



Xiaomi corporation's expansion motives into the Indonesian smartphone market (2014–2019)

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ARTICLE INFO

Article history:

Received May 1, 2026
Revised May 11, 2026
Accepted May 22, 2026

Keywords:

Asset-Seeking;
Indonesia;
Opportunity-Seeking;
Springboard Perspective;
Xiaomi.

ABSTRACT

This study aims to explain Xiaomi Corporation's expansion motives into the Indonesian smartphone market during 2014–2019 using the Springboard Perspective framework. The research problem arises from the increasing role of emerging market multinationals (EM MNEs) that expand into emerging markets to strengthen their global position. This study employs a qualitative descriptive method with a literature review approach. Data were collected from market research reports, government regulations, official company releases, and media publications. The data were analyzed using content analysis to identify findings based on asset-seeking and opportunity-seeking categories. The results reveal that Xiaomi's expansion reflects a combination of asset-seeking and opportunity-seeking motives implemented simultaneously. On the asset-seeking side, Xiaomi established local assembly facilities and partnered with Erajaya for distribution networks and after-sales services, thereby overcoming latecomer disadvantages and reducing operational costs. On the opportunity-seeking side, Xiaomi leveraged Indonesia's large, price-sensitive market, bypassed regulatory barriers through local investment, and exploited global scale advantages to offer competitive pricing. These findings confirm the proposition of the Springboard Perspective that EM MNEs use international expansion as a means to overcome home-country capability gaps while consolidating their global positions.

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1. INTRODUCTION

Globalization has brought about a major transformation in the world economy with increasing market integration, investment flows, technology, and information (Demir & Koçak, 2022). Multinational Enterprises (MNEs) play a crucial role in facilitating capital flows and technology transfer between countries, thus connecting the economies of one country with another (Šmelc, 2023). In the 1950s and 1960s, United States companies dominated global foreign investment flows, with approximately 85% of new Foreign Direct Investment (FDI) originating from the country (Hemanona & Suharyono, 2017). Giant companies such as Ford, General Motors, IBM, Toyota, Sony, Siemens, and Volkswagen symbolized the dominance of developed countries in global industry and technological innovation. However, since the beginning of the 21st century, this pattern has begun to shift with the emergence of Emerging Market Multinational Enterprises (EM MNEs) that are aggressively expanding into global markets (Rasheed & Ahmed, 2023). The UNCTAD World Investment Report shows that the contribution of EM MNEs to outward FDI

continues to increase significantly (United Nations Conference on Trade and Development, 2022). The World Economic Forum reports that approximately 30% of the Fortune Global 500 companies are now from developing countries, up from less than 10% a decade earlier (World Economic Forum, 2016).

China leads this trend with over 90 companies, followed by India, Brazil, South Korea, and Mexico. This change marks a shift in the global economic structure toward a more multipolar one (Shah, 2024). One prominent example of an EM MNE is Xiaomi Corporation. This technology company was founded in April 2010 in Beijing and has grown rapidly to become one of the top five smartphone vendors globally (Zhou et al., 2021). Data shows that Xiaomi shipped 57.7 million smartphones in 2014, increasing to 119.1 million units in 2018. However, at the same time, the Chinese domestic market were becoming more and more saturated. Smartphone shipments in China fell by 4% in 2017 to 459 million units, and the average annual growth rate from 2014 to 2018 was below 10% (Mongardini & Radzikowski, 2020).

Intense competition from Huawei, Oppo, and Vivo is pressuring profitability, prompting Xiaomi to seek new opportunities overseas (Wang, 2021). Indonesia is one such strategic target for Xiaomi's expansion due to its population of over 250 million, a growing middle-class segment, and rapid internet and smartphone penetration (Kurniasari et al., 2021). Indonesia is also the world's fourth-largest smartphone market after China, India, and the United States. However, expansion into Indonesia is inseparable from the institutional context. The Indonesian government has implemented a 30% Domestic Component Level (TKDN) policy for 4G phones since 2017, requiring foreign vendors to assemble or collaborate on production domestically. This situation requires adjustments to business strategies and supply chains to ensure product marketability.

