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MASTER’S THESIS

Title “IMPROVEMENT OF MANAGEMENT OF THE ASSORTMENT POLICY OF THE COMPANY (ON THE EXAMPLE OF XIAOMI TECHNOLOGY)”

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INTRODUCTION

The company's product policy occupies one of the central places in the company's marketing mix. The product is the starting point in the entrepreneurial activity of the enterprise, all other components are derived from it. The central questions in economic theory are: what to produce, for whom and how much. The pressing issues today are product features, additional services, and the product ecosystem. With scientific and technological progress, some products "die" and others are born. However, many products are being modified, with the spread of the results of Industrial Revolution 4.0 and the birth of Revolution 5.0, many things we are used to are changing. So many everyday things get access to the Internet and the ability to be controlled from a distance, some things are transformed.

As a result, manufacturers face an increasingly difficult task of creating a high-quality, competitive product. A product with corresponding innovative and exclusive properties that distinguish it from the list of competitors. Also, with the development of the Internet of Things, it becomes necessary to synchronize these things for their management, as well as the formation of a certain assortment. A wide assortment can provide the manufacturer with additional competitive advantages, but too wide can carry the threat of increasing costs for its management and the burdens associated with it. Therefore, the research of assortment management issues is relevant.

The theoretical and methodological basis of the research is made up of foreign and Ukrainian scientists in the study of marketing product policy, using the systematization and development of existing scientific regulations, investigating the possibilities of increasing corporate sustainability and sustainable development through the use of innovation program in the context of company product policy.

In recent years, scientific literature has fully considered the basics and adaptation of marketing product policy. In particular, these questions are

highlighted in the works of famous economists H. Armstrong, G. Assel, M. Bitner, P. Doyle, F. Kotler, A. V. Voychak, N. Ya. Ivanov, S. I. Krasikova, D. V. Krevens, V. L. Nevada Korineva Kudenko, Y. V. Lytvynenko, K. M. Matusевич, A. F. Pavlenko, Y. T. Tolmo West, L. O. Chornii and some others.

However, without undermining the contributions of scientists to the development of the theory of business planning of medical clinics, in our opinion, unsolved problems are still related to the development of new spheres of human activity, the use of the Internet, effective methods and the separation of officials involved in this process.

The purpose of writing the master's thesis is to determine ways to improve the management of the company's assortment policy.

The object of the study is the theoretical and methodological principles of management of the enterprise's marketing policy.

The subject of the study is the management of Xiaomi Technology's assortment policy.

To achieve this goal, the following tasks were performed:

- definition and characterization of the essence and main elements of the enterprise's marketing policy
- determination of the principles of managing the product policy of the enterprise
- wrapping up the use of the company's innovative strategy as a component of the company's product policy;
- provide a general description of the Xiaomi Technology company
- provide an assessment of the marketing activity of Xiaomi Technology
- determine the strategic position of the company Xiaomi Technology
- to form innovative development strategies as a prerequisite for the formation of a competitive product policy of Xiaomi Technology
- creation of proposals and recommendations for managing Xiaomi Technology's product range

In the process of diploma research, the following methods were used:

1. General scientific research methods: analysis and synthesis to determine the main elements of marketing product policy, generalization - to clarify definitions of innovation, product policy, induction and deduction to form possible ways of product policy development using innovations.

2. Special research methods, such as statistical analysis for analyzing the company's market share, matrix analysis methods for evaluating the company's development strategy, its competitive position and forming the necessary recommendations.

The results of the work are planned to be partially implemented in the activities of the XIAOMI TECHNOLOGY.

The work uses software: components of the Microsoft Office 2010 package (Microsoft Office Word, Microsoft Office Excel). The structure of the master's qualification thesis consists of three parts, as well as an introduction, a conclusion and a list of references.

SECTION 1

ASSORTMENT POLICY OF THE COMPANY: ESSENCE AND WAYS OF DEVELOPMENT

1.1. Marketing policy of the enterprise: essence and elements

In the conditions of sustainable development in Ukraine, market relations are characterized by the importance of consumers, the uncertainty of business conditions, the strengthening of business relations from the external environment, and the strengthening of competition to increase the sales market of goods. Marketing is developing sufficiently. The 4Ps - product, price, place and promotion - have become a recognized marketing complex. It is very important that these four components are grouped as a set, after which this will preserve their coordination and promote their uniformity.

The main component of the marketing mix is the product. A commodity is anything that satisfies a demand or need. In relation to sports, the term "product" can be interchanged with the services, persons, places, concepts, and benefits that a sports organization provides to consumers. Many sports organizations provide services that involve physical activity, entertainment, or knowledge. In addition, a sports organization can provide these intangible benefits as a vehicle for life or faith. The product includes additional aspects such as design, packaging and promotional activities [16, c.205].

Conversely, the packaging of the product should contribute to its greatest power, as it is imperative to attract the target audience to purchase it. The packaging process of a core sports product includes observing the product and providing details prior to the point of purchase.

For the next component of the marketing mix, place, refers to the location of the product, the starting point for product distribution, the geographic coverage of

target markets (global, national, regional, state, community, city). It is very important to determine whether the target audience is able to consume the product. Factors related to the location of the product or service can have a positive or negative effect on the marketing strategy [19, c 310].

Traditional marketing of goods and services focuses on fulfilling physical or existential needs. A consumer is more likely to purchase a product to which he feels a connection. From the manufacturer's point of view, this is the first step towards branding the corporation and reducing the uncertainty of revenue sources. The product is the most important aspect of marketing in sports. Without it, there is no marketing strategy or overall marketing process [49].

Before selling a product, an organization must evaluate it from three different perspectives:

1. Product as intended. At this stage, it is important to answer the question: what is the value of this product for the consumer and what will the consumer actually buy? For example, the value of a souvenir can be determined by its ability to decorate a room and demonstrate belonging to a team.

2. Actual appearance of the product. Here, the needs for a specific product are considered in conjunction with five parameters: product quality, set of attributes, specific design, brand name and specific packaging. The ticket to the game, the team badge, advertising space, the ability of the athletes are all part of the product in the actual performance.

3. Product with reinforcement. At this stage, they consider the potential benefits of providing the buyer with additional services and warranties along with the product. [29, p. 129].

From the point of view of demand for goods, consider the method of classifying goods according to demand for them, presented in Figure 1.1.

Product policy marketing is considered either as a fundamental component of marketing, or as a means of studying competition, or as a procedure that includes several components. Product marketing strategy is based on consumer needs. Its main components are:

1. Innovation (creating a new product or updating an existing one);
2. Preservation of the properties and value of products.
3. Creation and expansion of the product range;
4. Concerns about trademarks (creation and implementation of plans);
5. Creation of effective packaging (for relevant products);
6. Product life cycle and management research;
7. Placing goods on the market [1].

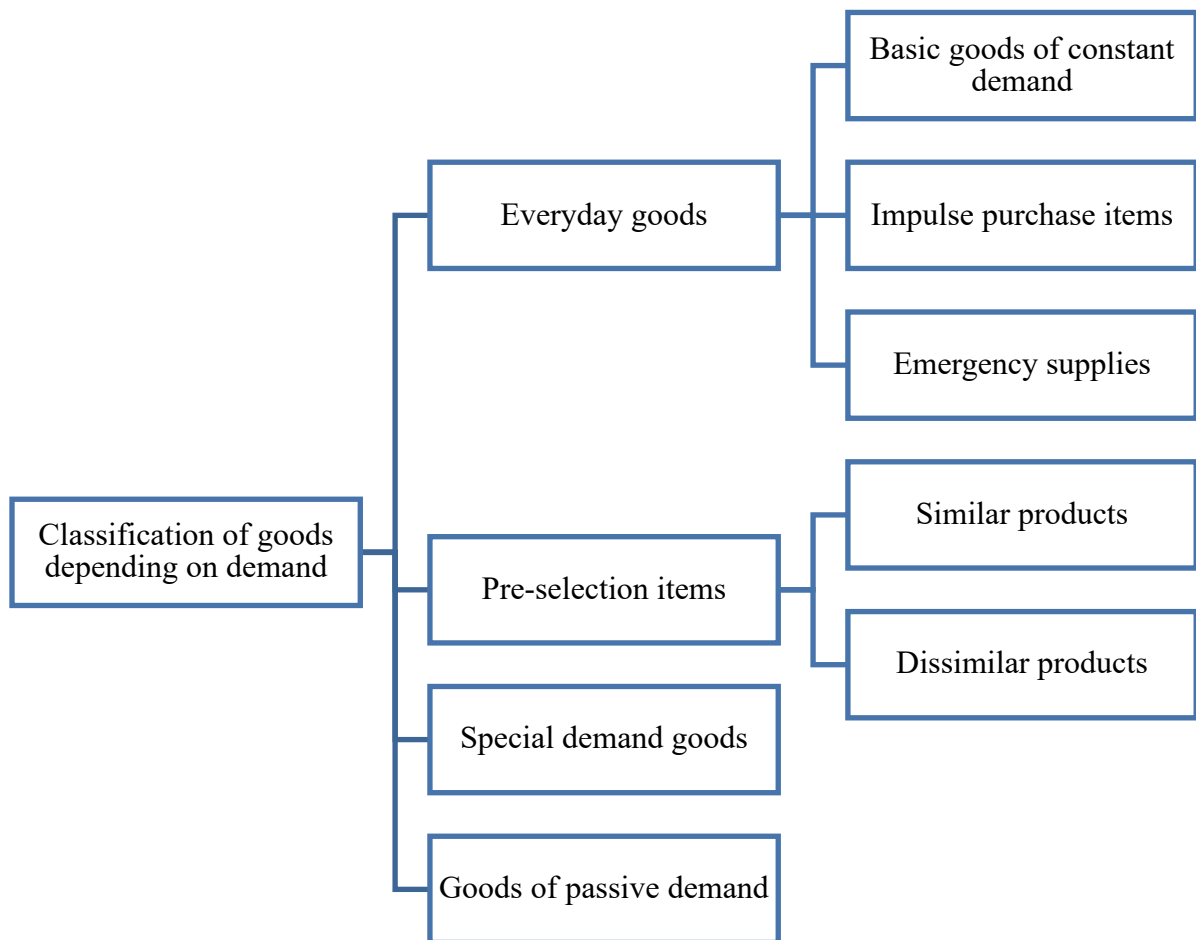


Figure 1.1 – Classification of goods depending on the demand for them (compiled by the author based on the source [25, c. 206-209])

The creation and implementation of a product policy depends on the following criteria: a clear understanding of the goals of production and sales for the enterprise as a whole; strategy for the company's production and sales

activities; knowledge of the market and its requirements; a clear understanding of your capabilities and resources (investigation, research, production, sales) now and in the future. The composition of promotional products is illustrated in Figure 1.2.

Marketing product policy	Product development
	Product service
	Elimination

Figure 1.2 – The structure of marketing product policy

The most important aspect of product marketing is the creation of goods (services). The creation of new products will allow the company to enter the market, compete with others, maintain its position, and increase its income and profits.

One of the components of the product policy is the creation of a customer service department. When creating a service, a market participant must make three decisions: which services to include in the scope of the service; what level of service to provide; and in what form to provide services to clients.

For success in the market, the product must be competitive. A successful product must meet the demands of the consumer (potential consumer). It should satisfy consumer preferences more than other products. Many factors influence how satisfied customers are with their inquiries.

It is important to recognize that among the factors of competitiveness, cost parameters have a significant impact. The consumption price of a finished consumer product may include: selling price, transportation costs, customization costs, packaging and storage costs, customer training costs, energy costs, maintenance costs, fuel costs, and costs associated with disposal or insurance.

One of the goals of marketing is to improve product quality, which is a set of properties that satisfy a specific need and differentiate the product from similar products sold by other companies. We recognize that from a marketing perspective, a quality product is primarily effective in satisfying the requirements

and preferences of the target consumer and is more sustainable or less expensive than other products.

For the successful completion of economic activity, it is necessary to take care of the product. Product management is carried out at three different levels: at the brand level, at the product assortment level, and at the product nomenclature level (Fig. 1.3).

Levels of product management	Assortment
	Product
	Nomenclature

Figure 1.3 – Three levels of product marketing policy management

The product category is directly related to the properties of consumers, the ability of a product or thing to satisfy requirements. You can describe a product through price, quality, competition, or through spoken words, written words, or visual attributes. As a carrier of properties that have a functional purpose and satisfy the needs of consumers, the product can be viewed from different points of view.

The development of new products makes it possible to increase market share and profit, reduce dependence on the process of selling one product or assortment group, and maintain the image of an innovative enterprise, which consists of eight stages: search for ideas, selection of ideas, product concept development and testing, marketing strategy development, implementation economic analysis, product prototype development, product testing in market conditions, product production and sales [4].

Once created, every new product goes through a life cycle consisting of four distinct stages: the introduction stage, the growth stage, the maturity stage and the decline stage. Each stage has its own strategy, focusing on product, price, communication and distribution. The effectiveness of a marketing strategy affects the duration of the product life cycle.

If a company produces or sells several products or several lines, it is important to rationally approach the selection of products and the formation of the name.

Recognized Western marketer F. Kotler defines a product range as a set of goods that are closely related to each other due to similar functions or due to the fact that they are sold to the same groups of buyers, or through the same trade establishments, or for the same price.

Assortment policy implies a planned approach or the presence of pre-thought-out principles that ensure the consistent formation of goods in the assortment area.

The main objective of a scientifically based assortment policy is to maximize the range of products, taking into account the company's strategic goals in the market. Inventory planning and management is critical to marketing. Even the most effective marketing and advertising strategies cannot mitigate the effects of previous planning mistakes.

Each group of combinations consists of individual elements that are separate. The choice of assortment in the business field is based on the financial capabilities and knowledge of the industries owned by the entrepreneur, the location of the enterprise, competition, and the purchasing power of consumers. This includes delivery capabilities as well as assistance from the manufacturer.

If an organization has several product groups that are different, this is called a product mix. The name of the product is the totality of all combinations of types of products and units that are offered by the enterprise for sale. As a result, the variety of products and their names are intrinsically linked.

If the product mix decision is individualized, the product mix decision applies to all products that the enterprise offers.

In the product management system, the following decisions should be made regarding the volume of the product:

- selection of a product assortment section;
- placement of product range;

- creation of a marketing campaign for the entire product line.
- Determination of the composition of the assortment and exclusion of specific goods from it.
- expanding or reducing the assortment;
- decrease or increase in diversity.
- management of brand popularity in the product range.

When developing a product range, companies can focus on one or more target segments, which will be positioned accordingly.

Increasing market share is achieved by expanding the product line, even if some divisions do not generate significant revenue. In addition, if you need to increase profits, you should reduce the range, leaving only profitable products.

