Part 1 - The Consumer and Market Analysis

Executive Summary
The Tesla Model S is the premier electric vehicle of the car industry. The futuristic design, top-notch performance, unique features, and environmentally friendly technology are all attractive for prospective buyers and they generate a lot of buzz. Tesla’s Model S further differentiates itself through everchanging software updates that can be done from home and can engage owners with the touch of a button. Whether updating the center console settings or adding an autopilot feature, consumers are able to adapt their Tesla experience to fit their own needs. Tesla’s value proposition is a more for less approach where they are making products more affordable and accessible to ensure more people can own their vehicles which will slow carbon emissions and encourage sustainability. When purchasing in this product category, buyers typically consider the quality, price, value, performance, and features offered because it is a specialty product. Big purchases like this require careful consideration and research to ensure the buyer is getting what best fits their lifestyle. Tesla is positioning itself to fulfill this criteria by offering high end, excellent performing vehicles with the newest technologies to appeal to wealthier buyers. The brand is perceived as being the best for electric vehicles and buyers understand the high status they convey while driving the revolutionary Model S.

Tesla’s primary target consumer segment is wealthier men in their forties who are technologically savvy and care about sustainability. This target segment has been very successful for Tesla over the years; however, we believe the Model S should be targeted to wealthier, middle aged, independent women because of their unique purchasing traits that men do not satisfy. Women shop more online compared to men and this is where Tesla generates most of their sales. Additionally, women are more likely to care about the environment which is a benefit of selling electric cars and a commonality amongst most Tesla consumers. If Tesla can target regions with high concentrations of wealthier women and promote the brand in women’s magazines, we believe Tesla can further grow its market share of the electric vehicle industry.

Section 1: Market Profile
A detailed SWOT analysis on TESLA, found on Appendix A, Table 1, reveals several pertinent strengths, weaknesses, opportunities, and threats. As the first player in the electric automobile industry, Tesla’s Model S stands as the benchmark model of the electric vehicle industry. Tesla is the only player in the market who foresaw the negative environmental changes coming in the future and responded to them with the right strategic moves early on. Because of Tesla’s five-year head start on other electric vehicles, the Model S has some of the most impressive technology and specifications of any electric vehicle. In the same way that tech developers frequently update their products, so does Tesla. Some examples of these software updates are new customization features like a horn of your choice, the ability to watch movies on the massive screen in the front of the car, or even a full light show that moves not only the lights but also the doors. This aspect of the product is a considerable strength for two reasons- not only does it allow the driver to give their vehicle a personal touch, but it also conveys a sense of exclusivity that no other car brand has capitalized on. Many of Tesla’s most well-known features such as the disappearing handles were Musk’s brainchild and made the production of the cars ever more challenging but in the end, luxurious and unique. Most of these features do not exist in other cars and they work well at engaging current customers in their Tesla experience as well as peaking the attention of prospective buyers. Not only does Tesla have one-of-a-kind features but it is also on the top when it comes to overall vehicle performance on the road. It is one of the fastest vehicles on the market, going from 0-60 miles per hour in 2.4 seconds. An even more impressive feat is the fact that the
Tesla Model S can go 390 miles on a single charge dependent on the configuration. This more than doubles competitors and differentiates them even more because Tesla owners will likely not have to worry about running out of battery which cannot be said about vehicle owners of competing companies. The company’s brand reputation is also a strength worth mentioning. Elon Musk, one of Tesla’s most well-known owners is known for his engineering ingenuity along with his influence in the technological industry and has amassed a large following of Tesla loyalists. The top-tier performance along with unique technological features differentiates this luxurious electric car from other brands.

While Tesla has many strengths and appears relatively problem-free, there are some weaknesses the company must consider. The most notable weakness for Tesla is developing the infrastructure to support charging for Tesla owners globally. Figure 1, *A Map of Tesla Charging Stations in the USA*, reveals that the East and West coast have decent concentrations of charging locations but some states in the Midwest show that they have as little as three public charging locations. To continue to find success, Tesla must develop more charging stations globally or the electric vehicles will not have the ability to replace gas cars. With the support of Biden’s $2.3 trillion infrastructure plan, $174 billion in spending and tax credits will boost electric vehicles (EVs) and charging networks.

Another weakness for Tesla is its struggle to be profitable. Because of Tesla’s high research and development costs as well as manufacturing costs, Tesla has struggled to be profitable and must offer its products at a luxury price just to cover costs. With continued research and development as well as mass production through its Gigafactory’s, Tesla should be able to achieve profitable quarters without the help of selling its EV credits through decreasing renewable energy costs. Without regulatory credits, Tesla would not have been able to report four consecutive quarters of profitability, a milestone it reported that met the qualifications for Tesla to join the S&P 500.

Electric Vehicle credits are one of the biggest current opportunities for Tesla. For Tesla. In California, and at least 13 other states, any auto manufacturer who wants to sell their cars into that state must sell a certain amount of electric, hybrid electric, or other zero-emission vehicles. Automakers who are not selling these vehicles yet, or not selling many of them anyway, will buy credits from someone who is for compliance. Since Tesla only sells zero-emission vehicles, it doesn’t need to keep the credits that it earns and can sell them.

Most states with a zero-emission vehicles program in place plan to increase their requirements for eco-friendly cars for the next few years, a massive opportunity for Tesla. In the long term future, we expect other automakers will begin producing their environmentally-friendly vehicles in high volumes so it is important that Tesla prepares and accounts for phasing out EV credits from its profits. Nevertheless, Tesla is poised for success as global trends and policy begin to fall in line with Tesla’s mission, a future of sustainability and zero emissions.