To understand this phenomenon, the study uses the Springboard Perspective framework. This framework was originally introduced by Luo & Tung (2007), who explained that companies from developing countries engage in international expansion as a springboard to: (1) compensate for competitive disadvantages, (2) overcome latecomer disadvantages, (3) counter-attack global competitors, (4) bypass trade barriers, (5) alleviate domestic and institutional constraints, (6) secure preferential treatment, and (7) exploit competitive advantages. This theory emphasizes that EM MNEs often face latecomer disadvantages and the liability of foreignness, so their internationalization strategy is not only about finding markets but also about enhancing capabilities (Wardhaniika & Hendrati, 2021).

In other words, overseas expansion serves as a catch-up mechanism to reduce the gap with MNEs from developed countries (Enderwick & Buckley, 2021). Springboard Perspective also highlights the main motives for expansion: asset-seeking and opportunity-seeking. "Asset-seeking" refers to a company's efforts to acquire new capabilities or compensate for internal deficiencies, for example, by building production facilities, accessing distribution networks, or establishing strategic alliances (Luo & Tung, 2007). Meanwhile, opportunity-seeking emphasizes a company's efforts to exploit external opportunities, such as large, unsaturated markets, regulatory loopholes, or cost and scale advantages (Luo & Tung, 2007). Studies have found that Chinese companies such as Huawei, Lenovo, and Haier utilize this strategy to strengthen their global competitiveness (Nurul et al., 2024).

In the Indonesian context, the application of the Springboard Perspective is relevant because TKDN regulations force foreign companies to make local investments as a condition of market entry. This creates a situation where asset-seeking and opportunity-seeking motives operate simultaneously. On the one hand, Xiaomi must acquire local assets in the form of manufacturing and distribution networks to comply with regulations; on the other hand, the company can access and exploit a large, price-sensitive market to expand its regional market share. A research gap arises because there are still few studies specifically examining how Xiaomi balances these two motives in the context of Southeast Asian markets, particularly Indonesia.

Furthermore, the phenomenon of EM MNE internationalization also needs to be understood in the context of cross-country comparisons. For example, other Chinese companies like Huawei and Lenovo have already utilized overseas acquisition and investment strategies to acquire global technology and brands. Huawei expanded into the European market by establishing a research center in Germany, while Lenovo acquired IBM's ThinkPad PC division to strengthen its

reputation in Western markets. In India, companies like Tata Motors took a similar approach by acquiring Jaguar Land Rover in 2008, giving the Indian company access to premium automotive technology. These examples demonstrate that aggressive expansion by EM MNEs is not uncommon and is occurring in many developing countries. Therefore, Xiaomi should be understood as part of a larger wave of increasingly multipolar EMN internationalization.

The Indonesian context itself demonstrates a strong appeal for global company expansion. Prior to 2014, Indonesia experienced a rapid shift from feature phones to smartphones. This transition was marked by the decline of Nokia and BlackBerry, which previously dominated the market, and was replaced by Android-based smartphones offered by Samsung and Chinese companies. In 2013, Indonesia's internet user population reached approximately 71 million, a sharp increase from just 25 million in 2008. This surge created a significant market opportunity for affordable devices, particularly in the entry-level and mid-range segments (Nugroho, 2024). With consumers who are price-sensitive but have high-tech aspirations, Indonesia is an ideal target for Xiaomi's penetration strategy, which prioritizes high specifications at competitive prices. In addition to market factors, government regulations are also a crucial aspect shaping the dynamics of smartphone company internationalization.

The Domestic Component Level (TKDN) policy, introduced in 2015 and fully implemented in 2017, requires smartphone manufacturers to meet a minimum 30% local content requirement for 4G devices. This regulation forced global companies to adjust their supply chains and production strategies. Samsung, Oppo, and Vivo responded by establishing local assembly plants in Cikarang, while Xiaomi chose Batam through a partnership with Sat Nusapersada and Erajaya. This policy positions Indonesia not only as a consumer market but also as a production base, offering opportunities for technology transfer.

