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# DESIGN THINKING APPROACH OF XIAOMI

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## INTRODUCTION

One of the fastest growing and most popular smartphone company called Xiaomi pronounced “Shao-mi” based in Beijing, China ([Team, 2023](#)). The multinational electronic company, founded by Lei Jun in 2010, is mainly known for smartphones but also sells all kinds of electronic products ranging from bulbs to vacuum cleaners. With a market share of 11.72% as of 2023, Xiaomi is the third-largest smartphone manufacturer behind industry heavyweights Apple and Samsung ([Lin, 2023](#)). The company comes with a strong focus on innovation, and customer satisfaction with high-quality products at affordable prices and has a unique business model. Xiaomi has a massive following all around the world, widely known for providing value-for-money phones through the Redmi series and the best budget gaming devices through the Poco series.

In 2019, the company joined the Fortune 500 ranking 468 also became the youngest-ever company on the list, as of 2023 the company is ranked 360 in the list with a revenue of \$50 billion ([Staff, 2023](#)). The company has just reached 600 million active users worldwide ([Yordan, 2023](#)). The company has its ecosystem of software and hardware providing applications like mi store, mi home, shareMe, mi file manager, mi calendar, mi fit, mi wallpaper, etc with hardware like wearables, smart home appliances, electric scooters, etc.

## COMPANY BACKGROUND

Xiaomi Corporation, the Chinese multinational electronics company established in April 2010, by Lei Jun launched its first smartphone in August 2011. The company name ‘Xiaomi’ translates to ‘Millet’ in Mandarin, which symbolizes the company’s mission towards its customers to provide high-quality products at affordable prices. The company has reached out to over 100 countries with its affordable devices. During the early days, the company heavily invested and focused on providing an Android UI easily customizable and full of every possible feature available for their customer called MIUI short for Mi User Interface. The Mi1 launched with this custom software and overall got positive customer reviews. In a couple of years, due to Xiaomi’s focus on online sales and its aggressive pricing, the company quickly expanded its brand all around the country. It became one of the top smartphone manufacturers in China ([Haldane, 2021](#)).