Expansion of the range can be achieved by including inexpensive models in the range or, conversely, more expensive models. Another approach is to add a new direction to the line: increase variety through cheaper and more expensive models.

Even if the composition of the assortment is considered ideal, the issue of updating the assortment remains relevant.

The process of optimizing the assortment is continuous, which involves the implementation of a marketing product policy, and the assortment cannot be optimized once during the entire period of the enterprise's presence on the market.

The optimal combination typically contains products that are at different stages of the product life cycle: strategic products (introduction phase), most profitable (growth phase), supported (maturity phase), and destined for retirement (decline phase).

These possibilities are organized in a 4x4 matrix (Fig. 1.4):

- 1) increasing diversity;
- 2) brand loyalty;
- 3) reduction of diversity,
- 4) reduction of diversity.

Table 1.1 – Product assortment strategies

Direction of change	Types of change	
	Adding to the assortment	Exclusion from the assortment
Depth of assortment	Deepening of the assortment	Reduction of assortment
Wide assortment	Brand support	Narrowing the assortment

Creating a product range and formalizing an enterprise's goods requires the coordination of various tasks. Thus, from the point of view of the manufacturer, the advantages will be the largest possible number of product units, the stability of their production over a long time, the production of a large number of goods, low production costs, etc. From a consumer point of view, the opposite is true.

Effective media for the above marketing communications can be traditional or specialty media such as direct mail sales pitches (promotional materials with or without coupons, product samples, brochures directing potential customers to special lists). The effectiveness of materials can be increased by placing them directly at special events and exhibitions.

Another method that helps create and maintain the desired reputation of a company and its products is PR. The purpose of using PR is to spread information about a company and build a reputation, supporting small communication programs that will last a certain period of time or during a real crisis.

Advertising is considered "paid" non-personal communication provided through the media and various other sources for the purpose of informing consumers about the availability of goods and services, the conditions for their purchase and consumption, as well as to promote the product. If we consider this as a tool for promoting real estate search services, then the scope of application depends on the purpose of the business. [59, c. 380].

Generally, advertising planning and decision-making is part of a larger marketing plan that includes the planning, execution, and control of the entire company or its individual divisions or product lines, as well as the specific definition of goals and detailed description of strategy and tactics.

Marketing objectives should include market segmentation and services to each segment. When planning marketing strategies, along with the company's orientation, the needs and desires of consumers should be taken into account [20, p. 182].

Understanding the communication process and the importance of persuasion in real estate advertising is critical to planning advertising strategies. It is very important to remember that advertising is a topic defined in only a few precise ways.

When analyzing advertising processes, the design of advertising campaigns that maximize the effect of advertising on consumers is of crucial importance. Figure 1.4 shows a simple representation of the advertising communication system.

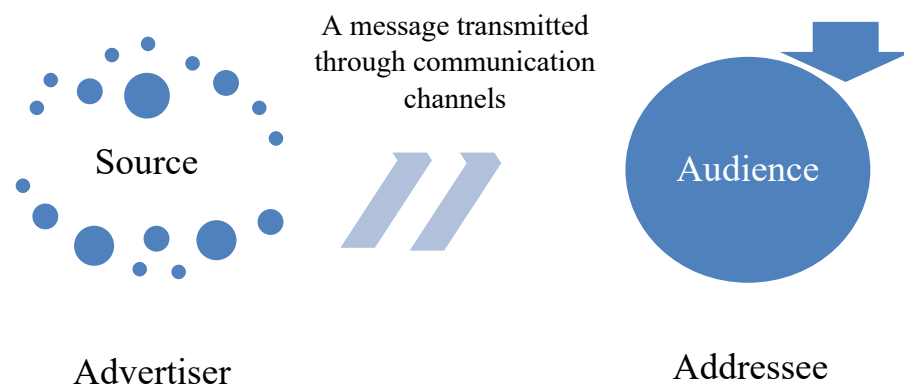


Figure 1.4 – Model of the advertising communication system (compiled by the author according to the source [40, c. 45])

Advertising communication is usually characterized by the action of perception. The model under consideration contains the following components: source, message (appeal), communication methods and target recipient.

The recipient may sometimes become an informant, passing on information to friends. This style of communication is commonly referred to as “word of mouth”; it involves direct social interaction between individuals and is critical for the communication of group ideas and information.

The source of messages in the advertising system is the starting point from which advertising messages are distributed to representatives of the target audience. In an advertising context, there are several types of sources: companies selling products, a specific brand, or a specific person or organization hired specifically to advertise.

Messages are both the theme and the purpose of the advertising content. This idea includes all the information received by the recipient of the message. From the sender to the recipient, messages are transmitted through channels. Channels in the advertising communication system have one or more types of information dissemination: radio, television, periodicals, posters, screens, etc.

The audience in the advertising system is called the target audience. As a result, the recipient can be viewed in terms of audience division by lifestyle, income, demographic characteristics, etc. If there is a specific goal, the recipient may participate in promoting the product to the extent that he is willing to learn and/or process the information. Recipient characteristics (demographic, psychological and social) are the basis for understanding communications, beliefs and marketing processes.

In addition, the advertising message has a number of indirect effects, as shown in Figure 1.5.

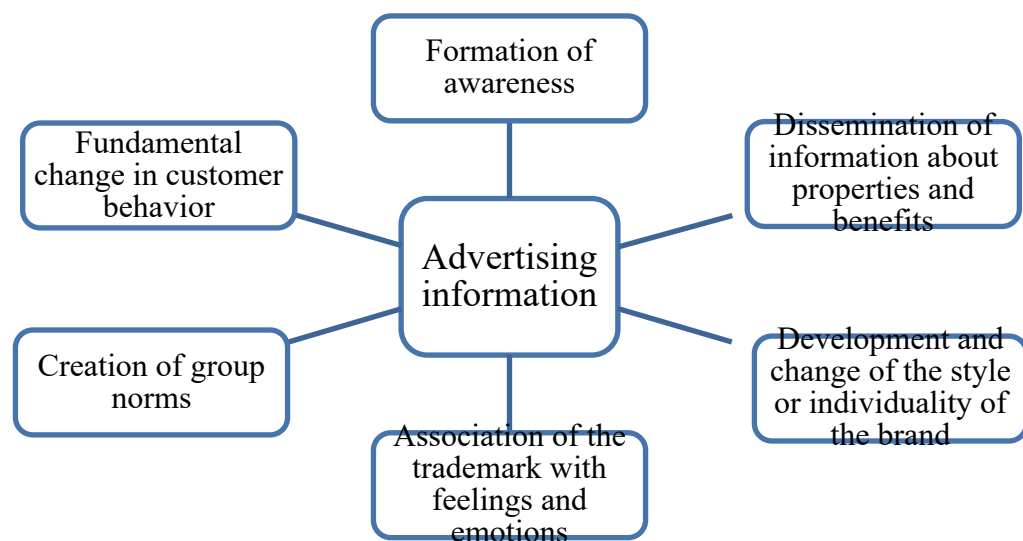


Figure 1.5 – Effects caused by the advertising message [55, c. 260]

During the planning stage, it is very important to have a clear understanding of the placement of advertising in the overall multi-source information flow to which consumers are exposed. Understanding the information process facilitates understanding of many important psychological constructs, including perception, learning, attitude development, and consequences of change.

These effects have a positive effect on the reputation or attitude towards the brand, which, in turn, increases demand for it [44, p. 520].

It is important to recognize that it is critical that the advertising plan integrates and supports each component of the marketing and communications mix: personal selling, pricing, PR and incentives.

When developing a marketing strategy, you should pay attention to the fact that the focus is always on consumer behavior - the cognitive, emotional or sensory processes that occur between the use of the service and the final purchase of the advertised service.

An advertising message can promote familiarity with a service and increase awareness of its features and benefits, it can also create an image and associate it with other sensory experiences or remind people of it and encourage them to try or continue to purchase the service. All this can affect the position of the service in the real estate market and the final behavior of consumers.

1.2. Innovations, concepts and types

Today, companies must instantly respond to market demands, better sense the needs of their potential customers and satisfy them as quickly as possible; this is important for the company's reputation. This is why companies should be concerned about introducing new ideas.

Many business leaders already understand the value of innovation in business. However, not everyone understands the entire process of introducing new

ideas and using GH in business models. To understand the importance of innovation for entrepreneurial performance, we must first understand the definition of innovation and its main components.

Innovation is the main difference that a company has in today's market, this is due to the rapid, frequent changes in the market environment. As a result, the company meets the changing demand of customers and is a leader in the market. It is important not only to create a new product or service, but also to find new solutions that differ from competitors.

The term 'innovation' comes from the Latin term 'Nivata' meaning 'renewal, change' and the term 'in' which is used to describe something in its original state. As a result, the word innovation is characterized by movement in one direction: towards change.

Schumpeter Y. A. in his scientific work, he was the first to define a new concept: innovation is changes resulting from the application of new methods, solving technical and organizational issues in the field of production, sales and management. He classified five different types of new innovations.

Generation of new goods and services fundamental to the economy.

2) the use of new equipment and methods, which leads to the need to introduce new methods of production and transportation.

3) conquering new markets for products still at the development stage;

4) increasing the resource base through the introduction of new sources of raw materials into the system;

5) introduction of more effective methods of organization and management [39, c. 316-317] (fig 1.6).

Internal processes, the combination of resources and the creation of new technologies leading to new innovations are the main means through which an enterprise can improve its efficiency. These processes improve enterprise efficiency through development and innovation.

Technological progress moves the economic system and becomes part of the phenomenon of “constructive destruction”, which, in turn, causes structural changes in society [26, p. 174].

Raynor M., in his scientific study of innovation, demonstrated that all innovations are aimed at breaking the socially accepted conditions of destruction in business; he determined that “all innovations are based on the concept of violating specific compromises that have been established in society [74, c.5-8].

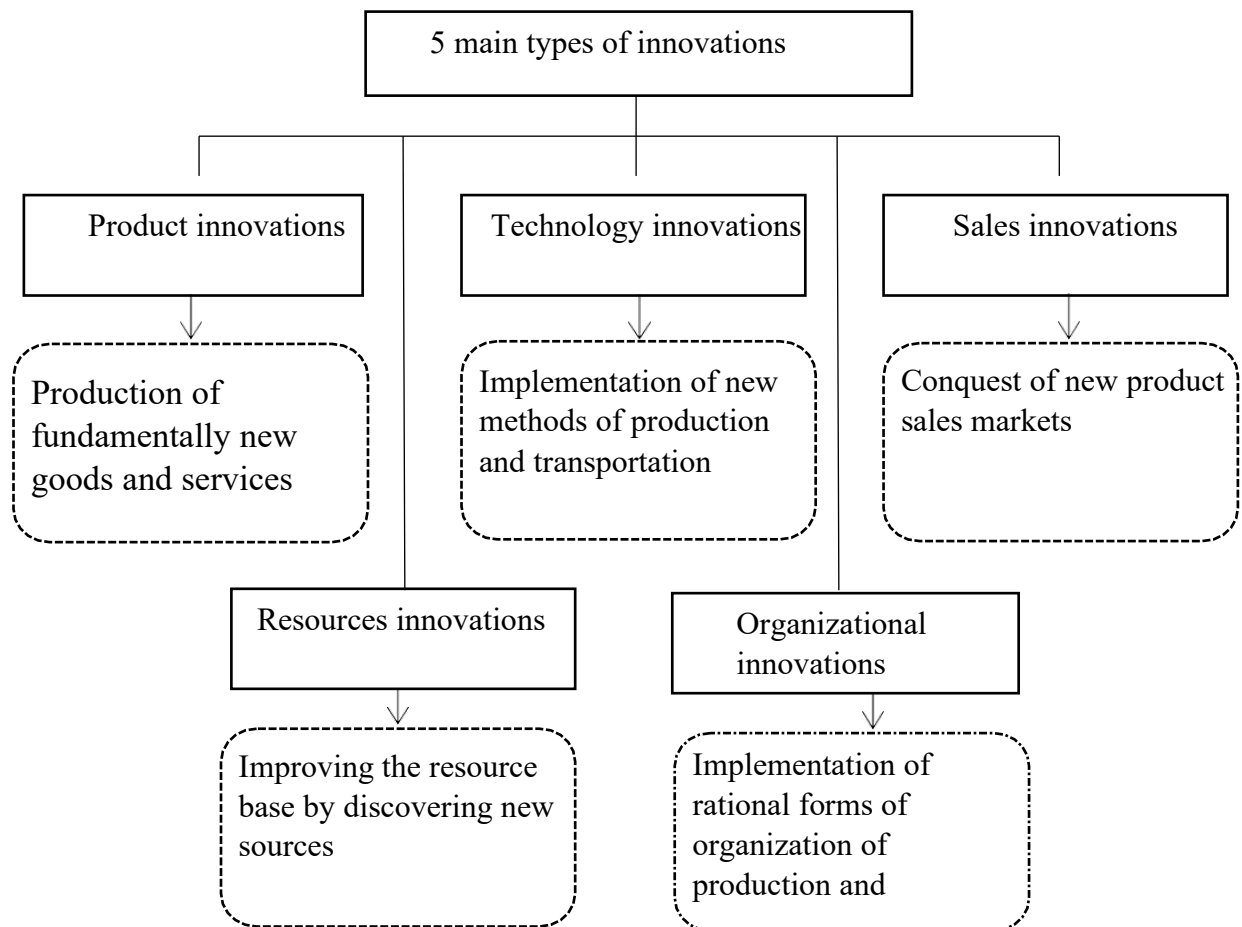


Figure 1.6 – Main types of innovations

Source: built by the author based on [39]

Through innovation, companies can overcome trade-offs and achieve goals that competitors cannot. These goals are related to the creation of goods or services that are superior in price or quality to competitors.

Fatkhutdinov R.A. describes innovation as the final consequence of the implementation of innovations aimed at achieving a goal and having economic, social, scientific and technical consequences. [65, p. 16].

Kantorovich L.V. Innovations are described as scientific discoveries or inventions that have a practical purpose and have a social, economic or political effect in the activities in which they are involved [30, p.150].

Zultovsky V. and Martin J. in their work “The Importance of Innovation” defines innovation as a procedure for acquiring concepts, selecting and implementing them into practical objects that contribute to the satisfaction of necessary requirements.

As a result, innovation first satisfies consumer needs in the form of specific goods, services, information or other content) and also ensures operational efficiency by optimizing the organizational structure and business processes.

Jobs S. believed that innovation does not depend on the amount of money spent on research and development (R&D). For example, when Apple launched the Mac, IBM devoted 100 times more resources to research and development. The whole purpose is dedicated to the company's employees [73].