Academically, discussions of EM MNE internationalization often focus on the context of China, India, or Brazil, with relatively few studies focusing on Southeast Asia, particularly Indonesia. Indonesia, however, is a strategic market that can serve as a natural laboratory for testing propositions in internationalization theory. For example, whether EM MNEs consistently engage in leapfrogging, as described by Luo & Tung, or whether they can also follow the incremental pattern of the Uppsala Model, is questionable. This literature gap opens up research opportunities to analyze the case of Xiaomi in Indonesia, thereby providing new empirical contributions to the development of the Springboard Perspective theory.

This study offers novelty by linking the changing structure of the Indonesian smartphone market with the internationalization motives of a Chinese EM MNE. Unlike previous studies that mainly discuss Chinese smartphone firms from the perspective of marketing performance, brand image, or consumer purchase intention, this article explains Xiaomi's entry as the outcome of simultaneous market, institutional, and capability pressures. The shift from feature phones to Android smartphones, the weakening of legacy brands, the rise of price-sensitive digital consumers, and the introduction of TKDN regulation created an entry window for Chinese EM MNEs. For firms such as Xiaomi, this market restructuring implied that Indonesia was not merely a large sales destination but also a strategic host market where latecomer firms could test online-to-offline distribution, acquire local legitimacy, and convert cost advantages into competitive positioning.

Based on this background, the purpose of this study is to explain the asset-seeking and opportunity-seeking motives driving Xiaomi's expansion into Indonesia and relate them to market dynamics and the institutional context from 2014 to 2019. With this focus, this study is expected to provide a theoretical contribution to the development of EM MNE internationalization literature, particularly in the relatively understudied Southeast Asian region.

This research's theoretical study encompasses the concepts of MNEs and EM MNEs, which emphasize the distinct characteristics of firms from developing countries compared to developed countries, as well as the Springboard Perspective framework, which divides expansion motives into asset-seeking and opportunity-seeking. Previous studies have also found similar patterns in Xiaomi's expansion into other countries, where the company began with online sales, expanded its distribution network, and then established local production to comply with regulations and strengthen its competitiveness (Nurul et al., 2024).

2. RESEARCH METHOD

This research employs a qualitative descriptive method with a literature review approach. This approach was chosen because it allows researchers to explore Xiaomi's internationalization phenomenon in depth and comprehensively without direct intervention in the field. Qualitative methods are deemed appropriate because the research focuses on interpreting socio-economic phenomena, particularly the expansion motives of emerging market multinational enterprises, which cannot be fully explained by quantitative data alone. Literature review provides the flexibility to access and combine various relevant secondary data sources, allowing for contextual and historical analysis.

The research scope focuses on Xiaomi Corporation's expansion activities into the Indonesian smartphone market from 2014 to 2019. This time period was chosen because it reflects Xiaomi's initial entry into Indonesia through flash sales, followed by a phase of offline distribution consolidation, peak market share growth, full compliance with the Domestic Component Level (TKDN) policy, and prior to the onset of extraordinary international conditions such as the COVID-19 pandemic. The unit of analysis in this study is international expansion motives, defined based on the Springboard Perspective framework, encompassing asset-seeking (efforts to compensate for capability deficiencies and overcome latecomer disadvantages) and opportunity-seeking (capitalizing on market opportunities, overcoming trade barriers, and counter-attacking global competitors).

The 2014–2019 period was therefore selected because it represents a complete early internationalization cycle of Xiaomi in Indonesia: 2014 marks the company's initial market entry through online flash sales; 2017 marks the institutional turning point when TKDN compliance pushed Xiaomi toward local assembly and local partnerships; and 2018–2019 represents the consolidation phase when Xiaomi's shipment growth and market position became visible. The period also ends before the COVID-19 pandemic, allowing the analysis to focus on normal market and regulatory dynamics rather than crisis-driven changes in consumer behavior and supply chains. Data collection was conducted through literature documentation. Data sources included market research agency reports that provide quantitative data on sales volume and market share; government policies, particularly TKDN regulations, which are important institutional factors; official company releases, both from Xiaomi and local partners such as Erajaya, that describe business strategies and implementation on the ground; and mainstream media publications (The Jakarta Post, Tech in Asia, and Selular) that provide information on industry competitive dynamics. Source selection was conducted purposively, considering three criteria: relevance (appropriateness to the research topic), credibility (authority of the publisher or institution), and recency (period 2014–2019).

