**SECTION 5**

**MARKETING**

***Professor Boichuk***

* **Weight:** This section represents 20% of COMM 3020.

**Submission Format:** See the Marketing (Boichuk) course folder in Blackboard for details.

**Special Instructions:** Leverage UVA library resources and content available on the internet as you prepare a report in response to the case that is outlined on the next page. I will use the [case report rubric](https://github.com/jeffboichuk/ice-marketing/raw/master/files/generating-market-intelligence/rubric-for-case-reports.pdf) for grading purposes. Thus, your report will be assessed according to the extent to which it identifies one or two high-level problems concisely. It should put forth sound justification to explain why these problems are urgent and important issues. Top marks will be awarded to reports that highlight long-term, detrimental implications of (in)action concretely. Data-driven recommendations should substantiate your report, and the variables, methods, and provenance of the data you use to make decisions should be described clearly. The action plan you recommend should be well reasoned and should solve the problems you outline in a creative manner. Subject the alternative courses of action you identify to relevant decision criteria cogently for this purpose; then, fully discuss what Tesla CEO Elon Musk and his team need to do to succeed as they pursue your recommended course of action. Make sure you cover all relevant aspects of the marketing mix that pertain to your solution. Specify how success should be defined and offer Musk’s team goals to help them understand what to expect. Last, make sure you adhere to the expectations set in Communication at all times.

**Word/Length Limit:** The main body of your report should not exceed 1,000 words. There is no word limit for your works cited, exhibits, appendices, or endnotes.

*Do not use this page as a cover sheet for your submission. Rather, create a title page for your report and follow it with the main body of your report, a works cited page, exhibits, appendices (as needed), and a list of endnotes.*

**Marketing Case**

Elon Musk [hates advertising](https://twitter.com/elonmusk/status/1188890479401689088?s=20). Rather than spend money on commercials, endorsements, promoted social media posts, or search engine marketing, he prefers to “[use that money to make the product great](https://twitter.com/elonmusk/status/1129924410339495937?s=20).” Without advertising, only the strong can survive, so at Tesla: “[Product lives or dies on its own merits](https://twitter.com/elonmusk/status/977258647641141248).”

This strategy has afforded Tesla billions of impressions over the years through [earned media](https://blog.hubspot.com/marketing/what-is-earned-media-faqs) and won the company a dedicated audience. Currently, the [r/teslamotors](https://www.reddit.com/r/teslamotors/) subreddit has 578K subscribers, the [@Tesla](https://twitter.com/Tesla) Twitter account has 4.5M followers, and the [@teslamotors](https://www.instagram.com/teslamotors/) Instagram account has 6.9M followers.

For enthusiasts who have [drank the Kool-Aid](https://www.wardsauto.com/ideaxchange/how-i-drank-tesla-kool-aid-and-became-believer), Tesla’s products practically speak for themselves as far as Tesla is concerned. Consider self-described Tesla fanboy [Ryan McCaffery](https://twitter.com/DMC_Ryan), host of the [Ride the Lightning](https://teslapodcast.libsyn.com/) podcast, for a moment. He doesn’t need an ad to tell him that Tesla owners are over the moon about their cars. He’s seen the results of Bloomberg’s “[comprehensive survey of almost 5,000 Model 3 owners](https://www.bloomberg.com/graphics/2019-tesla-model-3-survey/),” and one result from that survey is that 93 percent of Model 3 owners would recommend a Model 3 to their friends or family. Similarly, Tesla’s fans did not need a Tesla ad to tell them that Motor Trend selected the Model S to be its “[Ultimate Car of the Year winner](https://www.motortrend.com/news/2013-tesla-model-s-beats-chevy-toyota-cadillac-ultimate-car-of-the-year/).” Podcasters like [Rob Mauer](https://twitter.com/TeslaPodcast), host of [Tesla Daily](http://techcastdaily.com/), and YouTubers like [Gali Russell](https://twitter.com/Gfilche), host of [HyperChange](https://www.youtube.com/channel/UC1LAjODfg7dnSSrrPGGPPMw), analyze news about the company and deliver it to Tesla fans within hours of it getting released.

Of course, abstaining from paid advertising is not all sunshine and roses. Tesla generates considerably less worldwide [search interest](https://trends.google.com/trends/explore?date=2004-01-01%202019-11-27&q=%2Fm%2F0dr90d,%2Fm%2F07ywl,%2Fm%2F07mb6,%2Fm%2F02k_kxs,%2Fm%2F02zs4) than its more established, ad-buying competitors, such as Ford, Honda, Toyota, and Volkswagen. In addition, many in the Tesla community think the mainstream media treats Tesla unfairly. A tweet of Musk’s from April 29, 2019, suggests that the reason is simple: “[We don’t buy advertising](https://twitter.com/elonmusk/status/1122817103373881344).” With those who are in control of the conversation against you, it sure can be hard to disrupt the automotive industry and, in so doing, “[to accelerate the world’s transition to sustainable energy](https://twitter.com/Tesla/status/1126575043281080323).”

With these realities and others in mind, Musk seems to get that paid advertising will be a necessary evil sooner or later. When that time comes, he says that Tesla ads will offer “[information & entertainment, not trickery](https://twitter.com/elonmusk/status/1129925319270395906).”

Trickery is an extreme case of manipulation, which can take on many different forms or shades, according to Sunstein’s (2015) “[Fifty Shades of Manipulation](https://dash.harvard.edu/bitstream/handle/1/16149947/manipulation2_18.pdf).” By definition, a “statement or action can be said to be manipulative if it does not sufficiently engage or appeal to people’s capacity for reflective and deliberative choice” (Sunstein 2015, p. 213). A commercial that shows “a sleek, attractive couple exiting [a Tesla] before going to a glamorous party” (Sunstein 2015, p. 214), for example, is more manipulative than one that shares “purely factual and uncontroversial information” (Sunstein 2015, p. 240).

