

Business analysis of Xiaomi's phones with a target group of young women

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Abstract: As one of the top five cell phone manufacturers in the world, Xiaomi has a large user base. However, a comparative study found that the proportion of female users of Xiaomi phones is lower than that of other cell phone manufacturers, such as Apple and Huawei. In order to enhance the appeal of Xiaomi phones to female users and increase the market share of Xiaomi phones, the article selected young women who like to take social selfies or play games as the target group through a series of analyses. After that, the article analyzed and studied the features and functions that women value in a cell phone, such as taking pictures and the appearance of the phone, through questionnaires, online surveys, and interviews. Finally, it is proposed that Xiaomi can provide personalized cell phones specifically for women, focusing on the color appearance, camera quality, photo function, and battery storage of the phone. Finally, product marketing is carried out through appropriate pricing, celebrity endorsement, and parallel online and offline channels. In conclusion, the female market has a huge imagination for Xiaomi phones and can be one of the directions for future development.

1. Introduction

Lei Jun established Xiaomi in Beijing in early 2010. Unlike traditional smartphone manufacturers, Xiaomi is an innovative technology company dedicated to developing a wide range of electronic products and intelligent devices. Its ultimate goal is to create a smart home ecosystem with the "Internet of Things" as the core.

According to the intelligent statistics of global smartphone shipments in 2020, Xiaomi's mobile phone shipments exceeded 140 million, accounting for 12% of total shipments in the market, ranking just behind Samsung, Apple, and Huawei.

Worldwide smartphone shipments and growth					
Canalys Smartphone Market Pulse: Full-year 2020					
Vendor	2020 shipments (million)	2020 Market share	2019 shipments (million)	2019 Market share	Annual growth
Samsung	255.6	20%	298.0	22%	-14%
Apple	207.1	16%	198.1	14%	+5%
Huawei (incl. Honor)	188.5	15%	240.6	18%	-22%
Xiaomi	149.6	12%	125.5	9%	+19%
Oppo	115.1	9%	120.2	9%	-4%
Others	348.9	28%	384.3	28%	-9%
Total	1,264.7	100%	1,366.7	100%	-7%

Note: percentages may not add up to 100% due to rounding

Source: Canalys estimates (sell-in shipments), Smartphone Analysis, January 2021

Figure 1 Worldwide smartphone shipments and growth in 2019 and 2020 ^[1]

Xiaomi is currently the top fifth mobile phone supplier globally, with a high-performance ratio as the most significant feature of Xiaomi mobile phones. The Xiaomi Mi 11 series was released on December 18th last year, and the price is only 3999 yuan while the various configurations have reached the flagship standard. Pan Jiutang, the partner of its industrial investment department, said that the cost of the Mi 11 series is similar to that of the iPhone 12. At the same time, the iPhone 12 prices at 6,799 yuan, which is 2,800 yuan more expensive than Xiaomi.

Previously, Fomalhaut had announced that the material cost of the iPhone 12 was about 373 dollars.^[2] However, after disassembling Xiaomi 11, foreign media said that the material cost of Xiaomi 11 is 440 dollars. From this point of view, the material cost is indeed similar. Of course, from designing to launching a mobile phone, it is the cost of materials and technology research and development, marketing, and transportation. The design and quality of the iPhone 12 are industry leaders, and the price in this regard will be higher. In addition, the iPhone's high profits are well known. Although iPhone's sales volume is not as good as that of Samsung and Huawei, it took 73% of the profits of the mobile phone market in 2018. The proportion of profits decreased to 66% in 2019, which shows the brand premium of the iPhone is higher than that of other brands like Huawei. While providing the same product performance, the price of Xiaomi phones is significantly lower than that of Apple, Samsung, and Huawei. Because of this feature of the price-performance ratio. Low-income people and young people can buy mobile phones with good quality and features at a lower price within budget. A deeper study will reveal that there is still a lot of room to tap into the female market for Xiaomi phones, and the article will explore this issue.

2. Marketing strategy

2.1 Segmentation

First, according to consumer gender segmentation, consumer groups are divided into male and female groups.

