

Title: The Research on BYD's Strategic Management

Student name:Yu Ma

Student ID number:2106513

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The Abstract:

In April 2021, THE American magazine "TIME" selected the "Most Influential 100 enterprises", as the only new energy overall solution provider from China, BYD was selected. How BYD, an independent brand with China's first-mover advantage, ranks among the top in the international market under its existing competitive advantages is a subject that needs to be studied continuously.

This paper first summarizes the concept of strategic management and the significance of enterprises to implement strategic management, and then analyzes BYD new energy vehicles in the external environment and its own environment, and analyzes the technology and policy level. From the perspective of production mode, the technology of production research and development link needs to be improved; From the point of view of the corresponding infrastructure, enterprises should also further improve the infrastructure such as charging stations supporting new energy vehicles. From the perspective of the consumer market, people are generally willing to accept fuel vehicles, lack of understanding of new energy vehicles, these problems will restrict the development of the whole industry. In terms of policy, the fiscal aspect has declined due to the regressive effect of domestic government subsidies. Finally, BYD can try to steadily enter the international market by positioning its brand and brand value, improving technology, improving infrastructure, and actively cooperating with multiple parties.

Keywords: New energy vehicles, BYD, Competitiveness

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1. Introduction

1.1. Rational use of vertical integration mode

BYD was initially known for its battery production, but when it first entered the new energy sector, it had not fully mastered advanced production technologies and lacked practical experience, making it passive in negotiations with suppliers. Therefore, BYD began to integrate the upstream supply chain, completed the production of most parts such as batteries, motors, electronic controls, so as to achieve the purpose of reducing the production cost of parts and improving the level of research and development. In addition, BYD has begun to spread its successful experience through joint ventures and partnerships to develop new energy equipment leasing services. This series of measures have greatly improved the sales volume of BYD's new energy vehicles, and also enabled customers to have a deeper understanding of BYD's new energy vehicles. By increasing the market share of new energy vehicles, BYD's comprehensive competitiveness in The Chinese economic market continues to improve.

1.2. Fierce competition with other emerging new energy vehicle enterprises

BYD has been China's top-selling new energy vehicle company for several years in a row. But looking at the global market, THE international recognition of BYD new energy vehicles is far less than Tesla, Toyota, NiO etc. Take Tesla as an example. According to the latest statistics, in the first quarter of 2019, Model 3 steadily ranked first in the new energy vehicle market, and BYD's new Qin EV ranked second. Tesla's growth in the face of a sluggish automobile market is inseparable from the price cut

of its economical Model 3, which severely squeezes the market space of New energy vehicles in China. Tesla and BYD have always been in a leading position and will strive to develop new energy vehicles in the future. As a result, BYD will face strong competitors now and in the future.

1.3. Single production mode and defects in human resource management

Basic activities and auxiliary activities constitute BYD internal value activities. The basic value activities of BYD include the logistics of import and export, production, sales and after-sales. Supporting activities mainly include enterprise infrastructure maintenance, human resource management, technology development and product procurement. These combinations together constitute the internal value chain of BYD's new energy vehicle business. As far as basic activities are concerned, BYD's new energy vehicles are based on the production mode of shot-for-sale, while its semi-automated production causes intensive manual work. In terms of auxiliary activities, BYD insists on independent innovation and self-development in terms of technology; Human resource management prefer to recruit fresh graduates to cultivate talents by themselves. BYD allows inexperienced new employees to participate in vehicle projects and learn various related technologies, but such a fast training process also results in a high error rate of new employees and a lack of innovation awareness of old employees.

2.Strategic Management

2.1. Definition of strategic management

Strategic management refers to a series of management activities, such as

planning, execution and control, carried out by an enterprise based on its own situation and market economic environment and in combination with short-term and long-term development plans to make strategic plans and ensure the success of its own goals.

Enterprise strategy should have the following characteristics: adaptability, flexibility and dynamic. At the same time, enterprises also need to adjust according to the changes of external environment and internal environment characteristics.

