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Analysis of Tesla's Pricing Strategy in the Chinese Market

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ABSTRACT
As an emerging electric car brand, Tesla Motors is developing at a phenomenal pace, and its success model is worthy of deep consideration. By collecting the pricing of different models of Tesla in different periods, this study analyzes the process of Tesla from skimming pricing to penetration pricing to predatory pricing, summarizes the factors affecting Tesla's pricing in the Chinese market and its development experience in China, and tries to give specific strategies to help Tesla car companies gain the initiative in pricing, hoping to give insight and practical significance to the companies or manufacturers entering the new energy market or preparing to enter the new energy market. It is hoped that this will be of some inspiration and practical significance to enterprises or manufacturers entering or preparing to enter the new energy market.

Keywords: *Pricing Strategy, Skimming Pricing, Penetration Pricing, New Energy Vehicles.*

1. INTRODUCTION

Tesla cars have been in the spotlight and in the limelight since their inception. Within just a few years of entering the Chinese market, it has made remarkable achievements. Not only has it become the leader of Chinese new energy companies in terms of sales figures, but also become a unique pricing strategy that has become a model for many of the same new energy companies to follow. On the international front, Yan Shunyu compared the development trend of the world auto market with the development trend of new energy vehicles in recent years and found that new energy vehicle companies are developing rapidly, especially in the Chinese market [1]. At the same time, Tesla's international development momentum is equally rapid. There are many reasons that affect the pricing strategy of an electric car company. Among them, Lu Zhiping, Yao Yifei, and Lu Chengyu mentioned that the mode of battery replacement in the domestic new energy vehicle market will affect the pricing of new energy vehicles [2]. There is also Yi Yuyin and Chen Jian mentioned the possible pricing impact of the old-for-new model [3]. Of course, the supply chain and China's current policy subsidies also affect the pricing strategy of new energy vehicle companies [4-6]. Therefore, the reason for Tesla's achievement is not only because Tesla has technical performance that other new energy vehicles cannot match, but also because Tesla has jumped out of the agent sales model of the traditional car market and adopted different pricing policies [7,8]. This article collects the factors affecting the pricing of Tesla Motors, the pricing since entering the Chinese market, and the analysis of Tesla's pricing strategy in the Chinese market: from skimming pricing to penetration pricing, and the possibility of turning into predatory in the future The three stages of pricing try to sum up certain pricing enlightenments for Chinese domestic new energy automobile companies.

Among the influencing factors, this article summarizes some of the theories of Mangram. M.E and Yan Kai [9,10]. Both of them have put forward several major characteristics of the new energy market in the world: first, the explosive expansion of the new energy automobile industry. Second, Tesla has found its own advantages in the growth of the industry. Third, Tesla's marketing approach is the top priority for Tesla's future growth [11-13]. This article is and gives a unique thinking, categorizing the factors that affect Tesla's pricing in China into four categories: raw material prices,

auto companies' patent open source, new energy vehicle market share, and national policies. The analyze the changes in Tesla's pricing strategy after entering the Chinese market under the influence of these four factors, from the initial skimming pricing to the predatory pricing that has initially taken shape. Then it summarized Tesla's achievements and changes in the Chinese market under the change of pricing strategy. Through the above summary and research, this article will start from a practical point of view at the end of this article, assuming a manufacturer in the new energy market competition and a manufacturer about to enter this market competition, and analyze how to act to gain the initiative in pricing and enter the market and make big profits [14].

