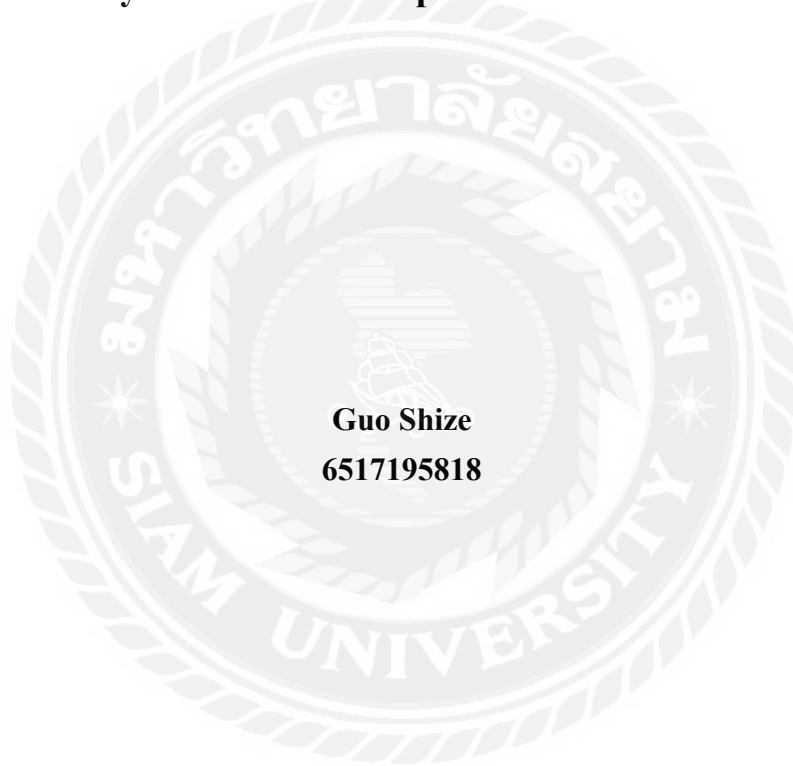




A Study of Xiaomi's Competitiveness in Thailand



Guo Shize
6517195818

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION
GRADUATE SCHOOL OF BUSINESS
SIAM UNIVERSITY**

2024



A Study of Xiaomi's Competitiveness in Thailand

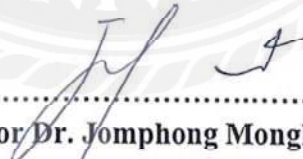
Guo Shize
6517195818

This Independent Study Has Been Approved as a Partial Fulfillment of the
Requirements for the Degree of Master of Business Administration

Advisor.....

(Dr. Zhang Li)

Date: .../0.../...1.../...2565...

.....
(Associate Professor Dr. Jomphong Mongkhonvanit)
Dean, Graduate School of Business

Date.....6...3.../...2568.....

Title: A Study of Xiaomi's Competitiveness in Thailand
Researcher: Guo Shize
Degree: Master of Business Administration
Major: International Business Management

Advisor:



.....
(Dr. Zhang Li)

..... 10 / 1 / 2025

ABSTRACT

As a world-leading smartphone and home appliance manufacturer, Xiaomi has achieved remarkable results in the Thai market in Southeast Asia. As the second largest economy in Southeast Asia, Thailand has strong demand for smart devices and home appliances. Xiaomi has attracted a large number of consumers with its cost-effective products. However, as market competition intensifies, the competitive pressure from Samsung, Apple and local brands has gradually increased, and supply chain fluctuations and threat of substitutes have further affected its market performance.

The objectives of this study were to analyze the competitiveness of Xiaomi in Thailand through Porter's Five Forces Model and to provide suggestions to Xiaomi in Thailand in order to improve its competitiveness. This study adopted a literature review approach and relied mainly on secondary data sources, including market research reports, company annual reports, and publicly available statistical data.

The study found that Xiaomi's main competitive advantage in Thailand lies in its high cost-performance ratio and wide coverage of the mid- and low-end markets, but its performance in the high-end market is not as good as Samsung and Apple. In addition, the rapid growth of tablets and smart home devices poses a potential threat to its market share. In terms of supply chain, the global chip shortage has led to increased bargaining power of suppliers, thereby increasing Xiaomi's production costs.

Although Xiaomi is highly competitive in the Thai market, it needs to enter the high-end market by improving its brand image and product innovation. At the same time, Xiaomi should continue to optimize its supply chain management, enhance its ability to cope with supply chain fluctuations, and implement more targeted localization strategies to meet the needs of Thai consumers.

Keywords: Xiaomi corporation, Thailand market, Porter's Five Forces Model, competitiveness analysis

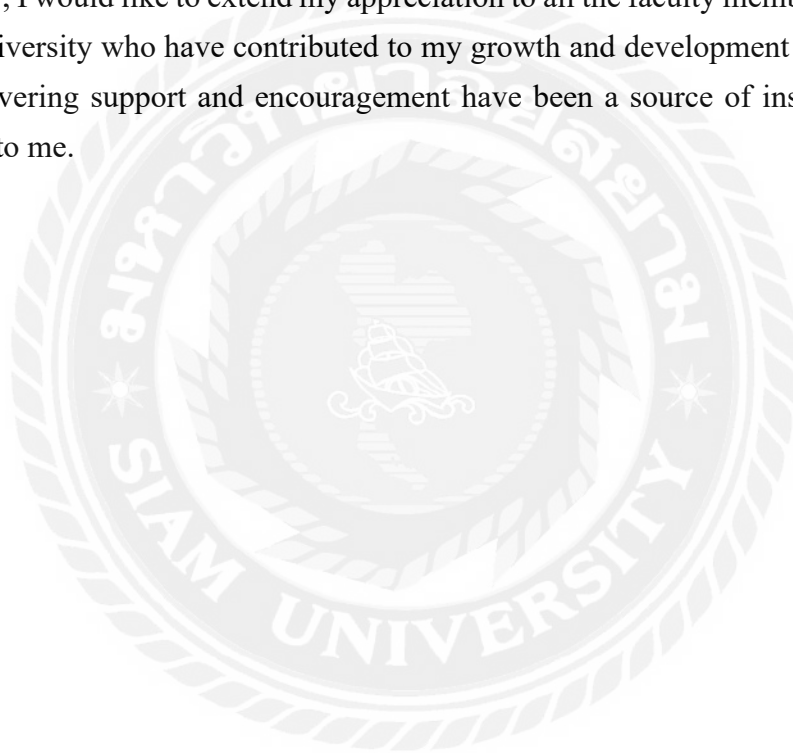
ACKNOWLEDGEMENT

I would like to express my deepest gratitude to my advisor for his invaluable guidance, support, and encouragement throughout my Independent Study. His insightful comments and constructive criticism have significantly improved the quality of my work.

Additionally, I am grateful to Associate Professor Dr. Jomphong Mongkhonvanit, Dean, Graduate School of Business, for his support and encouragement throughout my studies. His dedication to the graduate program and commitment to excellence have inspired me to strive for academic excellence.

Finally, I would like to extend my appreciation to all the faculty members and staff of Siam University who have contributed to my growth and development as a student. Their unwavering support and encouragement have been a source of inspiration and motivation to me.

Guo Shize



DECLARATION

I, Guo Shize , hereby declare that this Independent Study entitled “A Study of Xiaomi's Competitiveness in Thailand” is an original work and has never been submitted to any academic institution for a degree.

Guo Shize

(Guo Shize)

Sept 8, 2024



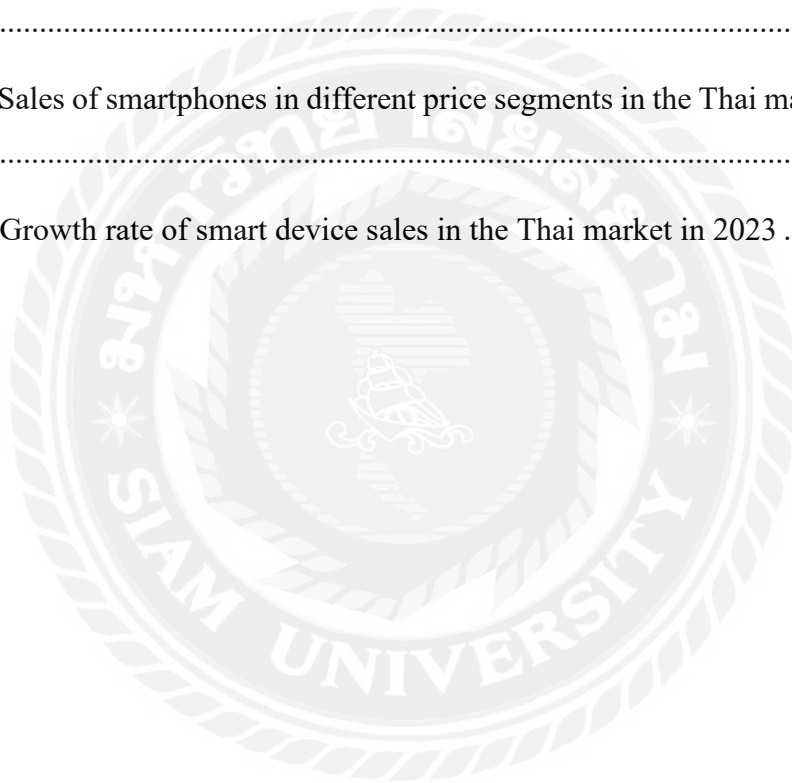
CONTENTS

ABSTRACT	I
ACKNOWLEDGEMENT	II
DECLARATION.....	III
CONTENTS	IV
LIST OF TABLES	VI
LIST OF FIGURES.....	VII
Chapter 1 Introduction.....	1
1.1 Background of the Study	1
1.2 Problem of the Study	3
1.3 Objectives of the Study	3
1.4 Scope of the Study.....	4
1.5 Significance of the Study.....	5
1.6 Definition of Key Terms	5
Chapter 2 Literature Review.....	7
2.1 Introduction	7
2.2 Literature review	7
2.2.1 Competitive Advantage	7
2.2.2 Market Entry Strategies.....	8
2.2.3 Porter's Five Forces Model.....	9
2.2.4 Brand Positioning	11
2.2.5 Internationalization Strategy.....	12
2.2.6 Localization Strategy.....	15
2.2.7 Xiaomi Corporation.....	17
2.2.7.1 Market share and competitor analysis	17
2.2.7.2 Sales data comparison	18
2.2.7.3 Consumer preference and brand loyalty	18
2.2.8 Introduction to Xiaomi's Products	18
2.2.9 Product Situation in the Thai market.....	19

