

Tesla is the wave of the future essay sample



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1. Research and write a brief history of the company, its mission and vision statements. The automotive market is one of the biggest markets over the world. Participants companies at this market are well-known enterprises and also they own some of the better known brands like GM, Ford, Honda, Toyota, VW, BMW etc. In the traditional auto industry, consumer power is relatively high, given relatively low switching costs and a vast choice of relatively substitutable products. Many components of the automobile can be sourced from different suppliers which maintains competitive input pricing. However, the electric vehicle (EV) industry demonstrates a different type of dynamic. Consumer power is middling, due to slightly higher switching costs and the limited selection of mass produced EVs currently available.

The threat of new entrants is much greater since both traditional automakers are entering the electric market, complemented by an ever-increasing number of start-ups. Around 1890, the first American electric car powered by 24 batteries had a range of 50 miles and went up to 20 mph double that of the Karl Benz's gas-powered Patent-Motorwagen. By the 1920's high cost, limited range and cheap oil contributed to a rapid demise for electric car sales. The final nail in the electric vehicle coffin was hammered in 1940 when Detroit Electric, which had shifted to commercial vehicles and outlasted all of its competitors, finally went out of business. Then, 65 years later and two thousand miles away which is in California, Tesla Motors was founded. Tesla Motors, founded in 2003 by a syndicate of engineers and entrepreneurs, galvanized the auto industry towards a more sustainable future. Tesla has proven different in every way imaginable.

Elon Musk, who serves as Product Architect, had no intentions of building the world's best electric vehicle and he wanted to design the world's best vehicle. He born and raised in South Africa, but educated at the University of Pennsylvania in both economics and physics. Elon Musk dropped out of Stanford University, abandoning a PhD in Applied Physics and Materials Science to start his first venture. Musk created a website specializing in online financial services and e-mail payments. He soon refocused the company to specialize in a global payment system. By 2002, the company known as PayPal, was acquired by eBay for \$1.5 billion. Musk, the company's largest shareholder and owned 11.7% of PayPal's shares and also walked away with over \$100 million. Tesla's first step was the Roadster, a low-volume and high-price sports car that garnered much critical acclaim but was known to relatively few.

The next phase was a couple of mid-range vehicles, one sports sedan and one sport utility vehicle and these vehicles would be critical in proving Tesla's capability to mass produce high quality EVs while keeping prices competitive. Company's main strategy is to provide high cost affordable electric cars, which will help us to save earth from pollution. Five years after its establishment, company released the Tesla Roadster. The Roadster was based on the Lotus Elise, a traditional British sports car and modified to run on all electric drive system. The sports car was discontinued in 2012 as the company geared up for the next step in its entry strategy. The Roadster was instrumental in establishing the Tesla brand and proving, once and for all, that electric vehicles were not inherently compromises. The next phase was

a pair of mid-volume and mid-price vehicles that could serve as a affordable, everyday drivers with no compromises.

The Model S is a seven-seat sports sedan that competed with Mercedes, Audi, and BMW in the \$50, 000 to \$100, 000 price range. The Model X is an SUV based on the Model S platform that sought to capitalize on American consumers towards large vehicles. The Model S was the company's first clean sheet design and build from the ground up entirely by Tesla. The Model S was elected Motor Trend's 2013 Car of the Year by a unanimous vote of all eleven judges, it was a victory for not just Tesla but also the United States. The Model X was designed to combine the best attributes of minivans and SUVs with the performance and efficiency that only an electric car can provide. Equipped with all-wheel drive and offloading capabilities.

There is no Tesla without Elon Musk. His vision is a completely fresh consumer experience enabled Tesla to become what it is today as well as what it will become tomorrow. Quite simply, people want to work with him and they believe in his vision and are inspired by his passion. In an interview for this paper, an employee who elected to remain anonymous claimed there is a saying at SpaceX " No matter how hard you work, someone else is working harder" one might imagine who that someone else is. His emphasis on loyalty and hard work allows a certain level of independence for employees. There are two perspectives to consider in quantifying success. The first is from the perspective of the company's owners which are shareholders.

From the investors perspective quantifying success is quite easy. Anyone who bought Tesla's stock at its IPO at \$17 in July of 2010 would have more than quintupled their money as of May 2013, when the stock traded at \$87. Even those who owned Tesla at the beginning of 2013 would have seen their money double in a matter of five months. In the first quarter of 2013, Tesla posted profits for the first time in its ten year history. Tesla also markets electric power-train components, including lithium-ion battery packs. Tesla's CEO, Elon Musk, has said he can vision Tesla as an independent automaker, aimed at eventually offering electric cars at a price affordable to the average consumer.