2. POSSIBLE FACTORS AFFECTING TESLA'S PRICING IN THE CHINESE MARKET

2.1. Raw Material Prices

First of all, for the new energy vehicle industry, confirming the correct template is a very important core raw material for new energy vehicles. Since the beginning of this year, the price increase of power battery raw materials has continued for a long time. The following uses power lithium batteries as a representative to analyze the reasons for the continuous rise in lithium battery prices and Tesla's pricing strategies to respond to changes in raw material costs. First of all, the price of raw materials for lithium batteries has risen. The raw materials for lithium batteries mainly include positive and negative electrode materials, electrolytes, separators, and current collectors. Among them, the cathode material is the most critical raw material for lithium batteries, including lithium carbonate, lithium hydroxide, etc. As most of the global lithium ore, cobalt ore, nickel ore and other resources are concentrated overseas and are monopolized by leading companies, they have received it since 2020 The impact of the epidemic has led to a shortage of raw material imports, and prices have risen all the way. Since 2020, the ex-factory price of battery-grade lithium carbonate has increased from a minimum of 42,000 yuan/ton to 95,000 yuan/ton; the ex-factory price of lithium hydroxide has increased from a minimum of 43,000 yuan/ton to 90,000 yuan/ton [15]. From the demand side again, the overall sales of new energy vehicles in China from 2012 to 2020 are increasing. In 2020, under the influence of the new crown epidemic, the sales of new energy vehicles still achieved a 10.9% growth. Since 2021, the sales of new energy vehicles have grown rapidly. From January to April 2021, sales of new energy vehicles in China reach 732,000, a year-on-year increase of 257.1%. It can be seen that the demand for power lithium batteries in the new energy automobile industry is growing rapidly. Combined with the insufficient supply of lithium batteries in the market, the raw materials for power batteries will continue to rise, which will lead to a number of new energy automobile companies in China. The selling price of the products had to be increased accordingly. Tesla, on the other hand, fully analyzed and deployed its pricing strategy based on its own advantages, making its pricing fully competitive in the market. First of all, Tesla’s battery suppliers have diversified characteristics. Tesla’s bargaining power is relatively strong, and diversified suppliers give Tesla more bargaining chips for price negotiations. At the same time, Tesla has established a super factory in Shanghai, where many auto parts companies have gathered. Many auto R&D centers and manufacturing plants are located in Shanghai. The industrial chain is relatively complete. In addition, Tesla’s own supply chain system is relatively mature, which greatly reduces Tesla’s production costs. This is also a process of localization of core components such as batteries, which is conducive to reducing the cost of raw materials. Finally, because Tesla is a multinational company and its headquarters is located in the United States, compared to domestic companies, Tesla is more capable of acquiring related scarce resources overseas at a relatively low cost. Through the above analysis of multiple aspects, this paper find that Tesla is more capable of lowering the cost of raw materials than similar domestic companies, and can improve its competitiveness in the Chinese market at a relatively lower price.

2.2. Open-source Patents of New Energy Car Companies

For a long time, patents and technologies have been regarded as the core resources and greatest trade secrets of enterprises. Not only are there different levels of confidentiality systems within companies, governments of various countries also have very strict judicial systems on the protection of intellectual property rights. Since its establishment, Tesla has accumulated more than 300 US patents or patent portfolios for technology applications. Together with the international patents applied by Tesla, the total number is as high as 700. These patents cover the battery structure, battery management, engine and other fields of electric vehicles, Such as the 20150239331 system for absorbing and distributing side impact energy utilizing pack and US 20150137768A1 charge rate optimization, US20140178722A1 battery mounting and cooling system. First of all, it is necessary to distinguish clearly what is the open patent technology and what is the abandonment of the patent technology. The Patent Law stipulates that all patented technologies must be public, and the law protects others from using this patent without permission. The public patent promised by Tesla is what Elon Musk said: "Tesla will not initiate patent lawsuits against any company that uses our technology in good faith". Tesla still has an explanation for "good faith." right. Abandoning a patent is to allow any individual or enterprise to use a registered and abandoned patent in any form. On June 12, 2014, Elon Musk, CEO of Tesla

Motors, officially published an article titled "All our patents belong to you." The article read: "Tesla will not initiate patent lawsuits against anyone who, in good faith, wants to use our technology". This important decision has more or less achieved Tesla's pricing advantage in the Chinese market.

