

# IMPROVING XIAOMI'S PRESENCE IN THE SWEDISH MARKET BY UNDERSTANDING YOUNG CONSUMERS

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## Abstract

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<b>HOW CAN XIAOMI IMPROVE ITS PRESENCE IN THE SWEDISH MARKET BY UNDERSTANDING YOUNG CONSUMERS</b>		
Case company: Xiaomi		
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<p>The main purpose of this study is to define how Xiaomi can improve its market share in Sweden by understanding young consumers' preferences for smartphone brands. The purpose is to let the case company know more about the Swedish market.</p> <p>This study uses the method of online questionnaire and quantitative method is being used for creating development suggestions for the case company. The main data in this study was collected through the responses of the respondents in the Swedish area.</p> <p>The theoretical part of this study consists of global marketing strategies, such as SWOT, PEST analysis, and combines with the customer buying decision strategy in order to analyze purchasing behavior and interests of consumers. In addition, internal and external analysis tools are introduced to support the theoretical results.</p> <p>The thesis presents steps on how the case company can enter the Swedish market. Moreover, the thesis presents how the case company can make its smartphone products more attractive to young Swedish customers.</p>		
Keywords		
analysing tools,market entry strategy, Swedish market, Xiaomi smartphone,		

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# 1 INTRODUCTION

## 1.1 Research Background

Xiaomi is a Chinese mobile internet company founded by Lei Jun in 2010 and headquartered in Beijing. Xiaomi is focusing on the research and development of smart hardware and electronic products, and also the construction of high-end smartphones, internet TVs and smart homes. Xiaomi was listed on the main board of Hong Kong Stock Exchange on July 9, 2018, becoming the first listed company to adopt different voting right structure after the reform of listing system of Hong Kong Stock Exchange (Baiké 2019). Xiaomi has established the world's largest consumption IOT platform, connecting more than 100 million intelligent devices (Ifeng 2018), and monthly active users of MIUI(which is secondary market firmware developed by Xiaomi technology) have reached 242 million (Ithome 2019). There are majority of the related companies invested by Xiaomi, covering intelligent hardware, consumer goods, education, games, social networks, culture and entertainment, health care, automobile, transportation and other fields. (Baiké 2019.)

Xiaomi is committed to entering in the European smartphone market gradually, especially in Swedish market. Xiaomi is a new player in the Swedish market. In May 2018, Xiaomi officially submitted an application for listing, which attracted the attention of the media in various countries. (Huanqiu 2019)

The Swedish market has a high degree of concern for lifestyle and intelligent technology. Sweden, is also the country behind many global technology brands, such as Ericsson, Volvo, etc. It has incubated many technology unicorn companies which are close to Xiaomi's technology and intelligent lifestyle.

The Xiaomi product conference in Stockholm in 2019. not only attracted enthusiastic fans, but also attracted the attention and reports of the media and partners. The conference was broadcast live on Xiaomi's official Facebook, Twitter and Youtube, reaching a total of 30000 views. Fans expressed their expectation for Xiaomi to enter the Swedish market on the social media platform. Xiaomi combines the preferences of many Swedish consumers and develops plenty of new products in the ecological chain to consolidate the brand's position and influence in Sweden.(Huanqiu 2019)

This paper analyzes and studies how could Xiaomi improve its presence in the Swedish market by understanding young consumers' smartphone brand preference. The aim is to provide the case company more understanding about Swedish market.

## 1.2 Thesis objective, research questions, and limitations

The objective of this study is to assist Xiaomi to strengthen its position in the Swedish market by understanding young consumers' smart phone brand preference. More specifically, the study aims to find out what actions Xiaomi should take to reach more young customers in Sweden. The data collected in the research are expected to be applicable and informative not only for the case company but also for other Chinese smart phone brands, such as OPPO and VIVO they could join the global market more smoothly once Xiaomi has been accepted by more and more Swedish customers.

With the development of Chinese economy, more and more Chinese products and brands have entered the global market. Lately, we have seen Chinese brands gaining stronger acceptance worldwide. Xiaomi wants to benefit from the situation and strengthen its position, for example, in Sweden.

The main research question in this thesis is:

How could Xiaomi improve its presence in the Swedish market by understanding young consumers' smartphone brand preferences?

The sub-questions of the thesis are:

- What is the current competitive situation in the Swedish smartphone market?
- What factors influence target customers' smart phone preferences?
- How should Xiaomi enter the Swedish market?

In every research project, there are limitations. The limitations of this study are:

This study is geographically limited as the target country is Sweden. Moreover, the market study will be based on the main cities of the target country, such as the capital of the country. The aim of this study is to understand younger customer segments (15-60 years old). The outcome of this study does not provide information related to the other customer segments. This study is also industry specific, concentrating to the smart phone business.

### 1.3 Theoretical framework

Theoretical framework of this study concentrates to internationalization theory, especially to the market area external analysis and company internal analysis. Another important theory in this thesis is the customer behavior.

In order to study the smartphone market in Sweden, the study draws on Hollensen's five-stage decision model . It includes the following five steps:

- Whether to internationalism
- Deciding which markets to enter
- Determining how to enter the foreign market, how to select the right entry mode
- Designing the global market programme
- Implementing and coordinating the global marketing programme

This study concentrates on step 2 of the model and introduces and applies PEST analysis, Porter's five forces and SWOT analysis to examine Xiaomi's external and internal environment.

In addition, the second part of the theoretical framework discusses consumer behavior to provide an understanding of the customers' decision-making process.

### 1.4 Research methodology

In order to maintain data availability and research objectivity, the authors is going to consider to apply both qualitative and quantitative research methods. Using both types of methods can help ensure the accuracy of results.

Qualitative research is an approach to doing research and there are many qualitative research methods commonly used in the social sciences and education. Qualitative research is not one research method, it is a collective term for many different kinds of research methods. Qualitative focuses on "why", not the "what" of social phenomenon. There are plenty of research methods in qualitative research, but the common assumption is subjective rather than objective. (Feng 2018.)

There are obvious differences between the two in terms of research objectives, objects and methods. First, they are different point of view, such as quantitative research is focus on aspect of things, other one is focus on the detail matter. Second, different level, quantitative research is more accurately characterize. Third, different according, the basis of quantitative research is mainly the actual data obtained from the survey. The basis of qualitative research is a large amount of historical facts and life experience materials. Forth, different method, one is using for building model and statistical analysis, other one is using for logical reasoning. Fifth, conclusion is totally different, quantitative research is using data and graph to make conclusion part, but qualitative is mainly use the text. Sixth, different subject basis, quantitative research is based on social statistics and probability, but qualitative is based on logic (Pickell 2019).

In general, the authors will use a mixed method approach which will combining Qualitative and Quantitative method to be able to research the main question later on. Among them, data collection and analysis of data and Variable manipulation will be the main characteristics of the thesis. About the mixed method will including data collection and data analysis.

### 1.5 Thesis Structure

This thesis consists of five chapter. Chapter 1 introduces the topic and the case company, Xiaomi. Chapter 2 discusses the key concepts used to analyze market entry. It also introduces certain strategic tools for this. Chapter 3 analyzes how Swedish target group consumers accept Xiaomi's products. In other words, the chapter examines Xiaomi's advantages for entering the Swedish market. Chapter 4 introduces Xioami's products. Chapter 5 demonstrates the empirical research. Finally, chapter 6 concludes the thesis and provides answers to the research questions. The data is available in the appendix.



Figure 1. Thesis structure

The first chapter offers a main idea of the thesis. The authors introduce the background and the theme of the thesis, the research object and the research questions, provide the feasibility of theoretical analysis. The overall structure of the thesis is summarized.

The second chapter introduces the way to enter a new market. Some marketing tools such as SWOT analysis and PEST analysis are used in this chapter. These strategies can help understand the methods to use when entering a new marketplace.

As the main research question of the thesis is to study and analyze how to help Xiaomi company to use its own advantages through the consumption preferences of young Swedish consumers. The third chapter analyzes the behavior preferences and purchasing habits of consumers.



The fourth chapter demonstrates the case of Xiaomi company in Sweden. Introduces some Xiaomi smartphones and other electronic products.

The fifth chapter is empirical research through the investigation of questionnaire and other forms get the exact conclusion. The final chapter will summarize the conclusion and forecasts Xiaomi's market prospect in Sweden.

## 2 ENTERING NEW MARKET

### 2.1 Analysis tools

According to the Hollensen's words, more and more enterprises are willing to try and develop their own overseas business capabilities, but enterprises need to study and analyze the way to enter a new market before the implementation of measures. In order to achieve these goals, Hollensen has present five points of analysis that need to be done before international trade. This argument is applicable to multiple companies to study a new market and carry out business in the future.

This chapter will discuss how to enter a new market through some theoretical analysis and analysis tools, which will demonstrate a clearly perspective of the purpose of the study for the readers: making a detailed plan to enter the Swedish market for Xiaomi brand with several analyzing tools which include Porter's Five Forces Analysis, PEST Analysis and SWOT Analysis. Moreover, these tools also help companies in good understanding of internal and external factors on their business or operations. A detailed introduction of these three tools will be shown in the next sections.

#### **PEST Analysis**

When an organization willing to promote its products or brands abroad, it may face some impacts of geographical differences. These are specific environmental factors, which are beyond the control of the brand itself.

PEST Analysis is a model to analyze the political, economic, social and technological factors in the overall environment by using environmental scanning. This is also a part of external analysis in market research, which can give the company an overview of different factors in the whole environment. This strategy tool can also effectively understand the growth or decline of the market, as well as the situation, potential and operation direction of the enterprise. (Kottler & Armstrong 2014.)

The following pictures can clearly tell us what the PEST analysis tool is.



Figure 2. PEST Analysis structure (Kottler & Armstrong 2014)

In order to do PEST-Analysis, companies need to master a large number of relevant researches materials and have a deep understanding of the analyzed enterprises. The main content of economy includes the level of economic development, scales, growth rate, government revenue and expenditure. In terms of politics, there are political system, government policy, national industrial policy, relevant laws and regulations. There are population, values, moral standards for social part and in terms of the technology, there are breakthroughs in high and new technology, process technology and basic research. (Kottler & Armstrong 2014.)

### Porter's Five Forces Analysis

Porter's Five Forces is a model that studies and analyzes five competitive forces that shape every industry or organization and helps determine an industry's weaknesses and strengths. (Porter 2008.)

Five Forces analysis is frequently used to identify an industry's structure to determine corporate strategy. This model can be used in any part of the market economy to understand the level of competition and customer satisfaction in the industry in order to improve the profitability. (Chappelow 2019.)

This model can be used to analyze the basic competitive situation of an industry. At the same time, it can also have a global and far-reaching impact on corporate strategy. It can be used to analyze the competitive environment of customers effectively.

The analysis tool of the study can be shown in the below.

