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Optimization of the globalization path of Chinese communication enterprises -- Based on the case of Xiaomi

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ABSTRACT
This study takes Xiaomi as a typical case to explore the optimization path of Chinese communication enterprises going overseas. The study adopts case analysis, PEST framework, and comparative study to systematically analyze Xiaomi's differentiation strategy in markets such as India and Europe. The results show that Xiaomi has entered the top three in 52 markets worldwide through the three-dimensional strategy of technology gradient development, omnichannel coverage, and cultural adaptation innovation, and its overseas revenue accounts for more than 50%, which verifies the effectiveness of its globalization strategy. The study found that Xiaomi has broken through the "low-end lock-in" dilemma of the mid- and low-end markets by relying on ecosystem construction, localized production, and high-end technology iteration. However, it faces challenges such as insufficient brand high-endization, supply chain dependence, and patent disputes. The study proposes optimization solutions: strengthen patent layout, implement dual-brand strategy, build an intelligent supply chain system, and innovate brand narrative. This study provides theoretical references and practical paradigms for Chinese communication companies to break technological barriers and enhance global competitiveness.

KEYWORDS
Chinese communications companies; internationalization; localized innovation; supply chain management; high-end brand

1 Introduction

1.1 Research background

Against global economic integration, Chinese technology companies going overseas has become a highly anticipated development trend. In recent years, Chinese technology companies represented by Xiaomi have achieved remarkable results on the road to going overseas. It has become a model for many companies to learn from. With its cost-effective products, unique marketing strategies, and accurate grasp of emerging markets, Xiaomi has quickly opened up markets in many countries and regions around the world and accumulated a large number of users. Studying the experience and problems of Xiaomi's going overseas can provide a valuable reference for other Chinese technology companies and help them avoid detours.

1.2 Literature Review

1.2.1 Communications Industry

As a key component of the information technology industry, the communications industry plays an important role in social and economic development. Its research has also received widespread attention. Hua Xunji (1995) pointed out a double gap between China's information industry and developed countries and regions. There are deficiencies in technology, scale, and industrial structure [1].

With the development of the times, communications technology continues to innovate. In 2019, Niu Xinxing and Cai Yuezhou found that the information and communications technology manufacturing and service industries achieved rapid growth during the period 1995-2016 [2].

Yang Dong and Liang Xiao (2019) based on the ZTE and Huawei incidents, proposed that communications companies face technical bottlenecks and management difficulties in international competition and urgently need to improve their strength to meet the challenges [3].

Zeng Jinping (2019) pointed out that with the full commercialization of 5G technology, the development of communications technology has promoted the transformation of the media industry and brought new development opportunities and research directions to the communications industry [4].

In summary, although certain achievements have been made in technological progress and industrial scale, there are still challenges such as technical bottlenecks, declining growth quality, and insufficient corporate management and innovation capabilities. Future research can focus on how to break through key core technologies, improve the quality of industrial growth and the independent innovation capabilities of enterprises, and promote the integration and development of communication technology with other fields, to promote the sustainable and healthy development of the communication industry.

1.2.2 Enterprise internationalization

As an important strategic direction for enterprise development, enterprise internationalization has received extensive attention from the academic community in recent years. In terms of the relationship between enterprise internationalization and digitalization, Wang Xin and Fu Yumeng (2023) used Shanghai and Shenzhen A-share listed companies from 2013 to 2019 as samples and found that digitalization can enhance the depth of enterprise internationalization [5]. Wen Ke, Li Changhong, and Xu Xiaosi (2022) analyzed the panel data of Chinese manufacturing listed companies from 2010 to 2020 and suggested that Chinese companies should adhere to internationalization, attach importance to heavy asset operations, and give full play to the role of human resources [6]. Chen Zhen and Li Yaru (2019) used enterprise-year-destination country-level data from 2005 to 2013 to conduct an empirical study and found that the export experience of enterprises in foreign markets positively affects the probability of investing in that market [7]. Based on the theories of organizational learning and time compression diseconomies, Fang Hong and Wang Yimin (2017) found that the rapid internationalization of Chinese enterprises would lead to performance damage due to time compression diseconomies, and sufficient internal resources could curb such damage [8]. Based on the theory of the internationalization process, Zhang Lifang (2016) discovered five categories and their logical relationships: "seeking markets", "seeking technology", "seeking resources", "improving internationalization paths", and "obtaining performance" [9].