Consumers also benefit from Tesla’s EV credits. Nationally, consumers can enjoy tax breaks for helping save the planet. Some states, like California, Colorado, and Virginia, offer a state tax credit of at least $5,000 when you buy an electric car.

To address Tesla’s microenvironment in the USA, we must note that Tesla’s early monopoly on electric vehicles in the USA has created a 620 billion dollar market cap, 420 billion dollars higher than the next best competitor, TOYOTA. To put Tesla’s incredible market cap into perspective, the entire

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1 https://www.tesla.com/models
2 https://www.tesla.com/supercharger
automobile industry's market value is just over a trillion dollars. While Tesla is shying away from its highs at an 800 billion dollar market cap, its current 620 billion dollar market cap stems from Tesla being the only player in the auto market who foresaw the environmental changes and responded to them with the right strategic moves early on.\(^6\)

The incredible market cap also comes from the perceived future value as consumers and investors believe that Tesla's superior technology and the US and other global government's incentives for consumers (Tax Breaks) and Tesla (Regulatory Credits) paired with aggressive global EV adoption targets (2025-2035) to phase out all-new gas/diesel will cause Tesla to be the leading auto manufacturer of the future globally. Tesla was also the pioneer of autonomous driving so it is in a great spot to apply their artificial intelligence (AI) and automation into their vehicles globally as autonomous driving becomes the new standard of driving safely as the NHTSA (National Highway Traffic Safety Administration) reports that more than 94% of auto accidents in the US are caused by driver error in some way. We recommend that Tesla continues to focus on its superior technology and sustainability in its marketing as well as its goal to create a global charging network/infrastructure to better accommodate the needs for the electric vehicle battery charging.\(^7\)

To address Tesla's competitors, it appears that the sheer growth of Tesla may spell the inevitability of a green revolution in the industry. Tesla still maintains its benchmark as the premiere luxury electric vehicle which no company has been able to replicate. Rapid improvements in tech help Tesla maintain a competitive edge over the competition. It allows Tesla to be fuel-efficient and paves the way for future sustainability and usability. The cars are made to adopt newer technology, unlike traditional options in the automotive industry. While Tesla boasts the fastest acceleration and longest battery life of any vehicle, Nio, China's response to Tesla stands as an impeding distant competitor as China attempts to capture the EV market locally and internationally in the future. It could be troublesome for Tesla in the future if the Chinese can meet similar quality expectations but at a much lower price as NIO seeks to compete globally.\(^8\)

Overall, Tesla’s competitive advantage comes as a result of its dedicated emphasis on research and development (R&D). Many of Tesla’s rivals have admitted that Tesla’s technology far surpasses their own—a teardown revealed that its batteries and AI chips are roughly six years ahead of other industry giants such as Toyota and Volkswagen.

To address Tesla’s macro-environment situation, we found that Tesla’s mission is in line with the global cultural and political forces of being environmentally conscious and sustainable. As most sustainable energy is still quite expensive compared to fossil fuels, Tesla targets high-income, eco-friendly, and technology-oriented consumers for its products. We believe this segment of consumers will continue to grow for three reasons. First, as global warming worsens and the sustainability movement continues to gain traction, so will the traction for Tesla. As renewable energy technology becomes cheaper, so will the technology for Tesla, making them more price competitive to rising brands like Nio and available to the environmentally-conscious middle-class consumer. Lastly, global political-legal/regulatory mentioned above will eventually phase out all-new gas vehicles in the next ten years, posing Tesla to continue to be the most valuable automaker of them all as most other auto-makers will continue to be years behind Tesla’s electric vehicle technology. With this technological advantage, we suggest Tesla market their newest technologies and updates to consumers and expect other automakers


\(^8\)https://www.nio.com/et7
in the industry to follow Tesla’s footsteps technologically for the near future.

Section 2: Segmentation and targeting

Tesla has done an incredible job at generating interest in the Model S in the luxury consumer segment. Tesla’s Model S segmentation plan is fairly strategic as they focus on a relatively small part of the world’s population, however, with that being said, there is no issue with the undertaking of a large consumer base. Demographically, this electric vehicle serves the upper-middle class with high incomes. The notion that it is a luxurious and sophisticated vehicle makes it only available to those who can afford it, which is predominantly those who fall into the age range of 30+, a majority of men, mainly in executive positions or other affluent occupations. The age demographic is essentially dependent on the time it takes to become financially comfortable to make this purchase. To get away from the construct of serving to men, it is imperative to segment to women consumers as well. 

Psychologically, we notice that because of its focus on sustainability, it is certainly supported by and appreciated by environmentally conscious individuals. To add to that, it also serves those who live determined lifestyles and are overachievers. In terms of geographic segmentation, it certainly segments to the proximity to charging stations but mainly to city and suburban areas in North America, Asia, and Europe. Conversely, it is primarily more popular in California, Massachusetts, Connecticut, New York, and Florida. Extending that point, behaviorally, the Model S is prominent with technologically-savvy people and those who crave social validation. This is reasoning as to why Tesla is segmenting to those 5 states because there is a high concentration of Tesla’s ideal target market. They are heavily segmenting to those living in or close to a city in order to be located within a close range to charging stations while focusing on individuals who are aged 30 or older, upscale, and eco-friendly.

