

# ***Analysis of Li Auto's Marketing Strategy Based on Marketing Mix Theory***

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**Abstract:** This paper analyzes Li Auto's marketing strategy through marketing mix theory, including links to its products and publicity concepts, a unique selection of additional electric vehicles, optimization of product quality and product series, an extensive direct sales network and major cities, the establishment of service centers in the region, etc. The paper suggests that Li Auto should strengthen advertising operations on the we-media platform and, at the same time, adhere to the combination of online and offline marketing methods, strengthen scientific and technological investigation and development, and continuously launch safer, more comfortable, and more convenient products according to the demands of users. In addition, the direct sales network should be expanded to improve the quality of after-sales service. The paper also makes an in-depth analysis of the market development trend of Li Auto and provides an important reference case for enterprise strategic choice. However, the paper has insufficient analysis of Li Auto's pricing strategy. In the future, Li Auto's price strategy will be discussed in more depth, including its pricing strategy, price adjustment strategy, and price matching with market demand, to evaluate its competitiveness and market performance more comprehensively.

**Keywords:** Marketing mix theory, Marketing Management, New Energy Vehicles, Li Auto

## **1. Introduction**

With the continuous development of new energy vehicle manufacturing technology and China's firm determination to change from traditional energy to new energy, China's new energy vehicle market has shown a blowout development. By the end of 2020, the national number of new energy vehicles had reached 4.92 million, accounting for 1.75% of the total number of vehicles, an increase of 1.11 million, or 29.18%, over 2019. The number of new energy vehicles has exceeded 1 million for three consecutive years, showing a continuous high-speed growth trend. At present, new energy vehicles are mainly divided into three types: pure electric, plug-in hybrid, and extended electric vehicles, each of which has its own unique characteristics and advantages

In the past two years, the new energy vehicle market has developed very rapidly. As a leader in China's new energy vehicle market, the company Li Auto has successfully become a pioneer in the commercialization of extended electric vehicles and occupies a dominant position in the extended electric vehicle market, especially in the fourth quarter of 2022. The company's advantages were gradually shown, and car deliveries increased by 74.6% month-on-month. This is mainly due to its excellent technical strength and forward-looking market [1]. Li Auto's related models have won wide

recognition from consumers for their excellent performance, comfortable driving experience, and innovative extension technology.

In academic circles, a few experts are also examining Li Auto. For example, using Li Auto's ONE model as a starting point, he investigated the satisfaction problem impacting the purchase of new energy cars using its step-by-step coding theory [2]. Simultaneously, Wu used a SWOT analysis and a five-power model to investigate and assess Li Auto's new energy vehicle development plan [3]. Both techniques give a thorough awareness of Li Auto's advantages, limitations, opportunities, and threats in the new energy vehicle industry, allowing for a thorough grasp of the company's market competitive position and strategic decisions.

It is abundantly clear from this in-depth investigation and research that Li Auto, a market leader in China's new energy vehicle industry, operates under complex business logic and strategic considerations. At the same time, these studies give us in-depth insights on new energy vehicle buying behavior, market trends, and company strategy. These insights are essential for comprehending the growth and future trends of China's new energy vehicle industry.

Despite the richness of the analysis on Li Auto, with the continuous expansion of China's new energy vehicle market and the gradual increase in the market share of pure electric vehicles, Li Auto continues to take the program electric vehicle as its product positioning and has realized continuous growth in vehicle delivery, showing an upward trend against the trend. This contradicts the present growth trajectory of China's new energy vehicle sector. As a result, the main subject of this article is: As a leading business in the area of extended-program electric cars in China, how can Li Auto achieve breakthroughs and execute substantial progress in the context of pure electric vehicle development? The purpose of this article is to use Li Auto as an example to undertake an in-depth investigation of its marketing strategy selection and the reasons for its success, as well as to make pertinent, feasible suggestions to give reference instances for marketing strategy selection.

In response to this issue, this paper will use the 4Ps marketing mix theory to conduct an in-depth analysis of Li Auto's car deliveries in recent years, its market share of extended electric vehicles, the market situation of extended electric vehicles in new energy vehicles, and Li Auto's sales network. Li Auto's marketing approach. Simultaneously, this paper will investigate the reasons for Li Auto's significant increase in automobile delivery and increasing profits in the current market environment, as well as provide relevant feasibility suggestions and future development forecasts for the analysis of Li Auto's operation strategy.

