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TESLA'S PRICING STRATEGY AND ITS ECONOMIC IMPACT ON
MARKET DEMAND

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1. INTRODUCTION

In my research, I have chosen the topic of the economic impact of Tesla's pricing strategy on market demand, as it is not only a current and intriguing question in the international business world but also an area that significantly influences the development of the electric vehicle (EV) industry. Tesla is not just a major player in the EV market but also a company that operates with a revolutionary business model and a unique pricing strategy. The frequent price adjustments, the utilization of government incentives, and its positioning against competitors are all factors that directly impact the company's financial performance and market share.

Tesla's competitive advantage over traditional automakers partly stems from its direct sales model, which allows the company to adjust its prices flexibly and dynamically based on market demand, production costs, and competitive factors. While most automakers rely on long-term pricing strategies, Tesla continuously modifies the prices of its vehicles, enabling the company to stimulate sales or maximize profit margins. However, these frequent price changes may also create uncertainty among consumers, who might delay their purchasing decisions in anticipation of further price reductions.

The company's pricing strategy is closely linked to its financial performance. According to the latest financial reports, Tesla generated \$96.77 billion in revenue in 2023, demonstrating significant growth compared to previous years. However, the company's gross profit margin has shown a declining trend, partly due to frequent price reductions. In 2022, Tesla operated with a 25.1% gross profit margin, whereas in the third quarter of 2023, it dropped to 17.9%. These figures raise the question of whether Tesla's pricing strategy is sustainable in the long run without significantly affecting the company's profitability.

Tesla's market position is also heavily influenced by government incentives and tax credits, which play a crucial role in promoting EV adoption in regions such as the United States and the European Union. Programs like the \$7,500 EV tax credit available in the United States directly impact consumer purchasing decisions and contribute to shaping Tesla's pricing policies. At the same time, competition from Chinese EV manufacturers like BYD and NIO is intensifying, as they aggressively price their vehicles in cost-sensitive markets where Tesla has previously dominated.

The objective of this research is to provide a detailed analysis of how Tesla's pricing strategy affects its financial performance and market position, as well as to identify the external factors such as competition and government incentives that influence these processes. This study explores the economic impact of Tesla's pricing and examines the extent to which the company's strategy shapes the development of the electric vehicle market. The findings contribute to a deeper understanding of Tesla's business model and highlight key takeaways that other companies can learn from its pricing strategy and market adaptation.

This topic raises several economic and financial questions, which have been analyzed in detail throughout the study. One of the most critical questions is the relationship between Tesla's pricing strategy and its financial performance. How do price adjustments influence the company's revenue and profit margins, and do frequent price corrections represent a sustainable long-term business model? Additionally, it is worth examining how Tesla's pricing strategy compares to that of its competitors and whether its distinct pricing model provides it with a competitive advantage or disadvantage in the global EV market.

Furthermore, the study analyzes how Tesla's price changes impact its market share. Does lowering prices help the company attract new consumers and increase sales, or do frequent adjustments create uncertainty among buyers? Finally, this research examines the role of government incentives and tax credits in shaping Tesla's pricing and demand. To what extent do government policies support the adoption of EVs, and how do they influence Tesla's business strategy?

1.1 Research Methodology

To address these questions, a quantitative research approach was employed, combining financial data analysis, survey-based research, and comparative analysis to provide a comprehensive understanding of Tesla's pricing strategy.

- **Survey Analysis:** A consumer survey was conducted to examine how Tesla's price changes influence consumer purchasing behavior, including responses from both Tesla owners and potential EV buyers.
- **Financial Data Analysis:** Tesla's annual reports, revenue trends, profit margins, and market share were analyzed to assess the financial implications of its pricing strategy.

- Comparative Analysis: Tesla's pricing strategy was compared to other major EV manufacturers, such as BYD, Volkswagen, Ford, and NIO, to evaluate its market competitiveness.

By integrating these research methods, this study provides data-driven insights into the financial and economic impact of Tesla's pricing strategy, offering a deeper understanding of its long-term sustainability and influence on market demand.

Based on these key questions, the following research questions were formulated for this research:

- What is the relationship between Tesla's pricing adjustments and its financial performance?
- How does Tesla's pricing strategy compare with its competitors?
- How do Tesla's price changes affect its market share in the electric vehicle industry?
- To what extent do government subsidies and incentives impact Tesla's pricing strategy and consumer adoption?

This research provides a detailed insight into how Tesla's pricing decisions shape market demand, financial performance, and competitive positioning, as well as the key economic factors that play a crucial role in the company's strategy.

2. Literature review

2.1 Tesla's Pricing Strategy and Its Economic Impact on Market Demand

In recent years, Tesla Inc. has risen to prominence as the electric vehicle (EV) leader. Its sophisticated technologies and sensible pricing policies mostly explain this achievement. Tesla changed its pricing approach considerably from 2020 to 2023. At first, Tesla concentrated on premium, high-end electric cars largely targeted at rich customers. Later, as demand for electric cars increased, Tesla started to follow a more market-driven and flexible pricing strategy. This approach would let Tesla rapidly change its pricing as competition or market conditions changed. For instance, they intentionally lowered prices to draw in more consumers, so enabling them to reach not only affluent shoppers but also those seeking more reasonably priced EV alternatives. By appealing to a larger spectrum of consumers, this flexible pricing approach let Tesla stay ahead of the competition and grow its market share. I choose this subject since I find it fascinating how Tesla's pricing choices influence customer behavior and the company's standing in the crowded EV market.

Figure 1: The words best selling cars in Q1 (2023)



(Source: businessday, 2023)

2.2 Tesla's Pricing Strategy Evolution

2.2.1 Early Premium Pricing Approach

Using a market-skimming pricing approach in its early years, Tesla aimed after affluent early adopters who appreciated innovation, cutting-edge technology, and exclusivity, setting high first prices (Hardman et al., 2013). This price strategy allowed Tesla to rapidly balance its significant R&D costs. Due to its better technology, unique design, and eco-friendly image, early Tesla cars like the Roadster, Model S, and Model X were categorized as luxury cars and priced far more than regular cars (Hardman et al., 2013). Zhang (2023) claims Tesla first marketed itself as a premium sports car brand, deliberately pricing high to boost earnings from affluent consumers. Building on the premium brand image created in its early years, Tesla only subsequently started to reduce its prices to draw a larger spectrum of customers and increase its market share (Zhang, 2023). This approach fit value-based pricing since Tesla's early consumers were ready to pay more for complex technology, a good brand reputation, and environmental advantages. This approach helped Tesla to reach great profit margins in its early years. The company guaranteed that its rates included production and research expenses as well following a cost-based pricing philosophy. If Tesla was to profit, development and manufacture needed major money, so it had to price its electric cars high enough to offset costs. Although Tesla followed a value-driven premium pricing strategy, it also considered cost-plus ideas, therefore striking a balance between invention and financial viability.

2.2.2 Margins and profits.

Rising profitability from 2020 to 2022, then a little margin drop in 2023, is among the most remarkable financial consequences of Tesla's pricing policy. Tesla's net income of \$721 million was made possible by strong Model 3 sales and regulatory credits, hence enabling the company's first full-year net profit in 2020. By 2023, this profitability had fast grown to around \$15 billion, \$12.6 billion in 2022, and \$5.5 billion in 2021. Consequently, Tesla's net profit margin rose from roughly 2% in 2020 to more than 15% in 2023, a record high for the automobile sector.

In 2021 and 2022, Tesla has some of the highest operating and gross margins in the industry. Its automotive gross profit margin exceeded 25% during this period, much

above conventional car makers, who usually had single-digit or low-teen margins. Tesla's capacity to keep premium pricing while also reducing manufacturing costs drove most of these strong margins. Tesla's cost efficiency came from developments in battery technology and economies of scale, which let the business make significant profits per car.

But, when the business put several price cuts into effect to boost sales, Tesla's earnings structure started to change. Even as total earnings stayed at an all-time high, profits fell. By the end of 2023, aggressive price cutting lowered Tesla's average vehicle selling price and automotive gross margin to 17-19% from 26% the year before. Its net profit margin also fell somewhat (Tesla, 2024 report). Economic theory backs this as reducing prices typically leads to more units sold but at a lower profit margin. Many rivals found it difficult, but Tesla kept profiting on every vehicle despite the drop. Even after price reductions, analysts said, Tesla's gross and net profit margins exceeded those of other rival car manufacturers. Tesla was able to join a pricing war while still profitable, using its cost advantages and scale to do so, hence pressuring less efficient rivals. This underlines a significant financial effect of Tesla's strategy. The next part will break this competitive dynamic down more thoroughly.

2.2.3 Competitive Landscape: Tesla vs. Major EV Competitors

The growing competition in the electric vehicle (EV) market helps one to better grasp Tesla's pricing approach. Most big carmakers and new EV startups have aggressively entered the field by early 2020s. This part contrasts Tesla's approach with three main rivals: General Motors (a US heritage carmaker joining the EV market), Volkswagen (Europe's leading automaker moving to EVs), and BYD (China's largest EV manufacturer). These variations draw attention to Tesla's unusual pricing approach, its economic advantages, and how rivals have reacted.

2.2.4 BYD (Build Your Dreams)

Often considered Tesla's most strong worldwide rival, BYD largely because of its supremacy in China, the largest EV market. Unlike Tesla, which started as a luxury brand, BYD created a varied range of low- and mid-range electric cars, including plug-in hybrids, allowing it to reach a larger consumer base at more reasonable prices. A comparison study by Cheng (2023) reveals that although Tesla gained from higher profitability and worldwide brand recognition, BYD's growth was driven by competitive pricing and developments in battery technology.

A key factor in BYD's success is its supremacy in battery production. Making its own Blade Battery gives the company a cost advantage and helps it to save money. Including hybrid automobiles, BYD sold more total electric cars in 2022 than Tesla with 1.8 million new energy vehicles vs 1.3 million only electric cars (visualcapitalist.com). With a 19.9% share against BYD's 17.1%, Tesla kept its lead in the pure battery EV market in 2023, (visualcapitalist.com).

The competition between Tesla and BYD intensified in 2023, setting off what many called an "EV price war" in China. In January 2023, Tesla reduced prices on several models, which led BYD and other Chinese manufacturers to provide discounts and promotional incentives (Reuters, 2023). Lower production costs for BYD let it aggressively compete with models like the BYD Dolphin and Seal, which provided comparable features to Tesla's Model 3 (Wu, 2023). Though it had to cut prices to be competitive, Tesla was able to keep a modest price premium because of its strong brand loyalty. Given its early market leadership and strong customer retention, several experts using game theory said that Tesla could withstand reasonable price rises without losing too many consumers (Zhang, 2023). Tesla eventually decided to cut prices more, giving sales volume priority over margins.

By late 2023, this intense struggle had produced a significant shift: BYD momentarily outpaced Tesla in worldwide Q4 EV sales, but Tesla kept its lead all year (Reuters, 2024). Market analysts say Chinese consumers are price-sensitive and prefer less expensive vehicles because of high financing rates (Streeter, 2024, as reported in Reuters). Though it improved BYD's competitive standing, Tesla's price-cutting approach raised sales. This dispute emphasizes a basic price dilemma: Tesla once charged a premium for brand and technology using value-based pricing, but the growing dominance of low-cost competitors like as BYD pushed it to embrace a more competition-driven pricing approach.

2.2.5 Volkswagen Group (VW)

One of the legacy automakers that has worked hard to switch to electric cars is Volkswagen, Europe's biggest carmaker. Models like the ID.3, ID.4, and Audi e-tron series helped VW to become the world's third-largest battery EV maker in 2021-2022. Unlike Tesla, which entered the EV sector as a disruptor, Volkswagen moved away from conventional internal combustion engine cars, hence producing different cost structures and pricing issues.

Usually, Volkswagen's EV pricing plan sought to be a little more affordable than Tesla's comparable cars. The little hatchback VW ID.3, for instance, was less expensive than the Tesla Model 3. But as a legacy carmaker with more manufacturing expenses and reliance on dealer networks, VW lacked the capacity to compete aggressively on price. This became obvious early in 2023 when Tesla revealed significant price reductions in Europe, reducing Model Y pricing by over 17% in Germany.

These price reductions placed Volkswagen under a lot of strain and raise allegations that VW dealers were providing ID.4 and ID.3 model discounts to remain competitive (Reuters, 2023). Though VW's lower EV profit margins, Tesla almost pushed Volkswagen into reactive competition-based pricing. VW executives said by mid-2023 that Tesla's price approach was notably affecting the industry, reducing general pricing power (Müller, 2023).

From an economic standpoint, Tesla's cost reductions provided it a fundamental advantage over VW. Tesla's direct-to-consumer sales strategy and vertically integrated supply chain could let it run with less expenses and more profit margins. By contrast, VW's EV business first battled profitability, with reports suggesting it was selling ID models at almost no profit, depending on regular gasoline car sales to offset losses (Ewing, 2022). This fits the idea of architectural innovation: legacy carmakers like Volkswagen, which were meant for ICE production, suffered additional transition expenses while switching to EVs, therefore finding it more challenging to match Tesla's pricing (Henderson and Clark, 1990).

Notwithstanding these challenges, Volkswagen used government subsidies to offset Tesla's pricing pressure. Many European nations provided EV incentives depending on specific pricing criteria; Tesla changed Model 3 prices to stay inside these limits. Ultimately, Tesla's aggressive pricing strategy put VW and other European automakers in a precarious situation: they had to either reduce prices, sacrifice profit margins, or forfeit market share. This case supports Porter's theory of competitive rivalry, which holds that sector-wide price drops follow from increasing competition (Suvarna, 2023).

2.2.6 General Motors (GM)

Among the biggest car manufacturers in the United States, General Motors is finding it difficult to switch to electric cars. GM's early 2020s EV lineup had more cheap choices like the Chevrolet Bolt as well as luxury cars like the Cadillac Lyriq and GMC

Hummer EV. Unlike Tesla, GM's pricing approach was more competitive and cost-plus. Originally over \$30,000, the Chevrolet Bolt was far cheaper than the Tesla Model 3. It was finally lowered to just \$27,000 in 2022. GM's EV division, on the other hand, struggled financially; sources said the corporation lost money on every Bolt sold, which led to the 2023 closure (Colias, 2022).