2.2. Significance of strategic management

2.2.1. Enhance the market competitiveness of enterprises

With the intensification of market competition, the phenomenon of oversupply begins to appear in the current market. In this industry background, the market competitive advantage of small and medium-sized enterprises is gradually weakened. Therefore, it should not only consider their own survival pressure, but also consider the market factors that affect their sustainable development. This requires enterprises to have a strong sense of market strategy, and from a strategic height to enhance their core competitiveness, clear their position in the industry and the market, and make full use of existing resources, combined with their own characteristics to take corresponding strategic measures.

2.2.2. Facilitate scientific management of enterprises

Strategic management is the premise for small and medium-sized enterprises to achieve scientific management. Enterprises implement corresponding strategies according to their own operating characteristics, so as to avoid "drifting with the

tide" in the process of business development, and help reduce their business risks and market risks, and timely take appropriate measures to tide over difficulties in the face of development difficulties.

2.2.3. Help enterprises to innovate and develop

Innovation is the source of enterprise development power. Enterprises want to win the opportunity to develop, must set up the correct strategic thinking, and through integration of financial and material resources, human resources fully, formulate feasible development strategy, and reasonable strategic mode, continuously from the product manufacturing, technology development and production and operation, etc, to seek innovation breakthrough, and make the enterprise innovation strategy development to provide power for it.

3. SWOT analysis of BYD

3.1. Advantages of SWOT analysis

3.1.1. Fuel saving

BYD uses its advanced equipment and strong independent research and development capabilities at the same time committed to new energy passenger vehicles, new energy commercial vehicles and new energy special vehicles. In September 2010, BYD pure electric bus K9 was born in Changsha. Because of its affordable price and low environmental pollution, K9 has been favored by public transportation fields at home and abroad.

The vast majority of car buyers like the fact that BYD's new energy vehicles can save fuel. As the price of gasoline continues to rise, the consumption pressure when

people use gasoline will gradually increase. In addition, the daily cost of using new energy vehicles is less, and the country has purchase subsidies. Overall, new energy vehicles are the choice favored by consumers.

3.1.2. Improvement of automobile quality and technology

BYD has always won the trust of consumers by focusing on the development and innovation of new products and technologies. BYD owners feedback that BYD new energy vehicles have low noise and other advantages. On that basis, BYD's research and development efforts have continued unabated.

3.2. Disadvantage analysis

3.2.1. Short mileage

The comparison and analysis of BYD new energy vehicles and traditional fuel cars, pure electric mileage and traditional gasoline cars more than 200 kilometers, hybrid electric vehicles than pure electric vehicle mileage, than the traditional gasoline car or there is a big gap.

3.2.2. Imperfect infrastructure

At present, the speed of infrastructure construction cannot catch up with the growth rate of new energy vehicles. Even though governments of various countries actively build infrastructure such as charging piles every year, there are still imperfect infrastructure in some areas. In addition, compared with traditional fuel vehicles, the price of new energy vehicles is expensive, the quality is not good, and the high fuel cost has also become an obstacle to its development.

3.2.3. Lack of strategic cooperation chain

A complete strategic value chain can cover the whole process from the input of raw materials to the supply of new energy vehicles to customers. The value chain operation activities of the new energy automobile industry have their own characteristics, and the surrounding related industries and the automobile industry have formed a complex cross value chain. Automobile manufacturers are the core of the entire industrial value chain. The main challenge facing BYD new energy vehicles is the lack of value chain analysis and strategic cooperation in the development environment of the whole new energy field. As a result, although there is a market and a large market demand, individual new energy vehicle enterprises have too few product types, and their procurement and sales are not centralized enough to form a large production scale to share costs.

3.2.4. Lack of effective communication with suppliers

Lack of communication with suppliers and dealers. In the early stage, BYD paid more attention to the expansion of enterprise scale, blindly introduced suppliers and dealers, but ignored the contact with suppliers and dealers. First of all, BYD should abandon the traditional self-centered management thought and should not separate itself from its stakeholders. Instead, it should strengthen cooperation and contact with suppliers and dealers to achieve a better win-win situation. Secondly, in order to better evaluate and supervise the supply system and distribution system normal operation, the enterprise can find the more appropriate partners, enterprises should establish a scientific and reasonable evaluation mechanism, it can not only reduce

the number of suppliers and distributors, but also can strengthen the control of new energy automobile parts quality, reduce procurement costs, reduce production and cost of sales.

