

Research on Influencing Factors of Tesla Pricing Strategy

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ABSTRACT

In recent years, the new energy automobile industry has developed rapidly and has achieved world-renowned development achievements. As one of the important companies in the new energy automobile industry, Tesla has been increasing its car sales year by year since entering the domestic market, and its market share is ahead of other new energy automobile manufacturers. A detailed discussion of Tesla's pricing strategy has important practical significance for understanding its industry competitiveness and regulating the development of the new energy vehicle industry. Based on the development status of Tesla after entering the Chinese market, this article analyzes the factors that affect Tesla's pricing strategy from the three aspects of cost, policy, and market competitiveness that affect Tesla's pricing. The research results show that cost factors, policy factors and market competition factors have a significant impact on Tesla's pricing strategy. This paper discusses the countermeasures to improve automobile pricing mechanisms. This research is helpful to the rise of China's new energy vehicle industry, especially the pure electric vehicle industry.

Keywords: Tesla, Pricing strategy, Factor analysis, New energy vehicle.

1. INTRODUCTION

1.1. Research Background and Motivation

In the era of increasingly serious pollution and gradually limited resource development, the awareness of finding new energy and sustainable development has gradually become the mainstream consciousness in the world. Among them, the development of new energy vehicles is of great significance to alleviate urban ecological problems and reduce human dependence on non-renewable energy. Therefore, in order to comply with the mainstream trend of the times and its own long-term development, the Chinese government has issued a series of regulations and policies to promote the consumption of new energy vehicle market and support the stable and healthy growth of relevant vehicle enterprises. With the strong support of the government's industrial policies, the market demand of the new energy vehicle manufacturing industry has increased rapidly, moving rapidly from the embryonic stage to the growth stage. The annual output of new energy vehicles has increased from less than 500 in 2009 to 1.367 million in

2020. However, the rapid development of the new energy vehicle industry has produced a series of problems, such as the lack of professional core technology, the low research and development (R&D) efficiency of enterprises, and even some enterprises have formed "subsidy dependence" under the long-term implementation of subsidy policies. Therefore, the state introduced Tesla in the hope of using its catfish effect to improve the chaos of China's new energy vehicle market. After landing in Shanghai, Tesla has become a leader among many domestic brands and impacted China's traditional automobile industry and new energy industry through its subversive technical level and marketing strategy.

The entry of emerging brands always requires many key decisions, among which the most critical step is to price the products. Before and after a new product enters the market, we should pay constant attention to the product pricing strategy and the influencing factors behind it. With the continuous maturity and expansion of the new energy vehicle market, the price competition among automobile enterprises has become increasingly fierce, which has an important impact on consumers' purchase decisions. Taking Tesla's pricing strategy as the

starting point, this paper deeply studies various factors affecting Tesla's product pricing, in order to provide new ideas for China's new energy vehicle industry to formulate corresponding price policies and explore new ways for the structural reform of China's new energy vehicle industry.

