

Exploration of Xiaomi's Automotive Marketing Strategy

Yiya Wang

Nanjing New Oriental School,
Nanjing, China

*Corresponding author:
notbellaaaa@icloud.com

Abstract:

In 2024, the competition in the Chinese automobile market is fierce, and new first tier cities, as important consumer markets, are attracting various brands to make efforts. Xiaomi has entered the automotive industry as a technology company and launched its first product, the Xiaomi SU7. The 21-45 age group is the main force of car consumption, and it is of great research significance for Xiaomi to shape and market its brand for this target customer group in new first tier cities. This study focuses on the brand building of Xiaomi cars and the marketing strategy of its first product, Xiaomi SU7. Through in-depth analysis of questionnaires, interviews, literature, and social media data collection, explore their impact on target customers aged 21-45 in China's new first tier cities. Research has found that Xiaomi Automobile has successfully gained popularity through marketing, using price suspense and a close-to-public brand image to spark widespread discussion. And its targeted promotion to the target customer group has played a considerable role, in accurately reaching the target audience. The results indicate that Xiaomi Automobile's brand building and marketing strategies have effectively attracted consumers in new first-tier cities who pursue intelligent technology, and focus on quality and cost-effectiveness. It provides effective references for the market expansion of similar car brands.

Keywords: Marketing, New energy vehicles, Brand Building, New First Tier city.

1. Introduction

The benefits of the development of technology and the increase in production scale, the prices of new energy vehicles have gradually decreased, attracting more consumers while the market has also begun to rise. More and more car brands entering the market

have led to increasingly fierce competition. Brands need to accurately target their customers and develop different marketing strategies for different sales locations and types of customers to enhance competitiveness.

New energy vehicles need to shape diversified brand connotations, increase brand awareness through mar-

keting, establish brand trust and loyalty, and adapt to market changes [1]. Due to the rapidly growing purchasing power in new first tier cities, consumer groups in these cities have become key target customers for enterprises. The main consumer group for new energy vehicles is young and high-income individuals, as they are more concerned about environmental protection and technology [2].

Due to the severe market situation, brands need more successful and innovative marketing and shaping strategies [3]. This study will take Xiaomi Automobile as an example to analyze the impact of Xiaomi's brand building and marketing strategy for its first product, Xiaomi SU7, on attracting target customers aged 21-45 in first tier cities in China such as Beijing between March and July 2024. By analyzing the success of Xiaomi Automobile, this study aims to provide new ideas for brand building and marketing strategies in the new energy vehicle market and enhance the effectiveness and suitability of our strategies.

2. Methods

Multiple research methods were applied to ensure the comprehensiveness and scientificity of the study.

2.1 Questionnaire Survey Method

A questionnaire containing multiple dimensions was used. It covered consumers' perception of Xiaomi automobile's brand image, understanding of Xiaomi SU7 product features, purchase intention, and factors influencing purchase decisions. A total of 20 questions were set up. For sample selection, through stratified random sampling, consumers aged between 21 and 45 with potential car purchasing needs were selected as survey subjects in new first tier cities. Data collection was carried out through online and offline questionnaire platforms in July 2024. Within one

week, 100 valid questionnaires were successfully collected. Statistical software was then used to conduct detailed descriptive statistical analysis, correlation analysis, and regression analysis on the questionnaire data to reveal the relationships between variables.

2.2 Interview Method

Five potential customers of Xiaomi Automobile aged 21-45 in new first tier cities were selected as interviewees, including teachers, college students, and bank employees, etc. An interview outline was developed around core issues such as Xiaomi Automobile's brand positioning, marketing campaign effectiveness, and target customer feedback. In July 2024, the interviews were conducted through a combination of face-to-face, telephone, and video call interviews, with each interview lasting approximately 60 minutes. The interview content was recorded in writing and key information was extracted through topic coding and content analysis methods.