Overall, current research on enterprise internationalization has achieved results in many aspects. However, there is still room for development, such as how to dynamically adjust internationalization strategies to balance risks and benefits in a complex and changing international environment; targeted research on internationalization paths and strategies of enterprises in different industries and sizes is not in-depth enough; how to further integrate multiple factors to build a more comprehensive theoretical framework for enterprise internationalization, etc., needs to be further explored in subsequent research.

1.3 Research Significance

Academic research on enterprises going overseas, such as Xiaomi, is relatively rare. This study will not only help Xiaomi further enhance its competitiveness in overseas markets and consolidate its market position but also provide practical suggestions for the overseas expansion of Chinese technology companies. It can promote the global layout and development of China's technology industry, and enhance the international influence of Chinese technology companies.

2 Methods

This study adopts case analysis, literature research, comparative analysis, and PEST analysis. Collect data and conduct in-depth research on the characteristics and patterns of Xiaomi's overseas expansion in mobile phones. Analyze the impact of macroeconomic environment, policy, and regulatory changes on the overseas expansion of enterprises. Explore cross-cultural management strategies in the process of overseas expansion of enterprises.

3 Results and Discussion

3.1 The process and actual results of enterprises' overseas expansion

Chinese enterprises' overseas expansion can be divided into four stages.

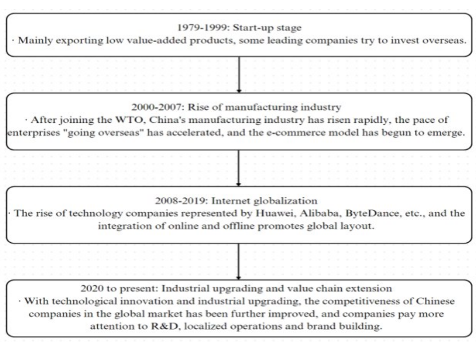

Figure 1 Flow chart of Chinese enterprises' overseas expansion

Data show that the total amount of China's imports and exports of goods is on an upward trend, and China's foreign trade imports are relatively resilient. This has enhanced the confidence of enterprises to go overseas, and the internationalization of Chinese enterprises will continue to increase.

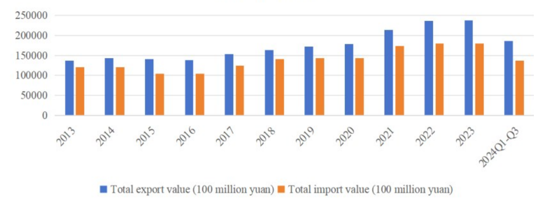

Figure 2 Total import and export volume of goods in China from 2013 to Q3 2024

Data source: National Bureau of Statistics, iiMedia Data Center

Xiaomi is the first domestic start-up technology company to expand its business using the smartphone Internet and has achieved rapid development through the implementation of an internationalization strategy. Xiaomi started in the Singapore market and gradually entered the international market.

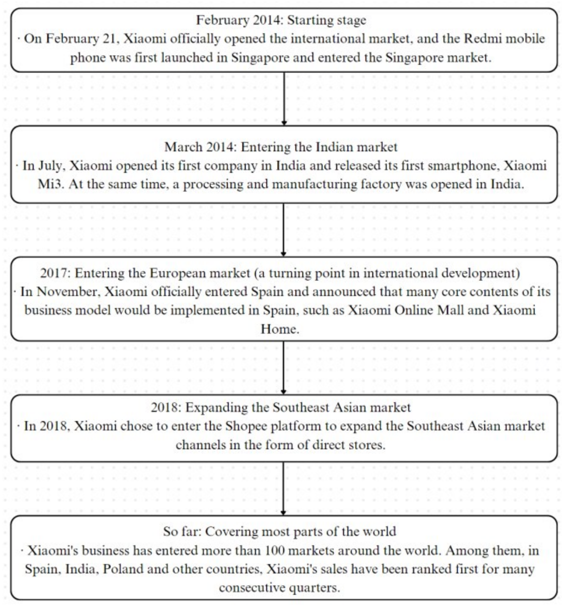

Figure 3 Flow chart of Xiaomi' overseas expansion

Data show that Xiaomi's overseas expansion has achieved remarkable results.

