

Tesla Marketing Analysis

Zhengyuan Zhou

Ready Global Academy, Ningbo, Zhejiang, China, 315000

Abstract: *The emergence of Tesla has aroused the heat of the new energy vehicle industry and promoted many enterprises to start new energy. This greatly solves social problems such as limited energy consumption and environmental pollution. Research on Tesla's marketing strategy is of great significance for scientific research. This paper will explore the rapid development of Tesla from the perspective of Tesla enterprises. From Tesla's enterprise background, the market analysis of macroscopic(PEST) and microscopic, Tesla's advantages, weaknesses, opportunities and threats analysis (SWOT), Tesla's marketing strategy, on the basis of the theory of 4P and STP plane positioning analysis to targeted solutions Tesla's marketing direction, product analysis, and competitive relationships to Tesla depth research. The results show that Tesla's success is inseparable from its marketing strategy. Its success is mainly reflected in accurate market positioning and targeted target group marketing.*

Keywords: *Tesla, New Energy Car, Marketing Planning, SWOT, 4P, STP*

1. Introduction

Tesla is an American automobile brand owned by Tesla Company and headquartered in Palo Alto, Silicon Valley, California, USA. The founders named it "Tesla" in honor of physicist Nikola Tesla. Since its establishment in 2003, Tesla has been making continuous efforts to provide every car consumer with pure electric vehicles with advanced technology and a favorable price, and at the same time, to solve the problem of global environmental pollution. During the innovation phase, when electric cars were still in their infancy, Tesla focused only on appearance and marketing to get some of the customers in its market to pay. However, while Tesla pays attention to marketing, it ignores other technical problems, which causes the company to encounter an unprecedented bottleneck period and almost face an impasse. In 2004, Elon Musk invested \$6.3 million in Tesla and became its CEO. Later, Musk personally led Tesla out of the dilemma. The team learned from the experience in this dilemma, and then continuously tried to improve the production technology, enhance the safety of car body performance, etc., and make targeted modifications in the future. After years of technology accumulation, Tesla has become a representative company in the field of new energy vehicles. It has also become the most innovative enterprise in the 21st century and the leading enterprise in the field of new energy vehicles. This paper will discuss the rapid development of Tesla from the perspective of Tesla enterprises.

Professors Khamis M. Bilbeisi and Monlare Kesse's paper "Tesla:A Successful Entrepreneurship Strategy" introduces the background of Tesla's establishment, growth strategy and product details. Inventory Management, Tesla's contribution, Tesla's success, and Tesla's challenges to introduce and analyze the Tesla company^[1].

Professors Chang Shen and Qiwei zeng's paper "Research on the Marketing Communication Strategy of Tesla Motors in China under the Background of New Media" used quantitative research, case analysis, and survey to study the Chinese market, Tesla's marketing strategy in China, the current problems in Tesla's marketing, and the improvement of Tesla's marketing strategy. This article makes a good analysis of the market and Tesla company^[2].

Professor Yao Zhenyu's paper "Research on the Marketing Strategy of Tesla Motors - Taking the Chinese Market as an Example" used internal and external marketing analysis, SWOT,STP,6Ps, channel strategy, price strategy, promotion strategy, public relations strategy and power strategy to find Tesla's competitive advantage in China's new energy vehicle market^[3].

Tesla is deeply studied in terms of its enterprise background, macro and micro analysis of the market(PEST), analysis of Tesla's strengths, weaknesses, opportunities and threats(SWOT), Tesla's marketing strategies, and plane positioning analysis based on 4P and STP theories to solve Tesla's

marketing direction, product analysis, and competitive relationship. The analysis of Tesla's marketing model is of great significance to the analysis of Tesla's success.

2. Chinese Marketing Analysis

This part uses the PEST macro to analyze Tesla's market environment in China, Tesla's largest market (as shown in Figure 1).

