



PRIFYSGOL CYMRU
Y Drindod Dewi Sant
UNIVERSITY OF WALES
Trinity Saint David

BMMB7013

Strategic Management

Semester 1

Na Jing

2010841

(full-time)

December 16, 2020

Research on Tesla Customer Care Strategy

Executive summary

At present, the new energy automobile industry is developing rapidly. Not only the traditional automobile enterprises are forced to develop new energy vehicles under the pressure of policies, but also a series of new forces have joined in building new vehicles. At present, the competition among new energy automobile enterprises in the market is fierce. How Tesla can stand out among all automobile enterprises, besides outstanding product innovation, personalized customer care is necessary. The external environment affects the company's strategic decision. In this study, PEST model and five forces model are used to analyze Tesla's external environment. As a newly emerging industry, the new energy automobile industry has good development opportunities. Secondly, this paper uses Porter's value chain model to analyze Tesla's internal environment and determine Tesla's strategic positioning. The data about Tesla in this study are collected from the official website, the annual report and the analysis of the company. Finally, on the basis of the above analysis, using the "customer journey analysis" combined with McKinsey's customer care strategy, this paper puts forward some strategic transformation suggestions on customer care for Tesla.

Key words: customer care; Tesla; Electric vehicles; Tesla

Content

I introduction.....	1
II Tesla's industry analysis-based on PEST model.....	3
2.1 Analysis of Political factors.....	3
2.2 Analysis of Economic factors.....	6
2.3 Analysis of Social factors.....	8
2.4 Analysis of Technological factors.....	10
III. Analysis of Tesla Porter's Five Forces Competition.....	13
3.1 Supplier's bargaining power.....	13
3.2 Buyer's bargaining power.....	15
3.3 Threats from Potential Entrants.....	16
3.4 Threats of Alternatives.....	17
3.5 Competition among the same industry.....	18
IV. SWOT Analysis of Tesla.....	20
4.1 Strength Analysis of Tesla.....	20
4.2 Weakness Analysis of Tesla.....	21
4.3 Opportunity Analysis of Tesla.....	22
4.4 Threat Analysis of Tesla.....	22
V. Strategic positioning and Value Chain of Tesla.....	25
5.1 Strategic positioning.....	25
5.2 Tesla's Value Chain.....	28
VI. Tesla's customer care strategy.....	30

6.1Innovative products and services.....	31
6.2Innovative customer development strategy.....	32
Conclusion.....	35
Recommendation.....	36
References.....	41

I introduction

In view of environmental pollution and energy shortage, traditional cars can't meet people's expectations for a better tomorrow, and the development of new energy vehicles is unstoppable. At the same time, due to the impact of COVID-19 epidemic, the new energy industry is struggling, so innovative customer care strategy is particularly necessary.

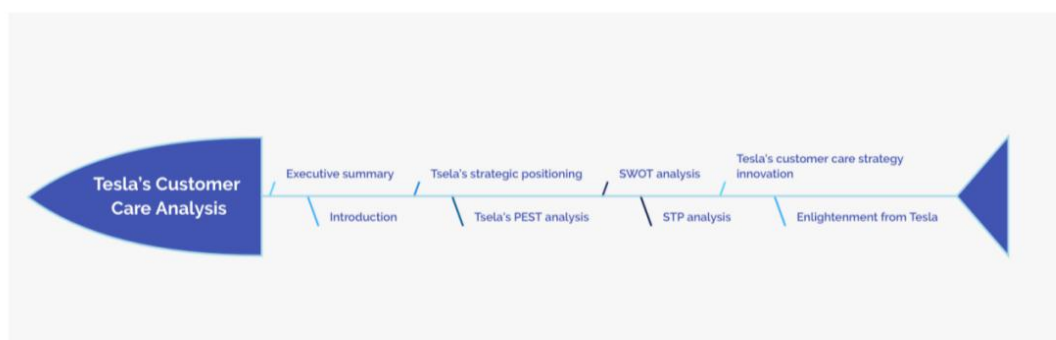


Figure 1.1 Tesla Customer Care Analysis

Tesla listed on NASDAQ in June 2010. Tesla can become the global representative of pure electric vehicle enterprises at present, which is inseparable from its unique technical performance and refreshing management mode.

Tesla's uniqueness lies not only in their disruptive innovations in battery technology, power exchange technology and battery control technology, but also in their bold early adopters in service and direct sales. Ordinary automobile enterprises generally adopt the way of cooperation with dealers, and do not participate in the 4S shop business, while Tesla's sales channels only adopt the strategy of offline experience, online customization and

self-operated 4S. Tesla's global open experience stores are generally located in the commercial centers of developed cities, conveying high-end product design, constantly attracting target customers to come to the stores to find out, and they use unique sales technology to contact customers, which is worth learning for other automobile manufacturers.

Relevant scholars have also done in-depth research on Tesla. Alysha Webb(2019) pointed out that due to the influence of charging network construction, market positioning, sales model and other factors, Tesla could hardly achieve the set sales target. Through reviewing and combing the past literature, it can be seen that the previous scholars' research on Tesla focused on competitiveness, marketing methods, technological innovation and so on, while the research on Tesla's customer care was less. This study will focus on the analysis of Tesla's customer care strategy, and give enlightenment and suggestions.

II Tesla's industry analysis-based on PEST model

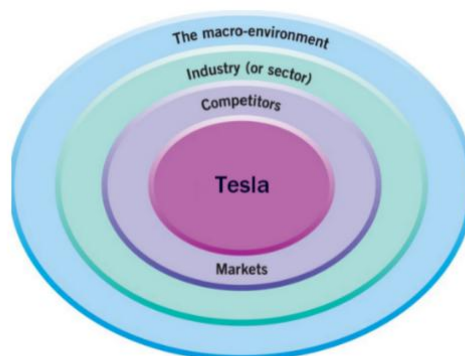


Fig2.1 Tesla environment figure

2.1 Analysis of Political factors

Energy conservation, environmental protection and sustainability are common expectations of people all over the world, so countries all over the world have issued policies to support the development of new energy vehicles that can meet people's expectations. The electric vehicle innovation plan has been implemented in the United States since 2012. Before 2020, it is Germany's goal to put 1 million electric vehicles into use. At the same time, a series of preferential subsidy policies were promulgated by the Japanese government.

With the support of policies, China has become the country with the largest market share of electric vehicles in the world. Since 2017, Germany has become the largest electric vehicle market in Europe, and the sales volume of electric vehicles in the United States has soared in 2020.