Second, the market is segmented according to the purchasing power of consumers and divided into low-income and high-income groups. In China, groups whose monthly income is less than 2000 are low-income groups. The low-income group accounts for 84%.

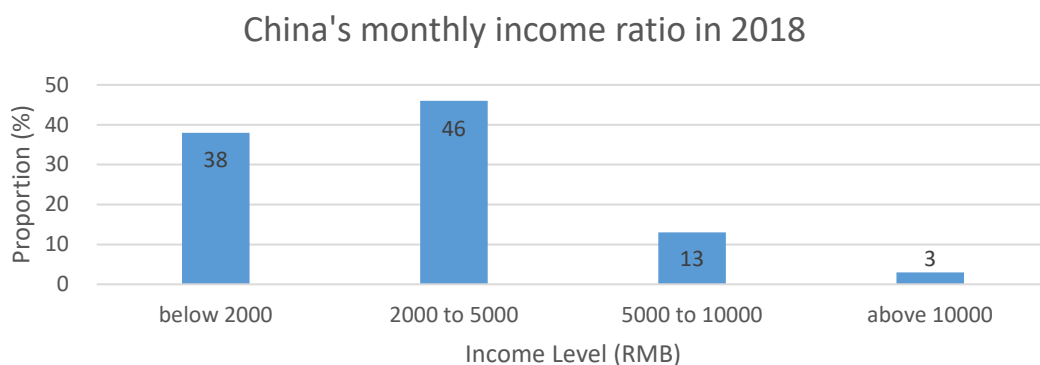


Figure 2 China's monthly income ratio in 2018^[3]

Third, according to consumer age segmentation, the consumer groups are divided into young people (16-35), middle-aged groups (35-55), and elderly groups (55-80).

Fourth, consumer preferences are segmented into groups who like to take photos with mobile phones, those who love mobile games, and those who use mobile phones for work and study.

2.2 Targeting

Young women between the ages of 16-35, low-income (2000-5000), prefer to take selfies, socialize, play games, and pursue beauty.

The male to female ratio of the Xiaomi mobile phone user group is 3:1. Furthermore, their age group is mainly concentrated in the 16-30 years old, accounting for 75%. In detail, firstly, 35% of

them have the occupation of students and 25% are company employees, the sum of which accounts for 60%. Secondly, 82% of the users have a monthly income of less than RMB 5,000.