Tesla’s Model S target market consists of wealthy and technology-oriented consumers who support sustainability, however it would be beneficial to hone in on a whole new target segment of women. Their strongest target market are those who have successful careers and are able to afford the vehicle. Most of the current consumers are men, accounting for 77% (See Appendix C) of Model S owners, following the characteristics and demographic of the segmented buyer. To continue that point, these men are interested in technological advancements and impressive power, both of which is offered by the Model S. The Model S really serves to the desires of what most men look for in a vehicle. Also, the Model S is reaching young social media influencers. This target segment lives in mainly southern California, usually Los Angeles, or Florida and generates high revenue through social media platforms and brand deals. By seeing these influencers using this vehicle and with the large following that these individuals have, it builds brand loyalty in the younger generations; however, it is a relatively small consumer segment. It is critical for Tesla to continue to target young to middle-aged men who have spendable incomes and reside in technology-oriented, industrialized areas. Conversely, the notion of the primary consumer of the Model S being a majority of men needs to be modified by creating and concentrating on a new target market. It is vital to reach beyond the existing target market and target to prestigious women professionals who don’t have kids. By serving aspiring, high-income women, they are expanding their consumer base. Currently, 23% (See Appendix C) of Tesla Model S’ owners are women and that percentage needs to rise. Increasing advertising and promoting features that attract women consumers will allow for a change in brand reputation, that it is not primarily owned by men. Moreover, their target segment is the individuals who want high-end performance and quality while also containing the desire for a vehicle that encompasses the look and feel of a remarkably futuristic car. The current targeted consumer of wealthy men is significantly effective but it would be substantial to focus on the

target segment of upper echelon women while continuing with men, all of whom have the desire to be
target segment of upper echelon women while continuing with men, all of whom have the desire to be
and look the best as the Tesla Model S achieves that image with ease.

Section 3: Profile of target consumer segment

The consumers we are targeting are successful, wealthy women who most likely do not have a
The consumers we are targeting are successful, wealthy women who most likely do not have a
family. Women who have older children would like this car, but for younger children it is impractical.
family. Women who have older children would like this car, but for younger children it is impractical.
This market segment is large but more importantly lacking in the Model S’s current demographic.
This market segment is large but more importantly lacking in the Model S’s current demographic.
Significantly more men drive the Model S so there is a high chance for growth with independent women,
Significantly more men drive the Model S so there is a high chance for growth with independent women,
the ratio is 77% men to 23% women (Appendix C). The women who would find this product the most
the ratio is 77% men to 23% women (Appendix C). The women who would find this product the most
compelling would be business professionals, aged 30+ who are financially stable and enjoy the finer
compelling would be business professionals, aged 30+ who are financially stable and enjoy the finer
things in life. People who understand technology will get more out of the car than someone who doesn’t
things in life. People who understand technology will get more out of the car than someone who doesn’t
care too much about it. They are environmentally conscious and hardworking, they most likely shop
care too much about it. They are environmentally conscious and hardworking, they most likely shop
online and would appreciate that part of the Tesla buying experience. These women care about status
online and would appreciate that part of the Tesla buying experience. These women care about status
and how others will perceive them. The Model S provides them with that appearance. Living primarily
and how others will perceive them. The Model S provides them with that appearance. Living primarily
on the East and West coast these women may travel for work and need to convey they mean business,
on the East and West coast these women may travel for work and need to convey they mean business,
and in a car like the Model S people will take you seriously. If situated on the coasts then they will be
and in a car like the Model S people will take you seriously. If situated on the coasts then they will be
able to access the Supercharger network. With a product like a car, brand loyalty is a given and
able to access the Supercharger network. With a product like a car, brand loyalty is a given and
customers will be sticking around for a while bringing in revenue from repairs, parts, and servicing.
customers will be sticking around for a while bringing in revenue from repairs, parts, and servicing.
These women also care about quality, they will not be spending their money on something that they will
These women also care about quality, they will not be spending their money on something that they will
not use for a considerable amount of time. They most likely get the idea to purchase a Tesla from word-
ot use for a considerable amount of time. They most likely get the idea to purchase a Tesla from word-
of-mouth or seeing it on the road.
of-mouth or seeing it on the road.

