

International Marketing & Business Plan

BYD Automobile, China



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Executive Summary

China becomes the world's second-biggest market in the electric vehicle industry after the United States. It is expected that through 2021, Global electric vehicle Market will Grow at a CAGR of 38%. BYD Auto is the vehicle of choice in the current world because of environmental issues and comes with exclusive features. This international marketing plan as well as the business plan for BYD Automobile, China has presented a succinct on market summary and demand assessment of electric vehicle, segmentation and target market, value positioning analysis, competitor analysis, marketing mix analysis, furthermore, strategies to accomplish the business goals, one year budget allocation for Australian market, selection for sources of finance and marketing estimation. This marketing plan has intended to imitate the present situation and organizational purposes that can power the BYD Automobile's international marketing and business efforts.

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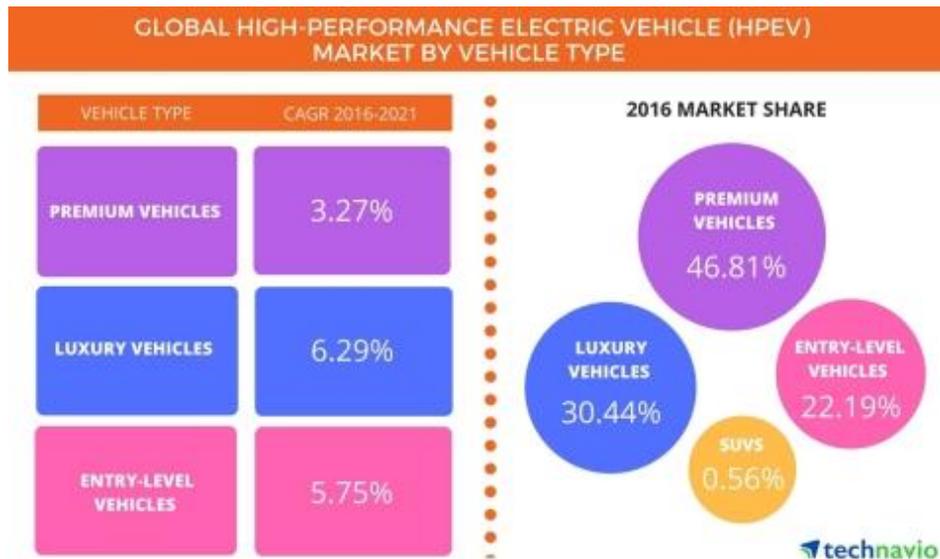
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International Marketing Plan

1 Market Segmentation

China becomes the world's second-biggest market in the electric vehicle industry after the United States. In 2014, BYD Qin and BYD e6 were included among the world's top 20 most popular models (RnR Market Research, 2015). The year of 2014 is called as the foremost year of Chinese electric vehicles development. On the other hand, it is expected that through 2021, Global electric vehicle Market will Grow at a CAGR of 38%, according to Technavio (Technavio, 2017).

Figure 1: Global electric vehicle Market



The market research study classifies the world top-performance green vehicle market into three foremost product segments, including:

- **Premium vehicles:** Premium electric vehicles are highly accepted in the United States and several European states, wherein overall assets distribution is towering, moreover, most customers can pay for premium autos price \$60,000 USD. At present, the most trendy premium electric vehicles include BYD e5 and e6, Volkswagen eGolf, Kia Motors' Soul EV, and BMW i3 and i3EREV (Technavio, 2017).

- **Entry-level vehicles:** The majority of new technology vendors have a tendency to procure entry-level HPEVs on account of their lower expenditure. Entry-level autos are largely chosen by customers belonging to both upper-class and middle-class segments.
- **Luxury vehicles:** The majority of luxury HPEVs locates large acceptance in the United States and particular European countries, including France, Norway, and Netherlands.
- **Sport utility vehicles (SUVs):** These autos are favoured more due to their higher off-roading capacities with an additional line for passengers as well as a vigorous, prevailing built. This vehicle segment of the world marketplace is estimated to observe high escalation from the year of 2017.

