MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY NATIONAL AGRARIAN UNIVERSITY
ECONOMICS AND MANAGEMENT FACULTY

Public management and administration Department

QUALIFICATION WORK

Education Degree - Master

on: Research on E-commerce Development of Enterprises under the Background of Internet+

Completed: student of
073 «Management» (EP «Administrative Management»)

Xu Nana

Superviser ***Olena Bieliaieva***
Candidate of Public Administration

Reviewer ***Liudmila Ivashyna***
PhD, Associate Professor

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SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty Economics and Management
Department Public management and administration

Education degree *«Master»*
Field of Study *073 «Management» (EP «Administrative Management»)*

Approved:
Head of Department
«_____» __________________ 2025 y.

TASK

on qualification work for student

Xu Nana

1. Theme of Qualification work: **Research on E-commerce Development of Enterprises under the Background of Internet+**

Superviser _Olena Bieliaieva, Candidate of Public Administration

approved by the university from ______________________________

2. Deadline for student completed project (work) ***March 2025***

3. Background to the project (work):
educational methodical manuals, monographs, textbooks on the subject of research, scientific publications, and economic and financial statements for the period of 2021-2023

4. Contents of settlement and explanatory notes (the list of issues to develop):

1. Definition of basic concepts and corresponding theoretical basis
2. Analysis of the external environment of the development of e-commerce internationalization of Xiaomi Technology Company
3. Investigate measures to ensure the implementation of the International Competitiveness Strategy
5. Develop measures to ensure the implementation of the e-commerce internationalization strategy
6. Summarize the results of the analysis

5. Date of assignment: **March, 2025**

CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	December, 2023	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	December, 2023	done
3	Preparation and presentation of the draft of the first chapter of the thesis	February 2024	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	March 2024	done
5	Making the theoretical part of the thesis, summarizing the analytical part	April 2024	done
6	Design options improve the research problem	May 2024	done
7	Completion of the project part of the thesis, design chapters	May 2024	done
8	Previous work and its defense review	December, 01-02 2024	done
9	Checking the authenticity of the thesis	February, 20-28 2025	done
10	The deadline for students to complete the thesis	March, 01 2025	done
11	Defense of the thesis	March, 27 2025	done

Student ____________________ ***Xu Nana***
(Signature)

Supervisor of science work ____________________ ***Olena Bieliaeva***
(Signature)

Authentication performed ____________________ ***Nadiia Baranik***
(Signature)

Checking the authenticity conducted.
The thesis allowed for defense. ____________________ ***Svitlana Lukash***
(Signature)

ABSTRACT

Xu Nana. Research on E-commerce Development of Enterprises under the Background of Internet+

Master's thesis in the specialty 073 «Management,» EP «Administrative Management» SNAU, Sumy-2024 - Manuscript.

The rapid advancement of the Internet and the proliferation of digital technologies have fundamentally transformed the e-commerce landscape, prompting enterprises to adapt their strategies to leverage these changes effectively. This research examines the e-commerce development of enterprises within the context of "Internet+," with a specific focus on Xiaomi Technology Company as a case study. The study explores how Xiaomi has harnessed innovative e-commerce strategies to enhance its market presence, streamline operations, and foster customer engagement.

The analysis highlights integrating online and offline channels, utilizing big data for consumer insights, and implementing social media marketing as pivotal elements in Xiaomi's e-commerce approach. Furthermore, the study investigates the role of Xiaomi's unique business model, which emphasizes community-driven marketing and customer feedback, in driving e-commerce growth.

Through a comprehensive evaluation of Xiaomi's strategies, this research aims to identify best practices and key success factors that can inform other enterprises navigating the complexities of e-commerce in an increasingly digital economy. The findings contribute to the broader discourse on e-commerce development in the age of Internet+, offering valuable insights for practitioners and scholars in the field.

Keywords: E-commerce development, Internet+, Xiaomi Technology, Digital Transformation, Big data analytics, Social media marketing

АНОТАЦІЯ

Сюй Нана. Дослідження розвитку електронної комерції підприємств в умовах Інтернет+

Магістерська робота за спеціальністю 073 «Менеджмент», ОП «Адміністративний менеджмент» СНАУ, Суми-2024 - Рукопис.

Швидкий розвиток Інтернету та поширення цифрових технологій докорінно змінили ландшафт електронної комерції, спонукавши підприємства адаптувати свої стратегії для ефективного використання цих змін.У цьому дослідженні розглядається розвиток електронної комерції підприємств у контексті «Інтернет+», з особливим акцентом на Xiaomi як приклад дослідження. У дослідженні досліджується, як Xiaomi використовує інноваційні стратегії електронної комерції для посилення своєї присутності на ринку, оптимізації операцій і сприяння залученню клієнтів.

Аналіз зосереджений на інтеграції онлайн і офлайн каналів, використанні великих даних для розуміння споживачів та маркетингу в соцмережах як основних елементах стратегії Xiaomi. Також вивчається роль бізнес-моделі Xiaomi, що орієнтується на маркетинг, керований спільнотою, і зворотний зв'язок з клієнтами для стимулювання зростання електронної комерції.

Це дослідження оцінює стратегії Xiaomi для виявлення найкращих практик та факторів успіху, що допоможуть іншим підприємствам орієнтуватися в електронній комерції в цифровій економіці. Результати сприяють обговоренню розвитку електронної комерції в епоху Інтернет+, надаючи корисну інформацію для практиків і науковців.

Ключові слова: конкурентоспроможність, конкурентоспроможність підприємств, фактори конкурентоспроможності, якість продукції, управління якістю, засоби інформатизації.

CONTENT

INTRODUCTION

Actuality of theme. In today's rapidly evolving digital environment, companies face unprecedented challenges and opportunities due to technological advances and shifts in consumer behavior. Digital transformation has changed from a choice to an inevitable trend, especially under the promotion of globalization; the operation mode of enterprises is undergoing profound changes. Integrating e-commerce into traditional business models is an innovation and a strategic choice for companies seeking to remain competitive and ensure sustainability. This process involves not only the application of technology but also a deep understanding and grasp of market demand, consumer behavior, and industry trends.

The primary objective of this thesis is to explore the development of e-commerce within enterprises, focusing specifically on Xiaomi. The study aims to identify effective strategies and practices that have enabled the company to leverage the Internet+ framework to enhance its e-commerce capabilities and overall business performance. This research seeks to contribute to understanding e-commerce development in modern business operations by employing a rigorous analytical approach, including qualitative and quantitative methods.

To achieve this objective, the thesis will address the following key goals:

1. Analyze the theoretical foundations of e-commerce development: This includes examining the evolution of e-commerce in the context of the Internet+ initiative, identifying the unique challenges and opportunities faced by enterprises like Xiaomi, and assessing the factors that influence the effectiveness of e-commerce strategies.

2. Investigate the strategic decision-making process in e-commerce initiatives: This section will cover the principles and stages of developing e-commerce strategies, the role of leadership in fostering innovation, and the internal and external factors that impact decision-making.

3. Identify and evaluate methods for enhancing e-commerce effectiveness: Emphasis will be placed on applying data-driven approaches, technological advancements, and consumer insights to optimize e-commerce operations.

4. Conduct a case study analysis of Xiaomi Technology Company: This involves a comprehensive examination of Xiaomi's e-commerce strategies, identifying existing strengths and areas for improvement in its digital transformation journey.

5. Propose new strategies for e-commerce development: Based on the findings, the thesis will offer tailored recommendations for enhancing Xiaomi’s e-commerce capabilities, drawing on industry best practices and innovative solutions.

The purpose and objectives of the master's work. The e-commerce development process within Xiaomi Technology Company focuses on strategies to enhance the company's digital presence and operational efficiency. The subject of the study is the application of e-commerce models and methods within the context of the Internet+ framework in China.

There are tasks for qualification work:

1. Definition of basic concepts and corresponding theoretical basis

2. Analysis of the external environment of the development of e-commerce internationalization of Xiaomi Technology Company

3. Investigate measures to ensure the implementation of the International Competitiveness Strategy

5. Develop measures to ensure the implementation of the e-commerce internationalization strategy

6. Summarize the results of the analysis

The author's research mainly includes the following parts: First, in the paper, the type of internationalization strategy that a company should develop and adopt is elaborated through the main concepts and theoretical basis. Secondly, through the combination of qualitative and quantitative methods, the external environment of the internationalization development of e-commerce is analyzed and predicted by the opportunities. It challenges the company encounters in the development stage of e-commerce internationalization. This analysis provides a reference for entering the international competitive market. Thirdly, based on the current economic situation and the development situation of the company, corresponding solutions and strategies are proposed to deal with these challenges. Through the implementation of an e-commerce internationalization strategy, the results provide valuable insights for them.

The object of this study is the e-commerce development process within Xiaomi Technology Company, focusing on strategies to enhance the company's digital presence and operational efficiency.

The subject of the study is the application of e-commerce models and methods within the context of the Internet+ framework in China.

The practical significance. This study has the potential to provide actionable insights and strategies for enterprises to address the complexities of digital transformation and e-commerce integration. Specifically, the study takes the example of Xiaomi Technology Company. Still, its findings and recommendations can apply to Xiaomi and other companies looking to improve their e-commerce capabilities and overall business performance in the digital age.

The information base for this research includes scholarly works from experts in e-commerce, digital marketing, and organizational behavior, alongside internal reports and market analysis from Xiaomi Technology Company.

This research aims to provide valuable insights into developing and implementing e-commerce strategies within enterprises, offering a framework that industry leaders can adapt to ensure stability and success in an increasingly digital world.

List of publications:

1. Xu Nana, Bieliaieva O. Research on e-commerce development of enterprises under the background of Internet+: a case study of Xiaomi. Science and Society: Modern Trends in a Changing World Proceedings of XI International Scientific and Practical Conference Vienna, Austria 1-3 October 2024 the 11th International Scientific and Practical Conference "Science and Society: modern trends in a

changing world" (October 1-3, 2024) MDPC Publishing, Vienna, Austria. 2024. 382 p.

2. Xu Nana, Bieliaieva O. Research on the development of e-commerce for enterprises in the context of Internet+: a case study of Xiaomi scientific research: modern challenges and prospects Proceedings of Ill International Scientific and Practical Conference Munich, Germany 21-23 October 2024 UDC 001.1 The 3rd International scientific and practical conference "Scientific research: modern challenges and prospects" (October 21-23, 2024) MDPC Publishing, Munich, Germany.2024. 507 p.

The thesis consists of an introduction, three chapters, and a list of references, including 44 publications, 10 tables and figures, and appendices, 69 pages, of which 64 are the main text.

CHAPTER 1

THEORETICAL BASIS RELATED TO THE DEVELOPMENT OF E-COMMERCE

With the continuous development of the Internet and computers, e-commerce has emerged as a new economic development model, increasingly playing a significant role in the global economic system. E-commerce encompasses a wide range of content; beyond internet and market transactions, it also involves finance, law, politics, insurance, security, and taxation. From a microeconomic perspective, e-commerce involves individuals and organizations engaged in market economic activities utilizing the Internet, information technology, and digital tools to conduct online transactions [1]. This means e-commerce entities must interact with various institutions and organizations, including government departments, banks, production enterprises, trading companies, and consumers. Generally, e-commerce includes several key components:

1. Business informatization as a prerequisite.
2. People are the central focus of all e-commerce activities.
3. The adoption of advanced electronic tools and technologies.
4. Transaction content that encompasses all services and goods.

The internationalization of e-commerce refers to e-commerce entities engaging in international business activities, utilizing the Internet to match market supply and demand [2]. This reflects the use of advanced electronic information technology in global trade, essentially leveraging electronic technologies and information platforms for information exchange, sharing, and dissemination, achieving a networked international trade activity.

The strategic transformation of an enterprise refers to a comprehensive adjustment of resources, organizational structures, operating modes, and business directions. It is a process through which a company enhances its social status and significance by improving its competitive advantages and evolving into a new business format. In simple terms, this process involves a company adjusting its internal operations in response to changes in overall conditions. Companies adjust resource allocation, organizational forms, operational methods, and business directions to prevent adverse situations caused by changes in the internal and external business environments, ensuring sustainable development and innovation of competitive advantages [3].

