

Marketing Management LCMB7001

Assessment 1



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Introduction

In an organisation, the goal is to maximise the amount of customer satisfaction and increase brand awareness. To accomplish this goal, the organisation has tried to implement various marketing techniques and compelling customer journeys by communicating with them through multiple means. Tesla is a futuristic company that plans on creating a zero-emission electric vehicle. In the essay, we will look into Tesla and look into newer communication and marketing strategies. While also seeing their customer journey and evaluating its effectiveness.

Brief Background of Tesla

Founded in 2003, Tesla was established by a group of engineers, among which was Elon Musk. It is an automobile and battery manufacturer based out of California, USA. The first car unveiled by Tesla was a roadster back in 2008, which had cutting-edge battery technology and electric powertrain. In 2 years, they announced their second car, the Model S. Then, in 2012 they revealed their third car, the model x and model 3, and model Y in 2016 and 2019 subsequently. They have also built a Giga factory to produce batteries for Tesla cars in 2014. After Tesla, the main objective is to accelerate the world's transition to sustainable energy by demonstrating that electric cars can be cheaper, faster, and more enjoyable to drive than gasoline cars (Tesla, 2021).

Definition of Communication

Communication is the complex process of creating, interpreting, and negotiating meaning through verbal, nonverbal, textual, visual, or even physical means. The communication models are necessary to explain the communication process easier, and there has been the development of several models. Some relevant to Tesla's communication models have been discussed.

Explanation of Communication Model Along with the Diagram

The two relevant communication models are linear and interactional. The linear model, initially developed by Shannon and Weaver in 1948, describes how a sender transmits a message to the receiver with sounds, words, or behaviours. The message is sent through a channel, pathway, or root of communication to the receiver. Here the messages are only sent in one direction from the



sender to the receiver, not both. This model is problematic because communication is supposed to be given and take between senders and receivers (Sirkeci-Mergen, 2020). It is generally used to send a message to the mass. This model is used for persuading the audience and getting international results. Tesla uses this linear communication in its events and social media posts where they announce their future products. This communication mode is also used to communicate their brand, goals, mission, and unique value perception for the customers.

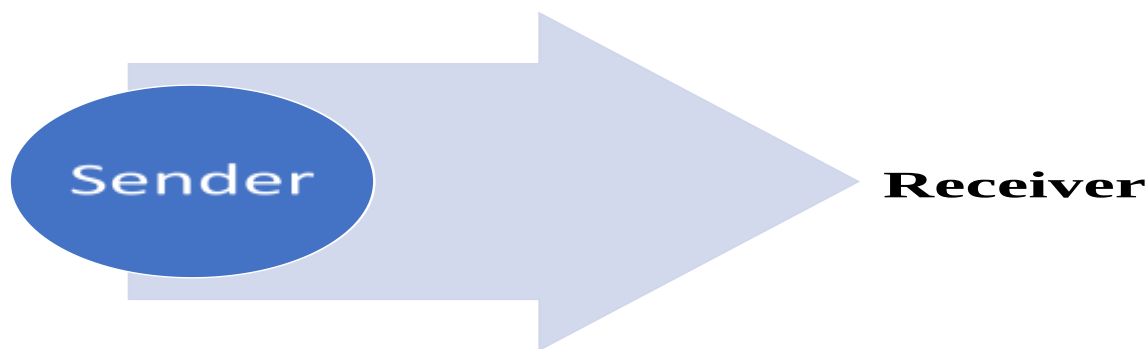


Figure 1 Linear Models
(Luo, Tu and Xu, 2013)

