

Analysis of Tesla's Local Marketing Strategies in China's New Energy Vehicle Market-Based on the 4P Theory

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Abstract. The rapid development of China's new energy vehicle market has enabled Tesla to reposition itself as a technology leader and a strong competitor to local peers in the Chinese market. This study takes the 4P theory (product, price, channel, promotion) as a driving force to explore how Tesla can formulate a localized marketing mix strategy based on the complex and highly competitive Chinese market. Specifically, the survey found that Tesla maintained its technological leadership through OTA upgrades and rapid product iterations; its pricing strategy flexibly combines penetration and psychological pricing, with particular benefits derived from localized production. In terms of distribution, Tesla adopts a direct sales model and integrates online platforms with offline experience centers to enhance customer control engagement and brand control. In terms of promotion, the brand relies on social media dissemination, user content and Musk's personal influence to create an "earned media" effect. This paper not only provides an empirical case for understanding how multinational brands adapt to the Chinese new energy vehicle market, but also provides a reference path for domestic brands in the fierce market competition. At the same time, this study enriches the applicability and practical significance of the 4P theory in the high-tech industry under the background of digitalization.

Keywords: Tesla, 4P theory, localization, marketing strategy, new energy vehicle market

1. Introduction

Tesla, Inc. has grown from an ambitious start-up in 2003 to the world's best-selling electric-vehicle (EV) brand and a vertically integrated provider of clean-energy solutions. Today the company designs batteries with Panasonic, operates Gigafactories in the United States, Germany and—crucially for this study—Shanghai, and markets a tiered line-up that ranges from the mass-market Model 3 and Model Y to the premium Model S and Roadster [1].

China represents the world's largest and fastest-growing electric vehicle market, and Tesla's investment in the Chinese market has become an industry benchmark for international automakers in terms of innovation and localization [2]. Tesla's localization efforts, particularly its wholly - owned Shanghai Super Factory, illustrate its capacity to adapt its development and respond to regulatory changes amidst intense local competition [3]. Therefore, studying Tesla's marketing strategy is of great reference significance for multinational companies to enter the Chinese market and for

domestic companies to improve their competitive strategies and marketing strategies in the field of new energy vehicles.

2. Tesla's local marketing strategies in China

2.1. Product strategy

2.1.1. Local manufacturing cost advantage

Tesla's product strategy in China is based on localization and technology-driven differentiation [3]. [1]The Shanghai Super Factory fully started at the end of 2019, and has provided significant cost and delivery - cycle advantages for the Model 3 and Model Y, far exceeding those of imported models [2]. The "localization strategy" also emphasizes Tesla's coordination of various vehicle functions - for example, high-efficiency air filters can effectively deal with urban air quality problems and adapt to local climates, both of which are designed to gain high recognition from consumers [4].

2.1.2. Continuous OTA software upgrades

In addition, Tesla improves its product line through remote wireless upgrades (OTA) and model updates. For example, Tesla can use regular battery software upgrades to improve range or adjust performance without offline recalls, in order to bring lasting value to the vehicle [1]. This was crucial during the period of double growth of "Made in China" last year, because Tesla's "localization" upgrades a key factor in increasing market share [2].

2.1.3. Streamlined model portfolio – Model 3 and Y focus

At the same time, product segmentation is also very important: Model Y and Model 3 are aimed at urban environmental enthusiasts in the middle and upper classes, while imported pure electric vehicles (such as Model S, X, Roadster) are aimed at the luxury and high-performance segments [5]. This layered approach can simultaneously cover strong brands for different groups of people. This layered approach enables Tesla to target different customer segments with distinct product offerings. Specifically, it helps to establish a strong brand presence among different groups of people. The localization report pointed out that "increasing existing product lines rather than launching new models" will continue to maintain a simple R & D scale while increasing brand awareness [3].

2.1.4. Localized features

Tesla also takes into account the positioning of its products within the broader energy - mobility ecosystem in light of its international expansion. Although Tesla receives less market attention in China than in the United States or Europe, products like Powerwall and solar energy are closely linked to the Tesla brand. With sustainability as a common denominator, this helps to enhance brand loyalty [1].

