

# Analysis of the Internationalization Strategy of Multinational Corporations--Take Xiaomi as an Example

Jiayao Peng

Department of Economics and Management, Nanjing University of Science and Technology,  
Nanjing, China

jiayaopengcamellia@163.com

**Abstract.** The degree of economic globalization is becoming increasingly profound. Many enterprises are expanding their businesses in different countries and regions around the world to gain a larger market share and more opportunities. Xiaomi Corporation, a well-known Chinese enterprise, has actively promoted its internationalization strategy in recent years, achieving remarkable accomplishments. This article aims to explore Xiaomi's internationalization process, conducting an in-depth analysis of its strategy while considering factors such as market analysis, product positioning, and marketing strategies. First, investigating the global mobile phone market revealed Xiaomi's competitive advantages and challenges in the international market, prompting the proposal of corresponding countermeasures. Second, analyzing the product positioning of Xiaomi mobile phones in different countries and regions showcases the company's flexibility and diversity in its internationalization process. Finally, this article emphasizes the importance of brand positioning, channel expansion, and market promotion when discussing Xiaomi's marketing strategy. Through this in-depth analysis, the article provides inspiration and guidance for other Chinese enterprises looking to explore the international market.

**Keywords:** Internationalization; Xiaomi Corporation; Strategic analysis.

## 1. Introduction

### 1.1. Definition of Internationalization Strategy

A corporate internationalization strategy is a plan through which a company can expand its business scale and influence in the international market. This is achieved through transnational operations, investment, and cooperation, as well as the utilization of international market resources and opportunities. This strategy aims to enhance a company's competitiveness, achieve market diversification, and secure better global development opportunities. Implementing an internationalization strategy can benefit a company by facilitating market expansion, acquiring resources, enhancing brand image, realizing cost advantages, and improving innovation capabilities. Through transnational operations, companies can mitigate risks, boost competitiveness, adapt to global economic trends, and foster sustainable growth and development.

### 1.2. Types of Internationalization Strategies

(1) **Export-Oriented Strategy:** This strategy involves a company selling its products or services in foreign markets through direct or indirect methods. This strategy is typically suitable for companies that are just beginning to enter the international market. It helps them expand their market, acquire international customers, and increase revenue.

(2) **Direct Investment Strategy:** This strategy involves establishing subsidiaries or joint ventures, or acquiring foreign enterprises, to participate directly in international market operations. While this strategy can help a company gain greater market share, control, and resources, it also poses higher risks and management challenges.

(3) **Cross-border Merger and Acquisition Strategy:** This strategy involves a company quickly acquiring market share, technology, and brand resources by acquiring or merging with foreign



enterprises. This accelerates the internationalization process. The company operates in multiple countries, integrating its operations to form a global business model. While this strategy can help achieve economies of scale, resource integration, and advantages in the global market, it also requires navigating cultural, legal, and market differences in different countries.

(4) Alliance and Cooperation Strategy: This strategy involves establishing partnerships, alliances, or joint R&D with foreign enterprises or institutions to develop markets, products, or technologies together. This strategy can achieve risk sharing and cooperative advantages through sharing resources, technology, and market knowledge. It helps companies enter new markets, expand their scale, and improve their competitiveness.

(5) Differentiation Strategy: The company provides consumers with products and services that are different from those of competitors, creating unique aspects within the industry to gain a competitive advantage. For competing products within the same industry where the core value is essentially the same, differentiation is mainly reflected in product performance and quality. This strategy can help companies break free from homogeneous market competition and establish a unique brand image. With the help of this strategy, companies can better meet consumers' personalized needs, thus enhancing customer satisfaction and loyalty.