2.2.10 Xiaomi’s Market Status in Thailand.....	20
2.2.10.1 Xiaomi brand positioning	20
2.2.10.2 Current situation of Thai consumers.....	21
2.2.10.3 Xiaomi's competitors	21
2.2.10.4 Xiaomi’s sales performance in the Thai market	22
2.3 Conceptual Framework	23
Chapter 3 Research Methodology	24
3.1 Research Design	24
3.2 Source of Data	24
3.3 Application of Porter's Five Forces Model.....	24
3.4 Data Analysis.....	24
Chapter 4 Findings and Discussion	25
4.1.1 Intensity of Competition among Existing Competitors.....	25
4.1.2 Threat of New Entrants.....	26
4.1.3 Threat of Substitutes.....	27
4.1.4 Bargaining Power of Suppliers.....	27
4.1.5 Buyer's Bargaining Power	28
4.2 Discussion.....	28
4.3 Summary of Results	30
Chapter 5 Conclusion and Recommendation.....	31
5.1 Conclusion.....	31
5.2 Recommendation.....	32
5.3 Further Study	32
References	35

LIST OF TABLES

Table 2.2.9 Thailand's Economic Growth Rate and Inflation Rate (2022-2024)	19
Table 2.2.10.1 Xiaomi's market share in smartphone and home appliance markets ...	20
Table 2.2.10.2 Distribution of consumers' evaluations of Xiaomi brand.....	21
Table 2.2.10.3 Market share distribution of major brands in the Thai market in the second quarter of 2023.....	22
Table 2.2.10.4 Trend of Xiaomi's market share in the Thai market from 2020 to 2023	22
Table 4.1.1 Sales of smartphones in different price segments in the Thai market in 2023	25
Table 4.1.3 Growth rate of smart device sales in the Thai market in 2023	27



LIST OF FIGURES

Figure 2.3 Conceptual Framework	23
---------------------------------------	----



Chapter 1 Introduction

1.1 Background of the Study

With the acceleration of globalization, multinational companies are increasingly competing in the international market. Xiaomi, as a well-known Chinese electronic product manufacturer, has risen rapidly since its establishment and has gained significant market share in many countries and regions. As an important market in Southeast Asia, the Thai market is of great strategic significance to Xiaomi's international business layout. However, facing strong international competitors such as Samsung and Apple, Xiaomi's competitiveness in the Thai market still has room for improvement. Therefore, studying Xiaomi's competitive advantages and challenges in the Thai market is of great practical significance for its future development.

As the second largest economy in Southeast Asia, Thailand has a population of nearly 70 million, and a high proportion of young people (World Bank. 2023). Young consumers have a high acceptance of new technologies and smart devices, providing a broad market for Xiaomi's smartphones, home appliances and other products. In addition, Thailand has a high Internet penetration rate and rapid development of e-commerce, which also provides favorable conditions for Xiaomi's online sales model. Thailand is located in the center of Southeast Asia and is an important hub connecting Asian countries. Its geographical location makes Thailand a strategic stronghold for Xiaomi to enter other Southeast Asian markets. By investing in Thailand, Xiaomi can not only directly enter the Thai market, but also radiate surrounding Southeast Asian countries and expand its influence in the entire region. Thailand and China have a close economic cooperation relationship, and the two countries have frequent exchanges in trade and investment. The Thai government actively attracts foreign investment and provides a series of preferential policies, which creates a good environment for Xiaomi's investment in Thailand. By investing in Thailand, Xiaomi can better utilize the cooperation mechanism between the two countries, reduce investment risks, and increase the success rate of market entry. In the Thai market, despite the competition from international brands such as Samsung and Apple, there is still a large space in the mid- and low-end smartphone market. Xiaomi has obvious competitive advantages in this market with its cost-effective products. In addition, Thai local brands and other international brands are relatively weak in technological innovation and product iteration, which provides an opportunity for Xiaomi to win market share through technological innovation and brand building. Thailand has a

relatively complete electronic manufacturing industry chain, and rich supply chain resources can provide support for Xiaomi's production and logistics. Thailand's infrastructure construction is relatively complete, and logistics and transportation are convenient, which helps Xiaomi improve supply chain efficiency and reduce operating costs.

There is a close relationship between competitiveness and Porter's Five Forces Model. Porter's Five Forces Model is a classic tool for evaluating industry structure and corporate competitiveness. By analyzing the five major competitive forces in the industry (suppliers' bargaining power, buyers' bargaining power, threats of potential entrants, threats of substitutes, and competitive intensity of existing competitors), this paper can comprehensively evaluate the competitive environment and competitiveness of enterprises (Porter, 1979).

In this study, Porter's Five Forces Model is used as the main theoretical framework for analyzing Xiaomi's competitiveness in the Thai market. By using Porter's Five Forces Model, this study can systematically analyze the various factors that affect Xiaomi's market performance, thereby identifying its competitive advantages and disadvantages in the Thai market. This analysis not only helps to deeply understand Xiaomi's market strategy, but also provides strong theoretical support for its future expansion and optimization in the Thai market.

Competitiveness refers to the unique advantages that an enterprise has over its competitors in the market. It can help enterprises stand out in the fierce market environment and gain and maintain market share. Competitiveness not only involves factors such as price, quality, brand, and technological innovation, but also includes the strategic planning, resource allocation, and operational efficiency of the enterprise. Enterprises with strong competitiveness are often better able to adapt to market changes, improve customer satisfaction, and thus achieve long-term sustainable development (Porter, 1985).

In this study, the role of competitiveness analysis is to help us deeply understand the market position and competitive advantages of Xiaomi in the Thai market. By analyzing Xiaomi's competitiveness, this paper can reveal how it maintains growth in a fiercely competitive market, especially when facing other strong competitors. This

analysis has important reference value for formulating and optimizing Xiaomi's market strategy.

1.2 Problem of the Study

In 2023, Xiaomi's performance in the Thai market was challenged by a series of challenges, especially in the competition with major competitors such as Samsung and OPPO, Xiaomi's market share showed a significant decline (Thailand Market Watch. 2023). According to Nikkei Asia, a Thai market research agency, Xiaomi's smartphone sales in the Thai market fell by about 10% in the first quarter of 2023 (Nikkei Asia. 2023). In addition, the new electronic product import policy introduced by the Thai government in early 2023 led to an increase in import tariffs, which increased the prices of many electronic products, including Xiaomi, further weakening its price advantage in the market (Thailand Economic Research Center. 2023). These problems not only affected Xiaomi's market performance, but also raised questions about its competitiveness in the Thai market. In order to address these issues, this paper will explore the reasons for Xiaomi's declining competitiveness in the Thai market through an in-depth literature review and propose possible solutions.

In terms of smartphone shipments, Xiaomi ranks third in the global smartphone market. The global market share is about 13.6%. Although Xiaomi has a certain market share in the Thai market, it is mainly concentrated in the mid- and low-end mobile phone market (Counterpoint Research. 2023). In contrast, in the high-end market, Xiaomi faces fierce competition from brands such as Samsung and Apple. These brands have stronger brand awareness and user loyalty in the high-end market. Xiaomi has been trying to attract consumers by providing cost-effective products, but this has also led to its brand being seen as "cost-effective" rather than "high-end" for a long time. Although Xiaomi is working hard to enhance its high-end image through technological innovation and cooperation with brands such as Leica, this road is full of challenges.

Xiaomi's low brand awareness and market share in the Thai furniture market puts it at a disadvantage when competing with local brands and other international brands. Thai consumers have a high degree of trust in local brands, and Xiaomi, as a newer entrant, needs more time and resources to build brand trust.

1.3 Objectives of the Study

The objectives of this study include:

1. To analyze the competitiveness of Xiaomi in Thailand through Porter's Five Forces Model.
2. To provide suggestions to Xiaomi in Thailand in order to improve its competitiveness.

1.4 Scope of the Study

The scope of this study is mainly focused on the competitiveness analysis of Xiaomi in the Thai market, which include its smartphones and home appliances sold in Thailand.

Based on Porter's Five Forces Model, the study explores the competitive pressure, market entry barriers, product substitution threats, and other issues faced by Xiaomi in the Thai market, and proposes strategic suggestions for Xiaomi to enhance its competitiveness in the Thai market. The study relies on more than 30 papers from academic journals, market research reports, and industry analysis, covering multiple research areas such as the competitive landscape of the smartphone industry, the economic and cultural characteristics of the Southeast Asian market, and the strategic transformation of Xiaomi.

In terms of products, this study mainly focuses on Xiaomi's smartphones and home appliances. These products are Xiaomi's core business in the Thai market and represent the main source of its brand competitiveness in this market. By analyzing the performance of these products in the Thai market, this study explores how Xiaomi can improve its market position. In addition, although Xiaomi is actively developing its automotive business, this study does not include the analysis of Xiaomi's automotive business because its automotive products have not yet officially entered the Thai market. This study mainly analyzes Xiaomi's performance in the Thai market between 2020 and 2023. The reason for choosing this time period is that Xiaomi has experienced several important market events and policy changes during this period, such as the impact of the COVID-19 pandemic on the supply chain, the policy adjustments of the Thai government, and the transformation of Xiaomi's product and market strategies. These events have had a profound impact on Xiaomi's competitiveness in the Thai market, so by studying this time period, this study can provide valuable insights into current and future market trends.

1.5 Significance of the Study

This study can provide strong support for academic research and corporate strategy formulation. On the theoretical level, this study conducts an in-depth analysis of Xiaomi's competitiveness in the Thai market. Although a large number of studies have explored the factors affecting corporate competitiveness, more empirical research is still needed on the competitive performance of specific companies in emerging markets, especially in rapidly developing Southeast Asian markets such as Thailand. By focusing on the specific case of Xiaomi in the Thai market, this study reveals factors such as market competition intensity, consumer preferences, supply chain management, and government policies that affect corporate competitiveness, thereby providing a new perspective for the theory of international market competitiveness.

