

Analysis of New Energy Vehicle Marketing Strategy - Taking BYD as an Example

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Abstract: With the rapid development of the economy and the enhancement of environmental protection awareness, the new energy vehicle industry has emerged and risen rapidly. This paper selects BYD as a research case to explore the marketing strategy of new energy vehicles in depth. First, through the PEST analysis method, the external environment of BYD is comprehensively analyzed from four macro perspectives: social environment, economic environment, policy environment, and technological environment. Subsequently, the 4PS marketing strategy theory is used to explore the marketing strategies currently adopted by BYD and their effects from four aspects: price strategy, channel strategy, promotion strategy, and product positioning. On this basis, this paper combines the results of the two analysis dimensions. It puts forward optimization suggestions for the marketing strategy of the new energy vehicle industry- to provide reference and reference for related enterprises and promote the sustainable and healthy development of the new energy vehicle industry.

Keywords: Low-carbon economy, new energy vehicles, BYD.

1. Introduction

With the rise of the low-carbon economy and society's increasing emphasis on sustainable development, people's daily travel methods are gradually changing to low-carbon. This trend has greatly promoted the rapid development of new energy vehicles. Transforming China from an automobile powerhouse to an automobile powerhouse, the development of new energy vehicles is regarded as a crucial strategic measure aimed at mitigating climate change and promoting sustainable development. Against this background, China's new energy vehicle industry has ushered in a new era of rapid development. The scale of production has rapidly expanded, the industrial chain has become increasingly mature and perfect, and the global competitiveness of enterprises has significantly enhanced. Major automobile brands around the world have devoted themselves to the research, development, and production of new energy vehicles and hybrid vehicles, and BYD has stood out among many well-known automobile brands with its excellent core technology and precise marketing strategies [1].

BYD surpassed Tesla in sales for the first time in the fourth quarter of 2023, becoming the world's largest pure electric vehicle manufacturer. BYD's rapid development is due to its innovative technology research and development in power batteries. From the F3 DM that adopted the series-parallel DM technology in 2008 to the first boost charging technology in 2015, BYD has occupied a certain market share through repeated technological breakthroughs. The national policy strongly

supports the new energy vehicle industry. On the one hand, subsidies are reduced and technological innovation is used as the driving force to promote the marketization of new energy vehicles. On the other hand, the state improves charging equipment. Secondly, the state also provides subsidies for consumers who purchase new energy vehicles, which is reflected in the reduction of vehicle purchase tax and the provision of special new energy license plates [2].

China's energy vehicle industry is developing rapidly, but it is also facing some challenges. The first is the impact of the transformation of world-renowned traditional automobile brands. With the development of policies, traditional automobile brands have transformed towards new energy vehicles. These brands often have a complete and mature automobile industry chain, a large R&D center, and a strong brand influence. In addition, there are restrictions on import and export clauses of other countries. To protect their national automobile brands, other countries will add restrictive clauses to China's new energy vehicles in import and export trade treaties. Secondly, the supply chain problem is prominent, and the supply of chips and batteries is restricted. In addition, there are restrictions on the development of new technologies. Innovative technology is still the primary driving force for the development of the industry, but there are still difficulties that cannot be overcome in the new energy industry, which restricts the development of new energy.

This paper aims to use BYD as a case study to deeply analyze the current marketing strategy in the field of new energy vehicles, and combine it with future development trends to propose optimization suggestions for the existing strategies, to promote the high-quality development of the new energy vehicle industry. In the research process, this paper uses PEST analysis and 4Ps analysis as the main analysis tools. On this basis, this paper will combine the conclusions of these two analysis methods to optimize BYD's marketing strategy and hope to provide a useful reference for the development of other new energy vehicle companies.

2. Market Background Analysis

2.1. Policy Environment

At present, China's political environment is becoming more stable. China has formulated many relevant policies and measures to promote the development of new energy vehicles and build automobile power. They mainly include the following four aspects: improving product quality, increasing promotion efforts, providing strong support conditions, and enhancing international reputation. First, in 2009, China issued the "Notice on Carrying out Pilot Work on Demonstration and Promotion of Energy-Saving and New Energy Vehicles". The report proposed to complete the pilot promotion of new energy vehicles in 13 cities across the country. Secondly, the car going to the countryside plan is still being carried out, mainly in the northeast and northwest regions. Due to the influence of natural conditions, the utilization rate of new energy vehicles in these two regions is relatively low [3]. In addition, since 2013, China has provided financial support to consumers who purchase new energy vehicles and implemented the vehicle purchase tax exemption policy from 2014 to the end of 2025, and the vehicle purchase tax reduction policy of half from 2026 to the end of 2027. The implementation of such fiscal policies not only provides financial support for consumers but also brings about the rapid development of new energy vehicles. To effectively solve the problem of charging new energy vehicles, China issued the "Guiding Opinions on Further Building a High-Quality Charging Infrastructure System", proposing to build a complete charging infrastructure system by 2030 and construct a reasonable charging network in cities and rural areas [4].

