

Brand Management Plan: Section 1 for Tesla

The Tesla logo is displayed in a bold, red, sans-serif font. The letters are stylized with a slight gap between them, and the 'E' and 'S' have a unique, angular design.

for

Masters of Arts

Communication Management

COMM 4301-1 Branding and Market Positioning, Spring 2018

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Overview

Tesla, Inc. is an American company that is based in Palo Alto, California that sells its products worldwide. The company was founded in 2003 by a group of engineers, including Martin Eberhard, Marc Tarpenning and Ian Wright as Tesla Motors, Inc. in Delaware (Baer, 2014). In April 2004 the three founders convinced Elon Musk to invest in Tesla Motors, who then became chairman of the board and who is currently the CEO of Tesla, Inc. (Baer, 2014). Tesla offers several all-electric cars and clean energy generation and storage products. Tesla's first product was the first high-performance luxury sports car, the Tesla Roadster released in 2008 and its most recent vehicles are the Model 3 and a semi-truck. Tesla has created several other all electric luxury vehicle line extensions including the Model S and Model X electric luxury cars, which in 2017 dominated the U.S. Electric Vehicle market share at 29% and 16% (McCarthy 2017). In 2017 the Model S was the best-selling all-electric car in the United States at 27,060 units (Statista 2017).

Figure 1. Tesla Model S



Tesla acquired SolarCity in 2016 to expand the company's offering of full-stack solutions for customers to own their own energy production, storage and consumption (Etherington

2016). So Tesla also creates product extensions such as solar panels, solar roofing and Powerwall, home and industrial battery packs.

Tesla has a unique business model and their line and production extensions of clean energy products align with its mission to accelerate the world's transition to sustainable energy. Tesla's business model is based on a three-pronged approach to selling, servicing and charging its electric vehicles, creating their own networks of showrooms, supercharger stations and combined sales centers with service centers (Zucchi 2018). It also offers financial services including standard loans and leases. Tesla's products and services support their mission, which functions as a means-end chain with a higher-level meaning of brand characteristics with attributes that lead to benefits, which in turn lead to values of energy sustainability (Keller 2013, 64).

Industry Analysis

Tesla's array of products places it as a competitor in several different markets, however this analysis will focus on the battery electric vehicle (BEV) industry in the U.S. and globally. In the month of December 2017, there were 14,959 BEVs sold in the U.S., with the Tesla Model S, Model X and Model 3 vehicles in the top 4 market leaders (HybridCars 2017). In December 2017 Model S sales were 4,800 (32%), Model X sales were 3,400 (23%) and Model 3 sales were 1,050 (7%) (HybridCars 2017). The growth rate for battery electric vehicle sales increased 61%, a total of 734,000 EVs from 2016 to 2017 in China, the U.S., Europe, Japan and Canada (Scutt 2018). As of 2017, the BEV market share globally was about 1.7% of the total market for vehicles, up from about .8% in 2015 (Scutt 2018). In March 2018 Tesla's EV products collectively held about a .2% market share for the car and light truck market in the United States (Statista 2018).

The annual growth rates of sales and market share for BEVs has risen in the last four years and is forecasted to continue to grow (Scutt 2018). This implies Tesla is in a good position to increase its yearly BEV sales. This is especially true since Tesla cars are current market leaders in the BEV sales market, particularly the Model S. This indicates more consumers are able and willing to purchase Tesla cars as a means-end chain in which they enjoy attributes, their benefits and show their values – to transition to sustainable energy and to stop relying on fossil fuels.

Competitor Analysis

This analysis will focus on Tesla’s competitors in the U.S. battery electric vehicle market as of December 2017 for their Model S vehicle. It will also touch on the Model S direct competitors of all electric and gasoline luxury vehicles.

Table 1: Top sold BEVs dimensions comparison for December 2017

DIMENSION	Tesla Model S	Chevrolet Bolt EV	BMW i3	Honda Clarity BEV
Sales	4,800	3,227	672	527
Vehicle Type	Electric AWD sedan	Electric FWD 4 door hatchback	Electric RWD 4 door hatchback	Electric FWD 4 door sedan
Range	249 - 335 miles	190 – 238 miles	114– 180 miles	48 – 340 miles
Top Speed	155 MPH	93 MPH	99 MPH	110 MPH
Base Price	\$68,000	\$37,495	\$48,645	\$34,290
Unique features	Tablet technology, digital dashboard, air filtration system	Excellent price for range	Carbon-fiber and aluminum structure, two-cylinder gas engine for increased range	1.5-liter gas engine recharges battery and increases range and horsepower

