

Project Report

“A Study Of Marketing Strategies Of Tesla Motors”

Submitted to

G. S. College of Commerce & Economics, Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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G.S. College Of Commerce & Economics, Nagpur

Academic Year 2022 – 23



G.S. College Of Commerce & Economics , Nagpur

Academic Year 2022 – 23



CERTIFICATE

This is to certify that **Ajay Akash Nishad** has submitted the project report titled **A Study OF Marketing Strategy OF Tesla Motors** , towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

Name of Project Guide
Dr. Afsar Sheikh

Name of Coordinator
Dr. Afsar sheikh

Place: Nagpur

Date:



DECLARATION

I here-by declare that the project with title "A Study of Marketing Strategy Of Tesla Motor" has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Akash Ajay Nishad

Place: Nagpur

Date:



ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. Swati Kathaley, Principal, G.S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my Project Guide Prof. Afsar Sheikh for his guideline throughout the project. I tender my sincere regards to Co-ordinator, Dr. Afsar Sheikh for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the Non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Akash Ajay Nishad

Place: Nagpur

Date:

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INTRODUCTION

What is Marketing?

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company.

Professionals who work in a corporation's marketing and promotion departments seek to get the attention of key potential audiences through advertising. Promotions are targeted to certain audiences and may involve celebrity endorsements, catchy phrases or slogans, memorable packaging or graphic designs and overall media exposure.

Marketing refers to all activities a company does to promote and sell products or services to consumers. Marketing makes use of the "marketing mix," also known as the four Ps—product, price, place, and promotion. Marketing used to be centered around traditional marketing techniques including television, radio, mail, and word-of-mouth strategies.

Though traditional marketing is still prevalent, digital marketing now allows companies to engage in e-mail, social media, affiliate, and content marketing strategies.

At its core, marketing seeks to take a product or service, identify its ideal customers, and draw the customers' attention to the product or service available. Marketing as a discipline involves all the actions a company undertakes to draw in customers and maintain relationships with them. Networking with potential or

past clients is part of the work too, and may include writing thank you emails, playing golf with prospective clients, returning calls and emails quickly, and meeting with clients for coffee or a meal.

At its most basic level, marketing seeks to match a company's products and services to customers who want access to those products. Matching products to customers ultimately ensures profitability.

The 4 P's of Marketing

Product, price, place, and promotion are the Four Ps of marketing. The Four Ps collectively make up the essential mix a company needs to market a product or service. Neil Borden popularized the idea of the marketing mix and the concept of the Four Ps in the 1950.



- Product

Product refers to an item or items the business plans to offer to customers.

The product should seek to fulfill an absence in the market, or fulfill

consumer demand for a greater amount of a product already available. Before they can prepare an appropriate campaign, marketers need to understand what product is being sold, how it stands out from its competitors, whether the product can also be paired with a secondary product or product line, and whether there are substitute products in the market.

- Price

Price refers to how much the company will sell the product for. When establishing a price, companies must consider the unit cost price, marketing costs, and distribution expenses. Companies must also consider the price of competing products in the marketplace and whether their proposed price point is sufficient to represent a reasonable alternative for consumers.

- Place

Place refers to the distribution of the product. Key considerations include whether the company will sell the product through a physical storefront, online, or through both distribution channels. When it's sold in a storefront,

what kind of physical product placement does it get? When it's sold online, what kind of digital product placement does it get?

- Promotion

Promotion, the fourth P, is the integrated marketing communications campaign. Promotion includes a variety of activities such as advertising, selling, sales promotions, public relations, direct marketing, sponsorship, and guerrilla marketing.

TYPES OF MARKETING STRATEGIES :