## **2. Xiaomi's Internationalization Strategy**

### **2.1. Company Profile**

Xiaomi Corporation was founded on March 3, 2010. It is a global mobile internet enterprise and innovative technology company that focuses on smart hardware, electronics, chip R&D, smartphones, smart electric vehicles, communications, finance, internet TV, and constructing a smart home ecosystem. Xiaomi is the world's largest consumer IoT platform, connecting over 740 million smart devices and operating in more than 100 countries and regions worldwide. There are 641 million global monthly active users of Xiaomi smartphones and tablets. The company has invested in over 500 other companies in areas such as smart hardware, consumer goods, education, gaming, social networks, culture and entertainment, healthcare, automotive transportation, and finance.

### **2.2. Xiaomi's Internationalization History**

#### **2.2.1. Early Entry Strategy (2014-2016).**

Xiaomi began its international operations in Southeast Asia. The company first entered the Singapore market in 2014 and quickly established product distribution agreements with Singtel, StarHub, and M1. The following year, Xiaomi partnered with Foxconn to open its first factory in Andhra Pradesh, southern India. This marked the official start of Xiaomi's localized production in India. Due to the small size of overseas markets at that time, Xiaomi opted for entry modes involving direct and indirect exports. By collaborating with local distributors, Xiaomi was able to overcome entry barriers and achieve rapid development in overseas markets. Xiaomi then expanded into the Brazilian market. In Brazil, the company made local adjustments to the appearance, performance, and software of its phones to meet user needs. In 2016, Xiaomi launched lower-priced Redmi phones in India to meet market demand. In Eastern Europe, Xiaomi entered countries such as Russia and Poland, emphasizing cost-effectiveness to increase its market share.

#### **2.2.2. Later Globalization Strategy (2017-Present).**

2017 was a pivotal year for Xiaomi's international expansion. That year, the company attempted to enter the Latin American and European markets. In November, the company entered the Western European market, using Spain as an entry point. Its online business in Spain partnered with Ingram Micro and AliExpress for product sales, distribution, and after-sales service. Expanding into overseas markets became a new growth driver for Xiaomi. Xiaomi successively entered European countries such as Spain, Italy, and France, as well as Southeast Asian countries such as Indonesia, the

Philippines, and Vietnam. In addition to localization strategies, Xiaomi used social media and word-of-mouth marketing to promote its products.

### **3. Analysis of Internationalization Strategy**

#### **3.1. Market Analysis**

The first step in developing an internationalization strategy is selecting overseas target markets. This choice must be combined with the actual situation of the enterprise and require a comprehensive analysis of the company's overall situation before making decisions about overseas target markets, market entry modes, and specific implementation strategies. One way to segment markets is by the economic development level of countries or regions, which mainly divides them into developed and emerging countries. Xiaomi's smartphones are widely distributed in the global market and perform particularly well in Europe and India.

##### **3.1.1. Political Environment.**

A favorable political environment paves the way for stable economic development, which contributes to growth in public income and enhances market stability. After World War II, most European countries sought peace and shared economic prosperity by forming highly cohesive organizations through alliances. As the largest international organization for regional economic cooperation in Europe, the European Union plays a decisive role in the European political environment. Furthermore, economic and trade relations between China and the EU are trending positively, with continuous growth in trade and investment between China and Europe. Both sides attach great importance to these exchanges.

India's politics are relatively stable. Additionally, China and India have maintained relatively friendly diplomatic relations. The Indian government has consistently encouraged foreign investment by introducing new foreign trade policies that allow wholly foreign-owned enterprises to invest directly in infrastructure construction. However, India is a federal state, so local and central government policies often differ. This results in relatively low administrative efficiency, which affects business operations.

##### **3.1.2. Economic Environment.**

The EU's substantial economic integration has been a significant catalyst for the region's prosperous development, positioning it as one of the most economically advanced regions globally. The per capita GDP in Europe has been found to significantly exceed the global average. Europe has achieved a high level of economic development, as evidenced by the continuous growth trend in per capita GDP. Western European countries, exemplified by the United Kingdom, Belgium, Germany, and the Low Countries, are distinguished by relatively high levels of affluence, substantial industrialization, and notable technological development. This finding suggests a considerable potential for the technology market in these regions.