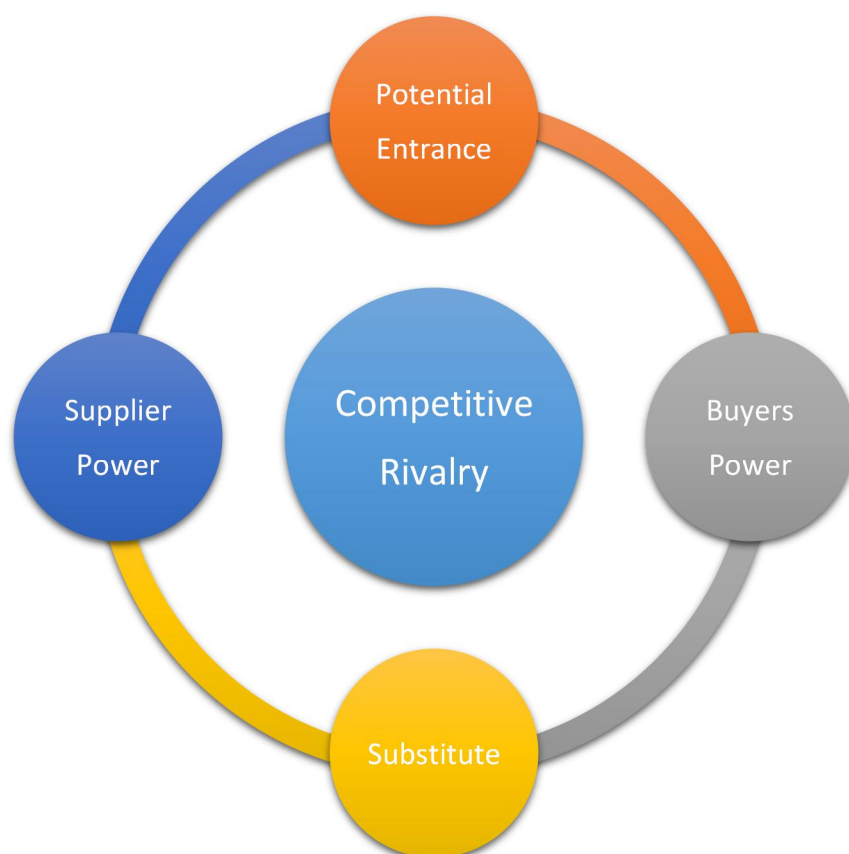


Figure 3. Porter's Five Forces (Porter 2008)

### SWOT Analysis

SWOT Analysis tool is a very useful and popular analysis tool for studying the trade structure of companies, which is based on the internal and external competitive environment and competitive conditions, is to enumerate all kinds of main internal

advantages, disadvantages and external opportunities and threats closely related to the research object through investigation and arrange them according to the matrix form, and then use the thought of system analysis to match all kinds of factors and analyze them to get the series of results. Meanwhile, the corresponding conclusion is very important which usually has certain decision-making. Using the method, the company can make a comprehensive, systematic and accurate research on the situation of the research object, and then make the corresponding development strategy plan and countermeasures according to the research results. (Parson 2018.)

Figure 4 illustrates SWOT analysis.

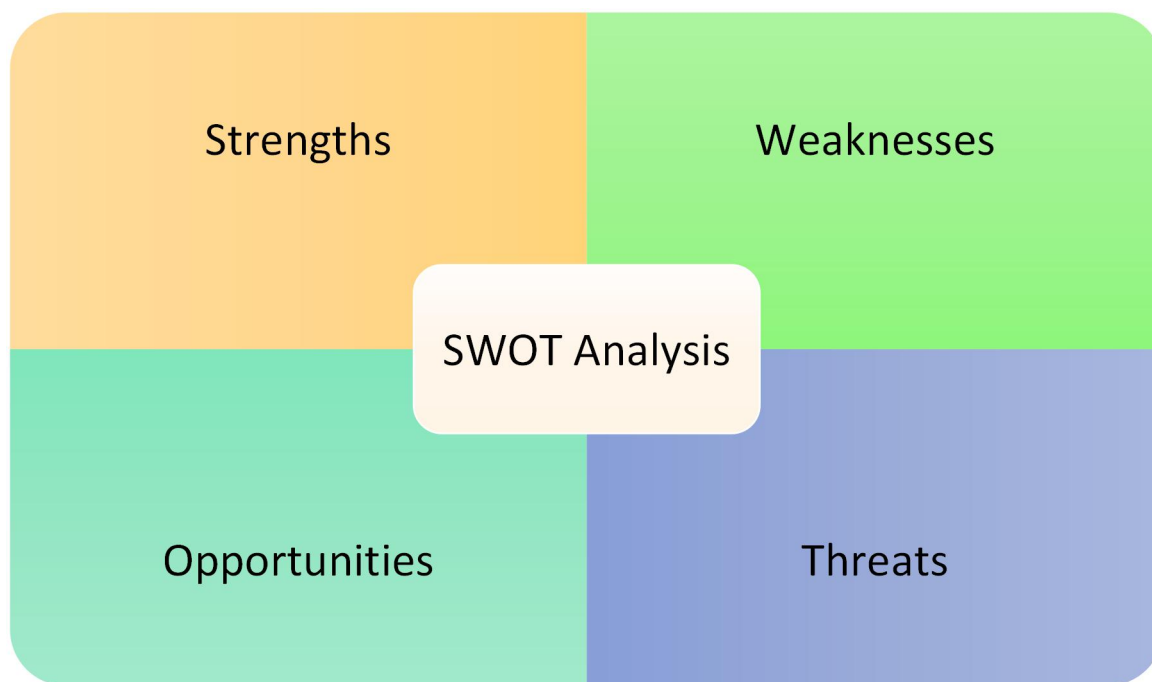


Figure 4. SWOT Analysis (Parsons 2018)

Swot analysis is a very simple, yet practical analysis tool to help develop business strategies when start to create a company or a project. (Parsons 2018.) Swot analysis has four parts: Strengths, Weaknesses, Opportunities and Threats. (Parsons 2018.) These three models will be analyzed in the following chapters in combination with the actual situation of the argument.

## 2.2 Hollensen's Five Stage Model

Hollensen's Five Stage Model is dedicated to developing detailed policies and strategies for anyone who plans to use their products or services in order to enter a new market. In addition, it helps companies to screen and evaluate the most attractive markets and analyze the opportunities and threats faced by the companies. (Hollensen 2012,5) This strategy composed of five steps which can clearly help people know how to make a solid global market plan.

The figure below illustrates the model.



Figure 5. Hollensen's Five Stage Model (Hollensen 2012, 5)

### Step 1: The decision to internationalize

The first part mainly describes how to determine and analyze a company's ability to enter the unknown new market. In the first stage, the company estimates its internal activities through the strengths and weaknesses of its own capabilities, as well as the strength evaluation of other competitors in the market, so as to determine the subsequent competitiveness in the market. Meanwhile, it is also important to understand the global competitiveness of the company, which can be seen how the company responds before entering other markets. (Hollensen 2012, 10-15.)

### **Step 2: Deciding which markets to enter**

The second stage helps companies evaluate the trade market through other external factors such as national environment or market atmosphere. Some basic factors may arise which consist of the human law of a certain area, economy or other environment etc. It is worth mentioning that these are all irresistible factors, and the company must adapt these preconditions before entering a new market. (Hollensen 2012, 120.)

### **Step 3: Market entry strategies**

When a company has evaluated its internal situation and established its target market, the most important step is to choose the right time and strategy to gradually enter the market. Through Hollensen's description of this stage, there are three feasible strategies: export mode, intermediate mode and hierarchical mode. Because of the existence of the risk in the market, enterprises usually use different modes to enter a new market field. (Hollensen 2012, 216.)

### **Step 4: Designing the global marketing programme**

In this area, enterprises need to have a clear understanding of the comprehensive operation plan. Before deciding to enter a market, the company should make clear its own operation and sales plan, such as price, product and subsequent service target and location. This method is mainly to help companies how to establish their own brand awareness. In order to better achieve this goal, it is necessary to include the additional options in booms and Bitner's 7PS portfolio into 4Ps marketing portfolio: Participants(people), physical evidence and process. (Hollensen 2012, 313-314.)

## **Step 5: Implementing and coordinating the global marketing programme**

The last state of this model is to analyze the previous four step decision-making and implement the strategy in a good way. The company should strengthen the relationship with its partners and strive to cooperate with those overseas partners to achieve the goal of common profit at one time. (Hollensen 2012, 440-443.)

### **2.3 Implementation of Hollensen's Five Stage Model**

This chapter will analyze the internal and external factors based on Hollensen's decision analysis model. The main analysis point of this thesis is how to make Xiaomi brand fully enter to the Swedish market. In view of the influence of specific geographical environment factors, only three modes of theory can be used in the analysis of this paper and these stages will be presented in the following paragraphs during this chapter.

#### **2.3.1 Internal analysis**

In the first stage of the decision model, the company should evaluate the internal factors comprehensively. If a company decides to globalize and develop its own field in the overseas market, its efficiency depends on its ability to analyze problems, main objectives, its ability to implement work experience and the whole value system. (Hollensen 2012, 5) The company must study and learn these factors with making a detailed working plan. Otherwise, the company is likely to face many risks or end up in failure due to the lack of strategic and adaptability to the market strategy in the international market process.

#### **2.3.2 External analysis**

Speaking of the second stage, when a company determines the process of international marketization, it should not only consider the internal factors but also spend effort to analyze and evaluate the external factors that may affect the company in the designated country. Companies must focus on these uncontrollable factors in order to make the correct marketing strategy. (Hollensen 2012, 140-144)



These factors include the political, legal, economic or social and cultural problems of the target country. And most of the companies are often unable to adapt to the impact of these external environmental factors. More specifically, these factors can be roughly divided into two categories: macro environment and micro environment sectors. The former reflects the current situation and enumerates certain opportunities and threats that the company may have when choosing the market, while the latter represents the specific competition level of the country and analyzes the different types and similarities of competition between the target country and company's own country. (Hollensen 2009, 120-160.)

### 2.3.3 Market entry strategies

After the analysis of internal and external factors, the third stage is to choose a reasonable business strategy to enter a new overseas market. Due to the uncertainty of objectives, a large number of unknowns and risks, many obstacles and problems may be encountered when a company is in the process of entering. (Hollensen 2012, 120)

Market entry modes consists of three main part which are: export modes, intermediate modes and hierarchical modes, the following chart can clearly see the specific analysis of these three modes.

Readers can see the visual image of this model in the next page.

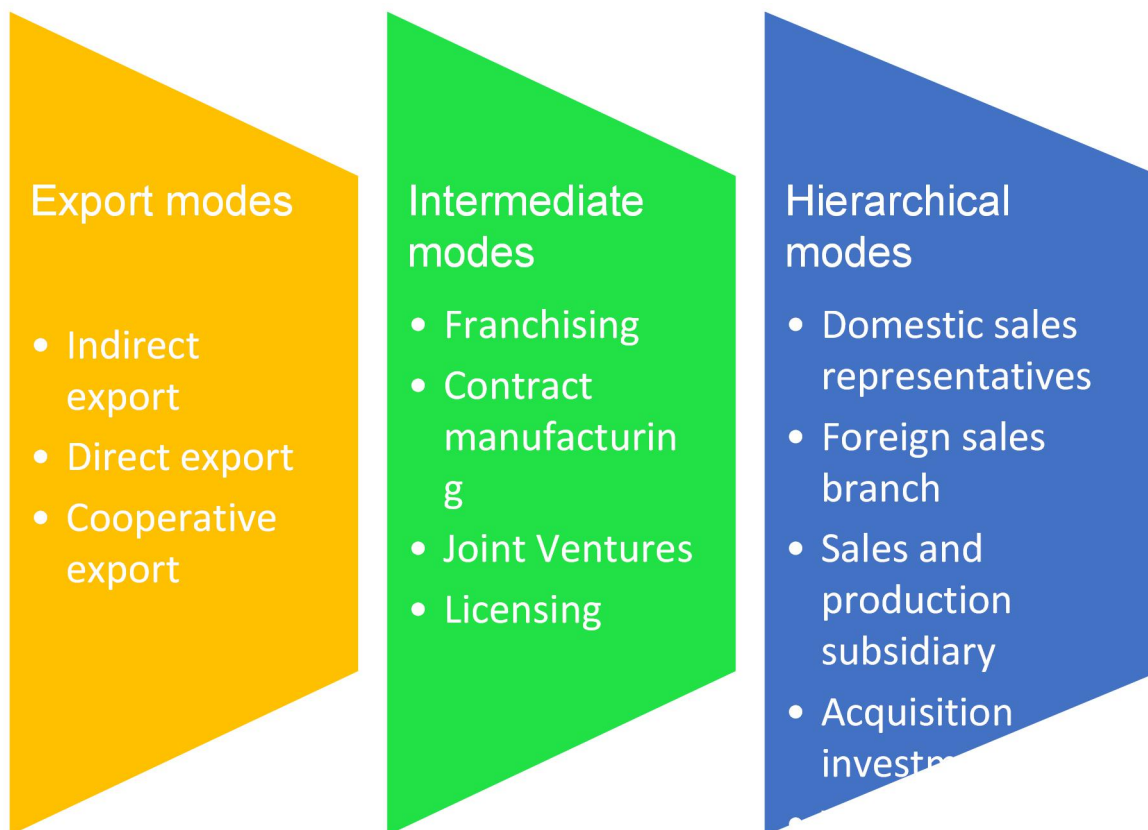


Figure 6. Market entry modes (Hollensen 2012.)

