonderful (2023) *National brand Xiaomi overtakes Huawei for the lead in overseas markets*. Available at: http://news.sohu.com/a/687246138_121717804 (Accessed: 11th July 2023).

Vigderman, A. and Turner, G. (2023) *The Best Smartphone Alternatives for Kids*. Available at: <https://www.security.org/digital-safety/smartphone-alternatives-for-kids/> (Accessed: 13th July 2023).

Villegas,F. (2023) *What is Environmental Analysis? Steps, Benefits & Tools*. Available at: <https://www.questionpro.com/blog/environmental-analysis/> (Accessed: 10th July 2023).

Voxco (2022) *Strategic Analysis: Definition, Types, and Benefits*. Available at: <https://www.voxco.com/blog/strategic-analysis-definition-types-and-benefits/> (Accessed: 10th July 2023).

Wang,J.W. (2023) *The new trend of young people's consumption and the context of the times*. Available at: https://view.inews.qq.com/wxn/20230518A00M3S00?refer=wx_hot&originPath=w

(Accessed: 12th July 2023).

Wang,S.T. (2023) *The U.S. has repeatedly targeted Huawei, making things "big"!*

Foreign media: Biden can not end! Available at:

<https://baijiahao.baidu.com/s?id=1764341225500152693&wfr=spider&for=pc>

(Accessed: 11th July 2023).

Wang,W. (2019) *Development Strategy of Xiaomi Smart Home Co.,Ltd.* Available at:

<https://www.cnki.net/KCMS/detail/detail.aspx?dbcode=CMFD&dbname=CMFD202001&filename=1019917452.nh&uniplatform=OVERSEA&v=cbs5CMrCLsjLWbVhsu-PzH7a3r7Cxt2jNkiq-WS4QW1ArXERYiEh4suxRjAShb7W> (Accessed: 12th July

2023).

Wang,X.R. (2020) *Application of a SWOT+AHP Quantitative Model in the Stratagem Programming of Xiaomi Group.* Available at:

https://www.cnki.net/KCMS/detail/detail.aspx?dbcode=CMFD&dbname=CMFD202002&filename=1020029701.nh&uniplatform=OVERSEA&v=mRgzmEnnKyC9fEfrZg_ms_wz_sLMAeCw8TpKMes9XsEM5LESxm_CTUAxaBhYnhvB7 (Accessed: 14th July

2023).

DOI: 10.27354/d.cnki.gtcjy.2020.000024

Wen,Y. (2016) *Xiaomi's philosophy of being built for enthusiasts hits a snag as shipments fall out of top 5, highlighting lack of innovation.* Available at:

http://www.360doc.com/content/16/0511/08/53347_558136769.shtml (Accessed: 11th July 2023).

Wheelen, T.L., Hunger, J.D., Hoffman, A.N. and Bamford, C.E.(2017) *Strategic management and business policy* (Vol. 55). Boston: Pearson.

Wilson,M. (2021) *SWOT analysis.* Available at:

<https://www.cipd.org/en/knowledge/factsheets/swot-analysis-factsheet/#when-to-use-a-swot-analysis> (Accessed: 10th July 2023).

Xiaomi official website (2023) *Company profile.* Available at: <https://ir.mi.com/zh-hans/corporate-information/company-profile> (Accessed: 10th July 2023).

Xie,J. (2019) *Research on the Competitive Strategy of Xiaomi Mobile Phone.*

Available at:

<https://www.cnki.net/KCMS/detail/detail.aspx?dbcode=CMFD&dbname=CMFD202002&filename=1019686589.nh&uniplatform=OVERSEA&v=ZAE2rGMiLHWYgFKdEjg4IBCCruEN84LcOhAUmhUGYJnLovSFTXzSDuzjvT NRmb> (Accessed: 14th July 2023).

DOI: 10.27412/d.cnki.gxncu.2019.001143

Yuan,Y. (2018) 'Analysis of corporate marketing network communication mode based on social platforms - An example of Xiaomi's marketing campaign in March 2018', *Research on Transmission Competence*, 2018,2(24), 99.12-13.

Zhang,L.B. and Zhou,L. (2021) 'The Development of Xiaomi Company from the Perspective of Cost Leadership Strategy', *Foreign Economic Relations & Trade*, 2021(04), pp.130-132.

Zhang,M.M. (2022) *Internet companies to enter the mobile phone market attitude is now a watershed, the big brother of a different opinion*. Available at:

http://www.jiushi.net/detail/669_628_1052.html (Accessed: 12th July 2023).

36Kr Express (2023) *Why Xiaomi is perennially mocked for not having core technology*. Available at:

<https://baijiahao.baidu.com/s?id=1756515780569415322&wfr=spider&for=pc>

(Accessed: 11th July 2023).