Tesla's 2023 price reductions directly affected mid-priced rivals like GM and Ford, which reacted with price reductions and more incentives on cars including the Mustang Mach-E and Bolt (Reuters, 2023). GM CEO Mary Barra said that although the company wants to profit from its EV business by 2025, there were still short-term challenges that called for manufacturing and cost-cutting investments.

Economic theory holds that as a disruptive newcomer, Tesla gained from a "attacker's advantage." Unlike GM, which had to cope with a costly transition from ICE cars to EVs, Tesla's whole business was built around EVs, enabling it to maximize costs and keep price flexibility. GM's structural difference made it had to decide whether to match Tesla's price reductions, which would have hurt short-term profitability, or give up market share to Tesla's growing EV portfolio. GM even reduced their EV deployment goals for 2023, likely to prevent overstock and high cost (NY Times, 2023).

From a consumer perspective, Tesla's price reductions made its vehicles more appealing than GM's, hence generating buyer expectations for reasonably priced electric cars all over the sector. This situation illustrates buyer power in Porter's Five Forces theory: when Tesla lowered prices, consumer expectations changed, pressuring all car manufacturers to provide more value for money.

2.2.7 Summary of Competitive Impact

Tesla's pricing approach has changed the company for these rivals. By forcefully lowering prices, Tesla has increased EV adoption, driven competitors into price wars, and kept better profit margins than many rivals. A 2023 Reuters study finds that Tesla's capacity to be profitable even while it reduces prices offers it a competitive edge, hence pushing established carmakers to make challenging strategic choices. Though conventional carmakers like Volkswagen and General Motors have found it difficult to match Tesla's price flexibility, BYD has used cost leadership to become a strong rival.

Ultimately, Tesla's pricing choices show how dynamic pricing and competitive strategy could affect market dynamics.

Figure 2. Top selling plug in electric vehicles in the world (2024)



(Source: cleantechnica, 2024)

2.3 Economic Theoretical Perspectives: Cost-Based, Value-Based, and Competition-Based Pricing

2.3.1 Cost-Based Pricing

Cost-based pricing is the technique of determining prices by computing manufacturing costs and applying a markup to guarantee profitability. Traditional car makers employ this approach to balance manufacturing costs, overhead, and a focused profit margin. Though Tesla has always factored costs into its pricing approach, it did not rigorously adhere to the cost-plus model. Tesla's cars were first priced significantly more than manufacturing expenses since the firm had to recover large R&D expenditures. Tesla's original Roadster, for instance, is claimed to have cost more to produce than it sold for, suggesting the company first lost money. The price per vehicle dropped significantly, though, as Tesla increased production and efficiency, especially via Gigafactory changes and battery cost reductions. Tesla has cut its manufacturing costs by 2021 to price vehicles fairly while keeping an automotive gross margin of about 25%, much more than the industry norm.

In 2023, Tesla used its cost benefits to stay profitable while lowering pricing. Though many rivals couldn't afford to do so since manufacturing expenses had already fallen, Tesla could reduce prices without declaring bankruptcy. Zhang (2023) claims that Tesla's pricing approach always considered cost recovery, hence guaranteeing that the firm remained above break-even even following notable price drops. Economic penetration pricing, which starts with high prices to cover costs and progressively lowers them as production gets more efficient and market share expansion takes front stage, is suited for this approach. Other car makers, especially those with more costly construction, found it difficult to match Tesla's pricing. Ford's EV division lost significant money in 2023, for instance, as pricing demands drove them to sell vehicles below cost, so underlining the financial hazards of price rivalry without Tesla's cost structure benefits.

2.3.2 Value-Based Pricing

Value-based pricing gives the perceived value of the product priority over its manufacturing cost for setting price. In its early years, Tesla used this strategy effectively, branding itself as a luxury, high-tech EV manufacturer with environmental advantages and innovative innovations. Tesla's great value offer drove consumers to pay more, which

helped the firm keep more pricing options. Surveys done as late as 2021 reveal that Tesla has one of the highest degrees of brand loyalty in the business, which enables them to demand premium prices.

Among Tesla's finest instances of cheap pricing are its software add-ons. Features like the Full Self-Driving (FSD) package, which costs over \$10,000, cost Tesla almost nothing to deliver but were sold at a big margin thanks to their perceived value. With hundreds of thousands of people putting \$1,000 deposits before final pricing was disclosed, Tesla's pre-order system for cars like the Model 3 showed great consumer confidence, proving that Tesla's perceived value by itself was enough to create demand.

But as EV market rivalry grew, Tesla's capacity to charge a premium depending on brand and technology started to fade. By 2023, competitors like Ford, Hyundai, and Volkswagen have launched premium EVs with comparable features, hence lowering Tesla's price impact. As customers grew more price-conscious with more choices available, Tesla had to change its approach. Although the brand kept a benefit in consumer perception, the price difference between Tesla and other cars could no longer be as great as it once was. While closely aligning Model 3 and Model Y prices to rivals, Tesla must mix value-based pricing with more competitive strategies, preserving premium pricing for high-end cars like the Model S and Model X.

2.3.3 Competition-Based Pricing

Competition-based pricing is the practice of setting prices depending on what rivals charge instead of internal cost structures or value judgment alone. Tesla generally ignored rivals when setting prices for many years, instead stressing innovation and consumer demand. Conversely, Tesla started aggressively using competition-based pricing in late 2022 and 2023, largely in reaction to growing EV market competitiveness, especially in China.

Early in 2023, Tesla's price reductions in China signalled a turning point and set off what analysts called an EV price war. Though some of companies suffered financial losses, rivals as XPeng and BYD were had to react by reducing their own pricing. For instance, XPeng had to reduce the price of its P7 sedan to compete with the Tesla Model 3, which affected its profitability since Tesla's better financial situation let it more effectively absorb lower margins.

A comparable trend appeared in Europe when Tesla's 2023 Model Y pricing reductions inspired others like Ford and Volkswagen to lower their EV prices or provide more incentives to stay competitive. Porter's Five Forces theory holds that intense competition causes industry-wide price reductions that help consumers but lower manufacturer profit margins.

One may possibly utilize game theory to examine Tesla's approach. When it started lowering prices, Tesla expected competitor responses. If rivals couldn't match Tesla's new pricing, Tesla would increase market share; even if they did, Tesla would still have an edge because of its cheaper expenses. This pricing approach pushes less efficient car manufacturers to make a tough decision: reduce prices and endanger profitability or maintain higher prices and lose market share. Many industry experts pointed out that Tesla's pricing policies showed a long-term attrition strategy in which the company was ready to sacrifice short-term margin losses for more EV market control.

From a premium, value-based approach, Tesla's pricing strategy has developed to a more dynamic one that balances cost efficiency, competitive positioning, and consumer perception. Tesla first marketed itself as a luxury, high-tech brand using premium pricing, which helped to cover its significant R&D expenditures. The business started to reduce prices and push for more broad market acceptance as manufacturing efficiencies rose. Particularly in 2023, Tesla has shown a readiness to engage in significant price rises in reaction to rival activities and changes in demand. Driven by competition, Tesla's cost leadership has let this price strategy to pressure both conventional car makers and emerging EV startups.

At last, Tesla's capacity to stay profitable in spite of falling prices shows its particular cost structure and operational effectiveness. Though the firm first prospered on value-based pricing, it has now added competition-based elements to safeguard and grow its market share. Tesla's pricing approach will most certainly change as the EV industry develops to find a balance between affordability, profitability, and competitive positioning in a more crowded market.

2.3.4 Price Elasticity of Demand and Consumer Response

A basic economic idea, price elasticity of demand may be used to evaluate how Tesla's pricing choices influence customer behavior. It monitors how demand reacts to pricing changes. Demand stayed somewhat inelastic in Tesla's early years, especially for

luxury cars like the Model S and Model X. Wealthier consumers were ready to spend more, and small price changes had little effect on sales. Once Tesla reached the mass-market segment, though, demand elasticity rose. Data from 2023 reveal that Model 3 and Model Y price sensitivity was high in several regions. When Tesla revealed price reductions between 5% and 20%, sales figures shot up. For instance, Tesla's January 2023 price reduction led to a significant rise in orders in China, with sales said to have grown by 30% in a month (CNEV Post 2023). Likewise, European markets like Germany and France had a significant rise in Tesla deliveries following price drop since lower costs made the Model 3 qualified for government subsidies and more reasonably priced to a larger spectrum of buyers. As prices dropped, this reaction showed great elasticity; a large number of formerly restricted consumers entered the market.

But demand elasticity is not infinite. Tesla saw indications of market saturation by late 2023 even with many price reductions. Some model inventories increased, requiring more price reductions to sell off stock (Miller, 2023). This indicates that the effect of further price drop was lessened following an initial demand spike as the most price-sensitive customers had already been handled. Tesla's brand loyalty gave some people inelastic demand; others still wanted to purchase Teslas even with small price increases. Zhang's game theory study indicates that many Tesla consumers keep buying despite rising costs because of strong brand loyalty and a dearth of comparable choices. This emphasizes the contradictory character of Tesla's demand: as price reductions expanded its customer base, certain of its consumers stayed less price-sensitive.

One may view Tesla's 2023 price changes as a trial of demand elasticity. Company statements say that in certain situations, a 1% price drop led to over 2% more sales, proving an elastic response (Musk, 2023 earnings call). On the other hand, elasticity differs by area. Those who find Tesla's pricing uncompetitive quickly switch, hence Tesla has more elasticity in China, where consumers have more EV choices. By comparison, the U.S. market offers less comparable EV choices, which lowers elasticity. With the aim of raising income by volume sales, Tesla has cleverly used this information to optimize price. Data, however, indicate that even with inelastic demand price reductions produced more total income. Tesla would have kept more prices. This is in line with conventional economic theory: elastic demand reduces the efficacy of price decreases, while inelastic demand does the same. Tesla's 2023 strategy was a calculated attempt to grow market share while preserving profitability via economies of scale.

Cross-elasticity the way Tesla's demand reacts to rival pricing changes is still another vital component. Would Tesla lose customers if its competitor, BYD, lowered its prices? The close interactions between Tesla and its rivals show a high degree of cross-elasticity. For instance, when Tesla's expenses were greater, BYD's aggressive pricing for the Han sedan, a direct rival to the Model 3, probably drew price-sensitive consumers. This led Tesla to react with its own price cuts. As the EV market gets more competitive, demand elasticity is predicted to increase since pricing choices made by every carmaker affect industry-wide consumer behavior. Tesla's goal to lower prices early in 2023 shows its wish to acquire as much market share as possible before rivalry intensifies even further.

2.3.5 Porter's Five Forces Analysis: Industry Structure and Pricing

Michael Porter's Five Forces framework shows how Tesla's pricing approach is shaped by industry rivalry. Tesla's pricing choices in reaction to these rival forces have been greatly affected by the changing structure of the EV sector.

Competition in the EV sector has exploded by 2023. During Tesla's early dominance in long-range EVs (2012-2015), competitive pressures were rather mild, which let the firm keep its high costs. But with new rivals entering the market ranging from legacy car manufacturers to startups, rivalry has grown; price competitiveness has become a major battleground. Tesla's price reductions in 2023 were both a reaction to and a spark for the growing price conflict. When rivals matched Tesla's features and technology, price became a vital differentiator, hence driving Tesla to change from a high-margin to a volume-driven pricing approach.

Historically, the automotive industry struggled with major entrance hurdles from capital needs and technological complexity. But Tesla's success as a disruptive new entry has demonstrated that creativity can overcome these obstacles. Both tech-oriented companies (like Apple's interest in EVs) and startups (e.g., Rivian, Lucid, XPeng) have contributed growing competition in the EV market in recent years. Thomas and Maine (2019) claim Tesla triumphed by using architectural creativity to question conventional industry structures. New rivals targeting particular niches, such ultra-luxury EVs Lucid or low-cost alternatives from several Chinese EV makers, pose comparable danger for Tesla currently. Rumors on Tesla's \$25,000 model suggest a planned reaction to the possible danger of new low-cost rivals. By forcefully generating competitive pricing, Tesla prevents new rivals from entering the market with the hope of large margins.

Historically, individual car purchasers have had little influence since they are far out and automobiles are unique objects. But, as the variety of EV choices has grown, consumer power has grown. In Tesla's early years, consumers had limited choices for a long-range EV, which let Tesla effectively manage prices. Consumers will be able to select from several brands by 2023, so boosting their negotiating strength and pushing Tesla to provide reasonable prices. Large fleet buyers, such as rental automobile companies, also have major influence. Tesla's deal with Hertz to sell 100,000 Model 3s in 2021, perhaps at a discount, shows Tesla's ability to change prices for high-volume purchases. Increasing consumer power has helped Tesla to reduce prices as common customer behavior has been to defer purchases in expectation of more price cuts, hence highlighting the need of competitive pricing policies.

Especially for vital components like semiconductors and batteries, supplier influence in the EV sector might be rather strong. By creating its own battery cells and software, Tesla has lowered supplier power and let it depend less on third-party suppliers. Long-term contracts for vital minerals like nickel and lithium have helped Tesla to keep price consistency. Though supplier limits, like as semiconductor shortages in 2021, have caused occasional price rises, Tesla's aggressive supply chain management has usually reduced major cost variations. Unlike other car manufacturers, Tesla has price freedom as it directly controls vital parts.

Other modes of mobility, like as public transit or ridesharing, are utilized to replace cars in conventional Porter's research. Gasoline-powered cars remain the main substitute in the EV future. Excessive costs and small range in Tesla's early years caused many to see EVs as faulty replacements. But, as EVs got better, their rivalry with gasoline cars grew more fierce. Some consumers might delay buying an EV in favour of still driving fuel cars if Tesla's costs become too high. In reaction, Tesla has intentionally lowered prices to guarantee that its cars stay competitive not only against competitor EVs but also with conventional internal combustion cars. This price approach helps to reduce the danger of replacement by making Tesla models more financially attractive to regular users.

