Source: *The Business Times*, pD4
Date: 1 May 2026

How BYD disrupted Singapore's car market – and why the strategy is turning on itself

By Andrew Delios

ECONOMISTS use the term "four-firm concentration ratio", or C4, to describe the combined market share of the top four companies in an industry.

Why does it matter? Because market share distributions shape how companies compete, and how much they can expect to earn.

When C4 is high and stable, competition is gentle and margins are comfortable. When C4 falls, competition intensifies and profits follow it down. C4 also tells you, if you read it the way BYD does, where the next disruption will come from.

Consider the car market in Singapore. BYD's rise to become the No 1 passenger-car seller here can be described as explosive. From just three registrations in 2020, BYD climbed to 11,184 registrations in 2025, including its premium Denza line.

With a total of 52,678 new car registrations in Singapore last year, that gave the Chinese automaker 21.2 per cent of that market – which means one in five new cars on Singapore roads last year was a BYD – ahead of Toyota, the long-time market leader, which had a 14.2 per cent share.

The question worth asking is not just how, but whether the strategy behind it can last.

A market ripe for disruption

Singapore's car market stands at odds with the global market because it is dominated by a few large players.

In 2025, BYD, Toyota, BMW and Mercedes-Benz together accounted for more than half of all new registrations, making up a C4 above 50 per cent. In other words, Singapore is, structurally, one of the most comfortable car markets in the world.

For comparison, the global auto industry C4 by company, in which sales of brands are consolidated under their parent corporation, is less than 40 per cent.

Singapore and its South-east Asian neighbours – Indonesia, Thailand, Malaysia and the Philippines – stand together as high C4 automotive markets, long dominated by Japanese and German brands.

Yet BYD has blasted into each of them.

How is BYD able to fracture decades-old hierarchies? Because it reads market structure and prices its cars accordingly.

In Europe and North America, no single brand dominates. Volkswagen Group needed ten brands and seven decades to reach almost 27 per cent of Europe. Toyota, America's largest brand, holds around 13 per cent of 16.3 million light vehicle sales.

In those low-concentration markets, BYD positions itself as a quality global automaker with competitive but not brand-diminishing prices.

In Singapore and South-east Asia, BYD entered a curiously less competitive arena. Stable market shares and a high C4 made the region comfortable for Japanese and German incumbents, with stable pricing, non-aggressive growth and, one might even say, complacency.

BYD saw a playing field where it could win big. So the playbook flipped from its strategy in Europe: ride government incentives to grow Singapore's EV segment before the incumbents knew what hit them, price aggressively to grab share from every segment and build distribution relentlessly.

That means using aggressive sweeteners and selling not from one showroom but from many, including those located in suburban shopping malls: Zhongshan Mall, Waterway Point and Teban Gardens.

BYD's rise to become the No 1 passenger-car seller in Singapore can be described as explosive. PHOTO: REUTERS

A win in Singapore, a discerning market, is formative for brand-building globally.

What separates BYD from the wave of Chinese automakers arriving behind it? Its battery technology is more standard and proven, and because BYD manufactures its own batteries, any replacement is made at marginal cost, not retail cost.

When BYD promises its batteries will retain at least 70 per cent capacity after eight years, the promise is founded on good data, not hope. Its Singapore dealers can therefore offer ten-year battery warranties that rivals would find expensive to match.

Chinese rivals racing to match those warranties on unproven battery chemistries may be in for a rude surprise when the technology does not live up to its promise.

But how sustainable is it? The very economics BYD is importing may eventually turn on BYD itself. Aggressive pricing and saturated distribution lower the C4, and a lower C4 means thinner margins for everyone, including the disruptor.

The followers are already arriving: Chinese brands took 18.2 per cent of Singapore's new registrations in 2024, up from 5.9 per cent a year earlier, with seven new Chinese marques entering in a single year.

BYD is not just fighting Toyota for Singapore. It is holding the door open for other hungry automakers. Its own net profit fell 19 per cent in 2025 as the price war in its home market of China, where industry margins have sunk to record lows, caught up with it.

Can BYD escape the trap it is setting for itself? The window is short.

It must convert market share into brand before the followers commoditise the segment, which is what its premium Denza brand is for. It must turn one-time buyers into locked-in customers, which is what a 10-year battery promise quietly does.

And it must lean on vertical integration: BYD makes around three-quarters of its components in-house, from its Blade batteries to its semiconductors and electric motors and even ships its cars abroad on its own vessels. A late arrival buying batteries from one supplier and chips from another cannot match that cost base quickly, at any price.

Put in C4 terms, BYD must now act like a market leader without repeating the complacency of the ones it displaced. That means continuing to build its brand, its distribution and its technology, because the automakers behind it will not wait.

What should the incumbents do? The C4 logic leaves them two possible choices.

Compete on price, and accept Chinese-style margins in return. Or differentiate on what a new entrant cannot quickly buy: service networks built over decades, resale values and trust.

Half-measures – a matched discount here and an extended warranty there – simply fund an orderly retreat.

And the lesson is not confined to car showrooms. Any industry in South-east Asia with a high and stable C4, where the top players have grown used to gentle competition and comfortable margins, should read BYD's arrival as a warning.

A high C4 is not a moat. It is an invitation.

For Singapore and South-east Asian consumers, the coming years will yield more value with every vehicle purchase. For automakers, legacy and challenger alike, the region's cushy era is over. The rough-and-tumble economics of the global car industry have arrived, and they take no prisoners.

The writer is vice-dean of the MSc Programmes at the National University of Singapore Business School. The opinions expressed in this article do not represent the views of NUS.