- **Types of Marketing Strategies**
Marketing is comprised of an incredibly broad and diverse set of strategies. The industry continues to evolve, and the strategies below may be better suited for some companies over others.
- **Traditional Marketing Strategies**
Before technology and the internet, traditional marketing was the primary way companies would market their goods to customers. The main types of traditional marketing strategies includes:
 - **Outdoor Marketing:** This entails public displays of advertising external to a consumer's house. This includes billboards, printed advertisements on benches, sticker wraps on vehicles, or advertisements on public transit.
 - **Print Marketing:** This entails small, easily printed content that is easy to replicate. Traditionally, companies often mass produced printed materials, as the printed content was the same for all customers. Today, more flexibility in printing processes means that materials can be differentiated.
 - **Direct Marketing:** This entails specific content delivered to potential customers. Some print marketing content could be mailed. Otherwise, direct marketing mediums could include coupons, vouchers for free goods, or pamphlets.
 - **Electronic Marketing:** This entails use of TV and radio for advertising. Though short bursts of digital content, a company can convey information to a customer through visual or auditory media that may grab a viewer's attention better than a printed form above.
 - **Event Marketing:** This entails attempting to gather potential customers at a specific location for the opportunity to speak with them about products or demonstrate products. This includes conferences, trade shows, seminars, roadshows, or private events.

COMPANY PROFILE



Tesla Inc (Tesla) is an automotive and energy company. It designs, develops, manufactures, sells, and leases electric vehicles and energy generation and storage systems. The company produces and sells the Model Y, Model 3, Model X, Model S, Cybertruck, Tesla Semi and Tesla Roadster vehicles. Tesla also installs and maintains energy systems and sells solar electricity; and offers end-to-end clean energy products, including generation, storage, and consumption. It markets and sells vehicles to consumers through a network of company owned stores and galleries. The company has manufacturing facilities in the US, Germany and China and has operations across Asia Pacific and Europe. Tesla is headquartered in Austin, Texas, the US.

COMPANY INFORMATION

As of 8/3/2022

Country

U.S.

Headquarters

Austin

Industry

Motor Vehicles & Parts

CEO

Elon Musk

Website

www.tesla.com

Company Type

Public

Ticker

TSLA

Revenues (\$M)

\$53,823

Profits (\$M)

\$5,519

Market Value (\$M)

\$763,395

Employees

99,290

Key Financials (Last Fiscal Year)

\$ millions

% change

Revenues (\$M)

\$53,823

70.7%

Profits (\$M)

\$5,519

665.5%

Assets (\$M)

\$62,131

-

Total Stockholder Equity (\$M)

\$30,189

Profit Ratios

Profit as % of Revenues

10.3%

Profits as % of Assets

8.9%

Profits as % of Stockholder Equity

18.3%

Earnings Per Share (Last Fiscal Year)

Earnings Per Share (\$)

49

EPS % Change (from 2020)

665.6%

EPS % Change (5 year annual rate)

-

EPS % Change (10 year annual rate)

-

Total Return

Total Return to Investors (2021)

49.8%

Total Return to Investors (5 year, annualized)

89.9%

Total Return to Investors (10 year, annualized)

68.5%

RESEARCH METHODOLOGY

What is Research...?

Research means search for facts to find answers to certain questions or to find solutions to certain problems. It is often referred to as 'scientific inquiry' or 'scientific investigation' into a specific problem or situation.

There are two types of data: -

- Primary Data
- Secondary Data

The present study is based on secondary data which is collected using different blogs & stock exchange website.

- Research design (Method, data collection)
- Primary data

The primary data is that data which is collected fresh and first hand and for first time which is original in nature.

But in this project, we are collecting data from secondary data The secondary data are those data which are collected by webbased, publication in the newspaper, magazines, and information available on the internet.

RESEARCH STUDY

OBJECTIVE OF STUDY :

- To analyze the effectiveness of Tesla's current marketing strategies in reaching its target audience and achieving its business objectives.
- To identify the strengths and weaknesses of Tesla's marketing strategies, and to suggest ways in which they can be improved.
- To examine the key factors that influence consumer perceptions and purchasing decisions related to Tesla's products, and to assess the impact of Tesla's marketing on these factors.
- To evaluate the effectiveness of various marketing channels and tactics used by Tesla, such as social media marketing, content marketing, influencer marketing, and experiential marketing.
- To assess the competitive landscape in the electric vehicle market, and to identify opportunities for Tesla to differentiate itself from its competitors through its marketing strategies.

HYPOTHESIS:

H0:- There is significant impact of body construction on sales.

H1:- There is no significant impact of body construction on sales.

H0:- There is no significant impact of marketing strategy on revenue of tesla motors.

H1:- There is a positive impact of marketing strategy on Revenue of Tesla motors

Data Analysis & Interpretation.