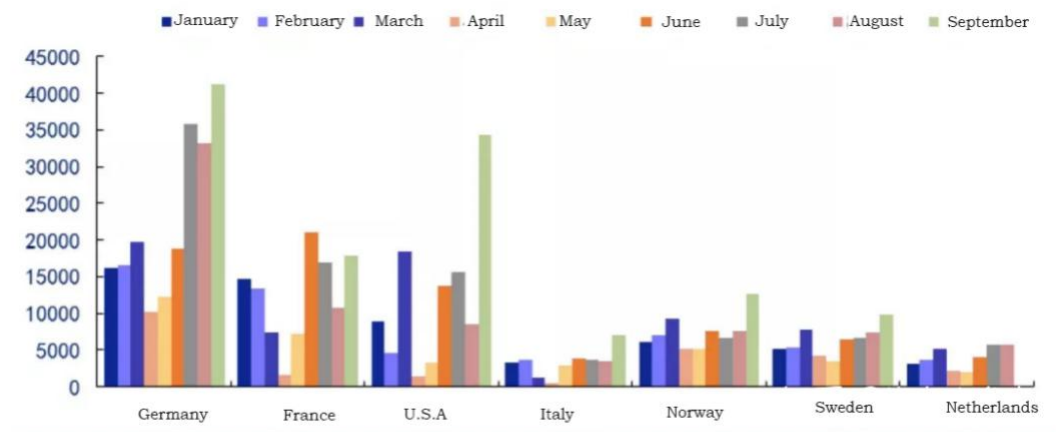


Figure 2.2 Sales of new energy vehicles around the world in 2020

Data source: 2020 new energy automobile industry report

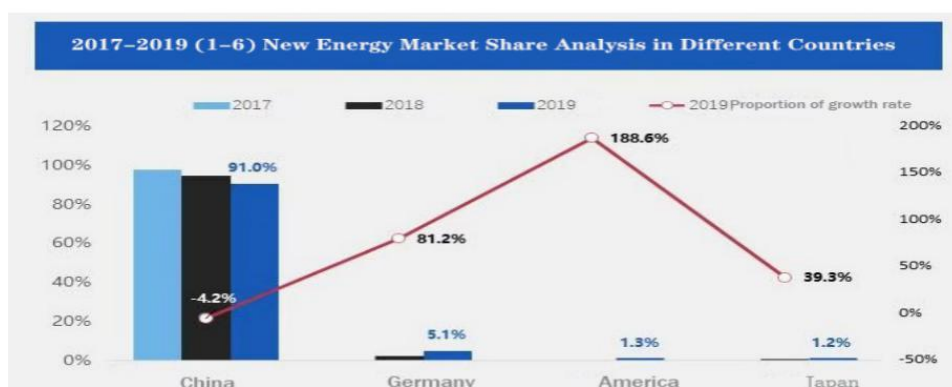


Figure 2.3 Market share of new energy vehicles in different countries

Data source: 2020 new energy automobile industry report

There are also unfavorable factors in politics. In addition to the configuration of charging piles still can not meet people's needs, the policy system still needs to be improved. With the gradual withdrawal of the monetization support policy, the follow-up replacement policies such as access convenience need to be studied in advance and the layout should be paid close attention to.

Table 2.4: China's New Energy Vehicle Policy Arrangement

Time	Policy name	Core points
2004	"Automotive Industry Development Policy"	Actively support my country's automobile industry and promote the industrialization of new energy vehicles
2007	"New Energy Vehicle Production Access Management Rules"	A clear definition of the scope of new energy vehicles. And make normative guidelines for production in the industrial chain
2007	"Industrial Structure Adjustment Guidance Catalog (2007 Edition)"	The development of complete vehicles and key parts, industries and manufacturing encouraged by the state are listed as unified production standards
2009	"New Energy Vehicle Demonstration and Promotion Pilot Work Conference"	We must vigorously develop clean energy vehicles, which can promote energy conservation, emission reduction, technological progress, and at the same time deal with the financial crisis and revitalize the automobile industry
2009	"Auto Industry Adjustment and Revitalization Plan"	The planning period is from 2009 to 2011, and four basic principles have been established: insist on expanding domestic demand, insist on structural adjustment, insist on independent innovation, and insist on industrial upgrading
2010	"Auto Industry Technological Progress and Technological Transformation Investors"	The document stipulates the specifications and grades of various important parts of electric vehicles as the main investment direction
2012	"The People's Republic of China Vehicle and Vessel Tax Law"	Tax reduction and exemption for vehicles and ships that use energy saving and new energy: BEV, FCV, PHEV are exempt from tax, and HEV is taxed by half
2014	"Implementation Plan for Government Agencies and Public Institutions to Purchase New Energy Vehicles"	Plan the corresponding time and proportion for the use of clean energy vehicles in the public sector
2014	"The policy of exempting the purchase tax of clean energy vehicles"	Put forward specific policy requirements for the exemption of purchase tax, which will effectively expand my country's clean energy vehicles
2015	"Energy Development Strategy Action Plan (2014–2020)"	My country must have the autonomy of energy; guarantee my country's energy autonomy; optimize energy structure
2017	"Point Method"	New energy points, fully promote the new energy points of relevant Chinese enterprises, and fully promote energy-saving and emission reduction of relevant Chinese enterprises
2019	"Key Points of New Energy Vehicle Standardization in 2019"	Need to continue to optimize the standard system: research key areas to meet development needs; to strengthen international participation and enhance international influence

Data source: China National Statistical Yearbook

Generally speaking, the trend of clean energy is inevitable, which is beneficial to Tesla's development politically.

2.2 Analysis of Economic factors



Fig 2.5 COVID-19 epidemic map

Image source: Microsoft COVID-19 Tracker From March 21, 2020

The COVID-19 outbreak in 2020 has had an unprecedented impact on the economies of all countries in the world, with the world's trade and manufacturing industries in a trough, and most economies experienced unprecedented negative growth.

Table 2.6 Comparison of GDP of countries in the first half of 2020

Comparison of GDP of the world's major economies in the first half of 2020				
Major world economies (groups)	Total in the first half of 2020 (100 million US dollars)	Total in the first half of 2019 (100 million US dollars)	Increment (100 million U.S. dollars)	USD nominal growth rate
G7 Group	184400.10	194977.95	-10577.85	-5.43%
United States	101396.35	104895.02	-3498.67	-3.34%
BRICS	92721.91	100810.40	-8088.67	-8.02%
27 EU countries	70298.56	77115.90	-6817.34	-8.84%
Four places in China	69798.38	72947.49	-3149.11	-4.32%
China	64934.57	67930.30	-2995.73	-4.41%
Eurozone 19 countries	60054.54	66234.44	-6179.90	-9.33%
Japan	24231.79	25009.59	-777.80	-3.11%
Germany	17877.18	19124.53	-1247.35	-6.52%

Source: National Bureau of Statistics

G7's GDP in the first half of 2020 was US\$ 18,440.01 billion, a decrease of US\$ 1,057.785 billion and a negative growth of 5.43% over the same period of last year. Among them, Britain, France and Italy are the three countries most affected by the epidemic, and their economic growth rate is low. The economic share of the United States in G7 has expanded from 53.8% in the same period last year to 54.99%.

Among the BRICS countries, India and South Africa have experienced substantial negative growth, and China has the fastest economic recovery. The GDP of the four countries except China totaled 2,778.7 billion US dollars, and the gap with China increased to 3,714.7 billion US dollars. China's economic share in the BRICS countries has also increased from 67.38% to 70.03%. In the first half of 2020, the total GDP of six ASEAN countries (Indonesia, Thailand, Singapore, Malaysia, the Philippines and Singapore) was US\$ 1,364.175 billion, a decrease of US\$ 94.745 billion and 6.49% compared with the same period of last year.

The COVID-19 epidemic has the greatest impact on Europe, and the EU-27 countries have the most negative growth among the world's major economic groups. The total number of EU-27 countries was 7,029.856 billion US dollars, a decrease of 681.734 billion US dollars over the same period of last year, down 8.84% year-on-year; The total GDP of the 19 countries in the euro zone is US\$ 6,005.454 billion, down US\$ 617.99 billion and 9.33% from the same period of last year. In contrast, China's GDP totaled US\$ 6,979.838

billion, a drop of only half that of the EU, and the total amount in the first half of the year was only US\$ 50 billion less than that of the 27 EU countries. Although Germany is also a European country, compared with other big European countries, Germany has maintained a relatively stable performance, so its economic proportion in the EU is also growing, and its economic status in Europe is getting higher and higher. The specific figures are shown in Figure 2.4.

Generally speaking, the COVID-19 epidemic has severely damaged the world economy, which is not conducive to Tesla's development in 2020. Fortunately, Tesla's Shanghai Super Factory in China, the largest target market, has been successfully completed, and China's epidemic prevention and control is strong, which makes Tesla's supply in China fall short of demand.

2.3 Analysis of Social factors

People all over the world generally feel the harm caused by environmental pollution, so people pay more and more attention to environmental protection, and electric vehicles well meet people's demands for environmental protection. In addition, the increasing number of aging societies like Britain and the United States also makes people pay more attention to safe travel. China will also enter an aging society. The retired population is expected to account for about 15% of the total population in 2026. With the development of time, the aging

society will become a world-class problem.



Table 2.7 World Aging Population in 2050

Source: National Bureau of Statistics

The automatic driving of electric vehicles makes travel more secure. In the fourth quarter of 2019, in the driving activities involving ——Autopilot, the core technology introduced by Tesla, a traffic accident occurred every 3.07 million miles driven by Tesla. According to the data, in the United States, the average mileage of traffic accidents is 479,000 miles. After Tesla's active safety function is equipped on the car, the safety is improved, and this data becomes 1.64 million miles. After Tesla's automatic assisted driving is added, this data is increased to 2.1 million miles, and the safety is improved nearly five times. Therefore, Tesla's automatic assisted driving will obviously make travel safer, which may become an effective means for the elderly to travel safely in the future.

