Analysis of Tesla’s Marketing Strategy in China

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ABSTRACT

Tesla, an automobile company which started its pure electric vehicle business at an early time, has made a lot of efforts since it officially entered China market in 2014. In this paper we investigated the strategy of Tesla’s development and marketing based on case study. Through the study of Tesla’s development strategy and marketing strategy, we found that Tesla has widened the product line to make it appropriate with the characteristics of the China market and adopted development-oriented strategy to upgrade from the supply side. In order to get more market share, it also developed different products to achieve the need of consumers in different classes. Tesla uses differentiation strategy on products, makes the unique performance and design become the core competitiveness that cannot be easily followed by competitors. Supplemented by a series of marketing strategies such as celebrity effect and hunger marketing, it occupied certain shares of market in a short time. We did a comparative study between BYD and Tesla to find the advantages and shortages of the two companies and what they could learn from each other. Through SWOT analysis, we believe that Tesla should continue to develop its advantages in R & D and supply chain, seize the good opportunity of China’s economic recovery after passing the most serious time with COVID-19 to consolidate its market position and occupy more share of market in China. Overall, these results shed light on Tesla’s marketing strategy in China at the company level, as well as its current strengths and weaknesses and the direction of efforts it needs to take in the future.

Keywords: new energy vehicle, Tesla, development strategy, marketing strategy.

1. INTRODUCTION

With the development of social economy and the progress of science and culture, human beings’ awareness of environmental protection is gradually strengthened. Plenty countries around the world have launched corresponding policies to encourage the research and development of new energy vehicles. At the China Automotive Industry Development (TEDA) International Forum held in Tianjin in September 2017, Yu Kai, secretary of the CPC Committee of China Automotive Technology Research Center, released the four achievements of “TEDA Focus”, clearly expressed optimism about the development prospect of new energy industry and firmly believed in the continued existence of government support and incentives [1]. Xin Guobin, vice minister of the Ministry of Industry and Information Technology, revealed for the first time that the Ministry of Industry and Information Technology has started to study the timetable for stopping the sale of fuel vehicles. All information shows that replacing traditional fuel vehicles with new energy cars will be an important development trend of China’s automobile industry in the future. On April 16, 2020, the Ministry of Finance issued the Notice on Policies related to vehicle purchase tax exemption for new energy vehicles, which further clarified the state’s policy support for the development and popularization of new energy vehicles.

In such a global environment and with the support of national policies, China’s vehicle market with sell more than twenty million cars a year is bound to become a hotly contested target for automakers in the new energy sector. Tesla, which started its business with new energy vehicle in the early year, took the lead in developing the world’s first lithium-ion battery electric car in 2007. There is no doubt that Tesla is in the leading position among the new energy automobile industry with its advanced concepts and leading scientific research capabilities.

Since Tesla officially entered the Chinese market in 2014, it has encountered difficulties in China while also achieved its goals as well. This article is in such an industry background to analyze Tesla’s attempt and obstacles in entering the China market. In this article we
also looked for possibilities for local companies to learn from Tesla’s marketing strategy through the comparative study of Tesla and BYD, as well as what Tesla is facing while it wanted to further occupy the Chinese market, and its prospects and recommendations.

This paper used the method of case study to analyze Tesla’s marketing strategy and obstacles in entering China from its present performance and development, as well as uses SWOT model to judge the internal factors and external environment of the target enterprise. We analyzed Tesla’s current predicament and development opportunities in the Chinese market, where BYD was selected for a comparative analysis. Based on comparing BYD with Tesla, we could analyze Tesla’s weakness in the Chinese market compared to local companies and explore the efforts that Chinese companies need to make to hold on to the local market.

2. LITERATURE REVIEW

2.1 Research on China’s new energy vehicle market

At present, the development characteristics of China's pure electric vehicle industry are reflected in the continuous strengthening of technology research and development capabilities, continuous improvement of popularity, product industrialization, and a good development environment [2]. In this new vehicle field, which is different from the technical level and research direction required by the traditional automobile industry, China can narrow the gap with developed countries in the automobile industry by developing new energy vehicles [3]. In such a market environment, China's new energy vehicle industry continues to develop, and a number of new energy vehicle manufacturers have gradually emerged. Limin He (2018) believes that the problems of mileage, charging and battery are the three major problems restricting the promotion of electric vehicles in the future.