## China Smartphone Market Share

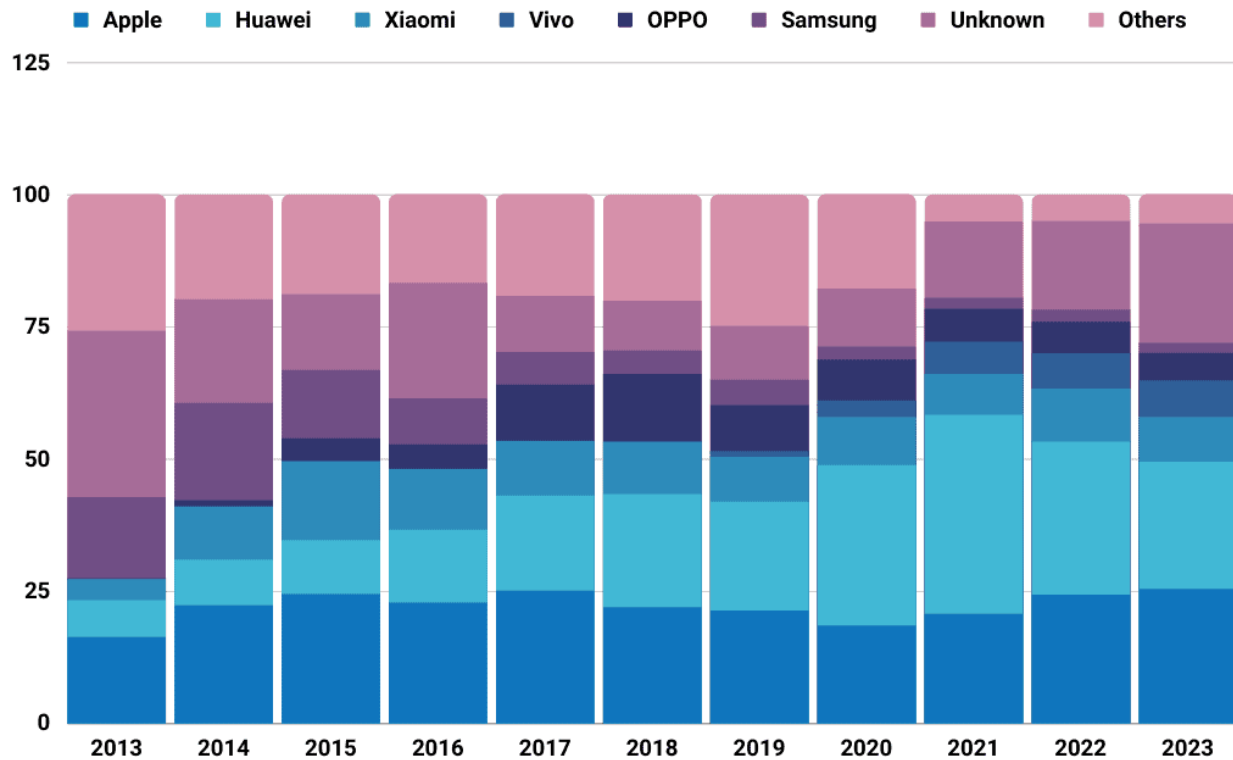


Figure 1 Smartphone market share in China 2013-2023

Src:- [\(Turner, 2023\)](#)

In 2014, Xiaomi started focusing on its international expansion after its massive success in the Chinese market. The company mainly focused on growth around China and soon became popular in the second-largest smartphone market, India with its budget-friendly smartphones where the company found even greater success.

