

Xiaomi drives into EV market with 'dream car' at US\$29,880

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It was thought to be another smartphone launch. Instead, it was the debut of a "dream car," with technology giant Xiaomi releasing its first ever electric vehicle in Beijing last Thursday.

Xiaomi's expansion into the booming but crowded EV market is being seen as akin to David aiming its slingshot at Goliaths like Tesla and BYD that dominate the world's EV market.

The Xiaomi SU7 is a sleek, four-door, C-class sedan, with a driving range of up to 700 kilometers. Prices of the model start at 215,900 yuan (US\$29,880).

The SU7 Pro is being sold at a starting price of 245,900 yuan while the SU7 Max sales start at 299,900 yuan.

Lei Jun, Xiaomi's chairman, called the SU7 "the best-looking, best-driving and smartest car" costing under 500,000 yuan, and a "dream car."

Leaders of China's pioneering EV makers, including NIO, XPeng and Li Auto, were present at the Xiaomi launch.

China's love affair with electric cars is no secret. Amid tightening emission regulations and a national green energy strategy, EVs have become the future. The market has seen a feeding frenzy, attracting not just automakers but also domestic tech giants like Baidu, Huawei and now Xiaomi.

However, the path to EV glory isn't paved with gold, or silicon in this case. US giant Apple withdrew from its "Project Titan" self-driving car initiative recently. The complexities of manufacturing, coupled with the fiercely

competitive Chinese landscape, proved too daunting even for the company that revolutionized the mobile phone industry.

Xiaomi, known for its aggressive pricing and feature-packed phones, seems undeterred. Lei hailed the car not just for its speed, but also for seamless integration with a smart ecosystem, including support for Apple's CarPlay.

"Xiaomi has the brand recognition, supply chain capability and ecosystem to connect all (devices). Sales will grow rapidly in the initial stage," CINDA Securities said in a research note, which also mentioned that Xiaomi is cooperating with more than 20 listed firms on car-making.

The SU7 cars are on display at six Xiaomi stores in Shanghai and more than 2,000 "angel clients" in the city have ordered them, including business elites, celebrities and opinion leaders. They will pick up the car as the first batch of owners, it was revealed.

Normal consumers can pay 5,000 yuan online or on-site to order or be on the waiting list, but there is no detailed timetable for getting the car, according to a salesperson of a Xiaomi store in Xujiahui.

Cut-throat price war

The elephant in the room, of course, is American rival Tesla. Elon Musk's company has had a head start, and boasts a loyal following and a well-established network of charging stations across China.

Another factor to consider is the cutthroat price war



Lei Jun, Xiaomi's chairman, speaks during the Xiaomi SU7 electric car launch ceremony in Beijing last Thursday. — IC

plaguing the Chinese EV market. Profit margins are razor-thin, with companies like domestic automaker BYD offering feature-rich vehicles at highly competitive prices.

The launch of the SU7 comes just days after BYD, the world's top EV seller, posted record annual profits.

CreditSights, a financial research firm, said it expects Xiaomi's EV division to sell 60,000 vehicles in its first year and lose money for the first two years due to high marketing and promotion costs.

But Xiaomi has a secret weapon — its loyal fanbase.

Millions of satisfied Xiaomi phone users are potential car buyers, a built-in customer base most automakers would envy. Furthermore, Xiaomi's expertise in artificial intelligence and user interface design promises a truly unique in-car experience, which will woo tech-savvy Chinese consumers, analysts say.

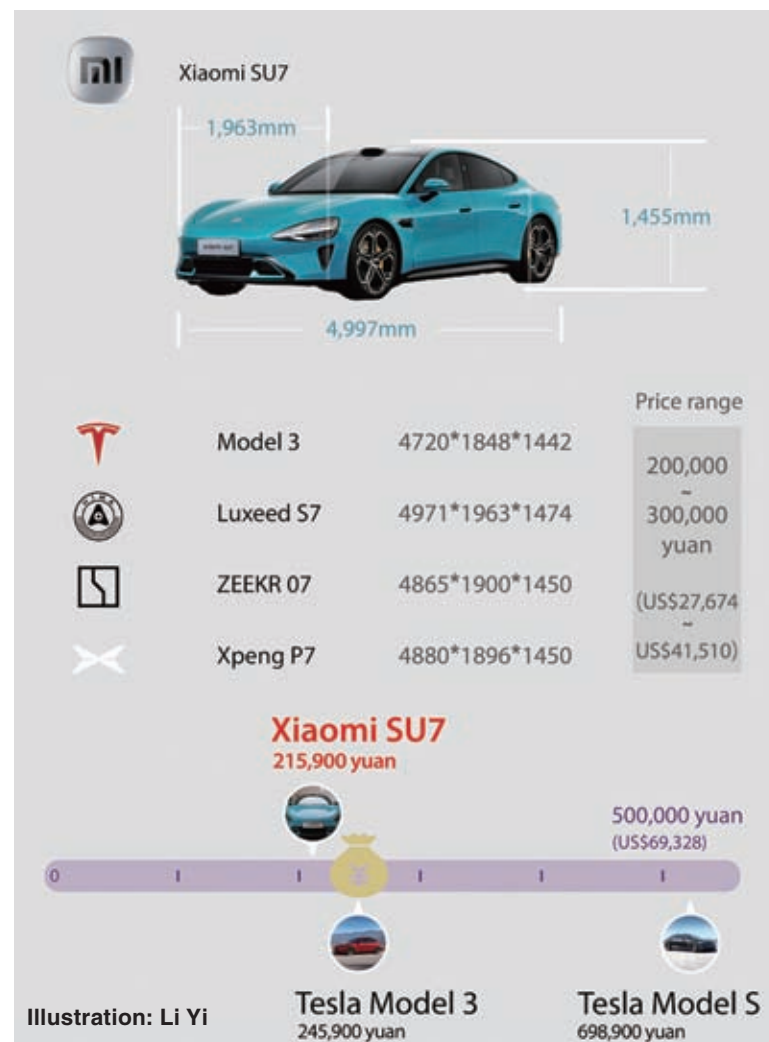


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