On the practical level, this study provides an important reference for Xiaomi's strategic formulation in the Thai market. As competition in the Thai market intensifies, Xiaomi needs to maintain its competitive advantage in a complex and changing environment. Through the analysis of market competition trends, changes in consumer demand, and the policy environment, this study proposes strategic suggestions that Xiaomi can adopt, such as optimizing product innovation, adjusting marketing strategies, and enhancing supply chain management, in order to enhance its competitiveness in the Thai market.

1.6 Definition of Key Terms

Xiaomi: A Chinese technology company that mainly produces smartphones, home appliances and other consumer electronics.

Competitiveness: refers to the ability of a company to maintain and increase its market share in a specific market, covering aspects such as product innovation, market positioning, and brand influence.

Thailand market: specifically refers to Xiaomi's smartphone and home appliance business in Thailand.

Porter's Five Forces Model: Porter's Five Forces Model is a strategic management tool proposed by Michael E. Porter in 1979 to analyze industry competition intensity and market attractiveness. The model evaluates competitiveness in the market environment through five key factors: competitors within the industry, potential entrants, threat of substitutes, bargaining power of suppliers, and bargaining power of buyers. By analyzing these five factors, companies can better understand their position in the market and develop effective competitive strategies.

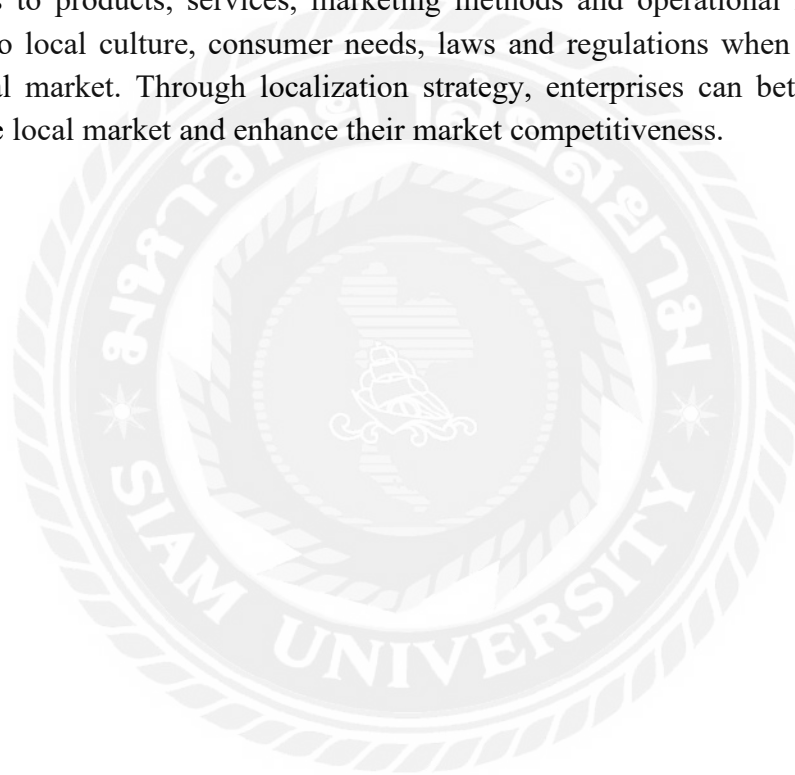
Market entry strategies: Refers to the various methods and paths taken by enterprises when entering new international or regional markets. These strategies include direct export, joint ventures, acquisitions, franchising and greenfield

investment. Choosing the right market entry strategy is crucial to the success of enterprises in new markets.

Brand positioning: refers to the process by which enterprises shape the brand's unique image and value proposition to occupy a favorable position in the minds of consumers. Effective brand positioning can enhance brand awareness and loyalty, thereby standing out in market competition.

Internationalization strategy: refers to the overall planning and action plan of enterprises to expand their business scope in the global market. Internationalization strategy includes market selection, entry mode, competitive strategy and cross-cultural management, helping enterprises to establish competitive advantages in the global market.

Localization strategy: refers to the strategy of enterprises to make adaptive adjustments to products, services, marketing methods and operational management according to local culture, consumer needs, laws and regulations when entering the international market. Through localization strategy, enterprises can better meet the needs of the local market and enhance their market competitiveness.



Chapter 2 Literature Review

2.1 Introduction

This chapter focuses on the key theories in market competitiveness analysis, and explores the main factors affecting corporate competitiveness in combination with the specific background of the Southeast Asian market, especially the Thai market. By combining the application of Porter's Five Forces Model and its adaptability in different market environments, as well as related competitive strategy theories, this review provides a systematic theoretical framework for Xiaomi's performance in the Thai market.

2.2 Literature review

2.2.1 Competitive Advantage

Competitive advantage refers to the unique advantages that an enterprise has over its competitors in market competition. These advantages can enable the enterprise to occupy a favorable position in the market and obtain higher market share and profits (Porter, 1985). According to Michael Porter's theory, competitive advantage can be achieved mainly in two ways: cost leadership and differentiation (Porter, 1980).

Cost leadership refers to the ability of an enterprise to become a low-cost producer in the industry by improving production efficiency and reducing costs, so that it can provide products or services at a lower price. Achieving cost leadership usually requires strategies such as economies of scale, experience curve effects, and strict cost control (Porter, 1985). This strategy enables enterprises to maintain profitability in a market with fierce price competition and may force competitors to exit the market (Porter, 1980).

Differentiation enables enterprises to stand out from the competition by providing unique products or services. This differentiation can be manifested in the unique design of the product, excellent quality, advanced technology, or high-quality customer service (Porter, 1985). Through differentiation, enterprises can convey higher value to customers, so that consumers are willing to pay a premium. Differentiation strategies usually require enterprises to make a lot of R&D investment and marketing to build strong brands and customer loyalty (Porter, 1980).

In addition, enterprises can also achieve competitive advantage through the focus strategy, that is, focusing on a specific market segment or regional market to meet the

special needs of the market (Porter, 1980). The focus strategy can be implemented in combination with cost leadership or differentiation. After enterprises gain advantages in specific markets, they can more effectively resist competitive pressure (Porter, 1985).

The acquisition and maintenance of competitive advantage depends on the continuous investment of enterprises in resources, capabilities, innovation and market response speed. As the market environment changes, enterprises need to continuously evaluate and adjust their competitive advantage strategies to maintain their leading position in the market (Porter, 1985).

2.2.2 Market Entry Strategies

Market entry strategies refer to the various methods and paths that companies take when entering new international or regional markets. The selection and implementation of these strategies are crucial to the success of companies in new markets, and must take into account market characteristics, competitive environment, laws and regulations, cultural differences, and the company's own resources and capabilities (Root, 1994).

Common market entry strategies include the following:

Direct export: This is one of the most basic ways for companies to enter overseas markets. Companies sell their products or services directly to the target market. The advantages of this method are low risk, relatively low capital investment, and companies can meet overseas market demand through existing production facilities. However, direct exports may face tariff barriers, logistics costs and market access challenges, and companies have relatively weak control over the target market (Root, 1994).

Joint venture: A joint venture is a local company that cooperates with a foreign company to jointly invest in a new company and share profits, risks and management control. This strategy takes advantage of the local partner's market knowledge, distribution network and legal experience, and can integrate into the target market faster and more effectively. However, joint ventures may face management conflicts and uneven distribution of benefits, especially when there are large differences in corporate culture and business philosophy (Beamish & Lupton, 2009).

Acquisition: By acquiring existing companies in the target market, the speed of market entry can be greatly accelerated. This strategy is suitable for situations where market share, resources or technology need to be quickly acquired. The advantage of

acquisitions is that companies can immediately use the acquired company's brand, customer base and market channels. However, acquisitions usually require a lot of capital and the integration process is complex. If not handled properly, it may lead to poor management or cultural conflicts (Hitt, Ireland, & Hoskisson, 2007).

Franchise: Franchise allows local companies or individuals to use the parent company's brand, business model and technology in exchange for a certain fee or profit sharing. This model can quickly expand market coverage while reducing the complexity of direct management and operation. Franchise is particularly suitable for industries with a high degree of standardization, such as catering, retail and service industries. However, franchising requires high brand control, and the parent company must ensure that the franchisee can maintain the brand reputation and service quality (Hoffman & Preble, 2003).

Greenfield investment: Greenfield investment refers to the company's construction of new production facilities or business units in the target market, completely from scratch. Although this method requires a lot of capital and time, it can ensure that the company has full control over the new market business and is in line with the company's long-term strategic goals. Greenfield investment is suitable for areas with huge market potential and where companies want to deepen their roots. However, this approach also carries the highest risk, as companies need to deal with complex market entry barriers, such as regulatory requirements, infrastructure construction, and local human resource management (Meyer & Estrin, 2001).

Each market entry strategy has its specific application scenarios and advantages and disadvantages. Companies usually choose the most appropriate entry strategy based on the specific conditions of the target market, such as market size, competitive intensity, culture, and legal environment. Sometimes, companies may adopt a combination of strategies to diversify risks and maximize market opportunities. For example, a company may first test the market through direct exports, and then gradually expand its market influence through joint ventures or acquisitions. In the context of globalization, a flexible and precise market entry strategy is the key for companies to gain a foothold in fierce international competition.

2.2.3 Porter's Five Forces Model

Porter's Five Forces Model was proposed by Michael Porter in 1979 and is a classic tool for analyzing industry structure and its competitive intensity. The model identifies five major market competitive forces, namely the competitive intensity of existing

competitors, the threat of potential entrants, the threat of substitutes, the bargaining power of suppliers, and the bargaining power of buyers. These five forces together determine the competitive landscape of the industry and the profit potential of enterprises (Porter, 1979). The following is a detailed introduction to the Five Forces Analysis:

Rivalry Among Existing Competitors refers to the competition between companies in the same industry for market share. The intensity of competition is usually affected by factors such as the number of companies in the industry, the market growth rate, the degree of product differentiation, and the level of fixed costs (Porter, 1979). In a market with high competitive intensity, companies may compete fiercely through price wars, advertising wars, product innovation, etc., which will directly affect the profit margins and profitability of companies in the industry.

Threat of New Entrants refers to the possibility that new companies will enter the industry and compete with existing companies. The level of entry barriers determines the degree of threat from new entrants, which include economies of scale, brand loyalty, proprietary technology, capital requirements, and government regulations (Grant, 2010). When the entry barriers of an industry are low, the threat of new entrants is greater, which will increase competitive pressure within the industry and weaken the market share and profitability of existing companies.