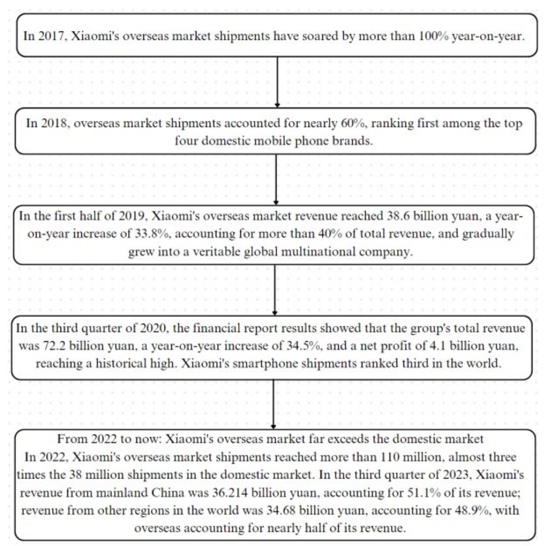

Figure 4 Flow chart of results of overseas expansion of Xiaomi

3.2 Specific layout direction of going overseas

3.2.1 Layout

Xiaomi mobile phones have all major markets in the world and maintain a leading position in these markets. In the third quarter of 2024, Xiaomi's mobile phone market share ranked in the top three in 52 markets around the world and the top five in 69 markets.

Table 1 Xiaomi smartphone shipment ranking in all major markets in the world in Q3 2024

All major markets in the world	Ranking of smartphone shipments in Q3 2024
Middle East	NO.2
Europe	NO.3
India	NO.3
Africa	NO.3
Latin America	NO.3
Global	NO.3
Mainland China	NO.4
Southeast Asia	NO.4

Data source: Xiaomi financial report

Xiaomi's financial report shows that mainland China's overseas revenue mainly comes from Europe and India.

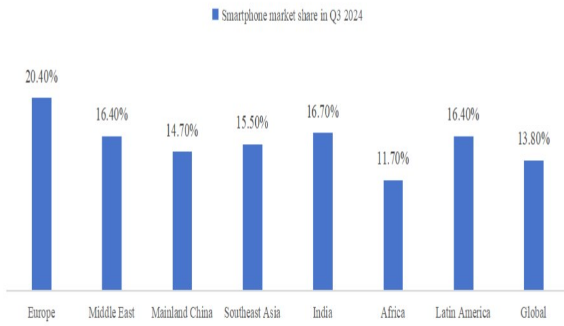

Figure 5 Smartphone market share in Q3 2024

Data source: Xiaomi financial report

3.2.2 Opportunities to enter the Indian and European markets

In the process of global market expansion, Xiaomi Group has implemented a differentiated market entry strategy by building a PEST framework.

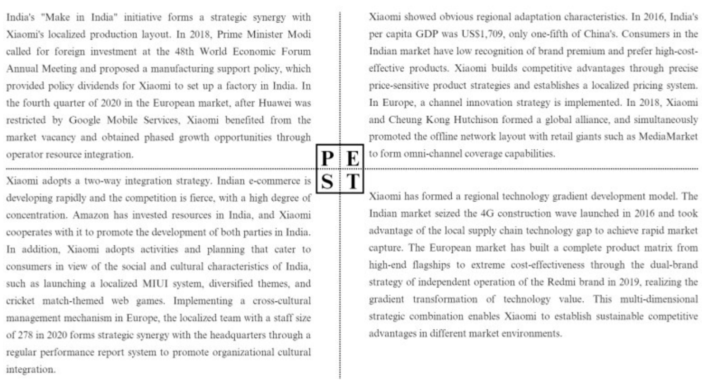

Figure 6 PEST analysis of Xiaomi' strategy to enter the Indian and European markets

3.2.3 Expansion strategy for the Indian and European markets

For the two differentiated markets of India and Europe, Xiaomi Group should adopt a differentiated market penetration strategy.