For Chinese consumers, Tesla vehicles are not merely means of transportation but rather high - tech products characterized by continuous improvement. This perspective is substantiated by hardware advancements, over - the - air updates, and localized configurations, such as suspension tuning tailored to Chinese road conditions [4]. In this manner, Tesla can be effectively positioned as

being in tune with the future and perpetually evolving, rather than being an archaic traditional vehicle that lags behind technological advancements.

In general, Tesla's product strategy in China primarily encompasses three key elements: local production, technological upgrading, and strategic integration.. This combination enables Tesla not only to offer specific value to diverse customer groups but also to attain this through a brand centered around the same objective.

2.2. Pricing strategy

2.2.1. “Low-entry, later adjustment” penetration pricing

Tesla's pricing strategy in China is mainly to "enter at a low price first, and then gradually adjust the price" [6]. This approach relies on local production (such as the Shanghai Super Factory) and flexible price adjustments [3]. Tesla can better control costs due to its own factory in China, thus obviating the need for substantial marketing expenditure. Instead, it can directly appeal to consumers through price reduction. This strategy not only enables Tesla to maintain stable sales in China but also helps avoid a significant decline in sales in other global regions. From 2021 to 2024, China is the only market in the world where Tesla achieves sustained sales growth by controlling costs [2].

2.2.2. Localized supply-chain cost savings

The local - focused report reveals how the Chinese Gigafactory enhances production efficiency and fosters good relations with the government via rapid approval processes, land leasing arrangements, and supply - chain integration. As a result, Tesla can frequently adjust prices (such as lowering the price of Model 3 and Y to maintain subsidy eligibility and stay ahead of competitors). During the COVID - 19 pandemic, Tesla responded promptly by leveraging digital channels to provide test - drive opportunities, limited - time offers, and packaged services [6].

2.2.3. Psychological pricing & 0-interest financing

Tesla's pricing is also incorporates psychological elements. Instead of announcing changes to its Manufacturer's Suggested Retail Price (MSRP), it simply cuts prices mid - month or modifies financing options to mitigate losses from residual depreciation. In an effort to invigorate the sluggish automotive market, Tesla introduced a five - year interest - free loan policy [2]. This form of adaptability deviates from the practices of the traditional automotive industry and has a negative impact on consumer expectations [5].

Tesla's flexible pricing strategy in China is to cope with the rapid reduction of government subsidies for electric vehicles [3]. As subsidies decrease, Tesla opts to reduce prices to alleviate the impact of policy changes. Meanwhile, Chinese brands like BYD and Weilai seize this opportunity to expand their market shares. Chinese brands such as BYD and Weilai take the opportunity to expand their market. However, Tesla's robust brand influence implies that even in the face of price fluctuations, consumers are unlikely to be overly concerned or lose confidence [4].

In short, Tesla's pricing strategy in China combines localized cost efficiency, adaptive adjustments to policy trends, and clever financial mechanisms (such as zero interest and referral points). This flexible strategy is exactly the agility needed in China's rapidly developing electric vehicle market, perfectly combining price affordability with high-end brand recognition.

2.3. Place strategy

2.3.1. Direct digital channels & experience stores

Tesla's market strategy in China is to build a complex omnichannel ecosystem that combines digital sales with carefully curated, albeit small-scale physical stores [3-4]. Research shows that this is China's first wholly owned super factory, giving it full control over operations and supply chain, which is very different from Shanghai's practice of allowing foreign brands to set up joint venture factories.

Online sales can be carried out through the official app, WeChat mini - programs, and Tmall flagship store. These digital platforms enable Chinese consumers to select, order, and track deliveries using familiar local payment methods, offering a seamless digital experience. Tesla also took the lead in launching a live-streaming virtual showroom during the COVID-19 pandemic, which can enhance its appeal to new customers without expanding its physical storefronts [6].

Offline, Tesla operates experience centers in first - tier cities. These centers function mainly as high - end touchpoints rather than mass - market dealerships, providing venues for test drives, delivery events, and technology demonstrations. These activities are essential for elucidating the advantages of electric vehicles to new buyers, thereby fostering trust and the legitimacy of “Made in China” [5].

