

THESIS

Yizhuo Li

2023

Summary

Globally, the new energy vehicle industry is rapidly emerging and becoming a key area of the global automotive industry. The rise of this field is primarily driven by two key issues: energy conservation and environmental protection. Over the years, the mass production and use of traditional fuel vehicles has led to increased environmental pollution, greenhouse gas emissions, and dependence on limited fossil fuel resources. Therefore, in order to reduce the adverse impact on the environment and improve energy efficiency, active exploration and investment in clean energy transportation have begun globally.

In this context, this paper aims to deeply explore BYD's competitiveness in the field of new energy vehicles and evaluate its competitive environment by applying analytical tools such as Porter's five forces model, SWOT model and PEST model. Through this research, we will better understand BYD's position in the global new energy vehicle market, reveal its strengths and weaknesses, as well as market opportunities and threats, thereby providing strong support for the company's strategic decisions. In addition, this study will also help the broader automotive industry decision-makers and relevant stakeholders to better understand the competitive landscape and environment of the new energy vehicle market to promote the development of sustainable clean energy transportation.

By using Porter's five forces model, the study found that among existing competitors in the new energy vehicle market, BYD is highly competitive, especially in the Chinese market. However, the company's technological prowess and diversified operations help maintain its leadership position. Since BYD has a relatively complete industrial chain, this helps reduce the bargaining power of suppliers. However, the company needs to continue to consolidate its supply chain to ensure a stable supply of batteries. In terms of buyer power, BYD's buyer negotiation power in China and international markets is relatively low due to the growing market demand for new energy vehicles. However, price-sensitive markets may pose challenges to a company's pricing strategy. In terms of substitutes, the continuous development and technological innovation of the new energy vehicle market have reduced the threat of substitutes for traditional fuel vehicles. BYD's product diversification and battery technology advantages help mitigate the risks posed by substitutes. However, potential competitors in the new energy vehicle industry are increasing, but entering this market requires a large amount of capital and technical resources. BYD's technological strength and brand awareness have reduced the threat from potential entrants.

The PEST model found that the competitive environment faced by BYD is as follows: At the political level, government policies have an important impact on the new energy vehicle market. Government support policies, such as subsidies and emission reduction targets, provide business opportunities for BYD. At the economic level, global economic conditions have an impact on the market demand for new energy vehicles. The economic downturn may lead to market instability, but the low operating costs of new energy vehicles may still be attractive. At the social level, environmental awareness and consumer demand for clean energy transportation are increasing, which provides BYD with market opportunities. At the technical level, technological innovation is crucial to the new energy vehicle industry. BYD needs to continuously improve its battery technology and vehicle performance to meet changing market demands.

Finally, the SWOT model found that BYD's strong technical strength, especially its outstanding performance in battery technology, and its diversified business model are regarded as its main advantages. These factors not only improve the quality and performance of the company's products but also help the company establish a solid position in the market. However, despite its strong technological capabilities, BYD has relatively low market visibility in international markets, which may constrain its global expansion plans. In addition, fierce competition in the new energy vehicle market has led to price wars, which may pose a threat to the company's profitability. In a competitive environment, active support from government policies and growth in the global market provide BYD with broad opportunities. The government's environmental protection policies, emission reduction targets, and subsidy programs for new energy vehicles have encouraged market growth and provided strong market momentum for the company. However, intensifying market competition and rapid technological advancement pose potential threats, requiring companies to continue to innovate in order to remain competitive.