The collected data were analyzed using content analysis techniques. The analysis stages were carried out systematically, starting with data reduction—sorting information relevant to the research focus, particularly regarding Xiaomi's expansion motives. Next, categorization—grouping data according to asset-seeking indicators (e.g., local manufacturing development, distribution, partnerships) and opportunity-seeking indicators (e.g., market penetration, regulatory bypass, cost exploitation).

To make the categorization more operational, this study distinguishes asset-seeking and opportunity-seeking through observable indicators in the secondary data. Asset-seeking is coded when Xiaomi's actions show efforts to acquire or build local capabilities, while opportunity-seeking is coded when the action focuses on capturing new markets, leveraging cost-efficiency, regulatory access, and competitive openings (Luo & Tung, 2007).

Table 1. Operational indicators of xiaomi's expansion motives

Motive category	Operational indicators	Evidence/coding in Xiaomi case
Asset-seeking	Local assembly; domestic partnership; distribution access; after-sales services	Batam production and Erajaya partnership are coded as capability acquisition and latecomer-disadvantage reduction.
Opportunity-seeking	Large price-sensitive demand; TKDN market access; cost scale; competitive attack	Redmi pricing, TKDN compliance, global scale, and O2O competition are coded as opportunity exploitation.

Thematic interpretation—interpreting the data by linking it to the Springboard Perspective framework and the literature on EM MNE internationalization. Narrative synthesis—structuring the analysis results into in-depth descriptions that address the research questions. To ensure data validity, this study utilized source triangulation, comparing information from various publications (market research reports, media, and official releases) to ensure the consistency and validity of the findings. Furthermore, cross-checking between sources was conducted to avoid interpretation bias. Although this research is based on secondary literature, the researcher remains a key instrument in selecting, interpreting, and synthesizing the data. Thus, the subjectivity inherent in qualitative methods can be minimized through open analysis and the reliability of the sources used.

Furthermore, this study emphasizes the importance of time in the analysis process. Xiaomi's expansion into Indonesia took place in several distinct stages, so each period presented a different strategic and policy context. By presenting the data in chronological order, interpretation can be more precise in examining the relationship between regulatory changes and corporate responses. Furthermore, this study incorporates an institutional perspective. For example, TKDN regulations are treated as institutional variables that directly influence corporate strategy. This approach allows researchers to interpret the data not only as a series of business decisions but also as the result of interactions with the regulatory environment and domestic market structure.

To enhance the analytical rigor, cross-comparison is also conducted with other studies on the internationalization of companies from developing countries. The cases of Lenovo and Huawei serve as comparative references to ensure that the indicators used in the asset-seeking and opportunity-seeking categories are consistent with previous literature.

3. RESULTS AND DISCUSSIONS

Indonesian Smartphone Market Dynamics (2014–2019)

Throughout the observation period, the Indonesian smartphone market grew rapidly and became one of the largest in the world. This growth was driven by three main factors: increasing internet penetration, a growing middle class, and the development of online and offline distribution channels. According to Canalys in Q3 2019, the Indonesian smartphone market reached 11.5 million units, a 29% year-on-year increase, making it the fastest-growing of the world's ten largest markets. During this period, Oppo ranked first, while Xiaomi came in second with around 2.5 million units (Canalys., 2019). This fact indicates that towards the end of the observation period, Indonesia was not only a large market but also in a phase of accelerated device demand.