Marketing mix of Tesla

The marketing mix consists of 4 P's that helps in the growth, i.e its, provided, Product, Price, Place, and Promotion. It helps in developing the right marketing strategy for the company. Tesla has smart brains working hard in the back end to retain maximum profits out of the business. And, here is the marketing mix of Tesla.

Product Strategy of Tesla

Tesla has its vehicles in three models. Those are Model S, X, and 3. Every one of them is made with amazing motors that can go from 0 to 60 mph in just 3 seconds. Every one of them has its unmistakable eco-accommodating highlights. This brand is making critical changes by utilizing sun-powered innovation in its significant energy frameworks for having better products and enhanced performance.

Place Strategy of Tesla

Tesla doesn't have any franchises. With its online-based organization claiming stores, this brand eliminated the scaffold of third-party interaction. it utilizes the difficulty to get the idea. Its vehicles are non-debatable; Because this organization doesn't have a tremendous amount of items like other car organizations, Tesla makes it difficult to get its vehicles. Therefore, just a restricted segment of individuals can get them, and that is the thing that this organization needs.

Pricing Strategy of Tesla

The market cost of Tesla is far higher than other premium models of GM, Ford, Toyota, and so forth. The underlying pace of Tesla's absolute first EV car model S had a sticker price of \$71000! Different models additionally cost between \$70000 to \$152000!

Yet, the most amazing part is, the interest in these vehicles hasn't diminished a piece; all things considered, the developing limit has made the cost of these vehicles increase considerably more as Tesla's assembling plants don't want to fulfil the high demand of cars.

This brand has utilized the eco-accommodating idea with superior tech, which has driven its estimating procedure to more achievement.

Promotion Strategy of Tesla

Tesla shockingly got a ton of inclusion from its business edges and informality. Its progressive items never required any extra advancement till now. Likewise, Elon Musk, the brainchild business visionary and CEO of Tesla, with his enchanting words and incredible information, has been effectively producing an enormous measure of free exposure oftentimes.

This organization consistently discovers better approaches to make media buzz, which no other organization's marketing team or CEO could do. since we have gained a brief knowledge about marketing mix. let's move to another important strategy called market strategy.

Tesla Marketing Strategy

The marketing strategy of Tesla is very interesting as its marketing budget is \$0.

So, here are some strategies used by Tesla for marketing its product.

Status Driven Product

Tesla built its business i.e electric car over the concept of status-driven business which always provides an upper hand in the market. Such status-driven products derive the customers towards them instead of investing funds to grab their attention.

Customer Experience

Tesla works on an efficient and effective method of promotion i.e word of mouth. Its goodwill is driven from the customers to the potential customers. Tesla provided the best customer experience it could provide with the bucks, making its customers happy and enthusiastic about its product. They provide quality cars with sensible fashion and tremendous use of technology like autopilot which gains attention in this digital and technology-run world.

As we all know that marketing strategy, as well as Social media marketing, go hand in hand let's have a glance at how social media marketing works in this company.

Social Media Marketing of Tesla

Tesla's CEO Elon Musk has provided a great boost to the presence of Tesla in the market. He is socially active on social media and is always into little controversies. His idealistic personality attracts many followers and his social platform becomes a platform for the marketing of Tesla. Every tweet of Elon Musk creates a change in the stock exchange. Such a social presence is beneficial for Tesla in the end for promotion.

Elon Musk has always been into creating buzz all over the internet. His latest buzz was his window glass test of the newly launched cyber truck that was not supposed to break, but it made a great buzz for Tesla, which turned out to be a promotion for Tesla's cyber truck.



– Sales Centers

Tesla does not work as any general auto company does. It does not have any franchises to offer to investors. They have created sales centres that work for sales and service at the same time. Sometimes these franchise owners work more for the incentives rather than for the brand. These centres are run by Tesla itself, therefore, cutting the incentive-based performance of franchise owners.

– After-Sales Service

Tesla provides world-class service support to its customers with facilities to enhance the experience of any Tesla car owner and let them drive their vehicles without any worries. This level of service support turns around customer loyalty and support.

– Authentic Humorous Approach

Tesla's approach to its products starting from model x celebration mode to sending the roadster to space justifies that the team of Tesla has some sense of humour. This connects the brand to the public and the leader leading this process is its CEO Elon Musk who creates buzz through his funny and attractive tweets.