Threat of Substitutes refers to the possibility that consumers may choose substitute products or services outside the industry to meet the same needs. This threat usually depends on factors such as the relative price, performance, and switching costs of substitutes (Porter, 1980). If substitutes offer higher cost-effectiveness or unique features, consumers may turn to substitutes, thereby reducing industry demand and posing a threat to the market position of existing companies.

Bargaining Power of Suppliers refers to the ability of suppliers to exert price pressure on industry companies or reduce the quality of supply. The bargaining power of suppliers is usually affected by factors such as the number of suppliers, the availability of alternative suppliers, the uniqueness of suppliers' products, and the degree of dependence of industry companies on suppliers (Besanko, et al., 2013). When suppliers have strong bargaining power, the production costs of industry companies may rise, thereby reducing their profit margins.

Bargaining Power of Buyers refers to the ability of consumers to put price pressure on industry companies or demand higher quality or service. The bargaining power of buyers is usually affected by factors such as the number of buyers, the degree of product differentiation, the transparency of buyer information, and the switching costs of buyers (Barney, 1991). When buyers have strong bargaining power, they can demand lower prices or improve product quality, which will reduce the profit margins of industry companies.

2.2.4 Brand Positioning

Brand positioning is a key strategy adopted by enterprises in marketing. It aims to shape the brand's unique image and value proposition so that it occupies a clear and favorable position in the minds of consumers. Brand positioning is not only about how the company defines its brand, but also about how consumers perceive and understand the brand. Successful brand positioning can enable enterprises to stand out in the fierce market competition, attract target consumers, and establish long-term brand loyalty (Aaker, 1996). “Strong brand positioning requires clarity of meaning and uniqueness in the minds of consumers, especially in multicultural markets. In such environments, consistency and cultural adaptability are critical.” (Keller, 2009)

The process of brand positioning usually includes the following steps:

Market analysis: Before conducting brand positioning, enterprises need to have an in-depth understanding of the characteristics of the target market, including market size, competitive situation, consumer needs and preferences, etc. Through market analysis, enterprises can identify market opportunities and potential competitive threats, thus laying the foundation for brand positioning (Keller, 1993).

Identify target customers: The core of brand positioning is to clarify the target customer group that the brand is to serve. Enterprises need to segment the market based on factors such as consumer age, gender, income, lifestyle, values, etc., so as to identify the customer group that is most likely to be interested in the brand. For different market segments, enterprises may formulate different brand positioning strategies (Keller, 2001).

Competitive analysis: Understanding the brand positioning strategies of competitors is an important part of developing your own positioning strategy. Companies need to analyze the strengths and weaknesses of competing brands and their performance in the

market to find a differentiated positioning space. By comparing with competing brands, companies can determine how their brands can stand out in the market (Porter, 1985).

Determine the brand's unique value proposition: The core of brand positioning is to determine the brand's unique value proposition, that is, what unique benefits or value the brand can provide to target customers. This value proposition can be the product's functional advantages, emotional resonance, innovation, cost-effectiveness, or brand culture. The value proposition must be clear, attractive, and closely related to consumer needs (Keller, 2009).

Communicate brand positioning: Once the brand positioning is determined, the company needs to communicate this positioning to target customers through various marketing channels and communication methods. This includes advertising, social media, public relations, promotional activities, etc. The brand's visual design, slogan, advertising language, packaging, etc. should be consistent with the brand positioning to ensure that consumers can clearly perceive the brand's uniqueness (Aaker, 1996).

Maintain and adjust brand positioning: Brand positioning is not static. As the market environment, consumer preferences and competitive situation change, companies may need to adjust their brand positioning to maintain their market relevance and competitiveness. Through regular market research and consumer feedback, companies can promptly identify whether brand positioning needs to be adjusted, so as to continue to attract target customers (Keller, 2009).

The importance of brand positioning is that it helps companies form a clear and stable brand image in the minds of consumers, increasing consumers' brand awareness and loyalty. When consumers face many competing brands, a clear and unique brand positioning can help them quickly identify and choose the brand, thereby promoting sales and market share. Successful brand positioning can not only enhance the market competitiveness of enterprises, but also lay a solid foundation for the long-term development of the brand (Keller, 1993).

2.2.5 Internationalization Strategy

Internationalization strategy refers to the overall planning and action plan for enterprises to expand their business activities to the international market. With the acceleration of globalization, more and more enterprises are no longer limited to the domestic market, but seek new growth opportunities through internationalization strategies to enhance their global competitiveness. Internationalization strategy not only involves market selection and entry mode, but also covers how enterprises operate in

different cultural, legal and economic environments to achieve the optimal allocation of global resources and maximize competitive advantages (Root, 1994). “Cross-cultural management presents significant challenges in internationalization, particularly in markets with large cultural differences. Effectively managing these differences is essential to maintaining consistency and adaptability across markets.” (Hofstede, 2001)

The formulation and implementation of internationalization strategy usually include the following key steps:

International market analysis: In the early stage of formulating internationalization strategy, enterprises need to conduct a detailed analysis of potential international markets. This includes a comprehensive assessment of the macroeconomic environment, political and legal environment, social and cultural characteristics, technological development level, market demand and competition status of the target market. Through this analysis, enterprises can identify the markets with the greatest potential and the lowest risk, providing data support for the implementation of internationalization strategy (Cavusgil, Knight, & Riesenberger, 2017).

Choosing market entry mode: Market entry mode is a key step for enterprises to decide how to enter the international market. Common market entry modes include direct export, joint venture, mergers and acquisitions, franchising and greenfield investment. Different entry modes have different risks, costs and control levels. Enterprises need to choose the most appropriate entry mode based on their own resource capabilities, strategic goals and market characteristics. For example, for enterprises with limited resources but want to enter the market quickly, direct export or franchising may be a better choice; while for enterprises that want to establish long-term business in the target market and have a high degree of control, greenfield investment or mergers and acquisitions may be more appropriate (Root, 1994).

Formulate a global competitive strategy: After entering the international market, enterprises need to formulate a competitive strategy that can adapt to the global competitive environment. According to Porter's competitive strategy theory, enterprises can choose cost leadership, differentiation or concentration strategies. The cost leadership strategy emphasizes gaining competitive advantages in the global market by reducing production and operating costs; the differentiation strategy meets the needs of different markets by providing unique products or services; the concentration strategy focuses on specific markets or market segments and provides customized solutions. Enterprises can flexibly use these strategies according to the competitive environment and consumer needs of the target market (Porter, 1980).

Adapt to the local market: The successful implementation of the internationalization strategy is inseparable from the ability to adapt to the local market. After entering the international market, enterprises must make appropriate local adjustments to products, services, marketing methods, brand image, etc. to meet the needs and preferences of local consumers. For example, companies may need to adjust product formulas or packaging designs according to local tastes, cultural habits, and consumption habits, or adjust marketing strategies according to local laws and regulations. Adapting to the local market can not only improve the company's competitiveness in the local area, but also enhance the company's brand awareness and customer loyalty (Kotler & Keller, 2012).

Cross-cultural management: Cross-cultural management is an important part of the implementation of internationalization strategy. As the business of enterprises expands to multiple countries and regions, how to effectively manage employees and partners from different cultural backgrounds has become a major challenge. Enterprises need to cultivate cross-cultural communication and management capabilities to reduce cultural conflicts and misunderstandings. By providing cross-cultural training, building a diverse team, and respecting and understanding management practices of different cultures, enterprises can improve employee job satisfaction and team collaboration efficiency, thereby providing guarantees for the successful implementation of internationalization strategies (Hofstede, 2001).

Global supply chain management: In the context of globalization, supply chain management occupies an important position in internationalization strategies. Enterprises need to optimize the allocation of raw material procurement, production, distribution, and logistics on a global scale to improve the efficiency and flexibility of the supply chain. Global supply chain management not only involves cost and efficiency considerations, but also needs to deal with the uncertainty of the global market, such as changes in trade policies, natural disasters, political turmoil, etc. By establishing a robust and flexible global supply chain system, companies can improve their ability to resist risks and ensure competitive advantages in the global market (Christopher, 2016).

Continuous evaluation and adjustment: Internationalization strategy is not static, and companies need to continuously evaluate and adjust during implementation. As the international market environment changes, companies may need to re-evaluate their market choices, entry models, competitive strategies, etc. Through regular market research, consumer feedback and competitive analysis, companies can identify problems and improvement opportunities in internationalization strategies, and adjust

strategies in a timely manner to meet new challenges and opportunities (Cavusgil, Knight, & Riesenberger, 2017).

The successful implementation of internationalization strategy can not only help companies expand new market space, obtain more resources and profits, but also enhance the company's brand international influence and comprehensive competitiveness. However, internationalization strategy also faces complex challenges such as cultural differences, legal barriers, political risks, and exchange rate fluctuations. Companies must have a high degree of strategic sensitivity and flexibility, and continue to learn and evolve in the process of globalization to ensure their long-term success in the international market (Root, 1994).

2.2.6 Localization Strategy

Localization strategy refers to the strategy of multinational companies to adapt their products, services, marketing methods, business strategies, etc. according to local culture, language, consumer needs, laws and regulations, etc. when entering different countries or regional markets (Levitt, 1983). The core of this strategy is to understand and respect the uniqueness of the target market in order to meet the needs of local consumers to the greatest extent and enhance the competitiveness of enterprises in the local market (Kotler & Keller, 2012).

Cultural adaptation: In the global market, cultural differences are a major challenge faced by enterprises. Cultural adaptation requires enterprises to deeply study and understand the cultural customs, values, behaviors and other factors of the target market, and adjust product design, advertising, brand image, etc. based on this. For example, in some cultures, colors, symbols or numbers have specific symbolic meanings, and companies must be careful to avoid using these elements that may cause misunderstanding or disgust. In addition, in the process of cultural adaptation, companies also need to consider the use of language to ensure that brand information can be accurately understood and accepted by local consumers (Hofstede, 2001).

Product localization: Product localization is a key part of the localization strategy, requiring companies to adjust or redesign products according to the preferences and needs of local consumers. Product localization can involve changes in formulas, addition or deletion of functions, and adjustments to packaging design. Successful product localization can not only meet the unique needs of consumers, but also make products stand out in the fierce market competition. For example, in markets with large

differences in food culture, food and beverage companies usually launch products that meet local tastes to enhance market acceptance (Keegan & Green, 2017).

