

# *The Reasons for the Increase in BYD's Sales*

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**Abstract:** Established in 1995, BYD is a firm that specializes in the manufacturing and marketing of new energy vehicles. Between 2021 and 2023, BYD had a gradual growth in sales of new energy cars, ultimately achieving the top position in the market. The objective of this study was to investigate the factors behind the consistent growth in sales of BYD's new energy vehicles over the past three years, resulting in its surpassing Tesla, the leading traditional tram manufacturer, and becoming the top seller in China. This article examines the sales statistics and marketing mix theory of 4Ps to select models from BYD and Tesla during the previous three years, using BYD as a case study. Ultimately, the key to BYD's sales success resides in its distinctive product style, consistent pricing, and effective sales strategies. The recommendations provided in the book propose that BYD should integrate standardization and localization, use customary pricing tactics, and reinforce promotional strategies. This study is advantageous for BYD to broaden its international markets and may also function as a valuable reference for other new energy vehicle firms.

**Keywords:** BYD, Product Strategy, Price Strategy, Promotion Strategy

## 1. Introduction

### 1.1. Research Background

Lockdowns and traffic controls in many provinces have reduced worker movement and travel restrictions since the pandemic began. Statistics show that approximately 60 auto plants have been halted or temporarily shuttered, affecting the local auto sector. Foreign core technology-affected new energy vehicle production and sales dropped 31.7% and 32.8% to 496,000 and 486,000, respectively, from January to July 2020 [1]. The outbreak has disrupted critical component supply in China, making new energy vehicle manufacture questionable. Consumer revenue has suffered as firms have delayed resuming labor and manufacturing throughout the epidemic. Demand for durable items like vehicles has plummeted due to safety concerns and diminished outside travel and inside activities [1].

Since people's outlays are no longer restricted due to the relaxation of epidemic prevention policies, new energy brands like Tesla have taken action to promote the creation and sale of their vehicles. BYD is a new energy vehicle manufacturing enterprise with core technologies and capabilities in the field of new energy vehicles. Its comprehensive strength in new energy vehicle technology ranks first in China [2]. Data shows that in the past three years, BYD's overall sales have gradually increased, even surpassing those of the new energy giant Tesla.

BYD's China sales were lower than Tesla's in 2021, but 2022 was a tipping point. BYD sold 1.8635 million new energy cars this year, up 208.64%. Plug-in hybrid and pure electric vehicles led the increase in new energy passenger car sales, which increased 212.82% to 1.8574 million units. BYD already outsells Tesla worldwide [3].

There are some academic studies on BYD. Liu and Zhang adopted the method of data analysis to study the reasons, content, and existing problems of BYD's smart supply chain transformation and put forward suggestions [4]. Yang uses a case study approach to analyze the EVA performance evaluation that BYD used in order to summarize the role of economic value-added performance evaluation in enterprises [5]. Fang and the others adopt data analysis methods to study BYD's existing investment strategy, provide investment strategy recommendations, and draw inspiration for other new energy enterprises [6].

## 1.2. Research Gap

The domestic new energy sector has also reached a new stage with the loosening of pandemic rules. So, how did BYD alter its business strategy in the post-pandemic period to greatly outsell Tesla in new energy car sales? Scholars have not yet investigated this subject; hence, this article will investigate it. The findings of the study will assist other new energy vehicle firms in learning from BYD's business model, planning future development pathways, and better promoting the development of China's new energy industry.

## 1.3. Fill the Gap

This article aims to address the above issues by analyzing the reasons why BYD's sales have surpassed Tesla, the new energy giant, from the perspective of BYD's business model in the post-pandemic era and drawing inspiration from other car companies. This article will apply the Marketing Mix Theory as a theoretical basis to analyze the reasons from the aspects of product, place, price, promotion, etc. and provide useful suggestions on this basis.