2.3. Market Share of New Energy Vehicles

Until 2013, the sales volume of all plug-in vehicles including hybrid electric vehicles and pure electric vehicles in the United States was only 96,000 units, which was less than 1% of the total sales volume of American vehicles. Of this one percent, only half are pure electric vehicles (that is, 0.5%). At the same time, in 2013, the global sales of fuel vehicles exceeded 80 million for the first time. The total sales volume of electric vehicles from 2010 to 2013 was only about 500,000, of which Tesla's "Model S" pure electric vehicle was only 22,300. On the other hand, the Chinese automobile market, through the data released by the China Automobile Manufacturers Association, will produce 25.225 million vehicles and sell 25.311 million fuel vehicles in 2020. From 2018 to 2020, car sales fell by 2.8%, 8.2% and 1.8%, respectively. However, the sales of new energy vehicles reached 1.367 million, and the penetration rate reached a new height of 5.4%. New energy vehicles have sold more than 1 million vehicles in the Chinese market for three consecutive years, and they have ranked first in the world for six years. From 2014 to 2020, sales of new energy vehicles rose from 75,000 to 1.367 million. Among them, passenger cars account for a huge amount of data of 1.246 million. It can be seen that although the development momentum of China's auto industry has declined due to the impact of the epidemic, the new energy vehicle market is still in a stage of vigorous development, which is also beneficial to companies that have entered or want to enter the new energy vehicle market.

3. TESLA'S PRICING STRATEGY IN THE CHINESE MARKET

3.1. Skimming Pricing

Define The first phase of Tesla's pricing strategy is fat skimming pricing (2008-2014), which is a high-end, high-performance, niche market period with Roadster as its representative model. Musk has a clear "top-down" sales strategy. The Roadster prototypes produced in 2008 ranged from US$109,000 to 170,000, while the BMW M3 sold for US$100,000 to US$152,000 during the same period. The Mercedes-Benz S-Class was sold. The price is between 133,000 and 370,000 US dollars. It can be seen that Tesla intends to enter the high-consumer market from the positioning of supercars and luxury cars, quickly open brand awareness, and form a fat-skimming pricing strategy. Tesla uses skimming pricing for the following reasons: First, high pricing takes advantage of consumers' "high price and high quality" and the psychology of admiring high-end luxury goods. This pricing strategy can first open up the high-end consumer market and then gradually penetrate downward; secondly, Tesla positions itself as a high-end brand. Its customer list includes movie superstars and the richest man in the world. It uses celebrity effects to attract media attention, establish friendly relations with the media, and promote to the public; it will obtain higher returns in the short term; it could recover the investment as soon as possible. At the same time, Tesla once reported the media open day in Beijing, carefully showing the chassis and accessories of Tesla cars to the media. Also, Tesla appeared in the famous movie "Iron Man". Greatly improve corporate reputation and exposure. Thirdly, Tesla used high pricing to quickly recover the cost of early R&D and operation investment to achieve profitability goals.

3.2. Penetration Pricing

The second stage is the period of penetration pricing represented by Model s and Model 3 (2014 to present). It is the transition from the high-end market close to luxury brands to the low-cost, economical mass market, flexible use of raw materials, patents, and market share. It is better to wait for China's advantages to sink the market. The reasons why Tesla changed its pricing strategy are as follows. Roadster's sales have not been smooth sailing. Tesla is essentially the same as Silicon Valley start-ups. It needs to rely on capital market financing to maintain the company's development, and capital values the company's core technologies and prospects. In 2007, Roadster's original secondary gearbox had safety problems, and Roadster's body and chassis were manufactured by foreign companies. The safety could not be guaranteed. Roadster could not be mass-produced. As of that year, Tesla's research and development funds had reached 63 million. Funding bottomed out. In order to gain support from the capital market, Tesla set the core goal of reducing costs, and began to independently develop model S from scratch and conduct mass production. It purchased part of the New United Motor Manufacturing plant at a low price to greatly reduce manufacturing costs. A price that is in line with the public ($81,000, down $30,000-$90,000 relative to the Roadster price) has allowed sales to expand exponentially, and mass production and delivery will in turn promote cost reductions. Maintain the development of the enterprise by drastically lowering prices and seize the capital market. Accumulate a lot of capital.