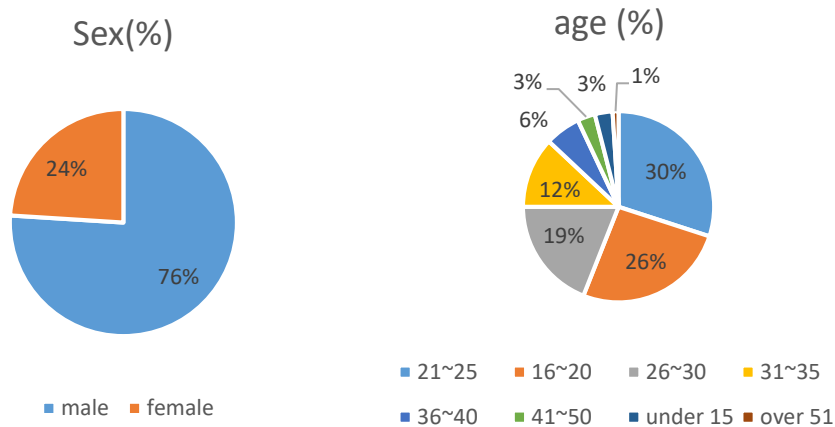


Figure 3 Sex ratio and age ratio

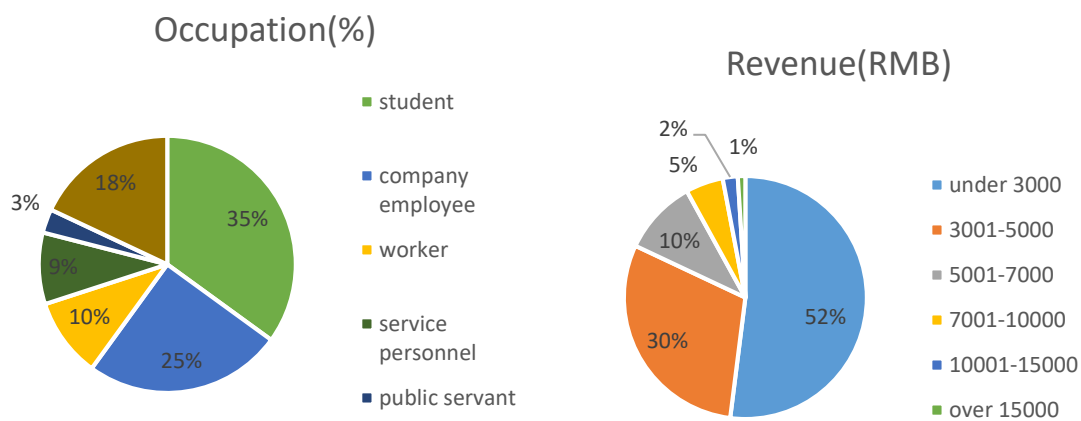


Figure 4 Occupational segmentation and income segmentation ^[4]

Xiaomi has an unbalanced ratio of male and female users. Xiaomi mobile phones paid more attention to performance, hardware configuration, materials, battery life while ignoring the appearance and camera functions that female users care most about in the past few years. Female customers generally lack understanding of the performance parameters of mobile phones. They are more concerned with the design of the mobile phone, the aesthetics of the operating system, and the beauty effect of the camera. So if Xiaomi mobile phones can be strengthened and perfected in appearance and camera attributes, then the female market is a potential target group with a broad prospect.

For the young female consumer group, due to their vital purchasing power, they have a higher degree of acceptance of the brand premium. Furthermore, with the continuous development of the open economy, the status of women has improved, and the awareness of independence of contemporary young women has gradually increased. As a result, modern young women are becoming more and more conscious and inclined to invest their money in themselves. The "Her Economy" Insight Report released by mobile big data platform QuestMobile points out that the overall size of the mobile Internet female population has reached 531 million as of January 2019, of which 215 million and 166 million are post-80s and post-90s, respectively, with a total share of over 71%. In terms of purchasing power, the post-90s and post-80s women ranked the top two, and they have become the largest leading consumer group in the mobile Internet female population today. At the same time, the mobile consumption of post-00 girls has also started to explode.

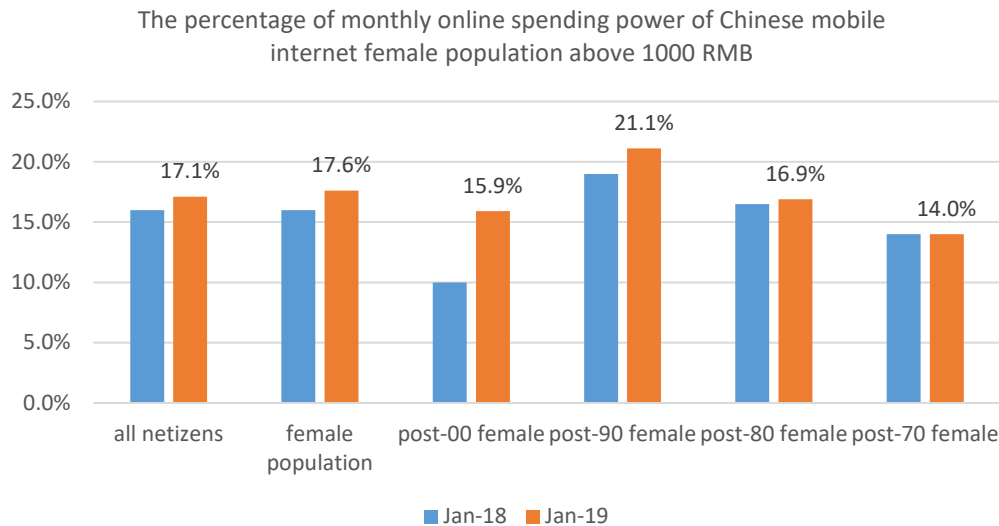


Figure 5 The percentage of monthly online spending power of Chinese mobile internet female population above 1000 RMB ^[5]

With the rapid development of mobile games, more and more young women are playing handheld games in China. Moreover, compared to men who can play end-game, women prefer hand games. So Xiaomi cell phone company can make efforts in CPU, GPU, RAM, ROM, performance, battery life, screen, and heat dissipation to attract the target female user group.