2.4 Analysis of Technological factors

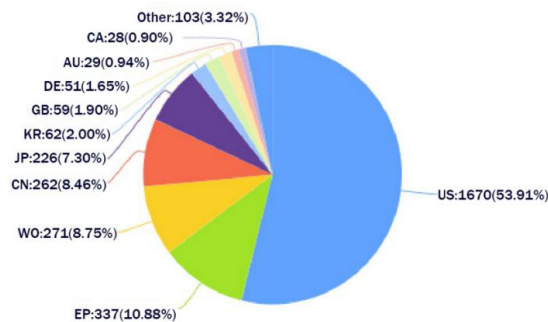


Fig 2.8 Global layout of Tesla invention patents

Source :Tesla official website

Different country has its own emphasis on the cathode materials of lithium-ion power batteries. Japan mainly uses lithium manganate, while the United States develops lithium manganate and lithium iron phosphate simultaneously. At present, the number of lithium batteries produced in China ranks third in the world, and the scale of motor production ranks first in the world, which has the advantages of high quality, low price and low noise.

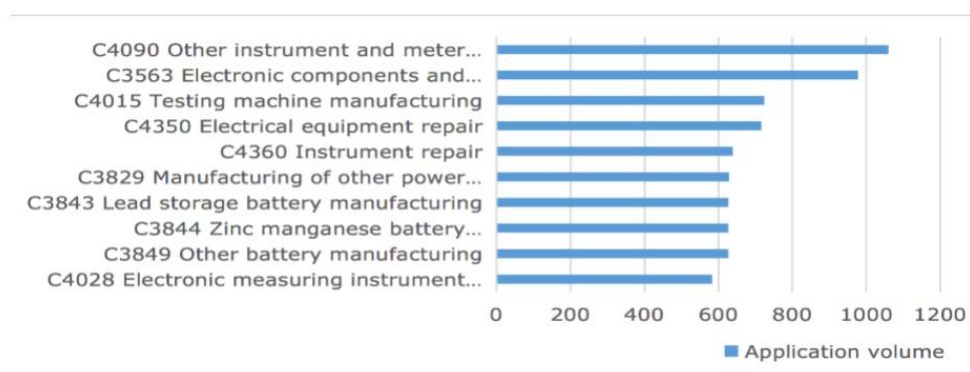


Fig 2.9 Tesla patent technical field

Source :Tesla official website

Top 10 brands of global electric vehicle sales in the first half of the year			
Serial number	Brand	Sales volume from January to June	Market share
1	Tesla	160006	14%
2	BYD	141459	13%
3	BAIC	68933	6%
4	SAIC	64506	6%
5	BMW	56533	5%
6	Nissan	47504	4%
7	Geely	47235	4%
8	VOLKSWAGEN	39587	4%
9	Modern	34528	3%
10	Jac	32099	3%
11	Other	425094	38%
Total		1117484	100%

Figure 2.10 Global New Energy Vehicle Sales Rankings in 2020

Data source: industry research report

In April 2014, more than 700 core patents of electric vehicles were opened by Tesla, which not only showed Tesla's role as a leading enterprise in the electric vehicle industry, but more importantly, it could make Tesla a standard maker in the electric vehicle industry and lead the future development of the electric vehicle industry.

III. Analysis of Tesla Porter's Five Forces Competition

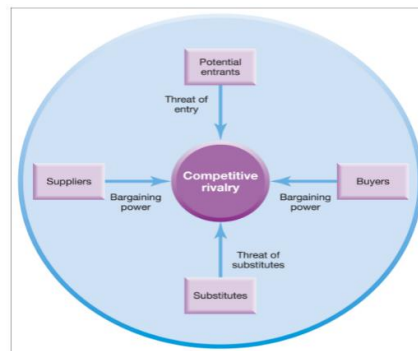


Fig3.1 Industry analysis:Porter's five forces

Source: Adapted from Competitive Strategy by Michael E. Porter, copyright © 1980, 1998.

3.1 Supplier's bargaining power

Table 3.2 Tesla Automotive Lithium Battery Suppliers

Company name	Products offered	Proportion of products
Panasonic Corporation	Ternary power lithium battery	Mode13 exclusive supplier
China Ganfeng Lithium	Lithium Hydroxide Products	One-fifth of Tesla's demand

Source: <http://www.elecfans.com/d/662051.html>

Table 3.3 Domestic and foreign motor suppliers

Motor supplier	
Domestic motor supplier	BAIC New Energy, BYD, Jiangling New Energy, Jingjin Electric, United Electronics, Shanghai Electric Drive, Shandong Deyang
Foreign motor suppliers	Hitachi Group, Siemens AG, Continental Group, PhD

Source: <http://www.elecfans.com/d/662051.html>

Tesla's new energy electric vehicle consists of three parts: lithium battery, motor and complete vehicle. There are a large number of these three types of suppliers in the market, and more suppliers will appear in the future. Tesla has chosen the strategy of dispersing suppliers, so Tesla has a strong bargaining power in the face of suppliers.

Table 3.4 Tesla Automotive Raw Material Suppliers

Material	Supplier
Nickel, Diamond, Aluminum	Shanshan Co., Ltd. Luoyang Nickel Industry Hanrui Cobalt Industry GEM
Graphite	Bertra
Lithium titanate	Qitian Lithium Industry Peak Lithium Industry Yiwei Lithium Industry
Diaphragm	Sumitomo Chemical Japan Sumitomo
Polypropylene microporous membrane	China Nanyang Technology
Electrolyte	Mitsubishi Chemical Japan
Additive	Jiangsu Huasheng
Cover, Protective shell	China Rising Sun

Source: <http://www.elecfans.com/d/662051.html>

3.2 Buyer's bargaining power

Tesla has attracted a large number of loyal customers because of its subversive technological innovation, because the supply is in short supply at present.

Table 3.5 Comparison between WEILAI Automobile and Tesla Automobile

Pure electric vehicle model	Technology	Price
Tesla ModelS	2 digital displays, instrument display and 17-inch touch screen; panoramic glass roof; noise reduction design, unique silent powertrain; no tailpipes to achieve zero emissions	73.10-81.35 million
Tesla ModelX	17-inch center console; eagle wing door design; surround camera; ultrasonic sensor; forward-looking radar	77.82-118.93 million
NIO ES8	NOMI voice control assistant; all-aluminum alloy body; dual front and rear motors;	40.75 million
NIO ES6	8.8-inch digital instrument; ternary lithium battery pack; aluminum alloy and carbon fiber hybrid architecture; automatic driving assistance system	35.80-54.80 million

Data source: China New Energy Automobile Network

Taking Shanghai Super Factory as an example, the factory can produce 1,000 Model 3 every week, but in August 2020 Tesla received an order for 11,811 Model 3. Tesla consumers experience it in the experience store. If they are satisfied, they will place an order online. After receiving the order, Tesla factory will arrange production. Tesla's customers will have to wait at least one month to drive their own Tesla cars even if they complete the payment. Therefore, Tesla customers have weak bargaining power.

3.3 Threats from Potential Entrants

The rapid development of new energy industry will inevitably attract a

group of potential entrants into the market. However, the production of new energy vehicles is very difficult. Although Tesla has published more than 700 core patents, sufficient capital investment, professional R&D team and long R&D cycle are still needed in the specific production process. Therefore, Tesla, which started research and development in 2003, has a strong moat and high barriers for potential entrants to enter.

Table 3.6 Tesla model 3 sales and proportion in 2020

	January	February	March	April	May	June	July	August	September
Model 3	18	215	7515	2324	1903	4294	1182	2142	4272
Model 3 Ratio (%)	2.11	34.85	81.05	86.55	70.77	75.16	63.93	77.69	71.97

Data source: China Travel Association

3.4 Threats of Alternatives

In 2020, traditional cars and hydrogen-powered cars are the main substitutes for electric cars.

The advantage of hydrogen-powered vehicles is that they can be fully charged in a few minutes, while Tesla takes several hours. However, due to the technical problems in hydrogen transportation, it is difficult to commercialize hydrogen-powered vehicles at present.

