

# Analysis on Marketing Strategies of Electric Vehicle Brands in the International Market-Tesla as an Example

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**Abstract:** With the continued development of society, and the improvement of technology, the demand for new energy vehicles is also increasing. By comparing the sales data of the electric vehicle industry in the United States, China, and Europe, this article has analyzed the current development of the electric vehicle industry in different regions of the world. At the same time, taking Tesla as an example, its successful experience in terms of products, markets, sales, services, brands, and publicity strategies is analyzed, and recommendations for the development of electric vehicle markets in different regions are also provided. Analysis and recommendations in these aspects may positively impact the development of the global electric vehicle market.

## 1. Introduction

Tesla is an electric vehicle and clean energy company based in Palo Alto, California. It has about 48,000 employees and its products are sold worldwide. What did Tesla do? In this analysis, how to outperform within the Electric Vehicle (EV) market will be answered by providing research and conclusion. In-depth, each country's situations are unique in helping the development of the electric vehicle industry. In the U.S, driving an electric vehicle has become a trend. While in China, not many people know about electric vehicles. In Europe, most people are aware of electric vehicles. Tesla's marketing strategies reveal the truth of doing successful International electric vehicle business. With Tesla's stories, a set of recommendations are made to promote the growth of the global electric vehicle market.

## 2. Development Status of electric vehicle industry

According to the Environmental Protection Agency (EPA), motor vehicles with oil collectively cause 75 percent of carbon monoxide pollution in the U.S [1]. Globally, an increasing middle class in China and Europe is bringing abundant demand for personal cars and the demand for oil. By 2050, there will be approximately 1.5 billion cars on the road, yet the number of carbon monoxide pollution in the air by that time seems to be unpredictable [2]. This type of huge demand for vehicles brings in challenges and opportunities to benefit from intelligence technologies. When oil becomes limited and expensive resources, an alternate source of transportation fuel-electricity is an inevitable choice. Hence, a revolution in the car industry is happening, as many regions have started to build more factories and encourage people to buy electric vehicles. Developing the electric vehicle industry is unique in countries and regions like the USA, China, and Europe. Table 1 shows the comparison of sales of Electric Vehicles and Tesla in the United States, China, and Europe.

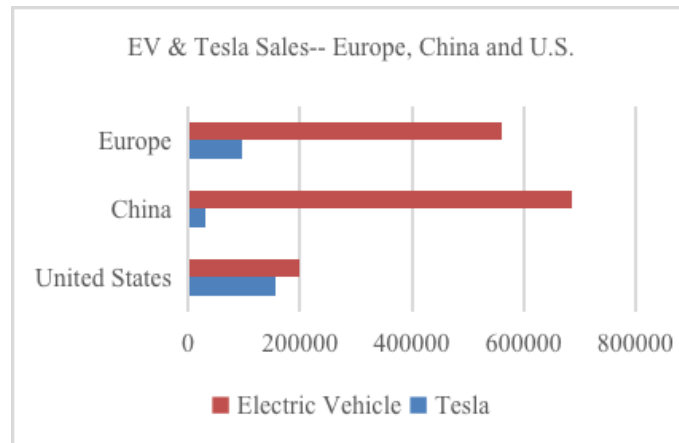


Fig. 1. EV & Tesla Sales-- Europe, China and U.S. [3]

In the U.S, a new century is slowly coming. The oil motor car industry is hit by the emergence of electric vehicles. As can be seen on the streets, more and more electric vehicles show up at the parking lot with a charging station. This year, California Governor Gavin Newsom stated clearly about the goal of reducing carbon monoxide pollution by issuing an order requiring the exclusive sale of zero-emission passenger vehicles (ZEVs) beginning from the year 2035 [4]. The American Recovery and Reinvestment Act made the U.S government invest 2.4 million dollars in federal grants to develop the U.S electric vehicle industry. With the local government's help, electric vehicles manufacturers in the U.S were able to gain \$1.5 billion-plus additional \$500 million to produce components needed for electric vehicles. The federal government also committed \$400 million to create green-collar jobs, including training for technicians to build and repair electric vehicles [5]. The enormous amount of investment surges the economy of the U.S as well. Lots of jobs and cash were created by the outcomes of new opportunities. There is a growing number of the middle-class American families who chose to have a second car, which caused a huge growth in the EV market. In New York City, Tesla Model 3 has become the first electric vehicle running as a yellow cab. Overall, the development of the electric vehicle business in the USA is positive.

