

# ***Analysis of the Current Development Status and Problems of New Energy Enterprises: Taking Tesla as an Example***

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**Abstract:** This paper aims to address the current development status and problems of new energy vehicle companies, taking Tesla as an example. The research question is to understand the challenges of low brand awareness and inadequate crisis public relations handling faced by Tesla in emerging markets and second- and third-tier cities. This is important to the academic field because it provides insights into the development and challenges of the new energy vehicle industry. This study adopts a case analysis method, taking Tesla as an example to study the current development status of new energy companies and some related problems, and proposes some countermeasures and suggestions for the problems found. The results show that in some emerging markets and smaller cities, Tesla has limited brand awareness due to less promotion compared with traditional car brands and consumers' trust in traditional brands. In terms of crisis public relations, Tesla's response is sometimes not timely or transparent enough. The solutions proposed include holding more events and developing personalized marketing strategies in these areas, as well as establishing a rapid response mechanism and strengthening communication with consumers and regulators. The impact of this work is to provide Tesla with practical suggestions to improve its brand image and competitiveness, and also provide valuable lessons for other new energy vehicle companies to deal with similar problems.

**Keywords:** Tesla, New energy vehicle market, Brand awareness, Crisis public relations.

## **1. Introduction**

### **1.1. Research Background and Significance**

In the context of global efforts to address climate change and promote sustainable development, the development of new energy vehicles has become a consensus among countries around the world. In order to achieve the goal of "reducing CO2 emissions per unit of GDP by 40% to 45% compared with 2005 by 2020" and the historical mission of "overtaking on the curve" in the automobile industry, China has included it in the seven strategic emerging industries [1]. Tesla was founded in 2003 and is headquartered in Palo Alto, California, USA. It is a high-tech company focused on electric vehicles, energy storage, and solar products. Tesla's mission is to accelerate the world's transition to sustainable energy and promote global energy transformation through innovative technologies and products. This study aims to address two key challenges Tesla faces in emerging markets and second- and third-tier cities: low brand awareness and inadequate crisis public relations handling. These issues have taken

on even greater significance in the Internet age. As consumers become more connected and well-informed, brand perception and crisis management can make or break a company. The significance of this study is multifaceted. First, it provides valuable insights into the development and challenges of the new energy vehicle industry. By analyzing Tesla's specific issues, the author can better understand the broader dynamics of the market. Second, it provides Tesla with practical solutions to improve its brand image and competitiveness. This could directly affect Tesla's business performance and market share. Third, these findings and recommendations can serve as a reference for other new energy vehicle companies facing similar challenges and promote the healthy development of the entire industry.

## 1.2. Literature Review

In recent years, there has been extensive research on the new energy vehicle industry, with a particular focus on Tesla. Research shows that Tesla has made significant contributions to the field through its innovation strategy. For example, Tesla and BYD have taken different approaches to gain competitive advantage. BYD adopted reverse innovation and modular vertical integration models to transform the electric vehicle industry in its early development stage [2]. On the other hand, Tesla regards architectural innovation as the main source of competitive advantage and chose an open modular product architecture to enter the market [2].

Tesla's market performance has also attracted people's interest. Its sales have been growing continuously, increasing by 137.7% in 2018 compared with 2017, and the growth rate in 2019 was close to 50% [3]. In addition, in 2022, Tesla's global total deliveries reached 1.31 million vehicles, an increase of 40% over 2021, and ranked among the top sales in many countries [4]. In the domestic market, Tesla's annual delivery volume remained at about 50,000 vehicles, and its capacity utilization rate reached 100% [5].

China's new energy vehicle market has attracted international companies like Tesla. Due to its prominent position in the market, Tesla is regarded as a typical case for research [6]. The Tesla model is a disruptive innovation model that combines cross-industry integration and Internet thinking to transform the automotive industry. It adopts the "reputation first, profit later" approach to build brand image and leads the wave of intelligentization of new energy vehicles [7].

In terms of market share, although BYD has a 22% share of the global new energy vehicle market in 2023 and performed well at the Tokyo Motor Show, it still lags behind Tesla in the high-end market. Tesla's share of the global pure electric vehicle market is 19.1% [8]. In 2020, stocks of Tesla, NIO, Xpeng, Evergrande and BYD all experienced significant growth within six months. Tesla has become the world's largest automaker by market value, and BYD has become China's most valuable automaker [9].

In addition, with the rapid development of new energy technologies in China, power generation levels and utilization rates continue to increase, and costs are significantly reduced [10]. This development provides a favorable environment for the growth of new energy vehicle companies like Tesla.

