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PATH CHOICE OF XIAOMI'S INTERNATIONALIZATION

Officially founded in April 2010, Xiaomi is an Internet company with cell phones, smart hardware and IoT platforms as its core. In just seven years of business, Xiaomi's annual revenue has surpassed RMB 100 billion. As of 2018, Xiaomi has a presence in more than 80 countries and regions around the world. At present, Xiaomi is the third largest smartphone manufacturer in the world, and has entered the top five cell phone markets in more than 30 countries and regions, especially in India, where it has been the number one cell phone shipper for five consecutive quarters. Through its unique «eco-chain model», Xiaomi has invested in and driven more like-minded entrepreneurs, while building an IoT platform that connects more than 130 million smart devices. Xiaomi started its internationalization journey in 2014 after only 7 years, and has many of the same patterns as many Chinese brands going to the world market in terms of overseas business experience, talents, channels, as well as product development and marketing mechanisms specifically for overseas markets, and moreover has its unique path choice and explore.

A step-by-step internationalization model. Xiaomi has chosen a relatively robust step-by-step strategy in the process of internationalization. In the initial stage, Xiaomi chose to start from emerging markets such as India, which have some similarity with the domestic market environment, mainly because of its huge market potential. Xiaomi's expansion in these markets almost follows the fan marketing model of the domestic market, creating forums and other forms to form topics and shape word-of-mouth, and using e-commerce as the entrance to seek operator cooperation and agency model to reach end users. The success of the Indian market was used as a base for rapid expansion to Southeast Asia and other emerging markets. In the context of the globalization of the world economy, if an enterprise is

complacent and only develops the domestic market, it will surely be eliminated in the competition at home and abroad. It is precisely because of the openness and competitiveness of the international market that companies are forced to continuously update technology and improve management systems to form their own competitive advantages.

To achieve a true internationalization, Xiaomi must stand firm in developed markets. Due to patent rights and other factors, Xiaomi's expansion in the European market started with peripheral goods, such as mobile power, bracelets and headphones. In November 2017, Xiaomi announced that it had officially landed in Spain, opening its official journey to the European market. In such a mature market, Xiaomi basically continues the sales model of «online + offline + operator cooperation», and when entering the cell phone market in the UK and other countries, it has deep cooperation with local telecom operators, such as Vodafone, Deutsche Telekom and Telefonica, and has also established good cooperation with large retailers and agents. This has enabled Xiaomi to have a strong presence in the mobile phone market with operators, distributors, and other partners. This has enabled Xiaomi to achieve comprehensive coverage in operators, e-commerce as well as retailer channels, forming a complete trinity of sales channels. In the entry-level and mid-range cell phone market, Xiaomi has relied on its price-performance advantage to accumulate a group of loyal users, and has completed word-of-mouth shaping and spreading in the European market with its technological innovation and community interactive experience, gradually forming a stable user base. As Xiaomi climbs up to the high-end brand, Xiaomi also keeps raiding the high-end market in Europe. In the past two years, the average selling price of Xiaomi cell phones in Europe has continued to rise, the brand tone has continued to improve, and the user base has become larger and larger, with a variety of phones at a price point above 400 euros widely welcomed by Western European consumers.

Xiaomi's multi-dimensional internationalization system construction. Theoretically speaking, the internationalization of enterprises can be divided into export, direct investment, licensing, franchise, chain, joint venture and other forms of realization according to the level. Xiaomi, on the other hand, has smartly adopted different means of internationalization according to the characteristics and entry levels of different markets respectively, in order to achieve its revenue targets and international layout. And all the operation methods will also be adjusted according to the market changes in due course. For example, in the Indian market, after gaining market recognition, it has actively carried out localization strategies to integrate into the local market, invested in local factories and realized local production and sales, which has enabled it to continuously grow its market share in the local market and maintain the first market share among many competitors for years.

Xiaomi's international success is not only the recognition of its products in many international markets, but also the internationalization of many dimensions of the company's operations, such as production, sales, service, and management. The smartphone industry is a highly internationalized industry, and the root of Xiaomi's brand image of high quality and low price lies in its profound integration into the global industry chain, and the international background of its products has made a

good endorsement for its quality. In terms of sales, Xiaomi has introduced its successful new retail model in the Chinese market to the international market in an innovative way, combining the online and offline formats for overseas market expansion. It also cooperates with famous local operators and distributors for offline experience and sales, forming a solid international partner to ensure its overseas product promotion and services.

Xiaomi's products sold to overseas markets are mainly provided through Xiaomi's «online» sales platform, where consumers can apply for after-sales service and complete warranty, home return and repair services online. In order to meet the offline consumption preference of foreign customers, Xiaomi also provides after-sales service by opening Xiaomi mini-stores and cooperating with local operators. Xiaomi has internationalized its operations and management through the internationalization of talent and human resources at all levels. Xiaomi's founders include senior management personnel who have worked at Microsoft and Google, and also hired Hugo Barra as the company's vice president in charge of international affairs. The company has also hired local managers in many countries to take charge of local operations, which better enables localized operations, better gains the trust of local users, and provides the possibility for localized product development.

Xiaomi has internationalized its production by relying on its production bases overseas, making full use of the labor capital in the place of production. Xiaomi has realized the internationalization of sales by leveraging overseas platforms, and has provided intimate international services to customers. The development of overseas markets requires the support of international talents. Xiaomi has hired a large number of outstanding overseas talents as executives of overseas business divisions and employed local labor force to realize the internationalization of talents. All these successful practices provide lessons for similar emerging companies to go to international markets.

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