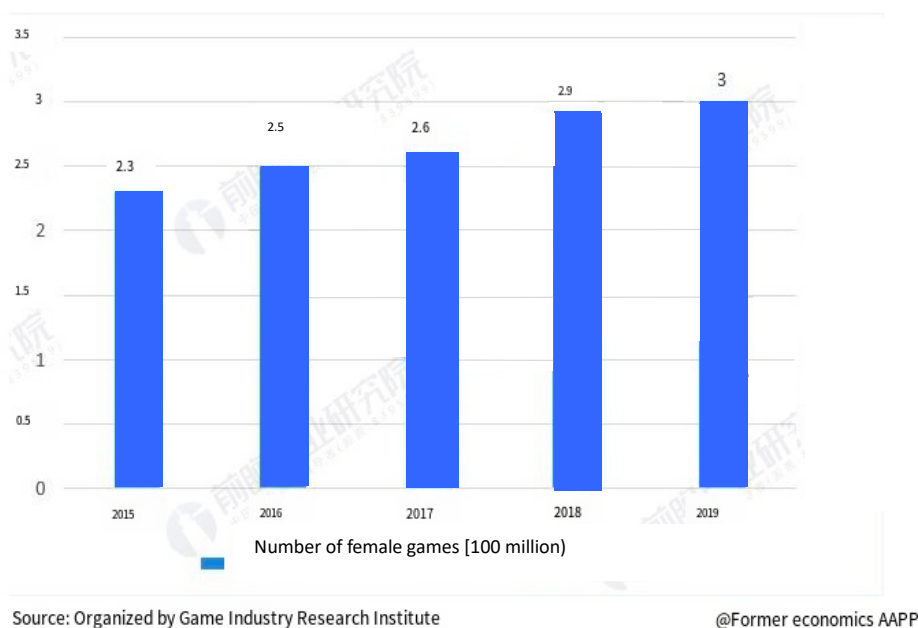


Figure 6 The size and growth rate of female gaming users in china, 2015-2019(100 million, %) ^[6]

On the other hand, the prosperity of the self-media field and the emergence of various social media platforms have further increased the demand and requirements of young women for cell phone selfies, beauty features. Therefore, pixel size, pixel density, sensor, aperture, ISP, and other configuration indicators are what Xiaomi phones need to improve to attract the female target group.

2.3 Positioning

At the very beginning, the impression of Xiaomi cell phones in people's minds is the low price-performance ratio. Still, in the last two years, Xiaomi also began to enter the high-end market, launch

high-priced cell phones, such as Xiaomi 11 and maintain competitiveness in the low-end market. At this stage, Xiaomi phones are still less competitive than Apple and Huawei in the high-end market, but their prices are still significantly lower than the former two.

