THE MARKETING STRTEGY STUDY OF NEW ENERGY VEHICLES UNFER THE LOW-CARBON BACKGROUND—BASED ON TESLA

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Abstract

Title: The Marketing Strategy Study of New Energy Vehicles under the Low-carbon Background—Based on Tesla

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Degree: Master of Business Administration

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With the economic development and progress, the automotive industry began to face the important issue of sustainable development, making the development in a bottleneck, mainly related to the environment, transportation and energy and other aspects of the crisis began. With the progress of science and technology, new energy vehicles have the advantage of energy saving, with the environment and energy have the advantages of the beginning of the global promotion and research and development. According to the State Council Development Research Center for the next 10 years forecast, China's energy gap will be 60%. At the same time, due to fuel vehicles caused by the exhaust emissions, the impact of air quality will be more and more. Therefore, after the State Council decided to new energy automotive industry into China's key development of the seven emerging industries. And thus makes the major car brand manufacturers continue to the Chinese market to

摘 要

题目： 低碳背景下新能源汽车营销策略研究——以特斯拉为例

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本文以特斯拉为主要研究对象，首先对特斯拉的发展历程以及营销现状进行了概述，首先总体对特斯拉新能源汽车所处的宏观环境和微观环境进行分析，主要是利用 PEST 分析与行业竞争者环境分析来得出，特斯拉新能源汽车目前正处在一个国家大力扶持新能源汽车的大环境，在国家有利政策的支持下，竞争品牌们也在加紧在华布局新能源汽车产品。进而对特斯拉营销环境进行 SWOT 分析，总结出在新能源竞争市场中存在的优势、劣势、机遇与挑战。在以上分析的基础上，结合 4P 市场营销组合策略，从产品、价格、渠道、促销四个方面，提出特斯拉新能源汽车在华营销策略的改进方向，比如，在渠道策略上，进行基于低碳环保的营销理念创新，以及基于电子商务的营销组织创新。在产品策略上，重点开发 SUV 和入门级豪华车，实现本土化的产品策略，提供更多的差异化优质增值服务。最后提出了特斯拉新能源汽车的营销策略实施的保障措施，主要是建立充电设施安装服务保障机制，优化新能源汽车售后服务流程，优化销售人员绩效及培训体系。

关键词：特斯拉；新能源；市场营销；营销策略

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Guoliang Feng

At Siam University on February 20, 2018

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CHAPTER 1

INTRODUCTION

1.1 Research Background

With the constant energy consumption and more serious environmental issues, the petroleum price is continuing fluctuation, resulting in the great pressure on petroleum economy, especially for the outbreak of global financial crisis in 2008 and unstable political environment in the Middle East. There is no doubt that the development of new energy vehicles is the need of the era and also the new field to be developed by vehicle manufacturers. Since China joined the WTO, China has already been called as the largest manufacturing factory in the world as constantly accelerating industrialization and urbanization. However, China also has had the energy use crisis since 2002. According to the relevant data in Chinese Science, China would consume the most of natural resources starting from 2006.

As a result, in order to solve environmental and energy difficulties in time, Chinese government sets about formulating series of relevant theories and systems for sustainable development. The Scientific Outlook on Development, Energy-saving and emission reduction, green economy and low-carbon economy have been mentioned in the Opinion on Promoting the Remanufac turing Industrial Development. In the proposal and implementation of the "13th Five-year Plan", there is a goal transforming economic development mode, scientifically regulating total energy consumption and promoting green low-carbon development and transformation.

It is necessary to develop towards the green low-carbon philosophy, for the sake of developing the automobile industry. If the automobile industry chain is developed under the low-carbon background, it is inevitable to optimize and upgrade correspondingly. Unfortunately, deficient energy and resources, as well as seriously polluted environment have already restricted the sustainable development in the

automobile industry. Under the circumstance, the development of new energy vehicles not only is widely approved by the society, but also becomes the best solution to effectively solve a problem encountered by the traditional automobile industry. It was the first time for Tesla to release the Blade Electric Vehicle (BEV) Model S in 2013, showing that the developmental field of new energy vehicles was opened. New energy vehicles have had abundant and diversified vehicle models after making constant progress in recent years, including BMW, Porsche, Toyota, GM and Tesla in foreign countries, as well as domestic self-owned brand automobiles—BYD and Roewe. All of them have successively entered in the market of new energy vehicles and rapidly released all types of new energy vehicle models. Though Tesla entered into the Chinese market in a long time, the in-depth development may be remained in the developmental stage. Accompanying with the competition of new energy vehicles in mainland, charging facilities to be popularized, influences of consumption concept and national policy orientation, how to occupy the primary position in Chinese new energy vehicle market by Tesla is deserved to be discussed.

1.2 Research Objectives and Significance

There is no doubt that the development of new energy vehicles will greatly optimize energy structure in China. As everyone knows, petroleum resources are considered as the lifeblood of industrial development and also determine the development of national economy. Unfortunately, Chinese petroleum has been extremely insufficient, but only depends on import to sustain, resulting in the supply pressure on the world petroleum market. At present, vehicles with the internal combustion engine are supplied with 66% of petroleum in China, showing that the only way to effectively relieve the petroleum resource issues in China is to greatly develop new energy vehicles. With the rapid development of the automobile industry, an increasing number of vehicles not only result in petroleum resource shortage, but also cause the serious influences on the environment, because of sulfur dioxide and

carbon substances discharged by vehicles. For example, the northern China has already had the severe hazy weather in recent years, which might be caused by the excessive emissions of vehicle exhaust, causing a severe influence on social development and human health. As a matter of fact, new energy vehicles realize zero pollution discharge and won't cause environmental pollution, so that these vehicles are able to effectively protect our ecological environment. Based on the developmental tendency of the automobile industry at this stage, it is predicted that the development of the future global automobile industry will be greatly reformed, while new energy vehicles will become an irresistible trend of developing the global automobile industry. And our ecological environment will be effectively protected by promoting the new energy vehicles. Hence, China must highly value research and development and significance of producing the new energy vehicles and also enlarge development and promotion on the new energy vehicles, so as to effectively optimize energy structure in China.

As a new industry, the research level of new energy vehicles in each country may not have a great difference, forming a favorable competitive environment for automobile manufacturers. In this thesis, the author used Tesla as a research object, hoping to provide some feasible experience and schemes for the operation and development of new energy vehicle enterprises in China.

1.3 Domestic and Overseas Research Status

1.3.1 The Research Status of New Energy Vehicles

Since the global oil crisis happened in 1960, some countries involved in this crisis has set about studying the new energy vehicle industry, such as Europe, USA and Japan, and so on. By summarizing the corresponding studies, the main research fields can be focused on the following aspects:

From the perspective of energy selection, it is critical to value energy saving and emission reduction and select new energy materials. In the end of 20th century, an

American economist firstly proposed the philosophy of energy saving and emission reduction. During the period, University of Maryland, Department of Energy(DOE) and Environment Agency established a project group together to study a research topic named as “Environmentally Benign Manufacturing”, which carried out relevant research by using an empirical approach and regarded BMW and Benz as research objects, involving in corporate environmental management and developmental strategy. Also, the research analyzed and extracted the green low-carbon philosophy of automobile manufacturing industry with emission control, energy consumption reduction and safe priority. Since then, new energy vehicles have been newly defined. By virtue of the theoretical derivation and empirical approach, Oshihiko Nakata and Shreekar Pradhan effectively analyzed the important significance of new energy vehicles on reducing greenhouse gas emission and relieving energy crisis and also carried out the feasibility analysis on environmental protection benefits created by new energy vehicles (Shreekar & Oshihiko, 2014). In 2007, American economists (Joyce. D. 2017) collected relevant data from member states of Organization for International Economic Cooperation (OECD), constructed the dynamic distribution function, and attained the relation of normal distribution between car ownership and energy use discharge, indicating the feasibility of development and application for the new energy vehicle industry. Miradna and Hale showed that in order to enhance consumers’ consciousness in energy and environment, the government has levied taxes to regulate energy utilization and environmental pollution, which was the first time that the academic circles combined the taxes with the new energy industry (Miradna. & Hale, 2017). For example, the difference of fuel selection is applied to divide the different taxes paid by enterprises, so that they are forced to bring environmental consumption in economic activities in enterprise operation costs.

From the perspective of the industry policy, majorities of national governments have already brought the new energy vehicle industry development into the key field of national developmental strategy and have given the sufficient policy

supporting for the industry development. For instance, based on the definite industry development planning and staging indexes for energy saving and emission reduction, various countries positively promoted the mutual cooperation on new energy projects between the governments and enterprises and formulated the relevant strategy to consume and promote new energy vehicles. Yang ping and Yi kechuan applied the SWOT model analysis method to evaluate the new energy vehicle industry in China. As a whole, China is still keeping in the big but weak vehicle industry (Yang and Yi, 2011). From the perspective of the government, instead of the enterprise perspective, the author thought that the development path should begin with enlarging the policy support and encouraging research and development. The perfection of infrastructures is able to provide the better platform for enterprises. Based on the industrial chain analysis, Chen Yang & Wang Xuefeng thought that the new energy vehicle industry development may be restrained by regional protectionism and industrial chain supporting system, which are considered as two bottlenecks in this industry (Chen and Wang, 2014) .

