Research on the Management Strategy and Competitive Advantage of Xiaomi Automobile

Zhenghao Zhang

Hongshan College, Nanjing University of Finance and Economics, Nanjing, China
Email: 1098719431@qq.com
Manuscript received June 5, 2026; accepted August 23, 2026; published September 9, 2026.

***Abstract*—Against the backdrop of the rapid expansion of the global new energy vehicle industry and the mainstream trend of tech firms entering this sectoR, consumer electronics leader Xiaomi Group officially entered the automotive business in 2021, committing to investing 10 billion US dollars over a decade. In 2024, Xiaomi launched its first vehicle, the Xiaomi SU7, achieving rapid breakthroughs through long-term heavy investment and ecosystem synergy. This paper takes Xiaomi Auto as the research subject and employs case study, literature analysis, and data comparison methods to examine the core issues of management logic, strategic implementation, and risk control in technology companies' cross-industry entry into vehicle manufacturing. It systematically analyzes Xiaomi Auto's cross-industry integration path from consumer electronics to automotive manufacturing, the management support mechanism of the "human-vehicle-home-all-ecosystem," and the governance challenges in rapid expansion. The study finds that Xiaomi Auto achieved short-term market breakthroughs by leveraging differentiated strategic positioning, user-centric operations, agile organizational governance, and ecosystem synergy effects. However, it faces shortcomings in automotive manufacturing experience, after-sales service systems, and brand professional trust, which constrain the construction of long-term competitive advantages. This paper enriches the theoretical framework of cross-industry strategic transformation and provides a practical reference for technology companies entering the automotive industry.**

***Keywords*—Xiaomi cars, business management, ecosystem strategy, new energy vehicles**

I. Introduction

The global New Energy Vehicle (NEV) market is undergoingdual rapid growth in market expansion and technological iteration, with industrial competition evolving from single-product competition intoall-round rivalry covering technology, ecosystem, management and supply chain dimensions. Traditional automakers, tech companies, and internet companies are all entering the fray, driving the automotive industry's transformation from mechanical manufacturing to intelligent mobile terminals.

Most existing studies only focus on single-dimensional perspectives including the product technology, marketing strategies and market performance of Xiaomi Auto (Wenxuan, 2025; Yan & Yu, 20525; Jie, 2024), while systematic studies on its overall management logic, organizational governance mechanisms, and ecological strategy coordination are relatively scarce. Technology companies entering the automotive industry face core challenges such as the differences in industry attributes between consumer electronics and automotive manufacturing, the conflict between asset-light operations and asset-heavy manufacturing models, and the alignment of user-centric thinking with industrial quality control concepts. Xiaomi's automotive management practices precisely address these industry-wide issues.

Based on this, this paper focuses on the business management strategy of Xiaomi Automobile and analyzes three major research questions: First, how Xiaomi Auto's strategic positioning and management framework facilitate its rapid cross-industry market entry. Second, how ecological synergy can be converted into the enterprise's core management capabilities and operational efficiency. Third, what management risks Xiaomi Auto encounters and what sustainable optimization paths it can adopt. This paper supplements the management case evidence of tech companies entering the car industry through reviewing Xiaomi Automobile's strategic design, capability implementation, performance, and problem-solving strategies, providing practical insights for strategic management, organizational governance, and risk control in the new energy vehicle industry. The global new energy vehicle market is in a dual high-speed phase of scale expansion and technological iteration, with industry competition upgrading from single-product rivalry to all-around competition in technology, ecosystem, management, and supply chain. Traditional automakers, tech companies, and internet companies are all entering the fray, driving the automotive industry's transformation from mechanical manufacturing to intelligent mobile terminals.

II. Xiaomi Auto's Strategic Positioning and Management Framework

Strategic positioning is the top-level logic of business operations, and the management framework is the institutional support for strategic implementation. Xiaomi's core competitiveness originates from its strategic positioning that aligns with its own genes, the integrated design of the human-vehicle-home ecosystem, and the governance structure adapted to cross-industry transformation. These three elements jointly constitute the underlying business management framework and guide the development of core management capabilities elaborated in Chapter 3.