The advantages of traditional cars lie in the deep foundation of people's cognition and the convenient way to refuel. Tesla's top priority in dealing with traditional cars is to speed up the layout of charging facilities. When customers find that charging is as convenient as refueling, traditional cars should be put

into museum exhibitions.

3.5 Competition among the same industry

Tesla's competitors mainly include traditional car companies that have transformed into electric vehicles, represented by BYD, and new forces that build cars, represented by Weilai. Compared with traditional car companies, Tesla is ahead in technological innovation, but Tesla's mass cognition base is relatively weak. Tesla needs to strengthen innovation and research, maintain its leading advantage in science and technology, and need precise marketing to improve its brand recognition.

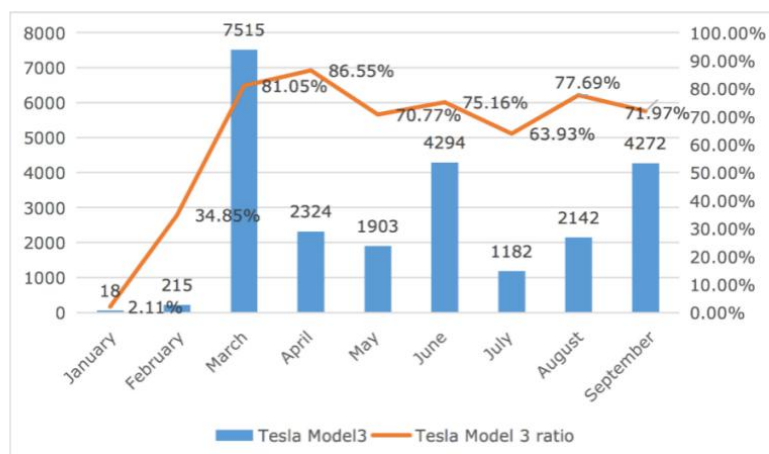


Fig 3.7 Tesla model 3 sales and proportion in 2020

Data source: China Travel Association

Compared with the new car-making power represented by Weilai, Tesla's price is on the high side.

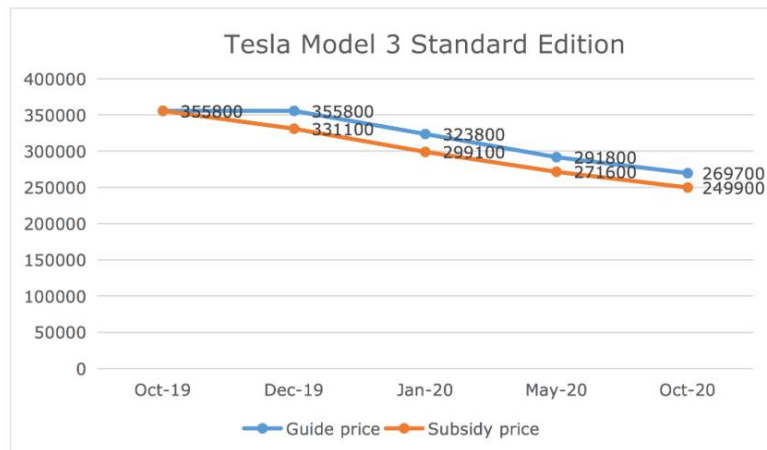


Figure 3.8 Tesla Model 3 Price Change Chart

Data source: Tesla official website

However, with the improvement of Tesla's production capacity, Tesla's model3, which is used by Tesla to develop its market share, has been reduced in price five times in succession, and now it sells for about 260,000 RMB. Compared with the new car-making power such as Weilai, Tesla model 3 is extremely competitive.

Iv. SWOT Analysis of Tesla

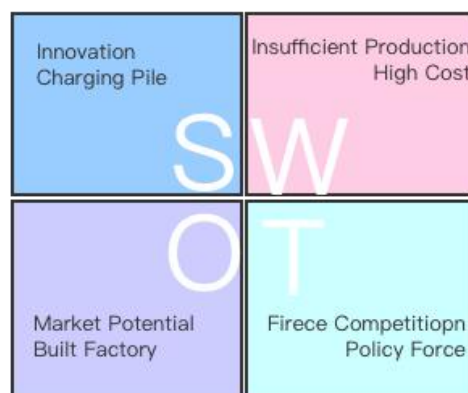


Fig 4.1 :Tesla SWOT analysis chart

4.1 Strength Analysis of Tesla

4.1.1 Advantages of innovative technologies

What Tesla does not lack most is subversive innovation. Whether it is a wing-like eagle wing door, a hospital-level in-car air purification system, an automatic driving system, a battery management system and a cloud service based on big data, Tesla has opened the gap with other car companies and established Tesla's technological leading edge in the electric vehicle industry, and other car companies are hard to surpass in a short time.

4.2 Weakness Analysis of Tesla

4.2.1 Insufficient production capacity

Tesla factory	Production models	Capacity
Fremont&Nevada Gigafactory	Model X/Model S	90,000 units
	Model 3/Model Y	350,000 units
	Tesla Semi、Cyber truck and Roadster	
Shanghai Gigafactory	Model 3/Model Y	150,000 units
Tilburg Europe	Model S. ModelX assembly	With assembly capacity
Gigafactory Europe	Model 3/Model Y	

Figure 4.2 Production capacity map of Tesla's various factories

Data source: Tesla official website

At present, Tesla mainly has four super factories: Nevada Super Factory

in America, Shanghai Super Factory and two super factories in Europe. However, the production capacity of the factory can't keep up with customers' demands. Tesla's customers have to wait as long as several months to several years after placing orders. Tesla should deploy new factories as soon as possible and improve the production efficiency of existing factories.

Tesla's battery management system makes it impossible for Tesla to fully automate its production, and the resulting high cost cannot be solved at one time, which has become an obstacle for Tesla to improve its cost performance.

4.3 Opportunity Analysis of Tesla

4.3.1 The new energy electric vehicle market has great potential

The future must be the world of new energy vehicles. It is only a matter of time before new energy vehicles replace traditional vehicles. As a leading enterprise in the industry, Tesla has unlimited possibilities in the future.

4.4 Threat Analysis of Tesla

4.4.1 Market competition is fierce

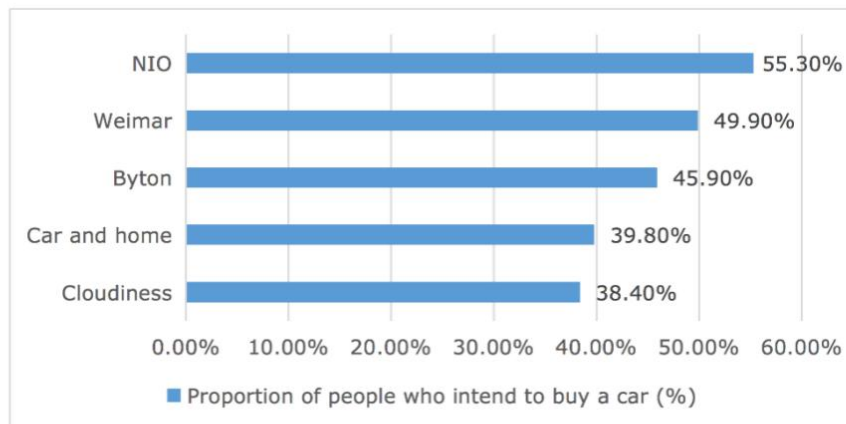


Figure 4.3 Traditional independent brand TOP5 preferred by people who intend to buy new energy passenger cars

Although Tesla is a leading enterprise in the electric vehicle industry, it is also facing tremendous competitive pressure. It is necessary not only to prepare for the challenges brought by the transformation of traditional car companies, but also to be afraid of the innovative iterative ability of the new forces of car-making based on the Internet.