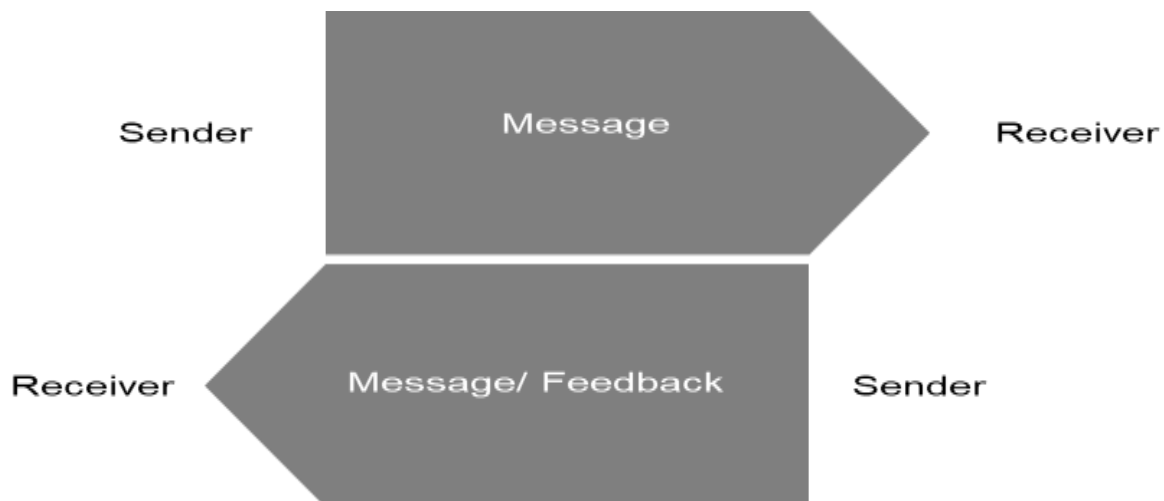


Figure 2 Interaction Model
(Luo, Tu and Xu, 2013)



In the interactive model the communication is both ways, and both the parties can act as a sender and a receiver (Interactive Model, 2020). This model is used to take feedback during mass communication like the internet. Here the input is slow as it is mass communication. Here the sender and receiver might not know each other. Tesla uses the interactive Model to communicate with the customers in case of customer service. The personal assistance program helps them to solve any personal issue through the interactive Model. It also applied this method together with feedback from a social media post or for an event. Word of mouth is also an interactive model where a buyer of the product communicates with their friends and relatives and spreads it.

Stating Integrated Marketing Communication

Integrated marketing communication ensures that all communication and messages are linked together to create a coherent and streamlined interface for consumers interacting with the brand/Enterprise (Barker, 2013). It seeks to integrate all forms of marketing communication such as advertising, sales promotion, public relations, etc. through their mix of tactics, methods, channels, and activities to work in harmony.

There are specific tools of integrated marketing communication used to increase or raise the awareness of the brand. The primary objective of Tesla is to build a passionate customer brand following a consolidated faithfulness plan which will make customers loyal to the brand. Tesla has used multiple of these tools as a means to increase their brand awareness. Some of them are still not in use, like direct marketing, sponsorship, public relationship.

Direct marketing is one of the oldest forms of communication where the organisations directly communicate with the end-users through emails, telephones, fax, text message, etc. (Broderick, 2016). Tesla has segmented the general people based on demographic and psychographic segmentation. Moreover, it has targeted 30 to 50-year-old, upper-middle-class people with substantial worktables and minimal leisure time. However, they have no advertising division, which helps them to do direct marketing. They should try to communicate with the corporates within a specific region by sending them emails, posters or approaching them via telephones. This method should help them get clients and establish their brand image among the upper-middle-class



society (Mangram, 2014). Tesla can expand their brand awareness with messaging to potential customers in specific regions to 15-24-year-old students. This approach will help them secure future clients' future clients and make the young people reverberate with the brand picture and the business's innovative capabilities. Direct marketing can indirectly help the organisation by increasing their influence among the youngsters who are more interested in technology and are more willing to but

Promotional Strategies Tesla Can Adopt

Tesla doesn't use the traditional medium for its marketing. As it has no intention of spending on their marketing and for which it has also disbanded its P.R. team recently. It has a unique approach to marketing like a ZERO-dollar marketing program by enhancing customer experience, which helps them spread word of mouth while also using other methods like cross promotion with other companies and mission-oriented marketing (Tesla's Marketing Strategies, 2021).

