Tesla case study

# 1. What role do digital tools play in Tesla's retailing strategy?

1. Tesla’s Design Studio: Consumers could build their own dream Tesla, choosing a paint color, interior design, wheels, and other features. When done they could view their prize on a digital road.
2. Influence: Elon Musk has 62.7 million followers on Twitter and is portrayed as the real-life “Iron Man”. A billion-dollar ad campaign will struggle to reach the amount of publicity that he generates alone.
3. Digitization: Tesla cars can be bought online, and its stores have in-store pads to make the purchasing experience hassle-free. Cars that are delivered also have a 7-day money-back guarantee for any consumers who have second thoughts.
4. Social Media: tesla does not need to rely on highly followed celebrities, since their company mission and spontaneous uploads of the products are reason enough for consumers to fall in love with the Company, and also allows Tesla to leverage their brand.

# 2. What are the pros and cons of this strategy?

Pros:

1. With smooth online experience customers are switching online.
2. People tend to rely on user reviews as more UGC is uploaded.
3. It becomes very easy to get feedback from customers and do refunds, thereby increasing loyalty to the company.
4. Through social media, consumers can stay updated with the latest trend, product-related updates, new launches, etc.

Cons:

1. Everything going digital leads to the risk of losing control over assets and opens the door to digital criminals who have unknown potential to cause destruction.
2. Infinite access to digital information also increases its misuse (bullying, fake news, harassment), which could lead to manipulation.
3. Customers who prefer inspecting physical goods do not rely on UGC, leading to a lost customer.
4. There are usually more negative reviews on social media than positive which may bias a customer to not buy the product.
5. Tesla is synonymous with Elon Musk and his vision. When he leaves it would be a hard blow to work through for the company.

# 3. How can Tesla improve its retailing strategy?

1. The digital strategy works great for early adopters who are burning to get their Tesla, but others might still like physical stores before they put down all their hard-earned money.
2. Tesla needs to increase its market share to states that do not allow its sales; those states include up to 8 million potential sales per year. This also includes countries Tesla does not sell to currently such as South Africa.
3. Since Tesla sells directly to consumers it cannot book cars as sold until a customer actually chooses a delivery, where others could book the car as sold when they roll off the assembly line since dealers have bought them.