1.2. Literature Review

At present, most scholars mainly research the pricing factors of new energy vehicles from the following aspects. Mao Qingsong analyzed Tesla's pricing strategy. He believes that Tesla's pricing strategy was more diversified than that of domestic automobile enterprises, including the application of hierarchical pricing, skimming pricing, penetration pricing and product portfolio pricing, which promoted Tesla's expansion of the market [1]. Tang Tianlong believes that from the perspective of pricing strategy, Tesla adopts the new product pricing method based on the cost-plus pricing method. The cost and price of the whole vehicle are in line with the consumption cognition of the local market in the United States, and the price and value of the vehicle are relatively balanced [2]. Ji Sining investigated the impact of multiple factors on price setting and believed that the cost-oriented price setting should consider the production, manufacturing and sales costs. In terms of methods, people should consider not only the pricing method focusing on sales volume, but also the overall price level of similar products [3]. Demand-oriented pricing should segment the differentiation of consumers. Zhen Xiaoyang et al. analyzed the pricing of new energy vehicles from the perspective of policy points. He pointed out the policies on financial subsidies and tax incentives, which cover economic subsidies in tax and other aspects. Therefore, enterprises should consider supporting policies in the pricing process [4]. Gao Wei and Wang Zhongqiu mainly discussed the relationship between technology and price. He pointed out that the current technical situation of China's regime is the layout of "three vertical and three horizontal". However, in terms of technical status, charging mode, vehicle integration design, matching technology, production, assembly and commissioning technology are backward to a certain extent, which directly affects the pricing strategy of new energy vehicle products [5]. Ramteen Sioshansi and Ashlin Tignor studied the relationship between the price of new energy vehicles, especially plug-in hybrid vehicles, and the current electricity price, because the electricity price is related to the charging cost of consumers. At the same time, they also pay attention to the amount of emissions from different charging modes [6]. Domestic and foreign scholars have conducted rich research on product pricing theory, methods, strategies and influencing factors. They are also constantly exploring the development of new energy vehicles, and new ideas are emerging. These

research theories, tools and conclusions provide a reference basis for the research on Tesla pricing influencing factors in this paper. However, when it comes to the specific issue of Tesla pricing impact factors, our research should be more specific and in-depth with the comprehensive deepening of China's reform and opening up, the continuous changes of market conditions and the optimization and adjustment of government policies, which are also the practical basis for our research.

1.3. Research Contents and Framework

With the support of the government, China's new energy vehicle market has performed well and Tesla's domestic sales have increased significantly. Based on this, this paper makes a theoretical and empirical analysis on the influencing factors of Tesla's pricing strategy, and selects new Chinese car-making forces such as Weilai, ideal and Xiaopeng and traditional car brands such as BMW, Audi and Mercedes Benz as the control group. Compared with Tesla's product sales status, and combined with the influencing factors of Tesla's pricing strategy, this paper puts forward corresponding optimization methods for China's new energy vehicle enterprises.

The overall structure of the paper takes the form of four chapters, including this introduction chapter. Chapter two begins by laying out the theoretical and empirical analysis, and looks how. The third chapter is concerned with the results and discussion based on theoretical and empirical analysis. Finally, the conclusion gives a brief summary and identifies areas for further research.

2. METHODOLOGY

2.1. Development Overview of Tesla

2.1.1. Tesla Quarterly Production and Sales

In June 2012, Tesla began to deliver Model S; In September 2015 and June 2012, Model X and Model 3 were launched successively. In 2017, 103000 vehicles were delivered for the three Models (1764 of which were delivered for Model 3), with a sales revenue of US \$8.54 billion and a net loss of US \$2.24 billion. At that time, most people were not optimistic about the company.

As shown in Figure 3, the construction of Shanghai's "super factory" saved Tesla, which was signed in 2018, started construction in 2019, gradually released production capacity in 2020, and reached 250000 vehicles /year by the end of the third quarter. By Q3 2020, Tesla's single quarter production and sales will

reach 145000 and 140000 vehicles respectively, with an on-month increase of 76.8% and 53.8% respectively. In Q3 of 2021, the production and sales volume will be 238000 and 241000 respectively, with a production and sales rate of 102%. By the end of September 2021, the capacity of California base has reached 600000 vehicles /year (including 500000 Model 3/Y capacity /year) and that of Shanghai base has reached 450000 vehicles /year (all Model 3/Y capacity /year), totaling 1.05 million vehicles /year. In October 2021, BYD's monthly sales of new energy vehicles exceeded 80000, and its annual production capacity also reached the order of millions. In the first three quarters of 2021, Tesla sold 624000 vehicles, with a net profit of \$3.3 billion and a market value of more than \$trillion.