2.3 Literature and Social Media Search and Information Collection

The author extensively collected academic literature, research reports, and professional books related to the automotive industry to understand the theoretical basis and latest research results of brand building and marketing strategies. Additionally, social media platforms were also searched for relevant discussions and feedback on Xiaomi Automobile and its SU7 model to gain a more comprehensive understanding of public opinion and market trends.

3. Results and Discussion

3.1 The Popularity and Reasons of Xiaomi Cars

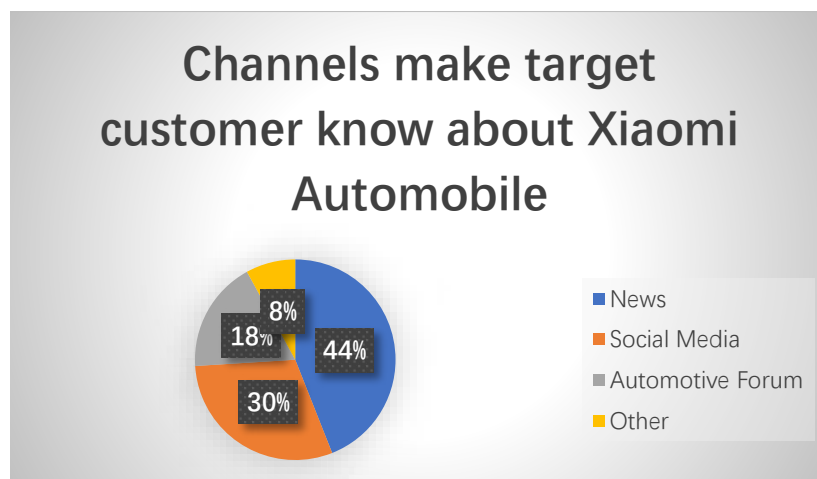


Fig. 1 Channels make target customers know about Xiaomi automobile

Among the 100 questionnaires, 85% of the target customers stated that they knew about Xiaomi Automobile through different channels. The proportion of channels make target customer know about Xiaomi Automobile is shown in Fig.1. The largest proportion is obtained through news, followed by social media and automotive forums. The high popularity and extensive coverage by news media are due to Xiaomi's influence and customer base in the electronics field, and its CEO Lei Jun knows how to increase topicality. Lei Jun created a successful founder persona during the early stages of Xiaomi's development with telling business stories, which established a positive and approachable image for the brand. Lei Jun also always interacts with netizens. The release of the unveiling video of Xiaomi Automobile Factory and the invitation of approachable actor Zhang Songwen to endorse it have eliminated the distance between the brand and consumers and created a series of hot topics such as derivative sales of Lei Jun's same workwear and Lei Jun's interaction with Zhang Songwen [4]. The close interaction with car owners during the delivery ceremony of the first batch of Xiaomi SU7 further strengthened the brand and its entrepreneurial image.

3.1 Xiaomi Automobile's Marketing and Achievements

The main marketing direction of Xiaomi Automobile lies in their intelligent technology attributes, high cost-effectiveness, and appearance [5]. They have put forward a pioneering proposition and quantified price perception, prioritizing the promotion of some technologies that are not unique to Xiaomi Automobile to influence customer purchasing decisions, making unfamiliar consumers believe that these are their unique advantages. For example, in terms of battery life, male customers are more concerned about the balance between price and performance, so this helps attract male target customers. Female customers are more concerned about the balance between comfort and price, so emphasizing sunscreen can help attract female customers [6].

5% of respondents showed an increase in purchasing desire after seeing advertisements, with the majority being

young consumers attracted by technological attributes and high cost-effectiveness. 30% of the respondents were not affected by the purchase intention after seeing the advertisement, because they have a fixed understanding of the car brand and need to know more about the actual product experience to further evaluate the brand reputation. 15% of the respondents showed a decrease in purchasing desire after seeing advertisements, partly due to doubts about brand awareness and technological strength, such as the fact that their accessories are not self-produced, they lack experience in automobile manufacturing, have technological differences compared to traditional automobile manufacturing brands, and their sales and service network is not yet perfect. Another part is that they feel that the brand's excessive advertising and frequent exposure to product information have directly led to a decrease in their sensitivity and interest in the product. 10% still hold a reserved opinion and require further observation.