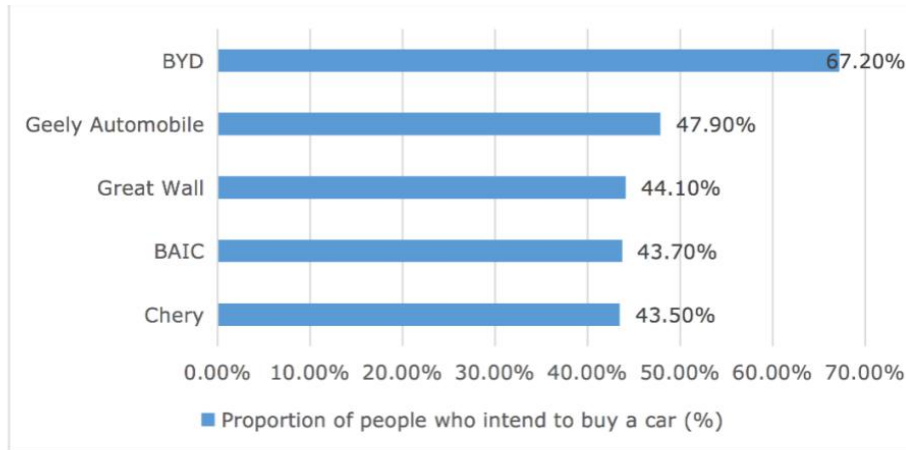


Fig. 4.4 emerging brand TOP5 preferred by new energy passenger car buyers

By comparing Tesla with the best-selling models of BYD and Weilai, we can find that Tesla is in a competitive advantage.

Table 4.5 Comparative Ranking of Model 3, BYD e6 and ES8

Subject	Model 3		BYD Tang		NIO ES8	
	Remarks	Rank	Remarks	Rank	Remarks	Rank
Price	25-26 million	2	24-36 million	1	44-55 million	3
Exterior	Streamlined, Hidden handle	2	Advanced design	3	"X-Bar" language	1
Interior	Premium interior	2	Cheap material	3	Soft leather	1
Technology	Innovative control panel	1		3		2
Power(\100km)	3.7 seconds	1	4.9 seconds	3	4.37 seconds	2
Manipulation	Smart mode configuration	1		3	Great driving system	2
Endurance	Cruising range >600KM	2	Hybrid	1	Cruising range<350KM	3
Delivery	Lower production capacity	3		1	Quick delivery	2

Data source: New Energy Travel Association

But Tesla's overall price is still on the high side. Facing the fierce market competition, Tesla's top priority is to cut down its cost in the short time.

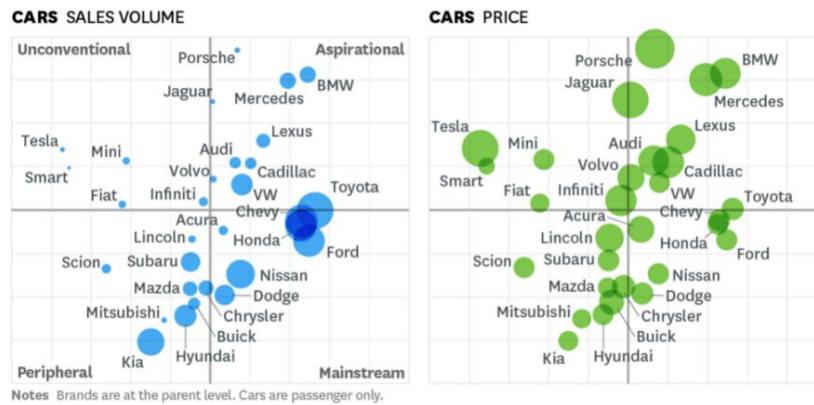


Fig4.6:car sales and car price

Data comes from Harvard Business Review

V. Strategic positioning and Value Chain of Tesla

5.1 Strategic positioning

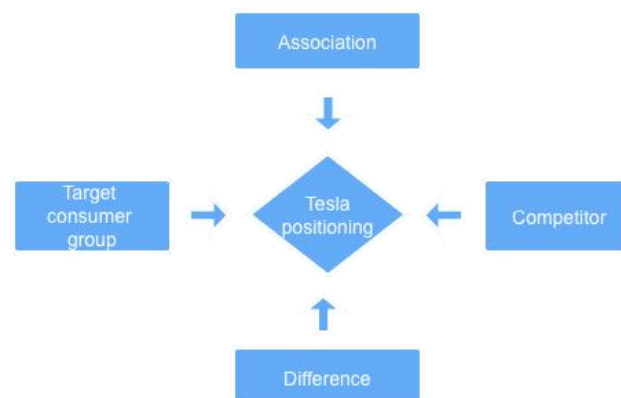


Figure 5.1: Tesla Positioning Theory Framework

Tesla has a brand name that suits its own position, and produces pure electric vehicles under the name of a famous inventor, whose brand name is closely linked with innovation and invention, leaving a unique impression on consumers' cognition. Different from the enterprises that focused on the

low-end market in the early days, Tesla took the route of differentiated competition. In the early days, the target customer orientation focused on the high-end people who lived well and paid attention to the sustainable development of the environment. With the improvement of the production capacity of Tesla factory, the target customer group expanded to the middle class who cared about environmental protection, which further expanded Tesla's market share. Tesla, as the first company that independently developed and successfully produced electric vehicles, left an indelible impression on consumers.

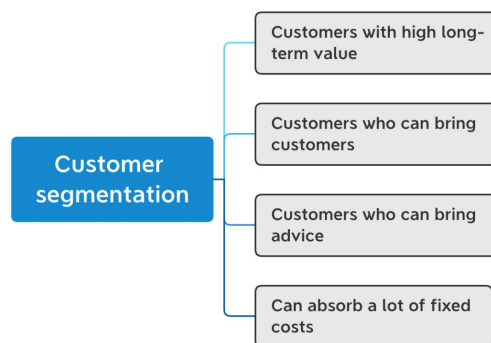


Fig 5.2: customer segmentation

Tesla took the "high-end route" at the beginning. The reason why Tesla wants to take the high-end route is that some problems such as high R&D cost, long R&D cycle, large capital consumption, low environmental awareness of users and low awareness of new energy vehicles will be encountered in the early stage of the company, which makes the low-end market extremely difficult to develop. However, relatively speaking, young talents, corporate executives and other social elites have rich living conditions. They care not

about the price, but the quality and style of products and pursue new trends. Therefore, Tesla only needs to make super cool products. In addition, for Tesla, based on the brand awareness established from the high-end market, as long as other cost-effective models are introduced later, the development of the mid-end market is effortless.

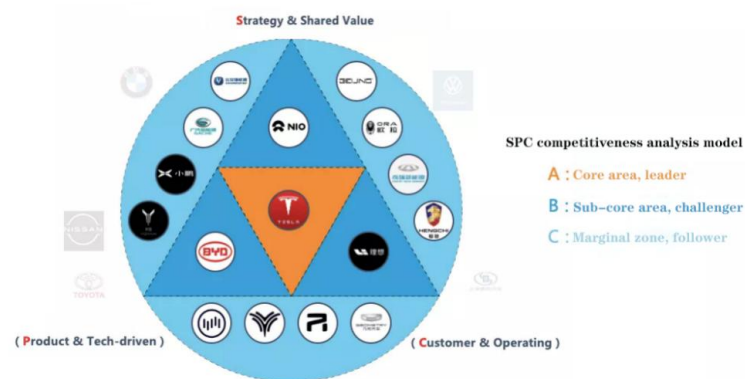


Figure 5.3 Analysis of the competitiveness of car companies in the new energy industry, Tesla temporarily ranks first

Data source: 2020 new energy industry research report

However, in view of the image requirements of social elites, the appearance and driving experience of products will be strictly required. Therefore, Tesla must attach great importance to the details of appearance and experience, leaving people with high-end and high-tech brand awareness. In addition, only a pure electric car is not valued by customers, what customers are interested in is that they can give the outside world a personal impression of caring for environmental protection and actively pursuing the latest technology products. Although Tesla has a high-end positioning and a strong sense of technology, Tesla's potential target customers are in the mid-end

market. At present, Tesla's share in the high-end market tends to be saturated, and the broad mid-end market is the future of Tesla. Therefore, Tesla's development depends on the overall cognition of the mid-end customers' families to Tesla.