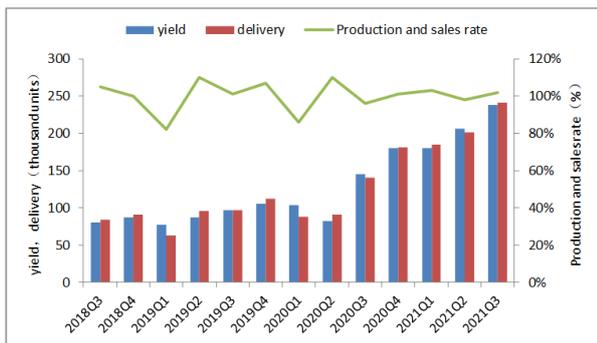


Figure 1 Tesla quarterly production and sales

2.1.2. Tesla Quarterly Delivery

When Tesla disclosed the sales volume, Model X and Model S were merged, and Model 3 and Model y were merged. Model X/S is a high-end product with main performance; Model 3/Y is a "Pratt & Whitney" product, focusing on cost performance. In the early years of Tesla, high-end Models were the absolute mainstream. By Q3 2018, 56000 Model 3 vehicles will be delivered, accounting for 67% (Model Y was not offline at that time); In Q3 of 2019, the proportion of high-end Models will drop to 18%; In 2021, the delivery of Q3 and Model 3/Y reached 232000, accounting for 96%.

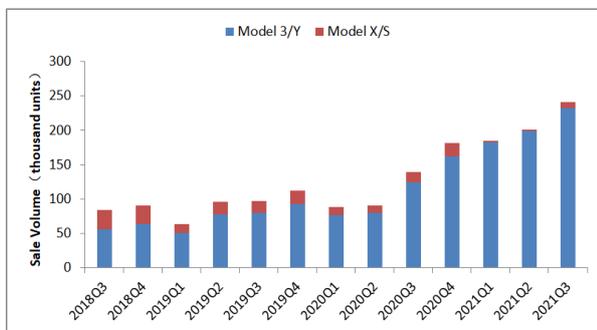


Figure 2 Tesla quarterly sales volume

2.1.3 Tesla's Average Selling Price, Cost and Gross Profit

Tesla will disclose the sales and costs of all Models in a consolidated manner. Investors cannot calculate the gross profit margin of each Model, but can only make qualitative analysis. In Q3 2018, the number of high-end Models delivered accounted for 33%. The price and cost of a single vehicle were \$70000 and \$52500 respectively, with a gross profit of \$17500 and a gross profit margin of 25%. In Q3 of 2021, the delivery of high-end Models accounted for only 4%, the price and cost of a single vehicle were reduced to US \$48000 and US \$33800 respectively, the gross profit of a single vehicle was US \$14600, and the gross profit margin was increased to 30%. Although gross profit per vehicle decreased by 16.6%, the number of deliveries increased by 187%. In Q3 of 2021, Tesla's gross profit from sales reached US \$3.52 billion, an increase of 139% over Q3 of 2018.