There are three modes of strategic transformation. The first is the industry-to-industry mode. The characteristics of this transformation mode are that when the enterprise reaches a particular stage of development, the development resistance of development will become bigger and bigger, and the space will become smaller and smaller. Therefore, all enterprises retain the market share of the original industries and quickly open up another emerging industry market or altogether quit the original industries and turn to new sectors and industries. For example, in the transformation of BYD and other enterprises, the common feature of their success is that the main business is very successful. Still, the first or core business cannot meet the needs of sustainable and healthy development of enterprises. After several years of exploration and practice, they are turning to emerging industries.

The second is the capital-to-industry model. This model does not have factories and industries but starts with capital operation and uses capital to promote the development of industrial sectors. For example, D'Long is a typical example of capital entering the industrial integration: starting from the stock market, then focusing on the industry, and then entering some industries on a large scale to engage in resource integration.

The third mode is from industry to capital and then to industry. This mode is the combination of the above two modes. It starts with industrial development and gradually forms a diversified investment business and capital operation, and then focuses on developing some emerging industries and industries. No matter which industrial model an enterprise chooses to transform, it must have the integration, coordination, and control ability of the eight links of industry, capital, strategy, resources, technology, policy, market, and management. The booming industrial transformation depends on the integration and operation of these eight links.

Andrew Grove proposed the theory of strategic turning points, viewing them as phenomena in transition. In this context, specific previously set strategies may not yield the desired results, indicating the potential for better development opportunities or, conversely, the risk of falling into despair and failure. According to Grove, strategic turning points usually occur in a company's external business environment rather than its internal environment; when a strategic turning point exists in the industry, it necessitates a change in its business strategy. Subsequently, in related articles, Burgelman and Grove described strategic turning points as comprehensive adjustments in technological paradigms and associated strategy and driving forces. They developed corresponding definitions and models encompassing strategic turning points, strategic cognition, and strategic contradictions [1].

In later articles and interviews, Andrew Grove detailed the cause of the strategic turning point, identification methods, and understanding; he thinks the strategic turning point may be the introduction of new technology, new control policy, the change of consumer values, or consumer preferences, therefore, the strategic turning point is the change outside the enterprise, rather than the change of the enterprise internal, once the industry strategic turning point, requires enterprises to make fundamental changes in the development strategy.

The core viewpoint of marginal competitive strategy theory is that a company's reforms should be based on competitive advantages. Companies can maintain balance in a chaotic market environment by innovating competitive strengths through various unrelated competitive forces. Marginal competitive strategy combines "how to design strategic objectives and implement them." It continually collects strategies related to new strategic goals and their realization, reflecting that the core driver of performance is the company's flexibility [4]. The theory posits that strategy is an inevitable outcome of reforming and innovating organizational structures and semifixed strategic trends, with the latter being a clear distinction between marginal competition and traditional strategies [5].

The competitive strategy of products includes a leading strategy, a differentiation strategy, and a centralization strategy. Xiaomi has adopted a hybrid strategy of combining cost lead and differentiation to distinguish it from similar products. Xiaomi grew into a top global mobile Internet company in a short period, and the cost leadership strategy is one of the most critical factors in Xiaomi's smartphone success. As mentioned above, the price of Xiaomi phones is half that of similar configuration phones, and its unique marketing model creates a massive advantage of low operating costs. Xiaomi mobile phones mainly use Internet marketing, word-of-mouth marketing, and other modes, with low publicity costs, to achieve maximum revenue.

Xiaomi focuses on technological innovation and constantly launches cost-effective products to meet consumers' demand for smartphones and other electronic products. At present, Xiaomi has built an ecosystem that covers mobile phones, home appliances, Internet services, and other fields. It has also improved user engagement by integrating resources. Use the Internet platform for marketing and sales, reduce the cost of traditional retail channels, and achieve rapid response to market changes. Xiaomi is actively expanding into the international market, reducing its reliance on a single market by launching products and services in overseas markets.

Current research indicates that equilibrium gained through competition is a key driver and resistance to whether a company can implement strategic transformation. The interplay between drivers and resistances ultimately influences a company's strategic transformation. When studying resistance to transformation, organizational inertia is often the first factor mentioned [6]. For instance, according to Romanelli and Tushman, organizational inertia negatively impacts strategic transformation, resulting in its intermittent nature. Researchers have examined the causes of organizational inertia, identifying organizational routines as a critical factor. Rummel’s studies provide detailed validation of this point, leading to further analysis of the meaning, survival patterns, functional performance, and manifestations of organizational routines.

Some studies suggest that the root cause of resistance to strategic transformation is the adjustment or modification of internal employees. This includes changing employees' perceptions, work modes, technical skills, and incentive mechanisms. According to Bengt Karl, strategic transformation can alter employees' interests and behavioral habits, leading to psychological resistance due to uncertainty about the future and the costs of transitioning. Studies have categorized organizational members by hierarchy (e.g., senior management, middle management, and lower-level staff) to analyze the distinct reasons for resistance to strategic transformation at different levels. Given the hierarchical nature of organizations and frequent communication, employees' roles at various levels influence each other, necessitating a comprehensive analysis of their combined impact on resistance to strategic transformation [7].

In today's rapidly evolving tech industry, with accelerating information transmission, the significance of technological resources in supporting strategic transformation is increasingly evident. Numerous theoretical studies indicate that for a company to push its operational methods through strategic transformation, it needs substantial technological resources and capabilities as a backing. As a 2006 study by Gu Jiajun pointed out, "The operational mode of a company directly influences the type of strategic transformation, and the outcome of relying on technological support to enhance operational efficiency, self-value, and growth rate is a change in its strategic type." Therefore, some researchers argue that if a company fails to accumulate sufficient technological resources in preparation for strategic transformation, it may struggle to seize the opportunity for transformation when it arises, leading to significant adverse effects on its future development prospects [8].

From the competitive strategy perspective, the central paradigm concerning positioning issues comes from Professor Michael Porter of Harvard Business School. According to Porter, the profitability of an industry is typically determined by five forces. The industry structure directly affects the formulation of competitive rules and the strategies available to enterprises. Therefore, the strategic goal of any enterprise is to occupy a significant position in its field while utilizing various competitive capabilities to maintain its market position.

The specific analysis is the famous five-factor framework (the bargaining power of suppliers and buyers, the threat of potential entrants and substitutes, and the competition between different rivals in the industry). This framework has several main characteristics, as follows. First, it emphasizes a contest for "power" in the market. An enterprise must have the power to respond to, influence, and change the above five factors. Secondly, its definition of the industry is broad and extended, including not only the rivals of the industry but also the enterprises and potential rivals of the neighboring industries. Thirdly, it makes the SWOT analysis's OT (opportunity and threat in the environment) analysis more systematic and rigorous.

The theory of internal endogenous factors focuses on capability or resource factors (organizational elements). It suggests that an organization’s competitive advantage primarily comes from its unique conditions or qualities rather than the industry structure or overall environment. Scholars such as Wernerfelt and Barney have summarized internal endogenous factors based on the resource-based theory, indicating that competitive advantage does not arise from the external environment but rather from the quantity, quality, and utilization of the organization's resources. Compared to the external environment, internal resources play a more decisive role in fostering innovative competitive advantages [9]. Research by Prahalad and Hamel reveals that a comprehensive analysis of suburban economic development can be approached from a competitive strategy angle. In the capability theories by Hamel and others, they identify "capability" as the analytical unit, pointing out that unique internal capabilities are prerequisites for forming competitive advantages arising from core competencies.

E-commerce refers to a series of business activities conducted via internet platforms, typically categorized into B2B (business-to-business) and B2C (business-to-consumer) types [10]. Global e-commerce refers to international business activities performed through online platforms.

Karakkada and Winston have deepened the understanding of e-commerce as having two central pillars: technical standards and legal policies. They propose that e-commerce can be understood through four different dimensions: first, from a communication perspective, utilizing the internet and electronic technologies to transmit various transactional information; second, from a business process perspective, e-commerce is an application technology that automates the entire business transaction process; third, from a service perspective, e-commerce serves as a management tool that reduces costs, improves quality, and optimizes services by addressing both company and customer needs; fourth, from an online perspective, e-commerce enables industries to sell products or services through online services. These four points fundamentally explain what e-commerce is and help further understand key issues and hot topics in e-commerce, such as the technologies it relies on, its objectives, and its target customers.

Additionally, Professor Turban states that from a collaborative standpoint, e-commerce is a structure that facilitates internal and external communication within organizations; from a community perspective, e-commerce provides a platform for community members to interact and learn from each other. Turban’s two additional points provide a more comprehensive understanding of e-commerce.

The Organization for Economic Cooperation and Development (OECD) defines e-commerce as commercial transactions over public networks involving company-to-company or company-to-individual interactions. Since 1993, with the gradual improvement of Internet infrastructure, the continuous rise in Internet applications, and the increasing number of Internet users in China, the country began to adopt Internet-based e-commerce. Following rapid development, people’s understanding of the formation and development process of e-commerce has varied, with different perspectives emerging. Below are some definitions recognized by many scholars and are representative and authoritative [11].

China's first work on e-commerce, the "China E-commerce Blue Book," was officially published in 2001, with its latest version released in 2023. This book understands e-commerce as facilitating business transactions through various electronic technologies, such as the Internet and digital media. Business transactions encompass goods and services, where the transaction subjects are the demand or capability entities of the business activities [12]. Based on this, Professor Li Qi believes that e-commerce includes broad and narrow definitions. The broad definition refers to all electronic tools applied in business activities, including interactions between companies and individual users. The narrow definition refers to the entire process of business activities conducted by individuals to exchange goods under rapid technological and economic development conditions.

The rapid development of the internet has enabled e-commerce to establish a global virtual market based on advanced information technology, forming a new trade operation system that alters the constraints of traditional trade-in time and space, thereby creating a virtual online market that spans the globe [13].

Tapscott noted in 1993 and 1998 that e-commerce has become a key facilitator of global activities through advanced information technology. The increasing number of global internet users and the continuous improvement of internet technologies have laid a solid foundation for the international development of e-commerce. In 1997, U.S. President Bill Clinton and former Vice President Al Gore pointed out in the "Global E-commerce Agenda" that one of the key elements for promoting the world economy in the 21st century is e-commerce. Additionally, in 1999, the U.S. government implemented online shopping initiatives for governments worldwide, prompting many countries to follow suit [14]. The support and promotion from various governments have accelerated the development of e-commerce. Andy Grove, then Chairman and CEO of Intel, famously stated in the "E-commerce Management Guide" that any company must conduct business activities through the internet, or society will eliminate it. Although this statement was directed primarily at developed countries, it reflects his belief in the vast potential of e-commerce development.

Over more than 20 years of development, China’s e-commerce has formed a significant scale and accumulated substantial experience. Simultaneously, the accelerating process of global economic integration has made China’s economy increasingly interconnected with the worldwide economy, intensifying market competition and cooperative competition between domestic enterprises and foreign companies. As a result, the development of e-commerce in China is shifting toward internationalization in line with global trends and advancements [15].

In "Strategies for the International Development of E-commerce for Small and Medium-sized Enterprises in China," Gao Gongbu and Jiao Chunfeng assert that under the current conditions of global economic integration and information integration, e-commerce is one of the most effective means for companies to participate in international competition. Someone further explores how small and medium-sized enterprises, which occupy a core position in China, can develop international e-commerce, emphasizing the need for continuous improvement in the e-commerce development environment and establishing collaborative relationships between enterprises to achieve information and resource sharing [16].

Wang Rulin is one of the earliest scholars in China to research e-commerce and marketing issues. In his book "The International Development Trend of Chinese E-commerce," he points out that the trend of internationalization in e-commerce is becoming increasingly apparent. Domestic e-commerce has begun to expand and spread overseas, with the rapid development of third-party payment platforms and international logistics accelerating this trend. Sun Shaojie noted in "The Current Status and Trends of E-commerce Development in China" that the ongoing global integration process is intensifying, and the trend of e-commerce internationalization is increasingly evident. With the continuous advancement of reform and opening-up, an increasing number of foreign-funded enterprises and capital have entered the domestic market, leading to closer cooperation between domestic and foreign markets [17]. He Wenxuan, in "Research on the International Development Model of C2C E-commerce," pointed out that the rapid popularization and promotion of the Internet have created favorable opportunities for the international development of e-commerce.

