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Analysis of Business Strategies for the Development of New Energy Industry: A Case Study of BYD Auto Company

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Abstract: Nowadays, global environmental problems have become increasingly serious, in order to deal with climate and environmental problems, China has proposed a "dual carbon" policy, and actively encouraged the development of a new energy industry, optimizing the energy structure and some methods. This paper adopts the case analysis method, takes the new energy enterprise BYD as an example, studies the development status of new energy enterprises, points out the existing problems, and puts forward relevant countermeasures. This study's discoveries can be summed up into two experiences. The premier test, first and foremost, obstructing BYD's undertaking progress lies in the decreasing benefit of mechanical advancement, dissolving its upper hand. To resolve this issue, it is basic that new energy undertakings focus on development as a foundation of their development technique.Besides, the improvement of these organizations ought to put an uplifted spotlight on developing areas of strength for a culture, putting resources into the ceaseless advancement of their labor force, and upgrading the general information level inside their groups. In addition, the absence of strong foundation supporting the development of new energy ventures. To balance this, it is fundamental for legislatures to expand their help for these ventures, guaranteeing they have the important assets and climate to flourish. By addressing these provokes and offering direction to arising new energy firms, this exploration not just adds to hoisting the business' general norms yet additionally holds the possibility to have a huge effect on worldwide natural and biological issues.

Keywords: new energy industry, BYD, strategies, case analysis

1. Introduction

1.1. Research Background and Significance

The new energy industry is ushering in great opportunities brought about by favorable policies, technological development, and industrial structure transformation. As the world continues to advance its carbon neutrality Action Plan, 127 countries have now proposed carbon neutrality targets, covering 88% of global carbon emissions. Forward leaps in green and low-carbon advances, alongside expanding mechanical development and the rise of novel advancements, are introducing new answers to address the natural contamination and environmental harm coming about because of conventional improvement models. These improvements are likewise turning into a huge driver of worldwide financial development. As per McKinsey's projections, there is a significant flood popular

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for environmentally friendly power not too far off, with the portion of power age expected to ascend from its current 25% to a great 51% continuously in 2035[1]. A conspicuous player in the blossoming new energy area is BYD Gathering, an automaker settled in Shenzhen, China. This organization has established its situation as a forerunner in the electric vehicle industry in China and stands as one of the world's biggest electric vehicle producers. Over its 24-year history, BYD, which was established in February 1995, has established over 30 industrial parks worldwide and experienced rapid growth. This essential extension traverses six mainlands, adding to a yearly income surpassing 100 billion yuan. BYD's item portfolio incorporates a wide cluster of contributions, including customer hardware, auto insightful frameworks, the Web of Things, mechanical technology, and man-made reasoning-driven shrewd items, and that's only the tip of the iceberg. As of now, BYD works principally inside three key business fragments: auto, cell phone parts and get-together, and battery-powered batteries and photovoltaics. This Figure 1 illustrates BYD's development history and achievements in some special years.