### Export modes

The strategy principle of export mode is mainly to have an external partner, which can be a dealer, an agent or other facilities that can establish a cooperative relationship with the company, and this partner is responsible for the designated market for business activities and sales activities. The company produces products or provides services in its own country or a third party of country and directly or indirectly provides them to the designated trade market. The export mode is characterized by low control, low risk and high flexibility. (Hollensen 2012, 230-235.)

Furthermore, when implementing this export mode, the company must establish a good communication channel with its partners and figure out which responsibilities and functions are in the charge of the external cooperators. Likewise, also let the other party know which functions the company will take over. The company should also consider the awareness of trust with its partners, which includes many aspects, including maintaining a good cooperative relationship between the two parties and unconditionally trusting the functions

controlled by the other party. A good trust relationship can greatly increase the work efficiency of both parties. (Hollensen 2012. 130-150)

### *Indirect export*

This part mainly demonstrates that the main export companies do not really participate in the marketing process and do not contact with any intermediate agency. In this situation, the export company should fully understand the export process through other trading companies or organizations. There are normally five ways of indirect export which are: export purchasing agent, broker, export house, trading company and piggyback. (Hollensen 2009)

### *Direct export*

In contrast to the previous model, this export strategy shows that the company is directly involved in the whole business activities, also fully covering the whole export activities, including the transportation, delivery and distribution of the products and so on. The company must select the suitable agents and distributors in the target market. (Hollensen 2009)

Once the company has established a good relationship with its partners and exporters, it can carry out and handle its own export tasks. These may include establishing their own export channels, handling all transport documents, distributing market research and designing their own unique strategic policies. (Hollensen 2012)

### *Cooperative export*

Most of the enterprises with independent brands can establish their own sales channel through overseas markets. This model is mainly to help manufacturers or companies attract customers and increase sales. (Hollensen 2009)

Moreover, this mode is usually organized in some high-tech enterprises or some enterprises with mature scale. In other words, the company has its own production process, and has a good ability to cooperate with overseas agents, so as to expand its brand publicity and attract more consumers. (Hollensen 2012)

## **Intermediate modes**

This mode has different kinds of protocol, and its main characteristics are common control, risk and ownership split. This mode is perfectly a using operation tool when an enterprise cannot control risks or manage to use its own advantages. It has four forms: Franchising, contract manufacturing, joint ventures and licensing. (Hollensen 2019.)

### *Franchising*

This aspect refers to the business cooperation between the two parties when the third party of franchisor transfer the right of production technology to the designated merchant or company. (Hollensen 2009.)

Franchising is especially suitable for those service areas or product areas with mature business model. In other words, the more famous, the greater the mobility of the population, the more advantageous the franchise. In the present age, franchising has gradually become a mainstream business model in the market trade. (Hollensen 2012, 247-250.)

### *Contract manufacturing*

This mode describe that a company can trade in a foreign market by a third party without its own participation. In detail, local companies in overseas market can use their brands when they manufacture after they have reached an agreement and signed a contract with the manufacturer. Therefore, the manufacturing of the contract can enable the original company to participate in its own brand building and marketing. (Hollensen 2009.)

If a company wants to build production in other areas but is not willing to put too much resources or financial budgets at the same time, this mode is the most suitable at the moment.

### *Joint ventures*

Joint venture refers to two or more enterprises or companies that establish cooperative relations in different regions and implement strategies and prepare funds together to achieve their respective goals and objectives. In the preparation of some special projects, making agreement together can not only ensure the interests of both parties, but also establish a long-term cooperative relationship, thus this mode can not only be mutually beneficial, but minimize the risks of both parties. (Hollensen 2009.)

### *Licensing*

This is an agreement between the company and the organization where the target is located. Generally speaking, the local company is the Licensor and the target company is

the Licensee. This kind of agreement allows the licensee to carry out some business activities (selling and promoting the products of the Licensor company) under certain factors and rules. This is a long-term trade agreement with a long cycle and a certain amount of financial support. Thus, at this time, the Licensor can provide the Licensee with certain technical or financial support under its own conditions to help it develop its own products. (Hollensen 2009.)

### **Hierarchical modes**

In the case of unconventional situations, it is very useful decision to use the hierarchical mode. In this mode, the company is responsible for producing and exporting goods to the host country market. It is worth noting that there are high risks and low flexibility in such mode. Normally, the company will set up many branches and offices in the target country to fully control all the business activities. (Hollensen 2009, 241-242.)

#### *Domestic sales representatives*

As the name implies, the company will send special sales personnel or teams to the target market in order to directly sell products. sales representative is usually a sales employee or a professional sales team organized by the company, who can better understand and control external sales activities than other people in the company. (Hollensen 2009, 243.)

#### *Foreign sales branch*

When the situation can be implemented in this case, the sales function is completely transferred from domestic to international trade market, and local companies can allow the target company to hire locals and set up new branches. (Hollensen 2009, 245.)

#### *Sales and production subsidiary*

If the company wants to establish a long-term and stable relationship with the target market, this hierarchical entry mode will be very suitable for the development concept of this enterprise. Companies should focus on the production of open goods in the target countries. At the same time, owning subsidiaries can help enterprises avoid policy changes, such as regional restrictions on large-scale imports and so on, so as to obtain new business. (Hollensen 2009, 248.)

#### *Acquisition investment*

In short, Acquisition refers to a business way in which a company enters a new market by acquiring an existing company in the market. The advantage of doing so is to directly use the resources of the original company to more easily understand the rules and environment of the local market. It is usually the unique way for those enterprises with strong capital chain to enter the new market by investing in new projects in the target area. (Hollensen 2009, 250.)

#### *Transnational organization*

This pattern usually refers to the company's desire to erase or shorten the boundaries between different regions. Specifically, the main strategy of this policy is to combine the markets in different regions and integrate them according to their advantages to create a competitive brand effect and international brand awareness marketing strategy. (Hollensen 2009, 249.)

### 3 CUSTOMER BEHAVIOR AND DECISION MAKING

This chapter will be the focus on customer purchasing behavior and decision-making process. Firstly, the author will start from the concept of customer behavior would be covered, secondly, will list of some factors to influence the purchasing power, and then going to move to buy decision making process, among them, will be introduced marketing, in the end, will quote a figure to explain the customer decision journey step by step.

#### 3.1 The concept of customer behavior

Customer behavior is the study of how individual customers, groups or organizations select, buy, use and dispose of ideas, goods and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and underlying motives for those actions (Smriti 2018).

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine which products are needed in the market place, which is obsolete, and how best to present the goods to the consumers.

The study of consumer behavior assumes that consumers are actors in the marketplace. The per-spective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

The roles also vary in different consumption situations; for example, a mother plays the role of an influencer in a child's purchase process, whereas she plays the role of a disposer for the products consumed by the family.

#### 3.2 Factors influencing customer purchasing power

Consumer purchasing behavior refers to consumer's buying preferences, expectations, buying attitudes and behaviors in the consumer market when they purchase products or services. Thus, the purchase behavior of consumers is easily influence and changed by other factors. The author will focus on analyzing which factors will affect the purchase behavior of consumers in this chapter. ( Iulia 2019)

##### ➤ Marketing Campaigns

Advertising or social communication plays a significant important role in influencing the purchasing decisions. What's more, they even used to influence consumers' purchase decisions, which led to a huge change in the market share of competitive industries. Regular activities will influence consumers' purchase decisions to a certain extent, so that consumers will choose another brand instead of their original preference. (iResearch 2018.) For Xiaomi brand, how to attract the young Swedish consumers to purchase Xiaomi's Electronic brand is the top priority. Regular advertising investment will impact the purchase thoughts of Swedish young people, therefore Xiaomi should vigorously publicize the advantages of its products in advertising in order to attract young consumers.

#### ➤ Economic Conditions

It is clearly that consumers' consumption habits and decisions are largely affected by the market economy. A positive economic environment can make consumer more confident and purchase the products with happiness rather than consider too much about their financial liabilities. (Tanja 2015.) As is known to all that Sweden is developed country with a good overall economy and a complete welfare system, so the happiness index of Swedish youth is very high. At the same time, Sweden is also a country in science and technology, the benign competition of many electronic products has promoted the local economic development and provided different kinds of Electronic brands for local youth.

#### ➤ Personal Preferences

Consumer behavior is influenced by different degrees of likes or dislikes, values, expectations and senses. (Spacey 2016.) In some dynamic industries, the personal views and emotional needs of consumers for fashion or entertainment can be the leading influencing factors. (Tanja 2015.) For Xiaomi, how to gain the consumption preferences of young people in Sweden has become the key task during this period. First of all, convenience is a great advantage for Electronic brands and obviously this should be considered as a very important customer motivation. (Spacey 2016.) The easier it is to carry out the Electronic brand, the more acceptable it is to customers. Secondly, the entertainment part of Electronic brands is much more than other functions when face to the group of teenagers. Xiaomi can open plenty of open entertainment facilities to attract potential customers in the next product investment. The next step is the User interface. As for older customers, the user interface may be more simpler and easier to help them operate and use Electronic brands, but it may be the opposite when it comes to the young



teenagers in Sweden. Some appropriate and challenging user interfaces may stimulate young customers to explore new functions in their phones and satisfy their sense of achievement. The last but not the least is the stability. It is clearly notice that most of the people would prefer and hope that they won't be affected by other technical problems when they using their Electronic brands.

#### ➤ Group Influence

To a certain extent, group purchasing power will influence consumer's purchase decisions. The first influential group is mainly composed of its own family members, friends and direct relatives. Furthermore, the secondary influential group consisting of acquaintances also put a great impact on consumer's purchasing suggestions. (Tanja 2015.) In other words, this aspect remind Xiaomi should pay attention to the different needs of different consumers when striving to fully enter the Swedish market.

#### ➤ Purchasing Power

Consumer purchasing power plays an overwhelming role in influencing consumer's purchasing behavior. Consumers usually evaluate their own consumption level and consumption ability before they make purchase decisions. If they can't be able to meet the buyer's purchase ability, they will have great restrictions on their consumption behavior. (iResearch 2018.) Segmentation of consumers according to their purchasing power helps to identify qualified consumers. (iReaserch 2018.) Xiaomi should make a detailed customer market survey before releasing products and simulated prices in the Swedish market. Prices with too low or too high may lead to the development of the actual situation in a bad way.

### 3.3 Consumer buying decision process

It is a really important stage by knowing the consumer buying decision in the marketing strategy. In the marketing stage, the consumer buying decision sometimes is weak, even a little move probably may affect customer decision making. But sometimes, it is also intense and resolute.

The marketer is responsible for selling the goods in the market, so they must have the knowledge of how the consumers actually make their buying decisions (Shma 2012). For

this, they have to do the research of buying decision process or model. It involves 5 stages which can be seen from the below.