Xiaomi Automobile has set price suspense by constantly emphasizing the relationship between price and the technical parameters and manufacturing processes of the car, in order to enhance consumers' expectations of price. Lei Jun intends to focus on the highest configuration Xiaomi SU7 Max version, as its configuration is more high-end, highlighting Xiaomi Automobile's advantages and innovation capabilities in automotive technology, attracting consumers with high requirements for automotive performance and technology, and making the car look more cost-effective [7]. The company also utilized the principle of similarity, as the Max version bears some resemblance to Porsche. The company leverages consumers' positive impressions and emotional connections with Porsche to enhance Xiaomi Automobile's image and appeal in the minds of potential customers [8].

The survey results show that 75% of respondents position Xiaomi automobile as mid-range cars, with a minimum expected price of 195,000 yuan and a maximum expected price of 255,000 yuan for Xiaomi cars. The price suspense of Xiaomi cars has always been a hot topic on the internet. The final price of the car is 215,900 yuan for the lowest configuration, 245,900 yuan for the medium configuration, and 299,900 yuan for the highest configuration.

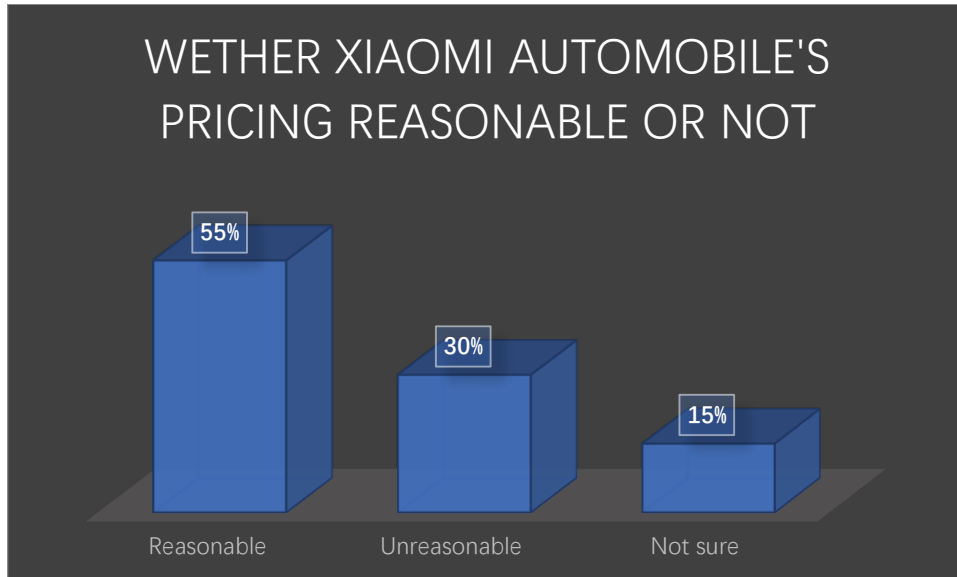


Fig. 2 Whether Xiaomi automobile’s pricing reasonable or not

The proportion of target customers’ opinions of whether Xiaomi Automobile’s pricing is reasonable or not has shown in Fig.2. Regarding the pricing of the Xiaomi SU7 series, 55% of respondents believe that the price is reasonable, 30% believe it is unreasonable, and 15% express uncertainty about whether the price is reasonable. Overall, the price meets expectations. 61% of respondents indicat-

ed that price is the most important factor affecting their purchase, 29% stated that it is not the only factor, and 10% stated that price has no impact. They place greater emphasis on the performance and brand of the vehicle. Due to the fact that 61% of respondents are more concerned about price, Xiaomi Automobile’s marketing on price can be adjusted accordingly.