Pricing strategy: The localization of pricing strategy is also crucial. Factors such as the economic level, purchasing power, and competitive environment of different countries will affect consumers' sensitivity to prices. Companies need to formulate reasonable pricing strategies based on the actual conditions of the local market to ensure the competitiveness and sustainability of products. Some companies use tiered pricing strategies to launch products at different prices to cover a wider range of consumer groups. At the same time, companies also need to consider factors such as local tax policies, logistics costs, and exchange rate fluctuations to ensure the rationality and flexibility of pricing strategies (Kotler & Keller, 2012).

Marketing and communication localization: The localization of marketing and communication strategies involves adjustments in advertising content, media selection, promotional activities, etc. Companies must understand the media usage habits and advertising acceptance of the target market in order to choose appropriate communication channels and methods. For example, in some markets, social media may be the most effective communication tool, while in other markets, TV ads or outdoor ads may be more influential. In addition, companies need to design resonant advertising content based on local cultural background and consumer psychology to enhance brand identity (De Mooij, 2010).

Localization of management and operations: Localization of management and operations includes hiring local employees, establishing local supply chains, and adapting to local laws and regulations. Hiring local employees not only helps companies better understand and integrate into the local market, but also improves their local reputation and social responsibility. Establishing a local supply chain can reduce costs and improve the efficiency and flexibility of the supply chain. At the same time, companies must be familiar with and comply with local laws and regulations to ensure the legality and compliance of their business activities (Ghemawat, 2001).

Social responsibility and sustainable development: In the process of localization, companies also need to pay attention to social responsibility and sustainable development. This means that companies should actively participate in local social welfare activities, respect local environmental protection regulations, and be committed to promoting community development. By demonstrating their contribution to the local society, companies can enhance consumers' trust and goodwill in the brand, thereby enhancing their brand image and market position (Porter & Kramer, 2006).

The successful implementation of localization strategies can help multinational companies maintain flexibility and adaptability while globalizing, enabling them to gain long-term competitive advantages in a diverse market environment. By understanding and respecting the uniqueness of local markets, companies can not only enhance the attractiveness of their products and services, but also establish a corporate image in the global market that is responsible and respectful of cultural differences (Levitt, 1983).

2.2.7 Xiaomi Corporation

Founded in 2010 and headquartered in Beijing, China, Xiaomi is a global technology company focusing on consumer electronics products such as smartphones, home appliances, and Internet of Things (IoT) devices (Xiaomi, 2023). With its "cost-effective" product strategy and strong Internet marketing capabilities, Xiaomi has rapidly risen in domestic and foreign markets and has become one of the world's leading smartphone manufacturers (Forbes, 2021). Since its establishment, Xiaomi has successfully built a broad ecosystem of products and services through innovative business models such as the "hardware + new retail + Internet service" ecological chain model (Xiaomi Annual Report, 2021).

In the global market, Xiaomi's internationalization process has been rapid, especially in emerging markets. Its smartphone business has entered many Southeast Asian countries including India, Indonesia, and Thailand, and has quickly gained market share (Counterpoint Research, 2022). In the Thai market, Xiaomi has successfully attracted a large number of consumers with its competitive prices and innovative product designs, becoming an important player in the local market (Statista, 2023). However, with the intensification of market competition, Xiaomi faces multiple challenges in the Thai market, and how to maintain and enhance its competitiveness has become the key to its future development (Nikkei Asia, 2023).

2.2.7.1 Market share and competitor analysis

Xiaomi's performance in the Thai smartphone market has always attracted much attention. According to Statista data, in 2023, Xiaomi's market share in Thailand is about 21.3%, ranking behind Samsung and Apple (Statista, 2023). This shows that although Xiaomi has a certain share in the market, it still faces pressure from other strong competitors. In order to improve its market position, Xiaomi must innovate and adjust its market strategy.

2.2.7.2 Sales data comparison

From the sales data, Xiaomi's smartphone shipments in the second quarter of 2023 increased by 7.2% year-on-year, while its main competitors Samsung and Oppo increased by 3.5% and 2.1% respectively (IDC, 2023). These data show that although Xiaomi has performed strongly in sales growth, it still needs to further consolidate and expand its market base compared with its competitors.

2.2.7.3 Consumer preference and brand loyalty

In terms of consumer purchasing preferences, Gartner's survey shows that about 48% of Thai consumers choose Xiaomi because of its high cost-effectiveness, while 35% of consumers continue to be loyal to Samsung because of its brand reputation (Gartner, 2023). This reflects that Xiaomi has a competitive advantage in the low-end and mid-range markets, but still faces challenges in the high-end market and needs to further enhance brand loyalty.

2.2.8 Introduction to Xiaomi's Products

Xiaomi's main products are smartphones, smart home devices, and Internet of Things (IoT) products. Xiaomi's smartphones are known for their high cost-effectiveness and have quickly won the favor of a large number of consumers around the world. In addition, Xiaomi is also involved in a variety of consumer electronics products such as smart TVs, laptops, tablets, smart watches, smart speakers, and further expanded the smart home market through its "Mijia" ecological chain products (Xiaomi Corporation, 2023). In recent years, Xiaomi has also announced its entry into the electric vehicle field, which marks a further diversification of the company's strategy (Xiaomi Corporation, 2023).

In the Thai market, Xiaomi's product portfolio also reflects the diversity of its global product line. Smartphones are Xiaomi's core products in the Thai market and are deeply loved by local consumers, especially in the mid- and low-end markets. In addition, Xiaomi's smart TVs and smart home devices have gradually gained a place in the Thai market. These products have attracted a wide range of consumer groups with their price advantages and innovative features (Statista, 2023).

2.2.9 Product Situation in the Thai market

As the second largest economy in Southeast Asia, Thailand's market demand for smartphones and electronic products continues to grow. Thai consumers are particularly fond of cost-effective products. At the same time, with the increase in Internet penetration, the acceptance of smart home products and IoT devices in the Thai market has gradually increased (World Bank, 2023).

The main product features of the Thai market include:

Smartphones: The demand for smartphones in the Thai market is mainly concentrated in mid- and low-end models, and consumers prefer affordable and fully functional mobile phones. This is related to Thailand's overall younger consumer group, who pay more attention to the cost-effectiveness of products.

Smart home devices: With the acceleration of digital transformation, Thailand's smart home market is also growing rapidly. Products such as smart speakers, smart security systems and home appliances are gradually becoming popular in Thailand, especially in areas with rapid urbanization.

Thailand's economic growth rate reached 3.2% in 2023, which provided favorable conditions for the growth of the electronic products market. However, the inflation rate also rose to 2.8%, affecting consumers' purchasing power. Xiaomi's pricing strategy in Thailand must take this economic environment into account and ensure that the high cost-performance of its products continues to attract price-sensitive consumers (Xiaomi Group, 2024).

Thailand's economic growth rate reaches 3.2% in 2023, which provides favorable conditions for the growth of the electronics market. However, the inflation rate also rises to 2.8%, affecting consumers' purchasing power. Xiaomi's pricing strategy in Thailand must take this economic environment into account to ensure that the high cost-performance of its products can continue to attract price-sensitive consumers (Xiaomi Group, 2024).

Year	GDP Growth Rate	Inflation Rate
2022	3.5%	2.4%
2023	3.2%	2.8%
2024	Expected 3.0%	Expected 2.9%

Table 2.2.9 Thailand's Economic Growth Rate and Inflation Rate (2022-2024)

Table 1 shows the economic growth and inflation in Thailand. Xiaomi's market strategy must fully consider these macroeconomic factors to maintain its market share.

2.2.10 Xiaomi's Market Status in Thailand

Since entering the Thai market, Xiaomi has achieved remarkable results in the mid- and low-end smartphone market. According to market research institutions, in 2023, Xiaomi's share of the Thai smartphone market was about 20%, ranking among the top three. However, Xiaomi's performance in the Thai market is not limited to the smartphone field, and its promotion of smart home and IoT devices is gradually taking effect.

In Thailand, Xiaomi has rapidly expanded its market through a sales model that combines online and offline sales. Online channels are mainly through e-commerce platforms such as Lazada and Shopee, while offline channels cover the entire country through authorized retail stores and partner networks. In addition, Xiaomi has also actively participated in Thailand's localization activities, gradually increasing brand awareness and market share by launching products and marketing strategies that meet local needs.

In recent years, the Thai government has adjusted the import tax on electronic products. A policy in 2022 increased the import tariff on smartphones by 5.6%, which directly affected the market penetration strategies of major manufacturers including Xiaomi (Xiaomi Group, 2024). This policy has led to an increase in Xiaomi's operating costs and may force the company to make adjustments in its pricing strategy.

2.2.10.1 Xiaomi brand positioning

In the Thai market, Xiaomi's market share in the smartphone and home appliance sectors can reflect the success of its brand positioning. For example, in recent years, Xiaomi's smartphone market share in Thailand has continued to grow, indicating that its "high cost-effectiveness" positioning has been widely recognized by local consumers.

Year	Market share (smartphone)	Market share (home appliances)
2020	15%	10%
2021	20%	12%
2022	22%	15%

Table 2.2.10.1 Xiaomi's market share in smartphone and home appliance markets

As can be seen from Table 2, Xiaomi's market share in smartphone and home appliance markets has increased year by year, which reflects the effectiveness of its brand positioning in the Thai market. Especially in the smartphone market, Xiaomi has successfully attracted a large number of consumers in the mid-to-low-end market through the "high cost-effectiveness" strategy, consolidating its position in the Thai market.

2.2.10.2 Current situation of Thai consumers

Thai consumers have a high demand for cost-effective products, and Xiaomi's product positioning is very consistent with this market demand. In addition, Thailand's network infrastructure is becoming increasingly complete, which provides good conditions for Xiaomi's online sales and promotion of smart home products. Xiaomi can use this technological environment to further expand the market coverage of its products (Xiaomi Group, 2024). According to consumer feedback on social media platforms Twitter and Facebook, Xiaomi's brand awareness in the Thai market has increased year by year. Consumers generally believe that Xiaomi's products are good value for money, especially in terms of the balance between function and price (Twitter & Facebook). However, some consumers have questioned the durability and after-sales service of Xiaomi products, which may affect their brand loyalty.

