

Analysis of Marketing Strategies for New Energy Vehicles: A Case Study of Tesla

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Abstract: With its revolutionary electric vehicles and cutting-edge energy solutions, Tesla has quickly emerged globally and become a leader in the new energy vehicle industry. Under the active promotion of environmental protection policies in various countries, the rise of Tesla has further accelerated the vigorous development of the new energy vehicle industry. This article provides an in-depth analysis of Tesla's marketing strategy, especially its unique digital direct sales model, efficient use of social media, and strong word-of-mouth marketing effect. At the same time, the article also summarizes the competitive pressure and supply chain challenges faced by Tesla in the global market expansion. Through literature review and case analysis, this study evaluated Tesla's significant advantages in the field of digital marketing, and combined with market data, analyzed Tesla's sales performance and market pressure in different regions. The results show that Tesla, with Elon Musk's personal charm and excellent user reputation, has successfully optimized the user experience and built an indestructible brand ecosystem. However, in order to consolidate its market leadership position, Tesla still needs to continuously strengthen its localization strategy, improve the quality of after-sales service, and expand the layout of the charging network to cope with the increasingly heated market competition.

Keywords: Tesla, digital direct sales model, brand ecology, market competition.

1. Introduction

Tesla was founded in 2003 and is headquartered in Palo Alto, California, USA. It was co-founded by Martin Eberhard and Marc Tarpenning. Subsequently, Elon Musk became Tesla's largest investor and served as CEO, driving the company's rapid development. Tesla's current innovation and development direction is mainly focused on researching business models and promoting the development of electric vehicles. Since its inception, Tesla has been an anticipated and admired company. Tesla's brand has always been labeled as environmentally friendly and high-tech, and it has been at the forefront of the world. This has indeed attracted a large number of consumers in the early stages of the brand's development and achieved unexpected marketing results [1]. Tesla's product line is mainly composed of electric vehicles and energy solutions. Its automotive products include Model S, Model X, Model 3 and Model Y. In addition to vehicles, Tesla also has obvious advantages in core technologies, especially in the fields of autonomous driving technology and ultra-fast charging. Tesla's autonomous driving technology has gradually achieved the transition from driving assistance to fully autonomous driving. On the other hand, Tesla's ultra-fast charging technology network covers

the world, providing Tesla owners with fast charging solutions, making long-distance travel with electric vehicles more convenient.

Against the backdrop of increasingly prominent global environmental issues, the new energy vehicle industry has seen a boom. For example, in China, in July 2024, the production and sales of new energy vehicles reached 984,000 and 991,000 respectively, up 22.3% and 27% year-on-year. From January to July 2024, the production and sales of new energy vehicles reached 5.914 million and 5.934 million respectively, up 28.8% and 31.1% year-on-year [2]. Governments around the world have promoted the application of clean energy technologies and the gradual elimination of traditional fuel vehicles through policy support, subsidies and incentives, which is a microcosm of the global automotive industry transformation wave. Unlike traditional automakers, Tesla has adopted a direct sales model and digital marketing strategy that is highly compatible with the digital age. Through offline product experience, online payment and direct delivery of new cars, the direct sales model makes the car sales process transparent and returns the saved intermediary costs to consumers [3]. At the same time, Tesla has widely used digital means such as social media, online marketing, and word-of-mouth communication to greatly increase brand exposure and market influence. As the global demand for sustainable development continues to increase, Tesla not only leads in product design and technological innovation, but also becomes a pioneer in subverting the traditional automobile marketing model. Tesla directly reaches global users through multiple channels such as official websites, mobile apps, and social media, and has formed a closed loop in after-sales service, user experience, and brand building.

This article aims to explore the marketing strategy analysis of new energy vehicles, with a special focus on Tesla's unique performance and challenges in this field. The second part will describe Tesla's marketing strategy in detail, focusing on its success through direct sales models, digital marketing, and brand building. In addition, it will explore how Tesla uses technological innovation to enhance its competitive advantage and attract consumers. The third part will describe the difficulties faced by Tesla, including increasingly fierce market competition, marketing challenges brought about by regional differences, changes in the policy environment, and public attention and regulatory pressure caused by autonomous driving technology and data security issues. Finally, this article will summarize Tesla's strategies and prospects in dealing with these challenges, and explore its development potential and direction in the future new energy vehicle market.