All things considered, Porter's Five Forces framework shows how Tesla changed from a high-margin pricing strategy to one more competitive and volume-driven. Lack of competition allowed Tesla to originally establish premium prices. But growing

competition, more consumer power, and the chance of new entrants pushed Tesla to adopt more flexible pricing by 2023. Economic theory supports this change: more competition and consumer choice naturally create downward pricing pressure, which drives Tesla to alter its strategy. Tesla's significant price cuts in 2023 give long-term market control top priority over short-term margin maximizing in reaction to these industry realities.

2.4 Attacker's Advantage and Architectural Innovation

2.4.1 Architectural innovation

According to Henderson and Clark (1990), architectural innovation is the creative reconfiguration of current components that alters a product's functioning. Often linked to Tesla's growth in the car sector, this kind of invention (Thomas and Maine, 2019). Though Tesla integrated them into a distinctive EV design that conventional car manufacturers had not yet perfected, the fundamental components of automobile battery cells, electric motors, and control software were already accessible. Instead of a conventional combustion engine and multi-speed gearbox, Tesla created a system that depends on large battery packs, fundamental electric drivetrains, and a software-driven approach. As vehicle design evolved, many of the long-held advantages of conventional car makers, such as dealership networks and knowledge of combustion engines, lost relevance.

By integrating these parts into a completely electric platform with networked software, Tesla built an EV with more range, acceleration, and efficiency than its rivals at the time. This allowed the firm to keep premium prices in its early years and gave it significant edge. Conversely, legacy carmakers struggled to change since switching to EV production called for significant expenditures in new battery supply networks, plant equipment, and staff training. By making EVs more efficient and preserving a good brand image that supported greater expenses, Tesla reaped cost and differentiation advantages.

Research released in 2019 indicates that Tesla's economic success came from architectural innovation and the attacker's advantage rather than from competing as a low-cost disruptor. Unlike businesses that enter the market by providing cheaper replacements, Tesla started at the top and redefined what an electric car could be. This let them avoid direct competition with mass-market gasoline cars and demand greater

pricing. Though rivals are also creating their own EVs, Tesla's early lead in battery technology, software integration, and charging networks guarantees a long-term cost advantage and performance. But as EVs become the industry standard, Tesla's particular edge is slowly fading. Tesla is introducing inventions like its new 4680 battery architecture to keep its technological edge in response to the evolving market toward cost rivalry.

2.4.2 Attacker's Advantage

The attacker's edge comes from the advantages new companies have when not limited by antiquated technology or old business methods. Tesla has shown the advantage of entering the car sector free of legacy constraints. Unlike previous car manufacturers, it was not linked to dealer networks, gasoline-powered cars, or conventional supply chains. Conversely, Tesla created a direct-to-consumer sales strategy that let for direct price control and eliminated dealerships. While other car makers had to strike a compromise between electric cars and their very lucrative combustion vehicle sales, Tesla concentrated entirely on EVs.

This liberty let Tesla expand more quickly and meet vital cost goals ahead of rivals. For instance, Tesla was the first automaker to lower battery costs below \$100 per kWh, hence enabling it to turn profitable sooner than most thought. Conversely, companies like General Motors faced challenging decisions if they undervalued EVs, which may negatively affect sales of their lucrative gasoline SUVs. Tesla has no such issue; it may price according on market demand instead of internal conflicts.

Thomas and Maine (2019) claim that Tesla's success was mostly due to this assailant's advantage. Though they dominated gasoline-powered cars, traditional car makers were slow to embrace electric cars. Years of ignoring electric cars or concentrating on hybrids left them unable to forsake their primary business. Tesla capitalized on this to rule the early EV market, drawing consumers ready to pay premium rates for something no other firm provided on a wide scale. Traditional automakers were obliged to react when Tesla started to challenge luxury brands like BMW and Mercedes.

This attacker's edge also shaped Tesla's 2023 price approach. Tesla pressured rivals by starting significant price reductions since many of its rivals could not afford to follow without suffering financial hardship. Being younger, Tesla was more flexible; it could forego instant margin sacrifices in return for guaranteeing long-term market

supremacy. By contrast, incumbents were constrained by tighter cost policies and investor expectations, which made price competition more challenging.

Tesla also affects the game in several other ways. Tesla is using its rebellious reputation to bypass conventional industry regulations in many ways, including in-house insurance, direct sales, and over-the-air software updates. These tactics help Tesla to keep a good pricing position even as rivals grow by adding value to its cars without raising production expenses.

Two main reasons might explain Tesla's success in price and market positioning: architectural innovation and the attacker's advantage. Its absence of historical limits let it react quicker and question conventional car makers; its capacity to change vehicle design gave it an early pricing edge. In the early years, this let Tesla ask more prices as it was providing something totally unusual. As the sector catches up, Tesla is using cost benefits to keep market leadership by adopting a more aggressive pricing policy. These characteristics, when considered collectively, help to clarify why Tesla has been able to dominate the EV market and compel rivals to follow its standards.

Even with the market changing, Tesla's assailant attitude is still clear. While still ready to take chances like price reduction to beat rivals, the firm keeps innovating in areas including battery technology and self-driving cars. Though its initial price strength as a one-off product is fading, Tesla's capacity to keep ahead by means of cost leadership and intelligent pricing guarantees that it stays a leading rival in the electric car sector.

2.5 Impact of Government Policies and Incentives on Pricing

Government rules, limits, and incentive programs in Tesla's three main markets the European Union, the United States, and China have significantly shaped its pricing approach and general market demand. Government subsidies, tax credits, and environmental rules all directly affect consumer price and hence Tesla's pricing choices since Tesla operates in a very controlled sector.

2.5.1 European Union Policies and Incentives

Government backing helped the European Union to grow to be the biggest EV market by 2020. Environmental rules and consumer incentives have a major impact on Tesla's pricing strategy. A major driver was the EU's stringent CO₂ emissions targets for carmakers, which called for fleet emissions reductions or purchase of regulatory credits from businesses such as Tesla. Since Tesla only makes zero-emission cars, it might sell

emissions credits to conventional car makers, hence creating notable extra income. This funding source alone brought in \$1.6 billion in 2020, turning Tesla's compliance with pollution regulations into a lucrative corporate strategy. By balancing reduced vehicle earnings with credit sales income, these regulatory credits let Tesla be more creative with its pricing.

As part of pandemic recovery efforts, governments all throughout Europe have also included significant EV purchase incentives, especially about 2020. Though overall car sales fell, several EU countries raised tax incentives and subsidies, which supported EV adoption. While French consumers can get up to €7,000 in subsidies, total incentives in Germany climbed as high as €9,000 per EV, hence reducing Tesla vehicle pricing. Tesla either kept higher list prices or let subsidies lower real consumer expenditure, or it carefully priced cars just under eligibility limits to guarantee qualification and hence gain from these programs. For instance, in France, government refunds were only accessible for EVs costing less €47,000. Bringing the Model 3 down to €44,990, qualifying for an extra €5,000 in government rebates, Tesla responded in January 2023 by reducing Model 3 and Model Y prices throughout Europe, including a 17% decline in Germany (Reuters, 2023).

Trade policies have had an impact on Tesla's European pricing. Gigafactory Berlin's 2021 opening helped to save import tariffs and transportation expenses by localizing manufacturing. In 2023, the EU started an anti-subsidy probe on Chinese-made EVs and subsequently levied a 10% tax on some imports, including Tesla's Shanghai-built cars. Tesla, on the other hand, has legally contested the taxes and might move more production to Berlin to lower extra expenses. EU restrictions including trade rules, purchase incentives, and carbon credits have largely influenced Tesla's pricing changes as they have let the company stay competitive by maximizing government support.

2.5.2 United States Policies and Incentives

The US. from 2020 to 2023 Changes in EV regulations have affected Tesla's pricing approach rather much. While the company hit the program's sales ceiling in 2019, requiring federal incentives to phase out, Tesla customers once profited from a federal tax credit of up to \$7,500. By 2020, Tesla cars were no longer qualified for federal tax subsidies, hence increasing their net cost to consumers. Research showed that the United States was greatly affected by the removal of subsidies. IEA, 2020.

Tesla reacted to keep affordability by concentrating on cost cutting, increasing efficiency, and introducing more affordable variants like the Standard Range Model Y. State-level initiatives nevertheless offered some aid even as federal help vanished. For instance, California's zero-emission vehicle credit program let Tesla boost its revenues by selling credits to automakers lacking emissions goals. State incentives, such sales tax exemptions and HOV lane access, also contributed to maintain demand steady.

Federal EV tax credits were most significantly changed by the Inflation Reduction Act of 2022. With revised qualifying criteria including price limits (\$55,000 for sedans, \$80,000 for SUVs) and a requirement that vehicles be manufactured in North America the IRA restored the \$7,500 federal tax credit in January 2023. Tesla rapidly changed its pricing approach to take use of these incentives, lowering U.S. prices in early 2023 so that the Model Y and certain Model 3 variants might qualify (Reuters, 2023). When coupled with recovered tax credits, price decreases varied from 6% to 20%, so greatly reducing the net expenses for consumers. For instance, the Model Y Long Range fell from \$65,990 to \$52,990, qualifying for the \$7,500 incentive, which is under 30% for qualified purchasers.

Changes at the state level also affected Tesla's pricing. California, for instance, started forsaking cash subsidies in favor of infrastructure development, so transferring the responsibility for encouraging affordability to manufacturers by means of price. Instead than wishing that government subsidies would close the affordability gap, Tesla had to rely on savvy pricing. Ultimately, US federal policy changed from eliminating EV subsidies to reinstating them selectively between 2020 and 2023, which led Tesla to change its pricing to guarantee optimal consumer advantage while still competing against competitors who also got credits.

2.5.3 Chinese Policies and Incentives

The largest EV market in the world, China has a particular regulatory and incentive framework that has significantly influenced Tesla's pricing choices. With subsidies, purchase tax exemptions, and regulatory incentives, China forcefully encouraged EV adoption in the late 2010s and early 2020s. High import taxes, which categorized Tesla's cars as luxury, hampered the company's maiden trip into China. Opening Gigafactory Shanghai in 2019-20 helped Tesla to localize manufacture by removing taxes and qualifying its vehicles for government subsidies. Switching from a

premium pricing strategy to a more mass-market one allowed Tesla to reduce Model 3 costs by almost 30% (Zhang, 2023).

At first, Tesla gained from subsidies from the Chinese government, which helped reduce actual consumer expenses. These national subsidies, though, were progressively eliminated, officially expiring in December 2022. Tesla dynamically changed their pricing in expectation of this. Ranging from 5% to 15% on Model 3 and Model Y trims, Tesla made major price reductions in China in the fourth quarter of 2022 and into January 2023 to offset the loss of state subsidies and stay competitive in an increasingly crowded market.

Chinese municipal governments have offered greater incentives, including tax breaks and exemptions from license plate lotteries, in major cities like Beijing and Shanghai, which has helped to make Tesla cars more attractive to possible buyers. Tesla's pricing policy in China changed by area to fit these local incentives. Government-backed support for local EV companies like BYD has helped to create a very competitive price environment in China. By 2023, Tesla was forced to participate in a "price war," usually lowering prices to keep market dominance. Demand dropped after subsidies were taken off at the end of 2022; Tesla's January 2023 price reductions of up to 14% on Model 3 and 10% on Model Y were meant to revive sales (Yan, 2024).

Tesla's pricing approach is significantly influenced by government incentives and regulations in all three areas. When subsidies gave Tesla additional pricing power, it sometimes hiked prices; it usually changed prices in reaction to legislative changes lowering them to guarantee eligibility for new tax credits or subsidies. Government assistance in layers caused Tesla's actual customer pricing to be often much cheaper than their sticker prices. These policies, as described in the next part, increased Tesla's demand price sensitivity.

2.6 Tesla's Supply Chain and Cost Structure Impact on Pricing

2.6.1 Tesla's Cost Leadership as a Pricing Enabler

In the electric vehicle (EV) market, Tesla's capacity to keep fair prices while reducing manufacturing costs is its greatest asset. Unlike conventional carmakers, who depend on third-party suppliers, Tesla has emphasized vertical integration, using less

external suppliers for vital parts including batteries, electronics, and powertrains. By letting Tesla to alter prices depending on market conditions, this approach has greatly lowered production costs (Zhang, 2023).

Tesla's pricing strategy was much influenced by its cost-based pricing method. By spreading its fixed costs over more vehicles and raising production volume, Tesla lowers the cost per unit. Lower production costs have also come from the company's learning curve and continuous process enhancements. Tesla's pricing reductions on the Model 3 and Model Y in 2023, for instance, were connected to better battery production efficiency and supply chain enhancements (Zhu, 2023).

2.6.2 Tesla's Vertically Integrated Supply Chain: A Cost Reduction Strategy

Its choice to vertically integrate its supply chain has significantly affected Tesla's capacity to change prices. While rivals depend on outside battery suppliers, Tesla has invested significantly in developing its own batteries. Tesla's Gigafactories in the United States, China, and Europe allow the company to manufacture batteries on a big scale, hence reducing production costs in relation to carmakers depending on third-party suppliers (Cui & Wan, 2022).

The evolution of the 4680-battery cell is a great illustration of Tesla's efforts to reduce costs. Designed to be more energy-efficient, cheaper to produce, and easier to build, this revolutionary battery. Switching to this battery architecture has allowed Tesla to lower battery pack costs, which were hitherto among the priciest features of EV production. Lower battery manufacturing costs have allowed Tesla to stay profitable and reduce prices (Zhu, 2023).

Aside from battery production, Tesla has enhanced its manufacturing techniques by means of Giga casting. Employing large casting machines to construct large sections of a vehicle's structure in one piece, this method cuts material waste, simplifies production, lowers labor expenses, and uses enormous casting equipment. This efficiency allows Tesla to construct cars more efficiently than rivals, hence allowing pricing flexibility without compromising profits (Yang, 2023).

2.6.3 Economies of Scale and Tesla's Ability to Adjust Prices

Tesla's cost-based pricing approach has been significantly shaped by its capacity to efficiently expand production. As production has grown, Tesla's per-vehicle cost has fallen significantly. The company manufactured just under 500,000 cars in 2020; by 2023, it was making more over 1.3 million cars annually (Statista, 2023). As production levels have risen, Tesla has saved significant money in manufacturing, shipping, and procurement, which has let the business transfer some of these savings to consumers in the shape of reduced car costs.