A. Strategic Positioning: From A Consumer Electronics Technology Enterprise to a Provider of Intelligent Transportation Solutions

Xiaomi Corporation's core positioning is that of a user-centric technology ecosystem enterprise, with its businesses covering smartphones, AIoT, and internet services. It boasts over 500 million active users globally, which forms a core business model of "affordability + fan

doi: 10.18178/joebm.2026.14.3.942

economy + ecosystem synergy." The strategic positioning of the automotive business is not simply "cross-border vehicle manufacturing," but rather an extension of the group's ecosystem into key scenarios, upgrading from a "consumer electronics supplier" to a "full-scenario smart living solutions provider."

This positioning is based on two industry principles: first, the essence of new energy vehicles is a wheeled intelligent terminal, highly similar in technical foundation to Xiaomi phones and smart home technology, providing a basis for cross-industry integration; second, smart mobility is a core component of users' life scenarios, and entering the automotive business allows Xiaomi to achieve a "person-vehicle-home" full-scenario closed loop, consolidating its ecosystem barriers.

In terms of market positioning, Xiaomi adopts a differentiated entry strategy, focusing on the mid-to-high-end new energy sedan market and using "smart technology + ultimate cost performance" as its core tag. This distinguishes it from Tesla's high-end technology positioning, BYD's full product category coverage, and the niche high-end route of emerging EV players (Kwak *et al.,* 2023). This positioning not only continues the brand genes of Xiaomi Group but also avoids the price war in the low-end market, accurately matching the three core groups of young users, tech enthusiasts, and Xiaomi ecosystem users.

A. "Human-Car-House Comprehensive Ecological" Strategic Integration: The Core Support for Management and Marketing

The Human-Vehicle-Home Ecosystem represents the core strategic innovation of Xiaomi Auto, as well as its unique management logic that differentiates it from traditional automobile manufacturers. This strategy takes Xiaomi's OS as the technological hub, connecting all terminals such as smartphones, cars, smart home devices, and wearable devices, and achieving seamless integration of data, services, and user experience.

From a management perspective, ecological integration has achieved three major synergies: first, in terms of R&D technology synergy, the group shares chips, algorithms, IoT connectivity, and intelligent driving technology, which reduces R&D costs for the automotive business and shortens R&D cycles; second, in terms of user operation synergy, it leverages Xiaomi's 500 million user pool within the ecosystem to achieve precise reach, private domain conversion, and word-of-mouth communication, thereby reducing marketing and customer acquisition costs; third, in terms of resource allocation synergy, the group's supply chain, channels, capital, and talent resources are tilted toward the automotive business, achieving efficient integration of cross-industry resources.

From a marketing perspective, the ecological strategy transforms the car from a single mode of transport into an ecological gateway: users can control the vehicle via smartphones, link smart home devices through in-car systems, and achieve full-scenario service interoperability through ecological accounts, which significantly enhances user stickiness and brand loyalty. Xiaomi's car management and operations have always revolved around ecological synergy, with all product development, channel layout, and service design centered on the core goal of an "ecological closed loop."

B. Company Governance Structure and Decision-making Mechanism: Agile Governance Adapted to Cross-border Transformation

Xiaomi Automobile adopts a governance model of "Group Empowerment, Independent Operation," which retains the agility of an internet company while also ensuring the rigor of automobile manufacturing. In terms of governance structure, Lei Jun personally serves as Chairman and CEO of Xiaomi Automobile, and the core management team is composed of seasoned experts from the automotive industry together with Xiaomi's internet management team, achieving complementarity between "manufacturing experience" and "internet thinking."

In terms of decision-making mechanisms, Xiaomi Automobile breaks away from the hierarchical decision-making model of traditional automakers and adopts a flat, fast-response internet-style decision-making process: key decisions regarding core technologies, product iterations, and market strategies are directly controlled by the core team, reducing intermediate layers. It also establishes a rapid response mechanism for user feedback and market changes, enabling the quick optimization of product features and service processes.

