

# Tesla

## CASE STUDY



**By Paige Gryska, Madison Berardo, Austin Speck,  
Rebecca Michelena, and Laura Henschel**

---



# Table of Contents

# Executive Summary

Tesla is a global leader in clean energy and electric automobiles, finding success in several markets with virtually no spending on advertising and promotions. The company has enjoyed attention from earned and shared media sources because of the company's eccentric CEO Elon Musk, their innovative products, and their sleek design.

With the release of Tesla's newest vehicle, the Model 3, the brand wants to increase brand awareness from 14% to 25% and increase sales by six percent. Musk wants to see a 100% ROI for the funds used in advertising this launch. Because of the comparatively low price-point and new all-electric technology, the media mix needs to reflect a strategy that raises awareness about the new features and the brand identity, and the campaign should move Tesla from being a niche brand to a mainstream automobile producer in the U.S.

In order to achieve these objectives, Tesla will launch a \$22.5 million, 12-month pulsing campaign with an emphasis on national and spot television and radio ads, as well as a heavy emphasis on outdoor advertising and billboards. Social media will be utilized to offer a lower-cost alternative to reach large portions of the target markets selected, as well as ideally produce shared and earned media.

Due to the seasonality of automobile sales, Tesla will spend more during February through May and September through November, the highest sales period for the industry. With the help of the creative department, the media mix will successfully target American adults aged 30-49 with an average household income of \$128,000. Their psychographic profile includes an interest in environmentally-friendly technology, innovation, and luxury. They are highly-educated and knowledgeable about technological trends towards "green" living.



# Client Information

Founded in 2003 by Elon Musk and Martin Eberhard, Tesla Motors is an all-electric car maker and clean energy company. Tesla is headquartered in Palo Alto, California, and officially went public in July 2010. Tesla is one of the leaders in their industry of electric vehicles. Elon Musk and Martin Eberhard were engineers that mainly wanted to show that electric cars can be just as good as regular cars. Not only is Tesla's mission to provide cars that are better for the environment, but the goal for their vehicles is for them to be safe and luxurious. The founders of Tesla aim for a world where batteries and energy are combined to create sustainable, safe, and nice cars. The Tesla Model 3 is the most affordable and environmentally-friendly automobile the company has made thus far. Built in a factory in Fremont, California, each vehicle meets extensive safety standards, and employees go through extensive training to ensure each vehicle's quality.

# Marketing Mix

According to the brief, Tesla does not fit into the traditional four P's market strategy. Instead, Tesla's marketing strategy correlates more accurately with Robert Lauterborn's four C's Model.