Balabanov I.T. Innovation is the result of investment in new equipment or technology, in addition to new methods of organizing production, labor, service and management, these are all new forms of control, accounting, planning and analysis. [30, c. 148].

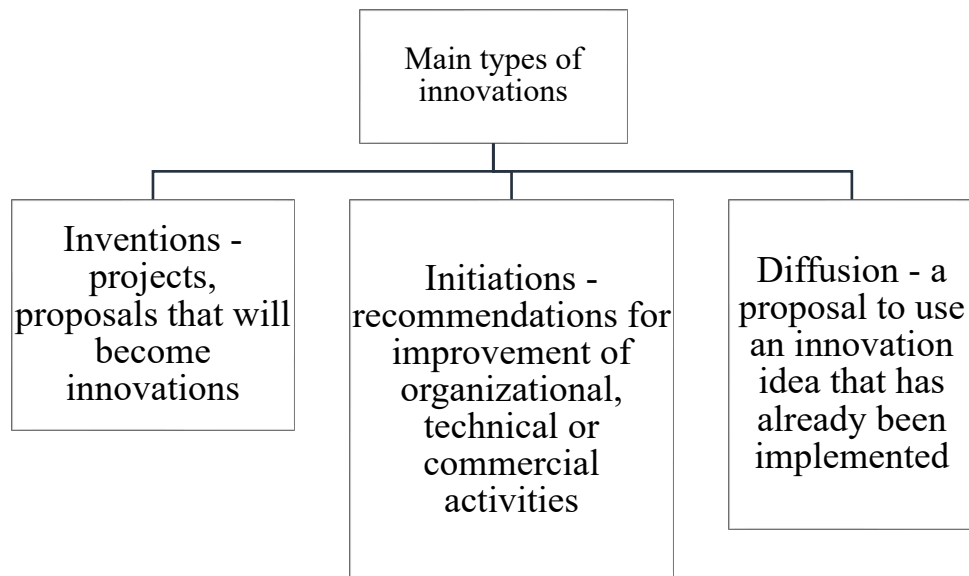


Figure 1.7 – Main types of innovations

Source: built by the author based on [60, c. 145]

The International Standard defines the term innovation as the introduction of new products or processes, a new method of marketing or a new method of organizing a business. These are all examples of innovation.

The idea that innovation is the practical application of a certain concept is what we learn from the above concept.

One of the most important aspects of a company's activities is the financing of innovation through accumulated capital, which leads to a qualitative or quantitative change in production methods, business or sales.

It is important to distinguish between minor modifications to the product and technological processes. External or technical changes to a product that do not affect the quality or cost of the product are not considered innovations.

The novelty of a technology can be determined by its comparison with the market and other innovations. Product and process innovations differ in the technological nature of the parameters they adhere to [37].

The idea of innovation can be divided into three different concepts:

- Innovation is the result of an innovative activity that is a new or improved type of product, service or procedure.

- Innovation as a system is improvements that increase the efficiency of the system, which, in turn, attracts new consumers.

- innovation as a process: transfer of ideas, potential scientific and technical achievements into real ones, which creates new goods or services, the use of new technologies and methods in business process management [62, c. 144].

Regardless of the approaches that are used to determine the concept of innovation, its value can be increased as a result of investment in new developments. There is a greater potential for increasing the profitability of a business due to the level of completeness of marketing, organizational, resource and technological warehouse business processes.

Clark K. and Christensen K., professors at Harvard Business School, divide innovation into three types:

1) expanding existing opportunities - these innovations expand the market and allow more consumers to use services that were previously available to a small part of the population (one of the latest examples of this type of development can be found);

2) promoting new ideas – these ideas are used to improve existing products or services and are the most common feature of modern innovation.

3) those that increase operational efficiency by reducing administrative or production costs, or specialize in promoting products that are clearly associated with the Internet, specialized software systems that automate business processes, and are therefore cost-effective.

Scientists S. Widright and K. Clark described the process of "revolutionary product development" as consisting of 3 different levels of innovation based on their strategic goals:

1) breakthrough (“breakthrough”) - a completely new concept that has no precedents in the world or business, designed for a long time and requiring significant changes.

2) fundamental (“platform”) – fundamental innovations designed for the medium term and based on existing resources;

3) additional (“incremental”) – improvement of existing processes and services in order to increase operational efficiency (fig. 1.3) [77]

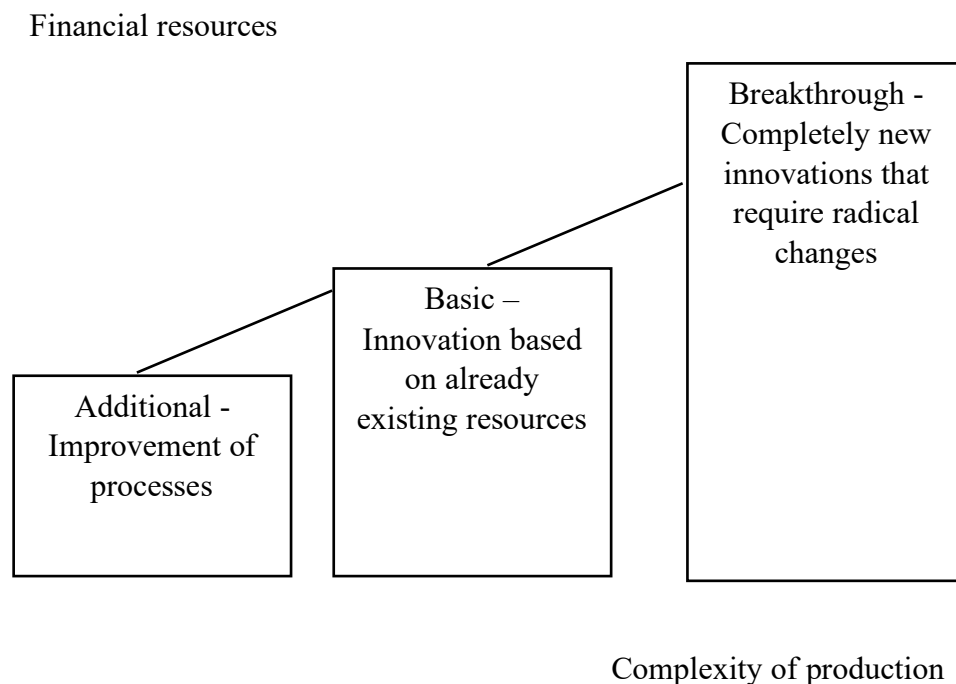


Figure 1.8 – Levels of innovation according to Wheelwright S. and Clark K

Source: built by the author based on [78]

An innovative product is a product or service that is new or significantly enhanced in terms of features or capabilities. Increasing the efficiency and speed of service delivery or creating completely new services. An example of this is the improvement of services via the Internet [57].

Process innovation is the introduction of a new method of delivering or creating a service or product that is meaningful or innovative. What reduces the price of a service or product [57].

Marketing innovation is the introduction of a new marketing method that involves significant changes in the way a product is promoted on the market. [57].

Marketing innovations are designed to better satisfy consumer needs, open new markets and, therefore, increase income. Examples of innovative marketing in business:

- use of an online sales system and demonstration of goods and services in commercials.

- changing the brand name by creating a new symbol that represents the product's position in a new market or creates a certain impression.

- implementation of personalized information systems, which allows clients to choose information system products that meet their specific needs.

Organizational innovation is the introduction of new organizational methods into the daily activities of the company, the organization of workplaces and external relations. Examples of innovative organizations taking a proactive approach include:

- introducing new methods of training employees and developing their abilities by creating a database of advanced business practices, selecting training materials and other information available to employees.

- Implementation of this strategy will require the introduction of quality improvement methods through the education system and quality improvement.

- the introduction of automated systems for managing both front and back office tasks is promote [59].

1.3. Ensuring innovative development of the enterprise's assortment

Using an innovative approach, the enterprise has successfully implemented strategic management of innovative development, for which it is first necessary to determine the goals of each management object. (table 1.2) The focus of management is the creation of products, technical means, personnel, money, capital.

Table 1.2 – Goals of strategic innovation management

Object of management	The goal of management	Implementation result
----------------------	------------------------	-----------------------

Product	<p>Creation of innovative products with competition.</p> <p>Earning income from initiatives that contribute to the creation of innovative products.</p> <p>Increasing the marketability of the company.</p> <p>Increasing the competitiveness of industries and products in priority areas and disciplines of science.</p>	<p>Increasing the value of innovative products and traditional products.</p> <p>Increase in the cost of services.</p> <p>Increasing popularity of consumer goods.</p> <p>Increase in market share of products.</p> <p>A higher percentage of production created at the expense of intangible assets. Increasing cash flow and improving the value or worth of business entities to benefit stakeholders.</p>
Technology, technical capital	<p>Creating a property portfolio that needs to be maintained. Support of the active part of the funds will contribute to increasing the efficiency of using the innovative potential of economic entities. Higher percentage of intangible assets.</p> <p>Prevention of unintended use of resources, management methods.</p> <p>Organization of R&D management, preparation of products with innovative properties for production.</p> <p>Formation of the optimal information structure of the participants</p>	<p>Increasing the volume of innovative potential, innovative activity of business entities. Reduction of time spent on the cycle of invention, development and implementation of the project.</p> <p>The popularity of high-tech equipment is growing. Increasing the share of the company's valuable assets, as well as the composition of technological capital.</p> <p>Increasing the profit of the organization, technical qualification and investment attractiveness.</p> <p>Increasing the degree of technological progress.</p>
Technology, technical capital	<p>Organization of innovative activities.</p> <p>Increasing the innovative activity of the enterprise, its technological capacity. Increasing the efficiency of management of innovative activities.</p>	<p>Reduction of terms of organization of management of innovative development.</p> <p>Maintaining a sustainable approach to innovative development. Increasing investment attractiveness. Reduction of creation costs.</p>
Information resources	<p>Increasing the efficiency of developing innovative ideas.</p>	<p>Improving the quality of planning, development forecasting.</p> <p>Reducing time spent and improving the quality of decision-making by the organization regarding innovative activities.</p>

Continuation of table 1.2

Object of management	The goal of management	Implementation result
Human resources	<p>Maintaining a certain level of training and preparation of employees.</p> <p>Ensuring the specific return of its personnel, the efficiency of its use in the case of the development of innovative potential, the implementation of innovative activities in the business world.</p>	<p>Enhancing the enthusiasm of scientists and researchers in the field of R&D.</p> <p>Increasing the volume of training and improving the qualifications of employees.</p> <p>Reduction of risks related to personnel management.</p> <p>Increasing the popularity of investment projects among business entities.</p>

Financial resources, investment capital	<p>Creation and development of the optimal composition of funding sources for the activation of innovative activities at the enterprise level.</p> <p>Increasing the financial benefit of economic organizations, in particular in the field of innovative activity.</p> <p>Creating a consistent cash flow that is positive in evolution for business organizations and for innovation management.</p> <p>As a rule, there is a stabilization and growth of the monetary value of business organizations, as well as other indicators based on cash flows.</p>	<p>Reducing the cost of financing innovative activities in business.</p> <p>Lowering the cost of raising capital.</p> <p>Minimization of the average cost of capital, weighted by its risk.</p> <p>Reduction of financial risks associated with innovative activities.</p> <p>Increasing profit from innovative products and the capital invested in them.</p> <p>Increasing the popularity of investment projects among business entities.</p>
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Source: built by the author based on [14, 19, 21]

All management objects are complexly involved, subject to factors, and methodically approach the achievement of the set goals.

The results of the study made it possible to determine the main goals of increasing the competitiveness of the enterprise, which are aimed at innovative activity and development (Fig. 1.9).

The experience of developed countries shows that the company's success is related to a holistic approach to innovation, which involves management. The structural composition of the organization is of primary importance, the goals of innovative development are included in the general goals of development, which can be implemented by:

1. Isolation of structural components that are responsible for creating new ideas and solving development problems.
2. Creation of a mechanism for introducing innovations in other structural divisions.

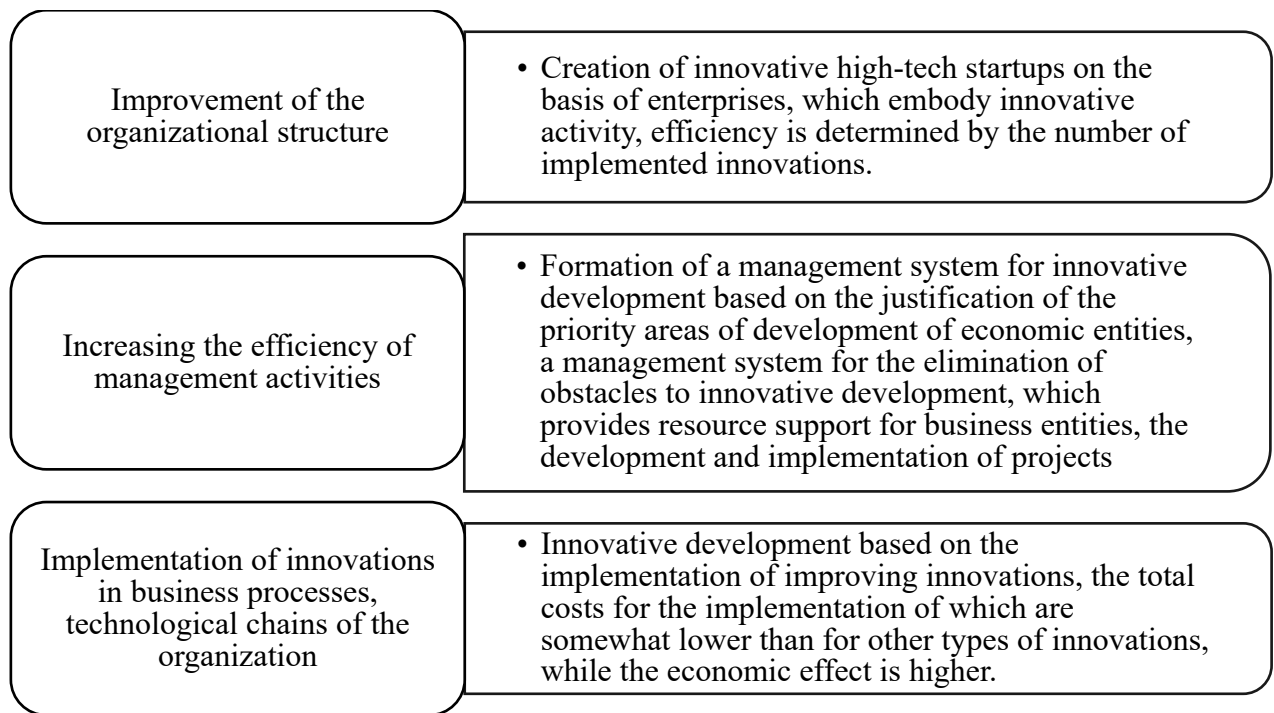


Figure 1.9 – Increasing competitiveness through strategic management of innovative development

Source: built by the author based on [25, 32]

We offer the following method of strategic management of the development of an innovative enterprise:

1. Selection of the basis of development;
2. Definition of growth vectors;
3. Creating and maintaining a plan
4. Implementation of the strategy
5. Review of strategy effectiveness.

