Abstract
Incorporated in 2010, Xiaomi has won itself a name in the global market with its high price-performance ratio smartphones, propelling itself to the top 20 smartphone brands. With unique operational style, sales of Xiaomi smartphones have grown rapidly. In 2013, Xiaomi separately rolled out MiBox and MiTV, officially confirming its move into the TV market. By aping its success in smartphones to smart TVs, Xiaomi aims to gain traction in the living room and further into smart home applications. This report profiles critical success factors and core competence of Xiaomi in smartphones, examines its strategic planning for smart TVs, opportunities presented and challenges ahead.

by Broadband Communications Team
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1. Development of Xiaomi

Founded in April 2010, Xiaomi has swept the market off its feet with self-developed high-end smartphones highlighting on mobile internet. The MI, the logo of Xiaomi, is short for Mobile Internet.

On September 5, 2013, Xiaomi unveiled its Mi3 phone and MiTV, a smart TV for a new generation. MiTV featuring a 47" 3D screen made by Samsung and LG and Android UI (User Interface) is priced at 2,999 RMB (US$493.3; US$1 = 6.08 RMB), which took the Chinese TV market by storm. MiTV officially hit the market in October 2013 with the first batch of 3,000 of MiTVs being sold out within 2 minutes. Xiaomi fans have played a pivot role in backing up Xiaomi across variants of businesses. Although Xiaomi has accumulated its experience of integrating and running hardware, software, and application services, the market remains skeptical about its future in the smart TV market.

2. Xiaomi’s Strategic Planning

2.1 Distribution Channels and Logistics Services

2.2 R&D Resources and Deployment

2.3 Social Media Marketing Strategies

2.3.1 Rabid Fanbase

2.3.2 Marketing Activities

2.4 Product Development Strategies

2.4.1 MIUI-based Ecosystem

2.4.2 Multi-screen Product Strategy for Hardware
3. Critical Success Factors for Xiaomi Products
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### Figure 1  
**Xiaomi’s Product Specs and Pricing Strategies**

Source: MIC, November 2013
3.2 User Feedback Key to Xiaomi’s High Efficiency in R&D

Figure 2  Xiaomi’s Fan-based R&D Strategies

Source: MIC, November 2013

3.3 Direct B2C Sales Model Increases Product Market Exposure

Figure 3  Comparison of Conventional and Xiaomi’s Sales Models

Source: MIC, November 2013

4. Opportunities and Challenges of Xiaomi’s Decision to Enter the TV Industry
4.1 Xiaomi’s Plan to Duplicating Smartphone Success on Smart TV May Not Work

4.2 Content Plays Key Factor to the Rise of MiTV
5. Conclusion
5.1 Xiaomi Aims to Capture Lucrative Opportunities in the TV Application Market

Xiaomi has positioned itself as an Internet-based company featuring high flexibility and fast innovation. Xiaomi's willingness to input R&D resources has brought a great impact to traditional mobile phone branded vendors as Xiaomi commits the weekly update for its MIUI app store.
5.2 Xiaomi’s Direct B2C Sales Strategy for Improved Efficiency

Under the online direct sales model, Xiaomi has deserted how branded vendors normally interact with customers to develop its own marketing and cooperation model with suppliers, thereby helping Xiaomi stand tall in its uniqueness.
Appendix
Glossary of Terms

BBS  Bulletin Board System
BOM  Bill of Material
CA   Conditional Access
CPU  Central Processing Unit
HD   High Definition
OS   Operating System
OTT  Over The Top
STB  Set Top Box
List of Companies

Apple
Beijing Junshanyun
Internet
Chonghong
CNTV
duokan.com
Farder Express
Hisense
iqiyi.com
letv.com
LG
Samsung
Skyworth
TCL
Vancl
Xiaomi

China Network Television