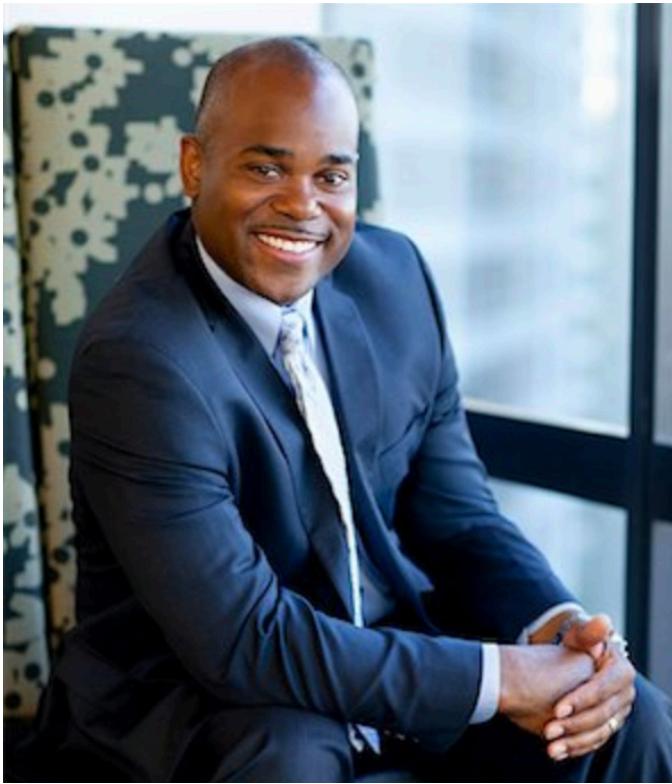
## CONSUMER

The typical consumer for the Tesla Model 3 are working adults able to purchase a new car. The typical consumer is also environmentally-conscious because Tesla Model 3 is an all-electric car. Tesla's previous car models mainly targeted older segments, and they were hybrids. The target market for this car is adults between the ages of 30-50. While Tesla is a luxury brand, the Model 3's price allows a younger demographic to purchase the car. According to Hedges & Company, the average Tesla Model 3 owner makes about \$128,000 annually (Hedges & Company, 2019). According to research, most of the Model 3 owners live in California. When looking at gender, women own 16% of Model 3s, and men own 84% of Model 3s.



Source: Masterfile

Girl: Female: 48-year-old female, living in Washington DC, established career with average income of \$120,000, environmentalist.



Source: Masterfile

Male: 43-year-old male, living in California., has a family, owns the household that he and his family lives in, cares about the environment, travels in and out of LA on his way to and home from work, has an income of about \$200,000.

## COST

The cost of the Tesla Model 3 is less compared to other electric car models, but it is still a luxury car.. The vehicle starts at \$35,000, but with added upgrades, it can increase significantly. Buyers can customize the all-wheel drive, paint and interior color, and even add self-driving autopilot. The cost is mitigated by the savings on gas, contribution to the conservation of the environment, and in some people's eyes, that is priceless.

## COMMUNICATIONS

Advertisements for the Tesla Model 3 will be placed in various channels in a number of ways. Consumers will be informed of the product through national and spot television commercials. Additionally, social media and web ads would be other great ways to reach the objectives. For spot, Tesla would have radio ads in the selected cities that have high CDI and BDI like Denver and Cleveland. In these populated cities, budget would be allocated to heavy outdoor advertising because many consumers travel to and from urban and suburban areas, thus increasing their brand awareness.

