

Analysis of BYD's Overseas Marketing Strategy based on 4P Theory

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Abstract. New energy vehicles are garnering more and more attention as the economy grows and environmental protection consciousness grows. BYD has consistently ranked first among new energy vehicle brands in China, but it has a small international market share and low levels of manufacturing and sales. This article examines the present state of BYD in the global markets and uses the 4P analysis approach to examine the price strategy, product strategy, channel marketing strategy, and promotion strategy of BYD's new energy vehicles. It then offers recommendations for BYD's current state of affairs. This study suggests that BYD focuses on product cost and diversifying market share. BYD also needs to invest more in research and development and improve the company's ability to innovate. It is recommended that it develop a thorough marketing promotion plan by carrying out market research. This study aims to enhance the competitiveness of new energy vehicles produced by BYD in the global market.

Keywords: BYD, international marketing, new energy vehicles.

1. Introduction

As global environmental issues worsen, governments throughout the world have made decreasing carbon emissions and boosting energy efficiency common priorities. Electric vehicles and renewable energy have emerged as critical tools for achieving this aim. BYD has achieved great gains in this industry as a firm focusing on electric vehicles and sustainable energy solutions. BYD's growth is intimately tied to worldwide demand for environmental protection, making an in-depth examination of its performance in the foreign market critical.

The theme of this study is to evaluate BYD's performance in the foreign market, examine the elements that contribute to its success and the problems it confronts, and make recommendations. This study will employ a literature review and other research approaches to accomplish this purpose. Initially, this article will study the essential literature in order to comprehend BYD's progress and successes in the foreign market. Second, in order to get a thorough knowledge of BYD's performance in various overseas countries, the study will gather and evaluate market statistics such as market share, sales, and consumer profiles. Finally, the study will investigate customer views and attitudes toward BYD goods in order to better understand their competitive advantages and areas for development in the global market.

2. Information of BYD

2.1. BYD's Background

The domestic market for new energy vehicles has seen significant rivalry in recent years. Domestic brands are thriving, while many others have traveled outside to tap into the global market. BYD is one of the common examples. BYD, formerly a manufacturer, acquired Shaanxi Qinchuan Automobile in 2003 and so formally entered the automotive sector. BYD enters the computerized

automobile business by fusing battery and automotive technology. Since that time, BYD has concentrated on technology and has made numerous advances in this area. The financial community and auto goliaths are in support of the great achievements in the field of electric vehicles.

2.2. International Marketing Development and Market Shares

In contrast to many foreign competitors, BYD focused on the more fiercely competitive European market, demonstrating its complete trust in its own goods. One of the reasons BYD has gotten significant attention and appreciation from European media programs is that BYD's blade battery can compete. The improvement in battery life and safety is the main factor contributing to the blade battery's potential acceptance. Despite BYD's attempts to achieve breakthroughs in foreign markets, the outcomes are still not favorable. According to BYD's stated sales volume, there is still a significant disparity between BYD and other well-known companies. With 240,220 total sales by May 2023, BYD will be the market leader in China. However, exports only made up 4.25% of all sales in May and only 10,203 units were sold abroad [1].

2.3. Analysis of Global and Outer Environment

The "new four modernizations", electrification, intelligence, networking, and sharing, encourage the new energy cars from China to occupy the high-end international market. The international competitiveness of Chinese new energy vehicles has been further enhanced under the development trend of the new four modernizations, and it is being favored by more and more consumers abroad, especially given the advantages in areas like intelligent driving, which are recognized by more and more consumers. However, since Chinese new energy vehicle policy was first put forth in 2001, there have been a substantial number of domestic new energy vehicle enterprises, and independent brands have grown to some level. The new energy cars have developed advantages in terms of intelligent network connection, appearance and comfort, performance and quality, etc. However, Chinese new energy vehicle sector is now in a fragmented and small state. Independent brands are not sufficiently competitive, and most domestic consumers are familiar with them. There is still a distinct difference when compared to overseas brands like Tesla. Furthermore, the low-end and mid-end models still dominate the market segment for new energy cars, with high-end vehicle market segment layout receiving little attention.

3. 4P Analysis of BYD

3.1. Pricing

BYD's entry into the low- to mid-tier consumer market was initially facilitated by a penetration pricing strategy, with their primary target being individuals with lower incomes. This demographic place a high value on cost-effectiveness, a need that BYD's vehicles effectively fulfill, thereby aiding in the opening of the new energy vehicle market.

