

# ***A Business Analysis of BYD's Marketing Strategy, Sales Channels and Profitability in the New Energy Vehicle Market***

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**Abstract.** As electric vehicles (EVs) and their related products rapidly expand across the globe, China continues to represent the largest EV market. BYD is a valuable case study for business analysis due to its interconnected nature, which spans battery technology, vehicle manufacturing, marketing, sales distribution and international expansion. Through a case study, along with data visualization, using data collected from BYD's annual reports, industry reports and academic literature, this study analyses the effectiveness of BYD's sales distribution strategy and how it has impacted sales growth and profitability. The results indicate that BYD's growth is driven by its value-for-money positioning, technology branding, wide product offering and multi-channel sales strategies. BYD's sales volumes and revenues significantly increased from 2020 to 2024 and net margins began to increase post-2021. There are potential threats including competitive pricing, regulations governing the sale of EVs internationally and significant investments in sales and distribution channels. Overall, BYD represents a viable, although somewhat pressure-sensitive, business model in the emerging new energy vehicle marketplace.

**Keywords:** BYD, electric vehicles, marketing strategy, sales channels, profitability

## **1. Introduction**

Global electric car sales exceeded 17 million in 2024; China accounted for over 11 million of those sales [1]. BYD is therefore relevant to business studies due to its emergence as a significant manufacturer of new energy vehicles and the fact that it competes within the world's largest price-sensitive EV market. BYD generated RMB 777.102 billion in operating revenue in 2024 [2], and sold over 4.27 million new energy vehicles [2].

Much literature currently explains electric vehicle developments by reference to technological capability, policy support and environmental factors. There appears to be little explanation regarding how a vehicle-producing firm develops the necessary technology to convert customer demand into sales and profit. Business model theory suggests that firms must create value, deliver value and then capture value [3]. Firms must also achieve competitive advantage via their relative cost position, product differentiation or organization of activities along the value chain [4]. The aim of this research is to use the three linked concepts of marketing strategy, sales channels and profitability to provide an understanding of how BYD achieves its desired outcomes using its product/technology

message, how its distribution network converts customer interest into purchase decisions and to determine whether the evidence supports a sustainable business model for growth.

## 2. Company and industry background

BYD was initially established as a battery supplier before expanding into automotive, electronics and other related industries. This provides relevance for this research as BYD is not merely an automotive assembler; it has extensive internal expertise with regard to batteries, power systems and manufacturing processes. BYD is well placed to combine technical capabilities with cost savings and product differentiation. Within the new energy vehicle sector, this internal ability is a key strength as it influences consumer confidence and production costs in terms of safe batteries, efficient electric drive systems and user-friendly software applications.

The new energy vehicle industry is extremely competitive. BYD faces competition from brands including Tesla, Geely, NIO, XPeng and Li Auto at different levels in terms of price and product segment. Competition also exists concerning pricing, driving ranges, battery safety and reliability, after-sales services, customer confidence when charging electric vehicles, brand reputation/trust and digital experiences when purchasing. For BYD, it is essential to maintain a balance between attracting customers and maintaining operational efficiencies. While attracting customer attention may occur via new vehicle launches, generating long-term performance requires turning that attention into purchases at an acceptable margin of quality.

BYD's approach combines mass-market volumes with selective high-end offerings. BYD's Dynasty and Ocean series allow the firm to sell large quantities of low- to mid-range priced vehicles while its Denza, Fangchengbao and Yangwang branded vehicles enable the firm to explore opportunities in higher-priced niches. Such a strategic approach enables BYD to meet the needs of lower-cost buyers while building its reputation as a provider of high-quality products.

## 3. Marketing strategy analysis

By focusing on the technological aspects and costs associated with EVs, BYD created a strong foundation for its marketing strategy. A marketing strategy should clearly provide value to the customer by connecting customers' needs to a specific product offering [5]. BYD's marketing strategy focused on creating a value proposition based on two major areas. First, it provides environmentally friendly transportation that has the additional appeal of being convenient and economical. Second, it uses technology in its vehicles that is highly visible.

