

# BRAND MARKETING STRATEGY OF NEW ENERGY VEHICLES IN THE CHINESE MARKET- TAKING TESLA AS AN EXAMPLE\*

Jinrun Huang

International Chinese College, Master of Business Administration  
Rangsit University, Pathum Thani, Thailand  
E-mail: 1582477474@qq.com

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## Abstract

China's energy gap will reach 60%, forecast for the next decade, according to the Development Research Center of the State Council. At the same time, fuel vehicle exhaust emissions will have an increasing impact on air quality. That is why the new energy vehicle industry was listed in China's seven major emerging industries following the State Council's decision.

In this paper, Tesla is this major research project. First, an overview of Tesla's development and marketing status is provided. The overall analysis of the macro and micro environment of Tesla vehicles is conducted, mainly using PEST analysis and competitive environment analysis. Tesla Motors is currently in an environment where the country vigorously supports new energy vehicles. Tesla was analyzed with SWOT to summarize the advantages and disadvantages, challenges and opportunities of the new energy competition market. Combined with the three elements of STP marketing strategy, this paper puts forward the improvement direction of Tesla's marketing strategy in China, especially to establish the guarantee mechanism of charging facilities installation, improve the after-sales service, enhance the performance of sales personnel and the continuous improvement of the training system.

## Introduction

In recent years, due to the economic development and the improvement of per capita income, automobile has become one of the most concerned consumer goods of Proo Volkswagen. With the increasingly fierce competition in the auto market, the auto sales market has maintained its rapid growth for many years and has also shown signs of easing in recent years. In order to continue to have a place in this increasingly mature and massive market, the brand car companies are constantly looking for new sales growth points for a better competitive advantage. Under the current policy background and market background, China's energy vehicles have undoubtedly become a new market. Foreign powerful automobile companies are attracted by the new energy market to broaden their own products and markets. In the study, Tesla cars are more representative and can be used as a research model. Tesla Motors was one of the first mass-scale electric vehicles comparable to traditional fuel vehicles. Although the company currently developed only Tesla Roadster, Tesla Models and Tesla Modelx, but has taken into account the current mainstream car and SUV market, formed a relatively complete product line, with optimistic market development prospects. With the popularization of charging equipment, the competition of new energy vehicles in China, the change of mass consumption concept and the influence of national policy guidance, how to realize Tesla's development journey in China is a question worth exploring.

**Keywords:** Brand Marketing Strategy; New Energy Vehicles

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\* Received: July 16, 2022; Revised: August 11, 2022; Accepted: December 31, 2022

## Objective

In recent years, with the technological improvement of new energy vehicles and the increasing improvement of consumer acceptance, all countries have also begun to actively carry out various supporting schemes. New energy vehicles as a pioneer brand, its boom has been spread over most countries. Tesla's product concept is being understood and accepted by more and more consumers, while Chinese new energy vehicle companies are still in the initial stage of development. How to break free of the shackles of traditional cars and pursue the market situation in line with the contemporary trend has always been a development problem for China's new energy enterprises. The text object is Tesla Automobile Company, which obtains a unique Tesla business model through case analysis, and combines the general situation of the Chinese market with the Chinese government's policy on new energy vehicles. Analyzing the product performance of Tesla Automobile and the implementation of business strategy in the Chinese market, we hope to provide some generally feasible experience and preparation for the future operation and development of Chinese new energy vehicle companies.

## Literature review

Since the 1960 global oil crisis, countries involving Europe, the United States, Japan and other countries have begun to study the new energy vehicle industry. Through a series of research summary, the research plates are mainly the following points:

In today's modernization development, the use of energy types is a problem that we should pay attention to. At the present stage, people are also paying increasing attention to energy conservation and emission reduction. Wang Ping (2015) pointed out that the demand for new energy vehicle consumption in China is not strong due to the imperfect relevant supporting facilities, insufficient policy support and the high price of new energy vehicles. Green t(2016) proposed that the method adopted is tax revenue to raise consumers and producers' energy and environment awareness, regulate the consumption of energy, and the pollution of the environment. This is also the first time to combine new energy with tax methods. The BellosI(2017) builds dynamic distribution functions from relevant data collected by OECD member states, and then examines the relationship between vehicle ownership and energy use emissions, which occurs in a normal distribution. Thus to explain the feasibility of the development and application of the new energy vehicle industry. Li Qinyi (2019) believes that the lagging cultivation of local protectionism and industrial chain support system are the two more difficult problems to overcome restricting the development of new energy vehicles. Research by McManus of the University of Michigan Transportation Research and Development Society of America has shown that consumer use motivation has changed from the initial strangeness and curiosity about hybrid vehicle technology to buying for energy conservation and emission reduction purposes. Qi Fangming (2020) believes that new energy has not formulated a series of national standards in China. Making the research and development speed is slower. The maturity of pure electric vehicles is more important than government support, and excellent quality is the key to usher in the market.

Scholars use typical cases and through empirical research to analyze and find a series of relevant theories about marketing to build models. Analyze the practice and marketing of new energy vehicles under different conditions. There are relatively few multinational enterprises studying new energy, and more research is from traditional fuel multinational automobile enterprises. Chinese scholars do more on two popular luxury brands, BMW (BMW) and Mercedes-Benz (Mercedes-Benz), and less on less famous luxury brands in China. Therefore, under the basis of low carbon, Tesla takes it as an example to analyze and study the marketing strategy of new energy vehicles. The innovation point is the new energy

vehicle marketing of multinational companies, highlighting the research of new energy development of niche vehicle brands. Through the research of this topic, we hope to provide valuable reference and reference for multinational new energy vehicle companies and Chinese new energy vehicle enterprises.

## Material and Method

In terms of the performance of Tesla electric vehicles, compared with traditional high-performance cars such as the Japanese GT-R, Audi RS7, McLaren 12C, the Tesla 5P85 accelerates 60km, faster than them and the Tesla 5P85D accelerates longer than other high-performance cars. The maximum output of 5P85 is 305kW, higher than generally high-quality traditional cars. And the maximum speed is 209km/h.

From the perspective of endurance, the durability of electric vehicle vehicles is the first problem for customers to consider when buying electric vehicle vehicles. For the test type 5P85, the maximum durability after the maximum load is 472km, battery weight is 500kg. Generally, the maximum oil consumption of conventional vehicles is generally about 500 km after filling. The Tesla 5P85 has little difference in durability from previous high-performance vehicles, which offers a stronger battery pack to improve vehicle durability. That's why Tesla has more potential than traditional cars. In addition to job needs, travel demand is also one of the important factors of a consumer consideration. Consumers only consider it for work, and the durability of pure electric vehicles is enough to meet consumer needs. For some consumers living in cities, the daily driving distance is very short, and the charging equipment such as first-tier cities is relatively perfect. Therefore, the durability of electric vehicles has a relatively small impact on customers' purchase intention. The use of cars in cities is about 100 million people. Assuming the next displacement consumer average moving distance of 60km, tester 5P85 can be used after 8 days of full charging. Therefore, for consumers under the role of work, the durability of pure electric vehicles has less impact on customers' purchase decisions, but for individual consumers, travel is the main factor in their purchase of vehicles. At present, China's overall charging facilities are not perfect, so these consumers are considered a consideration when buying electric cars. Of course, consumers with stronger economic strength can buy traditional and cars and electric cars for travel and work. However, the average Chinese consumer may buy a car that is already heavily burdened, while buying two cars of different uses is more difficult. Therefore, in more cases for work, especially in large cities, the endurance, durability and pollution pollution of pure electric vehicles are enough to meet the needs of consumers.

In terms of the reliability of electric vehicles, the nominal life of lithium battery is higher than the actual life. The 472km is the maximum drive distance after fully charging the 5P85 model, only to be achieved under ideal conditions. Again, three American fires in Tesla indicate that its safety problems have not been resolved. Therefore, consumers will make purchase decisions considering the safety and reliability of the car at the time of purchase. However, I believe that after continuous research and improvement, the reliability of the car will also continue to improve.