This was especially clear in 2023, when Tesla cut prices to increase demand. Unlike many rivals, the business could reduce prices on several models without incurring losses. With their legacy expenses and dependence on external suppliers, traditional manufacturers could not match Tesla's price flexibility. Many rivals therefore had no choice but to decide between keeping greater price at the cost of market share and losing money.

2.6.4 How Tesla Uses Cost Advantages to Maintain Profitability

Even with notable price reductions, Tesla's reasonably priced design has allowed it to stay profitable. Though price drops in 2023 lowered gross profit margins, Tesla's low per-unit manufacturing costs kept it profitable. This was particularly clear in China, where Tesla undercut local companies like BYD by reducing pricing multiple times. Unlike its rivals, Tesla can maintain cheap prices because of reduced manufacturing expenses per vehicle (Cao, 2023).

Unlike Ford and General Motors, whose EV businesses battled with high production costs, Tesla's capacity to remain profitable while reducing prices is remarkable. In 2023, Ford's EV branch suffered enormous losses from high costs and manufacturing scale problems. This shows how Tesla's early investments in manufacturing innovations, in-house battery production, and supply chain efficiency offered a cost advantage, enabling it to stay competitive and also generate profits (Zhang, 2023).

Tesla's pricing approach has been mostly shaped by its emphasis on supply chain efficiency and cost control. Vertical integration, economies of scale, and manufacturing innovations have helped Tesla to produce EVs at lower costs than its rivals. This

advantage has helped the business to keep market leadership, strategically lower prices, and produce steady profits.

Tesla's continuous investments in supply chain efficiency, automation, and battery technology are anticipated to enhance its cost advantage going forward. As competition in the EV market increases, Tesla's capacity to manufacture vehicles at lower cost than rivals gives the company a special edge that lets it shape industry pricing trends instead of merely reacting to them.

2.7 The Role of Brand Equity in Tesla's Pricing Strategy

2.7.1 How Tesla's Brand Supports Premium Pricing

One of the most well-known and strong car brands, Tesla has changed its pricing approach considerably. Unlike other car makers that emphasize performance or luxury, Tesla has set itself as a leader in invention, sustainability, and cutting-edge technology. Especially in its early years, when the EV industry was very uncompetitive, this strong brand recognition has let Tesla charge more prices.

Tesla's focus on modern technologies greatly increases the brand appeal of the business. Promoting itself as an innovator, the firm underlines developments in battery efficiency, self-driving technology, and software integration. Because Tesla cars are seen as more appealing than traditional ones, this has let the business raise prices without losing customer interest (Lutz, 2021).

2.7.2 Brand Perception and Willingness to Pay

Tesla's brand loyalty has motivated some to spend extra for its cars. Research indicates that Tesla owners are among the most devoted in the car sector, choosing to purchase another Tesla instead of changing to another brand (Su, 2022).

Even when rivals created EVs with comparable features and battery ranges, Tesla's brand power helped it to keep its pricing edge. Though more costly than Ford, Volkswagen, and Hyundai cars, Model Y and Model 3 kept outselling rivals' EVs in 2021 and 2022. This emphasizes how Tesla's strong brand lets them keep premium prices despite more rivals (Zhang, 2023).

Tesla's brand value has also been shaped by exclusivity and social status. Like owning an iPhone or a luxury watch, buying a Tesla is often seen as a sign of success.

Many early Tesla purchasers were drawn not just by the environmental advantages but also by the status of owning a Tesla. Particularly in the luxury EV category, this feeling of exclusivity has permitted Tesla to charge more.

2.7.3 How Tesla Uses Brand Equity to Support Dynamic Pricing

Unlike conventional car makers, Tesla's robust brand lets it alter prices regularly without undermining customer faith. Because it sells directly to customers rather than via dealerships, Tesla can change prices in real time depending on demand, supply chain concerns, or market competition.

For instance, Tesla cut Model 3 and Model Y pricing by 6-20% worldwide in early 2023 to boost sales and qualify for government incentives. Tesla's premium brand image stayed intact despite these discounts; sales rose as prices dropped (Zhu, 2023). Demand rose even after such significant price changes, suggesting that consumers still believe in Tesla's value despite temporary price changes.

Tesla also provides software and add-ons variable pricing. Unlike conventional car makers, Tesla bills independently for its Full Self-Driving (FSD) feature; users may pay \$10,000 or more to upgrade. This fits with Tesla's value-based pricing approach, which evaluates its technology depending on perceived value rather than only on manufacturing expenses (Zhang, 2023).

2.7.4 The Impact of Brand on Price Elasticity

Tesla's brand power affects how changes in price affect customer sensitivity. Demand in the luxury market (Model S/X) has been somewhat inelastic; affluent people keep buying Tesla cars even under rising cost. Demand in the mass-market group (Model 3/Y), on the other hand, has been more affected by price changes. To keep sales volume in 2023, Tesla slashed prices multiple times (Cui & Wan, 2022).

Tesla's brand is strong enough to warrant greater fees for luxury consumers, which explains this difference in price sensitivity. But in the cheaper price range, customers may directly contrast Tesla with alternative EVs. Rivals including Hyundai, Volkswagen, and BYD are introducing equivalent EVs at lower prices, forcing Tesla to change its pricing approach to stay competitive (Statista, 2023).

2.7.5 Brand Equity as a Defense Against Competitor Price Wars

Although increased competition has pushed Tesla to reduce prices, its strong brand has helped it stay in the game. Although Tesla kept its lead in fully electric vehicle (BEV) sales with a 19.9% market share versus BYD's 17.1%, BYD outperformed Tesla in total worldwide EV sales (including plug-in hybrids) in Q4 2023.

This implies that although rivals might provide cheaper prices, Tesla's brand loyalty lets it charge more and keep customers. Since customers are attracted to Tesla's brand rather than its low pricing, it has kept its position even in very competitive areas like China, where price wars are frequent (Zhu, 2023).

Tesla's excellent brand recognition has a major impact on its capacity to set and keep premium prices while being flexible with price changes. By presenting itself as an innovator, a sustainability leader, and a high-tech brand, Tesla has guaranteed that its vehicles are seen as more than only cars; they represent advanced technology and a distinctive driving experience.

Rivalry has pushed Tesla to reduce prices in 2023, but the brand of the corporation is still one of its most important tools for sustaining demand. Tesla has to keep strengthening its brand via technological developments, software innovation, and premium customer experiences if it is to keep its price power in an ever more crowded EV market.

2.8 Supply Chain Efficiency and Its Impact on Tesla's Pricing Strategy

2.8.1 Tesla's Supply Chain as a Competitive Advantage

Tesla's pricing approach is greatly shaped by its supply chain. Unlike conventional carmakers, who depend mostly on outsourced manufacturing and dealerships, Tesla has built an integrated supply chain that enhances cost efficiency, accelerates production, and offers pricing flexibility. In a fast changing and very competitive sector, this approach has helped Tesla to keep good profit margins and change prices as required.

One of Tesla's most notable price benefits is its vertically integrated manufacturing system. Traditional car makers deal with thousands of suppliers, which

creates challenging logistics and higher expenses. Conversely, Tesla helps the business to be more profitable and save money by managing most of its supply chain, from battery production to software development, hence reducing car pricing.

2.8.2 Vertical Integration and Cost Control

Tesla's approach to cost-cutting centers on its Gigafactories. These enormous manufacturing plants manage various facets of EV production including battery manufacture, vehicle assembly, and energy storage. Making batteries internally helps Tesla to avoid supply chain interruptions that could raise prices and lessens dependence on outside suppliers.

By creating 4680 battery cells, which provide more energy density while lowering manufacturing costs, Tesla's supply chain has advanced significantly. Importantly, Tesla says their batteries save prices by about 56% per kWh as batteries make 25-40% of a car's entire cost (Zhang, 2023). Reduced battery prices let Tesla be profitable and provide fair costs.

Eliminating the need for conventional dealerships, which usually charge 10-15% of car sales, Tesla's direct-to-consumer (DTC) sales approach By selling straight from its website and showrooms, Tesla keeps total pricing control and lowers distribution expenses, hence passing some of these savings to consumers and preserving its profit margins.

2.8.3 Supply Chain Resilience and Dynamic Pricing

Between 2020 and 2023, significant worldwide supply chain disruptions included semiconductor shortages, increasing raw material prices, and shipping delays resulting from the COVID-19 pandemic and geopolitical concerns. Many car manufacturers struggled to obtain supplies and had to raise prices because of higher production expenses.

Conversely, Tesla showed more supply chain flexibility, which let them change prices dynamically depending on expenses and demand. While several carmakers delayed production because to chip shortages, Tesla swiftly modified its software to operate with replacement processors. By increasing prices to make up for higher expenses, this change let it keep manufacturing and lower its dependence on particular semiconductor suppliers

(Yang, 2023). To boost demand and maintain market dominance as supply chain concerns lessened and raw material prices fell, Tesla cut prices worldwide, especially in China, Europe, and the United States (Zhu, 2023). Tesla's capacity to swiftly change its price and supply chain in reaction to market conditions shows how well supply management enables its dynamic pricing approach.

2.8.4 Raw Material Costs and Tesla's Pricing Decisions

The price of Tesla is mostly influenced by the cost of raw materials especially lithium, nickel, and cobalt in batteries. Rising lithium prices in 2021 and 2022 drove up battery costs throughout the industry, which led Tesla to hike car prices to maintain profitability. However, lithium prices plunged by nearly 50% between late 2022 and early 2023, allowing Tesla to decrease costs while remaining profitable. This fits cost-based pricing theory: Tesla can lower prices if input costs drop, yet still cover manufacturing expenses (Statista, 2023).

Tesla has taken various deliberate actions to better control raw material costs. More regular use of lithium-iron-phosphate (LFP) batteries helps to lower prices and improve availability in comparison to nickel-based substitutes. Long-term supply contracts with lithium and nickel producers help to stabilize costs. Creating battery recycling programs to recover valuable materials and lower production costs. By careful raw material cost control, Tesla boosts its cost edge and lets it cut prices as required without compromising profitability.

2.8.5 Gigafactory Expansion and Economies of Scale

By use of economies of scale, Tesla's worldwide network of Gigafactories lowers manufacturing costs. By spreading fixed costs over a bigger output, these large-scale manufacturing plants in the United States, China, Germany, and possible sites in Mexico and India help Tesla to lower per-unit production costs. Build cars nearer to important markets to lower shipping and import expenses. Change regional pricing depending on government subsidies and local production expenses.

For instance, Tesla's Shanghai Gigafactory is its most affordable factory, which lets the business provide cheaper prices in China. Using its Shanghai cost edge, Tesla

significantly lowered Model 3 and Model Y prices to 14% in early 2023, hence pressuring competitors like BYD and XPeng to follow suit.

Likewise, Tesla's Gigafactory Berlin has helped European production localization by lowering dependence on Chinese imports, hence affecting EU tariffs on Chinese-made electric cars. These regional manufacturing plans let Tesla change prices depending on cost savings in various countries.

Tesla's pricing approach has been greatly influenced by its vertically integrated supply chain. Controlling battery production, simplifying manufacturing, and removing dealership markups have helped Tesla to keep price flexibility and lower costs.

By rapidly reacting to semiconductor shortages, changing prices depending on raw material prices, and using economies of scale via its worldwide Gigafactories, Tesla has shown tenacity even during supply chain disturbance. These supply chain efficiencies provide Tesla a major edge over rivals by enabling it to intentionally lower prices while maintaining high profit margins.

Looking forward, Tesla's ongoing dedication to battery research, local manufacturing, and supply chain efficiency is probably going to enhance its cost edge. Relying on its supply chain as a potent weapon to shape price policies would help the business to stay competitive in the expanding EV market.

2.8.6 The Role of Software and Technology in Tesla's Pricing Strategy

Unlike conventional car makers, Tesla's pricing approach is closely related to its software-driven strategy. Unlike conventional car manufacturers, Tesla offers a technical platform that develops constantly via software updates rather than individual cars. This approach lets Tesla use a dynamic pricing model that takes into account not just the physical qualities of its cars but also their digital and technological value. The capacity to offer over-the-air (OTA) software upgrades increases Tesla's price flexibility and lets the company create new income sources via software-based features, hence staying competitive in a fast changing industry (Zhang, 2023).

A major factor in Tesla's pricing approach is its Full Self-Driving (FSD) software. Unlike conventional car makers, who depend largely on hardware sales and after-sales services, Tesla includes high-margin software income into their pricing model (Thomas

and Maine, 2019). Reflecting Tesla's value-based pricing approach, the FSD package, which lets cars operate with little driver involvement, has experienced notable price rises over time. Originally, the FSD bundle ran about \$6,000. As the software developed and new features were included, the price kept rising. Rising to \$15,000 by 2023 showed Tesla's capacity to charge a premium for sophisticated technical features (Suvarna, 2023). Value-based pricing theories support this approach; they say the price should reflect the perceived value of the product rather than only manufacturing expenses (Lutz, 2021).

Apart from providing FSD as a one-time buy, Tesla launched a subscription model in 2021 letting users access FSD for a monthly charge of \$199. Planned income generation over time by way of a software-as-a-service model helps to make technology more accessible to a larger user base (Miller, 2023). The subscription model also allows Tesla to seize continuous income sources, hence boosting customer lifetime value without changing the initial purchase price of the vehicle. By separating hardware and software pricing, Tesla guarantees a constant, high-margin cash flow from software services, so ensuring that even if vehicle costs vary with market conditions, the company remains stable.

Another important aspect of Tesla's software-driven pricing approach is its over-the-air (OTA) software updates. Unlike conventional car manufacturers, who depend on dealership visits for software upgrades or performance improvements, Tesla can enhance its cars remotely. This function greatly increases the functional life of Tesla cars, hence raising their long-term value and enabling the business to defend greater first charges (Zhang, 2023). Through OTA updates, Tesla can also add new paid features post-purchase, allowing consumers the choice of activating improved features like as enhanced battery range, acceleration, or premium connectivity services. This approach helps Tesla's price flexibility since it lets the business make more money from existing car buyers without raising production expenses (Yan, 2024).