Before Xiaomi entered Indonesia in 2014, the national smartphone market was already dominated by several large, established players. According to reports, for the 2013–2014 period, Samsung was the market leader with a share of over 25% (Techinasia., 2015). This position is supported by the Galaxy product line, which spans from entry-level to flagship segments, as well as a massive distribution strategy through authorized retailers and telecommunications operators. Besides Samsung, BlackBerry still holds a significant position, especially among young professionals and students thanks to the popularity of BBM as an exclusive instant messaging application. However, by 2014, BlackBerry's prestige began to decline due to a limited app ecosystem and delayed Android adoption, leading consumers to slowly shift to other platforms. Meanwhile, Chinese companies such as Huawei and Lenovo began to penetrate the Indonesian market, although their market share remained small. Limited promotion, a minimal after-sales network, and an underdeveloped brand image were the main inhibiting factors.

Oppo, on the other hand, has been more aggressive since its initial entry in 2013. With the tagline "Selfie Expert" and a large-scale marketing campaign, Oppo managed to rapidly increase brand awareness, although it was initially unable to compete with Samsung's dominance (Wibowo et al., 2022). Meanwhile, VIVO only began its presence in the country around 2014 and has yet to achieve significant market share. In addition to global players, local companies such as Advan, Evercross, and Smartfren Andromax are quite popular in the entry-level market. With their low prices and wide availability in traditional stores and operator outlets, they are able to attract consumers looking to switch from feature phones to smartphones. However, their price advantage is not matched by innovation in specifications or ecosystems, so in the medium term, their strength

tends to be fragile when global competitors offer more attractive value propositions (Wibowo et al., 2022).

The market structure prior to Xiaomi's entry reflected a competitive oligopoly with distinct characteristics for each player: Samsung dominated the market through its global reputation and broad distribution, BlackBerry maintained a loyal customer base despite its decline, Oppo built its image through intensive marketing, Huawei and Lenovo attempted to enter with mid-range devices, and local companies relied on low prices. Competition was fierce but relatively stable, with Samsung remaining far ahead. Xiaomi's entry in 2014 was a game-changer. With its online sales strategy through flash sales on Lazada and its Redmi 1S series offering high specifications at an affordable price, Xiaomi immediately disrupted the status quo. This strategy contrasted with competitors' reliance on offline distribution channels and large advertising budgets. Xiaomi successfully capitalized on digital consumer trends and online communities, building a loyal user base without significant investment in retail networks (Gumilar et al., 2025).

Thus, the dynamics of the Indonesian smartphone market before Xiaomi demonstrate how the market was already competitive but still left a significant gap: the presence of millions of price-sensitive consumers who were not fully served by established vendors. This gap was exploited by Xiaomi to enter and explains why the company quickly achieved second place in the national market share. This structural change marked a shift in competition from mere brand prestige and marketing budgets to a battle for value for money, which would shape the new face of the Indonesian smartphone industry in the following period.

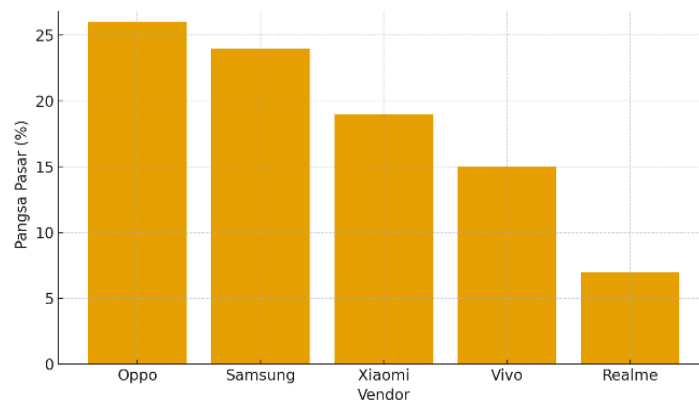


Figure 1. Indonesia smartphone market share – Q2 2019

Source: (*The Jakarta Post*, 2019)

Indonesia's competitive landscape demonstrates dense and price-sensitive competition. The Jakarta Post, using Canalsys data from Q2 2019, showed that Oppo controlled 26% of the market share, Samsung 24%, Xiaomi 19%, Vivo 15%, and Realme 7% (The Jakarta Post, 2019). The lack of a single dominant market reflects the intense competition, where each company needs to have a clear value proposition to maintain its position. Xiaomi leveraged its value-for-money advantage by offering affordable yet high-spec devices, a proven success, demonstrated by the launch of the Redmi 1S through a Lazada flash sale in September 2014, which sold out within minutes.