3.2.5. Low brand value and market recognition

According to the 2018 Top 100 Auto Brands List, BYD ranked only 89 on the 2014 list. From 2015 to 2018, the rankings are 66, 68, 73 and 28 respectively, showing a steady growth, but there is still a big gap with foreign well-known car companies. Its disadvantage lies in the lack of innovation of BYD new energy vehicle models, and many models do not have the characteristics of their own brands.

3.3.opportunity

3.3.1.Oil crisis and environmental awareness

Traditional fossil fuels are increasingly exhausted, because the world's over-exploitation of oil and the sharp increase in the use of oil, global reserves are decreasing, which is a great opportunity for the development of BYD new energy vehicles. In recent years, countries have begun to formulate relevant policies to reduce the demand for oil. In contrast, it is crucial to promote the development of new energy vehicles.

In addition, Climate change is widely recognized as a serious and growing challenge facing society.(Li et,2019). The world began to pay more and more attention to energy conservation and environmental protection. A major contributor to climate change is automotive vehicle emissions.(Batur et al,2019) Countries around the world for vehicle emissions standards are becoming stricter. Existing

automotive technologies generate several noxious emissions which can lead to changes in the environment around us. A solution to this problem can be the rapid adoption of alternative energy technologies such as batteries and fuel cells by automotive manufacturers (Peters et al., 2017; Ma et al., 2012).

3.3.2. People's high income and the enhancement of environmental protection concept

With the development of economy, people's income generally increases, per capita disposable income increases year by year, and purchasing power increases, which also reflects the broad market prospect of new energy vehicles from the side. In addition, people have become more educated and more concerned about environmental protection.

3.4. threat

3.4.1. Late maintenance costs are high

The current battery warranty period for BYD's new energy vehicles is about three years, or 100,000 kilometers. After the battery warranty period is exceeded, large sectors of new energy vehicles are prone to mileage decline and charging abnormalities, and will face relatively expensive maintenance costs. Compared with fuel cars, this will be a great threat to the future development of BYD new energy vehicles.

3.4.2. Industry competition

With the development of economic integration, automobile market has become a competitive place for automobile enterprises. For example, BMW, Mercedes Benz

and other international enterprises. It has abundant capital and strong technical reserve, making them surpass BYD in technology, product design and other aspects.

In addition to the pressure from more and more competitors entering the market, on the other hand, it is undeniable that the market is so large that entrepreneurs must increase investment and launch more mature new energy vehicles if they want to take up more shares. For example, BMW plans to launch 25 new energy vehicles.

4. PEST analysis of BYD

4.1. Analysis of political factors in PEST analysis

China has become the world's largest car production and sales country. China is now the world's largest new energy market in terms of overall size, according to data released by the Association of Automobile Manufacturers. Chinese companies produce 72 per cent of the world's solar panels, 69 per cent of lithium batteries and 45 per cent of wind turbines, according to a recent UBS report. In the face of increasingly severe environmental problems and the increasing attention of governments around the world to environmental problems, low-carbon economy has become the general trend, China has put forward sustainable development strategy, the government actively supports the development of new energy vehicles. Today, new energy vehicles are booming in China, achieving earth-shaking changes in a decade from sales of several hundred units in 2009 to 1.206 million units in 2019. In 2013, when the Chinese government was actively promoting new energy vehicles, the world's new energy vehicle giant Tesla seized the opportunity to enter the Chinese market and achieved great success in the Chinese market.

For new energy vehicles and other emerging industries, industrial subsidy policies have played a crucial role in the development of the entire industry and the internationalization of enterprises. But in 2019, both China and the US saw significant reductions or partial elimination of procurement subsidies. But some countries, Germany and Italy, perhaps out of strict requirements for environmental protection, believe that the government should play a role and implement certain incentive policies to make the market fully electric more quickly. At present, policy pressure for BYD mainly comes from the Chinese market. From 2021 to 2022, the new energy subsidy will start to decline significantly, and the maximum subsidy will be reduced to 20%. In principle, the annual subsidy scale is about 2 million vehicles.