– Engages with the Audience

Tesla is always loud and clear about what it is planning and true to its audience. Their launch events with crazy car tests and communicating with the audience through online platforms make the brand active in the market.

Details Discussion on the Pricing Strategy Applied by Tesla Inc

Tesla is famous for its premium cars. Their cars certainly give the consumers a futuristic vibe. Hence, the demand for their products is quite high. Tesla's main pricing strategy is premium pricing. Their cars fall into the more expensive side. They are backing up their pricing with high quality and unique attributes. Tesla is offering something which none of the companies can offer right now. They are using advanced technology and they have a strong ecological system. Their innovative product designs are keeping the consumers hyped.

A company can only take the premium pricing approach when they are able to offer something different to their consumers. This usually means the distinctiveness of the products. Tesla prefers a market-based pricing strategy for their solar panels and other consecutive products. But usually, these strategies change from time to time. With new products, they follow new strategies according to the company's objective and the style of that particular product.

Pricing strategy is the most vital aspect of a company. It can make or break a company's profitability ratio. Tesla's pricing strategies and outcomes are overviewed by their CEO. Generally, before deciding the price, they analyze the market demand, consumer behavior, demand for the new products, etc.

The pricing policy of Tesla

Tesla's pricing policy follows a fundamental strategy where the main focus remains on the consumers and the coherence of the market. Tesla doesn't prefer the discounting strategy as it reduces a car's resale value. Alongside that, it depreciates the value of a car's foundation parts. Hence, the CEO of Tesla Inc. Elon Musk has taken this strategy where he is able to protect the price of brand-new cars alongside the resale value of old cars. His strategy protected the investment of previous buyers who trusted Tesla and bought their cars at the beginning. It also helped Tesla to build brand loyalty as it ensures that the consumers are satisfied with Tesla's effort. This assures that once a person purchases a Tesla car, all of their cars in the future are going to be from Tesla. All of these advantages are gained by letting go of the discounting strategy. Tesla won't have tunnel vision. Instead, they are seeing the bigger picture and ensuring that their consumers stick with them for a longer period.

Price Elasticity

Even though Tesla has never followed the discounting strategy, it also never said that it will never adopt this strategy. Rather, Elon Musk states that pricing plays a vital role in determining the value of a product. Hence, they follow a strategy that represents the premium quality of Tesla. In this case, Elon Musk also mentioned that, if discounts are in control and appropriate where the value of the product will not be compromised, then there's no issue of adding this into the pricing strategy.

Market Analyzation

One of the most important steps before setting Tesla's pricing is analyzing the market thoroughly. Under this process, consumer behavior, target consumer's age, income, demographic, purchasing behavior, etc. are analyzed properly. According to the result, Tesla decides its promotional and pricing strategy.

A policy with no negotiation

When it comes to making a bigger purchase like buying a car or a house, everyone looks for a good deal. Who doesn't feel good when they get to negotiate? A consumer would love to purchase a product at a reduced price. But unfortunately, at Tesla, this is nearly impossible. Tesla provides top-notch service for its unique and magnificent features. Therefore, they have taken a no negotiation policy. Even though consumers love to negotiate, it doesn't at all affect Tesla's demand as the quality of their service is beyond comparison.