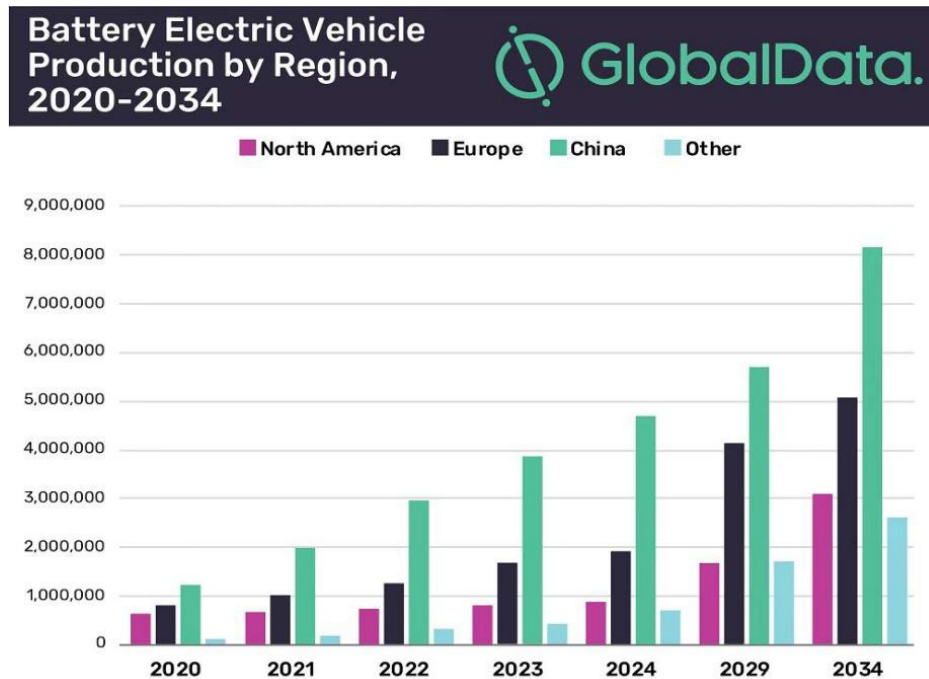


Figure 1: Tesla's highest selling market in the world — China [4]

Political

With the rapid development of the mainland, environmental pollution is increasing. China has also made many policies to deal with environmental pollution. The purchase of new energy electric vehicles can enjoy subsidies, as well as vehicle purchase tax. In addition, the purchase of new energy vehicles can face the registration fee. Relatively speaking, gasoline car license costs more time and requires lottery, while new energy cars only need to queue up to get the license. But those policies only apply to new energy vehicles made in China, a benefit Tesla does not enjoy^[5].

Economic

If we look at China's economy as a whole, although the GDP is very high, the consumption levels of different regions are quite different, and the proportion of consumers who are able and willing to buy is not particularly high. The first problem is that the standard price of Tesla's high-end Model S is 700,000 yuan, while the Model X is 800,000 yuan. These models are inflated for ordinary consumers, and consumers must pay more monetary costs. Tesla's newly launched Model 3 is priced at 400,000 RMB, which is expected to attract many buyers based on brand advantages, performance, and price. The second problem is that Tesla has to go through supercharging posts or install their own charging devices, which are not available everywhere. In China, not every garage is allowed to install charging devices because most of them are mainly residential areas, where the vehicles are parked in public parking spaces. The installation of charging devices must be approved by other owners and property owners, especially in some old residential areas, which do not have such installation conditions. It certainly increases the cost to users, which is bad for Tesla.

Society

With the aggravation of environmental pollution, including the popularization of new energy knowledge by the government, the public will pay attention to environmental protection when consuming, and a strong concept of environmental protection has also emerged.