4.2. PEST analysis of economic factors

Entering the international market, BYD faces a variety of international business risks. Political situations vary from country to country, and some countries even adopt some trade blockades. In addition, when conducting cross-international market operations, the inflation and exchange rate issues among countries need to be carefully considered by professional teams to avoid them.

4.3. Analysis of social and cultural factors of PEST analysis

With the rapid development of the economy, new online business models, new technologies of big data and the prevalence of social network marketing and other factors have jointly spawned a new consumer environment. Since the 21st century, mass lifestyle has undergone earth-shaking changes. The rapid economic development and the continuous emergence of new technologies, new media and

new services have greatly changed people's lifestyle and consumption mode, thus driving the transformation and upgrading of mass consumption concept, consumption structure and even the overall consumption environment.

In the new consumption environment, new energy vehicles become the new direction of the automobile industry. Especially in China, With China's economic success and the resulting increase in its population's purchasing power, The country has become one of the world's largest consumer Markets (Starrs, 2013).

The current consumption environment mainly presents the five characteristics of consumption stratification, market niche, personalized demand, purchase facilitation and influence community, which requires enterprises to make timely adjustments in product concept, terminal mode, channel innovation and marketing means. In addition, in the face of customers in different countries, it is necessary to study the cultural concepts and cultural pursuits of customers in different countries, so as to make their products fit the values of the audience. Meanwhile, the management team also needs to respect differences and cultural differences.

4.4. PEST analysis of technical factors

BYD is a traditional automobile company that attaches great importance to technology and scientific research and development. It spans many trillion-level markets such as energy storage, batteries, electric vehicles and chips. In particular, DM-i technology, blade batteries to enhance BYD's core competitiveness. According to the company, The battery packs powering vehicles will also be made in Brazil. The company's core competency is its proprietary iron phosphate battery, which is

environmentally friendly, safe, Reliable and fully recyclable. It still retains over 70% capacity after 10,000 recycling cycles, And goes through extremely harsh tests - fl Ames, short circuit, prodding, zero heat, Extrusion and overcharge. A company executive stated that ".. it will not burn or explode even when put into the fire "(BYD,2015a,2015b). DM-i technology is different from the past internal-combustion engine based plug-in hybrid, BYD DM-i super hybrid system is mainly driven by pure electric. The gasoline engine generates electricity, and the motor powers the car. When necessary, the engine can also directly output car power. The overall energy consumption of the vehicle is not only much lower than that of the fuel vehicle, but also lower than that of the traditional hybrid energy saving vehicle.

5. analysis of BYD Porters Five Forces

5.1. Analysis of bargaining power of suppliers of Porters Five Forces

BYD has the latest technology of new energy vehicle r&d and production and battery, and the supply chain opening strategy of "new energy vehicle solution supplier" can realize self-sufficiency in fields other than glass and tires. Therefore, for BYD, suppliers have weak bargaining power.

5.2. Analysis of bargaining power of purchasers of Porters Five Forces

Through a lean approach, BYD keeps reducing costs and improving efficiency for electric private cars, creating A0 class cars and establishing market segment leadership. BYD's electric cars have been sold to more than 300 cities in more than 50 countries and regions on six continents. In May 2021, BYD launched the passenger car overseas plan, and the first 100 new Tang EV went to Norway to

complete the transformation of "business to passenger" in overseas market. BYD to low - price strategy to occupy the market, brought a large number of consumers to buy.

5.3.Porters Five Forces potential threat analysis

With the development of new energy vehicles, more and more enterprises have crossed into the new energy vehicle market, such as Gree, Xiaomi and other companies. At the same time, there are also cross-border new energy vehicle research and development of Internet car companies, such as NIO, Xiaopeng and Zetta, which have developed rapidly recently, are also potential threats. However, at present, the production chain and supply chain of new energy vehicle parts are concentrated in a few enterprises, which creates entry barriers for new enterprises.