The customer experience of Tesla has been and hence through Tesla referral program where the customers get the word out about the cars. This referral provides the customer with some benefits and also a chance to get a free car. Customer experience has also been enhanced through the services provided by sales centres, Tesla Rangers, and Tesla services (Tesla Marketing Strategy: a brief overview, 2021). Through word of mouth, they can market themselves to their customers and not spend a single dollar on their marketing.

The CEO of Tesla is also the CEO of Space X and SolarCity. They have taken the cross-promotion to another level when they send a Tesla car to space through space x. This has also been known as one of the most incredible publicity stunts of all time. This cross-promotion a mutually beneficial project which helps to raise the profiles of both brands (Tesla's Marketing Strategies, 2021).

Tesla also markets itself through a mission. Their mission of accelerating the world's transition to sustainable energy has been used as a marketing tool as it aligns with the target market's belief, like the consumers that care about the environment and carbon emission issues (Tesla Marketing Strategy: a brief overview, 2021).



In a recent event, Tesla has dissolved its P.R. department and has formally stopped talking to the press. P.R. is generally created to create goodwill in the market and present its product in a positive light. There has been much scepticism among both the customers and the media as they cannot question the organisation regarding various issues or confusion among the customers. They should practice more two-way communication where the public can share their feedback.

Usually, Tesla has not adopted the means of sponsorship as one of their promotional tools. We can see from recent history that they have not sponsored any events. This method can help increase their sales promotion and better their public relations, help them differentiate their product from their competitors, establish brand awareness, and bring in more loyal customers for the organisation (Desbordes, 2013).



Figure 3 Sponsorship Strategy Can be Adopted by Tesla
(www.medium.com)



Defining Branding and Brand Equity

Branding is a marketing practice that actively helps to shape the brand. It is a complex process of creating a robust and positive perception of a company, its product, and services in the customer's mind and differentiates the brand from other brands (A theoretical study on Branding, 2020). The customers can identify a brand with the help of logos, design, mission statement, etc. When a brand has finally established itself as memorable and familiar to the customers while providing services & products of superior quality and reliability. The concept of brand equity comes into play when a value premium is generated from a product due to its affiliation with the company. Tesla has established its brand as one an innovative, sustainable, and next-generation company. It has yet to reap a value premium as most of its customers overlook the quality as they are emotionally and experimentally invested in the brand. It means that Tesla customers are yet to form an emotional and positive attachment with the brand.

Although the current promotional strategy has been proven quite effective for Tesla, they should go for an omnichannel marketing strategy which they do not focus on so far. Through omnichannel marketing strategy, they can attract not only the younger generation but also the comparatively elder generation. Individuals with higher income can be attracted through omnichannel marketing strategy. For example, the marketing team of Tesla should launch an omnichannel campaign that spanned email, social, web, and in-store promotions. Besides, they should use data analytics to understand the particular nature of the industry as well as their customers' traits to cater to their customer base's needs and requirements exclusively with lucrative car design advertisements.

Aaker's Brand Equity Model in Tesla

The Aaker's Brand equity model resonates the most with Tesla. Aaker's Model depends on brand recognition. The Model has described that the most successful brands drive recognition through the cognitive part of the brain, which makes an instant decision on what to buy. The brand equity model is a combination of brand awareness, brand loyalty, brand associations, brand assets, and perceived quality.



Brand awareness

It describes how well known the brand is to the public (Farjam and Hongyi, 2015). Tesla has no advertising department, and recently it has dissolved its P.R. team. But they have an excellent connection with their customers through social media platforms. They create buzz through online posts and blogs, which requires minimal cash flow. Their primary mode of marketing is word of mouth and their innovative ways of enhancing the customer experience like Tesla's Referral program, sales centre and Tesla rangers, and Tesla servicing. Brand loyalty shows how loyal the people are to the brand (Farjam and Hongyi, 2015). In these days of intense competition, earning a person's belief is very difficult for the organisation. Tesla has a huge loyal customer base. The way the organisation presents itself as an innovative company was established to change the traditional automobile industry by introducing electric cars. The company has emotionally touched the customers with a mission to save the earth. Tesla has a high satisfaction score in customer reports due to person-to-person sales, stores, Tesla rangers, and Tesla servicing. The company has tried to communicate with the customers through various mediums and maintained a great relationship.