Important advantages for the company are that the main tool of strategic management of the company's development is an innovative strategy, which allows determining the primary goals, tasks and methods of their achievement. This strategy is effective for responding to market changes, improving the company through timely innovation, and developing long-term plans, programs, and projects that use innovative methods.

Modern scientists define "the main theoretical principles of strategic management based on innovation: creation of a creative strategy that interacts with

the external environment, establishment of primary strategic goals for the development of economic entities, which are based on innovations in all spheres of activity, as well as forecasting their long-term market position."

Table 1.3 – Management functions in the context of strategic management of innovative development of business entities

Management functions	Directions of actions regarding the formation and implementation of an innovative strategy
Analysis	<ul style="list-style-type: none"> - The creation of innovative and economic strategic goals, as well as the implementation of innovative activities are part of the process. - Study of potential dangers associated with innovative activities; - Study of the external and internal environment; <p>This step includes an analysis of the innovative potential of the business and the potential of attracting additional resources.</p> <p>The purpose of this analysis is to determine the degree of innovativeness of economic entities, namely the intensity of their innovative activity.</p> <ul style="list-style-type: none"> - Assessment of the ratio of intangible assets to the total cost of the main production assets;
Planning	<ul style="list-style-type: none"> - establishment of long-term priorities for the innovative development of economic entities based on the goals of their activity, the accumulated innovative potential. - planning directions of innovative development based on the formed strategic goals of innovative activity. - development of the most effective long-term innovative development strategies and participation in the coordination of various structures of business units.
Organization	<ul style="list-style-type: none"> - Implementation of innovative processes in all spheres of business activity is of crucial importance for further business success. - The implementation of strategies for the advancement of innovation processes in combination with the formulated strategic goals for innovation activity will be considered below.
Motivations	<ul style="list-style-type: none"> - Implementation of new methods and methods of stimulating personnel to achieve the goals of economic development by innovative methods. - Creation of new rules and principles that contribute to the effective motivation of employees.
Control	<ul style="list-style-type: none"> - Establishing communication in the organizational system covering the life cycle of the innovation. - Examination of the state of the internal and external environment - Control and adjustment of innovative goals for business entities depends on the results of their innovative activities and development.

Source: built by the author based on [56, c. 32]

For rational strategic management of innovative development, the enterprise uses a cyclical approach to innovation, called innovation strategy or innovation. This makes it easier to determine the strategic direction of innovation. (Table 1.3). If certain prerequisites are met, the enterprise's innovation policy becomes the

basis for the enterprise to introduce new ideas in order to achieve a competitive advantage based on market requirements.

The goal of the innovation policy is to preserve and develop the economic stability of the enterprise. The goal can be achieved by increasing innovative activity, using innovative resources and reducing risk (Fig.

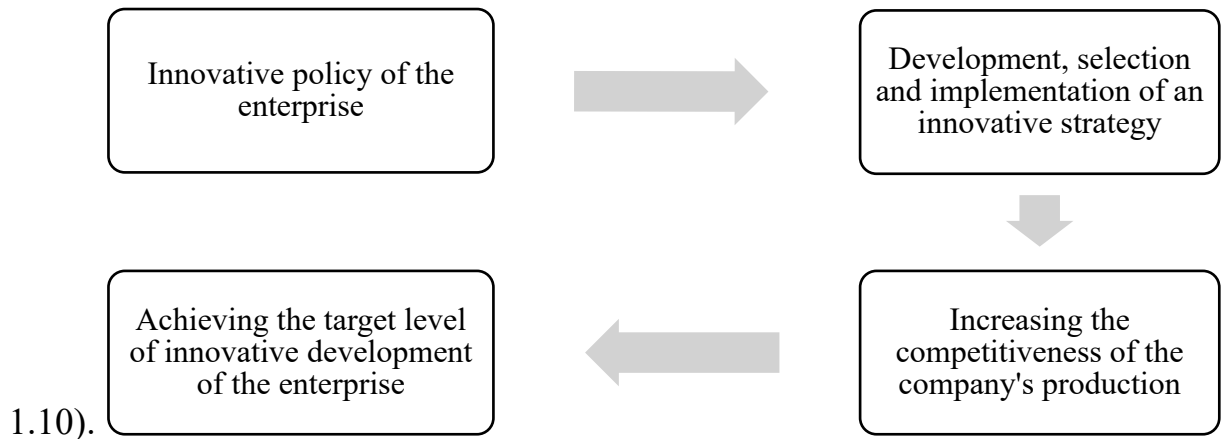


Figure 1.10. – Innovative policy of business entities in the context of increasing competitiveness

Source: built by the author based on [59]

To achieve a successful innovation policy, the policy must be consistent with the innovation development strategy. To support this policy, a balance of innovation must be maintained; policy direction should be chosen carefully; policy tasks should be structured so that the application of one of them leads to the effective implementation of another.

Modern economic conditions dictate the need for companies to perform functions related to determining balanced ways of survival and development, which dictates the need for training managers in the principles of strategic management on a creative basis. Among the methods that help business entities to become more competitive, a significant role should be played by determining the paths that lead to the greatest degree of innovation, production and sale of competitive products.

However, despite the large and productive research direction of finding the optimal choice of a creative strategy, methods of mathematical

logic, information, economic-mathematical, statistical modeling and separate problems of algorithm implementation during the determination of options and optimization of this choice were identified. These problems are due not only to the specifics of innovative activity, but also to the failure to formally "arrange" in the case of creating various types of models.

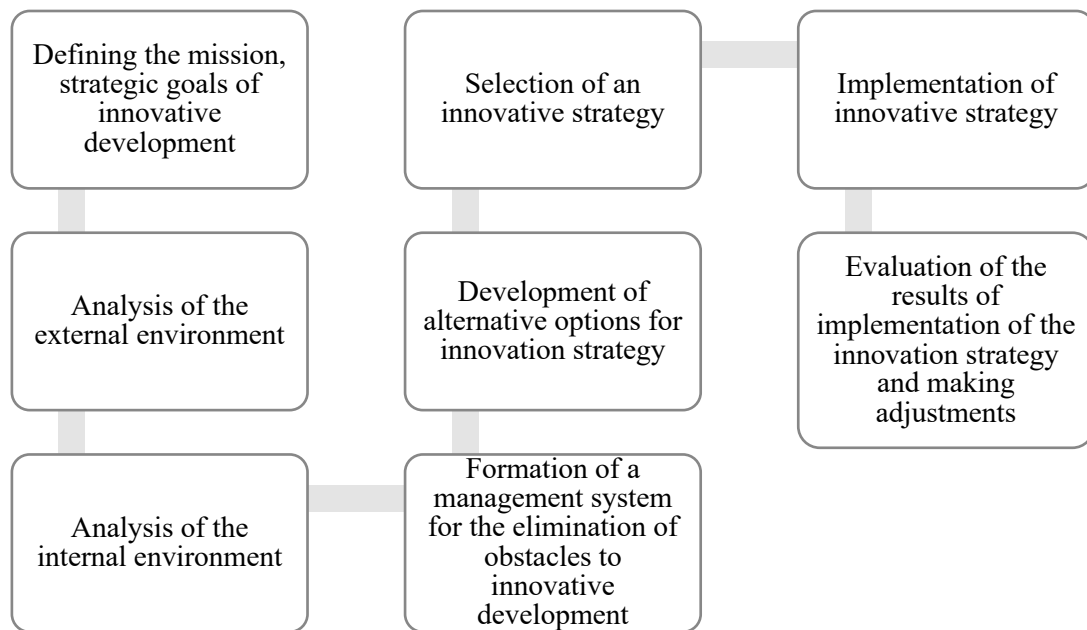


Figure 1.11 – Stages of formation of the innovative strategy of the enterprise

Source: built by the author *based on* [45,47]

The study of the content of the factors of innovation development of companies led to the development of a sequence of steps in the development of their innovation strategy, which is depicted in Figure 1.11.

At the first step, the mission and goals of business organizations regarding innovative development are established. Within this phase

Development priorities in the short-term, medium-term and long-term perspectives were assessed, the goal and tasks of innovative activity were determined, and an anticipatory assessment of the goals and tasks of innovative development was carried out.

At the second and third stages, monitoring of the internal and external environment of business entities, assessment of the current state and possible changes in external factors, as well as internal factors is carried out. This involves

conducting research on innovation intensity, innovation potential, the cost of technical capital and innovation-related risks in the context of the formalized purpose, goals and objectives of economic entities, their culture and the personnel involved.

It is important to recognize that strategy development is not limited to creating and executing a linear cause-and-effect chain from initial market conditions and available opportunities to the right positioning in the market. This is a consistent cyclical choice and risk associated with the process of developing and implementing a creative strategy.

Assessment and analysis of the internal and external environment will be successful if managers choose their opportunities "where to play" and "how to win" in the markets. In addition, strategic analysis should only identify obstacles to innovation and create a management system that will remove these obstacles in order to promote innovation.

At the last stages, the development of alternative innovation strategies, accumulation of innovative ideas, optimization of the practical application of technologies for business is taking place. New ideas (innovations) require a change in the company's environment if the results of the analysis of the company's environment are achieved.

A strategic alternative is to try to visualize the possible future assignments of economic entities based on several options that take into account the intended financial, economic and creative efforts. It is, roughly speaking, a representation of the economic and economic behavior of business entities with the goal of growth, income and increasing the life expectancy of the organization in the future.

The process of choosing the strategy of innovative activity, the selection of ideas that are the most effective means of achieving the strategic goals of business entities, the creation of relevant projects that are innovative, the selection of types of innovations, the rejection of innovations that are no longer relevant. At this stage, it is important to pay attention to the creation of a strategic plan, which

details the creation of action plans and programs for the implementation of the new strategy. This is done for all levels of the process.

For the transition of the enterprise to a new type of development, different types of innovative strategies are needed in relation to strategic business units, types of activities and other aspects. In addition, it is important to determine the importance of the existing and potential activities of the enterprise.

If the chosen innovation strategy contradicts the strategic orientations and goals of the top management regarding innovation, the latter is involved in the strategy selection process, which will lead to the adaptation of the expected type of strategy to the current and foreseeable state of environmental factors.

The general procedure for obtaining initial data and information for the preparation of morphological classification and assessment of the subject area involves the following stages: development of a formal classification of the subject area and search for information; analysis of the obtained results; creating recommendations for the implementation of an innovative strategy for decision-makers [20, c. 273-275].

For the successful implementation of the strategy, programs are created that contain various innovative projects, these projects are given advantages according to various criteria, for example, reduced income, profitability index, internal rate of return, payback period, or optimal risk. The effectiveness of the program is measured by the degree of its profitability, liquidity and risk. At the next stage, the results of strategy implementation are evaluated and changes are made.

Let's assume that in the first chapter the theoretical foundations of increasing competitiveness with the help of innovative strategies and methods were proven. Innovative development and innovative strategies are considered. It was found that the most important activity of the company was the financing of new innovations that, in turn, changed the methods of production, business or sales. An important role for the company is the development and implementation of a creative development strategy, setting goals, behavior and market position, financial and other criteria related to the development of the company's innovative initiatives.

Conclusions on the first section

As a result, the first chapter proved the theoretical foundations of increasing competitiveness with the help of innovative strategies and methods. Innovative development and innovative strategies are considered. It was found that the most important activity of the company was the financing of new innovations that, in turn, changed the methods of production, business or sales. An important role for the company is the development and implementation of a creative development strategy, setting goals, behavior and market position, financial and other criteria related to the development of the company's innovative initiatives. To achieve a successful innovation policy, the policy must be consistent with the innovation development strategy. To support this policy, the policy must be balanced, the direction of the policy must be chosen carefully, and the task of implementing the policy must be compartmentalized. This will lead to effective policy implementation. In addition, the policy must be ready for market changes, the country's innovation potential and risk. Important advantages for the company are that the main tool of strategic management of the company's development is an innovative strategy, which allows determining the primary goals, tasks and methods of their achievement. This strategy is effective for responding to market changes, improving the company through timely innovation, and developing long-term plans, programs, and projects that use innovative methods.

SECTION 2

ANALYSIS OF THE ECONOMIC ACTIVITY OF XIAOMI TECHNOLOGY

2.1. General characteristics of Xiaomi Technology

Xiaomi is a Chinese corporation specializing in the production of smartphones (third in the global market after Apple and Samsung). At the moment, the company has released several products, including electric toothbrushes, watches, headphones, TVs, and other goods. It was included in the Fortune Global 500 list [58]. The products are budget-friendly, compete with Samsung, have an attractive design, but do not have the features that are common to all phones, including those from Apple. In other words, the company found its niche and released phones for ordinary users who do not care about popularity or big names, but need a simple, reliable and multifunctional device (good camera, lots of memory, long battery life, etc.). Examples of countries that grew in size during the year include India, Spain, Russia, Poland, Ukraine, Belarus, Myanmar, and Greece. Contrary to expectations, the company is thriving in the Central and Eastern European markets.

Company motto: "We are constantly creating great products at great prices that will allow everyone in the world to enjoy a better existence through innovative technology" [35].

Founded by Lei Jun on 6 April 2010 (the date of the first phone and the first team meeting). The CEO received a bachelor's degree in computer science from Wuhan University and is considered one of the most important figures in China (as of 2021, he is worth \$17 billion and owns 30% of the company's shares) [36].

Xiaomi is recognized primarily by its name, but not everyone gets it right. In its 12-year history, it has not yet rebranded, changed its colour or name, and its main character is Mita the rabbit, who wears an earring. The logo features two

letters "MI", which stands for "Mission Impossible" (Mission Impossible is a popular film starring Tom Cruise). The logo also shows the words "mobile internet", which is abbreviated to "m.i.". In fact, the name Xiaomi literally translates as "little rice" ("xiao" means little, "mi" means rice) [35, 36].

Despite the brand's Chinese heritage and name, the company's production facilities are located in India. "99% of our smartphones and 100% of our smart TVs are manufactured in India," the company's official website says [37].