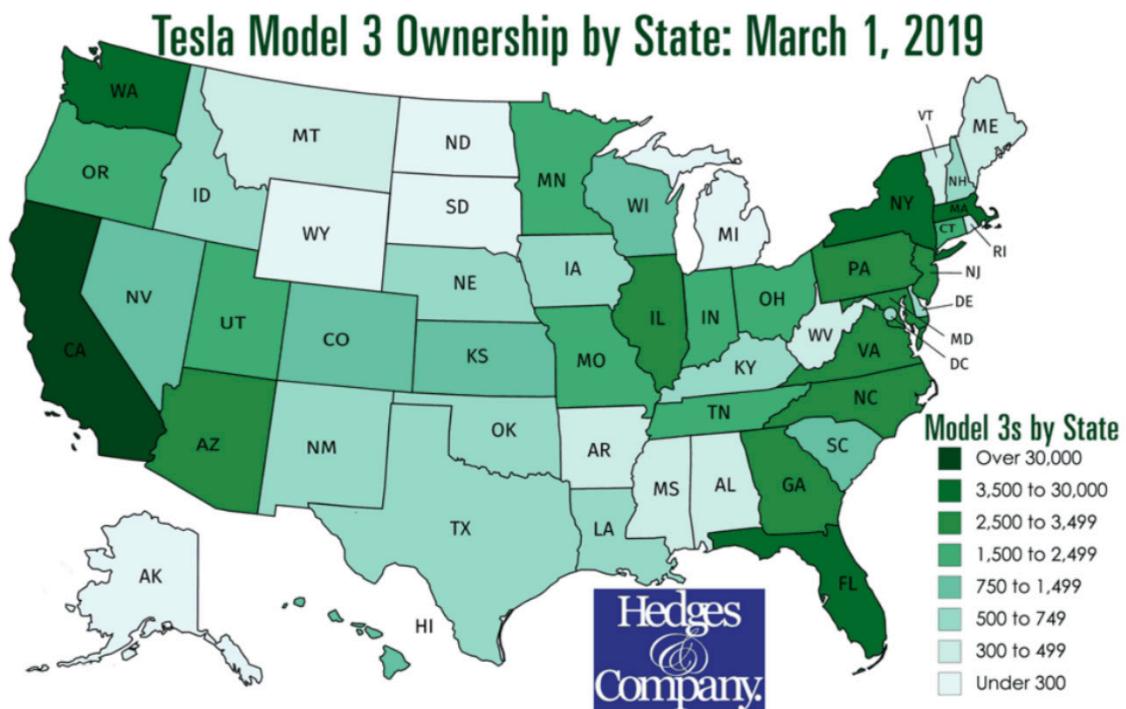
## CONVENIENCE

When it comes to purchasing the product, finding information about the Tesla Model 3 is easy. On the Tesla website, there is a whole page dedicated to the Model 3. There is information about the speed, motor, acceleration, traction and control, and the physical look. To purchase a model of this car, Tesla has a link right on their website. Before deciding which to purchase, there is a comparison between the Model 3 Performance, Model 3 Long Range, and Model 3 Standard Plus. This makes it easy for the customer to see which car fits their lifestyle the best. Tesla's website makes it simple for a consumer to purchase the vehicle because all of the information is right there, and it does not require anyone to leave their home-- customers can even purchase the vehicle from their computer, never stepping foot in a showroom.

# Market Share

Tesla is the leader in the market for electric and hybrid cars. However, Elon Musk explains how he encourages competition and welcomes it because these cars are better for the environment. According to Cleantechica, 75% of electric vehicles sold in the first quarter of 2019 were Teslas. Specifically, 60% of them were Model 3s, which means that Tesla Model 3 owns 60% of the market, according to Statista. From 2018 to 2019, Tesla's share in the electric car market increased by 8%. According to research, the Tesla Model 3 sells more compared to electric cars that are priced similarly, made by Audi, BMW, and Mercedes. In 2018, Tesla sold more than 140,000 Tesla Model 3s in the U.S., according to Statista. The Nissan Leaf is still the most sold electric vehicle ever. Nissan has sold over 400,000 Nissan Leaf EVs since 2010 when it was released.