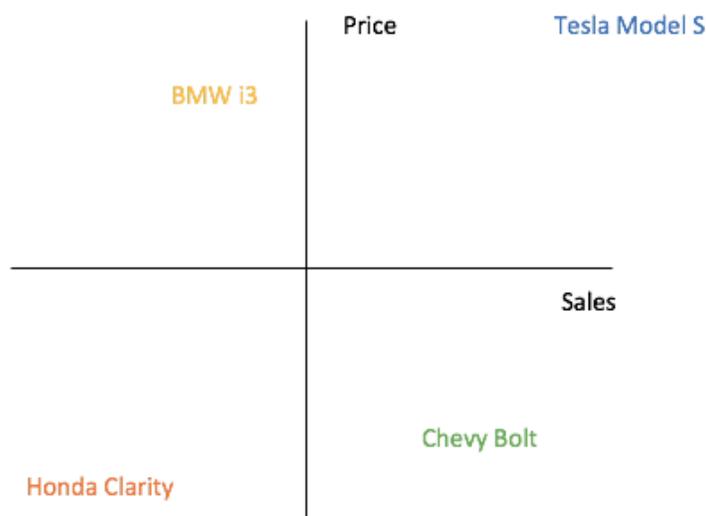
Source: Car and Driver

The different dimensions listed in the table above would be considered some factors that are important to consumers when determining the product and price values of each. Sales

may be telling about the quality of each. Depending on a consumer's lifestyle and use of the car, vehicle type and speed may be important. Range is also an important dimension because it tells consumers how far the car will be able to travel before it needs to be charged again. Price is an important factor for most consumers that reflects product design, delivery and benefits. Unique features are those points-of-difference that may make the product stand out.

Some features that make the Model S stand out from competitors are its technology, fastest speed, all-wheel drive and it has the longest range as an all-electric vehicle. The BMW i3 is perhaps the most direct competitor to the Model S since it's a luxury brand however it and the Honda Clarity BEV depend on gas engines to further their range. And while the Chevrolet Bolt has the best price for the range it's capable of, it doesn't have the image, features or performance of a luxury vehicle. The Model S may have a laddering effect, the advantage of the market opportunity that deepens the meaning of the brand (Keller 2013, 63). This is because by being an all-electric luxury car as well as by being a part of a brand that creates and sells clean energy products, the car and brand may reflect best the motivation to lower carbon foot prints in luxury.

Figure 2. Top BEVs Price and Sales Perceptual Map



The implications for Tesla on the perceptual map above show that even though the Model S has the highest price it also had the most sales in December 2017 than the other three competitors. This indicates the Model S has a high perceived quality or customer perception of the brand (Keller 2013, 159). High perceived quality may be that consumers think the product benefits are superior and value pricing is right and that is why they are willing or able to pay more for the Model S.

The Tesla Model S best direct competitors for luxury all-electric vehicles are cars like the Jaguar I-Pac SUV which starts at \$69,500, \$1,500 more than the Model S base price and the Mission E from Porsche going on sale at the end of 2019 predicted to start at \$75,000 (O'Kane 2018). Even among U.S. large luxury car sales, gasoline and EVs included, the Tesla Model S has the highest estimated sales among cars like Mercedes S-Class, BMW 7 Series and Porsche Panamera with a 26% change from H1 2017 to H1 2017 (Shahan 2017).

Consumer Analysis

While there is evidence of growing consumer interest and desire to buy Tesla products, the Tesla buyer profile for its vehicles is specific. According to a Tesla marketing plan in 2015, their target market are individuals such as business executives and entrepreneurs who are city dwellers, tech-savvy and green-friendly, wealthy and early adopters in the upper to middle class (Zucchi 2015). Model S owners are mostly male (83.9%), have an income of over \$100,000 a year (77.3%) and are 45-64 years old (50.6%) (Zucchi 2015). However, with the introduction of the Model 3, the least expensive of Tesla cars, it appears Tesla is trying to expand their reach to new target markets, people in their 20's to young 40's who are eco-friendly, tech-savvy and entry level luxury buyers. In a recent survey in the U.S., 17% of people said they would buy a

Model 3 at \$40,000 indicating the yearly sales growth rate will continue to increase (Pressman 2018). This reflects a key influence on purchase decisions, that there are price bands or a range of acceptable prices that consumers when considering price and value, are willing and able to pay (Keller 2013, 163). For the Model S, sales have been dominant in the U.S. but recently saw an increase in sales in Europe which jumped 30% in 2017 (Lambert 2018). The core benefit of Tesla cars is that they are high-performing luxury all-electric cars. This could appeal to both Democrats who would see benefits in decreased fossil-fuel use and Republicans who see a path to energy independence (Baer 2014). This reflects the means-end chain values of lowering carbon foot prints and being energy independent.

SWOT Analysis

Table 2. Tesla SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • First Tesla car was the Roadster creating a premium prestige brand image. • Unique business model approach to selling, servicing and charging vehicles. • Also sells semi-trucks, solar panels, solar roofs and batteries. • Offers financial services, loans and leases. • Unique PODs for vehicles. • Market leader for EVs and BEVs. 	<ul style="list-style-type: none"> • Prices are still mostly out of range for new target markets. • Comparable range to other less expensive BEVs like Chevy Bolt. • Human fatalities for Model X. • Gross profit margin decreased from FY 2016 to FY 2017. • Production delays for Model 3 • Power steering recalls for Model S
Opportunities	Threats
<ul style="list-style-type: none"> • BEV market share for all vehicles increased from 2014-2017. • The growth rate for battery electric vehicle sales increased from 2016 to 2017. • 17% of people for U.S survey would buy a Model 3 at \$40,000. • Tesla car sales in Europe increased 30% in 2017. 	<ul style="list-style-type: none"> • Gas engine cars still have about 99.5% of market share for car and light truck market. • High current level of national debt. • U.S. ride sharing adoption increased from 2016 to 2017. • New and existing BEV brands creating market saturation and high competition. • 8 U.S. states prohibit or limit direct sales of Tesla vehicles.