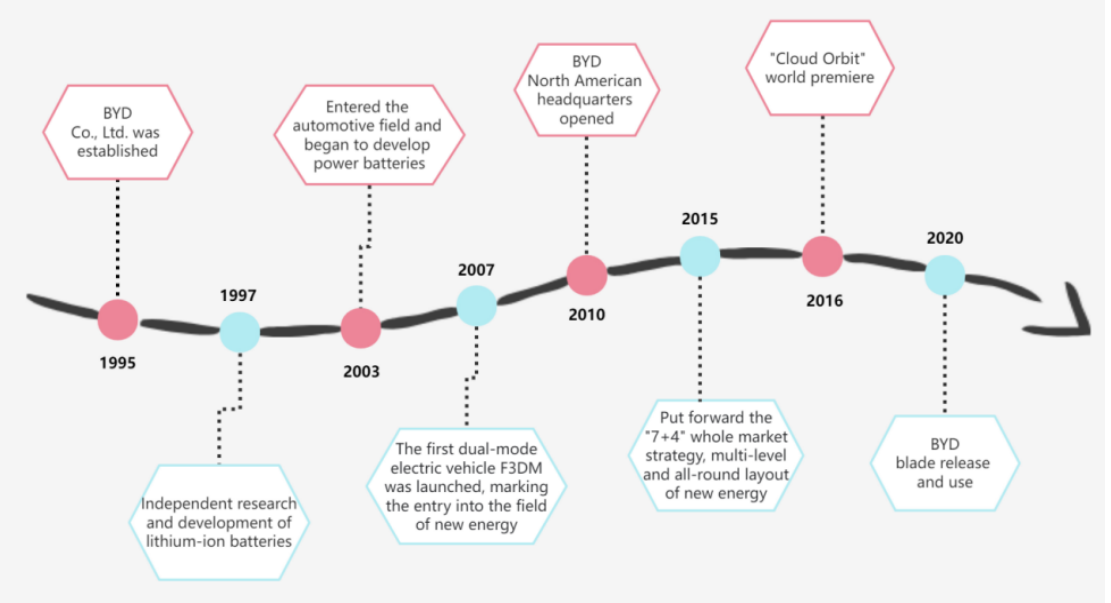

Figure 1: BYD history.

1.2. Literature Review

Wang Shiyi directed a SWOT examination to survey the scene. Her discoveries highlighted that these undertakings have a strong material establishment and advantage from a deep-rooted modern chain, lining up with winning global strategies. In spite of this benefit, she recognized regions for development, outstandingly in innovation, ability securing, and rivalry from conventional enterprises, which posture difficulties to the area's development [2]. Niu Junwang's investigation, then again, fixated on the improvement status of China's new energy organizations inside the environmentally friendly power energy structure. He stressed the basic job of energy protection and discharge decrease as key drivers for the business, featuring their positive cultural effects. Moreover, Niu Junwang focused on the urgent significance of dominating new energy innovations as an extraordinary measure for these endeavors, illustrating methodologies to reinforce mechanical capacities [3]. Bin Xu and Boqiang dug into the present status of China's new energy area. Utilizing a mix of cross-sectional and time series information, they investigated the business' elements and bridled a non-parametric added substance relapse model to unwind the multifaceted connection between the new energy area and its main impetuses. Their examination gives significant experiences into the perplexing elements

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impacting the development direction of new energy endeavors in China [4]. One of the reasons for the rapid development of BYD Company was its unique human resources. By analyzing the unique human resources strategy in BYD company culture, the leadership of BYD company realized that employees played an important role in the development [5].

1.3. Research Content and Framework

This study is divided into five parts. The first part is the introduction. This part primarily introduces the background of studying the development status of the new energy industry and BYD Company. The second part is to study the development status of BYD. The third part is to study the problems and challenges of BYD's development. The fourth part is the countermeasures and suggestions for the better development of BYD. The fifth part is the summary and prospect. This paper summarizes the whole paper and points out the shortcomings and future research directions.

2. The Current Situation of BYD

2.1. Financial situation

First, BYD's net profit increased by more than two times. According to the interface news report, BYD announced the semi-annual report of 2023, the first half of the company's operating income of 261.024 billion yuan with an increase of 72.72% [6]. Among them, the operating income of automobiles, auto-related commodities, and other products was 208.82 billion, an increase of 91.11%. Accounting for 80.28% of operating income, compared with the same period last year, the proportion of automotive business revenue further increased [6]. In the first half of 2023, BYD's net profit attained 10.95 billion yuan, an increase of 204.68%, and the growth rate of the same period last year [6]. From the perspective of gross profit margin, BYD's automotive business gross profit margin increased slightly to 20.67% compared to the first half of last year [6].

2.2. New Energy Vehicle Business Development

2.2.1. BYD's New Energy Vehicle Business

According to information delivered by the Traveler Affiliation, the year 2018 denoted a huge defining moment in China's auto industry. Following 28 successive long periods of development, the nation saw its most memorable year-on-year decrease in traveler vehicle deals, with a sum of 22.351 million units sold, mirroring a 5.8% reduction. In 2018, new energy vehicle deals flooded to 1.256 million units, denoting a noteworthy 61.7% increment contrasted with the earlier year.