## 2. Case Description

BYD Co., Ltd. was established in February 1995, headquartered in Shenzhen, Guangdong Province, with a focus on producing rechargeable batteries. In 2003, BYD entered the automotive industry and laid out new energy vehicles. It entered the new energy bus industry, the electric forklift industry, in 2009. It will release DM-i super hybrid technology in 2021. In the same year, the world's first unmanned Yunba demonstration line was opened in Chongqing. BYD released a pure electric exclusive platform, e Platform 3.0 [8]. In 2022, BYD stopped the production of fuel-powered vehicles, released CTB battery body integration technology, and took its 3rd millionth new energy vehicle offline [7].

As a pioneer in China's new energy vehicles, BYD announced the complete cessation of production of fuel vehicles in March 2022, demonstrating its determination to fully advance into new energy. At present, BYD has established a new energy brand matrix consisting of Dynasty, Ocean, Tengshi, and Yangwang, with various models in each series, covering all consumer groups. Tesla only has four models, namely the luxury sedan Model S, compact sedan Model 3, luxury SUV Model X, and compact SUV Model Y. From this perspective, consumers have much more choice than Tesla from BYD.

The following is a comparison of Tesla's Shanghai factory delivery volume and BYD's pure electric vehicle sales from 2021 to 2023. Tesla has not separately disclosed the delivery volume in China, while the delivery volume from its Shanghai factory includes markets such as China, Europe, and Australia. As can be seen in Table 1, BYD did not have an advantage in pure electric vehicle

sales compared to Tesla in 2021 but began to surpass Tesla in 2022, and by October this year, the gap was even greater.

Table 1: Sales Data of BYD Pure Electric Vehicles and Delivery Volume of Tesla's Shanghai factory from 2021 to 2023 [8, 9]

Brand	Sales in 2021	Sales in 2022	Sales in 2023(Jan.-Oct.)
BYD EV cumulative sales in China	0.32m	0.91m	1.21m
Tesla Shanghai factory delivery volume	0.448m	0.71m	0.77m
Tesla Model 3	0.15m	0.12m	0.12m
Tesla Model Y	0.17m	0.31m	0.35m

Data from: <https://www.BYDauto.com.cn/pc/>; <https://www.shanghai.gov.cn/>

The China Light Vehicle Test Cycle (CLTC) endurance test, as shown in Table 2, is a national standard operating condition test undertaken by China's Ministry of Industry and Information Technology. The air conditioner, headlights, and other loads are switched off throughout the test, and traffic conditions are reproduced at low and consistent speeds to replicate optimal circumstances. The car's maximum mileage is calculated. As indicated in the preceding table, when buyers have restricted budgets, BYD offers lower-priced vehicles to pick from, such as the BYD Qin, a small sedan. In every way, the BYD Qin performs slightly worse than the Model 3, yet it costs less than half as much. BYD Han, which is comparable in price to Model 3, beats Model 3 in many ways. The BYD HAN, for example, has a 0-100 km/h acceleration time of 3.9 seconds, indicating superior power performance. At the same time, the car's length is longer, which implies the space is larger. According to sales figures, both BYD models outsell the Tesla Model 3.

Table 2: Comparison Between BYD Two Sedans and Tesla Model 3[10]

Related Indicators	BYD QIN EV	BYD HAN EV	Tesla Model 3
Price	¥99,800 - 145,800	¥189,800- ¥331,800	¥261400-¥297400
CLTC Comprehensive Operating Condition Pure Electric Driving Range (km)	420km-610km	506km-715km	606km-713km
Charging Speed	In fast charging mode, the battery can be charged from 30% to 80% in 30 minutes.	In fast charging mode, the battery can be charged from 30% to 80% in 25 minutes.	In fast charging mode, the battery can be charged from 30% to 80% in 37 minutes.
100 km/h Acceleration	5.9s	3.9s-7.9s	4.4s-6.1s
Vehicle Commander	4675mm	4980mm	4720mm
Sales in 2021	0.1889m	0.1173m	0.1512m
Sales in 2022	0.342m	0.2724m	0.1245m
Sales in 2023 (Jan.-Oct.)	0.355m	0.1871m	0.1159m

Data from: <https://baijiahao.baidu.com/s?id=1754732765101305775&wfr=spider&for=pc>