## Tesla Model 3 ownership by state



Source: Hedges Company

# Competitor Analysis

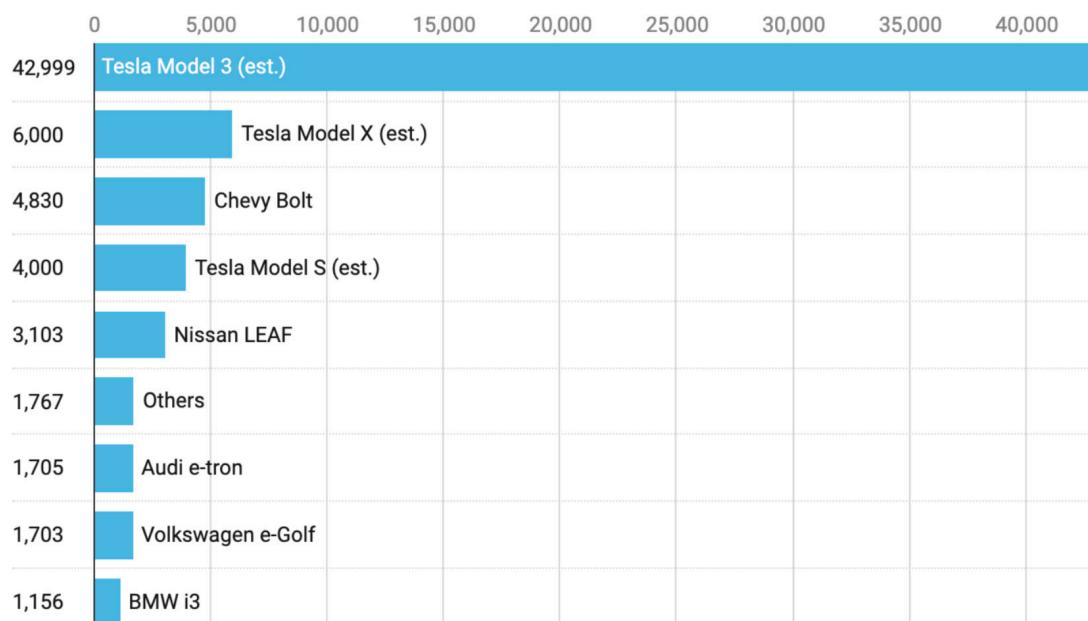
## NISSAN LEAF

Nissan is a company originated in Japan. It is described as an innovative company since it was founded in 1933. Their first mass-produced vehicle was created in 1937, and since then their vehicles have been evolving for the new generations. Nissan started developing electric vehicles in 1946. In 2007 a new car was developed by the company: the Altima. This model was Nissan's first hybrid. After the creation of the Altima, Nissan wanted to go further. They developed the first mass produced 100% electric car. The Nissan LEAF was launched in 2010 with battery that could be charged in the comfort of the customer's home. After the creation of this car Nissan sales grew more than 400,000 globally according to their website.

## AUDI E-TRON

Audi is a luxurious car brand founded in 1899 in Cologne, Germany. They launched their first car in 1910. Audi is recognized as one of the most prestigious car brands. They are characterized by their technology innovations since 1980 where they launched the "Quattro" which changed their status into the luxury market according to OSV. They developed its first all-electric car the Audi e-Tron in 2015. The company partnered with Amazon which supplemented the vehicle's artificial technology like voice command and location sensors on the outside of the vehicle. According to InsideEVs Audi has sold in the last 6 months a total of 4,002 e-trons which puts them on the top 10 of the most popular electric's cars.

## US Electric Vehicle Sales (Q3 2019)



# SWOT Analysis

## STRENGTHS

High recognition  
Luxury class  
Constantly innovating  
Rapid growth

## WEAKNESSES

High price  
Limited market  
Low production

## OPPORTUNITIES

Global expansion  
Affordable cars

## THREATS

New competitors entering the market  
Adaptation for customers  
Volatile CEO

Tesla is one of the most reliable car brands in the world. It was one of the first companies to develop electric but luxury cars. They possess many advantages, but they also have their own drawbacks. In the strength section, they have a high recognition for their name and logo. They are considered a luxury class car which gives them the standards and reasonability of their high prices. The company is constantly innovating the functions of their car which makes them grow stronger every year. One of the weaknesses they have is that it is not affordable for everyone. This became a problem when it comes to competition where they offer more affordable prices. Tesla also possess a limited market because of the small age range from 35-49 that possess an income of upper-middle working class. Another weakness they face is that they make a limited number of cars for sale every year due to the human-centered nature of the automobile construction.

Tesla has the opportunity of expanding to more global markets in places like South America and Asia, and they can continue to make more affordable cars. They could increase their sells like they did with Model 3 that is still considered a luxury car. Certain threats they may encounter are the competition of electric and more affordable cars growing rapidly. These competitors could affect their position among other competitors. Also, Elon Musk has been a very volatile CEO for the company, influencing the fluctuation in the company's public stock price by smoking marijuana during interviews, posting memes to his social media, and in general by acting unlike any other corporate CEOs in the industry. His unpredictability is threatening to the longevity of the brand.

# Problem Statement

Tesla is on the top of mind when it comes to clean energy. Compared with gas burners cars the company positions themselves as alternative power cars. A challenge for the company is to create brand awareness about what the company offers, an all-electric car model that is both luxurious and affordable, with the Model 3. Tesla is constantly confused with hybrids cars. They want to highlight their features as only-electric cars company which many people do not know about.

The goal is to create an advertising campaign that represents the brand identity, shows the features on the cars and develop brand awareness. By promoting these things it is expected to not only maintain but also increase sales for the company.

# Strategy Statement

Based on the marketing objectives, Tesla can implement specific techniques in their media planning to increase brand awareness from 14% to 25% and increase sales by six percent. Creative campaigns in outdoor, television, and social media will focus on targeting segments of the population geographically close to Tesla showrooms, and this will also build name recognition and a brand personality for those that may not have heard of the brand before. The large metropolitan areas and their upper-class suburbs are the prime locations of roadside billboards and other spot media. Since the target market is focused on upper-class adults, they will almost surely already own a car and drive by interstate and highway billboards on their daily commute.

To create buzz on social media, Tesla can throw giveaways for the chance to win a Model 3 car by test-driving a Model 3 at their showrooms, for example. Social media presence can also include collaboration with influences and other famous innovators to tap into a younger generation of Tesla owners. Tesla will also compete with other luxury brands by running national television ads during primetime events, such as sports games or holidays.

