

Guerrilla Marketing; A Successful Business Model for Xiaomi

Ong Khai Lun¹ and Rashad Yazdanifard²

¹ HELP College of Arts and Technology

Received: 11 December 2013 Accepted: 4 January 2014 Published: 15 January 2014

Abstract

As consumers are shifting away from the traditional marketing campaign, companies need different marketing campaign to continue to differentiate themselves from other companies. One of the latest marketing trends is guerrilla marketing. Guerrilla marketing is a type of marketing campaign that uses unique, extreme and eye-catching to attract more customers. This article is to explore guerrilla marketing and how it became a successful business model for Xiaomi. Besides that, Word-of-Mouth will also be explored and how it becomes an important element in guerrilla marketing. This article will increase the understanding of guerrilla marketing and how Xiaomi utilize it.

Index terms— guerrilla marketing, word-of-mouth, xiaom i.

1 Introduction

Marketing is a strategy for a company to raise awareness for the company's brand, products or services (Mughari, 2011). There are different marketing strategies that able to be used by a company to raise awareness about their brand, products or services. Guerrilla marketing is one of the strategies that are commonly used by companies nowadays. Guerrilla marketing is a way to raise awareness of brand, products or services in the public with an unexpected way. Guerrilla marketing is a low-cost or near to no cost way of marketing that able to raise profits of a company if it is implemented correctly (Manker, 2014). By using guerrilla marketing, companies nowadays choose to market their product through social media (Facebook, Twitter, Weibo, etc) where most of the audiences spend their time at. By doing advertisement through social media, companies spend less or not spending any marketing budget compared to conventional on-ground activation campaign. There are few companies that used guerrilla marketing but the company that became successful by using guerilla marketing is Xiaomi; a software company. Xiaomi concentrate their marketing through social media sites mostly on Weibo (in China) and Facebook (in global market). Their communication with customers is made through Weibo or Facebook. They will announce their new product and date of sales through Weibo or Facebook.

2 II.

3 Guerrilla Marketing

Guerrilla marketing is low-cost or near to no cost marketing strategic to raise awareness of the company's brand, products or services. Guerrilla marketing usually will do advertisement with unusual way to implement memory about the company's brand, products or services deep in the customers' brain. There are 7 basic guidelines for a successful guerilla marketing (Levinson, 1994), (1) Be focus on a particular place, time or event to achieve a temporary dominancy over the customers. (2) Make sure that the ideology behind the product is carried out along with the product.

(3) Never follow the existing marketing trends or pattern, analyze the current marketing trend, and outrun the existing marketing trend. (4) Identify other side effects of the post marketing campaign. (??) Overcome all doubt on the marketing plan in the marketing team. (??) Search for all possible shortcuts for a better option, in other word, do not conduct the plan in a direct path. (7) Be as flexible as possible for any possible variables in the plan.

Be focus on a particular place, time or event to achieve a temporary dominance over the customers, Mughari (2011) state that in order for a company to be successful in guerrilla marketing, the first thing the company needs to concentrate is where to put the advertisement, how to put the advertisement and when to put the advertisement in order for the company to gain attraction from customers. For example, the company needs to do one big promotion activity at the right location, which the promotional activity should be eye-catching and able to create lots of attention. Make sure that the ideology behind the product is carried out along with the product, Prévot (2009) state that the ideology behind the company's brand needs to be carried out with the product the company is pushing because guerrilla marketing is not about just capturing customers' attention toward the products instead wants to make customers to blend with the company's brand.

