

Analysis and Recommendation of Tesla's Marketing Strategy

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Abstract: As the increase in the global urgency of climate change, countries are devoting their resources in supporting the transformation to renewable energy. As a result, Electric Vehicle market become the hottest topic currently. Despise being the biggest company in leading the EV market, Tesla Incorporation now is facing a decline of its dominance as more and more other affordable vehicles come out to the market. This paper critically analyzed Tesla's current marketing strategy and consumer psychology in the aspect of emotion and cognition and attitudes and persuasion to uncover the way that customers think. The author found out that Tesla's current "zero dollar" marketing strategy is limited and needs further promotion. Therefore, Tesla has to improve its current strategies to accommodate the frequent-changing EV market. The paper recommends new strategies for Tesla to attract potential customers and maintain existing consumers based on the theory of Maslow's Hierarchy of Needs, the Self-Determination Theory, Cialdini's principles of persuasion and the elaboration likelihood model.

Keywords: tesla motors, strategic marketing plan, consumer psychology, marketing analysis

1. Introduction

Global climate change, one of the most pressing issues, has led to intense discussions in various countries for years. The effect of the increasing concentration of greenhouse gas in the atmosphere is hazardous and irreversible on human timescales today, and climate change can profoundly impact the global ecosystem, economy, and society. In predicting the consequence of dramatically climate change, governments from countries made a consensus on preventing further emission of carbon dioxide and enacted policies. For example, the agreement on climate change mitigation reveals a necessary transformation to a low-carbon-based economy [1]. As the increase of global consensus and trend in sustainability, experts predicted that by 2025, renewable energy sources will occupy more than 55% of the global total electricity production. This trend requires corporation between government and people in implementing laws and policies to stimulate innovation in the sustainable energy field [2]. As a foremost tool in preventing climate change, renewable energy has been the core focus on research and development for a decade to replace the role of traditional energy—the application in the electric vehicle. At present, China has the world's most significant market share in electric

vehicles, with almost half of the global electric vehicle stock and 1.1 million electric vehicles sales, and other countries, including Norway, the Netherlands, Germany, France, and Great Britain, all plans and promises to achieve their goals in aiming the use of electric vehicles in the future years [3].

Under the inevitable trend of sustainability, Tesla Incorporation plays a critical role in leading the generation. Tesla Incorporation is a well-known American automotive and energy company. The company was founded by a group of entrepreneurs in 2003. Its main business is designing, developing, manufacturing, selling, and leasing electric vehicles, energy generation, and storage systems. Because of Tesla's innovative products, disruptive technologies, and ambitious vision of a sustainable future, the company has grown in popularity in recent years. ("Tesla Inc company profile - Overview," n.d.) As an innovative pioneer and a dominant player in the electric vehicle market, Tesla is predicted to have a promising prospect in the future with its core principles: hard work, exceptional performance, integrity, and fairness. Also, as a company who utilizes the promising and extensively available solar energy as the basis of its products, Tesla is on the correct orientation in the electric vehicle market [4]. However, despite the potential growth and the excellent market performance of Tesla currently, the benefit of marketing is not maximized by Tesla's current strategies. This paper analyzed multiple documents as a method to investigate the possible improvement of Tesla's marketing strategy. Through the delving analysis of consumer psychology, new marketing strategies can be recommended for Tesla based on the theory of Maslow's Hierarchy of Needs, the Self-Determination Theory, Cialdini's principles of persuasion and the elaboration likelihood model. With the new marketing strategy, Tesla has the potential to enhance its ability to attract and retain customers, which would result in a substantial boost in its sales.

2. Current Insights and Strategy of Tesla Incorporation

Tesla pioneered big data technology for market research; it has proposed and used a policy of collecting and measuring all relevant market data and transforming data into consumers' insights by sending the data into the cloud and using algorithms and software to analyze. With the assistance of big data analytics, Tesla has found its track on the precise orientation of product development and improvement [5].

Firstly, Tesla's marketing strategy is reforming and innovative since it has tightly bonded its brand name with the tag of being environmental-friendly. With its trendy brand orientation, Tesla has targeted thousands of environmentalists. Those customers are not simply existing users of Tesla's products but also a bunch of fully connected customers of Tesla who enthusiastically regard Tesla as the pioneer of the time in leading the transformation of renewable energy. In addition, although Tesla does not invest in advertising, it uses a marketing tool – word of mouth, which requires little capital investment and gives Tesla an image to stand out from other car brands. Lastly, Elon Musk's decision to allow anyone to access Tesla's patent rights has brought a noble display of character to the public. The decision allowed him to stand out from the usual selfish stereotype of a businessman. Indeed, with this daring strategy, the technological development of renewable energy will be accelerated by more experts.