5.2 Tesla's Value Chain

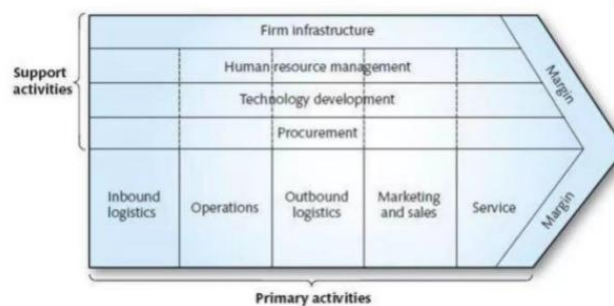


Figure 5.4: Porter's Value Chain Chart

Based on Porter's value chain, we analyzed Tesla's value chain, as shown in the following figure:

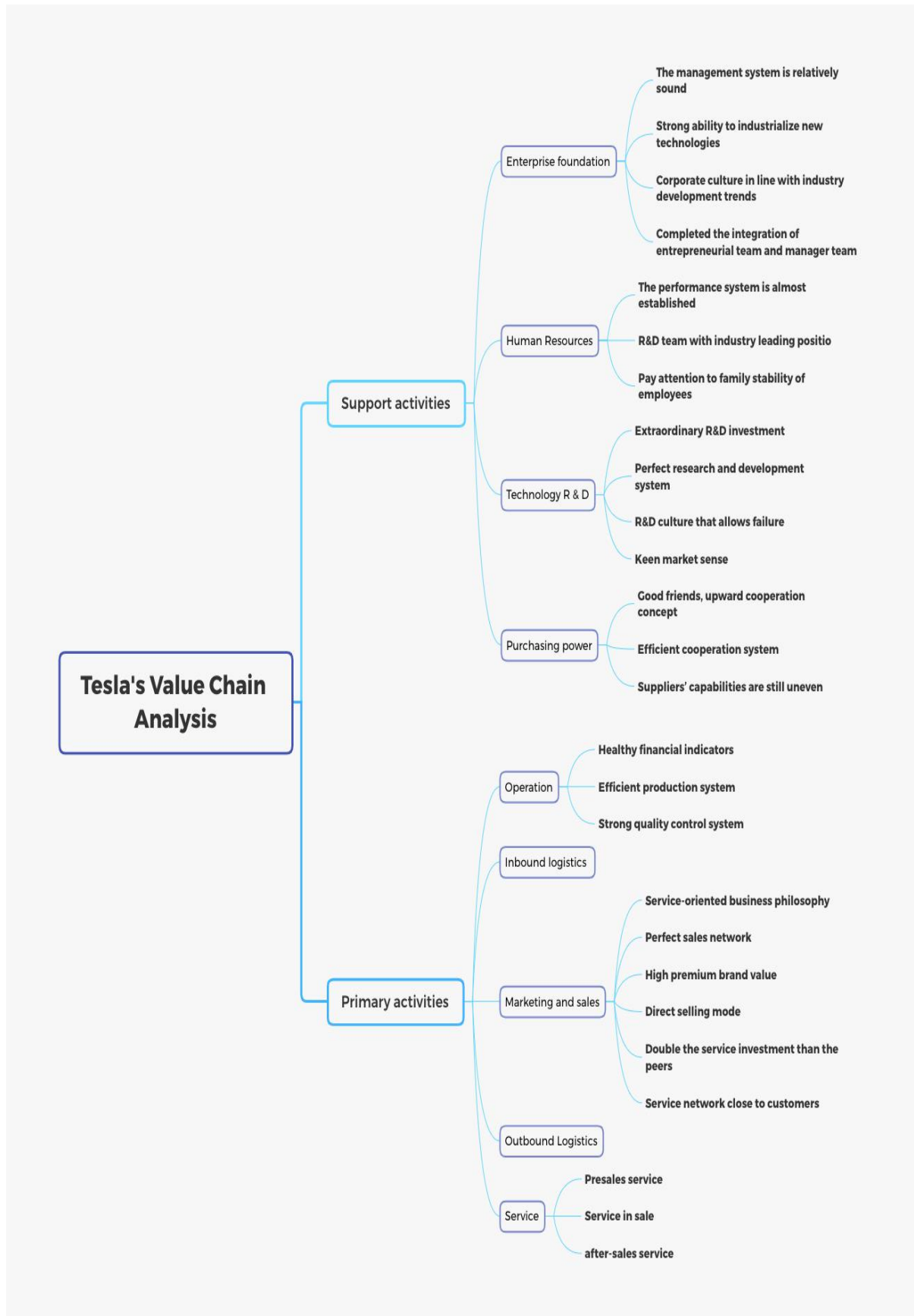


Figure 5.5: Tesla Value Chain Analysis

VI. Tesla's customer care strategy

Compared with 2020, 69% of Weilai Automobile's orders are recommended by old users, and Tesla is a bit inferior by comparison. At present, Tesla's customer care needs to continue to improve.

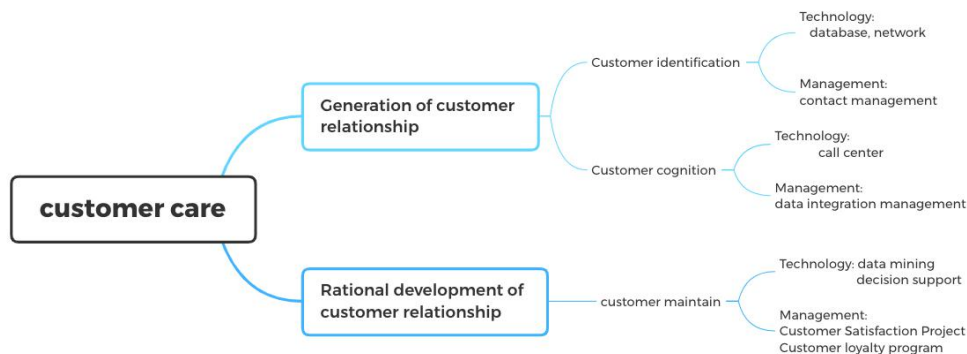


Fig 6.1: customer relationship management framework

Based on the whole process of customer care from ordering to signing and after-sales, customers can enjoy high-quality service, improve customer satisfaction and increase Tesla sales. Customer care can not only enhance the awareness of Tesla brand in customers' minds, but also increase the stickiness between customers and Tesla and promote secondary consumption. In addition, when Tesla products or services exceed customers' expectations, customers will habitually share them with friends around them, and the turnover rate will be higher through this oral publicity effect. At present, Tesla's customer care strategy is mainly reflected in the following aspects:

6.1 Innovative products and services

Tesla pure electric vehicle is an innovative product. Tesla has produced an innovative product Roadster, the main body of the car is made of creative carbon fiber, which not only greatly improves the overall quality of the car, but also makes it lighter and safer to drive. In addition, Tesla cars produced based on the concept of building cars on the Internet, based on the removal of engines and supporting starting systems, have a huge internal space compared with traditional cars.

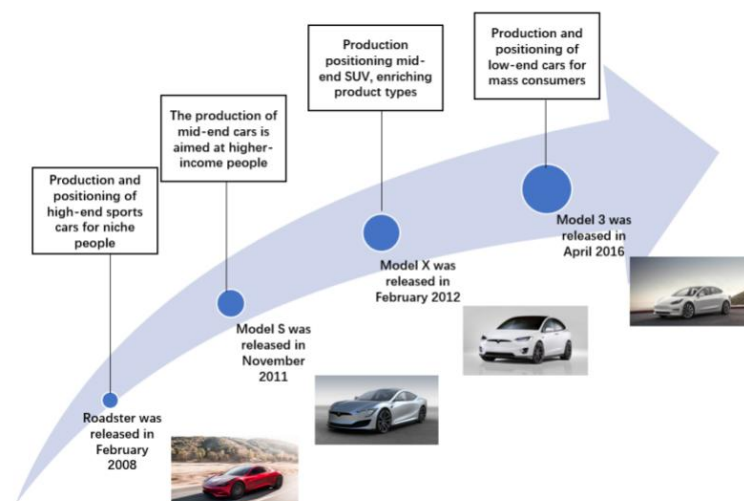


Figure 6.2 Tesla differentiated market strategy

Data source: Tesla official website

6.2 Innovative customer development strategy

6.2.1 Differentiated market strategy

Tesla's sales volume in the global electric vehicle market can be attributed

to its differentiated market strategy. First of all, in order to meet the needs of different types of customers, Tesla proposed a series of different models such as model 3,model Y, which greatly promoted the sales volume. In addition, Tesla cars differ from traditional cars in that they can update their software even after two years of purchase. In this way, the car can have the same configuration as the latest version of the car. After the traditional car is bought in a 4s shop, the configuration is unchanged. More importantly, Tesla has also launched different products and services for customers of different genders, which makes Tesla open a gap with other car companies.