2. Tesla's Marketing Strategy

2.1. Digitalization and Direct Sales Model

2.1.1. Advantages of Direct Sales Model

Tesla's direct sales model relies on its powerful digital experience to allow consumers to enjoy a more convenient and efficient process when purchasing cars. For example, offline experience stores are located in busy streets and shopping malls where high-end luxury brands are stationed, and there are no performance expectations. If customers want to buy, they can immediately complete product customization and prepayment on the official website. The purchase model of prepayment before production meets the needs of various customer groups and provides a satisfactory product experience [4]. This online direct sales model not only enables Tesla to expand rapidly around the world, but also ensures that the company can better control prices, inventory and delivery time, thereby providing a more competitive pricing strategy. In addition, Tesla's online ordering system allows consumers to directly experience personalized customization services. On Tesla's official website, users can choose different models, colors, interiors and functional configurations according to their needs, so as to get a vehicle that fully meets their personal preferences. Tesla not only makes this

process more transparent and convenient, but also enhances customer participation and purchasing experience. Consumers are no longer just buying a car, but are participating in the entire vehicle configuration and design process. This high sense of participation undoubtedly enhances users' brand loyalty.

2.1.2. Successful Application of Digital Experience

In addition to online ordering, Tesla has further optimized the customer's purchasing and use experience through a series of digital means. For example, Tesla provides customers with the function of real-time tracking of order progress through mobile applications, and customers can check at any time when their vehicles are produced, shipped, and arrived. In addition, Tesla has developed a feature-rich in-vehicle system that allows car owners to upgrade the vehicle's software through over-the-air downloads, thereby continuously obtaining new features and improvements. This not only reduces the burden on car owners to go to offline service centers, but also keeps Tesla's cars up to date during use. In terms of customer service, Tesla relies on online customer service, virtual showrooms, and remote maintenance, which greatly reduces the physical distance between customers and the brand. At the same time, Tesla has also vigorously developed a super charging network, allowing electric car users to enjoy convenient and fast charging services worldwide, thereby enhancing consumers' acceptance and dependence on electric vehicles.

2.2. Social Media and Word-of-Mouth Marketing

2.2.1. Musk's Personal Influence

As the soul of Tesla, Musk uses his huge personal influence to promote the company's brand. Using social media for marketing has many advantages, including fast transmission, easy to understand, and the ability to quickly attract consumers' attention, thereby increasing consumers' purchasing power [5]. For example, he often posts news about Tesla's new technologies, new models, and the company's future development direction on social media. This not only brings Tesla continuous media attention, but also attracts the attention of many potential consumers. Musk has established a strong connection with ordinary consumers through frequent social media interactions and a friendly image, which directly improves Tesla's brand favorability. In addition, Musk often uses social media to solve customer problems and respond to consumer feedback, further strengthening consumers' trust and loyalty to the brand. Musk's practice of integrating personal brand with company brand has formed Tesla's unique "people-enterprise integration" phenomenon. Tesla's brand image not only represents a high-tech company, but also carries Musk's personal vision and values. This high degree of personalization makes it easier for the Tesla brand to resonate with consumers, thus forming a powerful social communication effect.

2.2.2. The Power of Word-of-mouth Marketing

Tesla's brand promotion not only relies on the personal influence of its core figure Musk, but also attaches great importance to the power of user word-of-mouth. Word-of-mouth marketing has always been considered one of the most effective forms of advertising. Compared with being influenced by traditional advertising methods, consumers are more willing to believe in recommendations from friends, family or colleagues and take action based on recommendations [6]. Recommendations between car owners, fan activities and discussions in online communities have enabled Tesla's user base to expand rapidly. This word-of-mouth marketing method has extremely strong credibility because potential consumers are more likely to believe in the user experience from other users rather than the company's official propaganda. Tesla has also further enhanced users' sense of brand

belonging through a series of fan activities and online interactions. For example, various gatherings and owner experience activities are often organized in the Tesla owner community, where owners can share their user experience and show their love for Tesla products. This community culture has greatly strengthened the emotional connection between the brand and users and brought more potential users to Tesla. In summary, Tesla's success not only relies on its technological innovation and excellent product quality, but also benefits from its bold attempts in marketing models. Through digitalization and direct sales models, Tesla has successfully narrowed the distance with consumers and enhanced user experience; and through social media and word-of-mouth marketing, Tesla has built a strong brand ecosystem. Tesla's unique brand operation strategy has not only changed the traditional pattern of the automotive industry, but also provided a useful reference for other companies.

3. Policy and Supply Chain Issues

3.1. Uncertainty in the Policy Environment

Globally, environmental regulations are strict, especially in Europe and China, where governments actively promote the popularization of electric vehicles, which is good for electric vehicle manufacturers such as Tesla. However, Tesla is highly dependent on government policy support, especially on some subsidy policies. In the Chinese market, the electric vehicle purchase subsidy policy previously implemented has played an important role in promoting the sales growth of brands such as Tesla. However, as the Chinese government gradually reduces subsidies, Tesla's competitiveness in this market has been weakened. A similar situation also occurs in the European market, where the electric vehicle subsidy policies of many countries are uncertain and may change according to fiscal budgets or policy orientations. Tesla needs to respond flexibly in this uncertain policy environment to ensure that its market share is not eroded.