Despite their popularity, Tesla cars could be better. With a wide range of common problems, such as autopilot system failures, and expensive solutions, Tesla has to invest more in research of development to fit its "word of mouth" marketing strategy. At the same time, entering new competitors into the EV market could create price competition that would erode Tesla's revenue growth. As a company that markets itself at a high price but with its undersupplied demand, Tesla is likely to lose customers' trust. Moreover, due to the different market characteristics, Tesla's marketing strategy has

some things that need to be improved. For instance, in China, customers cannot receive the advertising message about Tesla from Elon Musk on Twitter due to Chinese policies; therefore, the popularity of the Tesla brand needs to be more well-known in the Chinese market. As a result, the lack of publicity can ultimately let Tesla lose its potential customers. However, new marketing strategies can be added to Tesla to help to overcome its issues based on consumer psychological analysis.

3. Application of Consumer Psychology to Marketing Strategy

3.1. Analysis Based on Emotion and Cognition

Concepts of Emotion and Cognition. Emotions and recognition are perceptual processes that start with sensory exposure to get customers' attention by creating an environment that stimuli their five senses while potentially ignoring others. After this, the sensory perception will occur and lead to the comprehension of perception, which will interpret new information according to people's cognitive set.

According to the Maslow's Hierarchy of Needs, the consumers have a hierarchy of needs that have to be met before they move on to higher-level needs. This means business can create resonate marketing strategies with their emotional and cognitive states by understanding the most important needs of their target customers. The Self-Determination Theory also suggests that consumers have intrinsic motivations that drive their behavior. By segments and targeted potential audience, business can use different settings and operational strategies to motivate their target audience, in another word is produce products and services that satisfy their emotional and cognitive needs.

The company's sales will undoubtedly boost by creating a specific emotional attachment to the brand's products and advertisements. This tactic aims to strengthen the connection between consumers' emotions and the brand's emotions. For instance, if the company uses a cheerful tone with fancy dramatic design in its advertisements, customers' emotions will be influenced by the advertisement and form a positive image of the brand. Thus, whenever customers feel happy, they subconsciously connect their emotions with the brand and voluntarily find the brand to immerse their emotions deeper and consume that brand.

There are many ways to attract consumers' attention, such as a trendy format or a cocktail party effect that can make consumers look at a product through colored glasses. Marketers must create and convey an appealing product message and promote it heavily to occupy consumers' minds. For example, designers can add appealing features, such as vibrant background music, an aesthetic appearance, or a humorous utterance. In short, the brand must build a unique selling point that can evoke emotion and engrave in customers' cognitions.

Marketing Strategy based on Emotion and Cognition. Based on Tesla's existing marketing strategy, the authors recommend that Tesla accommodate different regions by combining its product with diverse cultural designs. For instance, Tesla can offer free recolor service to its products with red near the beginning of Chinese New Year to fit customers' emotions; red and green can also be applied to most Western-cultural customers. This approach is effective in enhancing consumers' emotional perceptions because when they have developed a redundant attention span for Tesla, they will inevitably blend their memories with the immediate present when they see the product advertised again. Emotional cognition theory is the effect of influencing consumers' psychology at a subconscious level and thus influencing purchase decisions [6].

Moreover, Tesla can resonate with its customers by constructing stories to convey particular meanings through its designs. In North China, the starlight roof was once widely circulated, and it first

appeared in Rolls-Royce design; this novel design won many young customers' hearts by knitting a romantic story with the mystery universe.

As a result, with the improvement in the orientation of Tesla's designs, consumers' emotions will be connected tightly with Tesla, which can lead to an increase in consumers' acceptance of Tesla's products and, in turn, can generate more profits for the company. However, before launching this plan, Tesla needs to do enough market research and interviews about different aspects to ensure an accurate hook to most customers from different places, including cultural preference, product applicability, and unintentional bias [7].

3.2. Analysis Based on Attitudes and Persuasion

Concepts of Attitudes on Persuasion. Attitudes and persuasion are central concepts in consumer psychology, which are critical in shaping consumer behavior. By analyzing consumers' attitudes in purchasing decisions, companies can precisely target their potential customers and accurately accommodate their products and services to maintain existing customers. Therefore, marketers must determine strategies to impact customers' attitudes toward the company and persuade them to purchase products.