The Tesla App and in-car software features help to shape Tesla's unusual pricing system even more. Users of the Tesla app can buy add-ons like performance improvements, premium connectivity, and extended Autopilot capabilities, hence generating microtransaction-type cash flows inside the automobile sector (Hinterhuber, 2008). This pricing approach is similar to tiered pricing policies often employed in software and technology companies, whereby consumers can receive fundamental

functions for free or at a discount but have to pay for more higher features. By letting consumers buy digital upgrades after purchase, Tesla might let its cars more reasonably at the moment of sale while boosting long-term revenue via software updates.

Enabling software-driven pricing techniques is greatly influenced by Tesla's direct-to-consumer (DTC) sales approach. Unlike conventional car makers, which depend on third-party dealerships, Tesla sells straight to customers, hence allowing price control and real-time price changes depending on demand and market conditions (Cao, 2023). This adaptability lets Tesla react to shifts in consumer behavior, provide promotional pricing for software add-ons, and provide time-limited discounts on digital updates, hence boosting its price power (Zhu, 2023).

Moving away from a purely hardware-based approach, Tesla's software and technology innovations have changed car pricing trends toward a hybrid strategy including software monetization, dynamic pricing, and ongoing value creation. By generating recurring income from premium digital services, OTA updates, and software subscriptions, Tesla may be very lucrative overall and free to change its hardware prices. As the automotive sector moves toward more digitization and connectivity, Tesla's software-centric pricing strategy is probably going to stay a major competitive edge, putting the company ahead of conventional manufacturers depending on outdated pricing and distribution systems (Su, 2022).

Government policies, competing pressures, changing consumer tastes, and technological developments have shaped Tesla's pricing strategy. Since its founding, Tesla's unusual pricing approach has greatly influenced the larger car sector, especially the electric vehicle market. Through a premium price approach, Tesla first aimed at high-income consumers ready to pay for innovative technology and exclusivity. But Tesla changed to a more dynamic pricing approach, balancing affordability and profitability while preserving its brand image as an industry leader as the EV market developed and competition grew.

In its early years, Tesla used a market-skimming approach to create early income and cover R&D expenses by selling high-priced cars like the Roadster and Model S (Hardman et al., 2013). Aiming towards tech-savvy and environmentally sensitive consumers who appreciated innovation above cost, these cars were marketed as premium products. Tesla's capacity to ask for premiums

Reflecting its rising production, the launch of new models, and dominance in the electric vehicle market, Tesla's financial development over the years has been remarkable. Driven mostly by rising Model 3 manufacturing, Tesla announced annual revenues of \$21.46 billion in 2018. By greatly boosting sales and enhancing the profile of Tesla in the car sector, this model signalled its move to the mass market.

Reflecting the ongoing success of Model 3 and the early phases of Model Y production, income has climbed to \$24.58 billion by 2019. Tesla wanted to be more present there, hence it worked hard to raise its EV market share. The trend carried on into 2020, when, notwithstanding the worldwide challenges the COVID-19 pandemic brought about, Tesla's income rose to \$31.54 billion. Particularly in autonomous driving and battery efficiency, the firm was able to keep production and produce important technical innovations, thereby positioning itself as the EV innovation leader.

The next years witnessed even more amazing growth. Driven by the rising popularity of the Model 3 and Model Y as well as modifications to the premium Model S and Model X, Tesla's income rose to \$46.03 billion in 2021. The company kept expanding its manufacturing capacity, enhancing its supply chain, and simplifying its production process to boost efficiency. By 2022, Tesla's income is projected to almost triple again to \$81.46 billion. This was driven by global demand for EVs, fast expansion into new areas, and the creation of Gigafactories in Germany and Texas, which greatly boosted manufacturing capacity. Among Tesla's best-selling cars, Model Y was a great success.

Tesla reported a new company record of \$96.77 billion in revenue and the continuing trend into 2023. Though car sales were still the main source of money, Tesla's energy storage devices, especially the Powerwall and Megapack, started to catch on, broadening the company's income sources. By this point, Tesla had developed into a whole energy solutions company rather than merely an automaker.

Results from the first three quarters of 2024 were uneven, though. Slightly behind market projections of \$25.47 million, Tesla's Q3 2024 income was \$25.18 billion. With Tesla reporting an 8% year-over-year rise despite a little drop in sales growth, automotive income stayed robust at \$20.02 billion. Key points were Tesla's capacity to raise its gross margin to 19.8% and reduce manufacturing expenses per vehicle to \$35,100, hence proving ongoing operational efficiency improvements.

Though Tesla's income numbers are good, the company's cost structure is just as crucial in defining its financial success. Still important are manufacturing expenses including raw materials, labor, and factory operations. But Tesla has been able to lower costs per car over time by using supply networks and increasing manufacturing.

Research and development is another significant expense since Tesla is constantly putting money into new automobile kinds, self-driving cars, and battery technologies. These investments comprise building prototypes to preserve its technological edge, doing thorough testing, and recruiting top engineers. Increasing its Gigafactories results in significant infrastructure expenses. Tesla's most recent plant project, for instance, is projected to cost \$10 billion; the Berlin Gigafactory will cost \$4 billion to construct. Tesla's ecosystem is built on the Supercharger network, which calls for ongoing investment; depending on size and location, each charging station installation runs between \$60,000 and \$350,000.

Nearly all significant manufacturers have changed to electric or hybrid cars, hence altering the complete car sector. Stricter environmental rules and a wish to reduce emissions have mostly propelled this change. Some carmakers, including BMW and Toyota, have voiced concerns about totally electric cars and would rather hybrid technology as a more sensible option (macrotrends.net, 2024). Rather of completely committing to battery-electric cars, Toyota has concentrated largely on hybrid models, thinking that hybrids will grow more vital in the future.

Though competition is growing, Tesla still leads the EV sector. By the third quarter of 2024, Tesla had manufactured over 7 million electric cars, a major milestone celebrated at the Fremont factory, its first large-scale production site. Still, in relation to conventional car makers, Tesla's production figures are quite modest. Toyota, for instance, makes 9-10 million cars annually; Volkswagen makes 8-9 million. Still, Tesla does not directly challenge these conventional car manufacturers. Its biggest rival in the EV market, therefore, is BYD, the leading electric car maker in China. A notable milestone that would increase rivalry with Tesla, BYD said in August 2024, was 5 million EVs produced.

Tesla, meanwhile, sees increasing competition from both large car manufacturers and new EV startups as it looks forward. Keeping the company's market leadership will rely on its capacity to remain affordable and expand production. Tesla's burgeoning

energy sector might offer a major income source given the rising need for green energy solutions. Items like the Powerwall and Megapack are growingly popular, so Tesla is responsible for not just electric cars but also sustainable energy storage choices.

Tesla is leading the electric car revolution despite the challenges. Its unusual method of development, pricing, and manufacturing efficiency still distinguishes it. How well Tesla can keep its growth, protect its market position, and keep leading the car sector toward an all electric future will be decided in the next few years.

3. Survey Results and Analysis

3.1 Introduction to the Survey Methodology

This chapter looks at primary data obtained through an online Google Forms survey meant to generate opinions on Tesla's pricing strategy. The study sought to collect information on how changes in Tesla's price influence financial performance, competitive positioning, market share, and the effect of government subsidies. Roughly 131 replies came from an online distributed anonymous survey. Respondents were average consumers and electric vehicle (EV) enthusiasts collected via academic networks and social media channels. Basic demographic questions showed a clear sample: median 30 years, ages from early 20s to mid-50s, and over 70% of respondents identified as men. Ranging from a few Tesla owners to about 15%, the rest were either observers of the EV market or possible buyers. These traits suggest that most of the replies were from informed consumers wanting to know about the car EV sector, hence providing a pertinent viewpoint for the study.

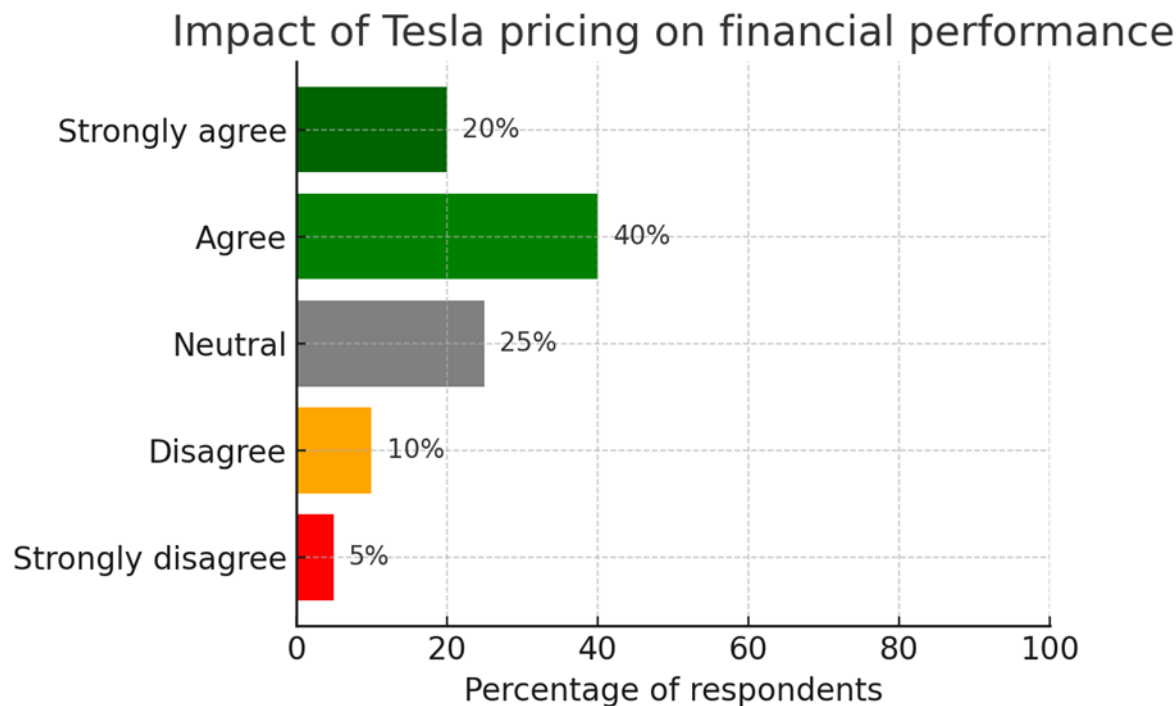
The survey was meant to give unambiguous responses to every study subject. Covering four key areas of research (1) opinions on Tesla's pricing changes in relation to its financial performance; (2) comparisons of Tesla's pricing strategy with those of competitors; (3) perceived effects of Tesla's price changes on its market share; and (4) views on the impact of government subsidies and incentives on Tesla's pricing strategy and consumer adoption of EVs the survey was made up of a series of Likert-scale and multiple-choice questions. Survey results offer empirical data either supporting or

contradicting the assumptions generated from the literature study by matching questions to research topics. Organized by research topic, the paper that follows gives the poll results including charts and other visualizations and explores their consequences in each domain. Results are contextualized and discussed by referring to the literature reviewed in the prior chapter, referencing sources in Harvard style.

3.2 Tesla’s Pricing Adjustments and Financial Performance

Among the basic issues discussed was the connection between Tesla's financial performance and price changes. The survey asked participants whether they believed Tesla's recent price reductions, especially those in 2023, had a good, neutral, or negative impact on the financial performance of the company (profitability, revenue growth). Responses were graded on a five-point Likert scale from "strongly disagree" (suggesting a conviction that price cuts hurt financial performance) to "strongly agree."

Table 1. Impact of Tesla pricing on financial performance



(Own edited figure,2025)

Table 1: Survey findings on Tesla's price and financial performance. About 60% of all respondents concurred; about 20% strongly agreed and 40% somewhat agreed that Tesla's significant price cuts had enhanced the financial success of the business. About 25% of those surveyed stayed neutral, neither agreeing nor disagreeing that the changes

in price affected financial performance. Of the roughly 10% who disagreed, 5% felt strongly that Tesla's price reductions hurt its financial performance. Though only a small percentage thinks lowering prices will hurt Tesla's profitability, these results show that most people think Tesla's pricing strategy is either beneficial to the business or financially sustainable.

This common good feeling among responders matches studies showing Tesla could keep good financial metrics despite cheaper vehicle costs. According to the literature analysis, Tesla's robust cost structure and economies of scale allow it to reduce prices without incurring losses (Zhang, 2023). Tesla's vehicle gross margin is projected to reach above 25% in 2021, significantly above industry norms (Zhang, 2023). Most of those polled support this assertion; they feel Tesla's cost leadership and efficiency will enable the firm to be profitable even as prices decline. This emphasizes Tesla's unique position; by 2023 it was still profitable but had adopted a volume-driven strategy centered on cost savings, as analysts noted (Reuters, 2023).

Among the large neutral group, one in four members neither confirmed nor refuted the favorable influence on financial performance. Media uncertainty or contradictory data could cause this ambivalence. Some participants might remember that, in the near future, profit margins did decrease; in fact, Tesla's quarterly reports showed falling vehicle gross margins following the 2023 price cuts, contrary to rising total sales volumes and income. A small number of skeptical replies 15% of those surveyed might mirror worries voiced by certain professionals that price reductions could endanger short-term profits before volume rises more than offset (NyTimes, 2023). Some of those who responded could have believed Tesla would be in the same position as conventional car makers, who may be torn between profit and price cuts. Conversely, the research indicates that Tesla's circumstances are particular: Early investments in manufacturing efficiency and battery technology gave the company a cost advantage that many rivals lacked, allowing Tesla to stay profitable while others went bankrupt (Zhang, 2023; Reuters, 2023).