5.4. Threat analysis of substitutes of Porters Five Forces

5.4.1. Conventional fuel vehicles

At present, traditional fuel vehicles are still the main substitutes for new energy vehicles. As policies and the environment gradually tilt toward new energy vehicles, people's recognition of new energy vehicles will continue to improve, so the future will continue to replace each other.

5.4.2. Pilotless automobiles

At present, pilotless automobiles have gradually become a hot spot in the development of various automobile technologies. BYD, Tesla, NiO and other well-known enterprises have begun to enter the research and development and test drive projects of pilotless automobiles. However, due to the immature driverless

technology and incomplete infrastructure network construction, driverless vehicles cannot be applied in practice. Therefore, at the present stage, driverless vehicles pose less threat as a substitute for new energy vehicles. In the future, there is no denying that driverless cars will become the development trend of the automobile industry.

5.5. Competition analysis of Porters Five Forces in the same industry

As an emerging industry, most of the threats from companies in the same industry still come from the transformation of traditional fuel oil and established automobile enterprises, such as BMW and Audi, etc. However, different technological research directions and complex approval and licensing have brought high entry barriers for enterprises. In addition, BYD is attracting consumers mainly through new energy technologies, but car intelligence has not yet become a product label of BYD. In terms of intelligent experience, high-end brand Tesla is higher than BYD.

In the quality ranking of China's new energy pure electric vehicles in 2020, NIO ranked first, Tesla second, and BYD sixth, opening a gap with Tesla and even Chinese auto brands such as China Great Wall, Geely, Roewe, which is not good for BYD. Enhance the high-end of the brand, strengthen the function of intelligent network, with the help of digital, software subscription and other ways, in order to survive in the fierce competition.

6.Conclusions

6.1. Creating super brand IP

For BYD new energy vehicle enterprises, the first job is to pay enough attention to

the brand marketing and promotion work and resource investment. At present, the enthusiasm of new energy vehicle sellers in marketing is not well, and its scale and strength still need to be improved.

And, more importantly, although BYD is aware of the importance of brand positioning and the output values, but BYD new energy automobile enterprise's brand values and promotion strategies are "reactive", although can avoid social disputes, to some extent but with pioneer consumer favorite thrill with personalized, do not have enough brand appeal.

In the consumer society, it is almost impossible for enterprises to enter the market solely by virtue of the quality of their products or services. Brand IP has an increasing influence on consumers' decisions. For brand IP building, there is no edge is no charm. Although not every company can produce a "Musk", a unique and valuable brand image is essential if a Domestic car company wants to arouse the enthusiastic recognition of consumers like Tesla.

Brand value promotes the development of enterprises. Good brand image and value concept help to maximize the value of enterprises and help enterprises to invest less advertising and sales expenses in the market. A good brand effect helps to promote products. Especially in the international market, BYD should not only stay at the level of Chinese brand, should establish personalized consumer group culture, brand value upgrade, innovation, identify their core selling points, and establish "Build Your Dream" emotional resonance with consumers. At the same time of product marketing, we also need to market our own brand concept and

shape the group culture of BYD.

6.2. Pay attention to brand fit and promote systematic marketing strategy

Currently BYD new energy automobile enterprise marketing content are still stay in some aspect of the recent product competitive advantage, such as "autonomous" "laser radar" and "intelligent", etc., and tries to the passage of a massive advertising to win the market competitive advantage, which serious also seem to be scattered, lack of system, make the enterprise can't get rid of the plight of a single point of breakthrough, Unable to form a specific and distinct brand image in consumers' cognition.

BYD new energy vehicle enterprises should see the fine design in the order, focus and time of marketing events. They should not only pay attention to the internal logic between different stages of marketing strategies to maintain a sense of the whole, but also realize the flexibility of specific publicity content and channels, and fully respect the new changes in the market. Update the macro design or micro details at any time according to the changes of various influencing factors.

6.3. Define its own market positioning

Market segmentation and market positioning are essential preparations before BYD enters new markets. When consumer demand or marketing conditions change in the market, BYD can obtain relevant information as soon as possible and make strategic adjustments. In this process, enterprises should not only fully understand the advantages of their own products, but also know the real needs of customers in the target market, so as to complete the positioning of functional attributes, product

lines, prices and other aspects.