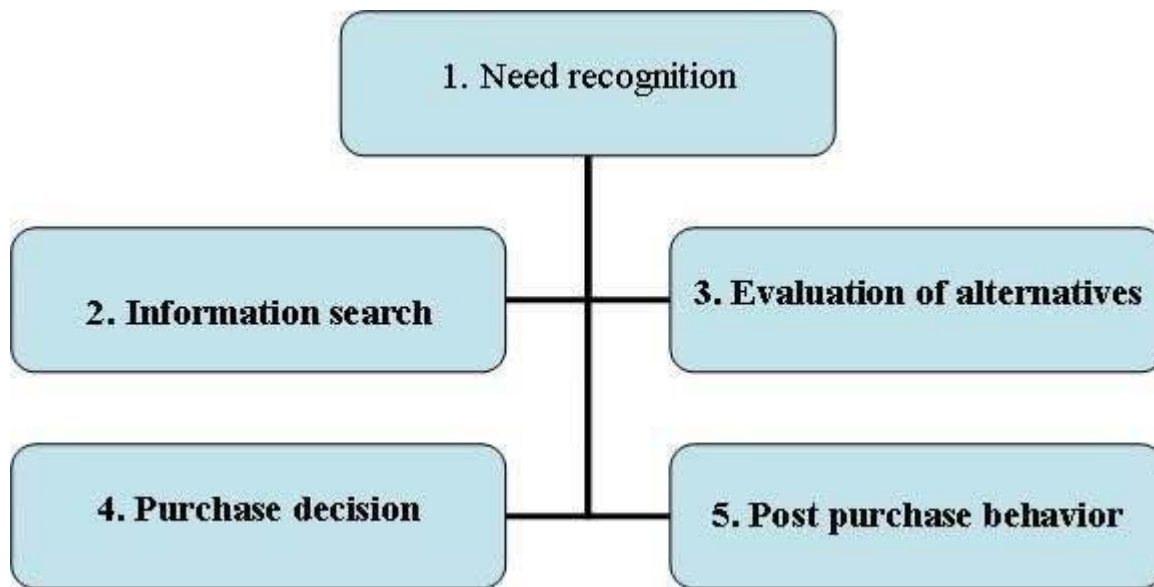


Figure 7. Customer buying decision process (Shma 2012)

**Need recognition:** Consumer buying decision process usually start with need recognition. The marketer must recognize the needs of the customer as well as how these needs can be satisfied. For example, if a person need to contact with someone who are far away, then the telephone would be more needful.

**Information research:** In consumer buying decision process information search comes at the second stage. In here, consumer searches the information about the products either from family, friends, neighborhood, advertisements, the whole sellers and retailer dealers or by examining or using the products.

**Evaluation of alternatives:** After getting the required knowledge about the product, the consumer evaluate the various alternatives on the basis of it's want satisfying power, quality and it's feature.

**Purchase decision:** After evaluating the alternatives, the buyer buys the suitable products. But there are also the chances to postpone the purchase decision due to some reasons. In that case, the marketer must try to find out the reasons and try to remove them either by providing sufficient information to the consumer or by giving them guarantee regarding the product to the consumer.

Post-purchase behavior: After buying the product consumer will either be satisfied or dissatisfied. If the consumer is not satisfied in that case, they will be disappointed otherwise if he or she is satisfied then will be delighted. It's usually said that a satisfied consumer tells about the product to 3 people and a dissatisfied consumer tells about the product to 11 people. Therefore, it's the duty of the marketer to satisfy the consumer.

### 3.3.1 Marketing Funnel

A marketing funnel is a way of breaking down the customer journey all the way from the awareness stage to the purchase stage. Often funnels can also include post- purchase follow-ups which increase retention as well as cross and up- sells (Eric 2019)

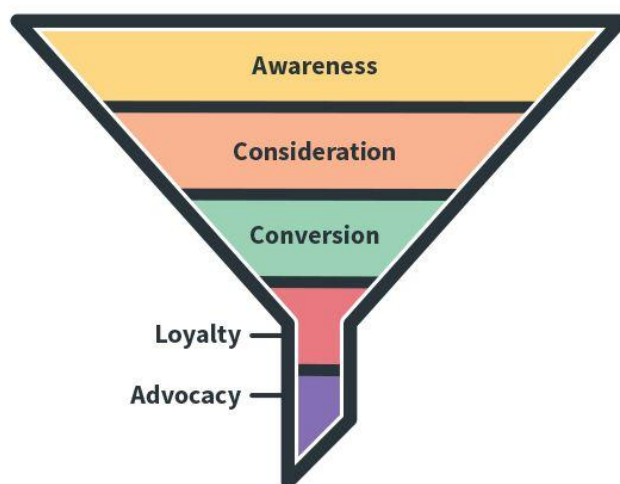


Figure 8. Marketing Funnel (Eric 2019)

**Awareness:** At the top of the marketing funnel is awareness. During this stage, prospects that are strangers to the brand and company learn who they are. Focus on establishing themselves as a thought leader within the industry. This is an opportunity to start building a trust relationship with the prospect. Since prospects in this stage of the funnel don't know the value of the product yet, they will not be engaged by product-specific content or sales

materials. Instead, the author should demonstrate the value of the product through free educational content.

**Consideration:** Once a subscriber graduates from the awareness stage of the marketing funnel, they enter the consideration stage. In consideration stage, a subscriber is willing to consider your company and [products. They are interested in learning more about you. Since you know more about your subscriber in this stage, you can send them targeted content that addresses their specific pain point( Liz 2016).

**Conversion:** At the stage of marketing funnel, it could start talking about why your product and service is much more better than competitors, why it's prefers to your prospect. Focus on the benefits of products or service rater than explaining feature.

**Loyalty:** It is not a good idea to forgotten the customers unless there is a plan to build up customer loyalty. You will probably lose many of consumer, wasting a lot of prior marketing efforts during the earlier stages of your funnel.

**Advocacy:** Bringing subscribers to this stage of the marketing funnel is extremely valuable. Because the most effective marketing is reback marketing. When your friend tells you a certain product is perfect, you are much more likely to purchase, because you trust your friend.( Eric 2019)

### 3.3.2 Customer decision journey

The new model is a cyclical journey with few touchpoints, and marketers need to take action to influence consumer decisions. The first stage is the brand consideration. Consumers are choosing the right brand based on their previous experience and brand awareness. At this stage, new brands can enter the competition and interrupt the decision-making process. The second stage is active evaluation, in which consumers actively compare the selected brands. At this point, word-of-mouth and other people's recommendations are important factors that affect decision-making. When the purchase decision is finally completed and the product is purchased, the actual work of the marketing personnel has begun. The after-sales service experience shapes consumers' opinions on each decision of the category, so this journey is an endless cycle. (Court, Elzinga, Mulder & vetvik, 2009).

The locks concept has been developed by many companies when they provide loyalty cards. Using the data can show when customers buy, their spend (your share of the wallet) and favourite items which can lead to timely and relevant offers. Starbucks often send their customers who have registered a top-up card (these became more popular when the Apple watch was launched) offers and it seems these occur when there has been no visit in a two-week period.

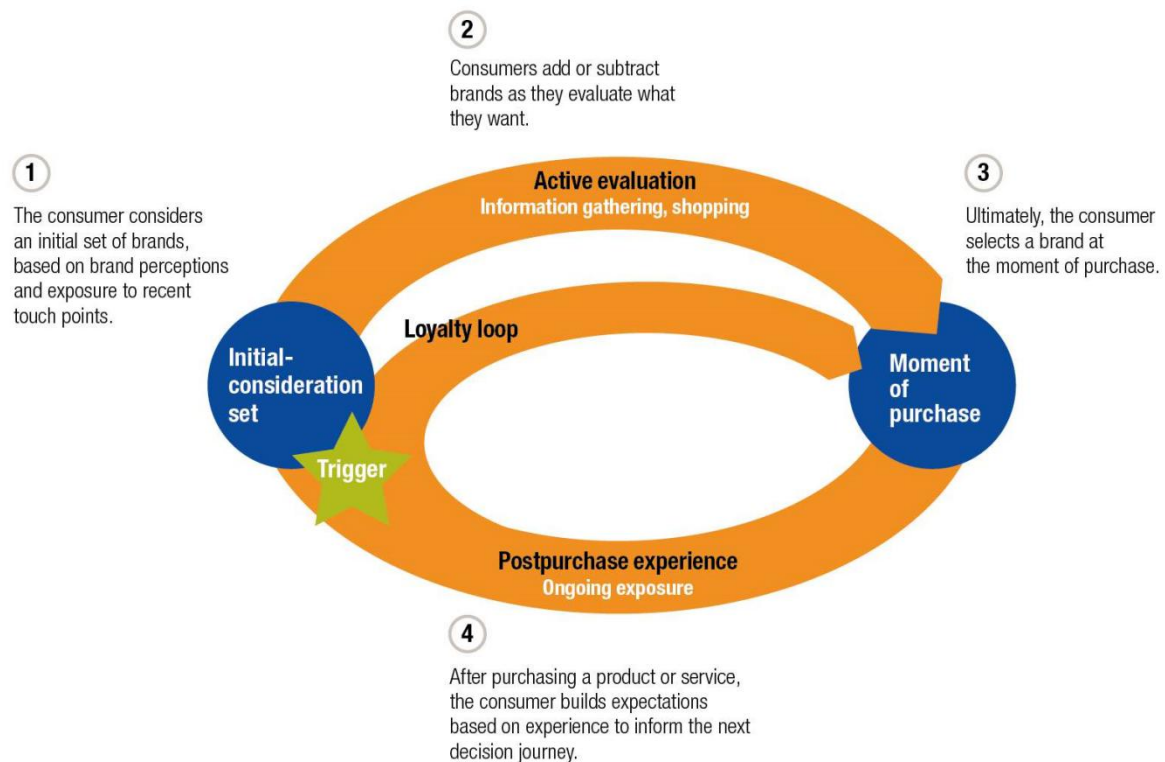


Figure 9. Decision journey (Vetvik 2009)

But in today's decision-making journey, the customer-driven has become more and more important, honestly, the customer has certain control and pull the information, especially for some information are important to them. The touchpoints during the active-evaluation phase involve consumer-driven marketing activities, such as from internet comment or family or friends. Even though the original customer marketing way is still an important step, but the change in the way consumers make decisions means that marketers must move aggressively beyond purely push-style communication and learn to influence customer touch-point(Vetvik 2009).

The consumer decision-making process model attempts to represent the complexity of the purchase process and extends the traditional model to several points. In particular, the addition of contact points and feedback loops should be mentioned here. Many consumers now use mobile devices to purchase products and interact with the brand in various ways. The CDJ model emphasizes the importance of two-way and cross-device communication. The touchpoint is targeted, it has a considerable influence on the purchase decision, so it is also relevant from a monetary perspective(Mckinsey 2015)

## 4 CASE COMPANY

During this chapter author will provide some background information about the case company. Then goes through some current situations about customer group and the distribution service and give a brief introduction about smartphones and some electronic products of Xiaomi company in Sweden.