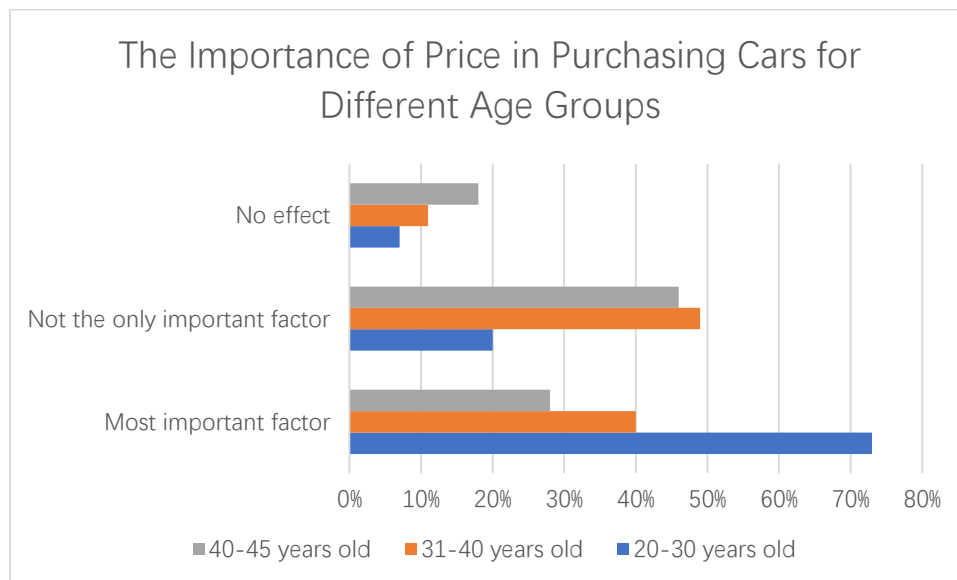


Fig. 3 The importance of pricing in purchasing cars

As shown in Fig.3, the importance of price decreases with age among the respondents. Through the analysis of the age profile of the surveyed individuals, it was found that the majority of those aged 21-30 are students, newcomers to the workplace, or ordinary employees, who are more affected by prices because they do not have a stable in-

come or have low income. They place more emphasis on appearance and intelligent configuration; Middle managers and executives aged 31-40 are less affected by prices and pay more attention to high-end configurations and brand value; Among the 40-45 age group, price is not the primary factor. They are more concerned about the sta-

bility and safety of cars. Therefore, it can be concluded that as they age, the target customers' sensitivity to price decreases. Entrepreneurs and self-employed individuals span the above age groups. Entrepreneurs are less affected by price. They place greater emphasis on brand image and improving work efficiency. Individual operators will be influenced to some extent by price, i.e. considering practicality and cost.

4. Specific Cases in the Interview

In one of the interviews, a 27-year-old male bank manager from a new first tier city stated that he had been observing for a long time. He frequently saw large advertisements for Xiaomi Automobile in the bustling commercial district of Nanjing and was attracted by their technological sense and youthful brand image, which left a deep impression on him. He often brushes information about Xiaomi SU7 on social media platforms such as Weibo and TikTok, which deepens his brand awareness of Xiaomi Automobile. He believes that Xiaomi Automobile's brand image conforms to his identity as a young professional. Xiaomi automobile held multiple brand offline test drive events in Nanjing. After experiencing the advanced intelligent driving assistance system of the vehicle, he was attracted and ultimately paid for the discounted car purchase policy and after-sales service package.

However, there's also a failure case in the interview. The other respondent experienced a car malfunction during a test drive. This incident caused him to lose confidence in the brand and product quality.

Xiaomi Automobile can make changes to further enhance its brand image and market competitiveness. For example, increasing investment in technology research and innovation, improving the quality of after-sales service. Optimizing advertising strategies, and emphasizing their quality and accuracy are also very practical [9].

