

Research on the Globalization Process of BYD New Energy Vehicles

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Abstract

This paper aims to deeply explore the globalization process of China's BYD Company, and evaluate its performance in the field of new energy vehicles from the dual perspectives of international strategy and marketing mix. As a leader in China's automotive industry, BYD has made remarkable achievements in the global market with its strong product strategy and brand influence. This paper first analyzes BYD's core competitiveness, including its advantages in battery technology, electric vehicle research and cost control. Then, this paper elaborates on the internationalization strategy adopted by BYD for different target markets, such as cooperating with local enterprises, establishing overseas production bases, participating in international exhibitions, in order to enter new countries and attract more potential customers. In addition, the paper also explores BYD's innovative practices in marketing mix, such as digital marketing, social media promotion and customized services, to increase brand awareness and market share. However, in the face of increasingly fierce market competition, this paper also puts forward some improvement suggestions, such as strengthening brand building, expanding diversified channels, improving product quality and service level, to help BYD maintain a leading position in the global new energy vehicle market.

Keywords

Globalization; International Strategy; New Energy Vehicles; Market Competition; BYD Company.

1. Research Background

The emergence of the industrial revolution has brought new impetus to social development, and the application of steam has also provided an opportunity for the development of the automobile industry. In order to meet the needs of economic and social development, automobiles have become an indispensable and important tool in social production, transportation and other fields. However, with the progress of the times and the increasing improvement of people's living standards, the extensive use of automobiles has also brought great challenges to environmental protection. Therefore, the new energy automobile industry came into being. At present, China is also closely following this development momentum and using our advantages to support the development of new energy automobile industry (Wang et al. 2019).

1.1. The Background of Global New Energy Vehicle

Since the beginning of the 19th century, the new energy automobile industry has entered the people's vision. However, due to the large-scale exploitation of oil fields, the price of gasoline has gradually decreased, and the internal combustion engine technology has been improved. People are increasingly inclined to choose gasoline vehicles. Until the end of the twentieth century, the awareness of environmental protection has deepened and resources have become increasingly scarce. Energy-saving and environmentally friendly electric vehicles have once

again attracted people's attention. Entering the 21st century, promoting the development of the electric vehicle industry has become the strategic in many countries in the world to cope with environmental and energy challenges. The world's new energy vehicle industry has also begun to enter a new stage of comprehensive upgrading (Mcloughlin, 2022). According to the EVTank, a research institution, the global sales of new energy vehicles reached 10.824 million, an increase of 61.6% in 2022. And the main contribution to global car sales comes from China. In 2022, China's new energy vehicle sales reached 6.884 million, with a global share of 63.6%, while this figure was only 53.0% in 2021. In 2022, the sales growth of new energy vehicle market in Europe and the United States is less than expected, with year-on-year growth of only 16.0% and 52.1% respectively, which is a certain gap from the forecast at the beginning of the year.

1.2. The Background of Domestic New Energy Vehicle

From the perspective of China's domestic environment, China has just entered a well-off society in 2021, and it is necessary to plan and start a new development journey in time (Zhu, 2018). This is crucial for the automobile industry to seize the opportunity. Automobile enterprises can no longer adopt low-cost strategy and quantity as before. Only by applying key core technologies in the production process is the long-term way for enterprise development.

Nowadays, Chinese consumers are increasingly pursuing their own quality of life. For example, transportation tools have gradually changed from bicycles and motorcycles to cars. However, with the development of the automobile industry, the negative problems brought by the traditional automobile industry have gradually emerged. On the one hand, from the energy side, the use of oil has increased dramatically, but China's oil output is not high, domestic supply is small, which makes China's net oil imports continue to increase. On the other hand, from the perspective of environmental governance, 'haze' has a bad impact on the environment, and one of the main sources of particulate pollutants in haze is the exhaust of traditional fuel vehicles. Some negative problems such as greenhouse effect and respiratory disease are also appearing with the increase of numerical value. In the face of increasingly serious negative problems, the domestic community has begun to actively seek the road of optimization and upgrading of the traditional automobile industry, which is new energy vehicles. According to the data of China Association of Automobile Manufacturers, in 2022, China's new energy vehicles have developed rapidly in the past two years, ranking first in the world for eight consecutive years. Under the dual role of policy and market, new energy vehicles continue to grow explosively, with production and sales of 7.058 million and 6.887 million respectively, up 96.9% and 93.4% respectively, and market share reached 25.6%.

1.3. The Background of BYD New Energy Vehicles

BYD is an old brand automobile enterprise, which has transformed from traditional automobile to high-tech enterprise, and has great momentum in developing electric vehicle industry. BYD was founded in February 1995. Three years after its establishment, BYD began its foreign layout and entered the European market. Additionally, the company established its own industrial park, and then the company expanded its scale to acquire Qinchuan Automobile Co., Ltd. and established the current BYD Automobile Co., Ltd. In 2005, BYD launched the F3 electric vehicle; in 2008, BYD launched the first innovative dual-mode electric vehicle on the market, which can be used without the help of professional charging stations; BYD first released the cloud rail series products in 2016; its bus factory invested in the United States began operation in 2017. BYD has experienced many years of development, footprints in more and more countries. At present, the company employs about 220,000 people and has 19 business offices. The industrial layout is concentrated in the three core areas of IT, automobile and new energy. Computer products mainly operate secondary rechargeable batteries and electronic supporting facilities.