In China, the electric vehicles industry is still developing. The Chinese government did what it could to help out this industry. The central government of China has successfully issued "Notice on Improving the Promotion and Application of Financial Subsidy Policies for Electric Vehicles"[6], "Announcement on Policies Concerning the Exemption of Vehicle Purchase Tax on Electric Vehicles,"[7] and other policies to encourage the growth of electric vehicles . Furthermore, under the promotion and encouragement of the government, related organizations, related enterprises, and the media, customers in China started to buy environmentally friendly products, such as low-carbon, energy-saving, and even zero-emission industrial products. This phenomenon has gradually developed into a social trend, and electric vehicles just happened to fit in. The development of electric vehicles in China's market started late, and most of the core technologies still belong to Tesla. Unlike the U.S, most families in China wouldn't buy an electric car as their second car simply because they never heard of it or do not hold enough information about electric vehicles to buy one.

Europe is another important market where the upward tendency of electric vehicles has never shown any sign of slowing down. In 2019, electric vehicles sales increased by 44 percent in the EU overall, which is the highest rate since 2016 [8]. This number could only be greater this year because the EU's new emissions standard - 95 grams of carbon dioxide per kilometer for passenger cars - has just come out. And it strictly stipulates that 95 percent of EU countries must meet this standard before this year, and all the EU countries must meet this standard before the year 2021. Given this regulation on the table, most people and investors hold an optimistic view in the market this year, and some analysts even further predict that the EV will triple the market share in Europe in the year 2020. Electric vehicle sales in Europe are led by Germany and the Netherlands [8]. EV sales in those two countries contributed nearly half of the overall EV market growth. In Germany, even though the overall auto sales are still in a downturn due to the COVID-19 pandemic, the presence of generous

purchasing incentives coming from the government side has only boosted the demand in the market. According to Mark Kane from EV Sales, we have seen a 182% year-to-year growth of overall electric vehicle sales in Germany this year [9]. But the engine of this upward trend is actually a plug-in hybrid arena, with sales up to 488% compared to last year. In the Netherlands, things are similar. The EV sales keep growing. The plug-in electric car sales are up by 75% compared to the previous year, increasing the market share to 21%. And the upward is also leading by the plug-in hybrid arena, with a 385% year-to-year growth in sales, which overshadows others [10].

### **3. Analysis of Tesla's marketing strategy**

#### **3.1 Product and market strategy**

Different from the traditional marketing model, Tesla adopts a product strategy from high-end to mainstream. Its first mass-produced car, the Roadster, is positioned as a high-end sports car consumer product, and the market segment is aimed at "early adopters", so that it can more effectively promote high-end technology to a more popular and mainstream market in the future. Tesla has successively launched Model S, Model Y, Model X, and other models after that, still positioning itself as a high-end fashion, low-carbon and environmentally friendly brand image, effectively expanding the brand's influence. In addition, the brand image of high technology and vitality is delivered to consumers through continuously innovative products. Tesla has three market segments: the high-end sports car market, the luxury car market, and the mainstream market. Among these three markets, the high-end sports car market is relatively small in scale, but it can more accurately convey Tesla's innovative spirit and is more likely to produce high loyal consumers. In the luxury car market, Tesla faces more competitors. In addition to other electric vehicle brands, high-end luxury cars such as BMW, Benz, and other fuel vehicles are also Tesla's strong competitors. However, with the characteristics of high technology and environmental protection, Tesla still has high competitiveness.

In terms of price, Tesla's brand positioning is a high-end electric car brand, so it will also adopt a premium pricing strategy. For example, Roadster is priced at \$200,000, which creates a certain price gap between Tesla and other brands. However, to better expand the market and seize more market share, Tesla's pricing strategy has become more flexible. The appearance of Model 3 has laid a good foundation for Tesla to enter the mass market. Low prices, smooth models, and design full of technology and environmental protection are fully attractive to consumers. In particular, Model 3's sales in the Chinese market topped the list of China's new energy vehicle sales. Its price of \$35,000 has attracted many consumers who want to experience electric vehicles and have low psychological price expectations.