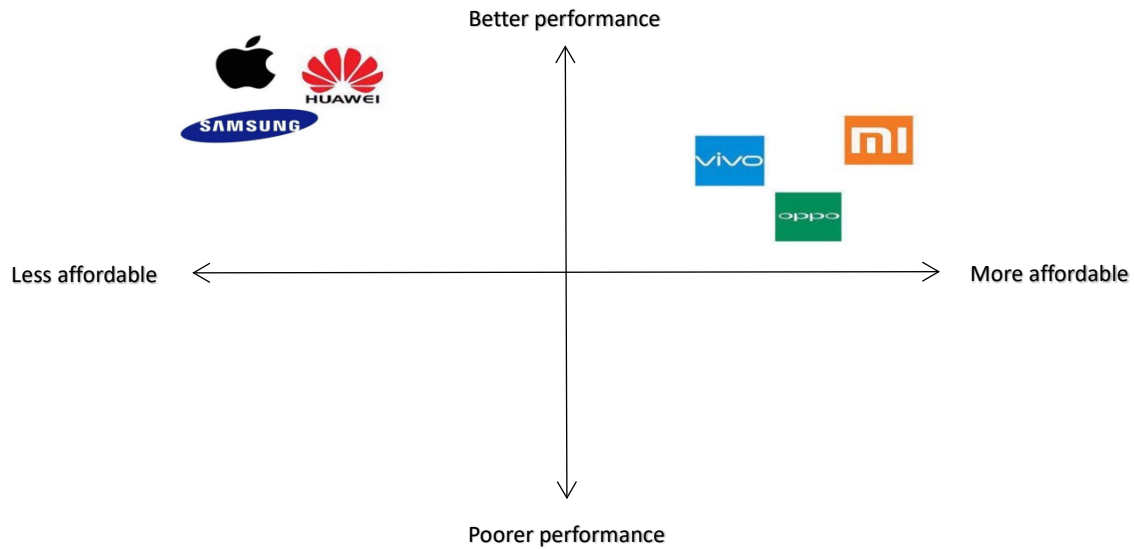


Figure 7 perceptual map of smartphone market position

3. Marketing research

Online surveys and social listening are the two main methods used in this research. Up to February 22nd, 2021, there were 37 answers gathered from the online survey and 488 comments from Xiaomi's official Weibo, and 679 words from Taobao. Moreover, to conduct a more in-depth survey, I ran a questionnaire survey of 37 women in the 16-35 age group about their preferences in the process of purchasing a cell phone.



Figure 8 Word cloud from Weibo and Taobao

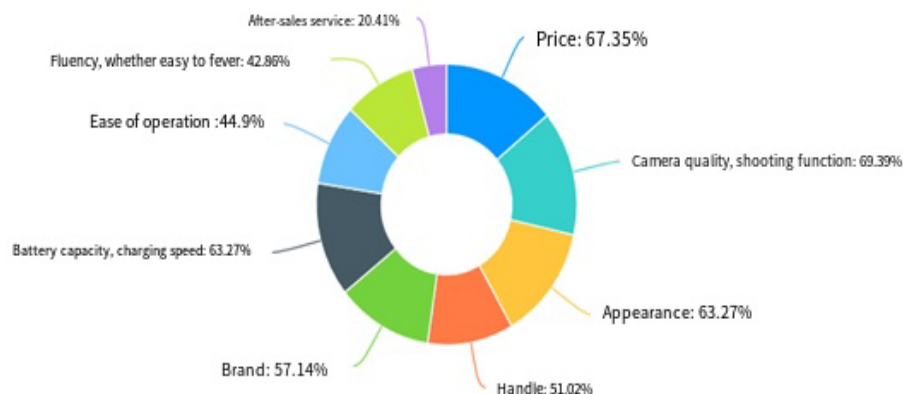


Figure 9 Preferences of young women when purchasing cell phones

According to data collected from online comments (Weibo and Taobao) and the questionnaire on the purchase of cell phones by female consumers, the followings generally summarize the essential needs of consumers:

The three factors that consumers are concerned with the most when buying Xiaomi phones are screen, battery, and pictures or camera. These show that there are aspects for Xiaomi to improve.

The daily use of mobile phones by contemporary young people is increasing, and people devote their time to watching short videos and playing mobile games, such as Tik Tok and Honor of Kings. These types of mobile phone software consume relatively more power, causing the battery power to drop too fast. Many people run out of portable phone power in less than a day, and in many cases, cannot use chargers or power banks, which will significantly reduce consumer satisfaction. Therefore, increasing the battery capacity of mobile phones is a good differentiation strategy to attract customers.