At present, BYD new energy vehicle enterprises mainly follow the mass line, relatively low price, so it is necessary to develop characteristics in the function and appearance of packaging, the formation of market dislocation. At the same time, we should also be good at using our price advantage, consider product positioning and price setting when upgrading new energy vehicle products, take the market route of high quality and low price, attract consumers at home and abroad, and provide products and services that truly meet consumers' expectations.

6.4. Promote the transformation of new retail mode of enterprises

China's new energy vehicle market competition is increasingly fierce, the traditional sales model is not competitive, new retail transformation has become a new way for the sustainable development of automobile enterprises. Under the new retail mode, enterprises can integrate online and offline channels to carry out vehicle sales and information display online, while offline stores focus on vehicle display and customer experience. They can also collect offline orders and implement personalized sales for different consumers. The internationalized business seeks to satisfy the needs and wants of consumers in all its markets. Its managers dream of a global product that appeals universally, but they know that sales depend on attracting and pleasing consumers in different markets. The goal of success in all markets is brought closer by globalization. (Janet Morrison., 2020, P145)

At the same time, the after-sales service of cars is an important evaluation factor for customers when buying cars. Offline service centers should constantly improve

service standards and strive to achieve service coverage of the whole life cycle of vehicles. Through the new retail model, enterprises can use online and offline sales channels, customer experience as the center.

6.5. Technology to enhance strategic and competitive advantages

Technology is a powerful backing for the development of the industry, but BYD must protect its own system when it innovates in technology. Since fuel saving and environmental protection are the two major advantages of BYD new energy vehicles, BYD should take these two aspects of in-depth research and development, so as to have a greater breakthrough.

BYD should try its best to build competitive advantages to gain a foothold in the global market. Only with core technologies can it have the initiative to compete in the global market. While BYD is not in the hands of the whole new energy automobile industry chain of the core technology and competitive advantage, but science and technology innovation can be focused on specific links, such as new energy vehicles and AI linkage form characteristic of the intelligent system, forming a certain technical advantages, in the new energy automotive industry chain of interlocking occupies an indispensable position. BYD can also replan the production mode and management mode, reduce production costs through large-scale production and efficient management, so as to achieve competitive advantages in the international and domestic markets.

In addition, the power device of electric vehicles has been the focus of attention of the new energy vehicle enterprises, BYD in technological innovation, should also seek

to charge fast, stable performance, long life of power energy as a scientific and technological research and development focus

6.6. Infrastructure strategy

In developing countries, the speed of building charging piles is still too slow and there are too many cars and too few piles. Based on this, BYD should also join in the construction of charging facilities. By building charging piles, it can provide special charging technology support for new energy vehicles under its own brand, so as to study how to reduce the charging time of new energy vehicles.

6.7. Multi-party cooperation strategy

With the encouragement of national policies on new energy vehicles and the acceleration of economic globalization, fierce competition among enterprises has begun, and enormous pressure and challenges have come one after another. Therefore, in order to improve its competitiveness, BYD should start looking for suitable strategic partners to innovate together, seek development opportunities and realize complementary advantages. The strategic cooperation mode of BYD new energy vehicle enterprises mainly includes the following three types: alliance between new energy vehicle enterprises and suppliers, alliance between new energy vehicle enterprises and dealers, and alliance between new energy vehicle enterprises. The strategic cooperation of new energy vehicle enterprises plays a significant role in promoting the development of new energy vehicle industry.

In addition, scientific research achievements can be transformed into technical production capacity through cooperation with universities and scientific research

institutions. Colleges and universities can set up specialized automobile majors to connect with relevant new energy automobile enterprises and train specialized talents. Social science research institutions at home and abroad may conduct technical exchanges with enterprises to expand their research directions. The government implements talent training strategy and technology innovation policy to further enhance the development capacity of new energy vehicles. In order to realize the combination of colleges and universities, society, government and enterprises, to jointly promote the development of new energy vehicles.

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