## India's Smartphone Market Share by Year

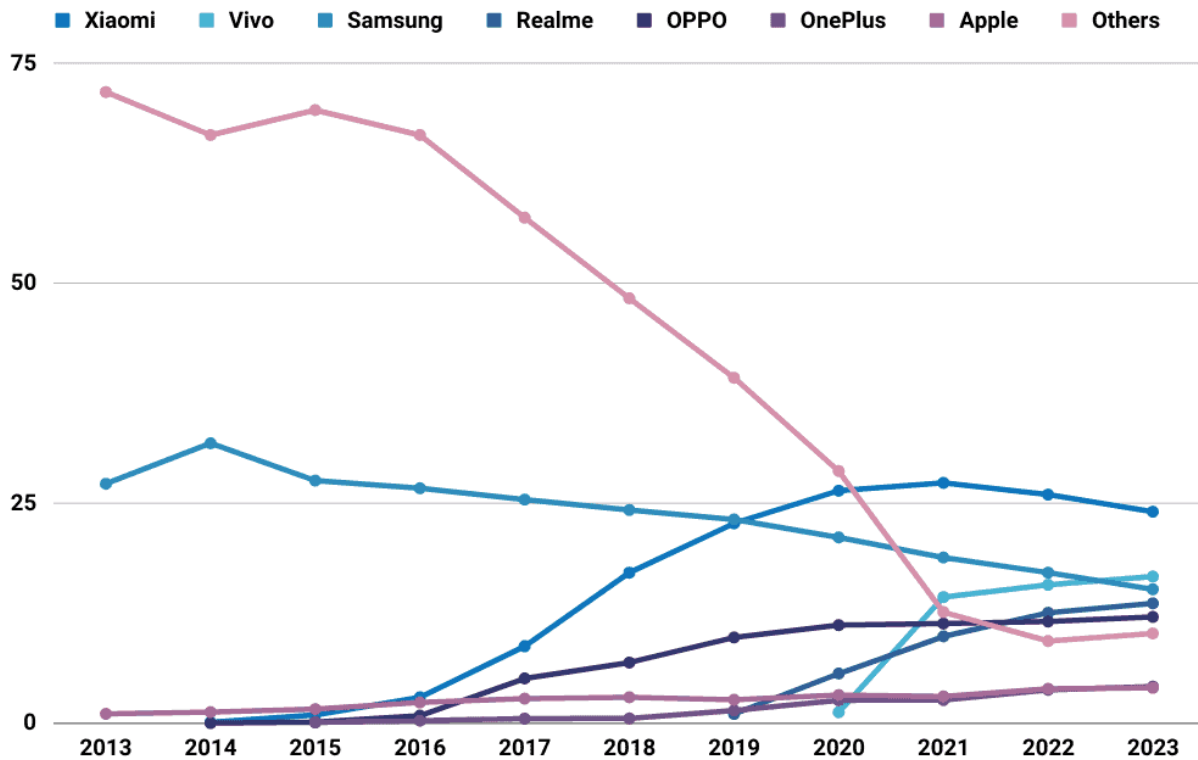


Figure 2 Market share in the Indian smartphone market 2013-2023

Src:- [\(Turner, 2023\)](#)

The company as of 2023 still holds the highest market share in the Indian market at 24%, with Vivo and Samsung far behind in second and third. After the massive success in and around the Indian market, the company started to provide more kinds of products with smart TVs, fitness and wearables, smart home devices, electric scooters, laptops, etc which allowed Xiaomi to create an ecosystem of products.

In 2018 the company decided to go public for further global expansion and presence which was one of the most anticipated events in the technology and financial world, as the company was considered one of the most valuable startups at the time. In July 2018, the company went public on the Hong Kong Stock Exchange and valued the company at around \$54 billion, making Xiaomi a major player in the tech industry. Even after going public, the company didn't go down in its innovation and mission of providing its products at a competitive price. Since then the company has heavily invested in Artificial Intelligence(AI) and the Internet of Things(IoT). On a list of the top 100 most valuable brands, the corporation comes in at number 84 ([Best global brands](#)). The company's commitment to providing high-quality products at competitive prices has earned it a loyal fan base worldwide which is growing day

by day.

## ISSUES

Despite all of the above-mentioned achievements and successes, it is not all rainbows and sunshine for Xiaomi. Just like other companies Xiaomi also faces numerous challenges. First, the smartphone market is very competitive, there are over 170 smartphone companies all around the world and most of the companies release 100s of smartphones each year ([Insights, 2021](#)). Smartphone manufacturers provide long-lasting devices with years of software updates to get ahead of their competition which makes buying new devices every year pointless.