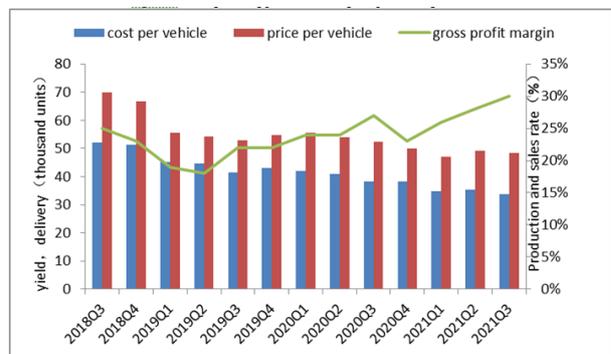


Figure 3 Average selling price, cost and gross profit margin of Tesla

2.1.4. Tesla's Average Selling Price, Cost and Gross Profit

From November 2018 to October 2019, Tesla entered the Chinese market with a skimming pricing strategy. At the initial stage of Tesla's entry into China's new energy vehicle market, the demand price elasticity was small, and the target consumer group was also targeted at high-income people and celebrities who were environmentally conscious and insensitive to the price. Therefore, Tesla entered the Chinese market with the brand positioning of "high-tech vehicle + new energy" in the early stage, so as to improve its product identity and create high prices Brand impression of high quality and famous brand [7]. Moreover, Tesla had not yet realized localization at that time, so it was difficult to form a scale effect and enjoy the subsidy policies of the Chinese government. Therefore, Tesla is unable to set a more favorable price at that time. In 2018, China's new energy vehicle industry is still in its infancy, and Tesla has developed into a leader in the world's new energy vehicle industry. Even if it has just entered China's new energy vehicle market, Tesla still has a certain dominance and influence. Even if the

price is falsely high, someone will still pay for it. The fat pricing method was the best pricing strategy Tesla could adopt at that time, and the market also gave good feedback.

Since October 2019, Tesla has changed its penetrating pricing strategy. In China's new energy vehicle market, traditional automakers are beginning to launch electric vehicle products, and as new forces in the auto manufacturing industry chase each other for a share of its market, this has forced Tesla to change its pricing strategy. In December 2019, the state issued the new energy vehicle industry development plan (2021-2035) for public comments, and advocated that the subsidy for new energy vehicles will not decline in 2020. The local government also issued a series of policies to support supporting development and open the right of way. Taking this as an opportunity, Musk said at the second quarter earnings conference in 2020, "Tesla's price is not close enough to the people. We want more people to enjoy the benefits brought by technology". Since then, Tesla has completely abandoned the skimming pricing strategy and fully adopted the penetration pricing strategy [8]. Tesla's excellent technical level and perfect supply chain Model are also the foundation for Tesla to dare to implement the penetration pricing strategy. Tesla's successful price decline has achieved its goal of sinking the market, more potential customers have been developed, and Tesla also occupies a greater market share in China.

2.2. Analysis of Influencing Factors

2.2.1. Cost factor

Taking Model 3 as an example, it is not difficult to see that Tesla's pricing standard is the principle of production cost through its price adjustment mode with fast frequency and large range. Since new energy vehicles internalized the past external environmental protection costs and greatly increased the cost of green products, Tesla also adopted skimming pricing strategy to enter the market when launching Model 3. With the maturity of the production and supply system, the production cost of products is also gradually reduced. Tesla keeps the state of high market competitiveness by giving up the production profit in time. This is the key for Tesla to subvert the market, which is completely different from the traditional joint venture and luxury brands. These luxury brands regard profit as the king. Even if the cost is reduced due to scale investment and technological development, they still choose to reduce the price, but think about how to stabilize this huge profit space. Therefore, the automobile market has maintained a very stable state in the past.

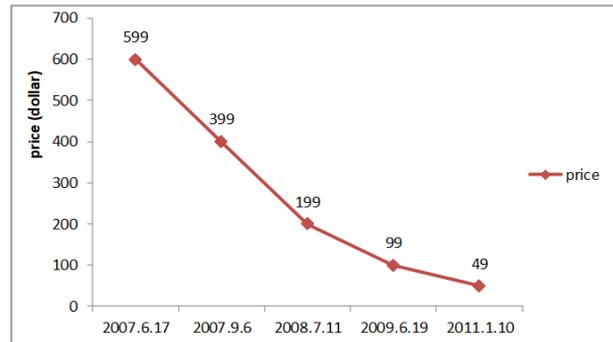


Figure 4 Price trend of the first generation Apple mobile phone

Apple is a typical digital product, and Tesla also has some characteristics of digital products. Due to the experience curve, Tesla's price reduction trend is very similar to the first generation Apple mobile phone. When the production and sales of a brand's products increase and the market share increases, the cost will be reduced. This cost reduction is related to the scale effect, the experience accumulation of enterprises to improve efficiency, and the progress of technology. Moore's law is a typical technological progress that leads to a sharp decline in costs. Their costs have decreased significantly over time and technology development, and their performance has improved significantly.