### 3. Analysis of Problems

Eugene J. McCarthy introduced the Marketing Mix Theory of 4Ps in his 1960 book "Basic Marketing.". The 4Ps encompass the four manageable elements that a firm may manipulate in its marketing endeavors: product, pricing, location, and promotion. A product refers to the tangible or intangible offerings that a firm delivers to its intended customer base. Product considerations encompass several aspects such as product quality, design, specs, packaging, and services. Secondly, the price refers to the amount at which a consumer acquires a product, including any reductions, payment conditions, and other related factors. Thirdly, place encompasses the diverse routes and means by which a product is distributed or made available to the intended market, encompassing channels, regions, venues, transportation, and more. Promotion refers to a range of efforts undertaken by a firm to advertise its products and convince people to buy them. These activities encompass advertising, public relations, personnel promotion, and promotional events.

Tong utilized the 4P theory to examine the factors contributing to the growth of the women's apparel sector in Wuhan while evaluating its marketing techniques [11]. According to Li, the 4P theory represents the advancement of marketing and is an essential component of marketing theory. It holds significant importance in influencing China's marketing practices [12]. Hence, this essay will utilize the marketing mix theory of the 4Ps as a theoretical framework to investigate the factors behind BYD's swift sales expansion.

#### 3.1. Reason on Product

BYD has integrated traditional Chinese culture into the car design concept, naming models of several unified dynasties while retaining Chinese characters as the car logo, reflecting the cultural confidence of the Chinese brand. The Han Dynasty is a strong dynasty in Chinese history. It made great achievements in domestic and foreign affairs. It was the most powerful country in the world at that time. Thus, BYD launched the "HAN" series, aiming to create a new energy vehicle product that can perform in the market and highlighting the glorious history of China's ancient HAN Dynasty.

BYD "HAN" adopts an LFP blade battery, which has super safety and super endurance. BYD HAN also has a world-class ultra-low wind resistance coefficient of 0.233 cd and an ultra-run-level acceleration performance of 3.9 seconds per 100km acceleration time, which almost represents BYD's highest "war force" in the field of new energy vehicles. It has strong competitiveness in the new energy vehicle market.

In terms of aesthetic design, BYD "HAN" will integrate Chinese dragon elements into the body appearance design, combined with a Chinese aesthetic interior, highlighting the Chinese cultural connotation [13].

People are more concerned with the spiritual meaning of items as human society and the economy evolve. Products, it is usually assumed, are used to express unique feelings, inventiveness, and experiences. Thus, some researchers define product semantics as the social and cognitive symbolic meaning of a product shape in use. This includes the ornamental, culturally aware, and symbolic connotation semantics that are evident in the product's function, material, and structure. Product semantics acts as a link between product designers and customers [14]. Product innovation design is very important in improving product sales. From naming customs to product design, BYD may incorporate traditional Chinese culture into their goods. Simultaneously, BYD excels in automobile performance, which leads to large sales.

#### 3.2. Reason on Price

When it was introduced in July 2020, the BYDHAN EV was priced between 229,800 and 279,500 yuan, making it 40,000 yuan less expensive than Tesla [16]. Between Q4 2021 and Q2 2022, there

was a reduction of 5400 yuan in subsidies, while the cost of raw materials increased, resulting in higher pricing for medium- and high-end new energy products [15]. The price of Tesla's Model 3 increased by 30,000 yuan between September and December 2021 and by an additional 14,000 yuan in March 2022 [15]. BYD was unaffected by the increase in Tesla's price. Between September 2021 and September 2022, BYD implemented smaller price increases compared to Tesla, resulting in a significant surge in sales. In July 2022, the BYD Seal was publicly traded, initiating a competition in price among automobile manufacturers. Tesla reduced the price by 36,000 yuan on January 6, 2023. Following Tesla's price reduction, BYD promptly countered by introducing the formidable Qin Plus DM-i model. After the passage of one month, BYD set the price of its A-class automobiles at less than 100,000 yuan. After establishing dominance in the low-end industry, BYD expanded its presence into the high-end sector [16].

Wang Xia performed an empirical study using data from 22 domestic sectors and discovered that customers' price tolerance for durable consumer products was much lower than that for non-durable consumer goods [16]. Promotional price cuts are a successful approach for local durable goods firms competing for market share with overseas companies [16].

