



Title: Marketing Environment Impacts on Pioneers and Followers in the Global Electric Vehicle Sector

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1. Introduction

1.1 Purpose and Focus of the Report

The report explores the macro marketing environment on organisations in the electric vehicle (EV) industry around the world, such as the role of external players in strategic marketing decision-making in pioneering company Tesla, and follower companies, like BYD, Hyundai, and Volkswagen. With the invention and swift technological and regulatory transitions in the industries, companies should be aware of the impact of the external environment on innovation, competitiveness, and survival in the long run. The management of strategic marketing is therefore based on a strict evaluation of the external forces that can either bring opportunities or pose a threat.



Figure 1: Tesla Logo

Source: (The, 2024)

1.2 Importance of Analysing the Macro Marketing Environment

The environmental analysis helps in organisational decision making by showing the external trends that affect market expansion, consumer tastes, operating expenses, and competition forces. The frameworks like PESTEL allow the managers to understand political, economic, social, technological, environmental, and legal factors in a systematic manner, so that the strategic decisions are compatible with the forthcoming market conditions (Tuğberk and Murat, 2019).

1.3 Structure and Scope of the Report

There are two tasks in the report. In task 1, the critical analysis of technological and legal/regulatory players in the EV industry has been done, and how they influence

innovative company Tesla, and follower companies, like BYD, Hyundai, and Volkswagen. Task 2 explores the strategic response of both pioneers and followers to these two players through already existing marketing models like the Growth Matrix by Ansoff and the Generic Strategies by Porter. The report also concludes with conclusion of the major findings and underlining the importance of proactive environmental scanning.

2. Task 1: Critical Analysis of the Macro Marketing Environment

2.1 Overview of the Macro Marketing Environment

Macro marketing environment entails general outside forces which affect operations of organisations but are not under managerial control. Based on the PESTEL framework, companies need to evaluate political, economic, social, technological, environmental and legal forces that either create opportunities or pose threats in industries. The EV Business has been developing at an unprecedented speed, with a rise in sales of EVs worldwide, with 3 million units in 2020 and 10.5 million units in 2022, which is more than 250 percent in two years (IEA, 2025). This rapid pace of change illustrates the speed at which the macro environment can change the industry. The innovations that are brought about by technological forces include battery advances, self-driving plus self-piloting, in-car connectivity, and the development of charging infrastructure. In addition, the governments in all countries are establishing high regulatory requirements in order to lower the emission and promote the use of clean-energy transport.

2.2 Selection of Two External Macro Marketing Actors

The two macro factors to be used in the analysis include technological factors and legal factors. The reason why they were selected is because of the scale of their impact in changing the EV industry in the rest of the world.

PESTEL Factor	Key Points in the EV Industry	Impact on Pioneers (Tesla)	Impact on Followers (BYD, Hyundai, VW)
Technological	Rapid progress in lithium-ion/solid-state batteries, AI-based autonomous driving, V2G systems, and charging networks.	Strong advantage due to innovation leadership, but faces risks of technological uncertainty and fast obsolescence.	Benefit from mature open-source technologies; rely heavily on platforms and partnerships to close innovation gaps.
Legal	Emission rules, safety regulations, autonomous driving laws, and EV subsidies (EU 2035 ban, US IRA tax credits).	Tesla benefits financially (regulatory credits) but faces compliance scrutiny across countries.	Subsidies support affordability, but regulatory complexity increases compliance costs and operational adjustments.

2.2.1 Technological Factors

EV innovation is characterized by technology. The future of EV value is dictated by advances in the lithium-ion battery systems and the new solid-state battery systems, autonomous driving technologies, vehicle-to-grid (V2G) systems and artificial intelligence. In the current case, the EVs have become more affordable since technological advancements have dropped the cost of batteries, which were priced at \$1,200 per kWh in 2010 and now cost about 139 per kWh in 2023. These trends pose significant marketing consequences to leaders and followers (Ocatsaros, 2023).

2.2.2 Legal Factors

Legal and environmental policies are turning out to be the key determinants of EV adoption. Many countries have introduced emission limits and prohibitions on the sales

of combustion engines. As an illustration, the European Union has established a legally binding goal of 55% reduction in emissions by 2030 and prohibition of petrol/diesel vehicles by 2035 (Marelli et al., 2025). Under the Inflation Reduction Act (IRA), the US has also proposed significant incentives including tax credits up to 7500 dollars to purchase EVs. Such developments in regulation have a direct influence on the marketing strategies as these regulations influence the pricing, product features, and the positioning of the product in the market.

2.3 Critical Analysis of Technological Factor

2.3.1 Impact on Pioneering Organisations: Opportunities and Threats

The opportunity posed by technological change is significant to the pioneers such as Tesla who contend on innovation-based differentiation as a way of maintaining a competitive advantage. Innovators are usually the first to invest in revolutionary technologies so that they can release more advanced functions in advance of the other industries. One of the technologies that have helped Tesla to dominate the market is its battery technology; its cars travel more than 600 kilometres, which is far beyond the ability of many brands. Tesla has also been technologically ahead of its competitors by early investments in autonomous driving, AI-powered systems like Full Self-Driving (FSD) (Qiao, 2023).