In 2014, Tesla entered the Chinese market with a model S model that was far below the expected price of the market (734,000 yuan). Based on the analysis of the traditional pricing strategy of imported cars, the price of cars should be based on local pricing. In addition to the necessary tariffs, you must also ensure that you have a 20%

profit margin. Therefore, the market predicts that the price of Model S should reach 900,000 RMB. The purpose of Tesla's price strategy is to break the image that imported car products are inevitably "highly unattainable". Because of the consumer's mentality of "high price and high quality", Tesla's setting of a lower retail price may result in Chinese people's trust in car quality, lower profit margins, and low-price strategies may reduce the desire to buy mid-to-high-end customers. They are usually willing to use high prices to guarantee the quality of the car while demonstrating its identity. However, in January 2014, Tesla issued a price statement announcing the implementation of the policy of "same car at the same price in both Chinese and foreign markets" and the full implementation of price-transparent marketing methods. It has been well received by Chinese consumers. The universal praise, price transparency helped Tesla stand out from the competition. However, at this time, the model S mainly focuses on Chinese mid-to-high-end consumers, and it has not really sunk the market. In 2018, with the support of localized supply chains, automated plants, and government assistance, Tesla launched the model 3, a mass-produced model, which has truly achieved popularization and civilianization, and has become a niche vehicle manufacturer. It can be seen from Table 1 that the price of model 3 has been declining year by year, and it has truly entered the market in China's second and third tier cities.

Table 1. Tesla model 3 price list in China in recent years

Years	2018	2019	2020	2021
Model 3 standard battery life rear drive version/yuan	450000-600000	380000-580000	230000-450000	235900

3.3. Predatory Pricing

The third stage of predatory pricing is a prediction of changes in Tesla's pricing strategy. It can be seen from Table 2 that, according to incomplete statistics, since Tesla entered the Chinese market in 2014, the price of the entire car series has been drastically reduced, and the Chinese population covered by the price has expanded.

Table 2. A list of Tesla's declines in various car lines

New energy vehicle brand in China	Rank	2021 one year sales/unit	Price/ten thousand yuan	Percentage
Wuling Hongguang MINIEV	1	345774	2.88-4.36	45%
Tesla Model 3	2	169302	23.56-33.9	22%
Tesla Model Y	3	92933	27.6-38.79	12%
Han EV	4	80022	20.98-27.96	11%
Euler Black Cat	5	72829	5.98-8.03	10%

The main reasons for Tesla's frequent price cuts are as follows: firstly, Tesla started the "Destination Charging" project in China in 2014, covering the Greater Yangtze River Delta, North China-Central China, North China-Northeast, Central China-Northwest, Northwest-Southwest, East China-South China and Huangshan travel routes, Solving the problem of difficult charging of electric vehicles has greatly increased the desire of Chinese consumers to buy. Secondly, expanding its own supply chain in China, such as: China Ningde Times and LG China Factory, purchasing local materials, greatly reducing Tesla's production costs; thirdly, it successfully built its own super factory in Shanghai and achieved mass production of model 3 in 2019. In addition to supplying to China, the output will also be supplied to countries other than the United States. The annual output of model 3 reached 250,000, etc. Therefore, we can conclude that Tesla's cost curve is roughly as follows.

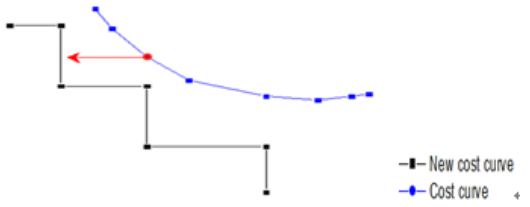

Figure 1 Changes in the cost curve of Tesla model 3

In the mass production of automobiles, companies can reduce the total cost by increasing the output of the huge amount of automobile research and development costs that need to be invested in the early stage. Take Model 3 as an example. The historical total production volume of Model 3 is small. It started in 19 but the output has risen rapidly. Tesla's historical production volume is low, which means that Tesla is at the left end of the cost curve with the supply chain, automated production lines and other factors. Let Tesla form a new cost curve, which

means that for a period of time in the future, the unit cost of Tesla will decrease with the increase in production, and the selling price will also decrease. Therefore, in the future, Tesla may further lower the price and form a predatory pricing strategy.