Tesla in the era of import has been following the cost pricing principle. The price reduction is based on profit adjustment. The production cost and cost of American Super factories will be reduced due to the scale effect. With a certain profit space, Tesla will reduce the price. Tesla in the United States will reduce the price, and imported Tesla sold in the Chinese market will also reduce the price. When Tesla is stationed in Shanghai, the price reduction is more frequent and obvious. The price of domestic Model 3 has fallen again and again. Model 3 with a price of less than 300000 is a landmark price, which means Tesla has completely given up the more profits it could have. Active price reduction is Tesla's law of domestic sales. After the domestic sales of Model 3 exceeded tens of thousands, Musk chose to further reduce the price. Because the perfect supply chain system meant lower production costs, the price of Model 3 was soon pulled to the level of 250000 yuan. At Tesla's general meeting in 2021, Musk announced Tesla's "five-step plan" to reduce costs, namely battery design, battery factory construction, cathode materials, cathode materials and vehicle integration. This means that the cost of Tesla battery will be greatly reduced, and there is still a lot of room to explore the selling price of domestic hot Model 3 in the future. In this cost pricing principle, as long as the enterprise keeps the advanced nature of production, it can maintain the leading edge of the market.



Figure 5 Price trend of Model 3

As shown in Figure 5. With the continuous financing and development of Tesla in the past two years, Tesla electric vehicles have gradually realized global production and localized parts. As a result, Tesla's pricing has fallen sharply. On October 25, 2019, Tesla entered the "domestic era", and officially announced that the standard basic version of domestic Model 3 was officially open for booking, which was the first time since the implementation of domestic production. Due to the reduction of transportation, loading and unloading and tariff costs, Tesla adjusted its bid from the original import price of 363900 yuan to 355800 yuan. On May 8, 2021, affected by the "soaring" price of upstream raw materials, the power battery ushered in a "price rise tide". Tesla officially announced that the Tesla Model 3 standard endurance upgraded Model will raise by 1000 yuan, and the adjusted starting price is 250900 yuan. Tesla said that this adjustment also reflects the actual situation of cost fluctuations. On July 30, 2021, Tesla officially announced that the price of Tesla Model 3 standard endurance upgrade was reduced by RMB 15000, and the adjusted price was RMB 235900 (this is the starting price after subsidy). On November 19, 2021, the domestic Model 3 announced a price increase for the second time, rising to 250900 yuan.

Earlier, Musk said that the supply chain was facing huge cost pressure, so it had to raise car prices temporarily. Since the beginning of this year, with the rise in the price of bulk commodities and the intensification of the shortage of chips, the price of raw materials and parts for car manufacturing has also ushered in a surge in prices, and the cost of automobile manufacturers has increased sharply. JPMorgan analysts said that these parts usually account for about 10% of the total cost of automobile manufacturing, which means that the price of a \$40000 car must rise by 8.3% to offset the impact of rising raw material costs. The price adjustment reflects the actual situation of cost fluctuation. It is not difficult to see that Tesla adheres to the principle of production cost and completely breaks through the pricing concept of luxury cars in the past.

2.2.2. Policy Factor

Combined with the top-level design of "green water and green mountains, golden mountains and silver mountains" and "deepening supply-side reform and promoting high-quality development", China's development of new energy vehicle industry is an inevitable trend. As the new energy vehicle industry belongs to an emerging industry, and involves a wide industrial chain, with high industrial relevance and lack of capital promotion in the initial stage, China should support and cultivate the new energy vehicle industry. Therefore, in order to encourage the rapid development of new energy vehicle industry, the government has issued a large number of support policies, in which government subsidies are the main driving factor to expand the market demand of new energy vehicles and an important measure to accelerate the development of new energy vehicle industry. To this end, governments have introduced relevant measures: the Chinese government provides a large number of subsidies to new energy vehicle manufacturers, and the average amount of subsidies reaches 50% - 60% of the retail price of vehicles. The US government has set up a fund with a total amount of US \$25 billion to encourage manufacturers to develop and produce new energy vehicles by means of low interest loans.