Jin Wenchao stated that as the trend of e-commerce internationalization becomes more evident, the internet will demonstrate the advantages of low cost and cross-temporal and spatial capabilities, becoming a new platform that will lead to the development of global commerce. This platform provides a new trading environment for enterprises and merchants from all over the world. Its emergence has discarded traditional business models and significantly streamlined international trade processes and stages. Through economical, efficient, and rapid communication technologies, it offers comprehensive commercial services for transactions, negotiations, and payments, greatly enhancing the scientific nature and efficiency of enterprise decision-making while effectively reducing transaction costs and risks in the market [18].

Wang Linghang pointed out that in traditional trade models, a single transaction requires the preparation of 30 paper documents, and the drafting, review, delivery, and exchange of these documents must be handled by specialized personnel. International trade e-commerce breaks the limitations of traditional time and space factors, allowing transaction parties to no longer be affected by distance, time, or material conditions. On specialized Internet commerce platforms, suppliers and logistics companies collaborate to implement a cargo leasing model, enabling transactions such as booking ships, customs clearance, document delivery, and cargo delivery simply through online orders. This dramatically simplifies international trade processes and improves transaction and payment efficiency. Some scholars estimate that e-commerce can save up to 40% of logistics costs for traditional businesses, with specific unique industries able to reduce costs by as much as 70% [19].

CHAPTER 2

ANALYSIS OF XIAOMI TECHNOLOGY COMPANY'S EXTERNAL ENVIRONMENT FOR E-COMMERCE INTERNATIONALIZATION DEVELOPMENT

2.1 Overview of the Global Market

As technology advances, smartphones are becoming increasingly popular, with improved functionality that now allows tasks once completed on a PC to be done on a smartphone. This has rapidly expanded the smartphone market, posing a significant threat to traditional feature phones. Previously, due to the impact of the epidemic, the global demand for electronic products slowed down, and the chip inventory was surplus, leading to a sharp decline in prices and an overall downturn in the related industrial chain. Global smartphone shipments fell 3.2 percent year-on-year to 1.17 billion units in 2023, the lowest level in the past decade. But on the plus side, shipments posted a better-than-expected rebound at the end of the year, growing 8.5% in the fourth quarter year-on-year to 326 million units, giving confidence to the recovery in 2024.

The top five vendors in global smartphone sales in 2023 are Apple, Samsung, Xiaomi, OPPO, and TECNO. For 2023, Apple shipped 234.6 million units, or 20.1%; Samsung shipped 226.6 million units, with a market share of 19.42%. Xiaomi ranked third in global shipments, with 145.9 million units shipped, accounting for 12.5 percent. OPPO and TECNO followed, with shipments of 103.1 million units and 94.9 million units, with 8.84% and 8.13%, as shown in Table 2.1.

Apple holds the top spot, with a market share of more than 20%; Samsung is second in the world with screens, chips, and memory, giving it a massive advantage in product development, design, sales, and pricing. Samsung has heavily invested in software quality, further consolidating its market position. Samsung implements a unified global marketing strategy, developing products at different price points for diverse users and establishing factories in countries with lower labor costs. Through extensive brand promotion and distribution channels, Samsung continues to expand its market share.

Table2.1 - Global smartphone shipments, market share, and growth survey

Company	Shipments in 2023	Market share in 2023	Shipments in 2022	Market share in 2022	2023/2022 increase
Apple	234.6	20.10%	226.3	18.77%	3.70%
Samsung	226.6	19.42%	262.2	21.74%	-13.60%
Xiaomi	145.9	12.50%	153.2	12.70%	-4.70%
OPPO	103.1	8.84%	114.4	9.49%	-9.90%
TECNO	94.9	8.13%	72.6	6.02%	30.80%
Others	361.8	31.01%	377.2	31.28%	-4.10%
All	1166.9	100.00%	1205.9	100.00%	-3.20%

Source：[20]

The iPhone, developed by Apple's U.S. headquarters, runs on the iOS operating system. U.S. companies handle key functions like design, development, procurement, warehousing, and sales in their production process—other countries, like China, Asia-Pacific, and the EU, handle less critical production stages. China primarily manages the assembly of iPhones, which are sold globally through Apple’s extensive distribution channels. Currently, 31 countries contribute to the iPhone’s production and sales chain, with China having the most suppliers at 349, followed by Japan with 139 and the U.S. with 60. Other significant contributors include South Korea, Malaysia, the Philippines, Thailand, Singapore, and Germany.

By analyzing Samsung and Apple's international development, we can see they adopt different overseas market strategies. Samsung utilizes a multi-tier product competition strategy, offering models across various price ranges for all users, with a shorter product update cycle, and releasing new models every year. Apple, in contrast, targets the high-end consumer market, focusing on high-end communication tools with a longer product update cycle. Both Apple and Samsung adopt a skimming pricing strategy to maximize product profitability. In sales channel development, both companies rely on traditional channels. Samsung emphasizes developing relationships with agents, large retailers, and telecom operators, while in recent years, Samsung has enhanced its direct sales channels, leading to a more streamlined distribution system [21]. On the other hand, Apple invests heavily in developing large retailers, distributors, and its own channels for marketing. In promotion, Samsung emphasizes a localized approach to market its products widely, helping consumers understand product features and brand identity. Apple, meanwhile, excels at using scarcity marketing and emotional marketing strategies [22]. Both Samsung and Apple have high brand recognition, which is a critical foundation for their international expansion.

In recent years, Chinese smartphone brands have expanded internationally. Huawei, ZTE, and Lenovo have entered the European market through acquisitions and OEM partnerships, leveraging their industry knowledge to grow market share abroad. Brands like Gionee, Vivo, and Xiaomi have launched overseas expansion strategies, establishing production bases in India and achieving significant success in the local market. According to research, Samsung still leads the Indian smartphone market with a 24% market share, followed by Vivo at 10%, Xiaomi at 9%, and OPPO at 8%, as shown in Figure 2.1. Together, these four brands hold a 46% market share. Domestic brands like OPPO and Coolpad are also expanding aggressively in Southeast Asia and have achieved notable success. Advanced technology is driving Chinese brands into the Nordic markets as well. According to research, Chinese smartphone brands hold a 30.65% market share in the top ten overseas markets, with 20.35% in the U.S., 30.91% in India, and 59.3% in Southeast Asia, as shown in Figure 2.2. This data highlights the significant international presence of Chinese smartphone companies. However, domestic smartphone companies still face competitive disadvantages compared to established brands like Samsung and Apple.

With the implementation of China's "Belt and Road" initiative, domestic brands are expected to find new development opportunities. Leveraging favorable policies for international market expansion is an urgent question for Chinese smartphone companies to address.

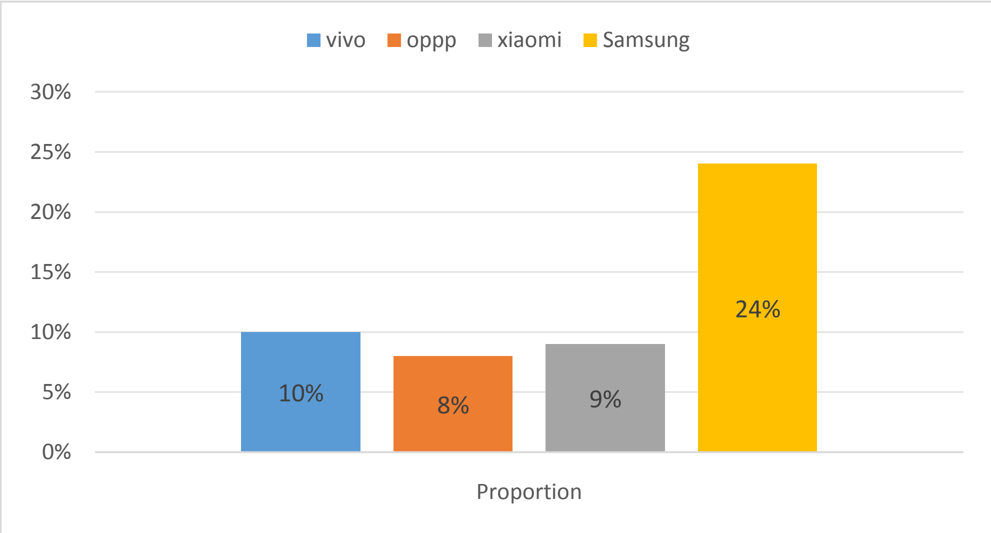


Figure 2.1 - Smartphone market share in India

Source: own research

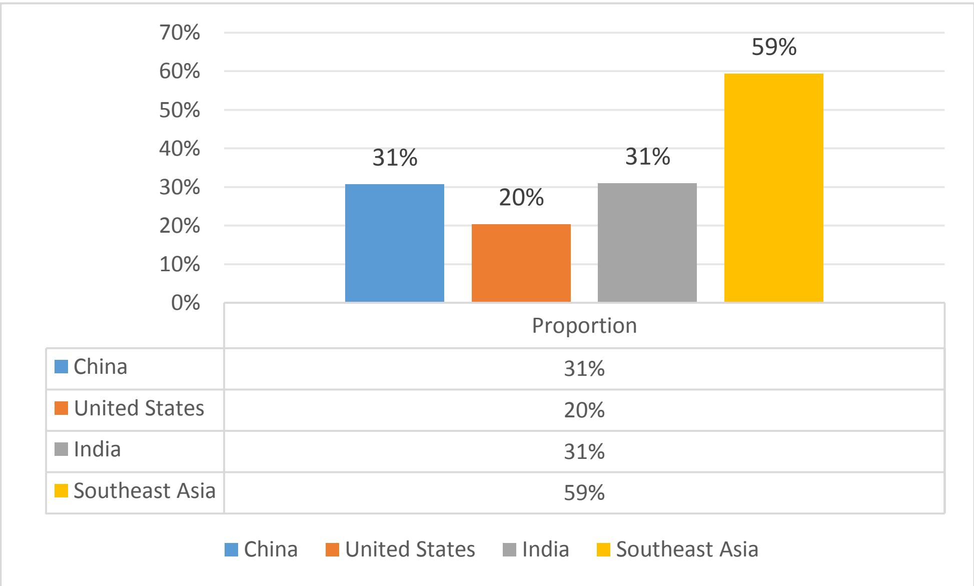


Figure 2.2 - Market share by country

Source: own research

2.2 Analysis and Strategy

PEST analysis analyzes political, economic, social, and technical factors to help organizations identify possible opportunities and threats， as shown in Table 2.2.

Table 2.2 - PEST analysis

P	E	S	T
Government Regulations & Policies	Income Levels & Market Demand	Global Acceptance of Chinese Manufacturing	E-commerce & Cross-Border Trade
International Relations & Stability	Market Size & Infrastructure	Changing Consumer Behavior	Mobile Communication Technology
Export Policies	Economic Growth	Rising Disposable Incomes	Big Data & Digital Innovation

Source: own research

Political Environment Analysis. The political environment for a business primarily consists of the government, political factors, legal requirements, and policies. To a certain extent, a company’s survival and growth are encapsulated within this "political environment." The business must adhere to relevant legal provisions and industry standards; otherwise, even the most unique products or outstanding services cannot ensure sustained development. The political environment can either promote or hinder business growth, implying that before entering a market, a company should abide by the laws and regulations [23], thoroughly explore the current political landscape, leverage favorable conditions to foster its development and minimize potential obstacles to maximize company interests.

First, peace and development are the dominant themes in the current international political climate. Countries enact policies and regulations to attract foreign investment and collaborate to stimulate economies. Additionally, adopting internationally recognized economic laws and behavior norms provides a robust framework for business conduct globally. Furthermore, China’s comprehensive national strength is steadily rising, enhancing its status internationally and granting Chinese businesses strong political support as they enter competitive global markets. Understanding the legal frameworks in various countries allows companies to mitigate political risks and fosters healthy competition with local firms.