2.2 Research on Tesla

One of Tesla’s strengths is its cutting-edge research team and leading edge technology, the research and development of battery technology innovation and electrical technology filled the gap of power battery, which laid a strong foundation for its differentiation strategy on products [4]. Meanwhile, Tesla takes dislocation competition and celebrity effect, its initial pricing is high, with the halo of many celebrities buying Tesla, has successfully created a niche and high-end brand image [5]. However, after it entering into China, with the gradual opening of the market, Tesla's products are no longer limited to high-priced and niche supercars, but gradually sank down and developed products with more diversified design and price levels [6], in an attempt to capture different customer groups and further occupy the market.

3 TESLA IN CHINA

3.1 About Tesla

Tesla was founded in 2003 by engineers Martin Eberhard and his long-term business partner Marc Tarpenning. At first, Tesla was positioned as a company that built high end all-electric sports cars and wanted to prove that electric vehicles can be better, quicker and more fun to drive than gasoline cars [7]. In the same year, Martin Eberhard was introduced by AC Propulsion to Elon Musk who had founded SpaceX, for the need of materials and funds to produce efficient electric sports cars, and established business partnership together in 2004. Elon Musk invested $6.35 million in Tesla to become chairman of the company and Martin Eberhard became CEO [8].

Launched in 2008, the first Tesla Roadster became the first electric vehicles that powered by lithium-ion batteries in the world. In June 2010, Tesla debuted on Nasdaq, becoming the first independent manufacturer of pure electric vehicles to go public in the US [8]. On 22 April 2014, Musk officially delivered the first batch of Model S to Chinese consumers, which became a symbol of Tesla enter Chinese market [9]. Since it come into Chinese market, as technical advancement, production increases and the improvement of public charging station layout, Tesla’s sales in China have been increasing, reaching nearly 140,000 units in 2020 [10] that consolidated the leading position in electric vehicle industry.

However, during this period, the development of Tesla was not easy. In 2017, although the sale reached a new summit, the lack of production capacity became a problem. Many orders cannot be effectively and timely converted into sales revenue, which reduced the turnover rate and limited the rapid development of Tesla. Therefore, Tesla established its factory in Shanghai, which started production in early 2019. CEO Musk also tweeted to celebrate, making no secret of the joy that this large factory with an estimated annual production capacity of 500,000 would solve Tesla’s production problem. On 10 June 2020, Tesla’s value exceeded $190 billion, becoming the world’s most valuable car company [11].

3.2 Brand development strategy

Tesla adopts a developmental brand strategy in China. Since it entered the Chinese market, although sales showed an upward trend, it did not occupy much market shares in China. To improve market shares, it established a “super factory” in Shanghai to develop from the supply side and implemented corresponding marketing
strategies so that realized the expand of market shares. According to the data from CPCA, in 2019, the total sales reached 49,156 units in China, accounting for 6.8%, which were imported from abroad [12]. However, after “super factory” was completed and put on production, the total sales of Tesla reached 138,505 units in 2020, increasing twofold than last year and the proportion of its market share also rose to 15.1%, which ranked NO.2 in Chinese electric vehicle market [13].

Besides, Tesla has established the strong brand position in a short time through unique and powerful marketing approach. Tesla was founded early and was the first new energy vehicle company. Until today, it has gained a large number of loyal consumers and become the head of new energy vehicle industry due to its outstanding technology and creative design. As high-end sports car, if you want to gain recognition and purchase from the target customer group, it is important to make full use of the celebrity effect. Therefore, Tesla through make experience consumption for many celebrities and entrepreneurs [5] and constantly appearing in front of people on social media, bringing lots of topic to the brand which has helped to build brand's high-end and fashion image. Meanwhile, Tesla focuses on the actual experience of customers, with many offline experience shops all over the world that enable customers to really know Tesla's products and culture. It also could make customization and create suitable vehicles for customers according to their needs and suggestions.

### 3.3 Product development strategy

Regarding the product itself, Tesla has refined technology. Mastering the independent research and development of key technologies e.g., motors, batteries and battery management systems and transmissions. Besides, it also completes Autopilot to realize navigate on Autopilot, auto park and auto lane change. With over-the-air software updates, the latest enhancements are available instantly. All of these are play a key role in building a high-quality and unique product with “new energy + intelligent” [14] to form its advantages.