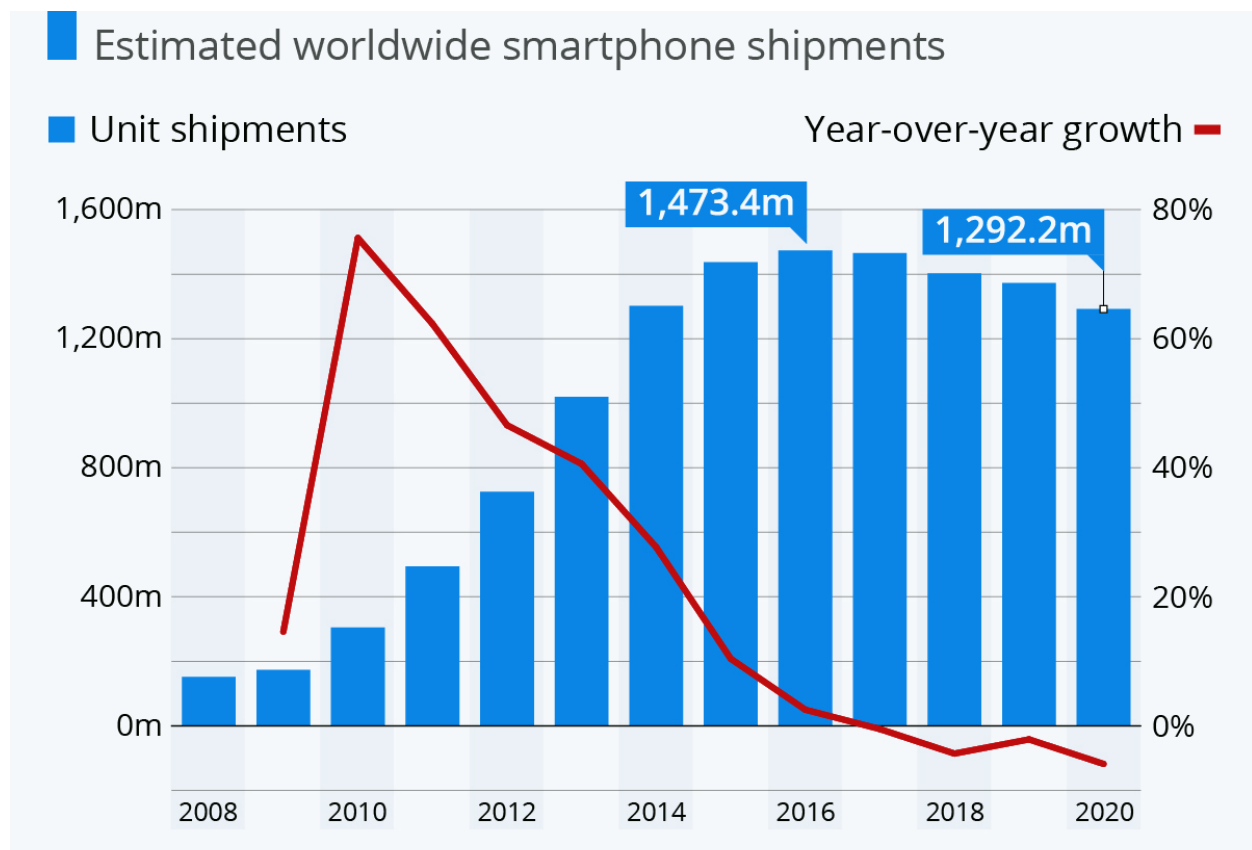


Figure 3 Worldwide smartphone shipments from 2008-2020

Src:- ([Richter, 2021](#))

As we can analyze from the above graph, smartphone sales have been in decline since 2016 as smartphones tend to last for years. The smartphone market is not only full of competition but also a market that has been in decline for years.

Xiaomi has also been sued for multiple patent infringement lawsuits by different companies like Huawei,

Immersion Corporation, Coolpad, etc which forces Xiaomi to invest time and money in fighting lawsuits which may also result in restrictions on certain products and financial penalties.

Another major problem is in their profit margin. They started and achieved massive success due to their “high-quality, low-price” strategy. Their whole business relies upon this strategy but if they want to innovate further and provide different new kinds of products to their customers they need to innovate and they need money to do so. Due to their strategy, they might sell millions of devices and get massive revenue but if there is not enough profit from the revenue, it's hard to innovate further. Despite innovating, as a public company, they also need to make their shareholders happy by showing them profits. This is showing in their recent products which are not as aggressively priced as they used to be which makes their customer base opt for brands that provide better value for money devices, hence the sudden surge of Realme, and Infinix.

Another minor issue Xiaomi faces is International expansion. Xiaomi has been very successful with its expansion around China and India and every time a company wants expansion, they have to provide massive funding and convince the new customer base to trust its products. Making them buy a new brand of product is always a challenge. A company as massive as Xiaomi also has to pay attention to their customers' data privacy and security, they have had multiple instances of leaking and/ or selling customers' data. Companies that rely on supply chains might face issues with disruption in the chain, shortages of components, and political issues, which can delay product shipments. Being a company operating in multiple countries means keeping up with every political rule and regulation and making changes accordingly.