Inside this unique situation, BYD arose as a striking player in the new energy vehicle market. BYD accomplished deals with 247,800 new energy vehicles, getting a significant 19.7% portion of the homegrown market. Outstandingly, BYD's new energy traveler vehicles, specifically, instructed a main situation with a piece of the pie of 22.33%, a position it had kept up with for quite some time. Seeing explicit models, BYD's e5 and yuan EV positioned among the main 10 smash-hit unadulterated electric vehicles, while in the module crossover portion, BYD's Qin, Tune, and Tang models reliably held the main three spots. This achievement shows that BYD has succeeded in both unadulterated electric and module cross-breed advancements, accomplishing solid deal execution in both categories [7].

2.2.2. BYD New Energy Commercial Vehicle Development Status

BYD left on the excursion of exploring and creating unadulterated electric transports in 2008. From that point forward, they have extended their item setup to envelop a thorough scope of unadulterated

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electric transports traversing from 6 to 18 meters long. The debut accomplishment in this try was the development of BYD's absolute first all-electric transport, known as the K9, which moved off the sequential construction system in Changsha in 2010. In 2010, BYD made a spearheading stride by presenting electric answers for metropolitan public transportation, perceiving the need to address mounting ecological worries. A critical achievement continued in 2011 while BYD, utilizing the Universiade occasion, put 200 K9 unadulterated electric transports into activity in Shenzhen. This obvious a notable second as BYD turned into the principal organization on the planet to effectively carry out the business activity of new energy transports.

Inside the Chinese market, BYD's unadulterated electric transports have made progress and are effectively working in significant urban communities like Beijing, Guangzhou, Shenzhen, and Hangzhou. Moreover, endeavors are in progress to broaden the reception of these transports to more modest and medium-sized urban communities the nation over.

Past homegrown lines, BYD has extended its impression in the abroad business sectors, making electric transports accessible in Europe, the US, South Korea, and different countries known for their auto industry ability. Eminently, BYD's contributions have gotten approval from global clients, including Transport for London, the Los Angeles Transport Organization, and Facebook.

Supported by a complete industry biological system and item arrangements, BYD remains at the cutting edge of new energy vehicle innovation. The organization's obligation to creating great items has acquired trust among customers. Subsequently, BYD effectively advances the zap of public transportation at the public and worldwide levels. In doing as such, they send out harmless to the ecosystem transportation ideas around the world, gladly addressing the "Made in China" ethos.

3. Issues

3.1. Abnormal Operation and Insufficient Funds for Enterprise Transformation

3.1.1. The Market Competition is Fierce and the Pressure is Increasing

As a leader in China's auto manufacturing industry, BYD has long achieved great success with innovative technology and market expansion. However, with the increasingly fierce competition in the domestic and foreign auto markets, BYD is facing strong competitive pressure from joint venture brands and emerging electric vehicle companies. Declining sales of conventional fuel vehicles and intensifying competition for market share in electric vehicles pose a big challenge to BYD's market position. The occurrence of abnormal operating conditions such as declining sales volume and declining profits is closely related to the intensity of market competition.

3.1.2. Supply Chain Dilemma

Supply chain problems around the world have also brought serious operational difficulties to BYD. The outbreak of the virus and global logistics chaos have severely affected the supply of raw materials and components. As a manufacturer, BYD is highly dependent on the stable and efficient operation of the supply chain. Delays and bottlenecks in the supply chain lead to production line difficulties and product sales stagnated, which reduces the company's income.

3.2. The Advantages of Technological Transformation are Reduced

With the transformation and upgrading of the global automotive industry, electric vehicles have become a new trend in the industry. However, BYD faces some difficulties and challenges in terms of technological transformation. Although the company has a first-mover advantage in the field of electric vehicles, its technological advantage has gradually weakened as other manufacturers have

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quickly caught up [8]. In addition, the rapid development and continuous upgrading of electric vehicle technology requires enterprises to continue to invest a lot of research and development resources and funds, which puts higher requirements on BYD. These technologies need to be continuously innovated and upgraded to meet market demand and policy requirements.

3.3. Policy Challenges.

Government strategies and guidelines connected with new energy organizations are dependent upon continuous changes, and these progressions apply a huge impact on the speculations and progress of such firms. A valid example is the differing levels and sorts of government endowments, which act as a directing variable in the development of new energy endeavors [9].