Today, when traditional cars occupy most of the market share, there are gas stations across China. Consumers are used to this quick power recharge, but China's car charging infrastructure is not perfect. At present, the fast charging technology of pure electric vehicles is not enough, users can not charge in a short time, and the actual mileage of electric vehicles cannot reach their nominal mileage. These factors all affect consumers' consumption habits. Economically powerful consumers can indeed choose electric vehicles to supplement. But most consumers don't spend enough to buy two cars at once. To change the consumption habits of consumers and promote the development of the new energy industry, enterprises and the

government should cooperate with each other. In order to constantly improve the construction of charging equipment, we should also increase investment in research and development centers in rapid charging and battery life. Constantly solving relevant problems.

Multiple research methods were employed, as follows:

(1) Case analysis method. The article takes Tesla as the main example to conduct deep research and analysis to provide practical basis for its theory.

(2) Literature Research Method. This paper aims to collect and organize relevant literature, summarize the relevant theoretical knowledge of new energy vehicle marketing, provide sufficient theoretical basis for this research, and construct the basic framework and overall idea of this research.

(3) qualitative description study method. This study is based on certain theoretical and scientific guidance of empirical research, and through deepening analysis, so as to develop appropriate and targeted marketing strategies for Tesla Automobile.

(4) By questionnaire method, in order to better analyze the brand marketing status of Tesla in the Chinese market, 110 consumers were surveyed, with 105 questionnaires, 100 valid questionnaires, recovery rate of 95.5% and efficient questionnaire of 91%.

(5) Interview method, for the brand marketing of Tesla Automobile in China, conduct in-depth interviews with Tesla staff in different positions, and sort out the interview results to provide a basis for the paper development.

## **Study process**

**Interview Results Analysis:**

Among the three passenger car Modelx, Models, Model3s sold by Tesla, the first two are luxury electric sports cars, with a high relative price. The latter market positioning is relatively popular, the price is close to the people. And since the production of Model3 models, as the company's undifferentiated competitive weapon, so the enterprise profit can gradually grow. Secondly, in terms of charging, private charging piles and supercharging stations are more dominant in the industry. And the charging network system is relatively leading. Of course, among many strong competitors, the direct storage mode and order production mode have an advantage in the industry. According to the trend of social development and the improvement of people's environmental awareness, the prospect of the new energy vehicle industry is relatively good. But the performance and life of the battery are also a major problem hindering its development.

**PEST analysis:**

According to statistics released by the Chinese government, Chinese GDP grew 6.9% in 2015, annual CPI was 1.4%, fixed asset investment growth rate was 10, and total retail sales of consumer goods increased 11.1%. It can be seen that China's economic growth is now in the stage of structural adjustment, and it will maintain a relatively high and stable growth rate for a long time in the future. Although declining from previous years, it is still at a higher level of development compared with the global economic development. It can give Tesla a sustainable and stable development in the Chinese market. The increasing number of cars can lead to lower travel efficiency. China's traditional consumption concept is also one of its obstacles. Most consumers are still used to being loyal to buying traditional cars. At present, Chinese lithium compounds are relatively abundant and have a high degree of industrialization, with high production efficiency and low cost. But the shortage of core technology components and China's imperfect necessary EV charging infrastructure are also important factors hindering its development.

**Industry Competitive Environment Analysis:**

Since 2013, Mercedes-Benz has launched three clean and intelligent electric vehicles under the new EQ submarine, and 13 new models of new energy vehicles and fuel cell systems at the end of 2017. In 2014, the BMW electric car i3 and i8 were launched in China. It has received the financial support of the government and the creative strategic way of using "rent only, do not sell" to promote Zenuo electric vehicles. As can be seen from the sample of Tesla's core competitors, they are constantly launching all kinds of different models, new battery systems, network systems and constantly adjusted marketing strategy to adapt to development, and the overall strategy into the market strategy is relatively comprehensive. With all the support from the government. Competition is very strong. The supporting service facilities of traditional Chinese cars have also been relatively perfect. There are gas stations everywhere. Traditional vehicles pose a huge threat to electric vehicles. The threat of new entrants is also very large, and as competitors within the industry increase, they will also compete with existing companies for raw materials and other resources, partly increasing production costs. Reduce the overall profitability of existing companies. Under the premise of having many consumer choices today, consumers are more keen to find cost-effective products. Improve consumers' ability to negotiate, leaving sales down.