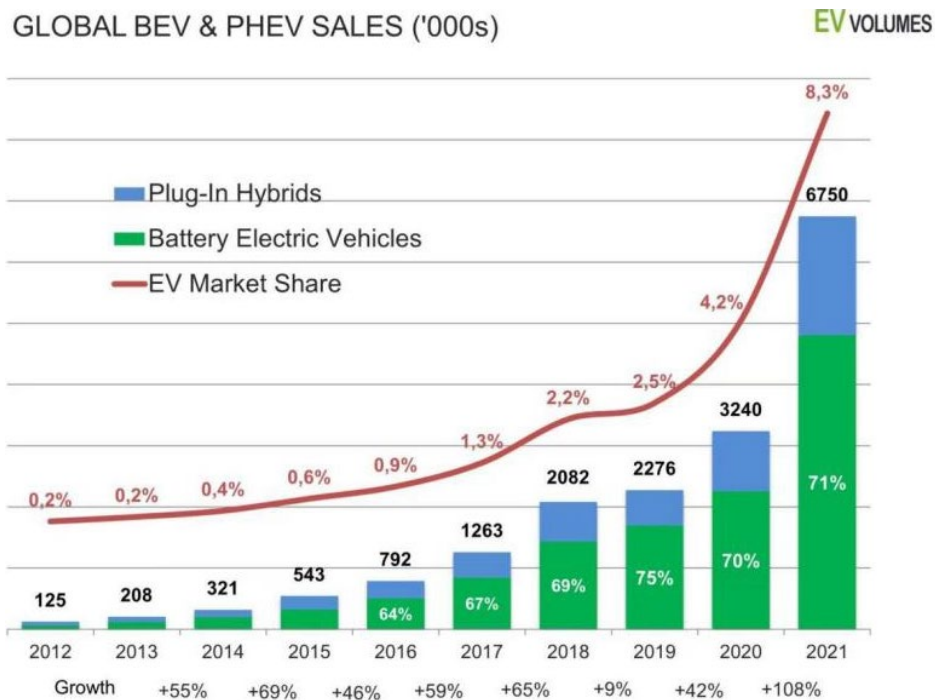


Figure 2: Global BEV & PHEV sales[6]

As can be seen from Figure 2, the sales of new energy vehicles are increasing worldwide, which also means that people are becoming more and more aware of environmental protection. As an environmentally friendly car, Tesla has an advantage. But the sharing economy could also be a hindrance for Tesla. People used to think they had to have certain things, but now they don't expect to have them. They will choose the quick solution, such as Uber, bike-sharing, Didi Dache, and so on. This will have some impact on Tesla.

Technology

As a pioneer of new energy vehicles, Tesla has mastered the core technology and owns more than 700 patents. Tesla has always had a lot of research and development talent and money to innovate all the time. The Ludicrous updated version of Tesla's new Model S can reach 100 kilometers in just 2.7 seconds, putting it on par with Ferrari and McL are sports cars with internal combustion engines. Tesla has a battery management system with strong battery endurance and handling ability, and differential pressure and variable speed technology to help Tesla cars achieve instant acceleration and braking, which helps ensure the safety of the car^[7].

3. Marketing Analysis

3.1. Marketing Position(STP)

S-Segmenting

3.1.1. Geographical environment segmentation

Compared with the distribution of new energy markets in Europe and the United States, China's competitiveness is relatively low. There were no Chinese car brands at that time.

3.1.2. Demographic segmentation

Men are more prevalent in Tesla's market. Because men have more understanding and interest in new energy vehicles, and the buyers are still men with more income. Since there are fewer independent buyers under 30 years old, the customers are targeted at young people aged 30-40 years old.

3.1.3. Psychological factor segmentation

As a medium and high-end brand of new energy vehicles, Tesla enjoys high brand recognition and popularity according to its promotion. According to statistics, half of the cars are used for their own

transportation, and buyers can show their status by buying medium and high-end cars. Brand awareness greatly increases the choice of consumers.