The company's annual revenue for 2020 was approximately \$38.6 billion. The average price of Marlboro continued to grow by 19.4% compared to 2019 [39, p.23; 40, p. 22]. The company's adjusted net profit was \$2.1 billion, which is a significant increase of 12% compared to the previous year. On the chart, we can see a pattern that seems to be increasing the company's profitability, which is only a positive indicator in the global market (Figure 2.1). In the first half of 2021, the company's annual revenue was \$28.6 billion and net profit was \$1.9 billion. Adjusted income for the first half of 2021 is \$100 million higher. Compared to 2019, which shows the company's high profitability and growing popularity, this indicator again demonstrates a positive trend for Xiaomi [38, p.19; 41, p. 21]. The figures for 2021 are still lower than those for the previous year, 2020, as these are only preliminary results, and the company has not published a full report for the previous year.

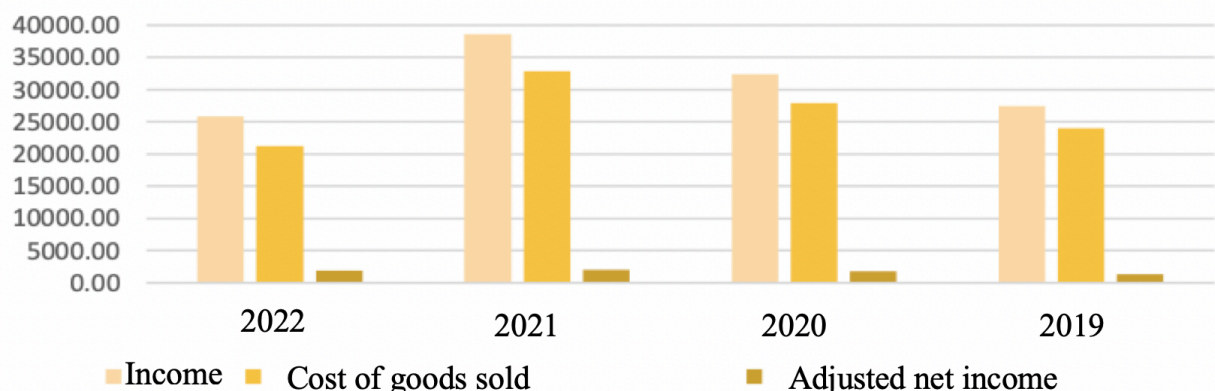


Figure 2.1. Changes in revenue, cost and adjusted profit for Xiaomi Technology over the past 4 years

Marketing and research costs are increasing because demand for them is also growing, but administrative costs are decreasing, and this is likely due to the COVID-19 pandemic as employees are working from home for long periods of time, as a result, office costs have decreased and marketing and advertising have increased. We also observe that the average rate of change in the value of investments was higher in 2020, which means that the company's investments are now more expensive, possibly due to the pandemic, but also due to US tariffs and quotas (Table 2.1).

Table 2.1 – The main financial indicators of the company Xiaomi Technology

Indicator	2022	2021	2020	2019
Income	25887,62	38652,03	32359,48	27498,09
Cost of goods sold	21279,97	32874,35	27870,55	24009,35
Total profit	4607,66	5777,68	4488,93	3488,74
Expenses on	1547,57	2285,71	1631,52	1256,58
sales and marketing	336,11	588,96	487,96	1902,07
Administrative expenses	955,23	1455,13	1177,90	908,16
Research and development costs	979,19	2070,98	599,43	696,49
Changes in the value of investments	2,70	217,09	105,61	96,67
The share of profits/(losses) of investments calculated according to the equity method	60,79	101,07	199,01	132,81
Other profits	162,60	58,56	35,59	33,53
Other damages	2968,62	3778,45	1848,80	188,10
Profit from the main activity	21,69	377,50	63,26	34,00
Finance (expenses)/income	2946,93	3400,94	1912,06	2189,45
Profit before income tax	423,39	207,62	323,80	70,65
Income tax expenses	2523,53	3193,32	1588,26	2118,80
Profit for the year (period)	1947,93	2044,71	1812,97	1344,84

If we focus only on Xiaomi's attractiveness to investors, in 2022, the ROCE was 9.9%. This indicator "indicates the company's ability to make a profit from all the capital raised, it shows the company's profitability, including the total amount of equity and debt capital, as well as liabilities" [42]. It is calculated as the difference between profit before tax and interest. It is believed that the higher this number is, the better, as it increases the efficiency of capital use, despite the fact that it is still impossible to rely on such indicators (multiples) in 100% of cases, the company should still be studied in depth for the connection between cause and

effect.

Despite the fact that Xiaomi started with the production of smartphones, they now produce other technological products – Xiaomi phones, Redmi phones, POCOPHONE, Mi TV, audio devices (wireless and wired headphones, players), Power Banks (power banks, chargers, cords, blocks, fast charging cords with magnets), Smart Device (watches, electric scooters, routers, styluses), Life Style (vacuum cleaners, hair dryers, air purifiers, surveillance cameras, backpacks, etc.) [43]

In general, there have been many changes in Xiaomi's products over the past 3.5 years. They can be divided into four categories: smartphones, internet services, IoT and others. Of course, the percentage of total revenue distributed among all parties may vary (for example, in 2019 and 2020, the share of total revenue from smartphones decreased from 65.06% to 59.32%, or the share of smartphones for half of 2021 is higher than for the whole of 2020). [38, p. 20; 39, p. 24; 40, p. 23; 41, p.22], but if we examine the revenue itself, we can see that it is increasing annually for each group, which indicates an increase in demand for the products of this enterprise (Table 2.2).

Table 2.2 – Dynamics of changes in revenue from the main product groups of Xiaomi

Product	2022		2021		2020		2019	
	Revenue, USD US DOLLARS	% of revenue	Revenue, USD US DOLLARS	% of revenue	Revenue, USD US DOLLARS	% of revenue	Revenue, USD US DOLLARS	% of revenue
Smartphones	17384,06	67,15	23925,62	61,90	19194,29	59,32	17890,33	65,06
Internet of Things and lifestyle products	6127,65	23,67	10597,47	27,42	9760,73	30,16	6888,37	25,05
Internet services	2138,70	8,26	3734,52	9,66	3119,26	9,64	2508,35	9,12
Other	237,21	0,92	394,42	1,02	285,21	0,88	211,05	0,77
<i>Total revenue</i>	<i>25887,62</i>		<i>38652,03</i>		<i>32359,48</i>		<i>27498,09</i>	

This is how we see the company's growth. Next, let's analyze its marketing policy.

2.2. Analysis of Xiaomi Technology's marketing activities

The total number of units sold in the smartphone market in the third quarter of 2021 was 342 million, down 6% from the total number of units sold in the third quarter of 2020 (365.6 million units). However, total revenue for the global smartphone market grew by 10% in 2020 to reach US\$103 billion. Continuing to be the first option in this area (the number of units sold increased by 20% in the third quarter of 2021 to 69.3 million units). Apple is next, and Xiaomi is in third place (44.4 million units, down 5% year-on-year due to component shortages). Right next to Xiaomi is Vivo, which is a worthy rival with an 8% year-on-year growth to 33.7 million units. Despite the third place in the ranking, there are many competitors in the market, so you have to constantly improve your products and add special features and technical properties to them to attract consumers who prefer Xiaomi and Redmi to all other brands (Fig. 2.2) [51].

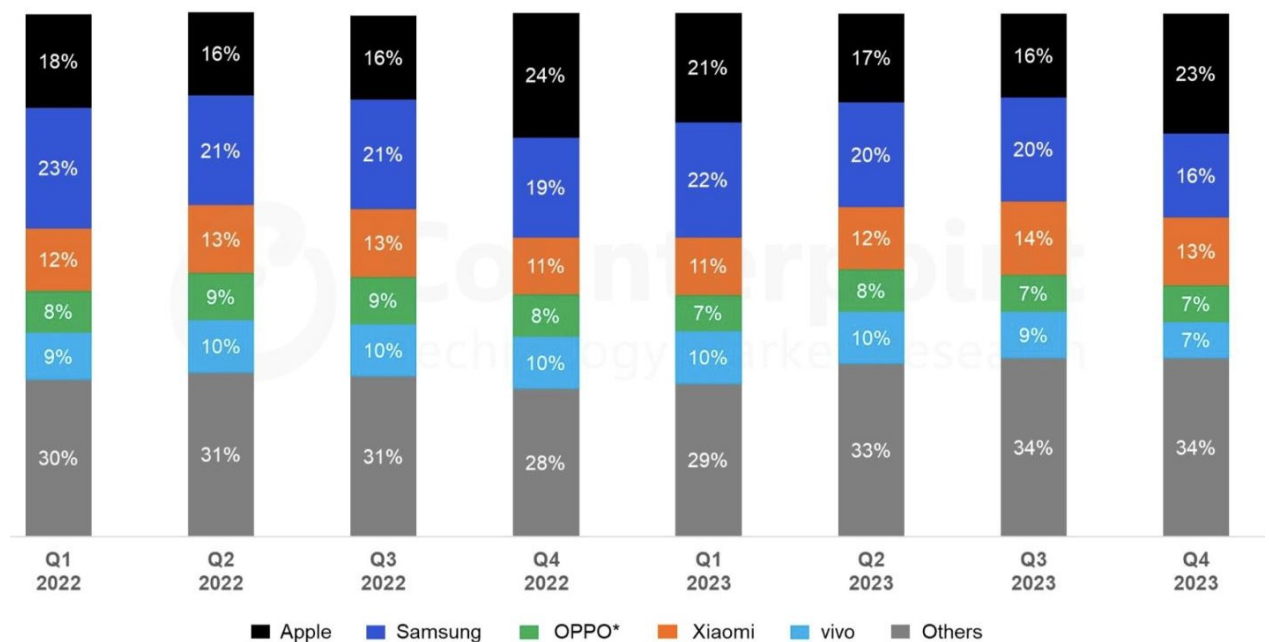


Figure 2.2 – Global Mobile Phones Market (1Q2022 - 4Q2023)

The global smartphone market grew by 7% YoY to reach 323.2 million units in Q4 2023.

- Apple grew by 2% YoY, overtaking Samsung for the top spot in Q4 2023.
- Samsung, meanwhile, declined by 9% YoY, losing share to Apple in the premium segment, to Chinese OEMs such as Xiaomi in the mid-tier segment and to Transition brands in the entry-level.
- Samsung, however, retained its spot as the world's top smartphone player annually, shipping the most number of smartphones in 2023.
- Among the top five smartphone brands, Xiaomi grew the most by 23% YoY to 40.7 million units in Q4 2023.
- HONOR experienced a healthy double-digit growth of 27% YoY while Huawei grew by triple digits, the only top 10 smartphone to do so.
- In terms of regional performance, the Middle East and Africa (MEA) exhibited the highest annual shipment growth while Europe experienced the highest decline.

All of the above performance indicators and metrics depend on the macro and micro components of the company's environment. The purpose of this is to examine the broader context of Xiaomi Corporation and the external factors that affect it through a PEST analysis (Table 2.3) [59].

Table 2.3 – PEST-analysis of Xiaomi PEST analysis of the Xiaomi company

<p>Political factors This is a Chinese company, and therefore subject to the latest tough sanctions from America, which greatly worsens its position in the world and reduces profits. In addition, there are too close relations with the leadership of one's own country.</p>	<p>Economic factors The Covid-19 pandemic. It affected China's position in the world as this country became the spreader of this disease. This is an economic crisis because all industries have been forced to reconfigure the process to either online or offline, and some have not been able to. However, due to the fact that people have become more dependent on the Internet and technology, and now spent more time at home, the interest in technology has increased significantly, and gadgets have become much more frequently updated.</p>
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Social factors	Technological factors
Xiaomi, like any other Chinese company, is fighting the "Made in China" narrative that everything Chinese does not immediately mean something low-quality, and Redmi smartphones are proof of that.	In our time, there is a technological boom in the world! Nowadays, having a minimal understanding of technology is not a hobby, but a necessity, and therefore the requirements for gadgets are growing, and the field of action for their creators is expanding (5G for example).

Another component of the macro environment is the study of the behavior and preferences of Ukrainian consumers in the field of mobile phones, as this is the main product sold in the entire range of Xiaomi Corporation in the country.

A study by Zlotarenchuk and Ostrovsky in 2016 showed that Ukrainian consumers prefer smartphones over other budget phones and buttons [61]. Overall, Ukrainian consumers prefer quality and technical prowess over other characteristics every year (Figure 2.3). As it shows, brand is lower than personal experience and even cost. This indicates that we are conscious about choosing phones and are ready to experiment and buy new ones, for example, unknown models, but with high- quality content.

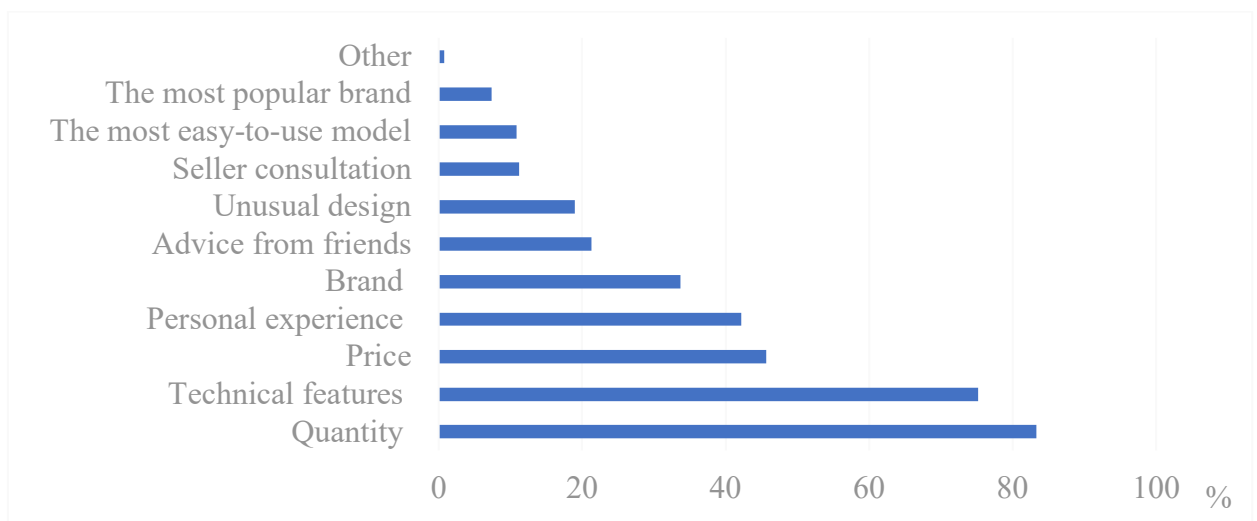


Figure 2.3 – Results of a survey of Ukrainian consumers on the importance of smartphone features

Technical abilities are a broad category of attributes, and when broken down into smaller components, it becomes obvious that Ukrainians are primarily focused on battery life without recharging, then on the processor itself, and the third component is the amount of RAM available (Figure 2.4).