From the perspective of economic level, India is an emerging market dominated by middle- and low-income groups. Xiaomi builds competitive advantages through two paths. First, Xiaomi will launch a series of cost-effective models of the Redmi series to accurately meet the needs of the middle class and ordinary consumers for low-priced, high-performance products. In addition, Xiaomi should establish more localized production bases, use India's labor cost advantages to reduce production costs, and form price competitiveness. In comparison, the high-income characteristics of mature European markets require product strategies to shift to high-end. Xiaomi not only needs to meet the market's price increase but also needs to strengthen product quality and technology premium capabilities through technological innovations such as high-performance processors and multi-camera systems.

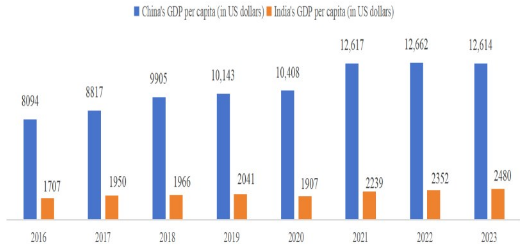

Figure 7 GDP per capita of China and India (in US dollars)

Data source: Kuaiyi Finance Network

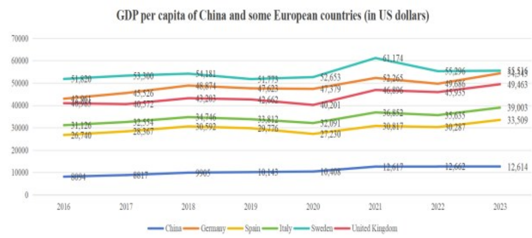

Figure 8 GDP per capita of China and some European countries (in US dollars)

Data source: Kuaiyi Finance Network

From a cultural perspective, India has significant language diversity, with more than 150 ethnic languages and dialects. Xiaomi can improve product accessibility by upgrading its multi-language system support. The European market's high attention to environmental issues has prompted Xiaomi to implement sustainable development initiatives such as packaging material reduction and old machine recycling plans, which are in line with the value demands of local consumers.

From the perspective of consumer preferences, Indian users' core demand for mobile devices focuses on battery life and network stability to cope with the imbalance of infrastructure development. Therefore, Xiaomi should focus on optimizing battery performance and strengthening signal reception technology. The European market shows a trend of consumption upgrading, and consumers have higher requirements for imaging systems, industrial design, and brand premium. Xiaomi can continue to improve product competitiveness by introducing multi-camera arrays and AI image processing algorithms.

This strategy system reflects the typical path for Xiaomi to build competitive advantages in economic stratification positioning, cultural adaptation innovation, and demand response iteration in global market expansion.

3.3 Advantages and disadvantages of going overseas

3.3.1 Advantages

Xiaomi has subdivided the mid-to-high-end Xiaomi mobile phones and the entry-level Redmi mobile phones. In addition, Xiaomi continues to increase its investment in technology research and development. From 2021 to 2025, Xiaomi has invested 105 billion yuan in research. It plans to invest another 30 billion yuan in 2025. In core technology, Xiaomi has made a series of breakthroughs. In terms of processor performance, the performance of the self-developed Surge chip has been continuously improved. The imaging system launched in the camera function has been widely praised, and the fast charging technology is at the leading level in the industry. In addition, its self-developed MIUI operating system has more than 564 million monthly active users worldwide. It provides strong technical support for the promotion of Xiaomi products in the global market.

In addition, Xiaomi has demonstrated significant advantages in going overseas with its diversified development. It has built a huge product ecosystem. As of 2023, Xiaomi has become the world's largest consumer IoT platform, with 655 million connected devices and 13 million users with 5 or more Xiaomi IoT devices. At the same time, Xiaomi's IoT ecosystem covers more than 200 categories of smart home appliances, which can meet more than 95% of life scenario needs. In many key areas, Xiaomi is in a leading position in the industry, as Xiaomi TV ranks first in both the Chinese and Indian markets. Xiaomi home routers have accumulated sales in the top three in the world. With the overseas expansion of products such as Xiaomi Automobile, Xiaomi's market competitiveness has been further expanded. Xiaomi's product ecosystem improves the user experience of mobile phones through device interconnection. In addition, Xiaomi has enhanced user stickiness with the closed-loop effect of the product ecosystem. In addition, Xiaomi has strengthened its brand image by using the synergy of the brand ecosystem, which ultimately played a positive role in increasing the overseas sales of Xiaomi mobile phones.