In recent years, India has experienced sustained economic growth, a phenomenon that has attracted significant international attention. The economic policies of India are meticulously designed to attract foreign investment. While India boasts robust capabilities in the assembly industry, its component industry exhibits comparatively weaker performance. In an effort to bolster the integration of foreign component industries, the Indian government has instituted investment incentive policies.

##### **3.1.3. Socio-Cultural Environment.**

European countries have well-developed education systems and a highly educated populace with advanced cultural literacy and a progressive mindset. This characteristic renders them to a certain extent open to novel concepts. Moreover, European consumers prioritize product quality and performance. Concurrently, Europe boasts a profound cultural heritage and robust artistic traditions,

which demand elevated standards for aesthetics and artistic features. The simple and elegant products offered by Xiaomi have been shown to satisfy consumers' spiritual needs, thereby gaining their favor.

India is a country with a substantial population. The demographic structure of the population in question bears a resemblance to a large gourd, with a small percentage belonging to the social elite at the top and a large percentage belonging to the lower-income class at the base. It is evident that Xiaomi possesses considerable potential within this market segment.

#### **3.1.4. Technological Environment.**

With regard to 5G technology, Europe stands as the third-largest epicenter for global 5G technology development, boasting traditional technological advantages, a relatively sufficient number of research institutions, and a robust workforce in research and development. Concurrently, Europe places significant emphasis on the safeguarding of intellectual property rights, with the objective of ensuring robust IP protection in the digital era. Nevertheless, the imposition of more stringent intellectual property (IP) protection measures has the potential to precipitate patent infringement crises, a scenario that would undoubtedly prove disadvantageous for Xiaomi's foray into the European market.

India's technological development is progressing at a rapid pace, resulting in the accumulation of a substantial number of highly skilled professionals in the field of technology. India's robust software capabilities serve as a pivotal catalyst for the advancement of the smartphone industry, aiding Xiaomi in the development of products that are well-suited for the market. The government of India has also been promoting digitalization and smartphone penetration, providing significant opportunities for Xiaomi.

#### **3.1.5. Market Competition.**

The European market had already been dominated by major multinational corporations such as Samsung, Apple, and Huawei long before 2018. In comparison to well-established smartphone brands, Xiaomi exhibited lower brand recognition and a comparatively smaller user base. Following 2019, other Chinese domestic smartphone brands, including VIVO, OPPO, and OnePlus, also made their debut in the European market. These brands adopted innovative marketing strategies and demonstrated strong operational capabilities. For instance, OPPO launched its "OPPO 5G Landing Initiative," partnering with four major carriers: Swisscom, Singtel, Telstra, and Optus. The Reno 5G model was released in European countries such as Switzerland and Italy, marking the debut of the first commercially available 5G smartphone in the region. When considering the established consumer bases of European legacy manufacturers like Nokia and Ericsson, the European smartphone market is characterized by significant fragmentation, which limits the capacity for new entrants. Consequently, Xiaomi faces significant competitive pressure in the European market.

With respect to the Indian market, the considerable potential it presents has resulted in the presence of numerous smartphone manufacturers. Apple has a dominant market share in the mid-to-high-end segment, while Samsung remains a significant competitor. Moreover, prominent Chinese brands such as Huawei and Vivo have attained substantial market shares, underscoring the growing influence of Chinese technology companies in the global market.

### **3.2. Product Positioning**

#### **3.2.1. Product Categories.**

Xiaomi boasts a diverse product line, encompassing a wide range of categories. The company's primary product line encompasses smartphones, encompassing a wide range of models, including high-end, mid-range, and entry-level devices. Furthermore, the integration of smart home and wearable devices has emerged as a significant development in this field. Xiaomi has demonstrated a commitment to the development of a comprehensive smart life ecosystem, as evidenced by the launch of a range of smart home products, including smart speakers, smart cameras, and smart air purifiers, among others. The management and control of these products can be achieved through the utilization of the Xiaomi Smart Home App, thereby providing users with a more intelligent and convenient home

experience. In addition, Xiaomi has unveiled a range of wearable devices, encompassing smart bands and smartwatches. These devices have the capacity to monitor users' health data in real time, providing features such as exercise tracking and sleep monitoring, thereby assisting users in more effectively managing their health and fitness. In addition to the primary categories previously enumerated, Xiaomi offers a diverse array of products, including power banks, Bluetooth earphones, and robot vacuum cleaners, among others. These products are also highly competitive in the market.