Meanwhile, as the proportion of exports in GDP increases, government support for export trade has also intensified. For instance, export tax rebates illustrate the government’s encouraging foreign exchange generation through exports. Premier Li Keqiang’s report on "Internet+" highlights support for manufacturing firms expanding internationally to boost circulation [24]. This alignment has created an opportune moment for the development of cross-border e-commerce. China’s leading position in the global economy, as the world's largest economic entity, means that other countries increasingly depend on Chinese manufacturing and financial contributions. Despite frequent anti-dumping investigations faced by Chinese exports, the data show a continuous rise in total export volumes, indicating a promising future for international trade and cross-border e-commerce regarding domestic and international policy and regulation [25].

Economic Environment Analysis. National income disparities create different levels of demand for products. When selecting a market, companies should target those that align with the positioning of their products and emphasize the product features that best fit the market. For the electronics market, countries with rapid economic growth prioritize high-performance products and premium services, where competition is driven more by performance than price. Conversely, economically underdeveloped countries or regions focus on practicality and functionality, with consumers favoring affordable products. Xiaomi’s high value-for-money and focus on customer experience make its smartphones appealing to consumers in both high-performance and cost-conscious markets. By adjusting promotional strategies to emphasize product performance for low- and mid-tier consumers, Xiaomi smartphones can be an attractive choice for both advanced economies and price-sensitive consumers.

Additionally, when entering a country or region, companies should assess the market size, considering factors like population and per capita income, to predict demand and consumer purchasing power reasonably. Economic aspects, such as natural conditions, urbanization level, consumption patterns, and infrastructure, can also influence product marketing [26]. For instance, countries with advanced infrastructure, higher urbanization rates, and well-established mobile networks signal strong demand for mobile devices. Today, most countries have developed their basic infrastructure and telecommunications systems, creating a favorable economic environment that supports Xiaomi’s expansion by ensuring market compatibility.

Since 2021, economies worldwide have been recovering, with developing countries accelerating their development. For example, in Kazakhstan, state-owned and private enterprises actively seek partnerships with Chinese manufacturers for national projects. Many companies within the industry have already established close alliances with Kazakhstan, leveraging resources for mutual benefit [27].

Social Environment Analysis. Chinese manufacturing has gained widespread recognition globally, with Chinese products reaching various international markets. Manufacturing has gained international acceptance, and logistics, payment systems, and marketing networks have advanced comprehensively. Global payment systems like PayPal, Western Union, and Alibaba’s Trade Assurance facilitate international payments, while international shipping giants such as COSCO and other global maritime companies contribute to trade logistics [28]. Financial insurance providers also play a supportive role, ensuring that the entire social system provides a full range of support for international trade [29].

The rapid advancement of global mobile networks and the continuous strengthening of both software and hardware enhance the functionality of mobile terminals, fundamentally changing users' perceptions of mobile phones. Previously seen as simple communication devices, phones have evolved into multifunctional intelligent mobile terminals, reshaping entertainment consumption patterns. Entertainment activities are increasingly fragmented and mobile, with people using mobile terminals during leisure time, such as commuting or waiting.

With faster economic development, increased social openness, and higher educational levels, consumers are more receptive to innovations, especially in high-tech products. As mobile phones become essential daily, rising disposable incomes have increased consumer purchasing power, leading to more frequent phone upgrades.

Today, consumers seek high value-for-money, stylish design, comprehensive features, and convenient applications. In all countries, consumer attitudes are shifting toward rational consumption, focusing more on functionality and price than brand legacy or high-end exclusivity. This rational consumer perspective supports product competition among smartphone manufacturers. This presents a significant advantage for Xiaomi, which offers high-functionality, high-value products. The demand for reasonably priced, high-performance phones aligns with the purchasing needs of many consumers, earning Xiaomi recognition and approval from a broad consumer base.

Analysis of the Technological Environment. In the technological domain, international trade e-commerce and domestic e-commerce differ due to cultural differences, consumer purchasing habits, and other factors [30]. These distinctions result in varying marketing techniques and strategies. Major international e-commerce platforms, such as Alibaba, eBay, and Amazon, have implemented multilingual market marketing, enhancing trade cooperation among B2B, B2C, and C2C transactions and personalized services. Payment methods are more efficient and convenient, allowing for comprehensive protection of both parties' interests. Logistics and distribution systems have achieved end-to-end management, and big data analytics provide data support and decision-making insights for e-commerce. From the perspective of trade companies, technological support exists at every stage of transactions – before, during, and after-sales – adding value to the development of cross-border e-commerce.

In the future, the scale of mobile communication users will significantly exceed that of desktop internet users. Besides "mobility," mobile communications also offer "anytime" and "anywhere" connectivity, allowing users to experience the convenience of the internet in various situations. The continuous development of 4G, 5G, and Web 3.0 technologies will accelerate internet reform and innovation and increase the market demand for smart devices. The mobile communication era is an inevitable trend in modern development as operators, device manufacturers, and third-party suppliers enter the mobile network market and rapidly develop their infrastructure.

Search engines centralize global information into a vast resource database, making it accessible anytime and anywhere, promoting international integration. Information presentation has evolved beyond analog channels, with interactive video being the most widely used format. Videos offer more complete information than images or text, making digital broadband a suitable solution as traditional broadband is often insufficient for video transmission. Digital communication technology enhances broadband, enabling high-volume data transmission in short periods, which also fosters the development of cloud services. At the same time, intelligent mobile devices, cloud-based resources, and broadband signals are transforming mobile communications toward end-user applications, offering higher-quality, more efficient communication technologies [31].

Currently, 4G technology is maturing globally, 5G technology is advancing rapidly, and digital communication technology continues to strengthen, establishing a solid foundation for the widespread application of smartphones.

Analysis of Competition Among Existing Companies. Xiaomi faces formidable competitors. It has rapidly grown since entering the cross-border e-commerce market, with tens of thousands of sellers based in Shenzhen alone. Many smartphone companies have similar procurement and sales resources. On eBay, most sellers adopt low-price strategies, creating intense market competition. On Amazon, two main strategies are commonly observed: 1) price competition, leveraging Amazon's platform for fair and direct competition, and 2) brand competition, developing distinctive brands to enhance product competitiveness, value, and profit. Overall, as product homogeneity intensifies, competition within the industry will become increasingly fierce.

Entry of Potential Competitors:

1. Chinese Sellers: Amazon and eBay have implemented global seller initiatives, creating favorable market conditions for domestic and foreign sellers. This lowered entry barrier enables Chinese sellers to compete with lower prices.

2. Local Competitors with Market Expertise: As e-commerce becomes more popular, Chinese entrepreneurs enter specialized markets. This segment of competitors is expected to grow rapidly and develop strong competitiveness in niche areas.

3. Domestic Platforms: In China, Taobao's cross-border e-commerce platform launched "AliExpress," which facilitates domestic sellers in reaching international markets. While Xiaomi faces competition pressure from new entrants, its experience in cross-border e-commerce positions it well to respond to domestic competitors.

Bargaining Power of Suppliers. Suppliers negotiate to secure favorable terms, with their bargaining power heavily influenced by product scarcity and importance. Suppliers typically have weaker bargaining power in an oversaturated market with excess supply, while in scarcity, they gain more substantial leverage. Xiaomi’s suppliers are affected by brand visibility, financial resources, production capacity, and the duration of cooperation with suppliers. In the smartphone market, Xiaomi competes against brands like Apple, Huawei, Lenovo, and Samsung, which generally possess more substantial brand reputation, financial strength, and production capabilities than Xiaomi. Therefore, Xiaomi is at a bargaining disadvantage relative to its suppliers.

Bargaining Power of Buyers. Pricing negotiations between companies and buyers often reflect a clear power dynamic, with the advantaged party securing better terms. Buyers’ bargaining power tends to be strong if there are few buyers with low demand, products are standardized, the product cost is high relative to total expenses, and switching costs to other suppliers are low.

Xiaomi’s primary customers include consumers and operators. For smartphone consumers, high standardization and intense market competition lead to limited pricing flexibility. The vast array of brands and models gives consumers considerable choice, strengthening their bargaining power. Operators also wield significant bargaining power due to large-scale purchasing, enabling them to reduce procurement costs. Hence, both consumers and operators exert substantial bargaining pressure on Xiaomi.

Analysis of Substitute Products. Substitute products provide similar or identical functions or consumer utility, offering an alternative experience. Substitutes are prevalent in market economies, and their impact varies across industries. In the telecommunications sector, traditional communication methods have been gradually replaced by smartphones, signaling societal transformation. The smartphone industry faces low substitution threats due to its comprehensive functionality, including payment, reading, downloads, recording, and media streaming, which meet diverse consumer needs.

For Xiaomi, the probability of substitutes appearing in the short term is low due to the rapid expansion of e-commerce and its impact on traditional retail and international trade.

Research and Development (R&D) Capability. R&D capability is the company's most critical strength, determining its future survival and growth. The primary R&D efforts for Xiaomi are split between large and small product teams. The extensive product R&D team is responsible for overall product direction. It serves as the core of the company’s R&D. Both large and small teams consist of product managers, R&D engineers, forum support staff, product designers, technical testers, and operational personnel. Xiaomi's R&D team has successfully applied for multiple technology patents and entered into patent usage agreements with several companies. The high-tech and flexible nature of Xiaomi’s R&D team drives continuous innovation and development.

Additionally, Xiaomi's product and feature development is directly influenced by consumer feedback. The R&D team collects consumer feedback through online channels, selects valuable insights, and uses these to develop or optimize products. One notable example is the development and updating of the MIUI system, where feedback from over one million users is regularly posted on the MIUI forum. Xiaomi quickly responds to this input, often making relevant adjustments within a week.

The direct embodiment of research and development ability lies in research and development investment. Whether Xiaomi has invested enough research and development funds in enterprise development to support enterprise research and development and innovation, and innovation is the source of profit. Next, we will analyze the R & D investment and profit data of Xiaomi to understand the relationship between R & D investment and profit of Xiaomi, as shown in Table 2.3.

Table2.3 - Xiaomi Corporation R & D investment and profit

YEAR	2019	2020	2021	2022	2023
R & D investment(billion)	9	11	13.2	16	19.1
PROFIT (billion)	11.5	13.2	20.5	22	26

Source: own research

To analyze the relationship between Xiaomi's R & D investment and profit, it needs to be modeled based on relevant data through the mathematical model of R & D investment and profit data; the following results are obtained after linear regression analysis, as shown in Table 2.4.

Judging from the above table, Using R & D investment (billion) as an independent variable, However, linear regression analysis with PROFIT (billion) as a dependent variable, As can be seen from the above table above, The model formula is: PROFIT (billion) = -1.569 + 1.479 * R & D investment (billion), The model R square value was 0.938, This means that R & D investment (billion) can explain 93.8% of the change in PROFIT (billion). In the F test of the model, it was found that the model passed the F test (F=45.417, p=0.007 <0.05), which means that R & D investment (billion) must influence PROFIT (billion), the final specific analysis shows that:

Table 2.4 - Results of the linear regression analysis

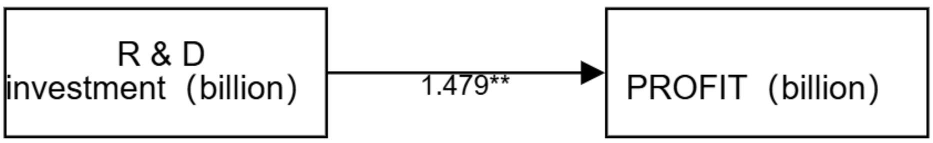
	Non-standardized coefficients		Standardization coefficient	t	p	collinearity diagnostics	
	B	standard error	Beta			VIF	tolerance
constant	-1.569	3.1	-	-0.506	0.648	-	-
R & D investment（billion）	1.479	0.22	0.969	6.739	0.007**	1	1
R^2	0.938						
Adjust R^2	0.917						
F	F (1,3) =45.417, p=0.007						
D-W	2.729						

Remark： dependent variable = PROFIT（billion）

* p<0.05 ** p<0.01

Source: own research

The regression coefficient of R & D investment (billion) was 1.479 (t=6.739, p=0.007 <0.01), which means that R & D investment (billion) has a significant positive effect on PROFIT (billion). Summary analysis shows that all R & D investments (billion) will significantly impact PROFIT (billion). The model result diagram is shown in Figure 2.3.