Never follow the existing marketing trends or pattern, analyses the current marketing trend and outrun the existing marketing trend, the third guideline explains that guerrilla marketing activity should be unique in its way and should not follow what others had been done in the past (Baltes&Leibing, 2008). The uniqueness in guerrilla marketing represent that a company should not use the same marketing style to promote two different products. For example, Google embedded questions on items around the town to promote their search engine (Nudd, 2014); this makes Google's way of marketing is very unique and eye catching. In contrast, Bing uses the same way of marketing like Google's, this makes the promotion not effective and not unique. Identify other side effects of the post marketing campaign; the fourth guideline explains that the company should search for every possible effect that can produce by the marketing campaign and uses the effects to create stronger effect that able to influence the consumers (Prévot, 2009; Ay, Aytekin, & Nardali, 2010). Guerrilla marketing is type of marketing campaign that always searching for stronger influences on consumers.

Overcome all doubt on the marketing plan in the marketing team; the fifth guideline explains that the company should eliminate all the doubt that surface in the marketing when guerrilla marketing campaign is introduced (Baltes&Leibing, 2008). By doing this can ensure that blame will not occur among team members and same amount of effort by team members. Search for all possible shortcuts for a better option, in other word, do not conduct the plan in a direct path; Mughari (2011) explain that consumers are more attracted to the unexpected path of marketing, which it is able to set apart from the competition and outstanding. Be as flexible as possible for any possible variables in the plan; According to Prévot (2009), guerrilla marketing campaign must be flexible to adapt necessary changes. This is due to creativity come in all sorts of forms. When the company is able to be flexible in accepting creative & unique idea, success will be seen in no time.

4 III.

5 Word-of-Mouth

Word-of-Mouth is one of the important effects in guerrilla marketing. This is the idea or strategy that able to make people to talk about a company's brand, products or services (Keller, 2007; Okazaki, 2009; Notarantonio& Quigley, 2009). Word-of-Mouth is a strategy where consumers are aware of a specific company's brand, products or services and start spreading the company's brand, product or services to more people around them. When a customer use a company's product or service, he or she would share his or her experience with the product or service no matter he or she has a good or bad experience with the company's product or service. The experience sharing of the customer will increase the awareness of the company's brand and increase the sales revenue of the company. Thus, it is very important for a company to build a strong brand loyalty with the customers (Shimp, Wood & Smarandescu, 2007; Notarantonio& Quigley, 2009).

6 IV.

7 Xiaomi

Xiaomi is a software company that founded by 8 co-founder in 2010. Their first product is MIUI which has over 70 million user-bases to the date of this article (En.miui.com, 2014; Stone, 2014). Xiaomi's priority is to distribute their MIUI to global and their involvement in hardware business in 2011 is to help boost their MIUI user-base. In order to have more people buying their hardware, Xiaomi decided to sell their products near-to-cost (Bhagat, 2014). For Xiaomi, setting up a physical store might increase the cost of the product and due to this Xiaomi concentrated their business through online. Due to Xiaomi's product will not available on the website all time, Xiaomi needs a way for them to communicate with their customers. Since Xiaomi concentrate their business through online, the best way for them to communicate with their customers is by social media (Facebook and Weibo). Xiaomi strategy of concentrated their business through social media allows their brand to be known in no time (Shih, Lin, & Luarn, 2014; Stone, 2014).

Since Xiaomi's MIUI launched in 2010, Xiaomi had built a strong user-base. Xiaomi's hardware business just helps their customers to spread Xiaomi brand easier as it has hardware for people to test out (Seifert, 2013). MIUI needed complex procedure to have it on MIUI supported devices. Normal smartphone user will not waste their time to learn how to port MIUI to their current smartphone. As Xiaomi's first hardware released, MIUI enthusiastic users manage to show MIUI to their friends and family easily. Besides that, Xiaomi can be so successful because they followed guerrilla marketing guidelines. Xiaomi focused their marketing through social media (Facebook and Weibo) and utilize the current hot topic. For example, Xiaomi is able to utilize the topic

of petrol price increased for RM 0.20. Xiaomi make fun of the petrol price increased by promising their customer that they will not increase their products by RM 0.20 also by posting it on Facebook (Mi Malaysia, 2014). This quickly becomes a hot topic among Xiaomi's customers. Xiaomi's customers felt that the post is hilarious and share the post on their profile. As they are sharing the post, more friends or family members who did not know about Xiaomi will notice the price of the products or the brand.