2.3.2. Supercharger network & mobile service

Infrastructure is key: Tesla has more than 1,800 Superchargers in China, mainly located on highways and in urban areas. This tightly connected infrastructure alleviates range anxiety and is consistent with the charging methods identified in the deployment case study. Tesla's instant navigation solution enables the real - time display of charging station availability, thereby enhancing the convenience of the charging process [1].

2.3.3. End-to-end delivery process

Finally, Tesla's after-sales service in China encompasses more than 50 service centers and mobile service points. This approach is consistent with the best practices of German brands, but is more streamlined in execution, reflecting Tesla's vertical integration and brand consistency [2,5]

In summary, Tesla's layout strategy in China is founded upon three pillars: (1) Digital sales; (2) Selected top - level physical showrooms; (3) Extensive charging and service infrastructure. This enables customers to comprehensively oversee the experiences of all interactive touchpoints.

2.4. Promotion strategy

2.4.1. Zero-advertising, social-media virality

Tesla employs a distinctive marketing approach in China, eschewing traditional advertising in favor of relying predominantly on online channels, social interaction, and Internet celebrity endorsements. Tesla spends almost no advertising fees, and its publicity relies entirely on Musk's personal influence and the real stories shared by car owners [2]. .

Tesla's social media ecosystem serves as a significant driving force in its marketing efforts. Tesla posted factory tour videos on Weibo, showing environmentally friendly production methods and contrasting with the surrounding zero-emission cars - which attracted 450,000 new followers in two

months. Tesla also heavily promotes its lifestyle content on Douyin and Xiaohongshu [6]. These videos often use themes that they know will appeal to the Chinese TikTok generation, such as showing "pet-friendly Teslas" or live question-and-answer test drive series. These videos often feature themes that appeal to the Chinese TikTok - savvy generation, such as "pet - friendly Teslas" or live question - and - answer test drive series.

For example: Tesla collaborated with beauty brand Perfect Diary on Weibo to offer a lucky draw to four Tesla owners during the 618 shopping festival. The ad received more than 96,000 shares and 46,000 comments - showing that Tesla's word-of-mouth marketing strategy is still very effective [4].

Tesla's referral program also promotes word-of-mouth communication: customers can earn points after successfully recommending, and these points are often promoted through user-generated content [5]. Chinese Tesla owners frequently post unboxing, self - driving tour, or charging experiences, thereby creating an organic marketing loop and continuously expanding Tesla's influence across various media platforms [1].

2.4.2. CEO personal-brand leverage

Although Musk does not engage in local - specific marketing activities, his extensive global social media footprint frequently generates news coverage within the Chinese context [2]. Musk-related posts, such as product previews or geopolitical comments, attract a lot of media attention, effectively supplementing Tesla's publicity mix [2].

Overall, Tesla's promotional efforts in China predominantly hinge on social media - based viral dissemination, authentic user engagement, and Musk's robust personal influence. Instead of resorting to traditional advertising techniques, Tesla has forged a strong brand identity through these means. This approach demonstrates the efficacy of contemporary marketing strategies centered around digital platforms and influenced - driven dynamics within a rapidly expanding market such as China [1].

3. Conclusion

In summary, this paper uses the 4P model (product, price, channel and promotion) to study Tesla's marketing mix in the fierce Chinese new energy vehicle market. The findings indicate that Tesla has executed a localized product strategy that emphasizes technological innovation, over - the - air (OTA) upgrades, and market - segment differentiation. The flexible dynamic pricing strategy enables Tesla to respond quickly to subsidy changes and market changes, thereby maintaining its competitive advantage and consumer appeal. Tesla's distinctive direct - sales and distribution model is founded on online sales, complemented by offline experiential stores. This model has assisted the company in establishing brand control and cultivating customer relationships. In addition, the company uses social media and personal brands (Elon Musk) as influencers to create an "earned media" market strategy, which greatly reduces the need for traditional advertising.

The results of this study offer important empirical evidence regarding how multinational companies can strategically implement a localized marketing mix within dynamic market environments, exemplified by China's new - energy vehicle market. Additionally, these findings have implications for local brands aiming to enhance their competitive edge via digital marketing strategies.

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