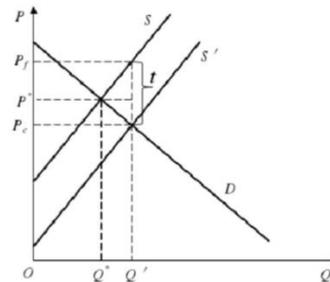


Figure 6 Supply and demand curve of price subsidies to manufacturers

At present, the government subsidies for new energy vehicles are mainly for manufacturers and consumers. Government subsidies to manufacturers can positively stimulate their R&D and production power, reduce the cost burden, reduce the sales price and stimulate market consumption, so as to promote the development of new energy vehicle industry. As shown in Figure 6, when there is no price subsidy, the intersection of supply curve s and demand curve D forms equilibrium under the market mechanism. The equilibrium price is P^* and the equilibrium quantity is Q^* . When price subsidies are given to new energy vehicle manufacturers, the supply curve s moves down to s' , and the price decline is the subsidy amount t . The decline of supply curve s increases the equilibrium quantity with demand curved to Q' , and the equilibrium price decreases to P_c . That is, price subsidies will increase the supply of new energy vehicle

manufacturers and reduce the market price of products [9]. Since April 1, 2018, the measures for parallel management of average fuel consumption and new energy vehicle points of passenger vehicle enterprises (the "double points" policy) has been officially implemented, gradually replacing the "declining" financial subsidies and becoming the main policy of China's new energy vehicle industry. Lu Chao and others have proved that the implementation of the "double points" policy has increased the price of fuel vehicles, reduced the price of new energy vehicles, increased the profits of new energy vehicle manufacturers and promoted the active emission reduction of fuel vehicles [10]. On April 16 and 23, 2020, relevant government departments announced relevant policies on exemption of vehicle purchase tax for new energy vehicles and the notice on improving the financial subsidy policy for the promotion and application of new energy vehicles. Tesla responded quickly and immediately announced that it would reduce the price of Model 3 to 271000 yuan. Since the period of exemption from purchase tax starts from 2021, the implementation period of the subsidy policy is extended to the end of 2022, which is more concerned by consumers. Moreover, the new regulations stipulate that "the selling price of new energy passenger vehicles shall be within 300000 yuan (including 300000 yuan) before subsidies", which also forces Tesla to reduce its price.

2.2.3. Market Competition Factor

In China, Tesla only raised the prices of Model Y and Model 3 twice this year. China is the world's largest electric vehicle market, accounting for 44% of the global electric vehicle market and only 17% of the United States [11]. Therefore, Tesla must adhere to China's market share. Although Tesla is currently in the leading position, it is still in the stage of occupying the market and facing fierce competition from Chinese local competitors. According to a study by GLJ research, Tesla's share in the pure electric vehicle market in China fell to 11% in the second quarter from 18% a year ago. According to Morgan Stanley, Tesla still accounted for nearly 70 percent of the U.S. all-electric vehicle market as of February, although that percentage was down from 81 percent a year earlier. An important factor limiting Tesla's development in China is the rise of local emerging brands and fierce price competition. In China, Tesla faces competition from electric vehicle manufacturers such as Weilai automobile, Xiaopeng automobile and ideal automobile. In the United States, Tesla's brand is stronger. Its main competitors are traditional automobile manufacturers such as Ford and general motors, and the sales of traditional manufacturers account for only a small part of electric vehicles. Therefore, Tesla adopts the penetration pricing strategy, trying to gradually close or slightly lower the price than the cost through the reduction of supply chain cost, so as

to seize the market share, force the domestic new energy vehicle enterprises to fall, finally become a dominant new energy vehicle brand, and constantly suppress the potential challengers. Moreover, Tesla's goal is no longer limited to the market share of new energy vehicles. It targets the fuel vehicle market and tries to snatch customers from traditional fuel vehicle brands. Tesla's goal is to make a big cake, so as to expand the scale of the whole new energy vehicle market.