Challenges along the way

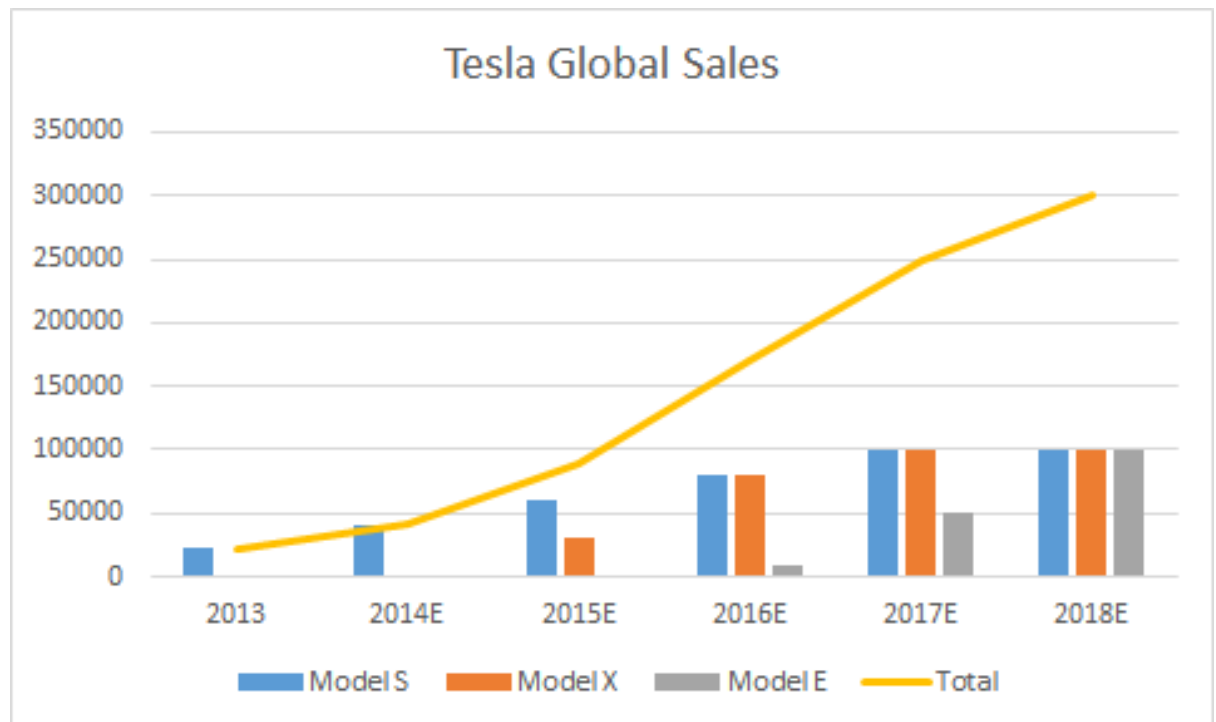
Tesla's biggest challenge is its target market. Tesla has only targeted one group of consumers. As Tesla provides premium cars and has taken the premium pricing strategy into account, their target market is the upper class who prefer luxurious products. As a result, they are missing out on a huge portion of consumers inside and outside the country. 91.3% households of USA own a car and spend on the automobile. Only 17% of the USA's population spends on premium cars. Another

challenge is, the competition is getting higher and higher with every passing day. Therefore, Tesla has to continuously provide innovative products.