For the sake of the profile, we shall call our consumer, Diligent Daisy. Daisy was recently
For the sake of the profile, we shall call our consumer, Diligent Daisy. Daisy was recently
promoted to the COO at an up-and-coming tech company in Silicon Valley. She is in her mid-30s and is
promoted to the COO at an up-and-coming tech company in Silicon Valley. She is in her mid-30s and is
constantly putting in late hours to make sure everyone she manages can most effectively do their job.
constantly putting in late hours to make sure everyone she manages can most effectively do their job.
Daisy is a kind boss who always helps her employees but holds them to a high standard and expects
Daisy is a kind boss who always helps her employees but holds them to a high standard and expects
them to deliver their finest work. As a successful but new company, Daisy runs a tight ship and knows
them to deliver their finest work. As a successful but new company, Daisy runs a tight ship and knows
that performance is of the utmost importance and will always get the job done. She also values
that performance is of the utmost importance and will always get the job done. She also values
sustainability and makes sure her company is doing whatever it can to be using clean energy and eco-
sustainability and makes sure her company is doing whatever it can to be using clean energy and eco-
friendly practices. Daisy drives a Nissan Leaf because of its sustainability but wants something that packs
friendly practices. Daisy drives a Nissan Leaf because of its sustainability but wants something that packs
a bit more of a punch. She’s been planning a trip down the pacific coast highway to go to LA, but her
a bit more of a punch. She’s been planning a trip down the pacific coast highway to go to LA, but her
Leaf doesn’t have the range. Besides, it takes a while to charge. When she comes into work, Daisy is
Leaf doesn’t have the range. Besides, it takes a while to charge. When she comes into work, Daisy is
surprised to see that her company installed a few Tesla charging stations right outside! She thinks about
surprised to see that her company installed a few Tesla charging stations right outside! She thinks about
how convenient it would be to plug her car in and have it charged for the whole day before speeding
how convenient it would be to plug her car in and have it charged for the whole day before speeding
home. She thinks about rarely having to go to a gas station because she can charge her car overnight at
home. She thinks about rarely having to go to a gas station because she can charge her car overnight at
home. On her commute back from work, which is about 45 minutes, Daisy notices more Tesla charging
home. On her commute back from work, which is about 45 minutes, Daisy notices more Tesla charging
locations. With her new income, the Tesla Model S is a viable option. Now that is a car she can drive
locations. With her new income, the Tesla Model S is a viable option. Now that is a car she can drive
down the Pacific Coast highway! Or not because of its autonomous driving feature! Daisy starts to do
down the Pacific Coast highway! Or not because of its autonomous driving feature! Daisy starts to do
some more research on the Tesla Model S. She sees its impressive performance and compares it to her
some more research on the Tesla Model S. She sees its impressive performance and compares it to her
Nissan, which isn’t cutting it for her anymore. The Model S is her kind of car. It exudes sophistication
Nissan, which isn’t cutting it for her anymore. The Model S is her kind of car. It exudes sophistication
while exciting her with all of its technological benefits. It is fast, elegant, and impressive. She can make
while exciting her with all of its technological benefits. It is fast, elegant, and impressive. She can make
the 345 mile trek to LA off of one charge! The Tesla Supercharger network is drastically faster and more
the 345 mile trek to LA off of one charge! The Tesla Supercharger network is drastically faster and more
frequent than Nissan’s. Daisy spends most of her time at work using technology, giving critiques and
frequent than Nissan’s. Daisy spends most of her time at work using technology, giving critiques and
offering improvements to new products and software. This makes the customizations that the Model S
offering improvements to new products and software. This makes the customizations that the Model S
has to offer appealing. The software updates are constantly keeping her interested in what the car
has to offer appealing. The software updates are constantly keeping her interested in what the car
added to its repertoire. It has a 5 star safety rating, so she feels secure in the vehicle. It fits her needs,
added to its repertoire. It has a 5 star safety rating, so she feels secure in the vehicle. It fits her needs,
wants, and aesthetic perfectly. Once Daisy has purchased the car, she falls in love with it. Daisy talks
wants, and aesthetic perfectly. Once Daisy has purchased the car, she falls in love with it. Daisy talks
about her new purchase with some of her coworkers and friends. One of them also has a Tesla and raves
about how fun it is to drive. He shows her the picture of the car Elon Musk shot into space. She shows
him the photos from her trip to LA that she finally got to go on. She thinks Elon’s antics are a total break from the norm and follows him on Twitter to see his next grand plan. Daisy invests in Tesla stock and even some into Dogecoin because of all the hype surrounding it. She tuned into SNL, even though she doesn’t think it’s as funny as it used to be, because Elon was performing. Daisy not only loves her new car, but the community surrounding it. Daisy feels connected to the other Tesla owners through not only the cars exclusive appeal, but the company’s social media presence.

Section 4: Positioning

Tesla has positioned itself as one of the premium electric car companies on the market, and the Model S is the face of the brand. The Model S is full of unique features that help it stand out from the rest of the competition as one of the most innovative cars out there. Some of these features include the sleek interior and exterior, the highest safety rating in America, the massive touchscreen, autopilot, and self-park. While we could not find a mission statement on Tesla’s website, we crafted our own positioning statement: For tech-savvy and environmentally conscious individuals seeking a luxurious ride, Tesla provides one of the fastest electric cars on the market along with a long battery life to keep you riding in style for miles. We came up with this positioning statement first because Tesla is one of the most innovative and stylish cars out there. They are known for their sleek design and advanced technologies that help to distinguish them from other electric cars out there. We included the part about “environmentally conscious individuals” because Tesla is an electric car manufacturer, which distinguishes them from their competitors who make gasoline cars because Tesla cars are much better for the environment. Finally, we mentioned the speed and battery life that comes with the Tesla because they are both additional factors that distinguish Tesla from competitors. They have one of the fastest and longest lasting cars, which are aspects that would certainly drive in a good amount of consumers looking for an electric car.

Part 2 - Marketing tactics

Section 1: Objectives

Over time, Tesla has developed a clear set of objectives that they hope to accomplish throughout the life of the company. In the beginning, Tesla sought to differentiate themselves from the rest of the market by being one of the first electric vehicle manufacturers out there. There was virtually no competition in the electric car market during this time, so they saw an untapped market with big potential for them to make a splash. Therefore, their value proposition at the start was about how electric vehicles can be better, quicker, and more fun to drive than gasoline cars. This was successful in differentiating them from other car manufacturers, and they were able to convert many people from traditional gasoline cars to a Tesla. However, due to Tesla’s success, other companies began to enter the electric vehicle market. This new competition made it so that Tesla’s value proposition was not as unique to them and did not differentiate them as much as it once had. As a result, they shifted their value proposition to how they want to make products accessible and affordable to more and more people, ultimately accelerating the advent of clean transport and clean energy production. So far, Tesla has held true to this proposition, as they have released cheaper models over time since they have

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10 https://www.tesla.com/about
4https://www.carsdirect.com/2020/tesla/model-s/colors
been able to bring down the costs of their batteries. The Model S is cheaper than the original Roadster, and the Model 3 is even cheaper than the Model S. This gives Tesla a more for less positioning, because they are offering the highest quality electric cars on the market while trying to make their prices lower to be more accessible. In terms of brand image, Tesla paints themselves to consumers as environmentally conscious and innovative. As an electric car manufacturer, they are environmentally conscious in that their cars do not burn fossil fuels like traditional gasoline cars. When it comes to their innovative side, Tesla constantly updates the hardware of their cars rather than waiting for new models to come out, so every car can have the most up-to-date technology. In addition, their cars are some of the fastest on the market, with the Model S being able to go 0-60mph in just 1.99 seconds. They also have longer lasting batteries than many of their competitors, as the Model S can travel around 390 miles on a single charge\textsuperscript{11}.