4. Suggestions

As for the problems that BYD may encounter in its development, its core problem is technological innovation. Therefore, some relevant countermeasures and suggestions will be put forward from the two main bodies of enterprises and the government, so as to improve BYD's competitiveness in the market and have more advantages and better development [10].

4.1. Strengthen Product Innovation to Meet the Individual Needs of Consumers

With the continuous change of policy, the new energy automobile industry giant Tesla entered China, the original fuel car BMW, Mercedes-Benz, and other well-known brands cater to the new direction of energy transformation, new energy is the future trend of development, and BYD can raise the price appropriately and improve the positioning of the car, thus breaking the original positioning, no longer limited to low-end products. Based on the basic model, launching good performance, more endurance limited or customized versions, to the development of high-end cars, and luxury cars. Under the premise of meeting the national standards, and properly meeting the consumer requirements for the interior, appearance, and other aspects, in the era of the public following humanization, the technology is stable, the market is relatively broad premise, it is possible to take a private customized way to meet the individual needs of consumers, to improve BYD's market competitiveness.

In addition, BYD could extend new businesses, develop the leasing model, rent new energy vehicles or batteries, reduce the threshold of car purchase, and evenly distribute the cost of car use to the time of car use, which can make consumers in the psychological can accept, and then through implement high value-added service projects to ensure sufficient capital return, and can also replace the old battery with new one. Not only can waste batteries be recycled but also the same problem existing in batteries can be found to solve and promote the further improvement of technology.

4.2. Increase Research and Development Efforts to Improve Product Quality

To upgrade item quality, BYD has reliably put areas of strength in innovative work. The organization perceives that nonstop mechanical progression is foremost, especially with regard to battery innovation which actually holds undiscovered possibilities. Contrasted with customary fuel vehicles, new energy vehicles face double difficulties of restricted speed and inadequate power for broadened driving reaches. Tending to these difficulties requires a deliberate spotlight on ability procurement. BYD has effectively looked for talented experts and cultivated coordinated efforts with instructive establishments to outfit their exploration capacities and incorporate scholastic ability with functional modern assets. This essential methodology has prompted the foundation of great innovative work groups, speeding up the production of a vigorous system for new energy vehicle research and development [11]. Besides, BYD puts significance on the style of their items, endeavoring to

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consolidate execution with contemporary plans. To accomplish this, they draw in proficient plan groups to create vehicles that resound with the general population. All the while, BYD is focused on supporting free advancement across all features of their activities, diminishing reliance on outside parts providers by fostering an independent store network. This complex methodology highlights BYD's devotion to raising item quality and remaining at the bleeding edge of mechanical progressions in the new energy vehicle industry.

4.3. Improve Infrastructure and Expand Markets

First of all, the government could invest funds to support technology and industrial innovation, and strengthen the construction of peacetime infrastructure, such as charging infrastructure, to provide basic security [11]; Second, actively encourage enterprises and public institutions to purchase new energy vehicles, promote its promotion, so that their market scope is larger; Third, the government can encourage international cooperation and strengthen the exchange and cooperation of international new energy enterprises.

5. Conclusion

The new energy industry is the major trend of the future, with the support of policies, continuous technological innovation, and environmental requirements, which will usher in a broader prospect for development. Therefore, it is necessary to study the topic, which can aid other new energy enterprises in establishing the correct development strategy. According to the case analysis method, this paper takes BYD as a specific example to study the development strategy of new energy enterprises and finds that there are bottlenecks in the development process of technological innovation and insufficient competitiveness, but with the joint efforts of both the conquest and the enterprise, the problems can be effectively solved. At the same time, enterprises should also strengthen technological innovation and cooperation with other enterprises, so as to form a good cooperative relationship and jointly promote the development of a new energy industry. However, the major limitations of the present study are that the research method is not scientific and rigorous enough, the data collection and analysis are not comprehensive enough, and only the case analysis method is used to analyze the overall state of its development, which is relatively extensive, and the research content is not detailed enough. And it lacks some empirical model analysis.

The future research direction would like to further study the transformation of new energy enterprises, new energy enterprises in the state of high quality and rapid development, not only limited to their own development, better digital intelligent development, and further promote the optimization of the structure of new energy enterprises.

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