2.2. Economic Environment

Since the reform and opening up, China's economy has entered a stage of rapid development. According to data released by the National Bureau of Statistics of China, China's GDP in the first half

of 2024 was 61.7 trillion yuan, a year-on-year increase of 5.0%. All walks of life have accelerated the transformation of momentum and transformed towards high-end, intelligent, and green development [5]. As the economy develops in a positive direction and residents' income increases, cars are no longer a high-consumption product for people but a daily means of transportation. People's demand for cars has gradually increased, and the new energy vehicle industry has also developed rapidly. At the same time, under the influence of the upgrading of the new energy vehicle industry, the overall positive economic situation has increased consumers' consumption capacity and promoted the rapid development of new energy vehicles.

2.3. Social Environment

In 2023, China's urbanization rate will reach 66.16%, and the number of cities in China will reach 694, including 11 megacities. Urbanization has a huge impact on China's economy. The GDP of cities above the prefecture level accounts for 61.1% of China's GDP. Urbanization has led to a large increase in urban population, and the deepening of urbanization has also led to increased environmental pollution. As people become more educated, more and more people choose a healthier lifestyle, and more and more people choose green travel and low-carbon travel. Social values are gradually shifting towards green and sustainable development. With the popularization of automobiles, people no longer pursue expensive brands but choose green and environmentally friendly means of travel. The change in social values and consumption concepts has brought greater development space for new energy vehicles. This green, low-carbon and environmentally friendly concept has also greatly promoted the development of the new energy vehicle industry. In addition, in recent years, oil prices have continued to rise. No. 98 gasoline has reached 8.89 yuan per liter. The high oil price has hindered the development of fuel vehicles, and more people have chosen new energy vehicles [6].

2.4. Technical Environment

Due to the further advancement of the scientific and technological revolution and industrial transformation, many emerging industries have emerged in the fields of digital economy, low-carbon economy and new energy. Driven by the global low-carbon transformation and carbon peak targets, new energy vehicles have become one of the fastest-growing and most promising industries. The core technologies of new energy vehicles are power batteries, drive motors and electronic control systems. Technological development plays an important role in promoting industrial development. In terms of power batteries, the Chinese market mainly uses lithium batteries and fuel cell power systems, among which lithium batteries occupy a dominant position. BYD insists on independent design and production of batteries and systems. BYD mainly uses ternary lithium and lithium iron phosphate in lithium batteries and implements a breakthrough in energy density of 250 W·h/kg. In terms of electric drive systems, BYD mainly uses IGBT technology. Now, BYD has become an automobile manufacturer with core technologies across the IGBT and SIC industry chains. In terms of motor materials, BYD mainly uses silicon carbide materials, which have the advantages of good heat dissipation, wear resistance, and high efficiency. In addition to electrification, intelligent networking, and digitalization technologies are equally important for new energy vehicles. China's booming digital industry provides strong support for these two technologies, and China has a complete and mature industrial system and a large-scale market, which provides strong support for the development of the new energy vehicle industry. Now, electrification and intelligent networking have become important competitive advantages of China's new energy vehicles.

3. Analysis of the Optimization of BYD's New Energy Vehicle Marketing Strategy

3.1. Pricing Strategy

The core value of a brand mainly depends on its core products. Whether the core products are competitive is the key to how much market share they occupy. BYD has always advocated independent research and development and fully applied its core technologies to products, which yields core products. The life cycle of each product is different. When a product enters the decline period, it means that its competitiveness begins to decline, while when a product is in the introduction period, its competitiveness is the strongest and the profit is relatively high. BYD formulates corresponding pricing strategies based on different product life cycles. When a brand-new product that applies innovative technology is launched, its price must be high, such as BYD's Dynasty Han and Tang series. However, when the product enters the mature stage or even the decline stage, there is enough room to adjust the pricing to maintain the competitiveness of the product. At the same time, BYD can use high pricing to improve its brand image and brand influence. Excluding the mid-to-high-end market, the remaining market share is still huge. For this part of the market, BYD adopts a penetration policy, relying on products with mature and stable technology and lower prices to occupy this part of the market share. The prices of BYD products will also be adjusted according to changes in market policies. China still has a policy of subsidizing the purchase of new energy vehicles. The exemption and halving of vehicle purchase tax have greatly reduced consumers' car purchase costs. BYD's vehicle prices will also be adjusted accordingly based on policy changes [7].