Xiaomi also able to spread its ideology of "Always believe that something wonderful is about to happen" with their products. When a customer receives his or her package from Xiaomi, it always has the "Wow" factors to surprise the customer when they open their package. The "Wow" factors that make Xiaomi's customers to keep buying their products and also spread Xiaomi's brand to their friends or family members. Xiaomi's way of marketing is different from their competitors as they will use their sales number to market how demanding their products is (Olson, 2014; Bhagat, 2014). For example, in 3rd of July, 2014, Xiaomi is able to sell out 7000 sets of Xiaomi Mi 3 in just 35 seconds (Mi Malaysia, 2014) and Xiaomi posted it on Facebook. Many people are frustrated and many people are happy with the sales. People who did not hear the Xiaomi as a brand before might have the chance to know the brand as people who managed to get one of the 7000 sets or people who did not manage to get one will post in their profile to complain or show off. This outstanding way of marketing managed to capture people attention.

Xiaomi do not just blindly advertise their success, they also cover customers' normal day life. Xiaomi's mascot, MiTu ("米兔") became the tools for Xiaomi's marketing campaign. Xiaomi do not always market their smartphone instead Xiaomi uses MiTu as a medium to communicate with customers. MiTu always plays a role as a friend for the customers. MiTu advertisement always related about daily life questions. For example, Xiaomi will post a photo in Facebook and in the picture MiTu will ask how your work day is. By just doing that, customers will start to comment in the post which the post will also appear in customers' friends' newsfeed. Xiaomi style of marketing considered as constant as the content is directly connected to their products or the content is trying to communicate with their customers. To reach that point, Xiaomi have communicate with their marketing team as their doubt have been eliminate and put confident into the marketing content constantly. Xiaomi way of marketing is very flexible and unique. Xiaomi concentrate their communication with their customers solely through social media. It allows them to always send out latest information to their customers.

V.

8 Discussion

As the research above able to point out, Word-of-Mouth is an important element for guerrilla marketing to become successful. Word-of-Mouth does not always work as it is influenced by different elements (YuPing, 2012; Smith, Coyle, Lightfoot & Scott, 2007). Xiaomi's strategy can be so successful is due to mobile internet that is so accessible and most of the people in this world are accessing it. Due to this element, Word-of-Mouth became the important element that influences the brand recognition of Xiaomi. Besides that, the price of Xiaomi's products also one of the elements as it is so friendly and attractive (Olson, 2014; Bhagat, 2014). Their products' quality is also acceptable by the public. As the first batch of people bought their products and enjoy them, they started to spread it around to their family members and friends. People start considering buying it as the price is so friendly and attractive. Word-of-Mouth start working as people started to promote Xiaomi's products. Besides that, Xiaomi's marketing is also very effective as they make their competitive price as the main title. When customers are scrolling their Facebook feed and they saw the advertisement about Xiaomi's products, people automatically attracted by the price. Besides that, the unique advertisements also attract conversation from people in Facebook. Xiaomi is able to utilize guerrilla marketing by making unique, eye-catching advertisements and make the advertisements become conversation to people. Besides that, recently in an interview Jony Ive complaint that Xiaomi is the copy-cat of Apple it became a hot topic for people to talk about the incident (Pasick, 2014). Apple just gave a free publicity to Xiaomi no matter it is a negative or a positive publicity. Any news headline that is related to Xiaomi will receive attention as customers starting to notice the brand, Xiaomi. Although the news headline of Xiaomi copying Apple gave Xiaomi's customers negative impression towards Xiaomi but there are also a group of Xiaomi customers that backed-up Xiaomi. This might cause Xiaomi to lose a certain amount of customers because of this incident. At the same time, due to the friendly and attractive price that Xiaomi offer, that incident might just increase the brand recognition from many more people and buying more Xiaomi products.