2. Identify the key elements of Tesla's marketing strategy with reference to the 4 Ps and discuss the marketing management orientation(s) that guide the company's marketing strategy. Tesla market isn't just focusing on people that are looking for an upscale car. The target market focuses on people who are environmental friendly and also want a safe and reliable car that handles well. Due to the price of their product, the target market tends to lead more towards people that desire these particular aspects in a car, but also have a rather high income. Tesla is even in the process of creating their new Model X, which is an SUV, focusing further on a more family oriented target market. They will increase share of Tesla Motors in the Electronic vehicle/Hybrid market by 5% over the next 5 years by lowered price EV which is Gen3.

Model: Gen3

Model Year: 2015

Style: Passenger 4 door luxury sedan

Pricing Base: \$40, 000- \$47, 000

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Objectives of this Marketing Strategy:

To increase market share 5% with this new vehicle.

Increase brand awareness by the number of vehicles on the road. Create Brand Loyalty.

This is the new upcoming Marketing Strategy for the new Model(Gen 3).

We can look into 4 P's of this company. In general these P's really affect the marketing strategies of any company. Product:

Tesla's products are built to order high end electric cars. Their cars has excellent handling is very quiet and is built purposely to be extremely aerodynamic. All models can reach the high speed of 130 to 150mph(depending on which battery). In addition to the cars, Tesla is currently offering free charging for their customers at any supercharge stations. These supercharge stations charge the Tesla in just 30 minutes. The 30 minutes of charging from the supercharge station gives the car the ability to drive up to 300 miles. Although they only have 19 stations today (mostly located in California). The company plans to have charging stations in 98% of the US population and parts of Canada by 2015. Place:

Tesla strives to sell their unique car in their own store and also online. They currently have about 41 stores and galleries. Tesla sells their cars out of these store locations, and also makes it possible to purchase and customize the car on their website. They currently are refusing to sell its franchise to already established car dealers. Tesla chooses to sell their product directly to customers, some controversy has arisen. Some states have passed bills to make it illegal for car companies to sell their cars directly to the customer.

Tesla's strategy is to start with high price and work on technology to build a product with low prices. Promotion:

Build a brand without spending money on advertising as well on promotion is the main marketing strategy. Tesla's website gives a great amount of information to potential buyers. Each section that steps you through how everything about the car works, price and specifications in all on one page. Website also provides Live chat with customers. Tesla currently has no advertising, or advertising agency. They use social media as their sole promotion technique, and of course the stores as well. At a Tesla store, the goal for its employees is to educate but not to press sales. Owner and creator, Musk himself uses his own twitter to promote his motor company. He has over 227, 000 followers. Tesla is also getting its name in news articles. Price:

The price of a Tesla depends on the buyers preferences. Prices range depending on which packages are selected in the customizing process by the buyer. The model with the bottom line 60kWh battery starts at \$73, 570 and the model with the premium 80P battery starts at \$93, 570. With the premium battery, and all of the options included, the price could reach up to \$122, 970. They are coming with the new model for midrange customers named as Gen 3. It going to be release by 2015. It quoted to start out from \$40, 000.

3. Discuss customer relationship management and identify strategies that Tesla uses to create value for customers in order to capture value back from them. Tesla spread awareness about their products and opts to sell the

products through their website. Tesla uses social media for majority of self-promotion. They want potential consumers to see the car in a low-pressure zone. Tesla builds customer satisfaction, loyalty and long term relationship with customers and tend to be comfortable for their purchase. Anyways, Tesla Model S received an award as “ best safety car” and they converted good customers into great customers by providing excellent customer care and car policies.

Tesla is creatively using marketing and public relations to stabilize in automotive industry by starting with good product luxury vehicle, predominantly promotes its brand internally customer service and services offered like providing Tesla service for one year or 12, 500 miles, four year plan or 50, 000 miles, four year plan with extension for eight years or 100, 000 miles, four year anywhere plan service four year plan or 50 k miles unlimited ranger service and eight year plan or 100k miles unlimited ranger service. Tesla Motors are taking extra care for customers who brought their cars. In order to improve communication and response time to customers they are planning to improve more call-in process to get roadside assistance and request service. Their delivery process is also undergoing a number of improvements and making changes to the logistics for future deliveries and provide clear communication between and company and customer.