Firgure2.3 - Model result diagram

Source: own research

Table 2.5 - Model summary

R	R^2	Adjust R^2	RMSE	DW	AIC	BIC
0.969	0.938	0.917	1.361	2.729	21.272	20.491

Source: own research

It can be seen from Table 2.5 that R & D investment (billion) is used as the independent variable and PROFIT (billion) as the dependent variable for linear regression analysis. As seen from the above table, the squared value of model R is 0.938, which means that R & D investment (billion) can explain 93.8% of the change in PROFIT (billion).

Table 2.6 - ANOVA form

	quadratic sum	df	mean square	F	p
regression	140.229	1	140.229	45.417	0.007
residual	9.263	3	3.088		
total	149.492	4			

Source: own research

It can be seen from Table 2.6 that the model passed the F test ($F=45.417$, $p=0.007 <0.05$), which means that the model construction is meaningful. Therefore, Xiaomi's R&D investment is directly related to the profit of Xiaomi, and the process is significantly positively correlated. It is suggested that Xiaomi should increase its R&D investment and enhance its R&D capacity, which is crucial for the development of the enterprise.

Production Capability. "On-demand customization" is one of Xiaomi's smartphone production models. It involves producing smartphones based on the quantity ordered online. Production is managed by Nanjing Yinghuada and Hebei Foxconn, which allows Xiaomi to:

1. Reduce large-scale production costs for facility construction, equipment purchase, maintenance, and labor.

2. Focus resources on promotional activities, user needs analysis, and product development.

Xiaomi has more than 800 devices, involving more than 100 suppliers. However, Xiaomi selects all the same suppliers as MOTOROLA, Apple, and other brands, and Foxconn and Yinghuada manufacture them. Both are the world's first and two largest OEM manufacturers, with robust production capacity. In 2023, Xiaomi shipped 146 million smartphones, matching the production capacity of both suppliers and significantly supporting Xiaomi's production goals.

Management Capability. Xiaomi operates with a flat organizational structure, which suits its focused product range and the fast-paced smartphone market. This structure enables quick strategic adjustments in response to market changes. In contrast, complex organizational structures, like those of larger companies such as Motorola and Nokia, hinder rapid responses to market demands, often putting them at a competitive disadvantage. Xiaomi's flat structure, centered on product departmentalization, allows it to follow market trends closely.

Overseas Warehousing. Xiaomi has established multiple logistics transfer warehouses internationally, with locations in India, the United States, the United Kingdom, Germany, France, and Australia. Xiaomi is also actively setting up Amazon fulfillment centers in India, the U.S., Canada, the U.K., Germany, France, Spain, and Italy. By investing in overseas warehousing and leveraging Amazon’s logistics network, Xiaomi can significantly enhance customer shopping experiences, providing faster product delivery and more straightforward returns or exchanges. This broad warehousing network allows Xiaomi to tailor differentiated marketing strategies for diverse market segments, meeting the expectations of both domestic and international customers.

Since 2020, the COSCO and Xiaomi group hand in hand in hand in Panama to carry out the entire supply chain service, "shipping + overseas warehouse" mode has, after four years of elaborate, formed a set of mature operation processes and personalized service content, the shipping agent, land transportation, warehouse management and customs clearance, and other links have achieved remarkable results.

Relying on advanced equipment and rich experience, COSCO reduces the time and cost of overseas storage distribution for Xiaomi, meets the purchase needs of customers, improves logistics efficiency, and accelerates the turnover and delivery of goods, ensuring that Xiaomi products can reach all parts of the world safely and on time. In the wave of global digital supply chain construction, CCOIC is committed to continuously optimizing its international service network, improving its core competitiveness and customer-centered service concept, helping the development of global trade, and supporting Chinese brands worldwide.

Amazon and eBay Accounts. Xiaomi has set up multiple independent accounts on Amazon and eBay, as platform accounts are essential operational tools in e-commerce. Account quality, influenced by product and service standards, is crucial; better service and product quality improve account standing. Amazon and eBay have strict account management policies to assess account quality scientifically. Higher-quality accounts receive "ranking weighting" (which boosts product rankings in searches), effectively increasing traffic conversion rates and marketing revenue.

Operating multiple accounts impacts business strategy formulation and helps mitigate risks associated with a single account. Xiaomi currently operates 80 platform accounts, including 40 on eBay, approximately 30 on Amazon, and over 10 on other platforms. Through technical means, Xiaomi ensures each account remains independent to avoid detection by platform administrators. To prevent monitoring of multiple accounts, Xiaomi registers each account under different company names, uses various registration methods, and keeps other registration details unique.

There are some problems in the process of the internationalization of e-commerce, which are as follows:

Vague E-commerce Internationalization Strategic Goals. In Xiaomi Technology Company's day-to-day operations, when setting short-term international e-commerce goals, these decisions typically align closely with human resources, sales, administrative management, and finances. While short-term decisions help the company effectively address specific issues, reflecting its operational management capacity, modern management requires clear, standardized decision-making goals and process structures. This implies that decision-making should be process-oriented, with scientific analysis tools. Hence, short-term decisions are closely related to the company’s international e-commerce objectives.

However, while defining e-commerce internationalization goals, the company often lacks feasibility, resulting in misalignment with its operational state. When setting strategic objectives, the achievability remains insufficient from either the company's or departmental perspectives. Under these conditions, the company has had to make multiple adjustments to its international e-commerce strategic goals, causing revenue from international e-commerce to decline from 220.87 billion RMB to 150.32 billion RMB; the achievements of international e-commerce operating income are shown in Table 2.7. Despite these adjustments, the strategic target remains out of reach, posing significant operational challenges. This highlights a lack of scientific rigor, excessive arbitrariness, and a degree of blindness in designing Xiaomi's strategic goals for international e-commerce.

Table 2.7 - Achievements of international e-commerce operating income 2022

month	1	2	3	4	5	6	7	8	9	10	11	12
Income Achievement Rate	87.5 %	90.1 %	74.5 %	59.4 %	81.2 %	91.5 %	64.5 %	48.8 %	88.1 %	56.6 %	78.1 %	69.3 %

Source: own research

The company’s international e-commerce strategy implies that departments must work together to maximize returns, relying on coordinated efforts from various departments under scientific guidance from corporate leadership. Human resources, production, and marketing departments collectively contribute to achieving the corporate strategy. When necessary, the decision-making process includes external experts to ensure the strategy is scientific and reasonable.

However, according to research, Xiaomi's international e-commerce strategy is primarily decided through meetings with the chairman, general manager, and senior executives. In practice, the chairman holds ultimate decision-making authority. Moreover, in daily operations, tasks are generally passed down from top management, such as from the general manager to the deputy general managers and then to department heads. Departments typically perform their tasks according to their responsibilities and regulations, often paying insufficient attention to the international e-commerce strategy. Consequently, when different departments interpret the company's strategic direction, international e-commerce goals, and business development strategies, they tend to focus from their perspectives; the company collaboration survey on e-commerce internationalization strategies is shown in Figure 2.4.

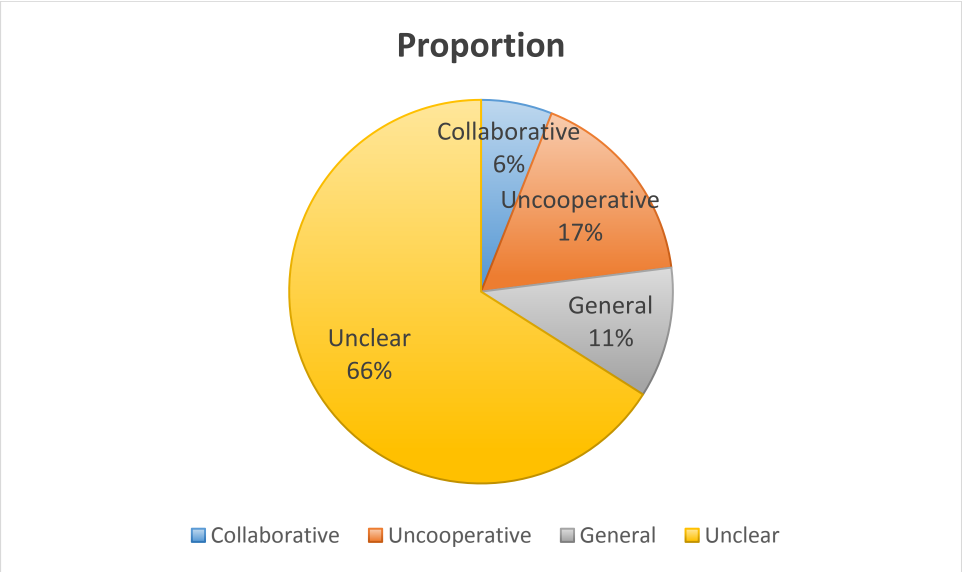


Figure 2.4 - Company collaboration survey on e-commerce internationalization strategies in 2022

Source: own research

There may be a lack of strong support for Xiaomi Technology Company's e-commerce internationalization strategy. The problems are as follows:

1. Insufficient Understanding of Overseas Markets

When designing an internationalization strategy, a company should consider which market or country would best support its development. Lin Bin's criteria for target market selection suggest scientifically evaluating a particular market's attractiveness. Young consumers have substantial purchasing power and market potential. They are willing to try new things and readily embrace mobile internet and e-commerce. In China, Xiaomi relies on the internet to sell its smartphones, and this approach should be applied when entering overseas markets by utilizing local e-commerce platforms to sell Xiaomi products. However, if local e-commerce platforms strictly control distribution channels, this could hinder smartphone manufacturers' growth, making it more challenging for Xiaomi to enter new markets.

According to an IDC report, potential markets for Xiaomi include Hong Kong, Taiwan, South Africa, India, Indonesia, Russia, Singapore, Turkey, Malaysia, Brazil, the Philippines, and Thailand. Psychological distance often stems from differences in corporate culture (beliefs, language, and behavior), business practices (political and economic environments, relationships with business people, and commercial customs), and business environments. Suppose a company lacks overseas development experience or does not fully understand the processes of international operations. It should adopt a nearby selection principle, targeting countries or regions with similar consumer preferences, institutional environments, and market regulations. This approach allows the company to make only minor adjustments to its internal organizational structure, corporate governance, and leadership style while enabling efficient transfer of marketing skills, product technology, and human resources.

Suppose Xiaomi attempts to enter foreign markets with significant psychological distance without prior analysis. In that case, it may incur high adjustment costs in its internal structure, processes, and systems, potentially outweighing the profitability brought by internationalization. As parts of Chinese territory, Hong Kong and Taiwan share a close cultural and psychological distance, suggesting that Xiaomi should consider these markets first. However, developing overseas markets differs significantly from developing the mainland market, primarily because it involves dealing with new issues and implementing measures to address challenges in foreign markets. The foreign environment’s uncontrollable factors—such as political, legal, cultural, economic, competitive, distribution structure, and technological factors—are unpredictable.

The more overseas markets a company explores, the more uncontrollable foreign environment factors it will encounter, as measures for one country or region may not suit another [32]. Xiaomi should, therefore, conduct a detailed analysis of each country’s (or region’s) regulations (like policies, ordinances, and laws), cultural background (such as language, religion, history, lifestyle, and customs), and market environment (such as consumer preferences, sales models, business customs, and competition). Doing so minimizes risks associated with unfamiliar markets and uncontrollable environmental factors.

2. Inappropriate Mode of Market Entry

Xiaomi mainly uses direct export channels for its smartphones in overseas markets. Although Xiaomi plans to establish production facilities overseas, it still relies on exports. It focuses on smartphones, with the primary obstacle in its internationalization process being insufficient patents.

