

Analysis of Marketing Strategies of Multinational New Energy Vehicle Enterprises in China—A Case Study of Tesla

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Abstract. China's new energy vehicle (NEV) market has become the largest in the world, driven by strong policy incentives and increasing consumer demand for sustainable transportation. Tesla, as a prominent multinational player with substantial market share, presents a critical case for understanding how international firms navigate and succeed in this highly competitive landscape. This study examines the marketing strategies employed by transnational NEV enterprises in China, with a specific focus on Tesla. Using a combination of literature analysis and case study methods, this research draws upon industry reports, academic publications, and corporate data to evaluate Tesla's strategic approaches. The findings reveal that Tesla's success in China stems from its premium brand positioning, innovative direct-sales model, agile pricing strategies tailored to local subsidies, and continuous efforts toward product localization. Furthermore, the company's effective use of digital marketing and ecosystem integration contributes to enhancing consumer engagement and brand loyalty. However, challenges such as rising local competition and regulatory adaptations remain. This study concludes that a balanced approach combining global brand consistency with localized strategic flexibility is essential for transnational corporations aiming to achieve sustainable growth in China's dynamic NEV market. The insights offered herein provide valuable references for other international automakers seeking to enter or expand their presence in this strategic industry.

Keywords: Tesla, marketing strategy, new energy vehicle, China market, multinational enterprise

1. Introduction

The rapid expansion of China's new energy vehicle (NEV) market, which has become the largest globally, offers a critical context for analyzing the strategic approaches of multinational automakers. Existing research provides valuable but fragmented insights into Tesla's operations in this dynamic environment.. Shen emphasizes how Tesla leverages digital advancements to implement precision marketing and innovation, thereby enhancing its competitive edge [1]. Qi highlights Tesla's disruptive product and distribution strategies that significantly boost sales performance [2]. Meanwhile, Li et al. analyze Tesla's success through strong brand positioning and localization, while also noting challenges such as policy adaptation issues and consumer trust concerns [3]. However, most studies focus narrowly on specific tactics or external challenges, leaving a significant gap

concerning the holistic integration and practical effectiveness of Tesla's marketing strategies within China's unique business environment.

This study aims to address this research gap by offering a comprehensive analysis structured in three main sections: first, an overview of China's NEV market environment, including policy framework and competitive dynamics; second, a detailed examination of Tesla's marketing strategies, covering product localization, pricing flexibility, omnichannel distribution, and digital promotion; third, a discussion of the outcomes and challenges faced by the company, along with strategic recommendations. Methodologically, this research adopts a qualitative approach based on case study analysis and literature review.

The significance of this study lies in its practical implications. By synthesizing Tesla's strategic initiatives and contextual challenges, this paper provides actionable insights and strategic references for other multinational enterprises seeking to enter or expand their presence in China's evolving NEV market, while also contributing to the academic discourse on global marketing localization.

2. Analysis of marketing strategies of Tesla in China

2.1. Comprehensive analysis of China's new energy vehicle market environment

The People's Republic of China has established itself as the global leader in new energy vehicle (NEV) adoption, creating an exceptionally dynamic and competitive marketplace that continues to evolve through strategic government interventions and changing consumer behaviors. This transformation has been primarily driven by comprehensive policy frameworks including direct purchase subsidies, manufacturer tax incentives, and the innovative "Dual-Credit" program that mandates automakers to produce increasingly efficient vehicles. Among these, the dual-credit policy has significantly stimulated R&D investment in new energy vehicle enterprises. Following the policy's introduction, the average scale of R&D investment increased by 23.65%, demonstrating a notable incentivizing effect [4]. Statistical data reveals that by the fourth quarter of 2023, NEV penetration rates had reached 35.2% of total national automobile sales, demonstrating remarkable market maturation and indicating a fundamental shift in consumer transportation preferences [5]. The competitive environment presents a complex landscape where domestic manufacturers and international corporations compete for market dominance. Leading Chinese manufacturers including BYD, NIO, XPeng, and Li Auto have achieved substantial market success through competitively priced product offerings, technological innovation in battery systems, and vehicles specifically engineered to accommodate local preferences and usage patterns. International automotive leaders including Tesla, Volkswagen, and BMW maintain significant presence through aggressive expansion strategies, though they operate within an environment characterized by increasing competitive intensity and market saturation.