From the perspective of consumption, the studies mainly focus on the practice of consumption behaviors. According to the study of Mc Manus in the transportation R&D society in University of Michigan, it can be observed that for the American new energy market, Hybrid Electric Vehicles (HEVs) are widely used. Also, the study has investigated the cognition of HEVs' buyers and potential consumers on new energy vehicles, showing that their motivation have been changed—from being strange and curious about HEVs to purchase them for energy saving and emission reduction. Zeng Yaoming pointed out, the reason why domestic consumption of new energy vehicles is not strong is that relevant facilities can't be matched timely, in addition to insufficient policy supporting and the higher price of new energy vehicles (Zeng, 2016). Li Dayuan indicated that Chinese new energy vehicles haven't formulated the corresponding national standards yet, resulting in the slow R&D progress for new energy vehicles (Li, 2016). For instance, "plug-in"

electric vehicles have different models, batteries and charging interfaces, resulting in the negative effects on the charging station construction and popularity of new energy vehicles.Li Guang indicated that relative to subsidies, maturity of Blade Electric Vehicles(BEVs) is the key in the market (Li, 2011). Consumers even highly value quality safety of electric vehicles. In addition, he also elaborated consumers' worries on the selling price of BEVs, charging station position and battery recycling, which could provide the new reflection point on studies of other scholars.

1.3.2 The Automobile Marketing Strategy Study Status

The American economist Philip Kotler pointed out, marketing is the social and management process that individuals and groups meet their desire by creating products and value and exchanging with other people, emphasizing on the marketing value orientation (Philip, 2015). The American Marketing Association shows that marketing brings a series of activities for customers, clients, partners and the entire society as creating, communicating, spreading and exchanging process. Shioji. H indicated that the global vehicle market is still kept in the stage of innovation and sustainable development (Shioji, 1996). According to the product life cycle, the vehicle market is kept in the start-up stage for emerging countries, so these countries are still equipped with the great demands and they may be developed into the mature stage after several decades of development. Hence, it has the great potential to export middle and high-end vehicles in these countries.

Yenivurt. S found in the study that transnational corporations tend to promote a brand in countries which have great cultural and economic differences from the domestic market (Yenivurt, 1990). And these transnational corporations are able to overcome uncertainty as promoting the brand in the international market in line with their international experience. Meantime, once a brand has kept a foothold in the market, it is easier for the company to introduce more subordinated brands. By studying the influence factors of Iran marketing activities, Vazifehdust. H proposed an idea that perceived customer brand value and cultural value have the significant

influence on customer relation management and consumer purchasing intention (Vazifehdust, 1980). Through the analysis, Akdeniz. MB found that product quality inspection report ranking of the third party can cause a greater influence on product value in consumers' mind than advertising and prices (Akdeniz, 2013). Besides, after-sales service level of products and countries of origin for vehicles can significantly affect consumers' perception on production quality. Different brands create all kinds of corresponding marketing strategies. For example, Liang Lin showed that the product of Volvo is the differential strategy (Liang, 2016). That is to say, product series may be designed in line with the corresponding road conditions in different areas. Meanwhile, the localization strategy is fully utilized as operating the distribution channel. The promotion strategy is mainly reflected in using the market centralization strategy. According to the corresponding product promotion strategy, the author carried out the specific comparative study and systemized the influence elements involved in the marketing strategy of high-end imported vehicles. Zhao Jinchao pointed out, the product strategy of combining the import with localization is utilized to sell Audi vehicles (Zhao, 2014). German Audi AG produces Audi A4 and A6, but the Chinese Audi Branch is responsible for the high-end vehicle model A8, applying the imported with original packaging. In addition, the competition of the automobile industry has already been extended to the service field, creating the even more violent competitive tendency.

From the perspective of economic studies, by integrating with the luxury marketing practice study and taking the marketing status of Land Rover in Taiwan as an example, Guo Hao analyzed the utilization and effects of the consumption experience strategy in the luxury marketing in line with the consumption experience theory and applied the investigation questionnaire to correspondingly analyze purchasing motivation of consumers, so as to design the experience-based marketing mode by combining with the consumer demands (Guo, 2016).

Liu Quantong indicated that the traditional high-end automobile market in Europe and America now is keeping in the falling tendency, but the domestic high-end automobile industry is keeping in the rising tendency (Liu, 2014). The high-end automobile consumption market is constantly perfecting with the increasingly stable domestic economic development zone. In this study, PEST analysis method was applied to study the marketing environment of Ferrari. Meantime, the author came up with the experiential marketing in Chinese automobile sales market and stated the applicability of the marketing model, which has received the general approval from the automobile sales industry, showing that it is able to help enterprises to provide the differential services for customers. In series of experience activities, enterprises can enhance customer loyalty through the experiential marketing and win the lifelong customers for themselves.

Liao Cen thought that with the constant refinement of the market development, the corresponding division of labor is increasingly clear (Liao, 2015). And the automobile sales industry is increasingly violent, so that vehicles should be constantly updated and upgraded and realize the diversified development. At the same time, vehicle demands tend to the middle and high-end limousines, because of the consumption increase. Based on BMW, the author in this author analyzed the internal and external environmental conditions of Chinese limousine industry and studied the BMW marketing strategy by combining with the Analytic Hierarchy Process (AHP).

1.3.3 Literature Review

By studying and summarizing the relevant theoretical literatures on the marketing, findings have shown that domestic and overseas scholars mainly combine some typical cases with empirical study to construct relevant models and carry out studies by aiming at the new energy vehicle marketing and practice in diverse industries. There is no doubt that marketing theories are constantly developing and perfecting from the initial 4P theory to network marketing, service marketing and

marketing in today's society. There are more studies on marketing strategies in automobile multinational corporations, but few of them focus on new energy vehicle marketing in multinational corporations. Domestic scholars mainly study the luxury brands—BMW and Benz, but they seldom study some minority luxury brands. Under the low-carbon background, the author studied the Tesla's marketing strategy of new energy vehicles. The innovation point was that the research topic was the new energy vehicle marketing in multinational corporations. The main research object was Tesla, standing out the new energy development study of minority brand vehicles. The topic study was able to provide the valuable reference and lessons for multinational corporations of new energy vehicles and new energy vehicle enterprises in China.

1.4 Research Methods and Contents

1.4.1 Research Methods

In this thesis, multiple research methods were applied.

Case analysis: By taking Tesla as an example, the author conducted the in-depth study and analysis, so as to provide the realistic basis for relevant theories. Also, marketing status and marketing strategy of Tesla new energy vehicles were analyzed and studied.

Literature study: By collecting and systemizing the marketing data of domestic and overseas new energy vehicles, the author summarized and concluded relevant theories and knowledge in new energy vehicle marketing, so as to provide the scientific and sufficient theoretical basis for the study and construct the basic framework and overall idea.

Qualitative description study: By virtue of the scientific guide of qualitative description, the author formulated the marketing strategy for Tesla new energy vehicles through the in-depth analysis and study.

1.4.2 Research Contents

Six chapters were included in this study, shown as follows:

Chapter 1: Introduction: The author mainly summarized the research background and significance, research contents and methods and introduced the overview of new energy vehicles in this chapter.

Chapter 2: Marketing status and problem analysis of Tesla new energy vehicles: In this chapter, the author firstly elaborated the Tesla development status and analyzed marketing status of new energy vehicles.

Chapter 3: Marketing environment analysis of Tesla new energy vehicles: The author conducted the PEST analysis on the macro-environment and carried out Michael Porter's Five Forces Model analysis on the micro-environment. In the end, SWOT analysis method was applied to analyze superiority, weakness, opportunities and threats faced by Tesla new energy vehicles.

Chapter 4: Marketing strategy analysis of Tesla new energy vehicles: In the price strategy, Tesla should target at high-end consumer subjects and realize brand value, distribute power batteries and vehicles and reduce selling price of products. In the channel strategy, Tesla should base on the marketing philosophy innovation of low-carbon environmental protection and marketing organization innovation of e-commerce. Guarantee for the marketing strategy implementation of Tesla new energy vehicles: At last, the author came up with the safeguard measures for the marketing strategy implementation of Tesla new energy vehicles, including construction of charging facilities, installation of service safeguard mechanism, optimization of after-sales service process for new energy vehicles, and optimization of salesmen's performance and training system.

Chapter 5: Conclusions and prospects: The author summarized the research emphases and main contents and looked forward to the promising future of the new energy vehicle industry.

CHAPTER 2

MARKETING STATUS ANALYSIS OF TESLA NEW ENERGY VEHICLES

2.1 Tesla Development Survey

Founded in 2003, the headquarters of Tesla is located in Silicon Valley, showing the high-tech contents of the company. Tesla was named as the Nicolay Tesla, who is a famous scientist and inventor in the USA. As a scientist with the outstanding contributions, his studies in the physical field have affected all mankind. Upholding the giant spirit of invention and creation, to create the high-efficient acceleration performance and intelligent operation performance is the target always being pursued by Tesla.

Tesla Model S was created by Tesla, showing the innovation that the battery pack is paved under the chassis of passenger seats. Such design not only can create the bigger space, but also can effectively reduce the body's center of gravity and cangreatly improve the curve control for vehicles (Yao, 2014). Also, the endurance mileage of the model is up to 265miles (about 430km). Until December 2015, this model has gotten 100000 vehicles of sales performance after it was released for 3 years. The bestselling degree has been greatly higher than other brand models.

Tesla not only designs and manufactures electric vehicles, but also develops and constructs the superchargers, which provide charging services for Tesla owners for free and charge 50% of electric quantity within 20min. After that, nearly 500 charging stations have been established in the global range, spreading all over North America, Europe and Pacific Asia. Tesla realizes free sharing of patented technology, while perfecting relevant products and services (Li, 2010). As long as the industrial technical rules are not violated, other institutions are allowed to use multiple technical

patents of electric vehicles, making a great contribution to promoting and popularizing electric vehicles.