# Creative Brief

## TAG LINE

***The future is luxe. Tesla Model 3—the next generation.***

## CREATIVE NOTES

To appeal to the target audience of adults aged roughly 30-49 years old in metro and suburban areas of the United States, the campaign concepts feature sleek images of the Model 3 in urban areas. Copy includes buzz words to appeal to environmentally-conscious buyers like “all-electric” or the line, “Burn rubber. Not fuel.” Because the target market is high-income, words like luxury and luxe, as well as clean sans-serif fonts and muted colors with bright pops of color for the car paint also gives the ads a more luxurious feel and adds focus to the product.

Also, the copy includes the phrase “next generation” to focus on the next generation/ younger generation of Tesla owners. Since the average owner is 49, Tesla should employ creative tactics to entice younger consumers.

## CREATIVE MOCKUPS

On the next pages are some examples of billboard advertisements or stills from a primetime television ad spot. These mockups exemplify the clean lines and luxurious feel of the art direction’s vision.



The future is luxe.

Introducing the all-new, all-electric Model 3. For the next generation.



Burn rubber. Not fuel.

Introducing the all-new, all-electric Model 3. For the next generation.



# Media Objectives

The media objectives are based on a national and spot campaign that will increase brand awareness of Tesla in U.S. Markets from 14% to 25%. The national campaign will include television, web, and social media marketing. The spot campaign will include radio and outdoor advertising.

The goal frequencies for this campaign range from 3 to 6. With an average frequency of 6 during the peak season and an average frequency of 3 outside of the peak season, the goal of 25% brand awareness in the target market will be attainable.

## Media Budget

CEO Elon Musk hopes to gain back the money invested in advertising within two years from increased sales. In the past, Tesla has spent nearly \$0 on advertising in the past. The budget for the 12-month campaign is \$22.5 million. Since social media marketing is part of the campaign, which is significantly less expensive than TV and print spots, the advertising dollars will be able to be stretched more thin while still being effective. 10% of the budget will be the contingency budget for unexpected costs and opportunistic television placement during sporting events, for example.



# Media Mix Selection

## NATIONAL

### TELEVISION

- Television is a common medium for car advertisements, so it is a good medium for Tesla to use in order to keep up with competitors.
- Short television advertisements are effective in establishing brand awareness, which is ideal for the campaign. In addition, shorter ads save advertising dollars.
- These advertisements should be shown on channels that are popular within the target audience, such as National Geographic and Science Channel., like news and science channels.

### WEB

- Web advertisements are ideal for the campaign because they have low production costs.
- These advertisements will be priced on a cost-per-click basis.

### SOCIAL MEDIA

- The target market, adults between the ages of 30-50, uses Facebook more than any other social media platform. Therefore, the social media advertisements of the campaign will be shown on Facebook.
- Sponsored content on Facebook can be shared by users, which increases the amount of impressions without spending extra money.
- Facebook ads blend in with normal timeline posts, so users are more likely to look at Facebook ads than traditional ads.

## SPOT

### RADIO

- This traditional form of advertising is ideal for the campaign because most people who listen to the radio listen in their car. The target market is working adults who likely own a car already.
- The radio advertisements can be short and serve the purpose of reinforcing the brand message.
- The radio advertisements will air in cities with a high BDI.

## OUTDOOR ADVERTISING

- The outdoor advertisements for the campaign will be billboards positioned on the side of major roads.
- Members of the target market will see the outdoor advertisements while driving to work.
- Billboards have a high frequency for people who drive past them regularly.

## Timing and Scheduling

According to Investopedia, the two peak seasons for auto sales are from February through May and from September through November. These peak seasons can experience a 10-15% increase in sales prices. There tends to be a decrease in car sales during the holiday season as people spend more of their disposable income on retail. The campaign will have a pulsing media schedule. There will be a low baseline level of advertising spending throughout the year, with increased spending during February through May and September through November.