At the same time, Xiaomi Automobile has established cross-departmental collaborative governance mechanisms, connecting R&D, supply chain, production, marketing, and after-sales service, and resolving process conflicts between consumer electronics and automobile manufacturing. This governance structure ensures the efficiency of strategy implementation while avoiding management confusion in cross-industry transformation, serving as an institutional guarantee for Xiaomi Automobile's swift market entry.

III. Core Management Capabilities and Operational Practices of Xiaomi Auto

Xiaomi Auto has turned the group's internet operation capabilities, user mindset, and ecosystem advantages into product development, channel operations, supply chain management, and organizational collaboration in the car industry, forming a complete logic chain of 'strategy → capability → practice,' which is also the core reason why it quickly gained a competitive edge.

A. The Product Development and Iteration Mechanism of the User Center

The core DNA of Xiaomi Group is "making friends with users and involving them in product development," and this philosophy has been fully carried over to its automotive business, establishing a product management model that distinguishes it from traditional automakers.

In the early stages of research and development, Xiaomi Auto gathered over one million user requirements through the Xiaomi community, fan groups, and user surveys, integrating key needs such as "battery range, intelligent driving, smooth in-car system, and exterior design" into the product definition. The Xiaomi SU7's drag coefficient, range, and smart cockpit features directly address these user

pain points.

For product iteration, the company adopts an internet-based OTA remote upgrade model, breaking the conventional automotive limitation that "the vehicle is finalized upon factory release." After the launch of the Xiaomi SU7, continuous iterations through the Surging OS optimize smart driving algorithms, in-car system functions, and energy management, achieving a "constantly refreshed" experience. This iterative mechanism significantly enhances user satisfaction while reducing the cost of product improvements.

Moreover, Xiaomi Auto applies its experience from smartphone system development to automotive systems, creating a minimalist, smooth, and ecosystem-integrated smart cockpit that aligns with Xiaomi users' habits, offering a differentiated product experience. This user-centered R&D approach effectively implements the Chapter 2 ecosystem strategy in the product domain and is a key reason behind Xiaomi Auto's rapid market recognition.

B. Integrated Online and Offline Channels and Brand Operations

Channel management is a core component of the automotive industry. Xiaomi Automobile relies on the channel foundation of the group's offline Xiaomi Stores and online private domain traffic to build an integrated operation model of "online traffic generation, offline experience, and ecosystem conversion" (Ke, 2024).

In terms of online channels, Xiaomi leverages platforms such as Xiaomi Mall, Xiaomi Community, Douyin, and WeChat to carry out end-to-end online product promotion, order booking, and user engagement. Utilizing ecosystem user data for precise targeting, Xiaomi incurs customer acquisition costs far lower than those of traditional automakers. For offline channels, automotive experience zones have been added to Xiaomi Stores nationwide, alongside the construction of independent car showrooms, delivery centers, and service centers, achieving a complete offline loop of "experience-ordering-delivery-after-sales."

Regarding brand operations, Xiaomi maintains its brand tone of youthfulness, technological appeal, and high cost-effectiveness. By leveraging Lei Jun's personal IP, fan culture, and ecosystem reputation, Xiaomi has rapidly increased the brand awareness of its automotive business (Onorino, 2025). Xiaomi Automobile's brand operations are not conducted independently; instead, they are coordinated with the group's smartphones and AIoT business, enhancing brand value through ecosystem bundling. This is a concrete practice of the ecosystem strategy in marketing, as discussed in Chapter Two.

C. Research and Development Management, Supply Chain Collaboration and Cost Control

The automotive industry is a sector that emphasizes Research and Development (R&D) and supply chains. Xiaomi Automobile leverages the group's experience in R&D management and, in combination with the characteristics of the automotive industry, has built management capabilities featuring efficient R&D, flexible supply chains, and extreme cost control.