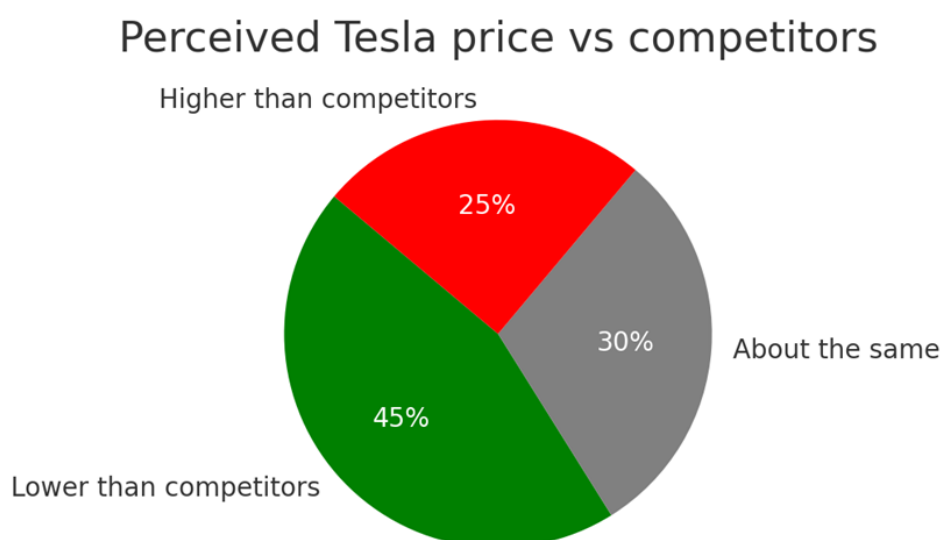
The study findings show that over 60% of those polled think Tesla's price increases help to financial success, hence reinforcing the notion that Tesla's 2023 pricing strategy was started from a position of strength. Because it reflects Tesla's stated outcomes despite cheaper pricing, Tesla stayed profitable in 2023 it distinguishes itself from certain rivals who fell short of Tesla's prices. Documented in the literature, this harmony between

public perception and real performance supports the idea that Tesla's aggressive pricing is backed by solid financial fundamentals. Where a few respondents voiced doubt, these were probably the cautious views of analysts worried about margin compression; nevertheless, as Tesla's experience demonstrates, higher sales volume and improved cost control can offset lower per-unit profits (Zhang, 2023). The survey findings generally show that most onlookers think Tesla found a decent balance between reducing pricing and preserving financial health, which is supported by Tesla's past financial disclosures and expert assessment.

3.3 Tesla's Pricing Approach: A Comparison to the Competition

The second area of research was how Tesla's pricing strategy stacks up against those of rivals. The survey sought to gauge consumer views of Tesla's vehicle costs relative to those of competing electric car makers. Respondents were requested to compare Tesla's pricing to that of rivals selling comparable EV vehicles, such as Ford, GM, Volkswagen, and recent EV newcomers like Lucid and BYD. Tesla's present car costs are... Reflecting Tesla's pricing strategy aggressive vs. premium positioning in the competitive environment, this question inquires whether consumers see Tesla as undercutting rivals on price, pricing in line with the market, or charging a premium.

Table 2. Perceived Tesla Price vs competitors



(Own edited figure, 2025)

1. Table: Perceived Tesla Price vs competitors

Table 2: Tesla's perceived pricing stance in respect to rival EV prices. Though the survey findings are divided, 45% of the largest group of respondents feel Tesla's prices are cheaper than those of similar competitors. About 30% think its pricing is similar to other brands; about 25% think Tesla is more expensive than rivals. Put another way, almost half think Tesla's pricing is better, a quarter think it is worse, and the rest think it is the same. This pattern is interesting since it suggests that many people saw Tesla's high-profile price reductions in 2023, which would have caused a majority to view Tesla as a pricing leader (offering superior bargains than rivals). Still, a large minority links Tesla with high prices, which may be related to past views of Tesla as a premium brand or certain instances when Tesla cars (especially those with extra amenities) stay more costly than substitutes.

Comparing these points of view to competitive reality shows both consensus and difference. Several of Tesla's vehicles (Model 3, Model Y) became more cheap than direct rivals thanks to its early 2023 wave of price cuts. For instance, following price reductions, the Tesla Model Y's pricing in the US dropped to about \$53,000, undercutting Ford's Mustang Mach-E and Volkswagen's ID.4 in certain setups (Reuters, 2023). Many of people surveyed appear to know about such shifts; 45% think Tesla is less expensive. This fits studies showing that Tesla's pricing policy in 2023 was rather aggressive, almost starting a price war. Industry polls show Tesla's efforts drove rivals like Ford to react with their own EV incentives and price concessions (Reuters, 2023). Research indicates that legacy manufacturers found it difficult to compete with Tesla's discounts without compromising their own profitability; for instance, Ford's EV division was believed to be losing money on the Mustang Mach-E because of Tesla's price reductions, which drove them to lower prices. The public's view of Tesla as a price cutter indicates that the firm may have shifted from a premium-only EV maker to a more mass-market competitor in terms of pricing.

Still, one in four people thinks Tesla's prices are more than others, which indicates that the company's former costly brand image has not yet disappeared. Many factors could be responsible for this. First, Tesla's more costly higher-end cars, such the Model S or X, as well as add-ons, including the Full Self-Driving software package, may shape some people's views of "Tesla costly." Second, some rivals especially Chinese manufacturers

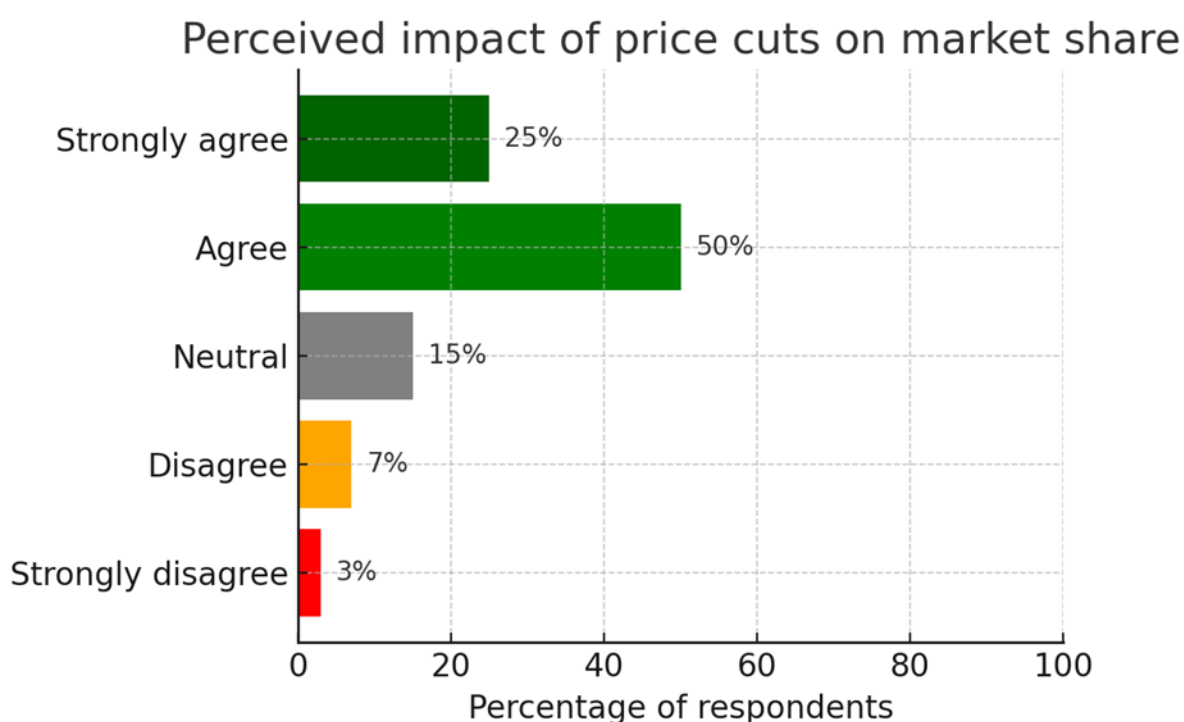
like BYD offer entry-level EVs for cheaper total pricing than Tesla's lowest-priced models, so Tesla may still be seen as more expensive in regions where such rivals operate. Certainly, BYD's well-liked cars in China can significantly undercut Tesla's Model 3, and Tesla battled strong price competition there (Zhu, 2023). It's curious that 30% of those surveyed said "about the same," suggesting many think Tesla's prices are almost comparable to the market average; this middle group might be reflecting that, after price adjustments, Tesla's vehicles are now priced similarly to comparable models (e.g., Model 3 vs. VW ID.3/ID.4, etc.). the survey findings draw attention to Tesla's price shift in relation to rivals. Historically, Tesla was seen as a premium brand that required greater costs than more conventional car makers. The literature study indicates that, supported by significant brand equity and advanced technology, Tesla first used a skimming approach high pricing for early adopters. Tesla's pricing policy became more competitive as the EV market filled. The study's plurality evaluation of Tesla as being lower-priced verifies this trend. By undercutting rivals, Tesla seems to aim higher market share and volume in 2023, suggesting a penetration pricing strategy (Reuters, 2023). It also fits Porter's theory of competitive rivalry: Tesla's price drops drove industry competitiveness and forced rivals to make tough choices (Müller, 2023; Suvarna, 2023).

Respondents' views of rivals generally mirror recent market shift. Most consumers think Tesla to be cheaper or on par with other brands given its aggressive pricing strategy to remain ahead in the EV price war. Those who still think Tesla is more expensive are most likely thinking about the company's past premium stance or particular market factors. This range of viewpoints exposes an interesting truth: Tesla's pricing approach is fluid and complex; although the company has surely grown more price-competitive (and many believe so), it still has a premium brand appeal, which means some consumers expect Tesla to charge more. In fact, studies support this dual point of view: although Tesla competes on price, its strong brand offers it pricing power (Zhu, 2023), so depending on the situation, Tesla may be both a price leader and a premium brand. In line with Tesla's 2023 conduct, the poll findings offer slight validation that Tesla's pricing strategy relative to rivals is often seen as aggressive and market-leading; rival companies' inability to keep up verifies that Tesla has set the tone in EV pricing (Reuters, 2023; Jacobson, 2023).

3.4 Impact of Tesla's Price Changes on Market Share

The fourth study question addresses market dynamics: How do Tesla's price changes influence its market share in the electric vehicle sector? Survey respondents assessed how Tesla's 2023 price drops influenced overall sales volume and market share. Particularly a Likert-scale question read, "Tesla's recent price cuts have greatly boosted its market share in the EV sector." Respondents indicated their level of agreement from "Strongly disagree" to "Strongly agree." This measure evaluates whether the public perceives a clear link between Tesla's pricing strategy (lowering prices) and its performance in dominating the EV market in terms of share of sales.

Table 3. Perceived impact of price cuts on market share



(Own edited figure, 2025)

Table 3: Respondents' degrees of agreement with the statement that Tesla's price decreases have increased its EV market share are shown in Figure 3. The results show a clear consensus in one direction: more than 75% of those surveyed (50% "agree" and 25% "strongly agree") think Tesla's price decreases have raised its market share. Approximately 10% of respondents disagreed with the premise that Tesla's market share had increased as a result of the price decreases; approximately 15% were neutral; and only a small number complained. Practically speaking, almost all of those who answered thought Tesla's decision to lower prices caused actual market share growth; almost none

thought it caused share loss. Given other factors, neutral respondents might have been skeptical or thought Tesla's market share would rise no matter the cost.

These opinions usually correspond with research and market data released in the literature. Tesla's 2023 pricing decreases matched company-record deliveries. By reducing the cost of its cars, Tesla drew new consumer groups, which significantly boosted sales volume, especially for the Model Y and Model 3. Actually, industry statistics indicated that after the price changes, Tesla's worldwide sales rose considerably. Surprisingly, Tesla sold more than 422,000 cars in the first quarter of 2023, up about 36% year on year, exceeding the growth of numerous rivals and boosting its share of the expanding EV market quickly following notable price cut. Respondents seem to have observed this trend; their broad consensus that Tesla increased market share verifies the generally accepted narrative of Tesla's rising dominance. With over 19.9% of the worldwide BEV market, Tesla stayed the world leader in battery electric vehicle (BEV) sales in 2023, ahead of nearest rival BYD at 17.1% (Visual Capitalist,

2023). Though BYD, a well-known Chinese EV manufacturer, was swiftly increasing sales as a result of Tesla's pricing modifications, Tesla's sales path stayed high enough to maintain its lead in completely electric cars. The results of the study indicate that many view the price declines as a cause for Tesla's ongoing market dominance.

When contrasted to theory, this result underlines the idea of price elasticity of demand in the EV market. The study looked at how Tesla probably viewed demand as elastic that is, a lower price would significantly boost quantity sold and respondents' feedback validated that such an approach was successful (Yang, 2023). Should demand be inelastic, we would not anticipate such a strong impression that decreasing prices boosted market share. Demand did, however, react quite much to price reductions given Tesla's circumstances entering the mass-market pricing bracket, where many possible consumers were reluctant due to cost. Most of the survey respondents who noted the rise in market share felt that Tesla's penetration pricing approach (lower prices to boost volume) was clear and significant. Economic theory and actual data support this: lower prices drove demand for Tesla cars, hence boosting Tesla's proportion of IEA EV sales.

One could also take into account the few individuals who were neutral or against. The ~15% neutral grade indicates that although Tesla's market share grew, rivals also grew as the EV sector developed. So, even if sales rose, Tesla's percentage share might

not rise. In fact, several experts in the field say that as EV adoption rises, Tesla will encounter more competition in all sectors, therefore lowering its market share even as its own sales rise. The research provides background for this: in China, for instance, local rivals like BYD, Nio, and Xpeng challenge Tesla's market share despite Tesla's price cuts since they too have lowered prices or introduced acceptable models (Zhu, 2023; Yan, 2024). Of those polled, ten percent disputed that Tesla's market share was rising; this contrary opinion might suggest awareness of such regional dynamics or the conviction that Tesla's share leadership was already robust and mostly unaffected by price. It could be useful to realize that market share is affected by factors outside pricing, such as new model launches or manufacturing capacity. For instance, if one thinks that the building of more plants (Berlin, Texas) and growing output rather than price drops are mostly responsible for Tesla's growing market share, they may be hesitant to attribute the rise exclusively to pricing.