Perceived Quality

The perceived quality of a brand usually denotes the quality of service provided by the brand. There is a need for balance in quality and features. If a brand only includes quality and fewer features, the customers will likely demand the features at one point in time. So, in immense competition, quality will give an edge for a certain period, but both the features and the quality have to be relevant in a product after a while. In the case of Tesla, people have taken the brand as an innovative and experimental brand, and it has been excused of many problems in the vehicles. At the same time, the competition doesn't have that sort of advantage. It has been seen in a J.D. Power Initial Quality Survey where they look into the problems of 100 cars. Here the industry average is 166 problems per 100 vehicles, while Tesla has a staggering 250 issues per 100 vehicles. But in J.D Power's 2020 APEAL (Automotive Performance, Execution and Layout Study) Study, it has been seen that Tesla has the highest score of 896 while the industry average was 861. This study assesses how much an owner is emotionally connected to the new car by measuring



ownership excitement. This helps us understand that Tesla is highly acceptable to its customers even when having many problems regarding the automobile. A study has shown that brand image is valuable rather than brand quality. As Tesla has an excellent brand image, it often helps to overcome the negative quality issues. This gives Tesla to work on their problems and fix those.

Brand Association

It means how people feel when they see the brand (Farjam and Hongyi, 2015). The instant buying decision that comes into mind after seeing an ad, the feeling of excitement, etc., describes the brand association. Tesla has committed itself to a sustainable and green environment that will conserve energy through efficient electric automobiles. These cars will not pollute the environment, and if there is anything wrong with the vehicles, a simple and easy software update can solve the issue. This is less time-consuming than going to a car repairing shop. People cannot relate to Tesla as they have no brand ambassadors. But many of its vehicle owners include a lot of celebrities like Leonardo DiCaprio, Brad Pitt, Matt Damon, etc. The general people are following these celebrities, and thus, when they look at Tesla, general people are mesmerized not only by the design but also the stardom that with it. Brand assets mean the accumulated proprietary rights have a competitive edge against other brands. Tesla Motors, currently known as Tesla Inc., deals in electric automobiles, solar panel production, and energy storage. They specialize in producing photovoltaic panels and batteries. They have a production capacity of 300,000 by the year 2018, which has helped them grow in multiple countries and gain more market. Recently Tesla has also announced that it will enter the Indian market as well. This momentum has helped gain ground in all the different marketplaces worldwide and acquire more assets and market share. Tesla also has some subsidiaries like SolarCity, Tesla Finance LLC, Silevo LLC, Tesla Motors Leasing Inc., and Arpad Solar Borrower LLC. All these have enabled them to get a head start in the electric automobile race against its competitors.

Brand Loyalty

All these components help to increase the brand loyalty of a Tesla. We can see that Tesla has formed an image of an elegant, powerful and innovative organisation with a mission to save the



world in people's minds. This notion of offering a stylish and reliable electric car at an affordable price in people's minds has helped them a lot even though their cars have many problems.

Advantages and Disadvantages of Aaker's Model

This model is superior because it is consumer-based, which means every five dimensions are created considering the consumers' preferences in mind, which is why it is a tremendously relevant model in the 21st century where personalised customer service is needed to get the competitive edge. But this model does not show us any quantitative way to measure the brand equity as a whole. In other words, the weight of the five dimensions is considered equal according to the model, which is not the real case.

Customer Journey and Customer Touchpoints of Tesla

The customer journey tells a story of customer experience with the brand across all its touchpoints.