**SWOT analysis:**

Tesla's appearance design and performance are relatively revolutionary. Its convenient supporting service system, high energy utilization rate, acceleration performance, low energy use cost and other characteristics all compete over other Japanese GT-R, Audi RS7 and McLaren 12C. The deficiency lies in the low market share, which leads to difficulties to form economies of scale effect. Tesla short models have few products and relatively high prices. Difficulties in technological development are limited by battery life and charging time. At the same time, new energy vehicles are in the research and development and test stage. Higher costs make higher prices. And other companies scrambling to enter the Chinese market fierce competition. However, the demand for environmental protection and energy conservation has increased, and the huge potential of government policy support and new energy market makes them have good development prospects.

Table 1 Acceleration Performance Comparison (in secs)

Source: Car Home

Model	Tesla ODEL SP85D	JapaneseG T-R	Audi RS7	McKaren, 12C
0-60km/h	1.72	1.9	1.94	2.12
0-100km/h	3.74	3.63	3.57	3.43

**STP analysis:**

The purchase rate is relatively high in China's relatively developed regions. Can push more luxury models. In secondary and tertiary cities, small SUV and small MPV are more economical and practical. People with high salaries, stability and high education level have a more thorough understanding of new energy. From the perspective of consumption concept, people with reasonable demand for automobile consumption and adult consumption psychology have a certain preference. Love the feeling and control of cars, and pay attention to personalized consumption. Generally speaking, with more than two cars, tourism demand is in principle an alternative transportation to the city. Finally, Tesla should focus on creating differentiated products. Understand your own strengths and weaknesses. Then use their own characteristics better than other enterprises to conduct a differentiated war.

### **Conclusions**

This article highlights the current development and marketing of the new energy vehicle industry. At the same time, taking a company as an example, a detailed analysis of the possible problems and solutions in the marketing process. By analyzing this article, the following conclusion: (1) new energy vehicles is an inevitable trend. As an important industry in China's national economy development, the automobile industry has made some progress in the actual development process. In the future, new energy will become an inevitable choice for the automobile industry. Under the background of traditional energy shortage, all sectors of society have reached a consensus on the development of new energy and vigorously support the development of new energy vehicles. (2) Although the new energy vehicle industry has broad prospects, there are problems at the same time. In the future automobile market, although the development prospects of China's new energy enterprises are particularly spacious. But in the current situation, the lack of core technology and battery technology is the main problem. There are also problems such as weak infrastructure. (3) Tesla Auto Marketing Strategy Analysis. The study is based on four strategies: pricing, channel, sales, and products. In terms of pricing strategy, find quality consumers to achieve brand value. Second, distribute batteries and cars to reduce product prices. In the channel strategy, the marketing concept is implemented based on low carbon and environmental protection innovation, and the marketing organization innovation is based on e-commerce. In terms of marketing strategy, vigorously promote experience marketing. We will build strong social and public relations and make rational use of network resources. In terms of product strategy, we will focus on the development of SUV and entry-level luxury cars, implement a localized product strategy, and provide more differentiated high-quality additional services.(4) Finally, the guarantee measures for the implementation of Tesla's marketing strategy are put forward, in order to further broaden the channels, establish and improve the guarantee mechanism of charging equipment and facilities assembly, optimize the pre-sale, during and after-sales service process of new energy vehicles, and optimize and ensure the performance and training of sales personnel.

### **Acknowledgements**

This research was successfully funded by International Chinese College, Master of Business Administration, Rangsit University. Here, I am very grateful to my mentor Dr. Yang Shucheng. In the writing process, I gave many guidance and patient revision suggestions for the specific details of the paper structure and research methods of the paper writing, which made the content gradually enriched and improved, and finally formed a complete paper. At the same time, thank Chen Ao teacher, Jiang Haiyue teacher, yun-long paragraph teacher in the process of opening to give my advice and guidance, in the subsequent writing process gave me great help. heartfelt thanks to all the teachers.

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