<ul style="list-style-type: none">• China is Tesla's fastest growing market in 2017.• 20% of Americans say next vehicle will be electric car.	
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Tesla needs to maintain strong sales of its vehicles and energy products which are supported by a unique business model, PODs for products and a premium brand image. It can maintain current growth in sales by capitalizing on growing consumer trends in the BEV and EV markets by using a market penetration strategy. The most significant market opportunity is market penetration in the United States, the region where they generate the most revenue and revenue has continued to steadily increase; in 2017 they generated 6.2 billion dollars (Statista 2017). Also a recent survey revealed that 20% of Americans said their next vehicle will be an electric car, up from 15% in 2017 (Bomey, 2018). This indicates that the U.S. market is a good opportunity to continue sales growth for Tesla cars. In addition, sales for the Model S are the highest among all Tesla vehicles every year. Tesla delivered 12,700 Model S vehicles in Q4 2016 (Tesla 2016). Tesla delivered 15,300 Model S vehicles in Q4 2017, a 19.7% growth from Q4 2016 to Q4 2017(Tesla 2017). Therefore, focusing on market penetration in the U.S. for the Model S is a feasible growth strategy outlined in the objective of this plan.

Perhaps Tesla's biggest strength is that it invented a business model that is a compelling way to bring electric cars to market, including building a network of charging stations to overcome the obstacle of refueling on long trips (Zucchi 2018). However, Tesla should and is addressing direct sales blockage with challenging legislation in 8 U.S. states; once they overcome this threat to a free market, it can become a strength of increased sales in those states (Lambert 2018). Tesla can also directly address weaknesses like the fatalities that

occurred by creating stronger brand communications about the safety of vehicles. They can also continue to show transparency about production hurdles and become more efficient. They can convey that value of benefits that are worth the costs to consumers. It can continue to innovate with new product development and look at ways to minimize cost of goods sold to increase gross profit margin. It can consider investing in forms of digital or traditional advertising and promotion to increase brand awareness for target markets and to increase sales of existing products in existing markets or segments.

Brand Analysis

The Tesla vehicles are characterized as being safe, premium, responsive, quick, efficient, all-electric and best in class (Tesla 2018). Below are category points-of-parity and points-of-difference for Tesla cars.

Table 3. PODs and POPs for Tesla cars

Points-of-difference	Points-of-parity
Instrument display screen patented technology	Chargeable electric motors
Unique internal design, aerodynamic external design	Vehicle types such as sedan, sports utility vehicle, sports car
Wireless updates for functions and operations	Service at sales centers
Bio-Weapon Defense air filtration system	Brand specific technicians
Longest range and highest speed for all electric vehicle	Semi-autonomous driving
No franchised dealerships, direct sales at company-owned showrooms and galleries in urban centers like malls with service centers	
Customizable	

Tesla solar panels and roofs are low-profile and durable, and their battery Powerwall makes energy available when needed. These attributes all contribute to the value and personal meaning of the brand, which has over time become “associated with more and more products”

moving up the product hierarchy for the Tesla brand meaning to become more abstract (Keller 2013, 64). Whether by seeing a Tesla car on the road or hearing about them in the press, the strength of the brand associations is reflected in their sales numbers and in conversations deepening brand recall and recognition. Favorable and unique brand associations are also shown by Tesla products being market leaders and in consumer surveys showing increased intent to buy. The competitive advantage of Tesla is the overwhelmingly favorable reactions consumers have to Tesla products and the way they are marketed, creating a positive customer-based brand equity (Keller 2013, 69). This includes a means end value to be a part of a movement that is working towards a more energy sustainable future.

Brand Resonance

Tesla has worked to create brand resonance with its target markets by addressing the four steps of brand building. They answered “who are you” by creating their first car to be a high-performance luxury car out of reach for most people to define themselves as a premium prestige brand. They have made themselves aware to a broad audience by “trickle-down” effect relying on word-of-mouth, PR and by association with spokesperson CEO Elon Musk creating a balance between accessibility and exclusivity (Keller 2013, 86). They have continued to build on this image by releasing more premium products that satisfy the goal of their mission. Tesla’s brand meaning is demonstrated by the performance and imagery of their products for consumers and in their markets showing they are effective and efficient with unique features, services, styles and high price bands. The performance and imagery create brand responses such as regarding the brand as high quality, credible, superior and generate feelings such as excitement, security, social approval and self-respect (Keller 2013, 92). The brand relationship

they create for those that are customers, is a luxurious, personalized brand experience that reflects their values and for those who aren't customers, many become fans who admire the brand and products.