5. The Market Environment of New First Tier Cities and the Achievements of Xiaomi Automobile

The economic development level and residents' income level of new first tier cities are relatively high, consumers have strong purchasing power, and consumers in new first tier cities have high brand awareness and sensitivity. The evaluation criteria for new first tier cities in this study are based on the "City Business Charm Ranking" released by the "New First tier City Research Institute" under the First Financial Group. Local media reports in new first tier cities and feedback from social media users on Xiaomi

Automobile are generally positive, which provides convenience and space for the development of emerging mid-range car brands. From April 1st to 30th, 2024, in the first month sales of Xiaomi SU7, Hangzhou, Wuhan, Nanjing and other 9 new first tier cities all entered the top 20 cities in terms of sales, accounting for 60% of the total sales, with a total sales volume of 2998 units [10]. The proportion of customer profiles aged 25-35 is relatively high. As this indicates that Xiaomi Automobile has captured the target customer group in new first tier cities, it further reflects the success of Xiaomi Automobile's initial brand building and marketing.

There are not many sales statistics of Xiaomi Automobile in new first tier cities, and many of the data from March to July have not been made public on the official website, so it can only be analyzed through existing data. Judging from its first month sales, the publicly announced national lock up volume of 88100 as of April 30th, and the weekly delivery volume of 3300 vehicles by Xiaomi Automobile on June 25th, Xiaomi Automobile's momentum is steadily increasing, and its customer base in new first tier cities is also growing. For Xiaomi's long-term development in the future, the brand still needs further improvements. One of the most important factors is to accurately target different customer groups with appropriate amounts of specific content. Over advertising may cause resentment. Focusing on marketing its advantages - intelligent technology and high cost-effectiveness is enough. Devote excess energy to enhance its weak supply and technological aspects can keep its competitiveness. Attracting customers with strength is the key to long-term development [11].

6. Conclusion

Xiaomi Automobile has a high level of popularity among its target customers, and its brand building and marketing strategies have achieved significant results. It is mainly disseminated through news, social media, and automotive forums, using price promotion strategies targeting customers of different genders and ages. The main marketing directions are intelligent technology, high cost-effectiveness, and appearance. Price is the main factor affecting purchasing, and different age groups and groups have different sensitivity and concerns about price. Most respondents position it as a mid-range car. Consumers in new first tier cities have high brand awareness and sensitivity, with positive feedback. Xiaomi Automobile has performed well in new first tier cities and has a good development trend.

Xiaomi Automobile still has some disadvantages in brand building and marketing. Some consumers have doubts about brand awareness and technological strength, such as non-self-produced parts, lack of automotive manufactur-

ing experience, differences in technology from traditional brands, and incomplete sales and service networks. Meanwhile, excessive advertising placement has led to a decrease in sensitivity and interest among some consumers towards the product.

This study provides a reference for Xiaomi Automobile to understand its own market performance and consumer feedback, which helps optimize marketing strategies and product positioning and enriches research on the automotive consumption market in new first tier cities. It also serves as a reference for other emerging automotive brands to understand how to attract target customers in a fiercely competitive market.

The limitation of this study is that the data sources mainly rely on questionnaires, interviews, and public information, which may not be comprehensive and in-depth enough. The relatively small sample size of the survey may affect the generalizability of the conclusions. The research time range is limited, making it difficult to reflect long-term trends.

The future research direction of this study can expand the research scope and sample size to cover more cities and consumer groups. Simultaneously tracking long-term data, analyzing the long-term market performance of Xiaomi cars and changes in consumer attitudes, and conducting in-depth research on the specific impact mechanisms of different marketing strategies on consumer purchasing behavior. Further exploration of the market effects of Xiaomi's improvements in supply and technology will be of great value for the study of the new energy vehicle market.