In terms of target groups, Tesla uses different products to target different consumers to realize a gradual sinking of products. According to the following table that summarize all Tesla models, one knows Tesla’s products are diverse and clearly classified for different target markets and consumers. Among them, Roadster has a superior appearance, outstanding performance and high pricing against Porsche and Ferrari, especially the founder series Roadster, which has a deposit of more than 1.6 million and is totally a model for the upper class of society. Model S and Model X series are mid-to-high-end models launched for the middle class and above. Model Y and Model 3 are mainly cost-effective and relatively affordable, and they also have excellent performance and design.

<table>
<thead>
<tr>
<th>Model</th>
<th>Version</th>
<th>Range(est. )</th>
<th>0-100 km/h</th>
<th>Top Speed</th>
<th>Seating</th>
<th>Price</th>
</tr>
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<tbody>
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<td>2.1s</td>
<td>400km/h+</td>
<td>4</td>
<td>¥332,000(Reservation)</td>
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<tr>
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<td></td>
<td>4</td>
<td></td>
<td>¥1,659,000(Reservation)</td>
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<tr>
<td></td>
<td>Roadster</td>
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<td>322km/h</td>
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<td>¥1,059,990</td>
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<td></td>
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<td>250km/h</td>
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</tr>
<tr>
<td>Model X</td>
<td>Plaid</td>
<td>547km</td>
<td>2.6s</td>
<td>262km/h</td>
<td>7</td>
<td>¥999,990</td>
</tr>
<tr>
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<td>¥909,990</td>
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<tr>
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<td>480km</td>
<td>3.7s</td>
<td>250km/h</td>
<td>5</td>
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<tr>
<td></td>
<td>Long Range AWD</td>
<td>594km</td>
<td>5.0s</td>
<td>217km/h</td>
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<td></td>
<td>Standard Range</td>
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<td>5.6s</td>
<td>217km/h</td>
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<tr>
<td></td>
<td>Long Range</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 3</td>
<td>Performance</td>
<td>605km</td>
<td>3.3s</td>
<td>261km/h</td>
<td>5</td>
<td>¥339,900</td>
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<tr>
<td></td>
<td>Standard Range Plus</td>
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<td>5.6s</td>
<td>225km/h</td>
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<td>¥235,900</td>
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</tbody>
</table>

(Source: Tesla [https://www.tesla.cn])

### 4. TESLA'S MARKETING STRATEGY

#### 4.1 Pricing Strategy

Tesla uses a cost driven approach based on penetration pricing. Taking Model 3 as an example, the domestically made standard endurance version has so far experienced seven price adjustments since 2019, after which the price spread reached more than 100,000 yuan. Although the second price reduction in December 2019 was due to the policy subsidies, it is not difficult to see that the price of the Model 3 has shown a very significant and substantial decline in addition to the subsidy reductions.

According to Tesla’s 2020 and 2021 financial statements, its gross margin on auto sales has remained stable at around 25% to 27%, and prices of all Tesla models besides Model 3 have also dropped significantly after several adjustments, but Tesla’s gross margin on car sales has remained stable, or even increased, since its launch. This indicates that the price cuts have had no
impact on Tesla’s gross sales profit. Tesla’s price cuts are based on economies of scale and reduced costs for battery hardware replacement manufacturers, from which Model3 fell to 249,900 yuan in October 2020 was due to replace the batteries with lithium iron phosphate made in the Ningde era, which has lowered production costs. The Super Factory, which started production in Shanghai in 2019, has increased production while allowing Tesla to save on transportation and labor costs in the Chinese market by not relying on imports, economies of scale also allow products to be amortized to lower fixed costs. Thus, Tesla’s product price reduction is based on cost reduction. Besides the pricing is relatively high because of the focus on differentiation strategy leading to early development and product itself cost is pretty large.

**Figure 1.** Price adjustment changes of Model3
(Source: Tesla Official information Collection)

### 4.2 Celebrity Effect

Different from Volkswagen, Honda and other traditional large auto companies, Tesla did not invest a lot in advertising and marketing on TV media, but focused on celebrity effect, which enabled Tesla to successfully create a niche and high-end brand image [5]. Entertainers Brad Pitt, Google founders Larry Page and Sergey Lin, eBay's Jeff Skoll, and Xiaomi CEO Lei Jun were among Tesla's earliest customers. According to the survey, Tesla customers bachelor’s degree or above accounted for more than 70%. The customer is engaged most in financial securities industry, followed by the government and institutions [6], car for these have good economic foundation and social status of consumers is not only a vehicle, but also represent the aesthetic taste and value pursuit, on the basis of the users, possessing a car of the same brand as a world-class celebrity and millionaire is surely the best publicity.