Besides, the top vehicle vendors in the world market have highlighted in the report by Technavio's automotive market research analysts are:

- BMW
- Daimler
- Tesla Motors
- General Motors
- NISSAN MOTOR (Technavio, 2017)

BYD Auto can select the differential marketing segment for the international marketing plan because differential marketing focuses on a particular area. By using the differential marketing segment, BYD can choose to work all the way through two or more market segments. Moreover, BYD can decide on either a complete differential marketing approach or a preferred differential marketing approach through analysing all the market segments (Glanert, 2012).

2 Target Marketing

Chinese vehicle manufacturer BYD Auto, which is a division of battery producer BYD Ltd., is the largest electric vehicle manufacturer in the world by the figure of products sold. BYD Auto

vends SUVs and hybrid sedans in the China market and electric vehicles, including taxis and buses in the United States, Latin America and in several European countries, and also in China (McDONALD, 2017).

As Kızıl et al. (2013) explain, while targeting new markets for international entry, it is important to recognize the type of customers in the target market as well as the ways to reach the customers successfully. This marketing plan has utilized a number of tools and techniques to recognize the target markets, such as research, tactics, demographics, and psychographics. BYD Auto covers an exclusive collection of clients segments across the world, particularly in the United States, Latin America, and Europe, which is typified through a simple trade-off between the luxury products and prices. BYD Auto's clients in the international market can be separated into diverse segments. Global vehicle makers like BYD Auto are trying to describe the future car market with electric vehicles. Besides, while developing products, it is also important that the manufacturers will focus the customers' main concern as "high value for money" for achieving their satisfaction. Furthermore, provided the existing charge of energy storage is also considered as a challenge in this field.

However, this marketing plan has found customers, particularly young professionals, business people and big vendors who import products from foreign countries. In effect, BYD Auto's customers belong to varied nationalities, wide-ranging geographies, pay levels, and cultural identities. This marketing plan has focused the business people who are willing to import vehicle in their country. This plan has primarily targeted several countries, including the United States, the Netherlands, Canada, Sweden, France, Norway, and Australia. As this study found through research that the Electric Vehicles Initiative (EVI) is committed to speeding up the employment of EVs international (CEM, 2017) and the described countries are counted member governments. Moreover, 95% of electric vehicle sales in the world are taking place in these ten countries, including China, the United States, Canada, Japan, and the 6 foremost European nations (International Energy Agency, 2017).

3 Market Positioning Strategy

Nations across the globe are coming up with severe discharge types to curb the intensities of GHG discharges from automobiles and thus direct global warming. The expansion, as well as implementation of electric vehicles, is confirming to be a foremost resolution to tumbling greenhouse gases to satisfactory altitudes. BYD Auto has announced its 'Green City Solution' plan. It is playing a vital role to produce and implement green vehicles worldwide, which is considered as its strong business point. This Auto Company has been emphasised on research and improvement of EV technologies to help the global environment as well as enhance the contemporary transportation systems. Moreover, BYD sells EV product line that covers both e-Bus and e-Taxi providing with BYD K9 and BYD e6 correspondingly (Pure Electric Technology, 2017).

Alternatively, competitive marketing tactics are defined as vibrant as these tactics put a manufacturer's strong positions next to its rivals' weak positions or in determined positions which cause no threats to rivals. Competitive marketing requires the manufacturers' tactics are well-informed about the customers' product needs or the manufacturers' capacities, as well as strengths and weaknesses of rivals in the markets. Understanding the marketing along with the competitive environment is significantly necessary to progress, execution and direct the marketing plan of BYD Auto for better competitiveness. The marketing strategists of BYD Auto need to be greatly aware of the international status of EV markets. BYD is one of the foremost Electric Vehicle manufacturers in the world; accordingly, the other manufacturers are BYD's straight challengers, particularly Toyota, VOLKSWAGEN, CHERY, GEELY (Lacuitto et al., 2011).