## 2. Case Description

The proportion of new energy vehicles in the Chinese market is growing steadily, highlighting the increasing confidence of consumers in new energy vehicles with the continuous improvement of new energy vehicle technology and the supporting infrastructure and policy support of the Chinese government. Observing the new energy vehicle market, pure electric vehicles occupy a pivotal position in it. By the end of September, the national number of pure electric vehicles had reached 14.01 million, accounting for 76.9% of the total number of new energy vehicles [1]. This shows that pure electric vehicles dominate the new energy vehicle market and also reflects consumers' higher love for pure electric new energy vehicles. Therefore, in the current new energy vehicle market, electric vehicles are not in the mainstream position, which is inconsistent with the current development trend of new energy electric vehicles.

The competitiveness and influence of Li Auto in the new energy vehicle market, especially in the electric vehicle market. Li Auto's performance in the third quarter of 2023 was particularly outstanding. According to the third-quarter financial report data of Li Auto 2023, the deliveries of cars in the first three quarters were 52584, 86533, and 105108, respectively, showing a steady growth trend, an increase of 271.6% compared with the same period in 2022, while gross profit also increased

by 546.7% year-on-year [1]. Under the backdrop of the slow development of the electric vehicle market, the sales volume of Li Auto has increased significantly, and revenue and profits have also increased. This fully demonstrates the brand's recognition in the consumer market and consumers' confidence.

### 3. Analysis of the problems

#### 3.1. Marketing Mix Theory of 4Ps

The Marketing Theory of the 4Ps is a significant marketing theory that emerged in the 1960s in the United States. Its inception is directly tied to the advent of the marketing combo idea. Neil Borden coined the phrase "marketing mix" in his 1953 inaugural lecture to the American Marketing Society. He said that "marketing variables" or "marketing elements" influence market demand to varying degrees. Scholars began to perform more in-depth investigations of these variables over time, categorizing them into four categories: product, price, place, and marketing. These factors are crucial in marketing and are progressively becoming recognized as the core and significant theoretical underpinning of marketing in ongoing practice and study. The core concept of marketing combination theory is to view marketing as a whole and successfully combine the four factors of product, price, place, and promotion to meet the enterprise's marketing goals. This theory highlights the complexity and dynamism of marketing, forcing businesses to do an in-depth market study in order to better fulfill customer requests and expectations.

As one of the most representative ideas in the world of marketing, the marketing mix theory of the 4Ps has long piqued the academic community's interest. Based on this idea, several investigations have been conducted, with a continuing focus on its applicability in various sectors and market contexts. Liu and Zhu used China Merchants Bank as an example to investigate commercial banks' Internet financial marketing innovation, which applied the 4Ps marketing mix theory [4]. He investigated the potential, problems, and countermeasures of real estate marketing in the 5G era using the 4Ps marketing mix theory [5]. This article will use the classic marketing theory framework of the marketing mix theory of the 4Ps to investigate Li Auto's marketing strategy and its influence on the company's development. This article will examine three factors in depth: promotion, product, and location.

#### 3.2. Reasons for Promotion Strategy

The proper use of Li Auto in the promotion plan is critical to its growth and success. Li Auto effectively responded to the primary features of the Chinese market through a cunning promotion approach, carefully examined the Chinese notion of family, and used this as a starting point to strategically launch the marketing concept: "Create a mobile home and create a happy home." At the same time, linking Li Auto's products to its publicity concept has successfully attracted a large number of potential customers and greatly improved brand awareness and market share by utilizing the development of we-media platforms to continuously implant advertisements in the content of new we-media creators.

Furthermore, the correct promotion plan may assist Li Auto in better understanding market demand and customer behavior, as well as provide solid support for product development and marketing. Li Auto can more correctly offer goods and services that match market demands and gain market share by having a thorough grasp of consumer wants and habits. At the same time, the right promotion plan may help Li Auto target consumer groups more precisely in marketing, develop more successful marketing strategies, and boost brand image and market competitiveness.

Wu's investigation revealed that OPPO mobile phones strictly conform to the customer-centered concept of promotion. The well-executed "intimate marketing" strategy enhanced the brand's

visibility across many social media platforms and bolstered the audience's inclination to make purchases, yielding a favorable impact on its marketing efforts [6].