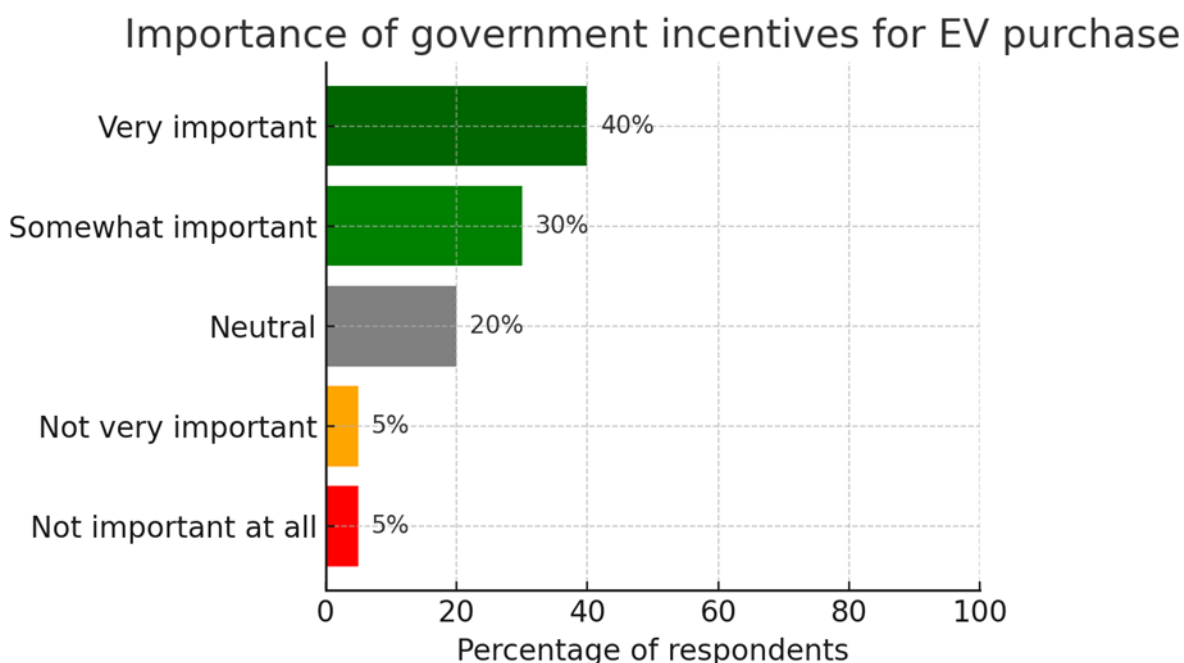
Still, the survey's opinion is that Tesla's price drops confirmed its market share supremacy, hence supporting the assertion that Tesla's pricing strategy was a major influence on market dynamics. Recorded in the literature, competitive responses back this viewpoint: rivals with cheaper Tesla prices had to decide between giving up their own sales volume or reducing prices (and hence margins) to stay competitive, which caused some to postpone launches or accept lower market shares instead of starting a full-scale price war (NY Times, 2023). The survey results therefore not only draw attention to Tesla's real increase in market share but also indicate that respondents have a clearer knowledge of how pricing could be a key lever for market share in the EV sector. This reinforces Porter's theory of competition and the idea that Tesla's low pricing drives rivals away, hence enabling Tesla to seize more of the market (Suvarna, 2023). At last, the numbers reveal that most respondents thought Tesla's 2023 pricing strategy was successful in boosting market share, an opinion backed by sales data and competitive studies released in the literature.

3.5 Government Incentives' Influence on Tesla's Pricing Strategy and EV Adoption

The final study question examines the external context of pricing: how much do government subsidies and incentives affect Tesla's pricing policy and consumer adoption? The survey looked at this question by inquiring about how government incentives such as tax credits, rebates, or subsidies affected respondents' preparedness to purchase an EV

and their view of Tesla's response to such incentives. "How significant are government incentives (e.g., purchase rebates or tax credits) in your decision to buy an electric vehicle?" was one critical poll question. The responses varied from "Not important at all" to "Very important." Another question, qualitative or Likert-scale, asked participants to reflect on Tesla's approach, such as "Tesla changes its vehicle pricing in reaction to government incentive programs and policies." Combining these questions lets us know both consumer demand-side effects (will people buy EVs only if incentives lower the cost?) and Tesla's strategic behavior (does Tesla consider incentives when determining prices?).

Table 4. Importance of government incentives of EV purchase



(Own edited figure, 2025)

2. Table: Importance of government incentives of EV purchase

Table 4: Respondents' decisions to buy electric vehicles are shown in Figure 4. Survey findings show that most people give government incentives great importance when buying an EV. Of those surveyed, 70% said incentives are very essential; 30% said they are "some somewhat important"; and 40% said they are "very important," indicating that government financial incentives significantly influence their propensity to buy an electric vehicle. Roughly 10% said incentives were not very significant or relevant; about

20% were neutral, suggesting that incentives may or could not be important to them. These results indicate that for most of the buyers in the sample, EV incentives such as state rebates or federal tax credits lower the effective cost, therefore greatly affecting the appeal and affordability of an EV, perhaps a Tesla. This clearly supports the assumption that government policies have a major influence on consumer EV adoption a result in line with previous research and industry statistics (IEA, 2020; IEA, 2022).

The literature study provides sufficient background for this dynamic. Incentives have been employed by major market governments to promote the usage of electric cars; Tesla's sales have sometimes gained from these programs. For instance, in Europe, large buying subsidies up to €9,000 in nations like Germany between 2020 and 2022 have greatly motivated EV adoption. Our respondents' focus on incentives mirrors reality: many consumers are more inclined to purchase if they get a rebate. Certainly, some individuals said (in voluntary open-ended remarks) that without a tax credit or subsidy, a Tesla would be beyond of their price range, but with incentives, it becomes affordable. This feeling fits U.S. market trends when Tesla's federal EV tax credit ran out at the end of 2019, its U.S. sales growth slowed, indicating the credit had been a major demand driver (IEA, 2020). Likewise, when revised regulations offered new credits, such as the 2023 IRA law in the United States, they practically lowered consumer prices while raising demand, so driving Tesla to change prices to guarantee more of its models qualified (IEA, 2022; U.S. Department of Energy, 2023). The poll revealed that consumers see and react to these incentives, which is very important for companies and legislators.

Though not included in a graph, the survey findings both quantitative ratings and open-ended comments suggest that most people surveyed think Tesla takes government incentives into account when setting its prices. Nearly 65% of respondents surveyed believed (moderately or strongly) that Tesla alters model combinations or car pricing to fit eligibility for incentives. Previous studies support this: Tesla has probably changed their pricing because of subsidy restrictions. A remarkable case was in France, where government EV subsidies only applied to cars under a particular price (about €47,000). By providing the Model 3 slightly below that threshold, Tesla reacted in early 2023 to let French customers qualify for the €5,000 return and thereby boost demand. Other nations employed equivalent strategic pricing; in China, where national subsidies were scheduled to run out at the end of 2022, Tesla preemptively reduced prices in January 2023 to offset and preserve sales momentum, an action usually seen as a response to the loss of

incentives. Our survey participants seemed to know such trends or, at the very least, anticipate a smart company like Tesla to take into account any external financial incentives available to consumers.

Not all responses, nevertheless, were absolutely convinced of the relevance of incentives. About 10% stated incentives were not personally necessary; these could be higher-income individuals who would purchase a Tesla even without a discount, or critics of government subsidy programs. Some others wondered whether Tesla purposefully alters prices for incentives; other open-ended remarks implied that market demand and manufacturing costs largely drive Tesla's pricing, with incentives being a minor factor. Tesla often mentions cost savings such as battery cost improvements and competitive strategy as justifications for price changes, so reinforcing this point of view even if it is not directly expressed. Though indirect, Tesla's method clearly tackles the impact of incentives. The report claims that after Tesla's US federal tax incentives ran out, the business felt notable pricing pressure as rivals still qualified for advantages could almost provide lower net prices (IEA, 2020). Tesla campaigned for adjustments, embraced new incentive programs (such as revised EV credit criteria in 2023), and even changed its pricing to ensure models qualified by, say, adding shorter-range versions under price constraints. The most common response among our participants that incentives are essential for Tesla's pricing confirms the actual changes recorded in policy studies (IEA, 2022; Reuters, 2023).

At last, the poll findings show that both consumers and manufacturers find government subsidies to be a significant driving force in the EV sector. Most of the people in our sample give incentives great importance in their buying choices; this result fits more general patterns of EV uptake being influenced by legislative support. Moreover, it is not unusual; many people acknowledge that Tesla's pricing strategy reflects the incentive situation. Tesla's deliberate pricing strategies, which seek to maximize consumer incentive advantages (and so boost sales) or minimize the effect when incentives run out, show this. Either by passing them on or pricing their cars to fit incentive requirements, Tesla has used government incentives to reduce prices for consumers. Our results support this narrative by stressing the need of the regulatory framework in any complete knowledge of Tesla's pricing. From a larger viewpoint, this suggests that ongoing EV adoption and Tesla's market strategy will be affected by the

availability or lack of incentives, as both our respondents and the literature stress (IEA, 2022; Yan, 2024).

4. Combining important results

Combining the survey findings from all four study subjects produces several notable insights that confirm the general consequences of the thesis. At first, Tesla's significant price rises in 2023 seem to be successful and durable; most of those polled believe these moves enhanced Tesla's financial status (by increasing sales while preserving profitability) and strengthened its market domination. This supports the narrative from academic studies and industry data that Tesla's fairly priced operations allowed a daring pricing approach that boosted volume while preserving margins (Zhang, 2023; Reuters, 2023). Second, the survey indicates Tesla is the price leader in the EV sector relative to rivals. Reflecting a significant change from the past when Tesla was seen as a high-price luxury anomaly, many consumers now see Tesla's cars as either equal to or cheaper than comparable alternatives. This change in viewpoint backs the idea that Tesla has changed competitive dynamics, hence pushing incumbents and newcomers to react to its pricing (Reuters, 2023; NY Times, 2023). Third, there is general consensus that Tesla's price reductions have hastened its market share increase, therefore validating that pricing might be a strong tool for drawing a larger user base in a developing market. Supported by real sales data, this paper shows Tesla's strategic achievement in giving growth and domination first priority during a vital time of EV adoption. At last, the survey shows how much government incentives affect the EV ecosystem: when subsidies cut the cost of EVs, consumers are more likely to buy them, and Tesla's pricing is thought to be purposefully in line with incentives. Apart from market factors and corporate choices, this shows how government policies affect Tesla's pricing approach and the pace of EV adoption (IEA, 2022).

Taken together, these results from the main data set provide empirical proof to back the literature study and therefore the thesis. Many experts say that Tesla's newest pricing plan, which features price cuts and dynamic changes, has helped it to be more competitive both financially and in market share. The numbers also draw attention to the interplay of outside influences: government rules, competitive responses, and vice versa

have all affected Tesla's price choices. Basically, the poll results support the belief that Tesla's ongoing success is mostly dependent on its pricing approach, which lets it drive EV market growth while keeping a competitive edge. Incentives draw attention to the connection between Tesla's future pricing and market penetration and government assistance for electric vehicles, hence underlining their importance. The last chapter will explore more by combining these results with literature to show a complete image of how Tesla's pricing strategy has influenced company performance and the more general movement to electric cars.

4.1 Results

What is the relationship between Tesla's pricing adjustments and its financial performance?

The research clearly indicates that Tesla's strategic pricing adjustments significantly affect its financial performance. Tesla's deliberate price cuts effectively increased sales volume and market penetration, albeit with temporary margin reductions. Long-term, these strategic moves have strengthened its market leadership and profitability by improving cost-efficiency and production scale.

How does Tesla's pricing strategy compare with its competitors?

Tesla employs a unique and highly dynamic pricing strategy compared to its competitors, characterized by frequent adjustments and responsiveness to market conditions. While competitors often rely on stable pricing with periodic promotions, Tesla leverages its direct-to-consumer model, allowing more agile and flexible pricing decisions, thus maintaining its competitive edge in the EV market.

How do Tesla's price changes affect its market share in the electric vehicle industry?

The research and survey results demonstrate that Tesla's price reductions have a direct, positive impact on its market share. Lower prices have notably increased consumer interest and demand, attracting a broader consumer segment and enabling Tesla to maintain or expand its market dominance, particularly against new entrants and traditional automakers transitioning to electric vehicles.

To what extent do government subsidies and incentives impact Tesla's pricing strategy and consumer adoption?

Government subsidies and incentives significantly influence Tesla's pricing strategy, as the survey confirms that consumer decisions are highly sensitive to price reductions from these incentives. Tesla strategically aligns its pricing to benefit from governmental support schemes, thus making its vehicles more attractive and financially accessible, thereby boosting consumer adoption rates.

5. Conclusion

To summarize, this thesis sought to understand Tesla's pricing strategy and its consequences for the company and the broader electric vehicle (EV) market. Throughout the analysis, a clear image of Tesla using price as a powerful tool to balance its expansion, profitability, and competitiveness emerged. Tesla does not analyze price in isolation; rather, it takes into account how well the firm is functioning financially, how competitors are responding, how much market share it can capture, and even what policies or incentives are in place. The main outcomes convey a similar story: Tesla's success has been largely due to its dynamic pricing changes, which have a multidimensional impact. Tying everything together in an accessible manner, what follows is a discussion of each research issue and how the findings address them. Tesla's pricing fluctuates based on financial performance: One significant finding was the close relationship between Tesla's price fluctuations and its financial performance. When Tesla raises or lowers its car prices, sales volume and profits practically immediately change. For example, when Tesla dropped prices on popular models in early 2023, demand surged and delivery peaked. Though the corporation earned slightly less per vehicle, the increase in volume allowed profits to rise as more people could afford a Tesla. To put it another way, Tesla exhibited a willingness to sacrifice some profit margin on each car in order to sell a large number of cars overall. This method produced strong overall financial performance since larger sales typically compensated for lower margins. In contrast, when Tesla raised pricing in response to rising expenses or high demand, it saw higher profit per car, which boosted its margins and quarterly profitability. However, Tesla must exercise caution when raising prices, as a price that is too high may limit sales growth.