4 Marketing Mix Analysis

According to Bahman et al. (2013), the marketing mix is a series of appropriate essentials of marketing tactics of a business or venture (Bahman, Kamran, & Mostafa, 2013). Advancing a tactical technique is significant for marketing along with viable market scrutiny. Marketing mixes are not only about product or business promotions or communications, but also they are utilized in several businesses or ventures to introduce and enhance connection with luxury

customers as business people, young corporate and local big vendors so that the business can concentrate on the customers' needs in an approach that assists the venture to meet the company's big goals. Captivating marketing tactics consist of the subsequent marketing mix:

4.1 Product Strategy

BYD Auto is the vehicle of choice in the current world because of environmental issues and comes with exclusive features. The highly demand BYD's Electric taxi comes along with the features-- e6 Spacious Cabin (15.9 Cubic ft.); environmental-friendly battery; NVH Engineered for a Calm Driving Experience; airy Interior, designed for fleet hauling solutions; zero emission; Fire-safe; 250 miles; comfortable rear passenger space; 15.9 cu.ft cargo volume and others. On the other hand, Electric Bus: 60ft comes along with the features-- America's first 60ft articulate battery-electric bus; power-driven by the World's longest electric vehicle battery; the world's only electric bus battery with a lifetime warranty; BYD's Proprietary In-Wheel Traction; 3 hours charge and 100% ready to go and others. All these features of BYD's electric vehicle are preferred attributes to the customers in the current vehicle markets.

4.2 Pricing Strategy

BYD Auto's pricing tactic will be founded on viable Blue Book values as wholesale and retail, moreover automobile handling fees. BYD will not go beyond viable retail prices, as well as will endeavour to vend at wholesale along with reasonable revenue, in general, 15-25%. Value and cost state a lot about the BYD's electric autos. The BYD's EVs that are exclusive or not available to meet the market demand will be valued consequently. The standard trade mark-up for comparable BYD's electric vehicles is 20-30%.

4.3 Sales Strategy

Sales recompense is based on a percent of profits. BYD will endow sufficient time as well as resources into professional training all members of the sales team as well as into good quality customer relations in the targeted international market. Based on commission, salesmen will be paid a segment of their earnings. Quality sales performance is rewarded with enlarged

commission along with bonuses. Customer approval will prolong to be high precedence. Each possible sale will be concentrated in an appropriate fashion as well as enduring salesperson-customer dealings will take priority in excess of sales closing.

International Business Plan

5 Budgeting for the Venture

As part of the international business plan, the following is the BYD Auto's approximate budget for the new Australian market.

Items	Amount	Percentage (%)
Administrative Cost (i.e. salary, training, etc.)	\$100,600	21%
Materials cost (i.e. brochures, leaflet, etc.)	\$35,900	8%
Print Media Advertising Cost (i.e. Newspaper, Magazine, etc.)	\$50,000	11%
Digital Media Advertising Cost (i.e. popular social network sites, etc.)	\$30,000	6%
Communications/Networking Cost (i.e. website, YouTube videos, etc)	\$90,500	19%
Events/Affairs Cost (i.e. entertain, etc.)	\$70,500	15%
Research Cost	\$15,500	3%
Sales Cost	\$12,500	3%
Opportunity Cost	\$7,000	1%
Total	\$4,28,000	
Tax (10%)	\$4,28,00	9%
Grand Total	\$4,70,800	

6 Selection for Sources of Finance

For this BYD Auto's international business plan, the following sources of finance are selected:

6.1 Long-term Sources of Finance

Long-term financing refers to resource requirements for a time of in excess of 5 years to 20 years or more that depending on various factors. Resources expenses in fixed properties, such as land and building, plant and machinery, etc of a venture are financed utilizing long-term sources of finance. Component of functioning resources that everlastingly stays along with the venture is also funded with long-term sources of finance (Finance Management, 2017). These types of financing sources can be any of the following forms, including:

- Equity Shares or Share Capital
- Internal Accruals or Retained Earnings
- Preference Shares or Preference Capital
- Term Loans from Commercial Banks, Financial Institutes, and Government
- Debenture / Bonds
- International Financing by way of Euro Issue, Foreign Currency Loans, etc.
- Asset Securitization
- Venture Funding

7 Marketing Estimation

There is a big market in Australia for BYD Auto as different studies were taken in Australia suggests that electric vehicles can support to reduce emissions at national and regional levels (Climate Works Australia, 2016). When connected to a cleaner delivery of electricity, up-taking of electric vehicles can provide emission deductions of 16 plus 47 percent in the Commuters plus Light Business Auto segments by 2050. Electric Vehicles can offer cost-efficient emission diminutions, as well as a wider range of profitable and air quality advantages. After analysing the facts, this is easy can estimate that Australia can be a profitable market for BYD Automobile, China.

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