Li Auto's effective implementation of the promotional plan is crucial for its growth and achievement. By implementing astute promotional tactics and possessing a comprehensive comprehension of market requirements and consumer tendencies, Li Auto may effectively satisfy customer demand, enhance brand reputation and market dominance, and provide a robust groundwork for future growth.

### 3.3. Reasons for Product Strategy

There is no doubt that Li Auto's product strategy choice merits careful analysis and examination. The corporation deviated from the prevailing market trend of pure electric vehicles and instead opted to expand its electric vehicle program. By making this option, Li Auto sets itself apart in the market and effectively circumvents direct rivalry with well-established companies.

Li Auto streamlined its product offerings by concentrating on enhancing product quality, resulting in the introduction of a limited range of vehicles consisting of three SUV models (L7, L8, and L9) and one MPV model (MEGA). Implementing a simplified product line plan not only allows firms to concentrate on the specific aspects of each product but also facilitates customers in recalling and identifying their items.

Li Auto's goods have a significant competitive edge in the market due to their extended electric vehicles, which have a longer range and do not require lengthy charging. Simultaneously, the adoption of extended electric vehicle technology by Li Auto demonstrates their dedication to environmental conservation and sustainable progress. This technology aids in diminishing reliance on conventional fuels and advancing the widespread adoption of electric vehicles in the global market.

Based on market input, Li Auto's product approach has achieved notable success. The device has received positive feedback from customers for its high quality, and it has established a strong presence in the market for new energy cars. By avoiding rivalry with popular companies and focusing on product quality enhancement, Li Auto is steadily solidifying its position in the new energy vehicle industry.

Wei conducted a product strategy analysis using Apple as a case study. The research focused on simplifying the product series and emphasized the importance of product quality. It also highlighted the favorable impact of presenting products as high-end on brand influence and sales [7].

### 3.4. Reasons for Place Strategy

In terms of location strategy, Li Auto has established a distinct direct sales plan from the usual dealer model. The basic idea behind this strategy is to communicate directly with customers in order to better understand their needs and comments. Li Auto has 361 retail outlets in 131 cities in China as of September 30, 2023, as well as 318 maintenance centers and Li Auto-approved body and paint shops in 213 cities [1]. Li Auto's direct sales network has achieved complete coverage of key provinces and cities in China, as well as a broader selection of after-sales service facilities to suit customer service expectations.

As a result, Li Auto can engage with customers more directly and quickly alter its products and services in response to customer input. This direct marketing technique is based on user needs and attempts to produce products and services that exceed consumer expectations. Because the direct sales approach eliminates intermediaries, Li Auto is able to better manage the cost of sales and services, allowing it to offer consumers more competitive rates.

Liu and Cui examined IKEA's performance as a result of its beneficial role in providing a different retail control channel for consumers [8]. To summarize, the direct sales strategy allows Li Auto to

better understand consumer expectations, deliver better services, and offer consumers more competitive rates by directly managing sales expenses. This concept is an innovative and effective option worth learning from and referencing for automobile manufacturers looking to stand out in a crowded market.

## 4. Suggestions

### 4.1. Suggestions on Promotion Strategy

Li Auto's wise investment in marketing and publicity has resulted in considerable increases in sales growth. This report makes the following recommendations for Li Auto's future strategic adjustments in promotion and extension of its PR advantages:

To begin with, Li Auto should continue to collaborate with content creators on online media platforms, actively interact with consumers, respond to consumer concerns, and avoid direct and stiff advertising insertion, which can not only strengthen brand image shaping and dissemination but also improve consumer participation and loyalty.

Second, by hosting different offline events and participating in industry shows, Li Auto may increase brand awareness and attract more prospective consumers. These activities may include the introduction of new vehicles, technical seminars, user-sharing sessions, and so on. Potential clients can see Li Auto's product advantages and brand value through this.

At the same time, Li Auto should prioritize gathering and evaluating customer feedback in order to better understand consumers' true sentiments and product demands. This can be accomplished through online surveys, offline interviews, and other means that use the company's broad direct network. The collected input may be used to improve product design, service quality, and infuse fresh innovative life into Li Auto's publicity and marketing.