The perceptual positioning map below was made to compare Tesla to its competitors in terms of price and sustainability. As you can see, right now Tesla is perceived to be more expensive than many of its competitors, but also one of the most sustainable car companies out there. Although they are now perceived to be more expensive than most competitors, we envision that if they stick to their strategy of reducing prices over time they will eventually be seen as more affordable. Since they strictly make electric cars, they are perceived to be more sustainable than their competitors that make both gas and electric cars. Comparing them to the competitors we talked about earlier, Tesla is perceived to be more expensive than Chevy but similarly priced to Porsche. Tesla is also seen as much more sustainable than both of them. Additionally, we did not include Nio in the map because they are still a very new company and are not well-known enough yet in the United States.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{perceptual_positioning_map.png}
\caption{Figure 9}
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\section*{Section 2: Integrated marketing mix:}

\subsection*{Product}

The Tesla Model S is without a doubt at the forefront of the EV industry. With a sleek design, massive amounts of technology, and specs to make any car connoisseur double-take, the Model S fits into any professional lifestyle with ease. The Model S provides drivers with a sense of superiority, no

\textsuperscript{11}https://www.forbes.com/sites/greatspeculations/2015/07/02/teslas-unique-position-in-the-car-market-is-one-of-its-biggest-strengths/?sh=f4fc1c23ad7f
doubt aided by the fact that it is an electric car. Owners can take pride in the fact that they’re doing their part to help save the environment. The EV is eye-catching in beautiful colors, including Deep Blue, Midnight Silver Metallic, Pearl White, Red, and Black. Complete with matching key fobs shaped like the car, everything about this model has a purpose behind it. Take the retracting door handles, there is a sense of exclusivity that Tesla possesses that no other car company has. Boasting a luxury interior that makes you feel like you’re in a spaceship no shortcuts are taken on the car. Tesla is known for its autopilot feature, but they also have an automatic parking feature that is incredibly accurate. Some dislike the autopilot feature, but it will undoubtedly grow in popularity. Equipped with an enormous screen in the middle of the car, the Model S targets technology-oriented people. One example is the car’s software updates that keep it at the frontier of innovation. The screen allows for wide-ranging activities such as watching Netflix while the car is charging, surfing the web, even playing games! Another less known feature of the screen is a secret drawing pad. The car has a playfulness that other cars don’t have, it is youthful and energetic with quirks that make it stand out in the car industry as an undisputed leader. Easter eggs, basically small little jokes that developers will plant into software, often pops up on the software, a notable example is the simulated road on the screen turned into Rainbow Road from Mario Kart. When buying a Model S, you are not only purchasing the car. You are buying into the idea that Tesla’s are the future and that green energy is the future. You are buying into the massive network of superchargers that are the only widely available chargers in the US. You are buying one of the first cars with autopilot features and the fastest accelerating car in the EV industry. Nothing in the product category will have to change because the car is vastly ahead of its competitors. Adding more colors to the online checkout would never decrease consumer interest. Putting more research into the safety of autopilot would benefit owners of Tesla’s because there has been news recently about how safe the feature truly is.

Pricing

Tesla strategically implements a premium pricing strategy and a value-based pricing strategy towards the sale of the Model S, following the price point for the target market of financially prosperous individuals. Tesla’s Model S has a somewhat higher price range compared to most electric vehicles in the market, adopting a premium pricing strategy. Their premium pricing strategy consists of pricing the Tesla Model S a little bit higher than competitors (Kissinger). This creates the perception that their product is superior and the better option. This concept supports the saying “you get what you pay for" as you are paying for the perfect combination of luxury and performance. The price is adequately designated to depict that the Tesla is really a prime and sumptuous electric vehicle.

Nonetheless, compared to the higher-end upscale, deluxe electric vehicles on the market, Tesla offers a more affordable and cheaper price while still upholding the opulent aspects that the more expensive electric vehicles possess. For example, one of the closest competitors, based on pricing, quality, and performance, to Tesla’s Model S, is the Porsche Taycan, which is starting at about $80,000. The Model S contains similar high-end features as the Porsche Taycan and other higher-priced electric vehicles and has incredibly impressive power and elegance for the price that is being offered. Following the price and the premium pricing strategy, the Model S obtains the characteristics and looks of a futuristic and advanced vehicle as it is extremely lustrous and modern with monumental performance qualities.