However, the dynamics of the Indonesian market are inextricably linked to regulatory factors. The implementation of the tightened Domestic Component Level (TKDN) policy since 2017, with a minimum limit of 30% for 4G phones, forced all foreign vendors to shift from full imports to local production. In February 2017, Xiaomi announced local production in Batam through a partnership with Sat Nusapersada, TSM Technologies, and Erajaya. This collaboration allows the company to comply with regulations while expanding offline distribution channels. Canalsys data recorded a surge in Xiaomi shipments from 100,000 units in 2017 to 1.7 million units in 2018 (Kompas, 2018). Even in Q3 2019, Xiaomi still managed to ship 2.5 million units, representing a 22% year-over-year increase (Canalsys., 2019).

Going back further to the period before 2010, the Indonesian mobile phone market was dominated by feature phones, with Nokia as the primary player. The arrival of BlackBerry then shifted consumer preferences. The shift toward Android smartphones began to emerge after 2011, when Samsung introduced the Galaxy line. The 2017–2019 period was a crucial period due to a combination of regulatory factors and intense competition. The government tightened local content requirements (TKDN) regulations, while all vendors began local assembly. Samsung, Oppo, and Vivo established facilities in Cikarang, while Xiaomi established facilities in Batam. Indonesian consumers are increasingly sensitive to value for money, and Xiaomi has successfully capitalized on this segment.

Asset-Seeking Motive

Xiaomi's asset-seeking motive is evident in its expansion strategy in Indonesia. One of the most prominent steps was the establishment of a local assembly facility in Batam in 2017. This facility allows the company to meet local content requirements while reducing its dependence on imports. In addition to manufacturing, Xiaomi has partnered with Erajaya Group to expand distribution and after-sales services. Prior to this alliance, Xiaomi faced significant limitations in offline distribution. With Erajaya, Xiaomi was able to boost consumer confidence (Purnomo, 2024).

Xiaomi also faced latecomer disadvantages due to its entry into a market already saturated with established players. However, its online flash sale strategy through Lazada successfully generated market enthusiasm and built a community of "Mi Fans." The following table summarizes Xiaomi's asset-seeking strategy within the Springboard Perspective framework:

Table 2. Xiaomi asset-seeking mapping

Motive	Category Findings	Xiaomi Case	Interpretation
Asset-seeking	Compensate competitive disadvantage	Local production in Batam; logistics & retail access via Erajaya	Filling manufacturing and distribution capability gaps; accelerating market adaptation
	Overcome latecomer disadvantage	Flash sale 2014 → community, offline expansion 2017	Leapfrogging strategy to reduce liability of foreignness

Opportunity-Seeking Motive

Xiaomi's expansion in Indonesia is also driven by significant market opportunities. Indonesia has a large population, increasing internet penetration, and price-sensitive consumers. Xiaomi's product strategy, with the Redmi series as a "budget flagship," has succeeded in attracting consumers. Local production also strengthens product legitimacy in the eyes of consumers. Xiaomi leverages its global production scale to reduce costs and offer competitive prices. This strategy allows Xiaomi to compete directly with Samsung and Oppo.

The following table summarizes Xiaomi's opportunity-seeking within the Springboard Perspective framework:

Table 3. Xiaomi's opportunity-seeking mapping

Motive	Category Findings	Xiaomi Case	Interpretation
Opportunity-seeking	Bypass trade barriers	Local investment to meet TKDN	Using FDI to secure market access
	Exploit competitive advantages	Global scale → low cost, competitive pricing	Converting cost leadership into market share
	Counter-attack global competitors	Aggressive online→offline; head-to-head with Samsung & Oppo	Strengthening global position through strategic host markets

Thus, Xiaomi's opportunity-seeking motive in Indonesia is not only about accessing new markets but also about strengthening its global position. Indonesia serves as a springboard for Xiaomi to expand its influence in Southeast Asia while also serving as a laboratory for offensive strategies against global players.