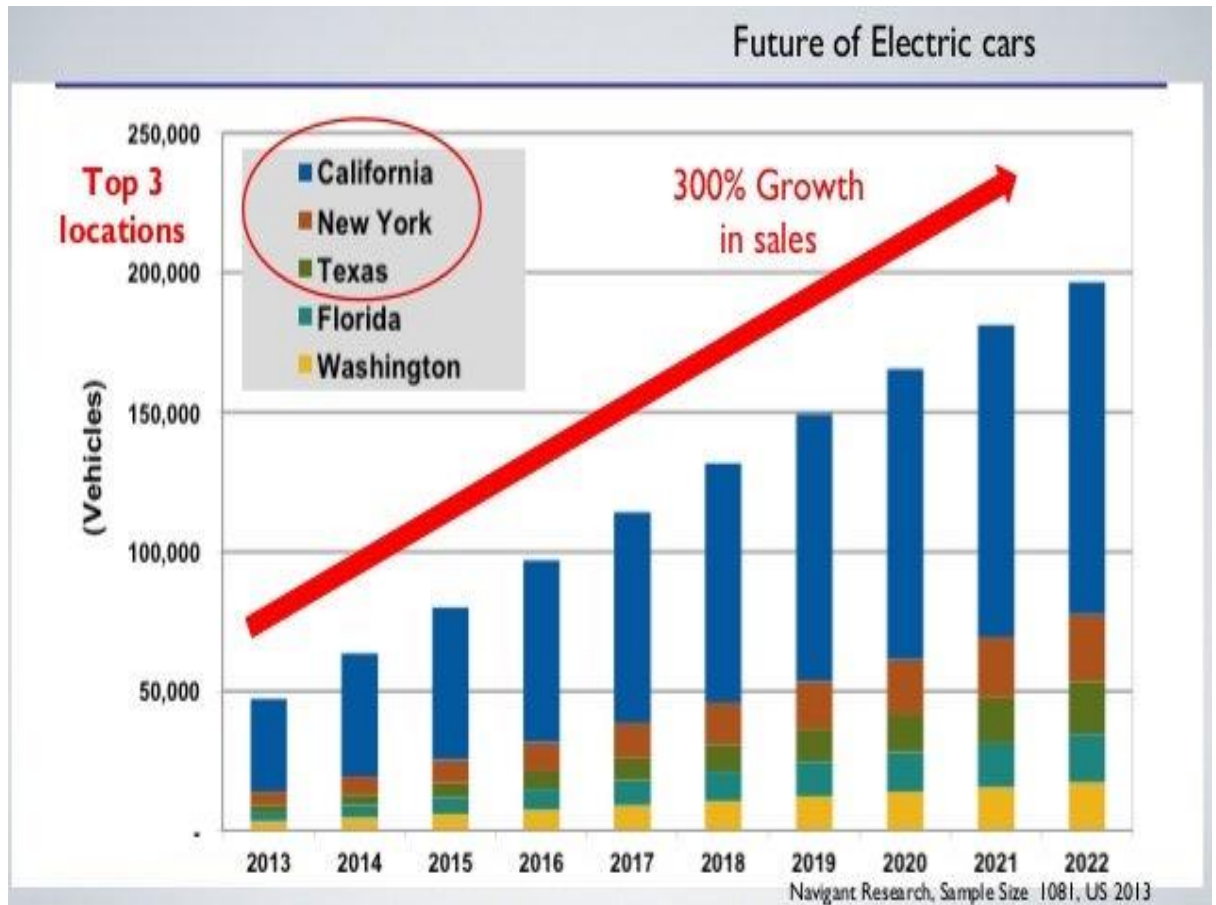
Pricing Strategy of the Competition

Automobile companies follow different pricing strategies. Among them, one of the famous ones is the cost-plus approach. Some of the companies prefer competitive pricing strategies over the cost-plus approach. In most cases, this industry doesn't follow consumers' preferences like other industries when it comes to deciding pricing strategies. But companies do take into account the market value of the vehicle they are producing.