Tab 2-1 Main Development History of Tesla since the Establishment

Years	Milestone events
2003	Martin Eberhard and Marc Tarpenning established Tesla in Silicon Valley, California. After that, under the introduction of Tom Gage, Elon Musk got acquainted with the Tesla team.
2004	In February, after Musk met with the original Tesla team, Musk invested in 6.3 million dollars and acted as the president, owing the ultimate power of all affairs. As the Tesla originator, Eberhard held a post of CEO in the company.
2005	Tesla signed a contract with LotusCars in July and produced Gliders model
2006	Tesla officially issued and displayed the prototype vehicles of Tesla roadster in July.
2007	Tesla was cooperated with Daimler intelligent electric vehicles. In the same year, Eberhard served successively as CEO.
2008	Musk officially held a post of CEO in Tesla. In the same year, Tesla officially delivered the first Tesla roadster in conventional production.
2009	After the visiting of the president of USA Obama, Tesla finally got 0.465 billion dollars of soft loans provided by the United States DOE in June. In August of this year, the company announced to realize the overall earnings.
2010	Tesla reached the strategic cooperative agreement with Toyota in May and got 50 million dollars investments from Toyota. After that, Tesla was successfully listed in June and raised 0.226 billion dollars in NASDAQ.
2013	In May, After Tesla announced to make profits for the first time in the first quarter, the share price was dramatically increasing. The peak in this year was up to 194.23 dollars per share. In the same year, Model S was elected as the best model by an authorized magazine in the automotive industry.
2014	The company got 3.4 billion dollars of earnings. The stock once reached the historical peak of 288 dollars per share in September. The company also released the innovative all-wheel drive dual motors and updated P85D Model S.

2015	The company announced to release the cheaper Model3 and planned to release SUV based on the Model3, showing the less selling price than Model X.
2016	Total incomes of Tesla exceeded 7 billion dollars. 97% of incomes came from the automobile industry, while the remaining one was from energy production and storage.

2.2 Marketing Status of Tesla New Energy Vehicles

Tesla announced to enter into the Chinese market in the end of 2013. And it has received the good reputation from consumers, owing to the strong power, external modeling with brand identification, and unique new energy product property in Tesla. Consumers can drive in four modes(including BEVs, HEVs, hybrid maintenance and hybrid charging without changing their driving habits. As the first new energy model in Chinese market, Tesla failed to reach the expected target in the sales volume. Relative to the competitive product—new energy vehicle models entering in China in early stage, Tesla new energy vehicles still have had a great difference.

As an imported model, Tesla enjoys no national and local subsidy policies for the moment, but the new energy subsidies of the nation greatly affect their purchasing decision-making, resulting in a body blow on the sales volume of Tesla. In the future, it is possible to open the application subsidy policy of importing new energy vehicles, hoping to drive the development of new energy vehicle industry. Tesla should analyze and track the national policies for new energy vehicles, strive for be listed in the national recommended models of new energy vehicles, analyze and predict the market environment, and formulate the rational marketing strategy to catch up with the competitive products and seize the market shares.

It can be observed from the financial information that capital and incomes of Tesla were kept in the growing state from 2012 to 2016. In the end of 2016, total profits have been up to 0.88 billion dollars, which was generated by sales incomes of electric vehicles, as well as dramatic increase of shares.

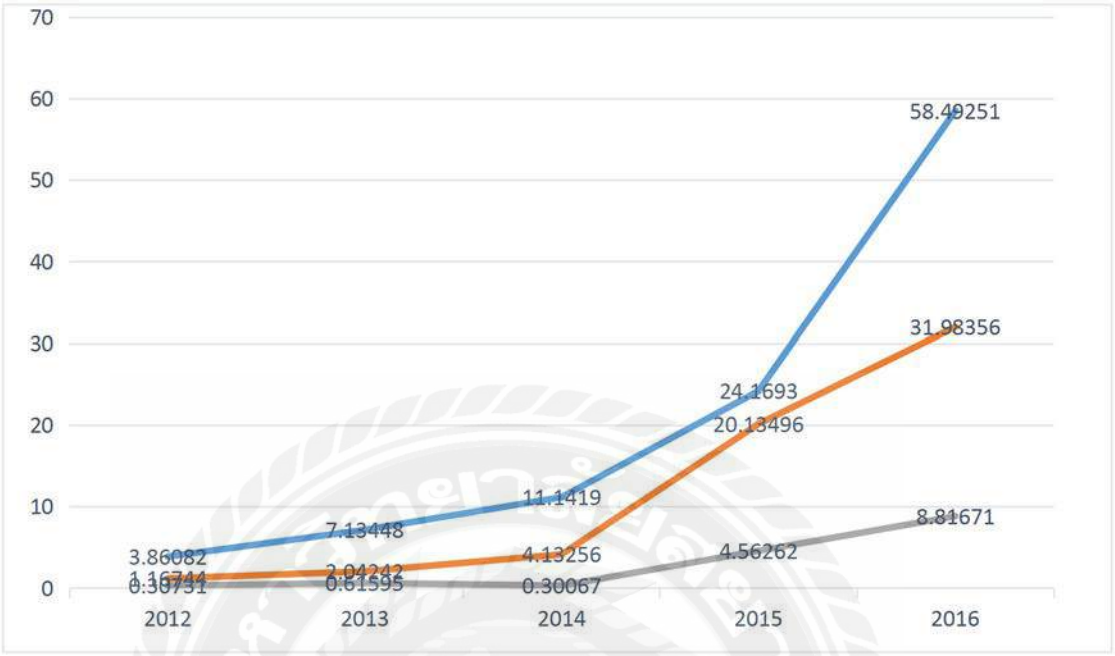

Fig.2-1 Total Incomes, Total Profits and Total Assets of Tesla in Recent 5 Years(Unit: 100 Million Dollars)

The source: Annual report from Tesla in 2016

Operation expenses mainly included two aspects—R&D expenses, sales and management expenses, which were 0.4897 billion dollars and 0.61566 billion dollars, because of constant operation expansion in the company. The company carries the multinational operation activities in Europe, USA, Asia Pacific and the Oceania, accompanying with the higher management expenditure. Of course, the expenses are increased with the corporate performance improvement and it is also attributed to constant investments in R&D. In 2016, technical R&D was greatly improved, because of the R&D investment in P85D high-performance motor as developing the Model S, R&D investment in Model X in 2017, as well as the R&D investment in all-wheel drive dual motors and automatic drive. It is obviously that the company is confident in the future development. And continuous R&D investment also safeguards the innovative capacity of the company (Liu, 2014).

Tab 2-2 Operation Expenses of Tesla in Recent Three Years(Unit: 100 Million Dollars)

	2016	2014	2013
R&D expenses	4.897	2.42976	2.81978
Sales, general and management expenses	6.1566	2.91569	1.64372
Total operation expenses	10.7636	5.37545	4.3135

The source: Annual report from Tesla in 2016

The company will continue investing in the forward development for Tesla, the capital expenditure and operation expenses of the company in 2017 will be continuously increasing, but it will be presented in a relatively stable growth step by comparing with 2016. Capital expenditures will be up to 1.5 billion dollars, which will be used for expanding capacity, completing new model development, investing in the superbattery factories, retail stores and service centers.

The infrastructures of Tesla haven't been comprehensively developed yet, affecting consumers' convenience as using new energy vehicles. After the nation came up with the macro development planning of new energy vehicles in 2012, the charging infrastructure planning was also proposed. It was planned to deploy 220000 charging piles around the country in 2015. Nevertheless, only 10000 charging piles have been deployed until the end of 2013, far away from the target. Charging facilities are mainly concentrated on the pilot cities or areas with more subsidies. The planning layout for charging infrastructures around the country just started up. Majorities of infrastructures only can be used in the public service areas, indicating that the infrastructure construction in current days has already become the great barrier to develop Tesla new energy vehicles and it tends to be constructed in public service

areas. As a result, it is urgent for Tesla to provide convenient charging services of new energy vehicles for users.

Furthermore, the introduction of Tesla new energy vehicles brings new contents to after-sales services, including servicemen's qualification in the service center, service aid in the service center, special maintenance station of the service center, battery recycling process of the service center, user safety safeguarded by real-time monitoring system in the new energy vehicles, which cause more or less problems to the new energy vehicle marketing process in Tesla. Therefore, to perfect after-sales service process of Tesla new energy vehicles is the safeguard factor to improve user satisfaction.

Tab 2-3 Marketing Organization and Scheme Planning of Tesla new energy vehicles

Marketing organizations	Schemes
New energy strategy	Confirm long-term and short-term strategic direction and sales target
Pre-sales	Product definition and pricing Network planning construction based on new energy vehicles Service center training Market communication and marketing measure formulation
After-sales	Battery recycling Real-time tracking and emergency rescue After-sales training Maintenance quality guarantee services
Charging	Public and private charging modes

CHAPTER 3

MARKETING ENVIRONMENT ANALYSIS OF TESLA NEW ENERGY VEHICLES

3.1 PEST Analysis

3.1.1 Political Environment

In order to further accelerate promotion and application of new energy vehicles, improve social identification of new energy vehicles, and realize their sound development, the nation successively issued the Notification on Financial Support Policy for New Energy Vehicles in 2016-2020. According to the driving mileage of BEVs, the nation directly provides 30000-50000 subsidies per vehicle for manufacturers or users. The publication of this policy defines the determination that the nation greatly supports the development of new energy vehicle industry during the "13th Five-year Plan" and has the significance on stabilizing the enterprise and market expectation and ensuring the stable development in the new energy vehicle industry. Besides, the nation implements the remission policy for new energy vehicles' purchase taxes and travel taxes. In 2014, the notice of exempting purchase taxes was issued by the Ministry of Finance. Until May 2016, Ministry of Industry and Information Technology of the People's Republic of China (MIIT) has issued 7 batches of catalogues for exemption and included 2612 new energy vehicles, including 2217 BEVs and 395 plug-in HEVs (Li, 2016).