According to Ma's study, the key to public relations and marketing in the age of big data is whether they can correctly meet the prospective demands of customers [9]. Li Auto starts with future consumer requests and uses online and offline publicity to garner more trust and loyalty from customers in order to achieve a competitive edge in the market.

### 4.2. Suggestions on Product Strategy

According to Li Auto's current product strategy selection, its mid-to-high-end product quality first stance has substantially boosted its brand influence. Li Auto has effectively shaped its image of high quality and acquired the attention and confidence of consumers by consistently enhancing the quality of its goods.

Li Auto should continue to focus on technological advancement and car quality in the future. Li Auto's constant goal is to do technical research, development, and innovation to increase vehicle performance, safety, and comfort. Simultaneously, it aligns with Li Auto's goal of developing safer, more comfortable, and more convenient smart electric vehicles for families, resulting in a more delightful experience for consumers. This is one of Li Auto's key beliefs and a major reason for its popularity among customers.

In terms of fundamental technology, Li Auto should boost investment as well as iterate and upgrade vehicle series and products on a constant basis. Only through constant innovation and improvement can Li Auto sustain its market leadership in the face of tough market competition. Simultaneously, further technological investment will provide additional product innovation and distinct competitive advantages to Li Auto, further solidifying its market position.

In the investigation, Qu illustrated the significance of taking into account product features and customer wants, optimizing product marketing strategies, and emphasizing the combination of quality and characteristics for business marketing [10].



### 4.3. Suggestions on Place Strategy

Li Auto's current approach is to make direct contact with consumers while also providing significant support for its own development via a large direct network. This direct network may gain a more in-depth awareness of client wants and comments, allowing it to deliver more intimate and tailored services. The establishment of the direct network will not only assist Li Auto in better understanding market dynamics, adjusting and optimizing sales tactics, and improving sales efficiency and customer happiness, but will also provide a strong basis for the enterprise's long-term growth.

Looking ahead, Li Auto should expand its direct network, deepen connections and communication with customers, and raise brand awareness and reputation. Furthermore, Li Auto should actively enter the market, open additional sales channels and after-sales service centers, and offer more comprehensive and convenient services to automobile owners. Li Auto can infuse fresh life into the company's growth by consistently enhancing the after-sales service system and boosting customer happiness and loyalty. At the same time, Li Auto should prioritize the use of new technologies and data analysis tools to improve the operational efficiency and service quality of direct networks in order to fulfill consumers' rising needs and expectations.

Wang investigated that the basic innovation of various channels resides in addressing the diverse expectations of consumers by delivering improved channel services [11].

## 5. Conclusion

In this paper, Li Auto chose a type of extended-program electric vehicle that is not in line with the market's mainstream trend, but realized sales growth against the trend and became a leading enterprise in the extended-program electric vehicle market, despite the current vigorous development of China's electric vehicle market. It examines marketing strategy and makes applicable recommendations based on the traditional notion of the marketing mix. Li Auto has started a promotional campaign based on the Chinese family idea. It is aimed at certain client groups and makes use of the emergence of self-media platforms to connect Li Auto's products with its PR idea, drawing a wide number of potential customers. The distinct selection of additional electric vehicles is intended to prevent direct contact with the general market. Competition, while streamlining product series and optimizing product quality, strengthens Li Auto's position in the new energy vehicle market; the establishment of a diverse network of direct-sale networks different from traditional dealer methods, as well as the establishment of service centers in major cities and regions, strengthens Li Auto. Respond to consumer demands. This study proposes that Li Auto expand its advertising activities on self-media platforms while employing a mix of online and offline marketing strategies. Furthermore, Li Auto should increase scientific and technical research and development, as well as consistently introduce safer, more pleasant, and more convenient goods based on consumer demands. Simultaneously, the direct sales network should be increased to boost after-sales service quality.

At the same time, this study performs an in-depth analysis of Li Auto's marketing strategy selection based on the present market development trend and provides an essential reference case analysis for company strategic decisions. This study does not provide an adequate examination of Li Auto's pricing approach, which will be examined more in the future. Li Auto's pricing approach is critical to its success as an electric vehicle manufacturer. To assess Li Auto's competitiveness and market performance more thoroughly, greater attention will be devoted to its pricing plan, which includes its pricing strategy, price adjustment strategy, and price matching with market demand.

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