According to BYD's production and sales report in November 2022, BYD's overseas monthly sales of new energy passenger cars exceeded 10,000 for the first time. In December 2022, overseas monthly sales reached 11320. In 2022, the total export of passenger cars in the whole year was 55,916, an increase of 307.2% year-on-year, and the overseas market continued to exert its strength. It is worth noting that, at present, BYD has successively launched advanced technologies such as blade battery, E platform 3.0 and DM4.0 in China, providing further guarantee for its supply chain advantages, and BYD sales are expected to achieve rapid growth.

2. The Globalization Process of BYD New Energy Vehicles

In the fierce new energy vehicles market in oversea, BYD can stand out from many competitors, which are not only supported by the advance technology, but also by its excellent international strategy and marketing mix strategy, making it continue to expand its market share. In this section, the performance of BYD will be evaluated.

2.1. BYD's Competitive Advantage based on 4Ps Theory

4Ps theory is a basic strategy that links the elements that individually affect the marketing activities of a company to form a whole analytical theory. Through this analysis method, enterprises can clearly understand the operation of a company, and choose correct marketing strategies to adapt to the target market and long-term planning from the perspective of management decision-making. In this part, we will use the 4ps theory to analysis the competitive advantage of BYD in the fiercely competitive foreign market.

2.1.1. Product Strategy of BYD

Positive product strategies are crucial to BYD, helping it to maintain the market status strongly in China and oversea. As a car manufacturer, BYD attaches great importance to the product strategy. On the one hand, BYD adopts a portfolio strategy to develop many different types of new energy vehicle products according to different product attributes and positioning. For example, BYD new energy vehicles such as 'Han' series, 'Tang' series, 'Song' series and 'Qin' series have achieved good reputation and sales in the terminal market. On the other hand, BYD uses a differentiated product strategy. For example, new energy vehicles can show younger, more dynamic, and more technological sense. Dual-color body and more textured paint can be considered for color matching. Decorative parts can be made of more moving carbon fiber materials. Front and rear combined lamps can consider more advanced LED lamp belt schemes (Liu and Meng, 2017).

In addition to creating product advantages, BYD pays more attention to after-sales experience to meet user needs and maintain product reputation. For this reason, BYD has developed an APP, which helps users to easily obtain usage status information, and binds with product after-sales to enhance the user 's experience. At the same time, BYD adopts a free warranty for the power battery of the product car to eliminate customer concerns about the battery pack life. Finally, BYD promotes recovery business, which can not only promote market vitality, but also solve consumer recovery problems.

2.1.2. Price Strategy of BYD

Compared with the competitors, BYD has a more competitive price with high quality of product. BYD adopts different price strategies for different products. The low-threshold new energy vehicle e1 is developed with the minimum amount of change. Its listing also continues to lower the threshold of the new energy vehicle market (Tang, 2021). At the same time, it continues to launch entry-level pure electric vehicles such as e2 and e3. After the subsidy, the price drops to about ¥65,000. Compared with the same level of fuel vehicles, the price is lower. The driving price per kilometer is as low as ¥0.1-0.2, which is only about 20% of the fuel vehicle. It is very

suitable for family scooters or additional models. They also gives consumers more choices, such as the minimum price of the Tang model is ¥ 189,800.

2.1.3. Place Strategy of BYD

BYD adopts an excellent distribution strategy so that its products can be available conveniently. Firstly, BYD began to establish a direct business in 2015, from the beginning of the 15 direct stores to the current five direct business areas, namely the East, West, South, North, Central, a total of 77 direct business. Secondly, BYD mainly uses physical channels for automobile sales, because it can fully and comprehensively enable consumers to understand the working principle and performance advantages of new energy vehicles, and make reasonable and comprehensive answers in the process of communication with customers. Thirdly, from the current path of online direct sales, BYD establishes official sales channels through platforms, and sells the new energy vehicles and related supporting products online. BYD combines offline experience stores with online orders, which shortens the circulation path and greatly reduces operating costs.

2.1.4. Promotion Strategy of BYD

In the process of operation, enterprises need to pass products to consumers in need through commercial advertising, marketing, public relations and personnel marketing. BYD can promote new products and new technologies to consumers through automobile exhibitions held every year. It can not only keep the market's attention, but also promote vehicle sales through automobile exhibitions.