In addition, the regulatory policies of some countries on foreign brands have also hindered Tesla's market expansion. For example, in the Indian market, Tesla hopes to enter and sell its electric vehicles on a large scale, but due to high import tariffs, the price of its cars is difficult for local consumers to accept. India's import tariffs on cars range from 60% to 100%. Cars priced below 3 million rupees (about \$40,000) are subject to a 60% tariff, while cars priced above this are subject to a 100% tariff, which is equivalent to doubling the price [7]. However, the Indian government has not yet agreed to Tesla's request to reduce import tariffs, which has prevented Tesla from expanding smoothly in this market with huge potential.

3.2. Challenges of Global Supply Chain

Tesla's global supply chain involves many countries and regions, especially the supply of key components such as batteries and chips, and is highly dependent on the global supply network. However, in recent years, uncertainty in the global supply chain has increased significantly, and chip shortages have become a common problem for the global automotive industry, and Tesla is not immune. Although Tesla has solved some of the supply shortage issues to a certain extent through software adjustments and redesigning some chips, overall production is still subject to delays, which in turn affects the speed of vehicle delivery. Tesla's rapid growth and global operations require the supply chain to be extremely flexible and adaptable, which depends on sufficient resource allocation and expertise. Changes in global raw material supplies and shortages of basic components, especially semiconductor chips, have affected Tesla's production plans. Tesla needs a lot of technical expertise and financial support to advance the digitization and automation of the supply chain. A lack of these resources could hinder Tesla's progress in supply chain innovation [8].

As the core component of electric vehicles, batteries also face many challenges in the supply of raw materials. The global supply chain of key materials such as lithium, cobalt, and nickel that Tesla

relies on is unstable. In particular, cobalt is a rare resource whose supply is concentrated in some African countries. Fluctuations in geopolitics and production conditions may have a significant impact on Tesla's battery production. In addition, with the rapid increase in global demand for electric vehicles, battery suppliers' production capacity is tight and price increases have become a major problem, further increasing Tesla's production costs.

In order to deal with supply chain problems, Tesla has begun to implement a self-sufficiency strategy in some areas, such as signing direct purchase agreements with mining companies in Australia, Canada and other countries to ensure the long-term supply of battery raw materials. In addition, Tesla has also accelerated its own research and development and production of "4680" batteries, trying to reduce its dependence on external suppliers through technological innovation. However, the process of producing these new batteries is complex and it will be difficult to fully meet Tesla's production capacity needs in the short term.

4. Conclusion

Tesla's marketing strategy is distinctively unique and successful. First of all, through brand building, it has established a strong image of technological innovation and environmental protection, which makes its products not only cars, but also a symbol of environmental protection and avant-garde lifestyle. In addition, Tesla relies on CEO Elon Musk's personal charm and social media influence to avoid traditional advertising investment and use word-of-mouth marketing and social media promotion to attract consumers' attention. At the same time, Tesla focuses on user experience, relying on its direct sales model and streamlined supply chain to closely integrate products and services to provide a consumer experience that is different from its competitors. These factors combine to drive Tesla's success in the global electric vehicle market.

However, Tesla faces many challenges in its future development. First, as competitors enter the electric vehicle market one after another, Tesla must find a new balance between technological advantages and brand image to avoid being caught up or surpassed by the market. Secondly, global supply chain issues, rising production costs and market uncertainty have put pressure on its profit margins and long-term competitiveness. In addition, as the company expands, how to continuously maintain brand consistency and meet different cultural needs in different markets around the world has become a new problem.

In order to maintain market competitiveness, Tesla will need to adjust and optimize its marketing strategy in the future. First, you can consider increasing investment in the localized market and developing customized marketing strategies that better suit the needs of consumers in different regions. Secondly, on the basis of product innovation, Tesla should further improve services and user experience, and enhance user stickiness by strengthening after-sales services and increasing the coverage of charging infrastructure. In addition, Tesla should consider using more diversified marketing channels to expand the brand's audience base through cooperation and traditional media advertising. Finally, in the face of increasingly fierce market competition, Tesla should also actively explore new markets, such as smart home and autonomous driving, to expand its ecosystem and lay the foundation for continued growth in the future. Through these optimizations and adjustments, Tesla is expected to continue to maintain its leading position in the future electric vehicle market and consolidate its brand's global competitiveness.

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