To cater to consumers who prioritize value for money, BYD needs to keep the prices of their new energy vehicles low, which necessitates control over vehicle production costs. To this end, BYD employs a combination of mass production and semi-automated production lines. Some manual labor is involved in their production process, with only a part of it being automated. This approach significantly reduces the costs associated with depreciation of fixed assets. Moreover, BYD strives to control the costs of upstream companies through vertical integration and supply chain management. These measures have allowed BYD to effectively manage their costs, and such strategies have amplified their production scale, yielding larger profit margins [2].

However, this approach has presented significant challenges for BYD's globalization efforts. Firstly, in an attempt to cut costs, BYD has significantly reduced training for after-sales service, resulting in a workforce that is generally less professional and service-oriented compared to the staff of traditional auto companies with their years of experience and mature training systems. Secondly, due to the lower prices of BYD's new energy vehicles, there are numerous safety concerns that have

been raised during the process of internationalization. Lastly, the constant adoption of a penetration pricing strategy has had a considerable impact on BYD's brand image. Under such circumstances, many consumers may consider other brands of new energy vehicles [3].

By comparing the BYD Song Pro hybrid version and the electric version, it can be observed that the former is priced at 169,800 yuan while the latter costs 179,800 yuan. The price difference between the two models is only 10,000 yuan. Given the strong economic power and brand loyalty of this consumer group, and the high barriers to entry to produce these types of vehicles, the use of a penetration pricing strategy has not only led to unsatisfactory sales but has also adversely affected the brand image [4].

In addition, BYD heavily relies on policy during its internationalization process. A research report reveals that in BYD's 2018 financial statement, subsidies accounted for as much as 74.5% of its total profit. In such a situation, the new energy strategy in different regions will have a significant impact on the sales of new energy vehicles during the internationalization process [5].

3.2. Product

The first problem BYD encounters in its internationalization process is the issue of brand philosophy. BYD has always been committed to independent research and development, and it is constantly integrating upstream, midstream, and downstream industries. However, the final results are not prominent. Key technologies in the development process, such as power car diaphragm, a crucial technology in car production, still depend on imports.

The second problem that BYD faces is that the downstream infrastructure of its products cannot keep up with the development of the upstream and midstream sectors. New energy vehicles have always faced the problem of difficult and expensive charging. Moreover, the maintenance of new energy vehicles requires specialized inspection equipment. These factors deter many people from choosing new energy vehicles. BYD is particularly lagging in this regard. Many of its basic maintenance equipment cannot keep up, leading to a situation where consumers prefer to choose other car companies with relatively complete supporting facilities during the international expansion process [4].

The third issue BYD faces is a lack of clear positioning in the commercial vehicle market. Although BYD has invested a lot of capital and energy in car research and development, there is no distinct difference for the same car models. One report pointed out that BYD's bus products are highly homogeneous, and different models do not reflect different application scenarios. The severe homogeneity of the products also results in BYD's low popularity in overseas markets [4].

The fourth problem BYD faces is that its product positioning conflicts with the actual situation of the target market. At present, BYD's main market targets white-collar workers and recent graduates in developed areas. However, the reality is that the main group of people purchasing BYD pure electric passenger cars are mature middle-aged people as a backup car model. This issue arises from BYD's insufficient understanding of the target market. Most young people in the first and second-tier cities are in a rental state. Many young people consider from the information around them that pure electric cars will increase their burdens, so they will not choose to buy them. In addition, the inadequate supporting facilities for pure electric cars, the low cruising range, and the long charging time are also the main reasons for BYD's poor penetration in overseas markets [4].

3.3. Promotion

BYD's primary marketing method is personnel marketing, rather than advertising. The generally low educational level and lack of professional knowledge among BYD's marketing personnel led to poor promotional effects [6].

Online, BYD uses e-commerce platforms such as Taobao and JD, variety shows, and TV dramas to increase the online promotion channels for its products. Although these platforms make more potential consumers aware of BYD, the signals they convey have had side effects on BYD's development.

Firstly, consumers do not fully understand new energy vehicles. The average consumer is unlikely to delve into the details of the research and development process of new energy vehicles. This lack of knowledge has led to a problematic situation for BYD's vehicles overseas, where they struggle to find a place in exhibitions.