Evaluation categories	Positive evaluation	Neutral evaluation	Negative evaluation
Cost-effectiveness	70%	20%	10%
Product features	60%	25%	15%
After-sales service	40%	30%	30%
Brand loyalty	50%	30%	20%

Table 2.2.10.2 Distribution of consumers' evaluations of the Xiaomi brand

As can be seen from Table 3, consumers generally have a positive attitude towards the cost-effectiveness of Xiaomi products, but Xiaomi still has room for improvement in after-sales service and brand loyalty.

2.2.10.3 Xiaomi's competitors

Xiaomi still faces fierce competition in the Thai market. Brands such as Samsung and Apple dominate the high-end market, while local brands such as Oppo and Vivo also perform strongly in the mid- and low-end markets.

In the Thai market, the threat of substitutes mainly comes from other Chinese brands such as OPPO and Vivo, which also compete directly with Xiaomi with high cost performance. According to Statista, in the second quarter of 2023, OPPO's market share was 16.3% and Vivo's was 14.5% (Statista. 2023). These brands compete for the same target consumer group as Xiaomi through similar pricing strategies and marketing promotions.

Brand	Market share
Samsung	23.5%
Apple	19.8%
Xiaomi	18.2%
OPPO	16.3%
Vivo	14.5%

Table 2.2.10.3 Market share distribution of major brands in the Thai market in the second quarter of 2023

As can be seen from Table 4, OPPO and Vivo pose a significant threat to Xiaomi as substitutes, which further intensifies the intensity of market competition.

2.2.10.4 Xiaomi's sales performance in the Thai market

In the Thai market, Xiaomi's market share in the smartphone and home appliance sectors can reflect the success of its brand positioning. For example, in recent years, Xiaomi's smartphone market share in Thailand has continued to grow, indicating that its "high cost-effectiveness" positioning has been widely recognized by local consumers.

According to IDC's market research report, Xiaomi's market share in the second quarter of 2023 was 18.2%, ranking third in the Thai market, second only to Samsung and Apple (IDC. 2023). Xiaomi's market share has been gradually increasing since 2020, mainly due to the strong performance of its mid- and low-end smartphone product lines in the Thai market. Figure 4.1 shows the trend of Xiaomi's market share from 2020 to 2023.

Year	2020	2021	2022	2023
Market share	12.5%	15.3%	16.8%	18.2%

Table 2.2.10.4 Trend of Xiaomi's market share in the Thai market from 2020 to 2023

As can be seen from Table 5, Xiaomi's market share in the Thai market has increased year by year, reflecting that it has gradually consolidated its market position in a highly competitive market environment. However, Xiaomi's market share is still lower than that of Samsung and Apple, indicating that its penetration in the high-end market still needs to be improved.

Xiaomi needs to continue to optimize its product strategy and marketing to meet the challenges from these competitors and consolidate its position in the Thai market.

2.3 Conceptual Framework

Based on Porter's Five Forces Model, this study examines the competitive environment and competitiveness of Xiaomi in the Thai market. In order to deeply analyze Xiaomi's competitiveness in the Thai market, this study collected detailed data on the smartphone market and conducted a detailed analysis of each competitiveness dimension using the framework of Porter's Five Forces Model.

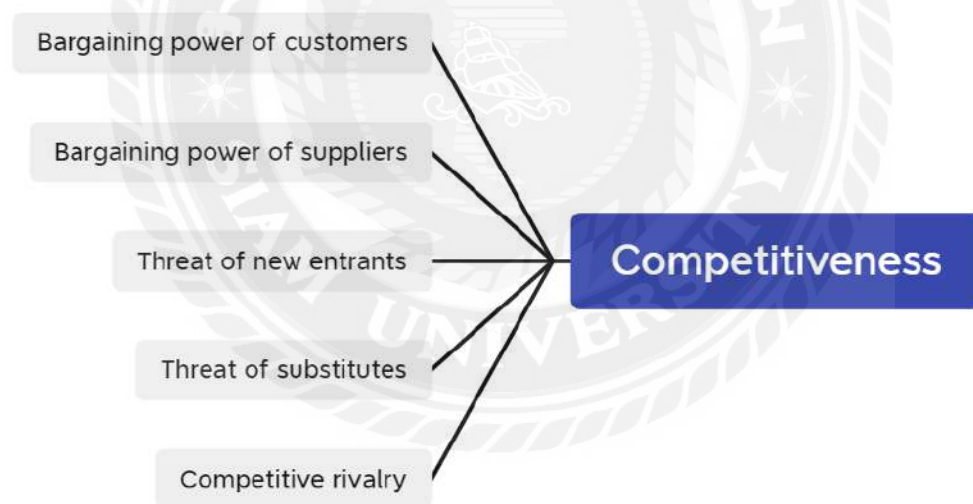


Figure 2.3 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study used the documentary research method to analyze Xiaomi's competitiveness in the Thai market. This study extensively collected literature related to Xiaomi, the Thai market, and competitiveness analysis, including academic journals, industry reports, market analysis data, and public corporate reports. Based on the literature review, Porter's Five Forces Model was applied to establish a theoretical framework for the study.

3.2 Source of Data

This study comprehensively sorted out the existing academic literature through the method of systematic literature review. By searching well-known academic databases (such as Google Scholar, Web of Science, Scopus, etc), data related to Porter's Five Forces Model, market competitiveness analysis, Xiaomi's operating strategy in the global and Southeast Asian markets, etc. were collected. The criteria for data selection included: publication within the past ten years, directly related to the research topic, and high number of citations. The collected data were classified, analyzed and summarized to extract the theoretical framework and key concepts required for the research, and to construct the analysis framework of this study.

Data mainly come from well-known news websites, industry reports, such as Statista, IDC, Gartner, etc, social media platforms such as Twitter, Facebook, YouTube, etc, and Xiaomi's official annual report and financial data.

3.3 Application of Porter's Five Forces Model

Porter's Five Forces Model was applied to conduct a detailed analysis of the competitive environment of the Thai market. This model helped identify and evaluate the five key forces that affect Xiaomi's competitiveness: the competitive intensity of existing competitors, the threat of new entrants, the threat of substitutes, the bargaining power of suppliers, and the bargaining power of buyers.

3.4 Data Analysis

Data extraction includes analysis of market share, sales data, consumer comments and social response. This study systematically analyzed the data examined, examined Xiaomi's competitive advantages and disadvantages in the Thai market, and proposed corresponding strategic recommendations.

Chapter 4 Findings and Discussion

4.1 Introduction

This study used the documentary research method and Porter's Five Forces Model to analyze Xiaomi's competitiveness in the Thai market through extensive collection of data related to Xiaomi, the Thai market and competitiveness analysis, from academic journals, industry reports, market analysis data and public corporate reports. By keyword retrieval and manual screening, the relevance and authority of the data were ensured. Based on the literature review, combined with Porter's Five Forces Model, a theoretical framework for the study was established. The analysis of competition within the industry, potential entrants, threats of substitutes, supplier bargaining power and buyer bargaining power, Xiaomi's market position and competitive advantage was conducted.

4.1.1 Intensity of Competition among Existing Competitors

The Thai smartphone market is highly competitive, and Xiaomi faces pressure from several strong rivals including Samsung, Apple, Oppo, etc. As of 2023, Samsung and Apple dominate the high-end market, while Oppo and Vivo compete fiercely with Xiaomi in the mid- and low-end markets.

As can be seen from Table 7, Xiaomi's competitive advantage in the Thai market is mainly reflected in its strong cost-effective strategy and wide market coverage. By targeting the mid- and low-end markets, Xiaomi has successfully attracted a large number of price-sensitive consumers and achieved significant results in market share. However, Xiaomi's performance in the high-end market is relatively weak, and it needs to further enhance its brand image and product innovation to break the barriers in the high-end market.

Price segment	Sales share
Low-end (< 200 USD)	35.0%
Mid-end (200-500 USD)	50.0%
High-end (> 500 USD)	15.0%

Table 4.1.1 Sales of smartphones in different price segments in the Thai market in 2023

Samsung has dominated the market with its diversified product lines and brand loyalty, especially in the high-end market; Apple has attracted a large number of high-end consumers with its strong brand influence and unique operating system. Xiaomi's competitiveness in the low-end and mid-end markets is mainly reflected in its "cost-effective" strategy. By providing competitive prices and sufficiently high-quality

products, Xiaomi has attracted a large number of price-sensitive consumers (Gartner, 2023). However, in the high-end market, Xiaomi's brand influence and product innovation are still not comparable to Samsung and Apple, which limits its expansion in the high-end market. Xiaomi has a 20% market share in the Thai market, mainly in the low-end and mid-end smartphone market. Although Xiaomi has established an advantage in this market through a cost-effective strategy, facing the strong performance of other competitors, Xiaomi still needs to further optimize its market strategy to consolidate and expand its market position.

4.1.2 Threat of New Entrants

Although Xiaomi has occupied a certain market share in the Thai market with its strong brand recognition and extensive sales channels, the influx of new entrants may still divide its market share.

Thailand's smartphone market has attracted a large number of international and local brands with its low entry barriers. Especially in the mid- and low-end markets, it is relatively easy for new brands to enter, mainly due to low technical barriers, relatively low production costs, and support from a relatively mature OEM manufacturing system. This phenomenon has led to the threat of new entrants being more obvious in the Thai market. New entrants usually rely on price wars, promotions, and high cost-effective products to attract consumers, especially in the price-sensitive mid- and low-end markets. Such strategies may cause direct competitive pressure on existing brands such as Xiaomi.

Although new entrants pose a threat to Xiaomi, Xiaomi has strengthened its market barriers to a certain extent by establishing a broad brand ecosystem (such as the integration of smartphones, home appliances, and IoT devices). Xiaomi's long-term investment in the Thai market and strong supply chain management capabilities also give it certain advantages when facing new entrants.

However, as new brands continue to introduce more products with innovative features and reasonable prices, Xiaomi still needs to remain vigilant to prevent new entrants from undermining its leading position in the mid- and low-end markets.

4.1.3 Threat of Substitutes

With the development of technology, the impact of substitutes such as tablets and smartwatches on the smartphone market has gradually increased. In 2023, the growth rate of substitute products such as tablets and smartwatches reached 12.7%, while the growth rate of smartwatches was 9.3%, which poses a potential threat to smartphone brands including Xiaomi. To meet this challenge, Xiaomi may need to increase investment in product diversification and technological innovation.