2.2. BYD's Internationalization Strategy

Internationalization strategy refers to selling the enterprise's products and services outside of its original country. As enterprises grow and their local market gradually saturates, many of them began to seek further development in overseas markets. An enterprise' internationalization strategy is its plan to develop international businesses. It is the general name of a series of decisions made by multinational corporations in their efforts to bring the company onto an orderly track, continuously enhance their competitive strengths and adaptability to various environment. An enterprise' internationalization strategy will greatly affect its internationalization process and determine the future international development trend (Zhang, 2017).

2.2.1. Direct Export Strategy

Export usually refers to the traditional mode of domestic production and foreign sales to enter the international market. BYD is also using this way into Europe, North America and other overseas markets. As early as May 2013, BYD sold pure electric buses to MTA. In September 2015, BYD successfully won the bid for 800 pure electric buses in Washington, becoming the largest supplier of pure electric buses in the United States. Since then, BYD has obtained orders for pure electric buses and e6 models from Colombia, Brazil, Chile and other countries. In Europe, BYD has won orders for pure electric buses in the Netherlands and the United Kingdom since June 2012. In 2017, all electric bus plans in the United Kingdom were monopolized by BYD. BYD also exports it directly to the Asia-Pacific region. BYD has been selling new energy vehicles in Okinawa and Fukushima since 2015. Malaysia and Australia are also important strategic markets for BYD in the Asia-Pacific region in the future. BYD has successfully exported more than 1000 pure electric buses to Japan and other places, and launched C9 medium-sized electric vehicles on South Korea in 2018. BYD's new energy vehicles choose direct export, which can not only quickly open the international market, but also lay the foundation for subsequent manufacturing.

2.2.2. Strategic Alliance

Direct export is the simplest internationalization path, but if you want to get more funds and technical support in the developed countries market, maintain long-term advantage, then the strategic alliance is crucial (Cui,2022).

In Europe, BYD and Daimler established a joint venture in 2010, which is also a representative strategic partnership. In 2015, BYD signed a strategic cooperation agreement with the UK's largest bus manufacturer Alexander Dennis Limited (ADL). BYD provides power battery technology for it, and ADL meets its rigid requirements such as factories and funds. Pure electric buses manufactured by BYD and ADL together account for more than 50% of the market in the UK and 90% in London. In Asia Pacific, BYD announced a strategic partnership with Goldstone Infratech (GIL) in 2016, which develops and assembles all-electric buses in India. In November 2019, BYD cooperated with Japan's Toyota, and the two sides will share technology and cost. BYD has made breakthroughs in vehicle development, safety, quality control and other fields.

2.2.3. Investment to Build a Factory

Investment in foreign factories is a test for the overall strength of enterprises, which are usually divided into two types: sole proprietorship and joint venture. However, the sole proprietorship model is more suitable for well-funded companies. BYD's direct investment in the United States built factories and expanded to Canada and Latin America and other countries. BYD invested \$230 million in the construction of California's largest electric bus and battery plant in 2013. In addition, BYD has built the first plant in Brazil with its own solar cells and electric buses, marking the beginning of BYD's international presence in the Latin American market.

3. Conclusion and Recommendations

3.1. Conclusion

To sum up, BYD is highly profitable due to a favorable marketing mix strategy and reasonable international strategy. BYD maintains its strong market position through positive marketing strategies and brand profile. Furthermore, BYD has applied different entry modes in different target markets. In the Americas to export and direct investment into the market; enter the market in Europe by export and strategic alliance; the expansion of the Asia-Pacific market was relatively late, and direct export and strategic alliances were also adopted. In short, as a result of BYD's rational marketing strategy and international strategy, the company has been successful in the long-term.

3.2. Recommendations

3.2.1. Government Should Optimize Policies to Help the Healthy Development of the Industry

On the one hand, the government should optimize the policy, formulate medium and long-term planning, and reasonably expand the scope of subsidies, such as batteries, motors, battery recycling and other upstream and downstream areas (Cheng,2021). At the same time, the consumer side can also be subsidized accordingly, such as giving certain parking concessions to promote the development of electric vehicles. On the other hand, it is also necessary to increase supervision and impose regulatory penalties on enterprises for cheating subsidies or misusing subsidy channels to reduce prices and fight price wars, so that market can form healthy competition.

3.2.2. BYD Should Speed Technology Development to Improve Brand Competitive Advantage

The patent innovation of new energy vehicle technology mainly focuses on the renewal and development of electric vehicles, charging piles and batteries, the development of motors and

the innovation and upgrading of some automobile-related parts (Hs and Fei, 2021). BYD should continue to innovate technology, reduce the cost of its own industrial chain, and focus on technology in terms of charging rate, stable performance, and service life. At the same time, BYD should pay more attention to its R&D department, increase investment, maintain its own technological advantages, innovate products and open up a wider market.

3.2.3. BYD Should Improve International Strategies to Achieve Global Efficient Operation

First of all, enterprises need to select countries and regions that can maximize profits according to their own production capacity; secondly, the consumption behavior and concept of consumers in different regions also need to be investigated to meet the consumption needs; finally, it is necessary to effectively understand consumer feedback and enhance consumer loyalty to the brand.

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