# Media Flight Plan

## FLOW CHART

	<b>Student</b>	<b>Team 2</b>		
	<b>Professor</b>	Walter Starr		
	<b>Semester</b>	Fall 2019		
<b>Medium</b>		<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Net TV-Prime \$(000)	50 788.7	50 788.7	50 788.7	50 788.7
Net Cable-Prime \$(000)	50 442.7	50 442.7	50 442.7	50 442.7
Digital National - Ad Networks - Run Of Network - Ad Networks - Demo Targeted - Video Networks - Publisher Video Sites - Social - Mobile \$(000)	1 0.0	1 8.2	1 8.2	1 8.2
Other National \$(000)	N/A 0.0	N/A 0.0	N/A 0.0	N/A 0.0
Spot TV-Prime \$(000)	34 969.8	34 969.8	34 969.8	34 969.8
Outdoor \$(000)	1,342 1155.8	1,342 1155.8	1,342 1155.8	1,342 1155.8
Direct Mail \$(000)	48 15202.2	48 15202.2	48 15202.2	48 15202.2
Digital Spot - Ad Networks - Run Of Network - Ad Networks - Demo Targeted - Video Networks - Publisher Video Sites - Social - Mobile \$(000)	2 6.0	2 6.8	2 6.8	2 6.8
Other Spot \$(000)				
<b>National Only Area</b>				
GRPS \$(000)	100 1231.4	100 1239.6	100 1239.6	100 1239.6
Reach	49.6	49.6	49.6	49.6
Avg. Freq.	2.0	2.0	2.0	2.0
<b>Spot Only Area</b>				
GRPS \$(000)	83 17333.8	83 17334.5	83 17334.5	83 17334.5
Reach	62.2	62.2	62.2	62.2
Avg. Freq.	1.3	1.3	1.3	1.3
<b>Spot + National</b>				
GRPS \$(000)	184 18565.2	184 18574.1	184 18574.1	184 18574.1
Reach	79.4	79.4	79.4	79.4
Avg. Freq.	2.3	2.3	2.3	2.3

**Tesla Model 3**  
**Flowchart**

May	Jun	Jul	Aug	Sep	Oct	Nov
50 788.7						
50 442.7	77 681.8	77 681.8	77 681.8	50 442.7	50 442.7	50 442.7
1 8.2				1 8.2	1 8.2	1 8.2
N/A 0.0						
34 969.8	15 427.8	15 427.8	15 427.8	34 969.8	34 969.8	34 969.8
1,342 1155.8						
48 15202.2	40 12668.5	40 12668.5	40 12668.5	48 15202.2	48 15202.2	48 15202.2
2 6.8	1 3.8	1 3.8	1 3.8	2 6.8	2 6.8	2 6.8
N/A 0.0	N/A 0.0	N/A 0.0	N/A 0.0			
100 1239.6	126 1470.5	126 1470.5	126 1470.5	100 1239.6	100 1239.6	100 1239.6
49.6 2.0	53.8 2.4	53.8 2.4	53.8 2.4	49.6 2.0	49.6 2.0	49.6 2.0
83 17334.5	56 14255.9	56 14255.9	56 14255.9	83 17334.5	83 17334.5	83 17334.5
62.2 1.3	48.6 1.2	48.6 1.2	48.6 1.2	62.2 1.3	62.2 1.3	62.2 1.3
184 18574.1	183 15726.4	183 15726.4	183 15726.4	184 18574.1	184 18574.1	184 18574.1
79.4 2.3	74.9 2.4	74.9 2.4	74.9 2.4	79.4 2.3	79.4 2.3	79.4 2.3

Target Demo: All Adults ages 25-49		
Dec	Total Across	
50	GRPS:	600
788.7	COST:	9464.4
77	GRPS:	708
681.8	COST:	6268.6
	GRPS:	5
	COST:	57.4
N/A	GRPS:	0
0.0	COST:	0.0
15	GRPS:	332
427.8	COST:	9469.6
1,342	GRPS:	16109
1155.8	COST:	13869.1
40	GRPS:	544
12668.5	COST:	172291.9
1	GRPS:	17
3.8	COST:	68.5
N/A	GRPS:	0
0.0	COST:	0.0
126	GRPS:	1313
1470.5	Cost:	15790.4
53.8		
2.4		
56	GRPS:	893
14255.9	Cost:	195699.1
48.6		
1.2		
183	GRPS:	2207
15726.4	Cost:	211489.5
74.9		
2.4		