## REAL GAP

The limited consideration of cultural and regional diversification in the delivery of their products could be a major flaw in the design thinking approach of Xiaomi. Xiaomi has a presence all around the globe with a huge diverse customer base in different countries and cultures. However, most of their products are designed and manufactured towards the preferences and needs of their home market, China, which might make their customers from other regions feel ignored or left out. They are slowly focusing on the Indian market with the Poco and Redmi series but they should also focus on other markets like Spain, Russia, Poland, etc where they already are a major player ([Dhakal, 2021](#)).

Xiaomi should do in-depth research on the cultures of different places and understand the customers to further enhance their user experience making them feel like the device is focused and made for them. Further, they should also have design teams from different cultural backgrounds in this way the designers could focus on different markets and understand their needs and wants, customizing the software according to their culture. Xiaomi could also involve users in their design and development process from



different regions by organizing co-creation workshops and feedback sessions. They do have a feature called the Mi Pilot Tester program but it is a beta release of software for users but this early beta software is way too buggy and is rather a one-sided approach with mixed feedback from the user than end-user involvement ([Yilmaz, 2023](#)).

## IMPLEMENTING DESIGN THINKING

### Empathise

The first phase of design thinking focuses on understanding the needs, wants, demands and challenges of the users. For companies like Xiaomi, understanding and listening to their customers is a must. They provide products to their customers that they will be using daily for years to come so if they want to keep the customer for the far future they need to listen and understand their customers. Through user research, empathy mapping and engaging with customers the company can get a valuable understanding towards their customers' preferences and demands. Being culturally sensitive and listening to users can help Xiaomi in user retention as the products can touch the emotional side of users. This customer-centric approach can further drive innovation, enhance user satisfaction and also help Xiaomi in maintaining its position as one of the leading tech companies in the most competitive market.

USER FEEDBACK	
<b>Customer profile:</b>	
<ul style="list-style-type: none"> <li>▪ Kayastha Ruchan, 25</li> <li>▪ Flutter Developer</li> <li>▪ Heavy smartphone user, relies on smartphone for work and personal tasks</li> </ul>	
<b>Questions to ask:</b>	
<i>List of questions</i> <ul style="list-style-type: none"> <li>• How did you first hear about Xiaomi?</li> <li>• What made you to switch to Xiaomi?</li> <li>• How satisfied are you with the switch?</li> <li>• Have you faced any challenges or issues using Xiaomi?</li> </ul>	<i>Why do we ask those questions?</i> <ul style="list-style-type: none"> <li>• To understand customer's awareness and perception towards Xiaomi brand.</li> <li>• To identify the factors that influenced to switch to Xiaomi.</li> <li>• To know level of customer satisfaction and find room for improvements.</li> <li>• To determine if the customer is likely to recommend Xiaomi devices to others.</li> </ul>
<b>User feedback:</b>	
<i>Observations and feedback</i> <ul style="list-style-type: none"> <li>▪ The customer's take on Xiaomi seems to be positive, with online forums and recommendations playing significant role in their decision to switch.</li> <li>▪ Performance, value for money and positive reviews are factors in customer satisfaction</li> </ul>	<i>Insights / Actions</i> <ul style="list-style-type: none"> <li>▪ Xiaomi should continue to focus on positive online presence and word-of-mouth marketing to increase brand awareness.</li> <li>▪ Xiaomi should ensure smooth and hassle free software updates to minimize issues faced by customers.</li> </ul>