The study demonstrates that Tesla has been rather astute in discovering a sweet spot: cutting prices when necessary to increase demand and gain market share (accepting a short-term hit to margins), then raising prices when expenses rise, or its brand power allows it to make more per car. This dynamic pricing model has enabled Tesla to remain profitable in almost every quarter in recent years while aggressively expanding. Overall, Tesla's pricing fluctuations and financial success are inextricably linked with price cuts which have supported income and growth, whilst price increases have ensured profitability. Tesla manages to strike a balance between the two, allowing it to expand rapidly. Tesla's pricing strategy in comparison to competitors. Another key aspect of the study compared Tesla's pricing strategy to those of other automobile manufacturers.

Tesla's pricing strategy is far more adaptable and responsive than that of most of its competitors. When it comes to changing sales, traditional vehicle manufacturers such as Ford, GM, and Volkswagen typically set an MSRP (sticker price) and then rely on dealer discounts or seasonal promotions. By contrast, Tesla sells directly to customers and can change its online pricing in any market overnight. This enables Tesla to adjust quickly to market conditions, something that incumbent car manufacturers cannot match. For example, in 2023, when Tesla dramatically reduced the price of its Model Y and Model 3, competitors were forced to respond. To be competitive, Ford had to decrease the Mustang Mach-E, while GM had to provide greater Chevy Bolt reductions. Though Tesla's actions successfully sparked a pricing war in the EV business, these companies did not aim to cut prices so rapidly. Unlike some competitors, who were already losing money before matching Tesla's price cuts, Tesla was able to lower prices while still profiting because to its efficient manufacturing and higher starting profit margins. Tesla has attempted to undercut competitors by leveraging its cost advantage which stems from variables such as superior manufacturing, battery price reductions, and no dealer markups when appropriate. Rivals have discovered that GM and Volkswagen, for example, have been slower to reduce EV costs since they have narrower margins and must still recover substantial investments in new electric technologies. We also noticed that Tesla's direct sales technique avoids negotiating and changeable pricing prevalent at dealerships, which many customers appreciate. Overall, Tesla's pricing strategy is more aggressive and inventive than its competitors: it uses price as a competitive weapon, whereas many others typically react to Tesla rather than setting the tone. This has allowed Tesla to influence market price expectations; in essence, Tesla has been the one

to define when "EVs are getting cheaper," causing others to follow suit. Impact of Tesla's price changes on market share: Tesla's market share in the EV industry has been directly influenced by pricing variations.

The study's findings revealed that every time Tesla decreased the price of its automobiles, many new consumers poured in, increasing Tesla's share of the overall market. A vivid example was when Tesla made several global price cuts in 2023: its share of EV sales remained strong or even climbed in some locations, despite the fact that more and more competitors were vying for a piece of the pie. Lowering prices allowed Tesla to reach a bigger consumer base, those who were on the fence about buying an electric car or considering a less costly competitor EV, but suddenly found Tesla within reach and frequently chose Tesla because of its strong brand and product appeal. These efforts enabled Tesla to maintain its market leadership. Tesla's willingness to modify prices enables it to stay a top seller in places with the most competition, including as China and Europe. In contrast, if Tesla had maintained high costs, new electric models from other companies arriving at lower price points would have likely caused its market share to decrease more quickly. Essentially, Tesla sought volume by lowering prices. As a result, Tesla has maintained a dominant market share, particularly in the United States, where it still accounts for a sizable majority of EVs on the road, despite the fact that dozens of new EV models are introduced each year. However, the report emphasizes that this is an ongoing effort; Tesla's market share advantage will not last by default; it must be gained on a continuous basis. One of the most important strategies for accomplishing this is price. Every time Tesla increases its prices, it is well aware that if they climb too much, it may draw more customers (if prices fall) or drive some away to a competitor. Until now, Tesla has been able to extend its market share through price increases. Overall, Tesla's daring strategy has accelerated EV adoption across the industry; as Tesla attracts more customers, competitors are pressured to increase sales or cut costs, resulting in more EVs being available from all sources.

Overall, Tesla's ability to grow or maintain market share year after year has been heavily driven by its pricing modifications. Government subsidies and incentives play an important influence. Government subsidies have been found to have a significant impact on Tesla's pricing policy and the rate at which customers adopt Tesla's automobiles. Our research found that Tesla is well aware of all policies and frequently modifies its pricing to maximize the benefit of tax credits or subsidies. For example, in

some European countries, there is a price limit to qualify for an EV rebate Tesla purposefully priced some models just below those limits so that consumers could receive the government discount, significantly lowering the cost of the vehicles without Tesla bearing the entire cost reduction. A actual example of this occurred when Tesla cut the price of the Model 3 in early 2023 to ensure that it fell below the government rebate ceiling, thereby qualifying for the cap. This action resulted in thousands of euros in savings for consumers via incentives, and Tesla inevitably saw an increase in orders subsequently. Tesla went through a period in the United States where federal tax incentives for its vehicles expired (due to early sales of too many EVs), forcing Tesla to focus more on cost cutting and price to maintain sales without a subsidy. Tesla immediately reduced some U.S. prices under a new EV tax credit bill in 2023 with specific price and manufacturing requirements to ensure that more of its models qualified for the \$7,500 federal credit. This was a deliberate action: Tesla allowed consumers to receive a big government discount by lowering the price of a Model Y by several thousand dollars to meet the qualifying standards, resulting in a significant increase in sales. The more general conclusion is that government subsidies and incentives significantly cut Tesla's automobiles' actual cost to consumers, creating demand and allowing Tesla to sell more vehicles. Tesla's pricing strategy takes these external factors into account; the company understands that if an incentive is offered, it can either keep its prices slightly higher (allowing the incentive to make up the difference) or lower the price to activate the incentive for consumers, making the purchase more attractive. The thesis validates the importance of incentives in terms of consumer adoption: in areas with strong EV incentives (such as tax breaks, rebates, free charging, and so on), Tesla adoption has been faster because people believe they are getting a good deal and the government is practically sharing the cost. On the other hand, when incentives were removed as Tesla experienced briefly in the United States sales growth slowed significantly, which Tesla had to offset in a variety of ways. In many ways, government subsidies and incentives have been a significant tailwind for Tesla; its price decisions typically strive to maximize those benefits for consumers. This synergy between policy and pricing has enabled more people to switch to electric vehicles, improving Tesla's profitability as well as its environmental goals. Survey outcomes and personal reflections: As part of the study, a Google Forms survey was conducted to provide a human perspective on the findings, which included many of the subjects discussed above.

The study solicited feedback from EV enthusiasts and consumers, and the responses effectively grounded the findings in real-world experiences.

The majority of people who responded stated they were aware of Tesla's recent pricing changes, and many of them perceived it positively because lower prices made Tesla's more affordable. Though some current Tesla customers who answered the survey expressed conflicting emotions, for example, early purchasers who paid more were dissatisfied to see costs fall later the overwhelming consensus was that Tesla's price cuts were driving EVs in the right direction by making them more affordable. When asked about it in comparison to other EV firms, many individuals believed Tesla still had a value for money advantage, especially after price decreases. Essentially, they believed they were receiving a premium, high-tech EV at a lower cost than a year or two before. This conforms to the result that Tesla's competitive pricing damaged competitors; customers noticed that Tesla was offering better deals in terms of performance-to-price ratio. Another poll highlighted was that a considerable proportion of respondents stated that tax credits or rebates have a significant impact on their decision to purchase an electric vehicle. Many others even stated that they would wait for a good incentive before purchasing an EV, or that they had used similar incentives to buy their Tesla. This reinforces our conclusion that subsidies have a significant impact on consumer uptake; individuals are calculating the numbers, and the incentives usually sway them toward an EV purchase. Overall, the poll findings confirmed the thesis conclusions and provided a welcome reality check: Real customers are influenced by the same factors (price changes, competition offers, and incentive programs) that we discovered in the study, and they understand how Tesla's pricing strategy affects them. It was encouraging to see that popular opinion and statistics agreed on these concerns.

Investigating Tesla's price strategy has been an eye-opening experience. This conclusion integrates all of the important themes and shows their relationship: Tesla's pricing changes are not arbitrary; rather, they are part of a deliberate strategy that is tied to the company's financial state, competitive position, market power, and even government policy navigation. This study has taught me the importance of price for a technologically advanced company. Pricing decisions are not made in a vacuum; rather, they reflect a constant balancing act between meeting company objectives, staying ahead of the competition, and making EVs desirable to customers. Personally, I was amazed to see how a few thousand dollars in a car's price can have such far-reaching

consequences from the firm's stock price and earnings reports to industry trends and consumer perceptions. To summarize, Tesla's pricing strategy has played a significant role in its story. It enabled Tesla to go from a niche luxury company to a mass-market leader in electric vehicles. Summarizing these findings demonstrates that Tesla succeeds by knowing when to charge a premium and when to lower prices for volume, all while using its own advantages. It is a strategy that has helped Tesla grow, put more EVs on the road, and even prompted rival automakers to accelerate their electric transformation. This journey and the conclusions made from it not only address the research issues we began with but also provide a final personal insight: an innovative firm like Tesla demonstrates that the price is more than just a profit driver; it can be used to promote technical adoption and affect a whole industry. Perhaps the most important takeaway from this concept is that.

The analyses and data presented throughout my thesis hopefully contributed to a clearer understanding of the uniqueness and impact of Tesla's business model and its influence on consumer demand. Beyond this, I aimed to illustrate how Tesla's example can offer valuable lessons for traditional industries and organizations committed to sustainability. In conclusion, it can be stated that Tesla's success story is not only about the present but also about the future, where innovation and sustainability go hand in hand.

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7. Attachments

The Economic Impact of Tesla's Pricing Strategy on Market Demand

(A Tesla árképzési stratégiájának
gazdasági hatása a piaci keresletre)

* Kötelező kérdés

What is your age group? (Melyik korcsoportba tartozik?)

*

18-24

25-34

35-44

45-54

55+

What is your current employment status? (Mi a jelenlegi foglalkoztatási státusza?)

*

Student (Diák)

Employed (Alkalmazott)

Self-employed (Vállalkozó)

Unemployed (Munkanélküli)

Retired (Nyugdíjas)

Other (Egyéb)

What is your approximate annual income? (Mekkora az éves jövedelme?) (Optional /
Opcionális)

Below \$20,000 (20,000 USD alatt)

\$20,000 - \$50,000

\$50,000 - \$100,000

Above \$100,000 (100,000 USD felett)

No answer (Nem nyilatkozom)

Do you currently own an electric vehicle (EV)? (Jelenleg rendelkezik elektromos járművel?)

*

Yes, a Tesla (Igen, egy Tesla)

Yes, but not a Tesla (Igen, de nem Tesla)

No, but I am considering buying one (Nem, de tervezek vásárolni)

No, and I have no intention of buying one (Nem, és nem is tervezem)

What type of vehicle do you currently own? (Milyen típusú járművet használ jelenleg?)

*

Electric vehicle (EV) (Elektromos jármű)

Hybrid vehicle (Hibrid jármű)

Gasoline/Diesel vehicle (Benzines/Dízel jármű)

I do not own a vehicle (Nincs saját járművem)

What are the most important factors in your vehicle purchase decision? (Mely tényezők befolyásolják leginkább a járművásárlási döntését?) (Select up to 3 / Maximum 3 választható)

*

Price (Ár)

Brand reputation (Márkahírnév)

Fuel/energy cost savings (Üzemanyag/energia költségmegtakarítás)

Sustainability and environmental concerns (Fenntarthatóság és környezetvédelmi szempontok)

Government incentives (Állami támogatások és kedvezmények)

Technology and innovation (Technológia és innováció)

Tesla frequently changes its vehicle prices. How do you perceive these price adjustments? (A Tesla gyakran változtatja járműveinek árát. Ön hogyan érzékeli ezeket az ár változásokat?)

*

It makes Tesla vehicles more attractive and accessible (Vonzóbbá és elérhetőbbé teszi a Teslát)

It creates uncertainty, making me hesitant to purchase (Bizonytalanságot kelt, ezért habozok a vásárlással)

It does not affect my perception of Tesla (Nem befolyásolja a Tesla iránti megítélésem)

Egyéb:

If Tesla reduced its prices by 10%, how likely would you be to buy one? (Ha a Tesla 10%-kal csökkentené az árait, mennyire lenne valószínű, hogy vásárolna egyet?)

*

Very unlikely (Egyáltalán nem valószínű)

1

2

3

4

5

Very likely (Nagyon valószínű)

How do you perceive Tesla's pricing compared to other EV brands? (Ön hogyan értékeli a Tesla árazását más EV márkákhoz képest?)

*

Tesla offers better value for money (A Tesla jobb ár-érték arányt kínál)

Tesla is overpriced compared to competitors (A Tesla túlárzott a versenytársakhoz képest)

Tesla's pricing is in line with competitors (A Tesla árazása összhangban van a versenytársakkal)

I am not familiar with Tesla's pricing (Nem ismerem a Tesla árazását)

Egyéb:

Would government incentives (e.g., tax credits) influence your purchase decision? (Az állami támogatások befolyásolnák a Tesla vásárlási döntését?)

*

Yes, significantly (Igen, jelentősen)

Yes, somewhat (Igen, valamennyire)

No, incentives do not influence my decision (Nem, az ösztönzők nem befolyásolják a döntésemet)

How important is the total cost of ownership (TCO) in your purchase decision? (Mennyire fontos Önnek a teljes tulajdonlási költség egy autó vásárlásakor?)

*

Not important at all (Egyáltalán nem fontos)

1

2

3

4

5

Very important (Nagyon fontos)

NYILATKOZAT

Alulírott MOLNÁR VERONIKA büntetőjogi felelősségem tudatában nyilatkozom, hogy a szakdolgozatomban foglalt tények és adatok a valóságnak megfelelnek, és az abban leírtak a saját, önálló munkám eredményei.

A szakdolgozatban felhasznált adatokat a szerzői jogvédelem figyelembevételével alkalmaztam.

Ezen szakdolgozat semmilyen része nem került felhasználásra korábban oktatási intézmény más képzésén diplomaszerezés során.

Tudomásul veszem, hogy a szakdolgozatomat az intézmény plágiumellenőrzésnek veti alá.

Budapest, 2025 év 04 hónap 24 nap



hallgató aláírása