In terms of R&D management, Xiaomi Automobile has assembled an R&D team of over 5000 personnel, focusing on four core technologies: motors, batteries, intelligent driving, and the Surge OS. The company adheres to a combination of independent development of core technologies and collaboration within the industry chain: it independently develops motors and battery management systems while cooperating with leading supply chain companies such as CATL and BYD for the production of core components, ensuring both technological autonomy and controlled R&D costs. From 2021 to 2025, Xiaomi Automobile's R&D investment has exceeded 20 billion yuan, with its R&D spending ratio far surpassing the industry average.

In terms of supply chain coordination, Xiaomi leverages the group's experience in integrating consumer electronics supply chains and has established long-term cooperation with over a hundred global component suppliers, creating a flexible supply chain system capable of responding to production fluctuations and changes in market demand. Regarding cost control, Xiaomi maintains its "cost-effectiveness" model by reducing production costs through bulk procurement, ecosystem collaboration, and process optimization, ultimately achieving product pricing lower than comparable competitive models and creating a price advantage.

IV. Discussion

A. Market Performance and Operational Efficiency: Short-Term Outcomes of Strategy Implementation

With scientific strategic positioning and core management capabilities, Xiaomi Auto achieved rapid market breakthroughs and impressive operational performance after its listing.

In terms of market performance, orders for the Xiaomi SU7 surpassed 100,000 units in its first month after launch, and the six-month delivery volume exceeded 150,000 units, ranking it among the top-selling models in the domestic mid-to-high-end new energy sedan segment and rapidly increasing its market share (Yan & Shuang 2025). Regarding user composition, over 60% of car buyers are Xiaomi ecosystem users, demonstrating significant conversion effects from ecosystem synergy and validating the effectiveness of the "people-car-home full ecosystem" strategy.

In terms of operational efficiency, leveraging the group's supply chain and channel advantages, Xiaomi Auto has achieved a production ramp-up speed and delivery cycle that outperform the industry average; its R&D investment conversion efficiency is high, core technologies are quickly implemented, and product iteration speed surpasses that of traditional automakers; marketing cost rates are below the industry average, and ecosystem synergy significantly reduces customer acquisition and operational costs.

In terms of financial performance, Xiaomi Group's 2025 financial report shows rapid revenue growth in the automotive business and gradual improvement in gross margins. With the realization of economies of scale, short-term break-even is expected, a performance that far exceeds that of other technology companies entering the automotive sector during the same period (Xiaomi Group, 2025a).

B. Internal Management Weaknesses and External Risk Challenges

Despite its impressive short-term performance, Xiaomi Auto, as a new entrant in the cross-border market, still faces dual challenges of internal management deficiencies and external industry risks, which hinder the establishment of long-term competitive advantages.

The internal management deficiencies mainly manifest in three aspects: Firstly, the team lacks experience in automotive manufacturing. The Xiaomi team lacks long-term experience in vehicle manufacturing, and there is still room for improvement in production processes, quality control details, and capacity management. There were a few quality control complaints during the initial launch phase. Secondly, the after-sales system is not yet fully established. Automotive after-sales requires professional maintenance teams, spare parts reserves, and service outlets. The after-sales network of Xiaomi Auto is insufficient and the professionalism of the service needs to be improved. The user satisfaction with after-sales is lower than that with the product satisfaction. Thirdly, the management model has not been fully integrated. The conflict between the fast iteration thinking of the Internet and the long-term manufacturing of automobiles has not been completely resolved. Some processes have efficiency and quality imbalances.

The external risks and challenges mainly include: Firstly, the industry competition is intense. Tesla, BYD, NIO, and Li Auto, etc., have continuously intensified their technology and channel investments. The new energy vehicle market has entered a competitive state of inventory. Xiaomi Auto's cost-performance advantage is facing pressure. Secondly, changes in the policy environment—such as the reduction of new energy vehicle subsidies, industry standard upgrades, and overseas trade barriers——have increased operational uncertainty (Xiaomi Group, 2026). Thirdly, brand trust is insufficient. Some consumers still believe that technology enterprises are "overemphasizing technology and neglecting manufacturing". They have doubts about the long-term quality and preservation rate of Xiaomi Auto. The professional image of the brand needs to be strengthened.