### 4.1 Company Overview

On 13<sup>th</sup> November 2019, Xiaomi formally entered the Swedish market by starting to sell its Electronic brands, ecological wristband, and other items related to modern lifestyles. After that, Xiaomi has continued to research and sell more products in Sweden, transmitting the conceptions and values of the company. Since then, Xiaomi has continuously enlarged its business and revenue in Sweden and has also attracted more groups of people by its advanced and modern technology and ideas as well. (Xiaomi 2019,12)

The Xiaomi Electronic brand firstly sold to Swedish people was the Mi Note 10 for 549 euros, and it is famous for its fantastic technology of taking photos and high value for prices. In addition, the screen of the cellphone has high resolution and is waterproof, it greatly improves the applicability of the product compared with the previous Mi Note product series. (Xiaomi 2019,12)

On top of that, Xiaomi has also developed a series of smartphone products called redmi note, which has aroused strong repercussions in the Swedish markets. The price range of this series of smartphones in Sweden is from SEK 1200 to 2500. (Xiaomi 2019,12)

The redmi note brand is equipped with a snapdragon 665 processor. Compared with the previous generation, this processor has lower power consumption and stronger AI processing power. Built in 4000 Ma battery, standard 18W fast charging. And this time, 3.5mm headphone interface, infrared remote control and type-C charging port are all available. (Xiaomi 2019,12)

There is also a sound quality upgrade, including 1217 superlinear speakers, equivalent 0.93cc large sound cavity, flagship high-performance smart PA, and 0810 earpieces with a maximum power of 150MW. Whether it's external or answering the phone, you can get a super experience, comparable to the top flagship. Redmi note 8 also adopts nano mesh

nanowire design on the loudspeaker dust-proof network for the first time, which can reduce the sound resistance and further improve the dust-proof performance. Users can also remove dust through the patented sound wave dust-proof function. (Xiaomi 2019,12)

Apart from penetrating the Swedish market by selling products, Xiaomi also cooperates with some local companies and research centers to create better products and try to provide better life qualities with local people. For example, Xiaomi has cooperated with Nokia for some patents, and uses the patent to produce customized technological products for local consumers. In 2019, Xiaomi has founded the research center in Sweden, focusing on the research of camera and the algorithm of monitors. For high-end markets such as Sweden, Xiaomi focuses more on the intelligence and technology used to make the products and concern the local consumers as well. (Xiaomi 2019)

#### 4.2 Current situation

Currently, Xiaomi company has operated such a market in Asia, Africa and the whole world, they had the best online shore(Mi Store) and also the electronic shops in the Swedish market. It has attracted and conquered more and more Swedish customers by the good quality of the camera, lower price highly intelligent since they entered Swedish market in 2019. Their vision is to be friends with their users and to have a genuine connection with them. In order to do this, Xiaomi is committed to continuous innovation and constant focus on quality and efficiency (Mi store 2019) .

What differs Xiaomi from its competitors is their pricing strategy. The brand was created based on the idea of offering the market amazing products to an honest price. Their profit margin is therefore set to 5%, unlike other Electronic brand giants who normally have a profit margin up to 50%. Instead, Xiaomi sees that they will profit from the company's different app, cloud and streaming services. It would make more and more young customers to choose Xiaomi products by the good price compare with other competitors like iPhone and Samsung. At the same time, Xiaomi electric company would like to promote "Made in China" to around the world( Mi store 2019)

Secondly, Xiaomi advocates using their own software to differentiate with other Android brands, such as Xiaomi shop. And Xiaomi has its an independent system( MIUI), it can also



differentiate with other brands, by using the MIUI system, Xiaomi smartphone can connect with a lot of electric products, like TV, Bluetooth speaker and Mi watch.

Besides, there is an icon shows the ranking of mobile phone brands in 2019.

Brands	The shipment in 2019(Million)	Market share	The shipment in 2018	Market share	Growth rate (2018-2019)
iphone	73.8	20%	68.4	18.3%	7.9%
Samsung	69.4	18.8%	70.3	18.8%	-1.2%
Huawei	56.2	15.2%	60.5	16.2%	-7.1%
Xiaomi	32.8	8.9%	25.0	6.7%	31.1%
Others	136.6	37.1%	148.8	40%	7.1%

As can be clearly seen from the chart, Xiaomi is the fastest grower in the smartphone market between 2018-2019, the reason for the overwhelming development is not only the price factors, but also the functionality. As as mentioned before, Xiaomi has their own independent system which is LoT which could make the customers easy to accept and use, and XIAOMI company really pay more great attention to the appearance of the phone, like each series has different design. The Market positioning of XIAOMI company is different with their competitors such as iPhone and HUAWEI. Their customer groups are focus on the more young consumer because compare to any other target group, the young consumers don't have a stable income, and they can not spend more money on the phone after the rent, transport fee and living cost(IDC center 2020)

According to the deputy general manager of the advertising sales department of Xiaomi Chen Gao Ming: "It is a new journey for Xiaomi in 2018, and it's also an extraordinary year". The successful of XIAOMI is from the "three always insist".(Gaoming 2019)

1. Always insist on making good products that are "moving people's hearts and kind prices", so that everyone in the world can enjoy the beautiful life brought by technology.
2. Always insist on being friends with users.

3. Always insist that the comprehensive net profit margin of Xiaomi hardware will never exceed 5%.

Xiaomi Marketing adheres to the values of Xiaomi and is built on the triathlon of "Mitigation + New Retail + Internet" of Xiaomi Company," according to the Chen Gaoming's theory, "This guarantees that Xiaomi Marketing can re-establish advertisers and platforms in a new era. The relationship with users guarantees the confidence behind Xiaomi's marketing when doing innovation and change( Zhihu 2018)

#### 4.2.1 Customers

The case company Xiaomi would segment positioning, appealing to the needs of a single customer segment. Specifically, Xiaomi targets a customer segment that want to use smart phone and other technology products, but still have limited budget to make such a purchase( Vishwajeet 2018).

Xiaomi targeted consumer who are tech-savvy as well as who is in the group of age 18–35 from students to working-class people, who want good quality products and knew that market leaders like Samsung, LG and Apple were overpriced for the specs they were providing in their products. So their target was — Students, Working class people, Heavy internet and Social media users that drive the e-commerce market. In addition, Xiaomi also had another kind of products which are suitable for the young generation, for example, Mi Watch, Bluetooth speaker and Electronic brand accessories(Vishwajeet 2018)

#### 4.2.2 Distributor

As we all know, Xiaomi is the 4th largest Electronic brand in the world. They have also established the world's largest LoT platform for consumers connecting more than 150 million smart units. By adding the official distribution of Xiaomi's market-leading products into the mature and well- established distribution model, they are facilitating the next step of major business growth for both Xiaomi, as well as our leading reseller partner across Scandinavia.

ELKO Group is one of the leading mobile product distributors in the region, it is honored to have such a major worldwide supplier as Xiaomi in the ELKO group and Gandalf product portfolio. By expanding the ELKO and Gandalf Electronic brand product range, they are

pleased to be able to offer the customers high-quality and innovative products(ELKO Group 2019)

### 4.3 Product Portfolio

Mi store offers Swedish consumers with a variety of different smartphones and other electronic products to meet the needs of different customers. In the following sub-chapters, the author will provide readers with some smartphones and other related products about Mi store in detail. (Xiaomi, 2019).

#### 4.3.1 Xiaomi Mi Note 10

As the first smartphone to be launched in Sweden in 2019, Mi Note 10 has attracted hot attention since its release. Among them, 180 million pixel lens is an marketing highlight. What's more, Xiaomi Note 10 has two zoom lenses- one is 2 times optical zoom, the other is 5 times optical zoom. There is also a 20 megapixel ultra wide angle lens and a 2 megapixel macro lens. (Xiaomi, 2019.)

These five lenses can be mixed with various zoom and recording modes. In addition to the powerful lens configuration, Xiaomi repositioned their flagship from Xiaomi 9. Mi Note 10 now adds a new 3D arc screen- with a 6.47-inch curved screen resolution of 1080p. The left and right edges of the screen have the same curvature as the back edge. (Xiaomi, 2019.)

Xiaomi Mi Note 10 is equipped with snapdragon 730p chip. Its computing power is working perfect in the game processing. Although it is not the fastest chip at present, but most of the smartphones in the market are using this chip for at the moment. (Xiaomi, 2019.)

Xiaomi Mi Note 10 have various models with different sizes and colors:

 **Xiaomi Mi Note 10 Pro 128/256 GB Glacier White**

 **Xiaomi Mi Note 10 Pro 128/256 GB Aurora Green**

 **Xiaomi Mi Note 10 128/256 GB Midnight Black**



Image 1. Xiaomi Note 10 Pro Midnight Black (Xiaomi 2019)

#### 4.3.2 Redmi K30

Redmi K30 is a smartphone under the redmi brand of Xiaomi company, which was officially released on the afternoon of December 10, 2019. The redmi K30 is equipped with a Qualcomm snapdragon 730g processor, a 6.67-inch 120Hz double hole full screen, 64 million rear-mounted four cameras, 20 million front-mounted dual cameras, and a 4500mAh battery built-in to support 27W fast charging( Mi store 2019)

In general, as a mid - and high-end model, redmi K30 has the advantages of the only 120Hz screen in the same price range, four pictures on the back, comprehensive screen for digging holes, etc. The exquisite workmanship and the consistently high-cost performance of red rice series add an attractive atmosphere to this mobile phone. From the perspective of several products after the independence of red rice series, Xiaomi has devoted its resources, technology, human and material resources to continue the mission of pursuing the ultimate cost performance. This Redmi K30 is another excellent work to implement the three words of "cost performance".

Redmi K30 have various models with different sizes

 **Redmi K30 6GB+64G 2500SEK**

 **Redmi K30 6GB+128GB 2800SEK**

 **Redmi K30 8GB+128 GB 3000SEK**

 **Redmi K30 8GB+256GB 3200SEK**



Image 2. Redmi K30 Purple Jade illusion (Mi store 2019)

#### 4.3.3 Xiaomi Mi band 4

Mi band 4 is an excellent but affordable fitness tracker. Its price is only 399 SEK. It is one of the most cost-effective fitness trackers in the current market.

After trial use, Mi band 4's function and performance can be compared with Fitbit inspire HR in all aspects, and its battery life performance is even stronger. It is worth mentioning that Mi band 4 has built-in heart rate sensor, supports GPS global positioning system, and has many surface options. (Xiaomi, 2019.)

Mi band 4 Standard version/NFC version, with ornamental screen, 50m waterproof and 6-axis sensor. There are five colors (Standard version) of graphite black, thermal orange, deep sky blue, wine red and pale pink.



Image 3. Xiaomi band 4 (Xiaomi 2019)

#### 4.3.4 Xiaomi Headphones

There are several different types of headphones sold in Mi store in Sweden, including wireless and wired headphones. The product categories of headphones are as follows:

- ✚ Mi True Wireless Earbuds Basic
- ✚ Mi In-Ear Headphones Pro HD Silver
- ✚ Mi Bluetooth Headset BLACK
- ✚ Mi Bluetooth Neckband Earphone Start
- ✚ Mi Dual Driver Earphones (Type-C) (Black)



Image 4. Xiaomi Headphone (Xiaomi 2019)

#### 4.3.5 Xiaomi Power bank

Xiaomi Power bank is a mobile charging device launched by Xiaomi company. It has four versions of mobile power supply with different battery capacity, Xiaomi mobile power supply adopts arc edge shape which conforms to human body structure. (Xiaomi, 2019.)

Xiaomi power bank can be divided into the following types and power content.

- ✧ **Mi Power Bank Pro -10000 MAH-Rose Gold**
- ✧ **Xiaomi Mi Power Bank 2, 5000 MAH Silver**
- ✧ **Xiaomi Mi Power Bank 2C 20000 MAH**
- ✧ **Xiaomi Mi Power Bank 2S 10000 MAH Black**
- ✧ **Xiaomi Mi Power Bank 20000 mAh 3 Pro**



Image 5. Xiaomi Power Bank (Xiaomi 2019)

## 5. EMPIRICAL RESEARCH AND DATA ANALYSIS

This chapter gives readers a good understanding of empirical research and analyze the research results afterwards. First of all, the whole chapter introduces the direction and the content of the study. What's more, the empirical part includes the survey of the case company and potential consumer groups, in addition, the survey questions can be found in the appendix below. At the end of this chapter is the analysis and summary of the empirical results.