Figure 4 User Feedback

Name: Sarah Shyam, 28	
Profile / Lifestyle	Characteristics
<ul style="list-style-type: none"> <li>Digital marketer</li> <li>New York City, Single</li> <li>Loves photography, travelling and fitness</li> </ul>	<ul style="list-style-type: none"> <li>Tech-savvy, always up-to-date with the latest gadgets and trends.</li> <li>Active on social media platforms.</li> <li>Value-conscious, seeks value for money in purchases</li> </ul>
Goals / Ambitions	Behaviors / Habits
<ul style="list-style-type: none"> <li>To excel in her career and stay ahead in the digital marketing industry.</li> <li>To travel to new destinations and capture unique photographs.</li> <li>To maintain a healthy and active lifestyle.</li> </ul>	<ul style="list-style-type: none"> <li>Spends a significant amount of time on her smartphone for work and personal use.</li> <li>Researches extensively before making any purchase, reads online reviews and comparisons.</li> <li>Regularly updates apps and software on her devices.</li> </ul>
Fears / Challenges	Influencers & Activities
<ul style="list-style-type: none"> <li>Fear of missing out on the latest technology and trends.</li> <li>Challenges in finding a smartphone that offers high performance and features within her budget.</li> <li>Concerns about the durability and longevity of smartphones.</li> </ul>	<ul style="list-style-type: none"> <li>Follows tech influencers and bloggers on social media platforms.</li> <li>Engages in online discussions and forums about smartphones and technology.</li> <li>Attends tech expos and events to stay updated with the latest gadgets and innovations.</li> </ul>

Figure 5 Persona Template



Figure 6 Empathy Map

## Define

In the context of Xiaomi, the design thinking approach in the define phase could refer to the systematic and strategic direction of the company's product development and innovation process. For Xiaomi, the define phase could help the company to fulfil the unmet needs of its customers. The company can focus on defining the core problem or opportunity from the gathered information in the empathise phase through market research, customer feedback, and data analysis. This phase helps the company in identifying specific challenges and needs that have to be addressed and pointing out the problems the design team needs to solve. By defining the main problem areas, they can improve and create a solid foundation ensuring relevant and effective solutions aligned with customer satisfaction.

DESIGN BRIEF	
<b>User Perception / Feedback</b>	
<i>Users perceive Xiaomi as a brand that offers a diverse product portfolio, competitive pricing, and innovative features.</i>	<i>However, they may also experience pain points related to limited availability, software updates, and customer service.</i>
<b>Problem Statement (Point of View)</b>	
As a user of Xiaomi products, I want a seamless and reliable experience, including timely software updates, improved customer service, and increased availability, to fully enjoy the benefits of Xiaomi's affordable and innovative technology.	
<b>Design Goal / Objective (How Might We)</b>	
<i>How might we enhance the user experience of Xiaomi products by addressing pain points related to software updates, customer service, and availability?</i>	
<b>Design Requirements</b>	
<ul style="list-style-type: none"> <li>- Ensure that Xiaomi devices receive regular and timely software updates to address bugs, introduce new features, and enhance performance.</li> <li>- Expand Xiaomi's product availability to more regions, ensuring that customers worldwide have access to their desired products.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhance the customer service experience by providing responsive and efficient support channels, such as live chat or dedicated helplines.</li> <li>- Focus on designing intuitive and user-friendly interfaces across <u>Xiaomi's</u> devices and software.</li> </ul>