3.2. Channel Strategy

The traditional automobile industry is still mainly based on 4S stores for sales and after-sales maintenance and parts sales are all carried out in 4S stores. However, after years of development, the disadvantages of 4S stores have gradually emerged. The quality of its sales and after-sales services cannot be uniformly controlled, and the uneven service quality will affect the brand image. To solve this problem, BYD has strengthened the management of dealers and gradually adopted the model of direct store sales, and unified control of product prices and after-sales service quality. BYD stores can now be seen in shopping malls, which has a positive impact on promoting vehicles. At present, BYD's direct stores have expanded to 77, and the number of dealers has exceeded 1,000. The wider distribution of dealers can accurately control the local market environment and adjust sales strategies according to market changes. Direct stores can effectively reduce operating costs and ease inventory pressure. With the rapid development of the Internet, online distribution is also an important sales channel. Online distribution is developed by establishing cooperation with major shopping platforms and developing its APP. However, the biggest drawback of online channels is that it is impossible to view and test-drive cars. BYD has not established a mature online and offline sales system in this regard, which is also a shortcoming of BYD's channel strategy [8].

3.3. Promotion Strategy

For new energy vehicles, the main promotional strategies are advertising promotion and dealer sales promotion. In recent years, BYD has implemented its promotional goals by placing advertisements and opening stores in major shopping malls and squares with large traffic. The Internet has become one of the mainstream methods for both channel strategy and promotion strategy. Promotional videos are released on major short video apps to promote the brand, and cooperation with shopping platforms to increase discounts during shopping festivals to improve promotional purposes. These various promotional strategies can not only improve promotion but also help shape BYD's brand image. The market is special and seasonal, and widely distributed dealers can respond quickly to local market

changes. Dealers can apply to BYD to implement flexible and diverse promotional policies in the local area. And take corresponding policies in advance when the off-season and peak season comes to meet consumer needs.

3.4. Product Positioning

At present, BYD mainly has two product lines, Ocean and Dynasty. Different product lines have different product positioning corresponding to different target groups. The entire Ocean Line is a new energy vehicle, while Dynasty is also mainly a new energy vehicle and also has hybrid electric models. BYD has a relatively comprehensive range of models that meet the needs of most consumers, and therefore, BYD can occupy a large market share. BYD positioned its products based on the conclusions after surveying user groups [9]. Young people are pursuing fashionable car appearances and intelligent and comfortable driving experiences. Secondly, the comfort and safety of the vehicle are also one of the decision-making factors for buying a car, and the Ocean series of models just meet the needs of this group. Similarly, different groups have different needs for cruising range and charging time, and the budget price range is also different. BYD's Dynasty series Han Tang is a high-end line that can meet the needs of consumers with high-priced pre-selected needs. There are also corresponding products in other different ranges. Accurate product positioning and diversified products are key factors in occupying market share.

4. Conclusion

At present, China's new energy vehicle industry is experiencing an unprecedented rapid development stage, among which brands represented by BYD are becoming increasingly competitive on the international stage. From the macro-environment, the national level has given strong support to the development of new energy vehicles, and the social and economic environment has shown a positive trend towards the new energy vehicle industry. At the technical level, new energy vehicle companies should continue to increase their R&D investment and closely focus on technological innovation around consumer needs to stand out in the fierce market competition. Through the 4PS framework, it can be seen that BYD formulates product positioning based on the preferences of the current consumer groups, and different types of products meet consumers with different needs. In terms of pricing and promotional policies, BYD subdivides the product price range and strives to have corresponding models in each range. In future development, BYD can increase its online publicity efforts and establish emotional connections with consumers through user-generated content. BYD should also seize the current policy subsidy stage and combine promotional policies with subsidy policies to realize sales growth, enhance its competitiveness, and shape its brand image. In terms of sales channels, BYD still mainly relies on dealers and direct stores, but in the face of the high popularity of the Internet, BYD actively seeks a deep integration of online and offline channels. Through the digital platform, BYD has achieved closed-loop management of the entire chain from car purchase, and test drive to after-sales service. At the same time, BYD has also established a complete consumer feedback system, committed to improving the online car purchase experience and solving the problem that consumers cannot test drive in person. These measures jointly enhance BYD's competitiveness in the new energy vehicle market.

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