They made changes to the vehicles to add functionality like software updates, new software versions and touchscreen behaviors. In mere future they will continue to open more stores so every customer can visit in person and test drive the car. Tesla opened new service centers than stores so that each service center will help deliveries faster and more predictable from a <https://assignbuster.com/tesla-is-the-wave-of-the-future-essay-sample/>

timing standpoint. That is how tesla is building customer relations by introducing new marketing strategies. 4. Describe the major trends and forces that are changing the automobile marketing landscape and how Tesla is taking advantage and/or trendsetting in the automobile industry.

Tesla, the electrical auto supplier will be attempting to revolutionize the particular US automotive market by building safe, appealing, strength efficient electrical cars that hopefully will meet up with a developing consumer requirement. Tesla, in challenging the particular long-established US technique of marketing brand-new cars and also striking decades-old rate bumps as it tries to create a fresh approach for the client and to purchase the car. Tesla's \$15 billion-plus marketplace cap displays that the stock trading game will be gambling upon Tesla's prospective to look at an important reveal from the broader auto marketplace, not merely luxurious cars. If those analytics were right, not only GM only company worried about tesla ideas and future projects. The entire automotive industry study Tesla to understand how it plans to take such market shares from all circumstances. Analysts concluded that Elon Musk is ready to share all his secrets with the current auto company.

Tesla already join hands with Toyota and Daimler. Reporters Concluded that companies like GM would not able to replicate anything from Tesla strategies. Their assumptions are tend to be more exciting than shape of their car. Mainly their Battery pack are so exciting for consumers than shape of the car. Tesla has been set the trend in the Automotive industry by creating a desire for every customer with an modern appliances, making a car with Moore's law on wheels and finally wheels on the road and sells <https://assignbuster.com/tesla-is-the-wave-of-the-future-essay-sample/>

differently to the customer. First, Tesla is selling cars to people who love the experience of owning and driving the Model-S. Tesla decided to build a car that supersedes all buyer's expectations. The modern EV will be constantly upgraded and can see Tesla's constant software updates and also extend that to upgraded physical components.

Tesla battery will drive on roads for 20 years. Batteries are using exponential technology in their cars to benefit in cost, improved storage and longer life with every generation. Tesla eliminates over the dealer model but preferred to sell the cars directly to the customer in their branded stores. 5. Where would you place Tesla within the competition? Market leader? Challenger? Follower? Explain. According to my opinion, Tesla Motors is challenger in the market with other companies. But soon they will reach to Market leader in mere future. Tesla Motors is a trend setter in car industry. The strategy of Tesla Motors is to apply product innovation by designing innovative vehicles and process innovation by combining multiple know-hows deriving from different companies. According to the design, production and distribution of the electric vehicles Tesla has gained reputation as a market leader. They received acclaim and praise from the market stakeholders in this industry.

GM aims to challenge Tesla's lead in the long-range battery war by introducing an electric car that can travel 200 miles and costs as little as \$30, 000. While companies like BMW, Porsche wants to compete with Tesla by introducing their models such as BMW i3 and i8, Cadillac ELR, Porsche plug-in Panamera sedan. Up to now electric cars aimed at mass market consumer have sold in relatively low volumes. One reason electric cars area tough sell to mid-level consumers is the high cost of lithium-ion batteries.

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Tesla so far can't keep up with demand for its \$70,000 and up Model S with an 85 kilowatt-hour battery, which has a driving range rated at 265 miles. However, wealthy buyers can afford to have Tesla vehicles to deal with long drive and great luxury lifestyle. But mid-level consumers can't afford Tesla model S. Elon Musk is introducing Gen3 model for \$40,000.

That is why Audi is promoting the A3 e-tron plug-in hybrid model at the Los Angeles show, ahead of its early 2015 launch. On other side BMW is coming up i8 plug-in hybrid sports car with a starting price above \$135,000 has a carbon fiber body architecture and is propelled by electric motors in the front and a three-cylinder gasoline engine in the back. They also coming up i3 which is small city car will start from \$40,000. Looking ahead, Tesla gave toughest challenge to major companies. Tesla's electric vehicles have thus far been geared for the luxury market, but things will change should it succeed in producing the model for the mass market. The winning maker is a one with the ability to make batteries which often charge below what the industry offers.

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