In summary, the product line of the corporation Xiaomi is extensive, encompassing a wide range of products, including smartphones, smart home devices, wearable technology, and laptops. These products are distinguished by their cost-effectiveness and performance, providing consumers with a range of options.

### **3.2.2. Product Features.**

(1) High Cost-Effectiveness. Xiaomi products are known for being high-quality and affordable. Whether it's smartphones, smart home devices, or other products, Xiaomi continues to offer high-quality, affordable products, making advanced technology more accessible to a wider range of consumers.

(2) Technological Innovation. Xiaomi spends a lot of money on research and development and always brings new and exciting products to the market. Xiaomi smartphones often lead industry trends by using the latest processors, camera technologies, and display technologies, which delivers an excellent user experience.

(3) Ecosystem Integration. Xiaomi is dedicated to creating a smart life ecosystem. This means that they are working to connect different smart devices so that you can manage and control them with one app. You can control smart devices in your home with the Xiaomi Smart Home App. This gives you an intelligent home experience.

(4) Excellent User Experience. Xiaomi products are designed to make users' lives easier. The company always works to improve its products by adding new features and making changes to the design. For example, the MIUI operating system for Xiaomi phones has been updated and improved many times. It offers a variety of features and a good user interface, providing a smooth and convenient user experience.

(5) Community Interaction. Xiaomi values communication with its users and has grown to become a large community. Users can share their experiences, make suggestions, and report problems in the community. Xiaomi listens to its users and works to improve and optimize its products.

### **3.2.3. Brand Positioning.**

(1) Young and stylish. Xiaomi's products are designed to appeal to young people. They focus on trends and meeting the needs of young people. Its products have simple and elegant designs. They come in many colors and styles, which attracts many young users.

(2) High Cost-Effectiveness. The Xiaomi brand is known for offering great products at affordable prices. Xiaomi offers high-quality products at relatively low prices. This allows more consumers to enjoy the benefits of advanced technology.

(3) New Technology. The Xiaomi brand is known for its commitment to technological innovation. It is always coming out with new and innovative products. Xiaomi's smartphones, smart home devices, and other products use the latest technology to make life easier and smarter for users.

(4) User-Centric. The Xiaomi brand is all about the user. It focuses on the user's experience and needs. The company has created a platform where users can interact with each other and share their opinions and suggestions. The company listens to these users and uses their feedback to improve its products.

(5) Global Layout. The Xiaomi brand is ready for the global market and is working to become more popular around the world. The company has set up sales channels and service networks all over the

world. It has launched products that are made to meet the needs of different countries and regions. As a result, the company's international market share has been growing.

In summary, the brand positioning of Xiaomi is primarily reflected in its youthful and fashionable image, cost-effectiveness, innovation, user-centric approach, and global orientation. The unique charm of the Xiaomi brand is shaped by the collective characteristics of the company. This characteristic combination gives the company a significant advantage in market competition. Secondly, Xiaomi primarily targets young, fashionable users seeking cost-effectiveness. It has been demonstrated that young users exhibit a propensity for embracing novel technologies and objects, characterized by their receptivity and enthusiasm. These users place a premium on quality, while concurrently demonstrating a discerning eye for cost-effectiveness. The brand positioning of Xiaomi is aligned with the needs of this demographic, offering a combination of cost-effectiveness and technological innovation at affordable prices. Additionally, Xiaomi's user base, predominantly youthful, comprises individuals who prioritize individuality and fashion, and who place significant value on product design, functional diversity, and user experience.