Objective

A marketing objective for Tesla is to increase sales of the Model S by 8% in the next 12 months to U.S. consumers, male and female, with incomes over \$100,000 a year in the 45-64 year old range. This objective is justified by the 19.7% increase in deliveries of the Model S from Q4 2016 to Q4 2017, the fact that the U.S. has the highest yearly revenue for Tesla and the growing trend of Americans interested in buying EVs. Meeting this objective would sustain them as market leaders in the BEV sales and luxury car markets, capitalizing on and building brand equity in their most lucrative market with their flagship vehicle.

Brand Management Plan: Section 2 for Tesla

TESLA

for

Masters of Arts

Communication Management

COMM 4301-1 Branding and Market Positioning, Spring 2018

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Marketing Program Overview

Tesla's points-of-difference including a unique business model and a superior array of products, which support their business mission, is the backbone of their positioning strategy. The strategy suggests a means-end chain with a higher-level meaning of brand characteristics with attributes that lead to benefits and values for energy independence and sustainability. This plan recommends Tesla continues their positioning strategy but focus on opportunity for market penetration in the U.S., for the Model S, a market leader for sales in the BEV and luxury car categories. By introducing new promotions and pricing tactics to the target market for the Model S, they could strengthen their positioning and achieve the objective in this plan.

Product Strategy

The Tesla Model S, which is the focus of this plan is a superior product on several dimensions providing consumers with excellent benefits. It was the best-selling all-electric car in the United States in 2017 and is Tesla's flagship vehicle (Motor Trend 2018). The Model S has contributed to Tesla's brand equity because it significantly defines who they are. Its best in class performance and imagery has created meaning for the brand and elicits positive feelings creating resonance resulting in new or potential relationships (Keller 2013, 80). The table below summarizes the Model S product strategy.

Table 4. Model S Product Strategy

Product Strategies	Description	Problem It Solves	Benefit Provided
Product offering	<ul style="list-style-type: none"> • Quickest acceleration on earth (0-60mph in 2.5 sec) • 5 star safety ratings, lowest probability of injury • 335 top mile range • 75kWh – 100 kWh battery pack • 680 horsepower, 791 lb-ft torque 	<ul style="list-style-type: none"> • Avoids collisions, rollovers • Long range allows for more time on road • 100 kWh battery packs allow 300 miles per 1 hour of charging on Tesla Supercharger 	<ul style="list-style-type: none"> • Long distance travel • Quick charging capability • Worldwide infrastructure • Safety features • Fastest car in the market without needing gas
Products features	All-Wheel Drive, Ultrasonic sensors, 17-inch touchscreen with navigation, glass roof, Wi-Fi hotspot, USB ports for smartphones, heated mirrors, steering wheel, and seats, LED lights, HEPA air filtration system, satellite radio, self-driving system, emergency brake system, 360 degree cameras, 30 cu ft storage, Wi-Fi software updates, customizable color.	<ul style="list-style-type: none"> • Responsive to help avoid crashes • Maximum visibility while driving in all conditions • Assists with parking 	<ul style="list-style-type: none"> • Semi-self driving technology • Well packaged comfortable interior with storage space, sleek exterior. • Built-in Wi-Fi and smartphone charging • Software updates provide new features, functions. • Navigation and bio defense system. • UV protection • Powerful motors
Brand elements	Visible Tesla logo, customizable packaging (color), Model S (name)	Identifiable, personalized	Personalized, status symbol
Packaging	Customizable	Safety	Aerodynamic, safe, sleek design, unique
Jingles/slogans	The Best Car/The Safest Car	Lessens crashes	Status, Safety
Warranties	4 year/50,000 miles New Vehicle Limited Warranty 8 year/unlimited miles Battery and Drive United Limited Warranty	Don't need to spend more money to replace or fix defects during coverage of warranty.	Covers the repair or replacement to correct defects in materials or workmanship of any parts manufactured or supplied that occur under normal use.
CSR	Environmental CSR	Don't need to buy gasoline.	Energy independent, reduced carbon emissions.
Customer experience	Service centers, Tesla Rangers, wirelessly upload data	Don't need to leave home to receive updates or fixes.	Wireless updates, Tesla technicians can come to your home.

Source: Tesla and Motor Trend

Pricing Strategy

This plan supports what appears to be the current pricing strategy, price skimming.

Skimming involves marketing products at high prices with relatively high margins which works well for innovative or luxury products where target customer have low price sensitivity and are willing to pay higher prices (Investopedia 2018). The starting price for the Model S is \$68,000 and has 6 variations based on how much electric charge the car holds affecting range and speed, as well as added features so it can cost up to \$134,500 (Energy Sage 2018).