The word cloud and questionnaire indicate that many people are concerned about cell phone screens. The cell phone screen can most intuitively reflect the user experience of a cell phone and is an important parameter to judge the quality. A healthier, more energy-efficient, and more beautiful cell phone screen is what a high-end cell phone screen should have. The current trend in the industry is to use OLED screens, Xiaomi 10, Xiaomi 11 have used OLED screens and. LCD screen compared to the OLED occupies a great advantage, better contrast, good black performance, wider color gamut, lighter, thinner, bendable, more intense colors. However, for people who use cell phones for a long time, OLED is more damaging to the eyes than LCD screens, especially in low-light environments. For example, when darker lights choose to play on the phone at night, people will feel the screen is particularly harsh. In addition, Xiaomi cell phone screen compared to Samsung, Apple still has a big gap, Samsung uses its own best screen, although Samsung also produces apple's screen, Apple pays a higher cost, the screen quality is good. Xiaomi for China's domestic manufacturers and received the cost constraints, screen quality is naturally worse.

Most cared for by respondents were the camera and images. Some people have some concerns and needs about the phone's focus, chromatic aberration, image quality, sharpening, and light heat. Some respondents pointed out that when using Apple phones, the quality of shots was not clear enough, focusing was difficult, and the screen would be dark when in use. When using Huawei phones, there are also problems with focus and distortion. Xiaomi phones can use this as an entry point to optimize the photo function and achieve differentiation.

I conducted an in-depth survey of respondents' camera concerns. For example, in the question "Do you want the phone camera to provide algorithm-based optimized aesthetics, or to capture raw, unmodified images for post-editing?" This question revealed that 60.87% of respondents said they want the camera to capture authentic, raw images (e.g., Apple phones can take natural, clear, real photos) rather than images that the camera has automatically embellished.

Respondents' preference for shooting effects

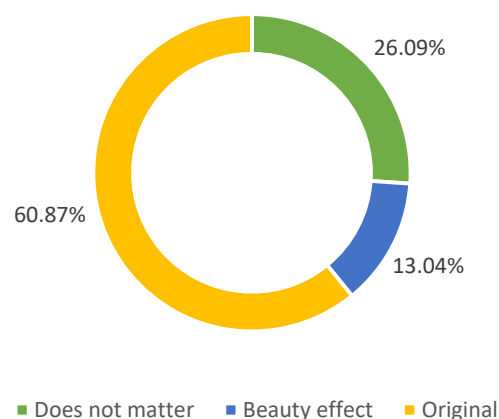


Figure 10 Survey on respondents' preference for original images

At the same time, I surveyed the price of cell phones accepted by the respondents. 57.14% of the respondents said it was easy to accept cell phones worth 4,000-7,000 yuan, and 42.86% said it was easy to accept cell phones worth 2,000-4,000 yuan, which is in line with the strong purchasing power of young women.