Table 3. The sales volume of the top five Chinese new energy automobile brands in 2021

Car model	Lowest price before downward adjustment/yuan	Lowest price after downward adjustment/yuan	Drop
model 3	540000	249900	50%
model x	961000	772900	20%
model s	734000	650000	11%

From Table 3, we can observe that although the quality and performance of Tesla cars rank first among the above brands, Chinese consumers are more inclined to low-priced new energy vehicles. According to the survey, Wuling Hongguang MINIEV has a single charge of electricity to satisfy the commuting of office workers for a week, attracting a large number of young customers in small towns, most of which are located in China's fourth- and fifth-tier cities, as well as towns, towns and counties. Wuling Hongguang MINIEV was launched in 2020 and is the main competitor of Tesla in the near future. Tesla's price and vehicle functions do not cover all the requirements of potential customers. Therefore, we speculate that Tesla may continue to lower the price in the future, that is, use a predatory pricing strategy to attract consumers with higher performance and quality, and at a more affordable price, or to develop new low-performance and low-priced new energy sources. car. To achieve the purpose of cleaning the market and seizing the new energy vehicle market in China.

4. RESULTS AND DISCUSSION

After the text edit has been completed, the paper is ready for the template. It can be seen from the above that most of Tesla's actions after entering China are conducive to their pricing decisions. At the same time, Tesla has also explored the biggest core decision that currently has a firm foothold in the Chinese market low-end market focusing on practicality and cost-effectiveness [8]. Below, we will summarize which decisions may be able to help new energy vehicle companies gain pricing initiative. And try to assume two manufacturers-manufacturer A (automobile companies already in the new energy market) and manufacturer B (automobile companies preparing to enter the new energy market), to list some specific behaviors that will give these companies a certain pricing initiative Power and advantage. Just like what Tesla did in China and even the whole world-building a super factory. Having a mature production line means efficient production efficiency, and having enough production lines means having the possibility of completing a particularly large number of orders. The final decision between the two is whether a company has the possibility of predatory pricing. One of the most decisive factors in China's new energy vehicle market is price. It is different from the positioning of new energy vehicles in the European and American markets as an environment-friendly mid-to-high-end travel option. Under the guidance of national policies, the new energy market in the Chinese market focuses on the market at all levels of consumption. Under the influence of a particularly large population base, as the first choice of many people's scooter, the price of new energy vehicles will not be very high, and at the same time, the price/performance ratio will not be very low. This store can be seen from the total sales of new energy vehicles in 2021. Therefore, predatory pricing has become a necessity, and this is also verified by Tesla's behavior. The establishment of factories to increase production is the top priority.

New energy vehicles are not a completely new market. Because new energy vehicles belong to the automobile industry after all, although the generation and development time is not long, the target group and market composition in the market are traceable. Therefore, the pricing of the new energy vehicle industry can refer to the mature fuel vehicle market. Pricing can also be done by referring to companies whose market share and technological level in the fuel vehicle market are similar to their own in the new energy vehicle market. BYD is the best example, because it has a good market share in China's traditional fuel vehicle market, making them the first to establish the development direction of the target low-end market and achieve good results as soon as they enter the household new energy vehicle market. Because the new energy vehicle market is not an optional branch of the traditional fuel vehicle market in China. Because of the implementation of China's policy of vigorously developing new energy vehicles, in the long run, new energy vehicles have the possibility of completely replacing fuel vehicles in China. Therefore, it is even more important to learn from the development model of traditional fuel vehicles. At the same time, because the market share of new energy vehicles is still small, and as an emerging industry, the judgment of the future development trend of the market has become particularly important.

Tesla's public patent behavior is just like what Wu Bi, Tesla's global vice president and president of China, said: "Public patents hope that through open source, more