In the Elaboration Likelihood Model (ELM), it underscores the process of generating an outcome of a given variable, and it outlines multiple persuasion factors into two main processing routes to attitude change: the strength of customers' attitudes depends on the receiving message path of central and peripheral routes that rely on the influence of personal motivation, ability, and opportunity [7].

Central route processing requires two essential elements: sufficient information in the message to analyze thoughtfully and the recipient's willingness to participate in elaboration. Various variables, including time, location, and education barriers, can influence people's motivation and ability to think critically. However, if people or specific customers can use this effortful processing, the end result of the attitude will be strong and confident, which means hard to change, as shown in Fig.1. Therefore, it is essential for marketers to make customers to form positive strong attitudes through this processing route in collecting information about the brand. Unfortunately, because of its time-consuming trait, most consumers only utilize this processing route to evaluate a product or service before making a significant purchase to avoid making mistakes [8].

In contrast, peripheral processing is a low-level elaboration process requiring less energy consumption to absorb information, which is the reason for most people who lack of either motivation or ability for critical thinking to use this processing daily. In this process, affective state, such as reliance, can be elicited and be associated with the source in a certain persuasion context from customers. Despite the efficiency of using heuristics (a mental process to target attribute by the alternative that is more easily to come to the mind) [9], drawbacks of peripheral route processing are obvious—the message customers received is from any simple cue without the scrutiny of the merits of the message, and the customers' attitude formed by this processing is unstable. As a result, consumers who receive messages through this processing are uncertain about the authenticity of the information, and their attitudes are easy to change, as shown in Fig.1 [8], thus customers only utilize this route when deciding to buy a low-price or less critical product.

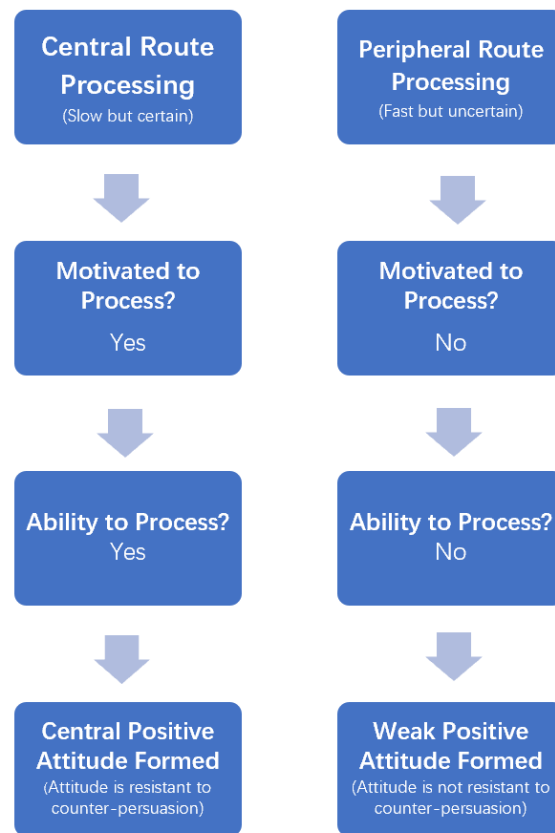


Figure 1: The Process of Attitude Changes Based on Elaboration Likelihood Model.

By noticing the distinction between central route processing and peripheral route processing, it is important for marketers to pinpoint a balance between the routes to combine these routes' advantages and maximize companies' benefits.

According to the Cialdini's principles of persuasion, consistency, reciprocity, scarcity, consensus, liking, and authority are the six elements that can be used to convincing people. In specifically in the current context, the tool for marketers to connect central and peripheral routes together is the principle of authority which means that people prefer to follow those who represent "authority" in a certain field than those who are not [10]. This is because this principle takes advantage of human nature: laziness and apprehension, which mean that people neither want to spend effort nor to get any failure by using simple availability heuristic. Thus, when applying the principle into marketing, providing trustful expert advisory services and products to consumers can make them to become more closely connected and loyal to the brand.

Marketing Strategy based on Persuasion and Attitudes. Through analyzing the principle of the Elaboration Likelihood Model (ELM), the article can utilize the model for understanding consumers' psychology and behavior in the repurchase part of the consumer decision journey, and creating effective marketing strategy for Tesla to target customers.

Although Tesla does not pay for any advertisement, the article recommends that Tesla invests in inviting experts to share their results of test vehicles on social media in video from different countries in video-form to attract customers and increase sales.