When entering international competitive markets, companies need to consider reducing international market risks and political risks rather than strictly controlling international operations. For Xiaomi, understanding the export model thoroughly is crucial. Xiaomi could adopt an indirect sales approach, using a smaller initial investment to explore unfamiliar overseas markets while maintaining stable fixed-asset investments. Once Xiaomi succeeds in a new market, it can expand production, add product lines, and eventually switch to direct export channels, strengthening its export capacity. However, the export model inevitably comes with certain limitations. Information asymmetry might prevent Xiaomi from capturing real-time local market demand and changes, potentially weakening the competitive edge of products with significant differences in demand. Moreover, reliance on export merchants and local agents can lead to high tariffs, trade protectionism, long shipping times, and high logistics costs.

A study by Itus and Weishi Grace analyzing U.S. economic interactions with 53 other countries found that increased intellectual property protection in host countries greatly stimulated U.S. FDI but had a reverse effect on export trade. Thus, the more a government seeks to protect its intellectual property, the less suitable the export model becomes; FDI would be more appropriate. Xiaomi faces the challenge of insufficient patents when entering foreign markets, and a country with strong intellectual property protection would pose a higher risk of litigation. If Xiaomi only uses the export entry model, it must follow companies like Huawei and ZTE by improving product R&D or acquiring patents extensively, as Lenovo did. Last year, Huawei's R&D expenditure reached 161.7 billion RMB, accounting for 23.4% of its total revenue, surpassing its total profit. As of December 31, 2023, Huawei has held more than 140,000 valid authorized patents worldwide. More than 90% are invention patents. Up to now, Huawei is the enterprise with the most significant number of authorized patents in China, with more than 50,000 valid Chinese patents, more than 22,000 authorized patents in the United States, and about 15,000 authorized patents in Europe.

Xiaomi has applied for more than 20,000 patents between 2021 and 2022. Nearly 12,000 patents were used in 2021 and about 8,000 in 2022. By the end of 2023, Xiaomi had granted more than 37,000 patents worldwide. Xiaomi's growing number of patents highlights the "technology-oriented" development philosophy. However, Xiaomi still has a long way to go in patent accumulation, requiring persistent efforts and extended waiting periods. Developing products involves a long R&D cycle, and investments cannot yield immediate results. According to multiple authoritative data, by the end of 2020, the number of Xiaomi 5G standard patent statements has entered the top 15 in the world, the top 13 by the end of 2021, and the top 10 by the end of 2022, the global 5G standard ranking of essential patents in 2022 is shown in Table2.8. Therefore, it is unlikely and unrealistic for Xiaomi to quickly surpass industry leaders or patent giants. This long-standing issue hinders Xiaomi's international expansion, making it necessary to reconsider its export model.

Table2.8 - Global 5G standard ranking of essenti al patents

Ranking	TOP10 Patentee	Global patent family
1	Huawei	14.59%
2	Qualcomm	10.04%
3	Samsung	8.80%
4	ZTE	8.14%
5	LG	8.10%
6	NOKIA	6.82%
7	Ericsson	6.28%
8	DATANG	4.34%
9	OPPO	4.19%
10	Xiaomi	4.10%

Source: [33]

3. Lack of Partnership Networks

Xiaomi typically sells products in China through its website, partner operators, and third-party e-commerce platforms. However, Xiaomi has not achieved ideal results when developing overseas markets using its official website and third-party e-commerce platforms, primarily due to consumers' shopping habits and the e-commerce development stage [34]. Lacking the overseas sales and operational experience of companies like Huawei and ZTE, Xiaomi's most significant challenge lies in finding more collaborative partners. For example, over 150 smartphone brands in India, such as Micromax, Samsung, and Apple, are present. More than 75% of mobile phones are distributed through chain stores, social channels, self-operated flagship stores, and authorized distributors, with only around 1% through operators.

India's offline sales system is highly complex. As a federal country with over 20 states, each comprises numerous cities where distributors are dispersed. The more remote the area, the smaller the dealers, unlike in China, where four major national distributors—Tianyin, Putian Taili, Aiside, and Zhongyou Putai—dominate the market.

Xiaomi Technology Company will have a high-cost problem of reporting and exchanging them; the high costs associated with returns and exchanges mainly stem from two factors.

Firstly, India has implemented relatively comprehensive legal policies regarding e-commerce. If customers are dissatisfied with their purchased products—whether due to quality or non-quality issues—sellers must provide an unconditional return process within a month, with the shipping costs borne by the seller. If the customer wants to exchange an item, the cost of reshipping also falls on the seller. Xiaomi incurs a specific monthly return cost to comply with these regulations.

Secondly, given the nature of cross-border e-commerce, Xiaomi cannot establish quality inspection departments or staff at all its overseas warehouses. When overseas customers request a return, Xiaomi can only analyze the follow-up handling method based on the reason for the return without conducting a quality inspection of the returned product. If the return is due to non-quality reasons, such as personal preferences or mistaken purchases, the returned product is restocked and resold. If the return is due to quality issues, the product is returned to China for repair rather than resold.

According to historical data, among Xiaomi products returned to China, about 40% are due to non-quality issues and can be resold, which results in unnecessary cost losses.

2.3 Optimize logistics and supply chain

In terms of logistics, an independent supply chain system should be established, along with creating a new logistics center. On the one hand, this would provide logistics services for Xiaomi. On the other hand, it would offer services to the entire market, expanding service scope through external openings, strengthening market competitiveness, and reducing logistics costs [35]. This approach would both cut costs and increase revenue.

The feasibility of this strategy can be analyzed from the following points:

1. Xiaomi has built a mature supply chain management system based on its IT infrastructure over the past six years. This system has helped increase business volume, with revenues significantly surpassing expenditures, leading to continuous growth in business.

2. Xiaomi has partnered with several logistics organizations, gaining a competitive advantage in logistics pricing.

3. Understanding the cooperation process with Amazon, Xiaomi can assist customers in fulfilling shipping requirements according to Amazon's standards.

4. Xiaomi owns several overseas warehouses, enabling it to meet different customer needs. For small and medium-sized sellers, establishing overseas warehouses is a significant challenge due to high costs and the need to hire specialized teams for management. However, Xiaomi leverages its own IT system and supply chain resources to provide logistics services to third-party customers, utilizing Xiaomi’s overseas warehouse resources.

5. With extensive customs clearance experience, Xiaomi can promptly assist customers in resolving customs issues.

6. Logistics companies charge Xiaomi service fees based on business volume. Initially, the main economic benefit for logistics companies came from Xiaomi, which served as their strong financial backbone. However, as the number of customers grew, other business revenues also increased, leading to a self-sustaining model.

In summary, if Xiaomi has its own logistics center, possesses a market competitive advantage, and can generate income, this approach has high operational feasibility.

Additionally, Xiaomi can gain the following advantages from this strategy:

1. The logistics industry’s scale can generate significant effects. After opening to external partners, the scale of first and second-stage transportation will expand. After scaling up, Xiaomi will have bargaining power with transportation companies and save on transportation costs. Furthermore, this can improve modern inventory management methods, increasing efficiency. Thus, Xiaomi will reduce transportation costs and strengthen its competitiveness [36].

2. Xiaomi can generate revenue from other business areas.

3. Since the company needs to serve third-party customers, this period can also help logistics companies optimize service quality, ensuring Xiaomi receives higher-quality services.

4. This would provide more excellent career development opportunities for the senior management of Xiaomi’s supply chain department. By taking on senior management roles in logistics companies, the career development of these managers will expand, possibly leading to promotions, such as becoming the new company's general manager. If they excel in this role, it reflects well on Xiaomi.

In conclusion, the primary function of the newly established logistics company is to expand economies of scale, reduce transportation costs, and enhance Xiaomi’s market competitiveness. This approach is undoubtedly correct and feasible as part of Xiaomi's horizontal integration strategy. The effectiveness of this strategy is typically evaluated by the "external revenue ratio," meaning the revenue generated from non-core businesses outside of Xiaomi's primary operations.

CHAPTER 3

XIAOMI TECHNOLOGY CO., LTD. E-COMMERCE INTERNATIONALIZATION STRATEGY IMPLEMENTATION

3.1 Xiaomi Technology Company's International E-commerce Strategy Development

The success of Xiaomi's international e-commerce efforts depends largely on both internal and external e-commerce infrastructure.

For internal development, Xiaomi focuses on leveraging internal information management systems or integrated software, starting from product R&D and linking all processes—procurement, production, marketing, and logistics—to scientifically allocate human, material, and financial resources and continuously optimize technical capabilities.

According to the concept of a cooperative competition strategy, Xiaomi uses advanced information technology to maintain close ties with suppliers, collaborators, and customers, continuously tracking market trends, customer needs, and technology developments. This enables the company to quickly adapt to market changes, strengthening its competitive position.

For external development, Xiaomi uses the Internet and information technology to establish trade and business cooperation with upstream and downstream companies in the industry. By sharing information and streamlining business processes through real-time data exchange, Xiaomi resolves information transfer obstacles, allowing information to flow into logistics and capital streams. This transformation upgrades its information platform into a transaction platform, advancing Xiaomi's e-commerce goals and achieving the company's strategic objectives.

After analyzing the specific international e-commerce environment for Xiaomi, the company has clarified its current mission and vision for international e-commerce:

- Vision: Amid the constraints of the international e-commerce environment, and based on a corporate strategy aligned with the Internet era, Xiaomi aims to innovate in operational methods and information-based infrastructure to establish an international e-commerce model that supports its export goals and strengthens its competitive capabilities.

- Current Mission: In the current international e-commerce landscape, Xiaomi has built an internal information system, aiming to maximize international e-commerce resources, improve direct export efficiency, minimize operational costs, and increase business efficiency. Moreover, Xiaomi seeks to maintain close communication with suppliers and customers, enhancing the responsiveness of its international e-commerce supply chain [37]. This helps Xiaomi overcome developmental bottlenecks and achieve another leap forward.

Xiaomi Technology Company needs to strengthen its information infrastructure and talent training on the issue of international resource strategy.

1. Strengthening Internal Information Infrastructure

For Xiaomi, information infrastructure goes beyond placing a few computers or programmers in the company. It requires that the company’s hardware and software work in tandem, integrating information technology into all aspects of customer relationship management, business management, and employee management to fully incorporate information services.

Xiaomi should focus on website and platform construction, enhancing management of various business resources such as suppliers, customers, and partners. The sales department should implement product information-based strategies in line with internal marketing theories and network marketing plans, realizing functions like online product consultation, online payment, and order management [38]. The customer service department should establish a customer-centric management mechanism.

Due to Xiaomi's increasing level of information technology and refined management practices, all internal departments benefit from efficient communication channels for business exchanges, financial transactions, and logistics through the internal information system. Information infrastructure development is a gradual process requiring Xiaomi’s continuous optimization efforts. This necessitates ongoing financial investment and recruitment of skilled talent, as a one-time investment alone cannot complete the company's information infrastructure.

2. Emphasis on Comprehensive Talent Development

In terms of talent management, Xiaomi should invest significantly in recruiting more international management experts and encourage executives and investors to engage in self-training to broaden their perspectives and deepen their knowledge of cross-border e-commerce and international business.

To attract more e-commerce talent from domestic universities and talent centers, Xiaomi should offer competitive salaries, ample growth opportunities, and space to develop their potential, providing practical opportunities to build their experience.

For fresh graduates, Xiaomi should recruit as many as possible, as many new graduates are e-commerce professionals without formal training. Though they may lack work experience, their enthusiasm makes them valuable. Xiaomi should offer these individuals practical experience. Additionally, Xiaomi should conduct regular training sessions focused on international e-commerce, providing employees with the latest information and knowledge on cross-border e-commerce. Employees with substantial practical experience should undergo training, and Xiaomi should identify high-potential individuals to serve as future leaders.

Xiaomi company should pay more attention to financing development and expand the source of funds. Throughout its development, Xiaomi Technology has faced a crucial challenge: difficulty in financing. To address this, Xiaomi Technology, in addition to relying on innovative financing mechanisms, should choose the correct financing models.

First, the company should focus on its internal environment and improve internal financing efforts. Developing a habit of long-term capital accumulation may not fully satisfy all funding needs, but it can at least partially supplement the company's capital gaps. Additionally, for internal financing, the company could adopt a capital increase and share expansion model.