people can participate in the development of electric vehicle technology and further promote the development of electric vehicles. "From this point of view, Tesla has indeed accurately grasped the current development stage of the industry. Tesla's patents are open source, one of the purposes is to lead the industry's standards. The specific manifestation is to lead the charging technology and the production standards of charging piles. If other electric vehicle industries draw on Tesla's patents in battery technology and charging technology, then Tesla's super charging stations set up in cities around the world will be an irreplaceable product for all electric vehicle consumers. If Tesla still sticks to its own patented technology, the cost for traditional fuel car companies to enter the electric car market may be even greater. Take the North American market as an example. In 2013, the North American electric vehicle market only accounted for less than 1% of the automotive market. If Tesla's public patent actions, large auto companies lacking core technologies can accelerate the development of electric vehicles and expand their production capacity. Scale, the market share of electric vehicles and the scale of the industry will also increase to a large extent. With the expansion of the electric vehicle market, even if Tesla's market share in the electric vehicle industry remains unchanged or will slightly decline due to the entry of other auto companies, Tesla's total sales will be much higher than it is now. If it is necessary to split the pie from Tesla, whose core technology is still strong, open up the technology, and learn from each other's strengths, it is necessary for Tesla's competitiveness in China to still not be underestimated. For example, NIO, an auto company that does not have its own complete production line, still chooses to disclose its patents. Even if it is just a marketing tool, it can be regarded as a disguised default for Tesla's competitiveness in the Chinese market. Open source in technology. That is, open patents are a symbol of technological confidence for consumers. This kind of technological confidence and cost-effective price have created Tesla's relative hegemony in the Chinese market in recent years.

Here are two hypothetical manufacturers to make universally feasible solutions for how to obtain a pricing advantage.

Vendor A: Auto companies already in the new energy market.

The primary goal is to improve and broaden the production line. Through large production volume, there is the possibility of predatory pricing. For an emerging industry, the market competitive advantage of a company that can achieve predatory pricing is very huge. At the same time, it is necessary to clarify the preferences of the dominant consumer groups in the current new energy vehicle market: high cost performance and high practicality. If you have a target mid-to-high-end market model, you must have a mid-to-low-end model or a traditional pillar fuel vehicle industry. The open source of non-core technologies is also necessary, not only because the open source of technology is a huge temptation for consumers, but also because the open source of technology in emerging markets allows companies without a background in traditional fuel vehicles to quickly enter the market and expand The market size will increase the revenue of the manufacturer at the same time.

Vendor B: A company preparing to enter the new energy market

For companies that have not entered the new energy market, the biggest difficulty lies in the fact that the new energy market is a market that is similar to an oligopoly. Tesla, BYD, and other new energy automobile companies have already erected considerable barriers. But entering the market is not impossible. Wuling Motors and Great Wall Motors have made good examples: for the low-end market, they have launched cost-effective mobility models. Therefore, since the market is still not saturated, the easiest way for companies that have not yet entered the new energy market to enter the market is still to target the low-end market. Two different situations for manufacturers that have not entered the market are presented below:

Situation 1: There is a background of traditional fuel vehicles

A certain background of fuel vehicles means that mass production is possible, and there is also the possibility of predatory pricing. Then the primary goal of manufacturers is to determine the target sales volume of their first batch of new energy vehicle products, and what kind of pricing is needed to break the barriers of the new energy vehicle market in the worst case within the fluctuation range of sales volume.

Situation 2: There is no traditional fuel car background

The primary goal is to calculate the fixed cost required to establish a mature production line. What kind of pricing is required to obtain the marginal revenue to achieve the goal of entering the market. At the same time, the cost of technical research is reduced through the open source technology of other major manufacturers.

5. CONCLUSION

This article analyzes Tesla's specific pricing strategy, and can get the results of Tesla's pricing strategy. The following will explain Tesla's pricing effectiveness from the perspective of Tesla's sales results, financial results, and brand effects. Put forward some possible suggestions for the pricing strategy of China's new energy automobile industry.

5.1. Sales

After Tesla adopted a series of price strategies and marketing measures in the Chinese market, it has achieved considerable results. In order to stabilize users and sink the market, Tesla changed its original high-end route, adopted price wars and turned into a "price butcher", and its product sales mix continued to shift to lower-priced models to maximize the satisfaction of the mass market. , Which greatly increased its sales in the Chinese market. According to a document submitted by Tesla to the American Stock Exchange on October 25, the company's revenue in China in the first three quarters of this year was US$9.015 billion, accounting for approximately 25% of Tesla's global revenue; in the third quarter in China Market revenue reached US$3.113 billion, an increase of 78.5% year-on-year, making it the second largest market after the United States. According to statistics, of the 241,300 vehicles delivered by Tesla in the third quarter, more than 73,000 vehicles were sold in the Chinese market, accounting for more than 30%. The corresponding market revenue accounted for 24.97% of the global market, an increase of approximately 5.5 over the same period in 2020. %. It is not difficult for us to find that the contribution of the Chinese market to Tesla has increased significantly, and the importance is self-evident.