Table 5. Model S Pricing Strategy

Pricing Decisions	Description	Benefit to Customers	Impact on Brand
Pricing strategy	Skimming	Self-driving technology, quick charging, long distance travel, status.	Defines it as best in class with a premium prestige brand image.
Price perceptions and sensitivity	Low price sensitivity for target market, value justifies cost.	Superior and safe driving experience.	Loyal customers who may refer others. Price seen as fair.
Discounts/pricing incentives	\$7,500 federal tax credit for electric vehicles. State specific incentives/credits. Tesla Referral Program, get \$1000 off and free limited supercharging.	U.S. customers can receive a rebate receiving some money back. Customers who refer others get a discount. Customers are rewarded for buying electric car.	Brand judgements and feelings may become more positive increasing brand loyalty and resonance.
Upgrades/Add-ons	\$5,000 Premium Upgrade Package, \$5,000 Enhanced Autopilot, \$3,000 Full Self-Driving Capability, \$4,000 for two small rear-facing seats.	HEPA air filtration system, 11-speaker custom audio system, satellite radio, heated rear seats, a heated steering wheel, wiper blade defrosters, and washer nozzle heaters, semi-autonomous self-driving system, 3-8 more cameras and 12 ultrasonic sonar sensors, extra seats.	Increased value from luxury high quality features amplifies brand image.
Seasonal pricing	Up to \$30,000 off showroom models (Sept. 2017 only)	Limited customers received significant discount.	Increases brand loyalty.

Source: Motor Trend and Energy Sage

Pricing Recommendations

Highlighting the Model S benefits and communicating about pricing discounts with targeted tailored promotions may help achieve the objective in this plan and increase brand loyalty. This plan proposes launching an email campaign and social media campaign with communications about pricing as tactics to achieve the objective. An exclusive email campaign will be launched in November and December 2018 during the Thanksgiving and Christmas holidays targeting subscribed interested consumers. Personalized emails will offer limited time seasonal sales promotions of 0% APR for 12 months when they buy a Model S and finance with Tesla. In these communications, Tesla will also remind recipients that they get a \$1,000 discount for successfully referring another consumer to buy a Model S. A social media campaign will also be launched in August 2018 where Tesla will announce they are featuring consumers on their Twitter, Facebook and Instagram accounts, who bought a Tesla vehicle including Model S owners, highlighting that these consumers received a federal or state credit rebate for buying a Tesla EV.

Channel Strategy

Tesla's current channel strategies include direct sales at an international network of company-owned showrooms and galleries in prominent urban centers instead of selling at franchised dealerships (Zucchi 2018). Tesla deliberately positions their store and gallery locations in high foot traffic, high visibility retail venues like malls and shopping streets. Their Tesla Product Specialists are not on commission so there is no pressure to buy (Musk 2012). This builds brand equity because Tesla is able to best control the buyer's experience resulting in a personal and educational experience.

Tesla's channel strategy also includes making an online customized purchase from their website with a step by step buy that includes registration, delivery or pick up, charging, trade in, financing, and license plate. This means you usually cannot buy a Tesla the same day so it makes it an exclusive experience that many people are willing to wait for.

It is worth noting that currently there are 8 U.S. states where Tesla direct sales showrooms are limited or prohibited because of car dealership lobbies and laws prohibiting automaker-owned operations (Lambert 2018). Tesla is differentiated because they are not lost amidst a sea of gasoline cars at a traditional dealership where sales support for electric cars could lack, nor do they need to have an inventory (Quora 2013). While Tesla's channel approach may be a production and delivery logistical challenge, it builds customer loyalty and ultimately brand resonance. Ultimately, the nature of the channels Tesla uses adds to its brand image as a luxury brand. It is also another point-of-difference that positions the brand as superior because the personalized unique buying experience is a part of the product experience building resonance and loyalty.

Communications Strategy

Tesla's communications strategy includes using tactics such as their website, blog, social media channels including Twitter, YouTube, Instagram and Facebook, an e-newsletter, spokesperson CEO Elon Musk, publicity, and limited promotions. They also have received fan generated content such as the Tesla "Not a Dream" commercial by the Freise brothers.

Table 6. Tesla Communications and Promotions

Media Channel	Audience	Key Message	Impact on Brand
Spokesperson Elon Musk	Global, Twitter audience, industry events audiences, website blog readers.	Product launch introductions, product news, spreads publicity and company and fan generated advertising.	Contributes to brand image, recall and recognition and loyalty. Generates feelings associated with brand, positive and negative.
Social media	Followers on Twitter, Instagram, Facebook and YouTube. Potential owners, current owners.	Product updates and news, product superiority to competitors, share publicity and product advertising.	Creates brand awareness, engages followers resulting in brand recall, reinforces brand loyalty.
E-newsletter	Interested consumers who go to their website and subscribe to the e-newsletter.	Education about Tesla electric vehicles, vehicle safety.	Affects brand judgements, feelings and resonance.
Sales promotion (seasonal)	Target market (Model S) of mostly male, have an income of over \$100,000 a year and are 45-64 years old.	Showroom cars are discounted, referrals will give you a discount.	Affects brand product judgments, helps create brand salience, increases loyalty.
Advertising (non-commercial company video ads and fan generated ads)	Audiences on YouTube and social media, target market segments.	Product superiority, product excellence, brand vision/mission.	Reinforces brand vision, brand image, product performance, generates judgements, feelings and resonance.
Publicity	Secondary publication's audiences, social media audiences.	How Tesla/electric vehicles and solar energy products help companies save money and become energy independent/sustainable.	Provides brand salience, generates judgements such as trust and credibility, reinforces brand resonance.
Product placement	Movie audiences (ie. The Kingsman), TV comedy series (ie. Silicon Valley).	Tesla products are a status symbol for superiority and wealth.	Spreads brand awareness, generates feelings, judgements, brand loyalty.
Website/Blog	Website and blog online audiences.	Product features, dimensions, benefits, product updates, news, including strategy and earnings. Channel for purchase and delivery.	Improves brand judgements, brand image, creates brand relationships.