#### **3.2 Sales and service strategy**

Tesla is still different from a traditional distribution. It sells products directly to consumers. Eliminating the dealers brings the relationship between Tesla and consumers closer. Tesla's stores are more like a showroom that can provide snacks, coffee, and rest areas. Consumers can enter the store to learn more details about Tesla and conduct a test drive to choose their favorite model, and then make a personalized order on Tesla's official website. The advantage of this sales model is that salesperson can directly collect customer information and customer needs, while consumers can more easily put forward their personalized needs. This is an effective information transmission process -- a mutually beneficial model for businesses and consumers. Moreover, most of Tesla's experience stores are opened in high-end and prosperous shopping centers. This is also in line with Tesla's brand positioning, so it can not only better maintain the brand image but also more accurately attract target consumption. In addition, this sale model saves many intermediate channel costs and helps Tesla and consumers save money. The production model of paying a deposit and then manufacturing is also conducive to Tesla's capital turnover and reduces inventory risks.

### **3.3 Brand strategy**

Branding is a tool used by marketers to help differentiate products in a concrete manner [11]. Therefore, a suitable brand strategy for a brand can help it better realize its brand building and sales plan. For Tesla, brand marketing is more important for its sales in the international market. Through the solid brand foundation that Roadster Tesla has established, consumers recognize its high-tech and environmentally friendly brand image. In addition, Tesla's differentiated marketing strategy has effectively enhanced brand recognition and competitiveness. Tesla's models are very avant-garde, which is different from traditional fuel vehicles and can better maintain Tesla's brand image of design and technology. This contagious value proposition can attract more stakeholders, create brand loyalty, and at the same time, allow consumers to generate brand preferences, effectively strengthening Tesla's position in the market.

### **3.4 Publicity strategy**

In terms of the propaganda model, Tesla rarely uses traditional propaganda channels such as advertisements. It relies more on word-of-mouth marketing. The Internet is the primary way for Tesla to promote. Tesla can provide consumers with an impressive driving experience, and its excellent product quality and high-quality services allow consumers to spontaneously share their experiences through social media platforms or other channels, attracting more consumers to experience Tesla products.

Not only that, but Tesla also attaches great importance to interaction with consumers on social media platforms. They will visit consumers regularly and will actively answer consumers' doubts on social media platforms. Therefore, even on the online platform, consumers can still have a very good experience, thus winning a good reputation for Tesla, which is Tesla's best advertising. Consumers who spontaneously promote Tesla on social media platforms have helped Tesla reduce its investment in publicity, and they are also Tesla's most powerful publicity.

## **4. Conclusions and suggestions**

All in all, the development prospects of the electric vehicle industry are very optimistic. Electric vehicle brands in all regions should attach importance to brand marketing and create their own characteristics and advantages. At the same time, with the cooperation of advanced technology and higher production efficiency, we believe that the electric vehicle industry will usher in a prosperous future.

This paper makes the following suggestions: First, in the U.S market, the development of the electric vehicles industry turned out to be efficient and successful. With help from the government, most EV manufacturers were able to gain access to intelligence technology, which would allow them to improve and develop their products. The majority of Americans realize the importance of environmental protection. Hence, electric vehicles in the U.S have gradually become a fashion trend. Tesla was able to succeed due to its excellent works on branding, marketing, and reputation. From Tesla's successful experiences, American electric vehicle brands need to pay attention to the output of brand value so that consumers can understand the brand's contribution to environmental protection and innovation. In addition, the improvement of production efficiency is also a key factor in expanding market share. Therefore, electric vehicle companies must also enhance technological innovation and improve production efficiency to meet the increasing demands of consumers.

Second, in China, the development of the electric vehicles industry is still in the developing stage, which is led by the central government of China. Government encouragement is critical when it comes to simply just about the awareness and acceptance most customers hold in China. Media, local government, and electric vehicle manufacturers should work together to push the revolution of the car industry in China. Tesla's super factory has built up in Shanghai to promote production capacity and technological innovation. This type of innovation and investment would allow Tesla to enter the market of China; at the same time, put more pressure on Chinese electric vehicle brands. In the long run, the EV industry in China still needs a strong push from both the government and electric vehicle

manufacturers. In addition, brand building cannot be ignored. Good brand building can also cultivate consumer awareness. A well-positioned brand image can help brands improve their uniqueness and competitiveness; at the same time, they can effectively increase brand loyalty.

Third, the European electric vehicle market is in a mature stage. Not only is it supported by government policies, but the technology part of electric vehicles is also very mature. Therefore, the overall development prospects of the European electric vehicle industry are very optimistic. However, the European market need to learn Tesla's differential promotion strategy. Distinguish their own brand from other brands and create a competitive advantage belonging themselves, thereby effectively enhancing brand loyalty. In addition, the extensive construction of charging piles is also a way to increase market share. Only by providing consumers with more convenience can they stimulate consumers to make purchasing decisions.

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