6.2.2Advertising strategy

Tesla has been marketing at zero cost, mainly because Tesla makes good use of the following three points. First, Tesla has opened a series of official accounts such as Facebook, Twitter and Weibo, and released the latest news of Tesla through different channels. At the same time, it actively pays attention to the comments of consumers and actively interacts with consumers, and a series of suggestions put forward by consumers to Tesla can be seriously adopted, which makes Tesla have a good reputation among customers, and the reputation of customers has brought huge sales to Tesla. Second, Tesla initially positioned itself in the high-end market, which made Tesla owners mostly social elites. These customers have great influence in all walks of life, and their recognition and purchase of Tesla virtually brought Tesla a large

number of follow-up purchase orders. Third, compared with other companies, Tesla is good at using news media to conduct marketing, and every press conference will explain the technology to reporters in detail, which makes the news media bring high attention to Tesla through reporting, which is an excellent free advertising opportunity.

6.2.3 Direct Marketing Strategy

Based on the direct sales mode, after customers are satisfied with the experience in the experience center, they place orders in Tesla official website, and then Tesla factory starts production and delivers them after production. The direct sales mode is beneficial for Tesla to master all customer information. Compared with the traditional sales mode of car dealers, it not only reduces the inventory pressure, but also attracts a large number of fans because the price transparency makes customers feel more fair.

Conclusion

Through the analysis of Tesla company, this paper draws the following conclusions:

First of all, combined with PEST model analysis, it is found that the electric vehicle industry has great development potential. Tesla's market scale will further expand with the development of time.

Secondly, combined with the analysis of five forces model, It is found that

Tesla has a stable position in the industry. Tesla has strong bargaining power for both suppliers and consumers, and it is difficult for potential entrants to enter the market. Generally speaking, Tesla has great advantages, but it must continue its independent research and development to maintain its differentiation and competitive advantage.

Thirdly, after analyzing Tesla's strategic positioning, it is found that Tesla's brand name, leading market advantage and "high-end route" play a significant role in opening up its market. Although Tesla is only can be consumed by high-income people at present, in the long run, Tesla's purpose is determined by the recognition of the vast middle class with relatively higher income.

Fourthly, Tesla's customer care strategy mainly includes innovative products and services and innovative customer development strategy. Tesla fully understands the needs of customers, constantly innovates and solves the pain points of customers. Tesla adopts differentiated market strategy to meet the needs of different consumers, and attracts a large number of customers based on direct sales model.

Recommendation

The impact of the pneumonia epidemic in COVID-19 in 2020 caused global economic contraction, which inhibited people's desire for consumption and also affected people's spending power. Therefore, people will be more cautious when buying large consumer goods such as automobiles. How does

Tesla stand out among many excellent automobile enterprises? Tesla must formulate and implement the following key strategies:

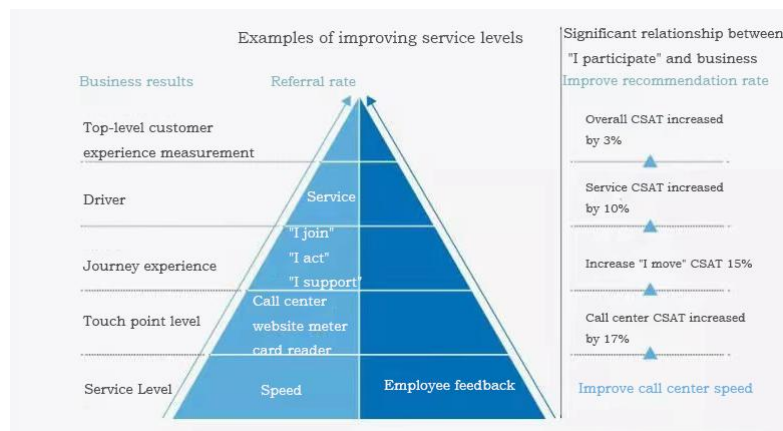


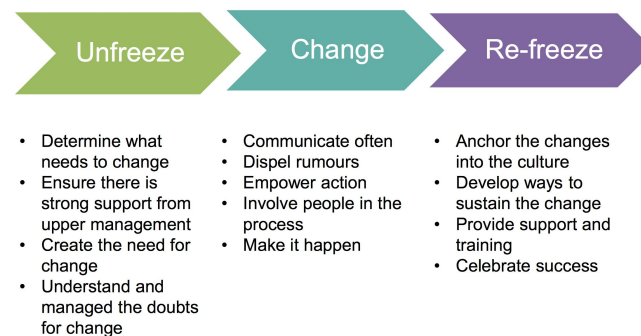
Image source: McKinsey Customer Care

(1) Shape personalized customer care philosophy

Tesla should take highly personalized customer care as the primary goal of the strategic transformation of customer care.

First, understand customers and Summarize all customer information. Establish a comprehensive customer database. Secondly, react to customers before they know they need Tesla. Big data enables Tesla to identify and solve problems predictably. Tesla needs to build a well-trained and compassionate workforce to support proactive customer care programs. In addition, open up internal communication channels. Perfect customer experience requires better coordination and cooperation among Tesla's internal customer service, product development, marketing and operation. Finally, innovative tools can improve the efficiency of customer service personnel. The first thing Tesla should do is to plan how to apply advanced technology tools before, during

and after customers contact Tesla.



(2) Establish a perfect market image of enterprises

Products and services are the main factors that constitute Tesla's corporate image, but in addition, Tesla's test drive environment, service attitude, commitment guarantee, brand awareness and appeal will also affect customers' purchase. This requires Tesla to do the following three things. First, Tesla's business philosophy is recognized by customers, including Tesla's entrepreneurial spirit, corporate culture, service commitment and values; Second, Tesla's overall operating conditions bring customers a good experience; Third, Tesla's external image, including corporate name, product name, brand logo, corporate slogan, advertising words, service commitment, corporate image, etc., gives customers a perfect overall feeling.

(3) Develop products that satisfy customers

Customers choose Tesla, first of all based on the recognition of Tesla electric vehicles , which requires all Tesla's business activities to meet customer needs.In addition,purchasing motivation, behavior, ability and level,consumption traditions, habits, interests and hobbies are also very

important. Only in this way, enterprises can scientifically adapt to the needs of customers and determine the development direction of products.