Device type	Growth rate
Smartphone	5.2%
Tablet	12.5%
Smartwatch	9.3%
Smart Home Appliances	10.1%

Table 4.1.3 Growth rate of smart device sales in the Thai market in 2023

4.1.4 Bargaining Power of Suppliers

Xiaomi's supply chain mainly relies on multiple suppliers in Asia, and the quality and price of components provided by these suppliers have a direct impact on Xiaomi's product pricing. In recent years, the global chip shortage has increased the bargaining power of suppliers, resulting in an increase in Xiaomi's production costs. However, Xiaomi has partially alleviated this pressure through scale procurement and long-term cooperation.

Since Xiaomi's product positioning focuses on cost-effectiveness, the increase in costs directly affects its pricing strategy and profit margins. Although Xiaomi has reduced supply chain risks by establishing long-term partnerships with multiple suppliers, it still needs to optimize supply chain management to reduce dependence on a single supplier and cope with market fluctuations.

In Xiaomi's supply chain, due to its large scale and diversity, the bargaining power of suppliers is relatively weak, which is conducive to Xiaomi maintaining a low production cost. However, with the increase in uncertainty in the global supply chain, such as semiconductor shortages, the bargaining power of suppliers may increase in the future, thereby affecting Xiaomi's production costs and product pricing strategy.

4.1.5 Buyer's Bargaining Power

Consumers in the Thai market are mainly young people who are more receptive to technology products but have relatively limited purchasing power. Therefore, consumers tend to choose moderately priced smartphones, which increases their price sensitivity. Since there are multiple competitors in the market (such as Oppo, Vivo, etc.), these brands also attract the same consumer groups by launching models with similar functions but lower prices, further enhancing buyers' bargaining power. In this highly competitive environment, Xiaomi has to continuously optimize its product pricing strategy to cope with consumers' price pressure while ensuring that its market share is not eroded by competitors.

In addition to price, consumers' requirements for product functions are also constantly increasing, especially in the mid- and low-end markets, where consumers want more functions and higher performance at a lower price. This trend further enhances buyers' bargaining power. Xiaomi maintains its competitiveness in the market by adding features such as large-capacity batteries, high-definition cameras, and higher storage capacity to mid- and low-end models, but this also means that the company needs to balance the contradiction between function upgrades and cost control. The changing needs of consumers have prompted Xiaomi to meet consumers' requirements for cost-effectiveness through innovation and function upgrades while maintaining price competitiveness.

In addition, Thai consumers have relatively low brand loyalty, especially in the mid- and low-end markets, where consumers are more willing to compare prices and choose among similar products. This gives buyers greater initiative in product selection, and they can switch freely between different brands, forcing major brands to attract consumers through price promotions, gift activities or extended warranty periods. For Xiaomi, this highly liquid consumer market requires it to constantly compete with price promotions and product differentiation to retain existing customers and attract new customers.

4.2 Discussion

Although Xiaomi has certain competitive advantages in the Thai market, it still faces fierce competition from other brands, threats from new entrants, and challenges from substitutes. Through R&D innovation and brand enhancement, Xiaomi can enter and expand its share in the high-end smartphone market.

To cope with these challenges, Xiaomi can adopt the following strategies:

Strengthen the high-end market layout: Xiaomi has performed well in the mid- and low-end markets and has a relatively stable market share, but faces fierce competition in the high-end market. To further enhance its competitiveness, Xiaomi needs to strengthen its brand image, especially its recognition among high-end consumers.

Strengthen localization strategy: In order to cope with the threat of new entrants, Xiaomi should further innovate its product line and ensure that its products are leading in function and design, so as to maintain its attractiveness in the highly competitive market. Secondly, strengthen its localization strategy, conduct in-depth research on the needs and preferences of Thai consumers, and launch more targeted products and marketing activities. In addition, Xiaomi can maintain its competitiveness in the price war with new entrants by optimizing its online and offline sales channels, especially in the price-sensitive mid- and low-end markets, and enhance consumer loyalty through regular promotions and membership programs to further consolidate its market position.

Increase investment in technological innovation: To cope with the threat of substitutes, Xiaomi may need to invest more in product diversification and technological innovation. Although Xiaomi's smart ecosystem covers a variety of products such as mobile phones, tablets and smart home appliances, with the rapid development of substitutes, Xiaomi needs to enhance the interoperability of its smart products to enhance consumer loyalty to its brand.

Optimize supply chain management: To further reduce the bargaining power of suppliers, Xiaomi can strengthen its vertical integration strategy for key components, especially its independent research and development capabilities in core technology areas such as chips and displays, to reduce its dependence on external suppliers. At the same time, Xiaomi can ensure the stability of supply and controllability of prices by signing long-term procurement agreements and establishing strategic partnerships. In addition, Xiaomi can also increase its investment in supply chain resilience and diversify its supplier network globally to ensure that it can respond quickly to market demand in the event of global supply chain fluctuations.

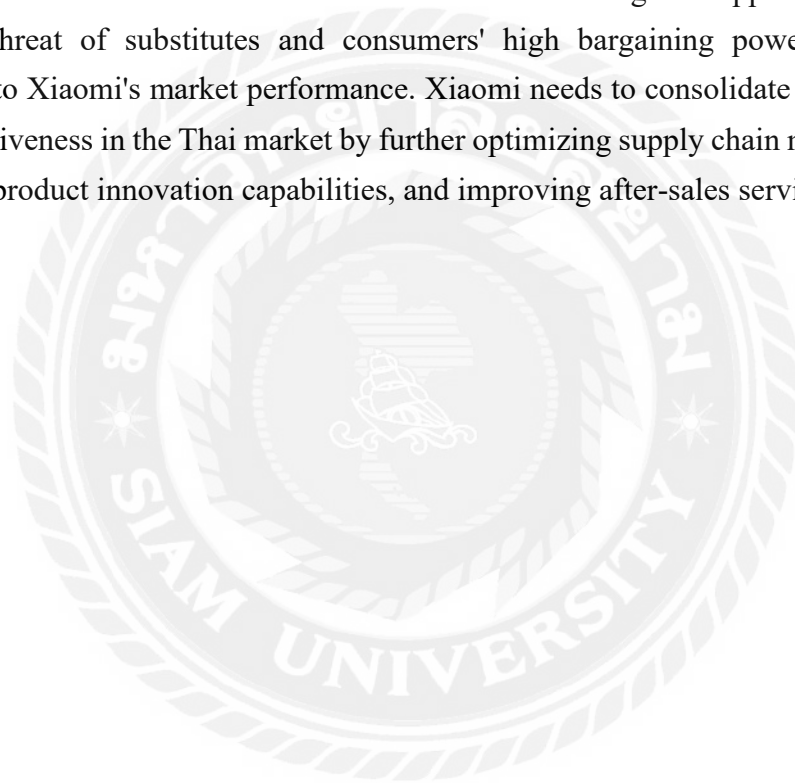
Enhance bargaining power: Faced with increasingly diverse consumer demands, Xiaomi needs to continue to innovate to ensure that its products can meet the needs of different consumers. Xiaomi must be more sensitive in pricing and product features to maintain its market share. Xiaomi can improve its competitiveness in the market and reduce the impact of price wars and promotional pressure on its profitability through a

variety of strategies such as optimizing product lines, improving after-sales services, strengthening the smart ecosystem and strengthening brand building.

Through these strategies, Xiaomi is expected to further consolidate its market position in the Thai market and achieve sustained growth.

4.3 Summary of Results

Based on the above analysis, Xiaomi's competitiveness in the Thai market is mainly due to its advantages in the mid- and low-end markets and its cost-effective strategy. However, Xiaomi's penetration rate in the high-end market is low, and it faces fierce competition from international brands such as Samsung and Apple. At the same time, the threat of substitutes and consumers' high bargaining power also pose challenges to Xiaomi's market performance. Xiaomi needs to consolidate and enhance its competitiveness in the Thai market by further optimizing supply chain management, improving product innovation capabilities, and improving after-sales services.



Chapter 5 Conclusion and Recommendation

5.1 Conclusion

Through an in-depth analysis of Xiaomi's performance in the Thai market, this study reveals its advantages and challenges in market competition. First, Xiaomi has achieved significant growth in the Thai market, which is reflected in its year-on-year increase in market share. Since 2020, Xiaomi has successfully attracted a large number of consumers with its cost-effective products launched in the mid- and low-end markets, and its market share has increased from 12.5% to 18.2% in the second quarter of 2023. This growth not only proves the effectiveness of Xiaomi's product strategy in the Thai market, but also shows that its brand awareness and acceptance among local consumers have gradually increased.

However, despite its outstanding performance in the mid- and low-end markets, Xiaomi faces huge challenges in the high-end market. Samsung and Apple, as market leaders, dominate the high-end market, and their brand influence, technological innovation and consumer loyalty are far superior to Xiaomi. Xiaomi's low penetration rate in the high-end market limits its expansion and influence among people with high spending power. The relative disadvantage in the high-end market exposes Xiaomi's shortcomings in brand building and innovation of high-end product lines. In addition, the competition environment in the Thai market is extremely fierce. Xiaomi not only faces pressure from international brands, but also direct competition from other Chinese brands such as OPPO and Vivo. These brands also adopt a high cost-performance strategy to compete for a similar target market as Xiaomi. In this case, Xiaomi's competitive advantage in the mid- and low-end market is particularly important, but it also faces the challenge of maintaining and consolidating its market position.

The threat of substitutes and the high bargaining power of consumers are also key factors affecting Xiaomi's market performance. Consumers in the Thai market are price-sensitive and have many brands to choose from, which gives consumers strong bargaining power when making purchasing decisions. Although Xiaomi has attracted a large number of consumers by providing cost-effective products, there is still room for improvement in after-sales service, product durability and brand loyalty. These shortcomings may weaken Xiaomi's brand appeal, especially in the face of increasing consumer expectations and demands. In addition, Xiaomi's dependence on the global supply chain also poses potential risks to it. Although Xiaomi has achieved low-cost

production through a large and diverse supply chain, the uncertainty of the global supply chain, such as semiconductor shortages, may have a negative impact on its production efficiency and cost control. This risk prompts Xiaomi to further enhance the resilience and diversity of its supply chain to cope with possible supply chain disruptions or other unpredictable challenges in the future.