The Indonesian expansion also strengthened Xiaomi's broader position in Southeast Asia because success in Indonesia provided scale, brand visibility, and strategic learning in one of the region's largest and most competitive markets. This regional integration facilitated the company's ability to reshape consumer perceptions of Chinese electronics, transitioning from historically low-quality associations to a reputation for high-performance devices at competitive price points (Purnomo, 2024). By proving that a Chinese EM MNE could combine local assembly, digital community building, and offline retail partnerships under strict local-content regulation, Xiaomi gained a replicable regional model for other ASEAN markets with similar price sensitivity and institutional complexity. Thus, Indonesia functioned as both a revenue-generating market and a strategic learning base for reinforcing Xiaomi's regional competitiveness.

Findings regarding the dynamics of the Indonesian smartphone market indicate that rapid growth is driven not only by demand factors but also by changes in the competitive structure and market institutions. The competitive oligopoly conditions prior to Xiaomi's entry created space for business model innovation, particularly in the underserved price-sensitive segment. In this context, Xiaomi's success is inextricably linked to its ability to identify market gaps and shift the competitive landscape from brand prestige to value-for-money. From the perspective of the Springboard Perspective, Xiaomi's strategy reflects how a company from a developing country is able to overcome limitations through unconventional approaches. Rather than following traditional distribution channels like its competitors, Xiaomi utilizes digital channels (flash sales) as a leapfrogging mechanism to penetrate the market. This demonstrates that latecomer disadvantage is not always a barrier but can be transformed into an advantage through strategic innovation (Nilasari & Handayani, 2020).

The asset-seeking motive in Xiaomi's case appears to be a systematic effort to compensate for limited capabilities. Investing in local manufacturing in Batam serves not only to comply with local content requirements (TKDN) regulations but also as a means of gaining legitimacy and improving operational efficiency. The alliance with Erajaya demonstrates the importance of access to institutional assets such as distribution networks and after-sales service. This aligns with the view that EM MNEs use local alliances to mitigate the liability of foreignness (Hertenstein & Alon, 2022). Xiaomi's strategy also demonstrates a pattern of upgrading capabilities through a combination of investment and collaboration. Experience in managing local production and domestic supply chains provides learning that enables the company to adapt more quickly to Indonesian consumer preferences. Thus, asset-seeking is not merely defensive but also lays the foundation for strengthening its long-term position. Meanwhile, the opportunity-seeking motive reflects Xiaomi's ability to optimally exploit external opportunities. The characteristics of the Indonesian market, which is large, young, and price-sensitive, provide ideal conditions for a value-for-money strategy. Xiaomi has successfully positioned itself in the middle segment, bridging the gap between premium products and low-quality, affordable products.

Furthermore, the TKDN policy, initially viewed as an obstacle, has instead been exploited as a strategic opportunity to strengthen its market position. By localizing production, Xiaomi not only secures market access but also enhances its image as a company contributing to the domestic economy. This demonstrates that institutional pressure can serve as a catalyst for transforming corporate strategy. In the context of global competition, Xiaomi's expansion in Indonesia also has an offensive dimension. Indonesia is not only a target market but also an arena for testing and strengthening strategies to face global competitors. Xiaomi's success in increasing market share amidst an industry slowdown demonstrates the effectiveness of combining online and offline strategies and global-scale cost efficiency.

Xiaomi's success also affected competitors' business models in the Indonesian smartphone industry. The strong market response to flash sales, community-based promotion, and value-for-money positioning pressured established players to strengthen online sales channels, adjust pricing strategies, and combine digital campaigns with offline retail visibility (Arjuna & Ilmi, 2020). Samsung, Oppo, Vivo, and other vendors increasingly had to compete not only through brand prestige and advertising intensity but also through specification-to-price ratios, local production compliance, faster product cycles, and broader after-sales coverage (Safiya, H. M., & Shylesh, 2019). This indicates that Xiaomi's entry contributed to a structural shift in the industry

from a predominantly offline and promotion-heavy model toward a hybrid online-to-offline, price-value, and ecosystem-oriented competitive model.