3.1.4. Behavioral segmentation

Tesla spread in the news media and made more people know about Tesla. Tesla's design to connect to the PS5, as well as the design of the full touch screen, makes people feel innovative. Buyers will feel that Tesla is innovation and life attitude.

3.2. T-Targeting (young people in their 20s and 30s)

3.2.1. Eco-friendly

Tesla's products are all pure electric vehicles and focus on environmental protection, which is very popular among environmental activists.

3.2.2. Tech-savvy

Tesla is a high-tech company and a company that supports innovation. Technologists are also very receptive to innovative technology, and they will embrace Tesla.

3.2.3. Entry-level buyer

As the leader in the field of electric vehicles, Tesla has been the benchmark of electric cars so far. Besides, Tesla is not only low in price, but it is also an entry-level electric luxury car.

4. Positioning

Auto companies that first implemented new energy and Internet-based thinking can directly order cars online, have their own modular gigafactory and have marketing strategies for different countries. The target customers are the main target customers in their 30s and 40s, high-tech people, middle-class families and people who accept innovation.

4.1. Product Positioning

Tesla's product positioning is a delay strategy from the high-end to the low-end market, which is mainly divided into four stages.

4.1.1. The First Stage: Ultra-high-end models, niche market

Tesla adopted a "blue ocean strategy," starting with high-end models to build its brand image on the one hand and raising funds to build models for the masses on the other. Tesla's Roadster, built in 2008, was based on the Lotus Elise and priced at around \$100,000. Even allowing the car media SPEED to accelerate the race between Tesla and Porsche on the 0-400 meter track, the Roadster won outright. While retaining the driving pleasure, this car has remarkable power, which is specially made for American celebrities, such as Google CEO Lawrence Edward, Larry Page, Ebay CEO Jeff Skoll, etc., including business customers, Hollywood stars, athletes and entrepreneurs, etc. Elon Musk also said, "The only electric car we have is not an eco-friendly car, but a premium sports car." This creates an image and recognition for the brand. After this stage, Tesla quickly mastered the brand image of fashion, technology, and luxury, and its 2,500 limited-model cars were quickly sold out of pre-order. Brand image and marketing were a hit.

4.1.2. The Second Stage: Target the high-end market

As a result, when Tesla products transition from the lower market to the high-end luxury car market, demand will skyrocket. From 2012 to 2013, it planned to produce a total of 80,000 Model S priced at \$50,000 to \$70,000. By 2013, the order exceeded the original number by 20,000, so Tesla needed to standardize and modularize the production of products to reduce the cost, which also prompted Tesla to build the Gigafactory. This was also a period of rapid expansion of Tesla's direct-owned stores.

4.1.3. The Third Stage: Expand the brand, market segments, launch SUV models

At this stage, Tesla has a stubborn brand image and status, so the segmentation market. China is the country with the largest sales volume of SUVs. To seize market share, Tesla also launched a luxury SUV, the Model X, which costs 110,000 to 140,000 dollars. Tesla also lets customers test drive and communicate directly with its products through offline stores.

4.1.4. The Fourth Stage: Target the mid-level car market

Depending on the popularity of its previous cars, Tesla released the Model 3, priced at \$35,000, and the SUV Model Y, priced at \$64,000. For Tesla’s early preparation, the middle market will be a blow to dimensionality reduction. With the popularity of Model 3 and the number of pre-orders, it can be seen that Tesla has a mature product line, mature product segmentation, and mature marketing strategy, and its brand image has been deeply rooted in people’s hearts. So far, the global sales volume of Model 3 has exceeded 500,000 units, and the global monthly sales volume of Model Y has exceeded 60,000 units, an increase of 261% year on year, making it first place in overall passenger car sales^[8].

4.2. 4P Analysis

Tesla's 4P investment strategy is presented here (as shown in Figure 3).

4.2.1. Product

Tesla models are different from the previous fuel-powered cars. Tesla uses new energy to start the car, and the car is pure electric. The structure is simple, manufacturing using molds with low cost, revolutionary full intelligent automotive interior experience.