C. Optimization Path of Management Strategy and Industry Insights

In response to the aforementioned issues, and drawing on the ecological advantages and management foundation of Xiaomi Auto, this paper proposes four optimization paths and summarizes the common lessons for technology enterprises entering the automotive industry.

1) Deepening ecological collaboration and self-research of core technologies

Continuously strengthen the "human-vehicle-home full ecosystem" barrier, upgrade the cross-terminal collaboration capabilities of the OS, and expand the application scenarios across automobiles, smart home devices, and wearable devices; increase the self-investment in intelligent driving, power battery systems, and vehicle-grade chips, break free from the reliance on core components, and enhance technological autonomy (Xiaomi Group, 2025b). Such dual upgrades in technology and ecological layout help consolidate Xiaomi Auto's differentiated competitive advantages.

2) Improve the after-sales system and quality control

Xiaomi Auto should accelerate the deployment of after-sales service outlets, formulate standardized and professional after-sales service workflows, and cultivate a professional automotive maintenance team. Meanwhile, the company should introduce industry-leading quality control systems, strengthen full-process production quality inspection, and build a rapid user feedback response mechanism. High-quality products and premium services can compensate for its insufficient manufacturing experience and further enhance long-term user trust.

3) Brand upgrade and construction of sustainable competitive advantage

Shifting the brand positioning from "technology cost-effectiveness" to "technology + quality + service," Xiaomi Auto should leverage long-term user engagement, quality reputation, and technological breakthroughs to shape a professional automotive brand image. It should also build multi-dimensional barriers in technology, ecology, service, and brand, thereby breaking away from single price competition and achieving sustainable development.

4) Industry insights from technology companies entering the automotive industry as vehicle manufacturers

The practice of Xiaomi Auto provides three key insights for technology enterprises entering the automotive industry: First, cross-border transformation requires strategic alignment, meaning that companies should choose market segments based on their core strengths and avoid blind diversification. Second, ecological synergy is the core competitiveness. By integrating resources across businesses, companies can overcome industry disadvantages and form differentiated advantages (Li & Hong, 2025). Third, management adaptation is crucial. Companies must balance the agility of the internet with the rigor of manufacturing and fill the gaps in industry experience in order to achieve long-term development.

V. Conclusion

This article systematically analyzes the management strategy, core competitive advantages, risks and challenges, as well as the optimization path of Xiaomi Motors. The research conclusions are as follows:

The rapid rise of Xiaomi Auto is not the result of a single product or marketing success, but rather the result of the combined effect of top-level strategic positioning, ecological collaboration mechanisms, agile governance structures, and user-centered capabilities. Its strategic transformation from "consumer electronics to intelligent transportation" relies on the "human-car-home ecosystem" to achieve cross-industry resource integration, converting Internet management capabilities into competitive advantages in the automotive industry, and verifying the feasibility of technology enterprises entering the automotive industry as manufacturers.

However, Xiaomi Auto still faces problems such as insufficient manufacturing experience, an inadequate after-sales service system, a lack of brand trust, and intense industry competition. Short-term performance cannot replace long-term capacity building. In the future, Xiaomi

Auto needs to enhance its ecological innovation, improve after-sales quality control, and upgrade its brand image so as to achieve the transformation from a rapid market breakthrough to long-term industry leadership.

The research limitations of this article lie in the short time since Xiaomi Motors' listing, the need for verification of long-term operating data and management effects, and limited access to internal management information. Future research can conduct long-term tracking of Xiaomi Motors, carry out quantitative analysis of management efficiency, and conduct comparative studies with enterprises such as Tesla and BYD, further improving the theory of cross-industry transformation and management in the new energy automotive industry.

Conflict of Interest

The authors declare no conflict of interest.

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