

Blog

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Assignment 1

Introduction

The main objective of this blog is to provide a critical analysis and evaluation of segmentation, targeting and positioning of Tesla Inc and describe the marketing mix chosen from the company. In addition, the different segmentation which they use will be discussed as well as how the company divides the market to success. Furthermore, some advantages and disadvantages will be reviewed regarding their marketing strategies.



Background

| Tesla designs sustainable and expandable resulting in the greatest environmental benefit possible, besides energy generation and storage products work together with electric vehicles to amplify their impact. Vehicles are some of the safest in the world.



Marc Tarpenning



Martin Eberhard

The most valuable company in worldwide was founded by Mark Eberhard and Mark Trappening , American inventors, engineers, and technology entrepreneurs which incorporate the company in July 2003 as a Tesla Motors as tribute to the inventor and engineer Nikola Tesla (Schreiber ,2009).

The third employee is Ian Wright who joins the company a couple of months later. J.B.Straubel joins the company as a chief technical officer in May 2004. Elon Musk has become the largest shareholder and has served



Wright

as CEO since 2008 with his £6.5 million investment when he sells his shares in PayPal.



J B Straubel

A lawsuit settlement agreed in September 2009 allowed Ederhard , Tarpennig , Wright, Musk and Straubel to call them self's co-founders (Burns, 2014).

In 2021 Tesla Inc has the most worldwide sales of battery and plug-in electric vehicles, therefore Tesla is one the largest battery energy storage supplier with 3.99 gigawatt-hours. Their peak was in 2022 when they delivered 1.31 million vehicles, which is 40% increasing sales than previous year. Tesla's



Elon Musk



Solar Energy panel system

market capitalization reached \$1 trillion dollars in October 2021. In 2023 Tesla is the most valuable automaker company.

Tesla's first mission is to build high volume electrical vehicles with no carbon emission and faster enough to be competitive with sport gasoline cars like Porsche and Ferrari. That is how the first fastest, fully electric car Tesla Roadster has been made. However, the long-term plan is to build a wide range of vehicles that will include family cars too, besides that they work on developing alternative source of energy like solar system installation for example. First Gigafactory start in Nevada US following in Buffalo, US, the second one in Colorado US after that the company became global with opening in Shanghai in China and Berlin, Germany, EU. The firm uses that as an advantage to build their own showroom and stores and build their own channel of distribution (Musk, 2009) .

Marketing segmentation

Tesla Motors uses a marketing mix strategy to select their group of customers to recognise and appeal to their interest. The firm has an unusual marketing strategy compared to their competitors who spend millions on advertising and marketing. To divide the market into small groups the company starts with Age, Business, Income and Demographic segmentation. Tesla Roadster sport car is aimed at the elderly and wealthy people. Businesspeople with higher income can easily afford an expensive car, faster than Ferrari and Porsche, and with the benefit of no carbon emission. Nevertheless, Benefit segmentation can be recognised here as well, because of the situation of the fuel economy in the world and the 0-carbon emission that benefits their customers.

Advantages: The Business segmentation builds a good image and prestige to the company. Worldwide at these days everyone is concerned about the global warming that escalates and changes people's lifestyle based on activities, opinions and interests which helps Musk to take

advantage of the Psychographics Lifestyle segmentation strategy. After the successful start in United States with the first model Tesla adds another four car models: Model S, Model X, Model 3 and Model Y, every next model is made more affordable to add another group from the society and extends Tesla's demographic segmentation strategies. Musk and his team have extraordinarily strong and clear Demographic strategy, their Gigafactory is an example of it. First two Gigafactory are built in the United States in their homeland, where they have enough income which gives them the advantages to start thinking for the next big market. After that Tesla is aiming another large automobile market with high carbon emission issues; China. The cheapest labor and material cost in Shanghai give Tesla the advantage to reduce the price lower than United States and increase the sells (Sissi Can, 2023). Furthermore, to solidify their dissemination and demographic strategy, the firm manufacture another 3 Gigafactories - Germany, Mexico and one more in Texas, United States.