### 5.1 Design and formulation of the empirical research

There are two research methods which are qualitative and quantitative. To be more specific, firstly, qualitative research is a research method often used in the field of social science and pedagogy, usually in terms of relative quantitative research. As a matter of fact, qualitative research is not a method, but a general designation of majority of different research methods. Specifically, they are classified in the same category. The purpose of qualitative researchers is to have a deep understanding of human behavior and its reason.(Farnsworth 2019) On the other hand, quantitative research is to study data or information through statistics, mathematics and computer technology. In general, quantitative research methods will go through four stages: data acquisition, data pre-analysis, data analysis and report analysis. The objective of this method is to develop a set of mathematics models, theories or hypotheses to understand the phenomenon and results. The purpose of this chapter is to figure out and explore the target customers' understanding of the product for the case company, therefore the qualitative method was implemented. (Farnsworth 2019)

The main form of empirical research is to collect data through online questionnaires. The purpose of this survey is to find out the consumption habits and influence of purchase decision of target consumer groups, as mentioned earlier, our target group's age is between 18-30 years old. Furthermore, the research also focuses on how product performance and price affect customer preferences.

As the case company is a well-known global brand company, most of the research objects are familiar with the company's brand. The survey is based on questions set by researchers



and sent to respondents via the Internet or email to collect data and answers. The researchers' survey questions cover the price factor and quality of the brand products to ensure the accuracy of the answers.

The form of questionnaires consists of ten multiple-choice questions and two open questions. However, if there are no options to adopt in the questions, the respondent can give an appropriate answer according to his/her own opinions. The survey questions involve the people's opinions on the brand company's products and their preferences for purchase decisions. The survey can be seen from the appendix.

## 5.2 Data collection

This chapter fully describes the data collection stage of the thesis. The following figure illustrates the different steps of the data collection and the time when each period was done by the authors.

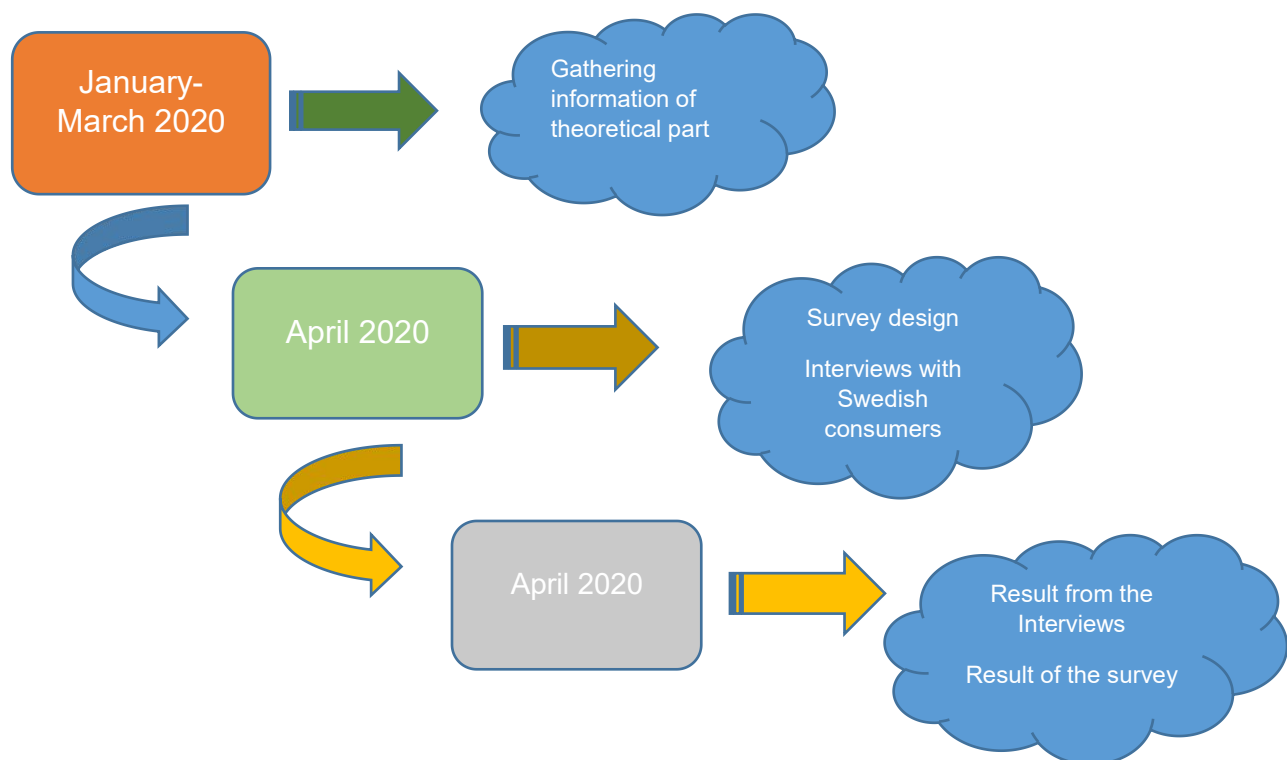


Figure 10. Data collection process

The authors have been writing thesis since January 2020. First of all, the authors collect relevant theoretical knowledge about customer interview and decision-making. At the same time authors takes young people as the primary research group in Swedish smartphone market. After collecting theoretical data and information, the second step is to find respondents in Sweden in order to conduct question surveys and interviews with them. In view of the global impact of the coronavirus during the research period, most of the countries began to block their own regions, therefore the authors decided to turn the form of the research into online questionnaires. Even though the authors are not staying in Sweden, but they have lots of friends or classmates who work or live in the target country. Among them, the authors sent the questionnaires to their classmates and friends through the internet. To be more specific, the authors also places the questionnaire in various Facebook groups in Sweden for data collection. The respondents of the questionnaires are all random and anonymous. This survey requires respondents to provide authentic and reliable questions and answers which is very useful for the author's thesis.

### 5.3 Data analysis

Data analysis refers to the use of appropriate statistical and analytical methods to analyze a large number of collected data, summarize, understand and digest them, in order to maximize the development of data functions and play the role of data. Data analysis is a process of studying and summarizing data in detail in order to extract useful information and form conclusion.(Grant 2020)

Data, also known as observation value, is the result of experiment, measurement, observation, investigation, etc. The data processed in data analysis can be divided into qualitative data and quantitative data. Data that can only be classified into a certain category but can not be measured by numerical value is called qualitative data. In the qualitative data, it is classified data, such as gender, brand, etc.; in the qualitative data, it is classified data, such as education background, quality grade of goods. (Grant 2020)

The sub-chapter is the empirical analysis, through the investigation and research to analyze the results in detail. It is worth mentioning that most of the survey questions are needed to be answered by the respondents, except for the last two open questions.

The first several multiple-choice questions were mainly to determine the age of the respondents and to find out the impact of the smartphones on consumers daily lives. The first question is the age of the respondents. The answer to the question is from under 15 to over 30 years old. During the survey, the authors have received more than 300 respondents and with only 161 of them met author's research objects. The second question is asking what brand of smartphones does people use right now. This question is very useful for the case company, because it can help the case company to understand the current preferred smartphone brands of the target group. Since most of the respondents are between age 15-30 years old (as can be seen from the below graph), the answer of this question is effective. According to the survey, a total number of one hundred and three Swedish people use iPhone which means this option ranks into top 1, in other words, indicating that Iphone has occupied a huge market share in Sweden. On their other hand, a relatively small number of Swedish which consists of total 22% use Huawei or other brands that are not particularly well-known currently. The following figures demonstrate the age range of the respondents and their choice of smartphone brands. The third question is about what are the factors influencing their purchasing decisions? When it comes to the factors that affect consumers' purchase decisions, most of the respondents(nearly 60 respondents) select the price option while the second chosen factor is the habitual brand effect, which makes them still choose to believe the brand they used in the early time.