One way BYD differentiated itself was through product positioning. Unlike most manufacturers that focus on a few flagship models, BYD offers multiple lines, including Dynasty, Ocean, Denza, Fangchengbao and Yangwang. Each of these lines offers different levels of positioning. This allows BYD to target more than one type of buyer and utilize one technology platform across market positions. BYD can market itself as a reliable, affordable option for buyers interested in electric vehicles.

Another key component to BYD's marketing strategy is its ability to link its brand name with its innovative technologies, such as the Blade Battery, the DM-i hybrid system, electric platforms and intelligent vehicle technologies. By linking its brand with these technologies, BYD can capitalize on the fact that most EV buyers still have concerns regarding battery life, driving distance, charging ease and long-term maintenance costs. Research in green marketing has demonstrated that environmental claims carry greater credibility when substantiated with product-specific empirical

data [6]. For BYD, this translates to more impactful marketing outcomes by framing battery safety and overall energy efficiency as measurable, tangible advantages.

Pricing is another important aspect of BYD's marketing strategy. BYD focuses on targeting the mass market by utilizing value-for-money positioning. While lower-priced models may increase sales volumes and create a sense of normality among consumers for using electric vehicles, there are limitations to using price as a primary method of marketing. When too much emphasis is placed on price reductions, brand equity and profitability margins may suffer. Research in sustainability marketing has emphasized the importance of balancing environmental value with customer value and business value over time [7].

As far as promoting its electric vehicles goes, BYD utilizes various methods such as model launches, auto shows, digital media, social media platforms and highlighting new energy technologies. Although promotions do serve an advertising purpose, they also assist in educating consumers about features such as battery safety, hybrid capabilities, smart driving functions and total cost of ownership. Since purchasing an electric vehicle involves more information-seeking due to the complexity of the technology, having a strong promotional plan that creates awareness, along with factual proof, assists consumers in making informed decisions.

#### 4. Sales channel analysis

When evaluating the effectiveness of sales channels for selling electric vehicles, it is essential to understand that merely generating marketing exposure does not result in sales. Customers shopping for electric vehicles typically want to know details regarding driving range, charging options, battery longevity, after-purchase services, financing options and resale values. Effective sales channels reduce consumer uncertainty and facilitate conversion. BYD's sales channel strategy can be viewed as a combination of offline experiences and digital inquiries along with international partnerships.

Offline domestic channels continue to play a significant role. Consumers are able to view vehicles, take test drives, compare models and review post-sale services at dealerships, showrooms and after-sales service locations. Since an automobile represents a large-ticket item and the purchasing decision often occurs face-to-face during a test drive or while discussing maintenance requirements with local personnel, it is likely that consumers will encounter BYD initially via some form of digital promotion but finalize the buying process locally. Showrooms enable BYD to differentiate among the numerous models available under the three major categories: Dynasty, Ocean and premium, which further enables BYD to communicate directly with the customer.

While offline channels provide assistance during the latter stages of the purchasing process, digital channels assist during earlier stages. Utilizing official websites, social media, online inquiry systems and platform-based communications, BYD can disseminate information before the customer physically visits a store. Digital touchpoints support lead generation, promotion dissemination and product comparisons. Digital media also enable BYD to distribute educational content to customers. Digital content can inform customers about Blade Battery safety or DM-i fuel-saving rationale prior to speaking with a sales representative, thereby reducing the amount of information required within a showroom, which subsequently increases sales conversions.

However, overseas sales channels represent challenges. Although BYD has established a presence in many countries, overseas sales depend heavily upon local distributors, service providers, showroom availability, repair facilities, warranty program and regulatory approvals. The Global Automotive Consumer Study has demonstrated that global vehicle buyers rank affordability, reliability and charging infrastructure as top considerations when selecting electric vehicles [8]. Research concerning adoption has demonstrated that alternative-fuel vehicles require supportive

systems beyond mere individual products if alternative-fuel vehicles are to achieve widespread acceptance [9]. Thus, BYD's success in overseas expansion relies significantly on building trust in local communities.

### 5. Profitability analysis

The sustainability of BYD's rapid growth can be examined using profitability analysis. While the sale of a large number of automobiles is an indicator of BYD's success, additional factors contribute to the bottom line. The costs of producing each automobile, the price of each automobile, marketing expenses and the costs of expanding into international markets are critical elements in determining profit levels.