At last, Xiaomi's success is not build by days, weeks or even months. Xiaomi's brand is built through the trust from its primary product which is MIUI that currently used by over 70 million of users. With the amount of users, Xiaomi is able to become well known by the world by having the users to spread its brand and reputation. Word-of-Mouth is able to function due to good reputation and trust that Xiaomi is able to build with their MIUI users throughout the years.

9 VI.

10 Conclusion

Guerrilla marketing is a cost effective marketing style for a new company and a small company like Xiaomi and Xiaomi is able to utilize the strategy and became successful with it. Word-of-Mouth became the primary element

for Xiaomi's success as Xiaomi is able to make people to talk about their products no matter where they are. Besides that, the trust that Xiaomi able to build with their customers are so strong that even bad news headlines will not affect the customers continue to support Xiaomi's products. The friendly and attractive price of Xiaomi's products became eye-catching as people willing to stop scrolling their Facebook feed to read more about it. Aside from that, the friendly and attractive price also became the conversation topic from teenagers to retired people. The friendly and attractive price quickly become attention by all ages and start becoming a conversation topic regardless of how good or how bad is the quality of the products. Besides that, the fast sold out of their products make people curious about how good is their products and again created conversation among people. Word-of-Mouth is working perfectly through the support of Xiaomi's customers as they will continue to remind people that how cheap and how good are the products without themselves knowing that they are promoting or advertising the brand Xiaomi. Xiaomi's success is not easy as they only started as a software company and to build trust from their users is very difficult because there Volume XIV Issue VII Version I 15 are also many similar products that are offer in the market. Despite of all difficulties that Xiaomi faces, Xiaomi is still able to breakthrough and build strong user-base. The strong MIUI user-base allows Xiaomi to continuously sell their hardware and adapt new users for MIUI. Word-of-Mouth helps Xiaomi to spread their brand to the global market outside China and Guerrilla Marketing helps Xiaomi to sell their hardware.

17
Volume XIV Issue VII Version I
E)
(

Figure 1:

- [Adweek (2014)] , Adweek . <http://www.adweek.com/adfreak/google-embeds-itself-nyc-some-delightful-site>.
13 October 2014.
- [Malaysia (2014)] , Mi Malaysia . https://www.facebook.com/XiaomiMalaysia/photos_stream *Facebook*. Retrieved 2014. 12 October 2014.
- [Mughari ()] 'Analysis of Brand Awareness and Guerrilla Marketing In Iranian SME'. A Mughari . *Iranian Journal of Management Studies* 2011. 4 (1) p. .
- [Cleland ()] *Building successful Brands on the Internet*, R S Cleland . 2000. MBA Dissertation, University of Cambridge
- [Olson (2014)] 'China's Xiaomi Becomes World's 5th Largest Smartphone Maker'. P Olson . <http://www.forbes.com/sites/parmyolson/2014/07/31/chinas-xiaomi-becomes-worlds-5th-largest-smartphone-maker/> *Forbes*. Retrieved 2014. 19 October 2014.
- [Shih et al. ()] 'Fan-centric social media: The Xiaomi phenomenon in China'. C Shih , T Y Lin , P Luarn . doi:10.1016/j.bushor.2013.12.006. *Business Horizons* 2014. 57 (3) p. .
- [Nudd ()] *Google Embeds Itself in NYC With Some Delightful Site-Specific Outdoor Ads*, T Nudd . 2014.
- [Ay et al. ()] 'Guerrilla Marketing Communication Tools and Ethical Problems in Guerilla Advertising'. C Ay , P Aytekin , S Nardali . *American Journal Of Economics & Business Administration* 2010. 2 (3) p. .
- [Baltes and Leibing ()] 'Guerrilla marketing for information services'. G Baltes , I Leibing . *New Library World* 2008. 109 (1) p. .
- [Beli? and Jönsson (2012)] 'Guerrilla marketing: and its effects on consumer behavior'. S Beli? , E Jönsson . www.divaportal.org/smash/get/diva2:540084/FULLTEXT01.pdf *International Business And Economics Program*. Retrieved 2012. 12 October 2014.
- [Pasick (2014)] *JonyIve's copy-cat complaints about Xiaomi sound eerily familiar*, A Pasick . <http://qz.com/279263/jony-ives-copy-cat-complaints-about-xiaomi-sound-eerily-familiar/> 2014. 19 October 2014.
- [Overview of MIUI 6 -MIUI Official English Site (2014)] *Overview of MIUI 6 -MIUI Official English Site*, <http://en.miui.com/overview.php> 2014. 12 October 2014.
- [Smith et al. ()] 'Reconsidering Models of Influence: The Relationship between Consumer Social Networks and Word-of-Mouth Effectiveness'. T Smith , J R Coyle , E Lightfoot , A Scott . *Journal Of Advertising Research* 2007. 47 (4) p. .
- [Shimp et al. ()] 'Self-Generated Advertisements: Testimonials and the Perils of Consumer Exaggeration'. T A Shimp , S L Wood , L Smarandescu . *Journal of Advertising Research* 2007. 47 (4) p. .
- [Okazaki ()] 'Social influence model and electronic word of mouth'. S Okazaki . *International Journal of Advertising* 2009. 28 (3) p. .
- [Notarantonio and Quigley ()] 'The Effectiveness of a Buzz Marketing Approach Compared to Traditional Advertising: An Exploration'. E M Notarantonio , C J Quigley . 10.1080/10496490903270174. *Journal Of Promotion Management* 2009. 15 (4) p. .
- [Prévot ()] 'The Effects of Guerrilla Marketing on Brand Equity'. A Prévot . *Consortium Journal of Hospitality & Tourism* 2009. 13 (2) p. .
- [Levinson ()] *The Guerrilla Marketing Handbook*, J C Levinson . 1994. Houghton Mifflin, Boston, MA.
- [Cho et al. ()] 'The Influence of Sender Trust and Advertiser Trust on Multistage Effects of Viral Advertising'. S Cho , J Huh , R J Faber . 10.1080/00913367.2013.811707. *Journal of Advertising* 2014. 43 (1) p. .
- [Keller ()] 'Unleashing the Power of Word of Mouth: Creating Brand Advocacy to Drive Growth'. E Keller . *Journal of Advertising Research* 2007. 47 (4) p. .
- [Manker (2014)] 'What Is Guerrilla Marketing? -Definition'. A Manker . <http://education-portal.com/academy/lesson/what-is-guerrillamarketing-definition-strategies-examples.html#lesson> *Strategies & Examples | Education Portal*. Education Portal. Retrieved 2014. 12 October 2014.
- [Seifert (2013)] *What is Xiaomi? Here's the Chinese company that just stole one of Android's biggest stars*. *The Verge*, D Seifert . <http://www.theverge.com/2013/8/29/4672668/what-is-xiaomi-china-smartphonehugo-barra-android> 2013. 19 October 2014.
- [Allsop et al. ()] 'Word-of-Mouth Research: Principles and Applications'. D T Allsop , B R Bassett , J A Hoskins . *Journal Of Advertising Research* 2007. 47 (4) p. .
- [Stone (2014)] 'Xiaomi's Phones Have Conquered China. Now It's Aiming for the Rest of the World'. B Stone . <http://www.businessweek.com/articles/> *Businessweek.com*. Retrieved 2014. 19 October 2014.

10 CONCLUSION

[Bhagat (2014)] *Xiaomi Redmi 1S launched at Rs 5,999; smartphone maker takes fight to the entry level -The Economic Times. The Economic Times,*
H Bhagat . <http://economictimes.indiatimes.com/magazines/panache/xiaomi-redmi-1s-launched-at-rs-5999-smartphone-maker-takes-fight-to-the-entry-level/articleshow/40917760.cms> 2014. 19 October 2014.