In 2014, the State Council determined to regard the charging infrastructure construction as the important project in the development of new energy vehicles and ensured that the charging infrastructures would reach or exceed 5 million new energy vehicles until 2020. In November 2015, NDRC, Bureau of Energy, MIIT and Ministry of Housing and Urban-Rural Development of the People's Republic of

China(MOHURD) issued the Guide on the Charging Infrastructure Development of Electric Vehicles, defining the overall development objectives and construction goals in different areas and places. So far, new energy vehicle industry has been a highly-independent industry. The national policies are considered as the conclusive power to promote the industrial development. Until the end of 2015, sales volume of new energy vehicles in a single month has already exceeded 1% of all vehicles' sales volume. New energy vehicle industry has already changed into the "policy—market driving stage" from the "single policy driving". Under the circumstance, the government should be relegated to the "backstage" from the "frontline" (Wang, 2017). Shown in Table 3-1, national subsidies will be reducing year by year. Each vehicle enterprise will gradually enter in the competitive stage of new energy vehicle marketization.

Tab 3-1 National Subsidy Planning of New Energy Vehicles in 2015-2020

New energy models	Driving mileage	National subsidy amount(Yuan)					
		2015	2016	2017	2018	2019	2020
BEV	BEV 100≤R＜150	31,500	25,000	20,000	20,000	15,000	15,000
	150≤R＜250	45,000	45,000	36,000	36,000	27,000	27,000
	R≥25054	54,000	54,000	44,000	44,000	33,000	33,000
Plug-in HEVs	R≥5031	31,500	30,000	24,000	24,000	18,000	18,000

3.1.2 Economic Environment

The year of 2016 was the first year in the "13th Five-year" Plan, thus the structural reform in the supply side would be imperative. The whole world and the domestic embody a complicated and changeable economic situation. Chinese economy is able to continue maintaining stable growth through currency, finance and real estate. In 2016, Gross Domestic Product (GDP) in China was up to 74.4 trillion yuan, increased by 6.7%. And four quarters were increased by 6.8%. The economic growth rate returned to the first place in the world, showing the sufficient aftereffect of Chinese economy. At the same time, the nominal GDP(NGDP) was strongly rebounded and increased by 8.0%, presented on the rise. Due to industrial transformation, the proportion of the secondary industry in Chinese economy was slightly reduced and its contribution rate for GDP was only 37.2%, while the industrial contribution rate was even decreased to 30.7%. Furthermore, the contribution rate of the tertiary industry in GDP growth of 2016 was up to 58.4% and higher 4.7 percent points than 2015, reaching all-time highs. Therefore, it can be observed that for the market, our policy to keep economic growth develops a positive role. And the masses gain more consumption information through the continuous economic development, so as to greatly promote the development of the domestic vehicle industry and create the favorable economic environment for new energy vehicle development and survival.

3.1.3 Social Environment

In today's society, the traditional energy is increasingly exhausted and environmental pollution is relatively serious, thus to develop clean environmental-oriented energy is the common hope of mankind. Facing to the serious hazy weather, people hope to decrease environmental pollution caused by vehicle exhaust and reduce hazy weather, so as to really realize human sustainable development. Under such a background, products titled with environmental philosophy will be favored by consumers, such as green food and environment friendly home. As environmental products with zero release, the development of

electric vehicles conforms to the developmental orientation of human society, thus these vehicles undoubtedly will be approved by consumers.

Unfortunately, people are anxious about the traffic in China. The trip of private cars is inefficient, so that vehicles can't save our trip time. On the contrary, they will increase our trip burdens, violating the original intention of buying vehicles. After 30 years of reform and opening-up, Chinese economy has realized the high-speed development and Chinese urbanization level has been increasing year by year. In 2015, Chinese urbanization rate has already exceeded 50%. Traffic burdens in cities are relatively heavy and traffic is crowd, because of lots of private cars and frequent substance exchange between cities (Zhu, 2011). In recent years, quantity of individual vehicles has been rapidly increasing, resulting in constant reduction of road area per capita, even if the urban infrastructures have had the great development recently. Unreasonable road network planning, disorder traffic management and disorder road function in cities, these roads still can't adapt to the demands of the urban development.

In addition, it is hard to overturn the concept of Chinese consumers in a short time. High-end vehicles still can catch one's eyes, but purchasers are willing to select economic utility-type vehicles. Consumers relatively accept energy saving and environmental protection of new energy, but they still worry about the price and technology of vehicles. There is no doubt that new energy vehicles have the great advantages in energy saving and environmental protection, thus demonstrative operation has a great role on enlarging the public cognition, so as to lay a good foundation on developing and selling new energy vehicles.

3.1.4 Technical Environment

Nowadays, BEVs and HEVs have been successfully developed in China. Actually, new energy vehicles have relatively complete categories. In the

development process of new energy vehicles, China has explored a set of technical standard system and evaluation testing skills. Actually, people should clearly realize that relative to the international advanced level, China still has had a great difference. To begin with, Chinese new energy vehicles have shortcomings in the core part technology. Even if China tries all means to make a breakthrough in the field of new energy vehicles, China is still kept in the start-up stage of new energy vehicles and R&D capacity of core parts is not mature. By making a comparison with the international advanced level, China has the lower level. Secondly, China has incomplete infrastructures relating to electric vehicles. As the essential infrastructures of electric vehicles, the construction degree of charging stations in China can't satisfy the development demands of new energy vehicles. In order to achieve the industrial target, it is necessary to realize the convenient charging for electric vehicles. Otherwise, it is difficult for consumers to accept electric vehicles. From the perspective of the current charging stations in China, there are few charging stations, which may not have the perfect development. The charting station construction in various pilot cities around the country should be further improved. For instance, there are 7 charging stations and 17 charging stations in Shenzhen and Shanghai, respectively, which absolutely can't satisfy the commercial demands of electric vehicles. Restrained by the construction status of charging stations, electric vehicles in pilot cities only can drive on the specific routes. At last, new energy vehicles can't form the standardized products. Generally speaking, electric vehicles can be divided into HEVs, BEVs and Fuel Cell Vehicles (FCVs) after sufficient analysis and study, forming the respective standards.

The R&D schedule of above-mentioned three categories may have a difference, so the application degree may be also different. Hence, there are differences in policy standards for three categories. Electric vehicles started to be produced at the earliest, but only HEVs have been widely applied. The standards of electric vehicles can be applied in the performance testing requirements of HEVs.

Limited by technical merit, standard formation of FCVs is slower than other two categories.

Luckily, China has the relatively good foundation of developing electric vehicles. First of all, China has the abundant lithium resources and lithium battery has the higher degree of industrialization degree, which can offer the favorable resource conditions for lithium battery production. After multiple years of industrialization development, lithium batteries have the large R&D investments. Lithium batteries produced in China have relatively stable performance. Secondly, China is worthy of being called as the great producer of lithium batteries, ranking in the third place around the world, behind Japan and Korea. The occupancy rate of the global market is 30%. Lithium batteries are widely applied in mobile phones, electric bicycles and electric motor cars in China. Due to the generality in the production technology, China is capable of conducting the large-scale production for lithium-operated electric vehicles. In the end, the motor production scale that is used for producing electric vehicles ranks in the first place around the world, showing more quantity and wide range, as well as good technological base. At present, Chinese electric vehicles have already basically realized certain scale, even if the degree is not large. Each index of electric vehicles is kept in the international leading level, such as high quality, cheap price and low noise. The early-stage investment of Chinese electric vehicles gives priority to public transport and gradually develops towards the reverse direction of private cars. For example, private cars of BYD have been listed for selling.

3.2 Industrial Competitive Environment Analysis

3.2.1 Existing Competitors

New energy vehicles of luxury brands entered into the Chinese market quite late. Because of few models and expensive price, new energy vehicles of luxury brands actually may not have the higher market shares. Since 2015, each luxury brand has successively issued the latest planning of invest new energy vehicles in China in

the future. Considering the model quantity and listing time, new energy vehicles of luxury brands in China will enter into the intensive investment period in the next 5 years. From the perspective of product categories, the model range of luxury brands will range from A0 limousines to SUV products. Based on the technical routes of models, each brand enterprise plans to produce BEVs and PHEVs and focuses on promoting PHEVs. Next, the author analyzed the core competitors of Tesla new energy vehicles, including Benz and BMW new energy vehicles.

Benz new energy vehicles: As early as 2013, smart Benz of Benz started entering into the Chinese market. Meanwhile, Benz values the localized production mode. In 2010, Benz cooperated with BYD and founded Shenzhen BYD Daimler New Technology Co., Ltd. Also, the first brand Denza focusing on new energy vehicles was established in China. By virtue of the BYD advanced technology, Benz develops the localized industrial chain and improves the acceptance of Chinese consumers. In the developmental strategy formulated by Mercedes-Benz, it not only covers 3 electric vehicles subordinated to the brand-new sub-brand EQ, but also is expected to release 10 PHEVs, so as to reduce emission and comprehensively march into the field of new energy vehicles. What's more, the above-mentioned at least will make a stage pose in the end of 2017. At the time of releasing new vehicles, it is expected to release a brand-new model carrying with the fuel cell system.

BMW new energy vehicles: The new energy route of BMW is similar to most of high-end brands: with the foundation of PHEVs, new energy vehicles have been developed into ERVEs, BEVs and FCVs, respectively. However, relative to other brands, BMW new energy vehicles might be developed more quickly. In February 2011, BMW issued the brand-new sub-brand named as i to specialize in producing and promoting new energy vehicles. In 2014, BMW electric vehicles i3 and i8 were listed in China. Undoubtedly, BMW new energy vehicles have a clear and bright strategy. The first brand exhibition hall—Zinoro, which is the joint self-owned brand of BMW Brilliance was also opened in Beijing. BMW tries to be different and

applies the pattern of “renting only not to sell”, hoping that more consumers will approve and accept electric vehicles. Meanwhile, Zinoro electric vehicles also have been listed in the subsidies of Beijing new energy vehicles, greatly developing BMW new energy vehicles.