This study confirms that Xiaomi's success in Indonesia is the result of an interaction between internal (corporate strategy) and external factors (market structure, regulations, and consumer preferences). The Springboard Perspective approach provides a relevant framework to explain how companies are able to leverage international expansion as a means to pursue both assets and opportunities, resulting in rapid and sustainable growth.

4. CONCLUSION

This study aims to explain Xiaomi Corporation's expansion motives into Indonesia from 2014 to 2019 using the Springboard Perspective framework. The results indicate that Xiaomi's expansion was influenced by a combination of asset-seeking and opportunity-seeking motives that occurred simultaneously. From an asset-seeking perspective, Xiaomi established a local assembly line in Batam with a domestic partner to comply with local content requirements (TKDN) regulations, lower import costs, and accelerate time-to-market. Furthermore, the partnership with Erajaya strengthened its distribution network and after-sales service, reducing latecomer disadvantages and enhancing brand legitimacy in the host market. From an opportunity-seeking perspective, Xiaomi capitalized on the potential of the large and price-sensitive Indonesian market through a strategy of offering high-spec products at affordable prices, bypassing regulatory barriers with local product status, and leveraging global production scale to maintain competitive pricing. Its aggressive online-to-offline strategy enabled Xiaomi to counterattack dominant players like Oppo and Samsung, strengthening its position in the lower-middle segment.

Theoretically, the findings of this study confirm the Springboard Perspective's proposition that EM MNEs use international expansion as a means to overcome domestic capability limitations and enhance global competitiveness. The Xiaomi case demonstrates that asset-seeking and opportunity-seeking do not operate in isolation, but rather complement each other to generate sustainable market share growth. This research also opens up opportunities for further research. The post-2019 period brought new dynamics not yet captured in the analysis, such as the impact of the Covid-19 pandemic, which accelerated digitalization and changed consumer consumption patterns. Furthermore, the emergence of 5G technology and increased geopolitical competition between the United States and China have influenced the global smartphone industry landscape, including the strategies of players like Xiaomi. This situation is important to consider because it could determine whether the springboard pattern seen in the initial phase of expansion will persist or undergo adjustments.

The main limitation that most affects the depth of interpretation is the reliance on secondary data. Because this study does not include interviews with Xiaomi, Erajaya, Sat Nusapersada, regulators, or consumers, the analysis cannot fully capture internal decision-making, exact investment values, detailed TKDN calculations, or managerial perceptions behind Xiaomi's strategy. Nevertheless, the main theoretical contribution is that this study extends the Springboard Perspective by showing that asset-seeking and opportunity-seeking can operate simultaneously in a host-country setting shaped by both market restructuring and institutional pressure. In the Xiaomi case, local assembly and partnerships were not merely defensive responses to regulation, but also instruments for building legitimacy, learning, and regional competitiveness.

Practically, the findings suggest that other emerging market MNEs entering Indonesia should not treat the country only as a large consumer market. They need to design entry strategies that combine regulatory adaptation, credible local partnerships, competitive pricing, online-to-offline distribution, and strong after-sales services. For EM MNEs, the Indonesian case demonstrates that compliance with local-content rules can become a strategic asset when it is integrated with market positioning and capability development rather than treated only as an administrative obligation.

Future research could also expand the scope by conducting comparative studies across companies, both with fellow Chinese players like Oppo and Vivo and with companies from other developing countries like Transsion in Africa. Cross-case comparisons would provide a clearer picture of the extent to which the Springboard Perspective's propositions are generally applicable or whether there are unique strategic variations in each market context. Thus, this research not

only serves to understand Xiaomi's strategy in Indonesia but also emphasizes the importance of viewing emerging markets as a testing ground for internationalization theory. Indonesia, with its combination of large population, strict regulations, and fierce competition, provides a natural laboratory for assessing the reach of multinational companies from developing countries. This conclusion positions Xiaomi's case as more than just the story of one company, but rather as part of a global phenomenon of how companies from emerging markets establish a foothold on the international stage.

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