Second, in terms of external financing, the company should seize all financing opportunities. This includes staying informed on the latest banking loan information and changes in national policies. When engaging in external financing, Xiaomi Technology encounters barriers, not only due to complex financing procedures and policies that may not align with its capital needs, but also due to a lack of necessary information exchange and communication between the company and banks on loan matters. Therefore, Xiaomi Technology should stay informed on loan information, prepare in advance, and seize all opportunities to raise funds.

Moreover, company managers must be forward-thinking, always keeping an eye on changes in the macro environment and understanding relevant capital market information, such as changes in interest rates and exchange rates. This enables them to understand global economic trends and ensure financing decisions are scientific and reasonable.

3.2. International Competitiveness Strategy

Xiaomi Technology Company should change its organizational structure to meet the needs of e-commerce internationalization. The international development of e-commerce renders the company’s existing business model, internal organizational structure, and management practices inadequate. Under e-commerce demands, companies must possess world-class market responsiveness, allowing them to quickly devise solutions based on international market changes [39]. However, traditional management practices are often overly centralized, with insufficient information exchange and coordination between departments, and senior management may not participate directly in sales markets. Therefore, according to the new requirements of e-commerce, the company's main business and operational steps should develop towards networking and informatization [40]. The company's decision-makers should rebuild the organizational structure, transforming the "pyramid" structure into a "flat" one. Expanding the management scope, narrowing hierarchical levels, and enhancing both horizontal communication among departments and information exchange capabilities with the external environment will improve the company’s control over external markets.

It is crucial to emphasize that when innovating the organizational structure, company decision-makers must change traditional management thinking and hierarchical management perspectives, focusing on training employees’ organizational innovation awareness and concepts, and conducting orderly and targeted restructuring under scientific guidance.

Xiaomi technology companies should pay more attention to cultivating the international competitiveness of their products and e-commerce. Building product international competitiveness involves training in pro. uct service quality, innovation capability, and branding. In terms of service quality, under the backdrop of international e-commerce, the virtual nature of online transactions shifts international market competition towards user experience and service competition rather than product quality or price. Thus, during transactions, it is essential to scientifically address various issues arising from distance, cultural, and language differences, adhering to a customer-first principle to maximize customer satisfaction in each process, including customer service, after-sales, payment, and logistics. Furthermore, the company should utilize the internet to create a profile for each customer, conduct after-sales follow-ups, collect customer feedback, and use it to improve or innovate products.

In terms of product innovation, the company should foster a positive and progressive atmosphere that encourages employee-driven innovation. Additionally, the company should comprehensively collect information from the internet and monitor changes in the international market, so as to innovate product design concepts early and increase R&D investment. At the same time, the company should stay informed on competitors' latest products on the market, as the saying goes, "know yourself and know your enemy, and you can fight a hundred battles without danger."

For branding, Xiaomi Technology should establish brand advantages through cost-effective e-commerce methods, build brand image, and promote it through advertisements, promotions, and web pages to communicate the company’s brand culture and philosophy, thus deepening customer understanding and recognition of the brand. Additionally, the company should cultivate employees' brand awareness, shape corporate culture, fully promote the internationalization of e-commerce branding, enrich the company's cultural content, and drive the company's continuous development in the international competitive market.

Xiaomi Technology Company should pay more attention to the quality of logistics service and choose the appropriate logistics distribution system. In Xiaomi Technology's e-commerce internationalization, the efficiency of international logistics distribution is crucial. Considering the current high logistics costs and low efficiency in China, Xiaomi Technology can take the following measures to improve cross-border logistics efficiency [41]:

Firstly, based on the differences in delivery regions and orders, the company should select logistics that is low-cost but fast. This distribution model is mainly for B2C orders because B2C orders involve a small number of new products with small cargo volumes, which do not align with the company's large-scale transport requirements and should utilize international or postal small package modes according to the specific destination of goods.

As for B2B orders, it is advisable for the company to form a logistics strategic alliance with other companies, leveraging economies of scale to reduce logistics costs and increase transport efficiency. The company could also adopt third-party logistics distribution to unify distribution in specific foreign markets. If the company's economic strength is substantial, it could rent warehouses abroad and ship relevant goods in advance to overseas warehouses. When the company receives online orders from overseas customers, it can deliver products through the overseas warehouse, allowing international customers to receive products in the shortest time. However, the overseas warehouse model requires not only significant financial strength but also advanced warehouse management capabilities [42].

3.3 Measures for Ensuring the Implementation of E-commerce Internationalization Strategy

The measures to ensure the implementation of e-commerce internationalization strategy must first adjust the market entry mode.

1. Contractual Model for Developing MIUI System

Xiaomi's business model is centered on smartphones, which have almost zero profit margins, with the primary revenue generated from network services provided by the MIUI system software and smart hardware in its supply chain. The key success factor for Xiaomi is its user base. As Xiaomi expands into overseas markets, it can explore different market entry strategies to develop foreign customers. As the number of users choosing Xiaomi’s system and services continues to grow, Xiaomi's international brand influence will rise, and the revenue generated will become more substantial, making the company’s global objectives achievable.

When a company directly invests in target markets or engages in exports, it often encounters political and economic risks. Therefore, seeking cooperation in the host country, forming alliances, and transferring the rights to use the company’s intangible assets appropriately to the local partners is a method that is well recognized by both the parties and the host country's government.

A licensing model may be the only viable way to enter the market. Compared to other methods such as contractual agreements, equity investment, and product exports, the licensing entry model minimizes the overseas risks faced by the company.

2. Investment in IoT Startups

The Internet of Things (IoT), cloud computing, big data, and cybersecurity markets are emerging innovation technologies and entrepreneurial hotspots after the advent of mobile internet. Cisco once predicted that the communication traffic generated by IoT devices could surpass internet communication traffic by 2018, marking the beginning of the era of ubiquitous connectivity. Smartphones and hardware are the most critical components of the IoT, and smart hardware has expanded from wearable devices to include robots, smart TVs, smart toys, smart cars, and healthcare products. Some of the most representative smart hardware products include LeTV TVs, Google Glass, DJI drones, Samsung Gear, AR headsets, Fitbit, Tesla, and Oculus.

In 2022, Samsung shifted its focus toward IoT and became one of the top ten IoT companies after acquiring the US-based smart home platform, SmartThings. Xiaomi, in its past seven rounds of financing, successfully accumulated over 40.9 billion RMB, and in 2023, Xiaomi generated a profit of 19.3 billion RMB, demonstrating its strong financial position. Xiaomi could collaborate with other international venture capital firms to form an IoT international investment fund and invest in the most promising IoT startups globally. In India, there are many IoT startups suitable for Xiaomi's investment, such as Gzene Technologies. This company developed a plug-and-play smart automotive product, ZENE, which can transform any vehicle into a smart car. ZENE allows vehicles to communicate performance issues or other concerns and even correct bad driving behaviors by guiding the engine. ZENE also provides real-time information for users, allowing them to manage their cars via a mobile app, regardless of their location.

In 2014, rumors have circulated that Xiaomi would manufacture cars, with speculations that Tesla would provide automotive technology, BYD would handle the manufacturing, and Xiaomi would handle marketing. And, Xiaomi will enter the auto market starting in 2021, even though giants like Google, LeTV, Baidu, Tencent, and others have already made significant advances in this area. In March 2024, the first car of Xiaomi Automobile, Xiaomi SU 7, was officially launched. In October 2024, sales of Xiaomi SU 7 increased by 52.86%; in the last 12 months, sales of Mi SU 7 peaked in October 2024 with 20,726 units.

Currently, Xiaomi's international logistics mechanism is not well-developed, which is one of the areas that needs improvement for its internationalization. Xiaomi currently only has international warehousing and transportation centers in Taiwan and Shenzhen, and its transportation network is relatively limited. Additionally, the high cost of UPS courier services exacerbates the issue. Therefore, establishing a complete and independent international logistics mechanism is a crucial step for Xiaomi to develop overseas markets and achieve its international goals.

In the short term, Xiaomi could establish one of its international warehousing and logistics centers in India. This is because India is one of Xiaomi's most promising overseas markets, and the company has recognized this potential. With increasing sales of Xiaomi phones in India, setting up a logistics center there would effectively meet local transportation needs, reduce delivery times, and ensure the stability of product sales and supply. Moreover, India’s geographical location as a maritime transportation hub between Asia, Oceania, Europe, and Africa makes it an attractive logistics market. In recent years, India has continuously improved its logistics infrastructure, including port development, highway networks, and warehouse spaces. Therefore, Xiaomi could establish an international logistics center in India, complementing those in Taiwan and Shenzhen, and gradually building a larger international logistics system. Once Xiaomi’s international operations stabilize, the company could consider adding more logistics centers and systematically constructing an efficient, responsive logistics network.

At present, Xiaomi should continue to strengthen its international after-sales services. Xiaomi’s after-sales service typically includes both online and offline support. Online service mainly involves training local customer service staff, improving their professional skills, and ensuring they understand Xiaomi’s corporate culture and product philosophy. This is crucial because customer service is often the first point of contact with customers and serves as a symbol of the company’s image. Therefore, providing detailed product information and addressing customer queries in a timely manner are essential for improving service quality.

One of the shortcomings in Xiaomi’s internationalization is the after-sales service system. Xiaomi should continue to expand its efforts in this area. First, it should expand the network of after-sales service points, allowing more users to experience quality after-sales service, thereby addressing concerns about buying Xiaomi products. Second, Xiaomi should further standardize its after-sales service centers by clearly defining areas such as reception, warehouse, waiting areas, and repair stations. Customers in waiting areas should be provided with water and entertainment facilities, among other services. Service centers should publicly disclose service processes, pricing standards, and warranty terms to ensure transparency and fairness in service. By building and standardizing after-sales service centers, Xiaomi can not only solve customer issues but also enhance its corporate image, ensuring that customers experience the consistent quality of Xiaomi products from purchase to use and service.

Xiaomi Technology Company should strengthen the cultivation of corporate culture and human resources development.

1. Cultivating Corporate Culture

Corporate culture refers to the use of strict implementation of company rules and regulations, mandatory enforcement, and supervision to encourage all employees to establish a sense of awareness, which is what we commonly refer to as corporate culture. A good corporate culture can enhance the sense of responsibility among employees. For any company, the soul of the organization comes from its corporate culture. Therefore, in the cultivation of corporate culture, Xiaomi Technology should focus on the following points:

First, building the core values of the company. The basic concepts and goals set by the company during the management period constitute its corporate values. Corporate values are a manifestation of the company's soul and a prerequisite for ensuring that employees' goals are aligned. The development and improvement of corporate values is an endless process. All managers must carefully consider what the company's most practical, effective, and correct values are, and continuously optimize them to keep the company vibrant. Xiaomi has always upheld the concept of "knowing and doing are one, actions speak louder than words, and integrity is paramount," and has worked to permeate it into all departments of the company. The company continues to improve its business strategies to meet the personalized needs of different customers, thereby increasing customer satisfaction.

Second, cultivating team consciousness. Team consciousness refers to the collective strength of the enterprise, as well as the sense of security and belonging among employees. In the cultivation of team consciousness, company managers should focus on steering the ship, setting correct goals for employees, and during the implementation process, pay attention to the development of employees' personalities, encourage independent thinking habits, and try to bring out the full potential of employees. In order for a team to achieve greater innovation, the strengths and specialties of each team member must be fully utilized. Therefore, the company should continuously strengthen the team consciousness of each employee, ensuring that their goals and directions are unified.

Third, keeping pace with the times, cultivating e-commerce awareness. For Xiaomi, most of its business comes from electronic platforms. Given the rapid development of e-commerce today, the company must focus on developing e-commerce; otherwise, it will be at a disadvantage in the rapidly changing competitive market and might even be eliminated. Xiaomi, with its relatively small business scale, is highly dependent on e-commerce platforms, so it is essential to recognize the importance of e-commerce. All employees must be familiar with e-commerce and know how to apply it. They should actively learn about e-commerce and participate in various industry training programs, thereby enhancing their knowledge and thinking abilities to contribute more to the company's development .