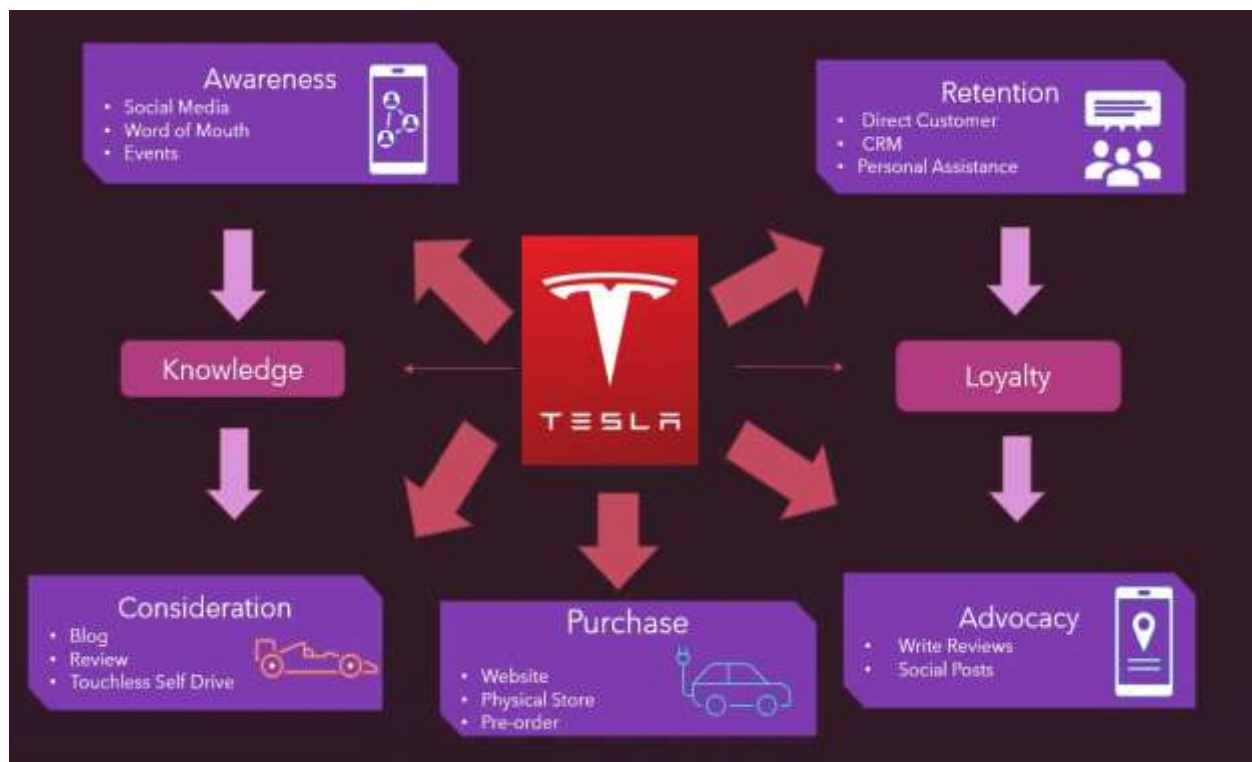


Figure 4 Customer Journey Mapping of Tesla

(Dandrea, 2014)