Notably, five days after Tesla unveiled the Cybertruck, [Engineering Explained](https://www.youtube.com/channel/UClqhvGmHcvWL9w3R48t9QXQ) published a [video](https://www.youtube.com/watch?v=jzKCJsou10w) on YouTube to explain why the tug-of-war that Tesla recorded between the Cybertruck and a Ford F-150 was pointless (in other words, manipulative and perhaps even trickery). Rather than engage people’s powers of deliberation to help them make a better choice between the Cybertruck and an F-150, the tug-of-war that Tesla’s team designed stacked the deck in Tesla’s favor and failed to demonstrate anything other than the fact that the Cybertruck is heavy, according to Engineering Explained.

Tesla’s steadfast focus on product quality and innovation has allowed the company to make [impressive progress over a ten-year timeframe](https://twitter.com/TeslaPodcast/status/1199563291326062592). Even some [gearheads are buying Teslas](https://insideevs.com/news/341505/hardcore-gearhead-buys-a-tesla-model-3-video/) and Musk is clearly elated by this occurrence. On December 11, 2018, he [shared](https://twitter.com/elonmusk/status/1072488092089618432) how much he loves that “people are buying a Tesla for the product itself, even if they don’t believe in climate change. Not everyone can be convinced about global warming, but if an electric car is simply the best product, they don’t need to be.” At the same time, Tesla remains one of the most shorted stocks in U.S. history (see [here](https://twitter.com/TeslaPodcast/status/1199813747746971648) for a chart of TSLA short interest over the course of 2019), and Tesla’s critics are not going to cease spreading fear, uncertainty, and doubt (FUD) anytime soon.

Given how unconventional and polarizing the Cybertruck is, critics are bound to distract Tesla executives and employees over the next three to four years with claims that demand will fall off of a cliff after Tesla fulfills its initial orders. The Cybertruck’s [specs relative to incumbents’](https://twitter.com/seanmmitchell/status/1199466679001993216) and the [earned media](https://twitter.com/i/events/1200353209962782720) it garnered immediately following the Cybertruck unveiling generated [250K](https://twitter.com/elonmusk/status/1199526897887195136) orders in five days. Evidently, it is [very true](https://twitter.com/elonmusk/status/1198347607313022977) that memes are the best form of free advertising. [This meme](https://www.reddit.com/r/dankmemes/comments/e2sfh3/happy_thanksgiving/?utm_source=share&utm_medium=ios_app&utm_name=iossmf) alone received 35K upvotes on Reddit over Thanksgiving break. Nevertheless, today’s excitement might not carry forward like it needs to for Tesla’s entrance into the pickup truck segment to be a smooth, commercially successful endeavor. If the Cybertruck’s specs and earned media are not enough to keep its order backlog flush through to the end of 2023 and net orders healthy from that time forward, the [$TSLAQ](https://twitter.com/search?q=%24TSLAQ) community will argue tenaciously that the 250K orders Tesla received immediately following the Cybertruck unveiling were a flash in the pan.

Suppose that Musk has decided to hold a meeting to discuss whether Tesla should and, if so, how it could leverage $50M (two times the amount it received from the 250K initial orders) to create a campaign that would promote the Cybertruck from mid 2020 to the end of 2023. With [$5.3B](https://ir.tesla.com/static-files/47313d21-3cac-4f69-9497-d161bce15da4), Tesla is in a position to communicate more about the Cybertruck than it [communicated about the Model 3](https://twitter.com/search?q=model%203%20(from%3Atesla%20OR%20from%3Aelonmusk)%20until%3A2018-12-31%20since%3A2016-03-31&src=typed_query&f=video) during its pre-launch phase and production ramp, which Musk referred to as [production hell](https://www.youtube.com/watch?v=lOz7cPJQd8E). If Tesla were to put $50M behind a campaign, should the budget be allocated predominantly to [inbound or outbound marketing activities](https://www.hubspot.com/inbound-marketing)?

Content wise, Tesla is using the slogan “better utility than a truck with more performance than a sports car” to describe the Cybertruck at [tesla.com/cybertruck](file:///Users/jeffboichuk/Downloads/BETTER%20UTILITY%20THAN%20A%20TRUCK%20WITH%20MORE%20PERFORMANCE%20THAN%20A%20SPORTS%20CAR). Tesla fans seem to be buy in to this positioning and believe that the Cybertruck is [much more than a pickup](https://cleantechnica.com/2019/11/27/the-tesla-cybertruck-isnt-a-pickup-its-much-much-more/). Something that Tesla or an advertising agency could do before developing a campaign for the Cybertruck is comb through the [Super Ads Database](https://superadsdb.com/), which provides a glimpse into the commercials that automotive companies create, at least for the big stage. In this database, there are links to [329 Super Bowl commercials about automobiles](https://superadsdb.com/automobiles?ps=120). A [must-see](https://superadsdb.com/ad/670/bmw-i3-newfangled-idea) is BMW’s commercial for its i3 all-electric sedan featuring UVA’s own Katie Couric.

Your responsibility is to develop a set of guiding principles that Tesla can use to decide whether the company should rely on earned media for the Cybertruck, as it did for the Model 3, or spend $50M on a campaign focused on inbound or outbound marketing. Flesh out these three alternative courses of action and produce a report for Musk to outline how he should go about making this decision, what he should ultimately do based on your reasoning, and what results he should expect to see if Tesla implements your recommendation.