With regards to the new energy vehicle industry, there are lots of potential automobile brands, which have certain competitiveness and broad development prospects, such as automobile magnate products, including Toyota Prius HEVs and Nissan BEVs. After the electric vehicle market is expanded, they will open the domestic market by virtue of the technology advantages. At the same time, it is worth noting the threats from domestic automobile manufacturers. Nowadays, China has already considered new energy vehicles as the key industrial development. Almost all domestic automobile manufacturers release the new energy projects, especially for BYD that is famous for battery advantages. It has the more eye-catching development in new energy vehicles. With the constant development and progress of technology, the competitiveness and advantages of these potential entrants will be stronger and stronger and they will constantly march into the new energy vehicle market, especially for Tesla, which will encounter with more domestic and overseas competitors. Under the circumstance, Tesla is supposed to do the in-depth analysis, fully understand features and advantages of new entrants, and try to change competition into cooperation, so as to realize a win-win result and fully achieve a common goal. In the meantime, Tesla can constantly perfect, improve and optimize the corporate market strategy through study and cooperation, so as to promote sustainable development in Tesla.

3.2.2 Threats of Substitute Goods

Products that are produced in different methods and have similar substitute functions are called as substitute goods. They widely exist in our daily life. Generally speaking, the existence of substitute goods can make market competition become fierce. Electric vehicles in China have the consistent starting point with the developed

countries. The reason why we develop electric vehicles is that we hope to realize corner overtaking in the field of electric vehicles. Based on the reality, the current market still gives priority to the traditional automobile consumption, while electric vehicles have a small occupation in the automobile industry. As a result, conventional vehicles will always act as the substitute goods of electric vehicles.

Two factors affecting substitute goods include the price and conversion costs. Differing from general consumer goods, the price factor of vehicles not only should consider purchasing price of vehicles, but also should think about daily consumption. In the purchasing price, traditional automobile technology has already been mature and product standardization is higher. There are the larger demands and scale effect. Moreover, there are more suppliers and strong consumers' bargaining power. The products' selling price is relatively fair. As for electric vehicles is keeping in the start-up stage. Initial investment costs of electric vehicles are higher, but the demands are insufficient, resulting in no scale economic effects in the production process. In this way, the sales price of electric vehicles is relatively higher. In general, the price transfers the costs to consumers. On the other hand, the power source of conventional vehicles mainly comes from gasoline, thus gasoline price is the main cost as using conventional vehicles. Affected by global bulk commodity market, petroleum price is lower. However, in the long-term run, oil price inevitably will be increasing. Furthermore, imperfect infrastructure construction (e.g. charging stations) also affects the development of electric vehicles. At present, lithium batteries have low technical stability and can't guarantee safety performance. The lagging battery technology makes consumers have less confidence in the current electric vehicles.

Relatively speaking, the nation recently has enlarged the infrastructure construction. Conventional vehicles have relatively complete supporting facilities, which are convenient for utilization. Petrol stations spread all around. By contrast, the construction of charging stations in China is not optimistic, thus utilization convenience of electric vehicles is poorer than conventional vehicles. From the

perspective of consumers' conversion costs, general conventional vehicles don't have the high price. Switching to conventional vehicles from electric vehicles, consumers just need to pay out certain economic costs, resulting in energy crisis and environmental pollution, which should be paid by the whole society. Under the circumstance of imperfect infrastructures for electric vehicles, consumers are likely to enjoy more convenience as using conventional vehicles. In a sense, conventional vehicles have a large threat to electric vehicles.

3.2.3 Threats of New Entrants

The so-called threats of new entrants refer to enterprises that are about to enter into the industry. Generally speaking, new entrants can greatly enter into the industrial market and provide new resources and productivity for this industry, hoping to occupy some shares and status in the existing market. After new entrants enter into this industry, the internal competition in the industry will be enlarged. In order to gain some market shares, enterprises will reduce the sale price. Moreover, with the increase of internal competitors, this also will strive for raw materials with the existing enterprises, thus production costs will be improved to some extent. Affected by numerous factors, this will decrease the overall profitability of existing enterprises. The production of numerous enterprises will be greatly threatened under the serious situation. To sum up, two factors will affect threats of new entrants. The first one is the expected response status of existing enterprises on new entrants. The other one is the difficulty in the new industry. For the new energy vehicle industry, there are numerous potential automobile brands in this field, showing certain competitiveness and broad developmental prospects. For example, some automobile magnates open some products, such as Toyota Prius HEVs and Nissan BEVs. After expanding the electric vehicle market, the domestic market will be opened by virtue of the technical advantages in after-sales services and propaganda modes.

It is worth noting the threats of domestic automobile manufacturers. In current days, China focuses on developing new energy vehicles. Almost all domestic

automobile manufacturers have developed new energy projects, especially for BYD, which is famous for battery advantages and has the eye-catching developing in new energy vehicles. With the constant development and progress of technology, the competitiveness and advantages of potential entrants will be stronger and stronger and they will constantly enter into the domestic new energy vehicle market. Particularly, Tesla will be faced up with more competitors at home and abroad.

3.2.4 Bargaining Power of Buyers

As a matter of fact, bargaining power of buyers is determined by the total demands for products to a large extent. According to the relevant statistical data of Natonal Bureau of Statistics, until the end of 2016, Chinese car ownership has been up to 0.194 billion, including 75.2% of private car ownership (0.146 billion cars). By comparing with 2015, it was increased by 10.23%. The number of passenger cars in China is rapidly increasing. The owing rate of household vehicles in China is less than the international level. Therefore, Chinese consumers in this aspect have the relatively lower bargaining ability. Consumers generally have the wider selective range, because there are numerous automobile manufacturers in Chinese automobile market, more number and more complicated automobile brands, as well as overseas automobile brands and joint brands. In this way, bargaining power of consumers can be improved. In the purchasing process of automobile consumers, many factors will cause a great influence on their purchasing decision-making, including product performance, price and design, as well as brand value. Hence, bargaining power of purchasers will be affected by numerous factors.

Comparatively speaking, Chinese residents have the lower incomes, but car buying will transfer lots of capital for consumers. It is not only thus many policies formulated by the nation will result in lots of conversion costs, such as purchase taxes, and so on, resulting in improving bargaining power of purchasers. Even if our country formulates various preferential and subsidy policies to promote electric vehicles, these subsidies are not enough to compensate for the production costs and maintenance

costs of new energy vehicles in the current stage. Under the circumstance, Chinese consumers have the extremely high bargaining power in the automobile market. In order to fully meet consumer demands, it is necessary for Chinese enterprises to constantly improve product quality and service level. Tesla should positively explore and constantly improve R&D technology and marketing strategy, enhance product quality and service level, and fully satisfy customer demands.

3.2.5 Bargaining Power of Suppliers

On account of the great development prospect in Chinese automobile market, lots of international automobile enterprises are attracted to establish a factory in China and highly value their shares in Chinese market. In addition to numerous existing domestic suppliers, some well-known international part manufacturers also establish a factory in Shanghai and Beijing, forming the increasingly fierce competition between suppliers in the part industry. Automobile enterprises have more choices, thus bargaining power of suppliers will be weakened. Some self-owned brand automobile enterprises at least select two suppliers to further weaken the bargaining power of suppliers. Tesla has already formed an extended industrial chain in the automobile market, developing from the upstream industry of parts and engines to the downstream industry of automobile sales and after-sales services. To sum up, bargaining power of suppliers will have a smaller influence on Tesla.

3.3 SWOT Analysis

3.3.1 Superiority

Brand Superiority: As a new brand, the historical details of Tesla can’t be mentioned in the same breath with Cadillac and Benz, but it was defined as a science-and-technology enterprise at the beginning of the birthplace, instead of a traditional automobile enterprise. For the first Tesla roadster or Model S and Model X, it has declared its strength and innovation through the revolutionary design and performance, has completely overturned the concept of toys or auxiliary appliances

for electric vehicles, sparing no efforts to promote new energy vehicles around the world. Just like speaking of superrun, people will think of Ferrari and Porsche. Speaking of off-road vehicles, people will think of Toyota and Land Rover. Speaking of luxury business limousines, people will think of Benz and Cadillac. Tesla has already become the landmark brand in the field of new energy vehicles.

The higher service efficiency of energy: Conventional vehicles translate thermal energy generated in the burning process of gasoline into kinetic energy to promote vehicle driving. In the driving process, vehicles will take away some quantity of heat through exhaust gas emission. As a result, conventional vehicles have the lower energy use efficiency. Tesla BEVs translate electric energy released by batteries into kinetic energy of vehicles to drive electric vehicles. Due to zero emission of BEVs, service efficiency of energy will be greatly higher than the conventional vehicles.

The convenient supporting service system: First of all, Tesla creates the "official website marketing". Through the display in the urban experience stores and direct ordering in the website, the company can realize the brand-new experience of home delivery by one key. Secondly, Tesla has lots of metal plate maintenance centers spreading around various cities to provide the convenient services for owners' maintenance or repairing the slight scrape. At last, other competitors are hard to copy the super charging station network. Tesla runs through the charging supporting facilities in the north and south of Chinese mainland, thus Tesla users can realize the trans-provincial endurance and never fear of the long-distance trip.

Lower energy utilization costs: At present, affected by the reduction of global bulk commodity market, the petroleum price is relatively low. In the long-term run, as a non-renewable resource, the price of petroleum should be increasing. The fuel used by conventional vehicles is extracted from petroleum. As a result, the service costs of conventional vehicles in the long-term run should be increasing. The cost of conventional vehicles driving a kilometer is about 1 yuan. For Tesla S 60°

model, a degree of electric energy can support electric vehicles to drive 5km. As a result, from the perspective of energy service costs, the service costs of BEVs will be greatly less than conventional vehicles.