Secondly, the cost of consumer conversion is high. Consumers who previously drove fuel cars have a good understanding of the overall costs and maintenance costs of these vehicles. However, when switching to new energy vehicles, they need to understand a wealth of entirely different information. It is impossible for BYD to clarify all these details in its promotional activities, which leads to inevitable gaps in consumer understanding, causing them to ultimately give up on new energy vehicles [7].

The last point is that although BYD has used various methods to promote its products online and offline, consumers often have poor substitute experiences, posing a significant challenge to BYD's overseas market expansion. Now, reports of accidents involving new energy vehicles are gradually increasing in the news, causing consumer trust in new energy vehicles to wane, and raising doubts about their safety performance [7].

3.4. Placement

The issue with BYD's location choice overseas lies in its reliance on offline channels and a lack of online promotion. Unaware of the significant role that self-media platforms play in corporate marketing, BYD tends to favor offline experiential marketing methods. If this promotional approach continues, BYD might not be able to adapt to the trend of new media, thus failing to grasp consumers' changing needs. Ultimately, this could pose obstacles to the company's expansion in overseas markets [7].

4. Suggestions of BYD

4.1. Pricing

In terms of pricing, BYD should conduct a comprehensive pricing analysis as a way to optimize its pricing strategy.

The first pricing strategy BYD can adopt is discount pricing, which means that BYD can choose to sell a certain model at a reduced price when it is unpopular. This is the situation with Cadillac: several models in the ATS-L and XTS are nearing the end of their product cycle and are National V vehicles, which require a significant discount to be sold. In addition, BYD can also utilize a product mix pricing strategy. For example, the pricing of the six Cadillac models is essentially within the range of mutual coverage, allowing a fair model configuration coverage price band to be determined. Check that the price coverage band does not contradict with their own items and does not leave rivals with too much leeway. Cadillac's basic principle is to maintain the relationship between the price distribution of different product lines (for example, XTS and XY4), to avoid conflict with the company's other brands in the same market segments, and to try to ride to the competitors' high-end price band [8].

Secondly, BYD should study the pricing strategies of other competitors to understand the market price of similar products, as well as to understand the competitors' financial situation, market positioning, strategic objectives, customer loyalty and other aspects of information, in order to help them to maintain their own advantage in price. German automobile company S, the use of market "skimming" maximization, and for the first time in the market for the pricing of products or services, generally utilizing a high-price strategy to get large profits, and then gradually lowering the price with the passage of time. As a result, Company S is able to foresee a new product niche, join the market and capture market share ahead of competitors, and set the framework for later price reductions [9]. Therefore, BYD can refer to this strategy when entering a new field and also needs to raise its price appropriately in this new field so as to maintain its advantage in pricing.

4.2. Product

In terms of product, BYD also has some areas that can be improved.

First of all, about BYD's brand concept, BYD needs to build a special brand concept, shaping differentiated products, making products more competitive. For example, BYD should abandon the inherent method of product appearance that is solely based on "imitation" and "copycat" as soon as possible, and establish its own distinctive product appearance design concept as soon as possible, further expand the coverage of independent design, enrich its own product system models, and apply design concepts that represent Chinese elements to new energy vehicles to carry out product differentiation. To implement product differentiation, it is necessary to establish its own distinctive product design concept as soon as possible, expand the coverage of independent design, enrich its product system models, and apply design concepts representing Chinese elements to new energy vehicles [10]. As a result, BYD will be able to enhance its market competitiveness and brand value. When the product becomes more competitive, the demand for it from the audience groups increases, and at the same time its popularity will expand.

Secondly, BYD needs to strengthen its charging facilities if it wants to penetrate further into the market, making consumers worry-free before purchasing a car. As shown in the figure, the level of charging facilities construction caused a decrease in the sales of fuel cars and an increase in the sales of electric cars, given the different marginal costs of electric cars. This shows that the enhancement of charging facilities is greatly helpful to BYD's sales [11].

4.3. Promotion

BYD needs to switch its strategy about promotion and develop a comprehensive marketing and promotion strategy.

First off, BYD can enhance local offline promotion. For instance, ZC collaborates with nearby driving schools while conducting sales events. The driving schools would invite the sales consultants and service advisers from the business to instruct the driving school students on knowledge of car purchase and maintenance, including finance programs, vehicle maintenance, and many other issues of interest to potential clients. In addition to gathering data about potential clients, this approach indirectly promotes the business. Therefore, BYD can learn from this type of behavior, which helps to expand awareness and easier to find potential target customers.

