

Tesla Marketing Strategy and Competitive Position

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Introduction

Previously known as Tesla Motors, Tesla Inc. is specialised in electric cars, residential solar panels and a Lithium-ion battery for energy storage (Kim, 2020). The company was founded by Elon Musk, Martin Eberhard, JB Straubel and Marc Tarpenning, and Ian Wright in 2003 while Elon Musk is the current CEO and Product Architect (Guo, 2019). Tesla reported 134,785 employees worldwide as of 31 December 2025. The earlier figure of more than 30,000 employees and 212 stores reflected an older stage of the company and should not be presented as current. In 2010, Tesla went public and its IPO generated around \$226 million (Liu, 2021). The first car of the company under the name of Tesla Roadster was released in 2008 that was purchased by over 2100 customers in 32 countries. In the later year, the company released the prototype of another car "Model S" at a public exhibition that was officially available in the market in the fall of 2012 (Guo, 2019). Surprisingly, this time the company was able to get even more positive feedbacks with over 8000 pre-orders for Model S. Consequently, the company formally began to compete with other large brands in the transport sector and was able to achieve a significant market share.

It can be easily assessed that company's success ever since the launch of its first car is due to its unique value proposition that attracts customers to meet their needs of a luxurious and comfortable car but that does not generate any harmful emissions. In 2012, before the launch of Model S, the company clearly stated that its mission is to be "a clean start, committed to electric built around the driver, and sparking the evolution" which it is following till now with the manufacturing of every new model (Jai Deo Tiwari, 2017). The company's primary aim is to produce efficient, innovative and sustainable cars to leave a positive impact on the planet. Therefore, following its vision of a clean environment, the company invested in other green energy subsidiaries. In the report, the market analysis of the company is conducted from the different concepts of marketing to investigate how Tesla accurately segmented and targeted the market for its green energy initiatives.

Market Analysis

Market Environment

Although the company is offering products in the different areas of electric cars, batteries and solar panels, it is mostly recognized as an electric car manufacturing company. Transportation has relied on

fossil fuels for many decades, and its and impacted the environment very badly due to the harmful emissions resulting from their combustion (Kim, 2020). Therefore, in the market, there is already a growing preference of consumers towards clean and sustainable energy sources to power their cars and vehicles (Mangram, 2012). Unlike conventional vehicles that use engine run on the energy produced by burning fossil fuels, electric cars use energy from charged batteries to power the motor that drives the wheels and thus does not have an environmental impact.

Moreover, the governments across various countries are also supporting the manufacturing of electric vehicles by providing subsidiaries and easing the regulation (Teece, 2018). They have also implemented many laws to protect the environment and abandon any kind of activities that can affect the climate and the environment. In the USA, programs like “California Air Resources Board” (CARB) or “deliver zero-emission vehicles” (ZEVs) are some such examples that encourage the adoption of EVs. Tesla also receives similar support from the US government because its mission aligns with the environment protection agenda of the state. Also, many such initiatives have been taken internationally such as initial fleet purchase to expand the growth of electric vehicles, less sticker price, and compulsion for all automaker to begin producing EVs. This has overall accelerated the growth of the EV market where Tesla has a very good position to increase its market share exponentially being the pioneer of EVs (Narins, 2017).

However, in the electric vehicle industry, the key success factors for any company are price, charging rates, range and net battery life (Chen & Perez, 2018). Therefore, to remain competitive in the market, electric vehicle companies need to offer comfortable products with innovative technologies and at affordable prices. The charging capacity of the car batteries is also another crucial factor for gain customers’ attention because the number of charging stations initially remain very limited (Tollefson, 2008). Similarly, the battery life span is also a significant aspect that consumers’ take into consideration while making a purchase decision. So, the company’s success in the electric vehicle market will be largely determined by the efficiency and effectiveness of the batteries that it uses in care models to power the motor and how much overall its costs. This right mix between price and durability determines the competitive positions of EVs manufacturers in the market.

In this regard, Tesla has already positioned itself as the market leaders by lowering the prices of its every new and more efficient model (Thomas & Maine, 2019). Also, it is increasing its number of charging stations in different countries to facilitate the customers while it produces its own batteries to optimize their efficiency. Moreover, the company has the potential and resources to expand the EV market which it is already doing since its establishment in 2003. Therefore, the company is determined to further increase its market share in the next five years without having any losses and increase its market value significantly from the current value of \$2.3 trillion in the automotive industry.

Customer Segments

Customer segmentation is very important for an effective marketing strategy because it involves the division of population according to certain characteristics of age, psychological preferences, social status to create and market the products/services accordingly. Therefore, Tesla's segmentation involves many activities mainly targeted to identify the specific population segment and address its particular demands and needs.