In general, we know how to choose equipment, we know what the main qualities are, and we take these tasks very seriously.

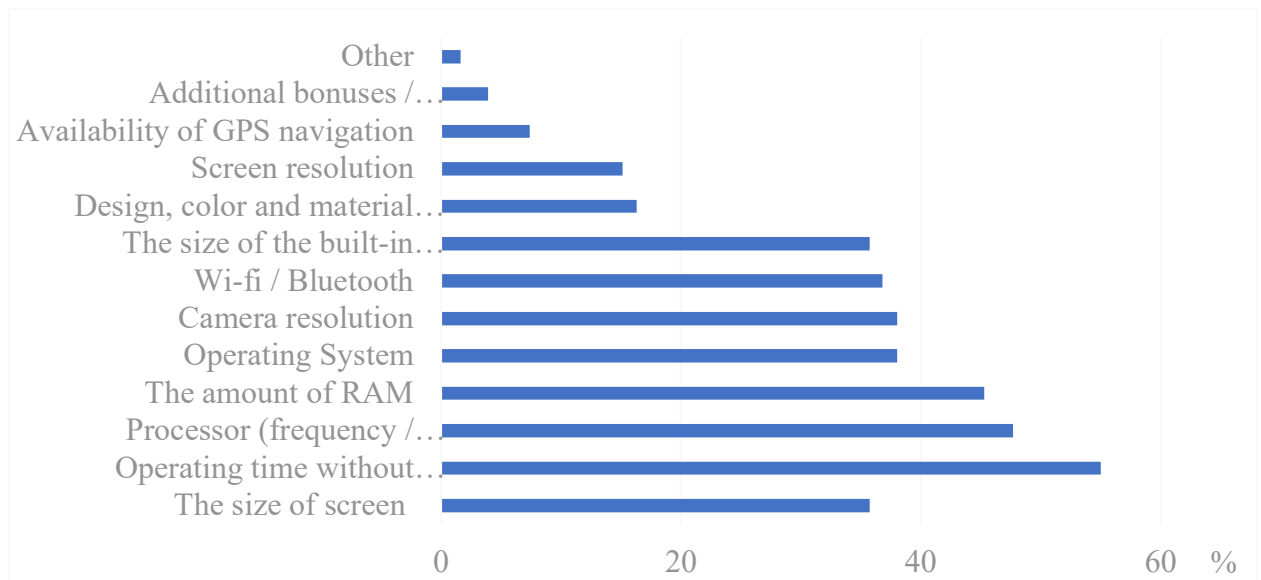


Figure 2.4 – Dividing technical characteristics into smaller ones

If we talk about the internal state of the company and the organization of the workflow, Xiaomi has several attributes that are worth considering:

- Does not set goals that are specific to the workplace, instead, he believes that employees will quit and have no desire to exceed the previously set goal. Xiaomi tends to rely on the best and most ideal results possible, as well as employee initiative and extra effort.

- The level of management is relatively low, with functions clearly delineated but not covering all possible tasks. This is done to challenge the knowledge and abilities of employees and to encourage them to rely on their own resources and cooperation among them rather than involve management in situations that are normally necessary, and in general management-related situations are minimal.

Apart from regular monthly meetings held for the whole company, there are few or no other meetings in the company, no written records of conversations, and no quarterly or annual reports. Lei Jun does not approve of the idea of running a company as a boring job. "Reduce the amount of time spent talking to each other

between classes. If you have a problem, ask your question and solve it together. You do not need to write an email and post a duplicate instruction every time. These instructions are provided by the inventor Xia [46].

To understand Xiaomi's marketing strategy and international efforts in more detail, in particular its multi-faceted exit strategy, it is recommended to analyze the company according to the following categories of characteristics to gain a comprehensive understanding (table 2.4).

Table 2.4 – Characteristics of Xiaomi's strategies for entering international markets

№	Characteristics	Strategy	The content of Xiaomi's strategy
	Product range	Increase in saturation	The company's main strategy is to add products to the existing groups, because the range is wide and there is plenty to fill it. And deepening as a second auxiliary strategy, because Xiaomi does not abandon its research, and periodically surprises with new technology or new features.
		Deepening	
2	Diversification strategies	Concentric (horizontal) diversification	Xiaomi sells the same phones in all markets, releases the same new models, perhaps some of them are just released earlier in certain markets, but in general, they are always working on upgraded gadgets.
3	Regarding the growth vector matrix	Market processing	A combination of 2 strategies. The first priority is market development, because Xiaomi is still ranked 3rd in the world after Samsung and Apple, and therefore the share of influence still needs to be increased. But the activity does not stop there, and after entering a new market, it is necessary to continue to work hard to maintain positions and increase sales, and therefore this is a market development strategy.
		Market development	
4	Innovative	Modification	Not in all smartphones yet, but Xiaomi was one of the first to start producing its own Surging processors, even before Samsung. They are already adding modules for 5G. There are fingerprint and face readers, NFC, and better Bluetooth than competitors. Therefore, as we can see, product improvement is not standing still and meets the needs of consumers in a timely manner. This is also in line with our innovation strategy to some extent.
5	Competitive strategy according to Porter	Differentiation	The wide range of products has already been mentioned separately above, including phones, watches, kitchen appliances, vacuum cleaners, TVs, speakers, headphones, etc.

6	Based on market segmentation theory	Concentrated	At the moment, the company is still concentrating more on the middle segment, although the quality would compete with the higher end. That is why they are planning to work more and more closely with more than the middle segments, but gradually, i.e. at first it is a concentrated strategy, but then combined with an adapted one.
7	Product strategy for international marketing	Easy to expand	Of course, depending on the country, the content changes slightly - the translation of the manual, the language of the settings and the phone itself, the type of application and its language, and updates. However, when it comes to the phone itself, there is nothing that can be changed drastically, so it is a simple mass distribution.
8	Brand strategies	One brand strategy	In August 2021, the company abandoned the MI brand (it had existed for 10 years). And the company announced that in the future, products will be released under the Xiaomi brand (i.e. the name of the manufacturer + the device itself).

If we take the third classification and transfer it to the Ansoff matrix, Xiaomi should be placed in the upper left quadrant first. And then a smooth transition to market development, i.e. the upper right quadrant (Table 2.5).

Table 2.5 - Ansoff Matrix for Xiaomi

	Old market	A new market
Used goods	<i>Market processing</i>	Market development
New product	Product development	Diversification

Considering the model used to determine the competitiveness of the Xiaomi brand in the global market, there is a difference between "Barons" and "Kings", as the company says it exports to 100 countries [35], which, on the one hand, is significant, but on the other hand, the company is still at the initial stage of development, so it should be classified as "Barons" for now. The strength of the collective brand is quite obvious (Table 2.6).

Table 2.6 Model of Xiaomi's competitive status in the international market

		Geographical area of influence	
		Mala	Large
The power of a brand portfolio	High	"Barons"	"Kings"
	Low	"Soldiers"	"Knights"

Another important element of the company's brand analysis is the Brand Wheel:

1. Brand essence:

1.1. Vision - "Create a company that will become the most popular company in the minds of users." [35].

1.2. Only for the dedicated - that's our credo. Fans of our product are our priority. In fact, many current Xiaomi employees used to be Mi devotees. As a team, we are constantly striving for excellence, we are constantly improving our products to create the best possible product. We are also not afraid to embrace new ideas and are always pushing our own boundaries. Our dedication to innovation and the support of our Mi fans, together with the unique characteristics of Mi products, are the main reasons for our success.

2. The personality is associated with the "ushanka". It seems tiny and sluggish, but in fact it is fast and has powerful paws, so it is not easy to understand it at first. The picture shows that he is cheeky and ready to gamble.

3. Value - high-tech technologies for a small budget. The company's values include innovation, engineering approaches, openness and readiness for teamwork and resolution of disputes. A corporation that strives to please consumers and simplify their daily lives.

Advantages: low prices; high quality models; and many unique features are available in these conditions; the model's service life is long.

5. Attributes: logo and brand colours orange (#F46523) and white (#000000).

Table 2.7 – SWOT analysis of the Xiaomi Technology company

	Opportunities	Threats
	1. The recognition of the company in the market of smartphones and other technological products is increasing. 2. Xiaomi's transportation policy adds to the company's production glut, because the largest share of equipment is produced in China.	1. More and more technology companies are leaving the Chinese market for other markets, which increases the competition for Xiaomi as one such company (for example, Oppo and Vivo, which occupy the 4th and 5th positions, respectively, right after Xiaomi, which have their main offices located in China). 2. Offline distribution will significantly increase marketing costs.
Strengths	1. It is necessary to especially continue to use these 3 main advantages - low price, high quality and competitive technologies, users especially positively note the good camera on Xiaomi phones. 2. Devices receive frequent	1. Among such competitors, it is worth working more on strengthening the features of the company, those qualities that distinguish it from others, in order to remain visible on the market. To move away from communist ideas, for example (a red star was present on the
1. It has a sufficiently large audience of consumers loyal to its own products (13%, third place among competitors). 2. Penetration pricing - a low price in a new market combined with		

<p>marketing to attract as many consumers as possible.</p> <p>3. Quality products.</p> <p>4. 4. Large financial investments in development and research.</p> <p>5. Transports products to the world's largest markets of China and India and other Asian countries, compared to America...</p>	<p>notifications about programme and system updates, which is very comforting and inspiring.</p>	<p>rabbit's ear at the beginning, then it was removed). Add more languages to phone support, communicate with consumers, build relationships.</p>
<p>Weak sides</p> <p>1. Marketing costs are not sufficient for such a number of products and such a scale of distribution.</p> <p>2. Relatively narrow product line.</p> <p>3. Weak offline distribution.</p> <p>4. It does not occupy the first place in the world market of smartphones and has a big difference with the shares in the roar of Samsung and Apple.</p>	<p>1. It is worth working more on the company's brand, namely on sales and trade promotion, ATL and BTL campaigns.</p> <p>2. It would also be worthwhile to work on diversifying and expanding the assortment. Perhaps it should be done after strengthening the brand and positions in those markets where Xiaomi is already present, and later start thinking about expanding geographical influence. It is possible to expand territorially with existing devices that are of sufficient quality, and in parallel, as much as possible, work on expanding and deepening the assortment (different colours, shapes, sizes, etc.).</p>	<p>1. It is worth opening service centres for direct contact with consumers in more countries than there are now. This will provide additional opportunities for teams that specialise in development and marketing. You can conduct various focus groups, research, surveys, and based on this, change products and advertising. What the company's competitors often do.</p> <p>2. It is necessary to enter new markets where e-commerce is well developed, because Xiaomi products are mostly sold online. It is necessary, again, to work more on your brand and recognition, on the popularity of your own name.</p>

Target audience: a 2018 study by the Chinese media outlet GizmoChina [44] found that Xiaomi products are most popular among men, with the majority of the target audience being people aged 30 to 34 (31.7% of the total audience), followed by the 25-29 age group (25.4%), as older people over 25 tend to value functionality more than brand or name, which teenagers and students pay more attention to when buying a smartphone.

Assessment of strengths and weaknesses is an integral part of a company's valuation, and it is even more important if the company is analysed in the quadrants of opportunities and threats, i.e. all four factors are considered together. It is possible to immediately understand what needs to be done and where to focus efforts, as well as what to promote (Table 2.6).

2.3. Strategic position of the Xiaomi Technology company

Xiaomi manufactures and develops products that follow the evolution of production and consumption. To understand the business environment of an organization, it must be understood in terms of profitability, competition must be assessed and a strategy must be developed, all of which is done through Porter's five forces analysis [49]:

1. Study of consumer power in the market. Today, every consumer has easy access to high quality factual information, which enhances their position in the real world. Xiaomi's product is notable in part for its significant distinctive features. However, consumers prefer innovative technologies used by a particular company that creates a product, and price competitiveness has a significant impact on consumer decisions.

Since each company promotes products under its own brand, Xiaomi must allocate resources to advertising and marketing in order to reach a larger audience [50].

2. Research on the market power of suppliers. Xiaomi has more than 600 major suppliers, and its supply chain has more than 3,000 suppliers worldwide in various industries. Xiaomi has the ability to choose on the basis of price-quality ratio and does not need to adapt to the power of suppliers, as a large number of them will meet the company's requirements. Since the components used to build electronics are publicly available, the company has almost no restrictions on inputs. As a result, the costs of switching from one supplier to another are limited to the time it takes to finalise contracts and start deliveries, both of which depend on the length of the contract. Conversely, as electronics is one of the most popular industries today, its priority for suppliers will be significant.

3. Assessment of the potential for new market entrants. Due to the need for a large distribution network and an efficient supply chain, which are expensive to set up, the likelihood of new entrants is low. However, it is not difficult to exit the electronics industry, as it is enough to transfer the company to a foreign partner or a domestic competitor in case of low revenues. Given the need for large factories,

extensive infrastructure, branded stores, and support services, the industry's payback period is quick and significant [50].

4. Assessment of the potential danger of substitutes. Xiaomi has numerous competitors that produce similar products and can provide the same quality at a lower price. For example, when it comes to personal computers, these are Apple, Acer, Sony and Asus. In the mobile device market, the main competitor is Apple, as well as new major entrants such as Chinese company Huawei, which produces similar devices. In addition, there is a growing number of digital goods that are an effective substitute for Mi e-business. The number of digital products that are worthy of replacing Xiaomi's e-business is growing.

5. Analysis of the degree of competition. The addition of several categories of consumer electronics to the market increases competition between companies. In this area of electronics, Xiaomi competes with companies such as LG, Panasonic, Dawlance and Changong. As a result, in order to maintain its position in the market, Samsung Electronics needs to consistently reform and diversify its product design in line with consumer demands.

The mobile phone industry is dominated by two companies, Samsung Electronics and Apple, and about five other companies operating in the popular electronics and information technology industry. The market growth rate is considered slow but growing. The leading companies are gaining new advantages that are competitive, but in fact remain at the same level as five years ago, except that competition in the market is increasing every year.