5.2. Financial Analysis

Through the use of multiple pricing strategies, Tesla has gradually expanded the consumer mass of Tesla vehicles, gradually moving from high-end to popularization, and the sales market has continued to grow. Through the analysis of Tesla's financial report data for the past five years, we can find that Tesla's annual revenue has increased year by year and its profitability is relatively good; the turnover rate of various assets is relatively fast, the company's operational capabilities are good, and the asset utilization efficiency is relatively high; The rate of return has changed from deficit to surplus, and the rate of return has been increasing year by year. The prospects of the company are very optimistic. The asset-liability ratio and equity ratio are at the right level, the asset structure is optimized and improved year by year, and the long-term debt solvency is better guaranteed; the corporate current ratio, quick ratio, and cash flow ratio tend to be empirical year by year, and the company has a better ability to repay short-term liabilities. The company has a good reputation and is gradually attracting more capital investment and financing. The company is in a virtuous circle, which is conducive to the further development and growth of Tesla.

5.3. Brand Effect

As we all know, Tesla is a dark horse in the new energy vehicle market in recent years. Last year, we ushered in a wave of epidemics in China. Even in such a relatively negative economy, Tesla sold 14,954 units of ModeI3 alone, a staggering number. According to Tesla's official statement, the purpose of its price reduction is to allow more people to enjoy the convenience brought by technology, and Tesla does indeed have the strength to do so. The core of Tesla's price reduction lies in "localization." Tesla established a super factory in Shanghai at the beginning of 2020 and officially put it into production, which greatly reduced the production cost and tax cost of ModeI3 and other models, and could reduce the price for a while. This has prompted Tesla to adopt a "top-down" strategy in the promotion of automotive products—opening up the market through luxury models, increasing public awareness, and then quickly penetrating the mainstream models of the masses through price cuts, taking into account as much as possible At all levels of consumer groups. All these have enabled Tesla to gradually realize that the general public can enjoy high-quality product experience, greatly improving its reputation in the minds of customers, making Tesla's market share in China continue to expand and firmly established Tesla's brand value in the Chinese market.

5.4. Feasibility Suggestions and Shortcoming

Through the above analysis of Tesla's pricing strategy in my country's new energy vehicle industry, we can find that Tesla has implemented a three-step strategy from skimming pricing to penetration pricing to predatory pricing, that is, from high-end customers Positioning and building a brand image, and then gradually penetrating and expanding the market to the general public, the prices of corresponding automotive products have been reduced year by year. Such a pricing strategy is very flexible, and to achieve a Tesla-style pricing model, the company needs to have advanced production technology, diverse supplier channels, and sufficient sources of resource acquisition. If these elements are available, the company will It can reduce costs to a large extent and thus have more flexible and independent pricing capabilities. These influencing factors are precisely what my country's new energy automobile companies lack. my country's new energy automobile industry is in its infancy. At present, there is no new energy automobile company in China that can rank among the leaders of this industry, lacking international reputation. The technological level of my country's new energy vehicles needs to be improved. The state and related enterprises themselves should increase the corresponding scientific research funding to continuously improve the production technology level of my country's new energy vehicles, reduce production costs and improve product quality; in addition, my country's new energy vehicle enterprises should try to Expand the selection of high-quality suppliers, thereby

increasing the bargaining power of raw materials, thereby reducing costs. my country's new energy automobile industry is under development and has broad prospects. It is believed that my country's new energy automobile enterprises will have higher achievements in the future. However, this article also has some shortcomings, mainly reflected in the limited information we can collect about Tesla's pricing strategy, and at the same time, Tesla's future pricing strategy is limited to a vision, and it is temporarily unable to conduct more in-depth and accurate research on it. It is estimated that the influence of the writer is greater, and there is a certain degree of subjectivity. Place the sponsor’s thank you in the unnumbered footnote on the first page.

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