4.2.2. Price

Tesla initially targeted high-end users with a high price, pursuing quality and reputation, which was basically \$100,000. The Model 3, a later model, began to drift toward the mid-range, at around \$50,000. The price of the current Model is once again reduced in China, Model Y is 37,875 dollars. While accumulating reputation and users, Tesla now starts to pursue more sales with low price and high-quality models, so that every user can drive a Tesla car.

4.2.3. Place

Tesla uses the Internet thinking to subvert the automobile industry, combining online and offline, and selling cars directly on the official website, without middlemen earning price differences, and the price is unified.

4.2.4. Promotion

Instead of spending money on advertising like previous car companies, Tesla makes use of early user word-of-mouth, CEO's star power and media influence, as well as marketing power in various fields to carry out low-cost Internet marketing.

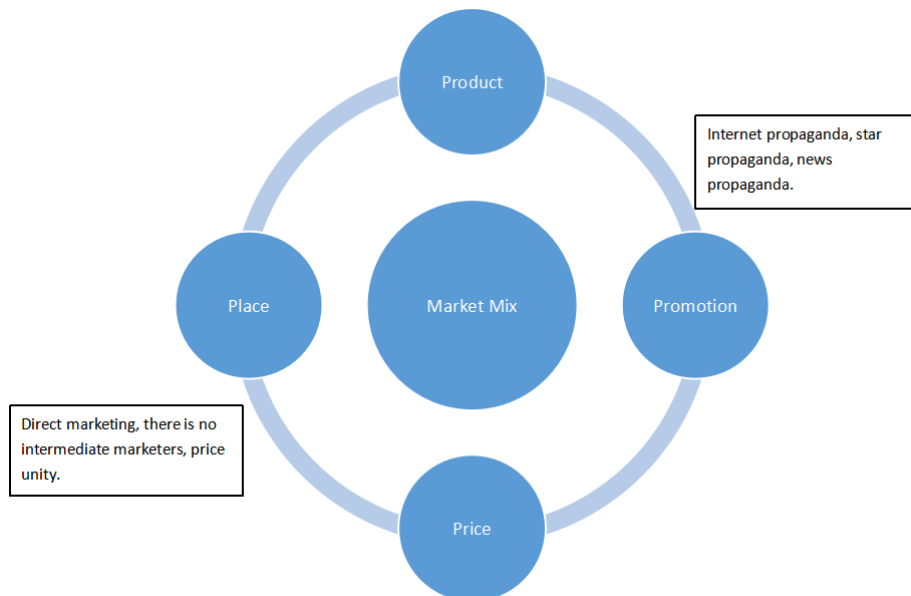


Figure 3: 4P analysis

4.3. Marketing Strategy

Table 1: SWOT

External factors Internal ability	Strengths <ul style="list-style-type: none"> ● The potential market in China is huge. ● Tesla subsidized by the U.S. government. ● Advanced technology. 	Weaknesses <ul style="list-style-type: none"> ● High investment, high risk. ● Long-distance charging is not convenient. ● Battery safety.
Opportunities <ul style="list-style-type: none"> ● New energy development trend, demand expansion. ● Key technologies are gradually maturing. ● Brand image is deepened in China. 	SO <ul style="list-style-type: none"> ● Build models for the Chinese market. ● Use subsidies to upgrade models. ● Vigorously improve the car's inadequate functions. 	WO <ul style="list-style-type: none"> ● Financing, building automated factories. ● Increase the battery capacity. ● Significantly improve battery safety.
Threats <ul style="list-style-type: none"> ● Many technologies of pure electric vehicles are not mature. ● New competitors are flooding the market. ● Electric vehicle market system is not perfect. 	ST <ul style="list-style-type: none"> ● Pay close attention to the direction of the industry. ● Attach importance to new energy innovation. ● Pay attention to consumer demand and develop marketing strategies. 	WT <ul style="list-style-type: none"> ● Have a deep understanding of the Chinese market and develop strategies. ● Open platform, resource sharing. ● Localized advertising to enhance visibility.