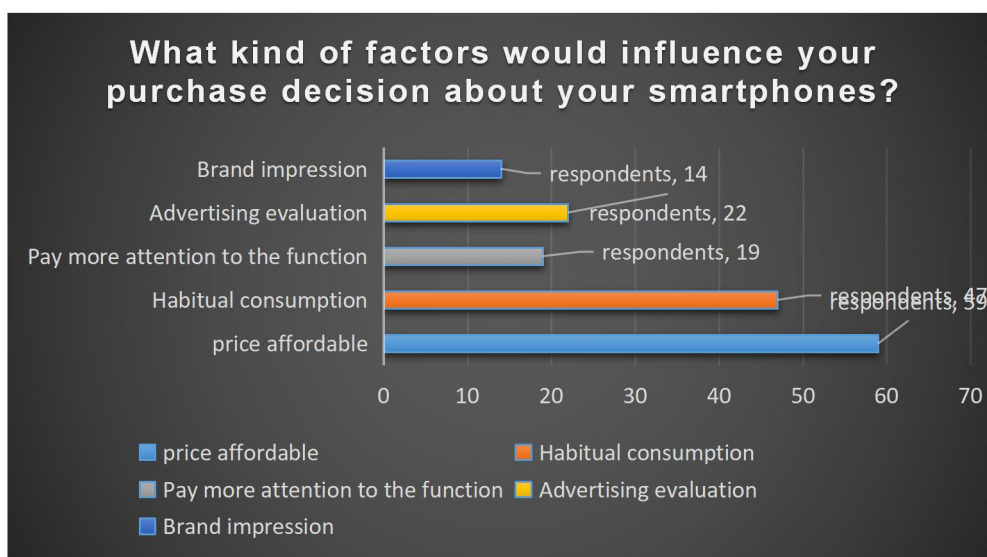


Figure 11. Purchase decision factors

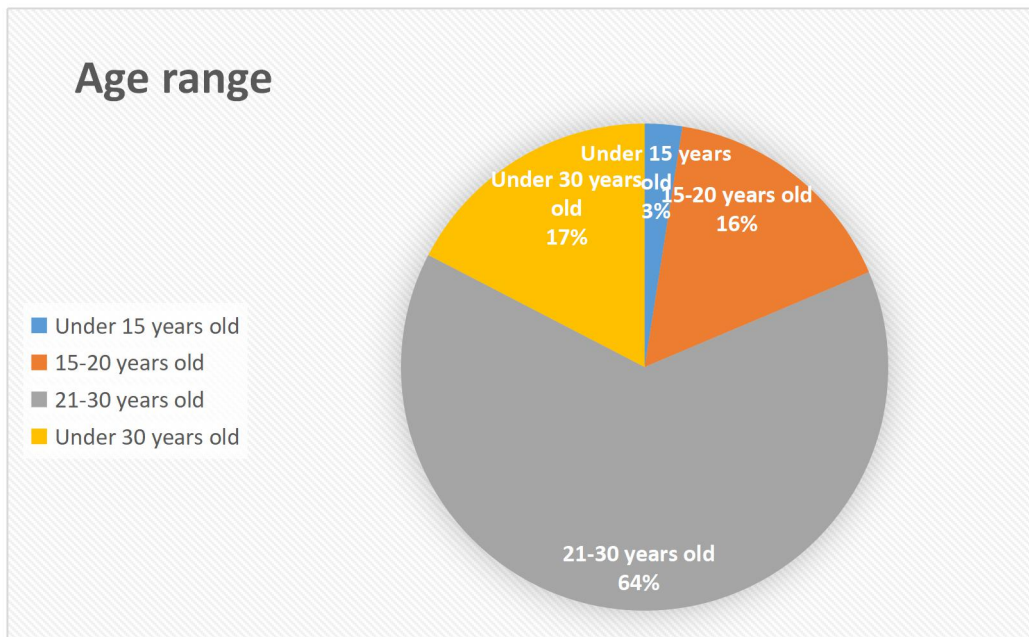


Figure 12. Age range

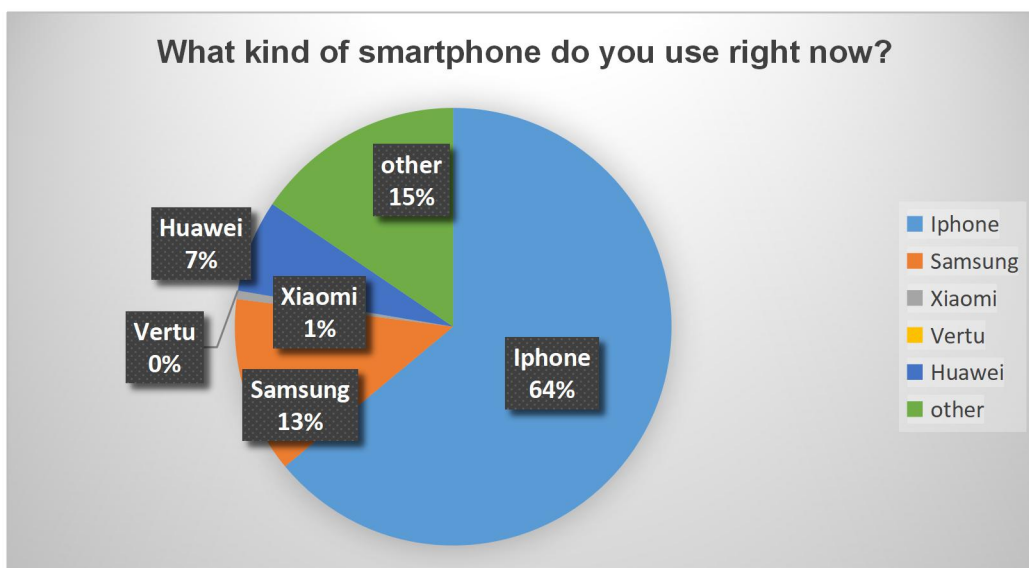


Figure 13. Smartphone brands

The fourth and fifth question were much more about the frequency and reasons for the interviewees to change their smartphones. This direction is very suitable and helpful to our research because how to grab consumers' satisfaction has become an issue that most of the smartphone brands and manufacturers wish to understand. Speaking of the fourth

question, through the survey, it can easily figure that more than half of the respondents usually use their smartphones for 2-3 years while the respondents who change their smartphones within one year are very few. When answering the reasons for changing the smartphone, more than 80% of the people unanimously chose the smartphone broken as their main reason. This indicates that consumers will pay more attention to the quality and service life of smartphone products, which is very important for the case company. The following figures be below.

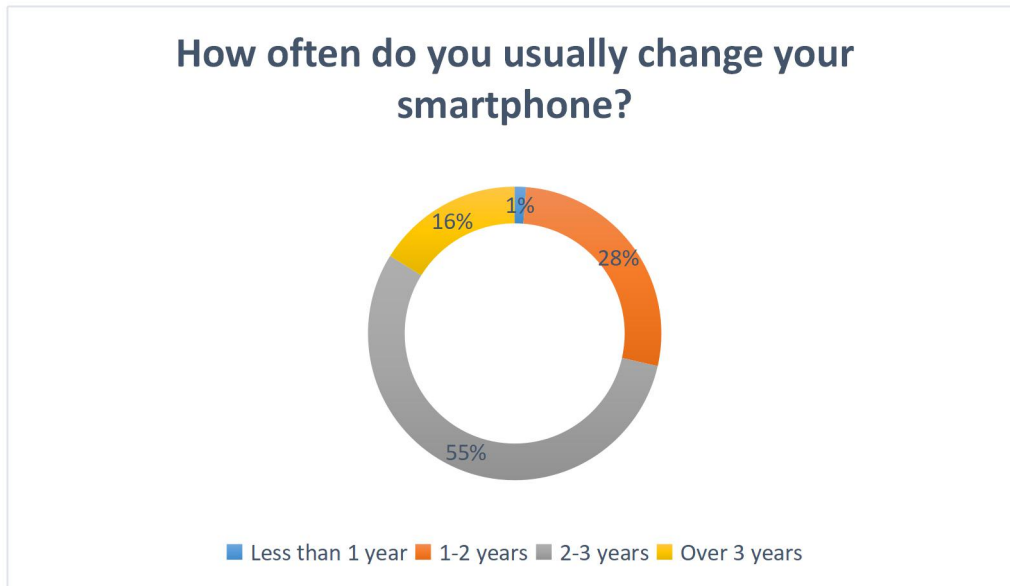


Figure 14. Changing smartphone

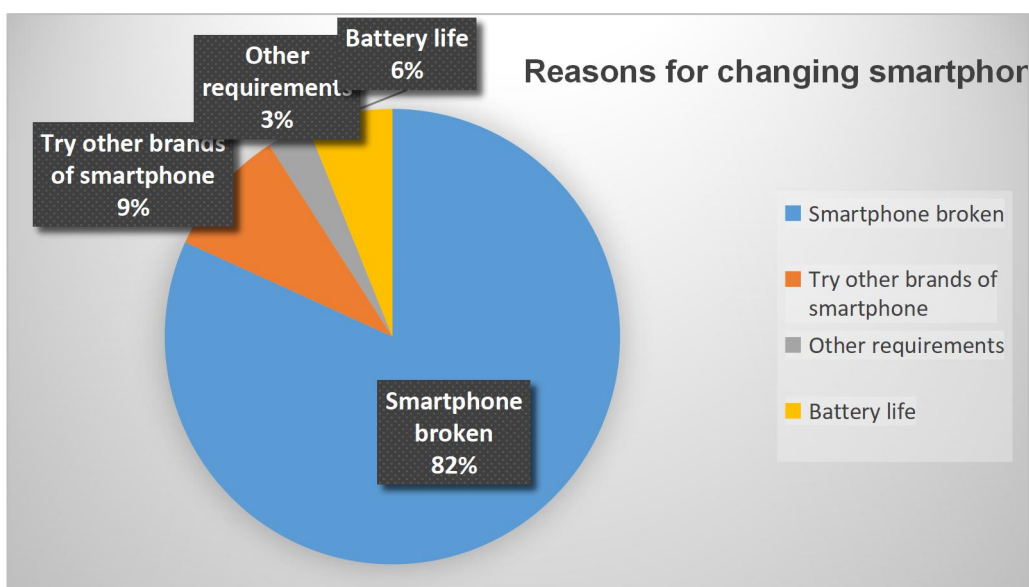


Figure 15. Reasons for changing smartphones

The sixth question was to find the channels through which consumers get information when they want to purchase smartphones. In this era of rapid development of information, more and more people will get the information through the form of the Internet, thus according to the survey, more than 90% of the respondents choose a way to get the information through the internet in order to understand the smartphones. Only 4% of the respondents claim that they get information from their families including relatives or friends and 3% of people indicate that they usually search for the information from the official outlets. Newspapers or magazines are at least 2% accessible which shows that young people in Sweden do not prefer to know information from this way. The chart below clearly describes this ratio and several other possible factors.

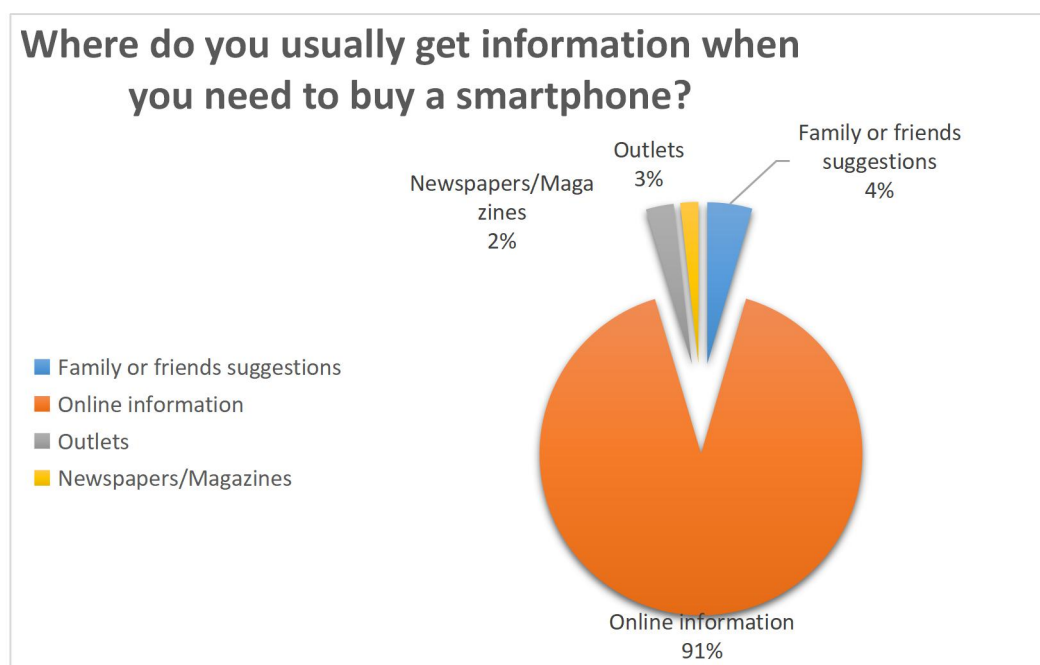


Figure 16. The way to get the information when you buy a smartphone

From the seventh question onwards, the questions were pay more attention about Xiaomi aspects and what the respondents react about those. The seventh question was asked about people how much you know about Xiaomi smartphone. Out of 161 respondents, more than one hundred of people choose to have a certain understanding (from scale 3-5) of Xiaomi smartphone. On the contrary, only 60 people replied that they do not know much more about Xiaomi smartphone. (from scale 1-2) Then eighth question was asked about the

respondents whether they will use Xiaomi smartphone in the future. More than half of the people are not willing to know Xiaomi products while only approximately 8% of volunteers would like to know this brand in the future. It can be seen from the side that Xiaomi's popularity in Sweden so far is far less attractive than other mainstream brands. The following two figures can provide more information about that.