Table 2.7 – Global sales of smartphones for end users, 2019-2020 (million units)

Manufacturer	2020 p.	Market share, 2020, %.	2019o.	Market share, 2019 %.	Growth, %.
Samsung	253,1	18,8	296,2	19,2	-14,6
Apple	199,8	14,8	193,4	12,6	3,3
Huawei	182,6	13,5	250,6	15,6	24,1
Xiaomi	145,8	10,8	126,1	8,2	15,7
Oppo	111,8	8,3	118,6	7,7	-5,8
Other	454,8	33,7	565,6	36,7	-19,6
Total	1347,9	100,0	1540,8	100,0	-12,5

Despite the generally acknowledged stability and growth of the smartphone market globally, its leading players are evolving. Initially, they were called Nokia and BlackBerry, but in 2011 their positions were taken by Apple and Samsung. In addition, the number of participants continues to change (Table 2.7). Huawei's entry into the market was officially formalised only in 2010, but in 2015 it took third place.

At the end of the year, Samsung remained the sales leader, selling 253 million smartphones, followed by Apple with almost 200 million units sold. Third, Huawei, which lost revenue due to US regulations and blocking access to Google services for its new smartphones. This company has successfully sold most of its smartphones. Xiaomi ranks fourth with 145 million, and OPPO is fifth with 111 million. These five companies successfully captured 66% of the mobile phone market in 2020.

Companies that are leaders in their industry, such as Apple, Huawei and Samsung, have strong brand reputations and focus on research and development, product design and specific developments. In addition, they purchase components and technology from other companies, which are often innovative organisations that create intangible assets.

The smartphone market is highly competitive: in addition to technical attributes, the brand component is often the main reason for purchasing.

A smartphone brand is not just a trademark, it is also the complete, unique and attractive brand reputation held by consumers. It is consumer attitudes that give a brand its status and form a certain image associated with specific goods and services. The brand is the most important marketing resource, it is more important than all other resources used in marketing, and it combines the influence of both psychological and economic factors, these factors increase the effectiveness of each individual tool. In rare cases, a brand has the ability to significantly increase sales, which makes the consumer perceive all things under the brand as better by definition. Successful examples of brand use in high-tech markets include Apple, Samsung, LG, Lenovo, etc.

Research has shown that in 2021, Samsung is the leading smartphone vendor worldwide. This South Korean company held 27.5% of the market, followed by Apple, whose famous iPhone held 26.4% of the market. Xiaomi was in third place: 10.8% of all smartphones sold worldwide had the brand's logo on the outside (Table 2.8).

The best smartphones of all time are ranked based on user reviews, expert opinions, power tests and other relevant device characteristics. Thus, the consumer and competitive landscape of the modern global smartphone market has a number of attributes and properties.

Table 2.8 – Ranking of global smartphone brands, 2021

Place in rating, 2021	Brand of the manufacturer's company	Country.	Share in sales volume, %.
1	Samsung	Republic of Korea	27,5
2	Apple	USA	26,4
3	Xiaomi	China	10,8
4	Huawei	China	8,7
5	Oppo	China	5,7
6	Vivo	China	4,3

The growing popularity of smartphones has led to a rapid increase in the number of smartphone users over the past few years.

- Consumers are classified according to different characteristics. The use of smartphones is universal, including personal and professional use, and communication, processing and sharing of information is part of this.
- The most popular use of the Android platform is in the mobile industry.
- Several manufacturers in different countries have strong market leadership from companies in the Republic of Korea, the US and China.
- A market structure based on the nature of the monopoly that determines the unique pricing mechanism in the market used by market leaders.

The smartphone market has become one of the most popular markets in recent years. Its growth potential has not yet been fully tapped, given the popularity and demand for smartphone consumer features. It is expected that US, Chinese and Asian companies will maintain their leading positions in the

production of smartphones, the most versatile of all mobile information devices.

Innovative technologies have a significant impact on people and increase brand competitiveness, and are considered the most important aspect of the company. One of the main reasons for Xiaomi's success is the company's ownership of global patents, licences and expertise.

Data in the World Intellectual Property Organisation's in World Intellectual Property Indicators 2021 (WIPI 2021) report shows that the number of patent applications worldwide has increased. China's patent office received 1.5 million applications, which is 2.5 times the number of applications in the United States (over 597 thousand). Japan filed the most applications, with a total of 288,000, while the European Patent Office filed the most, with a total of 180,000. In total, the top 5 offices account for 85.1% of the world's patent applications.

Table 2.9 - Global Innovation Index 2020-2021.

Place in the 2021 ranking.	Country.	Index values	
		2020p.	2021p.
1	Switzerland	66,1	65,5
2	Sweden	62,5	63,1
3	USA	60,5	61,3
4	United Kingdom	59,7	59,8
5	Republic of Korea	56,1	59,3
6	Netherlands	58,7	58,6
7	Finland	57,0	58,4
8	Singapore	56,6	57,8
9	Denmark	57,5	57,3
10	Germany	56,5	57,3
11	France	53,6	55,0
12	China	53,3	54,8

The United States leads the way in terms of the number of applications submitted from abroad, followed by Japan, Germany, China and Korea. Analytical data shows that in 2021, more patent applications were filed in China than in the United States. When the same concept is patented in different countries, a patent family is created.

As a result, companies consider innovation to be of paramount importance in their operations. Currently, a new competitive environment is developing, driven by the growing importance of the scientific content of manufactured

products and technological advances. As a result, there is a conflict over the exclusive rights to new concepts and inventions, which leads to the formation of an innovation economy. Only companies that are actively involved in developing innovative methods and implementing them in intellectual property will have a competitive advantage and have a chance to succeed in the long term.

The creation and practical application of new ideas allows Xiaomi to achieve significant strategic advantages. The company's competitive advantage comes primarily from the scientific and technical advantages of new products, as well as the intellectual property created by employees in the technical field. Xiaomi is distinguished by its ability to combine technologically advanced features, fashionable design and ease of use in its products. This contributes to the company's steady increase in market share and leads to its leading position in innovation. As a result, scientific and technological factors have a significant impact on Xiaomi's success.

Conclusions on the second section

The second chapter provides a general description of Xiaomi Technology's activities and an analysis of the company's activities in the context of global competitiveness. Based on the obtained data, general conclusions can be drawn.

It was determined that the main and most popular types of Xiaomi technical products are household appliances, TVs, monitors and mobile phones and their accessories.

Using the capabilities of SWOT analysis helps the company stay ahead of its key competitors in the international market. The brand is one of its strengths, which is why Xiaomi Technology has become one of the most popular companies in the field of electronics and IT technologies. The global competitiveness of Xiaomi Technology Company was analyzed.

The activity of Xiaomi Technology Company in the conditions of a market economy is connected with the need to strengthen its positions in a competitive environment. Companies such as Xiaomi Technology have demonstrated a high level of global competitiveness in the international market.

Xiaomi Technology is one of the largest multi-billion dollar companies in the world. The reason why it can enter the top three companies is related to the following competitive advantages: the company invests 80% of its income in R&D; original innovative (technological and design) solutions determine the possibility of successful product implementation; the company combines business strategies in Japan and the United States; has a powerful portfolio of patents; maintains a leading position in the smartphone industry.

The PEST analysis shows the high adaptability of Xiaomi Technology to the complex conditions of the modern consumer market. However, companies must comply with laws that protect intellectual property and prohibit copying and other piracy. Strengths and weaknesses, opportunities and threats in the business environment require companies to innovate strategies and create competitive advantages.

Xiaomi Technology strives to maintain its leading position in the consumer electronics market by introducing the most advanced technologies and developing new designs for its models.

The rating of the best smartphones of all time is compiled on the basis of user reviews, expert evaluations, functional tests, autonomy and other important characteristics of the gadget. When consumers began to show by their behavior that they were more interested in the features of the product than the product itself, the market reacted by forming a brand concept that at first glance seems complex in structure, but quite transparent and easy to understand. This concept includes many attributes and many more can be added additionally. However, let's take a closer look at one of the brand's building blocks - Xiaomi's products and innovation policy.

SECTION 3
IMPROVING THE MANAGEMENT OF THE XIAOMI'S ASSORTMENT
POLICY

3.1. Strategy of innovative development as a prerequisite for the formation of a competitive commodity policy of an enterprise

The most important aspect of innovation development is strategy development. It is important to instil a long-term way of thinking in the activities of corporations, i.e. to develop a long-term strategy for innovation development that is consistent with the creation of an innovative sector of the economy. This is done systematically, consistently and continuously. This is the method that innovative companies should adopt. Successful businesses can only emerge if there are long-term links to technological and cooperative efforts [53].

In addition, the company's innovative development depends on the company's financial support. The innovation development strategy should be in line with the company's overall action plan aimed at the processes of financial formation and planning in order to ensure the company's financial sustainability. Companies' innovation strategies are primarily determined by their long-term goals, which are not only financially related to the micro level, but also political and economic in nature. The successful implementation of an innovation project depends primarily on the choice of appropriate strategies and tactics, as well as the identification of areas of greatest innovation.

The goal of the innovation strategy is to help the company achieve long-term growth and includes:

- ensuring the most efficient use of resources, labour and finances, which in turn improves production efficiency and results while minimising costs.
- Ensuring the improvement of the financial and economic state of the enterprise, reflecting the liquidity ratio, solvency, business activity and profitability of production;

- Development and using a variety of scenarios that describe the long-term evolution of the company, taking into account how it has adapted to changing environmental circumstances;
- Analysing how the results of business activities are related to and derive from the defined strategy.
- forecasting and assessing the potential danger of the company, calculating the probability of its insolvency.
- implementation of emergency measures, etc [53].

Depending on the degree of implementation of an innovation project, three different types of innovation strategies can be distinguished for a company

Type of innovation strategy	Pre-investment Creation of innovation infrastructure (functional units for servicing innovations: technology parks, innovation and technology centres)
	Investment plans for the construction of production and non-production facilities. Formation of the optimal structure of junior financing
	Production Creation of certain material values

Figure 3.1 – Types of company innovation strategies

The modern external environment is characterised by the disorderly movement of all (innovation, cash, investment and other) flows, which significantly affects the development of an optimal innovation strategy by a company. Even with the help of detailed analysis and mathematical modelling of financial processes, it cannot accurately predict the various approaches that can be used to implement its innovation strategy [54]. Thus, the analysis of innovative development strategies, positive and negative consequences of their implementation, as well as control over the implementation of decisions are critical for the process of managing the finances and economy of any company.

In order to achieve high success in its endeavours, Xiaomi follows an

innovation strategy that involves the most competent specialists. The company promotes specialised employees who strive to improve and are committed to developing the most efficient products and services on the planet. Constant change is necessary and innovation is essential for the survival and growth of the company. Future successes that are sustainable come from predicting what consumers want and need. According to Forbes, Xiaomi is considered innovative because of its use of the "TRVZ method" (the creative problem solving method using patenting theory) for its patent strategy. This procedure is used to derive patent strategies that are competitive, to strengthen its own patent, and to create other patent applications. Another method of Xiaomi smartphones is based on patent protection through partnerships. The corporation teams up with the most competent players available. For example, companies such as Toshiba, Qualcomm, Kodak, IBM, and Microsoft are associated with cross-partnerships. Xiaomi is considered a leading mobile device manufacturer because they also rely on partnerships to get there. It receives components for the production of phones from other companies. The company's supply chain is a hybrid of external and internal production. This is the main difference from competitor Samsung Electronics, and in this it is similar to Apple, the phone manufacturer depends on contractors. As a result, the actions taken by Xiaomi can be considered to be in the company's favour, and this approach allows it to quickly adapt to changing market conditions [58, 59]. Xiaomi is inferior to Apple in terms of revenue, but the company is the leader in smartphone sales. This is due to the fact that Xiaomi focuses on market share percentages rather than on the revenue generated by the business. The company produces its products quickly, providing multiple devices. It recognises the market's reaction to it, whether it is successful or not, and corrects mistakes. For example, during market research, the company noticed that Asians in particular needed a device they could use for handwriting because it was easier to draw characters with a pen. The "fast follow" strategy has proven to be successful for Xiaomi, as the company is now a leading smartphone vendor. However, the smartphone industry is developing rapidly, so it is important to have a strategic

approach to patenting, and most importantly, to implement a market strategy. Any company that has many important R&D patents can become a market leader if it uses a successful innovation strategy. If Xiaomi is trying to transform itself from a prominent follower to a leading technology producer, the company must use its patents to advance the next important standard. With 5G, Xiaomi can create its own operating systems, processors, and reduce its dependence on Google Android (OS) and Qualcomm (AP). As a result, Xiaomi's strategic planning is a consistent attempt to determine the shortest and most efficient path to success.

Its main points suggest that the company's competitiveness in the global market will be enhanced by breakthrough innovations now and in the future.

3.2. Substantiation of the development of Xiaomi's product policy

To understand the principles of Xiaomi's product policy, we used a game theory model using the minimax method.

In 2018, Ukraine became the first European country to take the top spot in the Xiaomi smartphone sales ranking. However, the analysis of sales in the smartphone market in Ukraine for 2023 shows that Samsung is in first place, Xiaomi is in second, and Apple is in third. To achieve this, it is necessary to involve one more company, and it was decided to do so with Xiaomi and Apple.

To begin with, it is necessary to calculate what percentage of Ukraine's total revenues, profits and expenses the country accounts for. The results of a preliminary study of the Ukrainian smartphone market in 2020 show that 6.9 million units were commercially released that year. Smartphones with a circulation of 2.34 million copies. Xiaomi sells them (34%), with 1.5 million units produced, and Apple (22%) (Table 3.1). The total export volume for each company was also known, so the percentage of Ukrainian sales in this context was determined - 1.58% for Xiaomi and 0.75% for Apple. These percentages will still be used as

coefficients.

Table 3.1 - Data for the study

Indicator	Xiaomi	Apple
Total revenue, mln. US DOLLARS	38652,03	274515,00
Revenue in Ukraine, mln. US DOLLARS	611,95	2047,60
Total gross profit, mln. US DOLLARS	5777,68	104956,00
Gross profit from Ukraine, mln. US DOLLARS	91,47	782,86
Total output, mln. units	147,80	201,10
Share of the Ukrainian smartphone market, %.	0,34	0,22
Share of the Ukrainian market in total output, %.	0,0158	0,0075
Share in Ukraine, million smartphones	2,34	1,50
Expenses, mln. US DOLLARS	32874,35	169559,00
Costs for Ukraine	520,47	1264,74
Share of profit in revenue, %.	0,15	0,38

The first step is to construct a payment matrix (Table 3.2). Four main cost categories were involved in the two companies, the first and third groups had different names and consisted of different components, while the second and fourth groups were identical. These four groups are: marketing (sales, administrative costs, advertising), development (research, experiments), depreciation (capital) and margin.