### 4.3 Offline experience and hunger marketing

Different from traditional car companies, Tesla did not use authorized dealers, but only through the official stores. As to July 2021, Tesla has reached 194 offline stores in China (including Hong Kong, Macao and Taiwan regions), customers can personally communicate with product specialist and also experience Tesla's products and additional services with better perception of brand value and product characteristics. On this basis, customers can feel the high-end and high-tech sense of Tesla brand positioning from online marketing to offline experience.

Tesla’s hunger marketing is different from the traditional hunger marketing strategy of deliberately reducing supply to create the illusion that demand exceeds supply. In the early years, Tesla’s shipping difficulties did stem from a lack of production capacity, thus creating a profit bottleneck for Tesla, but Tesla has solved that dilemma by building Super Factory in China to expand capacity. Tesla’s hunger marketing is combined with its offline experience store, where customers can fully experience the product, but cannot immediately order a pickup. In fact, it takes months or even a year to order the Tesla you want, which makes owning a Tesla Motors “Ritualistic”, adding value to the product also deepens Tesla’s position as a premium brand.

### 5. COMPARE BYD WITH TESLA IN CHINA MARKET

#### 5.1 Compare BYD with Tesla

Founded in 1995, BYD is committed to “meeting people's aspirations for a better life through technological innovation” [15]. In 2003, it started the traditional fuel vehicle business and was quickly recognized after acquiring Xi'an north Qinchuan Group Co., Ltd. Then, it...
published the own pure electric cars in 2006, BYD entry into the era that develop business of electric vehicles and traditional fuel vehicle. So far, it has launched a Dynasty series of “Tang, Han, Song, Qin and Yuan”, including internal combustion (IC), hybrid and battery-electric passenger vehicles [16].

For the development of BYD and Tesla, they have not only common inspects, but also different aspects. BYD and Tesla are leaders of new energy vehicles in their local market respectively with guiding research and development capabilities. Nevertheless, BYD launched electric vehicle products earlier than Tesla and also developed gasoline cars at the same time with a wider business scope and a larger target group. In addition, there is a quite big difference at sales trends of the two companies in the Chinese market. Since 2019, although BYD’s annual sales always remains above 100,000 units, it has shown a downward trend. In contrast, Tesla’s annual sales have continued to increase rapidly, especially after the completion of Shanghai “super factory”. The production of Model 3 in China increased to more than 5,000 units per week [17] and the total sales in 2020 has nearly tripled that compared with total sales in 2019, exceeding BYD became the second manufacturer of sales in China's pure electric market. By May 2021, Tesla's sales that is less than half a year only had a short gap at annual sales in 2020 with 35,252 units.

As for product positioning, BYD entered the middle and low-end market, positioning itself in the mainstream of the social and making price of electric vehicles within ¥100,000 to ¥300,000, and the maximum starting price after subsidies is only ¥279,500. However, Tesla entered the high-end market at first, positioning high consumers in the society. As the continuous development, the products are stratified according to markets and consumer groups, then introduce them to customers of different consumption levels.
In terms of the direction of company’s product expansion, BYD focuses on horizontal expansion in batteries. Because it started with batteries, its business not only covers the most important automotive products, also spans three major areas of automotive, IT, and batteries, supplying batteries, core components and assembly work to communications industry corporations (e.g., Nokia and Samsung). On the contrary, Tesla concentrates on vertical development. Expanding the existing automotive product line, which can be integrated and developed in the supply chain. Besides, it also continues to push the layout of end charging network and construct relevant products, and at the front end, Tesla set up a series of subsidiary products that is a full range of energy supply from absorption to products utilization of solar energy.