## 1.3. Research Contents

This study delves into the current status and challenges faced by NEV companies, using Tesla as a case study. The main research questions concern Tesla's low brand awareness in emerging markets and second- and third-tier cities and its inadequate crisis public relations management. The findings reveal that Tesla's brand awareness is limited by less promotion and consumers' lack of trust in traditional brands. Crisis public relations issues stem from responses that are sometimes not timely or transparent. Proposed solutions include increasing local events, personalized marketing strategies,

establishing a rapid response mechanism, and strengthening communication with consumers and regulators. This study provides practical recommendations for Tesla to improve its brand image and competitiveness, while also providing valuable insights for other NEV companies facing similar issues.

## 2. Case Description

Tesla has always been at the forefront in the new energy vehicle market. Its products are favored by consumers for their high performance, long cruising range, and advanced autonomous driving technology. In 2024, Tesla's sales volume continues to grow globally, and its market share is constantly expanding. Although Tesla's net sales margin was negative before 2020, the growth rate is rapid. In 2021, it reached a historical high, which is about five times that of 2020 [11].

In the Chinese market, Tesla has also achieved remarkable results. With the Chinese government's increasing support for new energy vehicles and the increase in consumers' demand for environmentally friendly and intelligent vehicles, Tesla's sales in China are growing steadily. At the same time, Tesla has established a production base in China, realized localized production, reduced production costs, and improved product competitiveness.

In the past few years, Tesla has been committed to technological innovation and continuously launched new products and technologies. For example, Tesla's electric vehicles have made major breakthroughs in battery technology, autonomous driving technology, and intelligent connectivity technology, improving the performance and competitiveness of products. In addition, Tesla has also made a lot of research and development investment in the field of energy storage and solar products and launched a series of innovative products.

With its innovative product design, high-end brand positioning, and good user reputation, Tesla has established a strong brand image globally. Its brand influence not only attracts the attention of many consumers but also has a huge impact on traditional automobile enterprises.

Although Tesla has a high reputation in the field of new energy vehicles, there are still some deficiencies in publicity. For example, there is low brand awareness in emerging markets and second- and third-tier cities, and insufficient crisis public relations handling.

## 3. Analysis on the Problems

### 3.1. Low Brand Awareness in Emerging Markets and Second- and Third-tier Cities

In some emerging markets and second- and third-tier cities, Tesla is facing the issue of relatively low brand recognition. Compared with the extensive promotion of traditional automobile brands in these areas, Tesla's promotional efforts seem insufficient. On one hand, traditional automobile brands often enhance brand recognition in these areas through a large number of offline advertisements, dealer activities, and interactions with the local community. For instance, some traditional automobile brands hold auto shows and test drive events in second- and third-tier cities, allowing consumers to experience the performance and features of the vehicles firsthand. However, Tesla has relatively fewer offline activities in these areas, leading to limited opportunities for potential consumers to understand its products. On the other hand, in emerging markets and second- and third-tier cities, consumers have a higher trust in traditional automobile brands, due to their long-standing market presence and reputation. In contrast, as a relatively new brand, Tesla has a smaller market share in these areas, and consumers have certain doubts about the quality and reliability of its products. For example, in some small and medium-sized cities, consumers may prefer to choose traditional automobile brands they are familiar with, lacking understanding and trust in Tesla's electric vehicles.

### 3.2. Insufficient Crisis Public Relations Handling

Tesla's handling of crisis public relations sometimes appears not timely and transparent enough, which may affect consumers' trust in the brand. When product quality issues or safety accidents occur, Tesla's response is often not quick enough, or its explanations and handling methods fail to satisfy the public, leading to the spread of negative public opinion. For example, on April 27, 2024, on the Panshi line pan mountain road in Jinhua, Zhejiang, a couple driving a newly purchased Tesla Model Y fell off a cliff and died on their way home. The driving recorder data was lost. The accident vehicle had a high speed and no brake marks, triggering public discussion about technical failures and human factors. After the accident, Tesla's staff quickly contacted the local police and carried out a series of coordination and discussions, but the specific content of the conversation was not made public. The family members were confused and dissatisfied with this handling method, suspecting that there might be some unknown truth hidden behind the accident. Just as the family was about to ask further questions, a call came in about wanting to recover the Tesla accident vehicle. This sudden proposal made the family even more confused. Was this accident just a common traffic accident, or was it caused by the Tesla vehicle losing control? The accident is still under investigation by the police, but it is enough to show that Tesla's explanations and handling methods failed to eliminate public doubts in time, and even exacerbated public concerns due to unclear responses or lack of transparency. This way of handling crises may lead consumers to doubt Tesla's safety, thus affecting its brand image and sales performance.