Table 2 Xiaomi's IoT ecosystem

Product categories	Specific products	Product categories	Specific products
Smart home	Smart lighting,Smart switches,Smart security,Smart temperature control,Smart life, etc.	Kitchen appliances	Xiaomi rice cooker,Xiaomi induction cooker,Xiaomi electric kettle,Xiaomi juicer, etc.
Smart wearables	Xiaomi bracelet series,Xiaomi watch series,Xiaomi earphone series,Xiaomi smart glasses, etc.	Personal care	Xiaomi hair dryer,Xiaomi electric toothbrush, etc.
Smart office	Xiaomi notebook series,Xiaomi tablet series,Xiaomi printers, etc.	Travel products	Xiaomi car,Xiaomi electric scooter,Xiaomi balance car, etc.
Smart audio and video	Xiaomi TV series,Xiaomi projectors,Xiaomi speakers, etc.	Other peripherals	Xiaomi mobile power bank,Xiaomi charger,Xiaomi router,Xiaomi camera gimbal, etc.

3.3.2 Disadvantages

In the process of globalization, Xiaomi Group faces multiple structural challenges. First, the high-end process of Xiaomi's brand has been hindered, resulting in continued pressure on profit margins. Xiaomi's low-priced products account for a large proportion. And according to Catalyst's second quarter 2024 data, in the high-end smartphone market above $600, Apple (52%) and Huawei (30%) occupy a dominant position, and Xiaomi only has a 4% share, which is the same as Vivo and Honor. Although the long-term cost-effective strategy has helped it quickly occupy the mid-and low-end markets, it has also led to the solidification of the brand image and the formation of "price-sensitive" consumer perception. This market positioning has made Xiaomi's product gross profit margin lower than the industry average for a long time, which has seriously restricted its R&D investment capacity.

Table 3 Cumulative shipment structure of mobile phone manufacturers in the Chinese market in the first four months of 2022

Price List	Xiaomi	Apple	Huawei	VIVO
＞8000	0	0.345	0.096	0
5000-8000	0.025	0.579	0.276	0.012
4000-5000	0.047	0.065	0.067	0.024
3000-4000	0.086	0.008	0.112	0.104
2000-3000	0.265	0	0.299	0.263
1000-2000	0.375	0	0.143	0.588
＜1000	0.201	0	0.007	0.01

Data source: IDC

Xiaomi's supply chain management has significant fragility, and its core components are highly dependent on external parties. Taking chips as an example, the Snapdragon series processors are equipped in more than 70% of Xiaomi's high-end models. This single supplier structure contains greater risks in the context of fluctuations in the global semiconductor industry. In addition, Xiaomi's early products had some quality problems, such as the heating of mobile phones and poor battery life. These quality defects are prone to cause a crisis of trust in mature markets.

In terms of fan ecosystem construction, there is a significant development imbalance at home and abroad. A unique "Mi Fan Culture" has been formed in China, and the ip of chairman of Xiaomi Group has a strong influence on platforms such as Douyin (40.12 million fans) and Weibo (25.468 million fans). The 2023 annual speech attracted more than 200 million viewers, building a three-dimensional brand recognition system of "product-emotion-value". On February 18, CCTV's "News Network" broadcast related content and interviewed chairman of Xiaomi Group. In contrast, the overseas market has not yet established an effective fan cultivation mechanism. At present, overseas brand communication mainly relies on the personal exposure of executives, such as his participation in the 2024 Paris Olympics, and lacks a systematic fan operation strategy.

3.4 Opportunities and challenges of going overseas

3.4.1 Opportunities

The global smartphone market has a very promising prospect. According to relevant data, the market size is expected to exceed 1309 million units in 2025. With the continuous acceleration of the digitalization process, it provides a broad market space for smartphone companies. In addition, the domestic policy environment is constantly favorable. To support enterprises to "go global", the Chinese government has introduced a series of policy measures, such as simplifying the overseas investment approval process, providing tax incentives, and setting up special support funds. At the same time, the general trend of global trade liberalization has also created a favorable external environment for enterprises to conduct business globally.