Usually, a car purchase is a considerable investment for families, so people often use a central route to receive messages about cars. For example, they may go to each brand's offline stores to collect and evaluate information. Although the information is accurate and reliable using this method, it is not convenient for customers. Indeed, the unprofessional public may be unable to analyze their collected information and single out the best car. Therefore, Tesla should both take the advantage in central route (accuracy and validity) in the peripheral route (convenience and speed) and in authority (high reliability) to grab consumers' attention. Through this measure, Tesla can enhance the process of the consumer decision journey, specifically in the steps of prepurchase, and to strengthen consumers' positive attitudes toward Tesla. As a result, the product of combining these three concepts is to let Tesla invest money in inviting experts to test and share the results and experiences of Tesla cars and other brands' cars on social media. In detail, the experts must provide correct information about the car and explain each piece of data in video form. Besides, to ensure the positive direction of consumers' attitudes towards Tesla vehicles, Tesla has to continuously improve its products' quality and maintain its original "word-of-mouth" strategy, because lying is unacceptable in the new marketing strategy.

With the popularity of the Internet, more and more people are in the habit of casually browsing various social media, such as TikTok, so Tesla should utilize this habit: The media is providing convenient access for consumers to unintentionally receive messages about Tesla in the form of peripheral route processing while the customer is obtaining accurate and reliable information from the expert who already used central route processing in collecting, comparing, and analyzing data from different companies' cars. As a result, customers can get benefits by spending a few minutes watching videos but receiving labor-intensive data. To ensure the validity of the information, Tesla needs to invite experts with official certifications in car-related fields, and they should wear professionalism in presenting to give the audience a fast, impressive positive image without carefully identifying the experts' backgrounds.

This marketing strategy finds the common ground of elaboration likelihood model and Cialdini's principles of persuasion, and integrates the advantage of each psychological theory to meet maximum positive effect in cultivating potential customers and turning them into real consumers. Also, the strategy requires less financial investment from Tesla since Tesla needs to pay for the invitation of experts and provide products for them to test in a short probationary period, but not to pay for deciding the result of the examination. More importantly, this advertising strategy can boost the sales growth of Tesla cars and not violate Tesla's existing core strategy, word-of-mouth advertising.

4. Conclusion

This paper presents a market analysis of Tesla through an overview of the existing market of Tesla in terms of product, service production and management practices. Respectively, it applies the terminology of emotion and cognition and attitudes and persuasion in consumer behavioral psychology to Tesla. As a result, an effective market operation strategy is proposed for Tesla.

The research significance of this study is how to show the role of consumer behavioral psychology in marketing, where various studies have now shown the conditions of emotional identification and attitude and persuasion of consumers. The relevance of the existence of the market analysis is to create the ideal atmosphere for the consumer. This thesis according to knowledge from the Tesla

website and consumer its own psychology, and then presents recommendations after the author's analysis and summary.

This paper proposes specific strategies that can be summarized as follows: firstly, strengthening the emotional resonance between Tesla and its customers. Secondly, improving attitudes in the consumer decision-making process. These strategies aim to help open up new marketing channels for Tesla to attract and maintain customers beyond its limited 'zero dollar' investment marketing strategy to collaborate with its existing "words of mouth" strategy. As a result, by implementing these strategies, Tesla can establish a stronger connection with its existing customers and expand its customer base beyond its current marketing strategies. The authors hope that the scene-setting strategy proposed by emotion and cognition will increase consumer interest in Tesla, increase sales and increase brand recognition for Tesla. The second point is the KOL suggestion through attitudes and persuasion. As an emerging brand, it is important for Tesla to use experts in the field to increase its brand trust rather than just attracting customers through Elon Musk's 'humor'. This could help Tesla address concerns among its potential customer base, such as the safety of autonomous driving.

In conclusion, emotion, and cognition, as well as attitudes and persuasion, play a significant role in marketing strategies. Understanding the emotional and cognitive states of consumers is essential to creating effective marketing campaigns that resonate with them. By utilizing key business theories and principles such as Maslow's Hierarchy of Needs, the Self-Determination Theory, the Cialdini's principles in the marketing campaigns, the suggestion of Tesla's is the scenario settings to appeal customers' resonance and key opinion leaders (KOLs) to increase their influence. It is an effective strategy in creating a strong brand image and increasing brand awareness. The showcasing recommendations for this paper have not provided an in-depth analysis of Tesla's point by point target spectators. Prospect research could set out with an additional comprehensive client focusing on and dive more profound through further psychological regulation.

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