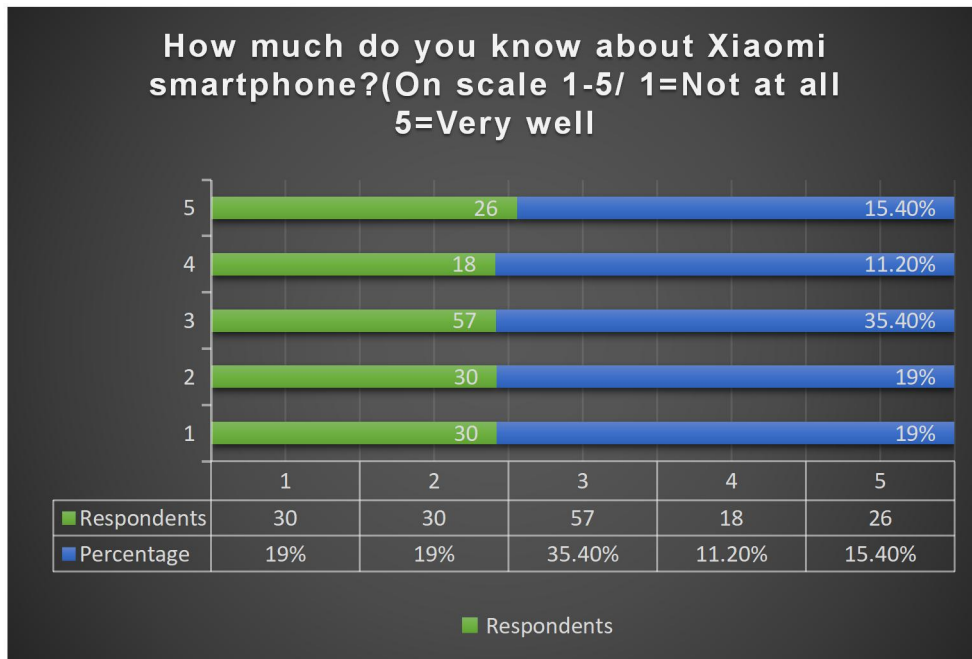


Figure 17. How much do you know about Xiaomi smartphone

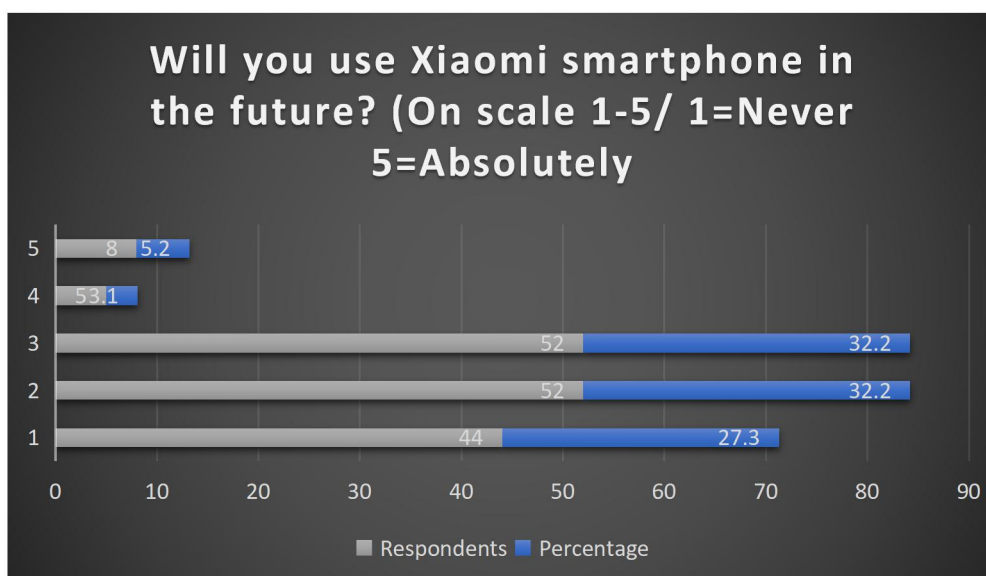


Figure 18. Will you use Xiaomi smartphone in the future

From the ninth question, generally speaking, the price of the smartphone is also very important for this research, therefore the authors also provide this question to the respondents. Unexpectedly, ninety six of people's smartphone are worth more than 5000 SEK, which shows that Swedish have good consumption ability and are willing to spend more money on the smartphones. 27% of respondents have a smartphone value of about 2000-5000 SEK while only 13% of respondents with less than 2000 SEK value of their smartphones. The following chart briefly introduces the ratio and situations.

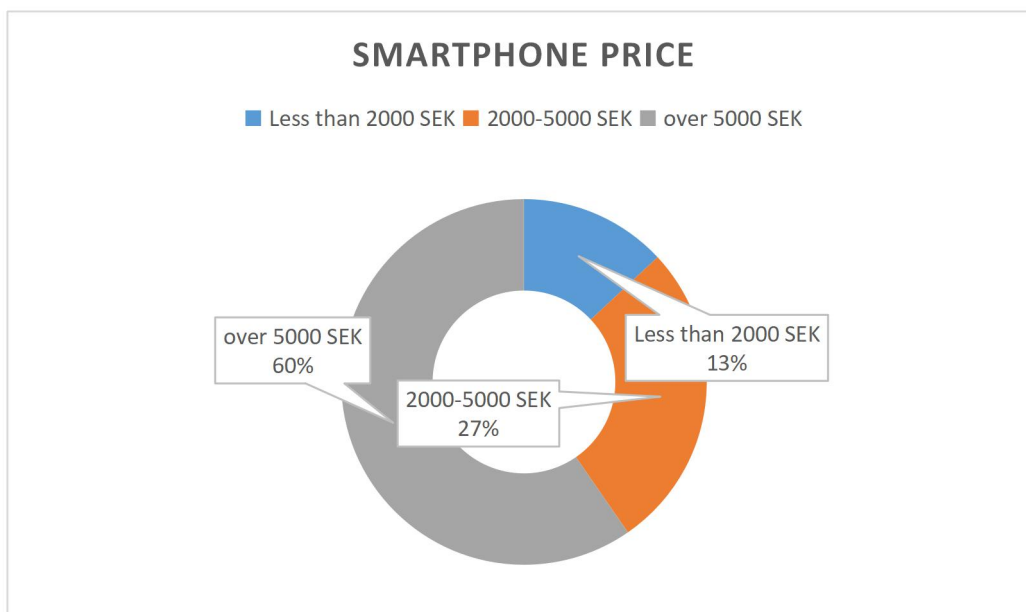


Figure 19. Smartphone price

The last two questions were open questions. The author enquired the interviewees what they thought and proposed to their smartphone dealers and how Xiaomi should deal with the future market environment in Sweden. These two questions will assist the case company in knowing how to offer a better product and service to the consumer and the way to cater to the case market. There are majority of young people in Sweden who give their inner suggestions especially for the latter question. For example, it is suggested that Xiaomi should make more efforts in advertising. According to the previous survey questions, most of the interviewees in Sweden are not quite familiar with Xiaomi at all, and even are unlikely to use it in the future. To be more specific, some people emphasized that Xiaomi should point out in the propaganda what the advantages of Xiaomi's smartphone are embodied in, and how to attract consumers' group compared with other brands.



## 6. CONCLUSIONS

This chapter introduces the main findings of all the information and answers collected through the survey. The authors offer the answers to the research questions and prove the validity and reliability of the research according to the answers. Some suggestions for further research are given in the following sub-chapters in order to complete the research of this subject.

### 6.1 Answers to Research Questions

The thesis focuses on the current situation of Xiaomi in the Swedish market and response from the local customer users. The case company is to extend its sales volume by entering Swedish market with the main purpose of capture the young customer group aged from 18-30 years old.

The main question of the research is: How could Xiaomi improve its presence in the Swedish market by understanding young consumers' smartphone brand preference?

The sub-questions of the thesis were managed to support the answer to the main question of the research. Meanwhile, the sub-questions are answered first in order to find an answer to the main research question.

#### **What is the current competitive situation in the Swedish smartphone market?**

Based on some official data and information collected by the authors and the results from the survey, there are plenty of smartphone brands active in the Swedish smartphone market at present, among which three leading brands are iPhone, Samsung and Huawei. Among them, the market share of Mobile Vendor in Sweden in 2019 are iPhone 48.23%, Samsung 31.17% and Huawei 10%, Xiaomi is only 1.24%, as can be clearly seen from this data, although iPhone, Samsung and Huawei have a large market share, Xiaomi has more development prospects and opportunities as an emerging mobile phone brand. In addition, in terms of price, Xiaomi has a better advantage than other brands, for young consumers, the price would more influence their buying decision making. In addition, in terms of designing, iPhone pays attention to its own processor, but the appearance has not changed much, but Samsung and Huawei pay more attention to the

appearance of mobile phones, such as the camera and screen design. In terms of publicity, iPhone's advertisements are mainly TV advertisements and a small number of print advertisements. iPhone usually offers a small number of ads in high-end magazines while Huawei has only a small promotion of its product.

### **What factors influence target customers' smart phone preference?**

According to the results of questionnaire analysis and market research, there are several factors that showing the smartphone preference of Swedish young consumers. The first factor is price. A smartphone with a very high cost performance is extremely attractive to Swedish young people. The second place is habitual consumption. Young consumers are used to the brand and assume it is convenient and helpful for their lifetimes. Other factors concerning to this question such as advertising, smartphone functions or brand impression are also account for a certain proportion. But in general, the proportion is not particularly visible at this moment.

### **How should Xiaomi smartphones enter to the Swedish market?**

The authors studied the theory of market entry mode and evaluated the foreign market of the case company and current market environment. In addition, the potential of the customers in the location of the case company were interviewed to ensure the sales group. Based on all the data and information, the authors decided that Xiaomi smartphone brand should enter Sweden market through direct export models.

### **How could Xiaomi improve its presence in the Swedish market by understanding young consumers' smartphone brand preference?**

In the end, according to the data analysis of the authors and the answer samples collected from the respondents through survey, the main factors that attract young Swedish consumers to purchase smartphones are the cost performance and the functions. What's more, in the view of the current Swedish smartphone market and competitiveness, the case company needs to strengthen its publicity in order to improve its competitiveness to attract young Swedish consumers.

## **6.2 Validity and Reliability**

The main goal of the research is to get the answers by the research questions and achieve the final objective. During the study, the authors have been collected the primary data from the survey online, made interviews with the target groups in the target country online, as well as that, the authors have been shortly introduced the case company and the main products in the target market. And during the secondary data collection, the authors mainly have been searched on the internet or from the books. By those data, the authors could be given the clearly answer to the main research question and sub-questions. With all due respect, the authors suppose the sources are quite reliable and valid.

### 6.3 Suggestions for further research

As it mentioned in the very beginning of the thesis, the research is concentrates on “How could XIAOMI improve its presence in the Swedish market by understanding young consumers’ smartphone brand preferences, and the whole study is around this topic to research. Further research could be deep research on the phase of the potential customer groups, which are after improve the young customer's preference, ie the new company has established stable influence in the target market. Keep the customer's satisfaction at this stage is very important.

Moreover, with the development of the company, more and more customers have a deeper understanding of their products, make compete with other brands more fiercely. “ How to survive in the target market” needs to be a concern more in the future. In order to help XIAOMI champion in the competition, it's a good idea to formulate different market strategies for a company to enter the target area and formulate relevant customer satisfaction policies according to different customer preferences.

## 7. SUMMARY

The objective of this study is to show the case company how can Xiaomi improve its presence in the Swedish market by understanding the young consumer. In addition, demonstrating another principle of the current smartphone market in Sweden. The thesis started with the general information as the first step, to introduce Xiaomi company, then to line up the research question and sub-questions and limitations.

In chapter 2 and 3, the authors introduced two theories which are entering a new market and customer behavior and decision making, as well as this, the strategic marketing tools such as SWOT Analysis, PEST Analysis, and Porter's Five Forces were used to analyze the target market.

In chapter 4, the authors deeply introduced the case company based on the knowledge searched online, including company overview, current situation, and the distributor for Xiaomi company. As well as this, it also showed a few series products which are selling in the Swedish market, function, price and the information to more directly show the readers the products of Xiaomi company to make them get a compare with our smartphone brands.

The final chapter included empirical research and data analysis. basically the authors talked about the methods in the research which are qualitative research and quantitative research, at the same time, the authors have been lined up few questions to make a survey with Swedish young customer to get formed by data collection. And also make a detailed report about it. It makes the source become more reliable.

To conclude, it's worth to be mentioned, the main factor would affect the purchase decision making of the smartphone are price, quality and function, although there are still a few reasons for people to change a new smartphone, as a company, they should figure out the main problems from themselves. In the end, we can find out the right strategy to make a new market and how to affect the young customers.

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## APPENDICES

### APPENCIX Interview with the Swedish young consumers

1. What is your age range?
2. What kind of smartphone do you use right now?
3. What kind of factors would influence your purchase decision-making about your smartphones? Choose 2 important factors.
4. How often do you usually change your smartphone?
5. What are the possible reasons for changing your smartphones?
6. Where do you usually get information when you need to buy a smartphone?
7. On scale 1-5, How much do you know about Xiaomi smartphone?
8. On scale 1-5, Will you use Xiaomi smartphone in the future?
9. What is the price of the smartphone you are using everyday?
10. What advice would you willing to give to your smartphone dealer?
11. What do you think of the marketing methods would Xiaomi company used in Sweden market?