The good acceleration performance: Tesla is always famous the high-tech and has the favorable acceleration performance. The author made a comparison between TeslaMODELSP85D and the conventional high-performance vehicles, such as GT-R, Audi RS7 and McLaren 12C, finding that 60km acceleration time of Tesla is even shorter than another three high-performance vehicles. However, 100km acceleration time of Tesla is longer than another three high-performance vehicles, showing the small distance (Zheng, 2011). By making a comparison, it can be observed that the acceleration performance of Tesla is better.

Tab 3-2 Acceleration Performance Comparison(Unit: Sec)

Model	TeslaMODELSP85D	Japanese GT-R	Audi RS7	McLaren 12C
0-60km/h	1.72	1.9	1.94	2.12
0-100km/h	3.74	3.63	3.57	3.43

The data source: Home of Vehicles

3.3.2 Weakness

Difficult formation of scale economic effects: Conventional vehicles have been operated for many years and have the higher market occupancy, forming certain scale in the production. The unit production costs are relatively lower. Unfortunately, the market occupancy of BEVs is lower, so it is hard to form the scale economic effects. In order to realize the excellent performance and security, Tesla uses lots of

expensive production materials, such as aluminum alloy carbon fibers, and so on. At the same time, in order to realize the high-enduring acceleration, the battery pack capacity and the number of motors used by Tesla are also higher than the competitors. The high production costs of Tesla BEVs inevitably will increase the price, which will cause some influences on the market demands or even insufficient demands. Weak demands will lead to the weak profitability of Tesla.

Fewer short-type vehicles and lower market occupancy: Until the early 2016, Tesla has released three models, Tesla roadster, Model S and Model X. Tesla Roadster suspended production in 2012, thus only 2 short-type vehicles are used in the market. The Model S and Model X on sale have already covered the leading D-level limousines and SUV models. Relative to 4 or 5 platforms or 10 models in the traditional automobile enterprises, it is insufficient. Moreover, the threshold of short-type vehicles is relatively high(The selling price of Model S is amount to Benz S, while Model X is higher), thus general consumers are hard to accept it.

Based on the market share of high-end vehicles in Chinese market, Audi, BMW and Benz have occupied top three in Chinese high-end vehicle market, accounting for 70% in the Chinese high-end vehicle market. In 2014-2016, market occupancy of Audi and BMW was reducing year by year, while Benz was gradually increasing. In 2015, the market occupancy of Audi, BMW and Benz was 31.5%, 24.8% and 18.3%, respectively. Audi, BMW and Benz belong to Germany brand. The occupancy of three brands in the high-end vehicle market was 76.4%, 74.2% and 75%, respectively, showing the relatively stable market occupancy and smaller fluctuation. Therefore, it can be observed that the high-end vehicle market has been almost occupied by Germany.

Tab 3-3 The Brands and Market Occupancy of Top Three in Chinese High-end Automobile Market

Automobile brand	2014	2015	2016

Audi	35.4%	31.9%	31.5%
BMW(including MINI)	26.2%	24.4%	24.8%
Benz	13.6%	18.2%	18.3%

The data source: Internet Info Agency

Limit of battery endurance and charging time: Tesla makes its products successfully realize at most 528km of endurance by developing large-capacity battery pack, energy recovery system and battery management system and it gets close to the travelled distance of the common fuel vehicles, but under the circumstance of imperfect charging supporting facilities in China, it is still hard to completely meet consumers' requirements for the convenient and rapid charging, even if Tesla has the support of supercharger. With regard to new energy of Tesla, new energy vehicles have a great difference in products and parts by comparing with conventional vehicles in the sales network, especially for the after-sales expansion stage. If the after-sales service system of new energy mechanically applies the conventional vehicles, it is difficult to efficiently and properly solve problems for owners under the circumstance of imperfect after-sales, resulting in affecting Tesla's user satisfaction or even the brand image. In order to solve such a problem, it is necessary to optimize the after-sales service system. Unless there is the breakthrough progress in the battery technology, it is hard to eliminate potential consumers' anxiety on endurance of new energy vehicles.

3.3.3 Opportunities

Improvement of environmental protection and energy saving demands: With the constant social development, people's development utilization for energy is gradually increasing, but energy is constantly reducing. If oil is exploited immoderately, energy will be exhausted one fine day. For this reason, people constantly improve their energy crisis consciousness and value the energy protection and saving. To some extent, new energy stands for the developmental direction of the

future energy. Facing to the energy-saving and effect-raising demands in the society, the R&D and production of new energy vehicles inevitably will have the broader development space. Meanwhile, conventional vehicles will discharge lots of sulfur dioxide and carbon substances, causing some pollutions to the human environment and threats to the human health. Therefore, people pays more attention to the environmental protection, advocate the low-carbon environmental protection, and call for the green trip. To sum up, to develop the green technology is also good for human health and effective measures of environmental protection. Under the circumstance, the whole society starts advocating the green technology. New energy vehicles not only can effectively save energy, but also won't discharge sulfur dioxide and carbon substances, won't cause pollution to the environment, and won't destroy the ecological balance, thus it is a relatively ideal traffic tool.

Government Policy Supporting: China has formulated lots of preferential policy to develop and manufacture the new energy vehicles. As early as 2001, China has made and implemented the "Planning 863". Since then, China has attached importance to the implementation and development of the new energy strategy. Until now, China has successively issued a great number of policy rules to constantly standardize the industrial development. Also, many new energy industry support policies and subsidy schemes have been successively issued to focus on developing new energy vehicles. Thos supporting policies and technical rules create the good development opportunities for new energy vehicles. In addition, some discounts are given to the production enterprises of new energy vehicles. By positively communicating with each ministry and commission, the government supports the operation of new energy vehicle enterprises. For instance, vehicles applying for vehicle license in Beijing should have the license index. In 2016, the lot winning rate of passenger cars in the down payment was 0.8% and that of new energy vehicles was 100%, creating the beneficial conditions for Tesla to develop and expand the new energy vehicle development.

Huge Market Potential: Currently, China has the greater market potential in the new energy sales. Since the reform and opening-up, Chinese people's living standard is constantly improving. Since the 1980s, many common families have purchased cars, continuously developing the Chinese automobile industry at a fast speed. In 2010, the automobile sales volume in China has already ranked in the first place around the world, becoming the biggest vehicle sales country in the world. actually, this has been advanced for 5 years by comparing with the expectation that China would become the great sales power in 2015. According to the relevant investigation data, it can be observed that in 2013, the mean holding quantity of vehicles around the world was about 1:6.92. That is to say, 6.92 persons will have a vehicle averagely. In 2013, the car ownership in China was about 1:10, that of the Britain and France was about 1:6.7, and that of the USA was about 1:2.8, showing that even if car ownership in China was greatly higher than 2010(1:17), it has been still kept in the lower level and has a great difference by comparing with the international average level. It can be observed through the analysis that Tesla has the broad automobile sales space in Chinese development. Moreover, Tesla's technical level of developing and selling new energy vehicles is kept in the national leading position, revealing the larger market development potential.

3.3.4 Threats

The Price of New Energy Vehicles: At the moment, the development of new energy vehicles is kept in the starting stage. Many countries and automobile manufacturers are just developing and testing the new energy vehicles. Actually, new energy vehicles won't discharge sulfur dioxide and carbon substances and won't give rise to the irreversible destruction to the environment. Instead, they can effectively save energy and gain the policy supporting from the country. Even so, as a new technology, new energy vehicles need a great deal of capital in design, production and sales. Each new energy enterprise should pay out the extremely high production costs. At the same time, the investment scale of new energy vehicles is relatively small and

sales range is insufficiently extensive, attaining the fewer market profit returns. In the early stage of the new energy vehicle development, lots of manpower, material resources and financial resources must be invested, resulting in the higher price of new energy vehicles. By comparing with the conventional vehicles, new energy vehicles will have the higher costs, but this undoubtedly will burden the economic pressure of consumers. In the meantime, the efficiency of the long-distance journey will be limited, affecting the purchasing volume of consumers. Besides, the higher price of Tesla new energy vehicles also will weaken attractions to consumers to some extent, so as to obstruct the sales and development of Tesla new energy vehicles.

Fierce Market Competition: With the increasingly intensified global energy crisis and environmental pollution, the energy saving and environmental protection consciousness of common people is stronger and stronger (Chen. & Wang. 2014). Also, the advantage of energy saving and environmental protection in new energy vehicles is increasingly standing out. Nowadays, an increasing number of automobile enterprises start investing in developing and producing new energy vehicles, including some domestic self-owned brands and global famous brands, such as Toyota, H, BMW, SAIC, Chery, GM, Honda and Benz, and so on. Furthermore, more than 20 cities in China also have been listed as the pilot cities of new energy vehicles, including Nanjing, Beijing, Suzhou and Shanghai. China also plans to list more cities as the pilot cities of new energy vehicles, showing that Chinese government pays high attention to developing new energy vehicles. Chinese automobile self-owned brands even enlarge the development and production strength in new energy vehicles, start constantly increasing capital, and expand market scale, hoping to effectively expand the new energy vehicle market.

New energy vehicles have the extremely fierce competition in the international automobile field. Plenty of international famous brand vehicles also look forward to the development prospect of the new energy vehicle industry and constantly enlarge the development and marketing investment in new energy vehicles.

Because of the good automobile industry foundation in the western developed countries, this brings more challenges to develop new energy vehicles in Tesla.