Nonetheless, technological uncertainties are also dangerous. Early developers have high costs on research and development where Tesla spent over 3.1 billion on research and development in 2022, and the possibility of technological obsolescence. New entrants who are investing in solid-state batteries have the potential to pose a threat to the Tesla lithium-ion technology (Bawden and Zamborsky, 2024).

2.3.2 Impact on Follower Organisations: Opportunities and Threats

Opportunities of followers are also influenced by the technological evolution. Open-source technologies and a drop in battery prices have worked in favor of BYD, Hyundai and Volkswagen. A case in point, at BYD, the Blade Battery technology has greatly enhanced its cost leadership, such that it can offer EVs at 20 to 30 per cent. less than many of its competitors. Might find followers not taking any risk on early-stage R&D by joining the markets after the technology is developed.

Nevertheless, the followers are threatened in the presence of strong intellectual property protection and well-established technological ecosystems by pioneers. Tesla traditionally had a proprietary charging network which was not compatible with

followers. Moreover, pioneers can enjoy brand perception since technological leadership is equated with high performance. The followers should consequently spend enormous costs to bridge the innovation gaps which was experienced when Volkswagen invested €180 billion in 2023-2027 in the rapid development of digital and EV (Hossain et al., 2023).

2.3.3 Strategic Implications

Technological forces require the pioneers to emphasise the speed of innovation, ecosystem building and software integration and the followers necessarily emphasis on the rapid capability-building and selective investments to compete fairly. The technological incompatibility further adds separate premium and value-based market segments.

2.4 Critical Analysis of Legal Factors

2.4.1 Impact on Pioneers: Opportunities and Threats

Innovators have big opportunities created by regulatory forces. The adoption of EVs is expedited by emission regulations, government subsidies, and combustion engine bans. Indicatively, tax incentives or rebates on the purchase of EVs are provided by close to 30 countries. Innovators such as Tesla enjoy the advantage of having a business concept that is entirely in line with the zero-emission transport. Tesla earned more than 1.78 billion dollars in regulatory credit revenue in 2022, which shows how innovators can make money out of strict regulations (Roy and Sriram, 2025).

However, threats are also created by the regulatory forces. Due to the laws surrounding compliance, such as safety, data protection, and automated driving, compliance requirements vary between countries, which make international marketing strategies more complicated. The Autopilot safety has been the subject of regulatory questioning in Germany, China and the US by Tesla, which has resulted in challenges of public perception and possible product changes.

2.4.2 Impact on Follower Organisations: Opportunities and Threats

Regulations can help followers as it would establish predictable structures of EV growth. Price differences between EVs and combustion vehicles are also minimized through government subsidies, allowing value-conscious followers to sell their models at competitive prices. The NEV policies in China helped to increase the follower brands like BYD that became the highest car sales in 2023 with more than 1.86 million EVs sold Tesla sold 1.31 million EVs (Cheng, 2023).

Nonetheless, when the regulatory complexity raises compliance expenses, followers are at risk. The smaller or slower moving companies might not cope with new emissions standards. When the safety and charging regulations are not identical, the followers working in different markets incur greater costs of adapting.

2.4.3 Strategic Implications

Regulatory changes require the first movers to influence the standards and policymaking process, whereas followers have to adjust to systems fast to withstand stricter laws. The two have to find a balance between compliance and cost efficiency.

Task 2: Strategic Responses of Pioneering and Follower Organisations

3.1 Strategic Responses of Pioneering Organisations

3.1.1 Product Development and Innovation

Pioneering organisations in the electric vehicle (EV) sector, including Tesla, address the demands of technology and regulations and focus on ongoing product development. Being early movers, pioneers rely on innovation to maintain their competitive edge. The development of products, which is associated with the Growth Matrix developed by Ansoff, allows the pioneers to launch new battery systems, increased charging rate, and enhanced programmes. The efforts that Tesla puts in the design of its battery to create a more efficient battery, including the 4680 cell, can illustrate how innovators strive to raise the range of their vehicles, decrease their costs, and continue with the leading performance (Li et al., 2024). The strategy is further enhanced by over-the-air updates that enable the vehicles to become better after their sale, enhancing customer loyalty as well as differentiation. Innovation is thus a core of how innovators maintain their grip in the market in an industry that is characterized by fast change of technology.

3.1.2 Differentiation and Brand Positioning

Differentiation Strategy by Porter is one of the response strategies of pioneers. The innovating companies upgrade their products with unique functions to preserve high-end positioning, such as high-end digital and charging network systems and high-performance design. The autopilot features, operating system, and access to a wide network of Superchargers make Tesla have a strong value proposition that converts into an unmatched one among its followers. Brand perception is also differentiated through differentiation; first mover position themselves as technologically advanced and friendly to the environment, building high levels of customer loyalty. The approach will enable innovators to protect high prices and strengthen their dominance in the world EV markets despite the increasing competition.