There are several different configurations of the Model S, following a value-based pricing strategy. The starting price for a Tesla Model S is $69,420, while the Long Range specification starts at

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13 panmore.com/tesla-motors-inc-marketing-mix-4ps-analysis
$79,990 and the Performance model is around $91,990. The Model S Plaid starts at $119,990 and the Plaid+ is $149,990. The value placed on these more expensive specifications is based on multiple added features in which the targeted consumer is given a variety of options to choose from based on their individual needs. The Plaid and the Plaid+ have triple motors compared to the Long Range and Performance that contain Dual Motors. They have higher performance and more horsepower as the acceleration increases with each configuration. For instance, because of the extra motor, the Plaid and Plaid+ have 1020 horsepower, an extra 50 miles per hour, and a 0-60 miles per hour time of under 2 seconds. Overall, the configurations of the Model S range from 670 to 1020 horsepower.\(^\text{14}\) Further, the amount of miles the vehicle can be driven on a single charge is considerably greater than the less expensive specifications; the battery life range begins at 387 miles and can reach up to approximately 500 miles.\(^\text{15}\) Another thing to note is the astonishing additional value that is coming later this year of the full self-driving capability, which will cost $10,000 and can be added to any of the configurations. This feature is revolutionary and we believe is priced appropriately because it provides complete autopilot control. Depending on the qualities a man or woman is looking for in their Tesla Model S, they have an assortment of configurations to select from to reach their desired needs; These qualities are placed on acceleration, battery life, and horsepower. The value-based pricing strategy allows for an array of differentiated features, giving the consumer’s preference on their Model S’ abilities.

The price is high, however, due to the target market of wealthier, upper-class individuals and the features under the specifications, it is completely viable. We believe that price changes are not necessary for the existing target market of men and the new target segment of women. This is because the vehicle is still targeting a similar, if not the same, social class of high-income individuals whether it be men or women. Essentially, the pricing strategies should not be affected by the demographic segmentation as it maintains the same market of affluent consumers. The sleek style, performance, and quality of the futuristic Tesla Model S is deliberately priced to capture its value and luxuriousness, utilizing the premium pricing and value-based pricing strategies.

Placement

Even though we plan on marketing Tesla’s Model S to wealthier single women, overall placement will be similar to Tesla’s actual target of wealthier men. Similarly to men, these vehicles would be advertised directly to consumers in North America, Europe, and Asia through dealerships and promotional galleries: however, these in-person venues are becoming less common for sales. These stores are becoming destinations where people learn about the cars and features and then make an online purchase which allows buyers to customize models in ways that best suit their needs. Tesla uses direct marketing channels for most online sales because there is no intermediary needed which eliminates channel conflicts that arise with retailers. Tesla should continue to prioritize and upgrade this online business because 72% of women shop online compared to 68% of men (Marinova).\(^\text{16}\) This is one way to appeal to our target segment of wealthier, independent women. Because of Tesla's high-end and luxury status, we would not sell a Tesla vehicle in discount dealerships or in any venue where the value of the vehicle can be downgraded in the minds of intended upscale consumers.

\(^\text{14}\) https://www.tesla.com/models/design#overview 

Placement

Even though we plan on marketing Tesla’s Model S to wealthier single women, overall placement will be similar to Tesla’s actual target of wealthier men. Similarly to men, these vehicles would be advertised directly to consumers in North America, Europe, and Asia through dealerships and promotional galleries: however, these in-person venues are becoming less common for sales. These stores are becoming destinations where people learn about the cars and features and then make an online purchase which allows buyers to customize models in ways that best suit their needs. Tesla uses direct marketing channels for most online sales because there is no intermediary needed which eliminates channel conflicts that arise with retailers. Tesla should continue to prioritize and upgrade this online business because 72% of women shop online compared to 68% of men (Marinova).\(^\text{16}\) This is one way to appeal to our target segment of wealthier, independent women. Because of Tesla’s high-end and luxury status, we would not sell a Tesla vehicle in discount dealerships or in any venue where the value of the vehicle can be downgraded in the minds of intended upscale consumers.

\(^\text{14}\) https://www.tesla.com/models/design#overview 
The electric vehicle company owns stores in 27 different countries and is currently looking to expand its presence internationally to grow brand recognition and increase sales. According to the figure below, in the United States, Tesla records the most sales in California, Texas, New York, Massachusetts, Connecticut, and Florida. We believe this is because of the high concentration of wealthier and technologically minded individuals who crave the high end status Tesla offers while also being environmentally conscious. Tesla should continue outreach in these states but should also target affluent women instead of primarily men. Tesla should expand in cities with higher concentrations of successful women to reach our new intended target segment for the Tesla Model S. Madison, Wisconsin, is an ideal location because women have a 1.6% unemployment rate and 20% earn over $75,000. They also have the sixth-highest rate of women business owners. Other locations with similar statistics that correlate with our new target segment include Plano Texas, Arlington Virginia, and Seattle Washington (Wiest).\(^\text{17}\) If Tesla markets their Model S to women in these areas, we believe there is a real opportunity for the electric vehicle company.

Another important aspect to consider when analyzing Tesla’s place is the presence of charging stations. Whether targeting wealthy men or women, without plentiful charging opportunities, potential customers may fear purchasing the Model S because they do not want the inconvenience and anxiety of needing to charge the car but not having enough facilities in the area to charge on a consistent basis. The highest density of charging stations are located in urban and suburban areas because the overall population is more concentrated. Therefore, it is more common to see Tesla’s Model S in these urban regions because people do not have to worry about finding charging stations. In more rural areas, the charging network is more sparse and Tesla’s are just not as common. The figure below illustrates the charging station network in the United States. Clearly Tesla is more prominent along the coasts and in highly concentrated human populations. In terms of place, Tesla’s Model S requires similar characteristics for men and women like the presence of charging stations in urban regions; however, if Tesla focuses on their online appeal and regions with more successful, wealthy women, we believe they can effectively increase sales with the new target segment.