CHAPTER 4

THE MARKETING STRATEGY SUGGESTION ON TESLA NEW ENERGY VEHICLES

By studying the marketing environment of Tesla new energy vehicles in Chapter 3, the author firstly conducted PEST analysis, industrial competition environment analysis and in-depth analysis of SWOT to fully understand existing advantages and shortcomings of Tesla in marketing of new energy vehicles. According to Tesla features and marketing environment status, the thesis proposed some feasible suggestion and opinions on marketing of Tesla new energy vehicles by suiting measures as "vehicles" and set about from four aspects, including the price strategy, the channel strategy, the promotion strategy and the product strategy. The analytical contents were shown as follows:

4.1 The Price Strategy

4.1.1 Target at the High-end Consumers and Realize the Brand Value

The market positioning of Tesla is the high-end sport luxury sedan, thus the pricing is relatively expensive. By taking Tesla Model S as an example, it has three models of vehicles, including 60, 85 and P85 series of vehicles. The selling price in the USA of these three vehicles is $62400, $72400 and $87400, respectively, converting to RMB as the exchange rate of 1:6.5(405600 yuan, 470600 yuan and 568100 yuan). Considering the tariff, transportation and other taxes, after introducing Tesla Model S vehicles in China, the selling price will get close to one million, thus the Tesla brand vehicles have the higher price (Zhang. 2015). Under the precondition of no depreciation, the sales objects will target at high-end persons. Meanwhile, Tesla needs the brand advantages and scientific innovation to attract consumers, forming the self-identity for Tesla brand value.

4.1.2 Distribute Power Batteries and Vehicles and Reduce Product Sales Price

Based on the cost consideration, sales enterprises of new energy vehicles often treat the power batteries and vehicles as an integral whole for marketing. Due to the higher costs in battery maintenance and R&D, the overall selling price of vehicles will be improved. If both of them are separated, they are treated as the mutually independent products. By selling at the battery leasing and naked vehicle selling, consumers have no need to face up with the expensive battery maintenance and cost issues. According to the relevant investigation data, relative to the traditional fuel oil vehicles, the same level of electric vehicles and naked electric vehicles will spend less 8.4 yuan and 11.5 yuan of integrated costs per 100km, respectively. If the selling price of traditional fuel oil vehicles is 220000 yuan and that of naked electric vehicles is 115000 yuan, the naked vehicle marketing will save 85000 yuan of battery costs. As a result, the marketing strategy of naked vehicles will effectively reduce the integrated costs and car buying costs for buyers and dramatically reduce product selling price, so as to improve product competitiveness. Tesla can take the selling strategy of naked vehicles to effectively solve the expensive problem of new energy vehicles and alleviate economic pressure of car buyers, promoting the sales and development of new energy vehicles.

4.2 The Channel Strategy

4.2.1 The Marketing Philosophy Innovation Based on the Low-carbon Environmental Protection

Tesla new energy vehicles should further perfect the marketing philosophy innovation with the dominance of consumer demands. Relative to the customized service of the traditional models, the customization of new energy vehicles should reinforce individualized demands and implement the differential marketing with the conventional vehicles.

To begin with, convenience and acquisition of internet information should be utilized to collect new energy vehicles' user demand information and conduct data mining and systemization. According to the service evaluation of final users, products should be constantly modified and perfected. Before volume production for products, the internet can be used to issue the conceptual models. Consumers' information feedback on the product models can be collected through microblog, WeChat, official website and Automobile club. Before volume production of products, it is necessary to adjust correspondingly, so as to improve consumers' sense of participation in product design and keen interest in the new models.

Secondly, it is necessary to value the diversified marketing philosophy. Tesla should pay more attention to the diversified marketing means of new energy vehicles and create the abundant automobile entertainment, automobile messages and automobile culture for customers. During the process, Tesla should stand out the green environmental protection philosophy of new energy vehicles, transfer the consumption philosophy of green fashion to consumers, and intensify the diversified demands of energy saving and environmental protection, entertainment enjoyment, safety and convenience, so as to realize the self-demand, social value and emotional value of consumers.

4.2.2 The Marketing Organization Innovation Based on the E-commerce

In the marketing organization, Tesla new energy vehicles should positively explore the direct network sales and network marketing mode innovation. The direct network sales can provide the internet channel to recognize and understand each part and interactive channel for vehicles. Besides, consumers can select a model in accordance with their economic strength and personal preference. At the same time, the internet provides the abundant information, thus consumers can make a comparison on the data of intentional models and alternative models and provide convenience for consumers to purchase vehicles. Then, the combination of online

selection and physical store purchasing can provide convenience for consumers' product purchasing decision-making process.

It is necessary to reinforce the cooperation with the local e-commerce platform and broaden the sales channel. Tesla has already arranged the network sales function in Chinese official website. Considering the consumption habits and payment convenience of Chinese consumers, it is necessary for Tesla to construct the extra sales window in the network sales platforms with the huge user groups, such as Tmall and Jingdong. First of all, by using the e-commerce platform searching, it is necessary to lock at target customers with pertinence by using the e-commerce platform searching. Secondly, based on the e-commerce platform, it can cultivate the potential customers and cultivate the brand loyalty. For example, children and parents favor the small-scale electric buggies forged with the prototype of Model S. All of these measures will help Tesla to comprehensively integrate in the Chinese network sales channel.

The relatively compensated short-term leasing service is proposed to make potential customers to deeply experience products. The original physical store model only can live up to the inner decoration and multimedia functions of static experience cars. Consumers often hope to comprehensively understand the actual service experience of Tesla vehicles. At the same time, driving operation includes daily maintenance and charging, thus Tesla can attempt to provide the compensated short-time(3-5) leasing for potential customers, thus they have sufficient time to understand the excellent experience of Tesla vehicles and eliminate their doubts and anxiety in each aspect of new energy vehicles. At the same time, when these target customers go home or go to the unit by driving a car, it can play the excellent propaganda role on family members and colleagues in the similar consumption level. There are two reasons for the compensated services, instead of the free services: marketing cost reduction and customers with real purchasing intention. Moreover, we

can make an appointment: if consumers determine to purchase Tesla vehicles after experiencing compensated short-time leasing within one month, leasing expenses of customers will be returned in full, hoping to encourage potential customers to participate in the activity.

4.3 The Promotion Strategy

4.3.1 Greatly Promote the Experience Marketing

The experience marketing is the intuitive feeling as experiencing vehicles, thus customers will have the direct purchasing desire. As listing new vehicles, Tesla new energy vehicles can attempt to carry out the journey of "1 yuan experience for 1000 vehicles in 10 cities" to let customers experience prominent advantages of BEVs, including rapid response, quiet noise, fast speed in the second half, energy saving and cost saving. The implementation of the experience marketing enables customers to have the direct understanding on Tesla new energy vehicles. Meantime, Tesla new energy vehicles can carry out a similar activity of "1 yuan experience". In addition to the traditional test driving of new vehicles, engine and new technology experience of new energy vehicles, after-sales experience and maintenance experience can be increased to get closer to customers and meet different consumption demands.

4.3.2 Establish the Public Relation with the Strong "Social Responsibilities"

The public relation is a promotion means, but it doesn't target at promoting sales volume. Instead, it hopes to shape the favorable brand image for products and enterprises and establish the good public praise to stimulate customer demands and finally realize product promotion. Until the end of 2015, more than 1500 Tesla new energy vehicles have been placed in 6 suburban counties in Beijing. There is no safety accident. 690000KG of carbon dioxide is reduced, attracting the social attention on the new energy vehicles. Moreover, the masses become confident in Tesla new energy vehicles and establish the pubic relation with the strong "social responsibilities".

Tesla should carry out various green travel activities and green environmental protection video activities to positively advocate citizens to select BEVs as the traffic means and take actions to implement the green travel philosophy.

4.3.3 Rationally Use the Network Promotion Means

Firstly, by taking the fundamental network advertising as an example, there are all kinds of network advertising forms and contents, including banners, flags, buttons, icons, pop-up, character links, floating advertising, e-mail lists, keywords and We Media. The network can be used for the live broadcast. It can be illustrated like newspapers or it can have the picture voice like TV, showing the large amount of information, timely information transfer, and low broadcasting costs. Gradually, it comes a mainstream news spreading mode. On the other hand, in the live broadcast, relevant news topics will be produced to integrate with new vehicles' background data, relevant media reports, listing offline field reports, presents/experts' interview and netizens' comments, showing abundant contents and easy retrieval. Moreover, it can be preserved permanently. This is untouchable for newspapers and TV. Also, group buying activity can be carried out. Due to more participators, they are generally willing to give more preference to car buyers. Based on such customer psychology, Tesla new energy vehicles can promote sales on the internet.

4.4 The Product Strategy

4.4.1 Focus on Developing SUV and Entry-level Limousines

In recent years, the consumption orientation of Chinese automobile market is obviously changed. First of all, SUV is greatly favored by the Chinese market. The overall sales volume greatly leads the traditional mainstream sedans. Meantime, SUV models are constantly subdivided into the small scale, compact type, middle and large-scale type, and full-size type, catering to different levels and demands to introduce new vehicles constantly. This indicates that lots of automobile

manufacturers pay attention to the subdivision market. The limousine market of C and D sedans also extends the battle line. The luxury entry-level models of A and B are also highly valuing. These entry-level limousines don't have untouchable selling price, while pursuing for meeting consumers' brand pursuit. This greatly satisfies young consumers' demands for luxury brand vehicles. Actually, these consumers gradually become the main forces of limousine consumption. As a result, Tesla product strategy can use the SUV and entry-level limousine market as the two subdivided markets to be developed by Tesla in the next several years.

4.4.2 Realize the Localized Product Strategy

In addition to introduce the international models in the domestic and overseas, Tesla should value the localized product strategy in China. Due to the regional cultural difference, the market demands of Asia, Europe and America may not be completely identical. In addition, Chinese market has a difference from Japan and South Asia. Therefore, to customize the localized products by adjusting measures to local conditions is a winning way. By taking GM Buick as an example, considering the demand of Chinese market for SUV, it particularly forge Envision middle-sized SUV for Chinese consumers, jumping to the first echelon of the subdivided market. Honda Motor also gives considerations to economy and practical space of Chinese people and designs the compact sedan Crider with the large space, filling in the gap of this field with more than ten thousand of sales volume. By aiming at the localization reference of these brand vehicle product strategies, Tesla can suitably adjust the axial distance and seats based on the existing platform to release the shorter models by aiming at Chinese market.