### **3.3. Marketing Strategies**

#### **3.3.1. Indian Market.**

India has a large population and is growing economically. There are also a lot of people in India who use mobile phones, which indicates a large market for mobile phones in India. Xiaomi started selling products in India in July 2014. By the third quarter of 2017, it had become the number one smartphone company in India by shipment volume. This shows that Xiaomi is doing well in emerging markets.

Initially, the objective is to furnish products that exhibit both an exceptionally high cost-effectiveness ratio and affordability. Despite India's economic growth in recent years, the majority of the population does not possess significant wealth. The relatively low GDP level results in a low consumer recognition of brand premiums, causing Indian consumers to be inclined to choose products with a high match between price, performance, and design. Therefore, Xiaomi phones in India are generally priced between 5,000 and 20,000 rupees (approximately RMB 480 to 1,890). However, even the lowest-priced model features a camera and 16GB memory, which is performance not found in other brands' phones at the same price point. Xiaomi rapidly gained a dominant share in the Indian market by offering a range of affordable, high-quality products.

Secondly, the execution of localized operations is imperative. The situation was exacerbated by high demand that exceeded supply in India, resulting in stockouts and a subsequent decline in customer satisfaction. Consequently, in 2015, Xiaomi established its inaugural manufacturing facility in India, collaborating with the local Foxconn unit to produce "Made in India" phones. Concurrently, the company implemented a personnel localization strategy, leveraging the competencies of the Chinese team in product development and the strengths of the Indian team in management. In the realm of software development, Xiaomi stands as a pioneering figure among foreign phone brands in offering customized features tailored to the Indian market. The company's strategic decision to partner exclusively with local channels, coupled with the localization of its supply chain ecosystem and management team, underscores its commitment to cultural and linguistic sensitivity. Of particular significance is the local adaptation of hardware products and the MIUI operating system.

Thirdly, a combined online-offline sales strategy is employed. Given the prevalence of consumer habits in the Indian market that favor offline channel sales, in addition to leveraging e-commerce platforms such as Amazon for online business, Xiaomi has strategically augmented its business operations in India by establishing 40 offline experience stores and 2,500 third-party partner stores for conducting offline business activities. This integrated online-offline sales strategy enabled Xiaomi to swiftly attain substantial market share in the Indian market.

Fourthly, the issue of controlling product line breadth must be addressed. In the context of the Indian phone market, Xiaomi opted for a different strategic approach than its competitors, who typically

offer 40 to 50 models. Instead, the company streamlined its product offerings, focusing on a more concise and clear positioning strategy.

### **3.3.2. Western European Marke.**

The Western European market places a premium on cultivating brand recognition. In Western Europe, a market that is concentrated in developed countries, consumers generally have a high income level, and users pay more attention to brand, technological innovation, and product experience. Consequently, the low-price strategy employed by Xiaomi has not yielded discernible outcomes in the European market. Xiaomi's strategic approach in Western Europe entails the primary sale of high-end smartphones, complemented by the establishment of Mi Home stores for the sale of additional electronic goods, such as portable speakers and electric scooters. This strategy is intended to enhance product quality and improve brand image, thereby facilitating further internationalization in the European market.

The emphasis on strategic cooperation with local operators is a key component of the initiative. Contrary to the Chinese market, European consumers have historically exhibited a preference for purchasing contract phones from local operators, with a limited inclination to acquire standalone phones through online channels. Therefore, Xiaomi's strategy for entering the European market involves the active development of offline and operator channels. For Xiaomi, the necessity of establishing operator relationships was a critical issue in its pursuit of market entry into the European market. Consequently, Xiaomi opted to establish a strategic partnership with CK Hutchison Holdings, a company founded by Li Ka-shing, to establish a global strategic alliance. T use.