Figure 7 Design Brief

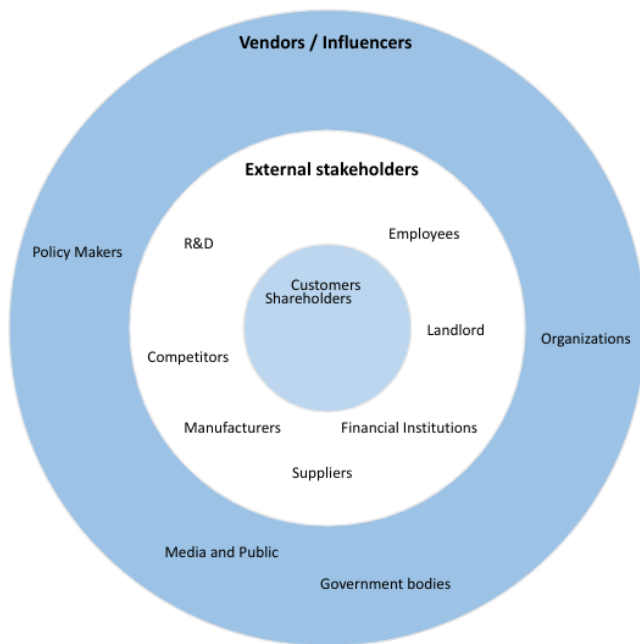


Figure 8 Stakeholder Map

Context Map of Xiaomi		
Target users / User needs		Technology factors
<ul style="list-style-type: none"> <li>Tech-savvy individuals</li> <li>Budget-conscious consumers</li> <li>Global consumers</li> </ul>		<ul style="list-style-type: none"> <li>Incorporating the latest hardware technologies</li> <li>Continuously improving the user interface, optimizing system performance, and delivering timely software updates</li> </ul>
Business factors	Trends	Uncertainties
<ul style="list-style-type: none"> <li>Competitive pricing</li> <li>Global expansion</li> <li>Ecosystem integration</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand for affordable technology</li> <li>Rise of smart home technology</li> <li>Growing importance of sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory challenges</li> <li>Competitive landscape</li> <li>Technological advancements</li> </ul>
Other questions?		
<ul style="list-style-type: none"> <li>How can Xiaomi differentiate itself from competitors in terms of design and user experience?</li> <li>What strategies can Xiaomi adopt to strengthen its brand presence and increase customer loyalty?</li> <li>How can Xiaomi address privacy and data security concerns to build trust among users?</li> </ul>		

Figure 9 Context Map

## Ideate

In this phase, the goal is to come up with creative and innovative solutions towards the identified problems and challenges in the defined phase. Xiaomi, being a tech company, is known to provide devices that are focused on the user and can add design thinking principles to come up with ideas that answer the

defined problems and challenges that require immediate attention. Through different techniques like rapid prototyping, cross-functional brainstorming sessions and iterative evaluations, the company can come up with innovative solutions to meet the needs of a diverse global customer base more effectively.