With regards of development strategy, BYD adopts overall cost leadership to improve competitive advantage in China’s market, while Tesla chooses differentiation strategy by making full use of its R&D technology. In order to make prices more competitive, BYD makes use of abundant and cheap labour force to produce in China’s market, taking “semi-automatic + semi-manual” production method that has significantly reduced production costs [18]. For R&D, BYD still follow the pattern of gasoline cars, “core technology = splitting foreign products to learn principles and characteristics 30% + screening suitable non-patent technology from public literatures 60% + raw material 5% + own research 5%” [19] to reduces R&D costs. Meanwhile, BYD also do vertical integration in supply chain. Based on producing and assembling components by itself to control costs of the upstream of the industry chain, it reduces each car costs about manufacture and making BYD's new car development easy and fast [20]. Tesla, on the other hand, adopts differentiation strategy. It pays attention to products itself so that make them have a different core competence. For product design and core technology, Tesla carries out independent innovation, research and development, which mainly in the unique appearance, battery system in the car, automatic driving system and other areas. Although Tesla has announced that all of its patented technology will be free and open for use to everyone, its top R&D team and forward design concept makes products still maintain a uniqueness that is difficult to be replaced. Starting from the differentiation of the products, even although Tesla cannot reach a very low competitive price, it can well aim at the needs of its middle and high-end people. This gives Tesla’s product a strong competitive in terms of quality and performance. Hence, it is difficult for substitutes to appear in the market and helps Tesla gain a high bargaining power.

5.2 The Reference Direction of BYD

According to the comparison between BYD and Tesla, it is obvious that there are a big difference between development strategy and product mix. Although Tesla as a foreign company that has entered the China’s market for a short time, and still has lots of sides to adjust and strengthen for the local market, it is undeniably that BYD and other Chinese car companies would learn from Tesla, which is the undisputed leader in the international market for electric vehicles.

Firstly, technology development is the key. Although BYD’s “disaggregated R&D” can reduce costs and speed...
up the launch of electric vehicles, it lacks the core competence of technology, which is easy for competitor to imitate. Besides, Persistent low price cannot be used as a truly beneficial advantage android price competition could also lead to a continued decline trend in profit levels. In response, BYD should increase investment in technological innovation and maintain its advantages in batteries, e.g., doing more research deeply in core technologies from motors to electric controls and vehicle systems, improving the performance of electric vehicles in all aspects of range and charging. Strengthen ties with research institutions and universities for cooperation and joint research and develop new products [21].

Secondly, they ought to integrate the downstream of the supply chain. In the vertical integration of the vertical supply chain, BYD only achieves upstream integration, ignoring downstream is also important. Therefore, BYD can learn from Tesla’s development experience and gradually promote construction and development about charging network, which can be set up and renovated in communities, shopping malls, hotels, tourist attractions and highways. Promoting a variety of charging methods to ensure the changing needs of consumers. Focus on offline services, strengthen consumers’ offline experience and improve product and service. Moreover, one can place the products in lively shopping malls for exhibition to attract customers and add brand recognition.

Thirdly, make product marketing to different target groups. Now, BYD has already occupied more of the low and middle end market, so it can broaden its product line appropriately based on the existing one. Classifying customers through questionnaires and interviews, etc. to produce and design products that is suitable for customer’s needs and achieve full market coverage.

6. SWOT ANALYSIS

6.1 Strengths

One of the advantages of Tesla is its cutting-edge scientific research team and advanced technology. The innovative battery technology and rapid change technology developed by Tesla fill the gap of power battery and lay a solid foundation for the differentiation of Tesla products [4]. Secondly, Tesla has achieved vertical integration in the value chain, which enables Tesla to have a high degree of control over fixed costs and to ensure the timely update and iteration of products, so that Tesla, whose product differentiation is one of its core competitiveness, can always maintain its control over prices.

In addition, Tesla has a nationwide direct sales network in China, and supercharger stations have also been laid out nationwide and further deployed, which gives Tesla a hardware base for market expansion. Under the unique mode of direct sales. Tesla's extensive and comprehensive layout enables it to get feedback from customers in time and make improvements and innovations, and customers can also get the latest news of Tesla in the first time, laying a foundation for good customer relations and service experience.

6.2 Weaknesses

Contemporarily, Tesla, as a popular enterprise, has become the centre of public opinion for several times. Although it has gained marketing benefits to some extent, it also makes the negative news of Tesla easy to be exaggerated in the Chinese market. Meanwhile, as a catfish stirring up the local new energy vehicle industry, it is inevitable that some local enterprises will hype in public opinion and prevent Tesla from expanding its market.

Another inevitable disadvantage is that Tesla, as a foreign enterprise, has little control over the Chinese market, and the headquarters cannot timely supervise and control the work of its branches. This is particularly evident in the recent public opinion storm that Tesla is caught in. In the “brake” incident, a series of unsatisfactory responses made by Tesla's public relations team in China pushed the issue into the spotlight once again. The headquarters’ control of the Chinese market has time lag and poor information. Weak control will result in difficult for the company to convey the same brand concept to the global market, which will damage the brand image.