Overall, Xiaomi's performance in the Thai market can be described as a combination of success and challenges. Its advantages in the mid- and low-end markets have won it a wide market share, but its relative disadvantages in the high-end market, as well as supply chain risks and changes in consumer demand, are important issues that need to be addressed in the future. In order to maintain and further enhance its competitiveness in the fierce market competition, Xiaomi needs to make continuous improvements and optimizations in brand building, product innovation, supply chain management and customer service.

5.2 Recommendation

Based on the findings of this study, it is recommended that Xiaomi adopt a comprehensive strategy to enhance its competitiveness in the Thai market. Xiaomi should strengthen its brand image, especially recognition among high-income groups, through the launch of innovative technologies and high-end product lines, and enter and expand the high-end market share. At the same time, Xiaomi should continue to optimize its localization strategy, ensure that product design and marketing are in line with the culture and needs of Thai consumers, and strengthen local R&D and production to improve market responsiveness. In response to the uncertainty of the global supply chain, Xiaomi needs to further optimize supply chain management, reduce dependence on a single supplier, and reduce the risk of cost fluctuations by establishing long-term partnerships. Finally, in response to the threat of substitutes such as tablets and smart watches, it is recommended that Xiaomi improve consumers' brand loyalty and maintain market competitiveness by strengthening the linkage between mobile phones, home appliances and other smart devices in the smart ecosystem.

5.3 Further Study

Future research can focus more on Xiaomi's expansion strategy in the high-end market. Although Xiaomi has a strong performance in the mid- and low-end markets, its penetration rate in the high-end market is low. Research can explore how Xiaomi

can improve its brand building, technological innovation, and consumer relationship management to enhance its competitiveness in the high-end market. For example, it can analyze how Xiaomi can improve its product premium ability by developing high-end product lines with unique selling points and enhance its brand image through precise marketing. This will not only help increase its influence among high-spending groups, but also help it compete more directly with brands such as Samsung and Apple.

Supply chain resilience and diversity is another important direction for future research. Xiaomi relies on the global supply chain to maintain its low-cost production model. However, global supply chain uncertainties, such as supply disruptions of key raw materials, may have a significant impact on business operations. Future research can explore how Xiaomi can improve its ability to respond to supply chain disruptions through innovations in supply chain management. For example, research can explore how Xiaomi can enhance the resilience of its supply chain by developing regional supply chains, strengthening supplier partnerships, and adopting intelligent supply chain management systems. In addition, the study can also analyze the impact of different supply chain strategies on Xiaomi's product costs and market response speed, and provide a reference for enterprises to formulate more effective supply chain strategies.

As the market environment changes rapidly, consumer behavior is also evolving. Future research should focus on the impact of these changes on Xiaomi's competitiveness, especially in terms of product features, price sensitivity and brand loyalty. The application of social media and big data analysis tools can help researchers better understand consumer preferences and demand changes. For example, the study can reveal consumers' real feedback on Xiaomi products and predict future market trends by analyzing consumer comments, discussion topics and purchasing behaviors on social media platforms. These data can provide an important basis for Xiaomi to formulate more effective market strategies.

In addition, future research should also be extended to other Southeast Asian markets, such as Indonesia, Vietnam and other countries, to compare Xiaomi's competitive strategies and performance in different regional markets. These markets are different from Thailand in culture, economy and consumer behavior. Therefore, studying the competitive dynamics in these markets can help Xiaomi formulate more targeted regional market strategies. For example, the study can explore how Xiaomi

adjusts its product portfolio and pricing strategy according to consumer preferences and competitive landscape in different markets, so as to improve its market share and competitiveness in Southeast Asia as a whole.

As digital transformation accelerates worldwide, future research can explore how Xiaomi can use digital technologies to enhance its market competitiveness. The application of technologies such as big data, artificial intelligence, and the Internet of Things can not only improve Xiaomi's production efficiency and supply chain management capabilities, but also improve consumer experience and enhance brand loyalty. Research can explore how Xiaomi optimizes its business processes through digital transformation and analyze the role of these technologies in improving market response speed, precision marketing, and personalized services. These studies will provide strong support for Xiaomi to maintain and expand its competitive advantage in an increasingly digital market environment.

Through further research in these directions, this paper can not only enrich and improve the analysis of Xiaomi's competitiveness in the Thai and Southeast Asian markets, but also provide valuable theoretical and practical references for the development of other technology companies in emerging markets.

References

- Aaker, D. A. (1996). *Building strong brands*. Free Press.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120. <https://doi.org/10.1177/014920639101700108>
- Beamish, P. W., & Lupton, N. C. (2009). Managing joint ventures. *Academy of Management Perspectives*, 23(2), 75-94.
- Besanko, D., Dranove, D., Shanley, M., & Schaefer, S. (2013). *Economics of strategy* (6th ed.). Wiley.
- Canalys. (2023). *Thailand smart devices market report*. Canalys.
<https://www.canalys.com/newsroom/worldwide-smartphone-market-2023>
- Cavusgil, S. T., Knight, G., & Riesenberger, J. R. (2017). *International business: The new realities* (4th ed.). Pearson.
- Christopher, M. (2016). *Logistics & supply chain management* (5th ed.). Pearson Education.
- Counterpoint Research. (2023). *Global smartphone market share*.
<https://www.counterpointresearch.com/insights/global-smartphone-market-reaches-its-lowest-q3-levels-in-a-decade-apples-share-at-16/>
- Counterpoint Research. (2022). *Smartphone market share by region*.
<https://www.counterpointresearch.com/insights/global-smartphone-share/>
- Counterpoint Research. (2023). *Thailand smartphone market share*. *Counterpoint Research*. <https://china.counterpointresearch.com/global-smartphone-market-share-quarterly/>
- De Mooij, M. (2010). *Global marketing and advertising: Understanding cultural paradoxes* (3rd ed.). Sage Publications.
- Ernst & Young. (2018). *Cross-cultural management: The key to global success*. Ernst & Young.
- Forbes. (2021). *Xiaomi becomes the world's second-largest smartphone manufacturer*.
<https://www.forbes.com/sites/russellflannery/2021/07/15/xiaomi-passes-apple-to-become-worlds-no-2-smartphone-supplier-in-2nd-quarter/>
- Gartner. (2023). *Market share: Smartphones, worldwide, 2023*. Gartner.
- GfK. (2023). *Thailand smartphone and home appliance market trends*.
<https://www.gfk.com/blog/smart-home-market-dynamics-2023-winning-the-next-wave-of-consumers>
- Ghemawat, P. (2001). Distance still matters: The hard reality of global expansion. *Harvard Business Review*, 79(8), 137-147.

- Grant, R. M. (2010). *Contemporary strategy analysis* (7th ed.). John Wiley & Sons.
- Hill, C. W., & Jones, G. R. (2012). *Strategic management theory: An integrated approach* (10th ed.). Cengage Learning.
- Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2007). *Strategic management: Competitiveness and globalization* (8th ed.). Thomson/South-Western.
- Hoffman, R. C., & Preble, J. F. (2003). Convert to compete: Competitive advantage through conversion franchising. *Journal of Small Business Management*, 41(2), 187-204.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. Sage Publications.
- IDC. (2023). *Worldwide quarterly mobile phone tracker*. IDC.
- Keegan, W. J., & Green, M. C. (2017). *Global marketing* (9th ed.). Pearson.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22.
<https://doi.org/10.1177/002224299305700101>
- Keller, K. L. (2001). *Building customer-based brand equity: A blueprint for creating strong brands*. Marketing Science Institute.
- Keller, K. L. (2009). Building strong brands in a modern marketing communications environment. *Journal of Marketing*, 73(4), 118-134.
- Ketchen, D. J., & Short, J. C. (2012). *Strategic management: Concepts and cases*. McGraw-Hill.
- Kotler, P., & Keller, K. L. (2012). *Marketing management* (14th ed.). Pearson Education.
- Levitt, T. (1983). The globalization of markets. *Harvard Business Review*, 61(3), 92-102.
- McKinsey & Company. (2021). *The power of positioning in emerging markets*. McKinsey & Company. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/building-brands-in-emerging-markets>
- Meyer, K. E., & Estrin, S. (2001). Brownfield entry in emerging markets. *Journal of International Business Studies*, 32(3), 575-584.
<https://doi.org/10.1057/palgrave.jibs.8490987>
- Nikkei Asia. (2023). *Xiaomi struggles in Thai market as competition intensifies*. <https://asia.nikkei.com/cms/Business/Automobiles/China-automakers-doubled-Thai-market-share-in-2023-on-EVs>
- Porter, M. E. (1979). How competitive forces shape strategy. *Harvard Business Review*, 57(2), 137-145.

- Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.
- Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. Free Press.
- Porter, M. E., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78-92.
- PwC. (2019). *The globalization of business: Trends and strategies*. PwC.
- Root, F. R. (1994). *Entry strategies for international markets*. Jossey-Bass Publishers.
- Rumelt, R. P. (2011). *Good strategy bad strategy: The difference and why it matters*. Crown Business.
- Smith, A., & Anderson, M. (2023). The evolution of consumer preferences in the digital age. *Journal of Consumer Research*, 50(2), 123-145.
<https://doi.org/10.1093/jcr/ucv123>
- Statista. (2023). *Smartphone market share in Thailand Q3 2023*.
<https://www.statista.com/study/78936/smartphone-market-in-thailand/>
- Taylor, B. (2017). *Supply chain management: A logistics perspective* (11th ed.). Cengage Learning.
- Thailand Economic Research Center. (2023). Analysis of the development trend of Thailand's electronic products market. *Southeast Asian Studies*, 12(2), 45-56.
- Thailand Market Observation. (2023). *Analysis of Xiaomi's current situation and challenges in the Thai market*. Thailand Market Observation.
- UNCTAD. (2020). *World investment report*. United Nations.
- World Bank. (2023). *Thailand economic update*. World Bank.
<https://www.worldbank.org/en/country/thailand/publication/temdec2023>
- World Bank. (2023). *Thailand overview*.
<https://www.worldbank.org/en/country/thailand/overview>
- Xiaomi Annual Report. (2021). *Annual report of Xiaomi Corporation 2021*. Xiaomi Investor Relations. <https://ir.mi.com/static-files/b85f34c0-0010-4a8c-94b9-269d8cd4eca4>
- Xiaomi. (2023). *Company overview*. Xiaomi. <https://ir.mi.com/corporate-information/company-profile>