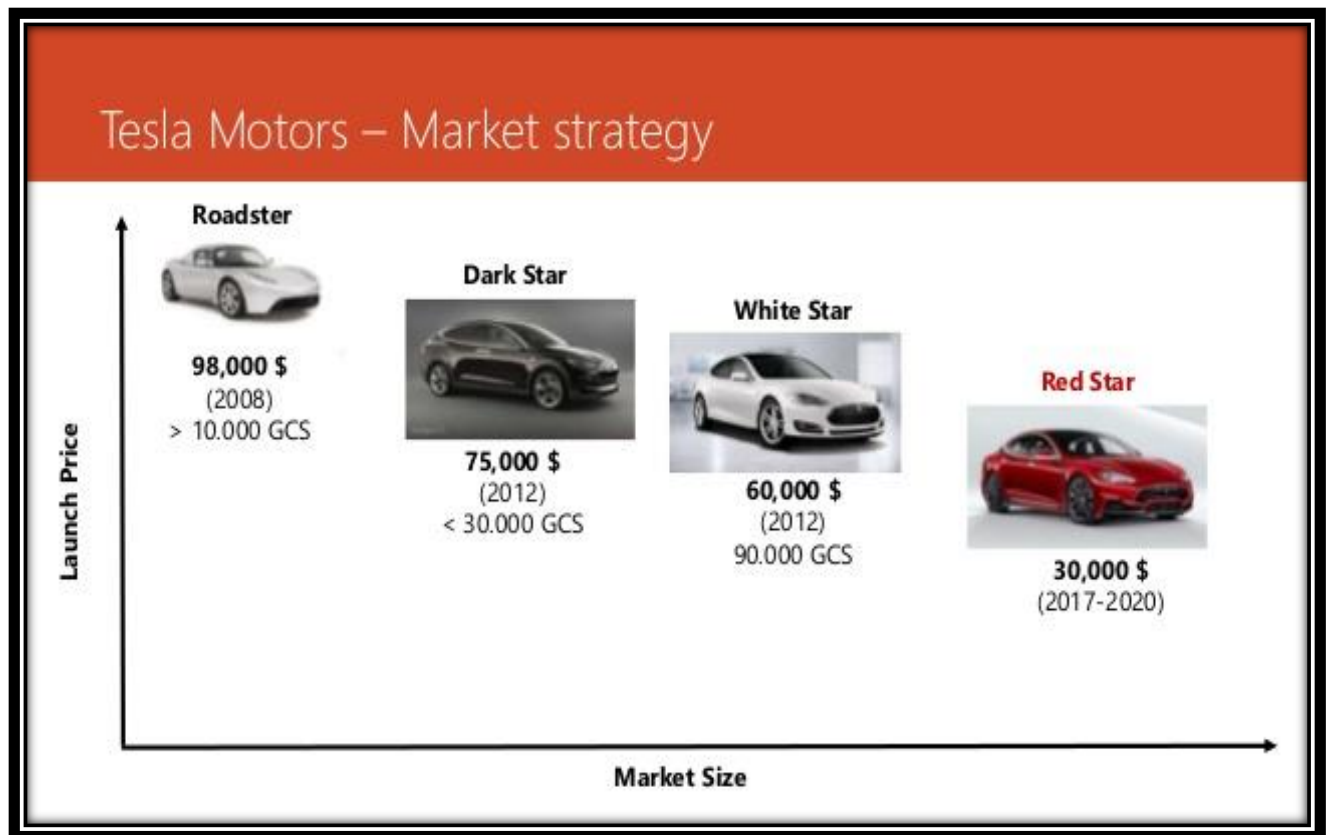
Tesla Global sales



SALES GROWTH OF TESLA



Market strategy of Tesla



LIMITATION

Limitation of study :

- **Data Availability:** One limitation of this type of research is the availability and reliability of data. Data on Tesla's marketing strategies and their effectiveness may be difficult to obtain,(as tesla is not in INDIA) and the data that is available may be incomplete or biased.
- **Limited Generalizability:** The findings of the research may be specific to Tesla and may not be generalizable to other companies or industries. The factors that contribute to Tesla's marketing success may not necessarily apply to other electric vehicle manufacturers or even to other premium automotive brands.
- **Lack of Control Group:** If the research does not include a control group or comparison to other companies, it may be difficult to draw conclusions about the effectiveness of Tesla's marketing strategies relative to other approaches.
- **External Factors:** External factors, such as changes in the economy, technological advancements, or shifts in consumer preferences, may

impact the effectiveness of Tesla's marketing strategies, and may not be accounted for in the research.

CONCLUSION

Conclusion:

Tesla's marketing strategies have been effective in reaching its target audience and contributing to the company's success in the electric vehicle market. Tesla's emphasis on sustainability and environmentalism in its marketing messaging has resonated strongly with consumers and contributed to the company's competitive advantage. Digital marketing efforts, including social media marketing and influencer marketing, have been particularly effective for Tesla in reaching and engaging with its target audience. Experiential marketing, such as test drives and interactive displays, has had a significant positive impact on consumer perceptions and purchase intentions. The quality and innovation of Tesla's products are important factors in the company's success, but effective marketing strategies also play a key role in driving sales and brand awareness. Continued investment in innovative and unique marketing strategies, including new digital technologies and experiential marketing, will be critical for Tesla to maintain its competitive edge in the electric vehicle market.

SUGGESTIONS

Recommendation:

- Continue to invest in digital marketing efforts, including social media marketing and influencer marketing, to reach and engage with a wider audience.
- Leverage Tesla's focus on sustainability and environmentalism to differentiate the brand and build customer loyalty.
- Expand experiential marketing initiatives, such as test drives and interactive displays, to increase consumer engagement and improve perceptions of the brand.
- Explore new and innovative marketing strategies, such as virtual reality experiences or augmented reality advertisements, to differentiate Tesla from competitors and appeal to tech-savvy consumers.
- Develop a more comprehensive approach to tracking and measuring the effectiveness of marketing strategies, including both traditional metrics (such as website traffic and conversion rates) and more qualitative measures (such as brand sentiment and customer satisfaction).

- Consider partnering with complementary brands or influencers to reach new audiences and expand the reach of marketing efforts.

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