4.3.1. Celebrity Effect

In the early stages, Tesla gave up the brand promotion mode of celebrity endorsement and chose a group of politicians, entrepreneurs, and even entertainment stars as its customers. For example, Lei Jun from Xiaomi Technology was its first customer. Utilize their influence and appeal power, allow Tesla to bundle exposure, and set the topic degree. Elon Musk's personal IP has also been very successful. His idea was to change the Earth and make Mars a second place for people to live, and he founded SpaceX. Intelligent robots and the Neuralink brain-computer interface are also being developed. He also makes some outrageous statements, and he also has the upper hand in public opinion, which gives him enough personal influence. The attraction of these celebrity effects is enough for Tesla to bring enough buzz and attraction. Tesla's development is not only being followed by more and more people beginning to pay attention to this brand, but also attracting more and more customer fans^[9].

4.3.2. Product Strategy

Tesla not only vigorously promotes in the field of new energy but also meets customers' needs in various aspects through products. At different price points, sports cars, sedans, and SUVs are available. In more detail, Tesla introduced a driverless car, ambient lights, and a full control screen that connects to the playstation, using its own system and eliminating all physical buttons in traditional cars. These features and options are available to a wide range of people^[10].

4.3.3. Pricing Strategy

A Tesla can cost as much as \$200,000 or as little as \$50,000. Different types of cars correspond to different prices, and different prices correspond to people of different incomes. This is called the "hurdle method. Tesla quickly seized the market by offering lower prices to more people who could adapt to different price points. According to the rapid growth of production quantity, Tesla also established model chemical plants, which rapidly reduced costs and greatly increased profits. Tesla actually uses a different pricing strategy in China. maintained profit margins in the U.S. and price stability in China. Because China is a big market, it is necessary to attract customers with a "fair" pricing model^[11]. Tesla's low profit, low price, and good brand image can attract many customers. Vernica Wu, Tesla's new head of China, said the company hopes its pricing strategy will break the pattern where imported products are necessarily priced at a premium. This pricing strategy helps Tesla stand out in the Chinese market.

4.3.4. New Media Market

Tesla's 2022 New Media Video Specialist recruitment announcement can be found on many

Internet sites. For Tesla's marketing, the media is crucial. Tesla will advertise through video and order cars online, which breaks the traditional marketing model. Tesla is also in the news a lot, both good and bad, which helps keep the company in the news. Elon Musk, CEO of Tesla, also makes his own comments on Twitter and other social platforms and solves some social problems to gain visibility for Tesla. As Elon Musk, SpaceX, and other companies add support, Tesla continues to shine^[12].

4.3.5. Offline Experience, Online Direct Sales

Tesla insists on direct online sales, where customers can experience offline stores, communicate with staff, and interact with products. This mode can not only improve the customer experience but also reduce intermediate costs. Even if a consumer buys an imported Tesla car, Tesla sells it for the same price, adding only the inevitable tariffs and other taxes. Let the consumer unite the vehicle itself and the product, rather than complicated calculations to increase the cost^[13].

5. Conclusion

As the most successful new energy vehicle company, Tesla cannot do without perfect marketing. It is specifically reflected in the accurate positioning of the target, differentiated marketing of products, targeted price strategy, celebrity effect, etc. All in all, this is a company that has potential and will do well in the long run. The company's future development needs to further improve its marketing strategy and expand its market share in combination with specific market changes and consumption conditions. With the gradual popularization of new energy sources, more and more people will use energy efficiently. Tesla will get more profits, and air pollution will be reduced. At present, the paper is not mature in terms of language organization and analysis strategy. Future research will focus on marketing analysis of big brands and will learn more about marketing.

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