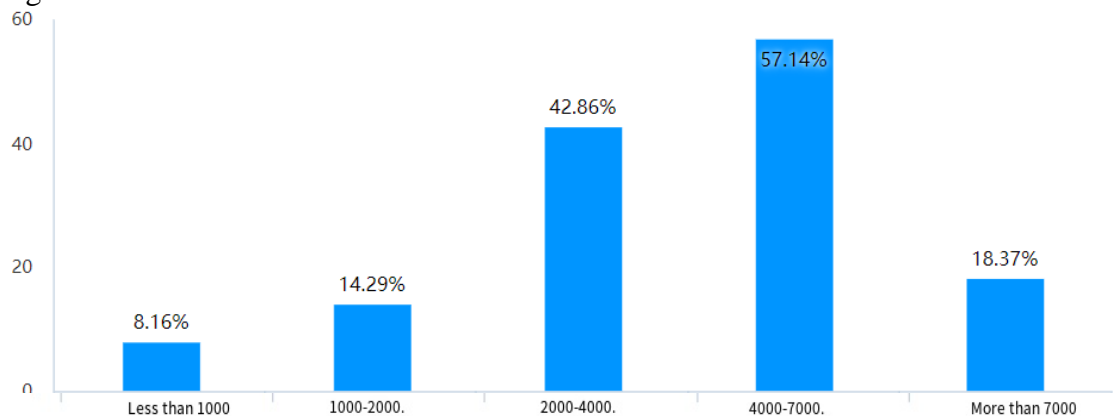


Figure 11 The acceptable price of a mobile phone

4. Marketing tactics

4.1 Product

Most of Xiaomi's products feature impressive "high-cost performance," which is the cornerstone of its product sales. However, with the development of the economy, the increase in income levels, and the inheritance of family assets, the purchasing power of contemporary young people has dramatically increased. According to a survey on young women's acceptance of cell phone prices, Xiaomi's cell phone pricing is lower than the average of the survey results. As a result, Xiaomi could increase the phone's selling price, which in turn could raise costs, optimize and improve the phone's battery, screen, appearance, and camera, and launch a new high-end phone for today's young women who love to take pictures and socialize.

In response to the three major problems of Xiaomi's cell phones as reflected by the target user groups: fast power consumption, blinding screen, and camera beautification, Xiaomi can take the photo function as the main selling point and optimize the power consumption and screen problems at the same time. Furthermore, Xiaomi can cooperate with Meitu (Meitu's Beauty Camera software is a picture beautification software known to many girls). Using Xiaomi phones as a carrier, equipped with Meitu's high pixel ultra-clear front camera, use the beauty camera to retouch and beautify photos. Also, decorate the appearance of the phone. The appearance of the phone is an intuitive factor that directly attracts female consumers. Then increase the battery capacity, improve the battery life, reduce the phone's weight, and launch a phone-style for the female target group.

4.2 Price

According to the results of my survey on the target group, 2000-7000 RMB is the most accepted range by the respondents. Creating a high-quality phone for women requires a specific cost. According to Xiaomi's latest phones, Xiaomi 10s, Xiaomi 11pro pricing, if people want to ensure the camera, screen, appearance, battery, and other attributes performance, and control in an easily acceptable price range, then about 4500 RMB is a reasonable price.

4.3 Promotion

People perceive Xiaomi cell phones as a cell phone brand that is more suitable for "techies" to get their hands on, with its selling point of superb configuration, high score, and outstanding cost performance. In addition, Xiaomi can learn from the marketing methods of Vivo and Oppo cell phones, such as arranging product launches, hiring spokespersons, increasing advertising efforts, and lifestyle products to increase public awareness and attention to new products, mainly to target users.

4.4 Place

Online sales and offline sales have their advantages. Online shopping is generally cheaper than brick-and-mortar stores, but the downside is that people cannot try it out, and it is time-consuming to return it. On the other hand, consumers buying in a physical store can directly experience the phone and help them judge the product. In China, both people like to buy online and people who want to shop offline. So, Xiaomi has to market its products both online and offline.

5. Conclusion

Since its establishment, Xiaomi has been multiplying. The company's slogan is "born for enthusiasts," focusing on the cost performance of cell phones, and more than two-thirds of its customers are men, with a low degree of development in the female user market. Although female users are concerned about the phone's appearance, camera, and photo quality, some young women love the phone and are worried about the phone screen and power consumption level game. This market segment has many target user groups, and there is no lack of purchasing power in the direction of Xiaomi cell phones can focus.

This paper makes the following suggestions for Xiaomi's STP strategy. (1) Market segmentation: consumer purchasing power, product characteristics, consumer gender to expand the target market. (2) Target market: Take young women who like taking selfies, playing games, and socializing with young people as the leading target group, and expand new markets according to their consumption characteristics. (3) Market positioning: repositioning price, exhibits, companies, and consumers to reshape the image and change customers' inherent perceptions.

This paper makes the following suggestions for Xiaomi's 4P marketing strategy. (1) Product strategy: focus on camera algorithm, phone appearance, screen quality, and power consumption level, and develop new products according to the characteristics of my young female consumers. (2) Price strategy: new camera phones for young women to take the appropriate price positioning. (3) Place strategy: online and offline layout at the same time. (4) Promotion strategy: celebrity endorsement, live with goods.

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