4.4.3 Provide More Differential High-quality Value-added Services

Tesla constantly deepens the additional products. After users use Tesla vehicles for three years, if they don't want to continue using it, Tesla will recycle it and the hedge ratio is not less than 50%. On the basis of the current market situation,

the hedge rate is higher than Benz, BMW, Audi, Lexus and Jaguar, solving consumers' worry about the residual rate of new energy vehicles. Tesla has had more than 100 superchargers in the Asian-Pacific region. And it is even the biggest Tesla public charging network established in China, except for the USA, covering 46 cities, 320 super charging piles and 1500 destination charging piles over 100 cities to realize the whole-line connection from the south to north and from Shenzhen to Harbin, so as to provide the confident safeguard for long-distance trip of owners.

As the manufacturer of luxury new energy vehicles, Tesla not only should provide the first-rate high-performance vehicles, but also should form the differentiation with general manufacturers in the supporting service, so as to realize the differential and high-quality services, such as GM Onstar artificial consulting service system and Lexus over-length maintenance services. Tesla also should explore a route that is suitable for itself. To be specific, as the new energy and science company. Tesla should use its advantages to realize the services that are hard to be realized by other competitors. For instance, Tesla produces BEVs, so it is relatively simpler to do the post-period maintenance than conventional vehicles. It has no need to change engine oil and clean carbon deposits in the fuel oil power system, thus it undoubtedly will reduce expense extension and maintenance interval. Also, as a battery manufacturer, Tesla should also provide the charging equipment installation for customers, assist to construct the domestic new energy system, and realize the instant network media consulting service and real-time system firmware updating, so as to provide the differential services that can't be imitated by other competitors for customers.

4.5 Establish the Service Safeguard Mechanism of Charging Facility Installation

Based on the physical truth of Tesla, the R&D ability should be improved. In order to adapt to the actual demands, it is necessary to constantly improve R&D

ability. In the future R&D process, it is necessary to gather the full-industrial high-quality resources to realize rational configuration. In the actual work, Tesla should reinforce the technical exchange and cooperation with international advance enterprise technology, so as to realize information interconnection and resource sharing. Only to constantly improve technical R&D ability in the future can it effectively solve the problems of unstable battery performance and short lifetime. The resource sharing and cooperative R&D will effectively reduce R&D costs and improve R&D efficiency.

Meanwhile, Tesla should reinforce the infrastructure construction, e.g. charging stations, because supporting facility perfection is very important. Whether new energy vehicles can realize the effective application is greatly affected by the charging maintenance facility influences. Once charging maintenance facilities can't be matched, the convenience of new energy vehicles will be affected, thus it finally will be not good for market promotion and popularization. For this reason, Tesla should greatly reinforce the network and supporting infrastructure construction in the future.

Tesla should constantly perfect various charging stations. The private or public parking lots should form the scattered charging network layout, provide the perfect charging facility installation solutions, select high-quality installation service suppliers to conduct the safety installation for customers and help custoemrs to solve worries. Tesla customers can install domestic seats(220V/10A) and use the portable charging connectors for charging. Furthermore, Tesla customers can be equipped with the specially designed wall-mounted charging boxes, which are installed out of the sockets, excluding the charge controllers. The portable charging suit can be installed in the wall-mounted charging box panel to constitute in the wall-mounted charging system. Meanwhile, the wall-mounted boxes are equipped with locksets to prevent from stealing the charging suit. Governmental parking lots, bus stations and

large-scale supermarkets should be installed with the sufficient charging facilities to provide the convenient charging services and onward journey safeguard for consumers. This is a very important task. In the future, Tesla should highly value it. For such a goal, it must take targeted measures from the physical truth.

4.6 Optimize the After-sales Service Process of New Energy Vehicles

The sales business division of Tesla should train and supervise Tesla direct sales stores of new energy vehicles to try all means to provide high-quality and high-efficient after-sales services for lots of Tesla new energy vehicle users in line with the globally unified Tesla core service process standards. The special reception counters of electric vehicles are established in the direct sales stores. Service process, maintenance service expenses, and special parts of electric vehicles are marked clearly and publicized to provide the simple and convenient maintenance, professional and reliable maintenance and high-efficient technical support services for customers. The maintenance of new energy models is only completed by direct sales store of Tesla. All new energy vehicles to be maintained should conduct be classified and disposed after high-voltage technicians diagnose it: vehicle maintenance operation excluding high voltage and safety loopholes can be conducted as the traditional energy vehicle maintenance process. Maintenance including batteries, motors or dangers should be completed by the high-voltage technicians certified by Tesla. During the period of maintenance, vehicle users that conform to quality guarantee regulations and vehicle suspension caused by non-user causes or user vehicles conform to the relevant maintenance notice or special policy users issued Tesla, direct sales stores of Tesla should provide the substitute vehicles for customers as depends. For users of other situations, if there is the demand of replacing vehicle service in the maintenance period, direct sales stores can provide compensated vehicle replacement

service. The charging standard shouldn't exceed the 60% of model leasing expenses in the local leasing company.

4.7 Optimize the Salesman Performance and Training System

Performance System: The performance management system can really effectively support for the corporate operation and development. Tesla should sound and perfect the performance management system. Firstly, the performance management leading group with the group leader of general manager in Tesla should be founded to make a decision on various systems, indexes, weight and scores in the performance system. Secondly, it is necessary to formulate the perfect performance management methods, effectively operate the supervision performance management methods, implement the organizational performance management work, and provide the consulting services. In the individual performance, issuers(assessment) and promisees(the evaluated) should commonly participate in formulating the performance targets, checking the performance implementation process, assessing performance evaluation, giving feedback and application of performance effects, and implementing the performance improvement, so as to achieve the organizational performance targets. The performance targets can be divided into the key performance index and key work tasks. The Key Performance Indicator (KPI) is the quantitative index for measuring the specific evaluation on organizational and individual working performance. It is originated from corporate strategy, operation target decomposition and reliabilities, so as to directly embody the work effects. The key work task refers to the qualitative index. When the performance indicator can't be quantized or have too high quantization costs, it is used for evaluation objects to do the objective description and analysis, so as to embody the evaluation results. The comprehensive performance management system can scientifically and accurately measure corporate

and employee value, provide basis for value distribution, and promote the realization of organizational performance and individual performance.

Training system: In the training system construction, Tesla should perfect the talent cultivation framework and create an excellent marketing team of new energy vehicles with knowledge, ability and professionalization. It can be perfected through three aspects. Firstly, in the knowledge accumulation level, it must establish the perfect course system, such as professionalization, problem-solving method, communication, data production and other special general courses. Also, it can be reinforced through the occupational guide. In the ability competence, career research, business training and OJT method can be used to further intensify professionalization, problem-solving and communication ability, forge the team culture with progressive consciousness and vitality, and continue improving through proposal publication, business sharing, and internal lecture selection.

Meanwhile, special training objects should be equipped with the special talent training schemes and courses, such as new entrants, managers, and regional salesmen, and so on. Furthermore, Tesla should establish the three-level training effect evaluation system. The first-level training effect scoring and lecturer scoring are mainly used for measuring sense of participation, course correlation and course feedback. The second level includes test question testing, case analysis, and scene situation for measuring students to realize the attitude transformation, knowledge expansion and skill improve in certain degree. The third level includes topic sharing, behavioral feedback tracking, ability evaluation and integrated evaluation for measuring students' behavioral transformation in certain degree. Meanwhile, it must conduct the supervision guide to constantly strengthen it.

CHAPTER 5

CONCLUSIONS AND PROSPECTS

In this thesis, the author analyzed the development situation and marketing situation of the current new energy vehicle industry. In the end, by taking a company as an example, the author analyzed existing problems and solutions in the marketing process. The author could draw the following conclusions through the relevant analysis:

New energy vehicle development is the inevitable tendency. As an important industry in Chinese national economy, it has made progress in the actual development process. In the future, new energy vehicles will be the inevitable choices for the vehicle industry. Under the background of scarce energy, the whole society reaches the consensus in developing new energy. The governmental department also greatly supports the new energy vehicle development.

New energy vehicle industry has the broad prospect, but it still has some problems. From the perspective of the future automobile market development situation, Chinese new energy vehicle industry is prospect. People's cognition on new energy vehicles will be strengthened. Moreover, new energy vehicles will be greatly welcomed. In the physical truth, there are lots of problems. The technical bottleneck is a key. In addition, shortage of core technology and insufficient power battery technologies will be the most typical problems. Besides, there are weak infrastructures.

The author analyzed the marketing strategy of Tesla new energy vehicles and studied four strategies, including the price strategy, channel strategy, promote strategy and product strategy. In the price strategy, it targets at the high-end consumption subjects to realize the brand value. It also distributes the batteries and

vehicles to reduce product selling price. In the channel strategy, it conducts the marketing philosophy innovation based on the low-carbon environmental protection and marketing organization innovation based on e-commerce. In the promotion strategy, it will greatly promote the experience marketing, create the strong social pubic relation and rationally utilize the network promotion means. In the product strategy, it will focus on developing SUV and entry-level limousines and realize the localized product strategy to provide more differential high-quality value-added services.

In the end, the author proposed the safeguard measures for implementing the marketing strategy of Tesla new energy vehicles, including further channel expansion, installation service safeguard mechanism of charging facilities, optimization of after-sales service process for new energy vehicles, and optimization of salesman performance and training system.