Chinese NEV consumers demonstrate distinct demographic and psychographic characteristics that significantly influence market dynamics. Market research conducted across first-tier and second-tier urban centers indicates consumer segments with relatively high disposable income levels, heightened environmental consciousness, and greater willingness to adopt technology [6]. Comprehensive consumer studies identify that purchase decisions prioritize critical factors including driving range capabilities between charges, charging infrastructure accessibility and convenience, advanced intelligent features, and overall brand reputation and perception. Furthermore, the widespread availability of flexible financing options combined with attractive government-sponsored incentives has substantially enhanced NEV accessibility among urban middle-class demographic segments, creating new market opportunities. Understanding these

complex and evolving market dynamics provides essential contextual foundation for analyzing how Tesla has strategically adapted its global business model to achieve remarkable success within China's unique automotive marketplace.

2.2. Detailed analysis of Tesla's marketing strategies in China

2.2.1. Comprehensive product strategy

Tesla has implemented an exceptionally sophisticated product localization strategy specifically engineered to align with Chinese consumer preferences and regulatory requirements. Vehicle models tailored for the Chinese marketplace, particularly the best-selling Model 3 and Model Y variants, incorporate advanced interface optimizations with deeply integrated local applications such as Baidu Maps, iQiyi, and Tencent Video. For instance, the China-made Model Y features extended rear seat cushions for improved thigh support and comfort, along with manual door release mechanisms and remote airbags to address safety concerns. On the software side, Tesla has adapted its systems based on real-time feedback from Chinese users, continuously optimizing features and OTA updates through data insights. Furthermore, the infotainment system now incorporates popular local gaming apps to cater to the entertainment preferences of Chinese consumers. These enhancements significantly improve the user experience and satisfaction among domestic consumers [7]. The strategic establishment of Shanghai Gigafactory has proven fundamentally transformative, serving not only burgeoning domestic demand but also functioning as a crucial export hub to other Asian markets, thereby dramatically reducing delivery timelines and enhancing overall supply chain responsiveness and efficiency. Additionally, Tesla has introduced progressively more affordable vehicle variants and specifically designed family-oriented models to appeal to broader consumer segments across different socioeconomic levels, demonstrating remarkable product strategy flexibility and market adaptation capability in response to evolving market conditions.

2.2.2. Dynamic pricing strategy

Tesla employs a highly dynamic and sophisticated pricing mechanism that continuously responds to government policy adjustments, competitive market pressures, and internal cost optimization objectives. The corporation has implemented numerous strategic price adjustments for its primary Model 3 and Model Y vehicles to maintain eligibility for state subsidies and preserve competitive positioning against increasingly capable domestic manufacturers. During promotional periods and seasonal campaigns, Tesla frequently introduces limited-time discounts, comprehensive insurance subsidies, and attractive low-interest financing options, thereby enhancing affordability for price-sensitive consumer segments across different demographic groups. This carefully calibrated and continuously adjusted pricing approach enables Tesla to maintain its premium brand positioning and perceived value while simultaneously expanding market penetration and volume across diverse consumer demographics and geographic regions.

2.2.3. Innovative place strategy

Tesla utilizes an innovative direct-to-consumer sales and distribution model that deliberately bypasses traditional dealership networks, enabling greater control over brand presentation, customer experience, and service quality. The company operates extensively developed experience centers and premium showrooms within high-traffic commercial districts of major metropolitan areas, allowing potential customers direct product interaction and personalized consultation services from trained

product specialists. Furthermore, Tesla has established the automotive industry's most comprehensive Supercharger network throughout China, covering metropolitan regions, major highway systems, and increasingly penetrating emerging lower-tier cities and urban centers. Its fully integrated digital platform supports the complete customer journey from initial test drive scheduling and vehicle configuration through payment processing and final delivery arrangements, significantly streamlining the purchase process and enhancing overall user convenience and satisfaction throughout the ownership experience.

2.2.4. Multichannel promotion strategy

Tesla's promotional strategy emphasizes digital and social media marketing channels over traditional advertising approaches, creating more engaging and targeted consumer connections. CEO Elon Musk's substantial personal influence and active presence on platforms including Weibo, generate significant brand visibility and sustain consumer engagement levels through direct communication and viral content dissemination. Tesla additionally employs immersive test drive experiences, structured user referral programs with tangible incentives, and strategic participation in major automotive exhibitions and technology forums to strengthen brand presence and demonstrate technological leadership. Through systematic encouragement of user-generated content and community-building activities, Tesla has successfully cultivated organic word-of-mouth marketing and brand advocacy, fostering a powerful sense of brand community and loyalty among its expanding customer base across China's diverse regional markets.