BYD's financials indicate rapid growth; however, these financials also demonstrate how margin quality remains a primary focus for the organization.

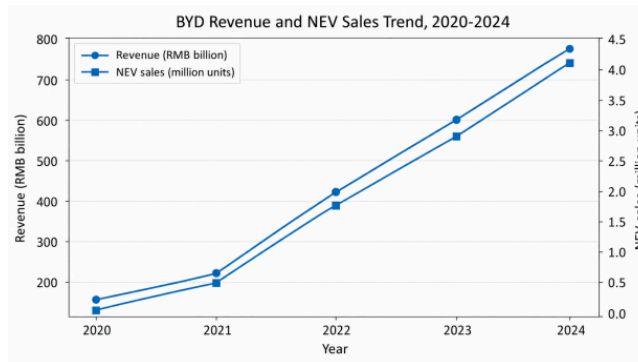


Figure 1. BYD Revenue and vehicle sales trend (2020-2024) [2]

As shown in Figure 1, both BYD's operating revenue and new energy automobile sales have increased significantly since 2020. Specifically, revenue grew from RMB 153.469 billion in 2020 to RMB 777.102 billion in 2024. New energy automobile sales grew from approximately 190,000 units to approximately 4.27 million units during the same time frame [2]. These figures provide empirical evidence supporting the idea that the growth of BYD's marketing channels has resulted in actual commercial growth. BYD has transitioned from being a small-scale electric vehicle niche to achieving mass-market scale.

#### 5.1. Margin quality and cost control

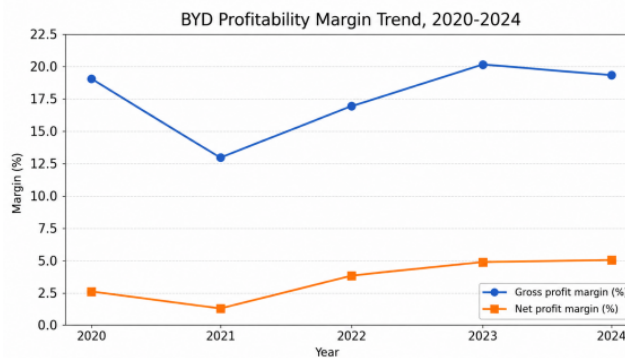


Figure 2. BYD profitability margin trend (2020-2024) [2]

As indicated in Figure 2, BYD's net profit margin was relatively poor in 2021; however, it began to show significant improvement starting in 2022. Similarly, gross margin improved beginning in 2021, and has remained at a level of approximately 19% in 2024 based upon BYD's operating revenue and operating costs [2]. Therefore, while BYD has expanded its sales, it has also enhanced its ability to retain a portion of its revenues as profits. Moreover, the improvements made by BYD regarding profit retention are directly related to increasing scale, enhancing vertical integration and improving technology utilization across product lines.

Vertical integration is particularly important. BYD manufactures several core technologies, including batteries and electric drive systems. BYD can limit reliance upon outside suppliers of these technologies, thereby enabling greater control over costs. Additionally, the production capabilities of BYD create a marketing advantage due to the fact that BYD can tout safety and efficiency as internal strengths. Literature regarding sustainable business models argues that firms must align value creation, delivery and capture [10] to achieve long-term success. The experience of BYD represents this concept well in that technology provides marketing strength, channels enable sales strength, and cost management enables profit capture strength.

## 5.2. R&D investment and profit pressure

Another factor relevant to analyzing profitability for BYD relates to research and development spending. According to reports filed by BYD with regulatory bodies, the firm spent RMB 54.2 billion on research and development activities in 2024 [2]. While this spending will likely negatively impact short-term profits for BYD, the investments in research and development will enhance the competitive position of BYD in areas of battery systems, hybrid systems and smart vehicle functions. Further, research and development efforts help BYD avoid relying solely on a low-price strategy for differentiation.