### 4. Suggestions

Organize more car shows, test drives, and brand promotion activities in emerging markets and second- and third-tier cities. For example, cooperate with local shopping centers and commercial plazas to hold Tesla car exhibitions, allowing consumers to get close to and experience the products. Through test drive events, let potential consumers experience the performance and advantages of Tesla cars firsthand, increasing their awareness and interest in the products. It is also possible to carry out interactive activities with local communities, such as sponsoring community events and holding environmental protection lectures. This can not only increase brand awareness but also establish a positive image of Tesla actively participating in local community construction, enhancing consumers' favorability towards the brand. Alternatively, personalized marketing strategies can be formulated for consumer characteristics in emerging markets and second- and third-tier cities. For instance, advertise and promote through local media channels such as newspapers, TV stations, and radio. At the same time, use social media platforms and online advertisements to accurately target potential consumers and increase brand exposure.

When product quality issues or safety accidents occur, Tesla should first establish a rapid response mechanism to ensure that it can respond to the incident in a timely manner. A dedicated crisis public relations team should be established, responsible for monitoring and handling various crisis events. Team members should have professional public relations knowledge and skills, capable of quickly formulating response strategies and effectively communicating with the media and consumers. Official statements should be issued promptly to inform the public about the situation and the company's handling measures. The statements should be concise, clear, objective, and truthful, avoiding ambiguous or evasive language. At the same time, keep the information transparent by updating the progress of the incident through various channels, such as the company's official website and social media platforms. Secondly, interact with consumers, listen to their opinions and suggestions, and address their questions and concerns in a timely manner. Utilize social media platforms for direct communication and interaction with consumers. By responding to consumer messages and comments, demonstrate the company's attention and value for its consumers, enhancing

their trust in the company. Then, try to establish a long-term trust relationship. Through continuous communication, transparent information disclosure, and proactive actions, let consumers feel the company's sincerity and sense of responsibility. For example, the company can regularly release quality reports and safety improvement measures to let consumers understand the company's efforts and achievements in product quality and safety. Finally, the company should conduct a comprehensive summary and reflection, analyzing the causes of the crisis, the shortcomings in the handling process, and areas for improvement. By learning from experience, continuously improve the crisis public relations mechanism and enhance the company's ability to deal with crises. In addition, to enhance the company's credibility, Tesla can also strengthen cooperation and communication with industry regulatory agencies. Actively cooperate with regulatory agencies in their investigations and inspections, providing accurate information and data in a timely manner. At the same time, work with regulatory agencies to discuss the establishment of industry standards and regulations to improve the quality and safety standards of the entire industry. This will not only help solve crisis public relations issues but also enhance the company's image and position within the industry.

## 5. Conclusion

This study provides a comprehensive analysis of the current development status and challenges faced by new energy vehicle enterprises, with a particular focus on Tesla. It underscores the importance of brand recognition and effective crisis public relations management in emerging markets and second- and third-tier cities. The research reveals that Tesla's brand awareness is relatively low in these areas due to less aggressive marketing and the entrenched trust in traditional automotive brands. Additionally, the study identifies instances where Tesla's crisis management responses have been perceived as untimely or lacking transparency, which can potentially erode consumer trust and brand reputation.

The findings of this research contribute to the academic discourse by highlighting the strategic importance of localized marketing and robust crisis communication strategies for new energy vehicle companies. Practical recommendations include increasing local marketing efforts, developing personalized communication strategies, and establishing rapid response mechanisms to engage proactively with consumers and regulatory bodies during crises. These insights are not only beneficial for Tesla but also serve as a valuable reference for other new energy vehicle enterprises facing similar challenges.

While this study offers valuable insights into Tesla's current challenges, it is not without limitations. The research primarily focuses on Tesla and may not fully capture the diverse strategies and responses of other new energy vehicle companies. Future research could expand the scope to include a broader range of companies and geographical markets to provide a more comprehensive understanding of the industry's dynamics. Additionally, the study's recommendations are based on the current market context and consumer behavior, which are subject to change. Future research should consider the evolving technological landscape, consumer preferences, and regulatory environments to refine and update the strategies suggested. Longitudinal studies could also be beneficial to assess the long-term effectiveness of the proposed solutions and to identify new challenges as they emerge.

In conclusion, this research serves as a foundation for further exploration into the strategies and practices that can enhance the brand strength and market resilience of new energy vehicle enterprises in an increasingly competitive global market.

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