Communication Recommendations

This plan proposes new marketing tactics of advertising, sales promotional email marketing communications, and social media campaigns that target segments of the market for profiles for the Model S, males or females, with incomes over \$100,000 in the 45-64 year old range. This plan proposes launching an advertising campaign over national television in February 2019 during the Super Bowl. This tactic may give Tesla the coverage they need to reach potential new customers as an effective means of vividly demonstrating product attributes and persuasively explaining consumer benefits (Keller 2013, 194). It could amplify their prestige premium brand image and also instill consumer confidence in the face of current weaknesses like recalls. Targeted email promotions for sales promotions on price might also give untapped consumers in the target market segments an incentive to buy a Model S. Email content such as images and language will align with brand guidelines and be tailored to the segmented target audience. Social media campaigns on Tesla's Twitter, Instagram and Facebook channels that feature Model S owners who received the \$7,500 federal tax credit or other state tax credit for buying an EV will help build brand awareness, loyalty and incentive to buy a Model S.

Summary

In order to best achieve the objective in this plan the communications strategy is to use a balanced mix of current marketing tactics and new promotion and pricing tactics considering commonality, coverage, contribution, complimentary, conformity and cost. Communication activities such as email marketing, blog articles and social media campaigns including spreading publicity will continue to be used because they have worked well in reinforcing a prestige

premium brand image, creating knowledge structures and buzz marketing including consumer and fan generated quality content. An emphasis will be placed on complementarity or “marketing communication options best suited to eliciting a particular consumer response” and coverage or the proportion of the audience reached and design considerations around existing communication effects in memory (Keller 2013, 222). Targeted, tailored communications of relevant offers with permission based marketing, as well as reaching new audiences during a well watched national event through the powerful medium of television advertising and using social media to connect and build relationships with customers is the idea behind the new pricing and promotional strategy and tactics. Through exclusive seasonal sales promotions, social media campaigns and national television advertising for the Model S, their flagship vehicle, Tesla will be able to build brand equity in the U.S. market by solidifying new relationships with an means end of sharing energy independence and sustainability values with their customers.

Brand Management Plan: Section 3 for Tesla

The Tesla logo is displayed in a bold, red, sans-serif font. The letters are stylized with a consistent thickness and sharp edges, characteristic of the brand's identity.

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Recommendations

The table below summarizes the pricing and communication strategy recommended tactics that will achieve the objective of increasing sales of the Model S by 8% in the U.S. in 12 months targeting consumers with incomes of over \$100,000 a year in the 45-64 age range. Achieving this objective will create brand awareness, loyalty and amplify Tesla's premium prestige brand image and values.

Table 7. Price and Communication Recommendations for Model S

Marketing Mix Element	Recommendation	Link to Objective
Price	Offer Model S interested buyers a seasonal sales offer of 0% APR for 12 months when they finance with Tesla.	Increase U.S. sales of Model S and brand loyalty.
Price	Remind new and existing U.S. customers of the \$1,000 discount when they refer a friend.	Increase U.S. sales of Model S and brand loyalty.
Price	Feature Model S owners who received a tax credit and rebate on social media.	Build urgency, awareness and incentive to buy increasing Model S sales.
Communications strategy	Targeted email marketing campaigns during Nov. and Dec. 2018 to offer seasonal sales promotion and remind about referral discount.	Increase U.S. sales of Model S and brand loyalty.
Communications strategy	National television ad for the Model S in Feb. 2019 during the Super Bowl.	Builds awareness, credibility and interest, helps increase Model S sales.
Communications strategy	Social media campaigns on Twitter, Instagram and Facebook to feature Model S customers who received a tax credit for buying an EV.	Builds awareness, credibility and interest, helps increase Model S sales.

Key Performance Indicators

The table below summarizes Key Performance Indicators (KPIs) for the proposed marketing tactics that will be used to measure the progress of reaching the objective of this

plan. KPIs are specific to the tactic and channels and relate to how effective tactics are in facilitating sales of the Model S in the U.S. but also measure awareness, interest and loyalty.

Table 8. Tactic and KPIs for Objective

Tactic	Key Performance Indicator
Email marketing promotional campaigns	Conversion rate (Completed Order Now forms for Model S/emails delivered)
Television ad	Schedule a test drive inquiries and completed Order Now forms for the Model S on website immediately after commercial airs and up to 1 month after.
Social Media campaigns	Model S owner posts with campaign hashtag

The KPIs proposed for the television ad should be followed up with a Tesla sales person or communication in order to get information about whether or not the television ad directly influenced the inquiry or sale. All KPI performances should be monitored and tracked on their progress towards specific targets with customized marketing dashboards.