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Appendix:

Appendix A - Survey Questionnaire

Questionnaire questions:

1. Have you heard of Xiaomi Automobile?
A. Yes B. No
2. What is your age?
A. 21-25 years old B. 26-30 years old C. 31-35 years old
D. 36-40 years old E. 41-45 years old
3. Does your city belong to the new first tier cities?
A. Yes B. No
- Do you know about the Xiaomi SU7 model?
A. Understand B. Do not understand
5. How did you learn about Xiaomi Automobile? (Multiple Choice)
A. News B. Automotive Forum C. Social Media D. Other
6. What is your impression of Xiaomi's brand image?
A. Young and fashionable B. Technological intelligence
C. High cost-effectiveness D. Reliable quality E. Other
7. Do you think price is the only important factor affecting the purchase of Xiaomi cars?
A. Yes B. No C. It's not an important factor
8. What is your price expectation for Xiaomi SU7?
A. 100,000 to 150,000 yuan B. 160,000 to 200,000 yuan
C. 210,000 to 250,000 yuan D. 260,000 to 300,000 yuan
E. Over 300,000 yuan
9. Would you consider purchasing the Xiaomi SU7?
A. Yes B. No C. Not sure
10. What are the main factors that affect your purchase of Xiaomi SU7? (Multiple Choice)
A. Brand awareness B. Vehicle performance C. Price D. Configuration
E. After sales service F. Other
11. Do you think Xiaomi's marketing activities can attract you?

- A. Yes B. No
12. Have your purchasing desires changed after seeing the advertisement?
A. Increased desire B. No change C. Decreased desire
13. What do you think of the market competitiveness of Xiaomi SU7 in new first tier cities?
A. Very strong B. Average C. Weak
14. What is your impression of Xiaomi Auto's offline experience store?
A. Good B. Average C. Bad
15. Have you paid attention to Xiaomi Auto's online promotional activities?
A. Follow B. Do not follow
16. Do you think Xiaomi's after-sales service guarantee can give you peace of mind?
A. Good B. Average C. Bad
17. What do you think are the advantages of Xiaomi SU7 compared to other models in the same price range? (Multiple Choice)
A. Intelligent technology B. Brand reputation C. Interior design D. Price E. Other
18. Do you think Xiaomi's car pricing is reasonable?
A. Reasonable B. Unreasonable
19. What is your opinion on the future development prospects of Xiaomi Automobile?
A. Optimistic B. Average C. Not optimistic
20. Do you have any suggestions for brand building and marketing strategies for Xiaomi Automobile?

Appendix B - Interview Outline

Basic information of the interviewee

1. Name
2. Age
3. Occupation
4. City of residence

Cognition of Xiaomi Automotive Brand

1. Have you heard of Xiaomi Automobile before? What channel did you learn about it through?
2. What is your impression of Xiaomi Automobile 's

brand image?

3. What do you think are the advantages and disadvantages of Xiaomi Automobile in brand building?

Opinions on Xiaomi SU7 model

1. What is your evaluation of the exterior, interior, and configuration of the Xiaomi SU7 model?
2. Do you think the price of Xiaomi SU7 is reasonable?
3. What are the competitive advantages of Xiaomi SU7 compared to other cars of the same type?

The impact of marketing activities

1. Have you participated in marketing activities for Xiaomi Automobile, such as test drives, online interactions, etc? How do you feel?
2. What marketing activities have left a deep impression on you? Why?
3. How much impact do you think Xiaomi Automobile 's marketing activities have on your purchasing decisions?

Purchase intention and considerations

1. Do you have the intention to purchase Xiaomi SU7? If so, what are the main reasons? If not, what are the main obstacles?
2. What are the factors that you are most concerned about when considering purchasing a new energy vehicle?
3. How do you think Xiaomi Automobile has done in meeting your needs?

Opinions on the Market of New First tier Cities

1. What do you think of Xiaomi Automobile's market prospects in new first tier cities?
2. What are the characteristics of consumers in new first tier cities when it comes to car purchases? Does Xiaomi Automobile meet these characteristics?
3. Do you have any suggestions for promoting and selling Xiaomi Automobile in new first tier cities?

Other

1. What are your expectations for Xiaomi Automobile's future product planning and development direction?
2. Do you have any other ideas or suggestions about Xiaomi Automobile?