(4) Focus on the most important two or three channels

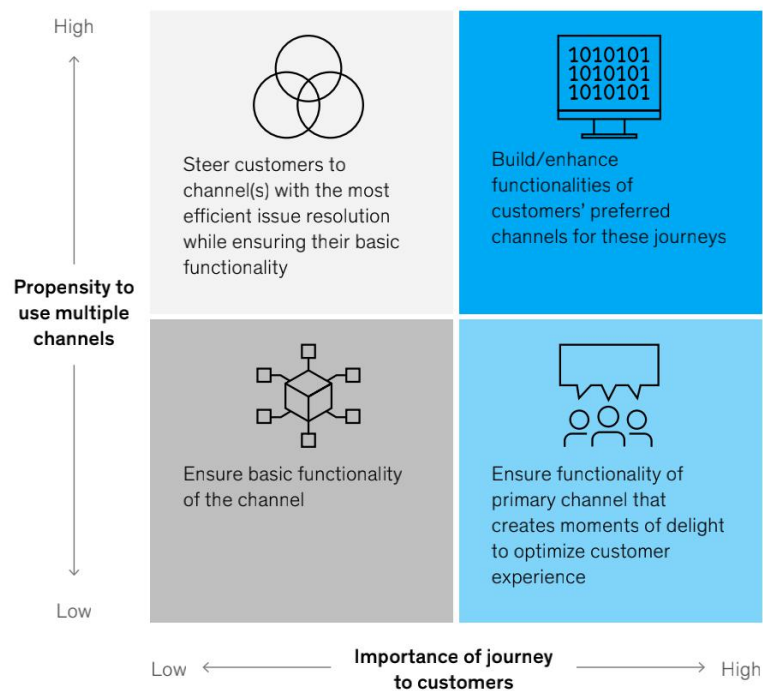


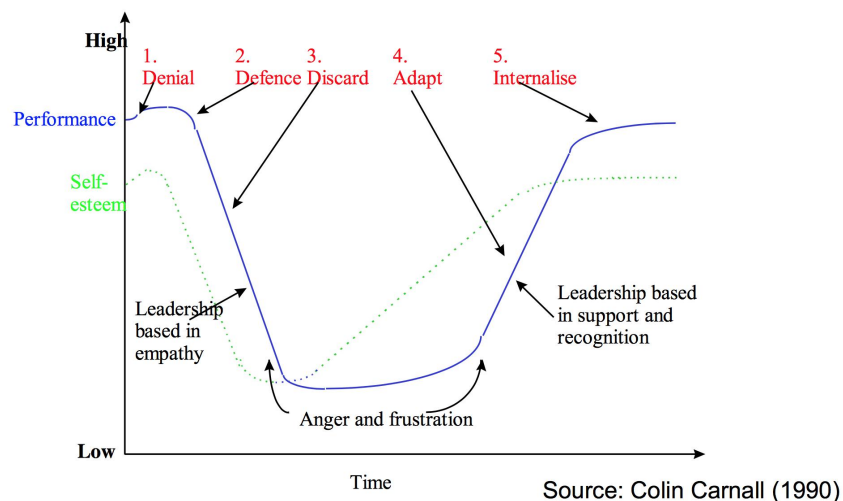
Image source: McKinsey Customer Care

Based on the "2 8th principle", 20% of the important channels generate 80% of the company's revenue. Tesla should make full use of customer data, analyze and find out the two or three most important channels for Tesla, and put the vast majority of customers' care into them, which is particularly important for Tesla and can bring an unimaginable input-output ratio to Tesla. How to determine the most important channel, first of all, according to the customer journey map, we should not only analyze the customer's tendency to use this channel, but also consider the importance of the journey to the customer's decision. After considering the two dimensions in the matrix, Tesla can

determine which channels are the most important for customers to understand Tesla, so as to efficiently pay attention to the most important channels and obtain higher output.

(5) Listen to customers' opinions scientifically

Tesla must establish a set of customer care system, test the customer's evaluation of Tesla's products and services with scientific methods and means, and feed it back to Tesla's management in time, so as to serve Tesla's continuous improvement and meet customers' needs in time.



(6) Controlling customer expectations

Tesla must control the customer's expectation of Tesla according to its actual ability. Tesla staff should control customers' expectations, don't exaggerate the performance, quality and service of electric vehicles, and introduce the unsuitable conditions of electric vehicles when necessary, so that customers can be prepared psychologically. If the customer's expectation is objective, Tesla's work results can exceed the customer's expectation, and the customer

will be very satisfied, say a good word for Tesla and introduce business to Tesla.

(7) Become a customer care talent factory

According to McKinsey's survey of more than 100 contact center industry leaders and experts in 2019, 50% believe that retaining talents is a key challenge in talent management, and as many as 80% of contact center employees hope to eventually enter other positions in the company. Therefore, Tesla needs to establish a talent channel leading to contact centers and wider organizations, so as to retain the caring talents of customers, thus reducing costs and improving customer satisfaction. Tesla needs highly skilled employees in the customer care center who can resonate with customers and solve problems efficiently. With its ability to look at the company from the customer's point of view and valuable insight, it can provide information for other areas of Tesla.

References

- McKinsey & Company. (2020) The care of one: Hyperpersonalization of customer.
- Baye, M. (2017): Managerial Economics & Business Strategy, McGraw–Hill Education.
- Harford, T. (2013): The Undercover Economist, London, Abacus:12~23.
- Kay, J. Obliquity (2011): Why our goals are best achieved indirectly, London, Profile Book:15~67.
- Keat, P. & Young, P.K. (2014) Managerial Economics, Global Edition, London, Pearson:23~46.
- Krugman, P. and Wells, R. (2018): Economics, 4/E, Worth Publishers, United States of America:36~67.
- Sloman, J. and Jones, E. (2017): Essential Economics for Business, 5/E, Pearson, London:73~98.
- Johnson, G., Whittington, R., Regner, P., Scholes, K and Angwin, D. (2020) Exploring Strategy: Text & Cases, 12th edition.
- Huang Wenxia. Construction technology analysis of reinforced concrete structure in building construction [J]. Henan Building Materials, 2020,(01):1.
- Wang Jiesheng. Installation and Construction Technology of Multi-storey Steel Structure Workshop [J]. Value Engineering, 2019,38(35):166–169.

Fan Xiucheng, Luo Haicheng. Analysis of the competitiveness of service enterprises based on customer perceived value [J]. nankai business review, 2003,(06):41-45.

Bai changhong, Liu Chi. study on customer loyalty of service enterprises and its determinants [J]. nankai business review, 2002,(06):64-69.

Bai changhong, fan xiucheng, Gan Yuan. brand management of service enterprises based on customer perceived value [J]. foreign economics and management, 2002,(02):7-13.

Fan xiucheng. customer experience-driven service brand building [J]. nankai business review, 2001,(06):16-20.

Guo Xiaoji. Technical Analysis of Tesla Pure Electric Vehicle [J]. Science and Technology Herald, 2016,34(06):98-104.

Sun Guoxing, Li Yuanhao. Summary of research on strategic alliance of multinational enterprises [J]. Brand and Standardization, 2015,(01):66-69.

Zhang Changling, Zhang Jianjie, Lu Qiang. Analysis of the reasons for the rapid growth of Tesla in the United States-from the perspective of consumer demand [J]. Automotive Industry Research, 2014,(04):4-9.

Zhang Caihong, ma yifang, Jiang Xue, Xia Fang, Pan Yang. the success of pure electric vehicles-a case study of Tesla motors [J]. Chinese and foreign entrepreneurs, 2013,(27):268-269.

Anonymous. Element Customer Care; Element Customer Care Named Preferred Billing and Customer Care Provider for National Cable Television

Cooperative[J]. Computers, Networks & Communications,2008,:

Chip R. Bell. The service edge: 101 companies that profit from customer care, by Ron Zemke with Dick Schaaf. (1989). New York: New American Library. 584 pp., \$19.95, cloth[J]. Chip R. Bell,1990,1(1):.

Amanda Aweh,Blake Casagrande,Cashel Coughlan,Mike Patelski. Utility Customer Care in the Digital Age: Transforming the Customer Experience to Meet Higher Expectations[J]. Climate and Energy,2020,37(1):.

Roger Bennett. Ownership Sentiments Towards the Customer Care Function in E-Business Situations[J]. Journal of Internet Commerce,2003,2(2):.

David Byrne. A Customer Care Charter: the theory and practice of customer care for law librarians as suppliers of services as well as customers [J]. Legal Information Management,2001,1(3):.

John Morris. Leading to customer care[J]. Industrial and Commercial Training,1996,28(5):.

Russ Haywood. Public Transport and its Users: The Passenger's Perspective in Planning and Customer Care, M. Schiefelbusch, H.-L. Dienel (Eds.). Ashgate (2009). £65.00, ISBN: 978-0-7546-7447-4.[J]. Journal of Transport Geography,2009,17(5):.

Making customers count: A guide to excellence in customer care: David Clutterbuck and Susan Kernaghan, Mercury Books (1991), 202 pp., £16.95.[J]. Pergamon,1991,24(5):.

Waters Adele. What does good customer care look like?[J]. The Veterinary record,2018,182(25):.

Press, Ganey winners are best in customer care.[J]. Hospital peer review, 2002,27(3):.

Shiverick Brad. Customer care measures up. Assisted living pursues evidence-based quality agenda.[J]. Provider (Washington, D.C.),2009,35(10):.

Report recommends new 'customer care programme'.[J]. Nursing standard (Royal College of Nursing (Great Britain) : 1987),2014,28(45):.

Ruddick Fred. Customer care in the NHS.[J]. Nursing standard (Royal College of Nursing (Great Britain) : 1987),2015,29(20):.

Bates Jane. Customer care.[J]. Nursing standard (Royal College of Nursing (Great Britain) : 1987),2015,29(26):.

The Corps of Engineers: Leaders in Customer Care[J]. The Military Engineer,1986,78(505):.