3.1.3 Market Development and International Expansion

Market development strategies are also strategies embraced by pioneers where they expand in areas that have favourable policy environments. Expanding to new markets helps first movers to scale production, diversify the source of revenue, and address the global regulatory trends. Investment in Gigafactory Shanghai made Tesla

production cheaper and more efficient as to supply chains to serve the Asian markets in a better manner. The move to Europe, which is backed by rigorous emissions policies and robust EV incentives, enables pioneers to comply with the objective of environmental policy. This international expansion helps in brand awareness and enhances competitive strength through the location of production near the key points of demand (Sandeep and Hong, 2024).

3.1.4 Proactive Regulatory Engagement

Pioneers react to law enforcement by implementing active participation in the regulatory agencies. Being the leaders in the sphere of technologies, they often take part in the process of discussing the safety standards, the certification of batteries, the rules of autonomous driving, etc. Pioneers can facilitate the process through the provision of regulatory expectations, which is critical in enforcing emerging policies to favor their technologies and business models. The participation of Tesla in the discussions of the self-driving regulation is an example of the strategic importance of how to influence the policy (Sayan Ghar, 2025). Another area that pioneers invest in is compliance capabilities to address various interests regarding emissions, recycling, and data protection. Active regulatory involvement hence helps the pioneers to remain undisturbed and to strengthen their rightful place in various markets.

3.2 Strategic Responses of Follower Organisations

3.2.1 Market Penetration and Cost Leadership

The response to the pressures posed by the industry is that follower organisations focus on the market penetration by cost-sensitive approaches. The companies like BYD, Hyundai, and Volkswagen focus on the middle- and low-end markets offering EVs at competitive prices. According to Porter, cost leadership helps the follower of this strategy to attract more consumers especially at those markets where price continues to be a key obstacle to adoption. The vertically integrated business model of BYD battery and semiconductor production enables the company to lower the cost of manufacturing and to provide lower priced models. The strategies of Hyundai and Kia are similar as they manufacture EVs using common platforms, which simplify the production process (Satpathy et al., 2025). The penetration of the market can thus enable the followers to increase their numbers at a very high rate and compete on the price they provide, instead of the intensity of innovation.

3.2.2 Platform-Based Product Development

The platform-based product development is embraced by followers to cope with technological change at a low cost. Followers adopt modular EV platforms that enable them to support various types of vehicles with shared components instead of trying to innovate new technologies. The MEB platform used by Volkswagen and the E-GMP platform used by Hyundai can be used as examples of such an approach and allow companies to introduce numerous EV models without any issues (Aishvarya and Wadhwani, 2025). The platform-based development lowers the cost of manufacturing, increasing the speed of time-to-market and facilitates regulatory compliance among various models. This is a strategy that enables the followers to adapt to the industry needs without reducing their operational flexibility and profitability.

3.2.3 Strategic Partnerships and Collaboration

The followers reinforce their status by establishing strategic partnerships with technology providers, battery makers, and infrastructure providers. Teamwork allows the followers to decrease the risk of development, as well as to obtain the capabilities which would be costly to develop in-house. Most followers cooperate with large battery vendors like CATL or LG Energy Solution to be sure of a stable supply and constant prices. Charging infrastructure and software system joint ventures assist followers to increase their technology capacity and customer experience (Singh et al., 2024). This is because these partnerships enable followers to stay competitive without having to spend a great amount of money in order to match the innovation introduced by pioneers.

3.2.4 Regulatory Adaptation and Compliance

Strategies of adaptation are organized in response to regulatory pressures by followers. Since most of the followers have big combustion portfolios, they have to slowly change production lines and supply chains to achieve the emission targets. The willingness to make half of Volkswagen sales in Europe fully electric by the year 2030 is indicative of systematic compliance. To align regulation and reduce the risks, followers tend to use benchmarking pioneers practices. They also participate in partnerships with recycling companies, software vendors and local authorities to achieve environment and safety objectives (Kanyamukenge and Kagwaini, 2024). Though it consumes huge capital investment in order to achieve compliance, the effective process of regulatory adjustment would boost the sense of legitimacy among followers and allow them to remain part of major international markets.

4. Conclusion

The analysis indicates that technological and legal/regulatory actors have significant impact on strategic marketing choices of pioneer and follower organisations in the EV industry. Innovation cycles are rapid due to technological innovations, which favor those innovators who possess sufficient resources in terms of research and development, and it allows followers to take advantage of economies of scale as the technologies become established. The presence of legal and regulatory forces, mainly the emissions targets and subsidies favour market expansion but introduce compliance costs. Pioneers react by differentiating, innovating and actively participating in their regulative process, whereas followers follow practices based on cost leadership, adaptive compliance and penetrating the market.

Environmental scanning helps organisations to predict the external changes, change strategies, and stay competitive. The toxin in the EV industry is that technology changes fast and regulations get stricter each year, thus the macro environment should be monitored continuously. Structured frameworks that include PESTEL, Ansoffs Matrix, and competitive strategy models should be included in both pioneers and followers to formulate agile marketing strategies. Finally, the ability of an organisation to be intelligent in reaction to dynamic technological and regulatory pressures is the key to long-term success.

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