Promotion

Tesla’s unique brand allows for rather interesting promotional strategies that cater to both men and women and are not seen in other automobile companies. The electric vehicle company does not operate dealerships like other companies. Instead, they operate the “Tesla Experience” in these galleries/dealerships where possible buyers can browse, learn, and operate Tesla models. If a buyer is interested and ready to buy, a salesperson walks them through the online ordering process that is customized to the buyers preferences. These galleries generate a lot of foot traffic and is a major way Tesla promotes its newest technologies. People are drawn in by the sleek looking cars, jaw dropping features, and skilled salespeople. Tesla also promotes its brand through social media and magazines like Forbes and GQ. The brand can promote itself to its new target market, wealthier women, by entering magazines like Forbes Women and Women in Business. Women are generally more likely to be concerned about the environment compared to men so we believe Tesla should promote their environmental benefits to their new target segment in these magazines and on social media (Ballew). By reminding their target audience of the new technologies Tesla is offering along with the technological

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18climatecommunication.yale.edu/publications/gender-differences-in-public-understanding-of-climate-change/#:~:text=On%20average%2C%20women%20are%20slightly,pro%2Dclimate%20opinions%20and%20beliefs
benefits, it generates more buzz about the brand and people will likely want to learn more about high-end electric vehicles.

Tesla’s brand is so groundbreaking and revolutionary that a lot of their promotion is done without much work. Many Tesla owners are fascinated and proud of their vehicle and they love to show off their unique features to anyone who will listen. Word of mouth from loyal followers is another way Tesla draws great deals of interest with minimal effort. They started a referral program where Tesla owners can recruit new buyers and they both receive 6 months of free supercharging. Promotions like this encourage word of mouth advertising by owners which connect and grow the Tesla community.

Women are more likely to be concerned about the environment than men, so we believe Tesla should promote their environmental benefits to their new target segment.

To promote new products and generate brand hype, Tesla holds product release events where they introduce new models to the public. These events are similar to Apple’s new product introductions and they garner significant attention and press coverage because everyone wants to see the next big revolutionary product. Tesla has also been a part of publicity stunts that raise brand awareness and buzz. An example of this occurred when Elon Musk launched his Tesla vehicle into space through his other company, SpaceX. Although this event did not highlight the features of the newest Tesla car, it received a good amount of public awareness which in turn promoted the brand.

Finally, the face of Tesla, Elon Musk, is responsible for overall brand promotion. As one of the wealthiest and most innovative people in the world, Musk attracts loyal and passionate followers who will purchase Tesla vehicles and promote the brand. Musk is also an internet personality, especially on Twitter, and has significant influence on stock prices of many companies including Tesla. Having a household name like Musk as the face of a company has its benefits from a promotional perspective; however, it is important to understand that all of his words and actions represent the brand. Because of Tesla’s revolutionary technologies, people from all over are naturally fascinated with the futuristic brand, making promotions different than most competing car companies. We believe that Tesla’s current promotional strategies can already attract both men and women; however, if they cater to women’s magazines and the belief that women are more open to sustainability, more women will purchase Tesla vehicles including the Model S.

Section 3: Implementation

Tesla could be even more successful through the implementation of new product developments and marketing strategies. In terms of product developments, Tesla should put more money into research and development to come up with new technologies that they can introduce in their hardware updates and will help differentiate them even more from their competition. While they have done a great job so far with keeping their technology up-to-date, the increase in competition over the past few years shows how it is more important now than ever before to innovate. Another development that Tesla could introduce is cheaper car models. As mentioned in the value proposition, Tesla hopes to make their cars accessible and affordable to more and more people. While they have released the Model 3, which is much more affordable than other models at a price of around $39,000, this is still out of the price range for a vast portion of the population. If they can continue to release cheaper models that still possess the innovative and stylish qualities of Tesla, they can compete more directly with vehicles such as the Toyota Prius and target a much larger segment of consumers. They could develop this new product by issuing surveys and running focus groups with middle and lower class individuals who are more price sensitive but still environmentally conscious to see what they would want they would want out of a more affordable Tesla model. Next, in order for Tesla and electric cars as a whole to become a staple in America, charging stations must become much more accessible. The lack of charging stations is one of the biggest problems for Tesla, especially in the middle of the country. Therefore, if
they were able to make them more widespread across the country, they could see a significant increase in electric car drivers.

As for marketing strategies, Tesla should focus on segmenting the market to target more women. Specifically, they should target aspiring women who are likely business professionals and have a stable income. These women would be drawn to Tesla due to the sleek design and luxurious features, as well as the speed and efficiency. As mentioned, only 23% of Tesla Model S owners are women, and this number could increase substantially if Tesla focused more on marketing toward women. While it is a smaller segment than their current target market (only one female for every 21 men at the highest income levels\(^19\)), it has largely been unexplored by Tesla. Therefore, Tesla should focus on featuring women in their advertisements and maybe even get a famous woman to be an ambassador for the brand. In addition, Tesla should start implementing direct advertising through more traditional mediums such as television. To this point, they have been successful with advertising strictly through things like showrooms and social media, but if they were to launch a television advertisement it could help draw in consumers who are less in touch with social media culture. Especially with how polarizing Elon Musk can be at times, it could be beneficial to have an advertisement that does not associate with him and instead just focuses solely on the features of the car\(^20\). In order to assess the success of this marketing campaign, the percentages of Tesla Model S drivers who are women should be compared to before the campaign. A successful campaign would be one where within a year of the launch of the campaign, the percentage of Model S drivers who are women increases by at least 2%. This may not sound like a lot, but considering the amount of Tesla owners out there and the fact that men will still be purchasing the cars as well, it is a significant number. Over time, hopefully women would achieve an even greater share of the Model S market, but it may take awhile for there to be a substantial swing in the numbers. If the projections of the campaign are not met, Tesla may just want to go back to focusing on their current market segment, or they may decide to target a different segment such as social media influencers. Overall, however, we think that targeting women in the professional world is the best move for Tesla in terms of their marketing strategy.