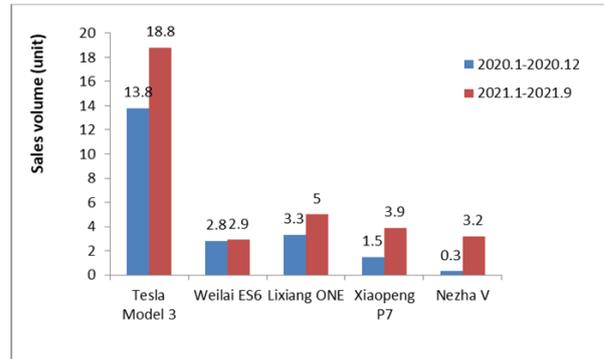


Figure 7 Comparison of sales data of model 3 and other new energy vehicles from January 2020 to September 2021

"There are two ways for car companies to reduce prices and exchange volume. One is that car companies launch cheaper Models to occupy the low-end market, so as to make the product line more comprehensive, improve sales and increase market share, such as the low-cost brand announced by Weilai; the other is that car Models directly reduce prices to enhance competitiveness and further grab users, such as the continuous price reduction of Tesla Model 3." Auto industry analyst Zhang Xiang believes. Obviously, through the data analysis in Figure 7, Tesla is more attractive to the market. On July 30, Tesla announced that the upgraded Model 3 standard life was reduced by 15000 yuan to 235900 yuan. Tesla said that the price reduction reflected the actual situation of cost fluctuations. In fact, since this year, Tesla has repeatedly lowered the price of Model 3, which is almost half the price of 355800 yuan, which was officially sold two years ago. West China Securities research report pointed out that this round of price reduction of standard continuation Model 3 is a typical strategy of seizing market share and exchanging price for volume.

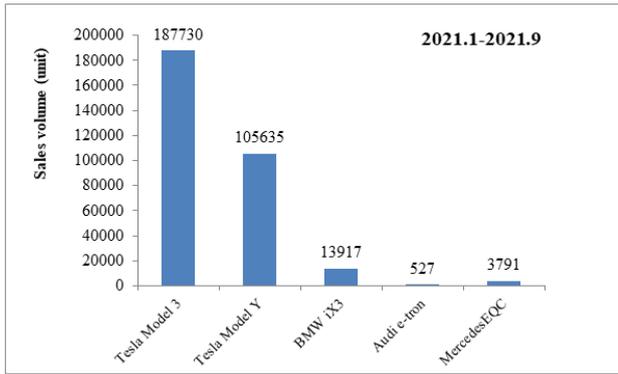


Figure 8 Comparison of sales data of model 3 and traditional brands from January 2021 to September 2021

With the increasingly fierce competition in the electric vehicle market, traditional brands have also reduced prices one after another: at the beginning of 2021, the official price of BMW ix3 was reduced by 70000 yuan, and some 4S stores recently offered cash discounts of up to 90000 yuan; In August 2021, the maximum discount of Audi e-tron transaction reached 8.82%, the maximum cash of new cars decreased by 73500 yuan, and the national sales of new cars began from 482500 yuan; In August 2021, Mercedes Benz EQC's highest straight drop this month was 98600, and the maximum discount was 803%. Even so, the sales of these traditional brands are not satisfactory.

3. RESULT AND DISCUSSION

This article elaborates on the factors that affect Tesla's pricing from two aspects: theory and demonstration. Theoretically, based on the existing research results, this paper makes a theoretical analysis on the influencing factors of pricing strategy from three aspects: cost factors, policy factors and market competition; In the empirical aspect, this paper selects Tesla's quarterly production and sales, Tesla's quarterly delivery, Tesla's average selling price cost gross profit margin, Model 3's historical price trend and the comparison chart of new energy vehicle sales trend for data analysis. The results show that: first, Tesla adheres to the principle of production cost, and there is a positive correlation between cost and pricing; Second, the government's financial subsidies will reduce Tesla's pricing; Third, Tesla will take the lead in the market competition by reducing pricing.