The second point is that BYD needs to improve the quality of after-sales service as a way to increase customer satisfaction and to achieve promotions. This can be achieved by establishing a convenient complaint channel to achieve the effect and publicize it. The research found that Audi is well known for its service marketing. For customer complaints, Audi has a clear and dedicated person in charge with a specialized after-sales complaint handling process. In addition, Audi will focus on utilizing resources such as WeChat moments and automotive vertical websites to enhance the publicity effect of service marketing [12].

Finally, BYD could offer more value-added services as a way to promote its products. One way is for BYD to offer shared parking spaces after a consumer purchases a new energy vehicle, as well as to charter several rechargeable parking spaces in certain areas. This allows consumers to reduce the time and money spent on paying for and parking in crowded parking lots. As a result, the value of the BYD purchased by the consumer is greatly increased.

4.4. Placement

Combined with the above analysis of placement, BYD is not so welcome, and it can adopt the following strategies:

First of all, BYD needs to utilize new media to achieve accurate promotion. Nowadays, new media has shown its strong development trend, and its low-cost and high-efficiency method is also praised. BYD can accurately draw marketing positioning according to the statistics, so as to understand the specific needs and preferences of the customers, and realize the promotion on new media. For example, BYD's accounts "Tiger Talks About Cars" and "Chen Xiang Six and a Half Points" placed

on TikTok have become popular video accounts with more than 100,000 likes. Therefore, BYD can launch targeted products on the app to realize accurate promotion.

Second, BYD needs to shape differentiated sales channels. Tesla, for instance, uses the experience store sales concept. Tesla introduces a dedicated "Owner's Story" section on its website to provide prospective customers with a reliable reference as well as complete and extensive information on all of its models. Tesla also offers a hands-on test drive service offline so that customers can see and feel the differences between new energy cars and conventional fuel automobiles. If the desire to buy arises, the consumer only needs to place an order online to make the purchase [12]. By utilizing a unique sales model like this one, BYD can provide potential customers with a good experience and facilitate their purchase.

5. Conclusion

With the continuous strengthening of world environmental awareness and national and government policies, the advantages of new energy vehicles in energy consumption and environmental protection will gradually replace the traditional vehicles that currently occupy the market to a certain extent in the future. As a domestic independent new energy vehicle brand, BYD strives to enter the international market and become a representative enterprise of domestic new energy vehicles with great development potential. Through the case analysis of BYD Auto's foreign marketing, this paper not only puts forward problems from the four perspectives of 4P price, product, placement, and promotion, but also gives the optimal strategy. The main conclusions are divided into the following points.

In view of BYD's international marketing, it still adopts the penetration pricing strategy that has been consistently used in China, resulting in a brand image that is always low-end among consumers, lack of professional knowledge of employees, and excessive reliance on government subsidies, which are not conducive to BYD's overseas marketing. This study believes that BYD should adopt discounted pricing and fully understand the industry and the pricing strategy of competitors, increase prices in appropriate areas, maintain pricing advantages, and adopt unified training and standards for employee professionalism, so as to enhance brand image and increase profits.

In view of BYD's brand concept, it insists on independence, but there is still technology dependence on imports, and the downstream infrastructure is not compatible with overseas marketing, and the product positioning is not clear. This study believes that BYD should abandon simple imitation and copycat product appearance, and use independent innovation for real differentiation, such as adding Chinese elements to the appearance; in overseas markets, it is necessary to strengthen the construction of charging facilities.

In response to BYD's excessive reliance on offline sales channels in overseas markets, lack of online publicity, and cannot well meet the needs of overseas markets. This study believes that BYD should try to use new media to achieve accurate promotion, and should also create its own differentiated sales channels, using test drives or owner stories to promote used car owners.

For BYD's overseas market, it still adopts the domestic personnel promotion marketing method, which makes the personnel promotion effect poor due to the lack of professional knowledge and academic qualifications of the promoters. The variety shows, e-commerce platforms and other methods used have also led to poor promotion effects due to high repurchase costs and frequent safety accidents in the new energy automobile industry. To this end, BYD should change its promotion strategy, strengthen offline promotion locally, and cooperate with driving schools and other institutions to not only expand its popularity, but also increase potential customers; BYD should also improve the quality of after-sales service, establish special complaint feedback channels and relevant personnel; Add more value-added services, such as buying a car and giving away shared parking spaces.

6. Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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