Brand Tracking

This plan proposes using a brand tracking survey to collect information from consumers routinely about the product Model S and about the Tesla brand to evaluate brand value and positioning. The table below summarizes Tesla's tracking strategy, what it aims to measure and how often. A table of sample survey questions is also included.

Table 9. Brand tracking strategy

Tracking Strategy	Measurement Metrics	Occurrence
Product Brand Tracking	Brand image, feelings and performance	Two weeks after a vehicle purchase, once a year.
Corporate Brand Tracking	Brand resonance, judgement and credibility	Two weeks after a vehicle purchase, once a year.

Table 10. Brand tracking example survey questions

Brand image	How well do each of the following words describe the Tesla Model S?
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	Innovative, Best-in-class, luxurious, safe, industry standard, responsive, quick, efficient
Brand feelings	<p>Does Tesla Model S give you a feeling of...</p> <ol style="list-style-type: none"> Warmth? Fun? Excitement? Sense of security or confidence? Social approval? Self-respect?
Brand performance	<p>Please indicate your agreement with the following statements.</p> <p>Tesla Model S...</p> <ol style="list-style-type: none"> Is everything I thought it would be Has the range promised Has the speed and acceleration promised Is a safe and comfortable driving experience Was an easy and educational buying experience Has convenient and sufficient charging and service options
Brand resonance	<ol style="list-style-type: none"> I consider myself loyal to Tesla I would go out of my way to buy a Tesla product I really love Tesla I would miss Tesla if it went away I would be interested in merchandise with Tesla's name on it.
Brand judgements	<ol style="list-style-type: none"> How favorable is your attitude towards Tesla? How well does Tesla satisfy your needs? How likely would you refer Tesla to others? Is Tesla worth the price for it's products? What do you like best about Tesla? Least? Compared to other brands in the EV or luxury car category how well does Tesla satisfy your needs and wants?
Brand credibility	<ol style="list-style-type: none"> How well managed is Tesla? How easy is it to do business with Tesla? How concerned is Tesla with it's customers? How approachable and accessible is Tesla?

	<p>e. How likely are you to invest in Tesla stock?</p> <p>f. How likely are you to buy a Tesla product for the first time or again?</p>
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Source: Keller 2013

Brand Management System

The figure below summarizes the recommended steps Tesla would need to take to create a brand management system in order to “improve the understanding and use of the brand equity concept” within Tesla (Keller 2013, 277). A key measurement of brand equity is the collective customer response to the brand tracking survey in particular whether the brand performance is meeting customer expectations and there is a high level of resonance.

Figure 3. Tesla Brand Management System Steps



Source: Keller 2013

Additional Considerations

The table below summarizes considerations that may impact the implementation of the new marketing tactics including the potential risks and ways on how to address the risks with possible corrective actions. Corrective actions may need to be taken in the months leading up to the launch of the actual campaigns during the planning phase of the marketing program in order for the tactics to perform the best.

Table 11. Additional considerations of marketing tactics

Marketing Activity	Potential Risks	Corrective Action
Email marketing	<ul style="list-style-type: none"> • Not sufficient permission from current subscribers to receive promotional offer emails (current opt in list on website is for a newsletter). • Not enough information on profiles of subscribers (geography, interest, age, income, etc.) to segment the list to tailor offers. 	<ul style="list-style-type: none"> • Send an newsletter communication announcing the option to subscribe to exclusive promotional emails. • Create a form for newsletter subscribers or sales leads with a CTA to fill out with more profile information in order for them to receive relevant promotional emails.
Television ad	<ul style="list-style-type: none"> • Potential risk of not generating the right positive feelings that may result in interest, and understanding of the brand vision and Model S product. 	<ul style="list-style-type: none"> • Test the commercial or different versions of the commercial with interviews or on a panel to get feedback on consumer responses and reactions.
Social media campaigns	<ul style="list-style-type: none"> • Language and hashtag of campaign don't align with brand image which may cause confusion. 	<ul style="list-style-type: none"> • Clear communications in the brand voice must be planned for, approved by marketing managers and performance metrics monitored with appropriate responses

Management/Growth

Tesla is a luxury brand with a specific brand vision with products in the clean energy categories that support it and has thus far been effective on building a level of brand equity. Therefore its existing sources of brand equity need to be protected. Creating a brand management system in which the CBO and CEO work together with stakeholders to protect and build on existing sources of equity is key. Opportunities and threats in the market environment should be regularly monitored such as changes from competitors or consumer behavior. Internally the marketing tactics should be monitored to make sure they are contributing to maintaining and strengthening brand equity. Being consistent in the amount and nature of marketing program communications is important to reinforcing brand equity (Keller 2013, 462). Equally important is continuing to be innovative in product design, manufacturing and

merchandising which is critical to maintaining or enhancing brand equity (Keller 2013, 457). Being consistent in the nature and amount of communications for the new marketing tactics is important so that it is not disruptive in the minds of consumers from previous marketing program tactics. Traits such as prioritizing education over pressure to buy, spaced out frequency of email communications are things Tesla is known for and should be preserved. Tesla is associated with being innovative since their products have unique PODs which will be communicated in any new marketing tactics as part of their strategy to manage and maintain growth.