2. Human Resource Development

If a new e-commerce mechanism is implemented, Xiaomi faces the issue of a shortage of high-end talent in each work process. However, an analysis of Xiaomi's current human resource situation indicates that the company is clearly lacking excellent talent that meets the new system requirements. Therefore, Xiaomi should focus on human resources and increase the recruitment of professional talents and the training of employees in new technologies.

First, hiring and training high-quality marketing personnel. For Xiaomi, the company's profitability is directly related to the sales capabilities of its marketing personnel. High-quality sales personnel can generate significant profits for the company. However, high-quality salespeople require long periods of work experience and cannot be quickly trained. Therefore, when hiring new employees, the company should focus on the candidates' work experience. The more work experiences an applicant has, the stronger their ability to adapt to new tasks. Additionally, when training employees, the company should combine theory with practice, review and summarize past work experiences, learn from the best, and help employees find clear guidelines to follow in their business processes to avoid potential issues.

Second, recruiting professional technical personnel. Building an e-commerce platform requires the active development and maintenance of network technology staff. Therefore, when hiring technical personnel, the company should choose employees with extensive work experience, who understand both software and hardware usage and can monitor, test, control, and analyze resources. In the event of a failure, they should be able to resolve the issue promptly to ensure the platform operates smoothly.

Third, creating a high-quality work environment. When providing relevant software and hardware equipment to employees, the company should also create a positive and uplifting work environment. This allows employees to complete their work efficiently while also having the flexibility to address their personal issues, maximizing their work enthusiasm.

Fourth, developing a talent development plan. By correctly dividing positions and levels, the company should establish clear promotion sequences for each role, scientifically guide talent flow, create rotation plans, and reasonably develop and reserve talent, ensuring sufficient human resource support for the company's development.

Compensation incentives are one of the most effective and direct means to motivate employees. In order for Xiaomi Technology to attract more talented individuals, it must combine basic salary, benefits, and provide appropriate rewards for employees who make significant contributions and exhibit outstanding performance, based on performance assessments.

The bonus distribution standards should be evaluated based on the completion and growth of work tasks, distributing bonuses according to the performance results of the employees.

When developing an incentive system, one method is through compensation incentives. To stimulate employees' work enthusiasm, both material and non-material methods should be used, along with other incentive policies. Research shows that material incentives bring temporary happiness, not lasting satisfaction. From a certain perspective, employee recognition and affirmation can also create a certain level of motivation, with more lasting effects.

Promote employee exchange meetings. Employees can discuss issues they encounter during work, summarize and share their work experiences, and propose correct measures to promote the company's development based on personal insights. This can increase employees' sense of ownership, and on the other hand, it can stimulate greater potential in employees.

When establishing a performance evaluation system, it should be as quantifiable and specific as possible. The evaluation criteria should include employee work requirements and performance standards. It should adopt methods like self-evaluation, peer evaluation, and supervisor evaluation.

When evaluating employee performance, the following points should be considered: minimum monthly sales quotas, frequency of maintaining existing customer relationships, and the number of updated products in the e-commerce system.

The performance evaluation standards include both qualitative and quantitative indicators. The former refers to employees' personal abilities, work performance, and teamwork spirit; the latter refers to the completion of work tasks.

The international e-commerce marketing platform plays a positive role in showcasing Xiaomi products and services, enhancing the Xiaomi brand, and expanding brand awareness. However, since Xiaomi's international e-commerce application is still in its early stages, issues such as trust and credibility have not been fully addressed. Therefore, in the internationalization of Xiaomi's e-commerce, relying solely on the emerging e-commerce marketing channels is not practical. At least for a period of time, the company will still need to rely on traditional marketing channels such as exhibitions.

The implementation effect of the measures to ensure the implementation of Xiaomi's e-commerce internationalization strategy is as follows：

1. Design Principles of Evaluation Indicators

When Xiaomi Technology implements its e-commerce internationalization strategy, it should scientifically analyze and assess the relevant work performance, objectively evaluating the specific tasks of each department. Therefore, this work is not only highly challenging but also entails a substantial workload. At the same time, some work performance cannot be immediately reflected and must accumulate over time to become evident. Based on these characteristics, the author establishes the following principles when designing the work evaluation indicator system:

- First, fairness and objectivity. When implementing Xiaomi's e-commerce internationalization strategy, the achievements gained from the strategy should be reflected from different perspectives, and existing problems should be listed accordingly. Thus, in the process of formulating the evaluation mechanism for the implementation of the e-commerce internationalization strategy, an objective and fair performance evaluation mechanism should be established based on the specific requirements and work characteristics of each department. This ensures that the performance of all departments can be presented, giving the evaluation results a certain level of authority and fairness.

- Second, operability. In implementing Xiaomi’s e-commerce internationalization strategy, the evaluation indicators should be fair, reasonable, and closely aligned with the work tasks of each department, and they should be quantifiable. If the evaluation indicators are not clear and precise enough, subjective, arbitrary, and inconsistent behaviors may arise during the performance evaluation, leading to results that do not match the actual performance. Additionally, overly specialized evaluation indicators may be difficult for evaluators to understand accurately, resulting in subjective and unfair evaluation results. If sufficient evaluation data cannot be collected, the evaluation process will be hindered. Therefore, in designing the evaluation indicator system, the principle of operability should be adhered to, ensuring that the final evaluation indicators not only reflect the actual situation of the company but are also feasible for implementation.

- Third, representativeness. During the implementation of Xiaomi's e-commerce internationalization strategy, the number of evaluation indicators should be appropriately controlled, and the workload and work processes should be simplified to increase efficiency. If too many indicators are set, it will increase the workload and reduce the fairness and objectivity of the evaluation results. Therefore, representative indicators should be selected to control the number of indicators while effectively reflecting the issues at hand.

- Fourth, comparability. During the implementation of Xiaomi's e-commerce internationalization strategy, it is essential to ensure that the evaluation indicators are comparable. By scoring each evaluation indicator, specific scores can help evaluators identify and address problems, thereby improving the efficiency of the evaluation process. Only in this way can Xiaomi be guided in the right direction and its development goals be determined.

- Fifth, alignment with management objectives. In implementing Xiaomi's e-commerce internationalization strategy, the evaluation indicators should be objective and fair , based on the company's actual situation. Through an effective evaluation indicator mechanism, the key issues Xiaomi encounters in the business process should be listed, and corresponding solutions should be proposed.

2. Establishment of Evaluation Indicators

Currently, Xiaomi has achieved two types of results in the implementation of the e-commerce internationalization strategy:

- One is direct results,
- The other is indirect results.

By analyzing these two types of results, Xiaomi can identify the issues encountered while implementing the e-commerce internationalization strategy.

3. Evaluation Criteria for Indicators

When Xiaomi implements its e-commerce internationalization strategy, it must ensure that the evaluation of related work is fair and objective. First, the evaluation indicator mechanism should be built to quantify the indicators. This paper adopts a ten-point scoring system for the evaluation indicators. Through expert scoring on each item, the evaluation results will be fair, objective, and accurate, enhancing the operability and feasibility of the evaluation work. The ten-point scoring mechanism consists of the following:

- Excellent (7–10 points): After implementing the e-commerce internationalization strategy, the issues reflected by this indicator have seen significant improvements, achieving the expected goals.
- Good (4–6 points): After implementing the e-commerce internationalization strategy, the issues reflected by this indicator have been improved, but there is still a gap from the expected goals.
- Poor (0–3 points): After the implementation of the e-commerce internationalization strategy, there has been little to no improvement in the issues reflected by this indicator.

Direct results are those that can be quantified or measured. Indirect effects cannot be directly quantified or calculated, but these indicators can be evaluated through questions and answers.

CONCLUSION

Referring to the indicators used by Xiaomi Technology Company to evaluate the effectiveness of strategic implementation, we can use statistical analysis system data and field research to find the final evaluation of the efficacy of Xiaomi Technology Company's strategic implementation.

According to the analysis, the effect obtained by Xiaomi Technology Co., Ltd. after implementing the e-commerce internationalization strategy is remarkable, which significantly improves the satisfaction of employees, the growth rate of corporate income, and the growth rate of assets. This result is highly ideal. In addition, implementing the e-commerce internationalization strategy is conducive to the comprehensive development of Xiaomi Technology Co., Ltd.

Based on theoretical research, this paper profoundly discusses the internationalization strategy of Xiaomi Technology in the context of e-commerce. It first elaborates on the types of internationalization strategies a company should formulate and adopt. Secondly, it analyzes and predicts the opportunities and challenges that the company encountered during its e-commerce internationalization development phase. This analysis references other e-commerce companies planning to enter international competitive markets. Thirdly, based on relevant theories and the current economic situation, it proposes corresponding solutions and strategies to address these challenges, offering valuable insights for other companies to learn from. Furthermore, this study provides empirical data and conceptual guidance for the overall development of e-commerce and its opening to the outside world.

The study has completed the set tasks and achieved specific results. After implementing the e-commerce internationalization strategy, Xiaomi Technology has seen remarkable results. The strategy significantly boosted employee satisfaction, increased corporate revenue, and accelerated asset growth. This outcome can be described as highly ideal. Additionally, implementing the e-commerce internationalization strategy has contributed to Xiaomi Technology’s comprehensive development, providing a strong foundation for its future growth in global markets. This case study highlights the potential benefits for companies in the e-commerce sector. It offers practical recommendations for firms aiming to globalize their operations and enhance competitiveness in an increasingly interconnected world.

Xiaomi should give full play to its advantages in the following aspects: strengthen its product power, improve its market competitiveness, follow consumer demand, and stabilize the layout to continue to move forward and maintain its development in the fierce competition.

1. Competition in the domestic market intensifies

Xiaomi's flat performance in the domestic market is first due to fierce competition in China's handset market. Huawei, Honor, OPPO, VIVO, and other brands have continuously increased their investment in technological innovation, marketing, and consumer experience, forming a strong market circle. In particular, Huawei and Glory have won the favor of consumers with their deep accumulation in 5G technology and smartphone photography fields. Although Xiaomi still maintains a high market share in such a market environment, it isn't easy to achieve a further breakthrough. Xiaomi needs to assess the situation, develop its market segments, and give full play to its advantages.

2. Brand positioning and product line adjustment

Xiaomi's brand positioning is mainly focused on cost-effective products. Its Redmi series has achieved significant success in overseas markets, but this position may be saturated in the domestic market. Xiaomi's traditional strengths fade as consumers increasingly demand phone performance, design, photography, and user experience. Many consumers choose mobile phones; instead of considering cost performance, they prefer brand, technology, and comprehensive expertise. In this context, Xiaomi needs to re-examine its product line and market strategy, and it may need to launch more differentiated and competitive products to meet the needs of the high-end market while enhancing its brand image.

3. Global market layout advantage

Unlike the competition in the domestic market, Xiaomi's layout in overseas markets is more mature and successful. As early as a few years ago, Xiaomi began to expand in India, Europe, and other places, forming a global strategic layout. The cost-effective strategy has enabled Xiaomi to win many users in these markets and build a good brand image. Xiaomi needs to launch local products and services to enhance its stickiness with consumers further and improve the Xiaomi brand's internationalization process and market adaptability.

4. Changes in consumer demand

As the smartphone market matures, so does consumer demand. From the initial pure pursuit of performance and price to today's more complex brand loyalty, use experience, and ecosystem building, consumers' choices have become more diversified. Xiaomi needs to watch these changes and adapt its marketing strategy to meet the changing needs of consumers.

Xiaomi's fan base still exists in the domestic market, but young consumers have become more demanding of the brand. They pay more attention to the overall experience of the phone, brand image, and after-sales service, which also makes Xiaomi face more challenges in competing with other brands.

Xiaomi's mediocre performance in the domestic market can be attributed to increased competition, no longer prominent brand positioning, and changes in consumer demand. However, Xiaomi is still competitive in the global market with its early layout and cost-effective products. In the future, Xiaomi needs to strengthen brand building and product innovation in the domestic market to meet consumer needs better while continuing to consolidate its leading position in the global market.

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APPENDIXES