Instead of just looking at the customer's transaction or purchase, this customer journey helps identify the whole experience. These experiences are also known as customer touchpoints. The customer touchpoint is anytime a potential customer comes in contact with the brand before, during, or after purchasing a product/service from the brand (Dandrea, 2014). In the previous paragraph, we have seen the brand and brand equity, which helps us understand what the brand stands for or how they are being benefited from that standpoint. Now we will take a deep dive into the customer's journey of Tesla and the relevant points regarding this topic. The first point of the customer journey is their awareness. In this stage, the customer gets to know about the brand. This is a Discovery stage where the customer can interact with the brand through various marketing methods, research, initial problem solving, and clear messaging (Dhebar, 2012). In the case of Tesla, we have seen that their awareness is mainly through three touchpoints: social media, word of mouth, and events. Tesla has always had a small P.R. team, and recently, it has dissolved that team too. Tesla usually does their marketing campaign through social media. While other companies are very hesitant to use social media for business, they try to choose their words carefully and avoid controversy even if they use social media. Still, the CEO of Tesla, Elon Musk, isn't one of them. He has helped the brand, Tesla, grow to the people's attention while not spending any money on advertising. Musk plays a critical role in marketing and increasing brand awareness and reputation. It does this by being very Frank in his Twitter handle and at times sharing ideas like what he is interested in and cares about at any particular moment. Tesla as a brand only tweets 3-4 times a month but still is the top 3 most talked car brands for the month. Resolve by creating a buzz on the internet. Tesla relies on the current owners to spread the word and convert the people they know into new electric car owners. Word of mouth is also termed as the network effect, where the product increases its value production for a specific network. It is seen that due to the word-of-mouth, new electric car owners are flocking to Tesla, and this has already driven the demand excess to production. They also hold events to launch their latest products and give test rides to their guests in various cities worldwide.

The next part of the customer journey is when the customer compares various options and their pricing to find the best product with all the necessary features and benefits (A Digital Strategy for



Enhancing the Customer Journey via a Customer-Centric Website, 2018). Here, brand awareness, brand familiarity, and perceived quality can play an essential role for a specific brand. Tesla is considered as an option people go through various blogs and reviews. The customers of Tesla include celebrities like Leonardo DiCaprio, Matt Damon, etc. They are seeing this sort of celebrity review the people can easily trust the brand. This 0\$ marketing also boosts the customer base by introducing them to newer and intriguing technologies like electric cars. And the final point of consideration is touchless self-drive. The company provides a free test drive of their cars in various events around the world.

The next phase of the customer journey is the purchase. In this phase, the customer has already decided what to buy in the purchase (Dhebar, 2012). After this phase, the brand needs to ensure the customers have a great experience. The customers can make this purchase through their website or visit their physical stores. Their website is straightforward to navigate through and is informative. Their salespersons are also trained to communicate with the customers effectively. They can also pre-order the car from a variety of colours, wheels, and interior design. They also have a full self-driving capability feature in their vehicles.

The fourth phase is the retention stage. in the retention stage, it must maintain its customer satisfaction and approval rating. It can also help to anticipate the future hurdles of a customer and take actions likewise (A Digital Strategy for Enhancing the Customer Journey via a Customer-Centric Website, 2018). In the case of Tesla, customer relationship management is comparatively poor. A survey shows that 42% of the customers described the service centre experiences as excellent in 2018 vs. 57% in the previous year. The wait time for appointments has grown longer, and the service experience outside the U.S. is fragile. Most customers were less satisfied with their experience, experienced longer wait times for appointments, and had poor problem resolution rates. But on the other hand, your personal assistance has a very positive review. In a survey conducted, 70% of the respondents rated Tesla's mobile service as excellent. This survey proves that it has reasonable personal assistance but still needs to work on its customer service.



The final stage is advocacy. When all the phases are handled correctly, the customers will turn to fans, and the fans will provide the best marketing a brand can get (Dhebar, 2012). Many customers of Tesla write a review or make YouTube videos regarding the cars of Tesla. This promotion has helped to build confidence among newer customers to switch to electric vehicles. Social media posts have also helped increase the brand's outreach while also increasing the familiarity among the youngsters. Various YouTubers like Marques Brownlee, Carwow, etc., handmade videos on the Tesla Model S. These YouTubers have a massive outreach in the community, and the general people highly regard their reviews. The customers are loyal to the brand as 70.7% of owners who dispose of Tesla acquired a new Tesla, and 74.7% of owners belong to the same household where there was already a Tesla. So, they are well structured in all 5 phases other than the retention phase due to the lack of proper customer service.