6.3 Opportunities

Since the production of Tesla’s Shanghai factory began in 2019, Tesla has achieved a qualitative leap in production capacity, which has not only solved the previously faced dilemma of Model3 delivery failure, improved profitability, but also reduced costs in economies of scale. COVID-19 is the biggest factor affecting traditional manufacturing industry in 2020. With the efforts of the Chinese government, China's economy will continue to recover and swing back in 2021. In the first quarter of this year, the output of Shanghai factory exceeded 42% of Tesla's total output. Capturing the changes in demand following the recovery of the pandemic is now the main development opportunity.

6.4 Threats

As a foreign enterprise, Tesla plays the role of “catfish” in the Chinese market, which is to make the Chinese market active and stimulate the development of local enterprises. In order to stimulate healthy competition and steady development of the market, the Chinese government has implemented a series of policies to increase support for the new energy industry. Enterprises can enjoy preferential subsidies from
charging pile installation to car purchase. In such a market environment, apart from old local new energy automobile enterprise like BYD, a lot of new companies like NIO and Xpeng came out. In the meantime, Tesla started its business in Silicon Valley, which made it owns really high science and technology. Moreover, different from other traditional car companies, however, Baidu, Google and other internet giants have also shown the interest in entry into the new energy automobile market momentum. Although there is no company that can completely compete with Tesla in the Chinese market at present, this new market with obvious development prospects will undoubtedly be coveted by many enterprises. The existing competitors and the potential competitors that are about to enter the market make Tesla cannot be relax.

7. PROSPECT AND RECOMMENDATION

At present, there is a positive deployment and development trend for Tesla in the China’s market, but it still faces the rise and pursuit of new energy companies, as well as various threats and challenges from public opinion. In this regard, we make the following suggestions:

First of all, Tesla should continue to maintain its core competence in software and hardware. Complete relevant technological breakthroughs and solve endurance capacity and other issues of concern to consumers effectively. Then, Tesla should accelerate production efficiency, increase production and shorten delivery times in China to achieve continuous cost and prices reduction and increase market share finally.

Second, Tesla should seize development opportunities after COVID-19, strengthening market mastery and communication in all regions of China to boost product and brand penetration gradually. With regard to related hardware facilities, Tesla should continue to add more charging stations and piles to make the Supercharger network more prefect. Building a large number of experience shops and services centres to make advantages in client, i.e., realizes the purpose of the growth of customer numbers. Furthermore, it is necessary to choose correct and better ways of public relations in China’s market.

In the future, Tesla could try other types of electric vehicle that are not limited to the passenger car market. So far, Tesla is involved in the car and sports car sector, and the products have been segmented for different groups of people. In the future, Tesla could expand the field of electric models and develop urban transport and transport vehicles, e.g., buses, taxis and trucks, as well as applying mature technologies for autonomous driving. For example, traffic line would become simple and passengers commute would improve due to increased passage areal density by eliminating the centre aisle and putting seats where there are currently entryways and launch them on the market with small size and large amount [22].

Finally, Tesla could also continue to develop towards environmental protection. One, opening recycling points for old and junk cars, where the recycled cars are tested and those that can continue to be used are restored, rebuilt and upgraded. For those that cannot be rebuilt again are recycled (batteries, parts etc.) for reuse. Secondly, car-sharing. Tesla can set up their own APP or stationed in the relevant car-sharing platform, and then owners of Tesla with their personal wishes to share, not only electric vehicles can earn income in their spare time, but also potential consumers can experience Tesla in depth, for the owners and enterprises to kill two birds with one stone.

8. CONCLUSION

In summary, we investigated Tesla’s marketing strategy based on case study. According to the analysis, Tesla used celebrity effect and hunger marketing to maintain its high-end brand image and did many efforts from the customer side and the supply side in order to open its market in China. For pricing strategy, Tesla used a cost driven approach based on penetration pricing. From the competitive study with Chinese local company BYD and the SWOT survey, both Tesla and BYD had their unique advantages, for further develop in China market, they needed to learn from each other to fix their weakness and fully play with their strength.

The shortcoming of this article was that we only did it from the view of outside, less of research on its financial statements to illustrate the strategy’s work. Overall, this article gave a complete analysis on Tesla’s marketing strategies in China, these results offered a guideline for survey on multinational companies’ strategy in China market and also the further research on Tesla.

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