2.3. Differentiated marketing strategy

Comparison with Key Local Competitors While Tesla maintains measurable leadership in brand prestige and technological perception metrics, domestic manufacturers are rapidly narrowing the competitive gap through aggressive innovation and market adaptation strategies. BYD dominates the mid-range market segment through comprehensive vertical integration capabilities—extending to the industrial chain's upstream to master core technologies (materials, batteries, motors, electronic controls)—and has built a strong innovation system via standardized, integrated component design to drive cross-domain integration [8]. NIO emphasizes user community development and offers innovative value-added services — such as its battery swapping technology — which has helped the company build unique competitive advantages thanks to its characteristics of zero pollution, convenience, low cost, and alleviation of range anxiety [9]. XPeng focuses on advanced intelligent and autonomous driving features combined with highly competitive pricing strategies, appealing to technology-oriented consumer segments. Tesla's principal advantages include demonstrably superior performance metrics, global brand appeal and recognition, and continuous technological innovation pace. However, the company faces persistent challenges related to after-sales service responsiveness consistency, data security and privacy concerns, and the ongoing need to adapt to regional consumer expectations across China's diverse and rapidly evolving market landscape.

2.4. Impact of policy evolution and consumer trends

Evolving regulatory policies and shifting consumer preferences significantly influence Tesla's strategic decision-making processes and operational priorities. As government subsidy programs undergo gradual phase-out, Tesla is increasingly focusing on cost efficiency optimization and compliance with emerging technical standards related to data security, vehicle safety, and emissions

control. Consumers are demonstrating growing expectations regarding extended driving ranges, accelerated charging capabilities, advanced smart features integration, and environmentally sustainable manufacturing processes and supply chain transparency. Tesla's organizational capacity to anticipate and effectively respond to these market shifts remains critically important to maintaining sustainable competitive advantage in China's dynamic and increasingly demanding automotive environment, requiring continuous adaptation and strategic flexibility.

2.5. Strategic challenges and evidence-based recommendations

Tesla must address several critical challenges to maintain its competitive positioning in China, including intensifying market competition, reputational management risks, and requirements for deeper operational localization and adaptation. To effectively address these challenges, several evidence-based recommendations are proposed. Tesla should introduce additional affordable models specifically tailored to lower-tier city market segments with different usage patterns and preferences. Furthermore, the company should enhance strategic collaboration with leading Chinese technology firms to accelerate localization and innovation capabilities. It is also crucial for Tesla to substantially improve after-sales service capabilities and parts supply chain reliability through expanded service center networks. Additionally, increasing strategic investment in battery recycling technologies and carbon reduction initiatives will help address growing environmental concerns. Finally, Tesla must strengthen governmental relations and ensure robust compliance with local regulatory requirements through dedicated regulatory affairs teams to maintain its market position in this highly competitive landscape.

3. Conclusion

This study has provided a comprehensive analysis of the marketing strategies employed by Tesla Inc. within China's dynamic new energy vehicle (NEV) market. The findings demonstrate that Tesla's competitive advantage stems from a well-integrated approach that combines localized product offerings, agile pricing aligned with policy incentives, a direct-to-consumer retail model, and digital-centric promotion strategies. By adapting its global brand strategy to accommodate Chinese consumer preferences and regulatory requirements, Tesla has secured substantial market share and enhanced brand influence. Nevertheless, the company continues to confront challenges such as rising competition from domestic manufacturers, regulatory uncertainties, and increasing consumer expectations regarding data security and after-sales services.

The insights derived from this case study underscore the importance of balancing global branding with local responsiveness for multinational corporations operating in complex and rapidly evolving markets like China. Tesla's experience offers practical strategic lessons—particularly in terms of policy adaptation, customer engagement, and digital transformation—that can inform other international automakers seeking to enter or expand their presence in the NEV sector.

However, this research has certain limitations. It focuses exclusively on Tesla as a single case, which, while insightful, may limit the generalizability of the findings. Future studies could adopt a comparative approach, by incorporating multiple multinational and domestic NEV manufacturers, to provide a broader perspective. Moreover, employing mixed-method designs that include quantitative data would help validate and enrich the qualitative observations presented here. Expanding research into consumer behavior and supplier relationships could also yield deeper understanding of market dynamics.

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