Strength and Weakness of Tesla's Customer Journey Map

The strengths of Tesla's customer journey lie in 3 steps consideration, retention & advocacy. The consideration stage is a strength as they provide touchless self-drive and also reviews its cars through celebrities. The overall customer satisfaction of Tesla is excellent as most of the customers treat Tesla as an experimental company. This status of an experimental company has helped them to retain the customers through various traditional techniques like direct customer care. And finally, the advocacy stage where we can see that Tesla has already built a good outreach among the youngsters and various other content creators within the community. This advocacy has highly increased the brand acceptance level among the people while also helping them build a loyal customer base.

The weakness of the customer journey mapping of Tesla lies in their awareness and retention stage. In the awareness stage, we can see that their primary way of regular interaction with the customers is through events or social media. This sort of interaction creates a big gap between the brand and the customers. In the retention stage, we can see that there is a lack of customer relationship management. As we can see that most of the customers have described their service centre experiences as excellent compared to previous years.



Total Engagement Model

The total engagement model helps align all the company's activities in a structured plan for customer engagement, which will help clearly define the emphasis on actionability, how to design and operationalize a growth plan (Elkatawneh, 2013). A brand can create a distinct value proposition and customer experience to engage customers through advertising. The brand should communicate the value proposition to the customers consistently and create an internal culture that helps develop the distinct value proposition and planned customer experience. The linkages between four key elements, brand advertising culture, customer experience, and customer value proposition, help form the total engagement model. Firstly, the brand is effectively the sum of what the brand is, actually stands for, and the value proposition. It is required for the brand to create a unique value proposition based on customer insight. Tesla is a brand that stands for sustainable and green energy.

Next is the culture that refers to an organization's internal aspects like its goals, values, and internal behaviour (Bukhari and Sharma, 2014). The goal is to facilitate the world's transition to sustainable energy through the production of electric vehicles. This goal will help the world to stop relying on fossil fuels and move to a zero-emission future. The internal culture optimises employees to achieve creative and innovative behaviour. These behaviours help in the technological advancement in the global electric car business. The culture is to move fast, do the impossible, constantly innovate, think like owners, and go all in. This culture helps to motivate and create a culture of innovation and creativity within the organisation.

The customer experience is a combination of the physical and emotional connection between the employees and the customers, which would help deliver the organization's promises (Building A High Customer Experience Management Organization, 2020). As an organisation, Tesla is sincere and transparent about its motives, production, and Mis happenings. Tesla has always uniquely designed its product while providing enough features. This sort of development has helped them to grow and also focus on their long-term promises. Tesla has also concentrated on keeping the customers' online centre through which they can also have a solid digital presence. They also make



sure that all sources of information can reach the customer through digital media. The only weak link is their customer service which has a decreasing "excellent" rating.

Finally, there is the unique customer value proposition which tells the customers what the brand has to offer and why the customer should buy from the brand rather than their competitors (Elkatawneh, 2013). In the case of Tesla, we can see that it has a unique proposition of producing high-performance, energy-efficient, long-range, and sleek design electric vehicles to make one of the best electric vehicle models out there. They also offer advanced electric vehicle technologies like high miles per charge, supercharging, low-cost electric charging stations, autopilot option, and finally, free software updates. This value proposition has helped the brand to have a unique standpoint among its customers.



Conclusion

Tesla is a ground-breaking company that has paved its way into the 21st century to make about a change in the automobile that nobody could do. They have communicated with their goals, mission, and unique customer perception with the linear communication model and customer relationship with the interaction model's benefit. They have used various sorts of promotional strategies to raise awareness about the brand, but they were unique as they used very minimal cashflow advertising. They have an enjoyable customer experience as most of their customers are loyal due to their future automobile company's message. They have a very well-planned customer journey where they can easily interact with the consumer at specific touchpoints. They also apply the total engagement model, which helps them keep the customers engaged with the brand and its products. Although Tesla uses many unconventional advertising and marketing methods through its CEO, it has still uniquely positioned itself in the market as a brand that promotes zero carbon emission and sustainability.



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