From the cost factor analysis, Tesla adheres to the production cost pricing principle, and the cost fluctuations will be reflected in the selling price, showing a positive correlation. Due to the high investment in breaking through the technical bottleneck and the high R & D cost, Tesla initially adopted the skimming pricing strategy. However, with the technological innovation, the improvement of the supply chain and the scale effect, Tesla has always maintained a high degree of enthusiasm

for Tesla products for the market through timely profit sharing. Cui Zhongquan proposed that Tesla successfully reduced Tesla's manufacturing cost through localization strategy. This paper analyzes the impact of cost factors on Tesla's pricing strategy in more detail by analogy with the price trend of the first generation Apple mobile phone. Since new energy vehicle enterprises can obtain the principal through financial subsidies, their R&D costs will be greatly reduced, and the cost allocated to each vehicle will also be reduced; moreover, the reduction of preferential tax policies reduces the burden of enterprises, gives enterprises more innovation funds and reduces their innovation costs. In addition, some policies directly subsidize each car, which greatly reduces the unit price of cars. Therefore, policy factors are bound to reduce Tesla's pricing. By establishing a duopoly Model, Lu Chao and other scholars conclude that the "double integral" policy can indeed reduce the price of new energy vehicles. This paper makes a detailed empirical analysis on the "declining" financial subsidies implemented in the past and the "double integral" financial policy implemented today.

Finally, it is the analysis of market competition. At present, China's new energy vehicle market belongs to a monopoly competitive market, which is mainly reflected in small product differentiation and rich competitors of similar products. In the changing market environment, manufacturers of similar products can't be ignored. These enterprises constitute the main competitive objects. Their product price level is an important evaluation standard for enterprises in price decision-making. Therefore, in order to seize the market share faster, Tesla has obviously adopted the penetration pricing strategy in the domestic market by its cost control ability. The downward exploration of the price enables its products to radiate to more consumers, and also affects more fuel vehicles and new energy vehicles at the same price, making it in a leading position in the market competition. In the past, scholars paid more attention to three aspects of market environmental factors: economic development level, market supply and demand and competitor strength. This paper focuses on how Tesla adopts pricing strategy in the face of fierce market competition.

4. CONCLUSION

Limited by the development pattern, China's new energy vehicles started later than some developed countries. However, driven by the national situation, the new energy vehicle industry has made rapid progress in recent years. This environmentally friendly and green way of travel is changing the previous concept of life and leading the new normal of development in the automotive field. Since the beginning of the industry, various incentive policies jointly launched by multiple ministries and commissions show that this low-carbon

and environmentally friendly way of travelling has been put on the strategic level.

Tesla has always been a leader in the field of domestic new energy vehicles. In order to provide new ideas for China's new energy vehicle industry to formulate corresponding price policies, this paper focus on the influencing factors behind Tesla's pricing strategy. From the analysis of Tesla's financial data, market share, sales of popular Models and many other data in recent years, it can be seen that cost factors, policy factors and market competition factors have a significant impact on Tesla's pricing strategy. Tesla's sales in China are far ahead of other enterprises. Its excellent marketing strategy and pricing strategy are worthy of reference for domestic new energy vehicle manufacturers. It is hoped that this research will be beneficial to the rise of China's new energy vehicle industry, especially pure electric vehicle industry. This paper makes a targeted study on the influencing factors of Tesla's pricing strategy, but does not put forward improvement suggestions for the unclear price positioning. In the future, this research will comprehensively combine the influencing factors of pricing strategy and put forward comprehensive improvement suggestions on Tesla's pricing method and pricing strategy from the aspects of profit, sales, competition and image.

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