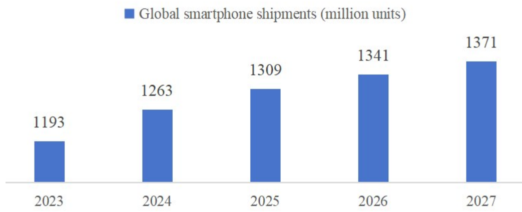

Figure 9 Global smartphone shipments (million units)

Source: IDC, 2023

3.4.2 Challenges

In the international market, Xiaomi faces fierce competition from many parties. On the one hand, international giants such as Apple and Samsung occupy most of the high-end market with their strong brand influence, advanced technology, and perfect marketing network. On the other hand, domestic brands such as OPPO and vivo are directly competing with Xiaomi in the mid and low-end markets.

Table 4 Global smartphone manufacturers market share

Manufacturers	2024 Q3	2023 Q3
Samsung	18%	21%
Apple	18%	17%
Xiaomi	14%	13%
OPPO	9%	10%
VIVO	9%	8%
Others	32%	32%

Source: Canalys smartphone analysis statistics (shipments), October 2024

In addition, Xiaomi's patent disputes are severe. As of 2024, Xiaomi's effective global patent families account for only 4.62%, ranking eighth in the world, far lower than other mobile phone brands such as Huawei. In overseas markets, especially patent-intensive markets such as Europe and the United States, Xiaomi frequently encounters patent lawsuits. This may not only lead to high patent licensing fees but also hurt Xiaomi's brand image and market share.

Table 5 The Top10 patent holders' percentage of valid global patent families in 2024

2024 rankings	TOP10 patent holders	Percentage of valid global patent families
1	Huawei	0.1242
2	Qualcomm	0.0943
3	LG	0.0825
4	Samsung	0.0817
5	ZTE	0.0697
6	Ericsson	0.0686
7	Nokia	0.0669
8	Xiaomi	0.0462
9	OPPO	0.0436
10	Datang	0.0378

Source: China Academy of Information and Communications Technology

At present, the global geopolitical situation is complex, which brings many uncertainties to the international business of enterprises. For example, the US sanctions on Chinese technology companies may restrict Xiaomi's development in the US market and hurt its global supply chain and sales channels. In addition, the trade protectionism policies of other countries may also have an impact on Xiaomi's overseas business.

Xiaomi's after-sales service system in overseas markets lags. Improving this aspect requires a lot of human, material,

Table 6 Number of Chinese entities included in the Entity List

Year	Trump Administration	Year	Biden Administration
2018	44	2021	81
2019	111	2022	68
2020	148	2023	156
		2024	14
Total	306	Total	319

Source: BIS

and financial resources. This is a huge challenge to Xiaomi's operational and resource allocation capabilities. In addition, factors such as laws and regulations and cultural differences in different countries and regions also increase the difficulty of building an after-sales service system.

In summary, Xiaomi faces both huge market opportunities and many challenges in the process of going overseas. In the future, Xiaomi should further strengthen technological innovation and enhance patent reserves; optimize the global supply chain layout and reduce geopolitical risks; increase the construction of the after-sales service system and improve user satisfaction; at the same time, actively implement localization strategies and strengthen brand building to achieve greater development in the fierce international market competition.

4 Conclusion

This study focuses on the overseas strategy of Chinese technology companies, taking Xiaomi Group as a typical case, and analyzes its global market development results, expansion paths, competitive strategies, and development challenges. This study verifies the applicability of the integrated framework of "institutional theory-resource-based view" in explaining the internationalization path of emerging market companies and finds that the dynamic matching of political connections and technological resources is the key mechanism for Xiaomi to break through the market barriers of developed countries.

This study has application value. At the technical level, its technology combination of "Surge chip + imaging system + MIUI ecosystem" provides a feasible path for domestic mobile phones to break through the technological blockade. At the strategic level, the dual-brand operation and omni-channel integration model can be replicated and promoted to other technology companies. At the policy level, it verifies the feasibility of Chinese companies to achieve global value chain upgrading through capacity cooperation under the "Belt and Road" initiative.

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