The market segment of Tesla is primarily the male population within the age range of 25 to 60 years. They are further tended to have a good lifestyle with a secured source of income such as a job or business with an annual income over \$100,000 (Jai Deo Tiwari, 2017). They live in a well-developed area and have a strong affection for luxurious items. Moreover, most of these people are parents who want to have a nice car that does not only fulfil their needs for transportation but also provides safety and security. Above all, they must be attracted to sustainable products and be concerned about environmental issues. Additionally, it can also be noted that 2.5% of Tesla customers are well-informed consumers who willingly took risk of an unproven product. Another 13.5% of consumers were potentially targeted by Tesla during its earlier launches who were made informed about the environmental issues and how Tesla is addressing them through different marketing campaigns (Mangram, 2012).

It can be further noted that the company's focus is on the mass market, therefore, the primary market segments have characteristics similar to that of the mass market. Therefore, by categorizing the market segments into geographic segments, demographic segments and behavioural segments, it can be assessed that based on geographic segmentation, the primary target markets include all regions, based on demographic segmentation-, middle- and low-income market segments and customers who are highly concerned about the environmentally products and want affordable and comfortable cars based on behavioural segmentation. However, the secondary markets have different customers such as high-income segments and those buyers who wish to plan their environmental protection credentials constructed on demographic and psychographic segmentation.

Moreover, since Tesla is now targeting the transportation and shipping sector, the marker segment can also include the relevant customers from these sectors. The current CEO of the company, Elon Musk is also a source of inspiration for many people around the world due to his innovative approach towards green energy and a clean environment, which adds millions of his followers to his segmentation as well. So, as a whole, the market segments of the company are the middle- and high-income customers concerned about the environmental issues who want affordable and comfortable innovative vehicles to meet their needs of transportation.

Current Market Position

The market position of Tesla is unique because it is competing in the industry that it created itself (Chen & Perez, 2018). As explained earlier, Tesla started the development of electric vehicles long before it was perceived as a necessity. So, the company's initial product launches and their subsequent improvements have earned it the recognition of being a kind of only Electric car manufacturing company. However, the global initiative for the development of environmentally friendly sources for power and energy and their significant support by the respective governments have accelerated the entry of many new cars manufacturers in the industry (Chen & Perez, 2018). So, there are now many competitors of Tesla which can be further divided into two categories of direct competitors and indirect competitors.

The indirect competitors are those companies who offer luxury cars but this is not their sole segment while the direct competitors have the offering of luxury cars only. In this regard, the only direct competitor of Tesla is Fisker Automotive which offers one model, the Karma. This car is highly compatible in features and performance to the Tesla cars while in terms of price it the direct competitor of the Roadster. The indirect competitors which include BMW, Porsche, Mercedes-Benz and Lexus are currently offering hybrid cars which in terms of their prices are also very compatible with different models of Tesla and thus can take a significant market share from Tesla (Moritz et al., 2015).

However, it can be assessed that no other company is offering a luxurious car with full electric capabilities that Tesla offers because it the core competency of the company. Moreover, it has a relatively strong brand image which no other company in the EVs industry does have. Its only offering of electric cars is also an advantage for increasing market share because the offerings of other brands can be easily lost in their product mix. Furthermore, Tesla models have even higher potential to decrease the market share of other brands because they can simultaneously compete in the electric vehicle market and luxury automobile market (Cheong, Song and Hu, 2016). The speciality of the luxury market is that it is not price-driven. Consumers buy luxury items based on their differentiation from similar products in the market in terms of innovation, comfort, quality and safety. Therefore, they are willing to pay more for Tesla models because of their seeming values and prestige of having care with the newest technology.

Also, considering the decreasing technological gap every year, it is highly likely that other companies start to begin to produce electric cars at very low cost due to their large production facility. This will enable them to target the low-end market which is currently not the prime segment for Tesla motors and increase their market share gradually. Thus, if Tesla wants to remain competitive and maintain its leading position in the EV industry, it needs to start offering its cars at relatively lower prices so that the middle-class community can also purchase them.

Conclusion

Tesla Inc. is the pioneer of the electric vehicle industry which is investing heavily in research and development to offer more optimized and innovative car models to its various market segments which primarily includes the high-end market. However, the EV market is now attracting many other cars manufacturers around the world which will likely pose a challenge for the company to maintain its competitive position to offer its cars at a relatively lower price. Moreover, many companies like Tesla will try to enjoy the different subsidies offered by the governments in various countries to take such initiatives, which will gradually make the EV market more competitive. Thus, the company needs to start offering products to relatively lower-end customers because only this way it can practically target the mass market. However, it will require strategic planning to expand the business operations to all countries in the world which will again require the reallocation of resources and collaboration with the local market partners. For this company can use differed merge and acquisition options to locally manufacture the electric cars and their spare parts and reduce their overall cost.

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