Targeting Strategy

To be more specific about their customers Tesla begins with Concentrated marketing strategy by finding the market demands and niches, spotlight affluent people with passion for high performance vehicle. On the other hand, enmeshing their trades, the company transforms the strategy to Differentiated. Apart from wealthy people, the next low-cost model adds another target group as families and younger generation. Although, with the implementation of the new strategy some **disadvantages** are coming, Tesla becomes less attractive for rich people, by reducing the opportunity of them having something rare. On the other hand, the **advantage** comes by reaching a larger group of consumers. The alternative energy system and services give Tesla diversity of marketing mix that targets another group of consumers.

Positioning

The new innovation and Musk's Space X activities in space technology, although fuel economy and no footprint carbon emission vehicle and not on the end affordable prices create good image of the company and internal values which turns that to effective positioning on the market. The influence and inspiration that Elon Musk brings to many people around the world, with his engineering mind and investments in new future projects across social media, impacts on the brand prestige. Undoubtedly, that can be identified as an entrepreneurial marketing strategy in a view of his balance skills between salesperson, product person and operation co-founder (Schroeder, 2022). Later they add various products and services like selling solar energy, end-to-end clean energy products including generation, storage and consumption which can be determined as Repositioning marketing strategy. Tesla emphasizes their revolutionary technologies as a strength of their arrivals, hence competitive positioning can be identified.



Falcon Rocket Fly

Products

Tesla Roadster sport car is the first fully electrical sport car in the history, fastest than to other competitors with 0-60mph just for 1.9s and top speed 250+mph and range up to 620 miles with four seatings, removable glass roof and great aerodynamic and interior.



Roadster



Interior Roadster

Source: https://www.tesla.com/en_gb/roadster

Model S

Model S is lower class sport car with one of the greatest aerodynamic and elegant designs on the planet from 0-60mph just for 3.1s provide to the customers speed, range, and confidence. Importantly, high safety standards, in addition with 360° cameras which provide full visibility, help to prevent crashes, and help with parking. At the same time have room enough to fit your bike or luggage with the fold-flat seats.



Model S

https://www.tesla.com/en_gb/models

Model 3

Unique vehicles with interior built around the driver unlike any other car Glass roof extend from the front to the back seats with UV protection.

Double motors and all wheel's drive system give stability on the road and less chance to roll over. You can use your phone as a key and the 15inch screen gives accessibility to all other tools.



Model 3

https://www.tesla.com/en_gb/model3



Model 3 Interior

Model Y

Model Y is more like a family car with 5 passenger seats and enough space for their cargo as well, clean interior, glass roof with sky view. Build to be safety with lower center of gravity, beside of that Digital control and autopilot system.



Model Y

https://www.tesla.com/en_gb/modely

Model X

Model X is another family model build for maximum utility with 2300kg towing capacity and 348 miles



Model



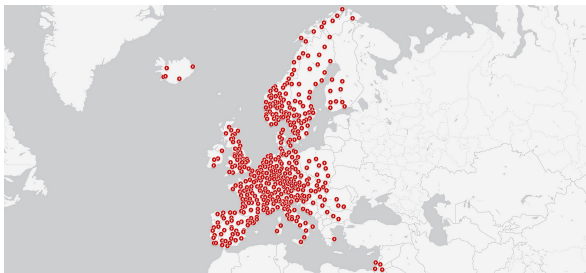
Interior Model Y

estimate range, even more capability with the automatic falcon doors opening which helps to load easier. Digital control, 5-star safety system and autopilot.

https://www.tesla.com/en_gb/modelx

Superchargers, connectors, Solar system energy system

Tesla built the biggest supercharger network in the world which gives accessibility to the vehicle's owners the quickest way of charging their cars.



Superchargers in EU



Home Charger



Powerwall

Thus, they offer home charger installation and solar energy system like Powerball-battery that stores all your solar energy and reduces your energy usage, saves your money, and leave less

carbon footprint.

Price

As a pricing strategy Tesla Inc uses Skimming strategy - charges a high price when they start with Roadster and any new model announced by Musk, that quickly gains investment return they reduce the price at the maturity stage. In addition, Premium pricing can be distinguished because of the solid and strong brand name. The cheapest Model 3 is \$35000 dollars on base model, currently the most expensive Model X is \$101,380 on base model (<https://www.motortrend.com/features/how-much-is-a-tesla/>).