## **4. Summary**

Xiaomi's foray into the Indian and European markets signifies a noteworthy milestone for China's mobile phone manufacturing sector, underscoring the competitive prowess of Chinese manufacturing within the global market. This phenomenon signifies the active engagement and progressive advancement of Chinese enterprises in the process of globalization. In the context of the continuous development of the global economy, it is imperative for Chinese enterprises to adopt a more proactive stance in their expansion into overseas markets. This strategic imperative is driven by the need to capitalize on emerging opportunities and to enhance their capabilities in order to maintain their competitive edge in the global marketplace. Secondly, Xiaomi's entry into these markets underscores the necessity for Chinese enterprises to prioritize product quality, brand image, and service levels. This will likely encourage Chinese enterprises to enhance their competitiveness in the global market, thereby strengthening their overall position in the global economic landscape. The global market is characterized by a high degree of competitiveness, which necessitates that Chinese enterprises perpetually innovate, enhance their core technology, and augment their R&D capabilities. This is required in order to adapt to the shifting demands of the market and maintain competitive advantages.

Xiaomi has increased its international visibility and influence by expanding into new markets and using an internationalization strategy. This has also given the company significant economic benefits. Xiaomi's internationalization strategy offers many insights for other companies that want to enter new markets. In today's global economy, it's important for companies to expand into foreign markets if they want to be more competitive. By entering international markets, companies can achieve economies of scale, integrate their resources, and build their brand. This strengthens their influence and competitiveness in the global market. Xiaomi's internationalization strategy shows other companies that they need to focus on local operations and services. When entering foreign markets, companies need to understand local market demands, cultural habits, and laws and regulations. They also need to be able to adjust their products, marketing strategies, and service models to meet the needs of local consumers. Finally, Xiaomi's internationalization strategy also emphasizes the importance of technological innovation and making its products different from other brands. In today's global market, businesses must always be improving their most important technologies and

research and development. They need to release products that are better than the competition to get people to buy them and take a share of the market.

## References

- [1] Du Jingcai. Research on the Internationalization Strategy of China's Internet Enterprises——Taking Tencent as an Example. Tianjin: Tianjin University of Commerce, 2021.
- [2] Wang Xiaotian. Research on the Internationalization Strategy of ByteDance Ltd.. Hebei: Hebei University, 2023.
- [3] Wang Nana. Research on the Internationalization Strategy of Xiaomi Group. Jilin: Jilin University, 2022.
- [4] Zhang Lu, Zhang Jianjiang. Analysis of Internationalization Strategies of Emerging Market Multinational Enterprises. Journal of Shanxi Radio & TV University, 2022 (3): 106-109.
- [5] Sun Qin. On the Internationalization Strategy Positioning of Chinese Enterprises. On Economic Problems, 2003 (11): 14-16.
- [6] Liu Yaping. Research on the Internationalization Strategy of Xiaomi Company. Lanzhou University of Finance and Economics, 2019.
- [7] Chen Buwei. Research on the Effectiveness Evaluation of Xiaomi Company's Internationalization Strategy Implementation. Hebei: Hebei University, 2022.
- [8] Cao Mengran. Analysis of the International Development Strategy of Chinese Mobile Phone Manufacturers——A Case Study of Xiaomi's Expansion into the Indian Market. Jilin: Jilin University, 2020.
- [9] Yin Shiqiang. Analysis of Xiaomi Company's Export Operation Strategy in the European Market. Tianjin: Tianjin University of Commerce, 2022.
- [10] Xiong Ye. Research on the Localized Operation Strategies of Chinese Mobile Phone Enterprises in India. Hunan: Hunan University, 2019.
- [11] Liang Peiyao. Research on Local Brand Marketing Models under the Background of Internationalization——Based on the Marketing Case of Xiaomi Company. Sichuan: Southwestern University of Finance and Economics, 2017.
- [12] Liu Zhenhua. The Marketing Way of Xiaomi Phones. Modern Marketing, 2012 (12): 34-34.
- [13] Xu Jiarui. A Brief Analysis of Xiaomi Phone's Brand Marketing Strategy. Market Modernization, 2022 (3): 43-45.