Table 3.2 - Payment matrix (for all companies), USD million USD

	Xiaomi	Apple
Marketing	2878,70	19916,00
Development	1457,00	18752,00
Depreciation and amortisation	993,00	36766,00
Margin	1070,00	69461,00
Total	6398,70	144895,00

Next, we pay the costs according to the initial coefficients of the base table in the calculation of the Ukrainian market for Xiaomi and Apple (Table 3.3). Using the coefficients, we can calculate the profit and then the costs associated with Ukraine.

Table 3.3 – Payment matrix (for the Ukrainian market), USD million USD

	Xiaomi	Apple
Marketing	45,48	149,37
Development	23,02	140,64
Depreciation and amortisation	15,69	275,75
Margin	16,91	520,96
Total	<i>101,10</i>	<i>1086,71</i>

The next step is to determine the share of each cost group in the total expenditures of Ukraine for these corporations (Table 3.4). This is the final payment scheme.

Table 3.4 – Final payment matrix

	Xiaomi	Apple
Marketing	0,09	0,12
Development	0,04	0,11
Depreciation and amortisation	0,03	0,22
Margin	0,03	0,41

Now we choose the least efficient strategy from the first player that maximises the profit of the least efficient strategies (Table 3.5). This is 0.09 in the first column. For the second player, we choose the least efficient strategy from the largest strategy. This is also 0.09 in the first column. So, 0.09 is the point of attachment for this model, it is the best strategy for the players.

Table 3.5 – Calculation of minimax

	Xiaomi	Apple	min
Marketing	0,09	0,12	0,09
Development	0,04	0,11	0,04
Depreciation and amortisation	0,03	0,22	0,03
Margin	0,03	0,41	0,03
max	0,09	0,41	

Thus, it can be seen that Xiaomi is inferior to Apple in all four comparison groups. The contrast is particularly evident in the areas of development, ownership, and margins, among others. However, in marketing, the difference is not really that significant, so this cost item is important for this model. In order to raise its own status in the Ukrainian market, increase sales and participate in the Ukrainian market, Xiaomi must devote more time and money to marketing and advertising, and then close the gap between its competitors if they want to expand their business and strengthen their position in other areas.

This conclusion can be extrapolated to other markets in the future for Xiaomi, as advertising now influences numerous aspects of marketing, and it

would be irresponsible to ignore this important component of marketing and new market entry.

Xiaomi still does not have an official office in Ukraine, services or the like. From the companies' statements, it can be concluded that the proposed valuation model is not inaccurate and confirms the competition between Apple and Xiaomi in the Ukrainian consumer market.

A Deloitte study found that more than a third of consumers worldwide said they use their mobile phone in the first five minutes after waking up.

And 20% of us spend more than 50 times a day on our smartphones. It seems to be the case with these indicators that as more features are included in devices, their usage potential increases. We increasingly consider the phone an important part of our daily activities.

Many consumers are using 4G in addition to their home, and claim it is faster than Wi-Fi (Figure 3.3). This is why smartphone manufacturers are now showing interest in the faster 5G network and are taking on a greater degree of network development. This is where Xiaomi is leading the competition as they have already incorporated a 5G network component into their smartphones. This demonstrates the management's concern and desire to please consumers in Europe as much as possible, and it will also save you from having to buy a new phone later on. Due to the average income of the target audience, this is only a good thing, despite the fact that Apple has recently adopted a policy that focuses on the premium segment, this was done in order to maximise profits. In addition, in Ukraine, the elite segment is less widespread than the middle segment in terms of wealth.

To narrow the gap between Xiaomi and Apple in terms of marketing, advertising, and general operating practices in a new country, Xiaomi's management and the entire company recommend several actions.

1. Adhere to a more multicultural marketing strategy. Xiaomi is competing with larger, well-known companies in the smartphone industry, and it is immediately followed by other Chinese manufacturers. So the situation is stressful.

As a result, you should not consistently pursue the same marketing strategy. It's very important to update it based on the latest trends, fresh data, and produce more country-specific content, all in partnership with enthusiastic IT experts. It is important to participate in other markets while expanding and establishing yourself in those markets. In addition, you can increase your influence in markets that Xiaomi already dominates when you also produce specialised content, there are official services that can help you. When a corporation responds to external and internal market factors that directly affect its consumers, the demand for its products will increase.

3. Other segments are involved. As a result, we can say that Xiaomi phones are popular in the mid-range price range, so they are popular in India and China, where the majority of the population is in this price range. In the future, the company intends to increase the price of its products by selling additional products and more expensive phones, i.e. to enter new markets and to become more involved in markets where they are already present but not as active as they would like. In this way, they could achieve economies of scale and at least reduce costs somewhat.

4. Increased spending on technological development. Attention will be paid to IoT products, which are now becoming increasingly popular. These products are known as smart homes, watches, TVs (by the way, they have already released the world's thinnest TV), air purifiers and many other gadgets that need to work autonomously and therefore need to be pre-programmed in advance (Figure 3.4). Approximately 5% of consumers have smart cars, and 3% have wearable devices that measure vital signs.

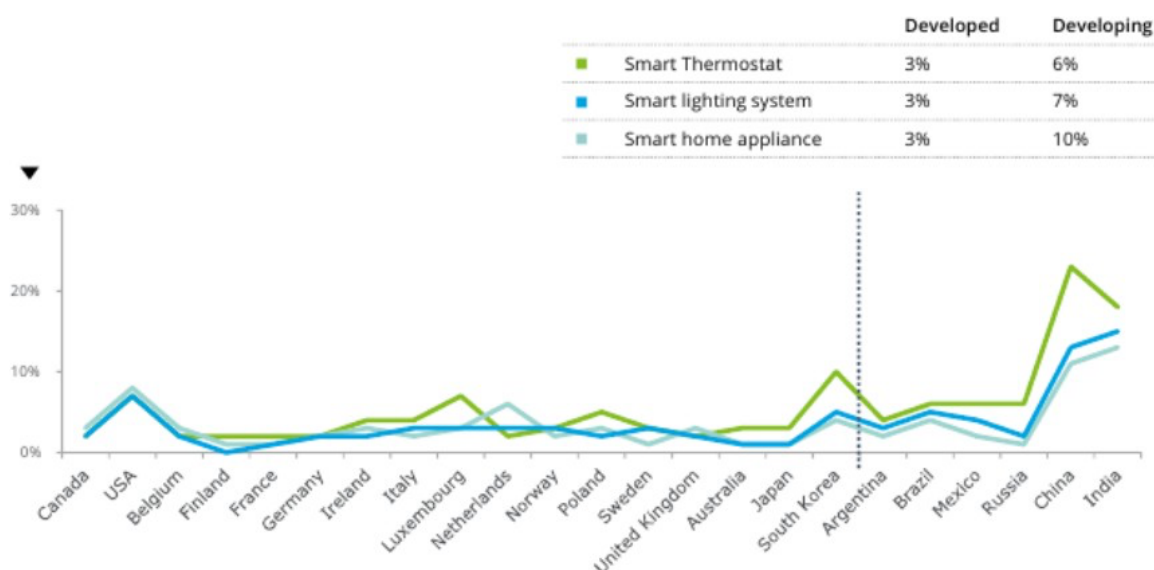


Figure 3.2 – Using the Smart Home system

There are initiatives aimed at continuing and expanding cooperation with Microsoft on Techcruch (AI, cloud computing and hardware). That is, it is important to continue the model of "hardware + software + Internet service" [50, p.106].

5. Improving the security of cyber devices and their use.

The topic of cybersecurity and personal data protection is now being discussed more often than ever (Figure 3.3). However, research confirms the opposite theory, according to which 70% of consumers in developed countries have disclosed some information on the Internet, which leaves a long information trail. This is probably why this topic is so relevant now.

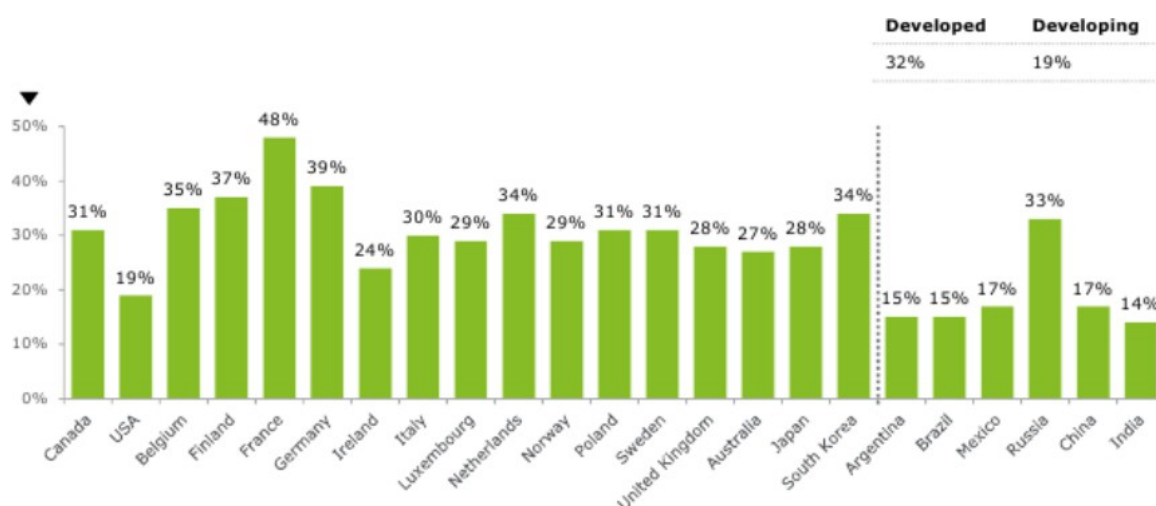


Figure 3.3 – Cybersecurity of personal data

Keeping in mind last year's crisis, when Xiaomi got into several unpleasant situations, the company should review its policies and make more efforts to ensure that consumers are confident in the security of their fingerprints, passwords and face scans when using Xiaomi smartphones. The first and last features are now extremely popular and easy to use, but they need more technological help.

6. Introduction of new stores and official support points for technical issues. It is intended to expand the existing retail network of branded stores, service centres, partner stores and simply company outlets. It is currently extremely limited, and as a result, still lags behind its competitors. Alternatively, you can also create your own platform that would involve solutions from other developers and IT specialists for Xiaomi devices, and then transfer the work of the company's programmers to this platform. To promote the company's products and encourage loyalty, we create a virtuous circle that includes advertising and promotional efforts. The more a developer is involved in the platform, the more likely he or she is to have undisclosed information about the company that can be used to create qualified competition [55].

Conclusions on the third section

Today, in the age of digital devices, Xiaomi continues to modernize its production activities and focus on digital technologies. The main goal of the company is to become the largest provider of advanced information solutions and a leader in the field of digital convergence technologies. The company's entire supply chain, from marketing and sales to research and development and production, is organized around the use of electronic technologies and the Internet.

Such a work plan ensures the speed and convenience of operations and helps to focus on satisfying the needs of consumers in the delivery of goods and services

If we analyze in more detail the strategies adopted by the company in the international market, it is saturation and deepening, horizontal diversification (different markets for the same product), processing and market development, modification, differentiation, targeted segmentation, simple expansion. . In addition to the brand strategy, Xiaomi sells relatively cheap but well-made devices in the middle price segment, and here it is more of a global strategy than a transnational strategy. In addition, according to the Ansoff matrix, the company occupies the position of "market processing", and according to the competitive position model, the company occupies the position of "tycoon".

In general, the main recommendation for companies to run a more effective and competitive campaign is to spend more money, time and effort on advertising to at least catch up with Apple, because the difference in their spending on this campaign is not so attractive to attract attention, create different messages for different countries and audiences, consolidate the markets in which the company is already present and enter new markets to increase its share of influence compared to competitors Samsung and Apple; complete the security of personal data of consumers; to complete its own brand and official position on the events taking place around the world, because so far the company has been tacitly supporting China, which is not always the right policy.

Today, business relations are not just "buy and sell". Consumers want to know more about what is happening inside the company, what is happening outside of business relationships, internal policies and employee treatment. On the one hand, it complicates market activity because it adds factors that must be constantly monitored and creates additional pressure on companies. But if you have nothing to hide, then you have nothing to worry about, because the company will still be good with you, and you can talk about it openly and transparently and set an example for others.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

As a result, the first chapter proved the theoretical foundations of increasing competitiveness with the help of innovative strategies and methods. It was found that the most important activity of the company was the financing of new innovations that, in turn, changed the methods of production, business or sales. An important role for the company is the development and implementation of a creative development strategy, setting goals, behavior and market position, financial and other criteria related to the development of the company's innovative initiatives.

To achieve a successful innovation policy, the policy must be consistent with the innovation development strategy. To support this policy, the policy must be balanced, the direction of the policy must be chosen carefully, and the task of implementing the policy must be compartmentalized. This will lead to effective policy implementation. In addition, the policy must be ready for market changes, the country's innovation potential and risk.

Important advantages for the company are that the main tool of strategic management of the company's development is an innovative strategy, which allows determining the primary goals, tasks and methods of their achievement. This strategy is effective for responding to market changes, improving the company through timely innovation, and developing long-term plans, programs, and projects that use innovative methods.

Diploma thesis an analysis of the Xiaomi Technology 's activities in the context of global competitiveness. Based on the obtained data, general conclusions can be drawn. It was determined that the main and most popular types of Xiaomi technical products are household appliances, TVs, monitors and mobile phones and their accessories. Xiaomi Technology has become one of the most popular companies in the field of electronics and IT technologies.

The activity of Xiaomi Technology Company in the conditions of a market economy is connected with the need to strengthen its positions in a competitive environment. Companies such as Xiaomi Technology have demonstrated a high level of global competitiveness in the international market.

The PEST analysis shows the high adaptability of Xiaomi Technology to the complex conditions of the modern consumer market. However, companies must comply with laws that protect intellectual property and prohibit copying and other piracy. Strengths and weaknesses, opportunities and threats in the business environment require companies to innovate strategies and create competitive advantages.

Xiaomi Technology strives to maintain its leading position in the consumer electronics market by introducing the most advanced technologies and developing new designs for its models.

The company's entire supply chain, from marketing and sales to research and development and production, is organized around the use of electronic technologies and the Internet. In addition to the brand strategy, Xiaomi sells relatively cheap but well-made devices in the middle price segment, and here it is more of a global strategy than a transnational strategy. In addition, according to the Ansoff matrix, the company occupies the position of "market processing", and according to the competitive position model, the company occupies the position of "tycoon".

Recommendations

1. It is very important to have a clear international profile. Xiaomi continues to be a Chinese company that has not been involved in the conflict.
2. Follow a multicultural marketing strategy more.
3. 3. Other segments are involved.
4. 4. Increased spending on technological development.
5. Improving the security of cyber devices and their use.
6. Establishing and improving official stores and technical support locations.

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