When the prices of other new energy brands began to climb, BYD did not immediately follow suit. When compared to other brands, BYD's price rise is similarly modest. When other brands began to participate in price wars and dramatically cut costs, BYD chose a different path by developing products at cheaper prices. This strategy not only keeps the hearts of mid- to high-end car users stable, but it also draws a share of low-end clients, supporting sales growth.

### 3.3. Reason for Promotion

BYD has done a great job in promotion, mainly focusing on four aspects: personnel promotion, advertising promotion, exhibition promotion, and public relations promotion

First, personnel promotion: communication and sales between employees are the most common ways of selling. At present, BYD company personal face-to-face communication sales are the most commonly used sales method, which is extremely persuasive.

Second, advertising promotion: BYD selected a lot of media companies to advertise. BYD's new energy vehicles have similar advertisements on various video websites, such as Sohu's advertisements, online advertorials, application advertisements, and advertisements pushed by Tencent and other websites.

Third, exhibition promotion: BYD Company participated in domestic and foreign auto shows, electric car shows, new energy shows, and other exhibitions, as well as in Germany, Japan, the United States, and other international auto shows in the Middle East, Africa, Latin America, Australia, and other relatively backward areas of automobile production.

Fourth, public relations promotion: BYD Company has funded the construction of several schools, donated, funded, and subsidized education, vigorously promoted environmental protection, and also issued books with green advocacy as the main content [17].

Advertising is the most direct way to influence consumer culture. Advertising can make consumers generate purchasing behavior using appropriate language symbols in the most direct and fastest way. It has a significant impact on the formation of consumer culture. In a sense, advertising is the engineer of the human soul. Automobile advertising has an absolute boosting effect on the formation and change of the automobile consumption concept [18].

## 4. Suggestion

### 4.1. Combining Standardization and Localization

As a result, BYD has gained customer trust by successfully incorporating Chinese culture into product design. As a result, this article advises that BYD maintains product homogeneity while modestly localizing and offering local limited-edition items while establishing global markets. If automobiles are sold in the European region, a full public opinion poll may be undertaken locally to understand local consumer preferences, and changes in car style and functional design can be implemented. Simultaneously, standardized accessories should be employed to maintain product quality.

Despite the fact that they are in distinct industries, this method has been successful in the food sector, such as at KFC. KFC is a worldwide firm that excels at combining localization and standardization operations. In the mid-1990s, KFC formed a Chinese product development team. It can now provide more than 40 new goods every year to Chinese consumers, including their beloved classic Beijing chicken rolls and Hong Kong-style crispy chicken legs. Simultaneously, KFC has implemented a globally unified supply chain management system, established strict regulations and standards, and managed and supervised suppliers and manufacturers to ensure that their products meet standards, including standardized processes in various aspects such as material selection, production, packaging, and distribution to ensure food safety and quality control [19].

Technology products update and iterate quickly; therefore, BYD needs to further innovate in technology and continuously improve product performance to maintain a competitive advantage in the new energy brand.

### 4.2. Adopting Habitual Pricing Strategies

Based on price rationality, BYD's strength lies in its ability to maintain a stable price. Therefore, this paper proposes that BYD should continue with its current pricing strategy, ensuring price stability even in the face of market fluctuations and making necessary adjustments in response to industry trends, policies, and raw material costs. In order to mitigate customer opposition and facilitate the adoption of new pricing habits, one might modify packaging or license plates or provide many tiers of autos when significant price adjustments are necessary.

According to some experts, the standard pricing method is to separate comparable automobiles into many tiers, with different levels of cars priced differently. This can give buyers the impression that the items are legitimate and priced appropriately, making it easier for them to accept [20]. Furthermore, raising the pricing of these different levels of automobiles at the same time will have little effect on customer purchasing desires. Lowering prices might cause buyers to question the product's quality, while rising costs can cause discontent and a shift in purchasing [20].

Therefore, BYD can continue to meet the psychological, material, and spiritual needs of car consumers through this pricing strategy, inducing them to increase their purchases, expand market sales, and maximize benefits.