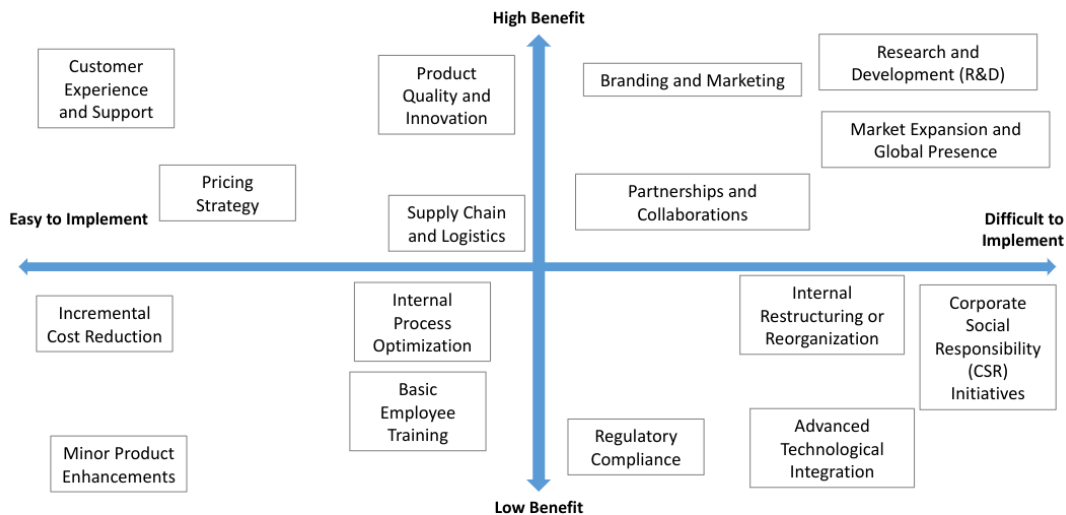


Figure 10 Affinity Map

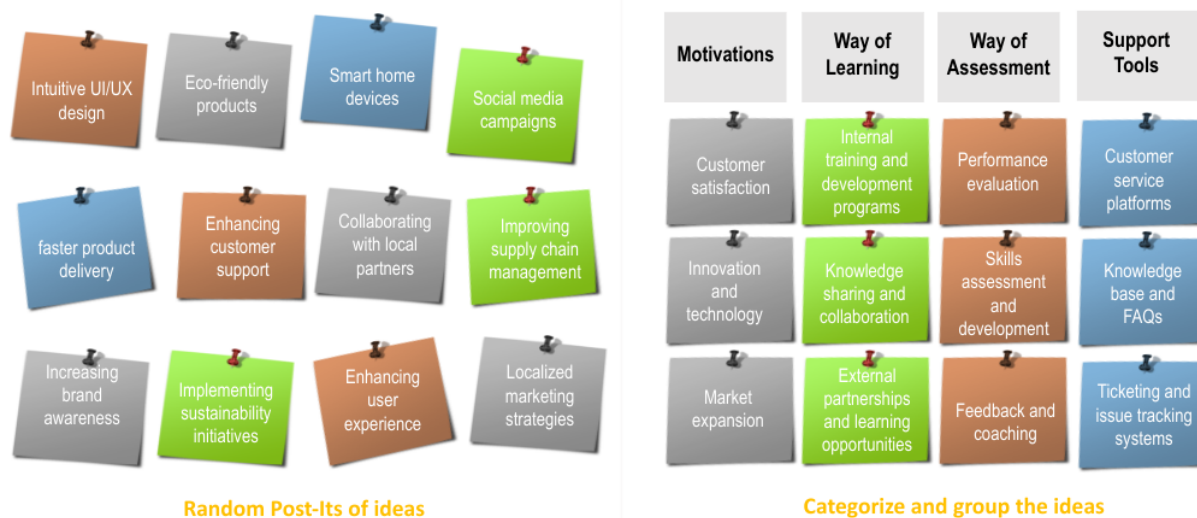


Figure 11 Stakeholder Map

## Prototype

During the prototype phase, the focus is to create a physical replica of possible solutions to the identified problems. This is one of the crucial phases as it allows the design team to test and validate the proposed ideas and solutions before going all in, which may result in a waste of resources if the proposed solution is not as good as initially imagined. Xiaomi can use rapid and iterative prototyping, like sketching and wireframes, and then create high-fidelity prototypes that resemble the final product.

## Testing

In the testing phase of the design thinking process, the focus is on validating and refining the proposed solution making sure it works just as imagined through real-world experimentation and feedback. This is one of the crucial phases as it identifies the potential flaws while gathering user insights and also ensuring that the final product meets the intended objectives and customer needs. By implementing the testing phase, Xiaomi can ensure user-focused and culturally adaptive products, meeting the customers' needs.

## RECOMMENDATIONS

To further optimize their design thinking approach, Xiaomi should focus on a couple of aspects. First, they should embrace the user-centric approach by listening to customer feedback not just in top markets but also in markets like Vietnam, Russia, etc where they are just growing. Secondly, by creating diversity and inclusion in their design team, they can generate solutions that meet the demands of their diverse customers and further understand and provide a product that touches their emotional side. Lastly, Xiaomi should focus on cross-functional collaboration by seamlessly integrating their different departments like engineering, marketing and customer service making sure that all the teams are on the same page. By focusing on these 3 key points Xiaomi can continue to deliver products that communicate with their diverse customer base and continue to achieve success in the smartphone market.

## CONCLUSION

In conclusion, Xiaomi's journey from a small startup to a globally recognized giant is a result of its commitment to providing innovative and user-centric products. By using design thinking strategically, Xiaomi has been able to continuously evolve and adapt, finding success in the most competitive market in just a decade. Xiaomi has addressed and identified gaps in the market, creating products that communicate with their target audience, and understanding unique preferences and requirements of different needs, leading to the massive success of their business globally. Xiaomi has achieved great success in a short period by implementing design thinking in its business. By further enhancing their design thinking approach, they can continue to achieve great success globally.

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