Distribution/Place

The company start with Exclusive channel of distribution with the first sport car; however, Tesla stops making Tesla 2012 once they release the new more affordable models, that satisfies the demand of variety for consumption. Therefore the firm use direct channel of distribution to sell their products without dealers or resellers to decrease delivery time and prevent costs .The advantages of that is : create recognizable brand image and cut the extra cost add it from the middle man and help them to have direct contact with their customers ,which importantly creates emotional and psychological connection between seller and consumer (MarketLine 2021). Despite the many advantages, there are several disadvantages. Evidently, the cost to build network of distribution is high, the time consuming and the limitation of choices which customers experience can be added as a disadvantage. In fact, Tesla has lots of complaints about the delivery time of their vehicles and not having a variety of vehicles. Despite the many advantages like the creative autopilot system that keeps the new arrivals on the side, however the disadvantages come later when the autopilot software problem is causing car crashes which cost the company some brand damage.



Tesla’s Stores & Galleries



Tesla’s Showroom

Entity Name	Country	Ticker Symbol (Count)
Tesla store	United States	160
Tesla Store	Germany	38
Tesla Store	China	31
Tesla Store	United Kingdom	29
Tesla Store	France	19
Tesla Store	Switzerland	19
Tesla Store	Norway	16
Tesla Store	Canada	14
Tesla Motors Store	Belgium	12

Advantages/Disadvantages

The innovations and the direct channel of distribution which Tesla use have advantages over the other brands and new arrivals on the market like no carbon footprint, double motors vehicle system, super charger home system installation and autopilot system. However, there are some disadvantages as well. For example, Tesla receives a lot of complaints: battery replacement - too expensive, poor build quality, autopilot problem causing car crashes that causes the firm some brand damage (Colodny 2023) .

Promotion

Tesla Motors has a rare promotion strategy by spending the minimum amount of money on marketing. Instead of that the company relates more on mouth spread and social media to approach new costumers. Key role of Tesla awareness plays the PR activities. In addition. The main source of product details is their website, where they manage to provide an easy and straightforward online ordering process which makes it a delightful experience for the purchaser. Moreover, the firm influences people in social media like no one else that plays a significant role in Tesla's promotion strategy. For example, the company's YouTube channel has nearly 2.4 million subscribers with 284 videos. Nevertheless, the supercharger is spread around the world in malls, restaurants and hotels with the brand name attracts the curiosity and attention of everyone who sees them (Chaurasia, 2022) .

<https://www.youtube.com/@TeslaMotors>

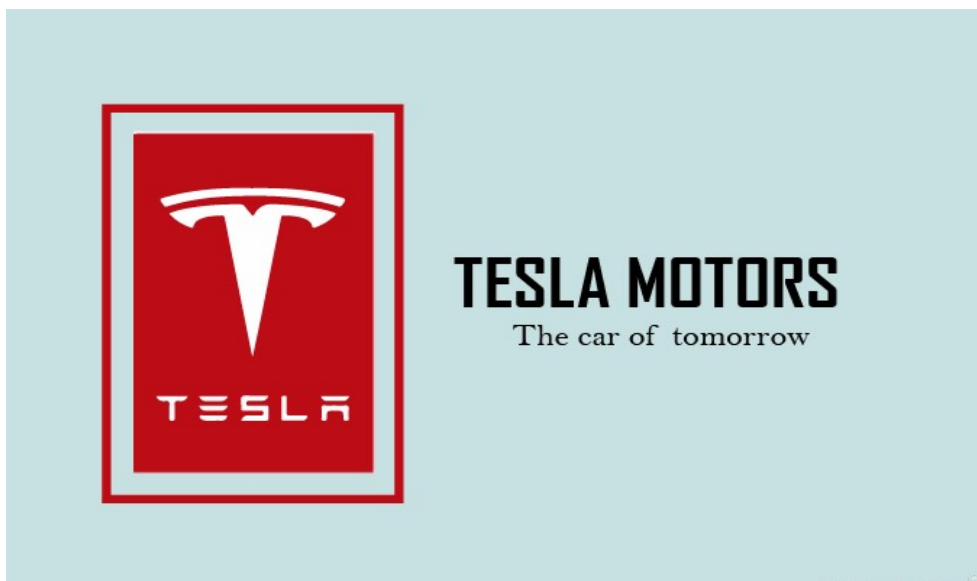
<https://www.facebook.com/TeslaMotorsCorp/>

<https://www.instagram.com/teslamotors/?hl=en>

<https://twitter.com/Tesla>



Supercharger Station



Caption



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