Executive Summary

The Model S is Tesla's flagship electric vehicle and has high potential to maintain and grow brand equity. It is a market leader in the BEV and luxury car markets contributing significantly to the identity, meaning and resonance of the brand, which is why it is the focus of this plan. The objective is to increase sales of the Model S by 8% in the U.S. in the next 12 month targeting consumers 45-64 years of age with incomes of over \$100,000 a year. This is justified by the 19.7% increase in Model S deliveries from Q4 2016 to Q4 2017, the high revenue from sales in the U.S. and the growing trend of Americans interested in buying electric vehicles. This plan proposes using new pricing and promotional marketing strategies to meet the objective with email marketing, social media and television advertising tactics. Tactics will focus on eliciting a particular consumer response and reach with designs to strengthen existing positive brand associations increasing awareness and loyalty. These recommended tactics will be launched with specific KPIs to monitor progress towards meeting the objective, and become a part of a larger brand management system that will define, manage and grow brand equity

utilizing results from an annual brand tracking survey and CBO who will manage brand equity strategies. Potential risks for implementing the new pricing and promotional strategies and tactics will be addressed with corrective measures during a planning phase. Sources of brand equity will be protected with a shared consistency across marketing communications as well as emphasis placed on the innovation of Tesla products. A key source of brand equity to be leveraged is the underlining means end chain of buying a Model S, to not only enjoy the benefits but express the shared values of being energy independent and transitioning to sustainable energy.

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EXECUTIVE SUMMARY

Additional Comments:

Excellent work on your Exec Summary for your brand management plan! Well done in providing introductory comments to frame the Plan and re-stating your objectives, highlighting the key findings from your market analysis where new opportunities for growth/development emerged, along with your proposed recommendations to address these. Evaluation of the success of any marketing/brand management plan is also important, so as a stand-alone summary, you should also have included brief details on how the performance of new tactics will be measured, along with managing the strength and growth of the brand in the future. You did a great job in really "selling" the ideas and merit of your Plan to capture the interest of the reader and make them want to find out more.

INTEGRATION OF FEEDBACK (Sections 1 and 2)

Additional Comments:

Sensational work on revisions to the Sec. 1, and conscientiously addressing the comments on the areas needed more work or fine-tuning. Nicely done sharpening every aspect of your paper, as per my feedback and great work tweaking your objective and providing a strong rationale to support a realistic goal! More fabulous work in your revisions to Sec. 2. However, under Pricing Recommendations, you go off-track by explaining a communications campaign. If I cut through all that, it looks like the offer is 0% financing for the first 12 months, and \$1000 rebate (or discount) for a referral. Presumably that only relates to a referral that makes an actual purchase... Nevertheless, I awarded you full points as you have clearly been very diligent in your efforts to rework these sections of the brand management plan.

APPLICATION OF THEORY

Additional Comments:

Integration of theoretical concepts and branding principles is done well.

BRAND PERFORMANCE Using the template provided, performance measures are identified to track the outcome of the proposed changes to the marketing program, along with long-term performance of the brand.

Recommendations are also provided to manage the brand over time, along with a succinct summary of the Plan's main points. The brand performance section incorporates all/most of the questions in the template to give a solid examination of the following elements:

Additional Comments:

Excellent work in identifying a number of performance measures for your brand. The table in your summary of recommendations is great, providing some good explanation as to HOW

each of your recommendations contributed to your over-arching sales goal. Great work in providing a succinct overview of the KPIs against each of your recommendations, and how these contribute to achieving your objective. A couple of other key measures would be ROI on the discount/rebate offered, while commercials on TV and social media are typically measured by metrics such as reach, frequency, cost per thousand (CPM), and gross rating points (GRPs), among others. Fabulous work on brand tracking, including a sample survey that is mostly void of any strong bias in the questions, and thereby demonstrating a proficient understanding of how to track the brand over time. Good job creating a solid brand management system and identifying appropriate additional considerations with some well thought-out corrective actions. Well done also in identifying opportunities to help further the growth of the brand in the future.

ANALYSIS AND CRITICAL THINKING

Additional Comments:

Well done in your analysis of critical elements relating to a brand's strategy and how this translates into actions as part of the managing a brand. You have done a nice job of tying your KPIs and other performance measures back to your objectives, thereby demonstrating strong understanding of the purpose of the Performance section, along with consideration to managing the brand's health and strength over time.

WRITING AND PROFESSIONALISM

Additional Comments:

Your submission provides a well-written, cohesive account of the strategies and tactics to manage the brand's performance.

PRESENTATION AND SUBMISSION

Additional Comments:

Presentation is done well with the use of headings/sub-heads, tables, and figures to create interest and succinctly convey key information.

Grade: **137.5 / 140**