

# **Research on Consumers' Choices and Preference for NEVs in Chinese Market by Consumer Theory: Searching for New Factors Promoting NEVs Sales Post-Subsidy Era**

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## **Abstract**

Since the Chinese government began to promote the development of New Energy Vehicles (NEVs) in 2009, the Chinese market has made great progress. This paper analyzes the growth of new energy vehicles from 2015 to 2023 through estimates and finds that although government subsidies are important driving factors in the early stage, the data shows ride-hailing vehicles, a unique factor in the Chinese market, is also a driving factor of the NEVs sales even after the decline of government subsidies.

**Key Words:** Consumer preference, New Energy Vehicles (NEVs), China market, Consumer theory, Government subsidy, Ride-hailing vehicles, Charging infrastructure, Gasoline prices.

## **1. Introduction**

In recent years, with the emergence of the scale advantages of new energy vehicles and the expansion of market demand, China's electric vehicle market has developed rapidly, and the output and sales have increased significantly. In May 2024, the domestic retail penetration rate of new energy vehicles was 47.0%, up 14 percentage points from the same period last year. The factors that have impacts to the growth of NEVs in China are very complicated, such as the role of government subsidies, gasoline prices and amount of charging stands, etc. With the gradual reduction of these subsidies, the focus shifts towards identifying new factors that could sustain NEV sales in the Chinese market. From the perspective of consumer theory, this paper expounds the driving factors of the growth of NEVs and the impact of each factor and analyzes the proportion of the impact of each factor through specific models.

## **2. Literature Review**

The rapid growth of New Energy Vehicles (NEVs) in China has garnered substantial scholarly attention due to the intersection of policy, technology, and consumer behavior. Understanding consumer preferences for NEVs is crucial in the context of China's evolving environmental policies, the withdrawal of subsidies, and the advent of new technologies in electric mobility. This review synthesizes recent literature on the factors driving consumer preferences in China's NEV market, focusing on policy incentives, technological advancements, environmental considerations, and economic factors.