## YEAR AT A GLANCE

### Year At a Glance

Student	Team 2
Professor	Walter Starr
Semester	

	Reach		Avg Freq		GRPS	
	Goal	Est	Goal	Est	Goal	Est
January	44	79.4	4	2.3	176	184
February	69	79.4	6	2.3	414	184
March	54	79.4	6	2.3	324	184
April	55	79.4	5	2.3	275	184
May	55	79.4	3	2.3	165	184
June	45	74.9	3	2.4	135	183
July	47	74.9	3	2.4	141	183
August	43	74.9	4	2.4	172	183
September	66	79.4	5	2.3	330	184
October	60	79.4	5	2.3	300	184
November	69	79.4	6	2.3	414	184
December	50	74.9	4	2.4	200	183
Total					3046	2207.23224

	\$ (000)		
Balance	Goal	Est	Balance
-8	1040.1	18559.2	-17519.1
229	2446.5	18574.1	-16127.6
139	1914.6	18574.1	-16659.5
90	1625.1	18574.1	-16949
-19	975	18574.1	-17599.1
-48	797.8	15726.4	-14928.6
-42	833.2	15726.4	-14893.2
-11	1016.4	15726.4	-14710
145	1950.1	18574.1	-16624
115	1772.8	18574.1	-16801.3
229	2446.5	18574.1	-16127.6
16	1181.9	15726.4	-14544.5
0	18000	211483.534	-193483.534
National Contingency \$(000): 2,250			
Spot Contingency \$(000): 2,250			

## EVALUATION

The Media Flight Plan metrics show that the national TV is very effective. Tesla sales increased by 25% in non-peak season. During peak season, Tesla will spend more money on shorter advertisements to help keep the attention of potential consumers while mitigating the cost of expensive time slots. A mix of national and spot advertisements are perfect for the campaign because Tesla is trying to market to both expensive metropolitan areas like Los Angeles and San Francisco, which will be covered during national slots, while more local spot radio and television as well as regional outdoor advertising can cover less expensive markets like Cleveland and Denver. Tesla consumers are mostly technology users so advertising on social media platforms can help gain more reach. A huge factor that was added to Tesla's advertising campaign is the use of billboards, this will act as a stimulant and result in more brand recognition. The budget also worked out perfectly, leaving \$400 of the advertising budget left over.

# References

"A Brief History of Audi" OSV. 30 Mar. 2017, <https://www.osv.ltd.uk/brief-history-of-audi/>

"How Important Are Seasonal Trends in the Automotive Sector?" Investopedia, Investopedia, 31 Oct. 2019, [www.investopedia.com/ask/answers/041715/how-important-are-seasonal-trends-automotive-sector.asp](https://www.investopedia.com/ask/answers/041715/how-important-are-seasonal-trends-automotive-sector.asp).

Kane, Mark "Audi e-tron Sales In U.S. Slightly Increased In October" Insideevs, 2 Nov. 2019, <https://insideevs.com/news/380029/audi-e-tron-sales-us-october-2019/>

"Model 3." Tesla, [www.tesla.com/model3](https://www.tesla.com/model3).

"Tesla Model 3 = 24% of Small & Midsize Luxury Car Sales in USA\*." CleanTechnica, 7 Oct. 2019, [cleantechica.com/2019/10/07/tesla-model-3-24-of-small-midsize-luxury-car-sales-in-usa](https://cleantechica.com/2019/10/07/tesla-model-3-24-of-small-midsize-luxury-car-sales-in-usa).

"Tesla Model 3 Demographics: Who Buys Model 3s by Age, Income:" Hedges & Company, 22 Mar. 2019, [hedgescompany.com/blog/2019/03/tesla-model-3-demographics-income/](https://hedgescompany.com/blog/2019/03/tesla-model-3-demographics-income/).

"Tesla - U.S. Market Share." Statista, [www.statista.com/statistics/519579/market-share-of-tesla-in-the-united-states/](https://www.statista.com/statistics/519579/market-share-of-tesla-in-the-united-states/).