### 4.3. Enhance Promotion Tactics

BYD employs four promotions to improve sales, according to the reasons for the promotion; thus, this article will continue to provide suggestions based on these four features.

First, people promotion is not only the oldest and most widely utilized kind of product marketing, but it is also the most significant way of selling car products. By selecting sales staff with stronger cultural and physical traits, BYD may enhance its personnel promotion processes, boost personnel management, and improve admission mechanisms. Simultaneously, frequent skill training may be undertaken to improve sales staff's business competencies, increasing the efficacy of personnel



promotion. The practice of marketing a product involves the employment of numerous sales strategies by salespeople to encourage buyers to accept a specific item. As a result, excellent fundamental qualities are required in salesmen. High cultural literacy is required for excellent sales performance, and the nature of sales personnel's profession dictates that they must have a strong body to be competent. A healthy physique is also a tangible guarantee for carrying out all sales plans [21].

Second, as a new sort of product, customers continue to be concerned about the safety of new energy vehicles. As a result, BYD may emphasize its safety performance in marketing. For example, one of Mercedes-Benz's selling factors and a crucial aspect in luring customers to purchase its brand has always been safety. Mercedes-Benz used the approach of "using softness to overcome hardness" in their advertising, employing the picture of a nude mother cradling her kid to powerfully express the sensation of being secure sitting in a Mercedes-Benz automobile, exactly like being in the arms of a mother. The delicate manner in which a mother cares for her infant automatically connects with the viewer. The nude image of a mother and infant creates a sense of secure skin, whereas Mercedes-Benz treats clients as if they were their children, with blood connection and wholehearted care [18].

Third, online live streaming is popular, and most firms will market using it. BYD may boost international awareness with cross-border live streaming at exhibits as an exporter. Cross-border live streaming lets BYD show consumers its manufacturing process, consumer experience, and corporate culture, as well as factory, production workshop, and warehousing workflows in the live broadcast room. Export enterprises can use a live streaming marketing model to display brands, exhibits, and enterprises globally in 10x24 hours, invite buyers into the live streaming room, set the stage for high-quality marketing negotiations, and extend experiential marketing. Cross-border live streaming allows online exhibition marketing and content operations to boost private domain traffic. LinkedIn, Tencent, Facebook, and YouTube can boost cloud traffic for better marketing and promotion [22].

Fourth, in public relations marketing, BYD can realize rapid dissemination by creating news. In general, information dissemination makes it difficult to break through the barriers formed by closed markets in a short period of time. Therefore, public relations marketing needs to be carefully planned, which not only has high news value, is easy to attract the attention of journalists and actively cooperate, but also has a certain degree of interest and is easy to attract news events from the public to quickly break through the psychological barriers of the public (customers) and open up the market. For instance, the Japanese Seiko Timing Company's Seiko Watch had excellent quality and performance in the early 1960s. Although the company spent a lot of advertising money, it was difficult to penetrate the international market. As a result, the company sent planes to drop numerous precision watches on Australian beaches, and the sudden golden glitter in the sky astounded everyone. When they picked up pieces of precision watches that were still accurate after falling from a high altitude, they were all amazed. Since the news has covered this, Seiko watches have opened up new sales channels and become a popular product [23].

## 5. Conclusion

This article examines BYD's new energy vehicle sales against the backdrop of a significant decline in production and sales in the post-pandemic era, and it investigates why BYD's new energy vehicle sales have steadily increased in the last three years, surpassing traditional tram leader Tesla to become the number one in China. This essay examines BYD's product, pricing, and marketing factors before concluding that BYD's sales secret is its distinctive product style, consistent prices, and acceptable sales strategies.

This article examines relevant material and confirms the applicability of the 4Ps marketing mix theory in the automobile industry. New energy vehicle manufacturers may use BYD's product design methodology to produce cars with distinctive concepts. Furthermore, automobiles with varying

functionalities and pricing can be released to meet the demands of various groups of people in order to occupy the market.

BYD's proposals in this article lack practical proof, and their practicality will be confirmed in future studies. Meanwhile, this article's study of the motives for encouraging the sales of BYD's new energy cars is insufficient. More material will be explored in the future for a more in-depth examination.

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