An environmental strategy can positively affect the overall performance of an enterprise when combined with actual operational capacity [11]. BYD exemplifies this condition due to the fact that the green image promoted by BYD is supported by its manufacturing scale, product offerings and technology investment. Nevertheless, BYD continues to confront two profit-related challenges. The first challenge includes high-pressure pricing competition domestically. The second challenge includes high costs associated with expanding into international markets, including transportation and logistics costs, regulatory costs, service network costs and tariffs. An example is demonstrated by the imposition of countervailing duties by the European Commission on battery electric vehicles manufactured in China by Chinese companies in 2024 [12].

## 6. Discussion

The study demonstrates a cohesive business logic. BYD's marketing strategy generates customer interest via technology branding, value-for-money pricing, a wide range of models offered and green transportation. Then BYD converts this customer interest into purchasing decisions using showrooms and dealerships as well as online digital platforms and after-sales services. Profitability metrics demonstrate whether sales growth translates into commercially stable profits. The relationship between these three components, marketing strategy, sales channels and profitability metrics, is the primary reason why BYD represents a compelling case for business analysis.

Table 1. BYD marketing and sales channel framework

Analysis area	Specific BYD evidence	Business effect	Main risk
Marketing	Dynasty and Ocean series; Denza, Fangchengbao and Yangwang; Blade Battery and DM-i messages	Builds demand through product fit, technology trust and value-for-money positioning	Price competition may weaken brand value and margins
Sales channels	Offline showrooms, dealers, after-sales service, online enquiry and overseas partners	Converts awareness into test drives, orders and local customer trust	Overseas service quality may be uneven
Profitability	Revenue, NEV sales, gross margin, net margin and R&D investment from 2020 to 2024	Shows whether growth creates sustainable commercial value	Tariffs, high R&D spending and price cuts may pressure future profit

One of the most important implications derived from this study is that BYD must maintain a connection between its technological capabilities and customer-perceived value. Only when customers have a clear understanding of how technologies such as battery safety, hybrid efficiency and model variety benefit them will they see tangible benefits from owning a BYD vehicle. Thus, marketing efforts should continue to translate technical capabilities into simple rationales for making purchase decisions, such as lower operating costs, reliable battery performance and appropriate model selection.

Another key implication is that foreign-market sales channel quality must improve with increasing sales abroad. While low vehicle prices can initially draw customer attention, sustained customer loyalty is generated by providing access to test-drive experiences, spare parts availability, repair capability and warranty confidence. For this reason, BYD should treat overseas service networks as integral to its marketing strategy. Improved service quality throughout a country may lead to higher levels of customer willingness to accept a Chinese electric vehicle manufacturer.

A final implication is that profitability should be evaluated based on margin stability in addition to revenue growth. High growth rates may mask price pressure if discounting exceeds optimal limits. A high-volume strategy remains effective if it fosters scale advantages and enables technology learning. Conversely, it weakens if it habituates customers to anticipate continuous price reductions. BYD's success must be viewed as the interplay between expanding market share and protecting margins.

## 7. Conclusion

This study analyzed BYD's commercial success through its marketing strategy and sales channels as well as its profitability metrics. BYD's sales success cannot solely be attributed to the general growth of the electric vehicle market. Rather, its success stems from a well-integrated business model. By using both technology branding and extensive product offerings at value-for-money prices, BYD was able to generate demand among customers. Then, by employing traditional retail methods, digital interfaces, and cooperation with companies located outside of China, BYD converted demand into actual vehicle sales. The revenue and vehicle sales data presented in this study illustrate that BYD's integrated business model resulted in successful commercial growth between 2020 and 2024.

Additionally, financial metrics illustrated that BYD's business model became increasingly profitable during 2021 and beyond. The margin trend indicates that BYD is becoming better at capturing economic benefits from scale advantages resulting from the large volume of vehicle sales.

Notwithstanding these positive indicators regarding commercial viability, BYD still faces multiple challenges in terms of maintaining profitability. These include ongoing price wars within China, inadequate service networks abroad and regulatory hurdles imposed by governments in other countries.

Therefore, while this study presents a generally favorable view of BYD's business model based on available data, it also recognizes limitations that could potentially impact future profitability trends. Those limitations include reliance on publicly accessible secondary data sources versus direct measures of consumer perceptions regarding BYD's technology, branding, positioning messages and pricing/sales distribution strategies. These issues require further research attention in later studies.

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