Figure 10

<table>
<thead>
<tr>
<th></th>
<th>Size</th>
<th>Demographic</th>
<th>Lifestyle Characteristics</th>
<th>Purchasing Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Marketing Strategy</td>
<td>Large market segment</td>
<td>Men aged 30 and older, high income, living near coast</td>
<td>Like to look sleek and professional, appreciates luxury, environmentally conscious, tech-savvy</td>
<td>Tend to be interested in cars, do a lot of research, buy new cars fairly often, brand loyal</td>
</tr>
</tbody>
</table>

\(^19\) [https://www.washingtonpost.com/us-policy/2019/02/13/glass-ceiling-is-even-higher-penthouse-women-percenters-are-rare/](https://www.washingtonpost.com/us-policy/2019/02/13/glass-ceiling-is-even-higher-penthouse-women-percenters-are-rare/)

\(^20\) [https://www.cnbc.com/2017/07/19/6-things-elon-musk-must-do-now-to-keep-tesla-on-track.html](https://www.cnbc.com/2017/07/19/6-things-elon-musk-must-do-now-to-keep-tesla-on-track.html)
Proposed Marketing Strategy

Smaller market segment

Women aged 30 and older, high income, living near coast

Like to look sleek and professional, appreciates luxury, environmentally conscious, tech-savvy

Typically not as interested in cars, hold on to cars for longer

Figure 11

1. Get a famous celebrity woman to be an ambassador for Tesla
2. Film a television ad with female ambassador, highlighting features of the Model S
3. Make posts on Tesla social media targeted towards women
4. Collect data regarding the new percentage of Model S drivers that are women after about a year
5. If 2% increase or more is achieved, continue with marketing strategy. Otherwise, pursue a new segment
12.
Table 1. - *Tesla Swot Analysis*

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Expertise</td>
<td>Premium Products</td>
<td>Sustainable Trends</td>
<td>Large Competition:</td>
</tr>
<tr>
<td>• Advanced performance</td>
<td>• Too expensive for many consumers</td>
<td>• The want for sustainable products is only increasing and will no doubt bring tesla more revenue with time</td>
<td></td>
</tr>
<tr>
<td>• Higher mileage</td>
<td>• Manufacturing Complications</td>
<td>• Possible in-facility Battery Production</td>
<td>• Nio ET7</td>
</tr>
<tr>
<td>• Faster acceleration</td>
<td>• With higher innovation comes higher risk of error</td>
<td>• This would totally change the game for tesla as it would significantly reduce production cost</td>
<td></td>
</tr>
<tr>
<td>• Captivating design (interior and exterior)</td>
<td>• High Operational Costs</td>
<td>• Autonomous Driving Technology</td>
<td>• Porsche Taycan</td>
</tr>
<tr>
<td>• Massive Network</td>
<td>• Raw Materials, R&amp;D, Supercharger Network</td>
<td>• Tesla is already praised for its safety and convenience but can always be improved upon as it is not entirely mainstream yet</td>
<td></td>
</tr>
<tr>
<td>• Heightening Sales</td>
<td>• Limited Presence</td>
<td>• Global, specifically Asian Markets</td>
<td>• Jaguar I-Pace, BMW i3, and Rivian R1T</td>
</tr>
<tr>
<td>• As EV’s continue to gain traction</td>
<td>• Must increase global presence</td>
<td>• The US boasted 70% of sales in 2018 while China had less than 10%</td>
<td>• Distant</td>
</tr>
<tr>
<td>• Brand Equity</td>
<td>• High price that comes with electric vehicles, comparing to less luxurious ones</td>
<td>• Yet china has more car sales. Need to capitalize on this</td>
<td>• Less luxurious EV</td>
</tr>
<tr>
<td>• With musk as CEO the company has a ton of social clout because of the stunt he pulls</td>
<td>• Shortage of materials</td>
<td>•</td>
<td>• Nissan Leaf, Hyundai Kona/IONIQ, Kia e-Niro, Toyota Prius</td>
</tr>
<tr>
<td>• Quality and Constant Innovation</td>
<td>• Increased cost and time of production</td>
<td>• Gas-powered vehicles</td>
<td>• Gas-powered vehicles</td>
</tr>
<tr>
<td>• &quot;InsureMyTesla&quot;</td>
<td>• Aluminium, steel, lithium, nickel, copper, and cobalt, as well as lithium-ion cells</td>
<td>• Concern for self-driving</td>
<td>• concern for self-driving</td>
</tr>
<tr>
<td>• Tied to Liberty Mutual (trusted car insurance agency)</td>
<td></td>
<td>• Pedestrians and overall safety of relying on technology</td>
<td>• lack of regulations regarding the security of self-driving and legality</td>
</tr>
<tr>
<td>• Making the entire tesla experience</td>
<td></td>
<td>• Lithium Shortage</td>
<td>• Lithium-ion is integral to almost any technology company. We are on the brink of a massive shortage that could be disastrous for all companies, not just Tesla.</td>
</tr>
</tbody>
</table>

Appendix B
Figure 1 - A Map of Tesla Charging Stations in USA

Appendix C
Figure 2 - Percentage of Model S Owners Based on Gender

hedgescompany.com/blog/2018/11/tesla-owner-demographics/